

THREE-MONTH REPORT

2012



Key Figures

in € m*	Q1 2010 (adjusted)	Q1 2011	Q1 2012	Changes to previous year
Sales revenues	9.3	13.7	12.3	-10 %
Incoming orders	12.2	17.2	13.6	-21 %
Gross results	3.7	6.0	5.4	-10 %
Gross margin	39.8 %	43.8 %	43.9 %	0 Pp.
EBITDA	2.4	3.5	2.9	-17 %
EBIT	0.8	2.0	1.2	-40 %
EBT	0.4	1.6	1.0	-38 %
Quarterly surplus	0.4	1.3	0.8	-38 %
Weighted average number of shares	3,500,000	3,500,000	3,432,164	-2 %
Result per share (€)	0.12	0.36	0.22	-39 %
Cash flow from operational activity	0.3	2.2	1.4	-36 %
Cash flow from financing activity	-1.9	-1.9	-1.8	-5 %

in € m*	12/31/2010	12/31/2011	03/31/2012	Changes to previous year
Total assets	58.9	55.9	55.0	-2 %
Fixed assets	32.6	33.2	33.2	0 %
Equity	25.5	27.0	27.6	2 %
Borrowed capital	33.4	28.9	27.4	-5 %
Equity ratio	43.3 %	48.3 %	50.2 %	2 Pp.
Operating net debt	0.3	-2.4	-1.1	-54 %
Working capital	12.6	12.1	12.6	4 %
Number of employees for the period, equivalents of full-time employment	248	267	277	4 %
Share price (XETRA) in €	11.58	13.48	12.66	-6 %
Number of shares in circulation	3,500,000	3,445,313	3,413,142	-1 %
Market capitalization	40.5	46.4	43.2	-7 %

* Unless otherwise stated

OVERVIEW OF THE FIRST THREE MONTHS

■ **Compared to previous quarters, demand in camera business is growing, demand in solutions business is declining as expected**

■ **Incoming orders:**

€ 13.6 million (previous year: € 17.2 million, -21 %)

Sales:

€ 12.3 million (previous year: € 13.7 million, -10 %)

EBIT:

€ 1.2 million (previous year: € 2.0 million, -40 %)

Earnings before taxes:

€ 1.0 million (previous year: € 1.6 million, -38 %)

Operating cash flow:

€ 1.4 million (previous year: € 2.2 million, -36 %)

■ **Forecast for 2012 confirmed**

Group's turnover between € 50 and € 54 million (previous year: € 55.6 million),

Pre-tax return between 6 % and 8 %

(previous year: 10.2 %)

Dear Ladies and Gentlemen,

Compared to the economic conditions of our markets - Basler AG started with reasonable results into fiscal year 2012.

The group figures for the reporting period for incoming orders, sales, and earnings were below the previous year's values, however, this was due to noticeably less favorable economic conditions in the first quarter of 2012 compared to the same period of the previous year. Compared to the results of the fourth quarter of 2011 we performed better in the first quarter of 2012. A steady increase in incoming orders in the camera business enabled us to slightly exceed our budget planning for the first three months of 2012 which was designed in the fourth quarter of 2011.

The sales mix in the first quarter shifted further in favor of the broadly diversified camera business. We expect the Components segment's share of sales to increase to approximately 90 % of the group sales in 2012. This is a pleasing development for the stability and predictability of the business of Basler AG.

GROUP INFORMATION

Sales and incoming orders

Incoming orders for the group summed to € 13.6 million in the first three months (previous year: € 17.2 million, -21 %). This was due to the weak demand in the Solutions business segment. In the core business with digital cameras incoming orders were stable. The group's turnover amounted to € 12.3 million in the reporting period, and was thus 10 % below the previous year's value of € 13.7 million. 35 % of the sales revenue derived from the Asian markets (previous year: 43 %), 38 % from the European market (previous year: 33 %) and 27 % from the North American market (previous year: 24 %). Compared to the previous year, the revenues from Europe and the North American markets showed a stable development. Sales in Asia decreased by 26 %. The reason for this was also the declining demand in the LCD industry in our Solutions business segment.

Costs

The expenses for sales and marketing remained consistent at € 2.2 million compared to the previous year (previous year: € 2.2 million). Relative to turnover, the expenses for sales and marketing increased to 17.9 % (previous year: 16.1 %; +11 %). The general administrative expenses decreased to € 1.7 million (previous year: € 1.9 million; -11 %).

Result

In the first three months of 2012, Basler AG achieved earnings before taxes (EBT) for the group of € 1.0 million. Compared to the very good earnings before taxes (EBT) of € 1.6 million achieved in the previous year, the earnings before taxes (EBT) decreased due to lower revenue. Consequently, the pre-tax return decreased from 11.7 % in the previous year to 8.1 % in the first quarter of 2012. Thus, the pre-tax return was at the top end of the forecast corridor of 6 % to 8 % that was published for the fiscal year 2012. The earnings before interest and taxes (EBIT) amounted to € 1.2 million (previous year: € 2.0 million, -40 %). This corresponds to a return before taxes and interest of 9.8 % (previous year: 14.6 %).

Due to lower sales revenue, the gross results decreased to € 5.4 million (previous year: € 6.0 million, -10 %). The gross margin amounted to 43.9 % which was similar to the previous year's level of 43.8 %.

SEGMENT INFORMATIONEN

COMPONENTS Segment

In the core business with digital cameras for applications in industry and video surveillance Basler AG realized good results in the first three months of the fiscal year 2012.

Compared to the strong equivalent quarter of the previous year with a value of € 13.7 million, incoming orders showed a slight decrease at € 13.2 million (- 3.6 %). Compared to the past three reporting quarters, orders noticeably gained momentum in the first quarter. In the reporting period, the sales revenues amounting to € 11.5 million were also approximately on the previous year's level (previous year: € 11.9 million, -3.4 %). The segment earnings before interest and taxes (EBIT) increased by 7 % to € 3.1 million (previous year: € 2.9 million).

Our business with video surveillance cameras showed a positive development in the reporting period with new record figures for incoming orders and for sales. Compared to the previous year, revenues from video surveillance cameras more than doubled in the first quarter.

The customer feedback on our new Basler racer product family for line scan cameras that was presented to the market in the fourth quarter of 2011 for the first time has been very promising so far. We notice active interest in the evaluation of the cameras and after the start of the racer series production in the second quarter of 2012 we expect continuously increasing sales in the line scan camera segment over the forthcoming years. The development of our new product line of cameras with USB3 Vision interface is proceeding as scheduled. We continue to plan to present the first products to our customers on the "VISION", the European leading trade fair that will be held in Stuttgart in November 2012 and to start serial production at the beginning of 2013.

In the course of the first quarter we expanded our camera production capacity at the main facilities in Ahrensburg. After having moved into larger premises and adding new production equipment, we are well equipped for the growth in quantity planned for the further course of the coming years.

SOLUTIONS Segment

As we expected, compared to the same period of the previous year, the business with LCD inspection solutions considerably decreased in the first three months of 2012 due to excess capacities in the market.

The sales revenues amounted to only € 0.8 million after a previous year's figure of € 1.8 million (-56 %). LCD manufacturers made minimal expansion investments due to the continued weakness of the market, the majority of the sales revenue in the first quarter derived from spare parts and services. The segment loss amounted to € -0.7 million (previous year: € 0.2 million).

In the reporting period, Solutions recorded new orders amounting to € 0.4 million (previous year: € 3.5 million; -89 %). Spare parts and services also constituted the major part of the new orders.

We expect the demand for surface inspection solutions in the LCD market to slightly increase in the course of the year. Particularly the display manufacturers' switch to the new OLED technology will cause demand for new industrial goods. However, from a present point of view incoming orders and sales are not likely to return to the previous years' level, as a part of the existing production plants can be upgraded and made OLED compatible.

Research & Development

The full costs for research and development amounted to € 2.0 million in the first three months of financial year 2012 and were thus € 0.3 million above the previous year's figure of € 1.7 million (+ 18 %). The scheduled depreciations on capitalized expense for research and development amounted to € 1.2 million (previous year: € 1.1 million, +9 %).

Employees

The number of employees of the Basler group was 277 on the reporting date (previous year: 258, +7 %). The regional allocation is as follows:

- Headquarters in Ahrensburg, Germany: 236 (previous year: 217)
- Subsidiary in U.S.A.: 18 (previous year: 16)
- Subsidiary in Taiwan: 10 (previous year: 9)
- Subsidiary in Singapore: 8 (previous year: 11)
- Representative offices in Korea and Japan: 5 (previous year: 5)

Cash flow, liquid assets, and debts

The operating cash flow amounted to € 1.4 million in the first three months of the current fiscal year. This corresponds to a decrease of 36 % compared to the previous

year's figure of € 2.2 million. This was due to the increase in inventories as well as to the increase in trade receivables of approximately € 1.0 million. With almost constant investments in the fixed assets in the amount of € 1.8 million, the free cash flow (calculated as operating cash flow less cash flow from investments) amounted to € -0.4 million (previous year: € 0.3 million).

At the end of the reporting period, liquid assets amounted to € 5.6 million and were thus 27 % below the figure of the comparison period in the previous year (€ 7.7 million). Compared to December 31, 2011, funds available decreased by € 1.8 million (-25 %). Besides the increase in inventories and trade receivables this was mainly due to significant outgoing payments for the redemption of bank loans and finance lease obligations (€ 0.8 million) as well as to outgoing payments for the acquisition of own shares (€ 0.4 million).

At the end of the reporting period, the equity amounted to € 27.6 million (Dec.31, 2011: € 27.0 million; 2 %). At the reporting date, the company had a net cash position of € 1.1 million (Dec. 31, 2011: € 2.4 million).

Share

The Basler share opened at € 14.05 in the beginning of fiscal year 2012. On the reporting date, the trading price of the Basler share was € 12.66 and thus on the average level of the fourth quarter of 2011. In retrospect, the remarkable increase of the share price on the last trading day of fiscal year 2011 was probably due to purchases for serving short positions and thus temporary. At the end of the first quarter, the market capitalization of Basler AG amounted to € 43.2 million (Dec. 31, 2011: € 46.4 million, -7 %).

On September 21, 2011, the Management Board informed Basler investors about a buyback of bearer shares with an equivalent value of up to € 1.0 million via the stock market. The buyback is being carried out since September 22, 2011. Since March 15, 2012, Basler AG has started a second share buyback program allowing the acquisition of shares with an equivalent value of up to € 1 million. Both buyback programs are based on a resolution of the shareholders' meeting of May 18, 2010, authorizing the company to buy own shares amounting to a total of up to 10 % of the share capital of the corporation existing at the time the resolution was adopted. The authorization is approved until May 18, 2015. The shares can be used for all purposes provided for in the authorization of the shareholders' meeting of May 18, 2010. This includes among others using the shares as a consideration related to the acquisition of

companies. Basler AG wants to make use of the share value that is currently considered to be favorable and have available shares for the above purpose. The buyback programs will be carried out through a credit institution that will decide upon the time of the individual buybacks independently of Basler AG according to Commission Regulation (EC) No 2273/2003 of December 22, 2003.

As of March 31, 2012, the Management Board and the Supervisory Board held the following shares:

	Shares March 31, 2012	Shares March 31, 2011
Supervisory Board		
Norbert Basler (chairman)	1,808,761 units	1,800,000 units
Konrad Ellegast (vice chairman)	0 units	0 units
Prof. Dr. Eckart Kottkamp	0 units	0 units
Board of Directors		
Dr. Dietmar Ley (chairman)	144,043 units	135,282 units
John P. Jennings	5,500 units	5,500 units
Arndt Bake	0 units	0 units

Corporate Governance - declaration of compliance according to Section 161 AktG

The Management Board and the Supervisory Board hereby declare that the recommendations for conduct issued by the "Government Commission of the German Corporate Governance Code" appointed by the German Government, as amended on May 26, 2010, have been complied with hitherto during fiscal year 2012 and will be complied with in the future. The following recommendations have been excluded:

Clause 5.3. - Establishment of committees within the Supervisory Board

The Supervisory Board does not establish any committees. The Supervisory Board of Basler AG comprises three persons. This configuration ensures efficient work in all matters of the Supervisory Board, especially as the generally accepted minimum size for a committee is a membership of three.

Clause 5.4.1. - Composition of the Supervisory Board

For nominations to the general meeting, the Supervisory Board will also in the future continue to align itself to legal requirements and will emphasize the candidates' professional and personal qualifications independent of gender. Consideration will also be given to the international activities of the company, to potential conflicts of interest, and to diversity. Basler AG does not state specific pertinent goals.

Clause 5.4.7. - Remuneration of the members of the Supervisory Board

Remuneration of the members of the Supervisory Board is set forth in the Articles of Association. Chairmanship and vice chairmanship of the Supervisory Board are given consideration regarding the amount of fixed remuneration. Given the current level of fixed remuneration, the addition of a variable component to remuneration for the members of Supervisory Board is not provided for.

The constantly updated declaration of compliance with the code can be accessed on the Basler website's Investor Relations area at www.baslerweb.com/investors. If you have any questions regarding the Corporate Governance Code please contact the compliance officer of Basler AG Dr. Dietmar Ley (CEO), Tel. +49 4102 - 463 100, ir@baslerweb.com

Outlook

Basler AG made a better than expected start into fiscal year 2012. The results of the first quarter are below the previous year's results, but this is primarily due to the weaker global economy in the first quarter of 2012. Compared to the fourth quarter of 2011, many ratios improved in the reporting period.

The development of our two business segments will continue to be full of contrasts in the further course of the year. Whereas we expect a continuation of the previous years' growth of our core business in the Components segment, we assume a decline in revenues in our Solutions segment. This results from the poor condition of the LCD industry that is characterized by excess capacity and price decline. Thus, the sales mix in the new fiscal year will continue to shift in favor of the broadly diversified core business with digital cameras. This development is compliant with our corporate strategy focusing on the camera business. Our growth

in the camera business will be based on the recovery and strength of important customer groups in industrial mass production. Additionally, there will be increasing revenues in such vertical markets as traffic, surveillance and medical, as well as distribution and point of sale progress in important regional markets.

Due to the existing macro-economic uncertainties, for the time being we reaffirm our annual forecast despite the first quarter that was better than expected. Accordingly, in fiscal year 2012 Basler AG will realize a group turnover between € 50 million and € 54 million (previous year: € 55.6 million) and pre-tax return (EBT margin) of 6 % - 8 % (previous year: 10.2 %).

Declaration of the legal representatives

We affirm to the best of our knowledge that the interim consolidated financial statements, in accordance with the accounting principles applicable to interim reporting, provide a true and fair view of the group's asset, financial, and earnings situation and that the group's interim annual report represents a true and fair picture of the course of business, including the operating result, and the group's financial situation as well as describing the essential opportunities and risks concomitant with the expected development of the group during the remainder of the fiscal year.

The Management Board

Dr. Dietmar Ley (CEO) John P. Jennings (CCO) Arndt Bake (COO)

Consolidated profit and loss statement

in € k	01/01 - 03/31 2012	01/01 - 03/31 2011
Income from sales	12,319	13,741
Cost of sales	-6,882	-7,770
<i>of which depreciations on capitalized developments</i>	<i>1,206</i>	<i>1,105</i>
Gross profit on sales	5,437	5,971
Other internal income	313	591
Sales and marketing costs	-2,158	-2,196
General administration costs	-1,661	-1,912
Other expenses	-695	-468
Operative profit	1,236	1,986
Financial income	1	1
Financial expense	-224	-379
Earnings before tax	1,013	1,608
Income taxes	-258	-345
Quarterly surplus	755	1,263
of which are allocated to		
shareholders of the parent company	755	1,263
non-controlling shareholders	0	0
Undiluted / diluted earnings per share		
Weighted average number of shares	3,432,164	3,500,000
Operating profit per share (€)	0.22	0.36

Consolidated statement of comprehensive income

in € k	01/01 - 03/31 2012	01/01 - 03/31 2011
Group's annual surplus	755	1,263
Result from differences due to currency conversions, directly recorded in equity	1	72
Surplus from cash flow hedges	166	629
Total result through profit and loss	167	701
Total result	922	1,964
of which are allocated to		
shareholders of the parent company	922	1,964
non-controlling shareholders	0	0

Consolidated statement of changes in equity

in € k	Subscribed capital	Capital reserve	Retained earnings including group's earnings	Other components of equity			Total
				Differences due to currency conversion	Reserves for cash flow hedges	Sum of the other components of equity	
Equity as of January 1, 2011	3,500	1,131	20,928	-91	78	-13	25,546
Total result			1,263	72	629	701	1,964
Equity as of March 31, 2011	3,500	1,131	22,191	-19	707	688	27,510
Total result			2,981	18	-1,802	-1,784	1,197
Share buyback	-55	-549				0	-604
Reclassification		-136	134		2	2	0
Dividend outpayment ¹⁾			-1,050			0	-1,050
Shareholder's equity as of December 31, 2011	3,445	1,577	24,256	-37	-1,093	-1,130	28,148
Total result			755	1	166	167	922
Share buyback	-32	-1,485				0	-1,517
Equity as of March 31, 2012	3,413	92	25,011	-36	-927	-963	27,553

¹⁾ € 0.30 per share

Consolidated cash flow statement

in € k	01/01 - 03/31 2012	01/01 - 03/31 2012
Operational activity		
Group's period surplus	755	1,263
Increase / decrease in deferred taxes	103	402
Interest outpayment / interest inpayment	290	424
Depreciations on fixed asset objects	1,685	1,558
Change in the capital resources without affecting the payment	165	595
Increase (+) / decrease (-) in the accruals	71	-356
Profit (-) / Loss (+) from the outflow of fixed asset objects	-6	0
Increase (-) / decrease (+) in the reserves	-499	-584
Increase (+) / decrease (-) in the down payments received	-61	347
Increase (-) / decrease (+) in the receivables from deliveries and services	-500	-1,290
Increase (-) / decrease (+) in other assets	-27	-1,385
Increase (+) / decrease (-) in the payables from deliveries and services	-213	932
Increase (+) / decrease (-) in other liabilities	-352	248
Cash inflow from business activity	1,411	2,154
Investment activity		
Outpayments for investments in fixed assets	-1,788	-1,851
Inpayment from outflow of fixed asset objects	8	-3
Cash outflow from investment activity	-1,780	-1,854
Financing activity		
Outpayment for repayment of bank loans	0	-1,050
Outpayment for the clearance of financing liabilities	-285	-271
Inpayment from the taking out of bank loans	-511	0
Interest outpayment	-291	-424
Outpayment for own shares	-386	0
Cash outflow from financing activity	-1,473	-1,745
Changes in cash and cash equivalents in the period	-1,842	-1,445
Funds at the beginning of the period	7,438	9,112
Funds at the end of the fiscal year / the period	5,596	7,667
Composition of the funds at the end of the period		
Cash in bank and cash in hand	5,596	7,667
Outpayment for taxes	139	0

Group balance sheet

in € k	03/31/2012	03/31/2011
Assets		
A. Long-term assets		
I. Fixed assets		
1. Intangible assets	12,414	12,232
2. Fixed assets	2,919	2,846
3. Buildings and land in finance lease	17,911	18,084
	33,244	33,162
II. Deferred tax assets	802	997
Total long-term assets	34,046	34,159
B. Short-term assets		
I. Inventories		
1. Finished goods	1,539	1,537
2. Work in progress and semi-finished goods	1,062	900
3. Raw materials and supplies	5,428	5,095
4. Trade goods	408	405
Total inventories	8,437	7,937
II. Short-term financial assets		
1. Receivables from deliveries and services		
- Receivables from deliveries and services	5,980	5,400
- Receivables from production orders	68	148
Total short-term financial assets	6,048	5,548
2. Other short-term financial assets and accruals	88	105
III. Other short-term assets	415	396
IV. Claim for tax refunds	376	352
V. Cash in bank and cash in hand	5,597	7,438
Total short term assets	20,961	21,776
Total assets	55,007	55,935

in € k	03/31/2012	03/31/2011
Liabilities		
A. Shareholder's equity		
I. Subscribed capital	3,413	3,445
II. Reserves	92	446
III. Retained earnings including group's earnings	25,011	24,256
IV. Other components of equity	-963	-1,130
Total shareholder's equity	27,553	27,017
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	1,204	2,288
2. Other financial liabilities	16	109
3. Liabilities from finance lease	14,983	15,268
II. Deferred tax liabilities	2	95
Total long-term debt	16,205	17,760
C. Short-term debt		
I. Other financial liabilities	4,701	4,493
II. Short-term accrual liabilities	2,417	2,347
III. Short-term other liabilities		
1. Payables from deliveries and services	1,316	1,430
2. Other short-term liabilities	260	508
3. Liabilities from finance lease	2,146	2,146
IV. Tax provisions	409	234
Total short-term debt	11,249	11,158
Total liabilities	55,007	55,935

Segment-Report

in € k	Components		Solutions		Reconciliation		Total Basler	
	01/01 - 03/31/2012	01/01 - 03/31/2011	01/01 - 03/31/2012	01/01 - 03/31/2011	01/01 - 03/31/2012	01/01 - 03/31/2011	01/01 - 03/31/2012	01/01 - 03/31/2011
Sales revenues	11,496	11,949	823	1,792			12,319	13,741
Segment results (EBIT)	3,062	2,854	-672	242	-1,154	-1,110	1,236	1,986
Segment assets	23,805	22,708	3,129	5,353	28,073	32,485	55,007	60,546
Segment liabilities	4	23	2	760	27,448	32,253	27,454	33,036
Additions to non-current assets	1,463	1,375	57	175	250	301	1,770	1,851
Scheduled depreciations on long-term assets	750	1,038	582	190	353	330	1,685	1,558

Further information, not segment-related

Sales by region:

in € k	01/01 - 03/31/2012	01/01 - 03/31/2011
Germany	1,778	1,507
EU Others	2,932	3,091
America	3,247	3,242
Asia	4,362	5,901
Total	12,319	13,741

The regional breakdown of the long-term assets is as follows:

in € k	01/01 - 03/31/2012	01/01 - 03/31/2011
Germany	33,167	32,758
America	41	49
Asia	36	30
Total	33,244	32,837

Events 2012

Finance

05/23/2012	DZ-Bank Investorenkonferenz	Frankfurt, Germany
05/30/2012	General meeting 2012	Hamburg, Germany
08/06/2012	Publication of the six-month report 2012	Ahrensburg, Germany
11/08/2012	Publication of the nine-month report 2012, Capital Market Day	Stuttgart, Germany
11/12-14/2012	German Eigenkapitalforum	Frankfurt, Germany

Trade fairs and conferences

05/08-10/2012	The Vision Show 2012	Boston, USA
06/06-08/2012	Image Sensing Show 2012	Yokohama, Japan
06/19-21/2012	OPTO Taiwan 2012	Taipeh, Taiwan
06/20-22/2012	Vision China Shenzhen 2012	Shenzhen, China
06/21-24/2012	Assembly Technology 2012	Bangkok, Thailand
08/28-30/2012	Nepcon South China 2012	Shenzhen, China
08/29-09/01/2012	Taipei Int'l Industrial Automation Exhibition 2012	Taipeh, Taiwan
10/16-18/2012	Vision China Beijing 2012	Beijing, China
11/06-08/2012	VISION 2012	Stuttgart, Germany
11/21-24/2012	Metalex Thailand 2012	Bangkok, Thailand
12/05-07/2012	International Technical Exhibition on Image Technology and Equipment	Yokohama, Japan

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