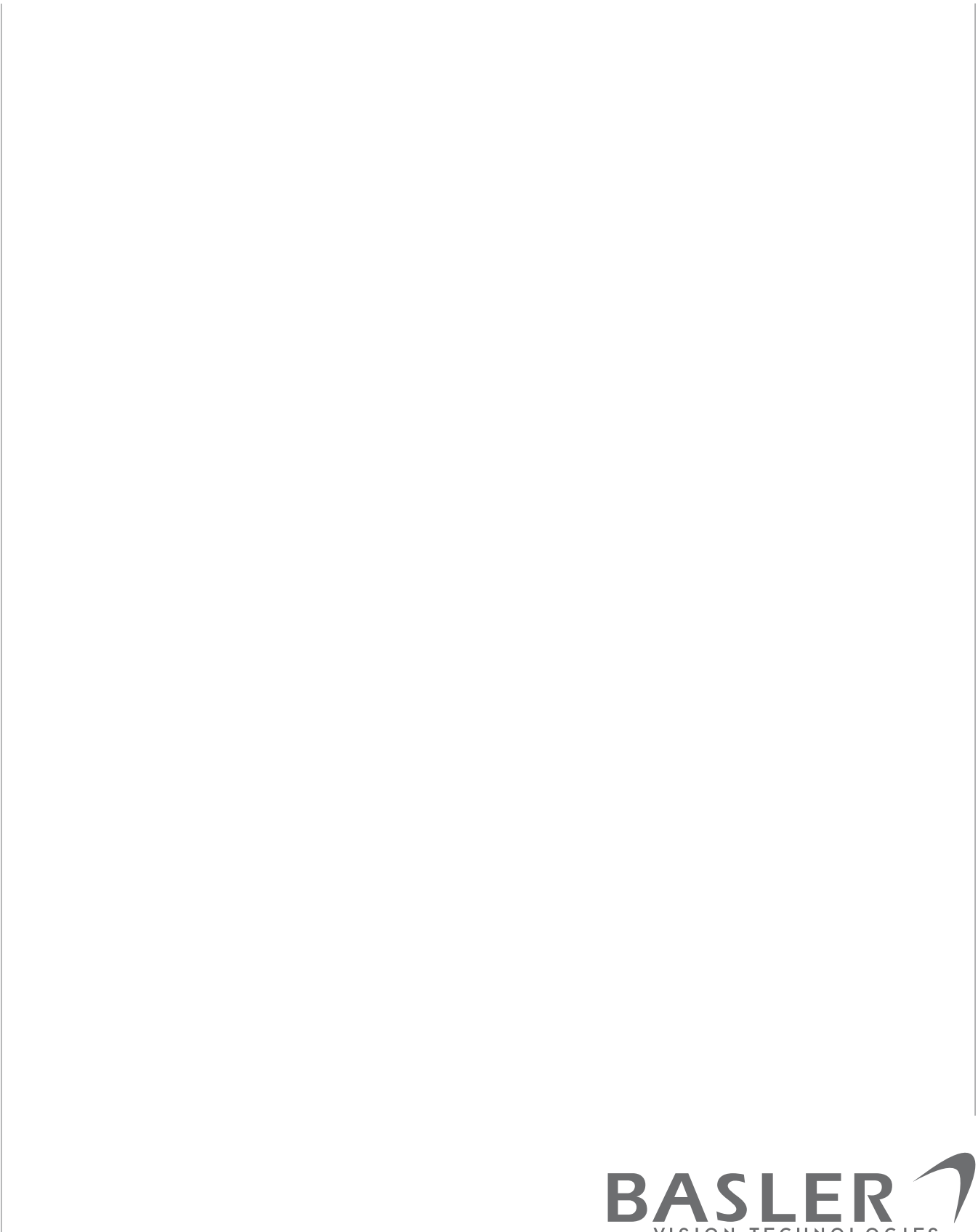


Quarterly Report Q1/2010



Overview of the 1st quarter 2010:

- Profit turnaround reached sooner than expected
- Demand for digital cameras increased reaching new record level
- Short-time work ended
- Incoming orders: € 12.2 million (previous year: € 7.1 million, +72 %)
Sales: € 9.3 million (previous year: € 8.0 million, +16 %)
Pre-tax earnings: € 0.4 million (previous year: € -2.0 million, € +2.4 million)
Cash flow: € -0.2 million (previous year: € 2.2 million, € -2.4 million)
- Forecast for 2010: growth in sales in the double-digit percentage range, positive earnings before taxes

Key Data

	Q1 2010*	Q1 2009*	+/- in %
PROFIT AND LOSS STATEMENT			
Sales			
Group	9.3	8.0	+16
Components	7.8	4.3	+81
Solutions	1.5	3.7	-59
EBITDA Group	1.8	-0.2	n.a.
EBIT Group	0.5	-1.7	n.a.
EBT Group	0.4	-2.0	n.a.
Group profit for the period	0.4	-1.6	n.a.
Operating profit per share	0.11	-0.45	n.a.
Shares in circulation	3.5 Mio.	3.5 Mio.	-
CASH FLOW STATEMENT			
	01/01/- 31/03/2010	01/01/- 31/03/2009	
Operating Cash Flow	-0.2	2.2	n.a.
Investing Cash Flow	-1.9	-1.9	0
GROUP BALANCE SHEET			
	09/30/2010	09/30/2009	
Group balance sheet total	38.4	36.0	+7
Investment assets	15.2	14.6	+4
Equity	17.7	17.4	+2
Borrowed capital	20.7	18.6	+11
Equity ratio	46.1	48.3	-2.2 pp
Net debt	5.4	3.1	+74
Working capital	11.9	9.8	+21
FURTHER KEY DATA			
Group income orders	12.2	7.1	+72
Employees on the reporting date	245	298	-18
Closing rate for the quarter (Xetra)	6.79	4.55	+49
Enterprise Value (EV)	23.8	15.9	+50

* Quarterly figures not audited

** pp = percentage points

Dear Ladies and Gentlemen,

In the first quarter of 2010, economic conditions have improved compared to the same period of the previous year that was characterized by the international economic and financial crisis. Demand for new investment goods increased significantly in the reporting period in important industries of our customer base, e.g. in the semiconductors, electronics, and LCD industries. The regional distribution of demand varied. While equipment investment increased noticeably in the Asian and North American markets, business with industrial goods was subdued so far in Europe.

The first quarter went better than expected for Basler AG. Incoming orders, sales, and pre-tax earnings were above the values reached in the previous year and above the values of our budget. Positive pre-tax earnings were gained and accordingly, the earnings turnaround was reached sooner than planned. The short-time work implemented in the beginning of 2009 was therefore ended as at March 31, 2010.

Sales and incoming orders

The group's sales amounted to € 9.3 million in the reporting period which was 16 % above the previous year's value of € 8.0 million. At € 7.8 million, the "Components" business segment realized sales that were almost 81 % higher than the values of the same quarter in the previous year (€ 4.3 million). On the regional level, sales increased most strongly in America (+114 %), followed by Europe (+19 %). Sales in the "Solutions" business segment decreased in the reporting period by 59 % to € 1.5 million (previous year: € 3.7 million).

The group's incoming orders increased in the first quarter by 72 %, reaching € 12.2 million (previous year: € 7.1 million). Incoming orders of € 1.4 million for the "Solutions" business segment were on the low level of the previous year. On the other hand, a new record level of € 10.8 million was reached for the "Components" business segment (previous year: € 5.5 million, +96 %).

Result and costs

In the first quarter of 2010, Basler AG achieved a result before taxes (EBT) for the group of € 0.4 million. This corresponds to an increase of € 2.4 million above the previous year's value of € -2.0 million. The earnings before

interest and taxes in the "Components" business segment amounted to € 1.6 million (previous year: € -1.1 million, € +2.7 million). The "Solutions" business segment realized earnings before interest and taxes amounting to € -0.7 million (previous year: € -0.8 million, € +0.1 million).

Due to increased sales revenues and an improved gross margin compared to the previous year, the gross results increased to € 3.6 million (previous year: € 2.8 million, +29 %). The gross margin reached 39 %, corresponding to 4 percentage points above the previous year's value of 35 %.

Compared to the previous year, the expense for sales and marketing declined by € 0.4 million to € 2.1 million (-16 %). The general administrative expenses decreased compared to the previous year by € 0.5 million to € 1.8 million (-22 %).

Segment information

Basler AG realized sales in the first quarter of 2010 in the **Components** business segment amounting to € 7.8 million. The revenue from digital cameras for industrial applications and video surveillance increased in the reporting period by 81 % (previous year: € 4.3 million), slightly exceeding the level reached in 2008. Due to decreased production costs and exchange rate effects the gross margin developed positively. The personnel cost ratio amounted to 12 % which is half the previous year's number (Q1 2009: 25 %). The relation of the other costs to sales declined from 8 % in the previous year to 5 %. The segment result before interest and taxes amounted to € 1.6 million (previous year: € -1.1 million, € +2.7 million) and was thus clearly in the positive range. Incoming orders reached the new record level of € 10.8 million which nearly doubled the previous year's value of € 5.5 million (+96 %). The up to now strongest incoming orders from Q2 of 2008 (€ 8.8 million) were exceeded by 23 %.

Demand developed positively across all regions and product lines. The regionally strongest increase occurred in Asia, followed by North America and Europe. The line scan camera and the fast, high-resolution area scan camera product segments exhibited strong growth. This resulted from the recovery of the principal industries of our customer base (e.g. semiconductors, electronics) with related demand. We continued our growth strategy in the field of Gigabit Ethernet cameras and we increased sales in the double-digit percentage range compared to the previous

year. We were therewith once more able to extend our market share in the strategically most important product segment for industrial cameras. Our new BASLER ace Gigabit Ethernet camera that was presented in November of 2009 and that was very positively received by the market, did not contribute to this growth in sales because series production has only started in the beginning of the second quarter of 2010. The revenue from digital cameras for the video surveillance market (so-called IP cameras) also developed positively in the first quarter. Particularly the so-called dome cameras, presented in the third quarter of 2009, (cameras with dome housing for the installation on walls and ceilings) met with much acclaim from our customers.

In the **Solutions** business segment sales revenues were realized in the first quarter of 2010 amounting to € 1.5 million (previous year: € 3.7 million, -59 %). The segment result before interest and taxes amounted to € -0.7 million. Due to the cost cutting measures implemented in 2009, it therefore improved in comparison to the previous year (€ -0.8 million) by € 0.1 million in spite of the substantial decline in sales. Resulting from the less favorable product portfolio, the gross margin was below the previous year's value. Personnel costs have decreased by 46 %. The level of operating costs, having decreased by one third compared to the previous year, will already in the next quarter result in distinctly improved earnings.

The low sales level in the "Solutions" segment results from the low incoming orders in the first three quarters of the previous year and from the fact that usual order processing times in the solutions business take between four to nine months. After the major order in the area of color filter inspection, received after the end of the fourth quarter of 2009, incoming orders in the reporting period (€ 1.4 million), decreased to the low level of the previous year (Q1 2009: € 1.6 million). Nonetheless, demand in the LCD industry has significantly improved in the past two quarters. This will become apparent from the incoming orders of the following quarters. Demand for solar thin film modules continued to be weak during the reporting period.

Research and development

The costs for research and development amounted to € 1.6 million in the first quarter of 2010 and were accordingly in absolute numbers € 0.2 million below the previous year's level of € 1.8 million.

Employees

The number of employees of the Basler group was 245 on the reporting date (previous year: 298). The regional distribution was as follows:

- Headquarters in Ahrensburg: 209 (previous year: 258).
- Subsidiary in the U.S.A.: 13 (previous year: 12)
- Subsidiary in Taiwan 12 (previous year: 14)
- Subsidiary in Singapore: 8 (previous year: 8)
- Representative offices in Korea and Japan: 4 (previous year: 6)

Due to the increased capacity utilization the short-time work implemented in the Ahrensburg headquarters in the beginning of 2009, was suspended as at April 01, 2010.

Cash flow, liquid assets, and indebtedness

In the first three months of the current fiscal year, the operating cash flow amounted to € -0.2 million (previous year: € 2.2 million). The free cash flow amounted to € -2.2 million in the first quarter, declining by € 2.5 million (previous year: € 0.3 million).

Liquid assets amounted at the end of the reporting period to € 4.9 million and therewith were lower by € 2.8 million compared to the end of the comparison period (-36 %). Compared to December 31, 2009, the funds available decreased by € 0.6 million (-11 %).

At the end of the first quarter of 2010, the Basler group had borrowed capital available amounting to € 20.7 million (previous year: € 22.7 million). € 6.9 million of the amount were short-term borrowed capital (previous year: € 7.8 million) and € 13.8 million long-term borrowed capital (previous year: € 14.9 million). With equity amounting to € 17.7 million (previous year: € 26.3 million) the debt to total capital ratio as at the reporting date calculated to 117 % (previous year: 86 %). The debt to equity ratio relating to short-term borrowed capital came to 39 % (previous year: 30 %). The long-term debt to equity ratio came to 78 % (previous year: 56 %).

Share

The Basler share opened at a price of € 6.72 in fiscal year 2010. The share price amounted to € 6.79 at the end of the first quarter.

As of March 31, 2010, the Management Board and the Supervisory Board held the following shares and options:

	Shares		Options	
	03/31/ 2010	03/31/ 2009	03/31/ 2010	03/31/ 2009
Supervisory Board				
Norbert Basler (chairman)	1.8 million	1.8 million	-	106,907
Prof. Dr. Eckart Kottkamp (vice-chairman)	-	-	-	-
Konrad Ellegast	-	-	-	-
Management Board				
Dr. Dietmar Ley (chairman)	135,282	135,282	-	23,800
John P. Jennings	5,500	2,000	-	3,000

Corporate Governance - declaration of compliance according to Section 161 AktG

The Management Board and the Supervisory Board hereby declare that the recommendation for conduct issued by the "Government Commission of the German Corporate Governance Code" appointed by the German Government, as amended on June 14, 2008, have been complied with hitherto during fiscal year 2010 and will be complied with in the future. The following recommendations have been excluded:

Clause 5.3. - Establishment of Supervisory Board committees

The Supervisory Board does not establish any committees. With the Supervisory Board of Basler AG comprising only three persons, efficient work is ensured in all matters of the Supervisory Board. In addition, the generally accepted minimum size for a committee is a membership of three.

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 incorporation. Chairmanship and vice chairmanship in the Supervisory Board are given consideration as regards the amount of remuneration. Given the current level of fixed remuneration, the addition of a variable component to remuneration for the members of the 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/Aktie.

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

The recovery of the economic general conditions that had started in the second half-year of 2009, continued in the first quarter of 2010. The positive trend will persist until the end of the first half-year, according to the views of the economic research institutes. Subsequently, there will be risks for a temporary slow down of the economic recovery. In its current forecast for the German image processing industry, the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau) assumes a growth in sales for 2010 amounting to +5 % compared to the previous year.

For Basler AG, the positive development of the first quarter confirms the cautiously optimistic projection for fiscal year 2010, as given in the annual report for 2009. The short-time work, implemented in the beginning of 2009, could be terminated at the end of the reporting period due to increased capacity utilization. From today's perspective, the Management Board assumes increasing sales revenues in the double digit percentage range for the components business. The high customer interest in the new BASLER ace camera family promotes expectations for rising sales of Gigabit Ethernet cameras during the course of fiscal year 2010. The sales of video surveillance cameras will increase during the course of the year, in parallel with the series production of the

dome camera family, started at the end of the first quarter, and with further product innovations. We expect stable sales revenues for our solutions business compared to the previous year. Sales for LCD inspection solutions will increase starting from the second quarter of 2010, due to the current production of color filter inspection solutions related to the major order acquired at the end of 2009 and due to orders having newly arrived after the end of the reporting period. We expect a stimulation of incoming orders starting from the third quarter for solar thin film inspection solutions, providing increasing contributions to sales until the end of 2010.

Based on the results of the first quarter and against the background of persistent macroeconomic risk for the second half-year, the Management Board expects for fiscal year 2010 growth in sales to a level between € 37 and 39 million (previous year: € 33.5 million). After a loss before taxes of € 8.0 million in 2009, we expect earnings before taxes not below € 1.5 million for 2010.

Affirmation 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 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

John P. Jennings

Group's Annual Balance Sheet According to IFRS for the First Quarter of 2010 Consolidated Profit and Loss Statement

in €k, result per share in €	01/01/ - 03/31/2010	01/01/ - 03/31/2009
Income from sales	9,253	8,028
Cost of sales -	-5,604	-5,199
of which depreciations on capitalized developments	1,034	1,248
Gross profit on sales	3,649	2,829
Other internal income	999	503
Sales and marketing costs	-2,052	-2,451
General administration costs	-1,796	-2,250
Other expenses	-333	-377
Operative profit	467	-1,746
Interest expense	-113	-206
Earnings before tax	354	-1,952
Profit tax	14	376
Surplus/loss for the group	368	-1,576
Number of shares	3,500,000	3,500,000
Operating profit par share (€)	0.11	-0.45
Number of shares (diluted)	3,500,000	3,668,882
Earnings effect to be taken into account for the dilution resulting from the convertible bond (€ k)	0	24
Completely diluted operating profit per share (€)	0.11	-0.45

Group's Annual Balance Sheet According to IFRS for the First Quarter of 2010 Consolidated Statement of Comprehensive Income

in €k	01/01/ - 03/31/2010	01/01/ - 03/31/2009
Surplus/loss for the group	368	-1,576
result from changes due to currency conversion, directly recorded in equity	-126	-52
total result, through profit or loss	-126	-52
Comprehensive income	242	-1,628
of which attributable to third parties from outside the group	-	-
of which attributable to owners of the parent company	242	-1,628

Group's Annual Balance Sheet According to IFRS for the First Quarter of 2010

Consolidated Cash Flow Statement

in €k	01/01/ - 03/31/2010	01/01/ - 03/31/2009
Operational activity		
Period surplus/loss of the group	368	-1,576
Increase/decrease in deferred taxes	-64	-396
Interest outpayment/interest inpayment	127	12
Depreciations on fixed asset objects	1,364	1,575
Change in the capital resources without affecting the payment	-124	-50
Increase (+)/decrease (-) in the accruals	69	-356
Profit (-)/loss (+) from the outflow of fixed asset objects	0	-10
Increase (-)/decrease (+) in the reserves	-528	-479
Increase (+)/decrease (-) in the down payments received	-60	176
Increase (-)/decrease (+) in the receivables from deliveries and services	-1,510	2,596
Increase (-)/decrease (+) in other assets	-264	6
Increase (+)/decrease (-) in the payables from deliveries and services	-48	373
Increase (+)/decrease (-) in other liabilities	422	323
Cash inflow from the business activity	-248	2,194
Investment activity		
Outpayments for investments in fixed assets	-1,919	-1,946
Inpayment from outflow of fixed asset objects	10	75
Cash outflow from the investment activity	-1,909	-1,871
Financing activity		
Outpayment from repayment of bank loans	-300	-300
Inpayment from the taking out of shareholder loans	1,500	0
Repayment of the convertible bond	500	0
Interest outpayment	-127	-12
Cash outflow from financing activity	1,573	-312
Changes in the funds that affect the payment in the period	-584	11
Funds at the beginning of the period	5,526	7,735
Funds at the end of the period	4,942	7,746
Funds available at the end of the period		
Means of payment	4,942	7,746
Tax outpayments	0	43

Group's Annual Balance Sheet According to IFRS for the First Quarter of 2010 Consolidated Balance Sheet

in €k	03/31/2010	12/31/2009
Assets		
A. Long-term assets		
I. Receivables with residual terms of more than 1 year	70	8
II. Fixed assets		
1. Intangible assets	12,665	12,278
2. Fixed assets	2,506	2,345
Total	15,171	14,623
III. Deferred tax assets	3,357	3,254
Total long-term assets	18,598	17,885
B. Short-term assets		
I. Inventories		
1. Finished goods	1,294	1,582
2. Work in process and semi-finished goods	876	727
3. Raw materials and supplies	3,252	2,621
4. Trade goods	179	144
Total	5,601	5,074
II. Short-term financial assets		
1. Receivables from deliveries and services		
- Receivables from deliveries and services	5,880	4,268
- Receivables from production orders	1,806	1,971
Total	7,686	6,239
2. Other short-term financial assets and accruals	490	417
III. Claim for tax refunds	519	332
IV. Cash and cash equivalents	4,942	5,526
Total short-term assets	19,238	17,588
C. Assets retained for sale	527	527
Total assets	38,363	36,000

Group's Annual Balance Sheet According to IFRS for the first Quarter of 2010

Consolidated Balance Sheet

in €k	03/31/2010	03/31/2009
Liabilities		
A. Shareholder's equity		
I. Subscribed capital	3,500	3,500
II. Capital reserve	1,131	1,131
III. Equitation of currency exchange	42	168
IV. Accumulated earnings	12,999	12,631
Total shareholder's equity	17,672	17,430
B. Long-term debt		
I. Long-term liabilities		
1. Silent partnership	1,023	1,023
2. Long-term liabilities to banks	6,211	5,761
3. Long-term provisions	370	404
II. Deferred tax liabilities	21	0
Total long-term debt	6,177	6,138
	13,802	13,326
C. Short-term debt		
I. Other liabilities	3,100	1,850
II. Short-term accrual liabilities	1,389	1,286
III. Short-term other liabilities		
1. Payables from deliveries and services	1,447	1,502
2. Other short-term liabilities	745	396
IV. Tax provisions	208	210
Total short-term debt	6,889	5,244
Total liabilities	38,363	36,000

Segment Information as of 03/31/2010 (Segments According to Business Units)

in €k	Components		Solutions		Reconsolidation		Group	
	01/01/ - 03/31/2010	01/01/ - 03/31/2009	01/01/ - 03/31/2010	01/01/ - 03/31/2009	01/01/ - 03/31/2010	01/01/ - 03/31/2009	01/01/ - 03/31/2010	01/01/ - 03/31/009
Segment revenue	7,820	4,269	1,433	3,759			9,253	8,028
Segment results (EBIT)	1,606	-1,137	-680	-754	-459	145	467	-1,746
Segment assets	19,607	18,971	7,059	11,962	11,697	18,170	38,363	49,103
Segment liabilities	21	22	53	659	20,617	22,058	20,691	22,739
Accrual to long-term assets	1,131	1,090	448	752	340	104	1,919	1,946
Scheduled depreciations on long-term assets	868	670	321	723	175	181	1,364	1,574
Unscheduled depreciations on long-term assets	0	1	0	0	0	0	0	1

Further Information, Not by Segment

Sales by Region

in €k	01/01/- 03/31/2010	01/01/- 03/31/2009
Germany	1,667	1,592
Other EU countries	2,276	1,715
America	2,484	1,159
Asia	2,826	3,562
Total	9,253	8,028

The Long-Term Assets are Regionally Divided as Follows:

in €k	03/31/2010	03/31/2009
Germany	15,107	17,710
America	31	48
Asia	33	56
Total	15,171	17,814

Consolidated Changes in Statement of Shareholder's Equity

in €k	Nominal capital	Capital reserve	Accumulated earnings	Total
Shareholder's equity as of 01/01/2009	3,500	1,220	21,354	26,074
Total income			-1,628	-1,628
Other		-89		-89
Shareholder's equity as of 03/31/2009	3,500	1,131	19,726	24,357
Total income			-6,927	-6,927
Shareholder's equity as of 12/31/2009	3,500	1,131	12,799	17,430
Total income			242	242
Shareholder's equity as of 31/03/2010	3,500	1,131	13,041	17,672

EVENTS 2010

Finance

May 18, 2010	Shareholders' meeting, Hamburg
June 16, 2010	OPTATEC, Analysts' Conference, Frankfurt
August 05, 2010	Publication of second-quarter results 2010
November 16, 2010	Publication of third-quarter results 2010
November 22 - 24, 2010	Eigenkapitalforum (German Equity Forum), Frankfurt

Trade fairs and conferences

May 25 - 27, 2010	Vision Show, Boston, U.S.A.
June 09 - 11, 2010	Exhibition on Sensing via Image Information, Yokohama, Japan
June 15 - 17, 2010	NEPCON, Penang, Malaysia
June 18 - 19, 2010	IACLEA, St. Louis, U.S.A.
June 24 - 26, 2010	Vision China, Shenzhen, China
June 24 - 27, 2010	Assembly Technology, Bangkok, Thailand
August 03 - 05, 2010	National Instruments Week, Austin, U.S.A.
September 06 - 09, 2010	25th European Photovoltaic Exhibition, Valencia, Spain
September 15 - 17, 2010	GlobalTRONICS, Singapore, Singapore
October 05 - 08, 2010	Security, Essen, Germany
October 12 - 15, 2010	ASIS International, Dallas, U.S.A.
October 27 - 29, 2010	Vision China, Peking, China
November 03 - 04, 2010	ISC East, New York, U.S.A.
November 09 - 11, 2010	Vision, Stuttgart, Germany
December 01 - 03, 2010	International Technical Exhibition on Image Technology and Equipment, Yokohama, Japan

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