

# Quarterly Report Q3/2009

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**Overview of the 3rd Quarter:**

- Incoming orders and sales have slightly increased compared to both preceding quarters of 2009
- Progress as planned for realizing the new corporate strategy and the cost-cutting program
- Break-even point was decreased by approx. 25 % compared to the end of 2008
- Working capital decreased by approx. 40 % compared to previous year
- Incoming orders: EUR 8.1 million (previous year: EUR 11.3 million), sales: EUR 8.4 million (previous year: EUR 15.3 million), pre-tax earnings: EUR -0.6 million (previous year: EUR 1.2 million), free cash flow: EUR 1.7 million (previous year: EUR 1.7 million)

**Key Data**

	Q3 2009*	Q3 2008	+/- in %	Q1-Q3 2009*	Q1-Q3 2008	+/- in %
<b>PROFIT AND LOSS STATEMENT</b>						
<b>Sales</b>						
Group	8.4	15.3	-45.1	24.5	42.5	-42.4
Components	6.2	8.0	-22.5	16.1	22.9	-29.7
Solutions	2.2	7.3	-69.9	8.4	19.6	-57.1
EBITDA Group	1.3	3.5	-62.9	-0.3	9.2	n.a.
EBIT Group	-0.5	1.3	n.a.	-6.9	3.2	n.a.
EBT Group	-0.6	1.2	n.a.	-7.4	2.8	n.a.
Group profit for the period	-0.4	0.9	n.a.	-6.1	2.0	n.a.
Operating profit per share	-0.13	0.25	n.a.	-1.74	0.56	n.a.
Shares in circulation	3.5 million	3.5 million		3.5 million	3.5 million	
<b>CASH FLOW STATEMENT</b>						
	01/01/- 30/09/2009	01/01/- 30/09/2008				
Operating Cash Flow	5.6	8.8	-36.4			
Investing Cash Flow	-4.4	-5.9	-25.4			
<b>GROUP BALANCE SHEET</b>						
	30/09/2009	31/12/2008				
Group balance sheet total	40.3	50.2	-19.7			
Investment assets	15.4	17.5	-12.0			
Equity	22.0	28.0	-21.4			
Borrowed capital	18.3	22.2	-17.6			
Equity ratio	54.6	55.8	-1.2 pp			
Net debt	2.7	3.2	-15.6			
Working capital	9.7	16.1	-39.8			
<b>FURTHER KEY DATA</b>						
Group income orders	8.1	11.3	-28.3			
Employees on the reporting date	257	310	-17.1			
Closing rate for the quarter (Xetra)	6.49	9.94	-34.7			
Enterprise Value (EV)	22.7	34.8	-34.7			

\* Quarterly figures not audited

\*\* pp = percentage points

*Dear Ladies and Gentlemen,*

After a year of continually decreasing equipment investment the macroeconomic general conditions for manufacturers of industrial goods have stabilized on a significantly decreased level in the third quarter of 2009. Compared to the previous year, the volume of equipment investment was again characterized by significant reductions. Nonetheless, there are indications that the economic crisis has reached its low and that the recession in the U.S.A. and Europe is subsiding. It remains to be seen when this reversal of trend will result in lasting increase of demand for industrial goods and how dynamically this recovery will proceed.

The Vision Technology sector, belonging to the industrial goods industry, is directly affected by the reduction of equipment investment. In the period from January until the end of September of 2009, the German Vision Technology industry had to accept a reduction of incoming orders of 48 % compared to the previous year. In its latest prognosis, the Verband Deutscher Maschinen- und Anlagenbau (VDMA - German Engineering Federation) expects for the current year a reduction in sales revenue of 30 % compared to 2008. After 10 years of continued growth, sales of the sector would therewith decline to the level of 2003.

Even though our results for the third quarter of fiscal year 2009 turned out worse than previous year's figures due to the continued unfavorable economic conditions, the economic situation of the company has noticeably improved compared to the first half of 2009. Pretax loss was significantly lower than in both preceding quarters, due to the cost-cutting measures implemented in the first half-year. In the reporting period, free cash flow was stable at the previous year's level. As of the end of September 2009, cash flow is also positive with respect to the entire year.

This progress demonstrates that the package of measures enacted by the Management Board in the first half-year is effective as planned and that the profit situation is recovering speedily. The break-even point dropped during the reporting period to a sales level of approx. EUR 38 million and accordingly by 25 % compared to the end of 2008. The positive effects of the strategic focusing decided upon in the previous quarter are becoming apparent in a stronger alignment of all activities towards both core businesses and in simplified structures of procedures and company organization. With its new setup, Basler will operate profitably again in fiscal year

2010, even if equipment investment should only slightly increase in the next year compared to 2009. With demand returning to normal in the following years, the company will generate higher yields than previously.

### **Sales and incoming orders**

The group's sales amounted to EUR 8.4 million in the third quarter of 2009 which is 45.1 % less than previous year's figure of EUR 15.3 million. Compared to the previous quarter, (Q2/2009: EUR 8.1 million), sales revenue rose by almost 3.7 %. With sales amounting to EUR 6.2 million we generated approx. 22.5 % less revenue in our "COMPONENTS" business segment than in the previous year's quarter (Q3/2008: EUR 8.0 million). Compared to the second quarter of 2009 (EUR 5.6 million), sales rose by 10.7 %. In our "SOLUTIONS" business segment, which was more severely affected by the economic crisis, sales were reduced by approx. 69.9 % to EUR 2.2 million (Q3/2008: EUR 7.3 million) and therewith remained approximately on the previous quarter's level (EUR 2.5 million).

In the reporting period, 45.9 % of the sales revenue was realized with Asian customers (Q3/2008: 58 %). 32.7 % of the sales derived from European customers (Q3/2008: 26 %) and 21.4 % from North American customers (Q3/2008: 16 %).

Resulting from the economic crisis, also in the third quarter of 2009 orders were below previous year's level. At EUR 8.1 million, the group's incoming orders declined by approx. 28.3 % below the figure of the third quarter of 2008 (EUR 11.3 million). However, compared to the second quarter of 2009 (EUR 6.7 million) incoming orders increased by 20.9 %.

### **Results, gross results and operative cost**

The group's profit before taxes (EBT) amounted to EUR -0.6 million in the reporting period and therefore was approx. EUR 1.8 million less than previous quarter's figure (Q3/2008: EUR 1.2 million). Due to the cost-cutting measures implemented in the first half-year the net income has already considerably improved in the third quarter of 2009 compared to both previous quarters (Q1/2009: EUR -1.6 million, Q2/2009: EUR -4.1 million) with EUR -0.4 million.

Due to lower sales, the gross result declined by 41.1 % to EUR 4.3 million (Q3/2008: EUR 7.3 million). The gross margin of 51.2 % was 3.5 % above previous year's figure (Q3/2008: 47.7 %). Devaluations of inventories due to increased inventory coverage amounted to EUR 320 thousand.

Compared to the previous year, sales and marketing costs decreased by approx. EUR 0.7 million reaching EUR 1.9 million (-26.9 %). The balance for research and development amounted to EUR 1.8 million (Q3/2008: EUR 2.1 million; -14.3 %) and therefore only disproportionately decreased in comparison with the previous year. The general administrative expenses decreased to EUR 1.5 million (Q3/2008: EUR 1.7 million; -11.8 %).

### Segment information

In its **"COMPONENTS"** business segment, Basler has realized sales in the third quarter of 2009 amounting to EUR 6.2 million. Compared to the previous year (Q3/2008: EUR 8.0 million), revenue from digital cameras decreased by 22.5 %. Sales already increased by approx. 10.7 % compared to the second quarter of 2009 (EUR 5.6 million). Incoming orders of EUR 6.8 million in the reporting period were still below previous year's level (Q3/2008: EUR 8.4 million, -19 %), they increased, however, by approx. 11.5 % with respect to the previous period (Q2/2009: EUR 6.1 million). The gross margin has evolved positively during the reporting period. Personnel expenses (-8.6%) decreased in comparison with the previous year, as did the other costs (-28.1 %). The earnings before interest and taxes for the segment were solidly positive at EUR 1.0 million (Q3/2008: EUR 1.0 million) and increased by EUR 0.6 million compared to the previous quarter (+150 %).

Our market environment in the components business is affected to different extents by the repercussions of the economic crisis. During the reporting period, the classical markets of principal customers for industrial cameras, the semiconductor and electronics industries, left behind the most profound decrease in demand in their histories and are showing moderate growth again. In the video surveillance market, the two-digit growth rates of the past years will weaken in 2009. However, in spite of the crisis, growth according to one-digit percentages can be expected for 2009. The markets for traffic control and medical technology continue to be less affected by the crisis.

With its camera business, Basler is in an excellent position for addressing customer needs that have changed due to the economic crisis. Our customers' needs for cutting cost accelerate the demand for standard technologies, for more cost-efficient products, and for simpler integration into the customers' applications. By combining technologies from the industrial and video surveillance markets, we are able to make a unique offer for traffic control, where customers' requirements can be realized in technologically innovative ways and in simple and cost-effective ways at the same time. In medical technology, we can help with our innovative products to diagnose more quickly and more reliably. In spite of the general weakness in demand, we continue to observe increasing customers' interest in our Gigabit Ethernet cameras and we are able to increase both sales revenue and market share compared to the previous year. Our new families of line scan cameras also increasingly appeal to customers and will contribute in the next year to our planned moderate growth in sales. Our still youthful video surveillance business has continued developing positively in the reporting period and will reach its sales target for 2009.

After the end of the third quarter of 2009, it is apparent that the low point in demand in our components business has passed. Incoming orders and sales are increasing again due to our innovative product portfolio and our strong sales force. Our stronger alignment towards the components business will generate more sales in large-volume markets in the future. This will contribute towards amortizing our investment in research and development more quickly. The increasing share of sales of products for the video surveillance market will in the medium term make us less susceptible to cycles in demand in the classical industrial goods markets than is presently the case.

In the **"SOLUTIONS"** business segment, Basler has realized sales revenue amounting to EUR 2.2 million in the third quarter of 2009. This implies a decrease in sales of inspection solutions by EUR 5.1 million (-69.9 %). Incoming orders in the third quarter of 2009 have continued the low values of the previous year. Compared to the strong corresponding quarter of the previous year, orders decreased by EUR 1.6 million, reaching EUR 1.3 million

(Q3/2008: EUR 2.9 million, -55.2 %). In comparison to the second quarter of 2009, incoming orders increased again, even though starting from a very low level (EUR 0.7 million, +85.7 %). The result for the "SOLUTIONS" segment before interest and taxes amounted to EUR -0.5 million in the third quarter of 2009 and therefore decreased by approx. EUR 0.8 million compared to the previous year (Q3/2008: EUR 0.3 million). Due to special items related to devaluation, the gross margin was below the previous year's figure. The personnel expenses before non-recurring costs have declined by approx. 51.8 % compared to the previous year. The other costs declined by 57.8 % compared to the previous year's period.

The causes mentioned in the previous quarter's report for the continued low sales revenues in our solutions business also applied to the third quarter of 2009: On the one hand hardly any expansion investments have been commissioned in the LCD industry since midyear 2008 due to low utilization, increasing inventories, and declining average revenues. On the other hand investments of the solar industry in expansions of capacities have declined strongly during the last 12 months because 1) the financing conditions have deteriorated considerably, 2) the public funding for the installation of solar plants was restricted in important regional markets, and 3) there is currently an oversupply of production capacity due to the extensive expansion investments of 2008.

The general conditions have improved in the LCD industry in the third quarter of 2009 because the utilization of production capacities has further increased. The major LCD manufacturers and their suppliers are therefore actively planning the expansion of capacities. Expansion investments can be expected to resume starting from the fourth quarter of 2009.

The situation in the solar industry differs: Particularly in Asia, significant new production capacities have started operations in the last 18 months. This has resulted in a decline of the average revenues for solar cells and solar modules by more than one third since the beginning of 2009. It remains to be seen when more extensive investments in new production plants will happen again, in the light of the current over capacities and the still difficult financing of new solar power plants.

In spite of the currently still unfavorable general conditions for our solutions business we are also planning

for this segment a speedy return to the profit zone. In the second quarter of 2009, we have decided to reduce the number of our product lines and to concentrate on our core activities in the field of surface inspection for the LCD and solar industries. We are holding a very strong market position in the LCD industry with first-rate customers, who will carry out expansion investments again in the foreseeable future. We can adapt our leading technology platform, that was developed for applications in the LCD industry, with minor modifications to the needs of the manufacturers of thin-film solar cells. In this way we are able to better scale our technology platform and to focus our research and development. Our entry into the inspection of thin-film solar cells is according to plan. We are currently retreating from unprofitable niches in an orderly fashion. Side technologies are abandoned in this context. With the help of these measures, our solutions business will be able to contribute positively to the result, even if the sales revenues will not increase compared to 2009.

### Research and development

Also during the economic crisis, Basler continues its traditionally strong investments in new products and solutions in order to address customer needs that have changed due to the economic crisis and lay the base for future growth.

Relative to sales, the full costs for research and development rose significantly to 21.9 % (Q3/2008: 13.5 %). The full costs for research and development in the third quarter of 2009 amounted to approx. EUR 1.8 million and accordingly were in absolute figures only 14.3 % below previous year's figures (Q3/2008: EUR 2.1 million).

Our current research and development focuses on 1. extending our product portfolio for the components business, 2. finalizing our solutions for the inspection of thin-film solar modules, and 3. developing further our solutions for the color filter inspection market.

### Employees

The number of employees of the Basler group was 257 on the reporting date (September 30, 2008: 310 employees). The number of employees by locations of

the Basler group are as follows (previous year's figures in parentheses):

- Headquarters in Ahrensburg, Germany: 218 (265).
- Subsidiary in the U.S.A.: 12 (15)
- Subsidiary in Taiwan 13 (15)
- Subsidiary in Singapore: 8 (8)
- Representative offices in China, Korea, and Japan: 6 (7)

### Cash flow, liquid assets, debts, and equity

Against the background of difficult economic conditions, cash flow has developed positively in the reporting period. The operating cash flow amounted to EUR 2.7 million in the reporting period (Q3 /2008: EUR 3.5 million). This corresponds to a decrease compared to the previous year by approx. 22.9 %. In the third quarter, the free cash flow amounted to EUR 1.7 million, matching the previous year's value (Q3/2008: EUR 1.7 million). The progress made in reducing fixed capital was crucial for the significant improvement of the free cash flow, compared to the previous quarter (Q2/2009: EUR -0.5 million).

The funds of liquid assets amounted to EUR 5.5 million at the end of the reporting period, corresponding to a decrease relative to the comparison period by approx. EUR 0.6 million (end of Q3/2008: EUR 6.1 million). Compared to June 30, 2009, the funds available declined by approx. EUR 1.2 million. This was mainly due to the repayment of the convertible bond issued in July 2006, that amounted to EUR 2.3 million and to expenses related to the reduction of jobs that was decided upon in the second quarter.

The total indebtedness of Basler has decreased in the third quarter of 2009 by EUR 4.3 million to EUR 18.4 million (end of Q3/2008: EUR 22.6 million). This represents a decrease of 18.6 %. The proportion of short-term borrowed capital relative to total indebtedness amounted to 27.7 % (EUR 5.1 million). Long-term borrowed capital accounted for 71.7 % (EUR 13.2 million). Compared to the previous quarter (Q2/2009), the indebtedness decreased by approx. EUR 5.3 million (-22.3 %).

At an equity on the reporting date of EUR 22.0 million, the debt to total capital ratio computed to 83.6 % (Q3/2008: 80.6 %; +3 percentage points). Due to the

repayment of the convertible bond (amounting to EUR 2.3 million), the proportion of total indebtedness related to long-term borrowed capital has increased. The long-term debt to equity ratio computed to 60.3 % (Q3/2008: 50.4 %; +10 percentage points). The short-term debt to equity ratio, however, decreased by 7 percentage points to 23.3 % (Q3/2008: 30.2 %).

The equity of Basler amounted on the end of the reporting period to approx. EUR 22.0 million (Q3/2008: EUR 28.0 million; -21.4 %). The balance sheet total decreased proportionately by 19.7 % to EUR 40.3 million (Q3/2008: EUR 50.2 million). Accordingly, the equity ratio remained almost unchanged compared to the previous year on the solid value of 54.6 % (Q3/2008: 55.8 %; -1.2 percentage points). In comparison to the previous quarter that was characterized by high one-time expense related to cost-cutting measures, the equity ratio increased in the reporting period just ended by 5.9 percentage points (Q2/2009: 48.7 %).

### Share

The Basler share opened at a rate of EUR 5.95 in the third quarter of 2009. By the end of the third quarter the share price was at EUR 6.49.

As of September 30, 2009, the Management Board and the Supervisory Board held the following shares and options:

	Shares		Options	
	30/09 2009	30/09/ 2008	30/09/ 2009	30/09/ 2008
Supervisory Board				
Norbert Basler (chairman)	1.8 Mio.	1.8 Mio.	-	106,907
Prof. Dr. Eckart Kottkamp (vice-chairman)	-	-	-	-
Konrad Ellegast	-	-	-	-
Vorstand				
Dr. Dietmar Ley (chairman)	135,282	135,282	-	23,800
John P. Jennings	5,500	5,500	-	3,000

### **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 June 14, 2008, have been complied with hitherto during fiscal year 2009 and will be complied with in the future. The new version of June 18, 2009 is being implemented.

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 comprising of 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 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](http://www.baslerweb.com/aktie). If you have any questions regarding the corporate governance code, please contact the compliance officer of Basler: Dr. Dietmar Ley (CEO), Tel. +49 - 4102 - 463 100, [ir@baslerweb.com](mailto:ir@baslerweb.com)

#### **Changes in accounting principles for the annual balance sheet**

For fiscal years beginning on or after January 01, 2009, IAS 23 requires new regulations to be applied for the capitalization of borrowing costs. Pursuant to this accounting standard, borrowing costs must be capitalized as part of the costs of qualified assets that require

substantial periods of time for their production and that were started to be produced after January 01, 2009. The option was removed for reporting such borrowing costs as an expense.

In the case of Basler the self-provided intangible assets must be considered as qualified assets. For this purpose, borrowing costs amounting to EUR 20,612.37 were activated in the third quarter of 2009. The related interest rates were between 6.03 and 7.17 % p.a.

### **Outlook**

Incoming orders for the German engineering industry (Maschinen- und Anlagenbau) have once more declined in the third quarter by 38 % compared to the previous year. However, according to the views of economic research institutes and industry associations the economic crisis has probably reached its low in the third quarter of 2009. Nonetheless, the general conditions for the industrial goods industry remain tense. It remains to be seen when equipment investments will start growing again and how enduringly and dynamically this recovery will proceed.

In the third quarter, the German Vision Technology sector observed another decline in incoming orders of -39 % compared to the previous year. Sales declined in the reporting period by 40 %. According to the latest forecast of VDMA, the German image processing industry must be prepared for sales to be lower by approx. 30 % in 2009, compared to the previous year. Currently, a growth of approx. 5 % is expected for the coming fiscal year 2010.

Basler had to observe decreased incoming orders and sales for both business segments compared to previous year's values. In comparison with the second quarter of 2009, however, incoming orders and sales revenues have slightly recovered and stabilized, respectively. The steps taken by the Management Board in the first half-year towards improving the profit situation are showing rapid effect and are already resulting in a significantly reduced operating loss compared to the previous periods. The free cash flow in the third quarter was so strongly positive that the free cash flow accumulated on the reporting date is likewise positive again for the first nine months of fiscal year 2009. The strategic adjustments carried out in the second quarter will for the most part be completed by the end of the year.



In our components business, the trends of recovery that could be observed since the middle of the first quarter have stabilized in both sales and incoming orders. After the business segment having already in the previous period returned to the profit zone, significant profit was gained again in the reporting period. We assume this positive trend will continue in the following quarters, due to our continued very successful business with Gigabit Ethernet cameras, due to general recovery of the industrial cameras business in the Asian markets, and due to sales in the business with video surveillance cameras gaining momentum according to plan. Starting from the fourth quarter of 2009, we expect an improvement of the general conditions for our solutions business as our customers in the LCD industry are planning for expansion investments from that time on.

We continue to expect the group's turnover for 2009 to appear in a corridor between EUR 31 and 33 million. We continue to anticipate the group's earnings before taxes between EUR -8.0 and -8.5 million for 2009, due to the distinctly lower sales level compared to the previous year and due to the considerable one-time expense in the context of the cost-cutting program of the first quarter. Adjusted for one-time expenses, the group's earnings before taxes for 2009 can be expected in the region between EUR -3.5 to -4.5 million.

Basler has improved its market position during the current economic crisis in its newly defined core businesses and will be able to further develop these businesses in the quarters to come, based on numerous new products and on our efficient sales force. The strategic adjustments and cost-cutting measures carried out in the first half-year are showing effect earlier than planned. With our new setup we will speedily return to the profit zone and operate profitably again in fiscal year 2010, in spite of expectations of the equipment investment for the next year to be but slightly above the level of 2009. With demand gradually returning to normal in the years 2011 and after, Basler will be able to generate higher yield than before the economic crisis.

Based on an unvaried stable balance sheet structure, sufficient reserves for financing the company, a focused corporate strategy, and on the strong coherence among our staff, we will emerge strengthened from the year 2009, that is challenging to the entire industrial goods industry.

### 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 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 Third Quarter of 2009 Consolidated Profit and Loss Statement (IFRS)

in €k, result per share in €	01/07/- 30/09/2009		01/07/- 30/09/2008		01/01/- 30/09/2009		01/01/- 30/09/2008	
<b>Income from sales</b>	8,356		15,345		24,485		42,516	
Cost of sales	-4,078		-8,021		-12,421		-21,456	
<b>Gross profit on sales</b>	4,278		7,324		12,064		21,060	
Research and development								
Full costs	-1,513		-2,047		-4,768		-6,219	
Activation of intangible assets	1,069		1,430		4,007		4,714	
Depreciations on own development costs	-1,383		-1,827		-5,533		-6,294	
Marketing and sales costs	-1,882		-2,565		-6,452		-7,562	
General administration costs	-1,471		-1,733		-7,474		-5,451	
<b>Total</b>	-5,180		-6,363		-20,220		-19,135	
Other internal income	433		379		1,251		1,352	
<b>Operative profit</b>	-469		1,340		-6,905		3,277	
Interest expense	-93		-131		-492		-433	
<b>Earnings before tax</b>	-562		1,209		-7,397		2,844	
Profit tax	122		-321		1,301		-886	
<b>Group's period surplus</b>	-440		888		-6,096		1,958	
Number of shares (diluted)	3,500,000		3,500,000		3,500,000		3,500,000	
Operating profit per share (Euro)	-0.13		0.25		-1.74		0.56	
Number of shares (diluted)	3,500,000		3,668,882		3,500,000		3,668,882	
Earnings effect to be taken into account for the dilution resulting from the convertible loan	0		23		0		71	
Completely diluted operating profit per share (Euro)	-0.13		0.25		-1.74		0.55	

## Consolidated Changes in Statement of Shareholder's Equity (IFRS Not Subject to the Audit)

in €k	Subscribed capital	Capital reserve	Equation of currency exchange	Accumulated earnings	Total
Shareholder's equity as of 01/01/2008	3,500	1,220	207	21,147	26,074
Difference from currency conversion			-39		-39
Group net profit for period				2,509	2,509
Shareholder's equity as of 30/09/2008	3,500	1,220	168	23,656	28,544
Difference from currency conversion			-13		-13
Group net profit for period				-446	-446
Other		-89			-89
Shareholder's equity as of 31/12/2008	3,500	1,131	155	23,210	27,996
Difference from currency conversion			55		55
Group net profit for period				-6,096	-6,096
Shareholder's equity as of 30/09/2009	3,500	1,131	210	17,114	21,955

## Group's Annual Balance Sheet According to IFRS for the Third Quarter of 2009

### Consolidated Cash Flow Statement

in €k	01/07- 30/09/2009	01/07- 30/09/2008
<b>Operational activity</b>		
Period surplus of the group	-6,096	1,958
Increase/decrease in deferred taxes	-1,355	474
Interest outpayment/interest inpayment	489	470
Depreciations on fixed asset objects	6,584	5,781
Change in the capital resources without affecting the payment	192	-53
Increase/decrease in the accruals	-578	854
Profit/loss from the outflow of fixed asset objects	-2	103
Increase/decrease in the reserves	1,231	-1,714
Increase/decrease in the down payments received	-73	696
Increase/decrease in the receivables from deliveries and services	5,122	-340
Increase/decrease in other assets	153	680
Increase/decrease in the payables from deliveries and services	153	-264
Increase/decrease in other liabilities	-198	186
<b>Cash inflow from the business activity</b>	<b>5,622</b>	<b>8,831</b>
<b>Investment activity</b>		
Outpayments for investments in fixed assets	-4,515	-6,029
Inpayment from outflow of fixed asset objects	119	97
<b>Cash outflow from the investment activity</b>	<b>-4,396</b>	<b>-5,932</b>
<b>Financing activity</b>		
Balance from borrowing/repayment of loans from credit institutions/banks	-600	-300
Interest outpayment/Interest inpayment	-489	-470
Repayment of the convertible bond	-2,364	0
<b>Cash outflow from financing activity</b>	<b>-3,453</b>	<b>-770</b>
<b>Changes in the funds that affect the payment in the period</b>	<b>-2,227</b>	<b>2,129</b>
<b>Funds at the beginning of the fiscal year</b>	<b>7,735</b>	<b>3,945</b>
<b>Funds at the end of the period</b>	<b>5,508</b>	<b>6,074</b>
<b>Funds available at the end of the fiscal year</b>		
Means of payment	5,508	6,074
Tax outpayments	14	0

## Group's Annual Balance Sheet According to IFRS for the Third Quarter of 2009 Consolidated Balance Sheet

in €k	30/09/2009	31/12/2008
<b>Assets</b>		
<b>A. LONG-TERM ASSETS</b>		
I. Fixed assets		
1. Intangible assets	12,881	14,774
2. Fixed assets	2,471	2,732
<b>Total</b>	<b>15,352</b>	<b>17,506</b>
II. Deferred tax assets	7,420	6,362
<b>Total long-term-assets</b>	<b>22,772</b>	<b>23,868</b>
<b>B. SHORT-TERM ASSETS</b>		
I. Inventories		
1. Finished goods	1,841	1,476
2. Work in process and semi-finished goods	887	1,351
3. Raw materials and supplies	3,010	4,151
4. Trade goods	200	191
<b>Total</b>	<b>5,938</b>	<b>7,169</b>
II. Short-term financial assets		
1. Short-term receivables		
- Trade accounts receivable	3,532	4,572
- Receivables from production orders	1,637	5,719
<b>Total</b>	<b>5,169</b>	<b>10,291</b>
2. Other short-term financial assets and accruals	575	730
III. Claim for Tax refunds	349	378
IV. Cash and cash equivalents	5,508	7,735
<b>Total short-term assets</b>	<b>17,539</b>	<b>26,303</b>
<b>Total assets</b>	<b>40,311</b>	<b>50,171</b>

## Group's Annual Balance Sheet According to IFRS for the Third Quarter of 2009 Consolidated Balance Sheet

in €k	30/09/2009	31/12/2008
<b>Liabilities</b>		
<b>A. SHAREHOLDER'S EQUITY</b>		
I. Subscribed capital	3,500	3,500
II. Capital reserve	1,131	1,131
III. Equitization of currency exchange	210	155
IV. Accumulated earnings	17,114	23,210
<b>Total shareholders equity</b>	<b>21,955</b>	<b>27,996</b>
<b>B. LONG-TERM DEBT</b>		
I. Long-term liabilities		
1. Silent partnership	1,023	1,023
2. Long-term liabilities to banks	5,761	7,111
II. Deferred tax liabilities	6,449	6,746
<b>Total long-term-debt</b>	<b>13,233</b>	<b>14,880</b>
<b>C. SHORT-TERM DEBT</b>		
I. Convertible bond	0	2,228
II. Short-term liabilities to banks	1,350	600
III. Short-term accrual liabilities	1,821	2,398
IV. Short-term other liabilities		
1. Payables from delivery and services	1,087	934
2. Other short term liabilities	623	853
V. Tax provisions	242	282
<b>Total short-term debt</b>	<b>5,123</b>	<b>7,295</b>
<b>Total liabilities</b>	<b>40,311</b>	<b>50,171</b>

Group's Annual Balance Sheet According to IFRS as of 30/09/2009  
 Primary Group Segment Information (IFRS) (Segments According to Business Units)

in €k	Basler Components		Basler Solutions		Reconsolidation		Group	
	01/01/- 30/09/2009	01/01/- 30/09/2008	01/01/- 30/09/2009	01/01/- 30/09/2008	01/01/- 30/09/2009	01/01/- 30/09/2008	01/01/- 30/09/2009	01/01/- 30/09/2008
Segment revenue	16,098	22,875	8,388	19,641	0	0	24,486	42,516
Segment results (EBIT, operative results)	1,347	3,033	-4,322	233	-3,932	13	-6,907	3,279
Segment assets	17,436	19,717	7,301	15,524	1,722	2,307	26,459	37,548
Segment liabilities	16	13	495	965	-188	-153	323	825
Segment investments	2,488	3,475	1,671	2,010	355	543	4,514	6,028
Segment depreciations	2,322	2,105	3,316	3,119	761	558	6,399	5,782
- extraordinary	1	0	1,337	0	0	0	1,338	0

Group's Annual Balance Sheet According to IFRS for the Third Quarter of 2009

in €k	Basler Components		Basler Solutions		Reconsolidation		Group	
	01/07/- 30/09/2009	01/07/- 30/09/2008	01/07/- 30/09/2009	01/07/- 30/09/2008	01/07/- 30/09/2009	01/07/- 30/09/2008	01/07/- 30/09/2009	01/07/- 30/09/2008
Segment revenue	6,187	8,011	2,170	7,334	0	0	8,357	15,345
Segment results (EBIT)	973	1,031	-539	279	-904	31	-470	1,341
Segment investments	1,195	2,182	378	717	-938	-750	635	2,149
Segment depreciations	885	913	754	805	1,924	188	3,563	1,906
- extraordinary	0	0	232	0	0	0	232	0

Further Information, Not by Segment

Turnover by Region

in €k	01/01/- 30/09/2009	01/01/- 30/09/2008
Germany	3,306	5,805
Other EU countries	5,243	8,162
America	4,630	7,092
Asia	11,307	21,457
<b>Total</b>	<b>24,486</b>	<b>42,516</b>

Turnover by Region

in €k	01/07/- 30/09/2009	01/07/- 30/09/2008
Germany	976	1,744
Other EU countries	1,753	2,283
America	1,792	2,416
Asia	3,836	8,902
<b>Total</b>	<b>8,357</b>	<b>15,345</b>

The Fixed Assets of the Basler Group are Held in the Following Countries:

in €k	30/09/2009	30/09/2008
Germany	15,270	17,538
America	39	48
Asia	43	54
<b>Total</b>	<b>15,352</b>	<b>17,640</b>

## SCHEDULE OF EVENTS FOR 2009

## Finance

10/11/2009	Eigenkapitalforum (Equity Capital Forum), Frankfurt/Main, Germany
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## Trade fairs and conferences

03. - 05. 11. 2009	Vision Show – Stuttgart, Germany (www.messe-stuttgart.de/VISION)
20. - 22. 11. 2009	Vision Show - Beijing, China
03. - 05. 12. 2009	International Technical Exhibition on Image Technology and Equipment – Yokohama, Japan

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