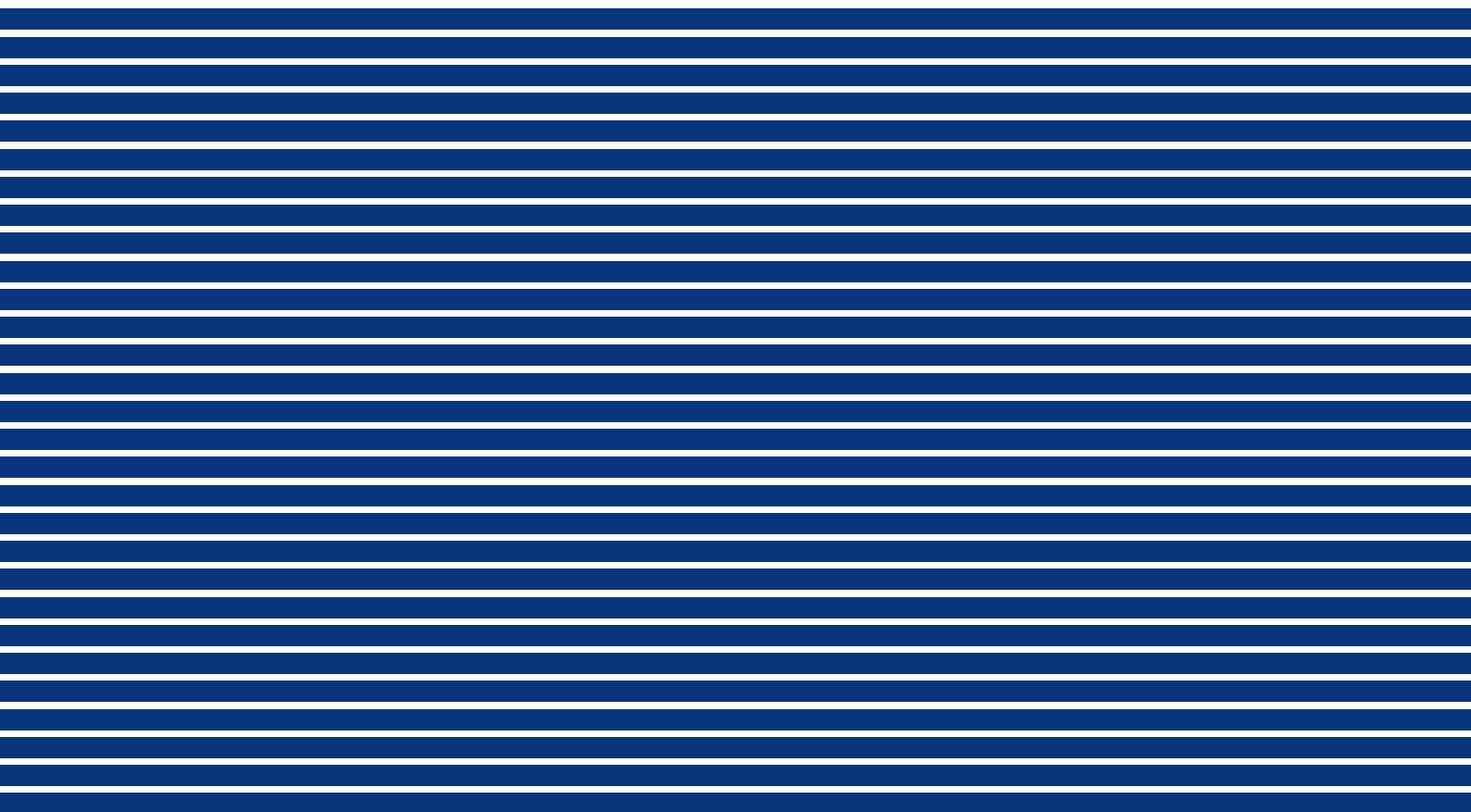


INNOVATION

Annual Report 2004

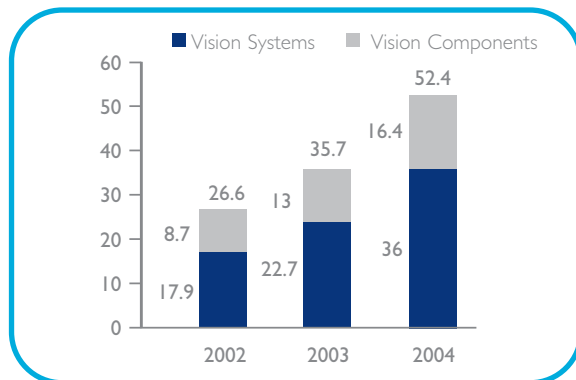
Innovations leading to profitable growth

Our camera solutions and inspection systems have a good eye for what's essential.
The word 'innovation' appears in the graph on the title picture when you hold the report
slightly at an angle. Would you have noticed?

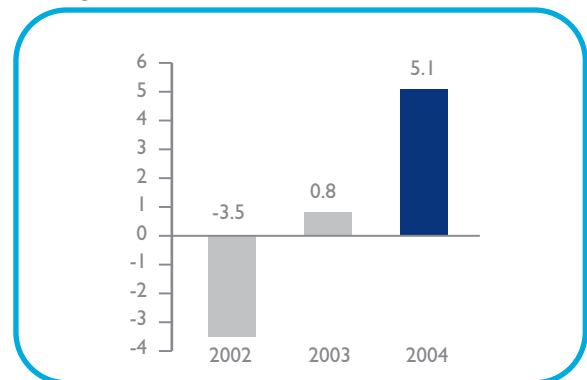


Key data

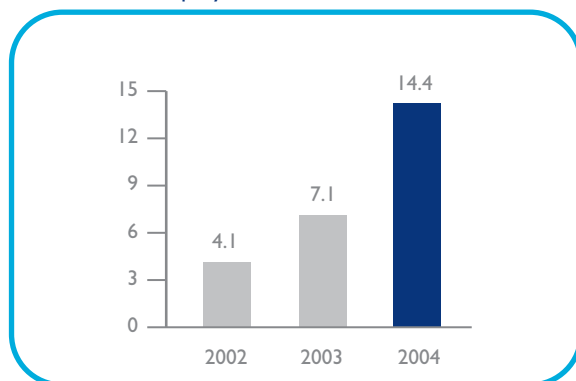
Turnover in m€



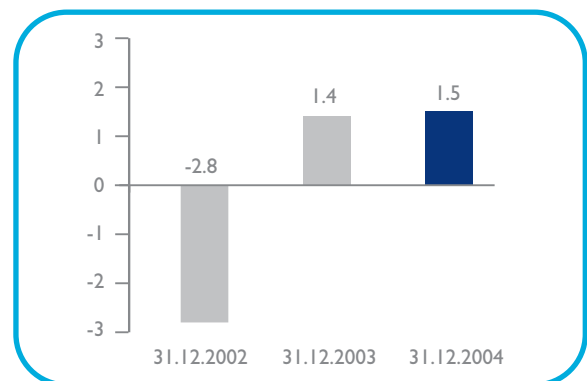
Earnings before taxes in m€



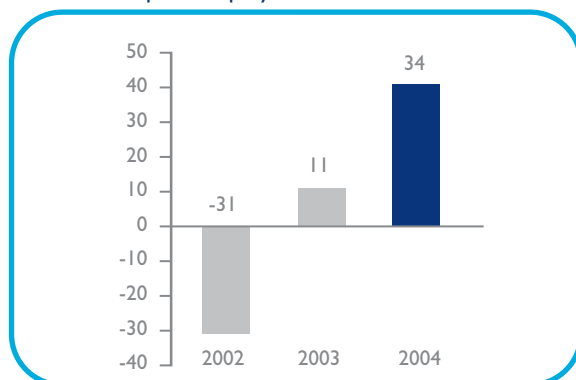
Shareholder's Equity in m€



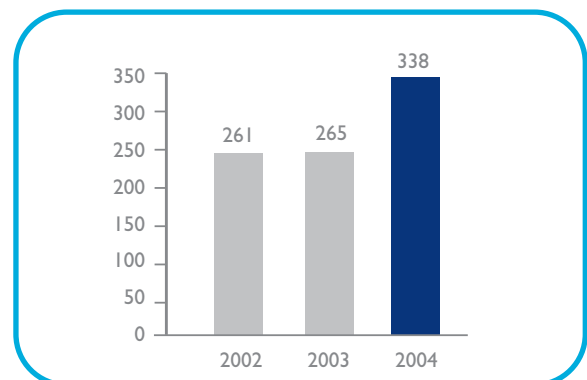
Net cash flow in m€



Return on capital employed in %



Number of staff



With the help of vision to a profitable growing high-tech company

Basler AG is one of the leading companies in the area of machine vision technology. Vision technology consists of computer-based vision systems, which automatically take decisions on the basis of picture information, and cameras (vision components), which in turn are fitted into vision systems.

The number of applications for machine vision systems is already high and will continue to grow. At present, vision technology is predominantly used in industrial production, e.g. for mechanic quality control, measurement, identification and monitoring. Together, these applications are referred to as Machine Vision. Concrete examples of applications include, among others, PCB monitoring in the electronics production field, surface inspection in the plastic sheeting production field, flat-screen monitors or wafers, optical character recognition for letter sorting and document reading, print image control in the packaging industry and residual material sorting.

The uses of vision technology in industry include automatic, thorough 100% quality control, increased production efficiency and the reduction of production costs of end products.

The company, which was founded by Norbert Basler in 1988, currently employs close to 340 staff and has a total of 5 sites in the USA, Europe and Asia, making it an international enterprise. The stock corporation has two divisions reflecting the current structure of our product's applications.

The Vision Systems division develops and sells turn-key quality control solutions in four sectors: optical

media inspection primarily manufactures inspection systems for the production of optical data medium (e.g. DVDs). The display inspection unit provides customers with inspection concepts for the flat-screen production process. Sealing inspection's portfolio mainly addresses the rubber and elastomer industries. The web inspection unit delivers thorough quality assurance systems to plastic foil manufacturers.

The second division is Vision Components. This division develops and sells standard components that can be used in numerous industrial sectors largely independently of concrete applications. The core component of the division's portfolio is digital cameras used in industrial applications.

On the back of this combined system and component business, we intend to grow into one of the biggest vision technology companies worldwide. To achieve this aim, we intend to increase sales by an average 20% per year on a profitable basis involving a two-digit pre-tax margin. The two main factors leading to success on this growth path are our multi-sector strategy and sustainable investment in research and technology. Our multi-sector strategy makes us less sensitive to fluctuations in individual markets and puts us in a better position to offset demand cycles. Due to our consistently high investment in research & development, we are meanwhile generating more than half of our sales with products that are less than two years old. This high level of investment gives us advantages over our competitors and guarantees profitability.

Table of contents



2	Preface by the Management Board
2	Profitable growth continues
4	Report by the Supervisory Board
7	Focus on innovations – innovations leading to profitable growth
8	Case study: The scrutinizing look on flat-screen monitors – inspection systems for the production of TFT displays
10	Staff
10	Managing growth through staff flexibility
11	Basler share, corporate governance and accounting system
11	Transparency and reliability rewarded by significant rise in share price
14	Declaration regarding the Corporate Governance Codex
15	Conversion of the accounting system to the International Financial Reporting Standard (IFRS)
16	Management Report, financial statements and notes
44	Glossary, upcoming dates and imprint

Profitable growth continues

Dear Sir/Madam, dear shareholders,

the past financial year has been exceptionally successful. Record turnover and profit levels made it the most successful financial year since the company was founded in 1988. We are particularly pleased with the net cash flow development: a positive value was achieved despite rapid growth, leading to positive year-end cash balances after the deduction of investments. This business development is driven by our propensity to innovate which enables us to launch new and improved products on our markets and increase our market share.

As one of the major vision technology companies in Europe, our more than 120 developers represent the region's largest pool of expertise. We transform this knowledge into profitable turnover by defining, realizing and distributing customer-orientated applications on our target markets via focussed sales and marketing units. In the Vision Systems segment, we mainly offer surface inspection systems for the industrial mass production of flat-screen monitors, optical storage media (CDs, DVDs), rubber sealing and foil products. The Vision Components division develops and sells digital camera solutions for the entire vision technology market (e.g. for the inspection of electronic components or semi-conductors).

The successful combination of the systems and components businesses gives rise to significant advantages for both our customers and our company:

- Both segments benefit from each other since the systems segment has unrestricted access to efficient components and, in turn, developments in the components segment make optimum use of the experience gained in the systems business.
- In addition, the large-scale use of our own components enables us to cut our systems' selling prices and production costs since the components margin remains in our own company.
- Finally, the fact that we have managed to spread our turnover over several business segments helps to

offset temporary demand fluctuations in individual target markets and to successfully implement our profitable growth strategy even at times when conditions are difficult.

In 2004, the advantages of the turnover structure that we had built up throughout the last few years took full effect for the first time. Our 47% increase in turnover to € 52.4 million and our pre-tax result of € 5.1 million (compared to € 0.7 million in 2003) represent a significant increase despite the fact that demand in several of our markets was subject to substantial fluctuations throughout the year. One major factor leading to this success was our consistently high investment in research and development during the last few years: the share of new products that were developed less than 24 months ago is now at over 68%. Acknowledging the importance of new products for turnover and income growth, we once more invested 15% of turnover in product development in the past financial year 2004.

In 2004, all segments contributed towards the success of the Basler Group: the Vision Systems segment increased its turnover by 58% to € 36 million (2003: € 22.7 million). The segment's 2004 earnings before interest, taxes and income from investments amounted to € 4.6 million, a multiple of the previous year's figure (2003: € 0.5 million). Individual product categories underwent various developments:

In the first half of the year, the business generated with inspection systems for optical storage media developed very positively. Substantial demand – especially for systems testing one-time recordable DVDs – continued unabated from the previous year. As expected, and as announced at an early stage, investment activities declined considerably in the second half of the year. This was due to the decline in storage media prices following a strong increase in production capacities. All in all, the segment's turnover and result equalled the previous year's figures.



Peter Krumhoff
(Chief Financial Officer)



Dr. Dietmar Ley
(Chief Executive Officer)



John Jennings
(Chief Commercial Officer)

The Sealing Inspection division recorded a significant increase in turnover in 2004. Its growth was mainly due to an extension of our range of products in the area of lower-cost solutions, developed especially for customers in Asia.

In 2004 the Web Inspection division implemented several successful projects in the flat-screen monitor application field.

Our business generated with inspection systems for flat-screen monitors (Display Inspection) was particularly successful in 2004. Over the year as a whole, turnover was five times higher than in 2003 – although it started off at a low level. The main reason for this unusually strong growth rate was successful co-operation with global market leaders in the display glass production field.

In 2004, turnover in the vision components segment increased by 26% to € 16.4 million (2003: € 13 million). The segment's earnings before interest, taxes and income from investments rose by 36% to € 1.9 million. This was due to a consistent extension of our range of area-scan camera products and an overhaul of our range of line-scan camera products. Due to a well-stocked new development pipeline, further above-average growth is expected in the future.

The increase in turnover in 2004 presented our staff with particular challenges. In the first six months of the year, we dealt with our additional staff requirements via flexible working hours and shifts in vacation times; however, due to consistent growth, additional staff had to be employed in the second half of the year. In 2004, a total of 73 new members of staff, representing 24% of the entire average annual staff, were employed – especially in the development, distribution and marketing divisions.

The price of the Basler share rose in line with the company's successful business development. Due to

the habitually high level of transparency in our capital market communications and repeated positive turnover and result forecast adjustments, the Basler share gained 43% over the year, thereby outperforming all comparative indices.

Since our current markets show substantial further growth potential consisting both of general market growth and of increased market shares in particular business segments, we are confident that we will continue to record profitable growth. In addition, we have identified numerous opportunities to transfer our knowledge to other markets and thereby establish organic growth via new business segments. Finally, we regularly monitor opportunities for external growth through acquisitions.

We appreciate your interest and the trust you have placed in our company. It is, and will remain, our aim to provide you with transparent and timely information regarding our business development and to deliver the results we have promised.

Dr. Dietmar Ley

John Jennings

Peter Krumhoff

Report by the Supervisory Board

Dear Sir/Madam,

during the past financial year 2004, the Supervisory Board fulfilled its responsibilities as set out by the law and the company's articles of association which consisted of monitoring and advising the Management Board with regard to its management activities. The Management Board regularly provided the Supervisory Board with written and oral reports regarding the business situation at Basler AG and its foreign subsidiaries and discussed this situation in detail. In the financial year 2004, four scheduled meetings took place, which were attended by all Supervisory Board members (with one exception): 27 February 2004, 1 July 2004, 10 September 2004 (which was not attended by Mr. Priske) and 7 December 2004. On 7 July 2004, an extraordinary supervisory board meeting took place at which a resolution was passed regarding the issuance of a convertible bond. In addition, another extraordinary supervisory board meeting took place via telephone conference on 18 October 2004 which dealt with personnel matters concerning the Management Board.

Due to the Supervisory Board's limited size (three members), committees as defined by Section 171 Par. 2 Sentence 2 AktG (German Stock Corporation Law) were not formed.

The Management Board and the Supervisory Board co-operate closely for the good of the company. This co-operation is based on open discussions and mutual trust. The Management Board discussed the company's strategic orientation with the Supervisory Board and informed it regularly of the progress made with implementation. The Supervisory Board was involved in all decisions of fundamental importance to the company. The Management Board regularly informed the Supervisory Board of all issues associated with business development and the company's risk situation. The Chairman of the Supervisory Board maintains regular contact with the

CEO and was informed of all current developments and exceptional events. The Supervisory Board approved all transactions that were subject to its approval according to the law and the articles of association. This involved decisions and measures of fundamental importance to the company's net asset, financial and income position. Inter alia, the following issues were dealt with:

- Discussion and approval of the 2003 annual accounts and of the suggestions for the general shareholders' meeting
- Cyclical and market-specific developments and their effects on the company's earnings and turnover situation
- Identification and exploitation of further potential in the vision technology market
- 4-year plan and budget – segments and group
- Refinancing of the company, inter alia via the issue of a convertible bond
- Commitment to the Corporate Governance Codex
- Personnel matters in the Management Board

On 1 July 2004, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was chosen to act as our auditing company and commissioned to carry out the audit in a letter of 22 November 2004. The auditor attended the supervisory board meeting on 24 February 2005 during which the submitted annual accounts were discussed and delivered a report regarding the main results of his audit.

The auditing company, BDO Deutsche Warentreuhand AG, Lübeck, audited Basler AG's accounting records, the annual accounts as of 31 December 2004 and the management report as well as the group accounts as of 31 December 2004 and the group management report, found them in conformity with the law and the articles of association and issued them with an unqualified audit



Bernd Priske
(Deputy Chairman of the
Supervisory Board)



Norbert Basler
(Chairman of the Supervisory Board)



Konrad Ellegast
(Member of the Supervisory Board)

certificate. The Supervisory Board took note of the audit results and approved them.

In the context of the legal provisions, the Supervisory Board also audited the annual accounts, the group accounts, the management report and the group management report. No objections were raised. The Supervisory Board approved and thereby passed Basler AG's annual accounts as prepared by the Management Board.

In accordance with the Corporate Governance Codex, the Supervisory Board regularly monitored the efficiency of its work. The Supervisory Board members do not act as consultants to, or hold positions in, executive bodies of clients, suppliers, lenders or other business partners. Consequently, conflicts of interest did not arise during the past financial year.

The auditor audited the management report concerning relations to affiliated companies, which had been prepared in accordance with Section 312 AktG, and issued the following audit opinion: "Having carried out our audit and evaluation in accordance with the applicable regulations, we hereby confirm that

- the actual information given in the report is correct and
- with respect to the legal transactions recorded during the year under review, the company's performance was not inadequately high."

The Supervisory Board also took note of and approved this audit report as prepared by the auditor. After drawing the final conclusion of its own audit, it declared that no objections had arisen to the Management Board's explanations regarding the relations to affiliated companies. In the past financial year, the staff of the Supervisory Board changed. Due to his age, the previous Chairman of

the Supervisory Board, Prof. Dr. Walter Kunerth was no longer available as a candidate at the general shareholders' meeting on 1 July 2004 and resigned from his mandate. The former CEO of Phoenix AG Konrad Ellegast, Oetjendorf, was appointed to the Supervisory Board member for a period of three years. The previous Supervisory Board members Norbert Basler, Großhansdorf, and Bernd Priske, CEO of M.A.X. Holding AG, Duesseldorf, were confirmed in office for a further 5 and 4 years respectively. At the subsequent supervisory board meeting on 1 July 2004, Norbert Basler was appointed Chairman and Bernd Priske Deputy Chairman of the Supervisory Board. The Supervisory Board would like to thank Prof. Dr. Walter Kunerth for his excellent work as a Supervisory Board member and for the commitment he showed to the company.

In the past financial year, the company achieved exceptional results and created significant future potential. This is remarkable, especially given the fact that the financial years 2001 and 2002 had been very difficult. This positive development was made possible by strong performances and a high level of commitment among Basler AG's staff, management and Management Board. The Supervisory Board would hereby like to thank the entire staff, the management and the Management Board of Basler AG for their excellent work during the past financial year.

Ahrensburg, February 2005
On behalf of the Supervisory Board

Norbert Basler
Chairman of the Supervisory Board



Our camera solutions and inspection systems recognise what's important.

Can you spot the star in the picture?

Solution on page 46.

Innovations leading to profitable growth

Innovation is the main driver of our business. Derived from the Latin term *innovare* (to renew), innovations are product developments that are either entirely new in this particular form or that include unique individual components and thus have a unique selling point on the market. Innovation may either refer to a product's overall function, e.g. one of our cameras, which can generate up to 10,000 pictures per second, or it may relate to one particular aspect of a product, such as our so-called "frame seals" software which enables users to inspect various seals in the same machine almost irrespective of their geometry.

In 2004, new products generated more than half of Basler's overall turnover. We define products as new if they have been on the market for less than two years. In our line of business, a fresh product portfolio is both advantageous and indispensable: advantageous because most of our new products have functions that differentiate them from competitive products on the market, leading to higher prices and gross margins; indispensable because our customers frequently have similarly high innovation rates and thus set our innovation pace. In addition, technological developments at our components' and systems' sub-unit level (e.g. continuous increase in micro-processors' computing performance) created the conditions required to increase our product performance.

Innovation is thus not an aim in itself but rather the precondition for the implementation of our growth strategy. Customers usually provide the impulse for innovations. Our product managers and developers maintain close contact with customers; they strive to anticipate future customer needs and requirements and to fulfil them in the form of new or modernized products. In the ideal case, innovations are created in the context of customer projects. This guarantees that the new products are marketable. Our customers benefit from solutions that fit the market.

We employ over 120 members of staff in the R&D area. They represent the largest pool of expertise in the vision

In | no | va | tion (lat.): The act of inventing or beginning to apply a new method or device.

in | no | va | tive (lat.): Creating or involving innovations.

in | no | va | to | ry: Having innovation as its aim.

technology area in Europe. All disciplines related to picture processing technology are represented: software, electronics, optics, lighting and mechanics. Our extended technological expertise does not mean that all product components are our own developments. Typically, we only develop component groups if

- a) they make a substantial contribution towards differentiation on the market,
- b) we cannot buy a suitable component on the market or
- c) it is only possible to buy it at unacceptably high costs.

Component groups that do not involve any core expertise are usually developed and manufactured by our partners.

Innovations cost money. We invest approx. 15% of our turnover in R&D – more than in any other expenses item in our profit and loss account. However, this money is well worth investing. In 2004, we recorded a 34% return on capital employed. Innovation pays off.

A visible token of our successful innovation activities was the fact that we won the "Potenzial Innovation" award presented by the Deutscher Industrie- und Handelskammertag DIHK (German Chamber for Industry and Commerce) for the first time in 2004. The award-winning innovation was a new type of inspection system for the production of flat-screen monitors. The members of the jury were not only impressed by the system's high performance specifications but also by its great benefit to the customer. The DIHK's competition, the first of its kind, aimed to distinguish the most exciting innovations of the last three years.

In the following, in order to portray our company's core competency, we shall present this display glass inspection system as a sample of the innovations developed by Basler in 2004.

The scrutinizing look on flat-screen monitors – inspection systems for the production of TFT displays

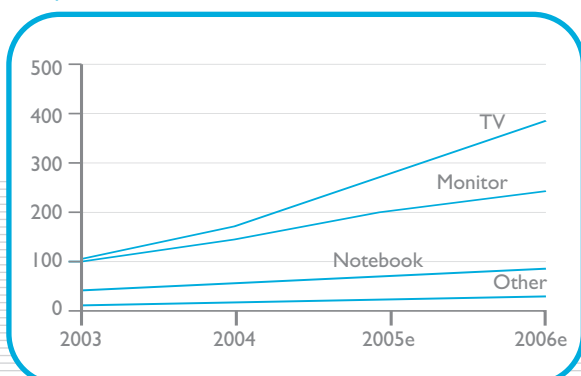
The inspection system for the production of flat-screen monitors, "Basler SENSIC", is a good example of Basler's innovation activities. Up to 64 cameras inspect so-called glass substrates, the initial product in the production of flat-screen monitors. Today, these glasses can measure up to 220 cm x 190 cm and are less than one millimetre deep. The inspection is carried out "in-line", i.e. it is fully integrated into the production process and inspects 100% of all glass substrates. The system reliably finds defects of less than a 20 thousandths millimetre in size (the diameter of a thread in a spider's web) in a few seconds and classifies them according to their essential distinguishing characteristics. This automatic inspection reliably distinguishes "good" from "defective" panes. In addition, the production process is permanently monitored in order to identify and correct errors in the process as early as possible. The aim of continuous regulation of the main process parameters is large-scale exclusion of defective glass substrates. The lower the number of defective glass substrates, the more efficient the production runs and the lower the flat-screen production costs.

The users of these inspection systems consist of glass substrate suppliers and manufacturers of complete

flat-screen modules. Flat-screen monitors are manufactured in several stages. The first stage consists of the manufacture of the glass substrate, the glass pane; the last step completes the flat-screen monitor. After each main production stage, inspection systems monitor the production process since the overall efficiency of the production process is limited by the efficiency of the most difficult production stage.

In the future, in contrast to earlier production processes, optical inspection of flat-screen monitors will be carried out "in-line", i.e. as part of the production process. This system will replace the previously common spot checks that had been carried out "off-line", i.e. outside the process. The advantage of in-line inspection is the fact that defective glass substrates will no longer be fed into subsequent production stages. This integration of inspection into the production process is only possible if the inspection takes place at the production process pace, i.e. the inspection system must inspect at a speed that does not lead to bottlenecks in the material flow. One of the essential innovations of the "Basler SENSIC" is the fact that this product is the first to offer customers a facility that inspects 100% of the glass substrates at full process speed. This is made possible by the system's high data

Development of glass demand for LCD applications in sqm mill.



LCD technology produces an image by using the changeable properties of liquid crystal in a neutral, liquid and solid state.

LCD has been used for practical purposes since the mid-eighties and since the nineties has been utilized for laptop monitors. In the meantime a substantial market has developed.



Up to 64 cameras inspect the initial panes for the production of flat-screen monitors.

Production optimization enables flat-screen manufacturers to implement continuous cuts in prices.

processing rate of up to approx. 4 gigabyte per second (this corresponds to a data volume of over 6 CDs per second).

The rapidly growing flat-screen industry is predominantly located in Asia, e.g. Taiwan and Korea. Our customers' customers, the ultimate beneficiaries of this innovation, are the buyers of flat-screen monitors who will be able to buy the new display technology in TVs, PC monitors as well as PDA and mobile phone displays at progressively lower prices. The cost advantages for flat screen manufacturers and the resulting price savings for end customers are substantial: while at present, some of the intermediate products and completed flat-screen monitors have to be discarded for quality reasons, experience has shown that the use of modern inspection systems raises output by several percentage points per production stage. The increase in efficiency in screen production has a direct effect on manufacturers' production costs and gives them an incentive to lower the recommended retail price. Flat-screen monitors will increasingly become a mass product and will thus be affordable by end users.

The new production technology enables our customers to manufacture increasingly larger glass substrate sizes.

Eventually, the production of large flat displays, e.g. for use in the TV area, will become commercially viable. So-called 7th generation screens, measuring over 4 sq.m., are cut down to the format of the future end product. Various manufacturers are already planning to use the 8th generation (2.2 m x 2.4 m) from which up to 6 flat-screen monitors with a screen diagonal of 1.27 m can be manufactured. The larger the initial substrate, the lower the production costs per future end product.

These cost savings lead to lower recommended retail prices – the end price of the device declines further and demand among end customers rises.

With the help of various innovations in the "Basler SENSIC" product line, we have achieved market leadership in the flat-screen inspection field. The leading global manufacturers have confidence in the benefit of our technology since, due to increasing price pressure in the industry, pressure for further automation and cuts in production costs is increasing. Due to our expected growth and the favourable market position we have reached, we expect continuous expansion of our business in this market.

Managing growth through staff flexibility

In 2004, our staff faced exceptional challenges. In the first half of the year, the number of staff who had to manage a 47% increase in turnover was negligibly higher than the year before. This was made possible by the initiative and flexibility shown by all individual members of staff. Our highly flexible working hour regulations also helped. All members of staff can build up and reduce their working hour balance in accordance with their current workload. Peak workloads can be absorbed via longer weekly working hours. In times of weaker demand, which occur regularly in our partially cyclical markets, the number of hours that had been built up can be reduced. At such times, staff may work significantly less than the regular 40-hour week.

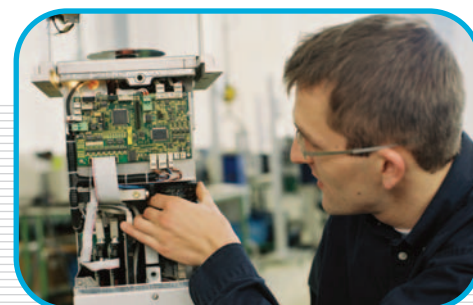
However, in the long term, continuous growth cannot be managed through flexible working hours alone. In the course of the year, it became clear that growth will continue unabatedly and we employed new staff in order to cope with the increasing volume of work. All in all, we employed 73 new members of staff in 2004. This represented approx. 24% of the entire average staff. The integration and training of the new staff was one of the central challenges of the second half of the year. We strengthened in particular our R&D team. In addition, we took on production, sales and marketing staff.

Besides our flexible working hour model and the addition of new staff, growth was also managed via an increase in productivity in individual functions. We identified and realized permanent cost savings and process optimization potentials. Accordingly, the gross yield per member of staff rose from kEuro 80 in 2003 to kEuro 89 in 2004. The increase in productivity was supported by measures

to promote staff motivation and satisfaction. Our annual staff satisfaction analysis identifies opportunities for the improvement of the working environment and in the field of staff co-operation. All superiors hold structured discussions with their staff, usually two times a year (one development and one evaluation talk), in order to support their development and identify scope for improvement. Our performance bonus system ensures that remuneration takes into account individual performance. We developed and implemented all measures on a co-operative and constructive basis in conjunction with our works council.

Basler's staff are highly qualified. Their average age is 36 years. A large part has acquired a further qualification subsequent to their vocational training and most members of staff have a university or higher education degree. We maintain close contact to research and teaching institutions at German and international universities, which has proved to be a substantial bonus with respect to development projects and the employment of new staff. Degree students who wrote their thesis at Basler and students who did a work placement in our company also provided important expertise.

In 2004, we commenced a new training year. We employed two graduates from the Wirtschafts-akademie Kiel and two trainees in both the technical and the commercial areas. In view of our positive experiences concerning in-house training, six new trainees will commence training courses in 2005.



Transparency and reliability rewarded by significant rise in share price

All in all, the financial market was volatile in 2004. Positive signals dominated the end of 2004. The DAX recovered from its annual low-point of 3,647 points and rose by 7.4% from 3,965 at the start of the year to 4,256 at the end of the year. Among other factors, this gain also reflects an improvement in the companies' profit situation and a slightly more confident assessment of the future economic situation. German technology stocks did not benefit from this positive development to the same degree as the overall market. In the course of the year, the TecDax fell by 3.9% from 541 to 520. The rise in the oil price and the Euro's rise against the Dollar appeared to have placed a particular strain on the situation. The Basler share managed to counter this trend and rose by 43% throughout the course of the year (from € 10.50 to € 15.00). The share thus finished the year just slightly below its annual peak of € 15.75 and substantially outperformed all comparable indices and companies (cp. performance indicator).

The trade turnover volume, which reflected a rising level of interest in the Basler share, was particularly welcome. The average 2004 trading volume was 4,919 shares, worth € 66,210, per day. This particularly positive development was due to the fact that, every quarter, Basler was able to prove its successful path of profitable growth. Our continuous, transparent and reliable communications policy visibly strengthened the capital market's confidence in our company's positive business development.

In 2004, we expanded our investor relations work. Basler is committed to actively and transparently maintain close contact with its shareholders both during the good and

the bad times. In 2004, our IR measures included, inter alia, attendance of investor conferences in Frankfurt and Hamburg (DVFA Small Cap Conference, Deutsche Börse Equity Forum, Hamburger Investorentag). In addition, we organized a balance sheet press conference as well as three telephone conferences on the subject of the quarterly statements.

We supplemented these events with road shows and individual talks with institutional investors in Düsseldorf, Frankfurt, Munich, London and Zurich. Finally, shareholders were able to gain an insight into Basler's current position either via various individual reports in the financial and business press or contacting us directly via the telephone or e-mail. Our IR team has short reaction times and is glad to provide extensive information.

Towards the end of the year, our investor relations work focussed on the implementation of the Enhanced Investor Protection Law (Anlegerschutz-Verbesserungsgesetz, AnsVG), which detailed and revised in particular the provisions regarding insider information, ad hoc publicity and director's dealings. Inter alia, companies are required to keep a permanent insider list of the persons that have insider information due to their function. Upon request, this list must be made available to the Federal Financial Services Office. In addition, companies must give notification of all (share, option, etc.) transactions that involve managers employed by the issuer who have substantial decision-making powers. Basler has adequately incorporated all obligations arising from the new legal situation.

Basic information regarding the Basler share

ISIN:	DE0005102008
Abbreviation:	BSL
Prime standard sector:	Industrial
Stock exchange segment:	Prime Standard / Geregelter Markt
Number of shares issued:	3,500,000
Price at the start of 2004:	10.5 € (XETRA closing price)

Price at the end of 2004:	15 €
Percentage change:	+43%
Market capitalisation as of 31 December 2004:	€ 52.5 million
Member of the following indices:	CDax, Prime AllShare, Technology AllShare, Gex*

* GEX is the new indicator of medium-sized companies' development on the stock exchange

Basler share, corporate governance and accounting

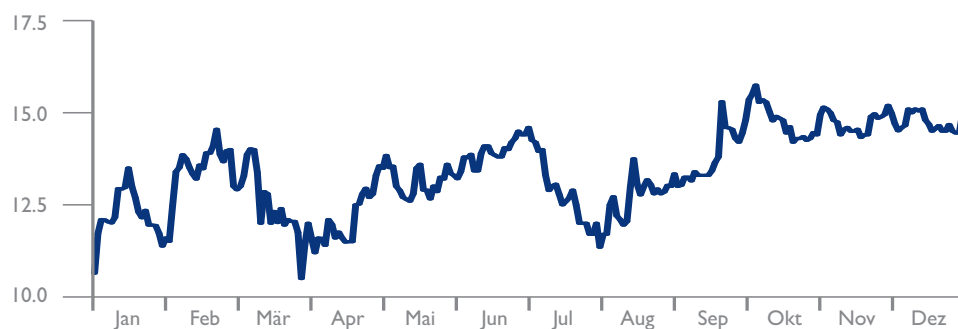
Performance indicator

Name	Price as at 31.12.2004	Change in % compared to 31.12.2003
BASLER AG	15	42.9
Vision technology companies, Germany		
Advanced Vision Technology	6.80	43.2
ISRA Vision AG	14.00	9.8
Parsytec AG	2.83	-33.4
Visionix Limited	1.80	12.5
Average		8.0
High-tech companies, Germany		
Singulus Technologies AG	12.90	-22.8
Steag Hamatech AG	1.50	-61.0
Pfeiffer Vacuum Technology AG	33.00	17.9
Technotrans AG	13.00	11.6
Jenoptik AG	7.76	-10.8
Rofin-Sinar Technologies Inc.	30.13	11.4
Average		-9.0
Average: all companies		-0.5
Indices		
Dax Index	4,256.08	7.4
TecDAX Performance Index	519.99	-3.9
Technology All Share Index	663.24	0.37
Prime Industrial Index	1,991.16	2.86

Table of director's dealings, 2004

Date	Person subject to disclosure requirements	Function	ISIN	Transaction	No. of units	Price in €
18/08/2004	Nicola-Irina Basler	Norbert Basler's wife	DE0005102008	Buy	10,000	13.06
17/09/2004	Nicola-Irina Basler	Norbert Basler's wife	DE0005102008	Sale	40,000	13.20
25/11/2004	Axel Dancker	Management Board	DE0005102008	Sale	1,000	15.00
01/12/2004	Axel Dancker	Management Board	DE0005102008	Sale	100	15.25
13/12/2004	Axel Dancker	Management Board	DE0005102008	Sale	900	15.10
15/12/2004	Axel Dancker	Management Board	DE0005102008	Sale	1,000	15.23
16/12/2004	Nicola-Irina Basler	Norbert Basler's wife	DE0005102008	Sale	20,000	14.29

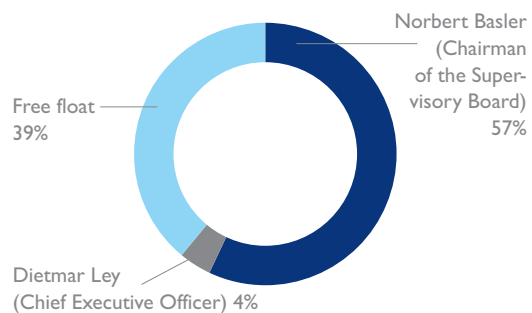
The development of the Basler AG share price 2004 in €



The development of the Basler AG share price 2004 (indexed)



Shareholder structure



If you have any questions, please contact our Investor Relations-team:

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If you would like to receive regular information by fax or e-mail, please use our contact form at www.baslerweb.com/share/ or contact the Investor Relations department.

Declaration regarding the Corporate Governance Codex

The recommendations issued by the “German Corporate Governance Codex Government Commission” represent essential legal provisions regarding the guidance and supervision of German companies listed at the stock exchange and include nationally and internationally accepted standards of good corporate governance. The Codex is intended to raise confidence in the guidance and supervision of German stock corporations listed at the stock exchange.

Basler AG's Management and Supervisory Boards have been committed to the Codex since it entered into force and would like to issue a public document setting out the way Basler AG intends to implement responsible corporate governance and corporate control that is orientated towards creating added value for the stakeholders. This measure is to raise confidence among current and future shareholders, customers, interested individuals among the general public and the staff.

Commitment to the German Corporate Governance Codex is based on the “comply or explain” principle. The contents of the Codex are divided into compulsory and recommended guidelines. Only the deviations from the Codex must be explained. In addition, in the context of the audit of the annual accounts, implementation of the Codex is part of the audit and thus part of the management report.

Declaration regarding the financial year 2004

The Management Board and the Supervisory Board hereby declare that, in the financial year 2004, the company complied with the recommendations for corporate conduct that were issued by the Federal government codex commission in the version of May 2003 and that, with the exception of the following recommendations, the company will comply with these recommendations in the future:

Number 5.3.1. Supervisory Board committees

The Supervisory Board does not form any committees. Due to the size of the company, Basler AG's Supervisory Board consists of only three persons – ensuring efficient work (usually committees consist of a minimum of three members).

Number 5.4.5. Variable remuneration components for Supervisory Board members

The articles of association set out the remuneration of the Supervisory Board members. The Chair and the Deputy Chair are taken into account. Due to the level of the current fixed remuneration, the company currently does not intend to add a variable component to Supervisory Board members' remuneration.

Numbers 4.2.3. and 4.2.3. Public disclosure of Management Board salaries

The Management Board remuneration consists of variable and fixed components. These components as well as the total remuneration level are set out for the entire Management Board in the Appendix to the management report. We do not provide a breakdown of individual Management Board salaries. The Management Board and the Supervisory Board intend to offer the largest possible degree of transparency to capital market players while honouring the company's interests as well as individual interests. The company puts a lot of effort into fulfilling increasingly strict internal and external data protection regulations relating to the protection of the interests of individuals. Given the possibility of disadvantages arising with respect to the person concerned and/or their family, we do not publish any personal data.

Further information on this subject can be accessed on the Internet at www.baslerweb.com/share.

Conversion of the accounting system to the International Financial Reporting Standard (IFRS)

From the start of the financial year 2005 onwards, we shall prepare our group accounts in accordance with the accounting and valuation methods of the International Financial Reporting System (IFRS). This conversion was necessitated by the European Parliament's regulation 1606/2002 of 19 July 2002. The German legislator incorporated this regulation in the form of Section 315a, Par. 1 HGB (German Commercial Code).

All subsidiaries that are directly or indirectly controlled by Basler AG, as well as companies that are jointly managed, are included using uniform accounting and valuation methods.

In the context of the introduction of the IFRS, our accounting systems were further optimized. Consequently, since 1 January 2004, sufficient project data have been available in the development and long-term customer contract fields. Compared to the previous annual accounts that had been prepared in accordance with the US-GAAP, the following differences in accounting and valuation methods arise:

- Income and expenses are recorded in the period during which they arose by entering long-term customer pro-

duction contracts according to the so-called 'percentage of completion method' (POC method). This method records income and expenses associated with long-term contract projects according to the percentage of completion of the products or facilities.

- Product developments are capitalized if a future benefit is likely to accrue to the company and a reliable valuation can be made. Product development costs are capitalized at production costs and written down over their useful life according to the straight-line method. The assets thus formed are tested on the cut-off dates as to the degree to which they have held their value (impairment test). Potential valuation adjustments are carried out.

The new accounting method will be applied conservatively and disclose reserves. The following table presents a comparison of the 2004 results according to the previous US-GAAP accounting method with the 2004 results according to the future IFRS method. This will guarantee that future results can be compared to other companies and to previous years' figures.

Key figures: US-GAAP vs. IFRS, 2004

US-GAAP	I January to 31 December 2004	IFRS	I January to 31 December 2004
		Revenues	
		Revenues	52,318
		PoC revenues	-103
Sales	52,361	Revenues	52,215
Cost of sales	-24,771	Cost of sales	-24,674
Gross profit	27,590	Gross profit	27,541
Operating expenses		Operating expenses	
Research and development expenses	-7,720	Research and development expenses	-8,049
Sales and marketing expenses	-7,578	Sales and marketing expenses	-7,840
General administrative expenses	-7,379	General administrative expenses	-7,601
		Intangible assets	6,673
		Further other operating income	1,204
		Depreciation of intangible assets	-3,011
Total operating expenses	-22,677	Total operating expenses	-18,624
Operating result	4,913	Operating result	8,917
Interest income	25	Interest income	-748
Interest expenses	-772		
Other income	969		
Result before income taxes	5,135	Result before income taxes	8,169



17 Concise Management Report for the Financial Statements and Consolidated Financial Statements of Basler AG 2004

- 17 Business report
- 22 Research and development report
- 23 Risk report
- 26 Postscript report
- 26 Forecast report

28 Consolidated Financial Statements 2004

34 Notes to the Consolidated Financial Statements 2004

Our camera solutions and inspection systems can't be fooled.

Describe the colours from top left to bottom right without being distracted by the namings. Can you do it?

Concise Management Report for the Financial Statements and Consolidated Financial Statements of Basler AG 2004

Business report

1. Vision technology

Basler has two divisions that operate in the vision technology market:

- Vision Systems develops and markets turn key quality inspection systems for mass production in the following industries:
 - optical disk industry
 - rubber/elastomer industry
 - electronic/display industry
 - plastics industry
- Vision Components develops and markets standardized camera components for the vision technology sector as well as a large number of other sectors.

2. Business environment and sector development

2.1. General economic situation

Since spring 2004, the upswing in the global economy has been losing momentum. The slowdown was particularly noticeable in the USA. However, even in China, the second global centre of the global economic upturn, growth has slowed down. In contrast, the comparatively moderate

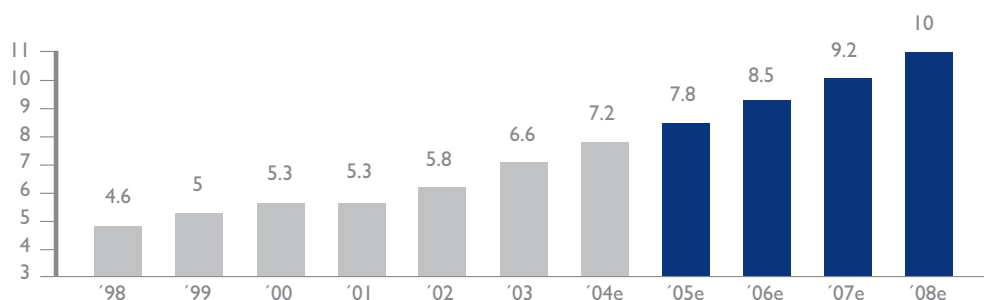
economic expansion in the European Union continued at much the same pace. Globally, output is on an upward trend.

In 2004, the recovery of the German economy has become slightly more stable. The gross domestic product rose by 1.6%, a further sign that the period of stagnation, which had started with the cyclical slump in 2000, is over. However, compared to previous upswings, the speed of the recovery is rather low and is mainly due to the 2004 calendar effect. In 2004, cyclical impulses were exclusively related to foreign trade and failed to kick-start domestic demand.

2.2. Global market development: machine vision

In contrast to the global market, the vision technology market recorded significant growth in 2004. The US machine vision umbrella organisation, the Automated Imaging Association (AIA), estimates that the total 2004 turnover generated by all machine vision companies totalled US\$ 7.2 thousand million. This would translate into a 9% growth rate for the global machine vision market (2003: US\$ 6.6 million). Until 2008, the AIA expects sales of machine vision products to increase by 37 % to US\$ 10 thousand million. This corresponds to an average annual growth rate of 9%.

Total sales, machine vision companies worldwide, 1998-2008(e) in US\$



AIA 2004

Management Report

The global machine vision market is mainly concentrated in the highly industrialized regions such as the USA, Europe, Japan and newly industrialized countries such as Taiwan, South Korea and China. According to AIA statistics, at 35%, Japan is the largest single country market for industrial picture processing. At 24% and 23% respectively, the USA and Europe are in second and third place. The rest of the world accounts for approx. 18% of global machine vision sales.

The vision technology market consists of a number of sector-related sub-markets. According to an AIA study, the customer sectors for machine vision products show the structure below.

Competition in the vision technology market is highly fragmented. In the systems field, most companies are focussing on highly specialized niche markets, while the components sector is dominated by suppliers who address a large number of target markets with a range of standardized products. All in all, the supplier structure is dominated by small- and medium-sized companies. As yet, less than one-third of all known potential industrial applications for vision technology have been exploited. In addition, new applications arise continually and existing markets continue to expand. Consequently, the vision technology market still has a large growth potential.

3. Turnover development and orders position

47% increase in turnover

In the past financial year, the Basler Group's turnover amounted to € 52.4 million (Basler AG: € 47.8 million). This corresponds to a 47% increase compared to the previous year (Basler Group, 2003: € 35.7 million, Basler AG,

2003: € 32.9 million). These figures significantly exceed the turnover forecast that had been raised to € 50 million in November.

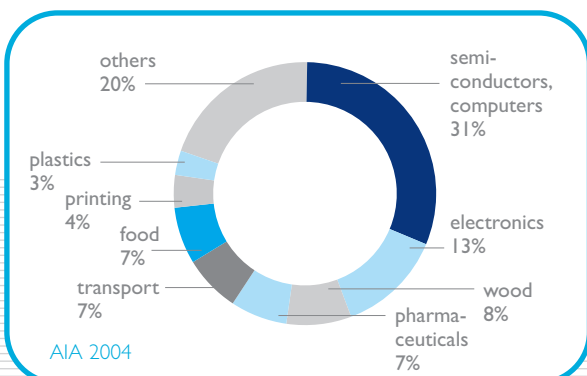
All divisions contributed to this growth in turnover. In 2004, vision components products generated € 16.4 million in sales. This corresponds to a 26% increase compared to 2003 (€ 13.0 million). 2004 turnover in the Vision Systems division amounted to € 36 million – a 58% increase compared to the previous year (Basler Group, 2003: € 22.7 million).

The increase in turnover in 2004 is due to several factors: Vision Components recorded disproportional growth compared to the market. This was mainly owing to the consistently high speed of innovation in the new product field, which affected growth both in the existing customers and the new customers segments. Growth in the component business was also supported by the general expansion of the vision technology market. In the vision systems field, investment in the target markets has gone up. This applies in particular to the flat-screen monitor industry; however, the rubber and elastomer industry also benefited. The optical storage media market improved slightly compared to 2003. However, in the last two quarters, the substantial demand which had predominantly been driven by investment in DVD-R machines slowed down significantly.

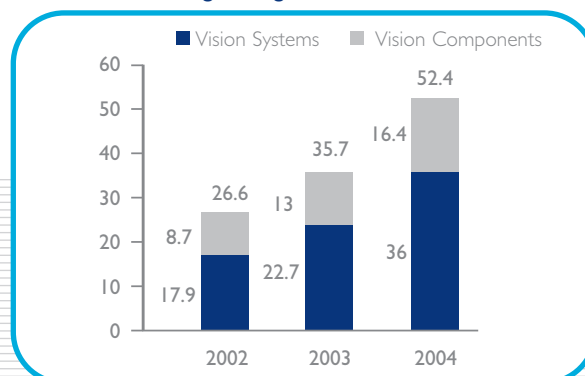
Diversification strategy still successful

In 2004, due to the significant expansion of our other activities, group turnover became even more independent of the investment climate in the optical storage media industry on which had been highly reliant in the past. Vision components and the business with flat-screen

2004 Vision market according to customer sectors in the USA



Turnover according to segments, 2002-2004 in m€



production inspection systems have now reached the same level as our business with inspection solutions for optical storage media.

A breakdown of turnover according to regions presents the following picture: Europe's share of the overall turnover fell to 31% (2003: 36%), while the USA accounted for 22% of turnover (2003: 24%). The highest sales were generated in Asia where the percentage rose from 40% in 2003 to 47% in 2004.

Turnover development dominated by deliveries in the display inspection field

Sales increased every quarter compared to the previous year's figures. In some cases, there were substantial fluctuations, which reflected the uneven turnover structure in our substantially expanded display inspection division. Large sales are settled in blocks and cut-off date effects arise from one quarter to the next. 2004 started with a substantial 90% growth rate to € 12.0 million in the first quarter (Q1/2003: € 6.3 million). In the 2nd quarter, turnover rose by 66% to € 14.1 million (Q2/2003: € 8.5 million) and in the third quarter, sales revenue increased by 15% to € 11.4 million (Q3/2003: € 9.9 million). Fourth quarter turnover amounted to € 14.9 million – 35% more than in the previous year (Q4/2003: € 11.0 million).

Customer structure balanced

As in 2003, the customer structure was again well-balanced. In 2004, the single largest customer accounted for 11% of turnover (2003: 10%). The three largest customers had a close to 26% share in turnover in 2004 (2003: 19%), and the largest ten customers accounted for 41% (2003: 32%).

High level of incoming orders

In 2004, the rate of new orders in the Group increased slightly compared to the previous year: It rose by 12% to € 50 million (2003: € 44.9 million).

All segments recorded an increase in incoming orders in 2004. Vision Components accepted orders worth € 15.4 million. This corresponds to a 13% increase compared to 2003 (€ 13.6 million). Vision Systems' new orders in 2004 amounted to € 34.6 million – 11% higher than in the previous year (2003: € 31.3 million).

The trend in incoming orders fluctuated throughout the year. In the 1st quarter, new orders amounted to € 13.4 million (Q1/2003: € 8.3 million, +61%), in the 2nd to € 10.7 million (Q2/2003: € 9.3 million, +15%). In the 3rd quarter, it rose to € 14.6 million – a 24% increase over the previous year (Q3/2003: € 11.8 million). In the 4th quarter, new orders fell to € 11.4 million – a decline both compared to the third quarter and the exceptionally strong 4th quarter 2003 (Q4/2003: € 15.6 million). Both comparative quarters were dominated by block orders in the Display Inspection division.

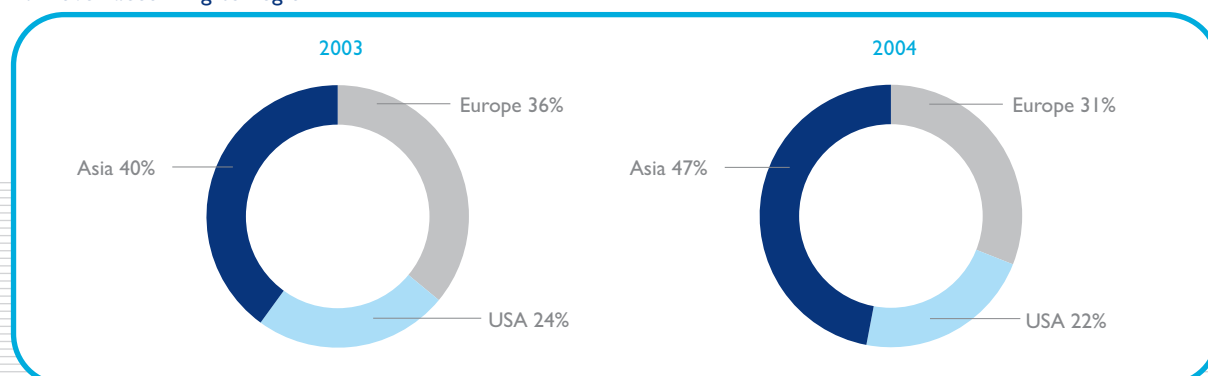
4. Income situation

Significant rise in profitability

In 2004, the Basler Group's profitability improved considerably despite partially unfavourable framework conditions. This is true for both the earnings before taxes and the earnings after taxes.

The increase in the latter is mainly due to the capitalization of losses carried forward from the financial years 2000-2002, which arise from the application of the current group accounting provisions.

Turnover according to region



Management Report

Capitalization was carried out because the loss carryforward referring to this period was approved without restrictions in the context of the 2004 tax audit. The tax result, including the capitalized amounts, totals +€ 2.0 million. In order to adjust this one-time effect with respect to comparison with the previous years, all further comparisons will refer to the earnings before taxes (EBT).

For the entire year 2004, the EBT amounted to € 5.1 million (2003: k€ 742). On a quarterly basis, the EBT developed as follows: in the first quarter, it amounted to € 1.9 million (Q1/2003: -€ 0.9 million), in the second quarter to € 1.7 million (Q2/2003: € 0.1 million). In the third quarter, the EBT declined slightly to € 0.8 million (Q3/2003: € 0.7 million) and in the fourth quarter, it remained at € 0.8 million (Q4/2003: € 0.8 million). The net earnings per share amounted to € 2.04 for the year as a whole (2003: € 0.85).

This exceptional jump in profitability to an EBT margin of 10% (2003: 2%) resulted in particular from a sales-related improvement in the earnings before taxes and a moderate cost structure in the second half of the year.

Significant increase in earnings before taxes, slight decline in gross margin

In 2004, the group earnings before taxes amounted to € 27.6 million – 32% higher than in 2003 (2003: € 21 million). Due to a change in the product mix and a decline in average earnings following the weakness of the Dollar, the gross margin fell from 59% to 53%. Basler invoices approx. 20% of its turnover in US Dollars. However, indirectly, large parts of the Euro turnover are also subject to exchange rate effects insofar as competitors from the US Dollar region can make cheaper offers when the Dollar is weak; this fact has to be taken into account in the calculation of the Euro price.

Further cut in cost ratio

In 2004, our main aim was to facilitate turnover growth while maintaining a high level of customer satisfaction. At the same time, we aimed to achieve a sustainable increase in profitability without jeopardizing our growth strategy. All in all, operating expenses rose by 12% from € 20.2 million (2003) to € 22.7 million. The increase in costs was thus significantly lower than the increase in turnover (47%).

Research and development costs increased to € 7.7 million (2003: € 5.1 million, +51%). Sales and marketing costs amounted to € 7.6 million (2003: € 5.0 million, +53%). Administrative expenses were cut by 27% to € 7.4 million (2003: € 10.1 million).

Given the rise in the earnings before taxes and the relatively low increase in costs, the operating result rose by 561% to € 4.9 million (2003: k€ 744).

At the general shareholders' meeting on 22 June, the Management Board and the Supervisory Board will suggest carrying the profit forward to new account in order to finance further growth.

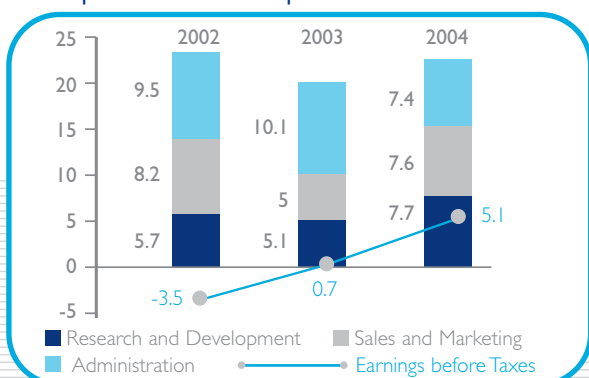
5. Financial position

Improvement in the financial position

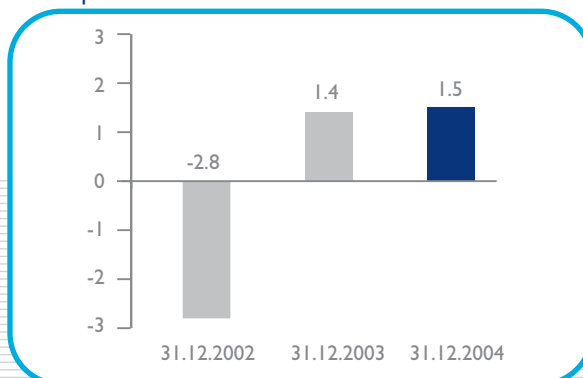
Despite the significant increase in turnover and in the associated current assets, the Basler Group's financial position continued to improve throughout the year 2004.

As of 31 December 2004, the net cash flow amounted to € 1.5 million compared to € 1.4 million in 2003. Among other reasons, this improvement is due to pre-payments for major project transaction. In the course of the financial

Development in costs and profits 2002 – 2004 in m€



Development of net-cashflow 2002 – 2004 in m€



year, an agreement regarding loans, which could cover our increasing needs in the current asset area if required, was made with an extended number of banks.

Further measures were implemented in order to optimize the financing structure. High-interest shareholder loans from 2001, amounting to € 5.0 million, were repaid. A large portion of the repayment was financed via a subordinated convertible bond amounting to € 3.0 million. The convertible bond is subject to a 4% interest rate p.a. and is due on 30 June 2007 insofar as the bond creditors – staff and previous shareholders – do not assert their conversion privilege.

As of 31 December 2004, liquid funds amounted to € 3.3 million (31 December 2003: € 3.7 million). Consequently, liquid funds declined by 0.5 million during the year under review (2003: 3.4 million). This minor decline results from an operating cash flow of € 2.9 million (2003: € 2.3 million), from the cash flow from financing activities amounting to -€ 2.0 million (2003: € 2.0 million) and from the cash flow from investment activities amounting to -€ 1.4 million (2003: -€ 0.9 million).

6. Net worth position

Further improvement in balance sheet relations

As of 31 December 2004, the group balance sheet total had increased by 24% to € 29.5 million (31 December 2003: € 20.1 million).

Assets: increase in current assets proportionally lower than overall growth

On the balance sheet's asset side, accounts receivable rose from € 4.7 million (31 December 2003) to € 6.5 million as of 31 December 2004. Inventories

increased by 11% from € 8.4 million (31 December 2003) to € 9.3 million. Total current assets increased proportionally less than turnover growth (from € 17.4 million to € 19.8 million, +14%).

The slight increase in fixed asset investment was mainly due to plant and office equipment for new staff. In total, fixed assets rose from € 2.16 million in 2003 to € 2.22 million in 2004.

Liabilities: stronger equity capital base

As of 31 December 2004, the equity capital amounted to € 14.4 million (31 December 2003: € 7.1 million). This corresponds to an equity capital ratio of 49% (31 December 2003: 30%).

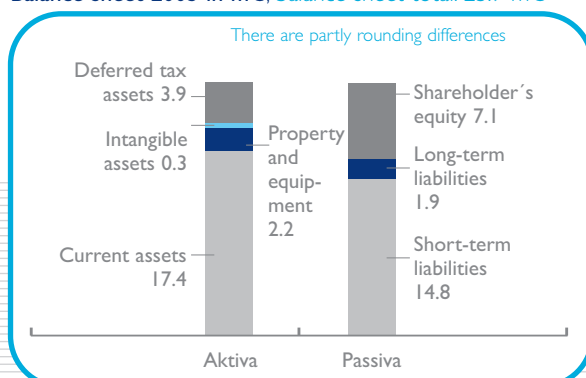
Long-term liabilities as of 31 December 2004 totalled € 5.0 million. This corresponds to a 154% increase (31 December 2003: € 1.9 million). Short-term liabilities had declined by 32% from € 14.8 million as of 31 December 2003 to € 10.1 million as of 31 December 2004.

7. Investment and financing

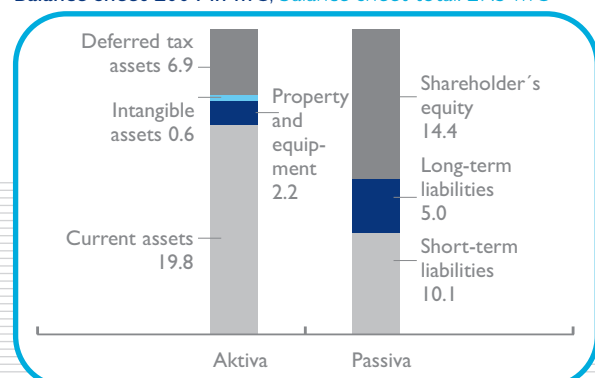
In the past financial year, our investment activities focussed on technical equipment, IT hardware, plant and office equipment as well as software. Minus depreciation, fixed asset investment as of 31 December 2004 amounted to € 2.2 million, 3% more than as of 31 December 2003 (€ 2.2 million). Net investment in intangible assets amounted to approx. k€ 554 and remaining at a similar level as on 31 December 2003 (k€ 342).

The investments were financed from the positive operating cash flow.

Balance sheet 2003 in m€, balance sheet total: 23.9 m€



Balance sheet 2004 in m€, balance sheet total: 29.5 m€



Management Report

8. Procurement

High schedule effectiveness

In 2004, the procurement department aimed to manage growth in the procurement field and to intensify partnerships in the supply field. Despite a significant increase in the order volume, schedule effectiveness was very high.

9. Staff

Increase in the number of staff

Throughout the four quarters of the year under review, in the context of a growing turnover volume, the number of staff increased continuously and amounted to 338 as of 31 December 2004. This corresponds to a 28% increase compared to the previous year (31 December 2003: 265 members of staff). The average number of staff employed in 2004 amounted to 309 – 18% higher than in the previous year (2003: 261 members of staff).

The regional breakdown is as follows: as of 31 December 2004, 299 members of staff were employed in Ahrensburg (2003: 235), 15 in Exton, USA (2003: 14) and 18 in Taiwan including the representative office in China (2003: 11). As of 31 December 2004, 6 members of staff were employed in Singapore (2003: 5).

Staff structure focuses on Research & Development

As of 31 December 2004, the largest number of Basler's staff were working in the R & D area (37%, 2003: 37%); in production & logistics, the figure was 25% (2003: 23%) and in sales & marketing 16% (2003: 20%). 13% of the

staff worked in administration (2003: 14%) and 9% in the services department (2003: 6%). Female staff accounted for 27% (2003: 24%).

10. Marketing

In the past financial year, marketing and sales expenditure was increased further. The respective group costs totalled € 7.6 million – 14% of turnover (2003: € 5.0 million, 14%).

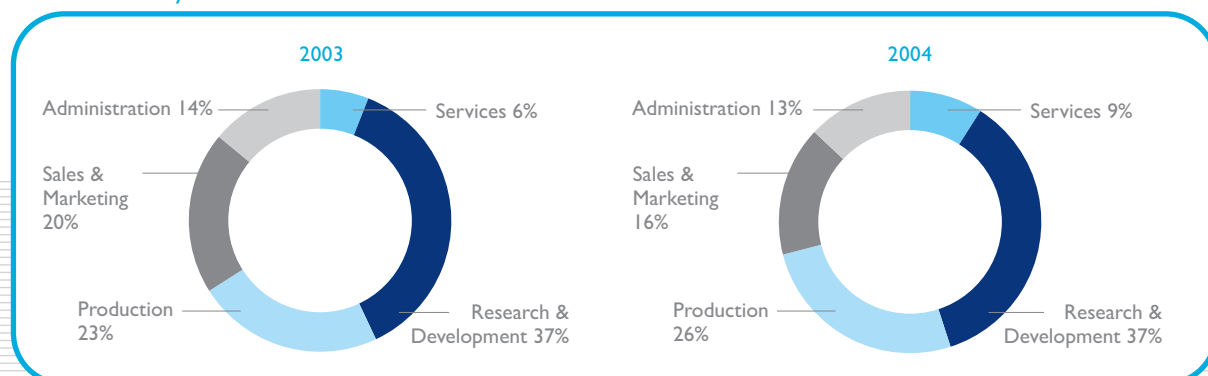
All marketing activities aim to increase customer benefit as well as establishing and maintaining long-term customer relationships. According to the respective target markets, we individually adjust marketing-mix elements to our customers' requirements. Besides product, price and distribution policies, promotional measures accounted for a large proportion of our marketing activities. With a view to an integrated marketing/communications mix, we expanded all relevant activities associated with press work, advertising, printed media, direct marketing, sales promotion and trade fair appearances.

Research and development report

Basler's core business strategy, and its resulting success on the market, is based on an innovative product portfolio developed for the benefit of our customers. We pursue this aim via continuous customer-orientated development work that is based on the latest technological trends.

In 2004, all our divisions launched new products on the market. Vision Components introduced a range of new

Staff structure by functions



cameras, focussing, inter alia, on a family of line-scan cameras with up to 8.000 pixels, which our customers predominantly use for surface inspection tasks. The optical media unit of Vision Systems introduced an improved version of the scanner used for inline inspection of optical storage media, the "Basler S310". Sealing Inspection launched the low-cost "Basler BASIC", aiming to open up new customer segments in the sealing industry. Display Inspection focused on new solutions for the inspection of 7th generation glass substrates which the flat display industry intends to use in the future. Web Inspection introduced new solutions for the inspection of high-quality foil products in the display industry.

In the year under review, R & D expenditure rose by 51% to € 7.7 million (2003: € 5.1 million), thereby accounting for 15% of turnover (2003: 21%). This puts Basler in the top echelons of vision technology companies worldwide. In comparison, the average R & D quota in the German mechanical engineering industry amounts to 2.8% (2003).

During the year under review, the company's innovation speed accelerated further. The percentage of turnover made up by products less than 24 months old increased from 45% in 2003 to 68% in 2004.

Patents secure Basler's innovation activities and form an important part of our technological strategy. At the end of 2004, a total of 15 patents (currently worldwide) had been granted (2003: 15), a further 13 had been applied for (2003: 13) and 2 utility models (so-called "minor patents") had been confirmed (2003: 3).

Risk report

As a technology company, Basler is subject to a number of risks. Medium-sized companies, such as Basler, cannot influence or control general fundamental risks. Consequently, for us risk management is primarily an entrepreneurial task that consists of controlled risk-taking on the one hand and exploiting opportunities on the other. Management and staff have the task of optimizing the probability of occurrence of these two factors for the benefit of the company.

1. Integrated risk management system

Internal control system

The core of our internal control system is a sensible, impermeable division of functions, which is guaranteed via our organizational structure, job descriptions and processes. The functions are set out in our certified quality management manual and compliance is monitored regularly. Given the size of the company and the existing operational control mechanisms, an internal audit department is not required.

Our IT infrastructure security concept is constantly refined and regularly controlled by an external agent. This also applies to compliance with data protection regulations

Controlling

Strategic, operative and functional controlling applies to all divisions. It is based on regular strategy checks and the preparation of product road maps and balanced scorecards. These lead to the systematic formulation of long- and short-term objectives from the division level to the cost unit level.

Management Report

The achievement of objectives (target/actual comparison) is monitored at all management levels in the context of regular meetings. Control measures are agreed upon and their effectiveness is monitored.

Early warning systems

Information regarding future developments is exchanged at all levels in regular meetings, reports and minutes and is evaluated at the appropriate places. This system ensures that the risk relevance of both internal and external information is examined at an early stage and that the results can be translated into action at the group level. In the following, we have presented those risk areas that, from today's point of view, appear most important among the risks that our company faces.

2. Overall risk

We have weighted all risks that have been identified according to their probability of occurrence and have covered them with compensatory measures. They do not represent obvious challenges to the company's survival. At present, no additional risks jeopardizing the continued existence of the company are discernable.

3. Environmental risk

Basler's environmental risks consist of the development of its target markets, of its competition and of the capital market.

In the past year, competition on the vision technology market remained intense. Basler's 2004 expenditure for innovation, sales, cost reduction and quality improvement and the respective expenses planned for the year 2005 take this level of competition into account. Due to these measures, Basler's competitive position improved during the year under review.

A general slowdown in growth is not likely on the vision technology market; however, partially significant fluctuations in demand in individual client industries eclipse this general trend. Basler's sector mix, which is implemented via the company's multi-sector approach,

has meanwhile reduced our dependence on individual markets. Consequently, in case turnover in one of our divisions declines, we do not expect any risks challenging the continued existence of our company as a whole since the probability of occurrence and expected damage is low.

With respect to target market evaluation, both the management and the sales department make use of all available internal and external sources of information in order to identify imminent changes on the markets at the earliest possible moment.

A concentration process is taking place in the vision technology sector. Smaller companies are acquired and bigger companies merge in order to create further market opportunities and growth potential. In this process, Basler will be an actor rather than a target. Given the current shareholder structure, a hostile take-over is almost impossible. However, we continuously monitor our shareholder structure closely and at all times in order to identify any significant shifts.

4. Operating risks

Customer satisfaction frequently indicates the size of the risk of declining sales and earnings. Consequently, our marketing and development activities focus on the determination of customer value. Basler regularly carries out customer satisfaction studies in all divisions and optimizes its marketing mix not least on the basis of the respective results.

The availability of existing or new know-how is particularly important in a growth-orientated enterprise. Basler regularly prepares staff plans in order to cover its required resources either internally or via external partners. In addition, development and performance talks take place regularly to strengthen staff loyalty at all levels.

Well-timed high-quality product development represents the backbone of any technology company. In the

development field, processes and responsibilities are clearly defined and we have introduced planning tools which contribute towards the completion of development projects within the planned time and cost framework. Rapidly changing technology markets challenge companies to adjust capacities swiftly and efficiently to fluctuating requirements. Our flexible working hour model enables us to offset fluctuations in our orders position. Consequently, we are largely in a position to “breathe” with the market.

In individual cases, the availability of high-quality technological components that have to be procured externally plays an important role for the delivery times of our products. Continuous observation and analysis of procurement markets is thus a critical competence for technology companies. In addition, we need to know which external components must be available when and in what quantity. In the last two years, we have developed processes to deal with both tasks and have consequently shortened our delivery times and increased our schedule effectiveness. However, increasing expectations among our customers require us to continually improve key figures in these areas.

It is now standard that our customers require product quality checks and guarantees in the context of our quality management system. Since 2001, we have had DIN ISO 9001/2000 certification and are audited once every year by external auditors. In addition, we carry out our internal audits to monitor and improve our processes.

An essential component of successful product policy is the establishment and maintenance of a brand image. Basler Vision Technologies' name and logo are registered trademarks and are thus protected from illegal use.

5. Financial risks

In the case of export-orientated companies, fluctuations in foreign exchange rates affect market performance and earnings before taxes. Approx. 20% of our turnover is generated outside the Eurozone. Consequently, the Euro/US Dollar exchange rate affects our corporate result. In order to limit the associated risks, the transac-

tion volume generated in foreign currencies is subject to a foreign exchange hedge. Liquidity is guaranteed via strict management of accounts receivable. Basler's distinctly formulated and strictly administered accounts receivable management system enables the company to ensure the availability of the required liquid funds as well as the ability to plan imminent investments.

The existing current assets, which will increase in line with turnover growth, are financed by debt capital in order to cut average capital costs and ensure an appropriate balance sheet structure. A positive rating according to Basel II is an essential precondition for a sufficient and interest-optimized loan supply. The respective key figures are recorded and evaluated on a monthly basis and enhancement measures are implemented.

Transparent monthly reporting and a stable balance sheet structure also contribute towards the limitation of financial risks. These two factors are supported by an early detection system in the form of continuous 52-week turnover and financial planning for all divisions as well as an extensive key figure system. These measures facilitate successful and well-timed discussion of financial requirements with the lending parties who generally proceed to provide the required funds. Our banking partners are also integrated into our supplier and service-provider partner concept. They are subject to certain selection criteria and evaluations as well as permanent monitoring of their performance and partnership suitability. This reduces the risk of short-term due date claims by the credit institutions, which are frequently subject to strategic changes.

6. Strategic risks

Basler's corporate strategy focuses on the further opening up of the vision technology growth market, which experts still consider to be in its infancy. Since replacement technologies are currently non-existing, the corporate strategy risk is deemed to be low.

In the context of a regular group-wide monitoring and planning process, business models are reviewed for each division.

Management Report

The result of these reviews form the basis for a balanced scorecard system (BSC), which defines assessable strategic aims and measures to achieve these aims for each unit.

Corporate and division strategies as well as the BSC system form the starting point for the development of a four-year plan as well as the budget for the coming financial year. A group-wide planning clock ensures efficiency in all planning processes. This system guarantees timely identification of strategic risks and enables the company to implement counter-measures at an early stage.

Postscript report

As of January 1, 2005, a new sales and services office was established in the Chung Nam region of South Korea. Its purpose is to maintain contact with key accounts in the flat-screen industry as well as ensuring appropriate maintenance services for customer equipment.

As of January 1, 2005, new regulations apply to the responsibilities within Basler AG's Management Board. In this context, after more than three years with the company, the Chief Operations Officer, Axel Dancker, has resigned as of 31 March 2005. John Jennings (41), former Managing Director of the US subsidiary Basler Inc., joined the Management Board as Chief Commercial Officer (CCO). As of January 1, 2005, the Management Board responsibilities are structured as follows:

- Dr. Dietmar Ley (CEO): divisions, R & D, personnel;
- Peter Krumhoff (CFO/COO): finances, production, procurement, logistics, communications, administration;
- John Jennings (CCO): sales, foreign subsidiaries.

Forecast report

Outlook

According to the economic development expert committee, the economic upswing is expected to take hold in Germany in 2005. The gross domestic product is expected to rise by 1% over the year as a whole. According to the latest analyses prepared by the Automated Imaging Association in the USA, the 2005 growth rate of the global vision technology market is expected to be slower than in 2004. In important sales markets, such as the semi-conductor and electronics industries, investment in plant and machinery will not return to its normal level until the second half of 2005. With respect to the Euro/US Dollar exchange rate development, we expect a further weakening of the Dollar throughout the year 2005.

The strategy pursued by the Vision Components division is based on gaining further market shares by launching new versions of existing products as well as completely new products. In this context, we are focussing on sales markets that are less affected by the above-mentioned factors. In addition, distribution in promising peripheral markets is to be intensified.

Within the Vision Systems division, we intend to expand our market share in the TFT display inspection equipment field. In 2005, besides further development of our current core business, we intend to address new customer groups with new solutions. From today's point of view, the optical storage media market is expected to retain its current restrained investment activities (in particular with respect to the one-time recordable data format) throughout the first six months of 2005. Investment is not expected to return to its normal level before the middle of the year. In 2005, we expect investment in pre-recorded DVD production plant and machinery to be lower than in the previous year. Towards the end of the year, the first sales may be generated by inspection systems manufactured for the production of the new BluRay-Disk or HD-DVD

formats. These formats have a storage capacity of up to 47 GByte and will be used to archive new data-intensive content, such as HD-TV. Independent of the demand development, Basler plans to increase its market share from the 2004 level by launching new products. The rubber and elastomer-industry and the plastics-manufacturing industry look confidently into the future. The Sealing Inspection and the Web Inspection divisions intend to increase their market share via additional and enhanced products.

All in all, due to the promising groundwork we have done in the new product area, we expect a slight increase in turnover in 2005 although the environment is expected to be less favourable than in the financial year 2004.

Despite the high expenses associated with future growth, this expected increase in turnover should lead to a similarly high level of profitability as in 2004. We intend to increase our income via higher earnings before taxes combined with a consistently lower rise in costs. Besides the increase in the earnings before taxes associated with growth in turnover, we also intend to cut manufacturing costs from their 2004 level. In this context, we are combining cost-cutting measures in the development field with supply management and manufacturing process optimization. Operating expenses are expected to develop moderately in line with turnover growth.

Our planned business development will go hand in hand with a stable liquidity situation. As in 2004, we intend to achieve a positive net cash flow in 2005.

Investments will continue to focus on plant and office equipment, infrastructure and intangible assets. The investment volume will be slightly higher than in 2004. In 2005, we will continue to pursue our management's strategy to serve the vision technology growth market with systems, components and services, thereby growing profitably and faster than the market.

Following the highly successful financial year 2004, Basler is well prepared to successfully implement this strategy in the future.

Report in accordance with Section 312 AktG

In compliance with Section 312 Aktiengesetz (AktG), we have prepared a report concerning our relations with affiliated companies. The Management Board's following declaration concludes the report:

"We hereby declare that, with respect to the legal transactions listed in the report regarding the company's relations with affiliated companies and persons, Basler AG, Ahrensburg received counter-performances appropriate to the conditions of which we were aware at the time of the legal transactions' performance. The company neither implemented nor failed to implement other measures as defined by Section 312 AktG."

Ahrensburg, January 2005
Basler AG Management Board

Dr. Dietmar Ley
Axel Dancker
Peter Krumhoff

Consolidated Balance Sheet (US-GAAP)

Assets

in t€

	per 31.12.2004	per 31.12.2003
Current assets		
Cash & cash equivalents	3,291	3,741
Accounts receivable, net	6,517	4,741
Inventories		
Finished goods and commodities	1,533	682
Work in process	2,116	2,611
Raw materials and supplies	5,640	5,064
Total inventories	9,289	8,357
Other assets and prepayments and accrued income	690	588
Total current assets	19,787	17,427
Property and equipment		
Plant and machinery	3,685	3,357
Office furnishings, furnitures and fixtures	2,656	3,114
Accumulated depreciation	-4,125	-4,310
Total property and equipment	2,216	2,161
Intangible assets		
Software and licences	1,736	1,316
Accumulated depreciation	-1,182	-974
Total intangible assets	554	342
Deferred taxes	6,922	3,931
Total assets	29,479	23,861

Consolidated Balance Sheet (US-GAAP)

Liabilities

in t€

	per 31.12.2004	per 31.12.2003
Short-term liabilities		
Notes payable to shareholders	61	4,960
Short-term liabilities to banks	2,536	2,564
Trade accounts payable	1,713	1,556
Accrued expenses	2,651	1,623
Other liabilities	1,220	735
Advanced payments received	1,906	3,334
Total short-term liabilities	10,087	14,772
Commitments and Countingencies		
Long-term accrued liabilities	421	413
Convertible bond	3,000	0
Long-term loans	511	511
Silent partnership	1,023	1,023
Total liabilities	15,042	16,719
Shareholder's equity		
Subscribed capital	3,500	3,500
Capital reserve	995	995
Accumulated earnings	9,820	2,687
Accumulated conversion compensation items	93	-47
Total shareholder's equity	14,408	7,135
Deferred taxes	29	7
Total liabilities and shareholder's equity	29,479	23,861

Consolidated Profit and Loss Statement (US-GAAP)

in t€, result per share in €

	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2003
Sales	52,361	35,681
Cost of sales	-24,771	-14,726
Gross profit	27,590	20,955
Operating expenses		
Research and development expenses	-7,720	-5,130
Sales and marketing expenses	-7,578	-4,956
General administrative expenses	-7,379	-10,125
Total of operating expenses	-22,677	-20,211
Operating result	4,913	744
Interest income	25	12
Interest expenses	-772	-732
Other income	969	718
Result before income taxes (EBIT)	5,135	742
Taxes on income	1,998	2,237
Group net income/net loss for period	7,133	2,979
Number of shares	3,500,000	3,500,000
Number of shares (diluted)	3,755,875	3,500,000
Result (diluted)	7,164	2,979
Result per share	2.04	0.85
Fully-diluted result per share	1.91	0.83

Consolidated Statement of Cash Flow (US-GAAP)

in t€

	Jan I - Dec 31 2004	Jan I - Dec 31 2003
Cash flow from operating activities		
Group net profit/loss for period	7,133	2,979
Depreciation of fixed assets and intangible assets	925	1,370
Result from disposal of equipment	190	46
Changes in:		
Inventories	-931	-2,308
Trade accounts receivable	-1,776	-150
Accrued expenses	1,036	-800
Other assets and prepayments and accrued income	-102	-66
Deferred taxes	-2,970	-2,398
Accumulated conversion compensation items	140	54
Notes payable to shareholders	61	-46
Advanced payments received	-1,425	2,796
Accounts payable	157	556
Other current liabilities	460	239
Cash flow from operating activities	2,898	2,272
Cash flow from investment activities		
Revenue from sales of equipment	0	31
Purchase of equipment	-1,388	-919
Cash flow from investment activities	-1,388	-888
Cash flow from financing activities		
Increase in cash received by bank loan	0	1,114
Payback of shareholder's loans	-4,960	870
Inpayment convertible bond	3,000	0
Cash flow from financing activities	-1,960	1,984
Net change in cash	-450	3,368
Net cash at beginning of period	3,741	373
Net cash at end of period	3,291	3,741
Additional information		
Paid out for:		
Interest	693	732
Taxes on income	191	20

Consolidated Changes in Statement of Shareholder's Equity (US-GAAP)

in k€

	Approved Capital	Authorized but Unissued Capital	Number of Shares	Nominal Capital	
Status January 1, 2003	1,750	350	3,500,000	3,500	
Group net profit for year					
Difference from currency conversion					
Sum of comprehensive Income					
Status December 31, 2003	1,750	350	3,500,000	3,500	
Group net profit for year					
Difference from currency conversion					
Sum of comprehensive Income					
Issue of convertible bond		215			
Status December 31, 2004	1,750	565	3,500,000	3,500	

Segment Information (US-GAAP)

in t€

	Vision Systems		Vision
	01.01. – 31.12.2004	01.01. – 31.12.2003	01.01. – 31.12.2004
Sales Revenues	35,962	22,716	16,399
Germany	3,435	4,167	3,948
Foreign	32,527	18,549	12,451
External sales with a single customer accounting for more than 10 % of segment sales revenue	10,738	3,474	0
Number of customers	2	1	0
Segment results			
before interest, taxes and income from investments in affiliates	4,617	532	1,896
of which is depreciation/amortisation	132	522	63
Segment assets			
Investments in fixed assets	237	262	265
Fixed assets	268	192	246
Inventories	5,787	3,867	2,282
Receivables	5,056	2,759	1,527
Total assets	11,111	6,818	4,055

Capital Reserves	Balance Sheet Result	Accumulated conversion compensation items	Group Equity Capital	Comprehensive Income
995	-291	-100	4,104	
	2,978		2,978	2,978
		53	53	53
			0	
0	2,687	-47	7,135	3,031
	7,133		7,133	7,133
		140	140	140
			0	
0	9,564	94	14,408	7,273

Components 01.01. – 31.12.2003	Reconciliation		Whole Group	
	01.01. – 31.12.2004	01.01. – 31.12.2003	01.01. – 31.12. 2004	01.01. – 31.12. 2003
12,964	0	1	52,361	35,681
3,436	0	1	7,383	7,604
9,528	0	0	44,978	28,077
0			10,738	3,474
0			2	1
1,394	-632	-465	5,881	1,461
123	730	630	925	1,275
177	886	481	1,388	920
338	2,255	1,973	2,769	2,503
1,977	1,220	2,513	9,289	8,357
1,998	-65	-16	6,518	4,741
4,313	3,410	4,470	18,576	15,601

Notes

1. The company

Basler AG and its subsidiaries develop, manufacture and sell vision technology. The company's quality assurance systems and components play a key role in the optimization of industrial manufacturing processes.

The Group operates in five different markets: CD/DVD, rubber and elastomer, flat-screen display, foils and machine vision components. It has subsidiaries in the USA (Basler Inc.), Taiwan (Basler Vision Technologies Inc.) and Singapore (Basler Asia Pte. Ltd.). Besides its domestic turnover, Basler predominantly generates sales in the USA and in Asia. The company's main customers are industrial undertakings.

Since 23 March 1999, Basler AG has been listed at the Frankfurt stock exchange.

2. Major accounting and valuation principles

2.1. Presentation

The enclosed group accounts were prepared in accordance with the US Generally Accepted Accounting Principles (US-GAAP).

The company keeps its books in compliance with the principles set out in the German Commercial Code. These principles deviate from the US-GAAP in several important aspects. Consequently, the company recorded a number of adjustments, thereby ensuring that the annual accounts were prepared in accordance with the US-GAAP.

2.2. Consolidation

The group accounts include the annual accounts prepared by Basler AG and those prepared by its fully consolidated subsidiaries. Business transactions between the group companies were eliminated. In the course of debt consolidation, internal receivables and payables, intermediate results and inventories and internal income and expenses were offset against each other in the group accounts. In the case of consolidation affecting the earnings, the resulting tax effects were taken into account and respective deferred taxes were reported.

The closing date of the group accounts and of the subsidiaries' annual accounts is 31 December 2004, the parent company's balance sheet date.

The group's accounting and valuation methods comply with the methods applied in the preparation of the individual annual accounts and take into account adjustments according to the US-GAAP.

Tax-related valuations were not included in the group accounts. The applied accounting and valuation methods are the same as in the previous year.

2.3. Use of estimates

The preparation of annual accounts in accordance with the US-GAAP requires the management to prepare estimates and make assumptions regarding the entry and level of assets and liabilities and the disclosure of contingent assets and liabilities at the time of the closing date as well as the level of the turnover and expenses reported during the period under review. The actual result may deviate from these estimates.

2.4. Currency conversion

The subsidiaries' functional currencies are the currencies of the respective countries. Consequently, on the balance sheet date, assets and liabilities were converted into Euro using the applicable exchange rate on the reporting date. Turnover and expenses were converted using the average exchange rate of the reporting period. Accumulated exchange rate gains and losses were reported as a separate component of the equity capital.

Business transactions denominated in foreign currencies were converted at the exchange rate applicable on the transactions' reporting date. In 2004 and 2003, gains amounting to k€ 299 and k€ 382 and losses of k€ 346 and k€ 812 arose respectively. These gains and losses were reported under the respective reports' General Administrative Expenses items.

In 2004, the functional currency of Basler Asia Pte. Ltd., Singapore/Singapore was converted to Euro since the company's business transactions are predominantly processed in Euro.

Transactions within the European Union are recorded in the applicable fixed Euro exchange rates. Further relevant exchange rates are listed below:

Exchange rate as per		
	31.12.2004	31.12.2003
1 €	US-Dollar 1.3621	US-Dollar 1.263
1 €	Singapore Dollar 2.2262	Singapore Dollar 2.145
1 €	New Taiwan-Dollar 43.63351	New Taiwan-Dollar 42.83193

Average exchange rates		
	2004	2003
1 €	US Dollar 1.2439	US Dollar 1.1312
1 €	No longer applicable	Singapore Dollar 1.9703
1 €	New Taiwan Dollar 41.6154	New Taiwan Dollar 39.02491

Source: All exchange rates from the European Central Bank with the exception of the New Taiwan Dollar, which is based on the Interbank spot rate.

2.5. Liquid funds

Liquid funds consisted of cash on hand and bank balances.

2.6. Credit risks

Financial instruments that expose the company to a potential credit risk predominantly consisted of outstanding receivables. The company continuously monitors its customers' credit standing using internal and external assessments. In addition, the accounts receivable risk is reduced to some degree by the fact that the company's regular customers are highly diversified. Furthermore, the company operates a clearly defined process to trace outstanding receivables.

2.7. Financial instruments' current market value

The net book value of the company's financial instruments, including liquid assets, receivables and liabilities largely corresponds to these items' current market value. All receivables are due within one year.

The management regularly prepares estimates of the degree to which the receivables maintain their value. In the case of doubtful accounts receivable, valuation adjustments are carried out if any amounts are unlikely to be recovered. In 2004, one debtor (previous year: two) became insolvent. Consequently, Basler recorded

a valuation adjustment of k€ 4 (previous year: k€ 26). In 2003, a further valuation adjustment amounting to k€ 104 was recorded with respect to disputed transactions. All accounts receivable have been pledged to a banking consortium consisting of Bankhaus Lampe KG, Bielefeld, Norddeutsche Landesbank Girozentrale, Hanover; Joh. Berenberg, Gossler & Co. KG, Hamburg and HSH Nordbank AG, Kiel.

2.8. Tangible assets

Tangible assets are recorded at acquisition or production cost and, if they are subject to wear and tear, written down over their expected useful life according to the straight-line method (useful life of technical equipment and hardware three to five years, plant and machinery usually ten years). Acquisition or production costs are recorded at full cost. They arise in connection with the acquisition, production or extension of assets, either extending the assets' useful life or increasing their capacity. Maintenance and repair costs are recorded as expenses at the time of the implementation of the respective measure. Interest during the production period was not capitalized in the period under review.

Tangible assets that were sold, became obsolete or were scrapped are treated as disposals (acquisition cost and accumulated depreciation) and are consequently no longer reported under assets. Profits and losses generated by the disposal of assets are realized with an effect on the result either in the year of the sale or the year of disposal. Fully written-off tangible assets are reported under assets until they are no longer part of the company's assets.

2.9. Intangible fixed assets

Software, licences and other rights are valued at acquisition cost and are written down over their expected useful life according to the straight-line method. Fully written-off assets are reported under assets until they are no longer part of the company's assets. In specific, this refers to EPR system software and software licenses acquired against payment as well as development and construction software and development- and patent-related licenses that have also been acquired against payment.

Notes

2.10. Long-lived assets

In accordance with the Statement of Financial Accounting Standards No. 144 ("Accounting for the impairment or disposal of long-lived assets"), Basler regularly monitors the degree to which its long-lived assets have retained their net book values. If results or a change in circumstances indicate that the net book value of these assets can no longer be realized, the company compares the non-discounted future net cash flows expected from the use of the assets with their net book values. If the non-discounted net cash flows are lower than the assets' net book values, they are written down to the assets' actual value which is based on the non-discounted future net cash flows expected from the use of the assets. According to the management, no such decline in economic usefulness occurred in the financial years ending 31 December 2004.

2.11. Inventories

The inventories consist of raw materials, consumables and supplies, finished goods and work in process as well as merchandise. They are valued at acquisition or production cost or the lower market price. Raw materials are valued at their actual costs using their weighted average value. Finished goods and work in process are reported at full cost. Obsolete, defective and superfluous inventories are reported at acquisition or production cost or the lower net selling price. All inventories have been pledged to the above-mentioned banking consortium.

2.12. Advertising expenses

Advertising expenses are entered as expenses at the time they arise. For the years 2004 and 2003, advertising expenses amounting to k€ 724 and k€ 690 respectively were reported under the sales and marketing expenses item. These expenses predominantly consisted of costs associated with trade fairs.

2.13. Realization of turnover

Sales revenue is primarily realized via the sale of the following finished goods: "inspection systems for optical storage media, glass substrates, sealing and plastic foils" as well as via the sale of individual "vision components".

Sales revenue generated in the vision components field is reported after delivery insofar as there is convincing evidence of the existence of a respective agreement, the delivery price has been fixed or can be determined and it has been adequately ensured that the accounts receivable will retain their value and are due within one year.

Contracts in the optical inspection system field consist of the delivery of specific systems and, in some cases, installation of said systems. System specification takes place during the negotiations with the customers. According to Basler's general terms and conditions, the risk of accidental loss is transferred to the customer when the goods leave the Ahrensburg factory on the delivery date. The goods are delivered after the customer's acceptance. Separate approval is required for the installation. Sales revenue is recorded insofar as there is convincing evidence of the existence of a respective agreement, the products have been delivered and/or installed, the transaction price has been fixed or can be determined and it has been adequately ensured that the accounts receivable will retain their value. Sales revenue is reported minus price discounts, customer bonuses and rebates.

2.14. Earnings per share

In accordance with the Statement of Financial Accounting Standards No. 128 ("Earnings per share"), the net profit or loss per ordinary share is reported for all periods under review. The earnings per share are calculated by dividing the earnings owed to the shareholders by the weighted average number of ordinary shares outstanding during the year. The respective amounts are recorded subsequent to the profit and loss account.

2.15. Share options

The company enters share-based staff remuneration according to the internal value in compliance with the Accounting Principles Board Opinion No. 25 ("Accounting for Stock Issued to Employees"). Since SFAS 123 (R) is not yet compulsory, estimates and valuations are still based on the above procedure. Personnel expenses

associated with employee share options consist of the positive difference between the company share's market price as of the date of determination and the amount employees have to pay to acquire the shares (option price) ("internal value"). This difference is reported over the qualifying period. The internal value of the options for which the date of determination has not yet been reached is established on the basis of the company share's applicable market price at the end of each period.

2.16. Segment information and geographic breakdown

Basler prepares its segment reports according to divisions that correspond to its internal organizational and reporting structure. The company's organizational structure is divided into two divisions: systems and components. The systems division includes development, distribution and installation of optical inspection systems. It consists of three sub-units (Optical Media Inspection, Display Inspection and Sealing/Web Inspection). Due to the fact that these sub-units' respective opportunities and risks are of a homogeneous nature, they have been integrated into one division. The components division includes the sale of individual product components – predominantly cameras. The company's products are mainly developed on its premises in Ahrensburg and are sold via a direct distribution structure, via the subsidiaries (USA, Singapore and Taiwan) and via independent distributors and agents in Europe, North America, Australia, Japan and Asia.

The information contained in the overviews has been taken directly from the internal reports that are used for management purposes by the companies' highest operative decision-makers. The company does not evaluate individual segments on the basis of financial liabilities and respective interest expenses for internal control purposes; consequently, the segment reports do not include such evaluations.

The differences in earnings in the transitional calculation result from the valuation differences between German commercial law and the US-GAAP. Since the internal audit uses the valuations according to the German

Commercial Code, a breakdown according to individual segments was not prepared.

3. Prepaid expenses and deferred charges and other current assets

The prepaid expenses and deferred charges and other current assets are composed as follows (€ in thousand):

	Financial year ending 31 December	
	2004	2003
Tax receivables	353	248
Prepaid expenses and deferred charges	86	69
Forward exchange dealings (current market value)	49	–
Others	202	271
	690	588

4. Tangible assets

Tangible assets are composed as follows (€ in thousand):

	1.1.2004	Additions	Disposals	31.12.2004
Machine and computer equipment	3,357	624	-296	3,685
Plant and machinery	2,679	195	-218	2,656
Subtotal	6,036	819	-514	6,341
Accumulated depreciation	3,741	707	-323	4,125
Net tangible assets	2,295	112	-191	2,216

5. Accruals and other liabilities

Expenses were accrued in particular for outstanding costs associated with realized turnover and guarantees as well as for the likely realization of impending losses arising from the rental of vacant spaces in the rented building.

Notes

During the financial year, the accruals developed as follows:

	01.01.2004	Foreign exchange differentials	Additions	Accumu- lation	Realizations	Retransfer	31.12.2004
Personnel expenses	776	0	1086	0	-755	-14	1093
Taxes	172	0	574	0	-172	0	574
Impending losses, building	514	0	0	37	-100	0	451
Guarantee	116	0	182	0	-116	0	182
Legal and consultancy costs	127	0	136	0	-93	0	170
Others	372	-5	431	0	-172	-24	602
	2,077	-5	2,409	37	-1,408	-38	3,072

The other liabilities were composed as follows
(€ in thousand):

	Financial year ending 31 December	
	2004	2003
Social insurance taxes	543	266
Social insurance	481	351
Employee pay	38	62
Others	158	56
	1,220	735

6. Short-term due to banks

As of 31 December 2004, the loan facilities available to Basler amounted to k€ 8,000, of which k€ 2,500 had been used by the end of June via fixed-rate loan advances.

In addition, Basler had access to special credit lines for foreign exchange and guarantee transactions amounting to k€ 600.

The framework agreements with the banking consortium will expire on 30 June 2005. However, the Management Board expects the credit lines to be available beyond this date.

7. Transactions with affiliated persons

7.1. Loans from shareholders and affiliated persons

In the financial year 2004, the company repaid loans amounting to k€ 4.960 that had been extended in 2001 / 2003 by the following three shareholders/affiliated persons:

	Amount in k€	interest rate
Monika Proske-Ley	294.5	9%
Nicola-Irina Basler	1,840.7	9%
Norbert Basler	780.0	9%

7.2. Convertible bond

The following affiliated persons shares in the convertible bond issued in 2004:

	Amount in €
Nicola-Irina Basler	1,496,698.00
Monika Proske-Ley	333,200.00
Peter Krumhoff	63,798.00

The applicable conditions are the same as those applying to third parties.

8. Operating leasing

The company building, and parts of the office and plant equipment, are utilised in an operating leasing context. The future annual leasing payments are as follows:

Financial year	k€
2005	2,300
2006	2,241
2007	2,185
2008	2,173
2009	2,174
Subsequent years	19,695

During the year under review, the rent/leasing expenses amounted to k€ 2,795 (previous year: k€ 2.722).

In 1999, the company concluded an agreement under which it undertook to rent the company building until 31 December 2018. At that time, the landlord's total investment amounted to k€ 26,331. This investment was financed via various loans extended by the Kreditanstalt für Wiederaufbau (Reconstruction Loan Association), Frankfurt/Main and IKB.

Had Basler made this investment (land and buildings) itself, the investment would have had to be capitalized in the balance sheet. The effect on the profit and loss

account resulting from the depreciation would have been negligible compared to the rent. The rent is fixed until 2007 and amounts to k€ 2,150 p.a. Basler AG's Management Board expects the same rent to apply until the lease expires.

9. Legal matters

In the course of the company's ordinary activities, several legal disputes may arise. After consulting legal advisors, the management came to the conclusion that the conclusion of these legal disputes is either not expected to have a major effect on the group accounts or that these effects have been fully taken into account.

10. Equity capital

10.1. Employee participation scheme

The company has set up employee participation schemes. Inter alia, these schemes aim to recruit and retain personnel and to promote corporate success by offering the staff an opportunity to acquire ordinary shares.

The 1990 share option plan ("1999 plan") authorizes the company to issue to its staff at Basler AG in Ahrensburg and at its affiliated companies options for the subscription of Basler shares. This option plan has been realized. The subscription rights entitle holders to acquire company shares at a price of € 57 and can be exercised in four tranches after approx. two, three, four and five years.

The options offered under the "1999 plan" can only be exercised if the Basler share's gain at least corresponds to the performance of the Nemax (contractual condition). This performance is determined on the basis of the average share price in the five trading days preceding the first exercise period compared to the introductory price.

The 2000 share option plan ("2000 plan") authorizes the company to issue to its staff at Basler AG in Ahrensburg and at its affiliated companies 78,000 options for the subscription of Basler shares. This option plan has been realized. The subscription rights entitle holders to acquire company shares at a price of € 75 (the average price of the last five trading days in October, the time the scheme was launched) and can be exercised in four tranches after approx. two, three, four and five years.

The options offered under the "2000 plan" can only be exercised if the Basler share's gain at certain fixed points in time at least corresponds to the performance of the Nemax (contractual condition). This performance is

determined on the basis of the average share price in the five trading days preceding the first exercise period compared to the subscription rights' exercise price. All scheme options that have not been exercised after the end of the last exercise period expire.

The following table presents the status of the company's share option schemes as of 31 December 2004:

	Plan 1999	Plan 2000
In circulation as of 1 Jan. 2004	32,415	44,393
Granted	–	–
Exercised	–	–
Expired	32,415	2,803
In circulation as of 31 Dec. 2004	0	41,590

None of the options in circulation as of 31 December 2004 can be exercised. The qualifying period for all options ends between 29 June 2001 and 25 May 2005.

Since the amount of the granted subscription rights' internal value is negligible, the company will not disclose the market value of the granted subscription rights. This is also assumed to be negligible. Accordingly, the company forgoes a pro forma disclosure of the personnel expenses associated with these options in accordance with SFAS 123 ("Accounting for Stock-Based Compensation").

Share-based compensation:

The company bases its accounting for the scheme on APB Opinion No. 25 and associated interpretations. At the time the share-based compensation was granted, personnel expense estimates based on the market value that had been determined according to the procedure presented in SFAS 123 were not prepared for the plan. This fact does not affect either the company's net loss or the net loss per share.

10.2. Authorized and authorized but unissued capital

As of 31 December 2002, the company held authorized and authorized but unissued capital amounting to € 1,750,000 / € 565,000. The authorized capital corresponds to the additionally authorized shares for the take-over or sale of ordinary shares requiring the approval of the company's Supervisory Board. The authorized but unissued capital I amounting to € 350,000 was allocated to the "1999 plan" and "2000 plan" share option schemes.

The authorized but unissued capital II amounting to € 215,000 serves to guarantee the refunding rights associated with the convertible bond. The general shareholders' meeting had decided in favour of the issuance of this bond on 1 July 2004.

Notes

10.3. Convertible bond

As of 31 July 2004, Basler AG issued a convertible bond made out in the name of the holders amounting to € 2,999,990.00, which is divided in 214,285 shares of € 14.00 each. The convertible bond is subject to a 4.0 % interest rate p.a.

During the period 1 June to 13 July 2007, the holders of the convertible bond may exercise their conversion privilege – one individual share certificate per € 14.00 share.

11. Taxes on income

The tax expenditure (tax advantage) is composed as follows (€ in thousand):

	Financial year ending	
	2004	2003
Current taxes	850	141
Deferred taxes	(2,848)	(2,378)
	(1,998)	(2,237)

Deferred taxes were formed in connection with the following items (in k€),

	2004	2003
Tax loss carryforward arising from business activities	6,583	7,588
Inventories	209	277
Accounts receivable	77	42
Other current assets and prepaid expenses and deferred charges	(29)	7
Valuation adjustment		-4,005
Others	53	15
	6,893	3,924

The following is a breakdown of the effective tax burden, which is calculated using the German corporate income tax rate of 26.38% plus trade tax taking into account the

respective deduction of tax relief, thereby resulting in a combined legal tax rate of 37.34%:

	Financial year ending	
	2004	2003
Income/ (loss) before taxes on income	5,134	742
Tax rate	37.34%	38.69%
Expected tax expenditure (income)	1,917	287
Adjustment		
Retroactive adjustment of loss carryforward		(6,485)
Tax rate adjustment	(161)	
Effect of non-deductible expenses	(22)	166
Differences in foreign taxation	16	52
Valuation adjustment of loss carryforward	4,005	4,005
Others	77	25
Tax expenditure (income) acc. to P & L account	(1,998)	(2,237)

As of 31 December 2003, since their realization is in doubt, the active deferred taxes were reduced by a valuation adjustment. Due to the achievement of the turnaround target, future utilisation of the tax loss carryforward is expected. Consequently, a reason for a full valuation adjustment no longer exists.

As per 31 December, the following tax loss carryforward existed (in k€),

	As per 31.12.2004	As per 31.12.2003
Germany	17,700	19,552
USA, federal level	0	69
Singapore	0	8
Taiwan	0	327
Total	17,700	19,956

The tax loss carryforward in Germany refers to corporate income tax and municipal trade tax and applies for an indefinite period of time. Due to the legal situation, out of the total loss carryforward, a maximum of k€ 1,000 plus 40% of the excess tax profit can be utilised per year.

12. Profit and loss account

The cost of material and personnel expenses are composed as follows (€ in thousand):

	2004	2003
Expenditure: raw materials, consumables and supplies, purchased goods	17,058	12,747
Expenditure: purchased services	732	756
	17,790	13,503
Wages and salaries	15,035	12,198
Social security expenditure	2,686	2,250
	17,721	14,448

13. Further compulsory information

13.1. Management Board

In 2004, the Management Board consisted of the following members:

Dr. Dietmar Ley
CEO

Axel Dancker
Ahrensburg, Operations
(until 31/1/2005)

Peter Krumhoff
Großhansdorf, Finances

13.2. The Supervisory Board

In 2004, the Supervisory Board consisted of the following members:

Norbert Basler
Chairman of the Supervisory Board (since 1 July 2004)
Deputy Chairman of the Supervisory Board (until 1 July 2004)
Master's degree in engineering

Prof. Dr. Walter Kunerth (until 1 July 2004)
Chairman of the Supervisory Board (until 1 July 2004)
Independent industry consultant

Bernd Priske
Deputy Chairman of the Supervisory Board (since 1 July 2004)
Ordinary Supervisory Board member (until 1 July 2004)
Master's degree in business studies, member of the Management Board of M.A.X. Holding AG, Duesseldorf

Konrad Ellegast (since 1 July 2004)
Ordinary Supervisory Board member (since 1 July 2004),
Consultant

Further Supervisory Board mandates in 2004:

Norbert Basler

Member of the Supervisory Board of Kuhnke GmbH, Malente
Deputy Chairman of the Supervisory Board of Plato AG, Lübeck

Konrad Ellegast

Member of the Supervisory Board of Phoenix AG, Hamburg
Member of the Supervisory Board of Technotrans AG Sassenberg
Member of the Supervisory Board of Feuerkasse AG, Hamburg
Member of the Advisory Board of C.Mackprang Jr. GmbH & Co. KG, Hamburg
Member of the Advisory Board of RIBE Richard Bergner Verbindungstechnik GmbH, Schwabach

Prof. Dr. Walter Kunerth

Chairman of the Supervisory Board of Götz AG, Regensburg
Chairman of the Supervisory Board of Suspa Holding GmbH, Altdorf
Chairman of the Supervisory Board of Paragon AG, Delbruch
Member of the Supervisory Board of Gildemeister AG, Bielefeld
Member of the Board of Directors of Autoliv Inc., Stockholm

13.3. Remuneration of the Management Board and Supervisory Board members

In the financial year 2004, the total earnings of the Management Board members amounted to k€ 668 (previous year: k€ 557), thereof k€ 207 (previous year: k€ 138) variable; the Supervisory Board members earned k€ 40 (previous year: k€ 34).

13.4. Breakdown of participating interests

Via full consolidation, the group accounts include the following companies in addition to Basler AG:

	Participation quota %
Basler Inc., Exton/USA	100
Basler Asia Pte, Ltd., Singapore/Singapur	100
Basler Vision Technologies Taiwan Inc., Taipei/Taiwan	100

Further participating interest are not held.

13.5. Staff

In 2004, the Group's average number of staff amounted to 309 (2003: 261).

Notes

13.6. Corporate Governance

The company has made its declaration concerning the German Corporate Governance Codex, which is compulsory under Section 161 AktG. The declaration is available to shareholders on the company's Internet site at www.baslerweb.com.

13.7. Auditor's fees

In 2004, the company paid its auditor, BDO Deutsche Warentreuhand Aktiengesellschaft, a fee of k€ 52 (previous year: € 49).

14. Differences between the US-GAAP and German law

14.1. General points

The group accounts of Basler AG, Ahrensburg, (hereinafter referred to as "company" or "Basler") as of 31 December 2003 were prepared as exempting financial statements in accordance with Section 292a of the German Commercial Code in compliance with the US Generally Accepted Accounting Principles (US-GAAP) and on the basis of the German Accounting Standard No. 1 (DRS 1) as published by the German Standardization Council.

The provisions of the German Commercial Code (HGB) and of the German Stock Corporation Law (AktG) differ in certain aspects from the US-GAAP. The main differences that are of potential relevance to the evaluation of the equity capital, the financial position and the company results have been presented below. According to the HGB, all balance sheet and profit & loss account items must be reported in the form and order set out under Sections 266, 257 HGB. The US-GAAP require a different presentation whereby the balance sheet items are listed in descending order according to liquidity. Under the US-GAAP, the short-term components of long-term receivables and payables are reported under a separate balance sheet item. Short-term items are due within one year.

14.2. Forward exchange dealings

In accordance with SFAS 133.17, derivative financial instruments, including forward exchange dealings, must

be reported in the balance sheet. The value of any forward exchange dealing at the time of its addition is generally zero. The following valuation affects the results and follows the provisions of SFAS 133.18.

14.3. Equity equivalents

According to the US-GAAP, the transfer of capital that is repayable in the future must be reported outside the formally accrued so-called "stockholders' equity". Since, due to its subordination and result-related reimbursement, the dormant equity holding of Gesellschaft für Wagniskapital Mittelständische Beteiligungsgesellschaft Schleswig-Holstein GmbH – MBG –, Kiel, qualifies as equity capital, these funds are added back in order to arrive at the "equity capital according to the US-GAAP and equity equivalents" (beneficial equity capital).

14.4. Deferred taxes arising from loss carryforward

According to HGB, deferred tax claims arising from loss carryforward may not be reported in the balance sheet since the expected future tax savings are not yet deemed to have been realized. In this context, SFAS 109.8b ("A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards.") applies to the group accounts according to the US-GAAP. With respect to the reporting of the deferred taxes, SFAS 109.20 in connection with SFAS 109.23 f. requires companies to take into account all aspects associated with the assertion of existing losses carried forward to future periods.

15. Appropriation of annual net earnings

Basler AG's Management Board proposes carrying the net earnings forward to new account.

Ahrensburg, January 2005
The Management Board

Dr. Dietmar Ley
Axel Dancker
Peter Krumhoff

Audit certificate

We have audited the group accounts, consisting of the balance sheet, profit and loss account, change in equity capital account, flow of funds analysis and notes, of Basler Aktiengesellschaft for the financial year starting January 1, 2004 and ending December 31, 2004. The preparation and contents of the group accounts are the responsibility of the company's Management Board. Our responsibility is to express an opinion, based on our audit, whether the group accounts comply with the US Generally Accepted Accounting Principles (US-GAAP).

We conducted our audit of the group accounts in accordance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that misstatements in the group accounts are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the valuations and information included in the group accounts are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall portrayal of the group accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the group accounts comply with the US-GAAP and give a true and fair view of the net assets, financial position and income situation of the company as well as of the payment transactions carried out during the financial year.

Our audit, which also included the group management report for the financial year starting January 1, 2004 and ending December 31, 2004 has not led to any objections. The company exercised its right to combine the company's management report and group management report. In our opinion, the group management report, in conjunction with the other information given in the group accounts, give a true and fair view of the company's position and appropriately presents the risks concomitant with future development. We also certify that the group accounts and the group management report for the financial year starting January 1, 2004 and ending December 31, 2004 qualify for exemption from the duty to prepare group accounts and a group management report according to German law.

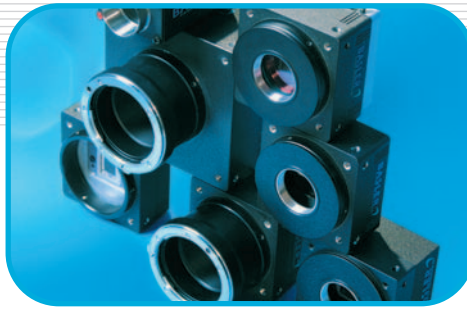
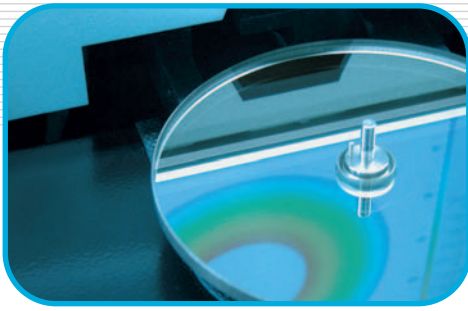
Lübeck, 4 February 2005

BDO Deutsche Warentreuhand
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Dr. Probst
Certified accountant

ppa. Schmoller
Certified accountant

- A** **AIA**
Automated Imaging Association – association of machine vision companies in the US
- Algorithm**
Systematic problem-solving process in the picture processing field; a software process that carries out certain picture processing tasks (e.g. surface inspection)
- Area-scan camera**
Area-sensor camera that takes a complete picture at one time
- B** **Backlight procedure**
Common picture processing procedure that measures sizes with the help of backlight
- Basler Sencis**
Basler system that inspects display glass; innovation that won an award from the German Chamber of industry and commerce
- BluRay-Disc ©**
Third-generation optical storage medium with a storage capacity of up to 60 Gigabyte
- Book-to-bill ratio**
Ratio of incoming orders to sales; measures companies' growth dynamics
- C** **CCD**
Charge-coupled device; technological principle on which most picture sensors are based
- CD**
Compact Disc, first-generation optical storage medium with a storage capacity of 650 Megabyte
- CD-R**
One-time recordable CD format for archiving digital data (CD-recordable)
- Classification software**
Software classifying faults according to certain categories
- CMOS**
Complementary metal oxide semiconductor; technological principle on which most semiconductor memories and new picture sensors are based
- Color filter**
Structured lining on flat screen substrates allowing the display of the colours blue, red or green
- Corporate Governance Codex**
Code of conduct intended to improve the supervision and management of asset management companies
- D** **DAX**
Deutscher Aktienindex (German stock index)
- DIN**
Deutsches Institut für Normung e.V. (German Standardization Institute)
- Director's dealings**
Securities transactions carried out by managers of the issuing company that are subject to disclosure requirements
- Display Inspection**
Basler division that provides turn-key solutions for the flat-screen monitor industry
- DVD**
Digital versatile disc, second-generation optical storage medium with a storage capacity of up to 18 Gigabyte
- DVD-R**
One-time recordable DVD format for archiving digital data (DVD-recordable)
- E** **EBIT**
Earnings before interests and taxes
- EBITDA**
Earnings before interests, taxes, depreciation and amortisation
- EBT**
Earnings before taxes
- Enhanced Investor Protection Law**
Law that leads to companies' increased transparency vis-à-vis the capital market; entered into force on 31 Oct. 2004
- F** **Feedback loop**
System that feeds back all identified faults to the production facilities
- G** **Generation x plant**
Flat-screen production facilities characterised by the measurements of the largest producible glass substrate length- and crosswise
- Glass substrate**
Initial product for flat-screen production
- H** **HD-DVD**
High-density DVD; third-generation optical storage medium with a storage capacity of up to 30 Gigabyte; competitor product to BluRay-Disc ©
- HD-TV**
High-density television; high-resolution digital TV



I

IFRS

International Financial Reporting Standard – compulsory for all German companies since 1 Jan. 2005

In-line

Procedure (e.g. inspection) that is integrated into the production process

Innovation

New or improved product characteristic that puts the product in a unique selling position on the market

Innovation award

Award conferred by the German Chamber of Industry and Commerce that distinguishes exciting innovations of the last three years

Investor relations

Relations between stock exchange-listed companies and their shareholders

ISO

International Standardization Organization

L

Line-scan camera

Camera with line-scan sensor; used for applications where a complete picture is assembled from several picture lines taken one after the other (e.g. inspection of continuous material)

M

Machine vision

Vision technology-based solutions for industrial mass production

Market capitalisation

Number of shares multiplied by the price per share – corresponds to the company's stock exchange value

Marketing mix

Combination of marketing tools (product, distribution channel, communications and price) promoting the achievement of corporate objectives

O

Off-line

Process carried out outside the interlinked production process

Optical Media Inspection

Basler division providing products/services for the optical storage media production industry

O-ring sealing

Ring-shaped common industrial sealing with a round cross section

P

Percentage-of-completion (POC)

Method recording income and expenses associated with long-term customer contracts in the period they occur

Pictures per second

Speed at which a camera takes pictures

Pixel

Light-sensitive picture sensor element

Price-earnings ratio

Price-per-share to earnings-per-share ratio

R

ROCE

Return on capital employed

S

Sealing Inspection

Basler division providing products/services for the rubber and elastomer industries

Surface inspection

Common picture processing procedure in numerous industries – identification and classification of surface faults, e.g. occurring on optical storage media or flat-screen monitors

T

TecDax

Deutscher Aktienindex für Technologiewerte (German technology stock index)

TFT

Thin film transistor – technological principle used in flat-screen monitors

V

VDMA

German machine and plant engineering association

Vision Components

Basler division that delivers picture processing components (e.g. cameras)

Vision Systems

Basler division providing turn-key solutions (includes the Optical Media Inspection, Sealing Inspection, Display Inspection and Web Inspection segments)

Vision technology

Digital picture processing technology

W

Web Inspection

Basler division providing products/services for the plastics industry

Y

Yield management

Management process intended to increase the efficiency of production plants

Upcoming dates

Date	Activity
23 - 26 February 2005	Indian Rubber Expo, Mumbai, India (Sealing Inspection)
7 - 10 March 2005	National Manufacturer Week, Chicago, USA (Vision Components)
9 March 2005	Publication of the 2004 annual report, Ahrensburg, Germany
20 - 22 April 2005	Finetech Show, Tokyo, Japan (Display Inspection)
28 April 2005	Publication of the 1st quarter 2005 results, Ahrensburg, Germany
10 - 12 May 2005	Media Tech Expo, Las Vegas, USA (Optical Media Inspection)
17 - 19 May 2005	Vision Show West, San Jose, USA (Vision Components)
22 June 2005	2005 general shareholders' meeting, Ahrensburg, Germany
11 August 2005	Publication of the 2nd quarter 2005 results, Ahrensburg, Germany
7 - 9 September 2005	Replication Expo, Shanghai, China (Optical Media Inspection)
27 - 29 September 2005	Robotics and Vision Show, Rosemont, USA (Vision Components)
4 - 5 October 2005	Mediatech Showcase & Conference, Frankfurt, Germany (Optical Media Inspection)
8 - 11 November 2005	Vision, Stuttgart, Germany (Vision Components)
1 - 3 November 2005	Rubber Expo, Pittsburgh, USA (Sealing Inspection)
10 November 2005	Publication of the 3rd quarter 2005 results, Ahrensburg, Germany

Solution to page 6



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Imprint

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