



Quarterly Report
Q2 2005

Key Figures:

	Q2/ 2005	Q2/ 2004		+/- in %
Revenues				
Group	10.8	13.2	€ m	-18%
Vision Systems	7.0	8.4	€ m	-17%
Vision Components	3.8	4.8	€ m	-21%
Orders				
Order Income	13.6	10.7	€ m	+27%
Result				
Gross Margin	45	48	%	-3%
EBITDA	1.9	2.7	€ m	-32%
EBIT	0.7	1.8	€ m	-62%
EBT	0.6	1.6	€ m	-64%
Net Result	0.4	1.0	€ m	-59%
Net Margin	4	8	%	-4%
Number of Shares	3.5	3.5	€ m	
Earnings per Share	0.12	0.29	€	-59%

	Q2/ 2005	Q2/ 2004		+/- in %
Cash (as of 30.06.)				
Cash	1.7	2.3	€ m	-23%
Balance Sheet (as of 30.06.)				
Shareholder's Equity	26.9	23.7	€ m	+14%
Working Capital	20.6	19.6	€ m	+5%
Equity Ratio	51	53	%	+2%
Member of Staff (as of 30.06.)				
Number of Staff	365	307		+19%
Revenues per Member of Staff	29.5	43	t€	-31%
Personal Expenses Ratio	46	31	%	+15%
Share (as of 30.06.)				
Share Price (XETRA)	14.50	14.40	€	+1%
Market Cap	50.75	50.4	€ m	+1%

Company Profile

Basler AG is one of the leading companies in the area of machine vision technology. Vision technology consists of computerbased 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 over 360 staff and has a total of 6 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 (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.



Overview:

- At € 10.8m turnover for Q2/2005 down by 18% – at € 21.2m total turnover for first half-year 2005 23% down on same period last year
- Continued good profitability in spite of dip in turnover. Q2/2005 pre-tax earnings at € 0.6m – overall pre-tax earnings for first half-year 2005 at € 1.7m
- Upsurge of incoming orders for Q2/2005 (+27% compared with same period last year) indicate improved turnover and earnings for 2nd half-year 2005 vis-à-vis first half-year 2005 and second half-year 2004
- May forecast for whole year of € 48m turnover and € 5m pre-tax earnings still on track

Dear Ladies and Gentlemen,

As expected and forecasted, turnover and earnings for the first half-year 2005 were down on the exceptionally successful first half-year 2004. Even so, with an upsurge of incoming orders in Q2/2005, we are looking forward to a revitalisation of our target markets with turnover and earnings to top those of 2nd half-year 2004 and 1st half-year 2005.

Turnover

First quarter 2005 turnover came to € 10.8 m, representing an 18% drop compared to the peak performance of the first quarter 2004 (€ 13.2m). Total turnover for the first half-year 2005 came to € 21.2m – a drop of 23% compared to the first half-year 2004 (€ 27.6m).

The downturn in turnover is due on the one hand to the lacklustre performance of the market for the production of optical storage media whilst, on the other, a slight dip in investment in the semiconductor and electronics market caused a temporary decline in turnover in our Vision Components division (see Business Unit Information).

Earnings

Despite weaker turnover, we still achieved an acceptable profitability level in the last quarter. Pre-tax earnings for Q2/2005 came to € 0.6m, giving a pre-tax margin of 5%. Pre-tax earnings for the same quarter last year came to € 1.6m with a pre-tax margin of 12%. After tax earnings for Q2/2005 amounted to € 0.4m (Q2/2004: € 1.0m) giving net earnings per share of € 0.12 (Q2/2004: € 0.29).

For the overall first half-year 2005 pre-tax earnings of € 1.7m were recorded (first half-year 2004: € 5.7m), giving a pre-tax margin of 8% (first half-year 2004: 21%). Earnings after tax totalled € 1.1m (first half-year 2004: € 3.5m) giving net earnings per share of € 0.31 (first half-year 2004: € 1.00).

The drop in earnings is mainly due to drop in turnover compared to the first half year 2004. At the same time the impact of the higher cost basis, introduced in the second half-

year 2004 to keep overall turnover expectations in line with higher quality, customer satisfaction and secure technological leadership, has been making itself felt.

Incoming Orders

In the second quarter 2005 incoming orders for the whole company totalled € 13.6m (Q2/2004: € 10.7m, +27%). This upswing is due to renewed activity in electronics and semiconductors, a critical market for our Vision Component division. In addition, several incoming orders from the optical storage media sector show the first signs of recovery for investment in the market served by our Optical Media Inspection division (see Business Unit Information).

Overall incoming orders for the first half-year 2005 amounted to € 23.7m, a figure only slightly under that of the previous year (first half-year 2004: € 24.1m, -2%) as second quarter 2005 performance has off-set that of the first quarter which was well down on that of the first quarter 2004.

Business Unit Information

Our **Vision Systems** division recorded a second-quarter turnover of € 7.0m, marking a drop in turnover of 17% compared to the same period last year (Q2/2004: € 8.4m). Total turnover for the first half-year came to € 14.0m, a drop of 25% compared to the same period last year (€ 18.6m).

At € 9.0m, second quarter incoming orders for the division represent a substantial improvement of 38% compared to last year's performance (Q2/2004: € 6.5m). Overall incoming orders for Vision Systems in the first half-year stood at € 15.8m, keeping level with last year's performance (€ 15.6m, +1%).

Divisional earnings before interest and taxes (EBIT) for the second quarter 2005 totalled € 0.2m (Q2/2004: € 0.3m, -38%) with an EBIT margin of 3%. For the overall first half-year they came to € 0.8m compared to € 3.4m for the first half-year 2004 (-74%).

In the last quarter turnover and earnings in the Vision Systems division have felt the impact of a significant investment restraint in the supply industries for the optical storage media segment. Following substantial investment in production equipment for the manufacture of recordable DVDs last year, production capacities now seem adequate to meet current demand for media. With the first incoming orders for inspection systems for the production of DVD-Rs and DVD-ROMs in the second quarter 2005, we are expecting new impulses on this cyclical market for the second half-year 2005. In a long-term perspective the new HD-DVD and Blu-Ray media with respective storage capacities of up to 30 and 60 GB are set to drive further growth. And with the USA now about to introduce digital TV, to be followed shortly by Asia and Europe, a significant rise in demand for this kind of high-performance storage medium can be expected starting in 2007.

Quarterly Report Q2/2005

Sales of inspection systems for flat screen production have continued their encouraging development. We have only recently booked the first multi-million Euro order from a leading Taiwanese vendor for a new production line in Colorfilter inspection systems. Colorfilters are applied to glass substrates in an early stage of production and render the color quality of the image on the finished flat screen display. The new Colorfilter product lines represent a major extension to our previous family of products. Up to now we have only been involved in the development and marketing of inspection systems for glass substrates as a primary product. In 2001 we signed an exclusive contract of delivery with Korean and Taiwanese vendors which increased our market share in the glass substrates inspection system segment to around 60%. The market volume for Colorfilter inspection systems we are now addressing is significantly larger than that for pure glass substrate inspection.

The development of our business with inspection systems for the sealing and foil industry remains stable.

Turnover for the first quarter 2005 in the **Vision Components** division sank by 21% to € 3.8m compared to the same period last year (Q2/2004: € 4.8m). Total turnover for the first half year 2005 totalled € 7.2m (first half-year 2004: € 9.1m, -20%). Turnover in this segment has been influenced by a slight drop in demand in the electronics and semiconductor sector. However, with a number of projects in the pipeline and with our books showing an increase in incoming orders, we are expecting a market recovery in the second half-year to bring higher turnover and earnings.

In line with our expectations incoming orders for Q2/2005 rose by 10% to € 4.6m compared to the same period last year (Q2/2004: € 4.2m). Overall incoming orders for the first half-year 2005 totalled € 7.9m or 7% down on the figures for the same period last year due to the weak performance of the first quarter 2005 (first-half year 2004: € 8.5m).

Divisional earnings before interest and taxes (EBIT) also dropped in line with turnover for Q2/2005 to € 0.5m (Q2/2004: € 1.0m). Even so, despite the drop in earnings the EBIT margin could still be maintained at a high level at 14% (Q2/2004: 20%). For the overall first half-year period 2005 EBIT totalled € 1.2m with an overall EBIT margin of 16% compared to figures of € 2.2m and an EBIT margin of 25% for the same period 2005.

Research & Development

In the second quarter 2005 R&D outlay adjusted by capitalization of intangible assets totalled € 0.9m. This represents a drop in R&D outlay of 28% compared to the second quarter 2004 (€ 1.3m). Total R&D outlay for the first half-year 2005 amounted to € 1.9m (first half-year 2004: € 2.4m, -20%). Consistent high investment in R&D still constitutes a key factor in our future growth.

Staff

As of 30 June 2005 we had 365 people on our payroll – a rise of 19% compared to the same time last year (Q2/2004: 307 persons).

The majority of our staff is employed at the company's headquarters in Ahrensburg (322 persons – Q2/2004: 270 persons). Basler Inc. in the USA had a payroll of 14 as of 30 June 2005 (Q2/2004: 15 persons). Basler Asia Pte. Ltd. in Singapore employs a staff of 7 (Q2/2004: 6 persons) while Basler Vision Technologies Inc. in Taiwan has a payroll of 16 (Q2/2004: 16 persons). Our representations in Shanghai and South Korea employ 4 and 2 staff members respectively.

Cash

During the second quarter 2005 liquid funds dropped from € 1.9m as per 1 April 2005 to € 1.7m as per 30 June 2005 – a decrease of € 0.2m or 9% – as investment in the development of future sales revenue was made. In the course of the first half-year 2005 liquid assets dropped from € 3.3m to € 1.7m – an overall decrease of 48%. In the same period 2004 liquid assets dropped from € 3.7m to € 2.3m – a decrease of 40%.

Shares

As of 30 June 2005 the Management Board and the Supervisory Board held the following shares and options (in thousands):

	Shares		Options	
	30.06. 2005	31.03. 2005	30.06. 2005	31.03. 2005
Supervisory Board				
N. Basler (Chairman)	2.0 m	2.0 m	106,907	106,907
B. Priske (Deputy Chairman)	-	-	-	-
K. Ellegast	3,000	3,000	-	-
Management Board				
Dr.-Ing. D. Ley (CEO)	135,282	135,282	23,800	23,800
J. P. Jennings	-	-	3,000	3,000
P. Krumhoff	500	500	4,557	4,557

As of 30 June 2005 the following employee options were in circulation from the 2000 Employee Equity Participation Scheme and the convertible bond of 31 July 2004:

	2000	2004
Issued	82,000	159,036
In circulation as of 31 March 2005	41,072	159,036
Granted	-	-
Exercised	-	-
Expired since 31 March 2005	518	-
In circulation as per 30 June 2005	40,554	159,036



Annual General Meeting

The annual general meeting held on 22 June 2005 in Ahrensburg brought together some 200 shareholders who endorsed the long-term growth strategy embraced by our company. Voting ran entirely in line with the wishes of the administrative bodies and a clear vote of ratification was given both to the Management Board and the Supervisory Board. At the same time the overwhelming majority of shareholders present voted in favor of the proposal to carry forward the profits for 2004. The assembly also ratified the resolution to modify the Articles of Incorporation to bring them into line with the Act on Company Integrity and Modernisation of the Right to Contest (Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts - UMAg). Finally, the shareholders' assembly appointed BDO Deutsche Warentreuhand AG, Hamburg, as auditor for the 2005 fiscal year.

Voting on specific agenda items was as follows

Agenda Item	Yes	%	No	Abstention
Carrying forward of balance sheet profits	2,429,934	99.5	11,297	18,947
Ratification of Management Board	2,459,723	99.9	230	225
Ratification of Supervisory Board	459,423	99.9	530	225
Election of BDO, Hamburg as auditor	2,459,262	99.9	570	346
Changes in Articles of Incorporation: Alignment with UMAg	2,443,097	99.4	15,956	1,125
Purchase and sale of company shares	2,459,083	99.9	870	225

The full Agenda and the Articles of Incorporation may be found at www.baslerweb.com/share.

Corporate Governance - Declaration

The Management Board and the Supervisory Board hereby declare that the recommendations of the Government Commission on the Corporate Governance Codex in the version of 2 June 2005 have been complied with and will be complied with in future with the exception of the following recommendations:

Sub-section 5.3. Formation of Committees

The Supervisory Board does not form any committees. Due to the size of the company, the Supervisory Board of Basler AG consists of three persons. This size enables efficient work to be done whilst the generally accepted minimum requirement for the formation of a committee is set at three persons.

Sub-section 5.4.7. Remuneration of Members of the Supervisory Board

Remuneration of members of the Supervisory Board is set forth in the Articles of Incorporation. Special consideration is given to the remuneration of the chair and deputy chair of the Supervisory Board. However, in the light of the current

level of fixed remuneration, the company does not intend to add a variable component to the remuneration of members of the Supervisory Board.

Sub-section 4.2.4. Individualised Disclosure of Management Board Members' Remuneration

The remuneration of the management board consists of fixed and variable components. These, together with the overall level of remuneration for the Management Board, are set forth in the Appendix to the Management Report. There is no individual presentation of remuneration for the Management Board on a person to person basis. Both the Management Board and Supervisory Board strive for the highest degree of transparency vis-à-vis players on the capital market whilst also honouring the company's interests and those of individuals. In times of increasingly strict data protection regulations, the company considers it inappropriate to disclose personal data which may lead to possible disadvantages for the persons concerned and/or their families.

The Codex, together with all previous declarations of the Codex, together with all previous declarations of commitment and compliance, is continually updated and may be accessed on the Investor Relations pages on the company web site. If you have any questions regarding the Corporate Governance Codex, please contact the Basler AG Compliance Officer, Christian Höck, Tel. + 49 (0) 4102-463 175, christian.hoeck@baslerweb.com.

Outlook

In the second quarter there were clear signs that our target markets will be in much better shape in the second half-year. Apart from the consistent positive investment trend on the market for inspection systems for flat screen production, we also see clear signs of recovery on the electronics and semiconductor market. Furthermore, in the second quarter we were also able once more to secure the first major orders on the market for optical storage media. It still remains to be seen whether the economic recovery will extend to the whole of this market. Even so, we have seen a 27% upswing in incoming orders for the second quarter 2005.

Against this background, we expect a clear upswing in turnover and earnings for the second half-year that will top our performance in the first-half year 2005 and in the second half-year 2004. The forecast we made in May of € 48m turnover and pre-tax earnings of € 5m for the whole 2005 fiscal year is valid.

The Management Board

Dr. Dietmar Ley - John P. Jennings - Peter Krumhoff

Consolidated Balance Sheet

as of 30. 06. 2005 according to IFRS*

Assets

in € thousand

	as of 30.06.2005	as of 31.12.2004
Current assets		
Cash and cash equivalents	1,726	3,291
Short-term accounts		
Accounts receivables, net	5,592	6,517
Accounts out of Percentage of Completion	2,410	277
	8,002	6,794
Inventories		
Finished goods and commodities	1,692	1,505
Work in process and semi-finished goods	1,337	1,687
Raw materials and supplies	4,251	5,029
Merchant's goods	456	639
	7,736	8,860
Other accounts and financial assets	588	691
	18,052	19,636
Long-term assets		
Property and equipment		
Plant and machinery	2,257	2,246
Other intangible assets	981	557
Capitalization of development	9,775	7,568
	13,013	10,371
Deferred taxes	9,216	7,083
	22,229	17,454
Total assets	40,281	37,090

* unaudited

Consolidated Balance Sheet

as of 30. 06. 2005 according to IFRS*

Liabilities

in € thousand

	as of 30.06.2005	as of 31.12.2004
Shareholder's equity		
Subscribed capital	3,500	3,500
Capital reserve	1,268	1,268
Equation of currency exchange	61	90
Accumulated earnings	15,817	14,726
Sum shareholder's equity	20,646	19,584
Liabilities		
Long-term liabilities		
Silent partnership	1,023	1,023
Convertible bond	2,727	2,727
Long-term loans	511	511
Long-term accrued liabilities	0	421
Other long-term liabilities	0	0
Deferred taxes	5,667	3,115
Sum long-term liabilities	9,928	7,797
Short-term liabilities		
Short-term liabilities to banks	3,600	2,500
Notes payable to shareholder's equity	872	97
Advanced payments received	493	1,528
Trade accounts payable	1,235	1,713
Other liabilities	1,574	1,220
Accrued expenses	2,195	2,651
Sum short-term liabilities	9,707	9,709
Sum liabilities	19,635	17,506
Total liabilities	40,281	37,090

* unaudited

Consolidated Profit and Loss Statement
as of 30. 06. 2005 according to IFRS*

in € thousand, result per share in €

	Q2/2005 01.04.- 30.06.2005	Q2/2004 01.04.- 30.06.2004	1st Half 2005 01.01.- 30.06.2005	1st Half 2004 01.01.- 30.06.2004
Sales	10,763	13,200	21,228	27,641
Cost of Sales	-5,913	-6,865	-10,958	-13,139
Gross profit	4,850	6,335	10,270	14,502
Sales and marketing expenses	-1,865	-1,783	-3,542	-3,639
General and administrative expenses	-1,742	-1,661	-3,712	-2,847
Research and development expenses				
Costs	-2,076	-1,962	-4,147	-3,804
Capitalization of intangible assets	2,015	1,367	3,887	2,735
Deduction for depreciation on capitalized intangible assets	-887	-716	-1,663	-1,344
Research and Development	-948	-1,311	-1,923	-2,413
Other income	400	230	773	579
Operating results	695	1,810	1,866	6,182
Interest results	-116	-188	-216	-446
Result before income taxes	579	1,622	1,650	5,736
Income taxes	-157	-594	-559	-2,224
Group net income for period	422	1,028	1,091	3,512
Number of shares	3,500,000	3,500,000	3,500,000	3,500,000
Number of shares (diluted)	3,755,875	3,576,808	3,755,875	3,576,808
Result per share	0.12	0.29	0.31	1.00
Fully diluted result per share	0.11	0.29	0.29	0.98

* unaudited

Consolidated Statement of Cash Flow

as of 30. 06. 2005 according to IFRS*

in € thousand	01.01. - 30.06.2005	01.01. - 30.06.2004
Group net profit	1,091	3,512
Deprecation of fixed and intangible assets	2,156	1,743
Accrued expenses	-877	372
Deferred taxes	419	2,086
Invalid payment changes in shareholder's equity	-28	28
Result from disposal of equipment	26	0
Inventories	1,124	-2,209
Trade accounts receivable	-1,208	-4,418
Other assets, which are not assigned to investing or financing activities	92	-99
Advanced payments received	-1,036	108
Accounts payable	-139	307
Notes payable to shareholders	0	38
Other liabilities, which are not assigned to investing or financing activities	528	38
Cash Flow from operating activities	2,148	1,506
Revenue from disposal of equipment	41	0
Purchase of equipment	-4,854	-2,990
Cash Flow from investing activities	-4,813	-2,990
Increase in cash received by bank loan	1,100	0
Cash Flow from financing activities	1,100	0
Net change in cash	-1,565	-1,484
Cash at beginning of period	3,291	3,740
Cash at end of period	1,726	2,256
Cash and cash equivalents	1,726	2,256
Paid out for interests	153	0
Paid out for taxes	38	0

* unaudited

Primary Group Segment Information

according to IFRS*

for the Second Quarter 2005

in € thousand	Vision Systems		Vision Components		Reconciliation		Group	
	Q2/2005	Q2/2004	Q2/2005	Q2/2004	Q2/2005	Q2/2004	Q2/2005	Q2/2004
Segment revenues	6,980	8,432	3,783	4,768	0	0	10,763	13,200
Segment results (EBIT)	213	343	539	968	-57	498	695	1,809
Segment investments	1,388	747	785	506	418	146	2,591	1,399
Segment depreciations	655	543	290	217	215	140	1,160	900

* unaudited

for the First Half Year 2005

in € thousand	Vision Systems		Vision Components		Reconciliation		Group	
	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004
Segment revenues	13,990	18,582	7,238	9,059	0	0	21,228	27,641
Segment results (EBIT)	790	3,356	1,150	2,234	-74	591	1,866	6,181
Segment assets	15,909	19,664	8,681	7,159	4,162	1,417	28,752	28,240
Segment liabilities	527	3,462	2	5	1,628	4,193	2,157	7,660
Segment investments	2,611	1,597	1,590	1,082	653	311	4,854	2,990
Segment depreciations	1,234	1,062	529	363	393	318	2,156	1,743

* unaudited

Secondary Group Segment Information

according to IFRS*

for the Second Quarter 2005

in € thousand	Europe		Reconciliation		Group	
	Q2/2005	Q2/2004	Q2/2005	Q2/2004	Q2/2005	Q2/2004
Segment revenues	10,763	13,200	0	0	10,763	13,200
Segment investments	2,173	1,253	418	146	2,591	1,399

* unaudited

for the First Half Year 2005

in € thousand	Europe		Reconciliation		Group	
	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004
Segment revenues	21,228	27,641	0	0	21,228	27,641
Segment assets	24,590	5,590	4,162	1,417	28,752	7,007
Segment investments	4,201	2,679	653	311	4,854	2,990

* unaudited

Consolidated Changes in Statement of Shareholder's Equity

as of 30. 06. 2005 according to IFRS*

in € thousand

	Nominal capital	Capital reserve	Equation of currency exchange	Accumulated earnings	Sum
Shareholder's equity as of 01.01.2004	3,500	995	-87	9,714	14,122
Difference from currency conversion			-8		-8
Group net profit for year				3,512	3,512
Shareholder's equity as of 30.06.2004	3,500	995	-95	13,226	17,626
Difference from currency conversion			185		185
Group net profit for year				1,500	1,500
Issue of convertible bond		273			273
Shareholder's equity as of 31.12.2004	3,500	1,268	90	14,726	19,584
Difference from currency conversion			-29		-29
Group net profit for year				1,091	1,091
Shareholder's equity as of 30.06.2005	3,500	1,268	61	15,817	20,646

* unaudited

Notes to the consolidated financial statements

General information

1. Compliance with IFRS

Concerning the IFRS conversion as per 31 December 2005, we discussed our accounting and consolidation methods according to IFRS with our auditors. Accounting and consolidation methods according to IFRS cannot be finally determined before the first annual accounts according to IFRS have been approved as of 31 December 2005, since until this date, any changes to the standards must be taken into account retroactively.

2. Valuation differences compared to the annual accounts

Construction contracts are accounted for according to the

percentage-of-completion method (PoC method). The percentage of completion is determined on the basis of the cost-to-cost method. Contracts are either recorded on the asset side under "Receivables arising from PoC" or under the liability side under "Liabilities arising from PoC". Where the accumulated performance exceeds the advance payments, contracts are recorded on the asset side; in the opposite case, they are recorded on the liability side.

Internally produced intangible assets that provide the group with a potential future benefit and can be reliably valued are capitalized at production cost. After their completion, scheduled straight-line depreciation is applied over their useful life of three years. In accordance with IAS 36, the value maintained by the internally produced intangible assets is regularly monitored using a systematic process.

Dates

Date	Event
07.-09. September 2005	Replication Expo, Shanghai, China (Optical Media Inspection)
27.-29. September 2005	Robotics and Vision Show, Rosemont, USA (Vision Components)
04.-05. October 2005	Mediatech Showcase & Conference, Frankfurt, Germany (Optical Media Inspection)
11.-13. October 2005	Isgatec, Nürnberg, Germany (Sealing Inspection)
01.-03. November 2005	Vision, Stuttgart, Germany (Vision Components)
08.-10. November 2005	Rubber Expo, Pittsburgh, USA (Sealing Inspection)
10. November 2005	Release of Third Quarter Results 2005, Ahrensburg, Germany
02. March 2006	Release of full year results 2005, Ahrensburg, Germany



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