Press Release

May 30, 2008

ISRA VISION AG: Report for the First Six Months of the 2007/2008 Fiscal Year

ISRA has significantly increased its revenue and profit - profitability has improved even further

- **Growth in revenue of 29 percent in comparison to the first half of the previous fiscal year**
- **EBT margin of 16 percent, five percentage points better than in the 2006/2007 fiscal year**
- **Earnings per share rose by 17 percent to 0.83 Euros**
- **Increased order backlog of 35 million Euros**
- **Four acquisitions are being quickly integrated into the ISRA group**

ISRA VISION AG, one of the global top five suppliers for industrial image processing (Machine Vision) and the world's market leader for surface inspection systems, continues its successful launch into the 2007/2008 fiscal year (October 1, 2007 to September 30, 2008) with a successful second quarter. The group's sales increased by 29 percent to 30 million Euros in comparison to the first half of the previous fiscal year. The integration of the latest acquisitions, Image Automation Ltd. (December 2006), Image Automation Inc. (January 2007), Parsytec AG (July 2007) and Metronom (November 2007) is still progressing on schedule. The EBT margin (profit before taxes to total operating revenue) improved to 16 percent - five percentage points more than in the entire 2006/2007 fiscal year. At 35 million Euros, the order backlog has grown relative to the first quarter.

ISRA has considerably increased its revenue on the German markets and in international business. The largest growth drivers in the first half of the 2007/2008 fiscal year came from Asia. In Europe, ISRA also saw sound growth in revenue. Only customers in North America have reacted to the insecure economic developments with a reluctance to invest. ISRA expanded its already dominant market position in the Surface Vision sector. In comparison to the corresponding period in the previous year, the total operating revenue increased by 35 percent to 25.0 million Euros in the Surface Vision sector. In the Industrial Automation segment, ISRA’s total operating revenue increased by 18 percent to 9.1 million Euros.

Growth in revenue and profit increased - profitability has improved even further

In the first six months of 2007/2008 fiscal year, the ISRA group’s sales increased by 29 percent to around 30 million Euros. The total operating revenue rose by 30 percent to 34.1 million Euros. The integration of the acquisitions is proceeding successfully. This can be seen in the increase in efficiency, especially when measured against the figures from the previous 2006/2007 fiscal year. The material costs climbed by 19 percent to 6.4 million Euros. The ratio of material costs therefore dropped by two percentage points to 19 percent. In comparison to the entire previous fiscal year, the ratio for costs of materials even decreased by three percentage points. The gross margin thus reached 58 percent (previous year: 59 percent). ISRA VISION spent 5.4 million Euros for research and development (previous year 3.7 million Euros). The marketing, sales & administration costs increased to 6.6 million Euros (previous year: 4.9 million Euros). At 19 percent of the total operating revenue, their proportion sank in comparison to the value of the same period of the previous year, three points below the value of the entire previous fiscal year. The EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) improved by 25 percent to 8.4 million Euros. Thus, the EBITDA margin (EBITDA to total operating revenue) is at 25 percent (at the end of the fiscal year September 30, 2007: 19 percent). The EBT, the primary performance indicator for value-oriented corporate governance, reached 5.3 million after having been 4.5 million Euros in the corresponding period in the previous year. At 16 percent of the total operating revenue (previous year: 17 percent), the EBIT margin fully achieved the Executive Board’s target for earnings. After taxes and minority interests, the net profit rose by 17 percent to 3.6 million Euros. The result increased to 0.83 Euros per share (previous year: 0.71 Euros) - based on 4,332,726 shares (previous year: 4,337,940 shares).

Outlook

ISRA will be continuing the growth that it has been ceaselessly pursuing for ten years now, without losing any of its momentum. This is what has made ISRA one of the most growth-intensive technology companies on the stock market. The integration of the four acquisitions have progressed as planned, especially the largest one, Parsytec; the synergies have already had a positive impact on the business figures. Besides printed electronics, ISRA also wants to expand the area of application for its inspection solutions for components of large solar power plants. ISRA has developed a measurement technology especially for this purpose, a technology that checks the optical characteristics of the components in order to ensure and optimize energy efficiency. The international sales team, the important drivers for dynamic expansion, has been expanded and now has an office on the Iberian Peninsula.

With its current order backlog of 35 million Euros, ISRA intends to reach more than 65 million Euros in revenue in this fiscal year and over 75 million Euros in revenue in the coming one. The gross margin should increase in the long term from its current 58 percent to 60 percent. The earnings target for 2007/2008 remains an EBT margin of 15 percent (relative to the total operating revenue) and at 19 percent for 2008/2009 relative to the total operating revenue.

Company profile:

ISRA VISION AG in combination with its subsidiaries is one of the top five suppliers of industrial image processing (Machine Vision) globally. Thereby the Machine Vision company concentrates on the business divisions Surface Vision, Robot Vision and Quality Vision. ISRA is the world leader in the surface inspection sector. Todays clients of the ISRA group include amongst others Daimler, KUKA, ABB, BMW, Volkswagen, General Motors, Ford, Schott, Saint Gobain, Pilkington, MAN Roland, Asahi, 3M, DuPont, Stora Enso, Weyerhaeuser, International Paper, Ahlstrom Crane ArcelorMittal, Nippon Steel, Thyssen Krupp, SeverStal and China Steel.

Operating EBT in fiscal year 2006/2007 (ending Sept. 30) was € 6.3 million (2005/2006: € 10.0 million). Total output for 2006/2007 came to € 58.6 million (2005/2006: € 53.5 million). During the past ten years, ISRA was able to increase its total output by close to 31% per year on average, while EBT grew by an average 36% per year. The ISRA group is acting worldwide with approx. 400 employees at 16 locations in the regions Europe, Americas and Asia.

ISRA uses digital image processing technology for the optical inspection of endless web materials (such as glass, film, nonwoven, paper and metal) and for robot guidance tasks in the context of automated production and packaging. According to expert estimates, at present only some 25% of possible applications are being exploited. Currently the global market volume comes to some € 6.5 billion. Annual growth rates world-wide are currently estimated at 7%.

For further details, please contact:

ISRA VISION AG
Industriestraße 14
D-64297 Darmstadt

Tel.: +49 (0) 6151 948-0
Fax: +49 (0) 6151 948-140
E-Mail: info@isravision.com
Internet: www.isravision.com

Investor Relations:

investor@isravision.com
Sandra Braun (sbraun@isravision.com)
Tel.: +49 (0) 6151 948-209

Dagmar Edler (dedler@isravision.com)
Tel.: +49 (0) 6151 948-120

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Consolidated Total-Operating-Revenue-EBITDA-EBIT-statement *)***)

from Oct. 1, 2007 to Mar. 31, 2008 in T€

	FY 2007/2008 6 months (Oct. 1, 2007 to Mar. 31, 2008)		FY 2006/2007 6 months (Oct. 1, 2006 to Mar. 31, 2007)		FY 2007/2008 3 months (Jan. 1, 2008 to Mar. 31, 2008)		FY 2006/2007 3 months (Jan. 1, 2007 to Mar. 31, 2007)	
Net sales	**29,881**	**88%**	**23,195**	**89%**	**14,757**	**87%**	**11,324**	**88%**
Capitalized development	4,205	12%	2,997	11%	2,243	13%	1,498	12%
Total operating revenue	**34,086**	**100%**	**26,192**	**100%**	**17,000**	**100%**	**12,822**	**100%**
Cost of materials	6,442	19%	5,401	21%	3,139	18%	2,678	21%
Cost of labor excluding depreciation	7,858	23%	5,379	21%	3,932	23%	2,579	20%
Production cost excluding depreciation	**14,300**	**42%**	**10,780**	**41%**	**7,071**	**42%**	**5,257**	**41%**
Gross Profit	**19,786**	**58%**	**15,412**	**59%**	**9,929**	**58%**	**7,565**	**59%**
Research and development costs total excluding depreciation	**5,426**	**16%**	**3,650**	**14%**	**2,695**	**16%**	**1,830**	**14%**
Sales and marketing costs	4,450	13%	3,407	13%	2,057	12%	1,618	13%
Administration costs	2,170	6%	1,471	6%	1,087	6%	684	5%
Sales and administration costs excluding depreciation	**6,620**	**19%**	**4,878**	**19%**	**3,144**	**18%**	**2,302**	**18%**
Other operational revenue/expenses	679	2%	-163	-1%	345	2%	-271	-2%
EBITDA	**8,419**	**25%**	**6,721**	**26%**	**4,435**	**26%**	**3,162**	**25%**
Depreciation	3,048	9%	2,393	9%	1,662	10%	1,203	9%
Total costs	**15,094**	**44%**	**10,921**	**42%**	**7,501**	**44%**	**5,335**	**42%**
EBIT	**5,371**	**16%**	**4,328**	**17%**	**2,773**	**16%**	**1,959**	**15%**
Financial result	-48	0%	197	1%	56	0%	85	1%
EBT	**5,323**	**16%**	**4,525**	**17%**	**2,828**	**17%**	**2,044**	**16%**
Taxes on earnings	1,549	5%	1,449	6%	811	5%	621	5%
Net profit for the period	**3,774**	**11%**	**3,076**	**12%**	**2,018**	**12%**	**1,423**	**11%**
Minorities	174	1%	0	0%	63	0%	0	0%
Net profit after minorities	**3,600**	**11%**	**3,076**	**12%**	**1,954**	**11%**	**1,423**	**11%**
Earnings per share in € before tax**)	1.23		1.04		0.65		0.47	
Earnings per share in € *)	0.83		0.71		0.45		0.33	
Shares issued	4,332,726****)		4,337,940		4,327,396****)		4,337,940	

*) according to IFRS unaudited
**) per-share result undiluted and diluted
***) This pro forma statement is an additional presentation based on the comprehensive presentation given in previous years and not part of the IFRS consolidated financial statements.
****) weighted number of shares

The More You See...

Press Release
May 30, 2008

Consolidated income statement*)***)
from October 1, 2007 to March 31, 2008 in T€

	FY 2007/2008 6 months (Oct. 1, 2007 to Mar. 31, 2008)		FY 2005/2006 6 months (Oct. 1, 2006 to Mar. 31, 2007)		FY 2007/2008 3 months (Jan. 1, 2008 to Mar. 31, 2008)		FY 2006/2007 3 months (Jan. 1, 2007 to Mar. 31, 2007)	
Net sales	**29,881**	**100%**	**23,195**	**100%**	**14,757**	**100%**	**11,324**	**100%**
Cost of sales	**14,602**	**49%**	**11,004**	**47%**	**7,256**	**49%**	**5,374**	**47%**
Gross operating result (gross profit)	**15,279**	**51%**	**12,191**	**53%**	**7,501**	**51%**	**5,950**	**53%**
Research and development	**3,712**	**12%**	**2,594**	**11%**	**1,779**	**12%**	**1,311**	**12%**
Total costs	5,426	18%	3,650	16%	2,695	18%	1,830	16%
Depreciation	2,492	8%	1,967	8%	1,327	9%	981	9%
Grants	0	0%	-24	0%	0	0%	0	0%
Capitalized development	-4,205	-14%	-2,997	-13%	-2,242	-15%	-1,498	-13%
Sales and marketing cots	**4,621**	**15%**	**3,549**	**15%**	**2,156**	**15%**	**1,692**	**15%**
Administration costs	**2,254**	**8%**	**1,532**	**7%**	**1,138**	**8%**	**715**	**6%**
Sales and administration costs	**6,874**	**23%**	**5,081**	**22%**	**3,293**	**22%**	**2,407**	**21%**
Other operational revenue/expenses	-679	-2%	-188	-1%	-344	-2%	-272	-2%
Financial result	-48	0%	197	1%	-56	0%	-85	-1%
Earnings before taxes (EBT)	**5,323**	**18%**	**4,525**	**20%**	**2,828**	**19%**	**2,045**	**18%**
Taxes on earnings	1,549	5%	1,449	6%	811	5%	621	5%
Net profit for the period	**3,774**	**13%**	**3,076**	**13%**	**2,018**	**14%**	**1,424**	**13%**
Minorities	174	1%	0	0%	63	0%	0	0%
Net profit after minorities	**3,600**	**12%**	**3,076**	**13%**	**1,954**	**13%**	**1,424**	**13%**
Earnings per share in € before tax **)	1.23		1.04		0.65		0.47	
Earnings per share in € **)	0.83		0.71		0.45		0.33	
Shares issued	4,332,726****)		4,337,940		4,327,396****)		4,337,940	

*) according to IFRS/IAS unaudited
**) per share result undiluted and diluted
***) The company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.
****) weighted number of shares

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ISRA VISION

Consolidated Balance Sheet**)
as of March 31, 2008 in T€

Assets	Mar. 31, 2008*	Sep. 30, 2007
Current Assets		
Cash and cash equivalents	**12,897**	**22,292**
Trade receivables	31,923	31,659
Inventories	15,591	15,939
Prepaid Expenses	190	62
Other assets	6,184	4,554
Total current assets	**66,785**	**74,506**
Fixed assets		
Goodwill	38,058	34,582
Other intangible assets	29,343	27,439
Tangible assets	2,549	2,773
Deferred tax assets	3,702	3,753
Total fixed assets	**73,652**	**68,547**
Total assets	**140,437**	**143,053**

Equity and liabilities	Mar. 31, 2008*	Sep. 30, 2007
Short-term liabilities		
Trade payables	4,360	6,023
Bank liabilities	33,182	25,200
Accruals	1,261	1,402
Tax accruals	842	1,471
Deferred income	686	464
Other liabilities	10,258	22,127
Total short-term liabilities	**50,589**	**56,687**
Long-term liabilities		
Deferred tax liabilities	12,056	10,558
Bank liabilities	4,200	4,200
Accruals for obligations to employees	1,677	1,638
Total long-term liabilities	**17,933**	**16,396**
Equity		
Issued capital	4,314	4,338
Capital reserves	36,911	37,168
Currency exchange variations	-1,380	-1,152
Minorities	1,470	1,967
Profit brought forward	26,999	22,528
Net profit for the period	3,600	5,121
Total equity	71,914	69,970
Total equity and liabilities	**140,437**	**143,053**

*) according to IFRS, unaudited
**) The company 's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB). In the year under review the IFRSs and SICs which must compulsorily be applied were followed.

Consolidated Cash-flow Statement*)**)

from October 1, 2007 to March 31, 2008 in T€

	Oct. 1, 2007 to Mar. 31, 2008	Oct. 1, 2006 to Mar. 31, 2007
Consolidated net profit for the period	**3,600**	**3,076**
Taxes paid	-427	-262
Changes in the deferred tax assets and the accruals for deferred tax liabilities	1,549	533
Changes in accruals for taxes on income	-628	608
Changes in accruals	-509	-32
Depreciation	2,448	2,393
Changes in inventories	548	-304
Changes in trade receivables, other assets, prepaid expenses	-1,677	1,557
Changes in trade payables, other liabilities, deferred income	-4,209	-2,201
Changes in other accruals	222	0
Cash-flow from operating activities	**917**	**5,368**
Investments in tangible assets	-90	-222
Investments in intangible assets	-4,414	-3,140
Investments in acquisitions	-12,610	139
Cash-flow from investment activities	**-17,114**	**-3,223**
Deposits arising from equity increase	-252	0
Dividend distribution	-651	-651
Deposits arising from financial liabilities	7,982	1,900
Interest paid and received	-48	195
Cash-flow from financing activities	**7,031**	**1,444**
Changes in value resulting from exchange rate variations	-229	-313
Change in fund assets	**-9,395**	**3,276**
Net Cash-flow		
Fund assets as per Oct. 01, 2007/ Oct. 01, 2006	22,292	15,515
Fund assets as per Mar. 31, 2008/ Mar. 31, 2007	12,897	18,791

*) according to IFRS/IAS, unaudited
**) The company 's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs)of the International Accounting Standards Board (IASB).In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Segment Reporting by Division

for selected positions of the consolidated income statement
In T€*)**)

	Industrial Automation Division		Surface Vision Division	
	Oct. 1, 2007 to Mar. 31, 2008	Oct. 1, 2006 to Mar. 31, 2007	Oct. 1, 2007 to Mar. 31, 2008	Oct. 1, 2006 to Mar. 31, 2007
Total Output	9,100	7,734	24,986	18,458
Revenues	7,959	6,927	21,922	16,267
EBITDA	2,325	1,984	6,094	4,738
EBIT	1,429	1,264	3,942	3,065

*) according to IFRS, unaudited
**) The company 's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB). In the year under review the IFRSs and SICs which must compulsorily be applied were followed.