Press Release

August 25, 2008

ISRA VISION AG: 9 month report 2007/2008

ISRA achieves significant growth in revenue (+45%) with increasing profitability (+80%)

Darmstadt, August 25, 2008 – ISRA VISION AG (ISIN: DE 0005488100), globally one of the top five suppliers of industrial image processing (Machine Vision) and the world market leader for surface inspection systems, has accelerated its profitable growth in the third quarter of the 2007/2008 fiscal year. Compared to the first nine months of the previous year, the group's revenue has increased by 45 percent to 46.7 million Euros. The EBIT increased by 9.1 million Euros and has thus more than doubled. The EBT rose by 80 percent to 8.0 million Euros. The EBT margin improved by 15 percent – three percentage points more than in the previous year. After only nine months, the earnings per share reached 1.22 Euros, thus exceeding the value for the entire previous year of 1.18 Euros.

In the first nine months of the 2007/2008 fiscal year (October 1. 2007–September 30, 2008), ISRA greatly increased its revenue especially in Germany, Europe and Asia. The greatest growth impetus came from Asia. ISRA expanded its dominant market position in the Surface Vision sector. The total operating revenue increased here in the first nine months by 54 percent to 39.1 million Euros. The EBITDA improved by 114 percent to reach 10.0 million Euros; the EBIT increased by 212 percent to reach 6.9 million Euros. In the Industrial Automation segment, the total operating revenue increased by 19 percent to 13.6 million Euros. The EBITDA rose by 9 percent to 3.5 million and the EBIT by 14 percent to 2.2 million Euros.

In the first nine months, the revenue in the ISRA Group increased by 45 percent compared to the corresponding period in the previous year to 46.7 million Euros, and the total operating revenue climbed by 43 percent to 52.7 million Euros. The increase in the costs for materials was below average compared to the total operating revenue, increasing by 37 percent to 10.3 million Euros. At 20 percent, the ratio of costs for materials fell two percentage points below the entire previous fiscal year. The total costs of production increased by 40 percent to 21.9 million Euros. The gross margin thus reached 58 percent (previous year: 58 percent). In the third quarter, the gross margin even increased to 59 percent (previous year: 54 percent). ISRA VISION spent 7.9 million Euros on research and development (previous year 5.8 million Euros). The marketing, sales & administration costs increased to 10.0 million Euros (previous year: 7.6 million Euros). The EBITDA improved by 71 percent to 13.5 million Euros. Thus, the EBITDA margin is 26 percent (as of the end of the fiscal year September 30, 2007: 19 percent). ISRA succeeded in more than doubling its EBIT to 9.1 million Euros. The EBT, the primary performance indicator for value-oriented corporate governance, reached 8.0 million Euros – an increase of 80 percent. At 15 percent of the total operating revenue (previous year: 12 percent), the EBT margin fully achieved the target for earnings. The net profit climbed by 71 percent to 5.3 million Euros. The results per share increased to 1.22 Euros (previous year: 0.71 Euros), thus exceeding the value of the entire previous year after only nine months.

ISRA is continuing its dynamic growth, which has gone on uninterrupted for ten years now. To take advantage of its major market potential, the company is investing in expanding its sales team. In the current fiscal year, sales and services have increased by 20 percent. ISRA will be opening sales offices in Russia and India in the upcoming months.

The integration of the acquired companies is proceeding according to schedule and will be complete at the end of the year, at the latest. The goal was to bring Parsytec's profitability – measured in its EBT margin – in line with ISRA's. This goal has largely been reached. An important step towards further improving its profitability is now effectively optimizing the administration, which is currently being actively handled. With its innovative, high-performance products and product lines, such as those in the segment of printed electronics and sheet offset printing, ISRA also wants to acquire additional customers and increase its market penetration. In addition to this, ISRA will be expanding the field of application of its inspection systems to include solar power plants.

With its current order backlog of 40 million Euros, ISRA is adhering to the growth targets it has been releasing up till now.

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 three 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:

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Press Release

August 25, 2008

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

from Oct. 1, 2007 to Jun. 30, 2008 in T€

	FY 2007/2008 9 months (Oct. 1, 2007 to Jun. 30, 2008)		FY 2006/2007 9 months (Oct. 1, 2006 to Jun. 30, 2007)		FY 2007/2008 3 months (Apr. 1, 2008 to Jun. 30, 2008)		FY 2006/2007 3 months (Apr. 1, 2007 to Jun. 30, 2007)	
Net sales	**46,673**	**89%**	**32,265**	**88%**	**16,792**	**90%**	**9,070**	**85%**
Capitalized development	6,041	11%	4,574	12%	1,836	10%	1,577	15%
Total operating revenue	**52,714**	**100%**	**36,839**	**100%**	**18,628**	**100%**	**10,647**	**100%**
Cost of materials	10,342	20%	7,538	20%	3,900	21%	2,137	20%
Cost of labor excluding depreciation	11,553	22%	8,094	22%	3,695	20%	2,715	26%
Production cost excluding depreciation	**21,895**	**42%**	**15,632**	**42%**	**7,595**	**41%**	**4,851**	**46%**
Gross Profit	**30,819**	**58%**	**21,207**	**58%**	**11,033**	**59%**	**5,795**	**54%**
Research and development costs total excluding depreciation	**7,900**	**15%**	**5,819**	**16%**	**2,474**	**13%**	**2,169**	**20%**
Sales and marketing costs	6,838	13%	5,436	15%	2,388	13%	2,029	19%
Administration costs	3,211	6%	2,195	6%	1,041	6%	724	7%
Sales and administration costs excluding depreciation	**10,048**	**19%**	**7,632**	**21%**	**3,428**	**18%**	**2,753**	**26%**
Other operational revenue/expenses	618	1%	131	0%	-61	0%	295	3%
EBITDA	**13,489**	**26%**	**7,888**	**21%**	**5,070**	**27%**	**1,168**	**11%**
Depreciation	4,368	8%	3,721	10%	1,320	7%	1,328	12%
Total costs	**22,316**	**42%**	**17,172**	**47%**	**7,222**	**39%**	**6,251**	**59%**
EBIT	**9,120**	**17%**	**4,167**	**11%**	**3,749**	**20%**	**-161**	**-2%**
Financial result	-1,071	-2%	299	1%	-1,023	-5%	102	1%
EBT	**8,049**	**15%**	**4,465**	**12%**	**2,726**	**15%**	**-59**	**-1%**
Taxes on earnings	2,495	5%	1,387	4%	946	5%	-62	-1%
Net profit for the period	**5,554**	**11%**	**3,079**	**8%**	**1,780**	**10%**	**3**	**0%**
Minorities	286	1%	0	0%	112	1%	0	0%
Net profit after minorities	**5,268**	**10%**	**3,079**	**8%**	**1,668**	**9%**	**3**	**0%**
Earnings per share in € before tax**)	1.86		1.03		0.63		0.00	
Earnings per share in € **)	1.22		0.71		0.39		0.00	
Shares issued	4,326,464****)		4,337,940		4,313,940****)		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

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Press Release

August 25, 2008

Consolidated income statement*)***)

from Oct. 1, 2007 to Jun. 30, 2008 in T€

	FY 2007/2008 9 months (Oct. 1, 2007 to Jun. 30, 2008)		FY 2006/2007 9 months (Oct. 1, 2006 to Jun. 30, 2007)		FY 2007/2008 3 months (Apr. 1, 2008 to Jun. 30, 2008)		FY 2006/2007 3 months (Apr. 1, 2007 to Jun. 30, 2007)	
Net sales	**46,673**	**100%**	**32,265**	**100%**	**16,792**	**100%**	**9,070**	**100%**
Cost of sales	**22,234**	**48%**	**15,951**	**49%**	**7,632**	**45%**	**4,947**	**55%**
Gross operating result (gross profit)	**24,440**	**52%**	**16,314**	**51%**	**9,161**	**55%**	**4,123**	**45%**
Research and development	**5,595**	**12%**	**4,322**	**13%**	**1,882**	**11%**	**1,726**	**19%**
Total costs	7,900	17%	5,819	18%	2,474	15%	2,169	24%
Depreciation	3,736	8%	3,102	10%	1,244	7%	1,135	13%
Grants	0	0%	-24	0%	0	0%	0	0%
Capitalized development	-6,041	-13%	-4,574	-14%	-1,836	-11%	-1,577	-17%
Sales and marketing cots	**7,037**	**15%**	**5,650**	**18%**	**2,416**	**14%**	**2,101**	**23%**
Administration costs	**3,305**	**7%**	**2,282**	**7%**	**1,051**	**6%**	**750**	**8%**
Sales and administration costs	**10,342**	**22%**	**7,932**	**25%**	**3,467**	**21%**	**2,851**	**31%**
Other operational revenue/expenses	-618	-1%	-107	0%	61	0%	-295	-3%
Financial result	1,071	2%	-299	-1%	1,023	6%	-102	-1%
Earnings before taxes (EBT)	**8,049**	**17%**	**4,465**	**14%**	**2,726**	**16%**	**-57**	**-1%**
Taxes on earnings	2,495	5%	1,387	4%	946	6%	-62	-1%
Net profit for the period	**5,554**	**12%**	**3,079**	**10%**	**1,780**	**11%**	**5**	**0%**
Minorities	286	1%	0	0%	112	0%	0	0%
Net profit after minorities	**5,268**	**11%**	**3,079**	**10%**	**1,668**	**10%**	**5**	**0%**
Earnings per share in € before tax **)	1.86		1.03		0.63		0.00	
Earnings per share in € **)	1.22		0.71		0.39		0.00	
Shares issued	4,326,464****)		4,337,940		4,313,940****)		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 June 30, 2008 in T€

Assets	Jun. 30, 2008*	Sep. 30, 2007
Current Assets		
Cash and cash equivalents	**11,953**	**22,292**
Trade receivables	35,269	31,659
Inventories	14,947	15,939
Prepaid Expenses	159	62
Other assets	6,325	4,554
Total current assets	**68,653**	**74,506**
Fixed assets		
Goodwill	39,894	34,582
Other intangible assets	30,066	27,439
Tangible assets	2,529	2,773
Deferred tax assets	3,425	3,753
Total fixed assets	**75,914**	**68,547**
Total assets	**144,567**	**143,053**

Equity and liabilities	Jun. 30, 2008*	Sep. 30, 2007
Short-term liabilities		
Trade payables	6,183	6,023
Bank liabilities	34,316	25,200
Accruals	1,320	1,402
Tax accruals	630	1,471
Deferred income	738	464
Other liabilities	8,509	22,127
Total short-term liabilities	**51,696**	**56,687**
Long-term liabilities		
Deferred tax liabilities	12,726	10,558
Bank liabilities	4,200	4,200
Accruals for obligations to employees	1,703	1,638
Total long-term liabilities	**18,629**	**16,396**
Equity		
Issued capital	4,314	4,338
Capital reserves	36,903	37,168
Currency exchange variations	-599	-1,152
Minorities	1,356	1,967
Profit brought forward	26,999	22,528
Net profit for the period	5,268	5,121
Total equity	74,243	69,970
Total equity and liabilities	**144,567**	**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.

ISRA VISION

Consolidated Cash-flow Statement*) **)

from Oct. 1, 2007 to Jun. 30, 2008 in T€

	Oct. 1, 2007 to Jun. 30, 2008	Oct. 1, 2006 to Jun. 30, 2007
Consolidated net profit for the period	**5,268**	**3,079**
Taxes paid	-855	-1,081
Changes in the deferred tax assets and the accruals for deferred tax liabilities	2,495	525
Changes in accruals for taxes on income	-840	273
Changes in accruals	-426	123
Depreciation	4,368	3,721
Changes in inventories	1,192	-1,219
Changes in trade receivables, other assets, prepaid expenses	-5,132	1,424
Changes in trade payables, other liabilities, deferred income	-3,443	-3,525
Changes in other accruals	275	0
Cash-flow from operating activities	**2,902**	**3,320**
Investments in tangible assets	-211	-359
Investments in intangible assets	-6,506	-4,993
Investments in acquisitions	-14,220	139
Cash-flow from investment activities	**-20,937**	**-5,213**
Deposits arising from equity increase	-252	0
Dividend distribution	-651	-651
Deposits arising from financial liabilities	9,116	2,247
Interest paid and received	-1,071	299
Cash-flow from financing activities	**7,142**	**1,895**
Changes in value resulting from exchange rate variations	554	-313
Change in fund assets	**-10,339**	**-311**
Net Cash-flow		
Fund assets as per Oct. 01, 2007/ Oct. 01, 2006	22,292	15,515
Fund assets as per Jun. 30, 2008/ Jun. 30, 2007	11,953	15,204

*) 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 Jun. 30, 2008	Oct. 1, 2006 to Jun. 30, 2007	Oct. 1, 2007 to Jun. 30, 2008	Oct. 1, 2006 to Jun. 30, 2007
Total Output	13,647	11,450	39,067	25,389
Revenues	12,195	10,078	34,478	22,187
EBITDA	3,535	3,245	9,953	4,645
EBIT	2,223	1,956	6,897	2,213

*) 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.