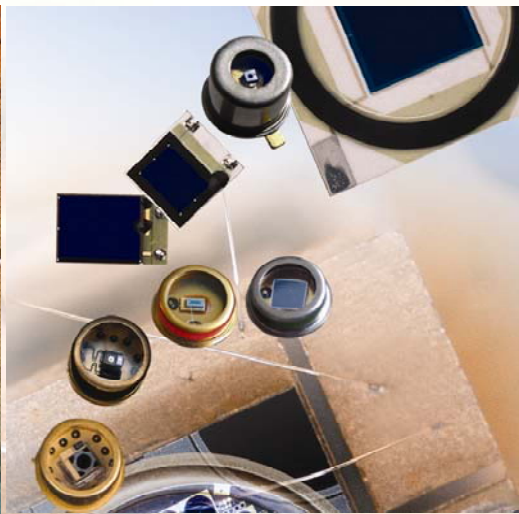
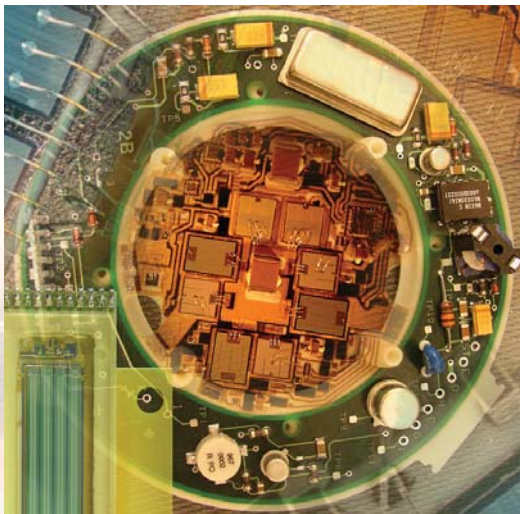
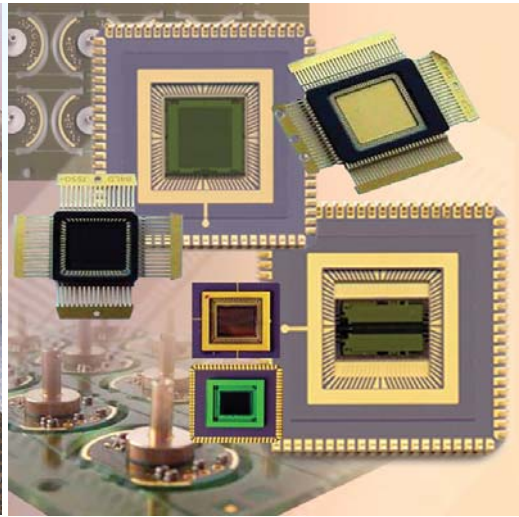
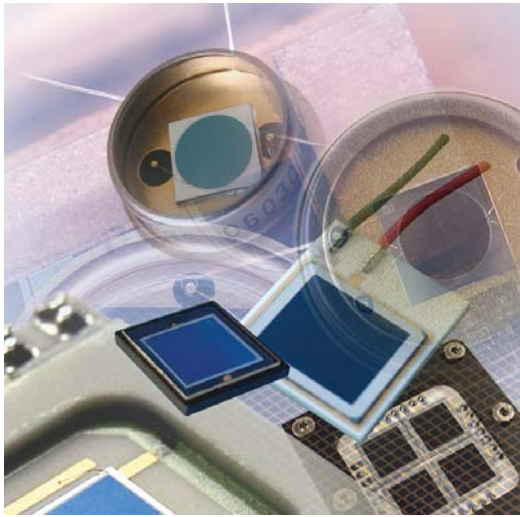


SILICON SENSOR INTERNATIONAL AG



BUSINESS REPORT

for the first three months
of the 2008 business year
(unaudited)

2008

BUSINESS REPORT I/2008

SILICON SENSOR GROUP

Financial ratios Jan. 01 – March 31, 2008 (first quarter 2008)

	March 31, 2008 € 1,000	March 31, 2008 € 1,000	Change in € 1,000	Change in %
Sales revenue	10,169	9,767	402	4
Backlog of orders	20,710	22,857	-2,147	-9
EBITDA	2,401	3,173	-772	-24
EBIT	1,704	2,364	-660	-28
Three-month surplus	1,053	1,313	-260	-20
Three-month surplus € per share	0.27	0.37	-0.10	-27
Number of shares	3,896,150	3,522,900	373,250	11
R&D expenditures	978	1,154	-176	-15
Headcount (March 31, 2008)	311	268	43	16

Foreword

Silicon Sensor with a satisfactory start in the business year 2008

To all shareholders and business partners,

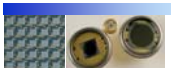
in spite of additional endeavours made for future growth the Silicon Sensor Group performed satisfactorily in the first quarter of 2008 (Q1 2008). The sales increased by 4 % to € 10.169 mn (31.03.2007: € 9.767 mn). The EBIT-Margin in Q1 2008 of approximately 17 % equates the average EBIT-margin of 2007.

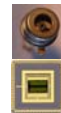
Increased material costs plus higher personnel costs caused a reduction of EBITDA by 24 % from € 3.17 mn (31.03.2007) to € 2.4 mn (31.03.2008) as well as EBIT by 28% from € 2.36 mn (31.03.2007) to € 1.704 (31.03.2008). The net income after interest and tax reduced by € 0.260 mn only from € 1.313 mn (31.03.2007) to € 1.053 mn. The earnings per share amount to € 0.27 and thus € 0.10 below the excellent previous year result (Q1 2007: € 0.37).

The performance of the order back log remained behind our expectations for Q1 2008. The order back log diluted by 9 % to € 20.7 mn (31.03.2008) compared to the previous year's level (31.03.2007: € 22.86 mn). The headcount increased from 268 (31.03.2007) to 311.

In the business year 2008 we will further focus on building the fundamentals for further growth. A further milestone in the development of the Silicon Sensor Group is the construction of a 6-inch-sensor production plant in order to meet the increased demand for sensors. The foundation stone for the new plant was laid at March 21, 2007. A number of licensing requirements for the plant building delayed the issue of the building permit till November 5, 2007. The construction work started in November 2007, the topping-out was celebrated on March 28, 2008. In all likelihood the new plant will be ready for production in the 4th quarter of 2008. The production at the recent production area is expected to be stopped in the third quarter 2008 and then will be transferred to the new building.

The group's focus will be also in future on customized sensor products, some of them embodying a very high development effort, along with customized hybrid circuits, packaging and sensor solutions, and avalanche photo diodes.





Business development

The Silicon Sensor group is a specialist supplier of customized solutions mostly for applications using pressure, imaging and optoelectronic sensors (photo detectors) for the detection and measurement of alpha, beta, gamma and X-rays, and of UV radiation, visible light and near-infrared radiation. The group also develops and manufactures highly reliable customer-specific hybrid circuits and products for micro system technology. Customers include leading industrial groups and research establishments wishing to outsource highly specialized manufacturing processes which do not fit their production patterns or strategic orientation. Products made by the group are used as basic components for the widest possible range of applications. This makes the Silicon Sensor group largely independent of the business cycles in the various industries. The market for these high-end products is generally seen as favorable, and so is the potential for further growth.

As one of the world's leaders in engineering, the Silicon Sensor group develops, manufactures and supplies optical and electronic high-end solutions for a very discerning market. It has developed avalanche photodiodes (APD) and avalanche photodiode arrays which have become the first choice of users worldwide. Customers use APDs and laser modules in high-precision distance measuring systems for a variety of applications.

Planning for the upcoming business years indicates that future growth has been secured. Cash planning for the group assumes further sales growth with the related positive development in operative cash flow. The Executive Board currently considers the cash situation of the group as sufficient to achieve defined growth targets.

Foreign developments

Once the group's share in the European market has consolidated, the greatest potential for growth is seen in North America. The successful establishment of Pacific Silicon Sensor Inc. has made it possible, and promising, to seek larger penetration in this market. Organic growth indicates greater acceptance for products made by the Silicon Sensor group on the North American market. Despite the general difficult economic situation in the USA at present our North American subsidiary Pacific Silicon Sensor Inc. was able to push sales by 17% from USD 0.381 mn (31.03.2007) to USD 0.444 mn (31.03.2008) and achieved a 250% higher EBIT. Simultaneously our endeavours are intensified to break into the Chinese market.



Personnel

At the end of Q1 2008 the headcount of the Silicon Sensor group in total amounts to 311 (end of 1st quarter 2007: 268).

Outlook

The SIS group has established itself as a specialist supplier of high-quality customized solutions in the market for optical sensors, pressure and imaging sensors and hybrid electronics.

For 2008 the Group expects a robust development in sales at slightly shrinking margins. We expect all our subsidiaries to be profitable. The focus for the ongoing business year will be beside a boost of sales mainly on providing for the fundamentals for further growth.

Exposures by the general economic situation shall be minimized by new business segments. But, the past has shown, that the magnitude of risks also depends of the international economic and political environment.

The major growth will be also in future in the sensor business segment, due to the multifunctional industrial applications of sensors. The company's development capability is vital for the high product quality that has been achieved in creating up-market problem solutions.

Berlin, May 2008

Silicon Sensor International AG

The Managing Board


Dr. Bernd Kriegel


Dr. Hans-Georg Giering

CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2008 (IFRS)

Assets	March 31, 2008 € 1,000	March 31, 2007 € 1,000
CURRENT ASSETS		
Cash and cash equivalents	11,699	4,527
Short-term investments	0	142
Trade accounts receivable	6,736	6,226
Accounts receivable from associated companies	26	0
Inventories	7,392	6,489
Tax assets	20	0
Prepaid expenses and other current assets	1,786	775
Total current assets	27,659	18,159
NON-CURRENT ASSETS		
Property, plant and equipment	15,161	12,048
Intangible assets	5,765	5,898
Equity holdings in associated companies	124	99
Goodwill	11,142	11,142
Deferred taxes	17	25
Other assets	25	94
Total non current assets	32,234	29,306
TOTAL ASSETS	59,893	47,465
Liabilities and shareholders' equity		
CURRENT LIABILITIES		
Short-term debt	3,942	5,083
Trade accounts payable	1,968	1,458
Equity holdings in associated companies	0	0
Advance payments received	411	237
Accrued expenses	489	1,539
Income tax payable	3,475	2,385
Other current liabilities	2,840	2,855
Total current liabilities	13,125	13,557
NON-CURRENT LIABILITIES		
Long-term debt	7,809	4,615
Provisions	108	135
Deferred tax liabilities	1,853	2,468
Deferred income	1,658	1,423
Contributions of silent partnerships	0	0
Total non-current liabilities	11,428	8,641
MINORITY INTERESTS	95	56
EQUITY		
Share capital	11,689	10,569
Reserves	14,958	9,545
Translation reserve	-350	-200
Retained earnings/loss	8,948	5,297
Total Equity	35,245	25,211
TOTAL LIABILITIES AND EQUITY	59,893	47,465

CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST THREE-MONTHS 2008 (IFRS)

	Jan. 01. – March 31, 2008 € 1,000	Jan. 01. – March 31, 2007 € 1,000
Revenues	10,169	9,767
Other operating income	368	274
Changes in inventories of finished goods and work in progress	316	850
Production of own fixed assets capitalized	31	1
Cost of purchased materials and services	-3,442	-3,174
Personnel expenses	-3,527	-3,026
Depreciation and amortization on intangible assets, and plant and equipment	-697	-809
Other operating expenses	-1,514	-1,519
OPERATING INCOME	1,704	2,364
Interest income and expense	-69	-60
Exchange gains/ losses	-12	0
RESULT BEFORE INCOME TAXES AND MINORITY INTEREST	1,623	2,304
Income tax	-551	-971
RESULT BEFORE MINORITY INTEREST	1,072	1,333
Minority interest	-19	-20
NET INCOME/ LOSS	1,053	1,313
Net income per share (basic)	0.27	0.37
Weighted average shares outstanding (basic)	3,896	3,523
Net income per share (diluted)	0.27	0.37
Weighted average shares outstanding (diluted)	3,896	3,523

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST THREE-MONTHS 2008 (IFRS)

	<i>Jan. 01. – March 31, 2008</i> € 1,000	<i>Jan. 01. – March 31, 2007</i> € 1,000
INCOME/ LOSS BEFORE TAXES	1,623	2,364
Depreciation of intangible assets and property, plant and equipment	697	809
Other expenditure/ income not affecting payments	76	-38
Income from investment grants	-115	-14
Earnings from allowance	0	0
Interest income	-111	-49
Interest expenses	180	102
Other income/ expenses	-12	7
Changes in provisions	11	-127
Changes in assets not allocable to investing- or financing activities	-605	-2,426
Changes in liabilities not allocable to investing or financing activities	268	196
Paid interest	-160	-102
Paid taxes	-126	-205
CASH FLOW FROM OPERATING ACTIVITIES	1,726	457
Investments in intangible assets and property, plant and equipment	-1,481	-849
Investments in associated companies	0	0
Proceeds from the disposal of intangible assets, property, plant and equipment	0	0
Payments made to associated companies	0	0
Proceeds from sale of securities	0	0
Proceeds from government grants	0	14
Interest	111	49
CASH FLOW FROM INVESTING ACTIVITIES	-1,370	-786
Proceeds from issuance of share capital	0	0
Proceeds of loans	-715	-798
Dividends	0	0
Transaction costs for share issue	0	0
Deposits from financial borrowing	1,856	687
CASH FLOW FROM FINANCING ACTIVITIES	1,141	-111
NET EFFECT OF CURRENCY TRANSLATION IN CASH AND CASH EQUIVALENTS	-23	-13
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,474	-453
Cash and cash equivalents at beginning of year	9,691	4,980
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,165	4,527

CHANGE IN EQUITY

FOR THE FIRST THREE-MONTHS 2008 (IFRS)

	Number of shares '000	Share Capital € 1,000	Reserves € 1,000	Translation Reserve € 1,000	Retained Earnings € 1,000	Minority Interests € 1,000	Total € 1,000
Balance at January 01, 2007	3,523	10,569	9,497	3,984	-214	36	23,872
Net losses from securities available for sale			26				26
Netprofits from cash flow hedges			40				40
Exercise of share options	21	63	56				119
Share-based remuneration			227				227
Dividends				-352			-352
Transaction costs			-19				-19
Rights issue for cash	352	1,057	5,108				6,165
Currency translation differences					-121		-121
Results for the period				4,263		40	4,303
Balance at December 31, 2007	3,896	11,689	14,935	7,895	-335	76	34,260

	Number of shares '000	Share Capital € 1,000	Reserves € 1,000	Translation Reserve € 1,000	Retained Earnings € 1,000	Minority Interests € 1,000	Total € 1,000
Balance at January 01, 2008	3,896	11,689	14,935	7,895	-335	76	34,260
Exercise of share options							0
Share-based remuneration			76				76
Dividends							0
Currency translation differences					-15		-15
Total of results registered directly in equity capital			-53				-53
Results for the period				1,053		19	1,072
Balance at March 31, 2008	3,896	11,689	14,958	8,948	-350	95	35,340

SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST THREE MONTHS OF THE BUSINESS YEAR 2008

1. General

Silicon Sensor International AG, Berlin (hereafter referred to as "SIS", "the company" or the "Silicon Sensor group") and its subsidiaries are active in sensor manufacture and micro system technology. Company operations focus on the development, production and marketing of customized optical semiconductor sensor systems. The company also produces non-optical sensors. In addition, the Silicon Sensor group develops and manufactures highly reliable customized hybrid ICs and micro system and advanced packaging products.

Several subsidiaries of the SIS group participate in the market as independent business units. The group's core company, Silicon Sensor GmbH (hereafter 'SIS GmbH'), was founded in 1991 and has since then become the principal business unit for developing, manufacturing and marketing of sensor chips, components and systems. The Microelectronic Packaging Dresden GmbH (MPD) and the Lewicki microelectronic GmbH (LME) are leading contract manufacturer for customized electronic sensor systems, applications of advanced packaging and highly reliable hybrid circuits. The Silicon Micro Sensors GmbH (SMS) develops and markets since the start of business activities at January 1, 2007 sensor based products, mainly pressure sensors and cameras for industry applications. The Pacific Silicon Sensor Inc. (PSS) is, beside customized development and packaging of optical sensors, mainly responsible for sales of sensor chips and sensor systems in the North American market.

The total headcount of the Silicon Sensor Group amounts to 311 by end of the first quarter 2008 (headcount by end of the first quarter 2007: 268).

The registered office address of the Group is Charlottenstraße 57, 10117 Berlin, Germany.

2. Consolidated financial statement in accordance with art. 315a german commercial law

SIS group reports their consolidated financial statement for the first quarter of 2007 in correspondence with Section 315a German Commercial Law according International Financial Reporting Standards IFRS.

3. Summary of significant accounting policies

The applied major accounting policies correspond with those applied in the 2007 annual report for the group.

4. Notes to cash flow statements

SIS reports Cash Flow from Operating Activities in accordance with IAS 7 "Cash flow statement" using the indirect method.

5. Contingent liabilities

(1) Various legal actions and claims are pending or may be asserted in the future against Group companies from litigation and claims incident to the ordinary course of business. Related risks have been analysed as to the likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, Management believes that no material liabilities are likely to result.

(2) Contingent liabilities furthermore result from office and plant rental contracts, operating lease contracts for cars and from pension contracts. The lease contracts are operating lease contracts.

The contingent liabilities split up as follows:

As of December 31, 2007

	2008	2009 - 2013	ab 2014
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	1,080	3,377	5,640
Premium-oriented pension plans	282	1,166	1,486
	1,362	4,543	7,126

As of March 31, 2008

	2008	2009 - 2013	ab 2014
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	795	3,140	4,131
Premium-oriented pension plans	212	1,151	1,330
	1,007	4,291	5,461

6. Segment reporting

Die Segmentinformationen werden auf folgender Grundlage erstellt:

(1) Application-oriented chip and component manufacture

In this segment, the group primarily develops and manufactures high-quality customer-specific silicon sensors. The sensors can be used for example in the field of geodesy or aerospace. Chips are used for complex custom designed hybrid-circuits and assemblies.

(2) Other products

These include clinical sensor applications for the extra/intra operative detection of tumor cells. More particularly, the segment makes semiconductor radiation sensors for industrial and laboratory use and PC measuring systems for coating thickness measurement, PET radiochemistry and dosimetry.

	Custom-designed production		Other production		Consolidated	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Segment turnover	10,075	9,692	94	75	10,169	9,767
Segment result	1,034	1,295	19	18	1,053	1,313

7. Internal statement

Officers of the company had no share holdings in the company on March 31, 2008.

8. Affirmation by Management

To the best of our knowledge we assure, that according the applicable accounting standards for interim reporting the financial statement and the Interim Management Report (Konzernzwischenlagebericht) of the group gives a true and fair view on the financial situation of the group and describes all relevant prospects and hazards related with the future development of the group in the remaining fiscal year.

Berlin, May 2008

Silicon Sensor International AG

The Managing Board



Dr. Bernd Kriegel



Dr. Hans-Georg Giering