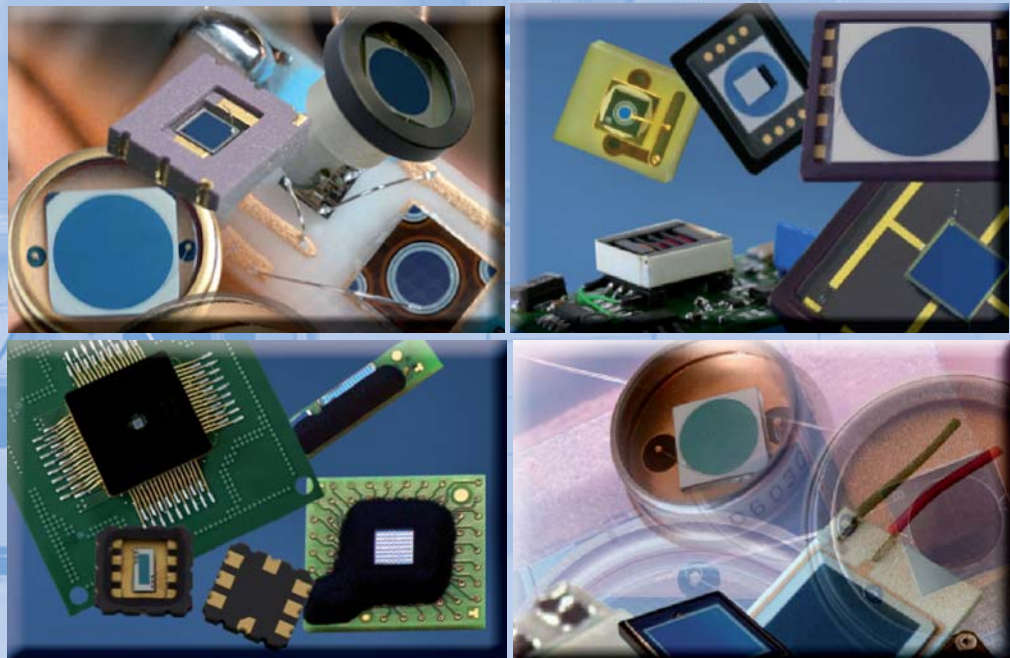




International AG



CONSOLIDATED INTERIM REPORT

1. Quarter 2011

(unaudited in accordance with IFRS)



SILICON SENSOR GROUP

1st Quarter 2011

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SILICON SENSOR GROUP

1st Quarter 2011

FINANCIAL RATIOS REGARDING PERFORMANCE

Financial Ratios, January 1 – March 31, 2011 (three-month report 2011)

<i>(in €k, unless otherwise specified)</i>	Q1 2011	Q1 2010	Δ	Δ %
Sales	13,111	8,897	4,214	47
Result of operating activities before depreciation (EBITDA)	1,742	1,273	469	37
Result of operating activities (EBIT)	876	491	385	78
Total result of period	606	190	416	219
Net earnings per share (EUR)	0.09	0.03	0.06	200
Number of shares (weighted)	6,625,899	6,625,899	0	0
Capital stock	38,599	35,710	2,889	8
Capital stock ratio	56	58	-2	-3
R&D expenses	1,167	760	407	54
Workforce	384	281	103	37

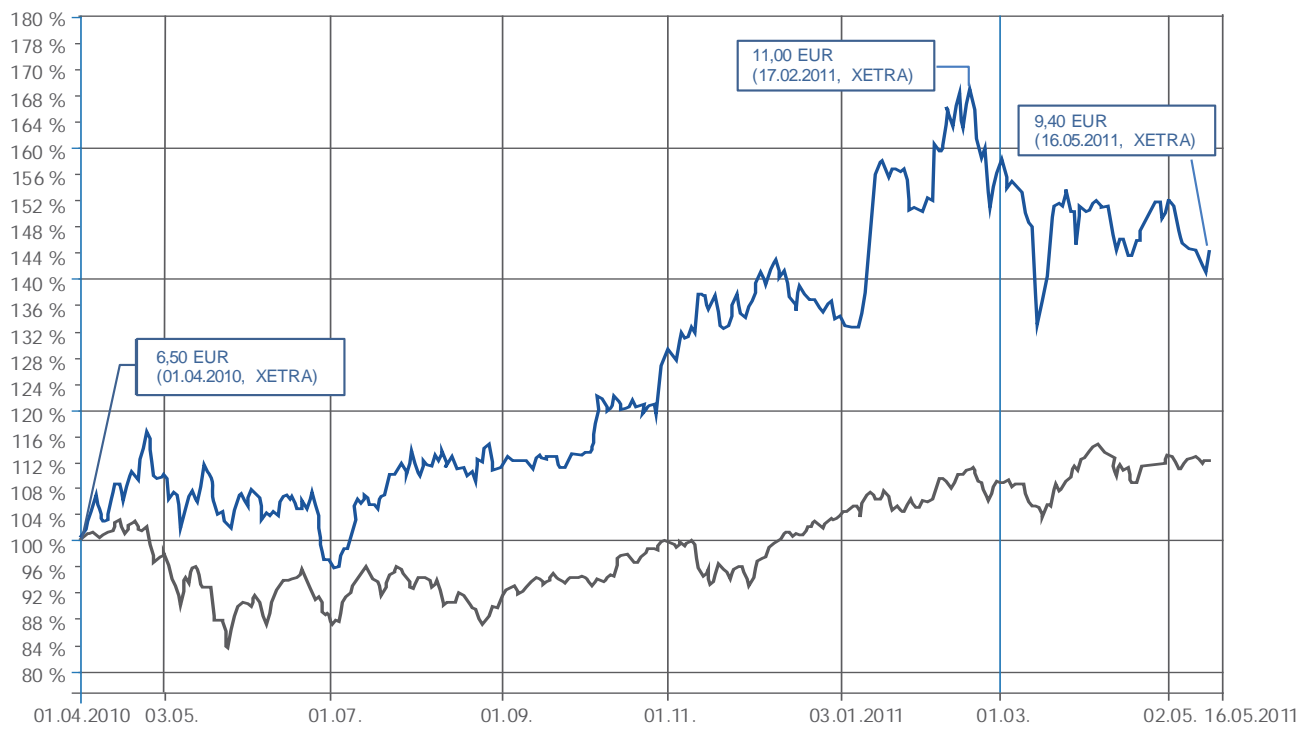
SILICON SENSOR GROUP

1st Quarter 2011

SHARE PRICE PERFORMANCE SINCE APRIL 01, 2010

in %

■ Silicon Sensor Int.
■ TecDAX



Silicon Sensor International AG

ISIN: DE0007201907

WKN (German securities identification code): 720190

SILICON SENSOR GROUP

1st Quarter 2011

Foreword

Boost in profits in the first quarter confirms our growth trend

Dear shareholders,
dear business partners,

In the previous business year 2010, the Silicon Sensor Group was able to register impressive sales growth of 50%. Over EUR 45 million were generated, compared with EUR 30 million in 2009. For the present business year 2011, we intend to continue growing strongly, and the results of the first quarter suggest that we will again achieve our ambitious sales targets.

In the first three months, we registered sales in the amount of EUR 13.1 million, 47% more than in the same period of the previous year. The EBIT was almost doubled at EUR 0.9 million, while the total result of the period was even tripled, and stood at EUR 0.6 million. The result per share rose during the current quarter by 200% compared to the same quarter in the previous year from EUR 0.03 to EUR 0.09.

One indicator that suggests that this dynamic will continue is the backlog of orders: it rose by 70% compared to the reference date in the previous year. Several important production launches are planned for the rest of this business year. These include a bulk order for the manufacture of high-precision camera systems for driver assistance systems, which will run for several years and reach its full potential in 2012, as well as the production of sensor systems for controlling the brake boosters in almost all of the model series offered by a leading motor vehicle manufacturer. Both of these are set to start in the second half of the year. Marketing of our particulate matter measuring device and the third generation of our cancer cell detector will also begin during this period.

However, 2011 will also be characterized by further investment in improving our scalability. In the last three years, we have already implemented various projects, including the construction of a modern sensor factory at our site in Berlin-Oberschöneweide, the expansion of our Marketing and Research and Development departments, the streamlining of organizational structures, the opening up of new product fields such as our particulate matter measuring device and also the increase of our production efficiency with new plants. This trend will be continued in the current and the coming business years. For instance, we will combine the production processes in the opto-electronic area and the MEMS area (Micro Electro-Mechanical Systems, especially pressure, acceleration and inclination sensors). The synergies reach far beyond the production area and also affect Purchasing, Marketing and Research and Development, among others.

These investments are designed to help us to return to the sales margin of the pre-crisis years of 2006 and 2007 – at a higher sales level. We shall also continue to seek external possibilities for growth – companies, cooperations or technologies that logically complement our product portfolio, so that we can offer our customers even more innovative sensor solutions that are “Made in Germany” and come from a single source. Other growth fields are available with regard to products and applications that can be

combined as synergies with the core competency of Silicon Sensor. With liquid assets in the amount of almost EUR 14 million and Group capital stock in the amount of almost EUR 39 million, we believe that we are in a position to achieve our growth targets.

We strengthened our Sales division on the European level in February by concluding a sales partnership with BFi OPTILAS, the largest specialist distributor for opto-electronic components in Europe. The distribution network covers virtually all the important European markets. This cooperation agreement supplements our network of distributors in China and our cooperation with the Korean laser-diode manufacturer QSI and the Japanese manufacturer of optical diodes, Optrans.

The crisis in Japan has not had any perceptible effects on our operative business. We have analyzed our purchasing portfolios and concluded that we do not procure any critical materials from Japan. On the customer side, also, there are no noticeable problems at present. As a supplier of customer-specific high-quality sensor solutions, we are not comparable to the classic mass producers in the semiconductor segment.


This summer, Silicon Sensor will celebrate its twentieth anniversary. In the course of the last two decades, the company has developed from a manufacturer of customer-specific silicon-based optical sensor components to an integrated internationally oriented industrial group. The Group now has six sites developing and producing sensor solutions, whereby the entire value-added chain from the sensor component through to the complete sensor system is covered. The range of applications has long since extended beyond silicon-based optical sensor chips, as new technologies such as MEMS and new materials (e.g. indium gallium arsenide) have been added. In order to allow us communicate the decisive expansion of our corporate structure better to the customers, shareholders and business partners, a proposal was submitted to the Annual General Meeting on June 9 in Berlin to change the company name to First Sensor AG.


In the first quarter, the Silicon Sensor share initially registered a strong upturn to over EUR 11 before falling back again slightly, but it still stands above the level of December 31, 2010. However, we are not concerned about short-term effects, but rather we intend to increase the value through a long-term strategy of corporate development. The objective is to continue exceeding the EUR 50 million sales mark and to reach sales levels of between EUR 51 and 55 million, while the operating margin (EBIT) should amount to at least 10%. In the subsequent years, too, the strong growth in sales of 20% is expected to be maintained. In the long term, the realization of economies of scale from the investments we have made should give rise to a 15% increase in the operating margin (EBIT margin).

We would be delighted if you would remain with us through our anniversary year and then accompany our growth in the following years.

Berlin, May 2011

Silicon Sensor International AG


Dr. Hans-Georg Glering
CEO


Dr. Ingo Stein
CFO

SILICON SENSOR GROUP

Interim Management Report, 1st Quarter 2011

Silicon Sensor Group Business Areas

Silicon Sensor is a developer and manufacturer of customized sensors in the high-end range. These innovative sensor solutions support the high-quality conversion of non-electrical variables (radiation, light, pressure, location, speed, temperature, humidity, etc.) into electrical indicators, which can then be processed further in the customers' electronic systems. Our sensor solutions therefore make a significant contribution to the competitiveness of their products. Our most important business areas include solutions in the field of optical sensors and MEMS sensors (Micro Electro-Mechanical Systems), especially including pressure sensors.

The individual companies of Silicon Sensor operate in all parts of the value-added chain: Apart from sensor components and modules, Silicon Sensor also develops and makes highly reliable customized hybrid circuits and products for microsystem engineering and advanced packaging, through to the finished sensor systems. Customers include well-known industrial groups and research establishments. As a rule, a project begins with the task definition by the customer and the joint drafting of a development strategy; a thorough development and test phase is then followed by a supplier relationship that usually lasts several years.

The sensor solutions of Silicon Sensor are generally deployed as crucial basic components in all conceivable applications in a wide range of industries, making the Group largely independent of business cycles in individual industries. The market segment of high-end sensor solutions that we address is still regarded as a highly competitive market.

Silicon Sensor is one of the world's technological leaders, developing and producing optical and MEMS-based high-end sensor solutions to satisfy the highest demands in this market. For instance, these include the Avalanche photodiodes (APD) and Avalanche photodiode arrays developed and produced by Silicon Sensor in the past, which are ranked as world leaders. These APDs are used together with laser modules for instance in high-precision distance measuring systems for a variety of applications.

Sensor solutions made by the Silicon Sensor Group can be found in countless products in a wide range of industrial applications, such as electronic yardsticks, tank pressure- and solar altitude sensors in motor vehicles, air-conditioning systems, blood sugar measuring instruments, X-ray units for baggage inspection, machine control systems, space research, cancer operations, toll systems for trucks, and measuring instruments in the pharmaceuticals industry and environmental technology, to name but a few.

Silicon Sensor develops and produces sensor solutions above and beyond the individual added-value levels. The various German sites in Berlin, Dresden and Oberdischingen and on the American West coast differ in terms of their position in the value-added chain. Often, several different Group companies are involved in handling a customer order.



Business Performance in the First Quarter of 2011

In the first three months of the new business year, sales were increased by 47% to EUR 13.1 million. The main sales drivers included new projects and increasing project volumes with our existing customers, a result of the expanded Key Account Management. The backlog of orders increased by 70% compared to March 31, 2010 to EUR 26.89. Moreover, a series of major projects will reach start of production in the coming quarters.

Gross income increased by 34% to EUR 7.7 million. The decline in the gross income margin by 6 percentage points to 54% reflects the modified product mix and the related difference in added value.

The rise in personnel costs by 34% to EUR 4.2 million and the increase in other operating expenses by 32% to EUR 1.7 million were based on two main causes: on the one hand, the expansion of Sales, Research and Development and middle management to align the company ideally to handle the current and future growth and, on the other hand, the incorporation of the results of First Sensor Technology GmbH, which was introduced to the consolidation group for the first time on April 1, 2010.

Compared to the same period in the previous year, the EBITDA of the first quarter increased by 37% to EUR 1.7 million. The increase in the depreciations by 11% to EUR 0.9 million reflects in particular the investments in increasing production efficiency. It was possible to almost double the EBIT compared to the same period in the previous year, reaching a level of EUR 0.9 million (same period in previous year: EUR 0.5 million).

The financial result, which is heavily influenced by the interest payments for investment loans, stood at EUR -0.2 million (same period in previous year: EUR -0.1 million). After deduction of taxes, we registered a tripling of both the total result of the period in the amount of EUR 0.6 million (same period in previous year: EUR 0.2 million) and the result per share (EUR 0.09 compared to EUR 0.03).

The Group capital stock stands at EUR 38.6 million and so corresponds to an equity ratio of 56%. Together with its liquid assets in the amount of EUR 13.9 million, this means that the company is in an outstanding position to manage its further growth. This financial stability is also particularly important for our customers in choosing service providers as development and production processes extend over several years and the financial stability of a business partner plays a crucial role.

Overall, the sum of short- and long-term loans fell by EUR 0.5 million to EUR 12.7 million when compared with March 31, 2010, due to amortization.

The cash flow from current business activities matched the level of the same period in the previous year at EUR 1 million, due to the expansion of the working capital based on our strong sales growth. The cash flow from investment activities in the amount of EUR -1.1 million (previous year: EUR -0.4 million) was characterized by investments in tangible assets, including payments for further efficiency improvements in production and the expansion of the production lines at all our sites. Amortizations of financial loans in the amount of EUR 0.8 million were offset by new uptakes in the amount of EUR 0.7 million (excluding changes in working capital loans), resulting in a cash flow from financial activities of EUR -0.1 million (same period in previous year: EUR -0.1 million). In total, the cash and cash equivalents fell by EUR 0.3 million compared to December 31, 2010 to EUR 13.7 million.

Apart from the increase in sales and orders, the increase in accounts receivable (EUR +0.3 million to EUR 6.4 million) and inventories (EUR +0.5 million to EUR 12.3 million) is due in particular to the incorporation of First Sensor Technology GmbH in the consolidated financial statement.

As per March 31, 2011, 384 persons were employed by the Group. The increase compared to March 31, 2010 (281 employees) was also essentially due to the incorporation of First Sensor Technology GmbH in the consolidated financial statement, the expansion of Sales, Research and Development and middle management and the stocking up of production due to the higher level of utilization.

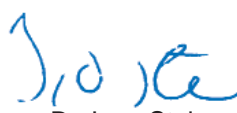
Outlook

The positive results from the first quarter, the outlook for the coming quarters, the planned additional production launches and the initial effects of our investments underpin our forecast for the remainder of the current business year and the years to come: the company continues to expect sales in the 2011 business year to exceed the EUR 50 million mark and reach levels of between EUR 51 and 55 million, while the operating margin (EBIT) should amount to at least 10%. In the subsequent years, too, the strong growth in sales of 20% is expected to be maintained. In the long term, the realization of economies of scale from the investments we have made should give rise to a 15% increase in the operating margin (EBIT margin).

Berlin, May 2011

Silicon Sensor International AG


Dr. Hans-Georg Giering
CEO


Dr. Ingo Stein
CFO

SILICON SENSOR GROUP

1st Quarter 2011

CONSOLIDATED INTERIM BALANCE SHEET

ASSETS (IFRS)

(in €k, unless otherwise specified)	31.03.2011	31.12.2010
Cash	13,946	14,604
Accounts receivable	6,439	6,145
Due from affiliated companies	18	24
Inventories	12,245	11,704
Tax refund claims	29	115
Payments and accrued income and other short-term assets	1,591	1,456
Short-term assets	34,268	34,048
Tangible assets	26,843	26,989
Intangible assets	2,656	2,227
Shares in affiliated companies	906	906
Goodwill	2,971	2,971
Latent tax claims	890	946
Other long-term assets	33	22
Long-term assets	34,299	34,061
ASSETS, TOTAL	68,567	68,109

SILICON SENSOR GROUP

1st Quarter 2011

CONSOLIDATED INTERIM BALANCE SHEET

LIABILITIES (IFRS)

(in €k, unless otherwise specified)	31.03.2011	31.12.2010
Short-term loans	4,027	4,659
Accounts payable	5,108	3,778
Due to affiliated companies	17	0
Advances from customers	1,778	1,914
Accrued liabilities	520	515
Liabilities from income tax	771	771
Other short-term liabilities	2,149	2,983
Short-term loans	14,370	14,620
Long-term interest-bearing loans	8,712	8,533
Accrued liabilities	155	165
Latent taxes	1,182	1,174
Prepayments and accrued income	5,457	5,531
Long-term loans	15,506	15,403
MINORITY INTERESTS	92	78
Subscribed capital	33,130	33,130
Reserves	1,722	1,642
Exchange equalization items	-336	-241
Balance sheet profit	4,083	3,477
Capital stock	38,599	38,008
CAPITAL STOCK AND DEBTS, TOTAL	68,567	68,109

SILICON SENSOR GROUP

1st Quarter 2011

CONSOLIDATED INTERIM BALANCE OF THE GROUP (IFRS)

(in €k, unless otherwise specified)	01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010
Sales revenue	13,111	8,897
Other operating income	414	306
Change in stocks of finished goods and work-in-progress	256	286
Capitalized cost of self-constructed assets	414	142
Cost of materials/purchased services	-6,481	-3,892
Personnel expenses	-4,223	-3,140
Depreciation of tangible and intangible assets	-866	-782
Other operating expenses	-1,749	1,326
OPERATING RESULT	876	491
Interest income	21	11
Interest expenses	-183	-201
Exchange gains	32	66
Exchange losses	-59	-17
RESULT BEFORE TAX AND MINORITY INTERESTS	687	350
Taxes on income	-67	-109
PERIOD PROFIT/LOSS	620	241
Period surplus/amount owing attributable to Silicon Sensor AG shareholders	606	190
Period surplus/amount owing on minority interests	14	51
Expenditure/income directly shown as capital stock:		
Differences from currency conversion (after tax)	-95	65
Net profits/losses from cash flow hedges (after tax)	41	-20
EXPENDITURE/YIELDS SHOWN DIRECTLY AS EQUITY, TOTAL	-54	45
TOTAL RESULT OF PERIOD	566	286
Result for the period attributable to Silicon Sensor AG shareholders, total	552	235
Total result of period relating to minority interests	14	51
Net earnings per share (undiluted)	0.09	0.03
Average number of circulating shares (undiluted)	6,626	6,626
Net earnings per share (diluted)	0.09	0.03
Average number of circulating shares (diluted)	6,697	6,627

SILICON SENSOR GROUP

1st Quarter 2011

CONSOLIDATED CAPITAL FLOWS STATEMENT (IFRS)

(in €k, unless otherwise specified)	01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010
PRE-TAX INCOME	687	350
Adjustments for transferring operating result to operating cash flow from current activities		
Depreciation of tangible and intangible assets	866	782
Other expenses/income not affecting payment	39	59
Income from investment grants	-129	-142
Interest income	-21	-11
Interest expenses	183	201
Income from asset disposal	-1	0
Increase/decrease of provisions	-5	-10
Inventories, accounts receivable and other assets not assigned to investment/financing	-833	-167
Inventories, accounts payable and other liabilities not assigned to investment/financing	419	36
Interest paid	-173	-168
Income tax paid	-45	0
Other profits/losses	-27	49
CASH FLOW FROM CURRENT BUSINESS ACTIVITIES	960	979
Payments for investment into tangible and intangible assets	-1,149	-442
Payments from tangible/intangible asset retirement	1	0
Payments for investments in affiliated companies	-50	0
Interest received	21	11
CASH FLOW FROM INVESTMENT ACTIVITIES	-1,177	-431
Payments for repaying financial credits	-777	-640
Proceeds from uptake of financial credit	670	561
CASH FLOW FROM FINANCIAL ACTIVITIES	-107	-79
CURRENCY DIFFERENCES FROM THE CONVERSION OF FUNDS	12	16
CHANGES IN FUNDS AFFECTING PAYMENTS	-312	485
Funds at the beginning of the business year	14,058	16,652
FUNDS ON REPORTING DATE (March 31, 2011)	13,746	17,137

SILICON SENSOR GROUP

1st Quarter 2011

CAPITAL STOCK CHANGE STATEMENT FROM JANUARY 1, 2011 THROUGH MARCH 31, 2011 (IFRS)

	Number of shares	Subscribed capital	Share premium	Revenue reserves	Unrealized profit/loss	Group balance sheet loss/profit	Exchange equalization items	Minority interests	Capital stock, total
In €k									
01. January 2010	6,626	33,130	4,618	-586	-209	-1,231	-339	-6	35,377
Period profit/ loss							65		65
Result shown directly as capi- tal stock, total					46				46
Period result						190		51	241
Use of balance sheet loss									0
Share capital increase without issue of new shares									0
Additions to tangible assets				8					8
Share-based remuneration				18					18
Capital increase									
31. March 2010	6,626	33,130	4,618	-560	-163	-1,041	-274	45	35,755
01. January 2011	6,626	33,130	2,136	-404	-90	3,477	-241	78	38,086
Period profit/ loss						606		14	620
Result shown directly as capi- tal stock, total					41		-95		-54
Total period result					41	606	-95	14	566
Additions to tangible assets									
Share-based remuneration				39					39
31. March 2011	6,626	33,130	2,136	-365	-49	4,083	-336	92	38,691

SILICON SENSOR GROUP

Notes to the Consolidated Statement, 1st Quarter 2011

EXPLANATIONS OF INTERIM FINANCIAL STATEMENT

(all amounts in €k, unless otherwise specified)

1. General

Silicon Sensor International AG, Berlin, Germany (hereinafter “SIS”, “the company” or “Silicon Sensor Group”) is a listed corporation headquartered in Berlin, Germany.

2. Consolidated Interim Financial Statement

The consolidated interim financial statement as per March 31, 2011 complies with the requirements set out in the German Securities Trading Act (WpHG). Its compilation was performed in compliance with the requirements of IAS 34 in abridged form and by applying article 315a of the German Commercial Code (HGB) in compliance with the International Financial Reporting Standards (IFRS) valid on the reporting date and set out by the International Accounting Standards Board (IASB) and approved by the European Union (EU) as well as in compliance with IASB's interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

All amounts are in euro; if not stated otherwise, all amounts are in specified in thousands of euro (€k).

3. Accounting Practices and Valuation Methods

The essential practices and methods used to prepare the consolidated interim financial statement are in compliance with those used for the 2010 consolidated financial statement. For a detailed description of the practices and methods please refer to the published consolidated financial statement for the 2010 business year. In addition to the practices and methods mentioned in our consolidated financial statement, we emphasize that within the course of inventory valuation for finished goods and work-in-progress, we valued the manufacturing costs on the basis of the retrograde evaluation method.

Silicon Sensor Group has adapted the illustration of comparable periods in the consolidated interim financial statement and various items of information in the appendix to the consolidated interim financial statement. This procedure deviates from previously published consolidated interim financial statements. These changes are intended to increase comparability of consolidated interim financial statements and higher transparency for recipients of the consolidated interim financial statement.

Company mergers and transactions with non-controlling interests (minorities) concluded on or after July 1, 2009 were incorporated in accordance with regulations set out by IFRS 3 (revised version, 2008) “Company mergers” and the new IAS 27 (revised version, 2008) “Company and separate individual financial statements in compliance with IFRS”. However, the premature application of this standard in the 2009 business year did not have any material consequences because there were no respective transactions. These evaluation regulations were applied to the acquisition of First Sensor Technology GmbH, Berlin, Germany (First Sensor), concluded on April 1, 2010.

4. Consolidation Group

The following change applies compared to the first quarter of 2010: First Sensor Technology GmbH was included in the consolidation group as at April 1, 2010.

5. Long-Term Asset Impairment

The Silicon Sensor Group constantly monitors the intrinsic value of long-term assets by comparing the planned and obtained operating results. In the first three months of 2011, there was no evidence of any depletion in long-term assets to below the recorded book values.

6. Substantial Events/Changes

No substantial changes have taken place compared to December 31, 2010.

7. Assurance by Legal Representatives

We hereby affirm that, to the best of our knowledge, the picture presented in the consolidated financial statement using applicable accounting principles for interim reports portrays a realistic impression of the Group’s financial and earnings status. We furthermore affirm that the business activities, including the operating result and the Group’s situation, are presented in such a way in the consolidated interim management report as to give a realistic picture and describe the opportunities and risks of the Group’s expected development for the rest of the business year.

8. Supplementary Report (Events After the Reporting Date)


No substantial events took place after the reporting date.

Berlin, May 2011

Silicon Sensor International AG



Dr. Hans-Georg Giering
CEO



Dr. Ingo Stein
CFO



DISCLAIMER

This report contains statements with a predictive nature. This consolidated interim report does not represent any incitement to purchase shares of Silicon Sensor International AG, but rather is intended exclusively for information purposes with regard to possible future developments at the company. All future-oriented specifications in this consolidated interim report were produced on the basis of a probability-based plan and represent statements regarding the future which cannot be guaranteed.

FINANCIAL CALENDAR 2011

Date	Topic	Location
09.06.2011	Annual General Meeting	Penta Hotel Berlin Köpenick, Grünauer Str. 1, D-12557 Berlin
25.08.2011	Publication of the Group Semiannual Financial Report,	
29. - 31.08.2011	Analysts Conference SCC Small Cap Conference	Frankfurt am Main
18.11.2011	Publication of Consolidated Quarterly Financial Report	
21. - 23.11.2011	Capital stock forum	Trade Show Congress Center Frankfurt, Frankfurt am Main

This quarterly report is available in German and English.

Both versions are also available for download on the Internet at www.silicon-sensor.com.

Silicon Sensor International AG

ISIN: DE0007201907

WKN (German securities identification code): 720190

Symbol: SIS

Peter-Behrens-Str. 15

D-12459 Berlin

Telephone: +49 30 639923-710

Fax: +49 30 639923-719

E-mail: ir@silicon-sensor.de

www.silicon-sensor.com