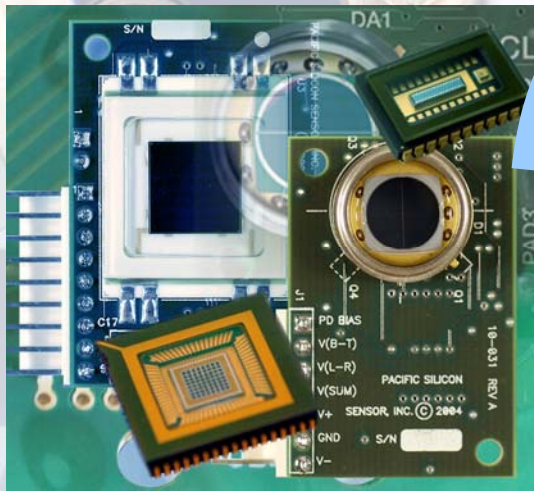
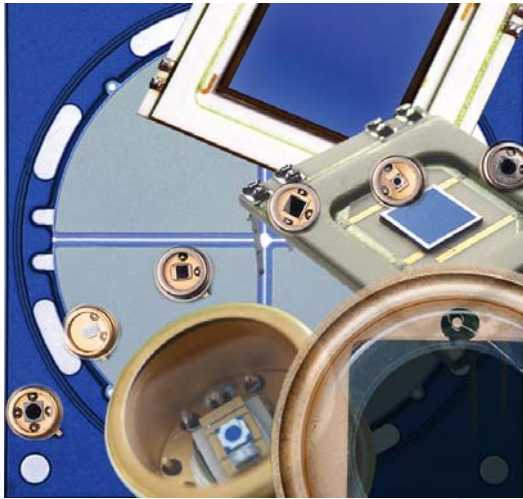


SILICON SENSOR INTERNATIONAL AG



2009

BUSINESS REPORT

for the first six months
of the 2009 business year
(unaudited)

BUSINESS REPORT II/2009

SILICON SENSOR GROUP

Financial ratios Jan. 01 – June 30, 2009 (first half-year 2009)

	Jan. 01, 2009 - June 30, 2009 € 1,000	Jan. 01, 2008 - June 30, 2008 € 1,000	Change in € 1,000	Change in %
Sales revenue	13,119	20,625	-7,506	-36
Backlog of orders	12,162	18,963	-6,801	-36
EBITDA	933	5,400	-4,467	-83
EBIT	-821	3,952	-4,773	-121
Six-month surplus	-1,000	2,571	-3,571	-139
Six-month surplus €/individual share certificate	-0.23	0.68	-0.91	-134
Number of shares	4,417,266	3,896,150	521,116	13
R&D expenditure	1,107	1,908	-801	-42
Headcount (June 30, 2009)	300	322	-22	-7

Financial ratios April 01 – June 30, 2009 (second quarter 2009)

	April 01, 2009 - June 30, 2009 € 1,000	April 01, 2008 - June 30, 2008 € 1,000	Change in € 1,000	Change in %
Sales revenue	6,180	10,456	-4,276	-41
Backlog of orders	12,162	18,963	-6,801	-36
EBITDA	-229	2,999	-3,228	-108
EBIT	-1,079	2,248	-3,327	-148
Second quarter surplus	-1,059	1,518	-2,577	-170
Second quarter surplus €/individual share certificate	-0.24	0.43	-0.67	-156
Number of shares	4,417,266	3,896,150	521,116	13
R&D expenditure	482	930	-448	-48
Headcount (June 30, 2009)	300	322	-22	-7

Silicon Sensor sees first signs of improvement in coping with present slump

Ladies and gentlemen, shareholders and business partners,

During the first half of the 2009 business year, the Silicon Sensor Group again had to face crisis-induced instability and market distortion. After the 2008 business year, a dramatic worsening of the overall business climate and uncertainty about the effects of the financial crisis on individual industries made customers feel unsure about their economic future. The situation again got worse in Q2 when the sales of some of the Group's customers dropped by up to 60 % causing a temporary but complete freeze of delivery requests. This has of course left its mark on the Group. It was only due to cost cutting steps taken by the Board of Directors as early as the end of 2008 that a dramatic drop in sales, approx. 36 % or € 7.5 mn, to € 13.12 mn compared with the same period last year (June 30, 2008: € 20.6 mn) merely caused a moderately negative operating result (EBIT) of € 0.82 mn (June 30, 2008: € 3.95 mn). It is a cause of deep regret that the economic situation in the 2nd quarter of the year led to over 50 enforced redundancies, which in turn caused a once-only rise in wage costs for the 2nd and 3rd business quarters as staff in question could not be put on short time during very long periods of notice.

Even though more negative effects from the slump were felt in Q2 2009, first signals of a slow recovery are coming in from customers. It is assumed in this connection that the Group's economic situation will not improve during the current quarter but rather toward the end of Q3. Now as before, the liquidity reserve is thought to be sufficient for successfully implementing the business model. Whether or not 2009 will end with a positive operating result depends essentially on the dates chosen by major customers for demanding the resumption of deliveries. Confidence in economic improvement is inspired by a rapidly growing number of new development projects and customers' announcements that deliveries will be requested toward the end of Q3. At the same time, a large project for supplying steering angle sensors has eventually started at MPD in Dresden. Presently, some 40,000 units are being manufactured per month, with an upward trend. In August, a major automaker placed the first order for almost two million sensors to be delivered per year in eight model series. Shipment is to start in the second half of 2011; estimated product life is 5 years. The deal was secured against strong competition, and the Group's strategic reorientation and the commitment of major shareholders are now bearing fruit, with even more projects being negotiated at this time.

The objective for the next few years is to make Silicon Sensor International AG one of Europe's leading sensor manufacturers, with the accent on key products

such as photo and pressure sensors, and camera systems. After a drop this year, annual growth over the next six years is expected to take the company to a sales limit of € 100 mn in about 2015.

To secure lasting competitive advantages and ensure systematic and efficient distribution in the market, Silicon Sensor International AG was transformed from a holding to a focused and strategically oriented industrial enterprise covering the entire value chain in the production of intelligent sensors. Since July 20, 2009 all development, manufacturing and marketing work has been under uniform management by the Board of Directors of Silicon Sensor International AG on the new site at Wilhelminenhofstraße 76/77, 12459 Berlin.

Trends in back orders confirm an expected slow bottoming out, with orders on hand throughout the Group dropping only slightly by 2.7 % to € 12,16 mn (June 30, 2009) compared with Q1 (March 31, 2009: € 12.5 mn). Numbers of staff were reduced from 322 as of June 30, 2008 to 300 at the end of the first half year.

Business trends

The Silicon Sensor Group is a specialist supplier of customized solutions for a variety of uses, such as pressure, imaging and opto-electronic sensors (photodetectors) for identifying and measuring alpha, beta, gamma and X-rays, as well as UV radiation, visible light and near-infrared radiation. The Group also develops and manufactures highly reliable customized hybrid circuits and microsystem products. Customers include leading corporations and research establishments who have outsourced highly specialized production processes to suit their engineering and strategic orientation. The Group's products are used as basic components in a multitude of applications, which makes it largely independent of business cycles in individual industries. Market conditions for these high end products are generally regarded as favorable, with good potential for further growth.

The Silicon Sensor Group is among the world's leading developers and manufacturers of optical and electronic high end solutions for discriminating needs, and its avalanche photodiodes (APD) and avalanche photodiode arrays are market leaders. APDs and laser modules, for example, go into high-precision distance measuring systems used by customers for a variety of purposes.

After a sales drop during the current business year, further expansion is expected for the years to come, with liquidity planning for the Group assuming average annual sales growth of 15 % and related positive operative cash flows. For the time being, the Board of Directors sees liquidity as sufficient to reach growth targets.

Developments abroad

After extending its European market share, the Group now has its largest marketing potential in North America. While the establishment of Pacific Silicon Sensor Inc. has improved prospects for making inroads into the U.S. marketplace, the company has suffered from a downturn in the general economic setting there that affected its sales but fortunately reduced them by only just under 27 % compared with last year, from US\$ 1.1 thousand (June 30, 2008) to US\$ 0.8 thousand (June 30, 2009). The operative result was slightly negative. At the same time, a greater effort is underway to get a foothold in the Chinese market.

Staff developments

At the end of the first half year, the Group had a total workforce of 300 (down from 322 at the end of 2008).

Outlook

The Silicon Sensor Group is an established specialist supplier of customized optical, pressure and imaging sensors and hybrid circuits made to high quality standards.

In the course of this business year, sales and revenues are expected to drop further before turnover, and profitability, may pick up again roughly from the end of the third quarter. Confidence in the Group's prosperity is inspired particularly by a large number of development projects and orders placed by or expected from, major customers.

In view of the many functions performed in industrial applications, growth will continue to be driven by sensors, with the company's development capabilities guaranteeing products of excellent quality for demanding problem solutions.

*Berlin, August 2009
Silicon Sensor International AG*


*Dr. Hans-Georg Giering
CEO, Board of Directors*

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2009 (IFRS)

Assets	June 30, 2009 € 1,000	June 30, 2008 € 1,000
SHORT-TERM ASSETS		
Cash	5,575	7,481
Accounts receivable	4,293	6,575
Due from affiliated companies	0	30
Inventories	8,664	7,997
Tax refund claims	619	196
Payments and accrued income, other current assets	3,149	1,760
Interest hedging	1	154
Short-term assets, total	22,301	24,193
LONG-TERM ASSETS		
Tangible assets	26,917	20,741
Intangible assets	406	5,672
Shares in affiliated companies	124	124
Goodwill	1,846	11,142
Latent tax claims	20	12
Other long-term assets	20	26
Long-term assets, total	29,333	37,717
ASSETS, TOTAL	51,634	61,910
Capital stock, debts		
SHORT-TERM LIABILITIES		
Short-term loans	4,658	3,878
Accounts payable	1,908	1,585
Advances from customers	1,098	418
Provisions	468	487
Liabilities from income tax	0	3,271
Other short-term liabilities	1,832	2,334
Short-term liabilities, total	9,964	11,973
LONG-TERM LIABILITIES		
Long-term interest-bearing loans	11,858	9,756
Accrued liabilities	100	111
Latent taxes	229	1,832
Prepayments and accrued income	5,653	1,548
Long-term liabilities, total	17,840	13,247
MINORITY INTERESTS	50	116
CAPITAL STOCK		
Subscribed capital	22,086	11,689
Reserves	2,984	15,151
Exchange equalization items	-290	-341
Balance sheet profit	-1,000	10,075
Capital stock, total	23,780	36,574
SUM OF CAPITAL STOCK AND DEBTS	51,634	61,910

CONSOLIDATED INCOME STATEMENT

FOR THE FIRST SIX-MONTHS 2009 (IFRS)

	April 01 - June 30, 2009 € 1,000	April 01 - June 30, 2008 € 1,000	Jan. 01 - June 30, 2009 € 1,000	Jan. 01 - June 30, 2008 € 1,000
Sales revenues	6,180	10,456	13,119	20,625
Other operating income	328	265	708	633
Changes in inventory of finished/unfinished goods	203	958	682	1,274
Capitalized cost of self-constructed assets	0	24	0	55
Cost of materials/purchased services	-2,610	-3,803	-5,111	-7,245
Personnel expenses	-2,974	-3,455	-5,806	-6,982
Depreciation of tangible/intangible assets	-850	-751	-1,754	-1,448
Other operating expenses	-1,356	-1,446	-2,659	-2,960
OPERATING RESULT	-1,079	2,248	-821	3,952
Interest yields/costs	-211	-108	-424	-177
Exchange gains/losses	-12	-22	-12	-34
RESULT BEFORE TAX AND MINORITY INTERESTS	-1,302	2,118	-1,257	3,741
Taxes on income	241	-579	257	-1,130
PERIOD NET INCOME/ LOSS	-1,061	1,539	-1,000	2,611
Expenditure/yields directly shown as equity:				
Differences from currency conversion (after tax)	-84	8	-29	-7
Net profits from cash flow hedges (after tax)	18	117	-39	64
Transaction costs capital cost after tax	1	0	-27	0
SUM OF EXPENDITURES/YIELDS SHOWN DIRECTLY AS EQUITY	-65	125	-95	57
TOTAL RESULT OF PERIOD	-1,126	1,664	-1,095	2,668
Period net income falling upon Silicon Sensor shareholders	-1,059	1,518	-1,000	2,571
Period net income falling upon minorities	-2	21	0	40
Period total income falling upon Silicon Sensor shareholders	-1,124	1,643	-1,095	2,628
Period total income falling upon minorities	-2	21	0	40
Net earnings per share (undiluted)	-0.24	0.43	-0.23	0.68
Average no. of circulating shares (undiluted)	4,417	3,896	4,417	3,896
Net earnings per share (diluted)	-0.24	0.43	-0.23	0.68
Average no. of circulating shares (diluted)	4,417	3,896	4,417	3,896

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST SIX-MONTHS 2009 (IFRS)

	<i>Jan. 01 - June 30, 2009</i> € 1,000	<i>Jan. 01 - June 30, 2008</i> € 1,000
RESULT BEFORE TAX	-1,257	3,741
Depreciation of (in)tangible assets	1,754	1,448
Other expenses/revenues not affecting payment	145	152
Revenues from investment grants	-237	-225
Earnings from allowance	0	0
Interest income	-27	-195
Interest costs	451	372
Other profits/losses	0	-34
Increase/decrease in provisions	-32	12
Increase/decrease in inventories, accounts receivable and other assets not coming under investment/financing activities	1,532	-1,275
Increase/decrease in accounts payable and other liabilities not coming under investment/financing activities	-2,265	-622
Interest paid	-320	-338
Earnings tax paid	-249	-917
CASH FLOW FROM CURRENT BUSINESS ACTIVITIES	-505	2,119
Payments for investment in tangible and intangible assets	-1,188	-7,719
Payments from fixed/intangible asset retirement	2	0
Receipts from investment grants	140	0
Interest received	27	195
CASH FLOW FROM INVESTMENT	-1,019	7,524
Receipts from new equity injection	2,467	0
Payments for the redemption of financial credits	-1,487	-1,564
Dividends	0	-390
Transaction costs for share issues	-38	0
Receipts from raising financial credits	1,084	4,636
CASH FLOW FROM FINANCING ACTIVITY	2,026	2,682
CURRENCY DIFFERENCES FROM CONVERTING FUNDS	28	27
CHANGES IN FUNDS AFFECTING PAYMENTS	530	-2,696
Funds at the beginning of the business year	4,173	10,177
FUNDS AT THE END OF THE BUSINESS YEAR	4,703	7,481

EQUITY CHANGE STATEMENT

FOR THE FIRST SIX-MONTHS 2009 (IFRS)

	Number of shares <i>'000</i>	Sub- scribed capital <i>€ 1,000</i>	Reserves <i>€ 1,000</i>	Consolidated balance sheet loss/ -profit <i>€ 1,000</i>	Exchange equalization <i>€ 1,000</i>	Minority Interests <i>€ 1,000</i>	Sum equity capital <i>€ 1,000</i>
As of January 01, 2008	3,896	11,689	14,935	7,895	-335	76	34,260
Total result for the period			64	2,571	-7	40	2,668
Dividends				-390			-390
Share-based remuneration			152				152
As of June 30, 2008	3,896	11,689	15,151	10,076	-342	116	36,690

	Number of shares <i>'000</i>	Sub- scribed capital <i>€ 1,000</i>	Reserves <i>€ 1,000</i>	Consolidated balance sheet loss/ -profit <i>€ 1,000</i>	Exchange equalization <i>€ 1,000</i>	Minority Interests <i>€ 1,000</i>	Sum equity capital <i>€ 1,000</i>
As of January 01, 2009	3,903	11,710	15,167	-4,208	-261	50	22,458
Total result for the period			-66	-1,000	-29		-1,095
Capital increase	514	1,542	925				2,467
Increase of Principal without share issue		8,834	-8,834				0
Use of balance sheet loss			-4,208	4,208			0
As of June 30, 2009	4,417	22,086	2,984	-1,000	-290	50	23,830

SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

JAN. 1 – June 30, 2009

(all amounts in € 1,000 unless stated otherwise)

1. General

Silicon Sensor International AG, Berlin (hereafter 'SIS', "the company" or 'Silicon Sensor Group') and its subsidiaries are active in the manufacture of sensors and microsystem technology, the core business being the development, production and marketing of customized optical semiconductor sensor systems. The group also makes non-optical sensors and develops and supplies highly reliable custom-designed hybrid circuits along with products of microsystem engineering and advanced packaging.

A number of SIS subsidiaries act as independent business units in the market. At the heart of the group is Silicon Sensor International AG which has been involved in the development, production and distribution of sensor chips, components and systems. Microelectronic Packaging Dresden GmbH ('MPD') and Lewicki micro-electronic GmbH ('LME') are leading contract manufacturers of customized electronic sensor systems, advanced packaging applications and highly reliable hybrid circuits. Silicon Micro Sensors GmbH ('SMS') has developed and marketed sensor-based products, and particularly pressure sensors and industrial cameras, since starting production on Jan. 1, 2007. Pacific Silicon Sensor Inc. ('PSS') has so far marketed all types of sensor chips and systems in North America, apart from the custom development and packaging of optical sensors.

The total workforce of the Silicon Sensor group at the end of the second quarter was 300 (compared with 322 at the end of the 2nd quarter 2008).


Since April 2009, the registered office of Silicon Sensor International AG has been at Wilhelminenhofstraße 76/77, 12459 Berlin/Germany.

2. Consolidated statement pursuant to § 315a HGB

This is drawn up in keeping with § 315a HGB and IFRS (*International Financial Reporting Standards*) as required in the EU.

3. Accounting practices and valuation methods

The essential practices and methods used to prepare the interim consolidated statement of SIS are in agreement with those used for the 2008 annual statement.



New standards and interpretations, applicable in reporting years, commencing on or after January 2009, were fully applied. As a result, elements of the consolidated interim balance (and particularly the combined profit and loss account and equity change statement) have been adjusted, as have been comparative values for the previous year. The first-time application of IFRS 8 provisions to segment information has brought no changes in business segments shown and results reported for these segments.

In April 2009, IASB published another collective standard to amend a number of IFRS with the primary aim of removing inconsistencies and clarifying formulations. Each standard has its own interim arrangements. The Silicon Sensor group expects no major changes from first-time use.

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. Changes in group equity

With the issue of 514,116 shares against cash deposits on March 18, 2009, Silicon Sensor International AG increased subscribed capital by €1,542,000 and the share premium account by € 925,000. The Management Board also resolved to offset the consolidated balance sheet loss of € 4,208,000 as per Dec. 31, 2008 against the share premium account.

With resolution of the shareholders meeting from June 9, 2009, the subscribed capital of the company was increased without issue of new shares by Euro 8,834,000.

6. Long-term asset impairment

In the first six months of 2009 there were no evidences of any depletion in long term assets below the recorded book values. The assumptions for the impairment test conducted December 31, 2008, were achieved largely in the first six months of 2009.

7. Contingent liabilities

(1) Court action and claims from litigation as part of normal operations could in future be asserted vis-à-vis companies in the group. Related risks are analyzed for probability. Even though the outcome of such disputes can not always be assessed, the Management Board believes that no particular commitments will result there from.

(2) Financial commitments result from leases of production and office space, car leasing and contracts made with pension/relief funds. In keeping with their economic contents, leasing contracts will be classified as operating leases.

The contingent liabilities split up as follows:

Financial commitments as per Dec. 31, 2008:

	2009	2010 - 2014	from 2015
	€ 1,000	€ 1,000	€ 1,000
Rents, leases	1,103	3,658	4,680
Contribution-oriented pensions plans	174	868	1,272
	1,277	4,526	5,952

Financial commitments as per June 30, 2009:

	2009	2010 - 2014	from 2015
	€ 1,000	€ 1,000	€ 1,000
Rents, leases	608	3,728	4,664
Contribution-oriented pensions plans	50	868	1,272
	658	4,596	5,936

8. Segment information

This is provided on the following basis:

(1) Contract-related chip and component production

In this segment, the group mainly develops and manufactures high-end customized silicon sensors with uses, for instance, in geodesy and in space to measure and monitor the blood parameters and circulatory functions of astronauts. In addition, chips are used in complex customized hybrid circuits and modules.

(2) Other products

The segment basically covers sensors for clinical use and the extra/intraoperative detection of tumor cell clusters and, particularly, semiconductor radiation sensors for everyday industrial and laboratory applications, as well as systems for film thickness measurement by PC, PET radiochemistry and dosimetry.

First quarter 2009

	Contract-related chip and component production		Other products		Total	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Segment turnover	6,863	10,075	76	94	6,939	10,169
Segment net income	64	1,034	-5	19	59	1,053

First Half year 2009

	Custom-designed production		Other production		Consolidated	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Segment turnover	13,008	20,465	111	160	13,119	20,625
Segment net income	-950	2,553	-50	18	-1,000	2,571

9. Assurance of legal representatives

This is to assure, to the best of our knowledge, that the picture presented in the consolidated statement using applicable accounting principles for interim statements gives a realistic impression of the group's financial and earnings status and that the course of business including the operating result and the group's situation are presented in such a way 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.

Berlin, August 2009

Silicon Sensor International AG


Dr. Hans-Georg Giering
CEO, Board of Directors