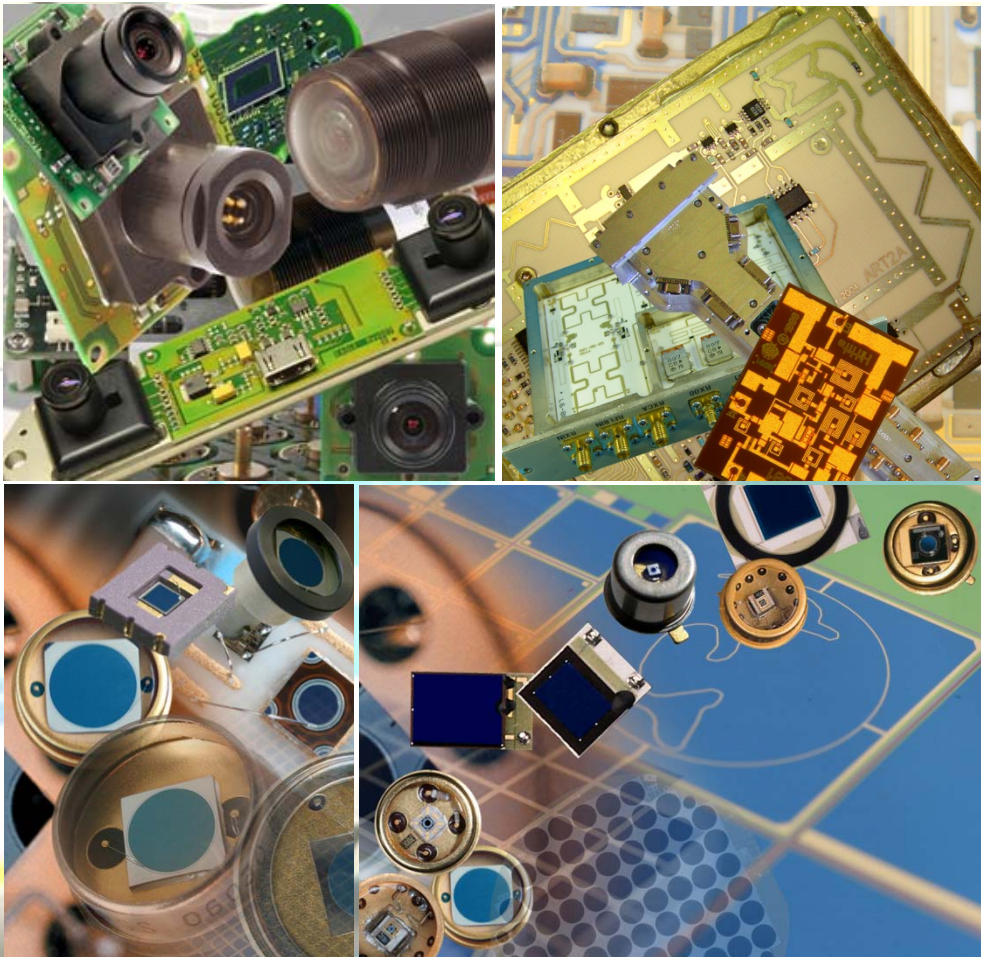


SILICON SENSOR INTERNATIONAL AG



BUSINESS REPORT

for the first three months
of the 2010 business year
(unaudited)

2010

QUARTERLY STATEMENT I/2010 FOR THE SILICON SENSOR GROUP

Financial ratios January 1 – March 31, 2010

	Mar. 31, 2010 €1,000	Mar. 31, 2009 €1,000	Change, €1,000	Change, %
Sales revenue	8,897	6,939	1,958	28
Backlog of orders	15,850	12,535	3,315	26
EBITDA	1,273	1,162	111	10
EBIT	491	258	233	90
Three-month surplus	190	59	131	222
Three-month surplus €/individual share certificate	0.03	0.01	0.02	187
Number of shares (weighted)	6,625,899	4,417,266	2,208,633	50
R&D expenditure	760	625	135	22
Headcount (Mar. 31, 2010)	281	315	-34	-11

Foreword

Upward trend from the last quarter continues – strategic development through acquisitions and cooperations – sound growth forecasts for the coming years

*Dear shareholders,
Dear business partners,*

With a sales increase of almost 30 %, the Silicon Sensor Group has had a very successful start into the new business year, with the positive trend seen in the last quarter of the previous business year continuing into the first quarter of the current 2010 business year. Sales in the first quarter of this year were €8.9 million – an increase of almost €2 million on the sales in the first quarter last year and proof that we are weathering the crisis well. Comparing our outstanding orders also clearly shows our progress: at €15.9 million, the value has increased by 26 % over the previous year. In addition, at the end of the quarter, one of our subsidiaries was nominated for the production of camera systems for cars, due to start production in the second half of 2011.

With an operating result of €0.5 million and a quarterly surplus of €0.2 million, we were able to almost double the previous year's results. Our equity stands at €35.7 million – corresponding to an equity ratio of 58 % – meaning we are not only ideally equipped for future growth, but we are also demonstrating the necessary financial stability so important to customers for awarding long-term development and production orders.

The upward trend, which could already be identified in the spring, has compelled us to raise our yearly forecast again: including First Sensor Technology GmbH which joined our group of consolidated companies on April 1, 2010, we are aiming to achieve sales of between €38 million and €40 million and in so doing achieve a seven-digit operating profit. In the following years we will strive to generate organic growth of at least 20 % and from 2012 at the latest, the return on sales should clearly exceed 10 % again. We aim to reach these growth targets through consistently utilizing synergies in the Group, developing our own products, continuing the sales force expansion that started in 2009, and through exploiting the economies of scale in the newly built plant in Berlin.

2009 was not an easy year for us. The European sensor industry experienced a downturn in sales of more than 17 %, and this also left its mark on the Silicon Sensor Group. Nevertheless, despite this difficult climate, we were able to



strategically and decisively develop the Group thanks to a number of factors: two capital increases bringing a total of €14.6 million in capital reserves, the expansion of credit lines at the banks, the completion of the state-of-the-art sensor plant in Berlin, mergers that have increased efficiency in our processes, and a substantial reduction in fixed personnel expenses when compared with 2008 (€2.8 million) and in other operating expenses (€1.0 million).

In March this year, we were able to definitively round off our product range with an important addition: as of April 1, 2010, we hold 100 % of the shares in First Sensor Technology GmbH. First Sensor is one of the leading suppliers of customized solutions in the increasingly important field of MEMS sensors (MEMS: Micro-Electro-Mechanical Systems). This technology is used in particular to develop pressure sensors, and also inclination and acceleration sensors. The acquisition has secured the Silicon Sensor Group expertise and an important supplier of this increasingly important technology, for existing and future client projects. We are aiming to generate major synergies by dovetailing our production processes, in particular with our plant in Berlin as well as in the fields of purchasing, distribution and R&D.

With this acquisition, the entire Group is focusing on developing and manufacturing not only optical and MEMS sensor solutions, but also – thanks to the vertical integration of our Group – components, modules and systems through to in-house or customized sensor products. At the same time, also recurring on our high and freely available liquidity, we will continue to analyze possibilities for takeovers or collaborations that fit into our strategy.

Furthermore, we have concluded a comprehensive cooperation agreement with Quantum Semiconductor International Co., Ltd. (QSI). As a result, QSI will assist the Silicon Sensor Group in the marketing of its photodiodes in Asia, while Silicon Sensor will expand its product spectrum to include QSI's laser diodes.

We are confident that the current business set-up and performance will lead to further good quarters and look forward to you joining us on this path.

Silicon Sensor Group Business Areas

The Silicon Sensor Group is a manufacturer of customized opto-electronic sensors (photodetectors), which identify and measure alpha, beta, gamma and X-rays, as well as UV and near-infrared radiation and visible light. In addition, the company develops and manufactures non-optical sensors and sensor products, in particular pressure sensors based on MEMS technology (MEMS: Micro-Electro-Mechanical Systems). The Group also develops and makes highly reliable customized hybrid circuits and products for microsystem engineering and advanced packaging.



Customers include major industrial groups and research establishments which outsource specialist production processes on strategic and technical production grounds.

The Group's products serve as critical basic components in all kinds of applications, making the Group largely independent of business cycles in individual industries. Market conditions for these high-end products and future growth potential are generally seen as favorable. Products and 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, to name but a few.

Its high engineering standards make the Group one of the world's leading developers and manufacturers of optical and electronic high-end solutions for the most exacting requirements. Two leading products worldwide that were previously designed and manufactured are avalanche photodiodes (APDs) and avalanche photodiode arrays. Customers use these APDs and laser modules for instance in high-precision distance measuring systems for a variety of applications.

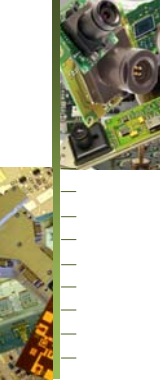
Business trends

Sales reached €8.9 million in the past quarter, which exceeds the value of the first quarter of 2009 by €2.0 million (€6.9 million; +28 %). In addition to new orders, our companies also saw a substantial increase in requests from existing customers once more. This positive development can also be seen in the orders outstanding, which increased by 26 % to €15.9 million compared to the same quarter last year.

The decline in the gross income margin from 68 % to 60 % can be predominantly attributed to the change in the subsidiaries' revenue composition. In absolute terms, gross income increased by 9 % to €5.7 million.

The increased personnel expenses (€3.1 million; + €0.2 million) reflects the expansion in sales, among others. Other operating expenses remain unchanged at €1.3 million. As a result of the expiry of depreciation cycles, among others, depreciation reduced by €0.1 million to €0.8 million.

The EBITDA increased by 10 % to €1.3 million; the EBIT almost doubled to €0.5 million. The three-month surplus after taxes and minority interests increased by €0.1 million to €0.2 million. The result per share is €0.03 (€0.01).



Compared with March 31, 2009, Group equity increased by €10.8 million to €35.7 million, which corresponds to an equity ratio of 58 % (47 % in the previous year). This is 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 is essential in times of crisis.

The increase in short-term loans from €3.4 million to €6.0 million, when compared with the previous year's reporting date, can be attributed in particular to regrouping. Overall, the sum of short- and long-term loans fell by €3.0 million to €13.4 million when compared with March 31, 2009.

Following a negative cash flow from business activities of €0.7 million during last year's quarter, a positive cash flow of €1.0 million was able to be achieved in the past quarter. The cash flow from investment activities of -€0.4 million (-€0.7 million the previous year) primarily relates to the expansion of machinery in the modern sensor plant in Berlin Oberschöneweide.

Liquid funds increased by €12.1 million compared with the previous year and by €0.5 million compared with December 31, 2009, to €17.5 million. These figures, largely attributable to the two capital increases that were successfully carried out in 2009, ideally position the Silicon Sensor Group for future growth, independent of any further overall economic trends.

Capital tie-up for inventories was able to be reduced by 13 % to €8.0 million with a sales increase of 28 %. The €2.0 million reduction in payments and accrued income to €1.4 million can predominantly be attributed to the accounts receivable from investment subsidies that were received in the meantime.

The Silicon Sensor Group's headcount at the end of the quarter was reduced by 34 employees when compared with the previous year, to 281. The principal cause for this is the restructuring measures that were implemented over the past year.

Outlook

The results from the first quarter of 2010 have confirmed the upward trend we have experienced since the middle of last year. Our existing customers are again increasing their requests after inventories were substantially reduced during last year. Over the course of the past crisis year, 2009, the company has laid the foundations for sustainable growth in the coming years, through decisive improvements to capital resources, cost savings, investment in production plants, expansion in sales and improvements to the efficiency of organizational processes. Additionally, the acquisition of First Sensor in the spring of 2010 expanded the product spectrum to include the important MEMS field. For the current business year, we expect to achieve sales of between €38 million and €40 million with a

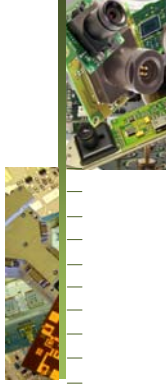


seven-digit EBIT. For the next three years, we are forecasting an annual organic growth rate of 20 % p. a. with a return on sales above 10 % by 2012 at the latest.

Berlin, May 2010
Silicon Sensor International AG


Dr. Hans-Georg Gjerling
CEO


Dr. Ingo Stein
CFO



INTERIM BALANCE SHEET

AS AT MARCH 31, 2010 (IFRS)

Assets	Mar. 31, 2010 €1,000	Mar. 31, 2009 €1,000
SHORT-TERM ASSETS		
Cash	17,537	5,446
Accounts receivable	4,898	4,199
Due from affiliated companies	60	43
Inventories	7,950	9,092
Tax refund claims	393	926
Payments and accrued income, other current assets	1,375	3,391
Short-term assets, total	32,213	23,097
LONG-TERM ASSETS		
Tangible assets	26,201	27,277
Intangible assets	627	482
Shares in affiliated companies	124	124
Goodwill	1,846	1,846
Latent tax claims	222	26
Other long-term assets	21	21
Long-term assets, total	29,041	29,776
ASSETS, TOTAL	61,254	52,873

Capital stock, debts	Mar. 31, 2010 €1,000	Mar. 31, 2009 €1,000
SHORT-TERM LIABILITIES		
Short-term loans	6,036	3,390
Accounts payable	2,185	1,485
Advances from customers	1,165	1,054
Provisions	563	501
Liabilities from income tax	120	466
Other short-term liabilities	2,133	1,992
Short-term liabilities, total	12,202	8,888
LONG-TERM LIABILITIES		
Long-term interest-bearing loans	7,323	12,898
Accrued liabilities	199	103
Latent taxes	392	254
Prepayments and accrued income	5,383	5,774
Long-term liabilities, total	13,297	19,029
MINORITY INTERESTS	45	52
CAPITAL STOCK		
Subscribed capital	33,130	13,252
Reserves	3,895	11,799
Exchange equalization items	-274	-206
Balance sheet loss/profit	-1,041	59
Capital stock, total	35,710	24,904
SUM OF CAPITAL STOCK AND DEBTS	61,254	52,873

GROUP INCOME STATEMENT

JANUARY 1 TO MARCH 31, 2010 (IFRS)

	Jan. 1 - Mar. 31, 2010 €1,000	Jan. 1 - Mar. 31, 2009 €1,000
Sales revenue	8,897	6,939
Other operating income	306	380
Changes in inventory of finished and unfinished goods	286	479
Capitalized cost of self-constructed assets	142	0
Cost of materials/purchased services	-3,892	-2,529
Personnel expenses	-3,140	-2,832
Depreciation of tangible and intangible assets	-782	-904
Other operating expenses	-1,326	-1,275
OPERATING RESULT	491	258
Interest yield/cost	-190	-213
Exchange gains/losses	49	0
RESULT BEFORE TAX AND MINORITY INTERESTS	350	45
Taxes on income	-109	16
PERIOD NET INCOME/LOSS	241	61

Expenditure/yields directly shown as equity		
Differences from currency conversion (after tax)	65	55
Net profits from cash flow hedges (after tax)	-20	-57
SUM OF EXPENDITURE/YIELDS SHOWN DIRECTLY AS EQUITY	45	-2
TOTAL RESULT OF PERIOD	286	59
Period surplus attributable to Silicon Sensor AG shareholders	190	59
Period surplus attributable to minorities	51	2
Total result for the period attributable to Silicon Sensor AG shareholders	235	57
Total result for the period attributable to minorities	51	2

Net earnings per share (undiluted)	0.03	0.01
Average number of circulating shares (undiluted)	6,626	4,417
Net earnings per share (diluted)	0.03	0.01
Average number of circulating shares (diluted)	6,626	4,417

CASH FLOW STATEMENT FOR THE GROUP

JANUARY 1 TO MARCH 31, 2010 (IFRS)

	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009
	€1,000	€1,000
PRE-TAX INCOME	350	45
Depreciation of tangible and intangible assets	782	904
Other expenses/revenues not affecting payment	59	-104
Revenues from investment grants	-142	-116
Interest income	-11	-16
Interest expenses	201	229
Increase/decrease of provisions	-10	4
Increase/decrease of inventories, trade debtors and other assets not assigned to investment/financing activities	-167	597
Increase/decrease of accounts payable and other liabilities not assigned to investment/financing activities	36	-1,784
Interest paid	-168	-147
Income tax paid	0	-302
Other profits/losses	49	0
CASH FLOW FROM CURRENT BUSINESS ACTIVITIES	979	-690
Payments for investment into tangible and intangible assets	-442	-774
Payments from tangible/intangible asset retirement	0	2
Receipts from investment grants	0	104
Interest received	11	12
CASH FLOW FROM INVESTMENT	-431	-656
Proceeds from injection of equity finance	0	2,467
Payments for repaying financial credits	-640	-842
Transaction costs for issuing shares	0	-38
Proceeds from uptake of financial credit	561	572
CASH FLOW FROM FINANCING	-79	2,159
CURRENCY DIFFERENCES FROM CONVERTING FUNDS	16	55
CHANGES IN FUNDS AFFECTING PAYMENTS	485	868
Funds at the beginning of the business year	16,652	4,173
FUNDS ON REPORTING DATE	17,137	5,041

EQUITY CHANGE STATEMENT

FOR THE PERIOD JANUARY 1, 2010 UNTIL MARCH 31, 2010 (IFRS)

	Number of shares	Subscribed capital	Share premium	Revenue reserves	Unrealized profit/loss	Group balance sheet loss/ profit	Exchange equalization	Minority interests	Sum of equity capital
	'000s	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000
As at January 1, 2009	3,903	11,710	16,130	-854	-109	-4,208	-261	50	22,458
Differences from currency conversion							55		55
Sum of result shown directly as equity			-26		-2				-28
Period result			-57			59		2	4
Use of balance sheet loss			-4,208						-4,208
Capital increase	514	1,542	925			4,208			6,675
As at March 31, 2009	4,417	13,252	12,764	-854	-111	59	-206	52	24,956
As at Jan. 1, 2010	6,626	33,130	4,618	-586	-209	-1,231	-339	-6	35,377
Total period result						190	65	51	306
Sum of result shown directly as equity					46				46
Additions to tangible assets				8					8
Share-based remuneration				18					18
As at Mar. 31, 2010	6,626	33,130	4,618	-560	-163	-1,041	-274	45	35,755

SILICON SENSOR INTERNATIONAL AG – NOTES REGARDING THE GROUP'S INTERIM STATEMENT

FROM JANUARY 1 UNTIL MARCH 31, 2010
(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 engineering, the core business being the development, production and marketing of customized optical semiconductor sensor systems. In addition, the company develops and manufactures non-optical sensors and sensor products, in particular pressure sensors based on MEMS technology (MEMS: Micro-Electro-Mechanical Systems). The Group also develops and makes highly reliable customized hybrid circuits and products for microsystem engineering and advanced packaging.

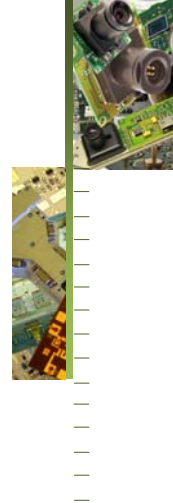
A number of SIS subsidiaries are active as independent business units within the Group. At the heart of the Group is Silicon Sensor International AG, which is focused on the development, production and distribution of sensor chips, components and systems. Microelectronic Packaging Dresden GmbH (hereafter "MPD") and Lewicki microelectronic GmbH (hereafter "LME") are leading contract manufacturers of customized electronic sensor systems, advanced packaging applications and highly reliable hybrid circuits. Silicon Micro Sensors GmbH (hereafter "SMS") has developed and marketed sensor-based products, in particular pressure sensors and industrial cameras, since starting operations on January 1, 2007. Pacific Silicon Sensor Inc. (hereafter "PSS") is engaged in customized development and optical sensor packaging, its main activity being to market sensor chips and a wide variety of sensor systems in the North American market. First Sensor Technology GmbH (hereafter "FST"), acquired as of April 1, 2010, develops customized solutions in the field of MEMS technology (MEMS: Micro-Electro-Mechanical Systems) that are primarily used for pressure sensors, but also for the production of inclination and acceleration sensors.

The total headcount of the Silicon Sensor Group at the end of the quarter was 281 (compared with 315 at the end of the first quarter in 2009).

The registered office of SIS is at Peter-Behrens-Str. 15 in Berlin (Germany).

2. Consolidated statement pursuant to Art. 315a of the German Commercial Code (HGB)

SIS has prepared the Group's financial statement in keeping with Art. 315a of the German Commercial Code in accordance with the IFRS (*International Financial Reporting Standards*).



3. Accounting practices and valuation methods

The essential practices and methods used to prepare the interim consolidated statement of the Silicon Sensor Group are in agreement with those used for the 2009 annual statement.

New standards and interpretations, applicable in reporting years and commencing on or after January 1, 2009, were fully applied. As a result, elements of the consolidated interim balance of the Group (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 regulations on segment reporting has not changed the definition of the business segments shown, nor the 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 the first-time use.

4. Notes to cash flow statements

SIS shows the cash flow from regular business activities in keeping with IAS 7 "Cash flow analysis" using the indirect method.

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 2010, there was no evidence of any depletion in long-term assets to below the recorded book values.

6. Contingent liabilities

(1) In future, lawsuits and claims from litigation arising from the ordinary course of business could be asserted against affiliated companies. The related risks are being analyzed to determine the probability of their occurrence. Even though the outcome of such disputes cannot always be accurately predicted, the Board does not foresee any subsequent essential liabilities that need to be covered.

(2) Financial commitments follow from the rental of office space, building, machinery and car leases, and agreements with pension and welfare trusts. In keeping with the economic content of leases, they should be classified as operating leases.



Financial commitments were as follows:

As at December 31, 2009

	2010	2011 - 2014	from 2015
	€1,000	€1,000	€1,000
Rents, leases	1,064	2,695	5,935
Contribution-oriented pension plans	84	336	343
	1,148	3,031	6,278

As at March 31, 2010

	2010	2011 - 2014	from 2015
	€1,000	€1,000	€1,000
Rents, leases	802	3,278	5,408
Contribution-oriented pension plans	63	420	259
	865	3,698	5,667



7. Segment information

The Group consists of several legal sub-entities. As part of corporate management, these legal entities are run as independent business segments. The operating results from the business entities are monitored separately by the management in order to take decisions on the allocation of resources and to determine the profitability of the entities. The segments' development is evaluated using the operating result that was calculated as per the German GAAP. The internal prices between the business segments are determined under the same conventional market conditions as for third parties.

The individual business segments were combined into one business segment that was subject to reporting, due in particular to the comparability of the produced goods and services offered, the production processes as well as the type of customers.

	Business segment		Consolidation		Adjustment to IFRS		Group	
	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2009
	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000	€1,000
Sales	10,331	7,447	-1,434	-508	0	0	8,897	6,939
Result (before minorities)	259	-136	-226	148	207	49	241	61

8. Assurance of legal representatives

We hereby affirm that, to the best of our knowledge, the picture presented in the consolidated statement using applicable accounting principles for interim statements 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 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.

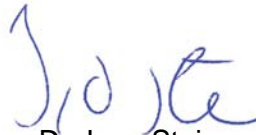
9. Supplementary report (events after the reporting date)

Effective April 1, 2010, Silicon Sensor International AG acquired 100 % of the shares in First Sensor Technology GmbH, one of the leading suppliers of customized solutions in the field of MEMS (Micro-Electro-Mechanical Systems) sensors. The registered office of the acquired company is in Berlin.

Berlin, May 2010

Silicon Sensor International AG


Dr. Hans-Georg Giering
CEO


Dr. Ingo Stein
CFO

