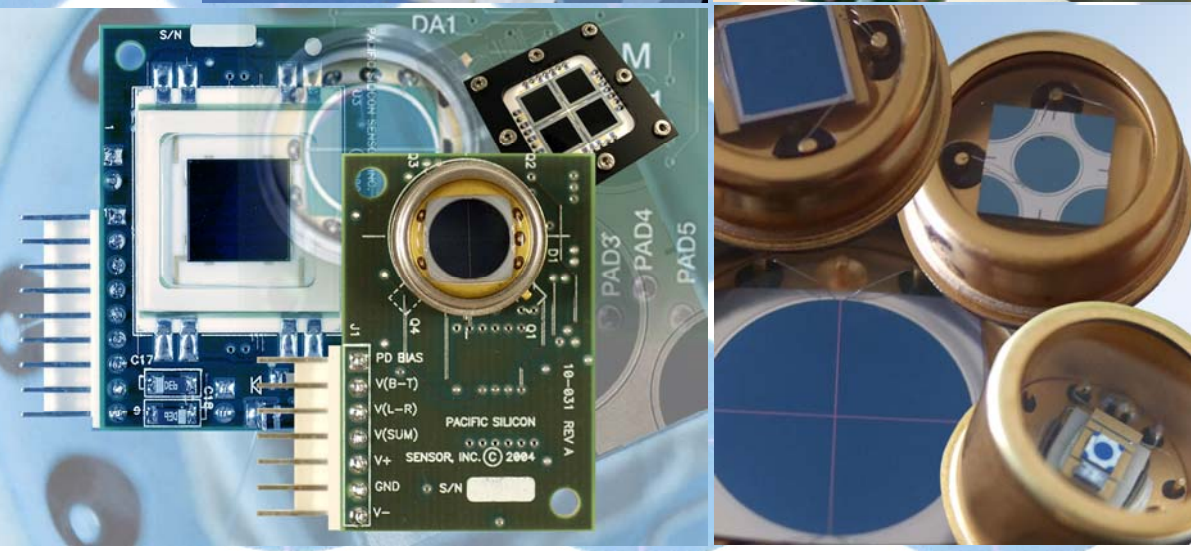
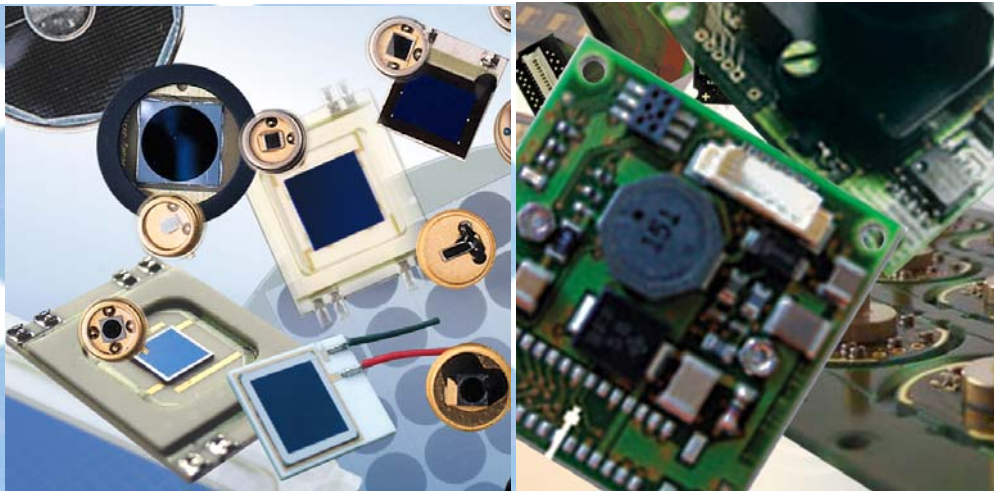


SILICON SENSOR INTERNATIONAL AG



2008

BUSINESS REPORT

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

BUSINESS REPORT II/2008

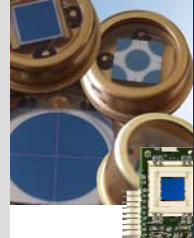
SILICON SENSOR GROUP

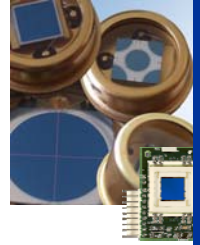
Financial ratios January 01 – June 30, 2008 (first half-year 2008)

	Jan. 01, 2008 - June 30, 2008 € 1,000	Jan. 01, 2007 - June 30, 2007 € 1,000	Change in € 1,000	Change in %
Sales revenue	20,625	18,819	1,806	10
Backlog of orders	18,963	21,896	- 3,023	- 14
EBITDA	5,400	5,901	- 501	- 8
EBIT	3,952	4,480	- 528	- 12
Six-month surplus	2,571	2,577	- 6	0
Six-month surplus €/individual share certificate	0.66	0.73	0.07	- 10
Number of shares	3,896,150	3,541,400	354,750	10
R&D expenditure	1,908	2,152	-244	-11
Headcount (June 30, 2008)	322	280	42	15

Financial ratios April 01 – June 30, 2008 (second quarter 2008)

	April 01, 2008 - June 30, 2008 € 1,000	April 01, 2007 - June 30, 2007 € 1,000	Change in € 1,000	Change in %
Sales revenue	10,456	9,052	1,404	15
Backlog of orders	18,963	21,986	- 3,023	-14
EBITDA	2,999	2,725	274	10
EBIT	2,248	2,113	135	6
Second quarter surplus	1,518	1,264	254	20
Second quarter surplus €/individual share certificate	0.39	0.36	0.03	8
Number of shares	3,896,150	3,541,400	354,750	10
R&D expenditure	930	998	-68	-7
Headcount (June 30, 2008)	322	280	42	15





Interim Management Report

Silicon Sensor – performs above expectation

To all shareholders and business partners,

Notwithstanding additional endeavours made for future growth the Silicon Sensor Group performed above expectation in the second quarter of 2008. Sales increased by 15 % from € 9.052 m to € 10.456 m compared to the previous quarter. The net income of the quarter after interest and tax increased due to a reduced tax rate disproportionately by 20% from € 1.264 m to € 1.518 m. Even a tax effect adjusted net income would still show a sound growth of 10 % in the second quarter of 2008.

In the second quarter of 2008 the EBITDA increased by 10% from € 2.725 m (QII/2007) to € 2.999 m (QII/2008). The EBIT did grow by € 135 k from 2.113 m € (QII/2007) to 2.248 m € (QII/2008), which means a growth by 6%. Compared to the previous year quarter (QII/2007) the net income of QII/2008 increased by 20% from 1.264 m € (QII/2007) to 1.518 m €.

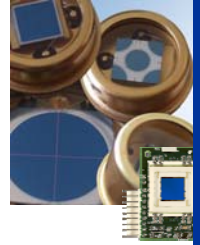
The Earnings per Share of the quarter increased despite the increased number of shares due to the rights issue in 2007 by 0.03 € to 0.39 € (QII/2007: 0.36 €).

The order back log of the group shrank by 8% to 18.963 m € (30.06.2008) compared to the previous quarter (31.03.2008: 20.7 m €). The variance to the previous quarter is explained by the fluctuation of orders with terms of more than one year. The total headcount increased from 280 on June 30, 2007 to 322 at present.

The new sensor production facility in Berlin will be completed according to schedule in August 2008. The move to the new production facilities will cause a business interruption and thus a dip in stock level, which results in lower earnings in the second half of 2008 compared to the first half of 2008. In order to meet supply readiness, stocks were built up in 2007 and in the first six months of 2008 and have increased profitability in these periods. The consequent removal and the necessary stop of production will cause a stock disposal in the 2nd half of 2008 which will lower the profitability and thus the higher profit of the previous periods will be compensated.

The business focus will be further on customized products with a partially very high development portion like customized hybrid circuits, packaging and sensor based solutions as well as avalanche photodiodes (APD).





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 favourable, and so is the potential for further growth.

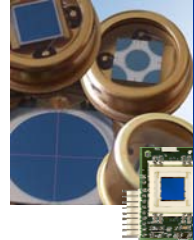
As one of the world's leaders in engineering, the Silicon Sensor group develops, manufactures and supplies optical and electronic high-end solutions for a very discerning market. It has developed avalanche photodiodes (APD) and avalanche photodiode arrays which have become the first choice of users worldwide.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

Plans for the upcoming business years indicate that future growth is 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. Sales of the North American subsidiary Pacific Silicon Sensor Inc. increased by 22 % from \$ 0.9 m (6/30/2007) to \$ 1.1 m (6/30/2008).





Personnel

At the end of the quarter, the headcount of the Silicon Sensor group in total amounts to 322 (at the end of the 2nd quarter 2007 total headcount 280).

Outlook

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

The group expects a stabile progress in sales with compared to the previous year declining net income, as the focus of the ongoing business year is not on higher profitability but on building the fundamentals for future growth. We expect all our subsidiaries to be profitable.

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 on the international economic and political environment.

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

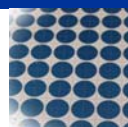
Berlin, August 2008

Silicon Sensor International AG

The Managing Board

Dr. Bernd Kriegel

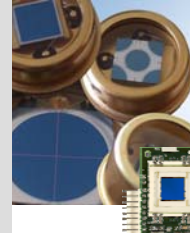
Dr. Hans-Georg Giering



CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2008 (IFRS)

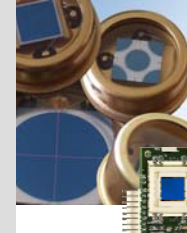
Assets	June 30, 2008 € 1,000	June 30, 2007 € 1,000
CURRENT ASSETS		
Cash and cash equivalents	7,481	4,888
Short-term investments	0	123
Trade accounts receivables	6,575	5,937
Accounts receivable from associated companies	30	0
Inventories	7,997	6,710
Tax assets	196	111
Prepaid expenses and other current assets	1,760	857
Interest hedging	154	94
Total current assets	24,193	18,720
NON-CURRENT ASSETS		
Property, plant and equipment	20,741	13,091
Intangible assets	5,672	5,907
Equity holdings in associated companies	124	99
Goodwill	11,142	11,142
Deferred taxes	12	10
Other assets	26	41
Total non current assets	37,717	30,290
TOTAL ASSETS	61,910	49,010
Liabilities and shareholders' equity		
CURRENT LIABILITIES		
Short-term debt	3,878	5,158
Trade accounts payable	1,585	1,528
Advance payments received	418	380
Accrued expenses	487	1,070
Income tax payable	3,271	2,894
Other current liabilities	2,334	2,358
Total current liabilities	11,973	13,388
NON-CURRENT LIABILITIES		
Long-term debt	9,756	4,313
Provisions	111	117
Deferred tax liabilities	1,832	2,465
Deferred income	1,548	1,402
Total non-current liabilities	13,247	8,297
MINORITY INTERESTS	116	67
EQUITY		
Share capital	11,689	11,639
Reserves	15,151	9,281
Translation reserve	- 341	-223
Retained earnings/loss	10,075	6,561
Total Equity	36,574	27,258
TOTAL LIABILITIES AND EQUITY	61,910	49,010



CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST SIX-MONTHS 2008 (IFRS)

	April 01 - June 30, 2008 € 1,000	April 01 - June 30, 2007 € 1,000	Jan. 01 - June 30, 2008 € 1,000	Jan. 01 - June 30, 2007 € 1,000
Revenues	10,456	9,052	20,625	18,819
Other operating income	265	312	633	583
Changes in inventories of finished goods and work in progress	958	541	1,274	1,391
Production of own fixed assets capitalized	24	8	55	9
Cost of purchased materials and services	-3,803	-3,179	-7,245	-6,353
Personnel expenses	-3,455	-3,128	-6,982	-6,154
Depreciation and amortization on intangible assets, and plant and equipment	-751	-612	-1,448	-1,421
Other operating expenses	-1,446	-881	-2,960	-2,394
OPERATING INCOME	2,248	2,113	3,952	4,480
Interest income and expenses	-108	-204	-177	-264
Currency gains / losses	-22	23	-34	20
RESULT BEFORE INCOME TAXES AND MINORITY INTEREST	2,118	1,932	3,741	4,236
Income tax	-579	-657	-1,130	-1,628
RESULT BEFORE MINORITY INTEREST	1,539	1,275	2,611	2,608
Minority interest	-21	-11	-40	-31
NET INCOME/ LOSS	1,518	1,264	2,571	2,577
Net income per share (basic)	0.39	0.36	0.66	0.73
Weighted average shares outstanding (basic)	3,896	3,541	3,896	3,541
Net income per share (diluted)	0.39	0.36	0.66	0.73
Weighted average shares outstanding (diluted)	3,896	3,541	3,896	3,541



CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST SIX-MONTHS 2008 (IFRS)

	<i>Jan. 01 - June 30, 2008</i> € 1,000	<i>Jan. 01 - June 30, 2007</i> € 1,000
CONSOLIDATED PROFIT	3,741	4,236
Depreciation of intangible assets and property, plant and equipment	1,448	1,421
Other expenditure/ income not affecting payments	152	54
Income from investment grants	-225	-43
Interest income	-195	-89
Interest expenses	372	353
Other income/ expenses	-34	20
Changes in provisions	12	-614
Changes in assets not allocable to investing- or financing activities	-1,275	-2,520
Changes in liabilities not allocable to investing or financing activities	-622	-289
Paid interest	-338	-344
Paid taxes	-917	-275
CASH FLOW FROM OPERATING ACTIVITIES	2,119	1,910
Investments in intangible assets and property, plant and equipment	-7,719	-2,513
Proceeds from government grants	0	43
Interest	195	89
CASH FLOW FROM INVESTING ACTIVITIES	7,524	-2,381
Proceeds from rights issue	0	23
Prepayments on rights issue	0	1,057
Loan repayments	-1,564	-1,263
Dividends	-390	-352
Deposits from financial borrowing	4,636	925
CASH FLOW FROM FINANCING ACTIVITIES	2,682	390
NET EFFECT OF CURRENCY TRANSLATION IN CASH AND CASH EQUIVALENTS	27	-11
NET INCREASE IN CASH AND CASH EQUIVALENTS	-2,696	-92
Cash and cash equivalents at beginning of year	10,177	4,980
CASH AND CASH EQUIVALENTS AS OF JUNE 30, 2008	7,481	4,888

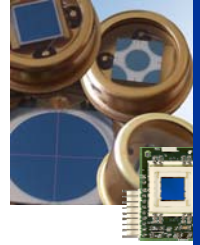


CHANGE IN EQUITY

FOR THE FIRST SIX-MONTHS 2008 (IFRS)

	Number of shares in '000	Share Capital € 1,000	Reserves € 1,000	Retained Earnings € 1,000	Translation Reserve € 1,000	Minority Interests € 1,000	Total € 1,000
Balance at December 31, 2006	3,523	10,569	9,497	3,984	-214	36	23,872
Net profit from cash flow hedges			45				45
Exercise of share options	18	13	10				23
Share-based remuneration			81				81
Dividends				-352			-352
Rights issue for cash		1,057					1,057
Currency translation differences					-9		-9
Net income				2,577		31	2,608
Balance at June 30, 2007	3,541	11,639	9,633	6,209	-223	67	27,325

	Number of shares in '000	Share Capital € 1,000	Reserves € 1,000	Retained Earnings € 1,000	Translation Reserve € 1,000	Minority Interests € 1,000	Total € 1,000
Balance at December 31, 2007	3,896	11,689	14,935	7,895	-335	76	34,260
Share-based remuneration			152				152
Dividends				-390			-390
Currency translation differences					-7		-7
Total of results registered directly in equity capital			64				64
Net income				2,571		40	2,611
Balance at June 30, 2008	3,896	11,689	15,151	10,076	-342	116	36,690



SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST SIX MONTH 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.

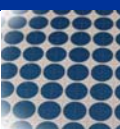
Several subsidiaries of the SIS group participate in the market as independent business units. The group's core company, Silicon Sensor GmbH (hereafter 'SIS GmbH'), was founded in 1991 and has since then become the principal business unit for developing, manufacturing and marketing of sensor chips, components 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 322 by end of the second quarter 2008 (headcount by end of the second quarter 2007: 280).

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 in accordance 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. According to the 'substance over form'-regulation lease contracts are operating lease contracts.

The contingent liabilities split up as follows:

As of December 31, 2007

	2008	2009 - 2013	as of 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 June 30, 2008

	2008	2009 - 2013	as of 2014
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	563	3,544	5,318
Premium-oriented pension plans	141	1,166	1,486
	704	4,710	6,804



6. Segment reporting

This is provided on the following basis:

(1) Application-oriented chip and component production

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 tumour cells. More particularly, the segment stands for semiconductor radiation sensors for industrial and laboratory use and PC measuring systems for coating thickness measurement, PET radiochemistry and dosimetry.

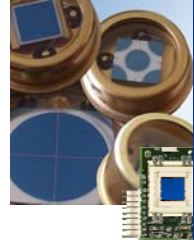
First quarter 2008

	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 net income	1,034	1,295	19	18	1,053	1,313

First Half year 2008

	Custom-designed production		Other production		Consolidated	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Segment turnover	20,465	18,651	160	168	20,625	18,819
Segment net income	2,553	2,557	18	20	2,571	2,577





7. Internal statement

Company's officers did not hold shares of the company on June 30, 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, August 2008

Silicon Sensor International AG

The Managing Board

Dr. Bernd Kriegel

Dr. Hans-Georg Giering