

SILICON SENSOR INTERNATIONAL AG



2007

BUSINESS REPORT

for the first nine months
of the 2007 business year
(unaudited)

BUSINESS REPORT III/2007

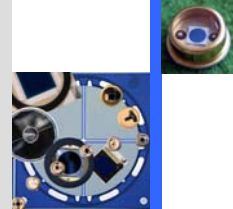
SILICON SENSOR GROUP

Financial ratios January 01 - Sept. 30, 2007 (nine-month report 2007)

| | Jan. 01, 2007 - Sept. 30, 2007 € 1,000 | Jan. 01, 2006 - Sept. 30, 2006 € 1,000 | Change in € 1,000 | Change in % |
|-----------------------------------|--|--|----------------------------------|----------------------------|
| Sales revenue | 27,472 | 24,351 | 3,121 | 13 |
| Backlog of orders | 22,122 | 21,662 | 460 | 2 |
| EBITDA | 7,924 | 5,640 | 2,284 | 40 |
| EBIT | 5,797 | 3,925 | 1,872 | 48 |
| Nine-month surplus | 3,904 | 2,231 | 1,673 | 75 |
| Nine-month surplus € per share | 1.08 | 0.65 | 0.43 | 66 |
| Number of shares (weighted) | 3,628,399 | 3,457,900 | 170,499 | 5 |
| R&D expenditure | 3,335 | 2,931 | 404 | 14 |
| Headcount (Sept. 30, 2007) | 294 | 248 | 46 | 19 |

Financial ratios July 01 - Sept. 30, 2007 (third quarter 2007)

| | July 01, 2006 - Sept. 30, 2006 € 1,000 | July 01, 2005 - Sept. 30, 2005 € 1,000 | Change in € 1,000 | Change in % |
|--------------------------------------|--|--|----------------------------------|----------------------------|
| Sales revenue | 8,653 | 8,731 | -78 | -1 |
| Backlog of orders | 22,122 | 21,662 | 460 | 2 |
| EBITDA | 2,003 | 2,022 | -19 | -1 |
| EBIT | 1,297 | 1,367 | -70 | -5 |
| Third quarter surplus | 1,327 | 706 | 621 | 88 |
| Third quarter surplus € per share | 0.34 | 0.21 | 0.13 | 62 |
| Number of shares | 3,895,650 | 3,457,900 | 437,750 | 13 |
| R&D expenditure | 1,183 | 939 | 244 | 26 |
| Headcount (Sept. 30, 2007) | 294 | 248 | 46 | 19 |





Interim Management Report

Silicon Sensor confirms dynamic performance

To all shareholders and business partners,

in the first nine month of 2007 the Silicon Sensor Group performed very well. Sales increased compared to the previous year to 27.47 mn € (9/30/2006: € 24.35 mn), which is an increase by 13 %.

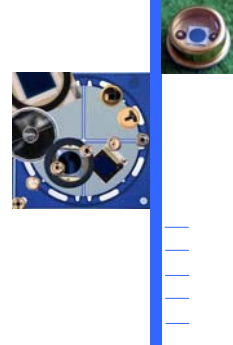
The EBITDA increased in the first nine month of 2007 by 40 % from € 5.64 mn (9/30/2006) to € 7.92 mn (9/30/2007). The Operating Income also rose by € 1.87 mn from € 3.93 mn (9/30/2006) to € 5.79 mn (9/30/2007), which is a increase by 48%. The Earnings after Interest and Tax grew by 75 %, from € 2.23 mn (9/30/2006) to € 3.90 mn. The Earnings per Share soared, taking into account the risen number of shares due to the rights issue in 2007, by € 0.43 from € 0.65 (9/30/2006) to € 1.08 (9/30/2007).

The headcount grew from 248 (9/30/2006) to 294 (9/30/2007). The order backlog rose by 2 % to € 22.12 mn (9/30/2007) compared to the last year's figure (9/30/2006: € 21.66 mn). Sales, which may result from the Nomination Letter received October 25, 2007 in the second half of 2008, are not reported as part of the order backlog until specified monthly release orders will be issued.

In the current and in the coming business year the company will further concentrate on preparing for future growth. The first milestone in this process was achieved by extending the production area in Dresden according to schedule at the beginning of the second quarter 2007. A further milestone is the erection of a new fab building for 6" sensor-manufacturing, to deal with the expected increase in demand for sensors. The cornerstone for the new site was laid in Berlin on March 21, 2007. Ready for production is planned for the second half of 2008.

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





Business development

The Silicon Sensor group is a supplier of customized optoelectronic sensors (photo detectors). These sensors detect and measure alpha-, beta-, gamma-radiation as well as X-rays, and UV radiation, visible light and near-infrared radiation. In addition, the group develops and manufactures non-optical sensors. The group also develops and manufactures highly reliable customer-specific hybrid circuits and products of micro system technology as well as advanced packaging technology.

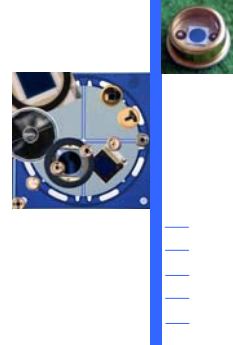
Customers include leading industrial groups and research establishments wishing to outsource highly specialized manufacturing processes which do not fit their production patterns or strategic orientation.

Products made by the group are used as basic components for the widest possible range of applications. This makes the Silicon Sensor group largely independent of the business cycles in the various industries. The market for these high-end products is generally seen as favorable, and so is the potential for further growth.

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

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





Foreign developments

Beside the further increase of market share in Europe, Silicon Sensor identifies significant potential for future growth in the Asian and North American market. Therefore the group will strengthen their presence on these markets. The Pacific Silicon Sensor Inc. (sales € 1.29 mn (30/9/2007); € 1.25 mn (30/9/2006)), member of the Silicon Sensor group, will be granted an important role in this process.

Important Events after closing date

On October 25, 2007 the Silicon Micro Sensor GmbH (SMS) gain a Nomination Letter by a leading automotive manufacturer for the supply of high-quality sensors in the period second half 2008 to end of 2013. The Nomination Letter is referring to two platforms for vehicles in America, Europe and Asia. The targeted supply volume amounts to € 30 mn. Currently SMS is preparing for readiness for delivery until third quarter 2008. The binding assignments will be placed, depending on the production volume of the automotive manufacture, via monthly orders based on a three months rolling forecast.

Personnel

At the end of the quarter, the headcount of the Silicon Sensor group in total amounts to 294 (at the end of the 3rd quarter 2006 total headcount 248).

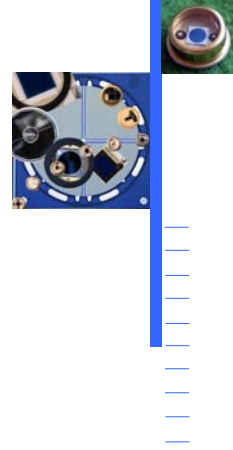
Outlook

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

The group expects stable sales revenues in future and assumes that all of its subsidiaries will stay profitable. Apart from increased turnover and earnings, the current business year will also be devoted to creating the basis for future growth.

The market position of the group will be strengthened in 2007 further. The existing know-how will be used for further continuous growth in sales and earnings.





In the last two business years, the group's dependence on a few major clients was clearly reduced by widening the customer base. Developing the market presence in North America and Asia will further help to offset fluctuating demands and dependencies from large customers on the European market medium term. Risks resulting from general economic development are to be minimized by branching out into new business segments.

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

Berlin, November 2007

Silicon Sensor International AG

The Managing Board

*Dr. Bernd Kriegel
Chairman of the Executive Board*

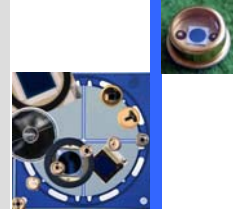
*Dr. Hans-Georg Giering
Member of the Executive Board*



CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2007 (IFRS)

| Assets | Sept. 30, 2007 TEuro | Sept. 30, 2006 TEuro |
|---|--------------------------------|--------------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 8,562 | 4,268 |
| Short-term investments | 123 | 519 |
| Trade accounts receivable | 6,349 | 5,264 |
| Accounts receivable from associated companies | 25 | 64 |
| Inventories | 7,182 | 4,484 |
| Tax assets | 111 | 321 |
| Prepaid expenses and other current assets | 1,091 | 388 |
| Total current assets | 23,443 | 15,308 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 12,905 | 8,951 |
| Intangible assets | 5,914 | 6,178 |
| Equity holdings in associated companies | 99 | 416 |
| Goodwill | 11,142 | 11,158 |
| Deferred taxes | 16 | 15 |
| Other assets | 38 | 22 |
| Total non current assets | 30,114 | 26,740 |
| TOTAL ASSETS | 53,557 | 42,048 |
| Liabilities and shareholders' equity | | |
| CURRENT LIABILITIES | | |
| Short-term debt | 4,480 | 2,162 |
| Trade accounts payable | 1,721 | 1,247 |
| Equity holdings in associated companies | 2 | 46 |
| Advance payments received | 420 | 66 |
| Accrued expenses | 524 | 354 |
| Income tax payable | 3,024 | 800 |
| Other current liabilities | 2,222 | 2,775 |
| Total current liabilities | 12,393 | 7,450 |
| NON-CURRENT LIABILITIES | | |
| Long-term debt | 4,064 | 5,260 |
| Provisions | 121 | 79 |
| Deferred tax liabilities | 1,911 | 2,590 |
| Deferred income | 1,267 | 1,246 |
| Total non-current liabilities | 7,363 | 9,175 |
| MINORITY INTERESTS | 70 | 1,328 |
| EQUITY | | |
| Share capital | 11,687 | 10,410 |
| Reserves | 14,432 | 10,691 |
| Translation reserve | -276 | -214 |
| Retained earnings/loss | 7,888 | 3,208 |
| Total Equity | 33,731 | 24,095 |
| TOTAL LIABILITIES AND EQUITY | 53,557 | 42,048 |



CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST NINE-MONTHS 2007 (IFRS)

| | July 01 - Sept. 30, 2007 € 1,000 | July 01 - Sept. 30, 2006 € 1,000 | Jan. 01 - Sept. 30, 2007 € 1,000 | Jan. 01 - Sept. 30, 2006 € 1,000 |
|---|--|--|--|--|
| Revenues | 8,653 | 8,731 | 27,472 | 24,351 |
| Other operating income | 548 | 416 | 1,166 | 1,038 |
| Changes in inventories of finished goods and work in progress | 427 | -114 | 1,818 | 164 |
| Production of own fixed assets capitalized | 7 | 68 | 16 | 115 |
| Cost of purchased materials and services | -3,157 | -2,953 | -9,510 | -8,734 |
| Personnel expenses | -3,016 | -3,067 | -9,170 | -8,063 |
| Depreciation and amortization on intangible assets, and plant and equipment | -706 | -655 | -2,127 | -1,715 |
| Other operating expenses | -1,459 | -1,059 | -3,868 | -3,231 |
| OPERATING INCOME | 1,297 | 1,367 | 5,797 | 3,925 |
| Interest income and expense | -81 | -94 | -345 | -240 |
| RESULT BEFORE INCOME TAXES AND MINORITY INTEREST | 1,216 | 1,273 | 5,452 | 3,685 |
| Income tax | 114 | -522 | -1,514 | -1,332 |
| RESULT BEFORE MINORITY INTEREST | 1,330 | 751 | 3,938 | 2,353 |
| Minority interest | -3 | -45 | -34 | -122 |
| NET INCOME/ LOSS | 1,327 | 706 | 3,904 | 2,231 |
| Net income per share (basic) | 0.34 | 0.21 | 1.08 | 0.65 |
| Weighted average shares outstanding (basic) | 3,896 | 3,458 | 3,628 | 3,458 |
| Net income per share (diluted) | 0.34 | 0.21 | 1.08 | 0.65 |
| Weighted average shares outstanding (diluted) | 3,896 | 3,458 | 3,628 | 3,458 |

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST NINE-MONTHS 2007 (IFRS)

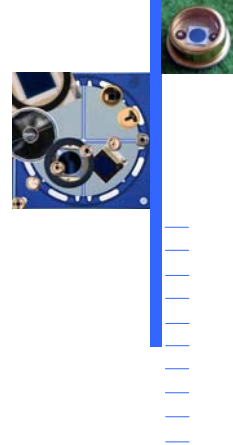
| | <i>Jan. 01 – Sept. 30, 2007</i> € 1,000 | <i>Jan. 01 – Sept. 30, 2006</i> € 1,000 |
|--|--|--|
| CONSOLIDATED PROFIT | 5,797 | 3,925 |
| Depreciation of intangible assets and property, plant and equipment | 2,126 | 1,715 |
| Other expenditure/ income not affecting payments | 122 | 73 |
| Income from investment grants | -10 | -212 |
| Income from asset disposals | 0 | 3 |
| Changes in provisions | -1,156 | 89 |
| Changes in assets not allocable to investing- or financing activities | -3,622 | -2,292 |
| Changes in liabilities not allocable to investing or financing activities | -262 | 1,036 |
| Paid interest | -489 | -333 |
| Paid taxes | -594 | -1,068 |
| CASH FLOW FROM OPERATING ACTIVITIES | 1,912 | 2,936 |
| Investments in intangible assets and property, plant and equipment | -3,039 | -1,617 |
| Proceeds from the disposal of intangible assets, property, plant and equipment | 0 | 1 |
| Investments in securities | 0 | -192 |
| Proceeds from sale of securities | 0 | 140 |
| Investments in subsidiaries | 0 | -401 |
| Net-proceeds investment grants | -96 | 212 |
| Revenue from securities | 0 | 44 |
| Interest | 159 | 65 |
| CASH FLOW FROM INVESTING ACTIVITIES | -2,976 | -1,748 |
| Proceeds from rights issue | 6,281 | 44 |
| Loan repayments | -2,172 | -1,734 |
| Dividends | -352 | 0 |
| Transaction costs from 2005 capital increase | 0 | -47 |
| Deposits from financial borrowing | 907 | 67 |
| CASH FLOW FROM FINANCING ACTIVITIES | 4,664 | -1,670 |
| NET EFFECT OF CURRENCY TRANSLATION IN CASH AND CASH EQUIVALENTS | -18 | -2 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 3,582 | -484 |
| Cash and cash equivalents at beginning of the year | 4,980 | 4,752 |
| CASH AND CASH EQUIVALENTS AT END OF THE REPORTING PERIOD | 8,562 | 4,268 |

CHANGE IN EQUITY

FOR THE FIRST NINE-MONTHS 2007 (IFRS)

| | Number of shares <i>in '000</i> | Share Capital € 1,000 | Reserves € 1,000 | Retained Earnings € 1,000 | Translation Reserve € 1,000 | Minority Interests € 1,000 | Total € 1,000 |
|--|---------------------------------------|-----------------------------|---------------------|---------------------------------|-----------------------------------|----------------------------------|------------------|
| December 31, 2005 | 3,458 | 10,374 | 10,899 | 977 | -140 | 1,381 | 23,491 |
| Exercise of share options | | 36 | 8 | | | | 44 |
| Acquisition of minority interests | | | -210 | | | -175 | -385 |
| Currency effect | | | | | -74 | | -74 |
| Total of results registered directly in equity | | | -6 | | | | -6 |
| Result for the period | | | | 2,231 | | 122 | 2,353 |
| September 30, 2006 | 3,458 | 10,410 | 10,691 | 3,208 | -214 | 1,328 | 25,423 |

| | Number of shares <i>in '000</i> | Share Capital € 1,000 | Reserves € 1,000 | Retained Earnings € 1,000 | Translation Reserve € 1,000 | Minority Interests € 1,000 | Total € 1,000 |
|--|---------------------------------------|-----------------------------|---------------------|---------------------------------|-----------------------------------|----------------------------------|------------------|
| December 31, 2006 | 3,523 | 10,569 | 9,497 | 3,984 | -214 | 36 | 23,872 |
| Exercise of share options | 21 | 61 | 56 | | | | 117 |
| Stock options | | | 122 | | | | 122 |
| Dividends | | | -352 | | | | -352 |
| Acquisition of minority interests | | | | | | | 0 |
| Rights issue for cash | 352 | 1,057 | 5,108 | | | | 6,165 |
| Currency translation differences | | | | | -62 | | -62 |
| Total of results registered directly in equity | | | 1 | | | | 1 |
| Result for the period | | | | 3,904 | | 34 | 3,938 |
| September 30, 2007 | 3,896 | 11,687 | 14,432 | 7,888 | -276 | 70 | 33,801 |



SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST NINE MONTHS OF THE BUSINESS YEAR 2007

1. General

Silicon Sensor International AG, Berlin (hereinafter - SIS, the Company) and its subsidiaries are doing business at the sensor manufacturing and micro system technique industry. The business activities of the group are focused on developing, manufacturing and selling custom-designed optical and non-optical sensors-systems as well as the development and manufacturing of hybrid circuits. Within the SIS several subsidiaries operate as individual business units in the market. The Pacific Silicon Sensor Inc. is mainly responsible for the selling of sensor chips and sensor systems in North America but is also involved in the development and the customized packaging of sensors. The total headcount of the Silicon Sensor Group amounts to 294 by end of the third quarter 2007 (headcount by end of the third quarter 2006: 248).

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

The object of SIS is the development, the production and the marketing of custom-designed optical sensors as well as the participation in companies.

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

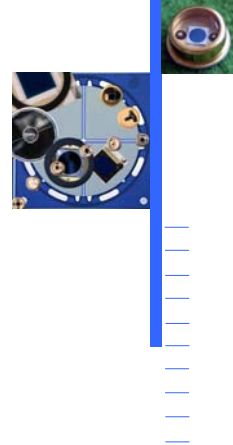
SIS group reports their consolidated financial statement for the third quarter of 2007 in correspondence with Section 315a German Commercial Law according International Financial Reporting Standards IFRS.

3. Summary of significant accounting policies

The principal accounting policies adopted in preparing the financial statements of SIS group for the third quarter of 2007 comply with the policies applied for the Annual Report of 2006.

In compliance with IAS 34 and IAS 12 latent taxes have been recorded by taking into consideration the change in tax rate based on the reform of tax law 2008, resolved on July 6, 2007. In compliance with IAS 12 the resulting tax relief in the amount of € 507 k was recorded affecting net income.





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 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 rental contracts, operating lease contracts for cars and from pension contracts. The lease contracts are operating lease contracts.

The contingent liabilities split up as follows:

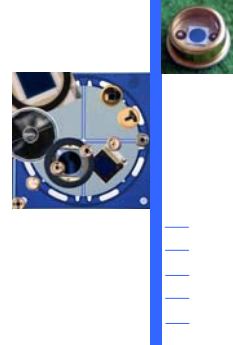
As of December 31, 2006

| | 2007 | 2008 - 2012 | as of 2013 |
|--------------------------------|------------|--------------|--------------|
| | € 1,000 | € 1,000 | € 1,000 |
| Rent and lease | 780 | 1,659 | 2,514 |
| Premium-oriented pension plans | 191 | 792 | 840 |
| | 971 | 2,451 | 3,354 |

As of September 30, 2007

| | 2007 | 2008 - 2012 | as of 2013 |
|--------------------------------|------------|--------------|--------------|
| | € 1,000 | € 1,000 | € 1,000 |
| Rent and lease | 276 | 3,219 | 5,977 |
| Premium-oriented pension plans | 47 | 897 | 1,379 |
| | 323 | 4,116 | 7,357 |





6. Segment reporting

This is provided on the following basis:

(1) Application-oriented chip and component manufacture

In this segment, the group primarily develops and manufactures high-quality customer-specific silicon sensors. In addition, this segment also covers the assembling of chips into customized hybrid ICs and modules.

(2) Other products

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

First quarter 2007

| | Custom-designed production | | Other production | | Consolidated | |
|------------------|----------------------------|----------------|------------------|----------------|----------------|----------------|
| | March 31, 2007 | March 31, 2006 | March 31, 2007 | March 31, 2006 | March 31, 2007 | March 31, 2006 |
| | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 |
| Segment turnover | 9,692 | 7,396 | 75 | 79 | 9,767 | 7,475 |
| Segment result | 1,295 | 733 | 18 | 20 | 1,313 | 753 |

First half-year 2007

| | Custom-designed production | | Other production | | Consolidated | |
|------------------|----------------------------|---------------|------------------|---------------|---------------|---------------|
| | June 30, 2007 | June 30, 2006 | June 30, 2007 | June 30, 2006 | June 30, 2007 | June 30, 2006 |
| | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 |
| Segment turnover | 18,651 | 15,455 | 168 | 165 | 18,819 | 15,620 |
| Segment result | 2,557 | 1,504 | 20 | 20 | 2,577 | 1,524 |

First nine-month 2007

| | Custom-designed production | | Other production | | Consolidated | |
|------------------|----------------------------|----------------|------------------|----------------|----------------|----------------|
| | Sept. 30, 2007 | Sept. 30, 2006 | Sept. 30, 2007 | Sept. 30, 2006 | Sept. 30, 2007 | Sept. 30, 2006 |
| | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 1,000 |
| Segment turnover | 27,235 | 24,123 | 237 | 228 | 27,472 | 24,351 |
| Segment result | 3,888 | 2,211 | 16 | 20 | 3,904 | 2,231 |



7. Internal statement

Company's officers did not hold shares of the company as of September 30, 2007.

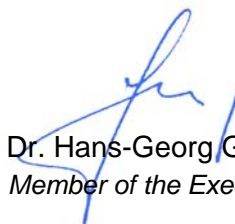
8. Affirmation by Management

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, November 2007



Dr. Bernd Kriegel
Chairman of the Executive Board



Dr. Hans-Georg Giering
Member of the Executive Board

