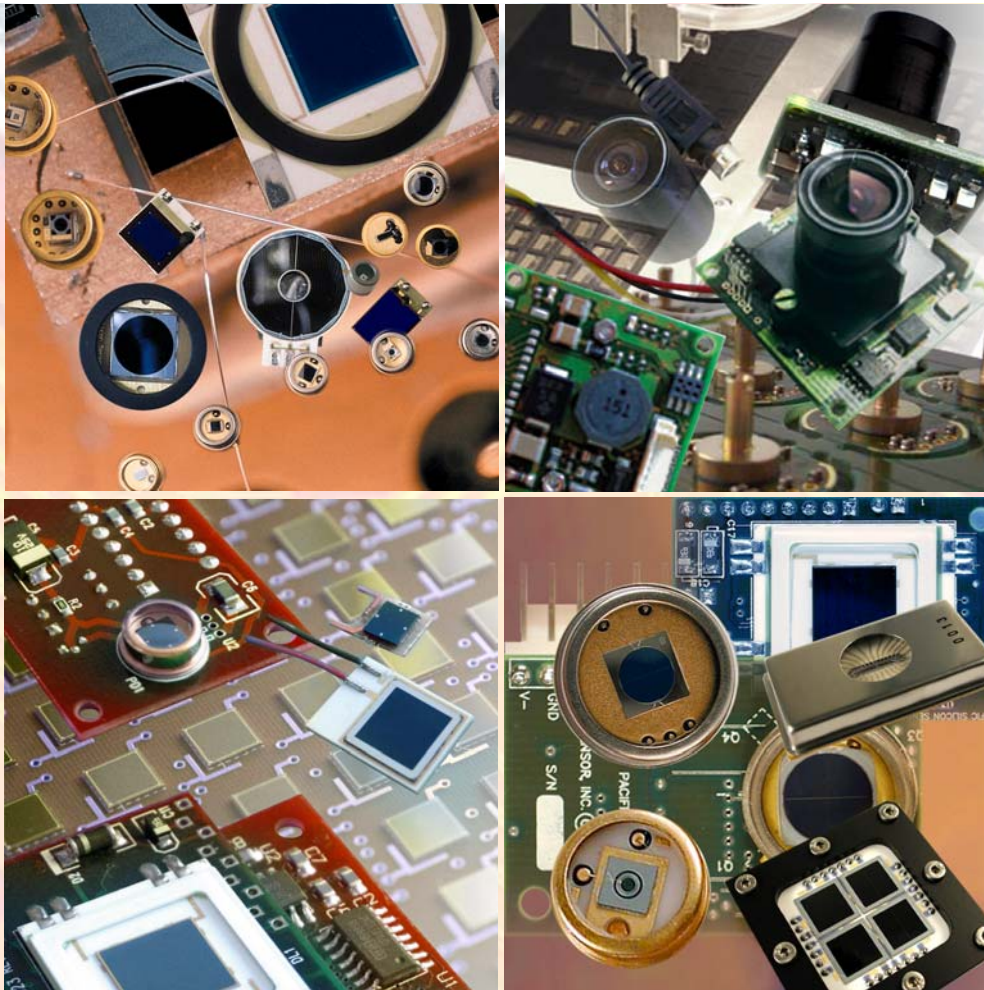


SILICON SENSOR INTERNATIONAL AG



2007

BUSINESS REPORT

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

BUSINESS REPORT II/2007

SILICON SENSOR GROUP



Financial ratios January 01 – June 30, 2007 (first half-year 2007)

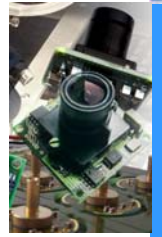
	Jan. 01, 2007 - June 30, 2007 € 1,000	Jan. 01, 2006 - June 3, 2006 € 1,000	Change in € 1,000	Change in %
Sales revenue	18,819	15,620	3,199	20
Backlog of orders	21,896	19,008	2,978	16
EBITDA	5,921	3,618	2,303	64
EBIT	4,500	2,558	1,942	76
Six-month surplus	2,577	1,525	1,052	69
Six-month surplus €/individual share certificate	0.73	0.44	0.29	66
Number of shares	3,541,400	3,457,900	83,500	2
R&D expenditure	2,152	1,992	160	8
Headcount (June 30, 2007)	280	230	50	22

Financial ratios April 01 – June 30, 2007 (second quarter 2007)

	April 01, 2007 - June 30, 2007 € 1,000	April 01, 2006 - June 30, 2006 € 1,000	Change in € 1,000	Change in %
Sales revenue	9,052	8,145	907	11
Backlog of orders	21,986	19,008	2,978	16
EBITDA	2,748	1,795	953	53
EBIT	2,136	1,259	877	70
Second quarter surplus	1,264	772	492	64
Second quarter surplus €/individual share certificate	0.36	0.22	0.14	64
Number of shares	3,541,400	3,457,900	83,500	2
R&D expenditure	998	1,549	-551	-36
Headcount (June 30, 2007)	280	230	50	22



Interim Management Report



Silicon Sensor – growth continuous

To all shareholders and business partners,

With the financial report for the second quarter 2007 the Silicon Sensor Group demonstrates its ability to sustain its very positive business development of the first quarter 2007 also in the second quarter 2007. Sales increased compared to the first half of 2006 by 20 % to € 18.819 mn (6/30/2006: € 15.620 mn). The Earnings after Interest and Tax did grow disproportionately by 69 % from € 1.525 mn to € 2.577 mn due to economies of scale.

The EBITDA increased by 64 % from € 3.618 mn (6/30/2006) to € 5.921 mn (6/30/2007), which means an increase by € 2.303 mn. The Operating Income for the first six months also increased by € 1,942 k from € 2.558 mn (6/30/2006) to € 4.5 mn (6/30/2007), which is a percental increase of 76%. The Earnings after Interest and Tax for the first six months grew by 69 %, from € 1.525 mn (6/30/2006) to € 2.577 mn. The Earnings per Share for the first six months increased to € 0.73 (6/30/2006: € 0.44).

Backlog of Orders rose by 16 % to € 21.986 mn (6/30/2007) compared to the the last year's figure (6/30/2006: € 19.008 mn). The headcount increased from 230 on June 30, 2006 to 280 at the end of the second quarter 2007.

The emphasis during the current business year will be on preparing for further growth. The doubling of the production area in our Dresden site was completed beginning of the second quarter 2007 according to schedule. To deal with the planned increase in sales, erection of a new fab building for 6" sensor-manufacturing was started. On March 21, 2007 the foundation stone for the new site was laid in Berlin. Ready for production of the new site is planned for 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 increase of Silicon Sensor Group's market share in Europe, the greatest potential for future growth is seen on the North American market. The successful establishment of Pacific Silicon Sensor Inc. has made it possible, and promising, to seek larger penetration in these markets. Organic growth indicates greater acceptance for products made by the Silicon Sensor group on the North American market. The U.S. subsidiary Pacific Silicon Sensor Inc. again increased sales by 12 % from \$ 811,000 (6/30/2006) to \$ 907,000 (6/30/2007).

Personnel

At the end of the quarter, the headcount of the Silicon Sensor group in total amounts to 280 (at the end of the 2nd quarter 2006 total headcount 230).

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. In addition, a beginning presence in the U.S. markets will help to compensate fluctuations in demand and the dependence on large customers in Europe in the 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, August 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 JUNE 30, 2007 (IFRS)

Assets	June 30, 2007 € 1,000	June 30, 2006 € 1,000
CURRENT ASSETS		
Cash and cash equivalents	4,888	4,239
Short-term investments	123	555
Trade accounts receivable	5,937	4,590
Accounts receivable from associated companies	0	84
Inventories	6,710	4,523
Tax assets	111	363
Prepaid expenses and other current assets	951	313
Total current assets	18,720	14,667
NON-CURRENT ASSETS		
Property, plant and equipment	13,091	8,850
Intangible assets	5,907	6,212
Equity holdings in associated companies	99	416
Goodwill	11,142	11,158
Deferred taxes	10	9
Other assets	41	22
Total non current assets	30,290	26,667
TOTAL ASSETS	49,010	41,334
Liabilities and shareholders' equity		
CURRENT LIABILITIES		
Short-term debt	5,158	2,169
Trade accounts payable	1,528	1,028
Equity holdings in associated companies	0	47
Advance payments received	380	130
Accrued expenses	1,070	331
Income tax payable	2,894	1,346
Other current liabilities	2,358	1,591
Total current liabilities	13,388	6,642
NON-CURRENT LIABILITIES		
Long-term debt	4,313	6,075
Provisions	117	76
Deferred tax liabilities	2,465	2,570
Deferred income	1,402	1,317
Total non-current liabilities	8,297	10,038
MINORITY INTERESTS	67	1,283
EQUITY		
Share capital	11,639	10,374
Reserves	9,281	10,727
Translation reserve	-223	-232
Retained earnings/loss	6,561	2,502
Total Equity	27,258	23,371
TOTAL LIABILITIES AND EQUITY	49,010	41,334



CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST SIX-MONTHS 2007 (IFRS)

	April 01 - June 30, 2007 € 1,000	April 01 - June 30, 2006 € 1,000	Jan. 01 - June 30, 2007 € 1,000	Jan. 01 - June 30, 2006 € 1,000
Revenues	9,052	8,145	18,819	15,620
Other operating income	344	334	618	622
Changes in inventories of finished goods and work in progress	541	198	1,391	278
Production of own fixed assets capitalized	8	23	9	47
Cost of purchased materials and services	-3,179	-2,966	-6,353	-5,781
Personnel expenses	-3,128	-2,656	-6,154	-4,996
Depreciation and amortization on intangible assets, and plant and equipment	-612	-536	-1,421	-1,060
Other operating expenses	-890	-1,283	-2,409	-2,172
OPERATING INCOME	2,136	1,259	4,500	2,558
Interest income and expense	-204	-54	-264	-146
RESULT BEFORE INCOME TAXES AND MINORITY INTEREST	1,932	1,205	4,236	2,412
Income tax	-657	-395	-1,628	-810
RESULT BEFORE MINORITY INTEREST	1,275	810	2,608	1,602
Minority interest	-11	-38	-31	-77
NET INCOME/ LOSS	1,264	772	2,577	1,525
Net income per share (basic)	0.36	0.22	0.73	0.44
Weighted average shares outstanding (basic)	3,541	3,458	3,541	3,458
Net income per share (diluted)	0.36	0.22	0.73	0.44
Weighted average shares outstanding (diluted)	3,541	3,458	3,541	3,458



CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST SIX-MONTHS 2007 (IFRS)

	<i>Jan. 01 - June 30, 2007</i> € 1,000	<i>Jan. 01 - June 30, 2006</i> € 1,000
CONSOLIDATED PROFIT	4,500	2,558
Depreciation of intangible assets and property, plant and equipment	1,421	1,060
Other expenditure/ income not affecting payments	74	0
Income from investment grants	-43	-159
Earnings from allowance		2
Changes in provisions	-614	63
Changes in assets not allocable to investing- or financing activities	-2,520	-1,656
Changes in liabilities not allocable to investing or financing activities	-289	636
Paid interest	-344	-230
Paid taxes	-275	-789
CASH FLOW FROM OPERATING ACTIVITIES	1,910	1,485
Investments in intangible assets and property, plant and equipment	-2,513	-885
Proceeds from the disposal of intangible assets, property, plant and equipment	0	0
Payments for buying stocks and shares	0	-105
Payments for buying shares of subsidiaries	0	-401
Proceeds from government grants	43	159
Interest	89	89
CASH FLOW FROM INVESTING ACTIVITIES	-2,381	-1,143
Proceeds from rights issue	23	0
Prepayments on rights issue	1,057	0
Loan repayments	-1,263	-845
Dividends	-352	0
Deposits from financial borrowing	925	0
CASH FLOW FROM FINANCING ACTIVITIES	390	-845
NET EFFECT OF CURRENCY TRANSLATION IN CASH AND CASH EQUIVALENTS	-11	-10
NET INCREASE IN CASH AND CASH EQUIVALENTS	-92	-513
Cash and cash equivalents at beginning of year	4,980	4,752
CASH AND CASH EQUIVALENTS AT THE DATE OF JUNE 30	4,888	4,239



CHANGE IN EQUITY

FOR THE FIRST SIX-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
Acquisition of minority holdings						-175	-175
Net effect of currency					-92		-92
Total of results registered directly in equity capital			-172				-172
Results for the period				1,525		77	1,602
June 30, 2006	3,458	10,374	10,727	2,502	-232	1,283	24,654

	Number of shares <i>in '000</i>	Share Capital € 1,000	Reserves € 1,000	Retained Earnings € 1,000	Retained Earnings € 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	18	13	10				23
Stock options			81				81
Dividends			-352				-352
Acquisition of minority holdings							0
Prepayments on rights issue		1,057					1,057
Issue of registered capital							
Currency translation differences					-9		-9
Total of results registered directly in equity capital			45				45
Results for the period				2,577		31	2,608
June 30, 2007	3,541	11,639	9,281	6,561	-223	67	27,325

SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST SIX MONTH 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 280 by end of the second quarter 2007 (headcount by end of the second quarter 2006: 230).

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 first 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 second quarter of 2007 comply with the policies applied for the Annual Report of 2006.



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 out of the rent of offices, from the operating lease of cars and from pension contracts. The leasing 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 June 30, 2007

	2007	2008 - 2012	as of 2013
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	467	1,866	2,572
Premium-oriented pension plans	104	912	1,379
	571	2,778	3,951



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

Second quarter 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



7. Internal statement

Company's officers did not hold shares of the company on June 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, August 2007



Dr. Bernd Kriegel
Chairman of the Executive Board



Dr. Hans-Georg Giering
Member of the Executive Board

