



SILICON SENSOR INTERNATIONAL AG

2008

COMPANY REPORT

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

QUARTERLY STATEMENT III/2008

SILICON SENSOR GROUP

Indices Jan. 1 – Sept. 30, 2008 (nine-month report)

| | Jan. 1 - Sept. 30, 2008 €1,000 | Jan. 1 - Sept. 30, 2007 €1,000 | Change, €1,000 | Change, % |
|---|---|---|---------------------------|----------------------|
| Sales revenue | 29,482 | 27,472 | 2,010 | 7 |
| Orders on hand | 18,477 | 22,122 | -3,645 | - 16 |
| EBITDA | 7,433 | 7,924 | - 491 | - 6 |
| EBIT | 5,240 | 5,797 | - 557 | -10 |
| Annual surplus | 2,976 | 3,904 | - 928 | - 24 |
| Annual surplus, €/individual share certificate | 0.76 | 1.08 | - 0.32 | - 30 |
| No. of shares (weighted) | 3,896,150 | 3,628,399 | 267,751 | 7 |
| R & D expenditure | 3,328 | 3,335 | - 7 | 0 |
| Workforce (Sept. 30, 2007) | 330 | 294 | 36 | 12 |

Indices July 1 – Sept. 30 (3rd quarter 2008)

| | July 1 - Sept. 30, 2008 €1,000 | July 1 - Sept. 30, 2007 €1,000 | Change, €1,000 | Change, % |
|--|---|---|---------------------------|----------------------|
| Sales revenue | 8,857 | 8,653 | 204 | 2 |
| Orders on hand | 18,477 | 22,122 | -3,645 | -16 |
| EBITDA | 2,033 | 2,003 | 30 | 2 |
| EBIT | 1,288 | 1,297 | - 9 | 0 |
| Quarterly surplus | 405 | 1,327 | - 922 | - 69 |
| Quarterly surplus, €/individual share certificate | 0.10 | 0.34 | - 0.24 | - 71 |
| No. of shares (weighted) | 3,896,150 | 3,895,650 | 500 | 0 |
| R & D expenditure | 1,420 | 1,183 | 237 | 20 |
| Workforce (Sept. 30, 2007) | 330 | 294 | 36 | 12 |



Progress Report for the Group

Silicon Sensor stays on course in difficult times

*Dear shareholders,
dear business partners,*

This is a year of transition for the Silicon Sensor group where we aim not at growth as such but seek to create conditions for further expansion. I have pointed this out for some time now and am all the more pleased to report that the group's operating business during the first nine months of the 2008 business year shaped up better than expected, despite the ongoing financial crises and a declining global economy.

Production at our old site in Berlin closed down in September as planned and equipment was moved to the new factory. Due to the exemplary commitment of the entire workforce, this move was completed as early as October. Equipment is now being recommissioned and I am confident that plant and equipment will be ready for production again in November. Despite this heavy workload, sales in the first nine months of the business year rose to €29.48m (compared with €27.47m as per Sept. 30, 2007), an increase of 7 %.

Both EBITDA and the operative result EBIT were almost unchanged in the 3rd quarter compared with the previous year and thus above plan. Unfortunately, a tax office investigation of the years 2001 - 2004 resulted in a considerable extra tax demand for which provisions had to be made in the 3rd quarter. A comparison of operative results is also difficult because the change of tax rates under the corporate tax reform adopted on July 6, 2007 affected the accounting for deferred taxes at the end of the 3rd quarter of 2007, as required by IAS 34 and IAS 12. Under the latter, the resulting tax benefits worth €507,000 had been collected and affected current results in the previous year. In sum, these tax effects of about €1m distort the operative net result.

This and higher interest costs during the first nine months of the business year have reduced the result after interest and tax by 24 % compared with last year, from €3.9m (Sept. 30, 2007) to €2.98m. Making allowance for the greater number of shares after the 2007 capital increase, earnings per share dropped by €0.32, from €1.08 (Sept. 30, 2007) to €0.76 (Sept. 30, 2008). Without the a.m. tax effects, Silicon Sensor group results for the current business year would have been almost the same as last year.

The labor force rose from 294 (Sept. 30, 2007) to 330 (Sept. 30, 2008), orders on hand remained almost constant at €18.48m (Sept. 30, 2008) compared with the previous quarter (June 30, 2008: €18.96m). In this connection, please note that sales which could result due to the Nomination Letter received on Oct. 25, 2007 from the end of 2008 will not be listed as orders on hand until specific monthly delivery demands have been received.





Production continues to focus on customized products. Some of these require enormous development efforts and include mainly custom-designed hybrid circuits, packaging and sensor solutions, and avalanche photodiodes.

Business development

Silicon Sensor makes 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 group develops and manufactures non-optical sensors, highly reliable custom-designed hybrid circuits and products of microsystem technology and advanced packaging. Clients include leading industrial corporations and research establishments wishing to outsource highly specialized processes on grounds of production engineering and strategy.

The a.m. products serve as basic components in a wide range of applications, making the group mostly independent of business cycles in individual industries. Market conditions for these high-end products are generally seen as favorable, with good potential for future growth.

Silicon Sensor is one of the world's leading engineering concerns developing and manufacturing optical and electronic high-end solutions for maximum requirements. Its avalanche photodiodes (APD) and avalanche photodiode arrays have made a name for themselves worldwide. Clients use our APDs and laser modules in such products as a variety of high-precision distance measuring systems.

Planning for business years to come suggests further growth, with the group's liquidity planning assuming greater sales and related positive operative cash flows. The Board sees current liquidity as sufficient in order to reach growth targets.

Business abroad

Apart from seeking greater market shares in Europe, the group sees major growth potential in Asia and North America and will therefore move into these markets on a larger scale. An essential role will be played by Pacific Silicon Sensor Inc., a member of the group (sales of \$1.38m as per Sept. 30, 2008 with a clearly improved result, previous year \$1.29m).





Personnel

At the end of the quarter, the group had a total workforce of 330 (as against 294 at the end of Q3 in 2007).

Dr. Bernd Kriegel, member of the Board, left the company on Sept. 18, 2008.

Prospect

Silicon Sensor has established itself in the optical and non-optical sensors and hybrid electronics market as a leading specialist supplier of custom-designed high-quality products. The group expects stable sales and revenues, along with profitability on the part of all subsidiaries. While the current business year is focused on creating a basis for further growth, the next one is to put greater emphasis on the continuous expansion of sales and earnings.

I am convinced that 2009 will see the market significance of the group increase even further and that its know-how can serve as a strategic success factor for consistently expanding sales and earnings.

In view of multifunctional industry use, most growth will continue to come from sensor technology. The company's development skills and potential are vital in providing high-quality products for generally accepted problem solutions.

Berlin, November 2008

Silicon Sensor International AG


Dr. Hans-Georg Giering
CEO





INTERIM BALANCE SHEET

AS PER SEPT. 30, 2008 (IFRS)

| Assets | Sept. 30, 2008 €1,000 | Sept. 30, 2007 €1,000 |
|--|---------------------------------|---------------------------------|
| SHORT-TERM ASSETS | | |
| Cash | 6,876 | 8,562 |
| Marketable securities | 0 | 123 |
| Trade debtors | 5,175 | 6,349 |
| Due from affiliated companies | 34 | 25 |
| Inventories | 9,501 | 7,182 |
| Tax refund claims | 186 | 111 |
| Prepaid expenses, deferred charges and other short-term assets | 1,657 | 1,022 |
| Interest hedging instruments | 73 | 69 |
| Short-term assets, total | 23,502 | 23,443 |
| LONG-TERM ASSETS | | |
| Tangible assets | 25,565 | 12,905 |
| Intangible assets | 5,589 | 5,914 |
| Investments | 124 | 99 |
| Goodwill | 11,142 | 11,142 |
| Latent tax claims | 16 | 16 |
| Other long-term assets | 30 | 38 |
| Long-term assets, total | 42,466 | 30,114 |
| TOTAL ASSETS | 65,968 | 53,557 |
| Capital stock and liabilities | | |
| SHORT-TERM LIABILITIES | | |
| Short-term loans | 4,493 | 4,480 |
| Accounts payable | 1,887 | 1,721 |
| Due to affiliated companies | 0 | 2 |
| Advances from customers | 463 | 420 |
| Provisions | 498 | 524 |
| Liabilities from income tax | 3,864 | 3,024 |
| Other short-term liabilities | 2,385 | 2,222 |
| Short-term liabilities, total | 13,590 | 12,393 |
| LONG-TERM LIABILITIES | | |
| Long-term interest-bearing loans | 10,589 | 4,064 |
| Provisions | 111 | 121 |
| Latent taxes | 1,811 | 1,911 |
| Prepaid expenses and deferred charges | 2,830 | 1,267 |
| Long-term liabilities, total | 15,341 | 7,363 |
| MINORITY INTERESTS | 101 | 70 |
| EQUITY | | |
| Subscribed capital | 11,689 | 11,687 |
| Reserves | 15,092 | 14,432 |
| Exchange equalization items | -326 | -276 |
| Net earnings | 10,481 | 7,888 |
| Equity, total | 36,936 | 33,731 |
| TOTAL EQUITY AND LIABILITIES | 65,968 | 53,557 |



GROUP INCOME STATEMENT

JAN. 1 – SEPT. 30, 2008 (IFRS)

| | July 1 - Sept. 30, 2008 €1,000 | July 1 - Sept. 30, 2007 €1,000 | Jan. 1 - Sept. 30, 2008 €1,000 | Jan. 1 - Sept. 30, 2007 €1,000 |
|---|---|---|---|---|
| Sales revenues | 8,857 | 8,653 | 29,482 | 27,472 |
| Other operating income | 357 | 548 | 990 | 1,166 |
| Increase or decrease in finished goods inventories and work in progress | 868 | 427 | 2,142 | 1,818 |
| Capitalized cost of self-constructed assets | 8 | 7 | 63 | 16 |
| Cost of materials/ Cost of purchased services | -3,020 | -3,157 | -10,265 | -9,510 |
| Personnel expenses | -3,555 | -3,016 | -10,537 | -9,170 |
| Depreciation of fixed assets and intangible fixed assets | -745 | -706 | -2,193 | -2,127 |
| Other operating expenses | -1,482 | -1,459 | -4,442 | -3,868 |
| OPERATING RESULT | 1,288 | 1,297 | 5,240 | 5,797 |
| Interest yield/cost | -184 | -81 | -361 | -345 |
| Currency gain/loss | 10 | 0 | -24 | 0 |
| PRE-TAX AND PRE-MINORITY INTEREST INCOME | 1,114 | 1,216 | 4,855 | 5,452 |
| Taxes on income | -724 | 114 | -1,854 | -1,514 |
| PRE-MINORITY INTEREST INCOME | 390 | 1,330 | 3,001 | 3,938 |
| Minority interest | 15 | -3 | -25 | -34 |
| NET INCOME/NET LOSS FOR THE PERIOD | 405 | 1,327 | 2,976 | 3,904 |
| Net earnings per share (undiluted) | 0.10 | 0.34 | 0.76 | 1.08 |
| Average outstanding shares (undiluted) | 3,896 | 3,896 | 3,896 | 3,628 |
| Net earnings per share (diluted) | 0.10 | 0.34 | 0.76 | 1.08 |
| Average outstanding shares (diluted) | 3,896 | 3,896 | 3,896 | 3,628 |



GROUP FUNDS STATEMENT

JAN. 1 – SEPT. 30, 2008 (IFRS)

| | <i>Jan. 1 - Sept. 30, 2008</i> €1,000 | <i>Jan. 1 - Sept. 30, 2007</i> €1,000 |
|--|--|--|
| PRE-TAX INCOME | 4,855 | 5,797 |
| Depreciation of intangible assets and tangible assets | 2,193 | 2,126 |
| Other payment-ineffective expenses/revenue | 187 | 122 |
| Income from investment grants | -398 | -10 |
| Losses from asset retirement | 0 | 0 |
| Interest yields | -248 | 0 |
| Interest costs | 609 | 0 |
| Other profit and loss | 24 | -1,156 |
| Increase/decrease of provisions | 23 | |
| Increase/decrease of inventories, trade debtors and other assets not assigned to investment/financing activity | -1,272 | -3,622 |
| Increase/decrease of accounts payable and other liabilities not assigned to investment/financing activity | -94 | -262 |
| Interest paid | -590 | -489 |
| Earnings tax paid | -1,203 | -594 |
| CASHFLOW FROM CURRENT BUSINESS | 4,086 | 1,912 |
| Payments for investment into tangible and intangible assets | -13,205 | -3,039 |
| Payments for investment into affiliated companies | 0 | |
| Proceeds from the retirement of tangible and intangible assets | 0 | 0 |
| Payments to affiliated companies | 0 | 0 |
| Proceeds from security sales | 0 | 0 |
| Investment grant net payments | 0 | -96 |
| Proceeds from investment grants | 1,455 | 0 |
| Interest received | 248 | 159 |
| CASHFLOW FROM INVESTMENT ACTIVITY | -11,502 | -2,976 |
| Proceeds from injection of equity finance | 0 | 6,281 |
| Payments for repaying financial credits | -2,365 | -2,172 |
| Dividends | -390 | -352 |
| Transaction costs for issue of shares | 0 | 0 |
| Proceeds from financial credit uptake | 6,885 | 907 |
| CASHFLOW FROM FINANCING ACTIVITY | 4,130 | 4,664 |
| CURRENCY DIFFERENCES FROM CONVERTING FINANCIAL FACILITIES | -15 | -18 |
| PAYMENT-EFFECTIVE CHANGES IN FINANCIAL FACILITIES | -3,301 | 3,582 |
| Financial facilities at the beginning of the business year | 10,177 | 4,980 |
| FINANCIAL FACILITIES AS PER SEPT. 30, 2008 | 6,876 | 8,562 |





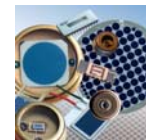
EQUITY CHANGE STATEMENT

JAN. 1 – SEPT. 30, 2008 (IFRS)

| | No. of shares | Sub- scribed capital | Reserves | Group net earnings | Currency compen- sation items | Minority interests | Total equity |
|--------------------------------------|------------------|----------------------------|---------------|--------------------------|--|-----------------------|-----------------|
| | '000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 |
| As of Dec. 31, 2006 | 3,523 | 10,569 | 9,497 | 3,984 | -214 | 36 | 23,872 |
| Net earnings from cash flow hedges | | | 1 | | | | 1 |
| Exercise of share options | 21 | 61 | 56 | | | | 117 |
| Share-based payment | | | 122 | | | | 122 |
| Dividends | | | | -352 | | | -352 |
| Cash capital increase | 352 | 1,057 | 5,108 | | | | 6,165 |
| Differences from currency conversion | | | | | -62 | | -62 |
| Period result | | | | 3,904 | | 34 | 3,938 |
| As of Sept. 30, 2007 | 3,896 | 11,687 | 14,784 | 7,536 | -276 | 70 | 33,801 |

| | No. of shares | Sub- scribed capital | Reserves | Group net earnings | Currency compen- sation items | Minority interests | Total equity |
|--|------------------|----------------------------|---------------|--------------------------|--|-----------------------|-----------------|
| | '000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 |
| As of Dec. 31, 2007 | 3,896 | 11,689 | 14,935 | 7,895 | -335 | 76 | 34,260 |
| Exercise of share options | | | | | | | 0 |
| Share-based payment | | | 187 | | | | 187 |
| Dividends | | | | -390 | | | -390 |
| Differences from currency conversion | | | | | 9 | | 9 |
| Sum of result directly include in equity | | | -30 | | | | -30 |
| Period result | | | | 2,976 | | 25 | 3,001 |
| As of Sept. 30, 2008 | 3,896 | 11,689 | 15,092 | 10,481 | -326 | 101 | 37,037 |





SILICON SENSOR INTERNATIONAL AG

NOTES REGARDING THE GROUP'S INTERIM STATEMENT

JAN. 1 – SEPT. 30, 2008

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

1. General

Silicon Sensor International AG, Berlin (hereafter „SIS“, „the company“) and its subsidiaries are active in the production of sensors and microsystems. Company business is focused on the development, production and marketing of all types of custom-designed optical and non-optical semiconductor sensor systems and the development and manufacture of hybrid circuits. A number of subsidiaries operate as independent business units under the SIS roof. Apart from customized development and optical sensor packaging, Pacific Silicon Sensor Inc. markets most sensor chips and sensor systems in North America. At the end of the quarter, the group had a total workforce of 330 (as against 294 at the end of Q3 in 2007).

The registered office of SIS is at Charlottenstraße 57, 10117 Berlin.

The object of the company is to develop, manufacture and market all types of sensor systems at home and abroad, and to acquire participations.

2. Group's financial statement pursuant to § 315a HGB

SIS has prepared the group's financial statement in keeping with § 315a HGB and IFRS (*International Financial Reporting Standards*).

3. Accounting and valuation techniques

These are the same for the interim statement as used in the SIS annual statement for 2007.

In 2007, the change in tax rates under the 2008 corporate tax reform adopted on July 6, 2007 was taken into account for latent taxes at the end of the reporting period, in keeping with IAS 34 and IAS 12. Pursuant to IAS 12, the resulting tax relief of €507,000 was shown as income as per Sept. 30, 2007.

4. Cash flow statement

SIS shows the cash flow from regular business in keeping with IAS 7 ‚cash flow analysis‘ using the indirect method.





5. Contingent liabilities

(1) In future, lawsuits and claims from litigation resulting in the normal conduct of business could be asserted vis-à-vis affiliated companies. Related risks are being analyzed for probability of occurrence. Even though the outcome of such disputes can not always be forecast in detail, the Board does not see any essential liabilities resulting therefrom.

(2) Financial commitments result from rentals of office space, car leasing 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 of Dec. 31, 2007

| | 2008 | 2009 - 2013 | from 2014 |
|--------------------------------------|--------------|--------------|--------------|
| | €1,000 | €1,000 | €1,000 |
| Rents, leases | 1,080 | 3,377 | 5,640 |
| Contribution-oriented pensions plans | 282 | 1,166 | 1,486 |
| | 1,362 | 4,543 | 7,126 |

As of Sept. 30, 2008

| | 2008 | 2009 - 2013 | ab 2014 |
|--------------------------------------|------------|--------------|--------------|
| | €1,000 | €1,000 | €1,000 |
| Rents, leases | 267 | 3,866 | 4,882 |
| Contribution-oriented pensions plans | 66 | 1,166 | 1,486 |
| | 333 | 5,032 | 6,368 |





6. Divisional reporting

This has used the following basis:

(1) Order-related chip/component production

In this segment, the group essentially develops and manufactures high-quality, custom-designed silicon sensors and, in addition, assembles chips into complex customized hybrid circuits and components.

(2) Other products

These are largely sensor applications in the clinical field for the extra and intraoperative detection of tumor cells. The segment in particular includes semiconductor radiation sensors for routine industrial and laboratory use, and PC systems for layer thickness measurement, PET, radiochemistry and dosimetry.

1st quarter 2008

| | Order-related chip/component production | | Other products | | Total | |
|----------------|---|----------------|----------------|----------------|----------------|----------------|
| | 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 sales | 10,075 | 9,692 | 94 | 75 | 10,169 | 9,767 |
| Segment result | 1,034 | 1,295 | 19 | 18 | 1,053 | 1,313 |

1st half year 2008

| | Order-related chip/component production | | Other products | | Total | |
|----------------|---|------------|----------------|------------|------------|------------|
| | 30.06.2008 | 30.06.2007 | 30.06.2008 | 30.06.2007 | 30.06.2008 | 30.06.2007 |
| | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 |
| Segment sales | 20,465 | 18,651 | 160 | 168 | 20,625 | 18,819 |
| Segment result | 2,553 | 2,557 | 18 | 20 | 2,571 | 2,577 |

1st – 3rd quarter 2008

| | Order-related chip/component production | | Other products | | Total | |
|----------------|---|------------|----------------|------------|------------|------------|
| | 30.09.2008 | 30.09.2007 | 30.09.2008 | 30.09.2007 | 30.09.2008 | 30.09.2007 |
| | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 | €1,000 |
| Segment sales | 29,273 | 27,235 | 209 | 237 | 29,482 | 27,472 |
| Segment result | 2,967 | 3,888 | 9 | 16 | 2,976 | 3,904 |





7. Voluntary data

No company shares were held by officers as of Sept. 30, 2008.

8. Affirmation of legal representatives

I hereby affirm to the best of my knowledge that, in keeping with the accounting principles applying to interim statements, the group statement presents a realistic picture of the group's actual assets, liabilities, financial position and profit or loss and shows the course of business, trading results and the group's situation so as to reflect the actual conditions and describe the opportunities and risks of the group's expected development during the remainder of the business year.

Berlin, November 2008

Dr. Hans-Georg Giering
CEO

