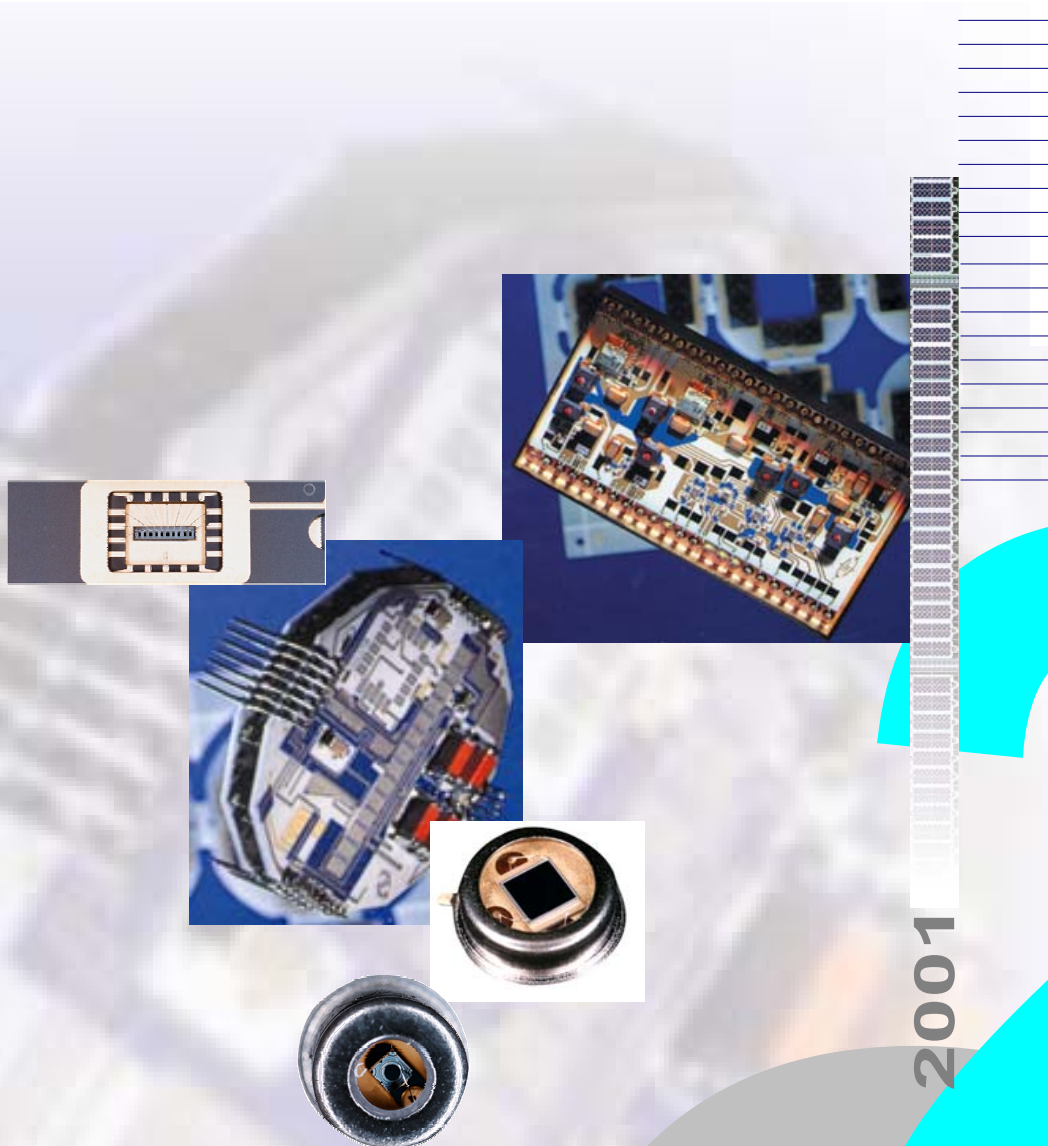


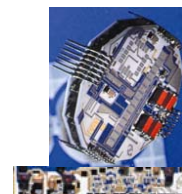
SILICON SENSOR INTERNATIONAL AG



2001

BUSINESS REPORT

for the first six months
of the 2001 business year
(unaudited)



BUSINESS REPORT II/2001 SILICON SENSOR GROUP

Financial ratios April 01 – June 30, 2001 (second quarter 2001)

	April, 01- June, 30/2001 € 1,000	April, 01- June, 30/2000 € 1,000	Change € 1,000	Change %
Sales revenue	2,450	971	1,479	152
Back orders	8,020	3,982	4,038	101
EBITDA	546	- 496	1,042	
EBIT	297	- 594	891	
Pre-tax result	185	- 617	802	
Three-month surplus	155	- 639	794	
Three-month surplus €/individual share certificate	0.08	- 0.37	0.45	
Share	1,869,999	1,700,000	169,000	10
Staff (June, 30)	115	53	62	117

Financial ratios Jan. 01 – June 30, 2001 (first half-year 2001)

	June, 30/2001 € 1,000	June, 30/2000 € 1,000	Change € 1,000	Change %
Sales revenue	5,005	2,297	2,708	117
Back orders	8,020	3,982	4,038	101
EBITDA	758	- 475	1,233	
EBIT	215	- 655	870	
Pre-tax result	- 18	- 705	687	
Half-years surplus	- 132	- 727	595	
Half-years surplus €/individual share certificate	- 0.07	- 0.43	0.36	
Share	1,869,999	1,700,000	169,999	10
Staff (March, 31)	115	53	62	117



Preface

Growth at Silicon Sensor continues – positive quarterly result confirms group strategy

*Dear shareholders,
Dear business partners,*

as expected, the first half-year of the 2001 business year saw rapid-paced growth of the Silicon Sensor group. In comparison to the same time period in the previous year, turnover rose by more than 117% from Euro 2.297 million (II/2000) to Euro 5.005 million (II/2001). Silicon Sensor is thus on target with the demanding planning for the 2001 business year.

We are pleased to once again be able to present you with turnover growth rates of over 100% in the Silicon Sensor group. This result confirms the growth performance of the entire group, which has expanded at an average rate of 50% per year and is thus far above average on the market for high-end opto-electronic sensors.

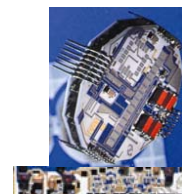
While the semi-conductor industry has been characterised by the negative news it has reported over the last few months, the Silicon Sensor group has been able to further expand its leading position in the development and manufacture of optical high-end sensors. Silicon Sensor has been able to successfully separate itself from the semi-conductor industry's global business cycles thanks to the very broad range of sectors from which the users of high-end sensors come. Nor do we expect that this will have a significant influence in the Silicon Sensor group's continued expansion in future.

We are especially proud of having reached the break-even point with the Silicon Sensor group as early on as 30 June 2001, on a quarterly basis. This result confirms our optimism for excellent continued development in the near future.

EBITDA increased by KEuro 1.233 from KEuro -475 (first half-year 2000) to KEuro 758 (first half-year 2001). EBIT rose by KEuro 810 from KEuro -655 (first half-year 2000) to KEuro 215 (first half-year 2001) after goodwill and depreciation. This made possible substantial initial absorption of additional growth expenditures in the application sector (Silicon Instruments GmbH) and for expansion in the USA Pacific Silicon Sensor Inc.).

The Managing Board expects even higher growth rates for the group in the second half-year of 2001. Profit expectations per share were initially raised to approximately EUR 0.15 at 23 August 2001. Expansion in the American market should be fully absorbed by 2002 with earnings per share likely increasing to EUR 0.50.





In the second quarter 2001 the consolidated profit after tax and interest went up by 794 KEuro from -639 KEuro (II/2000) to 155 KEuro and the EPS went up by 0.45 Euro from -0.37 Euro (II/2000) to 0.08 Euro.

The EBITDA went up by 1.042 KEuro from -496 Keuro (II/2000) to 546 KEuro (II/2001). After goodwill, the EBIT went up by 891 KEuro from -594 KEuro (II/2000) to 297KEuro (II/2001).

Group loss after interest and taxes decreased to Euro -0.132 million (II/2000: Euro -0.727 million) and will turn into a positive result at the end of the 2001 business year.

The emphasis in production activity will remain the same, with customer-specific products and a very high development share. Avalanche photodiodes and customer-specific sensor solutions continue to be the sales mainstays. Thermomigration, the new procedure for throughplating photodiodes, was successfully readied for series production. Silicon Sensor is now focusing on construction of a second-generation thermomigration plant in order to significantly increase outputs. October 2001 should see successful test operations.

As of the key date of 30 June 2001, the group's order level had risen by 101% from EUR 3.98 million (30 June 2000) to EUR 8.02 million (30 June 2001). Silicon Sensor GmbH's quick development of a new generation of high-end optical sensors as commissioned by a large affiliated company was already successfully completed in July 2001 with placement of a large order of nearly EUR 1.5 million and a duration of two years.

As a result of this large order and other incoming orders, order level has risen an additional 30% from approximately EUR 8 million (30 June 2001) to EUR 10.5 million (27 August 2001) during the period of time between the key reporting date and today.

This placement of orders further strengthens Silicon Sensor group's strong position on the world market for the development and production of high-end optical sensors. Furthermore, the Managing Board expects these orders to have a signalling effect for other offers currently being negotiated with large customers.

Silicon Instruments GmbH has achieved the first European orders for the Handheld Gamma Finder.

We feel certain that we have paved the way for international growth by entering into the application sector for our sensors.

Berlin, 29 August 2001

*The Managing Board
Silicon Sensor International AG*

Dr. Bernd Kriegel

Dr. Hans-Georg Giering





Business development

Silicon Sensor group is a manufacturer specialising in opto-electronic sensors (photo-detectors) for detecting and measuring alpha, beta, gamma and Xrays as well as UV light, visible light and near-infrared radiation. The company's customers include renowned corporations and research institutes which outsource highly specialised production processes due to their technical production and strategic orientation.

The company is active in the market for opto-electronic sensor products. The market environment for these high-end products is generally regarded as favourable with positive future growth potential.

Silicon Sensor group is one of the leading companies developing and producing sophisticated high-end optical sensors for this market. The largest competitors are the Japanese manufacturer Hamamatsu Photonics and the Canadian-American company Perkin Elmer (formerly EG&G Optoelectronics Group). The Avalanche photodiodes (APD) recently developed and produced by Silicon Sensor group have assumed top international ranking in terms of quality and speed. Our customers utilise APDs in high precision distance sensing, for example.

A special highlight in the period under review was the successful capital increase at 24 April 2001. Dr. Johannes Heidenhain GmbH's willingness to purchase the 169,999 shares from the capital increase at 6% over the current share price demonstrates the great trust one of our largest customers has in the development potential of the Silicon Sensor group. Dr. Johannes Heidenhain GmbH (total turnover in 2000 in excess of EUR 900 million!) also simultaneously secured a strategic 27% stock in the Silicon Sensor group through additional purchase of shares on the stock market.

Furthermore, the Managing Board is very satisfied with the progress attained with the utilisation of synergies with Lewicki microelectronic GmbH, the youngest member of the Silicon Sensor group. We would like to take this opportunity to thank all employees of Lewicki microelectronic GmbH for their cooperation on this point.

Developments abroad

The development of Pacific Silicon Sensor Inc. was accelerated in order to gain a firmer foothold in the rapidly growing American and Asian markets and continue the company's internationalisation process. The strengthening of the sales teams has already shown initial positive results. The volume of offers made nearly doubled in the past quarter. The Managing Board expects a significant increase in the order backlog at Pacific Silicon Sensor Inc. at the end of 2001 due to the long decision-taking times among our future American customers, a factor we are already familiar with from European business. We plan to reach the break-even point with the American subsidiary in 2002.





Staff

The success of the SIS group is attributable to the employees' extensive know-how and more than 30 years of experience in the development and production of optical high-end sensors. Employee motivation and the hiring of new, qualified employees is a significant success factor for the realisation of future business development.

The number of personnel in the parent company in Berlin increased slightly as compared with the same time period last year. The American subsidiary PSS currently employs 7 persons. As a result of the successful incorporation of Lewicki microelectronic GmbH, the number of employees in the SIS groups at the end of the quarter had risen to 115 (53 persons were employed at the end of Q2 2000).

Outlook

The SIS group is active in the market for optical sensors as an important special provider of customer-specific requirements with high quality parameters.

Based on the good results for Q2 2001, expectations for the 2001 business year were again increased at 23 August 2001. Turnover is now expected to total EUR 10.7 million, which represents a nearly 90% increase as compared with the 2000 business year. Profit expectations for the current business year were likewise increased by 15% from EUR 238,000 to EUR 274,000.

Silicon Sensor group's import position on the market will be further strengthened in 2001 and existing know-how utilised as a strategic success factor for continual turnover and earnings growth.

In future, the focus of growth will continue to be on sensors due to their multifunctional industrial applications. The company's development competency is the basis for the recognised high product quality of its sophisticated opto-electronic problem solutions.

As the requisite corporate structures are created, the potential harboured in the customer relations established to important sector leaders over the course of the last few years will be further expanded in terms of sales. In the mid-term, the market presence in the USA and in Asia will lead to Silicon Sensor group's even greater independence of fluctuations in demand on the world market for high-end optical sensors. Risks from general economic development should be minimised by the newly established business fields.





In addition to securing strategic success potentials, Silicon Sensor International AG will further fulfil its responsibility to its shareholders by expanding information and communication policy, thus creating the basis for a successful high-tech share.

Berlin, 29 August 2001

The Managing Board
Silicon Sensor International AG

Dr. Bernd Kriegel

Dr. Hans-Georg Giering



PRELIMINARY BALANCE SHEET

JUNE 30, 2001 (IAS)



ASSETS

	June 30/2001 TEuro	Dec. 31/2000 TEuro
CURRENT ASSETS		
Liquid assets	553	267
Trade accounts payable	1,424	1,521
Inventories	3,763	3,070
Prepaid expenses and other current assets	315	125
Total current assets	6,055	4,983
LONG-TERM ASSETS		
Property, plant and equipment	5,584	5,350
Intangible assets	376	404
Goodwill	2,204	2,304
Deferred taxes	38	38
Other assets	100	89
Total long-term assets	8,302	8,185
TOTAL ASSETS	14,357	13,168

LIABILITIES AND EQUITY

	June 30/2001 TEuro	Dec. 31/2000 TEuro
CURRENT LIABILITIES		
Amounts due to banks	2,595	475
Trade accounts payable	558	770
Advance payments received	160	146
Accrued expenses	1,263	1,318
Other current liabilities	419	378
Total current liabilities	4,995	3,087
LONG-TERM LIABILITIES		
Amounts due to banks	3,456	4,986
Deferred tax asset	290	296
Pension accrual	372	358
Capital contribution	383	383
Total long-term liabilities	4,501	6,023
SHAREHOLDER'S EQUITY		
Share Capital	5,610	4,346
Additional paid-in capital	1,741	2,118
Minority	3	4
Currency translation	47	-2
Accumulated profit	-2,540	-2,408
Total shareholder's equity	4,861	4,058
Total liabilities and shareholder's equity	14,357	13,168



INCOME STATEMENT (IAS)

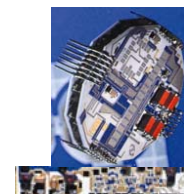


for the second quarter 2000

	Quarter II/2001	Quarter II/2000	Six-month – report 2001	Six-month - report 2000
	April, 01/2001- June, 30/2001	April, 01/2000- June, 30/2000	Jan., 01/2001- June, 30/2001	Jan., 01/2000- June, 30/2000
	KEuro	KEuro	KEuro	KEuro
Revenues	2,450	971	5,005	2,297
Other operating income	126	58	204	105
Changes in inventories	511	-103	592	-111
Production for own fixed assets capitalized	95	17	137	88
Cost of purchased materials and services	763	280	1,586	663
Gross margin	2,419	663	4,352	1,716
Personnel expenses	1,210	541	2,318	1,048
Other operating expenses	663	618	1,276	1,143
EBITDA	546	-496	758	-475
Amortization (and impairment) of Goodwill	50	0	100	0
Depreciation and Amortization	199	98	443	180
Operating income/loss (EBIT)	297	-594	215	-655
Interest income and expenditure	-113	-18	-235	-41
Foreign currency exchange gains/losses	1	-5	2	-9
EBIT	185	-617	-18	-705
Income tax	31	22	115	22
Extraordinary income/expenses	0	0	0	0
Result before minority interest	154	-639	-133	-727
Minority interest	1	0	1	0
Operating income/loss	155	-639	-132	-727



CONSOLIDATED STATEMENT OF CASH FLOWS (IAS)



for the first half-year 2001

	Jan. 01 - June 30/2001 KEuro	Jan. 01 - June 30/2001 KEuro
I. Net cash from operating activities		
Half-year loss	-132	-727
Adaptation to carry over of total year to Cash flow from operating activities		
Amortization/Depreciation of property, plant, equipment and intangible assets	543	180
Minority interest	-1	0
Pension accrual	14	5
Changes in assets	-795	-1,120
Changes in liabilities	-218	47
Decrease from operating activities	-589	-1,606
II. Net cash from investing activities		
Net-Increase to property, plant, equipment and other intangible Assets	-710	-966
Net-Decrease to property, plant, equipment and other intangible assets	59	0
Decrease from investing activities	-651	-966
III. Net cash from financing activities		
Increase of finance liabilities	887	0
Repayment of finance liabilities	590	60
Increase from financing activities	1,477	60
Decrease/increase in cash equivalents	237	-2,503
Currency translation	49	13
Cash & cash equivalents at beginning of period	267	3,350
Cash & cash equivalents at end of period	553	860



Internal statement

Officers held the following (individual) shares in the company on the August 28, 2001:

Dr. Bernd Kriegel	655,000	(Dec. 31, 2000: 832,000)
Dr. Hans-Georg Giering	6,000	(Dec. 31, 2000: 2,500)

CHANGE IN EQUITY

for the first half-year 2001 for Jan. 01, 2001 to June 30, 2001

	Share Capital	Additional paid-in capital	Retained Earnings	Currency offsetting item	Total Share- holder's equity
	KEuro	KEuro	KEuro	KEuro	KEuro
Dec. 31, 2000	4,346	2,118	-2,408	-2	4,054
Capital increase against cash contributions	435	452			887
Increase in share capital out of retained earnings	829	-829			0
Net income			-132		-132
Currency translation				49	49
June 30, 2001	5,610	1,741	-2,540	47	4,858