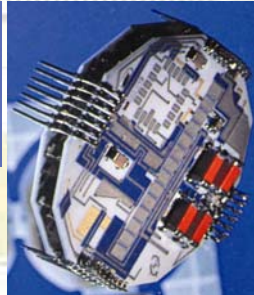
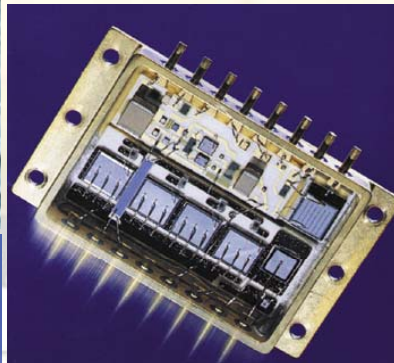


SILICON SENSOR INTERNATIONAL AG



BUSINESS REPORT

For the first six months
of the 2003 business year
(unaudited)

2003

BUSINESS REPORT II/2003

SILICON SENSOR GROUP

Financial ratios April 01 – June 30, 2003 (second quarter 2003)

	April 01 - June 30, 2003 TEuro	April 01 - June 30, 2002 TEuro	Change in TEuro	% Change
Sales revenue	3,061	3,194	-133	-4
Back orders	7,826	9,971	-2,145	-21
EBITDA	471	670	-199	-30
EBIT	189	266	-77	-29
Second quarter surplus	118	182	-64	-35
Second quarter surplus €/individual share certificate	0.05	0.09	-0.04	-44
Share	2,250,000	2,050,000	200,000	10
R&D expenditure	163	280	-117	-42
Staff (June 30)	103	111	-8	-7

Financial ratios January 01 – June 30, 2003 (first half-year 2003)

	Jan. 01, 2003 - June 30, 2003 TEuro	Jan. 01, 2002 - June 30, 2002 TEuro	Change in TEuro	% Change
Sales revenue	6,274	6,090	184	3
Back orders	7,826	9,971	-2,145	-21
EBITDA	1,130	1,253	-123	-10
EBIT	572	581	-9	-1
Six-month surplus	421	413	8	2
Six-month surplus €/individual share certificate	0.19	0.20	-0.01	-5
Share	2,250,000	2,050,000	200,000	10
R&D expenditure	320	530	-210	-40
Staff (June 30)	103	111	-8	-7



Forword

Silicon Sensor on solid growth course – Sales and Earnings increased

*Dear shareholders,
Dear business partners,*

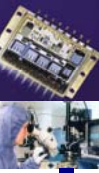
The Silicon Sensor groups attained a solid growth tempo in the first six month of the 2003 business year, despite the fact that overall economic framework conditions have continued to worsen since the end of the business year. We are able to report positive business performance. As compared to the same time period in the previous year, turnover rose by 3 % from € 6.1 mn to € 6.3 mn.

EBITDA decreased by a littleness of € 123,000 from € 1,253 mn (June 30, 2002) to € 1,130 mn (June 30, 2003). The operating result EBIT is like the same as in the further reporting period. EBIT decreased only by € 9,000 from € 581,000 (June 30, 2002) to € 572,000 (June 30, 2003). Earnings after interest and taxes rose by 2 % from € 413,000 (June 30, 2002) to € 421,000 (June 30, 2003). Earnings per share totalled € 0.19 during the reporting period, were also approximately the same as compared to the same time period in the previous year (June 30, 2002: € 0.20).

The group's orders on hand were stabilized on the same value like first quarter. We hope, that we can increase the orders on hand in the third quarter.

Production activity has retained its focus on customer-specific products, in some cases with a very high development share. The main areas of focus continue to be avalanche photodiodes, customer-specific sensor solutions and hybrid circuits.

A Highlight was the start of the european mars mission Mars Express. On board of the mars mission is a High Resolution Stereo Camera (HRSC), buildt up by Lewicki microelectronic GmbH.



Business development

The Silicon Sensor group is specialised manufacturer of opto-electronic sensors (photodetectors) for the recognition and measurement of alpha-, beta-, gamma-, X-ray, UV light and NIR radiation. The Silicon Sensor group furthermore develops and produces highly reliable customer-specific hybrid circuits and microsystem technology products. The corporation's customers include well-known companies and research institutes which outsource their highly specialised production processes due to their strategic orientation and manufacturing technology.

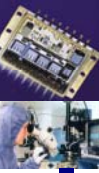
The company is active on the market for opto-electronic sensory products. These products are important basic components for applications in all conceivable fields. Silicon Sensor group has thus simultaneously made itself highly independent of the economic cycles affecting individual sectors. The market environment for these high-end products is generally assessed as being favourable and future growth potential is regarded as positive.

The Silicon Sensor group is one of the world's leading companies which develop and produce exceptional quality high-end sensors for this market. The avalanche photodiodes (APD) and avalanche photodiode arrays recently developed and produced by the Silicon Sensor group have assumed a top international position in terms of quality and speed. Our customers use APDs, for example, in high-precision distance meters for an extremely wide variety of applications.

The securing of necessary liquidity for Silicon Sensor group's growth has played a key role since the foundation of the company. We have also made significant progress in this area. Operating cashflow has been further improved. In addition, continued efforts at improving the cost structure through the utilisation of synergies between the individual subsidiaries were made during the report period. Clear progress was achieved in this area in the first quarter and will be further pursued during the course of the business year.

According to planning for the coming business years, it can be assumed that additional growth is certain. The group's liquidity planning is based on continued growth in turnover and positive operating cash flows associated with this growth. The Managing Board currently regards liquidity as sufficient for attaining our ambitious growth goals.





Foreign developments

Following the expansion of the Silicon Sensor group's market share in Europe, the greatest growth potential for the future lays in the American and Asian markets. The development of Pacific Silicon Sensor Inc. has been pursued according to plans in order to gain a larger foothold on these markets and to further cultivate the company's degree of internationalisation. In keeping with our expectations, the American subsidiary increased its turnover by 3 % as compared to the same time period in the previous year from € 343,000 (June 30, 2002) to € 352,000 (June 30, 2003), despite the difficult market environment. Without any currency effects the turnover increased by 31 per cent.

Personnel

The success of the SIS group is attributable to the extensive expertise of our employees and more than 30 years' experience in the development and production of optical high-end sensors and highly reliable hybrid circuits. In addition to the motivation of employees, the hiring of new, qualified employees is a key success factor in achieving the realisation of future economic development.

The number of personnel employed by the Silicon Sensor group at the end of the quarter sank to a total of 103 employees (111 persons were employed at the end of the first quarter of 2002) as a result of the full utilisation of synergies between the subsidiary companies.

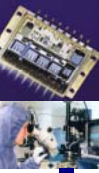
Prospects

The SIS group is positioned as an important specialist supplier of specific customer with high-quality parameters on the market for optical sensors.

The group expects growth in turnover and profits in all its subsidiaries. We expect that all of our subsidiaries will generate profits, so that we plan to end 2003 with an improved consolidated result as compared to 2002.

The market significance of the Silicon Sensor group will be further reinforced in 2003 and the existing expertise used as a strategic success factor for achieving continual growth in turnover and profits.

The Silicon Sensor group's dependence on several main customers was significantly lessened through the broadening of the customer base in the past



two business years. The expansion of our market presence in the U.S.A. and Asia will furthermore help compensate fluctuations in demand and dependencies on large customers on the European market in the mid-term future. Risks posed by overall economic development are to be minimised through the newly launched business divisions.

The emphasis of growth will remain on sensor technology in future as well due to its multifunctional industrial application. The company's development competence is the basis for the recognised high product quality in up-market opto-electronic problem solutions.

Berlin, August 2003

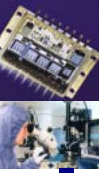
*The Managing Board
Silicon Sensor International AG*

Dr. Bernd Kriegel

Dr. Hans-Georg Giering

Dr. Edmund Rickus





CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2003 (IAS)

ASSETS	June 30, 2003	June 30, 2002
	<i>TEuro</i>	<i>TEuro</i>
CURRENT ASSETS		
Cash and cash equivalents	621	749
Trade receivables	1,725	1,413
Inventories	4,109	4,560
Tax assets	216	214
Prepaid expenses and other current assets		
	251	260
Total current assets	6,922	7,196
NON-CURRENT ASSETS		
Property, plant and equipment	5,270	5,424
Intangible assets	193	301
Goodwill	1,923	2,064
Deferred tax assets	6	64
Other non-current assets	91	80
Total non-current assets	7,483	7,933
TOTAL ASSETS	14,405	15,129
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans and borrowings and current portion of long-term debt	693	1,387
Trade payables	566	882
Advance payments received	196	400
Provisions	228	624
Tax liabilities	0	0
Other accounts payable	1,239	716
Total current liabilities	2,922	4,009
NON-CURRENT LIABILITIES		
Long-term debt	2,471	2,889
Employee benefits obligations	202	465
Provisions	43	232
Deferred tax liabilities	266	279
Deferred income	328	181
Contributions of silent partnerships	383	383
Total non-current liabilities	3,693	4,429
MINORITY INTERESTS	19	48
EQUITY		
Share capital	6,750	6,150
Reserves	3,061	2,761
Retained earnings	-1,970	-2,313
Translation reserve	-70	45
Total Equity	7,771	6,643
TOTAL LIABILITIES AND EQUITY	14,405	15,129

CONSOLIDATED INCOME STATEMENTS (IAS)

FOR THE FIRST SIX-MONTHS 2003

	April 01 - June 30, 2003 TEuro	April 01 - June 30, 2002 TEuro	Jan. 01 - June 30, 2003 TEuro	Jan. 01 - June 30, 2002 TEuro
Sales	3,061	3,194	6,274	6,090
Other operating income	221	80	272	117
Increase / decrease in finished goods and work-in-process	-25	266	21	369
Own work capitalised	32	13	71	47
Cost of raw materials, supplies and purchased services	-901	-878	-1,889	-1,657
Personnel expenses	-1,300	-1,327	-2,407	-2,524
Depreciation and amortisation costs on intangible assets, and plant and equipment	-282	-404	-558	-672
Other operating expenses	-617	-678	-1,212	-1,189
Results of ordinary activities	189	266	572	581
Interest income / expenses	-69	-86	-147	-179
	0	0	0	0
Results before tax and minority interest	120	180	425	402
Income tax	-2	37	-4	46
Results before minority interest	118	217	421	448
Minority interest	0	-35	0	-35
Consolidated net profit / loss	118	182	421	413
Basic and diluted earnings per share	0.05	0.09	0.19	0.20
Number of shares used for the calculation of basic and diluted earnings per share (in thousand)	2,250	2,050	2,250	2,050

CONSOLIDATED CASH FLOW STATEMENTS (IAS)

FOR THE FIRST SIX-MONTHS 2003

	<i>Jan. 01 - June 30, 2003</i> TEuro	<i>Jan. 01 - June 30, 2002</i> TEuro
Consolidated profit	572	581
Depreciation of intangible assets and property, plant and Equipment	558	672
Depreciation of current assets	108	0
Earnings from allowance	-37	0
Losses from fixed assets retirements	5	0
Changes in provisions	44	40
Changes in assets not allocable to investing- or financing Activities	-337	-370
Changes in liabilities not allocable to investing or financing Activities	-483	88
Paid Interest	-120	-179
Paid Taxes	-2	46
Cash flow from operating activities	308	878
Investments in intangible assets and property, plant and Equipment	-352	-328
Proceeds from the disposal of intangible assets, property, plant and equipment	0	0
Proceeds from government grants	44	0
Interest	4	0
Cash flow from investing activities	-304	-328
Proceeds from issuance of share capital	0	0
Repayment of loans	-210	-204
Cash flow from financing activities	-210	-204
Net effect of currency	2	31
Net increase in cash and cash equivalents	-204	377
Cash and cash equivalents at beginning of year	825	372
Cash and cash equivalents at the date of June 30	621	749

Internal statement

Officers held the following (individual) shares in the company on the June 30, 2003:

Dr. Bernd Kriegel	555,000	(March 31, 2003: 555,000)
Dr. Hans-Georg Giering	10,100	(March 31, 2003: 10,100)
Dr. Edmund Rickus	3,530	(March 31, 2003: 3,530)
Dr. Rudolf Scheid	2,000	(March 31, 2003: 2,000)
Gerhard Hagenau	2,500	(March 31, 2003: 2,500)

CHANGE IN EQUITY

FOR THE FIRST SIX-MONTHS 2003

	Number of shares '000	Share capital TEuro	Reserves TEuro	ranslation Reserve TEuro	Retained Earnings TEuro	Total TEuro
Dec. 31, 2001	2,050	6,150	2,761	-2,726	14	6,199
Capital increase against cash contributions						
Increase in share capital out of retained earnings						
Six-month surplus				413		413
Net effect of currency					31	31
June 30, 2002	2,050	6,150	2,761	-2,313	45	6,643

Dec. 31, 2002	2,250	6,750	3,061	-2,391	-105	7,315
Capital increase against cash contributions						
Increase in share capital out of retained earnings						
Six-month surplus				421		421
Net effect of currency					35	35
June 30, 2003	2,250	6,750	3,061	-1,970	-70	7,771



SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST SIX MONTH OF THE BUSINESS YEAR 2003

1. General

Silicon Sensor International AG, Berlin (hereinafter - SIS, the Company) and its subsidiaries are involved in developing, producing and marketing of custom-designed optical sensors. Within the SIS several subsidiaries operate as individual business units in the market. Pacific Silicon Sensor Inc. is involved in the marketing of sensor chips and sensor systems in North America and Asia. Silicon Projects GmbH handles the IT-support and the internet presentation of the group. The average number of employees in the Group in the first half-year 2003 reduced by 111 to 103. The registered office address of the Group is located at Ostendstr. 1, 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. 292a paragraph 1 and 2 german commercial law

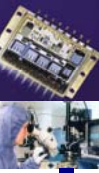
SIS has used the right in Art. 292a Paragraph 1 and 2 German Commercial Law to state a consolidated financial statements for the SIS-Group in accordance with International Accounting Standards IFRS (*International Financial Reporting Standards*, as of December 2002).

3. Summary of significant accounting policies

The principal accounting policies adopted in preparing the financial statements of SIS are in accordance with the Annual Report for the year 2002.

4. Notes to cash flow statements

SIS shows cash flow from current business activities in accordance with IAS 7 "Cash flow statement" using the indirect method where profit or loss for the period under review is adjusted to the effects of transactions in which no payment was effected, the delimitation of the inflow/outflow of funds from ongoing business activities in the past or in future, and income or expense items related to the cash flow from investment/financing activity. Contrary to the previous year, translation was based on the operating result so that interest and tax payments were shown as separate items within the operating cash flow.



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.

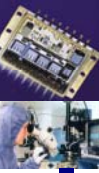
(2) Contingent liabilities furthermore result out of the rent of offices and office equipment, as well as from the operating lease of cars. The contingent liabilities split up as follows:

As of December 31, 2002

	2003	2004 - 2006	as of 2007
Rent	224	672	224
Lease	78	78	0
Premium-oriented pension plans	176	882	1,184
	478	1,632	1,408

As of June 30, 2003

	First half-year 2003	2004 - 2006	as of 2007
Rent	112	672	224
Lease	43	123	0
Premium-oriented pension plans	88	882	1,184
	243	1,677	1,408



6. Segment information

Segment information is prepared on the following bases:

(1) Business segments

Custom-designed optical semiconductor sensors and electronics

The Group in this segment essentially develops and manufactures high-end customized silicon sensors which are used in geodesy to survey the earth, and in space research to examine and monitor the blood data and circulatory functions of astronauts. In addition, chips are assembled into complex customer-specific hybrid circuits and packages.

Other product lines

This segment basically deals with clinical sensor applications for the extra- and intra-operative detection of tumor cell clusters. More particularly, the segment is built around semiconductor radiation sensors for industrial and laboratory applications, and PC measuring systems for coating thickness measurement, PET radiochemistry and dosimetry.

As of January 31, 2003 to June 30, 2003

Business Segment Data	Custom-designed production		Other production		Consolidated	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Segment turnover	6,160	5,615	114	475	6,274	6,090
Segment result	486	69	-65	344	421	413

