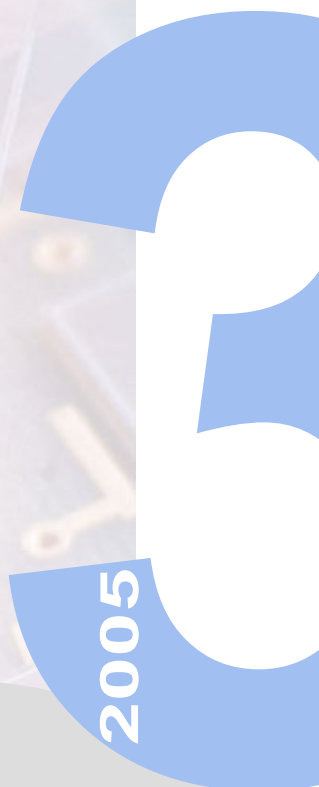
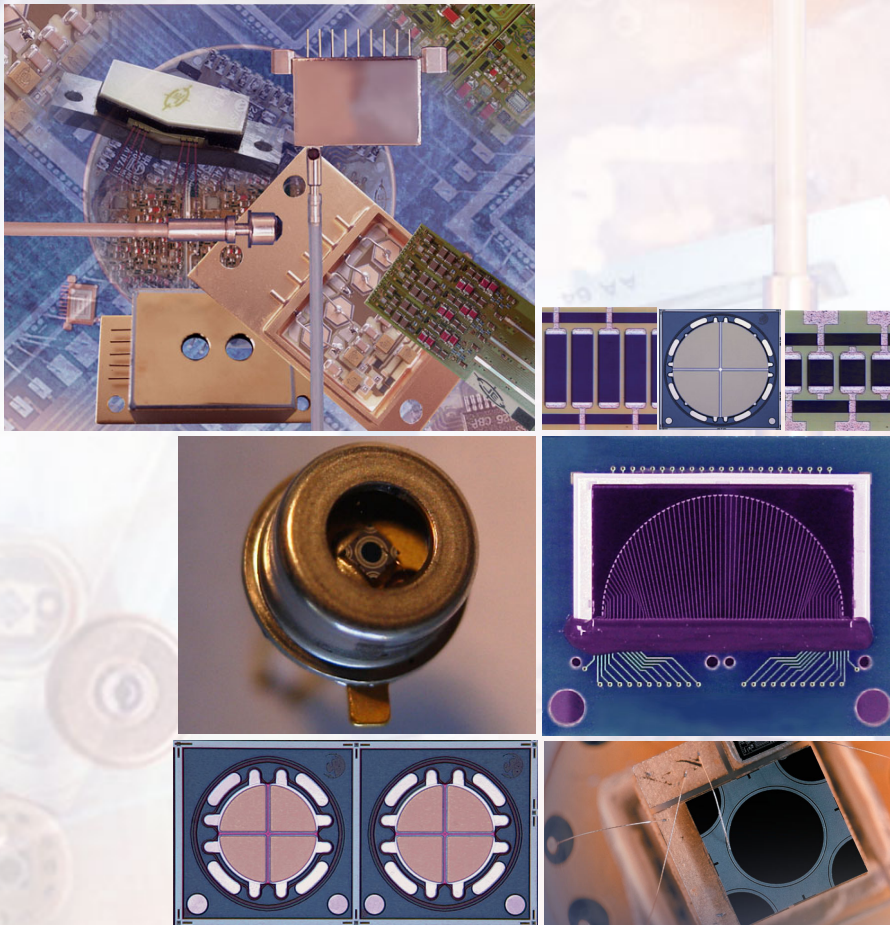




International AG

SILICON SENSOR INTERNATIONAL AG



2005

BUSINESS REPORT

for the first nine months
of the 2005 business year
(unaudited)

BUSINESS REPORT III/2005 FÜR DEN SILICON SENSOR GROUP

Financial ratios July 01 - Sept. 30, 2005 (third quarter 2005)

	July 01, 2005 - Sept. 30, 2005 € 1,000	July 01, 2004 - Sept. 30, 2004 € 1,000	Change in € 1,000	% Change
Sales revenue	2,803	3,300	-497	-15
Order backlog	7,719	9,004	-1,285	-14
EBITDA	320	536	-216	-40
EBIT	90	375	-285	-76
Third quarter surplus	56	208	-152	-73
Third quarter surplus €/individual share certificate	0.02	0.09	-0.07	-78
Share (basic)	2,317,500	2,258,000	59,500	3
R&D expenditure	94	47	47	100
Staff (Sept. 30)	101	101	0	0

Financial ratios Jan. 01 - Sept. 30, 2005 (nine-month report 2005)

	Jan. 01, 2005 - Sept. 30, 2005 € 1,000	Jan. 01, 2004 - Sept. 30, 2004 € 1,000	Change in € 1,000	% Change
Sales revenue	9,396	10,598	-1,202	-11
Order backlog	7,719	9,004	-1,285	-14
EBITDA	1,898	2,266	-368	-16
EBIT	1,221	1,548	-327	-21
Nine-month surplus	845	910	-65	-7
Nine-month surplus €/individual share certificate	0.36	0.40	-0.04	-10
Share (basic)	2,317,500	2,258,000	59,500	3
R&D expenditure	364	363	1	0
Staff (Sept. 30)	101	101	0	0

Forword

Silicon Sensor continues do grow – Quarterly results as expected

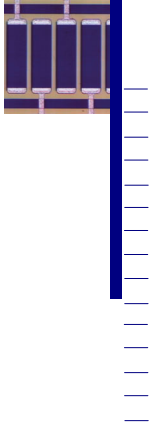
*Dear shareholders,
Dear business partners,*

on Sept. 16, 2005 the managing board signed the purchase contract for the shares of MPD Microelectronic Packaging Dresden GmbH, a profitable enterprise, which adds a completely new dimension to the Silicon Sensor group. MPD's sales last business year reached € 15 m, EBIT was € 1.4 m. With MPD, the group is planning sales of approx. €30m and about €3.5m EBIT for 2006. From Oct. 1 of this business year, MPD will be included in the group's consolidation measures.

Decisive in the acquisition was the positive experience gathered over a longer period of joint project work in the supply of automotive parts. Now the company will be able to even better meet requirements arising from future automotive projects. Prime tasks in the weeks and months to come will be to make better use of the synergistic effects resulting from the acquisition, to improve existing project ideas, and to integrate MPD into the Silicon Sensor group. This will be a rewarding effort.

You, the shareholders, made a great contribution to the successful integration of MPD by subscribing a capital increase, and 93 % of existing shareholders actually took part. This can only be seen as a token of confidence in the future activities of the company, for which thanks go out to you. Unfortunately, subscription requests from institutional investors could not be met even in part. In general, the capital increase was oversubscribed about three times.

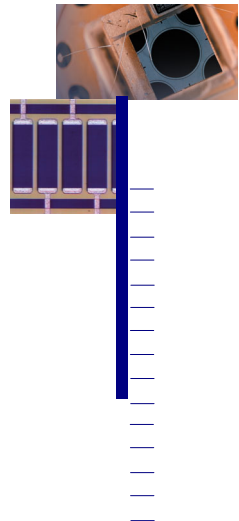
As had been expected, the Silicon Sensor group did not fully repeat the excellent results of financial year 2004 during the first nine months of 2005 (without MPD). This was because sales budgeted for 2005 were shifted forward to the 2004 business year. Positive business trends in the group over the first nine months of the period under review were adversely affected by such factors as the introduction of IFRS 2, the payment of pension obligations to the widow of former board member Dr. Edmund Rickus, product line adjustments of customers causing changes in delivery demands, and non-recurring expenses related to the acquisition of MPD. It is nevertheless gratifying to report profitable business developments for what is traditionally the weakest quarter in a financial year. Compared with last year, sales dropped by 11 %, from € 10.6 m to € 9.4 m.



EBITDA for the first nine month of 2005 dropped by 16 %, from € 2,270,000 (Sept. 30, 2004) to € 1,900,000 (Sept. 30, 2005). The operative result EBIT reduced by 21 %, from € 1,550,000 (Sept. 30, 2004) to € 1,220,000 (Sept. 30, 2005). The result after interest and taxes for the first nine month of 2005 was only reduced by € 65,000, or 7 %, from € 910,000 (Sept. 30, 2004) to € 845,000 (Sept. 30, 2005). Earnings per share were € 0.36 and which was € 0.04 less than for the same period last year (Sept. 30, 2004: € 0.40).

Orders on hand in the group for the next 12 months dropped slightly, by € 286,000, compared with the previous quarter, with no allowance made, however, for the order from the automotive industry which took effect later. As per the relevant date, orders on hand went down 14 % to € 7.72 m (Sept. 30, 2005) compared with the same period last year (Sept. 30, 2004: € 9.0 m). The workforce remained almost constant at 101 on Sept. 30, 2005 compared with the same period last year (Sept. 30, 2004: 101).

Production activity has retained its focus on customer-specific products. The main areas of focus continue to be avalanche photodiodes, customer-specific sensor solutions and hybrid circuits.





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.

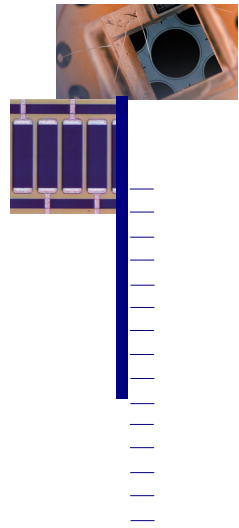
The company is active on the market for opto-electronic sensory products. These products are important basic components for applications in all conceivable fields. Silicon Sensor group has thus simultaneously made itself highly independent of the economic cycles affecting individual sectors. The market 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. To finance the acquisition of shares, the group used both liquid assets and funds from normal bank borrowing. Short-term borrowing will be repaid using funds from the capital increase, while at the same time restoring the group's former liquidity reserve.

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 market. 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. Organic growth indicates greater acceptance for products made by the Silicon Sensor group on the North American market. In an economic environment that is slowly improving, the U.S. subsidiary Pacific Silicon Sensor Inc. again increased sales compared with last year by just under 16 %, from \$ 721,000 (Sept. 30, 2004) to \$ 836,000 (Sept. 30, 2005) and reached a positive overall result.

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.

Staff levels in the Silicon Sensor group remained unchanged (101) as against the end of the previous quarter (down from 101 on Sept. 30, 2004).

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 view of future developments outlined for the company, results for the period under review, and a slowly improving business climate, sales of about € 30 m and a positive EBIT of about € 3.5 m are expected for 2006. However, past experience has shown that the extent to which such targets can be achieved also depends on the international economic and political environment.



The market significance of the Silicon Sensor group will be further reinforced in 2006 and the existing expertise used as a strategic success factor for achieving continual growth in turnover and profits.

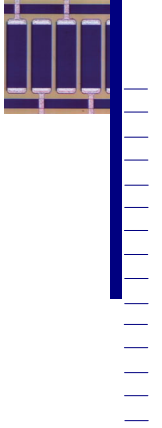
The emphasis of growth will remain on sensor technology in future as well due to its multifunctional industrial application. The company's development competence is the basis for the recognised high product quality in up-market opto-electronic problem solutions.

Berlin, November 2005

*The Managing Board
Silicon Sensor International AG*


Dr. Bernd Kriegel


Dr. Hans-Georg Giering



CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2005 (IFRS)

Assets	Sept. 30, 2005 € 1,000	Sept. 30, 2004 € 1,000
CURRENT ASSETS		
Cash and cash equivalents	1,290	3,307
Short-term investments	434	0
Trade accounts receivable	1,604	1,450
Inventories	3,192	3,563
Tax assets	0	0
Prepaid expenses and other current assets	16,376	363
Total current assets	22,896	8,683
NON-CURRENT ASSETS		
Property, plant and equipment	4,328	4,826
Intangible assets	88	141
Goodwill	1,846	1,846
Deferred taxes	12	35
Other assets	23	23
Total non current assets	6,297	6,871
TOTAL ASSETS	29,193	15,554

Liabilities and shareholders' equity		
CURRENT LIABILITIES		
Short-term debt and current portion of long-term debt	9,507	647
Trade accounts payable	310	357
Advance payments received	130	170
Accrued expenses	176	177
Income tax payable	828	688
Other current liabilities	849	1,497
Total current liabilities	11,800	3,536
NON-CURRENT LIABILITIES		
Long-term debt	6,090	1,557
Pension accrual	0	261
Accrued expenses	36	44
Deferred tax liability	240	261
Deferred revenues	264	283
Contributions of silent partnerships	0	383
Total non-current liabilities	6,630	2,789
Minority interest	13	0
SHAREHOLDERS' EQUITY		
Share capital	7,005	6,915
Additional paid-in capital	3,447	3,339
Translation reserve	-186	-200
Retained earnings	484	-825
Total shareholders' equity	10,750	9,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,193	15,554

CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST NINE-MONTHS 2005 (IFRS)

	July 01 - Sept. 30, 2005 € 1,000	July 01 - Sept. 30, 2004 € 1,000	Jan. 01 - Sept. 30, 2005 € 1,000	Jan. 01 - Sept. 30, 2004 € 1,000
Revenues	2,803	3,300	9,396	10,598
Other operating income	97	178	268	369
Changes in inventories of finished goods and work in progress	-206	27	-49	-132
Production of own fixed assets capitalized	59	13	114	72
Cost of purchased materials and services	-789	-839	-2,612	-2,587
Personnel expenses	-1,121	-1,525	-3,651	-4,085
Depreciation and amortization on intangible assets, and plant and equipment	-230	-161	-677	-718
Other operating expenses	-523	-618	-1,568	-1,969
Operating income	90	375	1,221	1,548
Interest income and expense	-10	-21	-39	-115
Exchange gains	9	0	9	0
Exchange losses	-6	0	-6	0
Result before income taxes and minority interest	83	354	1,185	1,433
Income tax	-15	-146	-330	-523
Result before minority interest	68	208	855	910
Minority interest	-12	0	-10	0
Net income	56	208	845	910
Net income per share (basic)	0.02	0.09	0.36	0.40
Net income per share (diluted)	0.02	0.09	0.36	0.40
Weighted average shares outstanding (basic)	2,317	2,258	2,317	2,258
Weighted average shares outstanding (diluted)	2,335	2,288	2,335	2,288

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST NINE-MONTHS 2005 (IFRS)

	<i>Jan. 01 - Sept. 30, 2005</i> € 1,000	<i>Jan. 01 - Sept. 30, 2004</i> € 1,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/ loss	1,221	1,548
Adjustments for:		
Depreciation and amortization	677	718
Changes in provisions	-266	6
Income from contributions	-63	-15
Gain/ Loss on the disposal of assets	1	-2
Changes in assets not allocable to investing- or financing activities	-1,111	152
Changes in liabilities not allocable to investing or financing activities	-34	43
Paid interest	-82	-152
Paid taxes	-68	-2
Appreciation of current assets	47	62
Net cash provided by operating activities	322	2,358
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-549	-314
First instalment for further purchase of shares (MPD)	-16,020	0
Proceeds from sale of equipment	1	21
Proceeds from government grants	69	2
Interest	55	37
Net cash used in interesting activities	-16,444	-254
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	62	296
Proceeds from short or long-term borrowings	14,147	400
Cash repayments of amounts borrowed	-581	-540
Net cash provided by financing activities	13,628	156
Net effect of currency translation in cash and cash equivalents	5	-18
Net increase in cash and cash equivalents	-2,489	2,242
Cash and cash equivalents at beginning of period	3,780	1,065
Cash and cash equivalents at end of period	1,290	3,307

CHANGE IN EQUITY

FOR THE FIRST NINE-MONTHS 2005

	Number of shares '000	Share Capital € 1,000	Reserves € 1,000	Translation Reserve € 1,000	Retained Earnings € 1,000	Total € 1,000
Dec. 31, 2003	2,250	6,750	3,061	-1,671	-188	7,952
Option scheme prev. Y.s			64	-64		
Capital increase against cash contributions	55	165	131			296
Option scheme 2004			83			83
Nine-month surplus				910		910
Net effect of currency					-12	-12
Sept. 30, 2004	2,305	6,915	3,339	-825	-200	9,229

	Number of shares '000	Share Capital € 1,000	Reserves € 1,000	Translation Reserve € 1,000	Retained Earnings € 1,000	Total € 1,000
Dec. 31, 2004	2,318	6,953	3,216	-187	-204	9,778
Option scheme prev. Y.s			174	-174		0
Option scheme 2005			47			47
Capital increase against cash contributions	17	52	10			62
Nine-month surplus				845		845
Net effect of currency					18	18
Sept. 30, 2005	2,335	7,005	3,447	484	-186	10,750



SILICON SENSOR INTERNATIONAL AG - GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST NINE MONTHS OF THE BUSINESS YEAR 2005

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 of the group. Staff levels in the Silicon Sensor group remained unchanged (101) as against the end of the previous quarter (down from 101 on Sept. 30, 2004). 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 2004).

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 2004.

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 IAS 34.16

(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, 2004

	2005	2006 - 2008	as of 2009
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	371	630	0
Premium-oriented pension plans	137	411	1.082
	508	1,041	1,082

As of September 30, 2005

	Oct. 01 - Dec. 31, 2005	2006 - 2008	as of 2009
	€ 1,000	€ 1,000	€ 1,000
Rent and lease	89	712	0
Premium-oriented pension plans	37	440	1,182
	126	1,152	1,182

6. Segment reporting 2005

This is provided on the following basis:

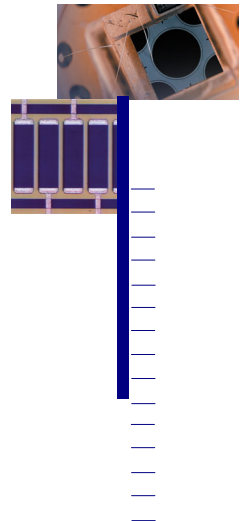
(1) Application-oriented chip and component manufacture

In this segment, the group primarily develops and manufactures high-quality user-specific silicon sensors which have uses, for instance, in the geodetic surveying of the earth, and in monitoring the blood and circulatory functions of astronauts. In addition, chips are made 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.

	Custom-designed production		Other production		Consolidated	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Segment turnover	9,206	10,460	190	138	9,396	10,598
Segment result	812	942	33	-32	845	910



Internal statement

Officers of the company had no share holdings in the company on Sept. 30, 2005.

