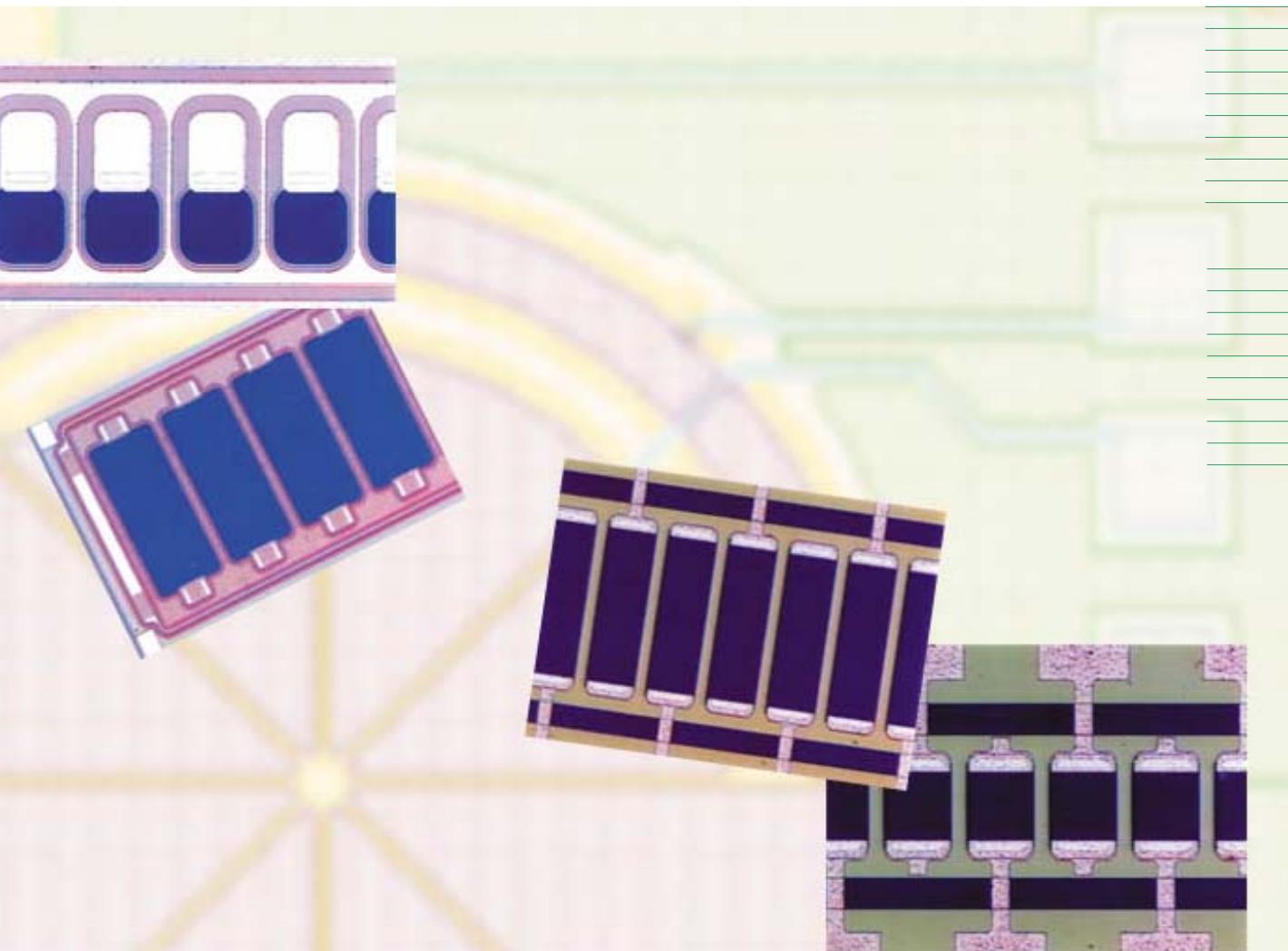




SILICON SENSOR INTERNATIONAL AG



Business Report

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

2001



BUSINESS REPORT I/2001

SILICON SENSOR GROUP

Financial ratios Jan. 1 – March 31, 2001

	Mar. 31/2001 € 1,000	Mar. 31/2000 € 1,000	Change € 1,000	Change %
Sales revenue	2,555	1,326	1,229	93
Back orders	8,880	3,374	5,506	166
Gross operating result on sales	417	164	253	154
Operating result	- 115	- 148	33	29
Pre-tax result	- 156	- 124	- 32	- 26
Three-month surplus	- 238	- 124		- 92
Three-month surplus €/individual share certificate	- 0,13	- 0,07	- 0,06	- 86
Staff (March 31)	115	49	66	135

Preface

To all shareholders and business associates - group strategy confirmed by steady growth and positive results of core business

As expected, the Silicon Sensor group continued to grow steadily during the first quarter of the 2001 business year, with sales rising by more than 93% on the previous year, from € 1.326 million to € 2.555 million. It gives us pleasure to report these two-digit growth figures again as confirmation that the entire group is continuing to expand, as it has done from the start, at an average annual rate of 50% which is considerably above the average for the opto-electronic sensor market.



Turnover in our core activity, the development and production of high-end optical sensors, sensor systems and electronic hybrid Ics, rose 118%, from € 1,086 million to € 2,370 million.

There was a budgeted strain on group performance from steps taken to ensure additional growth in the applications sector (Silicon Instruments GmbH) and expansion in the U.S. (Pacific Silicon Sensor Inc.). Consolidated loss amounts to € 238 thousand (compared to € 124 thousand in I/2000), bringing the result to € 202 thousand above the budget which had envisaged group losses of € 440 thousand for the quarter. The Group is thus clearly approaching the positive year-end results targeted for the current financial year.

Back orders for the Group rose by 166%, from € 3.34 million to € 8.88 million.

Production activity continues to focus on custom-designed products partly involving a great deal of development, with the accent on avalanche photodiodes and customized sensor systems. A new method for through-plating photodiodes developed over several years (thermomigration) has now reached full-production status. In the meantime, Silicon Sensor is erecting a 2nd-generation thermomigration plant with the aim of improving yields considerably.

Silicon Sensor GmbH has successfully completed work for the automotive industry revolving around optical distance measurement and the development of sensors as used in Smart Cruise Control for motor vehicles where major sales are expected from 2003 onwards.

Pacific Silicon Sensor Inc. has successfully expanded its direct marketing of sensor chips and systems in North America and Asia.

Silicon Instruments GmbH reports first marketing success for its Handheld Gamma Finder, a portable unit designed to support minimal invasive surgery and developed in record time. One of the largest distributors of medical equipment is seeking a marketing contract for Germany the conclusion of which is expected in the 2nd quarter of 2001. Other distributors wish to sell the unit in several European countries.

The Executive Board is certain that branching out into the application sector is the right strategy for global growth.

Berlin, May 2001

*The Executive Board
Silicon Sensor International AG*

Dr. Bernd Kriegel

Dr. Hans-Georg Giering



Business development

The Silicon Sensor Group is a specialist manufacturer of opto-electronic sensors (photodetectors) for the detection and measurement of alpha, beta, gamma and X-rays, ultraviolet and visible light, and near-infrared radiation. Its customers include leading companies and research establishments wishing to outsource highly specialized production processes in view of their engineering and strategic orientation. The Group, for example, supplies optical sensors, sensor systems and applications to 3M, Hewlett-Packard and Deutsche Agentur für Raumfahrtangelegenheiten. Other clients include Agfa-Gevaert AG, Carl Zeiss Jena GmbH, DaimlerChrysler Aerospace Dornier GmbH, Siemens AG and Sympatec GmbH, to name but a few.

The company is active in the market for opto-electronic sensors which is generally considered to have a good sales and growth potential.

Silicon Sensor is one of five leading companies active in the development and manufacture of high-end optical sensors and accounting among themselves for 50% of overall sales. The major competitors are Hamamatsu Photonics of Japan and a Canadian company, Perkin Elmer (formerly EG & G Optoelectronics Group).

Developments abroad

A major effort has been made to strengthen Pacific Silicon Sensor Inc. in order to get a foothold in the growth-oriented American and Asian markets and make the Group more international. The sudden death of the CEO, George Pankau, meant reorganization at the top, and the new management has proven its mettle in the past few months. In addition, an experienced Sales Manager has been hired. Silicon Sensor's aim for 2001 is to expand and win a greater share of the world market together with Pacific Silicon Sensor. The subsidiary is expected to break even in 2002, which is a realistic proposition.

Staff

The success of the Group is largely due to the extensive know-how of its workforce who have over 30 years experience in the development and production of high-end optical sensors. Apart from staff motivation, finding new and highly trained employees will be critical for future expansion.

Staff levels at the parent company in Berlin have slightly increased compared with the previous year. The U.S. subsidiary, PSS, now has a staff of 7, and the takeover of Lewicki microelectronic GmbH brought manpower levels for the Group to a total of 115 at the end of the quarter (compared with 49 at the end of 1st quarter 2000).



Outlook

The Group has become well established as a specialist supplier of custom-designed optical sensors made to high quality standards. Favorable results reported for the 1st quarter of 2001 have confirmed expectations of a doubling of sales during the business year as budgeted for the Silicon Sensor Group as a whole.

Market significance will rise in 2001, with a steady growth in sales and profits from the strategic use of Group know-how. While dependence on only one main client has been reduced by winning more customers over the period under review, it has also become evident that stable cooperation with one of the biggest customers who accounted for 22.4% of overall sales during the quarter needs to be strengthened in the long term.

In view of the good 1st-quarter results, the Executive Board expects the DVFA-adjusted consolidated surplus for the 2001 financial year to be approx. Euro 200,000, clearly better than the figure for the previous business year.

Even though Pacific Silicon Sensor Inc. requires high capital investment, it will become profitable in early 2002 as planned.

As a result of multifunctional industrial applications, future growth is expected to come mainly from sensor production, with the company's development capacity providing the basis for excellent product quality and the production of high-performing opto-electronic systems.

The required organizational structures are to be put in place to enable full use of the marketing potential arising from relations established with market leaders over the last few years. In addition, beginning market penetration in the U.S. and Asia will in the medium term help to compensate for fluctuations in demand and the dependence on big customers in the European market. The proposed new spheres of activity are designed to minimize the risks resulting from general economic developments.

Apart from securing the strategic potential for success, Silicon Sensor International AG will assume responsibility toward its shareholders also by improving its information and communication policies thus making its shares a success in the high-tech sector.

Berlin, May 2001

The Executive Board
Silicon Sensor International AG

Dr. Bernd Kriegel

Dr. Hans-Georg Giering



CONSOLIDATED INCOME STATEMENT (US-GAAP)

March 31, 2001

	Mar. 31/2001 € 1,000	Mar. 31/2000 € 1,000
Sales	2.555	1.326
Cost of Goods sold	- 2.138	- 1.162
Gross Profit	417	164
	16 %	12 %
Operating expenses		
Selling expenses	- 118	- 69
Administrative expenses	- 414	- 242
Total operating expenses	- 532	- 312
Total Operating Expenses	- 115	- 148
Other operating expenses/income		
Interest income	1	5
Interest expenses	- 123	- 28
Other operating expenses/income	81	47
Total other expenses/income	- 41	24
Taxes of income	- 82	0
Net Income (Quarterly Loss)	- 238	- 124



CONSOLIDATED STATEMENT OF CASH FLOWS (US-GAAP)

March 31, 2001

	Mar. 31/2001 € 1.000	Mar. 31/2000 € 1.000
Cash flow from operating activities		
Quarterly Loss	- 238	- 124
Adaptation to carry over of total year to		
Cash flow from operating activities		
Amortization/Depreciation of property, plant, equipment and intangible assets	300	120
Changes of assets as far as they aren't addition to the investment activity or financing activities	- 571	388
Changes of liabilities as far as they aren't addition to the investment activities or financing activities	- 410	- 653
	- 919	- 269
Cash flow from investment activities		
Net-Increase to property, plant, equipment and other intangible Assets	0	- 236
Net-Decrease to property, plant, equipment and other intangible assets	66	0
	66	- 236
Cash flow from financing activities		
Increase of finance liabilities	811	0
Repayment of finance liabilities	0	- 696
Cash flow from financing activities	811	- 696
Decrease of liquid assets	- 42	- 1.201
Liquid assets at the beginning of the first quarter	267	3.349
Liquid assets at the end of the first quarter	225	2.148



CONSOLIDATED BALANCE SHEET (US-GAAP)

For the first quarter 2001

A S S E T S

	Mar. 31/2001 € 1,000	Mar. 31/2000 € 1,000
Current Assets		
Liquid Assets	225	2,148
Inventories	3,173	2,179
Accounts receivable, trade	1,736	924
Other Assets	210	218
Accrued income	157	71
Total Current Assets	5,500	5,540
Long term Assets		
Fixed Assets, net	5,392	1,733
Intangible Assets, net	2,671	185
Total long term Assets	8,063	1,918
Total Assets	13,563	7,458

L I A B I L I T I E S

	Mar. 31/2001 € 1,000	Mar. 31/2000 € 1,000
Current Liabilities		
Liabilities	2,678	230
Payments received	80	0
Accounts payable, trade	467	518
Other Liabilities	530	653
Other accruals	1,427	168
Total Current Liabilities	5,182	1,569
Long term Liabilities		
Pension accruals	362	126
Liabilities due to banks	3,426	0
Silent partners contributions	383	383
Total Long-term Liabilities	4,171	510
Equity		
Subscribed capital	1,329	1,329
Additional paid in capital*	4,860	5,870
Foreign currency translations	23	15
Net loss	- 2,003	- 1,835
Total Equity	4,210	5,379
Total Liabilities	13,563	7,458

* Without charging to an account of the loss in 1999 SSI AG with the additional paid in capital