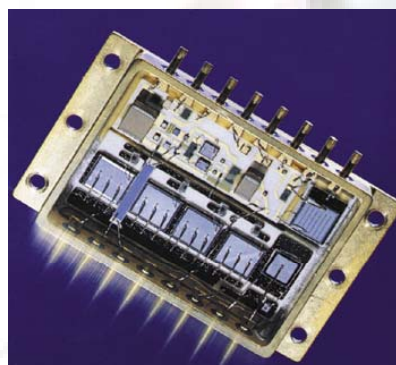
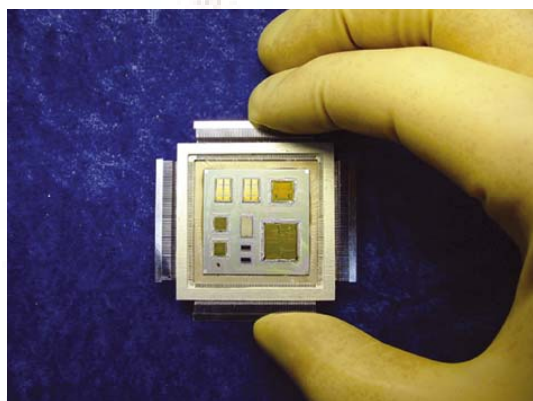


SILICON SENSOR INTERNATIONAL AG



BUSINESS REPORT

for the first three months
of the 2003 business year
(unaudited)

2003

BUSINESS REPORT I/2003

SILICON SENSOR GROUP

Financial ratios Jan. 01 – March 31, 2003 (first quarter 2003)

	March 31, 2003 <i>TEuro</i>	<i>March 31, 2003</i> <i>TEuro</i>	<i>Änderung in</i> <i>TEuro</i>	<i>% Änderung</i>
Sales revenue	3,213	2.896	317	11
Back orders	7,668	9,130	-1,462	-16
EBITDA	659	585	74	13
EBIT	383	315	68	22
Three-month surplus	303	231	72	32
Three-month surplus €/individual share certificate	0.14	0.11	0.03	27
Share	2,250,000	2,050,000	200,000	10
R&D expenditure	157	250	-93	-37
Staff (March 31)	104	111	-7	-6

Forword

Silicon Sensor on solid growth course – positive quarterly result confirms group strategy.

*Dear shareholders,
Dear business partners,*

The Silicon Sensor groups attained a gratifying growth tempo in the first quarter 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 11 % from EUR 2.9 million to EUR 3.2 million.

EBITDA rose by 74 TEuro from 585 TEuro (31 March 2002) to 659 TEuro (March 31, 2003). The operating result EBIT increased by 68 TEuro from 315 TEuro (March 31, 2002) to 383 TEuro (March 31, 2003). Earnings after interest and taxes were improved by 72 TEuro from 231 TEuro (March 31, 2002) to 303 TEuro. Earnings per share totalled EUR 0.14 during the reporting period, improving by EUR 0.03 as compared to the same time period in the previous year (March 31, 2002: EUR 0.11).

Despite the perceptible sales difficulties several of our customers are having in riding out the currently weak market environment the group's orders on hand decreased by only 16 % from EUR 9.13 million to EUR 7.67 million.

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 customer-specific sensor solutions and hybrid circuits.

The necessary conditions for continued solid growth of the Silicon Sensor group were created in the reporting period.



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 radiation, visible 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.

Products of the Silicon Sensor Group 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 technology leading companies in the world which develop and produce optical and electronically high-end solutions 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. 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. The positive operating cashflow is the guarantee for further growing. In addition, continued efforts at improving the cost structure through the utilisation of synergies between the individual subsidiaries were made during the report period.

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. The American subsidiary increased its turnover by 4 % as compared to the same time period in the previous year from 186 TEuro (March 31, 2002) to 193 TEuro (March 31, 2003), despite the difficult market environment. This organic growth is proof of increasing acceptance of the Silicon Sensor group's products on the American market.

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 and qualifying 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 104 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 stable developments in turnover and profits in all its subsidiaries. We expect that all our subsidiaries will generate profits, so that we plan to end 2003 with an improved consolidated result as compared to 2002.

Due to the future developments of our corporation as outlined here as well as the results attained in the first quarter of 2003, we expect another increase in overall turnover and result for 2003 as compared with 2002 despite the difficult general economic situation.





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 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, May 2003

The Managing Board
Silicon Sensor International AG

Dr. Bernd Kriegel

Dr. Hans-Georg Giering

Dr. Edmund Rickus



CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2003 (IAS)

ASSETS	March 31, 2003	Dec. 31, 2002
	<i>TEuro</i>	<i>TEuro</i>
CURRENT ASSETS		
Cash and cash equivalents	694	825
Trade receivables	1.651	1.339
Inventories	4.246	4.139
Tax assets	217	213
Prepaid expenses and other current assets	224	244
Total current assets	7.032	6.760
NON-CURRENT ASSETS		
Property, plant and equipment	5.327	5.452
Intangible assets	226	260
Goodwill	1.962	2.000
Deferred tax assets	9	12
Other non-current assets	89	114
Total non-current assets	7.613	7.838
TOTAL ASSETS	14.645	14.598
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans and borrowings and current portion of long-term debt	1.002	957
Trade payables	598	651
Advance payments received	200	380
Provisions	232	201
Tax liabilities	0	0
Other accounts payable	1.224	1.158
Total current liabilities	3.256	3.347
NON-CURRENT LIABILITIES		
Long-term debt	2.514	2.681
Employee benefits obligations	194	187
Provisions	43	41
Deferred tax liabilities	269	272
Deferred income	346	364
Contributions of silent partnerships	383	383
Total non-current liabilities	3.749	3.928
MINORITY INTERESTS	19	8
EQUITY		
Share capital	6.750	6.750
Reserves	3.061	3.061
Retained earnings	-2.088	-2.391
Translation reserve	-102	-105
Total Equity	7.621	7.315
TOTAL LIABILITIES AND EQUITY	14.645	14.598

CONSOLIDATED INCOME STATEMENT (IAS)

FOR THE FIRST THREE-MONTHS 2003

	Jan. 01.- March 31, 2003	Jan. 01.- March 31, 2002
	<i>TEuro</i>	<i>TEuro</i>
Sales	3.213	2.896
Other operating income	51	37
Increase / decrease in finished goods and work-in-process	46	103
Own work capitalised	39	34
Cost of raw materials, supplies and purchased services	-988	-779
Personnel expenses	-1.107	-1.197
Depreciation and amortisation costs on intangible assets, and plant and equipment	-276	-268
Other operating expenses	-595	-511
Results of ordinary activities	383	315
Interest income / expenses	-78	-93
Results before tax and minority interest	305	222
Income tax	-2	9
Results before minority interest	303	231
Minority interest	0	0
Consolidated net profit / loss	303	231

CONSOLIDATED CASH FLOW STATEMENT (IAS)

FOR THE FIRST THREE-MONTHS 2003

	<i>Jan. 01.- March 31, 2003 TEuro</i>	<i>Jan. 01.- March 31, 2002 TEuro</i>
Consolidated profit	383	315
Depreciation of intangible assets and property, plant and Equipment	276	268
Depreciation of current assets	33	0
Earnings from allowance	-18	0
Losses from fixed assets retirements	0	0
Changes in provisions	40	219
Changes in assets not allocable to investing- or financing Activities	-375	-95
Changes in liabilities not allocable to investing or financing Activities	-132	-378
Paid Interest	-80	-93
Paid Taxes	-1	9
Cash flow from operating activities	126	245
Investments in intangible assets and property, plant and Equipment	-94	-135
Proceeds from the disposal of intangible assets, property, plant and equipment	0	0
Proceeds from government grants	2	0
Interest	2	0
Cash flow from investing activities	-90	-135
Proceeds from issuance of share capital	0	0
Repayment of loans	0	0
Proceeds of loans	-167	-164
Cash flow from financing activities	-167	-164
Net effect of currency	0	20
Net increase in cash and cash equivalents	-131	-34
Cash and cash equivalents at beginning of year	825	372
Cash and cash equivalents at the date of March 31	694	338

Internal statement

Officers held the following (individual) shares in the company on the March 31, 2003:

Dr. Bernd Kriegel	555,000	(Dec. 31, 2002: 555,000)
Dr. Hans-Georg Giering	10,100	(Dec. 31, 2002: 10,100)
Dr. Edmund Rickus	3,530	(Dec. 31, 2002: 0)
Dr. Rudolf Scheid	2,000	(Dec. 31, 2002: 2,000)
Gerhard Hagenau	2,500	(Dec. 31, 2002: 2,500)

CHANGE IN EQUITY

FOR THE FIRST THREE-MONTHS 2003

	Number of shares '000	Share Capital TEuro	Reserves TEuro	Translation Reserve TEuro	Retained Earnings TEuro	Total TEuro
Dec. 31, 2002	2.250	6.750	3.061	-2.391	-105	7.315
Three-month surplus				303		303
Net effect of currency					3	3
March 31, 2003	2.250	6.750	3.061	-2.088	-102	7.621