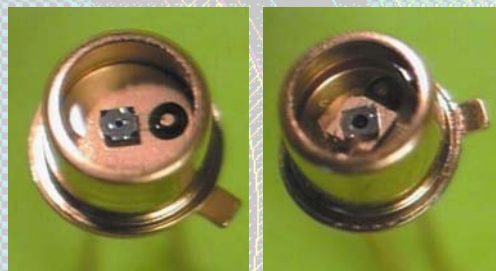
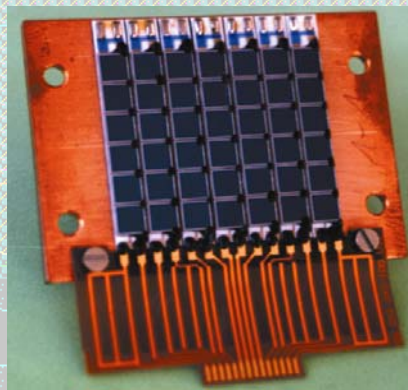


SILICON SENSOR INTERNATIONAL AG



2001

BUSINESS REPORT

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

BUSINESS REPORT III/2001

SILICON SENSOR GROUP

Financial ratios July 01 – Sep. 30, 2001 (third quarter 2001)

	July, 01- Sep., 30, 2001 TEuro	July, 01- Sep., 30, 2000 TEuro	Change in TEuro	Change %
Sales revenue	2.734	1084	1.650	152
Back orders	10.080	3.680	6.400	174
EBITDA	373	- 208	581	-
EBIT	92	-342	434	-
Three-month surplus	150	- 335	485	-
Three-month surplus €/individual share certificate	0,08	- 0,19	0,27	-
Share	1.869.999	1.700.000	169.000	10
Staff (Sep., 30)	118	54	62	117
R&D expenditure	215	154	61	40

Financial ratios Jan. 01–Sep. 30, 2001 (nine-months report 2001)

	Sep., 30, 2001 TEuro	Sep., 30, 2000 TEuro	Change in TEuro	Change %
Sales revenue	7.739	3.381	4.358	129
Back orders	10.080	3.680	6.400	174
EBITDA	1.131	- 683	1.814	-
EBIT	307	- 997	1.304	-
Nine-month surplus	18	- 1.062	1.080	-
Nine-month surplus €/individual share certificate	0,01	- 0,62	0,63	-
Share	1.869.999	1.700.000	169.999	10
Staff (Sep., 30)	118	54	62	117
R&D expenditure	648	407	241	59



Preface

Silicon Sensor continues to grow and turns profit corner in first nine months of business year.

*Dear shareholders,
Dear business partners,*

with all the satisfaction one may feel at Silicon Sensor's excellent performance, this is also a time to express grief and sympathy with our American friends and partners after the atrocious events of September 11 which remain deeply impressed in our memories. Particular thanks are due to our employees in the U.S. who, despite grave emotional strain, are making an ever greater contribution to the growth of the entire group.

The first nine months of 2001 have seen the group expand at the expected high rate, with a sales rise of over 129% on the previous year, from €3,381 million (III/2000) to €7,739 million (III/2001), thus confirming our ambitious plans. Lewicki microelectronic GmbH, fully consolidated for the first time, contributed sales of €3.7 million to this excellent result. It gives the managing board great pleasure to once again present these two-digit growth rates as proof of the group's continuing expansion which, since its inception, has on average far exceeded that of the market for high-end optoelectronic sensors.

Over the last few months, Silicon Sensor has strengthened its leading position as a developer and manufacturer of high-end optical sensors with such a diversity of industrial applications as to effectively decouple the group from the worldwide business cycles affecting the semiconductor industry. Nor are any negative effects from that source on further expansion expected in the future.

The managing board takes particular pride in announcing that, on an annual basis, the group reached the break-even point as planned on Sept. 30, 2001, a result which inspires particular confidence that we shall continue to perform excellently in the near future.

While EBITDA rose by €1,814,000, from €-683,000 (9/30/2000) to €1,131,000 (9/30/2001), the operating result EBIT increased by €1,304,000, from €-997,000 (9/30/2000) to €307,000 (9/30/2001), giving the group a positive performance both on an annual and quarterly basis. The result after interest and taxes for the first 9 months of the financial year rose by €1,080,000, from €-1,062,000 (9/30/2000) to €18,000 (9/30/2001), and the managing board foresees unabated growth for the group in the 4th quarter. Income per share for the business year is expected at €0.15.



In view of orders received in the U.S., the subsidiary there can be expected to contribute positively to consolidated results beginning in 2002.

In the 3rd quarter of 2001, the consolidated result after interest and taxes was positive (€150,000), putting earnings per share at 8 cents.

Manufacturing activity is centered on custom-designed products, some of them causing high development costs, while most of the turnover continues to come from avalanche photodiodes and customized sensor systems. A new thermomigration process for photodiodes developed after years of intensive research has now reached mass production status. In the period under review, progress has been made toward developing and installing a next-generation thermomigration plant, a world first with an output over 10 times that of the first-generation facility. The target for successful test operation remains the 4th quarter of 2001.

By the reference date (9/30/2001), consolidated back orders had increased 174%, from €3.68 million (9/30/2000) to €10.08 million. Also during the reporting period, Silicon Sensor GmbH completed the development of a new generation of high-end optical sensors for a big corporation in time to win a large two-year supply contract worth almost €1.5 million. The deal has not only strengthened the group's role as a leading international developer and manufacturer of these sensors but also had the knock-on effect expected by the managing board, with another large company wishing to buy super-fast APDs.

Silicon Instruments GmbH recently shipped Europe's first Handheld Gamma Finder developed and produced in Berlin, and an extensive pretest is now underway involving a large sales organization, medical users and decision-makers, with results expected toward the end of the business year. We are confident that this move into sensor applications has set us on the right course for global expansion.

Berlin, Nov. 20, 2001

*The Managing Board
Silicon Sensor International AG*

Dr. Bernd Kriegel

Dr. Hans-Georg Giering





Business development

The Silicon Sensor group specializes in the production of optoelectronic sensors (photodetectors) for the detection and measurement of alpha, beta, gamma and X-rays, and of U.V., visible and near-infrared light. Its customers include leading companies and research establishments wishing to outsource highly specialized manufacturing processes on production engineering and strategic grounds.

The company is active in the market for optoelectronic sensor products which serve as key components in a wide variety of different applications, making the group largely independent of the business cycles affecting individual industries. Market conditions for these high-end products, and future growth potentials, are generally considered favorable.

Silicon Sensor is among the world's market leaders designing and making optical high-end sensors for the most demanding specifications, one of the latest developments being avalanche photodiodes (APDs) and APD arrays. These embody the highest standards of quality and speed and are used, for example, in high-precision distance measuring systems having a variety of applications.

Good progress has been made toward ensuring the necessary liquidity for expansion, which has been an ongoing concern since the inception of the group. From the operative cash flow, bank loans worth a total of about €1.7 million were repaid acc. to plan in October and November 2001. The equity ratio of the Silicon Sensor group now stands at about 40%.

Cash planning for the financial years to come is expected to guarantee further expansion, assuming higher sales and positive operative cash flows as a result. The managing board regards the current liquidity position as sufficient for reaching our ambitious growth targets.

Preparing for the capital increase completed on Oct. 1, one day after the period under review, was a major activity. Great confidence in the group's potential for development was shown by Solventis Beteiligungen AG who took over the 180,001 shares from the increase at a time of extreme market volatility. No lock up period was agreed, and the managing board considers the past two months of trusting cooperation a good basis for a longer-term commitment on the part of Solventis.

Most of the funds from the capital increase will be used to improve productivity in the manufacture of high-end optical sensors, with production engineering providing the targeted rise in sales while at the same time requiring only a minimum of extra personnel.



Foreign developments

Now that Silicon Sensor has consolidated its market share in Europe, the greatest potential for future growth is in the American and Asian markets. Strengthening Pacific Silicon Sensor Inc. has been a way of further opening up these markets and making the group more international. Operating under difficult market conditions, the U.S. subsidiary has indeed performed as expected with a 206% rise in sales on the previous year, from €76,900 (9/30/2000) to €235,500 (9/30/2001). While this steady expansion indicates growing acceptance of our products in the American market, the managing board, aware of the long decision-making periods required in Europe, does not expect a substantial rise in Pacific's order backlog until the end of 2001. Now as before, the target for break-even of the U.S. subsidiary is the year 2002.

Personnel

Extensive staff know-how, and over 30 years experience in the development and production of high-end optical sensors, have been vital to the success of the group. To ensure its future development, it will not only be necessary to motivate personnel but also to recruit new and highly skilled staff.

Following the successful integration of Lewicki microelectronic GmbH, the overall number of staff reached 118 at the end of the quarter (as against 54 at the end of the 3rd quarter 2000).

Prospects

As a leading specialist supplier of high-quality customized optical sensors, the SIS group is very well established in the market.

Expectations for the business year 2001 were scaled up as early as Aug. 23, 2001, and forecast sales of €10.7 million represent an increase of almost 90% on the previous financial year.

The market position of the Silicon Sensor group will be strengthened in 2001, with existing know-how being used as a strategic factor toward a consistent growth in sales and profits.

Future growth will largely come from sensor products with a wide variety of industrial applications, which can make the company independent of fluctuations in the world market for semiconductors. The company's development capability remains vital for making high-quality optoelectronic products to demanding specifications.



Customer relations established with market leaders over the last few years will benefit from reorganization aimed at creating the necessary distribution channels. At the same time, market penetration in the U.S. and Asia will, in the medium term, make the Silicon Sensor group even less susceptible to fluctuations in the worldwide demand for high-end optical sensors. Opening up new business segments is designed to minimize the risks arising from general economic developments.

Apart from strengthening its potential for strategic success, Silicon Sensor International AG will also meet its commitment to shareholders through improved information and communication as required for the success of a high-tech share.

The present nine-month report has been drawn up in keeping with Stock Exchange standards for structured quarterly statements (IAS).

Berlin, Nov. 20, 2001

The Managing Board
Silicon Sensor International AG

Dr. Bernd Kriegel

Dr. Hans-Georg Giering



PRELIMINARY BALANCE SHEET
SEPTEMBER 30, 2001 (IAS)

ASSETS	<i>Jan., 01-Sep.,30, 2001</i> KEuro	<i>Dec.,31, 2000</i> KEuro
CURRENT ASSETS		
Cash and cash equivalents	435	267
Short-term investments/marketable securities	0	0
Trade accounts receivable	1.703	1.521
Accounts receivable due from related parties	0	0
Inventories	3.687	3.070
Deferred tax asset	0	0
Prepaid expenses and other current assets	668	125
Total current assets	6.493	4.983
Non current assets		
Property, plant and equipment	5.485	5.350
Intangible assets	360	404
Goodwill	2.155	2.304
Investments	0	0
Investments accounted for by the equity method	0	0
Notes receivable/loans	0	0
Deferred taxes	38	38
Other assets	100	89
Total non current assets	8.138	8.185
Total assets	14.631	13.168

PRELIMINARY BALANCE SHEET
SEPTEMBER 30, 2001 (IAS)

LIABILITIES AND SHAREHOLDERS' EQUITY	Jan., 01. – Sep., 30, 2001 KEuro	Dec.,31, 2000 KEuro
CURRENT LIABILITIES		
Current portion of capital lease obligation	0	0
Short-term debt and current portion of long-term debt	2.792	475
Trade accounts payable	588	770
Accounts payable due to related parties	0	0
Advance payments received	110	146
Accrued expenses	1.187	1.318
Deferred revenues	0	0
Income tax payable	0	0
Deferred tax liability	0	0
Other current liabilities	807	378
Total current liabilities	5.484	3.087
Non-current liabilities		
Long-term debt, less current portion	3.131	4.986
Capital lease obligations, less current portion	0	0
Deferred revenues	0	0
Deferred tax liability	288	296
Pension accrual	379	358
Capital contribution	383	383
Total non-current liabilities	4.181	6.023
Total non-current liabilities	9.665	9.110
Minority interest	0	4
SHAREHOLDERS' EQUITY		
Share capital	5.610	4.346
Additional paid-in capital	1.755	2.118
Treasury stock	0	0
Retained earnings/accumulated deficit	-2.390	-2.408
Accumulated other comprehensive income/loss	-9	-2
Total shareholders' equity	4.966	4.054
Total liabilities and shareholder's equity	14.631	13.168

INCOME STATEMENT (IAS)

for the first nine-months 2001

	Quarter III/2001	Quartal III/2000	Nine-month – report 2001	Nine-month - report 2000
	July, 01/2001- Sep., 30/2001	July, 01/2000- Sep., 30/2000	Jan., 01/2001- Sep., 30/2001	Jan., 01/2000- Sep., 30/2000
	KEuro	KEuro	KEuro	KEuro
Revenues	2.734	1.084	7.739	3.381
Other operating income	186	271	390	160
Changes in inventories of finished goods and work in progress	-19	-73	573	15
Production of own fixed assets capitalized	44	92	181	197
Cost of purchased materials and services	766	379	2.352	1.042
Personnel expenses	1.110	665	3.428	1.713
Depreciation and amortization				
	231	134	675	314
Amortization (and impairment) of goodwill	50	0	149	0
Other operating expenses	696	547	1.972	1.681
Operating income/loss	92	-351	307	-997
Interest income and expense	-109	-24	-344	-65
Income from investments and participations	0		0	0
Income/expense from investments accounted for by the equity method	0		0	0
Foreign currency exchange gains/losses	-2	9	0	0
Other income/expense	0		0	0
Result before income tax (and minority interest)	-19	-366	-37	-1.062
Income tax	-170	-22	-55	0
Extraordinary income/expenses	0	0	0	0
Result before minority interest	151	-344	18	-1.062
Minority interest	-1	0	0	0
Net income/loss	150	-344	18	-1.062
Net income per share (basic)	8 Cent	-19 Cent	1 Cent	-62 Cent
Net income per share (diluted)	-	-	-	-
Weighted average shares outstanding (basic)	1.869.999	1.700.000	1.869.999	1.700.000
Weighted average shares outstanding (diluted)	-	-	-	-

CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT (IAS)

for the first nine-months 2001

	<i>Jan., 01, - Sep., 30, 2001 KEuro</i>	<i>Jan., 01, - Sep., 30, 2000 KEuro</i>
I. Cash flow from operating activities		
Net profit/loss	18	-1.062
Adjustments for:		
Minority interest		
Depreciation and amortization	824	314
Increase/decrease in provisions and accruals	21	11
Losses/gains on the disposal of fixed assets	0	0
Foreign exchange gains/losses		
Other	0	14
Change in net working capital	-1.292	-463
Net cash provided by (used in*) operating activities	-429	-1.186
II. Cash-flow from investing activities:		
Acquisition of subsidiaries, net of cash acquired	0	0
Proceeds from disposal of a subsidiary, net of cash transferred	0	0
Purchase of property, plant and equipment	-766	-1.066
Proceeds from sale of equipment	0	0
Other		
Net cash used in investing activities	-766	-1.066
III. Cash-flow from financing activities:		
Proceeds from issuance of share capital	901	0
Proceeds from short or long-term borrowings	462	0
Cash repayments of amounts borrowed	0	-869
Payment of capital lease liabilities	0	0
Other	0	0
Net cash provided by (used in*) financing activities	1.363	-869
Net effect of translation in cash and cash equivalents	0	0
Net increase (decrease*) in cash and cash equivalents	168	-3.121
Cash and cash equivalents at beginning of period	267	3.350
Cash and cash equivalents at end of period	435	229

Internal statement

Officers held the following (individual) shares in the company on the Nov. 30, 2001:

Dr. Bernd Kriegel	655,000	(Dec. 31, 2000: 832,000)
Dr. Hans-Georg Giering	7,000	(Dec. 31, 2000: 2,500)
Gerhard Hagenau	2,000	(Dec. 31, 2000: 0)

CHANGE IN EQUITY

for the first nine-months 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	466			901
Increase in share capital out of retained earnings	829	-829			0
Net income			18		18
Currency translation				-7	-7
Sep. 30, 2001	5.610	1.755	-2.390	-9	4.966