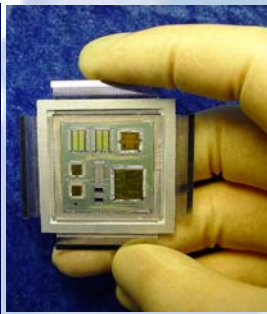
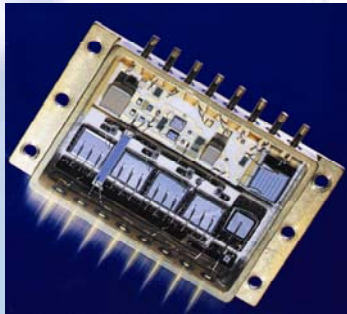


SILICON SENSOR INTERNATIONAL AG



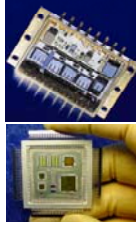
2002

BUSINESS REPORT

for the first nine months
of the 2002 business year
(unaudited)

BUSINESS REPORT III/2002

SILICON SENSOR GROUP



Financial ratios July 01 – Sep. 30, 2002 (third quarter 2002)

	July 01, 2002 - Sep. 30, 2002 TEuro	July 01, 2001 - Sep. 30, 2001 TEuro	Change in TEuro	% Change
Sales revenue	2,637	2,734	-97	-3.5
Back orders	9,816	10,080	-264	-2.6
EBITDA	324	373	-49	-13
EBIT	44	92	-48	-52
Third quarter surplus	-29	-19*	-10	-53
Third quarter surplus €/ individual share certificate	-0.01	-0.01	0	0
Share	2,250,000	1,869,999	380,001	20
R&D expenditure	240	215	25	12
Staff (Sep. 30)	109	118	-9	-8

* corrected around not operational refund of tax

Financial ratios Jan. 01 – Sep. 30, 2002 (nine-month report 2002)

	Jan. 01, 2002 - Sep. 30, 2002 TEuro	Jan. 01, 2001 - Sep. 30, 2001 TEuro	Change in TEuro	% Change
Sales revenue	8,727	7,739	988	13
Back orders	9,816	10,080	-264	-2.6
EBITDA	1,577	1,131	446	39
EBIT	625	307	318	104
Nine-month surplus	384	18	366	2,033
Nine-month surplus €/ individual share certificate	0.17	0.01	0.16	1,600
Share	2,250,000	1,869,999	380,001	20
R&D expenditure	770	648	122	19
Staff (Sep. 30)	109	118	-9	-8





Forword

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

*Dear shareholders,
Dear business partners,*

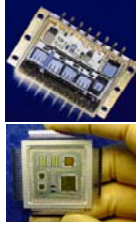
The Silicon Sensor groups attained a solid growth tempo in the first nine month of the 2002 business year, despite the fact that overall economic framework conditions have continued to worsen since the end of the business year. We are able to report positive business performance. As compared to the same time period in the previous year, turnover rose by 13 % from EUR 7.74 million to EUR 8.73 million.

The consolidated result was strengthening by additional growth in the application field (Silicon Instruments GmbH) and expansion in the U.S.A. (Pacific Silicon Sensor Inc.).

EBITDA rose by 39 % from Euro 1.13 million (Sep. 30, 2001) to Euro 1.58 million (Sep. 30, 2002). The operating result EBIT increased by 104 % from 307 TEuro (Sep. 30, 2001) to 625 TEuro (Sep. 30, 2002). Earnings after interest and taxes were improved by 366 TEuro in the past nine month, from a profit of 18 TEuro (Sep. 30, 2001) to a profit of 384 TEuro (June 30, 2002). Earnings per share totalled EUR 0.17 during the reporting period, improving by EUR 0.16 as compared to the same time period in the previous year (Sep. 30, 2001: EUR 0.01).

Based on incoming orders in the U.S.A., it appears likely that the American subsidiary will be able to make only a small loss contribution to the consolidated result in the current business year.

Despite the perceptible difficulties several of our customers are having in riding out the currently weak market environment and dealing with declines in turnover of in some cases up to 40 %, the group's orders on hand decreased only by 2.6% from EUR 10.08 million to EUR 9.82 million. The wide range of sectors from which Silicon Sensor group's customers stem had a positive effect. At the same time, it is also evident that the current reluctance to invest among some of our customers is making it necessary to postpone the delivery of their products. For the Silicon Sensor group, this automatically also means a postponement in the delivery of their products in later quarters.



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.

The new procedure for through-connecting of photodiodes (thermomigration), developed by our group, was crowned by the construction of a second-generation thermomigration facility. The further developed facility very satisfactorily passed additional tests in the reporting period. The positive results strengthen our confidence that it will be possible to provide the larger quantities of products demanded by the market within the current business year.

The necessary conditions for continued solid growth of the Silicon Sensor group were created in the reporting period. The Managing Board expects growth impetus from the optical communication, safety technology and medical technology sectors as a result of intensive new order negotiations with well-known customers.

Berlin, November 2002

*The Managing Board
Silicon Sensor International AG*

Dr. Bernd Kriegel

Dr. Hans-Georg Giering



Business development

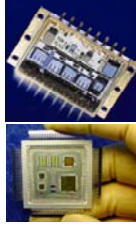
The Silicon Sensor group is specialised manufacturer of opto-electronic sensors (photodetectors) for the recognition and measurement of alpha-, beta-, gamma-, X-ray, UV light and NIR radiation. The Silicon Sensor group furthermore develops and produces highly reliable customer-specific hybrid circuits 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. The operating cashflow increased by 36 % in the period of review. The liquidity increased in the first nine months by 183 % from 372 TEuro (Sep. 30, 2001) to 1.05 million Euro (Sep. 30, 2002). 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 nine months 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 148 % as compared to the same time period in the previous year from 216 TEuro (Sep. 30, 2001) to 535 TEuro (Sep. 30, 2002), despite the difficult market environment. This organic growth is proof of increasing acceptance of the Silicon Sensor group's products on the American market. In keeping with planning, we continue to strive to attain the break-even point with the American subsidiary in the first half year 2003.

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.

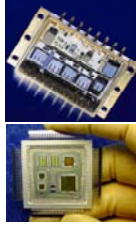
The number of personnel employed by the Silicon Sensor group at the end of the quarter sank to a total of 109 employees (118 persons were employed at the end of the third quarter of 2001) as a result of the full utilisation of synergies between the subsidiary companies.

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 the strongest increase in turnover and profits to be generated by Pacific Silicon Sensor Inc. and Silicon Instruments GmbH. Our other subsidiaries will also generate profits, however, so that we plan to end 2002 with an improved consolidated result as compared to 2001.





During this business year Silicon Sensor GmbH will create the necessary conditions to expand production capacity at its Berlin location.

Due to the future developments of our corporation as outlined here as well as the results attained in the first nine months of 2002, we expect another increase in overall turnover and result for 2002 as compared with 2001 despite the difficult general economic situation. The fourth quarter, traditionally the strongest, will be of decisive importance in attaining this objective.

The market significance of the Silicon Sensor group will be further reinforced in 2002 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, November 2002

The Managing Board
Silicon Sensor International AG


Dr. Bernd Kriegel


Dr. Hans-Georg Giering



CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2002 (IAS)

ASSETS	Sep. 30, 2002 <i>TEuro</i>	Dec. 31, 2001 <i>TEuro</i>
CURRENT ASSETS		
Cash and cash equivalents	1,052	372
Trade receivables	1,513	1,250
Inventories	4,408	4,222
Tax assets	213	218
Prepaid expenses and other current assets	288	369
<i>Total current assets</i>	7,474	6,431
NON-CURRENT ASSETS		
Property, plant and equipment	5,306	5,653
Intangible assets	273	339
Goodwill	2,025	2,141
Deferred tax assets	68	56
Other non-current assets	84	106
<i>Total non-current assets</i>	7,756	8,295
TOTAL ASSETS	15,230	14,726

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2002 (IAS)

LIABILITIES AND SHAREHOLDERS' EQUITY	Sep. 30, 2002 TEuro	Dec. 31, 2001 TEuro
CURRENT LIABILITIES		
Short-term loans and borrowings and current portion of long-term debt	1,144	1,316
Trade payables	656	779
Advance payments received	372	282
Provisions	623	565
Tax liabilities	0	0
Other accounts payable	638	899
Total current liabilities	3,433	3,841
NON-CURRENT LIABILITIES		
Long-term debt	2,723	3,093
Employee benefits obligations	480	435
Provisions	217	281
Deferred tax liabilities	275	285
Deferred income	169	206
Contributions of silent partnerships	383	383
Total non-current liabilities	4,247	4,683
MINORITY INTERESTS	43	3
EQUITY		
Share capital	6,750	6,150
Reserves	3,061	2,761
Retained earnings	-2,342	-2,726
Translation reserve	38	14
Total Equity	7,507	6,199
TOTAL LIABILITIES AND EQUITY	15,230	14,726

CONSOLIDATED INCOME STATEMENTS (IAS)

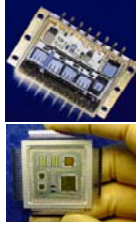
FOR THE FIRST NINE-MONTHS 2002

	<i>July 01 - Sep. 30, 2002 TEuro</i>	<i>July 01 - Sep. 30, 2001 TEuro</i>	<i>Jan. 01 - Sep. 30, 2002 TEuro</i>	<i>Jan. 01 - Sep. 30, 2001 TEuro</i>
Sales	2,637	2,734	8,727	7,739
Other operating income	196	186	313	390
Increase / decrease in finished goods and work-in-process	65	-19	434	573
Own work capitalised	39	44	86	181
Cost of raw materials, supplies and purchased services	-1,048	-766	-2,705	-2,352
Personnel expenses	-1,047	-1,110	-3,571	-3,428
Depreciation and amortisation costs on intangible assets, and plant and equipment	-280	-281	-952	-824
Other operating expenses	-518	-696	-1,707	-1,972
Results of ordinary activities	44	92	625	307
Interest income / expenses	-84	-109	-263	-344
Foreign currency exchange gains/losses	0	-2	0	0
Results before tax and minority interest	-40	-19	362	-37
Income tax	6	170	52	55
Results before minority interest	-34	151	414	18
Minority interest	5	-1	-30	0
Consolidated net profit / loss	-29	150	384	18

CONSOLIDATED CASH FLOW STATEMENTS (IAS)

FOR THE FIRST NINE-MONTHS 2002

	<i>January 01 – Sep. 30, 2002 TEuro</i>	<i>January 01 – Dec. 31, 2001 TEuro</i>
Consolidated profit	384	418
Adjustments to reconcile the consolidated profit with cash flows from operating activities		
Depreciation of intangible assets and property, plant and equipment	952	1,100
Changes in provisions	39	239
Changes in assets not allocable to investing- or financing activities	-353	-1,373
Changes in liabilities not allocable to investing or financing activities	-472	21
Cash flow from operating activities	550	405
Investments in intangible assets and property, plant and equipment	-423	-1,302
Proceeds from the disposal of intangible assets, property, plant and equipment	0	127
Proceeds from government grants	0	206
Cash flow from investing activities	-423	-969
Proceeds from issuance of share capital	899	1,711
Repayment of loans	0	0
Proceeds of loans	-370	-1,052
Cash flow from financing activities	529	659
Net effect of currency	24	10
Net increase in cash and cash equivalents	680	105
Cash and cash equivalents at beginning of year	372	267
Cash and cash equivalents at the date of March 31	1,052	372
Interest paid	263	434
Income taxes paid	-52	-212



Internal statement

Officers held the following (individual) shares in the company on the September 30, 2002:

Dr. Bernd Kriegel	555,000	(June 30, 2002: 555,000)
Dr. Hans-Georg Giering	9,000	(June 30, 2002: 8,000)
Dr. Rudolf Scheid	500	(June 30, 2002: 500)
Gerhard Hagenau	2,500	(June 30, 2002: 2,500)

CHANGE IN EQUITY FOR THE FIRST NINE-MONTHS 2002

	Number of shares '000	Share capital TEuro	Reserves TEuro	Translation reserve TEuro	Retained earnings TEuro	Total TEuro
Dec. 31, 2001	2,050	6,150	2,761	-2,726	14	6,199
Nine-month surplus	200	600	300	384	24	1,308
Sep. 30, 2002	2,250	6,750	3,061	-2,342	38	7,507

