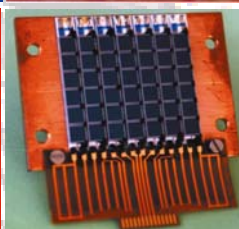
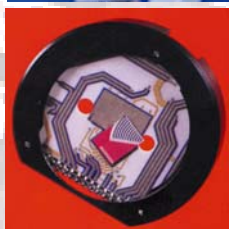
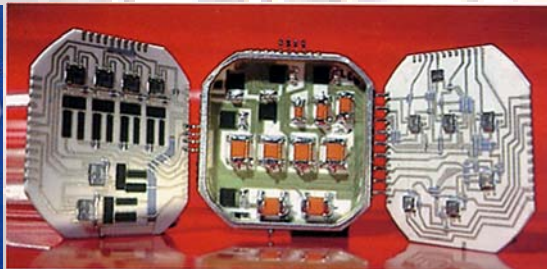
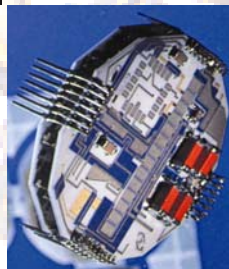


SILICON SENSOR INTERNATIONAL AG



BUSINESS REPORT

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

2003

BUSINESS REPORT III/2003

SILICON SENSOR GROUP

Financial ratios July 01 – Sept. 30, 2003 (third quarter 2003)

	July 01, 2003 - Sept. 30, 2003 TEuro	July 01, 2002 - Sept. 30, 2002 TEuro	Change in TEuro	% Change
Sales revenue	2,921	2,637	284	10.8
Order backlog	7,107	9,816	-2,709	-28
EBITDA	489	324	165	50.9
EBIT	173	44	129	293
Second quarter surplus	110	-29	139	-
Second quarter surplus €/individual share certificate	0.05	-0.01	0.06	-
Share	2,250,000	2,250,000	-	-
R&D expenditure	142	240	-98	-41
Staff (Sept. 30)	104	109	-5	-5

Financial ratios Jan. 01 – Sept. 30, 2003 (nine-month report 2003)

	Jan. 01, 2003 - Sept. 30, 2003 TEuro	Jan. 01, 2002 - Sept. 30, 2002 TEuro	Change in TEuro	% Change
Sales revenue	9,195	8,727	468	5.4
Order backlog	7,107	9,816	-2,709	-28
EBITDA	1,619	1,577	42	3
EBIT	745	625	120	19
Second quarter surplus	531	384	147	38
Second quarter surplus €/individual share certificate	0.24	0.17	0.07	41
Share	2,250,000	2,250,000	-	-
R&D expenditure	462	770	-308	-40
Staff (Sept. 30)	104	109	-5	-5



Forword

Silicon Sensor on solid growth course – Sales and Earnings increased

*Dear shareholders,
Dear business partners,*

The Silicon Sensor group attained their best result as yet in the first nine month of the 2003 financial year, despite the fact that overall economic framework conditions have continued to worsen since the end of the financial year. We are able to report positive business performance. As compared to the same time period in the previous year, turnover rose by 5.4 % from € 8.7 mn to € 9.2 mn.

EBITDA rose by 3 % from € 1,577,000 (Sept. 30, 2002) to € 1,619,000 (Sept. 30, 2003). The operating result EBIT increased by 19 % from € 625,000 (Sept. 30, 2002) to € 745,000 (Sept. 30, 2003). Earnings after interest and taxes could be improved within the first nine month of the financial year 2003 by 38 %, by a profit in the amount of € 384,000 (Sept. 30, 2002) to € 531,000 (Sept. 30, 2003). Earnings per share amounted to € 0.24 in the report period and therefore improved by € 0.07 compared with the same year-earlier period (Sept. 30, 2002: € 0.17). The Silicon Sensor group also obtained a profitable result on the basis of the quarter of € 0.05 per share after a loss in the year-earlier quarter (Sept. 30, 2002: € -0.01).

The positive statements of our customers regarding the rising of the requirement of High End Sensors haven't found their expression in the order backlog of the group yet.

The group's orders on hand in the amount of € 7.1 mn were stabilized on the same value like second quarter.

It has to be pleasantly reported that the order backlog of our American subsidiary has more than doubled. We assess this as a revealing indication of an increasing acceptance of our products on the American and Asian market.

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.



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. 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 quarter 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 12 % as compared to the same time period in the previous year from € 463,000 (Sept. 30, 2002) to € 518,000 (Sept. 30, 2003), despite the difficult market environment.

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 104 employees (109 persons were employed at the end of the third quarter of 2002) as a result of the full utilisation of synergies between the subsidiary companies.

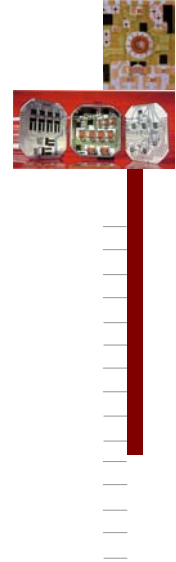
Prospects

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 growth in turnover and profits in all its subsidiaries. We plan to end 2003 with an improved consolidated result as compared to 2002.

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 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 systems 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 2003

The Managing Board
Silicon Sensor International AG

Dr. Bernd Kriegel

Dr. Hans-Georg Giering

Dr. Edmund Rickus





CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2003 (IAS)

ASSETS	Sept. 30, 2003	Sept. 30, 2002
	<i>TEuro</i>	<i>TEuro</i>
CURRENT ASSETS		
Cash and cash equivalents	651	1,052
Trade receivables	1,482	1,513
Inventories	3,942	4,408
Tax assets	217	213
Prepaid expenses and other current assets	244	288
Total current assets	6,536	7,474
NON-CURRENT ASSETS		
Property, plant and equipment	5,265	5,306
Intangible assets	184	273
Goodwill	1,884	2,025
Deferred tax assets	3	68
Other non-current assets	93	84
Total non-current assets	7,429	7,756
TOTAL ASSETS	13,965	15,230

LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Short-term loans	479	1,144
Trade payables	287	656
Advance payments received	195	372
Provisions	244	623
Tax liabilities	0	0
Other accounts payable	1,332	638
Total current liabilities	2,537	3,433
NON-CURRENT LIABILITIES		
Long-term debt	2,261	2,723
Employee benefits obligations	209	480
Provisions	57	217
Deferred tax liabilities	263	275
Deferred income	342	169
Contributions of silent partnerships	383	383
Total non-current liabilities	3,515	4,247
Minority Interests	19	43
EQUITY		
Share capital	6,750	6,750
Reserves	3,061	3,061
Translation reserve	-57	38
Retained earnings	-1,860	-2,342
Total Equity	7,894	7,507
TOTAL LIABILITIES AND EQUITY	13,965	15,230

CONSOLIDATED INCOME STATEMENTS

FOR THE FIRST NINE-MONTHS 2003 (IAS)

	July 01 - Sept. 30, 03 TEuro	July 01 - Sept. 30, 02 TEuro	Jan. 01 - Sept. 30, 03 TEuro	Jan. 01 - Sept. 30, 02 TEuro
Sales	2,921	2,637	9,195	8,727
Other operating income	126	196	398	313
Increase / decrease in finished goods and work-in-process	-54	65	-33	434
Own work capitalised	29	39	100	86
Cost of raw materials, supplies and purchased services	-788	-1,048	-2,677	-2,705
Personnel expenses	-1,210	-1,047	-3,617	-3,571
Depreciation and amortisation costs on intangible assets, and plant and equipment	-316	-280	-874	-952
Other operating expenses	-535	-518	-1,747	-1,707
RESULTS OF ORDINARY ACTIVITIES	173	44	745	625
Interest income / expenses	-61	-84	-208	-263
Foreign currency exchange gains/losses	0	0	0	0
RESULTS BEFORE TAX AND MINORITY INTEREST	112	-40	537	362
Income tax	-2	6	-6	52
Results before minority interest	110	-34	531	414
Minority interest	0	5	0	-30
CONSOLIDATED NET PROFIT / LOSS	110	-29	531	384
Basic and diluted earnings per share	0.05	-0.01	0.24	0.17
Number of shares used for the calculation of basic and diluted earnings per share (in thousand)	2,250	2,250	2,250	2,250

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE FIRST NINE-MONTHS 2003 (IAS)

	Jan. 01 – Sept. 30, 03 TEuro	Jan. 01 – Sept. 30, 02 TEuro
Consolidated profit	745	625
Depreciation of intangible assets and property, plant and Equipment	874	952
Depreciation of current assets	128	0
Earnings from allowance	-95	-146
Losses from fixed assets retirements	4	0
Changes in provisions	81	39
Changes in assets not allocable to investing- or financing Activities	80	-353
Changes in liabilities not allocable to investing or financing Activities	-872	-472
Paid Interest	-212	-256
Paid Taxes	-6	49
Cash flow from operating activities	727	438
Investments in intangible assets	-510	-423
Proceeds from the disposal of intangible assets, property, plant and equipment	0	0
Proceeds from government grants	72	109
Interest	5	3
Cash flow from investing activities	-433	-311
Proceeds from issuance of share capital	0	900
Repayment of loans	-420	-371
Cash flow from financing activities	-420	529
Net effect of currency	-48	24
Total	-174	680
Net increase in cash and cash equivalents	-174	680
Cash and cash equivalents at beginning of year	825	372
Cash and cash equivalents at the date of Sept. 30	651	1,052



Internal statement

Officers held the following (individual) shares in the company as of September 30, 2003:

Dr. Bernd Kriegel	555,000	(June 30, 2003: 555,000)
Dr. Hans-Georg Giering	10,100	(June 30, 2003: 10,100)
Dr. Edmund Rickus	0	(June 30, 2003: 3,530)
Dr. Rudolf Scheid	2,000	(June 30, 2003: 2,000)
Gerhard Hagenau	2,500	(June 30, 2003: 2,500)

CHANGE IN EQUITY

FOR THE FIRST NINE-MONTHS 2002 AND
FOR THE FIRST NINE-MONTHS 2003

	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
Capital increase against cash contributions	200	600	300			900
Increase in share capital out of retained earnings						
Net effect of currency					24	24
Nine-month surplus				384		384
Sept. 30, 2002	2,250	6,750	3,061	-2,342	38	7,507

Dec. 31, 2002	2,250	6,750	3,061	-2,391	-105	7,315
Capital increase against cash contributions						
Increase in share capital out of retained earnings						
Net effect of currency					48	48
Nine-month surplus				531		531
Sept. 30, 2003	2,250	6,750	3,061	-1,860	-57	7,894





SILICON SENSOR INTERNATIONAL AG – GROUP NOTES TO BUSINESS REPORT

FOR THE FIRST NINE MONTH OF THE BUSINESS YEAR 2003

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 and the internet presentation of the group. The average number of employees in the Group in the third quarter of the 2003 business year reduced by 5 to 104. The registered office address of the Group is located at Ostendstr. 1, Berlin, Germany.

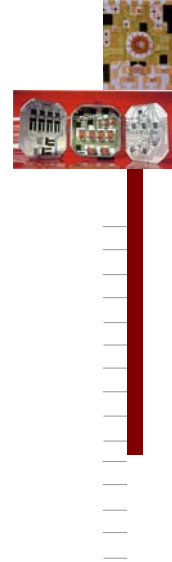
The object of SIS is the development, the production and the marketing of custom-designed optical sensors as well as the participation in companies.

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 2002).

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 2002.



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

(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, 2002

	2003	2004 - 2006	as of 2007
Rent	224	672	224
Lease	78	78	0
Premium-oriented pension plans	176	882	1,184
	478	1,632	1,408

As of September 30, 2003

	Oct. 01- Dec. 31, 2003	2004 - 2006	as of 2007
Rent	56	672	224
Lease	28	221	0
Premium-oriented pension plans	44	882	1,184
	128	1,775	1,408



6. Segment information

Segment information is prepared on the following bases:

(1) Business segments

Custom-designed optical semiconductor sensors and electronics

The Group in this segment essentially develops and manufactures high-end customized silicon sensors which are used in geodesy to survey the earth, and in space research to examine and monitor the blood data and circulatory functions of astronauts. In addition, chips are assembled into complex customer-specific hybrid circuits and packages.

Other product lines

This segment basically deals with clinical sensor applications for the extra- and intra-operative detection of tumor cell clusters. More particularly, the segment is built around semiconductor radiation sensors for industrial and laboratory applications, and PC measuring systems for coating thickness measurement, PET radiochemistry and dosimetry.

*As of January 31, 2002 to September 30, 2002 and
as of January 31, 2003 to September 30, 2003*

Business Segment Data	Custom-designed production		Other production		Total	
	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
Segment turnover	8,749	8,143	446	584	9,195	8,727
Segment result	483	33	48	351	531	384

