



Annual Report 2000



**CONSUMER ELECTRONIC
AKTIENGESELLSCHAFT**
World Trade Center for Chips

At a Glance

	1997	1998 ^{1) 2)}	1999 ²⁾ IAS	2000 ²⁾ IAS	1999 : 2000 Change in %
Revenue	35.27	46.12	72.79	555.80	664
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.53	6.78	9.01	30.79	242
Earnings before interest and taxes (EBIT)	4.04	6.25	8.26	24.78	200
IBT income before tax	4.21	4.42	8.17	25.75	215
Gross profit margin in %	11.94	9.60	11.20	4.60	-59
Net income after profit due to shareholders	2.89	2.34	4.20	11.26	168
Net income per share in DEM ³⁾		0.10	0.18	0.45	150
Operating cash flow	3.08	1.82	4.93	17.34	252
Cash flow per share in DEM ³⁾		0.08	0.65	0.69	7
Shareholders' equity	11.15	40.44	57.09	247.65	334
Shareholders' equity in %	67.28	89.20	83.20	65.10	-22
Fixed assets	1.43	3.28	24.66	133.43	441
Total assets	16.58	45.34	68.65	380.23	454
Capital expenditures	0.28	2.33	24.37	118.54	386
Dividend per share in DEM ³⁾		0.10	0.10	0.10	0
Employees at year end	22	23	33	412	1148
Depreciation	0.49	0.54	0.74	6.01	707
Distribution of shares					
Number of shares ³⁾ in millions		22.50	23.10	25.00	8
Shareholding in %					
Free float		42.40	52.00	74.00	42
Erich J. Lejeune				13.00	
Irène Lejeune				2.00	
Herbert E. Graus				6.00	
Employees (incl. employees of group subsidiaries)				5.00	

All figures in million DEM.

¹⁾ Stock of ce CONSUMER ELECTRONIC AG was introduced at the "Neuer Markt Frankfurter Wertpapierbörse," the new market at the Frankfurt stock exchange on June 23, 1998.

²⁾ Data through 1998 relate to the balance of the AG, data from 1999 and 2000 the annual report.

³⁾ Cleared by the capital increase and share split in fiscal year 2000.

Data regarding annual profit/share, cash flow/share and dividend for 1997 are omitted because until then, the company was not traded publicly.

Ladies and Gentlemen, Dear Shareholders!

You are reading the 2000 annual report of ce CONSUMER ELECTRONIC AG. It differs significantly from annual reports of previous years in terms of design, format, and content. It hence symbolizes the new dimensions into which our enterprise ventured in 2000.

2000 is a record year in 25 years of ce CONSUMER ELECTRONIC AG history and, at the same time, the beginning of a new era for our enterprise. At DEM 556 million, the ce CONSUMER ELECTRONIC group increased revenues sevenfold and its operational profit threefold over last year's. Accordingly, our enterprise was not only one of the fastest growing and most profitable high-tech trading companies worldwide in 2000, but also successfully completed its ascent to a truly global enterprise.

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As pioneers of the global market for chip brokers, with the highest standards of customer orientation and quality in all processes, we aim to become the undisputed market leader and industry model for all chip brokerages in the world.

We will continue our history of success based on our employees' outstanding sector and product know-how, on our customers' and suppliers' tremendous potential, and on our worldwide activity.

Thus we will further strengthen our organization as a highly lucrative and lasting investment value for our shareholders in the future.

Erich J. Lejeune

Preface

On one hand, our record results are due to our strong and largely organic growth, which significantly exceeded that of the semiconductor market, one of the global markets with the highest growth increases last year. On the other hand, we increased our company's strength by performing targeted and economically advantageous acquisitions.



Our takeover of the largest Australian chip broker, Alcora Pty. Ltd., opened up the fifth continent and simultaneously strengthened our strategic position in Asia, which holds many important future markets for us. Buying the Swiss Interchip AG solidified our position in the lucrative Swiss market just as much as it created an outstanding platform for the French, Italian, and southern European markets. We not only bought companies, but also created an international market presence.

Finally, the majority holding of the third-largest U.S. chip broker, SND Electronics Inc. added a strategic partner, perfecting our presence in North and South America. All these acquisitions were guided by one rule, however: not to buy at all costs, but to always pay attention to quality and EBIT.

We were able to purchase the profitable SND Electronics Inc. at an especially good price of 25 cents per U.S. dollar of revenues. By contrast though, we cancelled talks with another U.S. broker in the interest of our shareholders upon their attempt to renegotiate a higher than the already agreed upon price.

Parallel to this powerful growth, we have always pursued a significant increase in shareholder value, and we have been guided by the rule that group profit is the most important indicator for successful entrepreneurship.

ce CONSUMER ELECTRONIC AG, in 2000, not only attained extremely ambitious targets, but yet again occasionally even exceeded them.

The development of ce CONSUMER ELECTRONIC AG stock – in accordance with the entire Neuer Markt – has not been related at all to the financial fundamentals of ce CONSUMER ELECTRONIC AG.

I would like to use this opportunity to sincerely thank all of you who, even in this difficult year, endowed us with your trust and continue to do so. I can ensure you that we will continue to do our absolute best in order for ce CONSUMER ELECTRONIC AG stock to remain a highly profitable, long-term investment for private and institutional investors. In the shareholder's best interest, austerity is also part of this strategy: accordingly, Herbert E. Graus and I have paid for the image enhancing sponsoring of a German major league soccer team from our personal funds.

If the Neuer Markt is supposed to fulfill the expectations related to its inception over four years ago, then it urgently needs ethical standards to be adhered to by all market participants. That, above all, includes absolute openness and enhanced transparency. The Neuer Markt was incepted to finance what is considered calculable and controllable risk and not irresponsible, reckless, and hazardous adventurism.

The definite focus on group profit is the center of all our entrepreneurial activity. At the end of 2000, the guideline for our operating strategy was to place an even sharper focus on our core business. Part of that is the sale of those projects and joint ventures in e-commerce that are outside our core business and core competency as a chip brokerage, or their transfer into minority holdings with other partners. Top priority is the concentration on high margin chip brokerage activity.

We have made this decision despite proving, especially in 2000, that the entrepreneurial and technological competence for the successful operation of B2B-platforms in general can be found in our firm. Just six months after its operative start, our Internet chip-trading platform VCE Virtual Chip Exchange Inc. began to generate a profit and already contributed notably to the overall group result in 2000. With the VCE Virtual Chip Exchange Inc., we not only set the B2B standard in the chip trade, but also established one of the first and very few truly accepted and profitable B2B-websites anywhere. Here ce CONSUMER ELECTRONIC AG entered the books of global industrial history. In the coming years, we will expand VCE Virtual Chip Exchange Inc. to an even stronger and more successful company.

In order to satisfy the demands inherent to the ce CONSUMER ELECTRONIC group's global expansion, we will consequently continue the path started in the previous year: broadening our management team on the highest possible quality level.

The founding members of the board of directors, my wife Irène, my partner Herbert E. Graus, and I, as well as our fellow members of the board of directors Matthias Knisig (since January 2, 2001) and Friedrich Rettenberger (since June 1, 2001) – Horst G. Bülck left us due to family reasons at the end of February of 2001 – and all our 412 employees worldwide vouch for ce CONSUMER ELECTRONIC AG's exemplifying further organic growth and excellent profit prospects in the coming years as well.

In 2001, the group will continue to proceed on its path towards integration creating the conditions necessary to achieve our goal and become the largest and most profitable chip broker in the world by 2004.

The highest measures of solidity and professionalism, plus absolute openness, honesty and utmost transparency – strict adherence to these standards has led our company to its unprecedented success in the first 25 years of its existence. These guidelines will stand with unaltered validity in the next 25 years, as well.

Sincerely yours,

Yours Erich J. Lejeune

Erich J. Lejeune

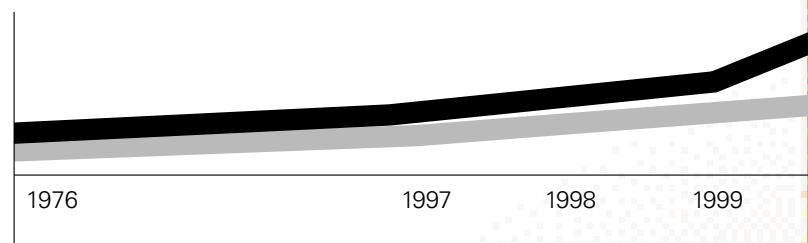
Management of ce CONSUMER ELECTRONIC AG.

From left to right: Irène Lejeune, Matthias Knisig, Erich J. Lejeune, Herbert E. Graus and Friedrich Rettenberger.



ce CONSUMER ELECTRONIC AG – Yesterday, Today, Tomorrow

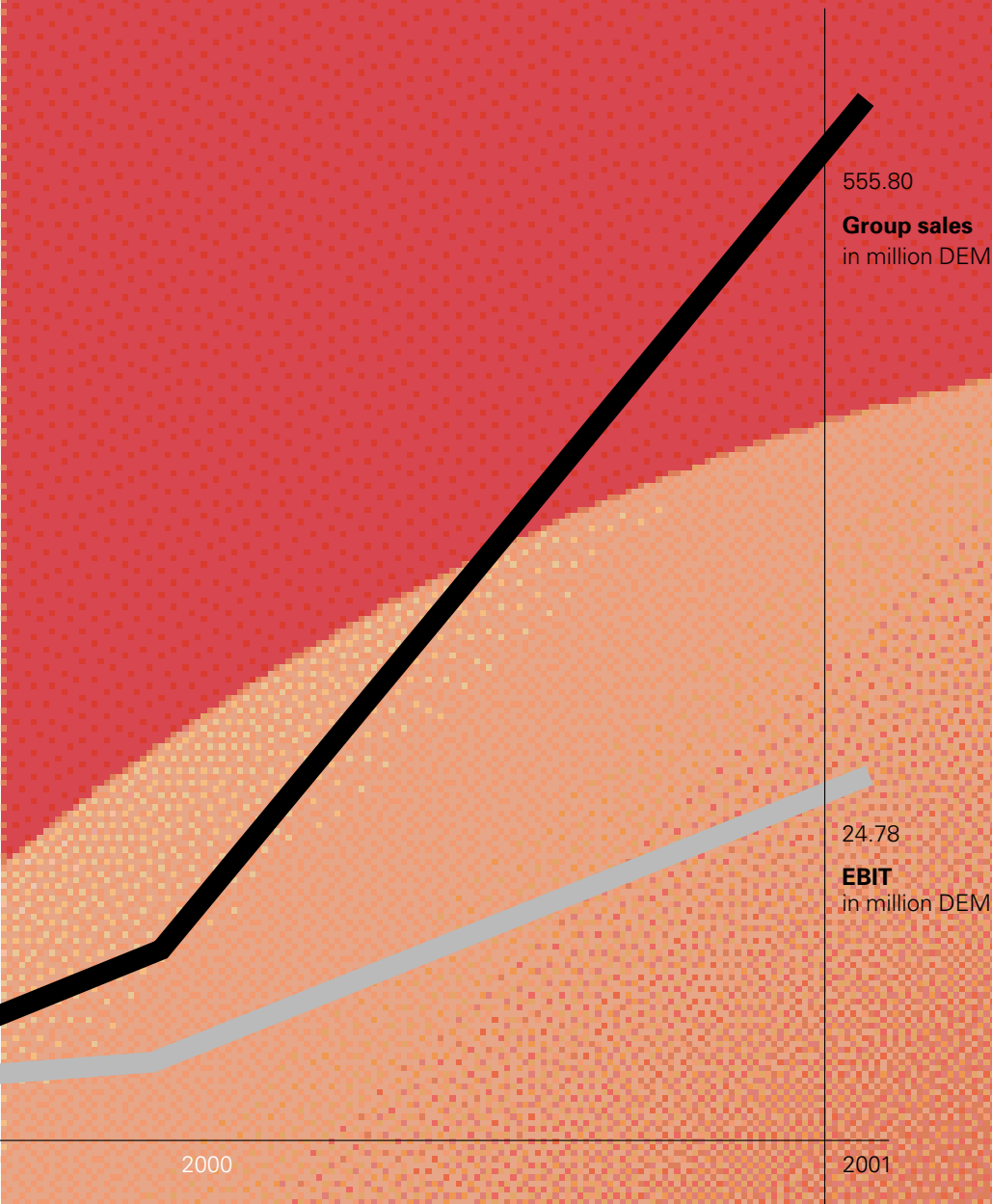
Company founder Erich J. Lejeune and his partner Herbert E. Graus developed the chip brokerage concept in the mid-1970s. They entered absolutely uncharted territory in 1976, founded what was then Consumer Electronic GmbH. Today, ce CONSUMER ELECTRONIC AG is a global enterprise. The broker system for electronic components has been established as the third force in the market and as an essential link between manufacturers and users in the world market for chips. ce CONSUMER ELECTRONIC AG remains the only chip broker traded at any stock exchange worldwide since its initial public offering on the Neuer Markt of the Frankfurt stock exchange on June 23, 1998.



The history:

The definition of a world market

- 1976 founding of Consumer Electronic GmbH as the world's first chip-broker. Initiation and establishment of chip-brokerage as a role business-modell for the founding of many other companies.
- 1981 opening of the ce America Ltd., San Jose/ California, in the heart of Silicon Valley, as the first U.S.-branch.
- 1998 initial public offering on the Neuer Markt as the first chip broker traded at any stock exchange



2000

**The year 2000
The ascent to a global enterprise**

- Sevenfold increase of the company's sales to over 550 million DEM
- Conquest of the fifth continent: Acquisition of Australia's largest chip broker, Alcora Pty. Ltd.
- VCE Virtual Chip Exchange Inc., after only six months of operations, jumps the profitability border and establishes itself as the leading B2B industry standard for the internet trade with chips
- Acquisition of the third largest U.S.-American chip broker, SND Electronics Inc.

2001

**The future:
Setting the standards of solidity, quality and profitability worldwide**

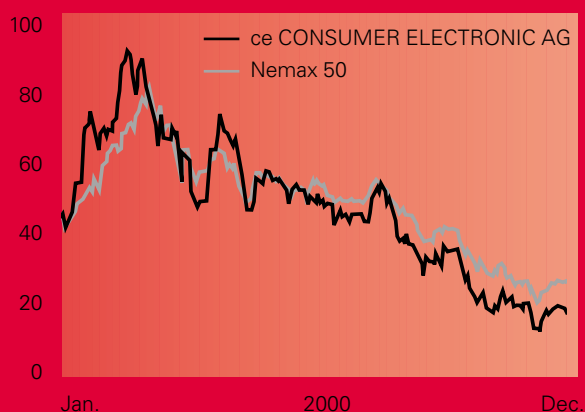
- Focussing on the core business of chip-brokerage
- Full integration of the global ce CONSUMER ELECTRONIC group
- Jump the one billion benchmark (in DEM) in sales
- Ascent to the largest and most profitable chip-broker in the world

Financial Calendar

Financial calendar of ce CONSUMER ELECTRONIC AG

June 6, 2001	Press conference regarding the balance sheet in Munich and publication of the 2000 annual report
July 3, 2001	Annual meeting of the shareholders, Hotel Arabella Sheraton Bogenhausen, Munich
July 4, 2001	Distribution of dividends, price ex dividend
Mid-August 2001	Financial and interim business report for the first six months of 2001
Mid-November 2001	Financial and interim business report for the 3rd quarter of 2001
July 2002	Annual meeting of the shareholders 2002

Development of the ce CONSUMER ELECTRONIC AG share value versus the Nemax 50 index from January 1 through December 31, 2000 (indexed, base value end of 1999 = 40)

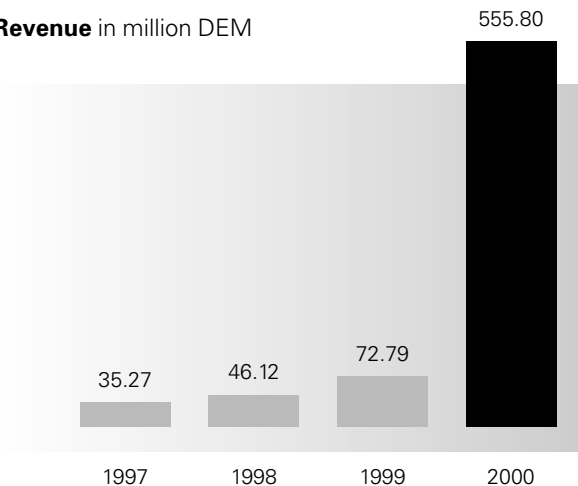


Note: All entries adjusted to number of shares currently outstanding in accordance with the split on September 6, 2000.

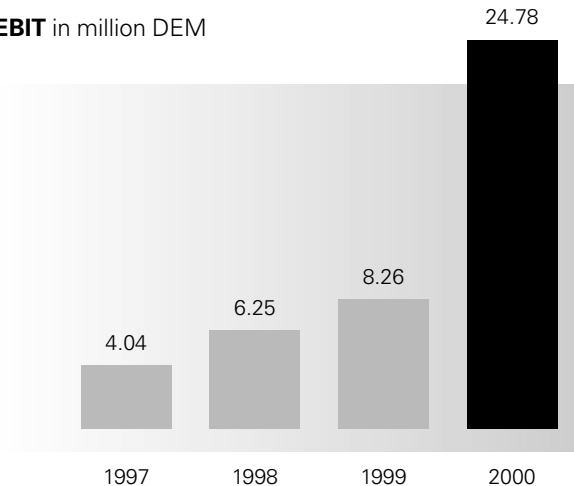
Source: UBS Warburg

Financial Figures

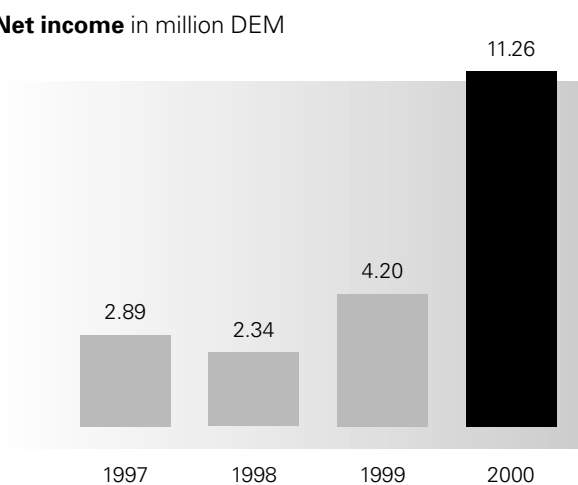
Revenue in million DEM



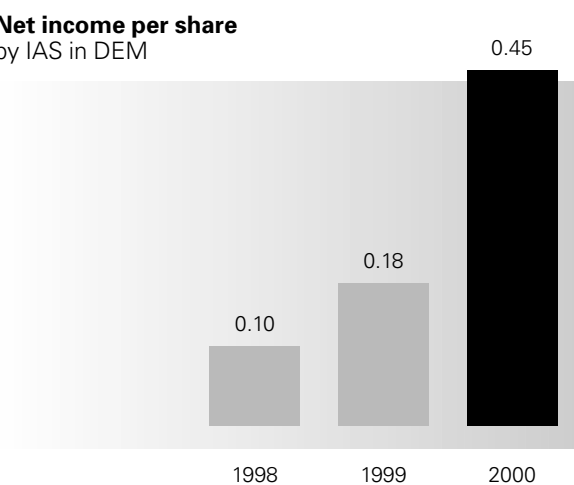
EBIT in million DEM



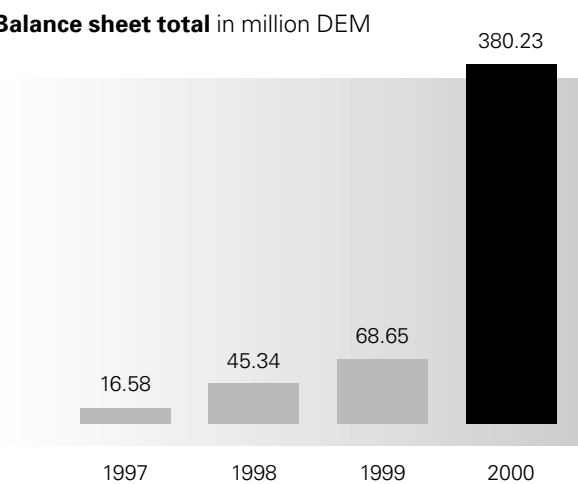
Net income in million DEM



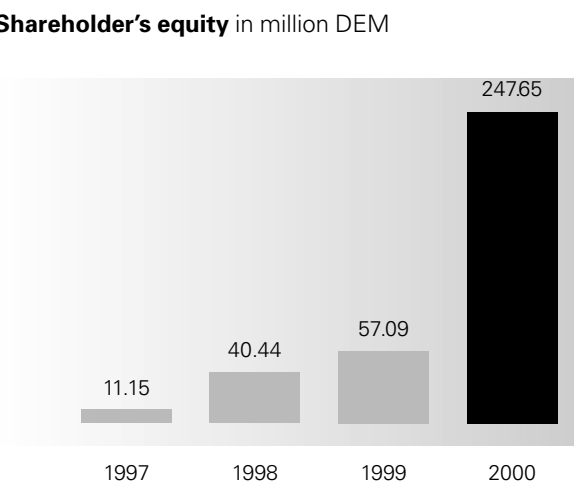
Net income per share
by IAS in DEM



Balance sheet total in million DEM



Shareholder's equity in million DEM



Report of the Supervisory Board

Ladies and Gentlemen:

The supervisory board of ce CONSUMER ELECTRONIC AG, Munich, regularly counseled the board of directors and supervised management in the fiscal year 2000. In doing so, the supervisory board's commitment far exceeded the duties assigned to it by law and statutes.

Please allow me these personal words right upfront: Due to our supervisory board's entrepreneurial nature and commitment to common goals, we understand our role at ce CONSUMER ELECTRONIC AG to be an active and constant companion and advisor of management. The members of the supervisory board see their responsibility according to the American model as participating in the positive development of shareholder value, which is why we promise you, dear shareholders, to continue to very actively support this company's outstanding management team with ideas and action in the future.

Five shareholder meetings were held including the main balance sheet session for the fiscal year 2000. Beyond that, several additional gatherings of members of the board of directors and members of the supervisory board took place. Even beyond those sessions, the chairman of the supervisory board continuously exchanged ideas with the chairman of the board of directors regarding questions pertinent to business development and corporate politics.

In the fiscal year 2000, the corporate goal was the rapid expansion to a leading globally active group and solid strengthening of profitability at the same time.

Core point of discussion between supervisory board and board of directors was management of external growth. Particularly in strategic planning, operative execution, and controlling of the newly acquired companies, the supervisory board was able to actively contribute its experience with publicly traded rapid growth companies, e.g. in connection with the acquisition process of the U.S.-American chip brokerage company SND Electronics Inc.

One occurrence during the fiscal year 2000 related to the immediate relationship of the supervisory board to the company's shareholders. To further win all-important partners for the company and to be able to

integrate them, the supervisory board presented a convertible bond program at the annual shareholder's meeting, which was accepted by the annual meeting of the shareholders on July 3, 2000.

The program entails an overall volume of 360,000 individual shares after the split. The convertible bonds have a term of 10 years with the right to exchange at a 1:1 ratio. Members of the supervisory board should also execute some of the rights to exchange, in periods first beginning after 2 years at 50 percent as well as an additional 25 percent after each further year subsequent to the issuing of the convertible bonds.

The value of the program approved by the annual meeting of the shareholders, in our opinion, can clearly be found in the enduring ties of the active members of the company's supervisory board. Through the possibility to hold ownership in the company, the commitment of the members of the supervisory board can be supported more effectively. In exchange, the members of the supervisory board of ce CONSUMER ELECTRONIC AG accepted a lower base salary, which is rather modest in comparison to amounts paid by other publicly traded organizations.

Despite these arguments, which were well thought-through also on behalf of the shareholders, the Schutzgemeinschaft der Kleinaktionäre, SdK (German agency to protect holders of small amounts of shares) argued the decision of the annual meeting of the shareholders in court and won in some points.

Small shareholders' concerns are taken very seriously by the supervisory board and board of directors. For this reason, the supervisory board and board of directors will include the suggestions of the SdK in their modified proposal for the issuance of options, which they will present to the annual meeting of the shareholders on July 3, 2001.

By the end of the year 2000, the board of directors and supervisory board had already discussed and decided on what the critical points of the entrepreneurial challenge would be for the fiscal year 2001 and for the future of the organization. Central focus here is the invigorated awareness of the core business, chip trading, as well as on the global integration of subsidiaries

into the group. Accordingly, the supervisory board entirely supports the board of directors' decision, made at the end of 2000, to withdraw from e-commerce projects in business sectors other than chip trading in the future to allow a consequent EBIT-orientation. The central task to be dealt with next, global integration, especially of newly acquired overseas subsidiaries and the related consolidation of the group into a world-class organization. To accompany this process with active and strategic advice as well as personal commitment is a challenge to which the entire supervisory board is looking forward to.

The supervisory board regrets the departure of Horst G. Bülck, who left for family reasons at the end of February 2001. Matthias Knisig (on January 2, 2001) and Friedrich Rettenberger (on June 1, 2001) were appointed as new members of the board.

The balance sheet and the status report of ce CONSUMER ELECTRONIC AG from January 1 through December 31, 2000 were audited under supervision of BDO Deutsche Warentreuhand Aktiengesellschaft, Munich, which the annual meeting of the shareholders on July 3, 2000 had designated as final auditor. Both reports were certified with an unconditional seal of approval.

The supervisory board itself verified the balance sheet, the proposal regarding the use of profits, and the status report of ce CONSUMER ELECTRONIC AG; these points were discussed with the board of directors during the balance sheet session on April 19, 2001, which also included the auditors. All questions asked by the supervisory board were answered in their entirety. The balance sheet of the ce CONSUMER ELECTRONIC group was recognized duly by the supervisory board.

After analysis and audit of balance sheet and status report, the supervisory board agrees with the auditors' report and has no objections whatsoever. The balance sheet and the status report of ce CONSUMER ELECTRONIC AG are therefore approved and ratified.

The board of directors and employees, by their great dedication, contributed substantially to the businesses' success in the past fiscal year. The supervisory board expresses its gratitude for, and full recognition of, the special commitment shown by all staff members.

Munich, April of 2001

The supervisory board



Dietrich Walther
(Chairman)

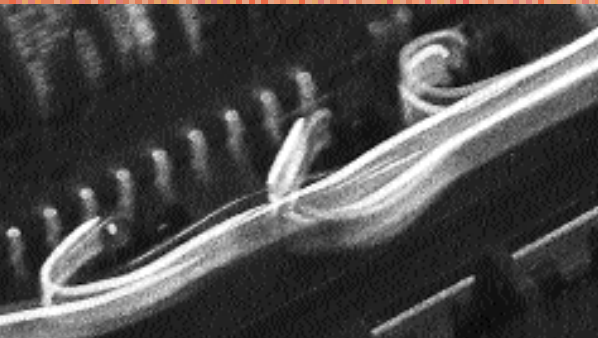


Supervisory board of ce CONSUMER ELECTRONIC AG.
From left to right: Rolf Baron Vielhauer von Hohenhau, Dietrich Walther, Bernhard Dorn.

Business Model and Long-Term Strategy

The discovery of an entirely new market segment in one of the largest markets globally: The first chip broker ever is called ce CONSUMER ELECTRONIC AG

The beginning of the revolution in the semiconductor market can be traced back to a three-bedroom apartment in Schwabing, a Munich district. There, in February of 1976, Consumer Electronic GmbH was founded with an original investment of DEM 5,000 by Erich J. Lejeune.



Since constraining conditions and financial possibilities did not allow for any storage facilities, Erich J. Lejeune and his founding partner Herbert E. Graus launched the concept of chip brokerage – then an absolute niche business. What was born, as it was, of necessity, soon turned out to be a pioneering model for the future, expanded over the course of the following years into a global market by the organization later renamed ce CONSUMER ELECTRONIC AG.

The world chip market is complex and relatively intransparent. This market has several hundred thousand electronic component groups, with up to 100 different prices worldwide, depending on regional availability. On top of that, the price structure in this still cyclical market may change extremely rapidly.

The successful ce CONSUMER ELECTRONIC AG business model knows how to utilize these market characteristics to its advantage. This model is based on speed and flexibility, quality, reliability, and global work, as well as on a sustained information advantage over the competition and other market participants attributable to an information network grown over 25 years of successful business activity.

As a chip broker, ce CONSUMER ELECTRONIC AG flexibly balances supply and demand and, in turn, every transaction generates a positive result. Since its inception, the company has positioned itself in the high-profit sector of chip brokering. Each purchase of goods is matched by a customer order, specifying agreed upon quantity, price, and delivery date. Capital-intensive and risky storage, and its respective danger of depreciation, is omitted in a market whose price structure may change radically within a short time. Also, there is no currency risk because purchase and sale are conducted in the same currency.

Third force in the market: The broker

At the time of inception of what is now ce CONSUMER ELECTRONIC AG, the major chip manufacturers and distributors had the market divided amongst themselves oligopolistically. Starting in the late 70's, dramatic shortages occurred, triggered by the rapid ascent of the personal computer, gobbling up millions of chips in the U.S., which were suddenly unavailable in Europe. By founding its own Tokyo offices in 1979 and Silicon Valley in 1981, the company created favorable purchasing opportunities in the two leading global chip-manufacturing countries and established itself with its broker model as the third force next to manufacturers and distributors in the international semiconductor market. Originally ignored by both and later fought fiercely as the "shark in the fish tank", ce CONSUMER ELECTRONIC AG – as a new third force that would get only stronger – for the first time brought transparency to a market largely obscure until then.

Shortage management or "chip fire brigade": A business model prevails

Many thousand "fire calls" have been recorded in the 25-year company history of ce CONSUMER ELECTRONIC AG, averting or ending on short notice, respectively, countless line and production stops due to chip shortages in the German and European industry. Now, the ce CONSUMER ELECTRONIC group is represented with offices in four of five continents. Contact with all important market participants is maintained around the clock, utilizing all modern communications systems. Besides high-profit shortage management, large long-term orders as well as lucrative volume deals and just-in-time orders are processed.

Excess management: During weaker periods of the business cycle, an additional service makes robust growth possible.

No question: The chip market grows at differing speeds and has seen periods of volatile growth dynamics. However, a weaker market environment also opens up new distribution areas for ce CONSUMER ELECTRONIC AG. While we successfully continue the sale of product lines in demand, broker supported inventory reduction appears more and more attractive to customers.

A company with large markets and many satisfied customers all over the world

Worldwide, ce CONSUMER ELECTRONIC AG has over 15,000 customers in 42 countries in telecommunications, automotive, mechanical engineering, computer, medical technology, etc. Internal databases grant access to 2,600 suppliers from 60 countries, handling several million active and passive components.

From its position at the crossroads of the trade, ce CONSUMER ELECTRONIC AG is always able to give its customers the best market offer from all available components.

Due to the bundling of quantities as well as the skillful utilization of global price differentials via its outstanding relationship and partner network, ce CONSUMER ELECTRONIC AG is a high performing industry partner and delivers price advantages to customers – mainly in long-term business relationships.

Pioneer established as third force in the chip market: ce CONSUMER ELECTRONIC AG on the unwavering path to global leadership

Thanks to the enormous pioneering achievements of ce CONSUMER ELECTRONIC AG, the chip brokerage trade is anchored securely in the market today, which can no longer be imagined without it. A large percentage of approximately 15 percent of the global volume of approximately DEM 400 billion, totaling approximately DEM 60 billion, are performed as broker transactions.

There are about 5,000 chip broker companies worldwide. ce CONSUMER ELECTRONIC AG is number one among the approximately 800 European chip brokers, holding third place globally. The company is one of the very few brokerages that can sell to large end-customers and offer them all-encompassing service – similar to a franchised distributor and semiconductor manufacturers.

As the first worldwide chip broker, ce CONSUMER ELECTRONIC AG went public in 1998. In 1999, the company, in cooperation with Arrow Electronics Inc. and the internationally leading software company Mediagrif Interactive Technologies Inc., founded the VCE Virtual Chip Exchange Inc., which already managed to generate profits and become an established, globally recognized industry standard in semiconductor e-commerce one year later.

Strategy

For reasons of its positioning in the market, its unique business model, its extraordinary customer service, and its expansion into a global group, ce CONSUMER ELECTRONIC AG has the best starting position imaginable in the global competition of chip brokerages. Given this background, the board of directors outlined the following key operational and strategic goals:

- Reaching the worldwide leadership position as a chip brokerage for active and passive components as well as for system components
- Expansion and further development of VCE Virtual Chip Exchange Inc. as the leading global platform for electronic components
- Broadening of global market presence and market coverage by entering into further strategic partnerships plus the acquisition of companies that occupy a leading chip trading position in their respective local and regional markets.

ce CONSUMER ELECTRONIC AG Shares: Exceptional Prospects

The European and future world market leader in the profitable chip brokerage business will continue to set the standard. In 2000, ce CONSUMER ELECTRONIC AG's share achieved the breakthrough into international capital markets. Profitable growth far above market average, increasing profit indicators, large dividends, as well as a flourishing and distinctive business model: more than ever before, this share is an exceptional long-term investment opportunity.

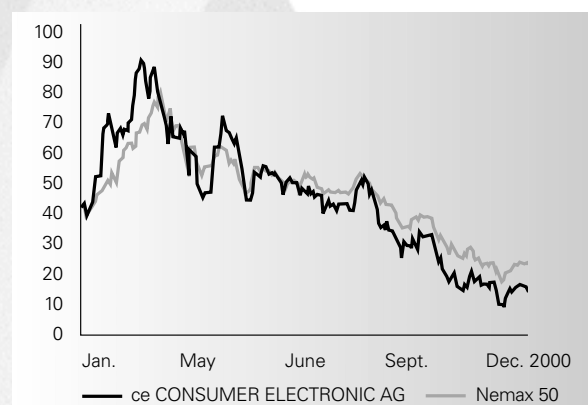
Since its initial public offering as one of the first corporations at the Neuer Markt on June 23, 1998, ce CONSUMER ELECTRONIC AG's share has not only been established as one of the top shares traded in this growth segment of the German stock exchange Deutsche Börse AG; moreover, the share and the corporation it represents have decisively shaped the unprecedented ascent of the Neuer Markt to a position as undisputed leader of all European technology stock exchanges.

The ce CONSUMER ELECTRONIC AG share is a member of the blue-chip index "Nemax 50," the top grouping amongst Nemax shares. The "Nemax 50" contains the most desired shares with the highest trade volume at the Neuer Markt. This index belongs to the global standard and leading indices in which national and international capital managers and financiers invest preferably and regularly. Index members are re-specified every six months by the Deutsche Börse.

ce CONSUMER ELECTRONIC AG stock is one of the few remaining quality titles at the Neuer Markt. Hardly any other company among the approximately 340 listed in this segment of the stock exchange has command over a comparably proven business model, strong and constantly improving profitability, as well as outstanding management. Hardly any other company was able to realize ambitious plans for explosive growth beyond the original goal and multiply its result at the same time.

The year 2000 was one of the most difficult and unsteady economic and stock exchange years in history. It was marked by the so-called "New Economy's" ascent and downfall. Driven by the globally strong increases in Internet usage, remarkable amounts of investment capital flowed into an ever-increasing number of newly founded start-ups.

Questions concerning the validity of the business plans and the path to profitability were no longer being asked. Website traffic became the main concern, not return on investment. Similar to past technology jumps – such as the introduction of modern mass transportation systems, electricity, the automobile, telecommunications, and most recently the computer industry – the behavior of investors can be described only as dramatic in many cases, especially since April 2000. Consequently, it seems hardly an exaggeration to speak of a significant loss of trust in technology titles across global capital markets.



Source: UBS Warburg.

Note: All data are adjusted to the number of shares authorized on the market today, in accordance with the split of September 6, 2000.

Following the lead of Nasdaq, the U.S. high-tech stock exchange, international technology stock exchanges reached unprecedented heights in 2000. From September 1999 through March 2000, stock indices multiplied almost daily and climbed to new record levels. From April onward, elevated expectations were first disappointed, which set off a dramatically spreading mood of disillusionment that has continued to this day. A flood of profit warnings, even for technology leaders, the oil price increases over several years, and the continuously weak Euro, the common European currency, all led to a considerable breach in confidence in these growth-oriented stock exchanges.

The Neuer Markt suffered the greatest loss of confidence among all international new markets. While the Dow Jones lost 5.50 percent over the course of that year, the Dax 30 dropped by 8.20 percent and the Nasdaq 100 by 36.80 percent. The Nemax 50 lost nearly half its value, plummeting by 46.30 percent.

As a flagship stock of the Neuer Markt, ce CONSUMER ELECTRONIC AG could not escape the spiraling effect of this general lack of demand – despite extraordinary entrepreneurial performance and the increase in the company's net worth. The ongoing stream of positive news was nevertheless well received by the media. The ce CONSUMER ELECTRONIC AG share throughout the year, was mainly troubled by the sale of several large funds; crucial here were both good tradability of the share and its value increase over the first weeks of the year, which exceeded the already strong overall index growth by far. Stop-loss sales automatically caused additional pressure when market capitalization limits were reached at DEM 1.96 billion (€ 1 billion). Over the course of the year, average daily trading volume was 66,055.

Prospects for ce CONSUMER ELECTRONIC AG shares are impressive in light of such overly aggressive devaluations. Although the corporation is traded on a growth-oriented market, it features all the advantages of an "Old Economy" quality enterprise: A business model proven for more than a quarter century and continuously improved, a high demand product range, established and highly regarded corporate customers, as well as 25 consecutive years of profits.

In this context, price earnings ratio development documents our stock's continued increase in attractiveness over the course of 2000. At the beginning of the year, the price earnings ratio was 471, by the end it had fallen to 76. The cause for such price earnings ratio development, which is favorable to investors entering the market, was because despite the lower ratio notation, profit expectations for our group were continually raised due to substantial positive business development. The ce CONSUMER ELECTRONIC AG share hence is one of the most attractive dividend-earning shares on the Neuer Markt.

In summary: Fundamental performance indicators clearly point upwards. Focus on organic growth supplemented by targeted acquisitions, increased networking and effectiveness of group-wide processes, effects of the growing economies of scale via integration and centralization, plus tight cost management, will strengthen profitability even further.

For all those reasons then, invest neither in the Old Economy nor the New Economy; instead, share in the opportunities and excellence of a company combining the advantages of both. *Invest in ce CONSUMER ELECTRONIC AG!*

One of the highest dividend-earning shares on the Neuer Markt

The ce CONSUMER ELECTRONIC AG share delivers continuity and over-achievement of standards in another central area, too: its dividend policy. For the fiscal year 2000, a dividend payment unchanged from the previous year's will be proposed to the annual meeting of the shareholders. Adjusted to the share price split in September, it amounts to DEM 0.10 per share. Additionally, domestic investors obtain corporate tax credits of DEM 0.05 per share. ce CONSUMER ELECTRONIC AG is one of only eight Nemax 50 corporations paying any dividends at all; moreover, it offers one of the highest dividend-earning stocks on the Neuer Markt.

Result focus on shareholder value: annual profits per share soar by 150 percent

The single most important key figure used to evaluate the attractiveness of a share: the net income per share, was also positive. Adjusted to the split, it climbed by

150 percent from DEM 0.18 in 1999 to DEM 0.45 in 2000. In the future, ce CONSUMER ELECTRONIC AG will be persistently determined to pursue a value-oriented management. Shareholder interests will continue to be of paramount concern in all decisions.

Capital increase oversubscribed several times despite negative market environment

Successful capital measures in 2000 clearly enlarged the ce CONSUMER ELECTRONIC AG shareholder base. Despite the crash of the Neuer Markt beginning in April, the increase in operating capital was executed

Stock overview

Important key figures for shareholders	1999	2000*)
Net income per share by IAS in DEM	0.18**)	0.45
Cash flow per share in DEM	0.65**)	0.69
Dividend per share in DEM	0.10**)	0.10
Authorized capital in million DEM	14.86	48.90
Shareholder equity in million DEM	57.09	247.65
Number of shares	22,797,324	25,000,998
Stock price (€/DEM)		
Year begin	9.20/18.00**)	43.33/84.75**)
High	45.17/88.34**)	96.67/189.06**)
Low	9.20/18.00**)	12.60/24.64
Year end	43.33/84.75**)	17.50/34.23
Price earnings ratio	471	76
Market capitalization (€/DEM millions)	987.80/1,931.90	437.50/855.70
Stock registration numbers		
Number of stocks		508.220
Reuters		CEWG.F
Bloomberg		CEWG.R

*) Stock split at a 1:2 ratio on September 6, 2000.

**) In order to facilitate comparison, all values in the table from before September 6, 2000 are not presented as historical figures, but adjusted from the effects of the split.

successfully. The previous annual meeting of the shareholders had approved it. The offer's high attractiveness and great investor confidence showed in the fact that the increase in capital was oversubscribed several times despite the negative market environment.

Authorized capital was elevated in two steps by a total of DEM 34 million to DEM 48.90 million. The first increase in capital in April of 2000, from DEM 14.90 million to DEM 16.20 million at an initial price of € 100,

brought in proceeds of DEM 135 million. This successful capital increase fortuitously enabled ce CONSUMER ELECTRONIC AG to take over 51 percent of SND Electronics, Inc., one of the best-managed, most profitable, and strongest growing broker and distribution companies in the U.S. semiconductor industry.

Parallel, extended negotiations were conducted concerning another takeover in the United States. A broker company wanted to re-negotiate the already agreed upon price for the targeted shares. We immediately canceled the negotiations because the interest, generated by the utilized capital we had envisioned, would no longer have been possible. To protect the interests of our shareholder is our utmost priority.

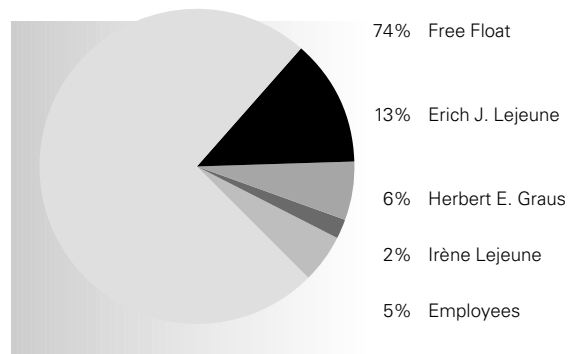
1:2 stock split

One of management's primary goals at ce CONSUMER ELECTRONIC AG is to make the share more attractive as an outstanding investment opportunity for growing circles of existing and potential investors. That partly entails shares being easily managed. To accomplish this characteristic, a 1:2 stock split was executed in September, during which the operating capital was boosted with corporate funds from DEM 34 million to DEM 48.90 million.

Shareholder structure

After these rights-issues at the reporting deadline, a total of 25,000,998 shares were in circulation, versus 22,797,324 in the previous year. Of those, 13 percent were owned by Erich J. Lejeune, 2 percent by Irène Lejeune, and 6 percent by Herbert E. Graus. An additional 5 percent were held by employees of ce CONSUMER ELECTRONIC AG and by employees of group subsidiaries. While AG employees owned 3 percent, 2 percent were held by employees of these group subsidiaries: SND Electronics Inc., Greenwich, NY (USA), Mediagrif Interactive Technologies, Montreal (Canada), and ce Schweiz AG, Regensdorf (Switzerland – formerly: ce Inter Chip AG).

ce CONSUMER ELECTRONIC AG shareholder structure



Status December 2000.

Stock Options and Convertible Bonds: Highest motivation and loyalty among employees and most important partners – employees are contractually tied long-term to the corporation

At the annual meeting of the shareholders on July 3, 2000, a long-range stock option plan with a total volume of 1,243,488 shares relating to the number of shares after the split was decided. Adding employees' existing shares, the employee shareholding rate is better than that of almost all other German corporations. Concerning modern tools for stock ownership and especially for employee motivation, ce CONSUMER ELECTRONIC AG is exemplary and leading. Since the employees are any company's ultimate asset, it is particularly pleasing that the large core group of lead brokers entered into long-term contracts with their respective companies.

The options have a ten-year term. Upon expiration of the two year waiting period after issuance, options may be executed for the first time, but only under the condition that the agreed upon performance goal has been reached. The group-EBITDA according to IAS must have increased by an average of at least 15 percent in two fiscal years. These do not have to be consecutive fiscal years; what matters in each case is the relative rate of increase compared to the respective previous year. The program will be offered to employees for the first time in 2001.

Beyond this, the annual meeting of the shareholders on July 3, 2000 also agreed upon a “convertible bond program 2000” with a total volume of 360,000 post-split shares. This program should serve to obtain and integrate a prominently staffed supervisory board. The convertible bonds were to feature a ten-year term and an execution option into individual shares at a 1:1 ratio. As discussed in detail in the preface by the supervisory board, representatives of the Schutzgemeinschaft der Kleinaktionäre, SdK (German agency to protect holders of small amounts of shares) argued this program in court and won in some points. A modified proposal to make the convertible bond possible is supposed to be offered at the annual meeting of the shareholders on July 3, 2001, in which the disputed points will receive special consideration. Once again, this event serves to prove that ce CONSUMER ELECTRONIC AG regards the shareholder interest as very important and occupies a top position in this area of concern.

Communication as key to success: international investor relations continue to be strategically expanded

In 2000, ce CONSUMER ELECTRONIC AG made the jump into international capital markets. Key was exemplary communication with leading finance and investment partners around the world – known as investor relations. The declared goal is to not only secure, but also to better-than-average promote the profitability of our company via a professional and effective communication policy. The following indicators are critical guidelines for the board of directors.

The continuous increase in global name recognition for ce CONSUMER ELECTRONIC AG, additional enlargement of existing shareholders’ confidence as well as amplified desire to own our dividend-earning stock among corporate and private investors worldwide.

The company completed a giant leap forward in approaching these goals in 2000. The means to do so were the commitment to absolute honesty and full disclosure, a steady stream of news to all shareholders, as the key target group of overall communications, and extraordinary motivation among the entire management team for these relevant tasks.

The board of directors, especially its chairman, led by example in investor relations. A highly modern corporation, ce CONSUMER ELECTRONIC AG has defined communication and especially investor relations, as a task for top-management. The entire board of directors, under the leadership of Erich J. Lejeune, put the intense and demanding communication program into practice – with a time and energy commitment highly regarded in the German stock market.

Besides conducting a number of one-on-one talks, a total of 32 presentations at banks, investment corporations, and other domestic and foreign institutional investment institutions were held. International road shows in New York, London, Tokyo, Milan, Zurich, and Geneva were conducted. Publicity demands of the Deutsche Vereinigung für Finanzanalyse und Anlageberatung (DVFA – the German Association for Financial Analysis and Investment Consulting) were satisfied above their expectations with two extensive presentations in front of this influential commission.

Furthermore, intensive conversations with correspondents and editors of leading national and international economic and financial publications were conducted. To the benefit of all shareholders, Erich J. Lejeune spent a large part of his workday on these challenging duties. The feedback from all these presentations and discussions was without exception very positive.

Leading international investment banks recommend ce CONSUMER ELECTRONIC AG’s shares

At present, we know of the following recommendations issued by internationally renowned investment and commercial banks. They are all recommendations to buy; we are not currently aware of any recommendations to sell.

Bank	Date	Recommendation
Goldman Sachs	3/2001	Outperformer
Nomura	3/2001	Buy
Vontobel	3/2001	Buy
Commerzbank	3/2001	Buy
SES Research	2/2001	Strong Outperformer
HypoVereinsbank	2/2001	Above average
SEB-Bank (formerly BfG)	9/2000	Buy
Bayerische Landesbank	6/2000	Above average
Bankhaus Hermann Lampe	5/2000	Buy

The website of ce CONSUMER ELECTRONIC AG (www.consumer.de) was frequently used by investors. In addition to a wealth of information about the company and the stock, current and future investors find all business and quarterly reports, invitations and speech transcripts of the annual meeting of the shareholders, share analysis by several banks, as well as media articles.

The board of directors will continue to consider investor relations a field to be dealt with at the highest level. But in order to meet steadily growing information demands of the capital market even better in the future, we were, in 2001, able to add a respected and highly qualified investor relations manager from one of the largest worldwide high tech companies to this important department.

Sector Development

Global semiconductor market in 2000 at record heights: One of the largest markets continues steady growth

For the second consecutive year, the semiconductor industry recorded strong growth. An increase of 37 percent meant new record sales of DEM 408 billion.

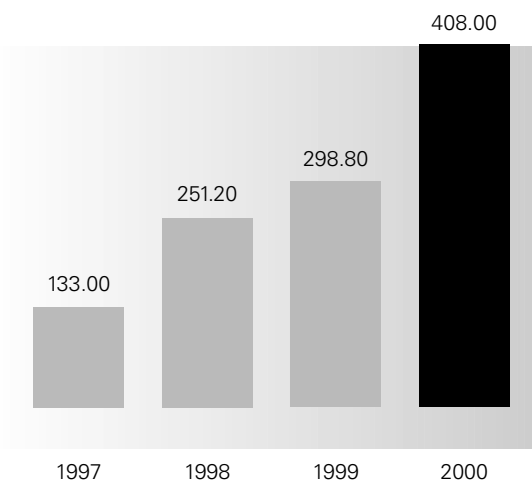
Further expansion of Internet infrastructure and of telecommunications, as well as great demand in the digital imaging sector were mainly responsible for the extraordinarily good development of 2000, according to the Semiconductor Industry Association (SIA). Correspondingly, sales of so-called flash memories expanded by over 133 percent to DEM 21.20 billion and programmable logic-ICs by more than 88 percent to DEM 11 billion. All other sector segments showed similarly significant growth rates. Sales of opto-electronic semiconductors grew by almost 70 percent to DEM 19.60 billion, while the DRAM sector was at DEM 57.80 billion, up 40 percent. Microprocessor sales increased by 17.20 percent to DEM 63.80 billion.

Rapid growth in the market of the future – Asia

An overall high need for semiconductors in all important international markets led to a positive trend. North and South America remained the single largest market, with revenues at DEM 128 billion, up 34 percent, and a market share of 31 percent. The highest growth rates were, however, recorded in the Asian region. Revenues in Japan could be expanded by 42 percent to DEM 92 billion and by 41 percent to DEM 104 billion in Asia/Pacific without Japan. Furthermore, European semiconductor sales increased substantially by 33 percent to DEM 84 billion.

Germany, with its 20–25 percent share of the European semiconductor market, is the largest regional chip market in Europe and key market for ce CONSUMER ELECTRONIC AG. Again in 2000, the German semiconductor market was the most dynamic market in Europe. It featured cumulative revenue growth by DEM 4 billion to DEM 16.20 billion in 2000 (previous year: DEM 12.20 billion). Germany has an especially large market share in the chip sector and in automobile electronics. Due to the relatively constant sales situation in these industries, the German market is furthermore less cyclical than the world market. The most significant volatility can basically be found in the PC and mobile phone markets, both of which are not represented strongly in Germany. Only Siemens, Nokia, and Motorola produce

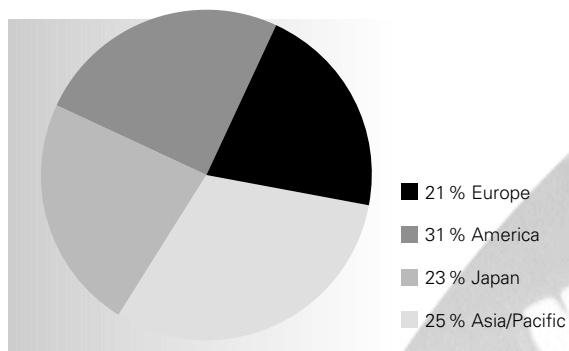
Sales development of the world's semiconductor industry
in billion DEM



Source: SIA.

mobile phones in Germany, altogether though, they contribute less than 10 percent to global production. Except for Siemens-Fujitsu, none of the top-ten global computer manufacturers produce PCs in Germany.

Global semiconductor industry in 2000



Source: SIA.

Increasing diversification in chip usage makes growth dynamics permanent

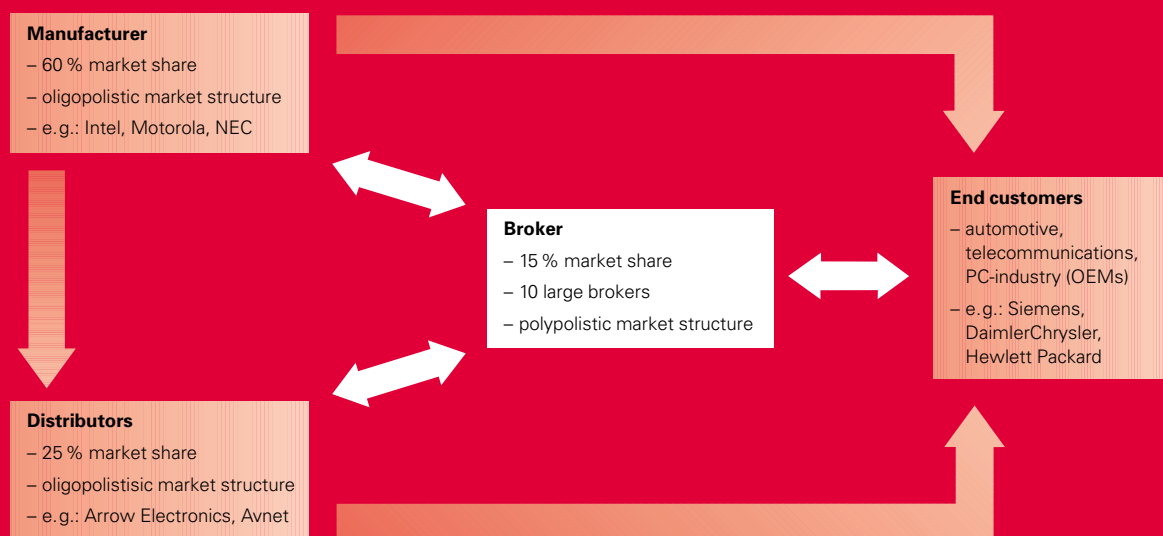
For 2001, it is becoming evident for the semiconductor industry that the previous year's record rate cannot be sustained. Due to stagnation in the PC market and in telecommunications during the first and second quarter, estimated growth rates no longer fall within the historic dimensions of 2000. By contrast, the SIA (Semiconductor Industry Association) is confident that last year's record level could be topped by a historically very high growth rate of up to 17 percent.

Even if the 2001 growth rate cannot match the previous year, it still signals that the semiconductor industry remains one of the most dynamic growth sectors worldwide. Longer-term analyses assume that the market for electronic components will grow globally at an annual rate of 15–20 percent and more in the medium term, and that it will double its current volume by 2006. Furthermore, more and more independent market experts expect that highly cyclic and volatile effects in this sector will be reduced in the future due to increasing diversification of chip usages. The reason: While the cycle so far paralleled the condition in the PC market, demand for passive and active electronic components in other target markets becomes larger and larger, thus reducing volatility in the semiconductor market overall; examples are the automotive industry, embedded computers, medical technologies, multimedia, as well as aerospace and space technologies.

Chip broker market continues constant growth

The environment continues to be conducive for the business activity of the 5,000 chip brokers worldwide that have approximately a 15 percent share of the world chip market. According to expert estimates, brokers globally turned over electronic components valued at about DEM 60 billion in the reported year, which represents an approximate 33 percent increase over 1999. The largest chip brokers in the world had volume of approximately DEM 6 billion and thus a 10 percent share of the chip broker market, which corresponds to growth of approximately 40 percent. Because semiconductor trade continues to grow in 2001, an expansion of the entire chip broker market should subsequently occur. At this time, the market of chip brokers is very complex and characterized by a certain degree of transparency. The 5,000 broker companies differ substantially from each other in regard to size, professionalism, and quality standards.

Overview world trade market for electronic components



Preview: Enormous growth opportunities for large brokers

Independent market experts agree that the market for chip brokerage, presently quite obscure, is only at the beginning of an extensive and persistent concentration period, from which leading broker groups will benefit the most due to their global presence and quality standards. This substantial organic growth potential is based, for one, on the fact that the ten largest broker companies have significant potential to increase their market share because they now hold only a 12 percent share overall. Further, market consolidation will occur due to fierce competition, itself a result of global integration of business and communication structures. Many small and mid-sized brokers will be affected, especially those no longer able to match the quality standards and globalism of the market leaders.

Another trend to be observed is the concentration on a few suppliers by contractually tied semiconductor distributors, which benefits ce CONSUMER ELECTRONIC AG. Through manifold company takeovers, only two distributors achieve 62 percent of global sales. Most semiconductor manufacturers now use only two distributors per country. End customers thus find themselves rather dependent, and they try to increase their business with brokers in order to establish an independent third force in this area.

Overview of the Business Year 2000

Top results in turnover and yield

Repeatedly increased plan specifications exceeded

Group turnover grows by 664 percent to DEM 555.80 million

EBIT improved by 200 percent to DEM 24.78 million

Net earnings after profit due to shareholders increased by 168 percent to DEM 11.26 million

Dividend of € 0.05/DEM 0.10 (previous year € 0.05/DEM 0.10) proposed

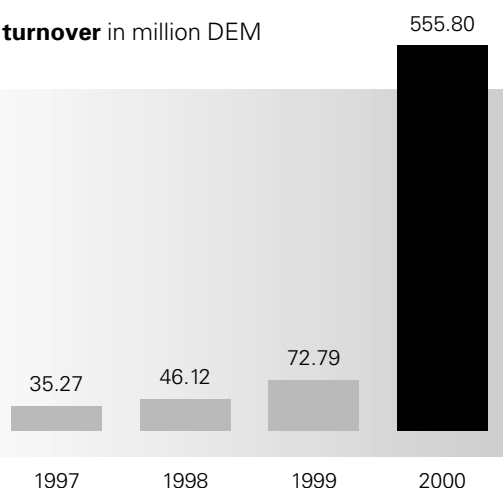
In the year 2000, the ce CONSUMER ELECTRONIC AG consistently and successfully continued its ascent to a leading worldwide trade organization for electronic elements and system components. With the takeover of the largest Australian chip broker Alcora Pty. Ltd., and the provisional majority stake or holding in the third largest US brokerage house SND Electronics Inc., we carried out the most meaningful company extension in our 25-year old corporate history so far. Both acquisitions mean to us the logical continuation of our strategy to continue future growth in strengthening international competition and changing markets in a profitable manner.

In the year 2000, as "Firefighters of Electronics", the ce CONSUMER ELECTRONIC group helped many customers, for example in the areas of telecommunications, the automobile or the armaments industry, to continue their production or their large-scale projects unimpaired through chip express deliveries. In addition, long-term business was consistently expanded. Thus we signed several contracts of double-digit million values and with terms of over one year with many customers from the automotive and the telecommunications, as well as the industrial electronics industries. By this long-term, day-by-day business, we succeeded to structure a constant order log at an average value of 30 to 40 percent of the year's turnover.

Group turnover increased sevenfold

The financial year 2000 was by far the best ever for the ce CONSUMER ELECTRONIC group. After the already strong turnover growth in the year before, we were able to increase our group turnover in the ended financial year by 664 percent to DEM 555.80 million. The market for electronic elements, again globally expanding, contributed considerably to this strong growth. Beyond that, the group turnover for the first time includes the consolidated turnover of the Alcora Pty. Ltd. (acquired in February 2000 and thereafter renamed ce Australia Pty. Ltd.), of the ce Nihon Arcom Corp. (acquired in April 2000), of the VCE Virtual Chip Exchange Inc., which is consolidated as of January 1, 2000 and the turnover contribution of the SND Electronics Inc. (consolidated as of September 7, 2000), thus contributing the amount of DEM 402.10 million altogether. Cleared of this effect, the company turnover exceeded the previous year's value by 111.30 percent.

Group turnover in million DEM



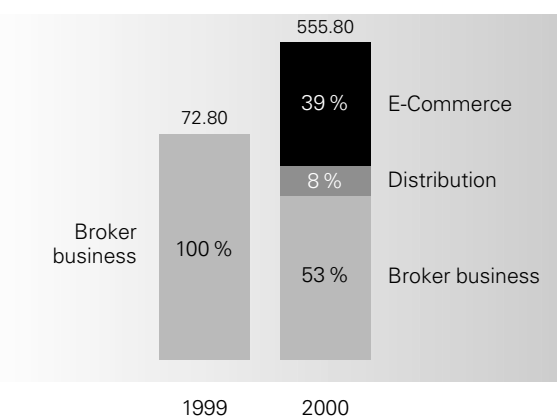
Turnover by region

The group's turnover within Germany were DEM 112.80 million and 110.90 percent above the previous year. Within the countries of the European Currency Union apart from Germany sales increased by 341.20 percent to DEM 11 million. In other European Countries and overseas the sales increased to DEM 432 million.

Stormy growth in all trade segments

In the core business, broker-trade with chips ("back-to-back" trade), group turnover was increased by 601 percent to DEM 510.80 million, due to the world wide high demand of memory structural elements and consolidation of new acquired companies. High demand of our customers from the telecommunication and automotive industries particularly contributed to this. In the area of e-commerce, the chip-trade via the Internet, which is pursued at the electronic trading platform of the VCE Virtual Chip Exchange Inc., the turnover increased to DEM 216.40 million. This substantial improvement is primarily based on the fact that at the end of the reported period VCE Virtual Chip Exchange Inc. had connected with 4,200 active member businesses (previous year 1,502) from 42 countries. With the participation in the SND Electronics Inc., the ce CONSUMER ELECTRONIC group was also active in the area of chip-distribution for the first time and achieved a turnover of DEM 45 million.

Turnover by trade segment in million DEM

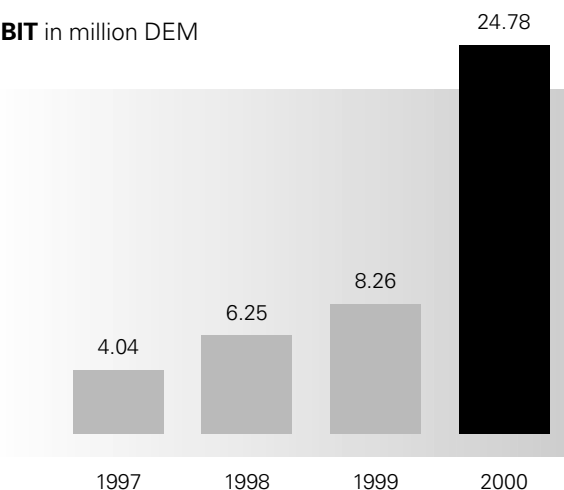


Yield force clearly strengthened

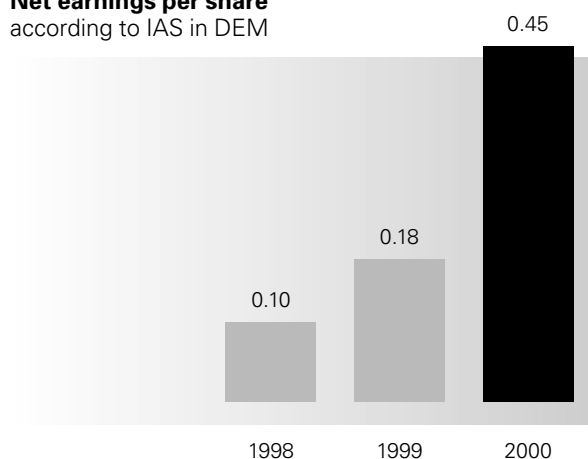
The ce CONSUMER ELECTRONIC group could also register a new record year in the yields aspect. With DEM 24.78 million, we have excelled the already good group-earnings before interest and taxes (EBIT) of the previous year by 200 percent. All consolidated associated companies contributed to this positive development. The group-result of the usual business activity increased by 218 percent to DEM 26 million, resulting in a turnover yield before taxes of 4.60 percent (previous year: 11.20 percent). The sales yield after taxes is 2 percent (previous year: 5.80 percent).

The group's net earnings before extraordinary result increased by 174 percent to DEM 11.50 million. The yield per share by IAS, at DEM 0.45, was 150 percent above the previous year's value.

EBIT in million DEM



Net earnings per share according to IAS in DEM



Margin development: Stabilization on a high level via segment differentiation

The successful opening of new trade segments further secured the company from fluctuations in the market. Due to new acquisitions and first-time consolidations, the group's gross profit margin dropped by about 40 percentage points to 16 percent. Cleared of this effects, the drop of the gross profit margin is far less: from 25.40 percent to 20.70 percent. The increased margin security is an effect of opening additional business segments and thus makes the company, at increasing trade volume, more independent from overall market swings and volatilities.

Unchanged dividend

On July 3, 2001 we will suggest to the general meeting to pay out an unchanged dividend of € 0.05 or DEM 0.10 per share on the raised capital stock of € 25 million or DEM 48.90 million (previous year: € 7.60 million or DEM 14.80 million) for the fiscal year 2000. This will lead to an increased dividend sum of € 1.28 million or DEM 2.50 million (previous year: € 1.16 million or DEM 2.28 million).

DEM 118.50 million invested

In 2000, the ce CONSUMER ELECTRONIC AG invested DEM 118.50 million (previous year: DEM 24.40 million) in financial assets and in intangible and tangible assets.

The investments in financial assets and intangible assets contain essentially the acquisition of SND Electronics Inc., ce Nihon Arcom Corp. and ce Alcora Pty. Ltd. The investments in tangible assets contain mainly the improvement of software and infrastructure.

The cash flow of the ce CONSUMER ELECTRONIC group in the year under report increased by 252 percent to DEM 17.30 million. The cash flow of the ce CONSUMER ELECTRONIC AG in the year under report increased by 159.70 percent to DEM 11.50 million.

Solid balance structure

Both the ce CONSUMER ELECTRONIC group and the ce CONSUMER ELECTRONIC AG are financed very solidly.

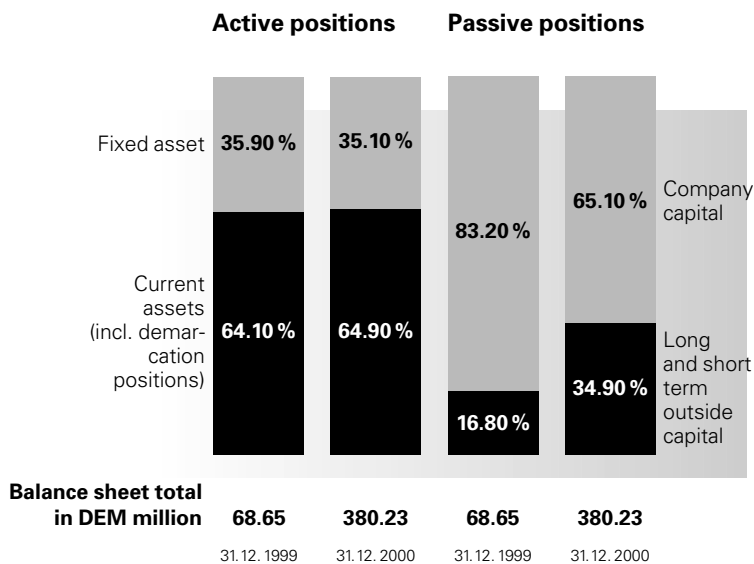
The consolidated group-balance sheet total, at the cut-off on December 31, 2000, amounted to DEM 380.23 million (previous year: 68.65 million). The obligations of the group amounted to DEM 119.70 million (previous year: DEM 5.10 million), including liabilities towards credit institutes of DEM 49.50 million (previous year: DEM 0.20 million).

The balance sheet total of the ce CONSUMER ELECTRONIC AG, at the cut-off on December 31, 2000, increased by DEM 164.80 million to DEM 231.60 million, liabilities were DEM 11.70 million.

The company capital situation of the ce CONSUMER ELECTRONIC group changed in the expired financial year as follows. The capital stock of € 7.50 million or DEM 14.70 million was raised by the capital measures in 2000 to altogether € 25 million or DEM 48.90 million. The overall shareholder's equity of the group amounted to DEM 247.65 million at the end of the year under report and lay about DEM 190 million higher than in 1999 (DEM 57.10 million). The company capital ratio decreased to 65.10 percent (previous year: 83.20 percent). Thus, the ce CONSUMER ELECTRONIC group still belongs to the strongest enterprises financially in the Neuer Markt.

The company capital ratio of ce CONSUMER ELECTRONIC AG increased from 85.10 percent to 91.30 percent of the balance sheet total.

The invariably good property and capital structure of the ce CONSUMER ELECTRONIC group is also reflected by the ratio of the coverage of the fixed assets by company capital. The very high ratio changed to 185.60 percent (previous year: 231.50 percent) at the end of the fiscal year. The ratio of ce CONSUMER ELECTRONIC AG was 147.10 percent after 220 percent the year before.



379 new employees

The number of employees in the ce CONSUMER ELECTRONIC group has risen to 412 (previous year: 33) at the end of 2000, mainly due to take-overs and first consolidations. Nearly 90 percent of all employees work outside ce CONSUMER ELECTRONIC AG, whose staff itself has grown by altogether 10 to 37 in December 2000.

ISO 9002 certified

For years, ce CONSUMER ELECTRONIC AG has pursued the goal of serving their customers by permanent and systematic improvements of quality, efficiency, and effectiveness. A prerequisite was the development of a quality management system sufficient for all needs, which was tested according to DIN/ISO 9002 by the TÜV Product Service GmbH and certified without objection during the business year 2000.

We took advantage of this opportunity and documented our quality management system in a process oriented manner already according to the new DIN/ISO 9002:200 standard. Appropriate certification, however, can take place at the earliest in 2001, due the standard then taking effect internationally.

In the context of constant improvement and fulfillment of customers' requests, the expansion of the quality management processes is planned according to the standard TS16949. This standard particularly relates to the concerns of the automotive industry and will further improve the ce CONSUMER ELECTRONIC AG's prerequisites for the "zero error principle."

Results after closing of fiscal year

On February 1, 2001, ce CONSUMER ELECTRONIC AG opened a new branch in Vienna/Austria. With the directly presence at the strategic important marketplace it intended to intensify the long term relationships to the Austrian industry. On the other hand the branch will advance the expansion of the company in the markets of Middle- and South-East Europe, especially Hungary, Slovenia, the Czech Republic and Slovakia.

Early in February of 2001, ce CONSUMER ELECTRONIC AG received an order of DEM 15 million. This is by far the single largest order from an international semiconductor company we have received in our 25 years of corporate history.

On March 14, 2001, the Brazilian SND Electronics Inc. subsidiary SND Comércio e Serviços Ltda., São Paulo, closed a distribution contract with the U.S.-American Microsoft Corp., San Jose/California. This contract will give SND Comércio e Serviços Ltda. the complete distribution rights of the entire Microsoft product portfolio to about 8,000 retailers and wholesalers in Brazil.

Perspective

In current year 2001, ce CONSUMER ELECTRONIC AG will be more determined than ever before to continue to persue the strategic goal of a profit-oriented growth clearly above market-average. Main goal is the full execution of the highmargin strategy. A clear focus on the company's core strengthes and a pro-active cost management will further increase profitability of the company in its core-business. The company's mid-term goal is a clear-cut increase in the EBIT-margin.

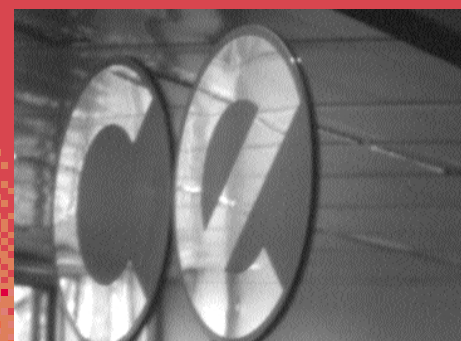
Due to recession risks in the U.S. economy and a worldwide decline in chip demand, the 2001 global market for semiconductors is hard to be forecasted. In spite of positive market research findings even a decrease cannot be ruled out. ce CONSUMER ELECTRONIC AG will have the ability, as one of few semiconductor trade organizations worldwide, to mostly detach from this negative environment. Even under pessimistic predictions, growth by 25 percent to at least DEM 700 million and a substantial positive EBIT within the double digit-DEM million range can be viewed as secure.

Independent experts agree: prospects for a boom in the global chip market are much better in the second half of 2001.

Note:

This and other chapters in the annual report contain statements relating to future developments, based on ce CONSUMER ELECTRONIC AG's management's convictions, and reflect the current vision and supposition of ce CONSUMER ELECTRONIC AG. Such statements in regard to the future are subject to risks and uncertainties. Some facts cannot be foreseen, results of ce CONSUMER ELECTRONIC AG may vary from these predictions. Those may include: Changes in the overall economic situation and business environment, changes in interest rates, the failure to meet efficiency and cost reduction targets, the rejection of newly introduced products.

We are convinced that our expectations regarding these predictions are well founded and realistic. However, in case the above-mentioned risks will occur, ce CONSUMER ELECTRONIC AG cannot guarantee that stated expectations will prove to be correct.



Functional Overview ce CONSUMER ELECTRONIC AG

Management

Management is always the cornerstone of any company's success, particularly for a company like ce CONSUMER ELECTRONIC AG. Developing a globally-renowned, sector-leading company depends – along with above-average employee commitment – on the commitment and availability present in an active top management.

Expansion of ce CONSUMER ELECTRONIC AG's board of directors with qualified and experienced leaders was begun in 2000. Since then this has been continuously pursued and realized as one of the main corporate strategies and goals.



Management of ce CONSUMER ELECTRONIC AG.
From left to right: Irène Lejeune, Matthias Knisig,
Erich J. Lejeune, Herbert E. Graus and Friedrich Rettenberger.

Company founder **Erich J. Lejeune** is now and will remain beyond 2002 chief executive officer (CEO) and chairman of the ce CONSUMER ELECTRONIC AG board of directors. Erich J. Lejeune has been for over 25 years one of the most widely known managers in the global semiconductor industry and one of the most prominent, often awarded chairmen of the board in the German trade. He is responsible for strategy, mergers & acquisitions, communication, and investor relations.

Irène Lejeune, founding partner and woman of the first hour at ce CONSUMER ELECTRONIC AG, left her position as chief financial officer (CFO) after 22 years, according to plan, and took over responsibility for global group integration and legal issues in the new group board of directors.

Herbert E. Graus, also a company founding director, remains to be chief operating officer responsible for materials management and logistics. These departments continue to increase in importance due to the integration of the group.

On May 1, 2000, the temporary post of a deputy chairman of the board was introduced and filled with **Horst G. Bülck**. Bülck, who in the meantime also took over the finance department from Irène Lejeune, left the company due to personal reasons on February 28, 2001.

Matthias Knisig was appointed new chief sales officer on January 2, 2001. Knisig draws from his extensive experience in leadership positions in large international high-tech companies. His prior assignment was sales manager for Siemens AG.

Friedrich Rettenberger, as of June 1, 2001, will be the new chief financial officer (CFO). Rettenberger is experienced and highly regarded as a tax and financial expert with trading companies in the German high-tech industry. He was CFO of Computer 2000 GmbH, Munich, for many years where he was credited for sales of DEM 3.40 billion.

Sales

The ce CONSUMER ELECTRONIC group operates with regional sales offices according to the motto "Think Globally – Act Locally." Two hundred experienced broker specialists, largely from semiconductor manufacturers and distributors, some of them absolute high performers with 15–20 years of experience in the field, are the "heads" who produced the record sales of DEM 556 million in their day-to-day operations. The sales department was also able to gain some globally exceptional sales personalities from the distribution sector in 2000. They have enough qualified sector-knowledge and customer contacts to increase our basis for further sales growth.

Worldwide, only high volume, growth intensive customers are dealt with, among them the most famous and market leading companies in their respective industries. Our pool of loyal customers, built and expanded in decade-long relationships, include for example, Hewlett Packard, Compaq, Dell Computers, Siemens, BMW, DaimlerChrysler, Alcatel, SCI, Solectron, General Electric, ABB, Mannesmann, Marconi, and IBM. Co-dependence on individual clients can be avoided by maintaining a balanced customer pool.

ce CONSUMER ELECTRONIC AG keeps major projects and production runs going

The year 2000 was considered the year of supply shortages in the global semiconductor industry. Being the "Fire brigade of the electronics," ce CONSUMER ELECTRONIC AG was able to offer tailored solutions to customers enduring such shortages. Often the components delivered by ce CONSUMER ELECTRONIC AG were the ones saving the customers' production at the last minute and thus ensured their reaching of business targets. In some almost spectacular cases, rapid chip delivery kept major projects going, such as Eurofighter, UMTS communication systems, production of mobile phones, and the start of new automobile lines. Sometimes even total production shutdown had to be and was averted. In September, for example, only because of our rapid, "last-second" chip delivery, a well-known German car manufacturer was able to deliver 20,000

automobiles. Similarly, a well-known manufacturer of mobile phones only managed to build several tens of thousands of cell phones at the last minute thanks to a delivery of missing flash components by ce CONSUMER ELECTRONIC AG.

Expansion of long-term business

Not to forget, the long-term business of chip and IT distribution was also steadily expanded. Compared to prices of other manufacturers and distributors, ce CONSUMER ELECTRONIC AG was able to offer significant advantages to volume customers. Contracts altogether in the double digit millions and with 12 month terms were secured in the automotive and automotive supplier industries, as well as in the telecommunications industry and in industrial electronics. Such long-term continuation of daily business made it possible to generate an excellent number of orders. In the future, long-term business will become more and more strategically significant to secure ce CONSUMER ELECTRONIC group sales. The acquisition of SND Electronics Inc. the third largest chip broker and trading company in the U.S., and simultaneously the leading IT distributor in South America, represents a quality boost for our long-term distribution business.

Regional sales success

Regional breakthroughs also point the way to the future. In the 4th quarter, trade from Germany to Brazil generated chip sales in the amount of DEM 5 million and for the first time orders in the high six digit figures came in from Eastern Europe. The newly founded branch offices in North Rhine Westphalia and Berlin were able to increase market share in western and eastern Germany into the double digit millions. The Berlin-, as well as the North Rhine Westphalia offices, were the chip brokers with the highest sales in their respective territories. Also ce Schweiz AG was able to clearly increase its market share. Nearly all the important high tech firms in Switzerland purchased from the Swiss group subsidiary. In Austria, the company (on the qualifying date still based in Germany, after February 2001 with its own business office in Vienna) was able to substantially increase sales with the top-20 customers in Austria. ce Australia Pty. Ltd. and ce Nihon Arcom Corp., Japan, both also clearly increased their market shares. Here too, sales growth of more 30 percent greater than versus the previous year's was generated.

Materials management and logistics

Materials management, purchasing, and logistics at ce CONSUMER ELECTRONIC AG occupy an important position because without them, the execution network in the core business of brokering would be impossible.

On the purchasing side, supplier contracts are usually entered only upon receipt of written offers. Elimination of product deliveries in connection with complex logistics ensure the average time of goods on site is less than a day, i.e. entering and exiting goods' schedules are precisely coordinated. In order for delivery dates to occur on the day they were promised, the ce CONSUMER ELECTRONIC group uses almost exclusively air delivery, international parcel delivery services, and special services for all external movement of goods.

To master this challenge, the entire operation is being supported by the ERP (enterprise resource planning) – system SAP/R3. Almost all processes were integrated into this system over the course of the 2000 fiscal year; in 2001, import and export processes should also be integrated into SAP/R3.

Buffer or supply storage, held by customer request according to the framework of certain delivery contracts, are managed externally, eliminating a cost-intensive infrastructure. We manage to nearly completely avoid the typically very high fixed costs for logistics and storage.

In the fiscal year 2000, the ce CONSUMER ELECTRONIC group purchased from about 2,600 suppliers worldwide. The selection of suppliers was established according to the criteria of price, quality and reliability. These criteria are based on the requirements of our customers. Our aim is to work with as many suppliers as necessary, yet with as few as possible. The criteria mentioned have utmost priority. So, in the prior fiscal year, five supplier

relationships had to be cancelled because they could not meet our requirements. To reduce the currency exchange risk, purchasing attempts to ensure that purchase as well as sale are kept in the same currency.

In the future, we plan to further intensify the use of Asian and American purchasing opportunities through branches local to their respective territory.

Finance and controlling

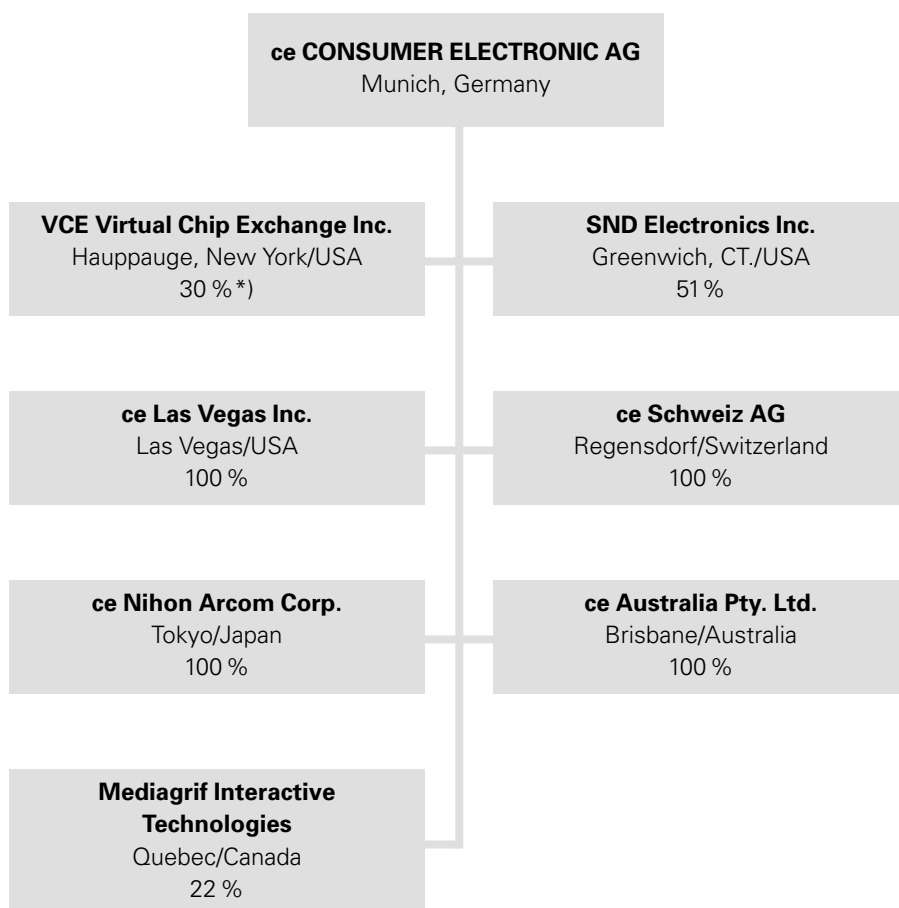
The finance and control department is responsible for reporting and tax issues, and coordinates the CONSUMER ELECTRONIC group financing. The primary task in the reported year, as in coming years, is the integration of responsibility for finance, particularly international control, finance strategies, and invoicing with the group growing closer together. The department already conforms to ISO 9002 and works with SAP/R3 support, within a standardized SAP accounting system. The reporting and control system is already integrated group-wide and will be continuously expanded and improved.

Group Structure

Major partnerships

ce CONSUMER ELECTRONIC AG currently holds the following major partnerships. The group addendum contains an overview including all subsidiaries in accordance with § 285 Nr. 11 HGB of the German commercial law on page 57.





*) Full consolidation of the VCE Virtual Chip Exchange Inc. through the majority partnership of ce CONSUMER ELECTRONIC AG in ce CYBER-EXCHANGE Inc. CYBER-EXCHANGE Inc. in turn, is the majority shareholder of VCE Virtual Chip Exchange Inc.

Subsidiary and Regions Report

VCE Virtual Chip Exchange Inc. established as one of the first profitable e-commerce platforms worldwide

Sales skyrocket by 42.329 percent to DEM 216.39 million

Break-even surpassed by far

Established as industry standard for profitable e-commerce platforms in the electronic industry

In the year 2000 the ce CONSUMER ELECTRONIC group wrote company history with VCE Virtual Chip Exchange Inc., Hauppauge, New York (USA), founded in July 1999.

While most B2B internet platforms encountered some massive problems and even had to shut down their portals due to lack of traffic, trade, or return, ce CONSUMER ELECTRONIC AG created not only one of the very few marketplaces with a strong member base and trade volume, but an above-all also profitable web-platform in less than a year.

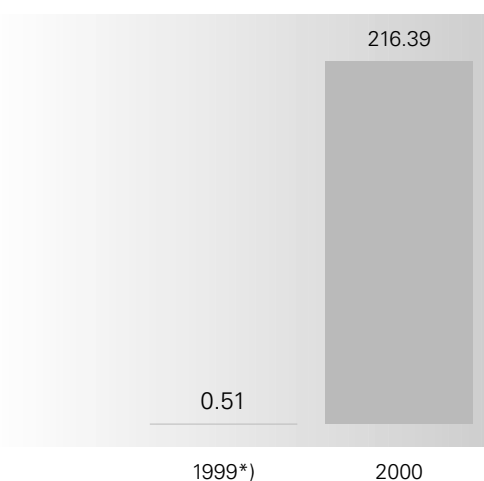
This way, the VCE Virtual Chip Exchange Inc. has quickly established itself as the leading industry standard for chip brokering on the web. As a result, the renowned U.S. market research institute Jupiter Research awarded VCE Virtual Chip Exchange Inc. as number 1 worldwide among the B2B platforms in the electronic industry in December 2000.

The Internet exchange, developed in a joint venture with the Canadian software house Mediagrif Interactive Technologies, Montreal Quebec, Canada, administers this highly complex chip market for semiconductor manufacturers, OEM's, distributors, and international customers with total transparency. At the end of the year reported, in excess of 600,000 active and passive components in the value of several billion German Marks were available for trade at VCE Virtual Chip Exchange Inc.

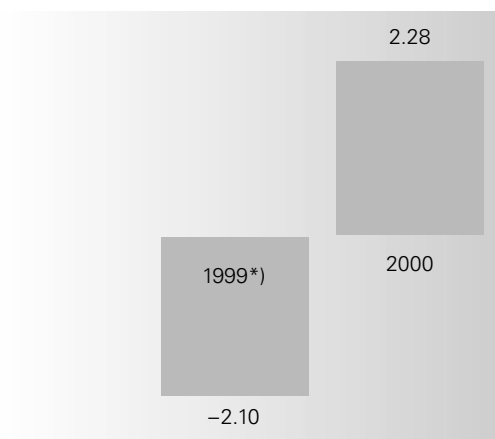
Profitable faster than planned

After achieving break-even in the second quarter, VCE Virtual Chip Exchange Inc. achieved earnings before interest and taxes (EBIT) of DEM 2.28 million and a profit of DEM 2.20 million for the entire fiscal

Revenues in million DEM



EBIT in million DEM



*) Financial year.

year 2000. During the 6-month fiscal year of 1999, a negative EBIT of DEM 1.79 million due to start-up expenses accrued. During the reported year, revenues of DEM 216.39 million were also drastically higher than the previous year's DEM 0.51 million.

This dynamic growth can above all be attributed to the fact that VCE Virtual Chip Exchange Inc. had affiliated 4,200 (previous year: 1500) active member organizations from 42 countries by the end of the reporting period. VCE Virtual Chip Exchange Inc. ensured complete anonymity between buyer and seller. As a pure Internet trade platform, VCE Virtual Chip Exchange Inc. is operated without any storage risk.

Transaction-dependent margins are the revenue source of VCE Virtual Chip Exchange Inc. No fees are charged to the members of the exchange. In the USA, VCE Virtual Chip Exchange Inc. is represented through offices in New York, Arizona, Texas, and California.

At the end of 2000, ce CONSUMER ELECTRONIC AG was the majority shareholder of VCE Virtual Chip Exchange Inc. through the ce CYBER-EXCHANGE Inc., operated as a subsidiary in partnership with Mediagrif, Inc., Montreal. The largest U.S. American semiconductor distributor, Arrow Electronics, Inc. holds a minority ownership in VCE Virtual Chip Exchange Inc.

Preview – IPO planned mid-term

The company has declared the goal to strengthen its worldwide leadership position as an Internet trade platform to become the lasting virtual marketplace for electronic components. In this process, the VCE Virtual Chip Exchange Inc. will especially profit by adding new stock exchange members and increasing trade volumes.

Mid-term, VCE Virtual Chip Exchange Inc. strives to introduce its stock at the U.S. growth stock exchange Nasdaq; notation at the Neuer Markt of the Frankfurt stock exchange is also an available option. By entering the stock exchanges though, ce CONSUMER ELECTRONIC AG will lose its decisive role in the VCE Virtual Chip Exchange Inc. and consolidation in the group will be only partially possible.

Overview VCE Virtual Chip Exchange Inc.

	1999 ¹⁾	2000	Difference in %
Revenues	0.51	216.39	+42,329
Earnings before interest and taxes (EBIT)	-2.10	2.28	+208
Cash flow	-1.76	3.00	+270
Depreciation	0.13	1.03	+705
Employees at year end	12	49	+308

Figures in million DEM.

¹⁾ Financial year from August 1, 1999 through December 31, 1999.

First consolidation as of January 1, 2000.

USA

Benchmark on the way to global market leadership: Acquisition of SND Electronics Inc. opens an entirely new corporate dimension for the ce CONSUMER ELECTRONIC group

Purchase of one of the largest and most successful chip brokers in the USA gives ce CONSUMER ELECTRONIC AG a platform company to help increase its sales of electronic components to the world's largest market

SND Electronics, Inc., as the largest IT distributor for Intel PC chips and Microsoft software in Latin America for will be important for the ce CONSUMER ELECTRONIC group to secure growth and sales volume through long-term supply contracts and the emerging Latin American high-tech market

SND Electronics, Inc. consolidated within the ce CONSUMER ELECTRONIC group for the first time as of September 7, 2000 has already contributed significantly to sales and profit.

ce CONSUMER ELECTRONIC AG has successfully made one of the most far-reaching steps in company history by acquiring a 51 percent majority holding of SND Electronics Inc., Greenwich, Connecticut, U.S.A. (Chip Brokering Division) and its Latin American (Computer Products Division) subsidiaries. By acquiring SND Electronics Inc. the ce CONSUMER ELECTRONIC group has a platform company for growth in the most important semiconductor market in the world. The SND acquisition will also complement ce's existing office in Las Vegas, Nevada and their extremely successful chip trade platform VCE Virtual Chip Exchange Inc.

The **chip brokerage** division of SND Electronics Inc. supplies nearly all important Blue-Chip clients in U.S. telecommunication, PC/IT manufacturers, and EMS companies, which assemble electronic products for all market segments. Well-known companies such as Hewlett Packard, Compaq, Nortel, Motorola, 3COM, Solectron, Flextronics, SCL, and many more are among the top clients.

The SND Latin American computer products division is a **franchised distributor**, which supplies electronic components such as CPU's, motherboards, and disk drives to a customer base of large VAR's and various size integrators that assemble computers and computer networks in Latin America. Among the franchised product lines SND

Electronics Inc. is licensed to sell are Intel, Microsoft, Samsung, APC, PC Chip (motherboards) Palm Organizers, Creative Labs, AMD, and many more. SND Miami, Florida, supplies exporters in Miami that in turn sell to customers in Latin America. SND Electronics Inc.'s subsidiaries in Brazil (SND Comércio e Serviços Ltda., São Paulo) and Central America (SND Electronica LTD, Guatemala), sell directly to customers in their respective countries. SND Electronics Inc.'s largest Latin American facility is in Brazil with over 150 people and a customer base of over 6,000 companies. Due to the high barriers of entry into the Brazilian IT market, margins are significantly higher than for IT distributors in the USA and Europe. SND Electronics Inc.'s seasoned management team, at the helm of SND since 1986, has steered SND to an unprecedented 15 years of profitable growth. SND Brazil operates with profit margins of 16.50 percent and SND Guatemala and El Salvador operate at 17 percent profit margins. SND Miami, which serves as a consolidation facility for all Latin American SND Electronics Inc. subsidiaries, has also developed into a premier sales facility with profit margins in excess of 8 percent, a very good margin for a U.S. IT distributor.

With most of the world's PC and IT consumption growing at single digit rates, Latin America is a bright spot because of its forecasted 20 percent growth for the years 2001–2003. Latin America will continue to be a focus for all high tech companies. As part of the ce CONSUMER ELECTRONICS group, SND Electronics,

Inc. is positioned to open additional facilities in northern and southern Brazil as well as additional facilities in Central America and Mexico. SND Electronics Inc. serves other countries such as Chile and Argentina from its Miami facility.

The Brazilian IT market will continue to be the largest market in Latin America and will account for 40 to 50 percent of the total Latin American market. With a total volume of DEM 26 billion it will remain the largest and fastest growing IT market of South America. SND Electronics Inc.'s dominant position in Brazil will guarantee that SND Electronics Inc. will participate in that growth.

SND Electronics Inc. is Intel's largest distributor in Latin America as well as Microsoft's largest distributor in Brazil. SND Electronics Inc. also has an EMS subsidiary in Brazil, which builds motherboards to be sold bundled with processors.

SND Electronics Inc. was founded in 1973 by John Hopkins, one of the pioneers of worldwide chip brokering and now chairman of SND Electronics Inc. SND Electronics Inc. has had 27 years of successful growth. CEO Chris de Nisco (43) has been with SND since 1980. Neil Hopkins, (40) President, has been with SND since 1978. Other management has had at least 10 to 15 years tenure with SND. SND Electronics Inc. has some of the most experienced sales and purchasing staff with an average tenure of more than 10 years at the company.

The company has over 288 employees worldwide in the year 2000.

The fiscal year 2000 – SND Electronics Inc. a strong partner

During the consolidation period, SND Electronics Inc. achieved revenues of DEM 188.27 million. Earnings before interest and taxes (EBIT) were DEM 11.66 million.

During the consolidation period, SND Electronics Inc. was able to generate revenues of DEM 143.27 million in the U.S. In Brazil, the SND Comércio e Serviços Ltda. had revenues of DEM 45 million.

Preview

Although the world market, especially in the U.S. has slowed considerably, it is still possible for SND Electronics Inc. to see significant sales growth in the event of a worldwide memory shortage. Due to market over production, DRAM manufacturers have been cutting production. OEM's and EMS companies have only 2 weeks' inventory on hand. Taiwan manufacturers trying to enter the market have been levied with high duties on

any products imported into the U.S.A. Any increase in demand will cause a spike in prices and a shortage of parts. This is an industry condition in which SND Electronics Inc. has excelled in the past. Demand for SND Electronics Inc.'s ability to deliver memory chips will explode. SND Electronics Inc.'s growth strategy will be a combination of organic and strategic acquisitions. International growth in the chip brokerage business will be achieved primarily by targeted expansion of purchasing and sales activities in Brazil, Mexico, and Asia.

In the distribution sector, SND Electronics Inc. assumes continued solid growth. A positive factor will be an expansion of the current distribution agreement with Microsoft Corp., San Jose, California, U.S.A. SND Electronics Inc. in the past sold only Microsoft's OEM product line. As of March, SND Electronics Inc. is licensed in Brazil to sell Microsoft's largest product line, their retail products. This should generate additional sales of DEM 30 million in year one. In Brazil, as the most important regional marketplace, the market leader Intel continues to expect enormous market growth of 27 percent for 2001. Also, to further expand the market leadership position for IT distribution in Latin America, SND Electronics Inc. will expand to northern and southern Brazil from its São Paulo headquarters, as well as planned expansion headed by the Miami management team into Mexico, the Caribbean and Honduras. SND Electronics Inc. has also signed a distribution agreement with the second largest manufacturer of microprocessors, Advanced Micro Devices (AMD).

ce CONSUMER ELECTRONIC AG is currently under an agreement to acquire the remaining 49 percent of SND Electronics Inc.'s outstanding shares. ce SND will continue to integrate and achieve synergies and economies of scale worldwide. With the integration of both companies, SND Electronics Inc. will have a large presence in all time zones of the world.

Overview SND Electronics Inc.

	1999	2000*)
Revenues		188.27
Earnings before interest and taxes (EBIT)		11.66
Cash flow		5.48
Depreciation		0.25
Employees at year end		288

Figures in million DEM.

First consolidation as of September 7, 2000. For the fiscal year 1999, no data is provided due to the differing reporting period.

*) SND Electronics Inc. was consolidated in the ce CONSUMER ELECTRONIC group's balance sheet as of September 7, 2000. The chart contains results of SND Electronics Inc. after September 7, 2000 only.

USA

ce Las Vegas Inc.: Tripled sales and growing group strategic importance

Revenues tripled to DEM 26.37 million

More than doubled its own ambitious outlook to DEM 2.40 million EBIT

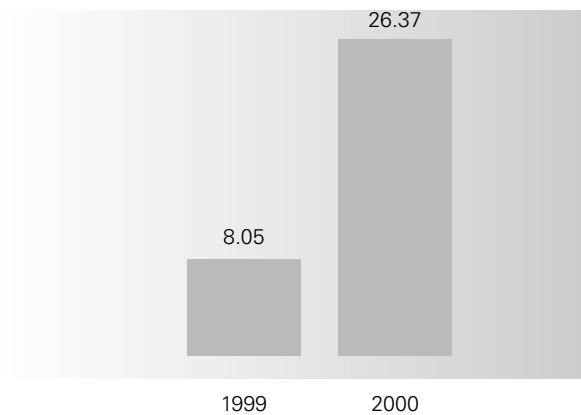
Leadership role of the U.S. subsidiary, specialized in chip purchasing, further expanded in a highly competitive market

By tripling revenues to DEM 26.37 million, exceeding its own highly ambitious sales and profit expectations many times over, ce Las Vegas Inc., Las Vegas, Nevada, U.S.A., had a very exciting fiscal year 2000. Based on the tremendous market environment, the EBIT increased by 331 percent to DEM 2.40 million and its own projection more than doubled. Our U.S. subsidiary, founded in 1998, is the group-wide purchasing agent for electronic components in the U.S.A. and Canada. In a highly competitive market, marred by increasing prices due to chip shortages, ce Las Vegas Inc. was not only able to strengthen its leadership position, but to actually further expand it.

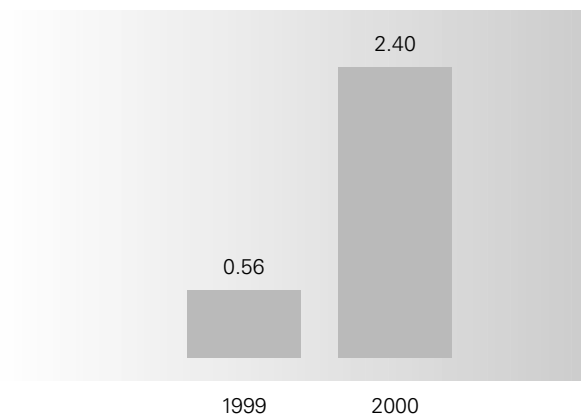
ce Las Vegas Inc. has taken particular advantage of its opportunity to develop a large number of new long-term product sources to the benefit of the group and our customers in 2000. Reasons for ce Las Vegas's success primarily are found in the many years of market experience of its brokers and in the documented desire for high quality and the resulting reliability in the market, fruitfully manifested in the long term business contacts with manufacturers, distributors, and other brokers. Another example for this strongly developed sense of quality was the complete introduction of the SAP platform at ce Las Vegas Inc.

At year-end, ce Las Vegas Inc. had 7 (previous year 4) employees.

Revenues in million DEM



EBIT in million DEM



Preview: Growing group strategic importance

During the expansion of ce CONSUMER ELECTRONIC AG into a world-renowned group in the year 2000 and the enormous increase in group-sales, purchasing in the U.S. on behalf of all ce CONSUMER ELECTRONIC group companies gained in importance for the whole enterprise. Due to the additional innovative relevance of the North and South American market for the group, the role of ce Las Vegas Inc. within the group will be further strengthened in the future, primarily through the acquisition of SND Electronics Inc.

In 2001, ce Las Vegas Inc. will continue to positively contribute to sales and corporate profit. The company will benefit from the focus on more profitable transactions, the expected lower manufacturer prices, and also the global expansion of the ce CONSUMER ELECTRONIC group.

Overview ce Las Vegas Inc.

	1999	2000	Difference in %
Revenues	8.05	26.37	227
Earnings before interest and taxes (EBIT)	0.56	2.40	331
Cash flow	0.54	1.67	212
Depreciation	0.08	0.08	0
Employees at year end	4	7	75

Figures in million DEM.

Schweiz

ce Schweiz AG: New group subsidiary proves itself excellent in its first year

Revenues increase by 213 percent to DEM 18.20 million, EBIT growth of 1,824 percent to DEM 2.31 million

Important central location for expansion into the neighboring South European markets of France and Italy

Highest growth rates in the Swiss chip market

After the ce CONSUMER ELECTRONIC group accomplished the takeover of Inter Chip AG, Regensdorf, near Zurich, in November 1999, it furthermore established itself successfully in this key access market for Western and Southern Europe. On the way to this strategically crucial Swiss market, it undertook outstanding development in its first fiscal year under the new ce CONSUMER ELECTRONIC group flag in 2000. In order to visually symbolize the Swiss subsidiary's rapid integration into the group, manifested also in the complete introduction of the SAP platform, and to show uniform corporate identity, ce Inter Chip AG changed its name to become ce Schweiz AG in 2000.

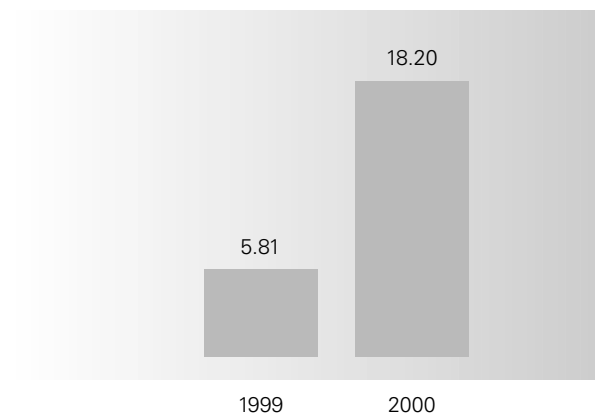
Starting point for expansion to south and west Europe

The highly profitable brokerage possesses a first-class network connected to nearly all the nations' high-tech companies, as well as to big industry in the semiconductor markets for telecommunications and industrial electronics. In 2000, ce Schweiz AG was able to achieve the highest growth rate in the Swiss chip trade. In addition to that, the company is already very successfully active in the bordering markets France and Italy. For this reason, ce Schweiz AG will gain in strategic importance for the group as a "bridge" in the development of the South and West European markets.

Profitability further increased during strong sales growth

In the fiscal year 2000, ce Schweiz AG increased revenues by 213 percent to DEM 18.20 million. Based on the continuous positive development of the profit margins in the booming semiconductor market, the earnings before interest and taxes (EBIT) of DEM 2.31 million exceeded the previous year's by 1,824 percent. At year-end 2000, ce Schweiz AG had 4 (previous year 2) employees.

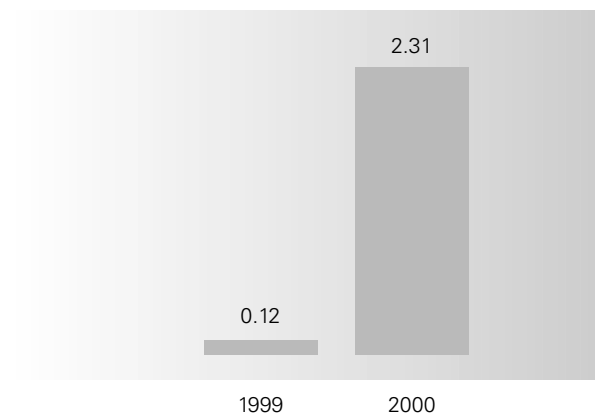
Revenues in million DEM



Preview: Continued above market average growth and start of aggressive hiring campaign

For 2001, ce Schweiz AG expects sales and profit growth of 10 percent, as well as further market share gain in Switzerland and the adjacent countries of Italy and France. To support this, an aggressive hiring campaign for broker personalities will start in order to promote the acquisition of big industry clients.

EBIT in million DEM



Overview ce Schweiz AG

	1999	2000	Difference in %
Revenues	5.81	18.20	213
Earnings before interest and taxes (EBIT)	0.12	2.31	1824
Cash flow	0.02	1.70	6979
Depreciation	0.01	0.05	360
Employees at year end	2	4	100

Figures in million DEM.
First consolidation as of November 1, 1999.

Japan

ce Nihon Arcom corp.: The ce CONSUMER ELECTRONIC group also advances into entirely new dimensions in Asia

Sales increase of the Japanese subsidiary of 21 percent to DEM 13.39 million at continuously high profit level

Exceptional dual function of the group subsidiary to secure the Japanese market (DEM 92 billion in 2000) and to conquer the booming Asia/Pacific area (DEM 104 billion in 2000)

By buying Nihon Arcom Corp., Tokyo, (Japan), the largest Japanese brokerage, the ce CONSUMER ELECTRONIC group developed the highly dynamic Asia/Pacific market in all its extent in April 2000. In the reported year 2000, integration was finalized and business development intensively set-up.

The ce Nihon Arcom Corp. has more than 20 years of experience in the trade with electronic components and is preferred partner of large Japanese semiconductor manufacturers such as Toshiba, NEC, Mitsubishi, Sanyo, Seiko, Oki and Hitachi. Due to historically grown relationships, the Japanese group subsidiary also has outstanding associations to Israel's semiconductor market, where numerous high-tech start-ups create a constant demand for electronic components and make Israel a particularly attractive individual market.

Central relevance as "bridge" to the Asia/Pacific growth region

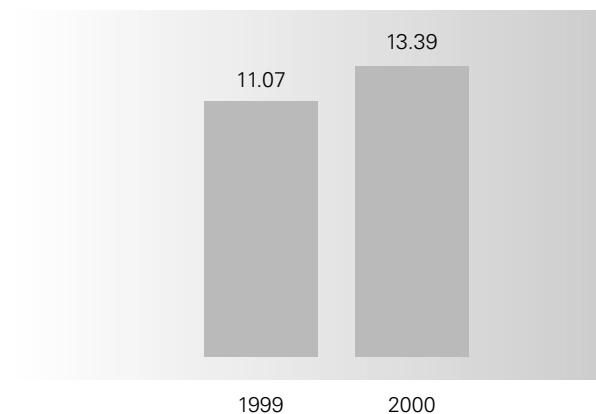
ce Nihon Arcom Corp. gains in importance to the group, to further establish the ce CONSUMER ELECTRONIC group in Japan primarily as a "bridge" to Asia/Pacific markets. The industry achieved the highest growth rates in all of Asia in 2000. In Japan, sales volume could be expanded by 42 percent to DEM 92 billion and in Asia/Pacific outside of Japan by 41 percent to DEM 104 billion. Beginning in 2000, ce Nihon Arcom Corp.

became central purchasing location for Asia on behalf of all companies in the ce CONSUMER ELECTRONIC group. In addition, ce Nihon Arcom Corp. established partnerships with brokers in Taiwan, Singapore, Hong Kong, China, and Korea. Due to the resulting large increase in business volume, the considerable purchasing advantage benefited the entire group, so that we could supply our large clients and distributors in the mass-market chip business at even more attractive prices.

Continuously dynamic business development

In the reported year, ce Nihon Arcom Corp. had revenues of DEM 13.39 million and surpassed the previous year's number by 21 percent. Earnings before interest and taxes (EBIT) grew by 275 percent to DEM 0.45 million. At year-end 2000, ce Nihon Arcom Corp. had 8 (previous year 6) employees.

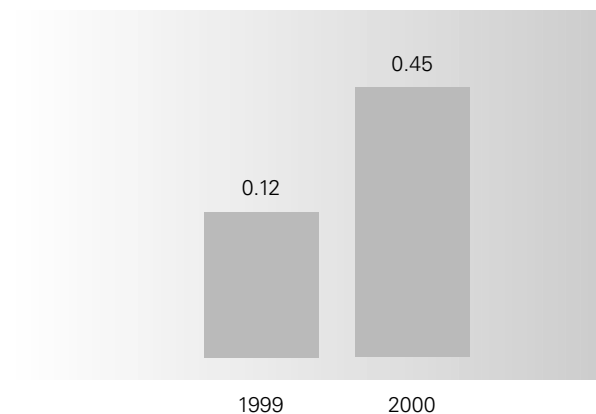
Revenues in million DEM



Preview: Further increase in profitability at continued growth above market average

The company name was changed to ce Japan Corp. as part of the group's strategy for a uniform corporate identity during 2001. For 2001, ce Japan Corp. expects good continued growth of five percent in its marketing area and an according increase in its contribution to the overall group profit. Activities to improve market position, which will be added through new partnerships and activities to increase trade margins, will be important contributions here.

EBIT in million DEM



Overview ce Nihon Arcom Corp.

	1999	2000	Difference in %
Revenues	11.07	13.39	21
Earnings before interest and taxes (EBIT)	0.12	0.45	275
Cash flow	0.11	0.24	140
Depreciation	0.04	0.04	0
Employees at year-end	6	8	33

Figures in million DEM.
First consolidation as of April 01, 2000.

Australia

ce Australia Pty. Ltd.: Development of the fifth continent as a springboard to the booming Asia/Pacific region

Exceptional sales increase in excess of 81 percent to DEM 14.40 million in a strategically important future market

Restructuring shows first positive results

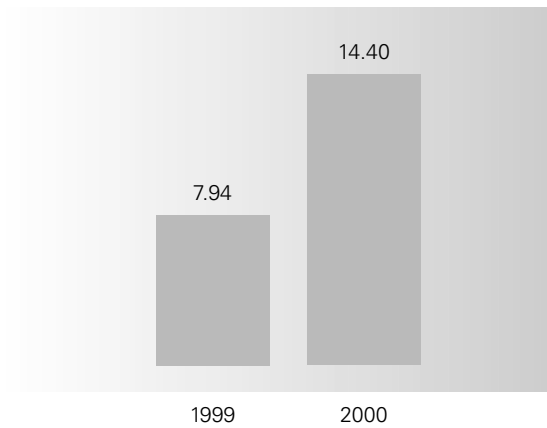
Achieve turnaround and profit zone no later than the end of 2001

With the outright purchase of the largest Australian chip broker Alcora Pty. Ltd., Brisbane, in February of 2000, the ce CONSUMER ELECTRONIC group not only continued its expansion pattern, but also achieved another group strategic milestone. Renamed ce Australia Pty. Ltd., the new subsidiary does not just develop the fifth continent with a market volume of DEM 200 million total. With ce Australia Pty. Ltd., the group now, beside Japan, also has a presence in the second important gateway into the Asian/Pacific market. In the reported year, this market was globally one of the most dynamic growing markets with growth of 41 percent to DEM 104 billion. Next to the Sydney offices, ce Australia Pty. Ltd. has additional branches in Brisbane, Melbourne and Perth, which give it a presence in Australia's four major economic centers.

Market shares gained, restructuring activities take effect

In the reported year, ce Australia Pty. Ltd. achieved an incredibly strong sales increase by 81 percent to DEM 14.40 million. Due to cost-intensive restructuring activities, the profit zone could not be reached despite the sales growth. As a result, ce Australia Pty. Ltd. has a negative EBIT of DEM 0.13 million in 2000. During the renaming process in 2000, targeted restructuring activities and optimization in adjustment processing to the operative standards of the ce CONSUMER ELECTRONIC group were performed. It was gratifying that these restructuring activities and an aggressive customer acquisition campaign started to take effect, as the negative EBIT remained fairly constant in comparison to 1999 (– DEM 0.24 million), with sales already increasing strongly.

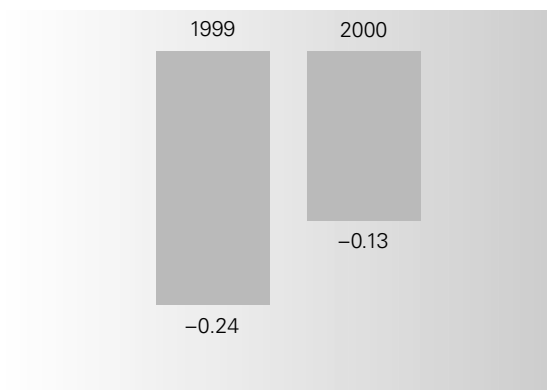
Revenues in million DEM



Preview. Continuous growth beyond market average and reaching of the profit zone

It is the clear goal for 2001 to reach the profit zone with ce Australia Pty. Ltd. by the end of the year at the latest, whereas the growth commenced last year will be clearly increased above the market average.

EBIT in million DEM



Overview ce Australia Pty. Ltd.

	1999	2000	Difference in %
Revenues	7.94	14.40	81
Earnings before interest and taxes (EBIT)	-0.24	-0.13	48
Cash flow	-0.53	-0.21	61
Depreciation	0.08	0.08	0
Employees at year-end	16	19	19

Figures in million DEM.
First consolidation as of January 01, 2000.

Further Partnerships and Joint Ventures

Mediagrif Interactive Technologies – a reliable technology partner

Mediagrif Interactive Technologies, Montreal (Canada), the leading North American B2B software company, of which ce CONSUMER ELECTRONIC AG, Munich held 22.30 percent shares at the cut off date of the report on December 31, 2000, remained a reliable and competent partner with our organization in the fiscal year 2000. Mediagrif Interactive Technologies supplies the software infrastructure for the revolutionarily successful VCE Virtual Chip Exchange Inc.

The absolute highlight in 2000 for our strategically very important Canadian minority partnership was the very successful and several times oversubscribed IPO of Mediagrif Interactive Technologies, on October 3, 2000 in Toronto, Canada. A bank syndicate under the leadership of the Royal Bank of Canada, Inc., performed the placement while ce CONSUMER ELECTRONIC AG remained the largest individual shareholder at Mediagrif Interactive Technologies.

Consequently, This most profitable for both companies cooperation will be continued in 2001, in order to technologically perfect the VCE Virtual Chip Exchange Inc., to supply members of the B2B chip trade platform with the best service available in the market, and to further expand its own benchmark as undisputed market leader.

Virtual License Exchange GmbH

Virtual License Exchange GmbH, a 50 : 50 cooperation of ce CONSUMER ELECTRONIC AG, Munich, and EM.TV & Merchandising AG, Unterföhring, for the marketing of movie and merchandizing licenses on the Internet, was deferred by the group due to continuous instability in the environment of the joint venture partner. The ce CONSUMER ELECTRONIC group will examine Virtual License Exchange GmbH regarding its position as an asset and either sell it, enter it into a majority partnership with other partners, or dissolve it.

Virtual Music Exchange

Virtual Music Exchange, a cooperative venture of ce CONSUMER ELECTRONIC AG and Jack White Productions AG, Berlin/Los Angeles, planned as an integrated music and entertainment community on the Internet was not further pursued after a letter of intent was signed in January 2000. The letter of intent has expired.

“Our employees are our biggest asset” (Erich J. Lejeune)

By the cut off date of the report on December 31, 2000, the number of employees in the ce CONSUMER ELECTRONIC group has increased to 412 (previous year: 33). Factors were the takeover of the SND-Group as well as of ce Australia Pty. Ltd. About 90 percent of all employees work in ce CONSUMER ELECTRONIC AG’s group subsidiaries, whose staff also grew by ten to a total of 37 in 2000.

Employees	1999	2000
ce CONSUMER ELECTRONIC group	33	412
ce CONSUMER ELECTRONIC AG	27	37
ce Australia Pty. Ltd.	–	19
ce Schweiz AG	2	4
ce Las Vegas Inc.	4	7
ce Nihon Arcom Corp.	–	8
SND Electronics Inc.	–	288
VCE Virtual Chip Exchange Inc.	–	49

Overall economic risks arise for the organization because it is exposed to global competition as well as the consequences of various global economic trends. Even though global involvement of the ce CONSUMER ELECTRONIC group allows a certain balance for locally occurring problems and the resulting loss, intensified competition or overall economic conditions can occur at any time and any place and lead to an unexpected decrease in business volume and earnings.

Committed employees as key to success

On the way to global leadership as a trade organization for active and passive building components, the will to perform and the creativity of our employees as well as their enthusiasm for their work are the most important factors for success at ce CONSUMER ELECTRONIC AG.

Guidelines in our human resource policy is the extensive support of corporate thinking and acting through more individual responsibility, flexibility, and innovation in the daily work process. The extensive growth and rapid changes in our group especially underline the necessity of such personnel politics.

Another important instrument to tie corporate success to management compensation is the stock option plan, which will be offered to our employees for the first time in 2001. In the sense of performance oriented motivation, the options are structured based on return and can be executed only if the group earnings before interest, taxes, and depreciation of assets has increased by at least 15 percent.

Risks of future development

In the brokerage business model of ce CONSUMER ELECTRONIC AG every purchase faces an instantaneous order in the same amount, which is why no storage risk occurs. Currency risks exist in amounts not worth mentioning, as all transactions are primarily made in the same currency.

The ce CONSUMER ELECTRONIC AG Timeline

- 1976** Erich J. Lejeune and his partner Herbert E. Graus founded Consumer Electronic GmbH, Munich, later renamed ce CONSUMER ELECTRONIC AG
- 1978** Irène Lejeune enters the leader's circle of the organization
- 1979** Founding of ce Japan Inc. in Tokyo. ce CONSUMER ELECTRONIC AG pioneers the distribution of Japanese semiconductors in Europe
- 1980** ce CONSUMER ELECTRONIC AG starts distribution to the Swiss market from its Munich office
- 1981** Opening of the ce America Ltd., San Jose, California, in the heart of Silicon Valley, as the first U.S.-branch. ce CONSUMER ELECTRONIC AG became one of the first companies with purchasing in the U.S.A.
- 1982** ce CONSUMER ELECTRONIC AG honored as Siemens Karlsruhe's supplier of the year
- 1983** ce CONSUMER ELECTRONIC AG starts distribution to the Austrian market from its Munich office
- 1984** ce CONSUMER ELECTRONIC AG has its first record year exceeding DEM 40 million in annual sales. Breakthrough as "Fire Brigade of Electronics" prevents the standstill of thousands of assembly lines in German industry in this year full of shortages
- 1988** ce CONSUMER ELECTRONIC AG becomes the largest market participant in Switzerland and passes the local market leader
- 1995** Second record year with sales of DEM 62 million.
Causes:
Important new product introduction such as mobile telephony, digital dialing systems, GPS, and similarly visible expansion of the chip market
- 1996** Chairman of the board of directors, Erich J. Lejeune, is honored by the Bundesverband mittelständischer Wirtschaft (National Association for Middle Class Economy) with the title Senator h.c.
- 1997** Conversion to a public company
- 1998** ce CONSUMER ELECTRONIC AG's IPO at the Neuer Markt of the Deutsche Börse AG, Frankfurt am Main

Partnership in the Canadian e-commerce software house Mediagrif Interactive Technologies Inc., Montreal

Founding of the U.S. subsidiary ce Las Vegas Inc, Las Vegas, Nevada, as the first step in a global expansion campaign

Chairman of the board of directors, Erich J. Lejeune is elected entrepreneur of the year by "Finanzen" Magazine

1999

Start of the VCE Virtual Chip Exchange Inc., Hauppauge, New York, the B2B internet trade platform in the field of chips

The largest semiconductor distributor in the world, Arrow Electronics Inc. enters a trade alliance with ce CONSUMER ELECTRONIC AG

Cooperation agreement with MSC Vertriebs GmbH, Stutensee near Karlsruhe, a specialized wholesaler for memory modules

Takeover of the Swiss chip brokerage Inter Chip AG, Regensdorf near Zurich

Takeover of the Nihon Arcom Corp., Tokyo, one of the leading Japanese chip brokerage organizations

With sales of DEM 72.80 million, the group surpasses the 70 million mark for the first time

2000

Takeover of Alcora Pty. Ltd., Brisbane, Australia's largest chip broker

VCE Virtual Chip Exchange Inc. jumps the profitability border in the second quarter of its operative activity and establishes itself as B2B industry standard for internet trade with electronics

Majority partnership in SND Electronics Inc., Greenwich, Connecticut, the third largest U.S. chip broker and trade organization

The group's annual sales clearly exceed the 500 million benchmark, at DEM 555.80 million

Before a panel consisting of SAP, Manager-magazine, and Ernst & Young, Erich J. Lejeune is elected entrepreneur of the year and ce CONSUMER ELECTRONIC AG is elected company of the year in the category "trade"

ce CONSUMER ELECTRONIC Group

Group Balance Sheet on December 31, 2000

ACTIVE POSITIONS	31. 12. 2000		31. 12. 1999	
	DEM	DEM	TDEM	TDEM
Fixed assets				
Intangible assets				
Trademarks, patents, licenses and related rights	4,261,315.12		735	
Goodwill	81,449,992.54	85,711,307.66	1,779	2,514
Tangible assets				
Real estate and related rights and buildings	409,755.90		426	
Other equipment, fixtures, and improvements	4,616,743.83		665	
Down payments made	6,298.45	5,032,798.18	0	1,091
Financial assets				
Ownership interest in affiliated companies	0.00		855	
Investments	41,579,564.45		20,200	
Other loans	1,103,151.00	42,682,715.45	3	21,058
		133,426,821.29		24,663
Current assets				
Inventory				
Finished goods	45,097,708.35		1,296	
Down payments made	37,741.79	45,135,450.14	3	1,299
Accounts receivable and other assets				
Accounts receivable from services and deliveries	96,464,534.67		12,229	
Accounts receivable from affiliated companies	200,796.55		0	
Other assets	10,871,904.73	107,537,235.95	5,749	17,978
Other marketable securities		0.00		18,870
Cash assets		90,516,406.37		3,241
		243,189,092.46		41,388
Deferred charges and prepaid expenses		2,685,074.54		2,514
Deferred tax in accordance with § 274.306 of the HGB		933,331.24		89
		380,234,319.53		68,654

PASSIVE POSITIONS	31. 12. 2000		31. 12. 1999	
	DEM	DEM	TDEM	TDEM
Company capital				
Subscribed capital	48,897,701.91		14,863	
Earnings reserves	149,676,170.98		37,614	
Differing amount from consolidation of capital	2,040,185.51		0	
Balance value other partners shares	33,676,909.67		0	
Profit, brought forward	2,096,960.01		416	
Annual surplus	11,262,936.62	247,650,864.70	4,202	57,095
Contributions to the increase of capital	1,754,496.86	1,754,496.86		0
Provisions and accrued liabilities				
Provisions for pensions	733,606.00		659	
Accrued taxes	0.00		2,793	
Other provisions and accrued liabilities	7,077,683.06	7,811,289.06	457	3,909
Liabilities				
Liabilities towards banks	49,494,849.93		168	
Down payments received for orders	54,132.38		134	
Liabilities from services and deliveries	46,130,212.44		3,225	
Liabilities towards affiliated companies	5,626.00		5	
Other liabilities	24,024,319.97	119,709,140.72	1,588	5,120
Deferred charges		2,770,272.41		2,530
Deferred tax		538,255.78		0
		380,234,319.53		68,654

ce CONSUMER ELECTRONIC Group

Group Profit and Loss Statement for the Period from January 1, 2000 through December 31, 2000

	Fiscal year		Previous year	
	DEM	DEM	TDEM	TDEM
1. Gross sales	555,800,938.35		72,787	
2. Other corporate revenues	9,644,960.39	565,445,898.74	5,267	78,054
3. Cost of materials	466,094,150.78		54,174	
a) Other costs of product			125	
b) Expenses for services rendered	50,616.36	466,144,767.14		54,299
4. Personnel cost			5,391	
a) Salaries and wages	24,031,989.49	26,250,741.70	509	5,900
b) Payments made for social and retirement funds, benefits	2,218,752.21			
5. Asset write off, tangible and intangible		6,007,175.14		744
6. Other corporate expenses		42,264,698.12		8,848
		24,778,516.64		8,263
7. Revenues from securities and credit investments	814,478.99		0	
8. Interest and interest related revenues	2,847,755.98		128	
9. Write offs on securities in current assets	69,624.60		157	
10. Interest and interest related expenses	2,345,501.85	1,247,108.52	62	-91
11. Financial result		1,247,108.52		-91
Result from regular trade activities		26,026,625.16		8,172
12. Other revenues		320.59	0	
13. Other expenses		279,108.60	0	
Result before tax		25,746,837.15		8,172
14. Taxation on revenue and yield		10,456,978.36	3,967	
15. Other taxes		308,051.86	3	3,970
16. Annual profit		14,981,806.93		4,202
17. Profit shares payable to external partners		3,718,870.31		0
18. Group profit/loss		11,262,936.62		4,202
19. Profit brought forward		2,096,960.01		416
20. Balance profit/loss		13,359,896.63		4,618

ce CONSUMER ELECTRONIC Group

Group Development of Fixed Assets

	Acquisition and production costs	Change in consolidated companies	Difference in currencies
Intangible assets			
Franchises, patents, trademarks, licenses and related rights	1,180,636.83	739,859.21	9,291.33
Goodwill	1,778,791.63	83,549,396.22	57,477.40
	2,959,428.46	84,289,255.43	66,768.73
Tangible assets			
Real estate and related rights and buildings including buildings on non-owned land	482,158.90	0.00	0.00
Interest in affiliated companies	2,877,889.03	3,659,349.63	812.07
Down payments	0.00	0.00	0.00
	3,360,047.93	3,659,349.63	812.07
Financial assets			
Interest in affiliated companies	854,575.00	0.00	0.00
Investments	20,199,700.00	0.00	0.00
Other loans	3,657.30	1,103,151.00	0.00
	21,057,932.30	1,103,151.00	0.00
Total fixed assets	27,377,408.69	89,051,756.06	67,580.80
	Additions	Disposed items	Accumulative write offs
Intangible assets			
Franchises, patents, trademarks, licenses and related rights	3,956,998.69	0.00	1,625,470.95
Goodwill	0.00	0.00	3,935,672.70
	3,956,998.69	0.00	5,561,143.65
Tangible assets			
Real estate and related rights and buildings including buildings on non-owned land	0.00	0.00	72,403.00
Other tangible assets, equipment and installations	1,419,911.45	415,371.00	2,925,847.35
Down payments	6,298.45	0.00	0.00
	1,426,209.90	415,371.00	2,998,250.35
Financial assets			
Interest in affiliated companies	0.00	854,575.00	0.00
Investments	21,379,864.45	0.00	0.00
Other loans	0.00	3,657.30	0.00
	21,379,864.45	858,232.30	0.00
Total fixed assets	26,763,073.04	1,273,603.30	8,559,393.99
	Book value 31. 12. 2000	31.12. 1999	Write offs this fiscal year
Intangible assets			
Franchises, patents, trademarks, licenses and related rights	4,261,315.11	734,859.00	1,179,693.12
Goodwill	81,449,992.55	1,778,791.63	3,798,172.70
	85,711,307.66	2,513,650.63	4,977,865.82
Tangible assets			
Real estate and related rights and buildings including buildings on non-owned land	409,755.90	426,148.90	16,393.00
Other tangible assets, equipment and installations	4,616,743.83	665,046.04	1,012,916.32
Down payments	6,298.45	0.00	0.00
	5,032,798.18	1,091,194.94	1,029,309.32
Financial assets			
Interest in affiliated companies	0.00	854,575.00	0.00
Investments	41,579,564.45	20,199,700.00	0.00
Other loans	1,103,151.00	3,657.30	0.00
	42,682,715.45	21,057,932.30	0.00
Total fixed assets	133,426,821.29	24,662,777.87	6,007,175.13

All figures in DEM.

ce CONSUMER ELECTRONIC Group

Group Cash Flow Calculation

	2000	1999
	TDEM	TDEM
Group annual profit		4,202
Asset write offs (+)		+744
Increase in long term accruals		+57
Other expenses (+) / income (-) due to currency conversions		-77
Cash flow	11,263	4,926
Increase of inventories	+6,007	-1,048
Increase in accounts receivable from deliveries and services as well as other assets	+74	-11,162
Increase of accounts payable from deliveries and services as well as other liabilities	0	+4,526
Operating expenses	-46,299	-2,758
Payments received from disposal of fixed assets	+56	+74
Payments made for fixed assets		
Intangible assets, tangible assets	-5,383	-3,314
Financial assets	-21,380	-21,058
Revenue from investment disposal after cost	-46	-76
Other from capital consolidation	0	+1,415
Investment payments	-26,753	-22,959
Payments from partners	+135,111	+14,518
Capital increase through contribution of fixed assets	+10,986	0
Contribution to capital increase	+1,754	0
Dividend payments	-2,280	-2,250
Change in consolidated companies		
Increase of goodwill	-83,549	
Increase of intangible assets	-740	
Increase of tangible assets	-3,659	
Increase of financial assets	-248	
Increase of financial liabilities	+48,428	
Foreign shares	+33,677	
Currency differences	-67	
Change of the consolidation position	+2,040	-4,118
Repayment of employee loans		+7
Income from financing activities	+141,457	+12,275
Changes affecting net worth	+68,405	-13,442
Net worth at the beginning of the reporting period	22,111	35,553
Net worth at the end of the reporting period	90,516	22,111

Addendum ce CONSUMER ELECTRONIC Group

General principles

The ce CONSUMER ELECTRONIC AG group financial statement is written according to the International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC) valid at the cut-off date for the report.

The applied standards are in accordance with the 7th EU-Guideline. The group financial report, based on § 292a HGB (German Commercial Law), has a relieving effect of the responsibility to produce a group financial report in compliance with German accounting regulations.

The equivalence of the IAS-group financial report with the requirements of the commercial laws for management reports is ensured. Variations have only negligible influence on the property, finance, and yield situation of the group.

Information and explanations, which the commercial law requires for the group financial report, are considered either in the balance sheet, the profit loss calculation or in the attachment, respectively. We allow guidance by the principles of clarity, cleanness and importance.

Methods of consolidation

Consolidated companies

In accordance with IAS 27 all subsidiaries will be included in the group financial report along with the ce CONSUMER ELECTRONIC AG, Munich, in which the ce CONSUMER ELECTRONIC AG directly or indirectly holds the majority of votes. Enterprises acquired during the term of the fiscal year are included in the group financial report as of the date of the acquisition. A detailed overview concerning ownership interest, company capital, yield, time of first consolidation, and group structure is attached to this addendum.

Not included in the group financial report according to § 296 chapter 1 number 2 HGB (German commercial law) were the ce 2B Inc., Montreal, Canada (50 percent held by ce CONSUMER ELECTRONIC AG) and its subsidiary ce2B GmbH, Munich, Germany (100 percent shares held by ce2B., Montreal, Canada) and the subs subsidiary VLE Virtual License Exchange GmbH, Munich, Germany, which is a subsidiary held at 50 percent by the ce2B GmbH, Munich, Germany.

Mediagrif Interactive Technologies PLC, Canada is not included in the group financial report, because ce CONSUMER ELECTRONIC AG Munich cannot exercise major influence.

Principles of consolidation

The consolidation of capital is calculated by the book value method at the time of first inclusion of the entity in the group financial statement according to § 301 Section 1 Sentence 2 Point 1 HGB. The book value of the equity held is the percentage of the company capital of the subsidiary related to the equity held by the parent company at the time of the first consolidation.

The differing capitalized positions after the contribution of the consolidated items to the assets are values resulting from the first preparation of a global balance sheet. These positions will be written off in accordance with the basic accounting principle International Accounting Standard 22 over a period of five to ten years.

Group internal turnover, expenses and yields as well as liabilities and obligations between the consolidated companies were eliminated.

The currency conversion of the balance sheet items of all foreign subsidiaries in the group annual report from the respective countries currency to DEM German Marks is calculated with the average conversion rate at the cut-off date for the reporting as well as expense and yield positions at the average conversion rate of the consolidation period.

Currency discrepancies from the consolidation of capital are applied to the differing positions from the capital consolidation, other differences resulting from the currency conversion will be included under other operating expenses or revenues.

Reporting and evaluation principles

The annual reports of ce CONSUMER ELECTRONIC AG as well as the domestic and foreign subsidiaries were produced according to uniform reporting and evaluation principles.

Financially acquired **intangible assets** are capitalized at the cost of purchase and fully amortized in a linear manner over a period of three to five years. Minor intangible assets are written off entirely during the year of acquisition.

Fixed assets are accounted according to write off plans, reduced by cost of purchase or production. Buildings are depreciated over 25 years; Other tangible assets, equipment and installations are written off in a linear manner in 3 to 10 years. Minor economic goods are written off entirely during the year of purchase.

Interest in **affiliated companies and investments** are entered with cost of acquisition.

Loans are entered at nominal values.

Inventories are entered at cost of purchase or production or the lower value applicable at the cut off date of the report.

Accounts receivable and other assets are balanced on their face value. Recognizable singular risks are considered through correction of the individual value. Bad debts are written off. The overall risk of credits is recognized through a general adjustment value. Accounts receivable in foreign currencies are entered into the financial report with the exchange rate valid on the cut of date of the report.

Liquid assets are applied by face value. Liquid assets in foreign currencies are entered into the financial report with the exchange rate valid on the cut off date of the report.

The evaluation of **pension reserves** is done according to IAS-principles (IAS 19). The evaluation of liabilities on December 31, 2000 was done according to the "Projected Unit Credit Method" with an accounted interest noted at 6 percent. The allocation of future services is determined in relation between the time of past employment and the possible time of service up to the event of the individual care case.

Tax reserves and other reserves consider all recognizable risks and uncertain liabilities based on a careful economic evaluation.

Liabilities are entered as balanced based on the nominal value. Liabilities in foreign currencies are converted at the higher rate on the cut off date of the report.

Deferred taxes result from differences in the evaluation between the tax balance sheet and the trade balance sheet with pension liabilities or tax required interest of a purchase price liability. The reserve is created in the amount of the probable tax relief during the following fiscal years. The deferral is created in the probable amount of tax relief during future fiscal years. Tax credits from deferrals only are considered, if their realization seems sufficiently secured.

Information to the balance sheet

The development of the **asset value** is demonstrated in the attachment to the addendum.

Inventories are electronic components.

All **accounts receivable** have a remaining term of less than one year.

Active latent taxes result from evaluation differences between tax balance sheets and the consolidated companies' individual balance sheets. The deferral is created in the amount of the probable tax relief during future fiscal years.

Change in company capital calculation

	Status 1. 1. 2000 TDEM	Contributions Disposed (-) TDEM	Status 31. 12. 2000 TDEM	Status 31. 12. 2000 T€
Initial capital	14,863	-	14,863	7,599
Cash contribution	-	1,351	1,351	691
Fixed asset contribution SND, USA	-	257	257	131
from corporate means	-	32,427	32,427	16,580
	14,863	34,035	48,898	25,001
Capital reserve	37,614	-	37,614	19,232
Cash contribution	-	133,760	133,760	68,390
Fixed asset contribution SND, USA	-	10,729	10,729	5,486
from corporate means	-	-32,427	-32,427	-16,580
	37,614	112,062	149,676	76,528
Differing amount from the capital consolidation	-	2,040	2,040	1,043
Settlement position shares of other partners	-	33,677	33,677	17,219
Profit brought forward	4,618	0	2,097	1,072
Annual profit 2000	-	11,263	11,263	5,759
Total company capital	57,095		247,651	126,622
Approved capital I	3,648	-257	3,391	1,734
Approved capital II	3,520	-1,351	2,169	1,109
Approved capital III	-	18,503	18,503	9,460

On December 31, 2000, the **initial capital** of the organization is TDEM 48,898 (€ 25,000,998) in 25,000,998 shares.

At the general board meeting on July 12, 1999, the board of directors was authorized, with the acceptance of the supervisory board, to raise the initial capital of the company by up to TDEM 3.520 (**approved capital II**) until July 11, 2004. With the approval of the supervisory board on March 2nd, 2000, the board of directors has decided to raise the initial capital of TDEM 14.863 by TDEM 1.351 to TDEM 16.214. 690.828 shares in the ratio of 11:1 to the purchase price of € 100 per individual stock **for cash** contribution were issued.

As per resolution of the general board meeting held on April 22, 1998, the board of directors is authorized with the acceptance of the supervisory board to raise the initial capital by TDEM 3,750 (**approved capital I**) until March 31, 2003. On January 1, 2000, TDEM 3,648 was still available. As per resolution of the board of directors in acceptance of the supervisory board on September 05, 2000, 131,190 individual shares were spent for the first installment of the purchase price for the **SND Electronics Inc.**

An **increase of capital through company assets** from the capital reserve in the amount of TDEM 32,427 was performed as per resolution of the general board meeting, held on July 3, 2000. The issuing of 16,579,872 new bearer shares, offered to shareholders in a 1:2 ratio, performed the increase in capital.

In the general board meeting held on July 3, 2000, the board was authorized, with acceptance of the supervisory board, to raise the initial capital of the company in the amount of TDEM 18,503 (**approved capital III**) by July 3, 2005.

Liabilities in general have a term of less than one year. A credit line for the group partner ce USA, signed with the SND has a term until September 2003 and was utilized through 12.31.2000 in the amount of USD 22,170,000.

Other information

Other financial obligations and liability relationships

	Reported year and following years	1999
Liabilities from rent and lease agreements	1,395,358.53 DEM	918,286.43 DEM
Other financial obligations		
1. installment on SND acquisition 2001	19,984,000.00 USD	
– of that ce CONSUMER ELECTRONIC AG shares	2,552,000.00 USD	
2. installment on SND acquisition 2003	19,984,000.00 USD	
– of that ce CONSUMER ELECTRONIC AG shares	1,958,000.00 USD	

From the purchase agreement to the acquisition of additional SND Electronics Inc. shares, **immediate financial obligations** exist. The ce USA will increase its ownership interest in the SND Electronics Inc. from 51 percent to 80 percent in September 2001, and to 100 percent in September of 2003. ce CONSUMER ELECTRONIC AG will provide the required funding for ce USA.

Committees

Board of directors:

Erich J. Lejeune	Munich, chairman of the board
Horst G. Bülck	Munich, Deputy chairman of the board (from May 1 st , 2000 until February 28 th , 2001)
Irène Lejeune	Munich
Herbert E. Graus	Munich
Matthias Knisig	Munich (since January 2 nd , 2001)
Friedrich Rettenberger	Munich (since June 1 st , 2001)

Mr. Erich J. Lejeune is member of the supervisory board of the following companies:

- Technologies Interactives Mediagrif Inc., Montreal, Canada
- ce Cyber Exchange Inc., Montreal, Canada
- VCE Virtual Chip Exchange Inc., Montreal, Canada
- VLE Virtual License Exchange GmbH, Munich, Germany
- Financial.de AG, Friedberg, Germany

Overall board of director salary for activities during the fiscal year was TDEM 2,425 (previous year: TDEM 1,125).

The following credits to members of the board existed in the reported year:

TDEM 5,107	settled on June 30, 2000
TDEM 222	(prime +3 percent)*)

*) Prime = base interest of the European Central Bank (ECB)
in compliance with § 1 Transferlaw.

Supervisory board:

Dietrich Walther	Iserlohn, chairman of the supervisory board Member of the board Gold Zack AG Supervisory board member at: Kampa – Haus AG, Minden Porta Systems AG, Porta Westfalica Schleicher & Co. International AG, Markdorf PSI AG, Berlin
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Rolf Baron Vielhauer

von Hohenhau Munich, Deputy chairman of the supervisory board,
President of the Tax Payer Association of Bavaria
Member supervisory board, member of the governing board at:
Stadtparkasse Augsburg, Augsburg
Hessing Stiftung, Augsburg

Bernhard Dorn Leonberg, Entrepreneur consultant
Supervisory board member at:
Colonia/Nordstern AG, Cologne
DIS AG, Düsseldorf
IDG GmbH, Frankfurt
TDS AG, Neckarsulm
TLC GmbH, Wiesbaden
SYSTEMATICS AG, Hamburg
United Internet AG, Montabaur
Heyde AG, Bad Nauheim

Overall supervisory board salaries for activities during the fiscal year were TDEM 70 (previous year: TDEM 79).

Employees

The group had an average of 412 employees (previous year: 30) during the fiscal year.

Attachment to the addendum

	Shares in %	Company capital in TDEM	Result in TDEM	Fiscal year	First consolidated
Fully consolidated					
ce USA Inc., Delaware/USA	100.00%	65,531	2,589	2000	1. 1. 2000
ce Cyber Exchange Inc., Montreal/Canada	50.10 %	8,385	1,973	2000	1. 1. 2000
ce Interchip AG, Regensdorf/Switzerland	100.00 %	2,805	1,653	2000	1. 11. 1999
ce Las Vegas Inc., Las Vegas/USA	100.00 %	1,899	1,588	2000	1. 1. 1999
ce Media Management Consulting GmbH, Munich	100.00 %	919	4	2000	1. 1. 1999
ce Nihon Arcom Corp., Tokio/Japan	100.00 %	747	228	2000	1. 4. 2000
ce Alcora Pty Inc., Brisbane/Australia	100.00 %	-335	-289	2000	1. 1. 2000
Investments					
Mediagrif Interactive Technologies PLC, Canada	22.30 %	102,583	625	30. 9. 2000	
ce2B Inc., Montreal/Canada	50.00 %	Audited balance sheet not available yet			
Financial.de AG, Munich	20.00 %	374	-387	2000	

ce CONSUMER ELECTRONIC AG
AG Balance Sheet on December 31, 2000

ACTIVE POSITIONS	31. 12. 2000		31. 12. 1999	
	DEM	DEM	TDEM	TDEM
Fixed assets				
Intangible assets				
Trademarks, patents, licenses and related rights		1,025,191.00		735
Tangible assets				
Real estate and related rights and buildings including buildings on non-owned properties	409,755.90		426	
Other equipment, fixtures, and improvements	1,246,363.00		596	
Down payments made	6,298.45	1,662,417.35	0	1,022
Financial assets				
Ownership interest in affiliated companies	56,528,817.48		3,891	
Investments	41,579,564.45		20,200	
Loans to affiliated companies	42,874,778.50	140,983,160.43	0	24,091
Current assets				
Inventory				
Finished goods	2,079,603.58		823	
Down payments made	3,064.54	2,082,668.12	3	826
Accounts receivable and other assets				
Accounts receivable from services and deliveries	11,309,366.33		11,006	
Accounts receivable from affiliated companies	668,132.32		617	
Accounts receivable from affiliated companies	181,798.00		0	
Other assets	1,153,355.34	13,312,651.99	5,455	17,078
Other marketable securities		0.00		18,392
Cash on hand, Bundesbank account balance		69,786,400.69		2,132
Account balance with credit institute and checks				
Deferred charges and prepaid expenses		2,681,950.95		2,509
Deferred tax in accordance with § 274.306 of the HGB		38,203.00		15
		231,572,643.53		66,800

PASSIVE POSITIONS

	31. 12. 2000		31. 12. 1999	
	DEM	DEM	TDEM	TDEM
Company capital				
Capital stock	48,897,701.91		14,863	
Earnings reserves	149,676,170.98		37,614	
Profit, brought forward	2,096,960.01		441	
Annual surplus	10,714,387.86	211,385,220.76	3,935	56,853
Contributions to the increase of capital		1,754,496.86		0
Provisions and accrued liabilities	733,606.00		659	
Provisions for pensions and related obligations	1,594,562.57		2,792	
Accrued taxes	1,944,158.96	4,272,327.53	453	3,904
Other provisions and accrued liabilities				
Liabilities	14,538.78		0	
Liabilities towards banks	2,953.12		69	
Down payments received for orders	7,993,503.97		2,477	
Liabilities from services and deliveries	1,021,580.88		69	
Liabilities towards affiliated companies	5,626.00		5	
Liabilities towards affiliated companies				
Other liabilities	2,622,395.63	11,660,598.38	923	3,543
Deferred charges		2,500,000.00		2,500
		231,572,643.53		66,800

ce CONSUMER ELECTRONIC AG

AG Profit and Loss Statement for the Period from January 1, 2000 through December 31, 2000

	Fiscal year		Prev. year	
	DEM	DEM	TDEM	TDEM
1. Gross sales	147,728,066.94		68,511	
2. Other corporate revenues	9,112,409.83	156,840,476.77	5,261	73,772
3. Cost of materials				
a) Expenses for raw materials, manufacturing supplies and purchased goods	117,043,807.36		51,694	
b) Expenses for services rendered	32,528.62	117,076,335.98	125	51,819
4. Personnel cost				
a) Salaries and wages	8,107,180.77		4,709	
b) Payments made for social and retirement funds, benefits	684,676.79	8,791,857.56	503	5,211
5. Asset write off, tangible and intangible		672,764.44		514
6. Other corporate expenses		16,143,539.91		8,367
		14,155,978.88		7,861
7. Revenues from securities and credit investments		814,478.99		36
8. Other interest and interest related revenues		2,883,981.34		120
9. Write offs on securities in current assets		69,624.60		154
10. Interest and interest related expenses		231,399.03		61
11. Result from regular trade activities		17,553,415.58		7,802
12. Other revenues		0.00		0
13. Other expenses		204,049.18		0
14. Result before taxes		17,349,366.40		7,802
15. Taxation on revenue and yield		6,325,157.16		3,864
16. Other taxes		309,821.38		3
17. Annual profit		10,714,387.86		3,935
18. Profit brought forward from previous year		2,096,960.01		441
19. Net profit		12,811,347.87		4,376

ce CONSUMER ELECTRONIC AG

AG Development of Fixed Assets

Cost of goods	Brought forward 01.01.2000	Revenues	Expenses	Status 31.12.2000
Intangible assets				
Franchises, patents, trademarks, licenses and related rights	1,180,636.83	521,425.06	0.00	1,702,061.89
Tangible assets				
Real estate and related rights and buildings including buildings on non-owned land	482,158.90	0.00	0.00	482,158.90
Other tangible assets, equipment and installations	2,578,678.73	1,122,054.38	116,160.70	3,584,572.41
Down payments	0.00	6,298.45	0.00	6,298.45
	3,060,837.63	1,128,352.83	116,160.70	4,073,029.76
Financial assets				
Interest in affiliated companies	3,890,817.70	52,637,999.78	0.00	56,528,817.48
Investments	20,199,700.00	21,379,864.45	0.00	41,579,564.45
Other loans to affiliated companies	0.00	42,874,778.50	0.00	42,874,778.50
	24,090,517.70	116,892,642.73	0.00	140,983,160.43
	28,331,992.16	118,542,420.62	116,160.70	146,758,252.08
Write offs this fiscal year				
Disposals	Brought forward 01.01.2000	Write offs this fiscal year	Liquidation	Status 31. 12. 2000
Intangible assets				
Franchises, patents, trademarks, licenses and related rights	445,777.83	231,093.06	0.00	676,870.89
Tangible assets				
Real estate and related rights and buildings including buildings on non-owned land	56,010.00	16,393.00	0.00	72,403.00
Other tangible assets, equipment and installations	1,982,845.73	425,278.38	69,914.70	2,338,209.41
Down payments	0.00	0.00		0.00
	2,038,855.73	441,671.38	69,914.70	2,410,612.41
Financial assets				
Interest in affiliated companies	0.00	0.00	0.00	0.00
Investments	0.00	0.00	0.00	0.00
Other loans to affiliated companies	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
	2,484,633.56	672,764.44	69,914.70	3,087,483.30
Other accounts			31.12.2000	31.12.1999
Intangible assets				
Franchises, patents, trademarks, licenses and related rights			1,025,191.00	734,859.00
Tangible assets				
Real estate and related rights and buildings including buildings on non-owned land			409,755.90	426,148.90
Other tangible assets, equipment and installations			1,246,363.00	595,833.00
Down payments			6,298.45	
			1,662,417.35	1,021,981.90
Financial assets				
Interest in affiliated companies			56,528,817.48	3,890,817.70
Investments			41,579,564.45	20,199,700.00
Other loans to affiliated companies			42,874,778.50	0.00
			140,983,160.43	24,090,517.70
			143,670,768.78	25,847,358.60

All figures in DEM.

ce CONSUMER ELECTRONIC AG

AG Cash Flow Calculation

	2000	1999
	TDEM	TDEM
Annual profit-loss	10,714	3,935
Asset write offs	+673	+514
Increase in long term accruals	+74	+57
Other expenses (+) / income (-) due to currency conversions	+39	-77
Cash flow	11,500	4,429
Increase of inventories	-1,257	-571
Increase (-)/Decrease (+) in accounts receivable from deliveries and services as well as other assets	+3,569	-13,006
Increase (+) of accounts payable from deliveries and services as well as other liabilities	+8,412	+4,998
Operating income and expenses	+22,224	-4,150
Payments received from disposal of fixed assets	+56	+74
Payments made for fixed assets		
Intangible assets, tangible assets	-1,650	-1,122
Financial assets	-116,893	-22,030
Revenue from investment disposal after cost	-46	-76
Investment payments	-118,533	-23,154
Payments from partners	+135,111	+14,518
Capital increase through contribution of fixed assets	+10,986	0
Contribution to capital increase	+1,754	0
Dividend payments	-2,280	-2,250
Repayment of employee loans	0	+7
Income from financing activities	145,571	12,275
Changes affecting net worth	49,262	-15,029
Net worth at the beginning of the reporting period	20,524	35,553
Net worth at the end of the reporting period	69,786	20,524

Addendum ce CONSUMER ELECTRONIC AG

General information

General principles

The financial statement of the ce CONSUMER ELECTRONIC AG, Munich, is structured according to the regulations of the German commercial law. Beyond that, we consider the International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC) valid at the cut-off date for the report.

The profit and loss calculation is written according to the expense method.

Principal of balancing and auditing

Purchased **intangible assets** are activated as expenses and written off entirely in a linear manner over 3 to 5 years. Minor intangible assets are written off entirely during the year of purchase.

Tangible assets are accounted according to write off plans, reduced by cost of purchase or production. Buildings are depreciated over 25 years; other tangible assets, equipment and installations are written off in a linear manner in 3 to 10 years. Minor economic goods are written off entirely during the year of purchase.

Interest in **affiliated companies and investments** are entered with cost of acquisition or the lower value applicable at the cut off date of the report.

Loans are entered at nominal values. Foreign currency liabilities are entered at the conversion rate at time of purchase.

Inventories are entered at cost of purchase or production or the lower value applicable at the cut off date of the report.

Accounts receivable and other assets are balanced at nominal value. Recognizable individual risks are accounted for by correction of individual positions; bad debts are written off. General risk of credit will be applied through a correction of general positions. Accounts receivable in foreign currencies are entered into the financial report with the exchange rate valid on the cut of date of the report.

Liquid assets are entered at nominal value. Liquid assets in foreign currencies are entered into the financial report with the exchange rate valid on the cut off date of the report.

The evaluation of **pension reserves** is done according to IAS-principles (IAS 19). The evaluation of liabilities on December 31, 2000 was done according to the "Projected Unit Credit Method" with an accounted interest noted at 6 percent. The allocation of future services is determined in relation between the time of past employment and the possible time of service up to the event of the individual care case.

Tax reserves and other reserves consider all recognizable risks and uncertain liabilities based on a careful economic evaluation.

Liabilities are entered as balanced based on the value. Liabilities in foreign currencies are converted at the higher rate on the cut off date of the report.

Investment overview

	Shares in %	Company capital in TDEM	Result in TDEM	From fiscal year
Affiliated companies				
ce USA Inc., Delaware/USA	100.00	4	2000	
ce Cyber Exchange Inc., Montreal/Canada	50.10	8,385	1,973	2000
ce Interchip AG, Regensdorf/Switzerland	100.00	2,805	1,653	2000
ce Las Vegas Inc., Las Vegas/USA	100.00	1,899	1,588	2000
ce Media Management Consulting GmbH, Munich	100.00	919	4	2000
ce Nihon Arcom Corp., Tokio/Japan	100.00	747	228	2000
ce Alcora Pty Inc., Brisbane/Australia	100.00	-335	-289	2000
Companies with investment relationship				
Mediagrif Interactive Technologies PLC, Canada	22.50	102,583	625	30.9.2000
ce2B Inc., Montreal/Canada	50.00	Balance sheet not available yet		
Financial.de AG, Munich	20.00	374	-387	2000

Information to the balance sheet

The development of the **asset value** is demonstrated in the attachment to the addendum.

In addition, the following loans were granted to affiliated companies, at an annual interest rate of 6 percent:

ce USA Inc.	40,669,630.26 DEM
ce Alcora	1,269,966.10 DEM
ce Alcora UK	478,992.03 DEM
ce Las Vegas	456,190.11 DEM
Total	42,874,778.50 DEM

Interest is due with final payment of the loan and raise the loan amount until that time.

Inventories are electronic components.

All **accounts receivable** have a remaining term of less than one year. The accounts receivable from affiliated companies exclusively consist of receivables from deliveries and services.

Other assets primarily include tax refund claims in the amount of TDEM 837 (previous year: TDEM 82), and a loan to a member of the board in the amount of TDEM 233 (previous year: TDEM 5,329), at an interest rate of 6 percent, which has been settled in January of 2001.

Active deferred values serve the periodical yield distribution of a grant and interest earnings.

Deferred taxes result from differences in the evaluation between the tax balance sheet and the trade balance sheet with pension liabilities or tax required interest of a purchase price liability. The reserve is created in the amount of the probable tax relief during the following fiscal years.

Change in company capital

	Status 1. 1. 2000 TDEM	Contributions disposed (-) TDEM	Status 31. 12. 2000 TDEM	Status 31. 12. 2000 T€
Initial capital	14,863	-	14,863	7,599
Cash contribution	-	1,351	1,351	691
Fixed asset contribution SND, USA	-	257	257	131
from corporate means	-	32,427	32,427	16,580
	14,863	34,035	48,898	25,001
Capital reserve	37,614	-	37,614	19,232
Cash contribution	-	133,760	133,760	68,390
Fixed asset contribution SND, USA	-	10,729	10,729	5,486
Corporate means	-	-32,427	-32,427	-16,580
	37,614	112,062	149,676	76,528
Profit brought forward	441	-	441	226
Annual profit 1999	3,935	-	3,935	2,012
Pay out in 2000 for 1999	-	-2,280	-2,280	-1,166
	4,377	-2,280	2,097	1,072
Annual profit 2000	0	10,714	10,714	5,478
Total corporate capital	56,853	154,532	211,385	108,080
Approved capital I	3,648	-257	3,391	1,734
Approved capital II	3,520	-1,351	2,169	1,109
Approved capital III	-	18,503	18,503	9,460

On December 31, 2000, the **initial capital** of the organization is TDEM 48,898 (€ 25,000,998) in 25,000,998 shares.

At the general board meeting on July 12, 1999, the board of directors was authorized, with the acceptance of the supervisory board, to raise the initial capital of the company by up to TDEM 3,520 (**approved capital II**) until July 11, 2004. With the approval of the supervisory board on March 2nd, 2000, the board of directors has decided to raise the initial capital of TDEM 14.863 by TDEM 1.351 to TDEM 16.214. 690.828 shares in the ratio of 11:1 to the purchase price of € 100 (DEM 195.58) per individual stock for **cash contribution** with full dividends were issued for the fiscal year 2000.

As per resolution of the general board meeting held on April 22, 1998, the board of directors is authorized with the acceptance of the supervisory board to raise the initial capital by TDEM 3,750,000 (**approved capital I**) until March 31, 2003. On January 1, 2000, TDEM 3,648

was still available. As per resolution of the board of directors in acceptance of the supervisory board on September 5, 2000, 131,190 individual shares were spent for the purchase price of the **SND Electronics Inc.** at the issued price of € 1 (TDEM 257) and an ago of TDEM 10,729. On 31.12.2000, the board of directors had a remaining TDEM 3.392 of approved capital at its disposal.

An **increase of capital through company assets** from the capital reserve in the amount of TDEM 32,427 was performed as per resolution of the general board meeting, held on July 3, 2000. Issuing 16,579,872 new bearer shares, given to shareholders in a 1 : 2 ratio, performed the increase in capital.

In the general board meeting held on July 3, 2000, the board was authorized, with acceptance of the supervisory board, to raise the initial capital of the company in the amount of TDEM 18,503 (**approved capital III**) by July 3, 2005.

The **1999 profit** in the amount of DEM 4,376,692 applied to the payment of a dividend of DEM 2,279,732 DEM 0.30 on 7,599,108 dividend-bearing stocks, as per resolution of the general board meeting held on July 3, 2000. The remaining amount of DEM 2,096,960 was carried over to new balance.

Contributions to enable the agreed increases in capital consists in the purchase of the shares in the ce Alcora, Australia. The increase in capital was registered for entry in the German trade registry in January of 2001.

Reserves

	Status 1.1.2000 TDEM	Usage 2000 TDEM	Dissolved TDEM	Contribution TDEM	Status 31.12.2000 TDEM
Pension reserve	659	–	–	74	734
Trade taxer	1,462	908	554	298	298
Corporation tax and solidarity tax	1,310	350	960	727	727
Capital yields tax	–	–	–	570	570
Tax reserves	2,772	1,258	1,514	1,595	1,595
Legal counsel and cost of annual report	79	79	–	925	925
Commissions	65	65	–	309	309
Vacation payment reserves	127	127	–	233	233
Royalties	–	–	–	144	144
Transport insurance	40	40	–	110	110
Warranty	47	–	47	94	94
Salaries supervisory board	70	70	–	70	70
Contributions, memberships	25	25	–	30	30
Others	–	–	–	30	30
Other reserves	453	406	47	1,944	1,944
Total	3,884	1,664	1,561	3,613	4,272

Liabilities

	Remaining term in years			31.12.2000 TDEM	31.12.2000 TDEM
	< 1 TDEM	1-5 TDEM	> 5 TDEM		
Liabilities towards banks	15	-	-	15	-
Down payments received for orders	3	-	-	3	69
Liabilities from deliveries and services	7,994	-	-	7,994	2,477
- of those towards affiliated companies	-	-	-	-	-
Liabilities towards affiliated companies	1,022	-	-	1,022	69
- of those in services and deliveries	1,022	-	-	1,022	69
Liabilities towards companies with ownership interest relationship	6	-	-	6	5
Other liabilities	1,597	1,025	-	2,622	923
- of those in social security	116	-	-	116	87
- of those in taxes	650	-	-	650	128

The **passive deferrals** serve the periodical yield distribution of a grant.

Information to the profit and loss calculation

In the fiscal year 2000, **sales yields** of the ce CONSUMER ELECTRONIC AG are structured according to geographical markets as follows:

	Domestic TDEM	EC TDEM	Foreign TDEM	Grouped TDEM	Total TDEM
Net sales	111,306	10,861	20,779	4,782	147,728

Other corporate yields show TDEM 5,000 from the payment of a grant, calculated against a sponsoring agreement in the same amount.

Personnel expenses show TDEM 74 contributions to retirement funds.

Yield on loans from financial assets result by TDEM 770 from affiliated companies.

Taxes from sales and yield were calculated in respect of the profit application suggestion of the board of directors. The grant contribution of the board of directors for a sponsoring leads to a long term difference between tax balance sheet and trade balance sheet. For this reason, a lower tax expense by TDEM 3,171 is shown.

Other expenses

Other financial liabilities and liability relationships

	Reported year and following years	1999
Liability relationships		
Secured letter of credit SND Electronics Inc.	22,170,000.00 USD	
Secured letter of credit ce Nihon Arcom	1,800,000.00 DEM	
Liabilities from rent and lease agreements		
	1,395,358.53 DEM	918,286.43 DEM
Other financial obligatio		
Contribution to the ce USA September 2001	19,984,000.00 USD	
– of that ce CONSUMER ELECTRONIC AG shares	2,552,000.00 USD	
Contribution to the ce USA September 2003	19,984,000.00 USD	
– of that ce CONSUMER ELECTRONIC AG shares	1,958,000.00 USD	

The ce CONSUMER ELECTRONIC AG takes liability for the credit lines, that can be utilized by the companies within ce USA, that holds 100 percent of SND Electronics Inc. The utilization of credit lines at the date of December 31, 2000, is shown. From the purchase agreement to the acquisition of additional SND Electronics Inc. shares, **immediate financial obligations** exist. The ce USA will increase its ownership interest in the SND Electronics Inc. from 51 percent to 80 percent in September 2001, and to 100 percent in September of 2003. ce CONSUMER ELECTRONIC AG will provide the required funding for ce USA.

Committees

Board of directors:

Erich J. Lejeune	Munich, Chairman of the board
Horst G. Bülck	Munich, Deputy chairman of the board (from May 1 st , 2000 until February 28 th , 2001)
Irène Lejeune	Munich
Herbert E. Graus	Munich
Matthias Knisig	Munich (since January 2 nd , 2001)
Friedrich Rettenberger	Munich (since June 1 st , 2001)

Mr. Erich J. Lejeune is member of the supervisory board of the following companies:

- Technologies Interactives Mediagrif Inc., Montreal, Canada
- ce Cyber Exchange Inc., Montreal, Canada
- VCE Virtual Chip Exchange Inc., Montreal, Canada
- VLE Virtual License Exchange GmbH, Munich, Germany
- Financial.de AG, Friedberg, Germany

Overall board of director salary for activities during the fiscal year was TDEM 2,425 (previous year: TDEM 1,125).

The following credits to members of the board existed in the reported year:

TDEM 5,107 settled on June 30, 2000
TDEM 222 (prime +3 %)*)

*) Prime = base interest of the European Central Bank (ECB)
in compliance with § 1 Transferlaw.

Supervisory board:

Dietrich Walther Iserlohn, Chairman of the supervisory board
Member of the board Gold Zack AG Supervisory board member at:
Kampa – Haus AG, Minden
Porta Systems AG, Porta Westfalica
Schleicher & Co. International AG, Markdorf
PSI AG, Berlin

Bernhard Dorn Leonberg, Entrepreneur consultant Supervisory board member at:
Colonia/Nordstern AG, Cologne
DIS AG, Düsseldorf
IDG GmbH, Frankfurt
TDS AG, Neckarsulm
TLC GmbH, Wiesbaden
SYSTEMATICS AG, Hamburg
United Internet AG, Montabaur
Heyde AG, Bad Nauheim

Rolf Baron Vielhauer
von Hohenhau Munich, Deputy chairman of the supervisory board
President of the Tax Payer Association of Bavaria
Member supervisory board, member of the governing board at:
Stadtsparkasse Augsburg, Augsburg
Hessische Stiftung, Augsburg

Overall supervisory board salaries for activities during the fiscal year were TDEM 70 (previous year: TDEM 79).

Employees

The organization had an average of 35 employees (previous year: 24) during the fiscal year.

ce CONSUMER ELECTRONIC AG
Group Financial Statement as of 31 December 2000
Auditors' Certificate

We have audited the group financial statement of ce CONSUMER ELECTRONIC AG for the fiscal year from 1 January 2000 to 31 December 2000, that includes the balance sheet, the profit and loss statement, the cash flow calculation, the development of equity calculation and the addendum. The accounting and the content of the financial statement lie in the responsibility of the management of the company. Based on the audit we have carried out, it is our task to give a judgement on whether the financial statement is in accordance with the International Accounting Standards (IAS).

We carried out our audit of the financial statement in accordance with the German auditing regulations and followed the generally accepted principles for the auditing of financial statements laid down by the IDW (the German institute of auditors) and additionally followed the International Standards on Auditing (ISA). According to these principles, the auditing is planned and performed in such a manner that allows one to give a judgement with certainty, whether the report is free of significant errors and inaccuracies. The arrangement of auditing procedures takes into account knowledge about business activities and the economic and legal environment of the group as well as expectations of possible errors. As part of the audit, judgements on the proof of the information and the value positions in the financial statement are made on the bases of spot checks. The audit includes an assessment of the principles used in balancing and the essential judgements by the management of the group as well as an acknowledgement of the overall presentation of the financial statement. We are of the opinion that our audit forms a sufficiently sound bases for our assessment.

We are convinced that the financial statement gives a true and fair view of the company's assets, liabilities, financial position, profit and cash flow in the year under report.

Our audit, that also includes the group's management report for the fiscal year from 1 January 2000 to 31 December 2000, has lead to no objections from our side. We are of the opinion that the group's management report gives an accurate view of the company's economic situation and states accurately the risks of the company's future development.

We are are convinced that the group financial statement including the cash flow calculation complies in all essential points with the standards of the International Accounting Standards Committee.

Munich, April 9, 2001

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

A handwritten signature in black ink, appearing to be 'Goppelt', written over a vertical line.

Goppelt
(Auditor)

A handwritten signature in black ink, appearing to be 'Nowakowski', written in a cursive style.

Nowakowski
(Auditor)

Glossary – Overview of Important Terms

Acquisition	Purchase of a company or partnership in a company with the goal to gain control of the company at a later point in time.
Audit	Investigation and supervision of the work process or organizational structures of a company (mostly in cooperation with an external consultant) for early detection of weak areas and to optimize as well as to secure quality of performance.
B2B	Abbreviation of "Business-to-Business", i.e. the business relationship among companies through e-commerce on the internet.
Back-to-back-business	Type of trade in which product is ordered from a supplier or distributor, only if it has already been sold to a client.
Blue chips	Name for stocks of large, internationally renowned companies with excellent credit and a high volume of trade at the stock exchanges.
Capital increase	All financing activities with the purpose of increasing shareholder equity.
Cash flow	Data to identify financial and profit strength of a company. Usually the cash flow is calculated from profits, less dissolved reserves, plus built reserves, as well as depreciation of its assets.
CDAX	Abbreviation of Composite-DAX. The Index is calculated daily, similarly to the German stock index Deutscher Aktienindex (DAX), from the value of all traded stocks at the Frankfurt stock exchange Frankfurter Wertpapierbörse.
Chip	Thin semiconductor plate (mostly silicone) as carrier of integrated circuits. Chips of less than a few millimeters side length can carry hundreds of millions of electronic circuit elements and serve as data memory in computers, electronic- and other devices (256 megabit is 256 million circuits on one chip).
Component	Electronic part with low tolerance identification for assembly of electronic networks, relays, and appliances. Separated among others into the categories passive (without amplification) and active (with amplification) components. Opto-electronic components serve to control, regulate, and transmit optical signals of an electric transmitter.
Consolidation	Consolidation of the balance sheets as well as the profit and loss calculation of the individual group companies into one group balance. It has to be created as if all group companies were directly dependent parts of one corporate entity.
Convertible bond	Bond issued by a publicly traded corporation, giving the owner the written right to exchange the paper within a predetermined period of time under certain conditions against company stock.
DAX	Abbreviation of the German stock index Deutscher Aktienindex. The index is calculated daily from the values of the 30 largest stocks with the highest yield.
Dividend return	Return data, describing the "interest" invested capital generates based on the daily value of a stock. The dividend is multiplied by 100 and divided by the value of the stock.

DRAM	Abbreviation of "Dynamic Random Access Memory". Term for a type of semiconductor memory in which data can be entered and/or read from.
DVFA	Abbreviation of German Association for financial analysis and investment consulting, Deutsche Vereinigung für Finanzanalyse und Anlageberatung e.V. The DVFA is the professional association of German investment analysts.
EBIT	Abbreviation of "Earnings Before Interest and Taxes".
EBITDA	Abbreviation of "Earnings Before Interest, Taxes, Depreciation and Amortization".
Embedded computer	High performance microprocessors integrated into most different types of equipment, machines, and devices, controlling all activities. Used in ATM's, industrial robots, and also automotive navigation systems.
Flash-memory	A memory chip that can be erased in a fraction of a second.
Free float	Name for the part of the stock package, which is traded at the stock exchange and is not held by the board or by group employees.
Gross profit margin	Profit before taxes as a percentage of sales. As a general rule: The higher it is, the stronger the market position of the company.
HGB	Abbreviation of "Handelsgesetzbuch," the book of German commercial law.
IAS	Abbreviation of „International Accounting Standards“. Accounting regulations, developed with the participation of international accounting organizations, which represent secure globally comparable reporting and publishing. The foremost purpose of IAS reporting is the stating of decision-oriented information for a wide group of investors.
Intangible assets	Assets that have been acquired with financial means such as goodwill, concessions, patents, licenses, copyrights, and trademarks.
Investor relations	Activities to inform shareholders and potential investors in a current and complete fashion. The most important instruments are required publications (annual report, interims report, press releases), the annual meeting of the shareholders, frequent analyst meetings, up to date announcements on the Internet, or the publication of detailed company brochures.
ISO	Abbreviation of "International Standards Organization" located in Geneva. The ISO-standard describes requirements of an overall quality management system, used by companies and organizations of any kind to systematically warrant customer satisfaction by ensuring customer requirements are met. It is the seal of approval for quality suppliers with strict standards concerning quality of delivered product, quality of process, control etc.
Joint venture	Agreement concerning the cooperation of different companies, mostly from different industries, to operate a joint business.
Letter of intent	Expression of intent, without a binding contract, to discuss a possible cooperation of different companies to start or operate a joint business. "Letters of Intent" are also used in the semiconductor business for buyer contacts, and binding to the extent that they promise the annual supply of a chip to a supplier, who then takes partial shipment upon request at the same price.

Lock-up-period	Period of time in which board members or a connected organization is not allowed to sell the company's shares.
Market capitalization	Stock exchange value of a publicly traded company. It is calculated by multiplying the total of issued shares by their current stock value or price.
Mass market chip business	Describes all trade with commodities in the semiconductor industry. Commodities are memory components. Ten to fifteen manufacturers manufacture one chip with the exact same function and size. Market price and availability change several times daily. Supply and demand determine the price. This is called mass-market business because these commodities are traded in large quantities.
Microprocessor	High performance integral computer part, reduced to the size of a chip; consists of a processor, controls, and memory. The most renowned microprocessors probably are the Intel Pentium and the AMD Athlon.
Nasdaq	Electronic trade and price information system, operated by the National Association of Securities Dealers (NASD), New York. Nasdaq is an acronym for "National Association of Securities Dealers Automated Quotes". This central computer exchange in which mainly new growth values of the high tech industries are traded, is the second most important stock market in the world after the New York Stock Exchange. The Nasdaq 100 is the 100 largest companies by trade volume and market capitalization.
Nemax	Abbreviation for the stock index of the Neuer Markt at the Frankfurt stock exchange. The Nemax All Share contains all positions traded in this segment. The Nemax 50, the Blue Chip index of the Neuer Markt is the 50 largest companies by trade volume and market capitalization
Neuer Markt	Trade segment at the Frankfurt stock exchange for small and mid-sized innovative companies with strong growth, which are active in traditional as well as future industries.
OEM	Abbreviation of "Original Equipment Manufacturer" for end customers who manufacture. The semiconductor industry differentiates the semiconductor manufacturer, the distributor, the broker, and the OEM. Only the largest 100–200 worldwide are allowed to purchase from the semiconductor manufacturer directly. All others must buy from a broker or distributor. Worldwide, there are about 130,000 OEM's.
Price earnings ratio	The earnings ratio of a stock. This data results from dividing the stock value or price by next year's expected profit per share of a company. This shows at which profit factor a share is traded at the stock exchange. It is an item relating to the present and future and expresses the relative attractiveness of a stock at its current value or price and expected gains in relationship to the present market environment and the valuation of its competitors. The lower the earnings ratio is, the higher its relative value to a buyer.
Return per share	Data comparing the annual operating profit after taxes minus the profits held by external partners with the total number of shares.
Road show	Presentation event at which leading representatives introduce the company, the business model market position, and future perspectives of the company in detail to potential investors and bank representatives, answer questions and distribute information materials.

Semiconductor	Solid chemical material such as silicone, which does not conduct electricity at low temperatures but displays increase conductivity at elevated temperatures. In a further sense, whole modular elements made from semi-conducting materials such as processors, controllers, memory, transistors, etc. are considered semiconductors.
Shareholder value	Management concept that puts lasting increases in value in the center of strategic and operative decisions. The main idea is that only increases in the shareholders' equity creates value for them.
Shareholders equity rate	Data identifying the ratio of shareholders equity to the balance total.
SIA	Abbreviation of Semiconductor Industry Association, located in San Jose, California, globally the largest association of semiconductor manufacturers.
Stock option	Type of salary in which acquisition rights are issued to employees, giving the right to buy stock in the company under certain conditions upon attaining certain goals.
Stock split	Split of stocks by issuing new shares. In a stock split at the ratio of 1:2, a shareholder who owns one share receives two additional shares without payment. This creates a higher total number of shares and a lower price per share, depending on the split ratio.
Stop loss order	Sales order, which is automatically performed as soon as the stock value or price exceeds the investors predetermined limit of loss.
Virtual marketplace	Platform for offer and sale of products or services on the Internet or other electronic data networks.
Working capital	Data for monitoring of changes in liquidity. In the cash flow calculation, it results from the difference in cash flow and income/expenses during regular operating activity.

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Information

Publications for our shareholders

Annual report ce CONSUMER ELECTRONIC AG

(German, English)

Quarterly reports ce CONSUMER ELECTRONIC AG

(German, English)

Above-mentioned publications can be requested from:

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The entire annual report and interim reports are available in German and English under the heading "Investor Relations" on our website at www.consumer.de

The ce CONSUMER ELECTRONIC AG annual report is issued in compliance with German accounting regulations and has been certified with the unconditional seal of accuracy by the CPA firm BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. It will be published in the Bundesanzeiger and will be filed with the District Court in Munich.

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