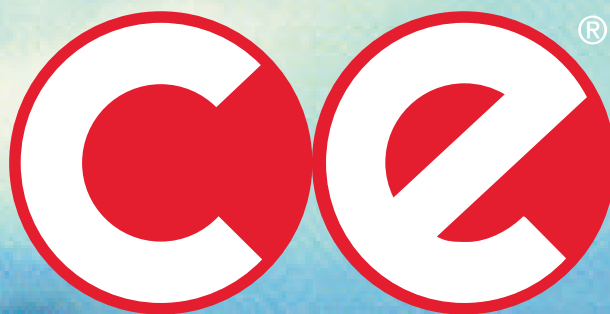




Welcome to Global Village

Annual Report 1999



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

Annual Report 1999

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ce unfolds ...

**»A new Japan subsidiary, VCE,
an attractive microchip market -
all ingredients that make it easy
for Lejeune to achieve the ambitious
objectives he has set himself.«**

Nice Index



Erich J. Lejeune in an interview with Wallstreet-Online

Question: How do you judge the situation on the Neuer Markt?

Answer: I think that the Neuer Markt is entering a phase in which every business must deliver what was promised to investors. Unfortunately that is not the rule. Anyone in the public eye must allow himself to be assessed on what he has achieved or not achieved. All in all the Neuer Markt needs a new start-up.

Question: Is there a new start-up at ce CONSUMER ELECTRONIC?

Answer: Of course. Our core business, the microchip, is doing fantastically and will continue to be an important pillar in future. But we are not content with this one golden goose. Instead we are opening up a digital market place and in accordance with the new economy we are adding vertical

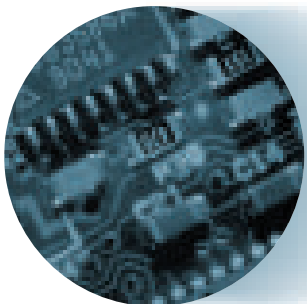
markets. Many firms are still having ISO 9000 installed, but that is not the future. The future is a digital platform on which everything will be transparent.

Question: How high are the entry barriers for your competitors in virtual B2B markets?

Answer: Very high. Our partner Mediagrif Interactive Technologies Inc, in which we hold 31.5 per cent, has brilliant software technology that guarantees us a headstart of at least three years.

Question: What is more realistic? That Unterhaching – the football club you sponsor – will stay in the Bundesliga or that ce CONSUMER ELECTRONIC will turn over a billion in 2004?

Answer: We will achieve our goal. I have said that I will deliver a billion and I will deliver a billion. But Unterhaching will make it as well!



Overview of Group Data (DM million)

	1999	1998	1997
Turnover	72,788	46,122	35,271
Turnover per employee	2,205	2,050	1,590
EBIT*	8,262	6,247	4,044
EBITDA**	9,006	6,784	4,532
Net income, net loss (as a percentage of turnover)	5,8	5,1	8,2
Shareholders' equity	57,094	40,441	11,154
Yield on shareholders' equity (Net income as a % of ø shareholders' equity)	7,4	5,8	25,9
Yield on turnover	11,2	9,6	11,9
Profit before tax as a % of turnover			
Total assets	68,654	45,335	16,578
Investments	24,372	2,334	0,281
Employees	33	22,5	22,25
Profit/loss per share according to IAS in DM	0,55	0,31	0,39
Dividend per share in DM	0,30	0,30	---

* Result before interest and taxes

** Result before interest, taxes and depreciation

Changes in the ce share price from the end of 1998 to the end of 1999 (in Euros)

WKN 508220



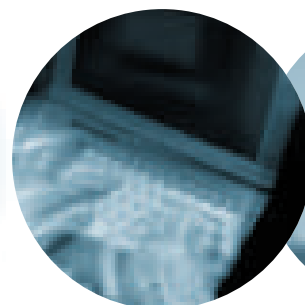
Important financial dates in the year 2000

General meeting	3 July 2000
Payment of dividends	Mid-July 2000
Press conference on the balance sheet	24 May 2000
DVFA event (German federation for financial analysis and investment advice)	24 May 2000
Quarterly report on the 1st quarter	24 May 2000
Half-yearly report	Mid-August 2000
Quarterly report on the 3rd quarter	Mid-November 2000

ce financial data on the internet:

www.consumer.de

www.financial-ir.de



Foreword

*Ladies and Gentlemen,
Dear Shareholders,*

The financial year 1999 was not simply another brilliant year in our business's long success story.

It was the first year in which a completely new business form began to take shape.

This new enterprise will be a genuine world business in the New Economy – it will display a global presence and be ultra-fast.

1999 marks our entry into this next business dimension on a broad front. We are taking this step on a stronger basis than ever before. In our first full year on the stock market we have once again exceeded the forecasts that have been upwardly adjusted several times since our flotation and have been able to achieve growth in turnover and net profit of over sixty per cent. We are pleased to pass on the higher profit to you in the form of a dividend.

The reasons for the strong growth that clearly increased over the course of the year lie largely in the start of a new growth cycle in the microchip industry. Therefore we could register record orders of over DM 20 million in the last quarter of the reporting period alone. At the same time we are growing more than twice as fast as the market, which will grow by about USD 30 billion to USD 180 billion in the year 2000.

As an emerging global market leader in the ultra-fast trade in semiconductors we do not just put our trust in the market – we shape it. So the strategic decisions that we made with regard to the implementation of our global strategy are already being reflected in the present balance sheet as an additional driving force for growth.

The splendid strength of the financial statement for 1999 becomes clear with a glance at the advances made in our multiple strategies relating to acquisitions, newly established businesses and electronic trading centres. In Europe and the USA several newly established sales companies have begun work.

Our acquisition offensive brought five competitors' businesses from Japan, Switzerland and the UK into the group and opened up additional strategic markets like Asia and Australia to us.

Our business is receiving completely new valuations through the merging of all these activities as our top business objective, i.e. the total transformation of ce CONSUMER ELECTRONIC into one of the leading e-commerce businesses in the new global economy. The model for success is VCE Virtual Chip Exchange, Inc., the extremely successful digital B2B market for businesses to trade in

Foreword

microchips. In the current financial year, this B2B commercial platform on the technology of our subsidiary, Mediagrif Interactive Technologies Inc, Montreal (Canada), will clearly be above the budget data given in respect of the reporting period's total group turnover.

A first non-microchip joint venture saw the licence being awarded in connection with our platform for a completely new market, namely the music and entertainment industry. We are currently working on developing the almost unlimited potential for e-business portals in further markets and for more new target groups for ce CONSUMER ELECTRONIC.

Another example of this is the digital market place for the worldwide trade in film and merchandising rights, VLE (Virtual Licence Exchange).

A number of B2B joint ventures will follow this business – founded with a leading partner, EM.TV & Merchandising AG.

Dear Shareholders, you are sharing in a success story and a momentum where the future prospects and opportunities are almost limitless. Today, more and more investors are convinced and enthusiastic about ce CONSUMER ELECTRONIC's unique potential for success.

The capital markets are rewarding the inexorable implementation of our global multiple strategy with an accelerated increase in the value of our business. The best proof of this is that on 12 July 1999, on the occasion of the first general meeting, I said that the next target for our share price was for it to reach 1000 Euros in twelve months. After the split the share reached this goal much earlier, as soon as 20 January 2000.

On behalf of the entire board and the ce team I would like to thank you for your faith in our vision of success. We will also make sure of many a positive surprise in the year 2000 and beyond. The board realises what a lot of responsibility it has towards you and I will do all in my power to ensure that you are more enthusiastic about our new ce CONSUMER ELECTRONIC than about any business ever before!

*Sincerely
your E. Lejeune*

Erich J. Lejeune
- Chairman of the Board -

Committees

Supervisory board



Dietrich Walther
Chairman of the
Supervisory Board
Chairman of
Gold-Zack AG



**Rolf Baron Vielhauer
von Hohenhau**
Deputy Chairman
President of the
Association of Tax Payers
in Bavaria e.V.



Bernhard Dorn
Management Consultant

Management



Michael Negel
Vice President



Committees

Managing board



Erich J. Lejeune

Chairman of the Board
Group Strategy,
Sales, Mergers and
Acquisitions,
Communications



Horst G. Bülck

Deputy Chairman
Former Minister
Management of
Shareholdings and
Financial Strategies
(from 01.05.00)



Irène Lejeune

Board Member for
Finances and Financial
Control



Herbert E. Graus

Board Member for
Purchasing and Logistics



Friedrich Schnürpel

General Manager



Detlef Caspar

Sales Director



Alexander Neff

Marketing, Organisation
and Strategy Director



Ernst Kranert

Stock Control,
Purchasing and Logistics
Director

Report from the Supervisory Board

During the year covered by the report the supervisory board of ce CONSUMER ELECTRONIC, Munich, has performed the duties entrusted to it in accordance with the law and the articles of association and has continually supervised the management of the company. Including the meeting relating to the annual financial statement, five joint meetings took place during the fiscal year 1999.

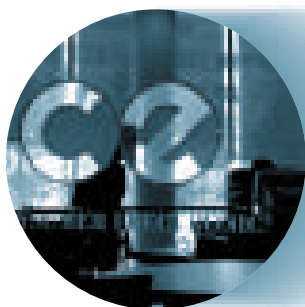
In addition to these meetings the managing board kept the supervisory board informed with verbal and written reports.

In the meetings the supervisory board had detailed discussions with the managing board on the business and profit development of the company and its associated companies, important investment projects, business planning as well as other significant events. Furthermore, the strategic direction of the group was the subject of intense discussion. If the approval of the supervisory board was necessary for particular decisions made by the managing board then this was given each time by the members of the committee on the basis of the draft resolutions made available to them and after careful consideration. In the case

of decisions of significant economic relevance the supervisory board was informed in advance.

Furthermore, the supervisory board kept itself regularly informed of the company's risk situation and ensured that the risk management was functioning well.

The annual financial statement and the management report of ce CONSUMER ELECTRONIC from 1 January to 31 December 1999 have been audited in accordance with accounting principles by the auditor chosen at the general meeting on 3 July 1999, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, and have been provided with an unqualified auditors' certificate. The auditors were commissioned by the chairman of the supervisory board on 15 October 1999 to audit the annual financial statement. The supervisory board has also audited the annual financial statement, the proposed appropriation of earnings and the management report of ce CONSUMER ELECTRONIC and has had discussions with the managing board in the presence of the auditor at the meeting held with regard to the balance sheet



Report from the Supervisory Board

on 27 April 2000. All the supervisory board's questions were answered extensively.

After discussing and auditing the annual financial report and the management report the supervisory board approves the auditors' report and raises no objections. The annual financial report and the management report of ce CONSUMER ELECTRONIC are therefore approved and concluded.

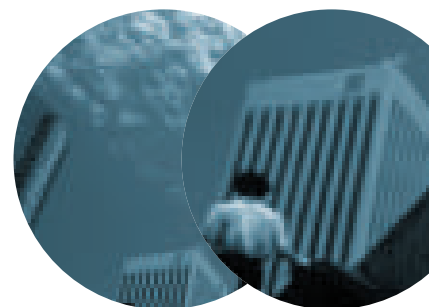
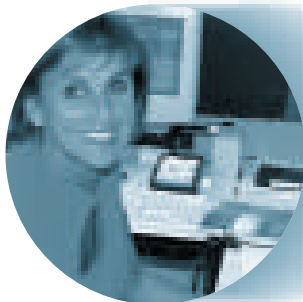
The great commitment of the board and the staff have contributed fundamentally to the commercial success of the previous financial year. The supervisory board expresses its thanks and appreciation for the special dedication of all the employees.

Munich, April 2000

The Supervisory Board



Dietrich Walther
Chairman



Our Business – Our Vision

Acting on our customers' behalf: that is our motto.

It is the same whether a mobile phone manufacturer requires more special microchips due to the current demand, whether a car-maker is looking for a certain controller chip on a short-term basis to avoid standstills in production, or whether a semi-conductor manufacturer needs more buyers for an electronic component: we are a partner in demand because we are both reliable and independent.

We know exactly who produces or has produced which chips, where various chips are in stock and who could have a demand for which components.

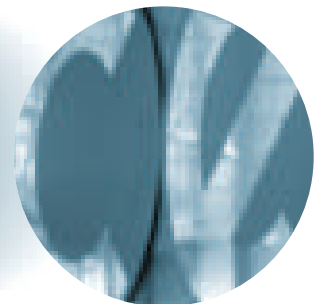
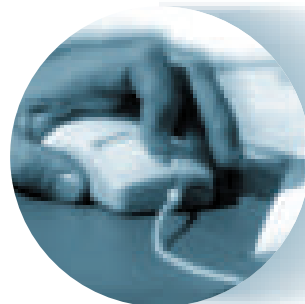
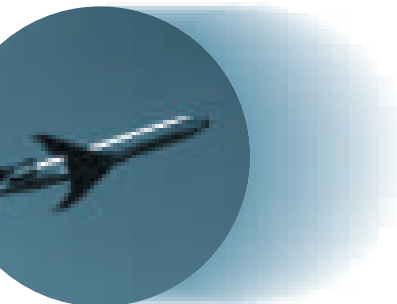
We keep in touch with all the important market-players 24 hours a day over the intranet and handle »one-off« deals in the same way as big business and long-term bulk orders.

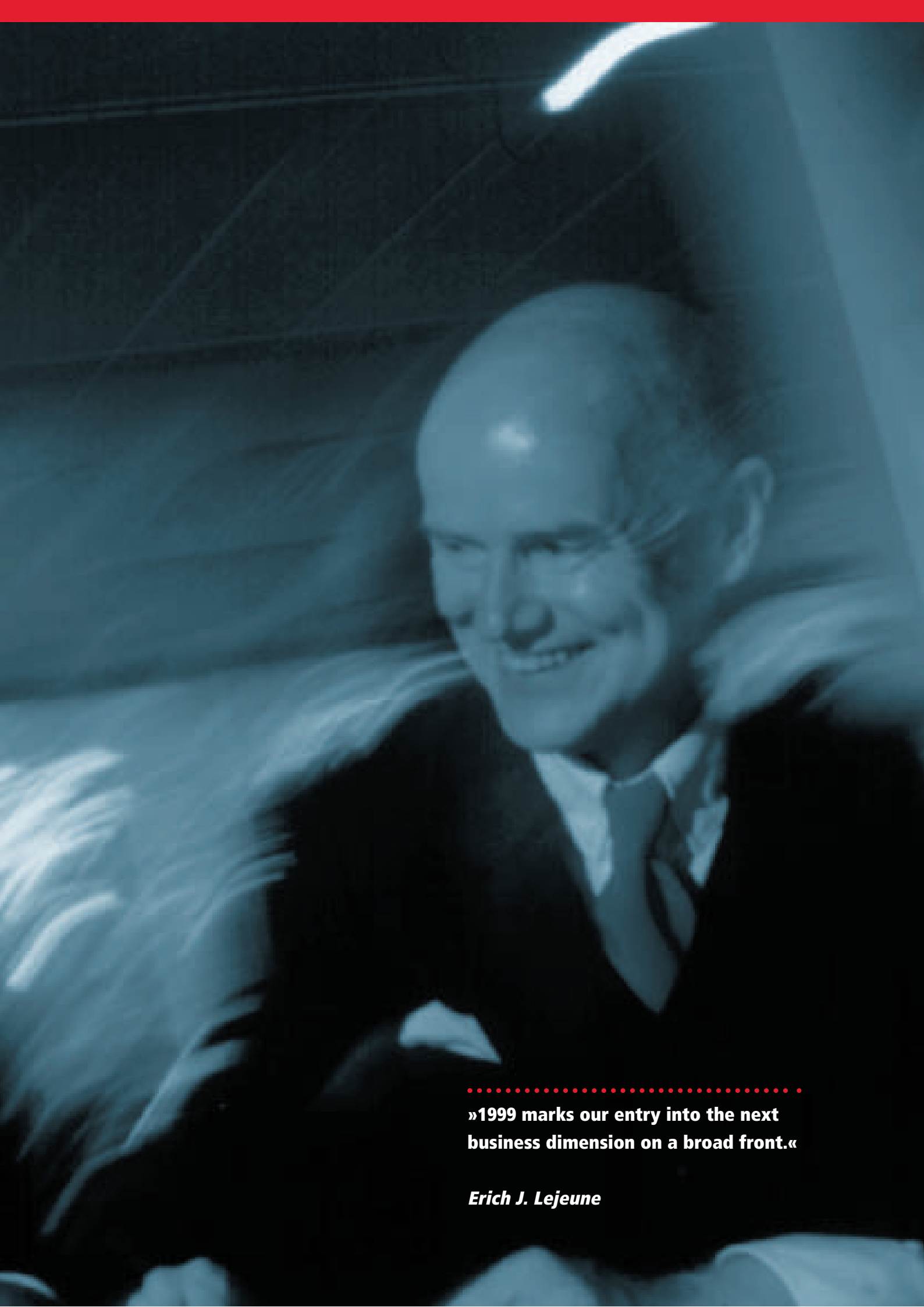
ce CONSUMER ELECTRONIC is not only successful in bottleneck products. Long-term business in strategic components for semi-conductors is a sphere of operations for ce CONSUMER ELECTRONIC that already constitutes 40% of total turnover in our core business.

There are no price lists in the semi-conductor industry.

Prices are set according to global regions or from strategic viewpoints. A product can have up to 100 different prices around the globe. Because we deal in large quantities, use price differences worldwide and have an outstanding international network of suppliers, ce CONSUMER ELECTRONIC is a highly-competitive partner for the industry and offers its clients price benefits for long-term business. ce CONSUMER ELECTRONIC makes regional price structures transparent and acts as a benchmark for its customers' key components.

.....
»Nothing stays the same. New Economy makes the world go round! And ce CONSUMER ELECTRONIC is a pioneer in this dynamic and innovative development.«





.....
»1999 marks our entry into the next
business dimension on a broad front.«

Erich J. Lejeune

Our Business – Our Vision

The idea of microchip brokering was developed by the company founder Erich J. Lejeune and his partner Herbert E. Graus in the mid-1970s. In 1976, with the founding of ce CONSUMER ELECTRONIC, they entered an uncharted territory. In the meantime, the brokerage system for chips that removes the need to keep stocks has firmly established itself as the third force in the market – the essential link between manufacturer and user.

As it is not dependent on the market-players and is exclusively orientated towards supply and demand, the best prices at the time are sought and found in the global market.

ce CONSUMER ELECTRONIC has at its disposal a database containing 50 million active and passive components from more than 2,600 suppliers.

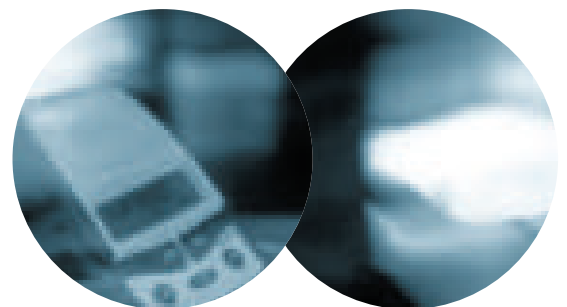
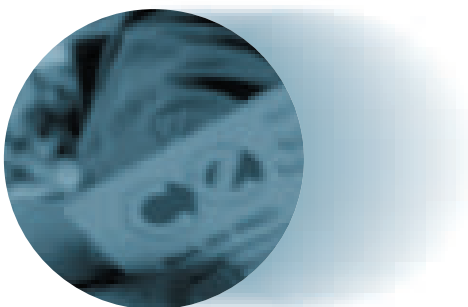
A highly-motivated team, consisting of the best-qualified employees, does not only work in the individual chip business or the mass market chip business, but also offers high-quality consultancy for leading businesses in the industry in the areas of supplier audit, price audit, product audit and training on semi-conductors.

In 1998 ce CONSUMER ELECTRONIC turned a new leaf in its business history. Together with the Canadian software house Mediagrif Interactive Technologies Inc. it founded the joint venture VCE Virtual Chip Exchange Inc. This commercial platform on the internet, which for the first time makes the highly complex market completely transparent for microchip manufacturers, distributors, brokers, suppliers and customers, has received an overwhelming reception. This new business area's potential for turnover and profit reinforce our strategy of marking out the future business field of e-commerce at an early stage. In the meantime, this globally unique trading system was licensed for the first non-microchip related products.

ce CONSUMER ELECTRONIC was the first microchip broker to go public. The capital markets regard ce CONSUMER ELECTRONIC's high-growth share – with a very imaginative market price, a high yield and a continual increase in value – as a sound basic investment.



»The ce share is developing into a genuine basic investment, a share that is highly-sought worldwide and firmly-established on the NEMAX-50. Increase in value 1998/99: over 1000%."



The ce Share

Analysts see the ce share as a »top pick«

In 1999 international financial analysts from renowned banks as well as independent researchers dealt in-depth with the ce share and classified it as a »top pick«.

The investment house Goldman Sachs recommended the ce share with a »buy« rating. The target price for the share of 128 euros forecast by Goldman Sachs analysts in October 1999 was achieved within two months.

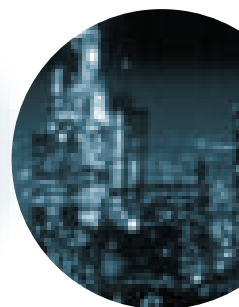
The ce share was also a definite recommended purchase for the banking house Lampe, for the stock market letter Nice Letter, for Kant Asset Management and for GSC research.

.....
»With the planned stock market flotation of our subsidiary Mediagrif Interactive Technologies Inc the scope for further acquisitions – and therefore growth – will increase enormously.«

The ce share – a blue chip on the Neuer Markt.

First full year on the stock market managed brilliantly.

1999 was the first full year on the stock market for ce CONSUMER ELECTRONIC's share after its quotation on the Neuer Markt, the growth segment of the Deutsche Börse AG in Frankfurt, in June 1998. This important section was managed to the good of investors with style and the ce share is amongst the most impressive winners of the year. The Neuer Markt, which was founded in 1997 as a stock market segment for technology-orientated high-growth shares, grew exorbitantly in 1999 – 139 new emissions took it to over 200 stocks and shares. There was fierce competition around the investment capital. The ce share immediately managed the leap into the NEMAX 50, the blue chip index started on 1 July 1999 to show the 50 biggest businesses on the Neuer Markt.



The ce Share

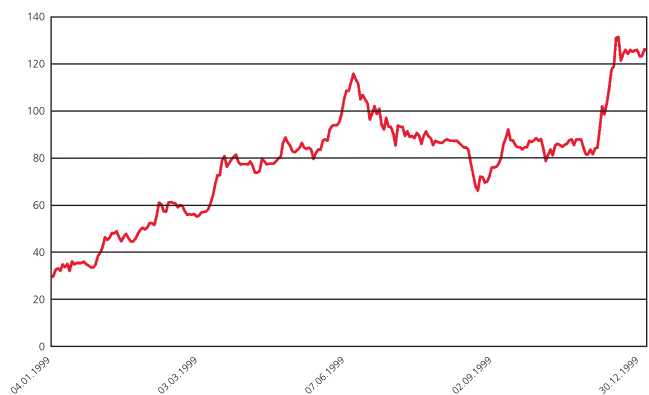
Share price seeing a dynamic upward trend

The movement of the ce share price exploded in relation to its qualifying date when it grew almost fivefold from 27.61 Euros month end 1998 to 130.00 Euros month end 1999. In comparison, the NEMAX All Share Index grew in this period by 1,827.73 points from 2,744.45 to 4,572.18 points and the NEMAX 50 share price index grew by 1,828.47 from 3,246.46 to 5,074.93 points. Over the course of the year the share price showed an almost regularly dynamic upward development and maintained its hold on the market in the stormy autumn slump with prices that did not fall below 68 Euros. At the 1999 year end the market capitalisation* stood at DM 1.932 billion and was therefore DM 1.527 billion higher than a year before.

By the end of 1999, investors who had applied for ce shares in summer 1998 saw their initial deposit increase in value by 1112 per cent while those who joined at the end of 1998 saw an increase of 371 per cent.

* the product of number of shares & share price

Changes in the ce share price from the end of 1998 to the end of 1999 (in Euros) WKN 508220



.....
»In 1999 the Nemax increased by 66%. In the same period the ce share exploded by 371%.«



The ce Share

First general meeting votes on dividend and share split

ce CONSUMER ELECTRONIC's first general meeting on 12 July 1999 in Munich was attended by 510 shareholders who voted for a share split in the ratio 1:5 in the course of the conversion of the original capital to Euros and shares with an arithmetical value of one Euro. The share capital was increased from 3.7 million Euros to 7.6 million Euros out of retained earnings.

This measure suited the high interest from investors in the ce share as it made the share noticeably easier and better to trade. The shareholders also approved the proposed dividend of DM 1.50 per share (before the split). With a distribution of profits after just six months on the stock market ce CONSUMER ELECTRONIC set an example at the Neuer Markt.

A balance of shareholders

At the balance sheet date of 31 December 1999 ce CONSUMER ELECTRONIC had a total of 7,599,108 shares in circulation. 48 per cent of these were owned by the old shareholders. Those in free float therefore amounted to 52 per cent. The committees of ce CONSUMER ELECTRONIC are aware that individual investors hold large blocks of shares. It is assumed that approximately a third of the shares are owned by foreign investors.

.....
»Setting an example at the Neuer Markt: after just six months ce CONSUMER ELECTRONIC distributes profits.«



The ce Share

Intense dialogue with investors

For the managing board of ce CONSUMER ELECTRONIC permanent and intense communication with participants in the international financial markets is both a challenge and a matter of course. All activities connected with investor relations are organised so that ce CONSUMER ELECTRONIC's unique equity story may be told topically and comprehensively. The highlight of the many activities in this area was our participation in early December 1999 at the IPO Conference of the DVFA (the German federation for financial analysis and investment advice) in Frankfurt, at which board chairman Erich J. Lejeune presented our business strategy, ambitious plans and achievements to date to national and international financial analysts. In October there was also great interest in an independent analysts' conference in Frankfurt. In one-on-one talks, round table discussions and several presentation trips in Germany, Great Britain, the USA, Canada, Japan, Italy and Switzerland personal and direct contact was made with fund managers and financial analysts. In addition exclusive conversations took place with

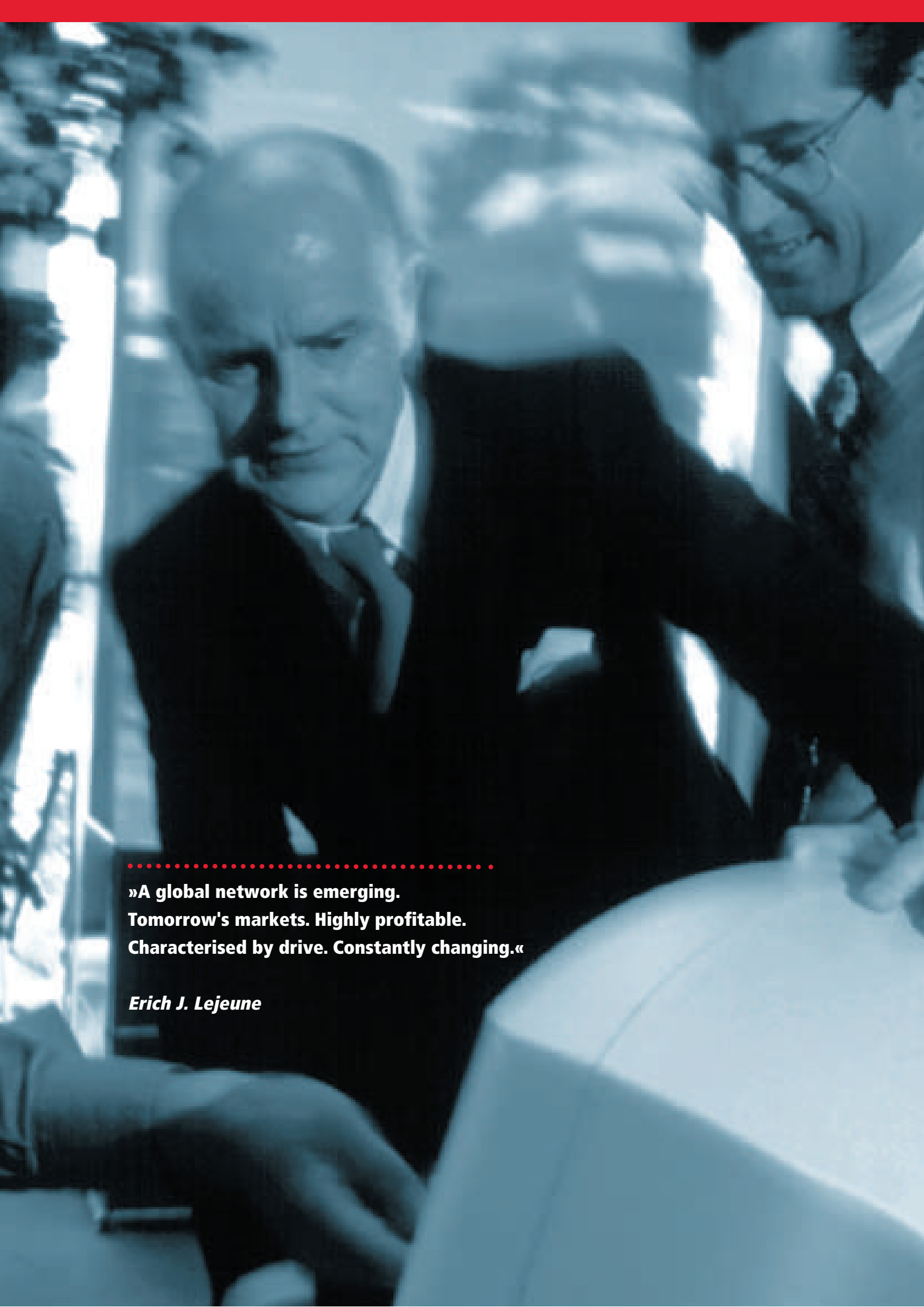
correspondents and editors from leading national and international economic and financial publications.

Selected key data on the ce share

	1999	1998
Result according to IAS (DM million)	4,202	2,337
Cash flow (DM million)	4,926	1,821
Dividend (DM)	0,30	0,30
Maximum/minimum share price (Euros)	140,40 / 27,61	30,68 / 15,34
Shareholders' equity (DM million)	57,094	40,411
Number of shares (millions)	7,599	1,500
Stock market valuation at year end (DM million)	1.932.000	405.000



.....
ce share on the internet:
www.consumer.de
www.financial-ir.de



.....
»A global network is emerging.
Tomorrow's markets. Highly profitable.
Characterised by drive. Constantly changing.«

Erich J. Lejeune

Milestones

Flashback: the most important events of 1999

March 99: Acquisition of a 15 per cent interest in the leading Canadian e-commerce software house Mediagrif Interactive Technologies Inc, Montreal, Canada.

Takeover of 20 per cent of the online finance community financial.de AG.

April 99: Share split in the ratio 1:5 announced.

May 99: At the 3rd German forum for medium-sized businesses Erich J. Lejeune, board chairman of ce CONSUMER ELECTRONIC, is granted the award »Entrepreneur of the Year« in the category »Trade«.

Takeover of a further 20 per cent in Mediagrif Interactive Technologies Inc.

July 99: Internet trading alliance with the world's largest distributor of semi-conductors, Arrow Electronics Inc, Melville, USA

The VCE Virtual Chip Exchange Inc opens its headquarters in Hauppauge, N.Y.

Over 500 shareholders attend ce CONSUMER ELECTRONIC's first general meeting, in Munich.

August 99: The B2B platform VCE Virtual Chip Exchange Inc, Montreal, goes into business.

Cooperative agreement with the leading specialist wholesaler of memory modules, MSC, Stutensee near Karlsruhe, on conducting worldwide module business on the VCE Virtual Chip Exchange Inc.

Acquisition of all interests in the largest Japanese broking house Nihon Arcom Corp, Tokyo.

November 99: 100 per cent takeover of the Swiss micro chip broker, Inter Chip AG, Regensdorf near Zurich.

Dezember 99: As the second branch office in Germany (after Berlin) the Mönchengladbach office in North Rhine-Westphalia commences business.



Highlights of the First Quarter of 2000

In the first quarter of the new financial year 2000 ce CONSUMER ELECTRONIC has sustained its successful business development. Alongside an additional important strategic acquisition, leading-edge companies have been won as partners for B2B business in industries outside the usual microchip trade.

January 2000: Letter of Intent signed to set up the Virtual Music Exchange (VME)

ce CONSUMER ELECTRONIC, Munich, and Jack White Productions AG (Jack White Productions), Berlin/Los Angeles, will tap the world market for music with an internet business that encompasses the whole industry. They are going to establish the joint venture Virtual Music Exchange (VME) with a head office in Munich as the first integrated community for music and entertainment worldwide. It is based on the successful software platform of the VCE Virtual Chip Exchange Inc and taps the international community from music production and marketing (business to business) to consumers and special interest groups.

Using the motto »High Tech meets Content – Welcome Jack White to the internet world« two cutting-edge businesses are effectively joining virtual

output know-how and the valuable content of the music industry.

February 2000: Takeover of the largest Australian microchip broker

With the acquisition of Alcora Pty Ltd, Sydney, ce CONSUMER ELECTRONIC AG is remaining on an expansive growth curve. The takeover of Australia's biggest chip broker opens up the Asia-Pacific region, the world's largest regional market for chips, to ce CONSUMER ELECTRONIC. Australia is one of the biggest telecommunications markets in the world and a hub for the entire Asian market with volumes amounting to USD 50 billion. The acquisition of Alcora is additionally significant because of their branch office in Great Britain, the second biggest microchip market in Europe. ce CONSUMER ELECTRONIC was not previously represented here.

The British market has a volume of over USD 7 million. The purchasing and sales strength of ce CONSUMER ELECTRONIC will be increased by the proximity to the leading chip manufacturers in Great Britain.



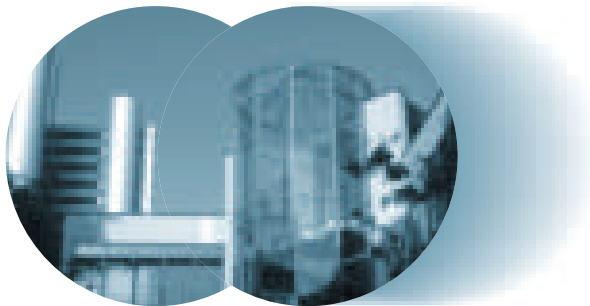
Highlights of the First Quarter of 2000

March 2000: Opening of the Virtual Licence Exchange (VLE) in conjunction with EM.TV & Merchandising AG

ce CONSUMER ELECTRONIC, Munich, and EM.TV & Merchandising AG, Unterföhring, announce a letter of intent for the joint venture VLE – Virtual Licence Exchange for Merchandising and Licencing. The VLE is pursuing an objective of setting up and establishing the world's first stock market for merchandising and TV licensing rights on the internet. The two parent companies, who will each hold 50 per cent in the joint venture, bring their respective expertise.

EM.TV is making available its international TV and merchandising rights and ce CONSUMER ELECTRONIC its knowledge of internet trading and the global licence. VLE is the first enterprise that will run a global business to business trade in TV and merchandising licences, licensing products and production capacities on the internet. In the medium-term it is planned to float the VLE on the stock market.

.....
»EM.TV and ce CONSUMER ELECTRONIC are extremely well-suited.«





Wallstreet-Online:

»What is more realistic? That Unterhaching – the football club you sponsor – will stay in the Bundesliga or that ce CONSUMER ELECTRONIC will turn over a billion in 2004?«

Erich J. Lejeune:

»We will achieve our goal. I have said that I will deliver a billion and I will deliver a billion. But Unterhaching will make it as well!«

Interview between Erich J. Lejeune and Wallstreet-Online



Management Report

ce CONSUMER ELECTRONIC in overview

Highlights:

- ce CONSUMER ELECTRONIC benefits from the upward trend in the semi-conductor industry
- ce CONSUMER ELECTRONIC publishes its first group financial statement
- group earnings before income and tax (EBIT) up by 30 per cent
- group net income for the year up by 80 per cent to DM 4.2 million
- profit per share reaches DM 0.55
- high start-up investments in future business sector managed extremely well

1999 a good year for the semi-conductor industry

1999 was a good year for the semi-conductor industry, with an increase in turnover worldwide of almost 19 per cent to USD 149 billion. The high growth was triggered by so-called flash memories, which increased by more than 83 per cent to reach USD 4.6 billion, driven by the explosion in demand for mobile phones. The DRAM area also grew

strongly by 48 per cent to USD 20.7 billion.

Microprocessors showed 9.8 per cent growth to reach USD 27.2 billion.

This constituted a favourable environment for the business activities of ce CONSUMER ELECTRONIC. In addition, it succeeded in sharing in the general upward development with growth rates that were clearly above the market.

1999 – our best year to date

For ce CONSUMER ELECTRONIC 1999 was by far the best financial year to date in the nearly 25-year history of the firm. In the most important areas, growth rates in high double figures were achieved. It is particularly pleasing that the high investment in the future business area of e-commerce was offset by our core business. In 1999 ce CONSUMER ELECTRONIC AG produced a group financial statement for the first time. An individual company statement was also produced so that a comparison with the previous year could be made. To allow this basis of comparison the VCE Virtual Chip Exchange Inc, Montreal, was not included in the group financial statement.



Management Report

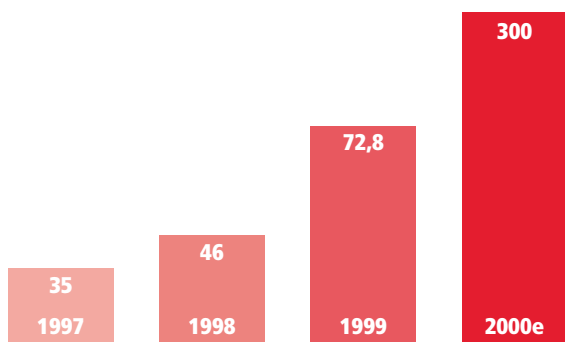
Growth in total turnover based on internal and external growth

The total turnover for the ce CONSUMER ELECTRONIC group grew by 68 per cent to DM 77.4 million (previous year 46.1 million). Whilst ce CONSUMER ELECTRONIC Munich was able to increase its sales by 49 per cent to DM 68.5 million (previous year 46.1 million), ce Las Vegas expanded by 1,034 per cent to DM 7.4 million (previous year 0.7 million). The Swiss Inter Chip AG, acquired in late autumn, which was only consolidated from 9 November 1999 proportionally, still contributed DM 1.4 million to group turnover. The consolidated group turnover amounted to DM 72.8 million.

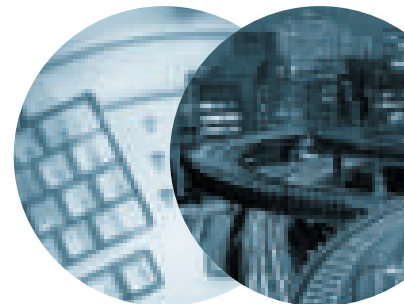
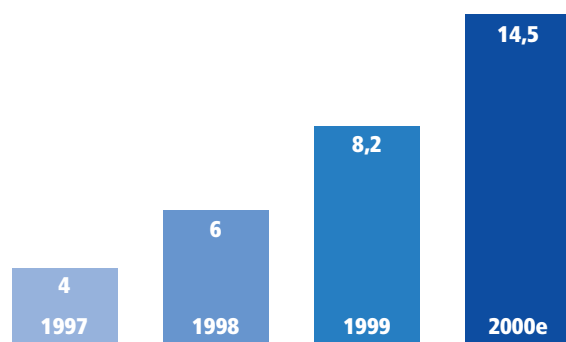
Profit per share increases proportionally more than turnover

The growth in turnover was accompanied by a clear improvement in the earnings position. The group earnings before interest and tax (EBIT) grew in comparison with the 1998 individual company financial statement by 30 per cent to DM 8.2 million (previous year 6.3 million) and net income increased by over 80 per cent to DM 4.2 million (previous year 2.3 million). The result per share according to International Accounting Standards (IAS) improved in relation to the number of shares, which was raised in 1999 by capital measures, by almost 80 per cent from DM 0.31 in 1988 to DM 0.55 in 1999.

Development of turnover since 1997 (DM million)



Development of EBIT (DM million)



Management Report

Development of the balance sheet structure

The financing of ce CONSUMER ELECTRONIC is very solid. On the cut-off date of 31 December the consolidated balance sheet total of the group amounted to DM 68.7 million. Due to the capital measures taken in 1999 the subscribed capital increased from DM 7.5 million to DM 14.9 million and the number of shares grew from 1.5 million to 7,599,108. The total shareholders' equity for the group reached DM 57.1 million.

Liabilities came to DM 5.1 million and amounts owed to financial institutions had the almost symbolic value of DM 168,056.

The following figures relating to the balance sheet of 31 December 1999 convey a picture of the financial situation: The gearing (ratio of shareholders' equity to loan capital) was 1:0.20 (in the individual company statement of 31 December 1998 it was 1:0.11) and shareholders' equity represented 83.2 per cent of total capital (89 per cent).

Outlook

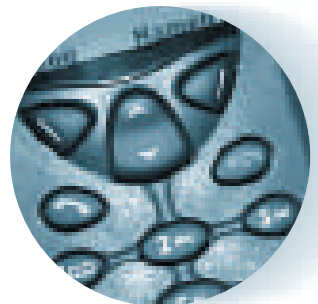
In the up-and-down cycle of the semi-conductor industry things are on the up again. Generally an additional growth of 24 per cent is expected in the year 2000 across the whole market. After Asia, Europe should show the largest increases. This year, in all probability, 26 per cent of the semi-conductors produced worldwide will be processed in Asia, 32 per cent in the USA and 21 per cent in Europe and Japan respectively.

In the meantime, for a number of products delivery times of several months have arisen.

Even those with long-term contracts cannot always count on receiving their goods.

Suppliers have taken to rationing some products because of the shortages.

Experts are not reckoning with an easing of the situation before mid-2001. Some manufacturers of semi-conductors are revising their investment plans which were cut back in the lean years. However, it takes an average of two years to build a new factory so no short-term support can be expected from this side.



Management Report

»We are setting our sights on the number one position in the global market.«



In the financial year 2000 the environment for ce CONSUMER ELECTRONIC continues to be favourable. The supply shortages are of most benefit to ce CONSUMER ELECTRONIC's traditional »one-off« business. Due to acquisitions in the previous year in Japan, the Far East and Australia we are active in all growth regions.

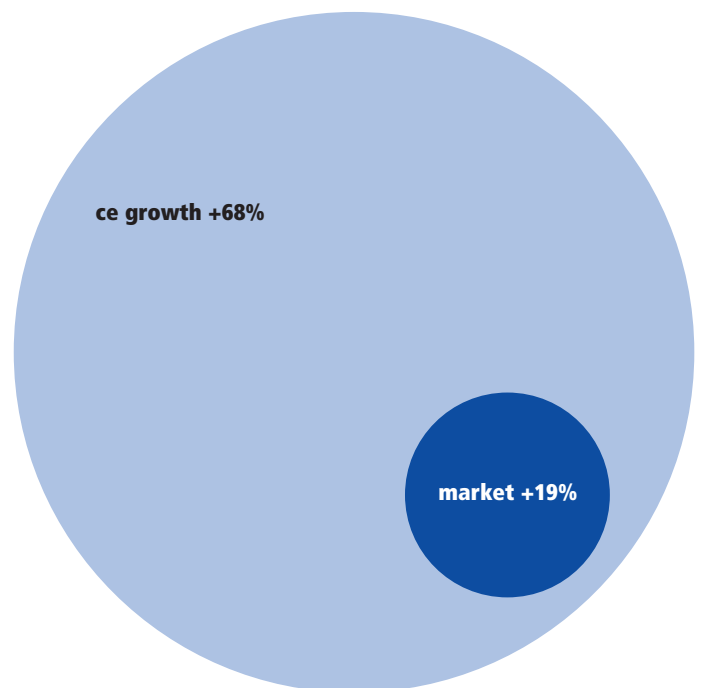
The financial year 2000 has got off to a good start. After years of fast growth, becoming Europe's market leader and occupying important strategic positions, the ce CONSUMER ELECTRONIC group is now entering a new business dimension.

At the same time special significance is attached to the financial year 2000. With above-average internal growth, further external growth in ce CONSUMER ELECTRONIC's core business and a global internet trade offensive, we are now setting our sights on the number one position in the world market.

Outstanding prospects can be seen in the turnover forecast for the financial year 2000 which has increased in the intervening period. Group turnover should grow in the magnitude of DM 300 million, after previously being calculated at approximately

DM 180 million. The core business of chip brokering will exceed the DM 100 million mark for the first time. The increase in turnover is accompanied by a clear improvement in earning power.

Growth faster than the market

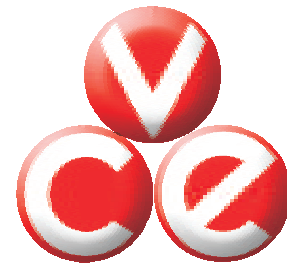


Subsidiaries, Holdings and Branch Offices

VCE established as a trademark for B2B

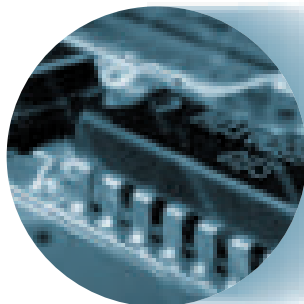
In 1999 the VCE Virtual Chip Exchange Inc, Montreal, established itself as a trademark for business-to-business trade in the microchip sector and as a result fulfilled high expectations. The joint venture between ce CONSUMER ELECTRONIC and the leading e-commerce business Mediagrif Interactive Technologies Inc, Montreal, was joined in 1999 by Arrow Electronics Inc, Melville, USA, the world's largest distributor of semi-conductors.

VCE Virtual Chip Exchange Inc has at its disposal an internet trading system that for the first time makes the highly complex semi-conductor market completely transparent for everyone involved – the manufacturers, distributors, brokers and customers. Members are able to access information interactively, are eligible to trade and can supply their own microchip quotas. There is no membership fee. Meanwhile, the Who's Who of the international industry are rubbing shoulders on the »new stock market floor«.



Virtual Chip Exchange

In the financial year 2000 we expect the VCE Virtual Chip Exchange Inc to exceed the volume of sales generated by ce CONSUMER ELECTRONIC in 1999. The VCE Virtual Chip Exchange Inc has begun the new financial year with over 2.000 active members from the global industry.



Subsidiaries, Holdings and Branch Offices

Analysts on the VCE's planned flotation on the stock market: »Worth three times as much as the market capitalisation of its parent company, ce CONSUMER ELECTRONIC.«



The value of the stock offered has passed the DM 1 billion mark. In the middle of the year there will be a Japanese version of the VCE Virtual Chip Exchange Inc. As a result it will be true to say that Japan and Europe will become the joint third largest buyers of semi-conductors worldwide.

In the meantime, the software platform has been licensed several times. ce CONSUMER ELECTRONIC is holding promising conversations with various interested parties about the use of the unique internet platform in other sectors such as the car industry, medicine, telecommunications, hardware and software, biotechnology etc.

In the medium-term it is aspired to float the VCE Virtual Chip Exchange Inc on the stock market.

Analysts are already assigning the internet trading platform – in a direct comparison with competing suppliers – a value three times as high as the market capitalisation of the parent company, ce CONSUMER ELECTRONIC.

ce Las Vegas: the beginning of international expansion

With ce Las Vegas Inc, Las Vegas, founded in October 1998, ce CONSUMER ELECTRONIC began its global expansion offensive. It was natural that the first step of internationalisation should take place in the world's largest microchip market, North America. ce Las Vegas is responsible for purchasing in the USA and Canada. In 1999 this extremely well-established business, which has six employees, turned over USD 4.025 million.

ce Inter Chip AG strengthens presence in its home market of Europe

The acquisition of Inter Chip AG, Regensdorf near Zurich, is strategically significant for ce CONSUMER ELECTRONIC to continue to build up business in its home market of Europe because there is associated significant potential to expand into France and Italy. As a highly profitable Swiss broking house ce Inter Chip AG has the highest growth rates in the Swiss microchip trade and in the year 2000 it wants to strongly increase its turnover of SFR 5 million. Furthermore, for ce CONSUMER ELECTRONIC, which has itself been active in Switzerland for more than 20 years, the subsidiary ce Inter Chip AG means that purchasing and sales opportunities in Switzerland are significantly increased.



Subsidiaries, Holdings and Branch Offices

»ce CONSUMER ELECTRONIC is well on its way to becoming the world's No 1.«



ce Nihon Arcom taps the Asia-Pacific market

With ce Nihon Arcom Corp, Tokyo, Japan, ce CONSUMER ELECTRONIC has opened up the whole of the Asia-Pacific market. Japan's leading broker is regarded as the preferred partner of the big Japanese semi-conductor manufacturers such as Toshiba, NEC, Mitsubishi, Sanyo, Seiko, Oki and Hitachi. The responsibility for central purchasing for all ce CONSUMER ELECTRONIC's group businesses in Asia was transferred to ce Nihon Arcom Corp. Due to the strongly increased volumes considerable purchasing advantages are obtained as a result. ce Nihon Arcom Corp, with a 1999 turnover equivalent to DM 13 million, is not only active in the DM 60 billion Asian market but also operates in Israel. A wave of high-tech establishments here means that the demand for semi-conductor imports is steadily increasing, making Israel one of the world's most attractive individual markets.

ce ALCORA Pty Ltd opens up the fifth continent and the UK

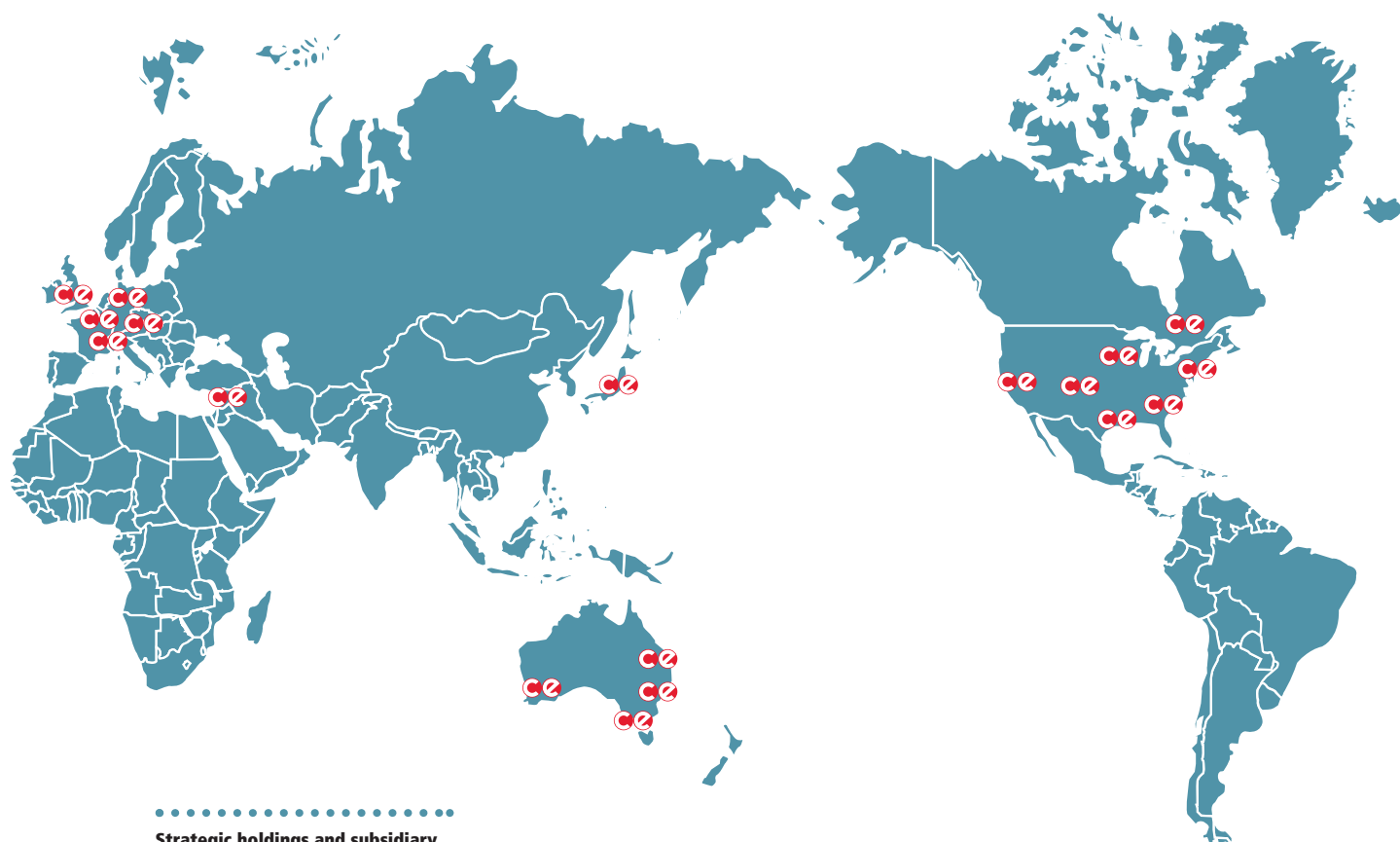
With the takeover of Alcora Pty Ltd, which has its head office in Sydney, ce CONSUMER ELECTRONIC has tapped the fifth continent. In 1999 Australia's largest chip broker turned over DM 10 million with 15 employees. With offices in Sydney, Brisbane, Melbourne and Perth, ce Alcora Pty Ltd is represented in all four of Australia's business centres.

In addition, the company has a branch office in Bournemouth, on the south coast of England, so with the acquisition of the Australian company ce CONSUMER ELECTRONIC has opened up the important market in Great Britain. A further branch office in the semi-conductor centres in the north of England is already being planned. In Australia, as one of the largest telecommunications markets in the world and a hub for the entire Asia-Pacific market, a relevant market volume of USD 60 billion is available to ce CONSUMER ELECTRONIC.

In Great Britain the figure is over USD 7 billion.



Subsidiaries, Holdings and Branch Offices



.....
Strategic holdings and subsidiary
companies around the globe



Annual Financial Statement

Annual financial statement of ce CONSUMER ELECTRONIC

For ce CONSUMER ELECTRONIC, the strong internationalisation of business activity means that reporting is focusing increasingly on the group. However, for our shareholders the individual company result is interesting with regard to distribution.

The non-consolidated net turnover of ce CONSUMER ELECTRONIC amounted to DM 68.5 million in the reporting period. In comparison with 1998, when net sales were DM 46.1 million, this is an increase of DM 22.4 million or 48.59 per cent.

The non-consolidated turnover within Germany rose from DM 33.7 million in 1998 to DM 53.8 million in the reporting period. Sales in the EU increased from DM 2.3 million to DM 2.5 million. Export sales – without other payments or sales from associated businesses – amounted to DM 12.5 million in the reporting period in comparison to DM 9.2 million in the previous year.

Investment activity as a basis for future growth was considerably extended. In 1999 a total of DM 24,37 million, after DM 2.33 million the previous

year, was used for investments in intangible assets, property, plant and equipment, and financial assets.

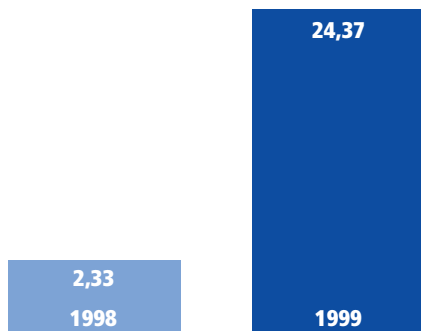
In the financial year 1999 ce CONSUMER ELECTRONIC's net income after tax amounted to DM 4.203 million. The year before it had come to DM 2.337 million. Cash flow improved to DM 4.926 million after DM 1.821 million in 1998. Double-digit growth, to be precise, 32.16 per cent, was also shown by earnings before interest and tax (EBIT), which rose from DM 6.25 million in 1998 to DM 8.26 million.

Due to an increase in share capital out of retained earnings in the course of the conversion of the original capital into Euros and shares with the arithmetical value of one Euro, the company is showing a rise in its subscribed capital from DM 7.5 million to DM 14.86 million. Together with the capital surplus, which increased from DM 30.25 million to DM 37.61 million, and the retained earnings of DM 4.618 million (1998: 2.69 million), capital provision improved significantly to DM 57.09 million after DM 40.44 million and offers the conditions needed for sustained growth.

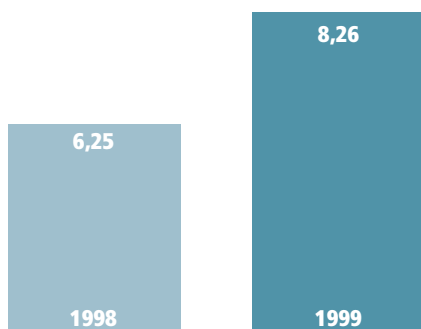


Annual Financial Statement

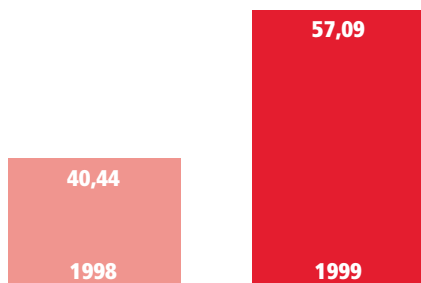
Investments in future growth (DM million)



EBIT (DM million)



Capital provision (DM million)

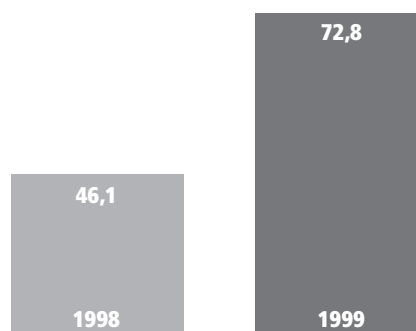


Shareholders participate in business's success

When it went public in 1998 ce CONSUMER

ELECTRONIC announced that its shareholders would participate in its success. As a result it was one of the few businesses in the Neuer Markt growth segment to allow interested shareholders to participate straight away in the positive development of the business directly in the form of a dividend. The extremely good development in 1999 allows this shareholder-friendly policy to be continued. The managing board and the supervisory board propose a dividend of DM 0.30 per share to the general meeting. Inclusive of the tax credit of DM 0.13 eligible shareholders will receive a total of DM 0.43 per share.

Consolidated net turnover (DM million)



Group Balance Sheet at 31 December 1999

Assets	31.12.99		Previous year	
	TDM	TDM	TDM	TDM
A. Capital outstanding	0	0	0	0
B. Fixed assets				
I. Intangible assets				
1. Trademarks, patents, licences and similar rights	735		96	
2. Goodwill	1.779	2.514		96
II. Property, plant and equipment				
1. Land, leasehold rights and buildings	426		443	
2. Technical equipment, plant and machinery	0		0	
3. Other equipment, fixtures and fittings	665		684	
4. Advance payments and plant and machinery in process of construction	0	1.091		1.127
III. Financial assets				
1. Shares in affiliated companies		855		1.208
2. Investments		20.200		853
3. Other loans		4		
		24.663		3.284
C. Current assets				
I. Inventories				
1. Finished goods	1.296		252	
2. Advance payments	3	1.300		252
II. Accounts receivable and other assets				
1. Accounts receivable from trading	12.229		4.754	
2. Accounts due from affiliated companies	0		406	
3. Accounts due from holdings in other companies			481	
4. Other assets	5.749	17.978	552	6.193
III. Marketable securities				31.188
Other marketable securities		18.870		
IV. Liquid assets		3.240		4.365
		41.388		41.998
D. Deferred charges and prepaid expenses				
Other		2.514		34
E. Deferred tax in accordance with § 274,306 of the HGB (commercial code)		89		19
		68.654		45.335

Statement of Income and Loss in accordance to IAS (Group Financial Statement)

	1999		1998		Change	
	TDM	%	TDM	%	TDM	%
Sales	72.788	100,0	46.122	100,0	26.666	57,8
Inventory increase / decrease	0	0,0	0	0,0	0	0,0
Total output	72.788	100,0	46.122	100,0	26.666	57,8
Other operating income	5.267	7,2	1.547	3,4	3.720	240,5
Operating output	78.055	107,2	47.669	103,4	30.386	63,7
Cost of material	54.300	74,6	33.534	72,7	20.766	61,9
Personnel expenses	5.900	8,1	3.955	8,6	1.945	49,2
Planned depreciation and amortisation costs and other write-offs	744	1,0	537	1,2	207	38,5
Other expenses	8.848	12,2	3.395	7,4	5.453	160,6
Operating expenses	8.261	11,3	6.247	13,5	2.015	32,3
Result from affiliated companies	-90	-0,1	1.857	4,0	-1.947	-104,8
Business profit / loss	8.171	11,2	8.104	17,6	68	0,8
Extraordinary profit/loss	0	0,0	3.686	8,0	-3.686	-100,0
Profit / loss before profits tax	8.171	11,2	4.418	9,6	3.754	85,0
Profits tax	3.969	5,5	2.081	4,5	1.888	90,7
Net income	4.202	5,8	2.337	5,1	1.866	79,8
Surplus brought forward	416	0,6	354	0,8	62	17,5
Balance-sheet profit	4.618	6,3	2.691	5,8	1.928	71,6

Statement of Income and Loss in accordance to IAS (Group Financial Statement)

Group statement of cash flows	1999	Vorjahr
	TDM	TDM
Net income / net loss	+4.202	+2.337
Depreciation and amortisation costs and other write-offs on intangible assets and on plant and equipment (+)	+744	+537
Increase (+) / decrease (-) in long-term accruals	+57	+120
Other expenses (+) / income (-) due to currency conversions	-77	-1.173
Cash flow	4.926	1.821
Increase (-) / decrease (+) in inventories	-1.048	31
Increase (-) / decrease (+) in accounts receivable from trading, as well as other assets	-11.316	-2.558
Increase (+) / decrease (-) in trade accounts payable, as well as other liabilities	+3.690	+1.669
Cash flows from ordinary operations	-3.978	963
Payments received from disposal of fixed assets (+)	+74	-8
Payments for investments in fixed assets (-)		
Intangible assets, property/plant/equipment and financial assets	-3.314	-523
Financial assets	-21.058	-1.811
Balance of expense / income from investment disposals	-76	+1
Other capital consolidation	+1.415	0
Cash flows from investment activities	-21.739	-2.341
Payments from companies (+)	+14.518	+31.500
Dividend payments	-2.250	-5.250
Management bonus payments	0	-376
Repayment of employee loans	+7	+7
Cash flows from financing activities	12.275	25.881
Changes affecting investment funds	-13.442	24.503
Cash and cash equivalents start of period	35.553	11.050
Cash and cash equivalents end of period	22.111	35.553



Fixed Assets Movement

	Acquisition costs and costs of production				Position at 31.12.1999
	Carried forward	Additions	Transfers	Disposals	
	1.1.1999				
	TDM	TDM	TDM	TDM	TDM
I. Intangible assets					
1. Franchises, trademarks, patents, licences and similar rights	458	724	0	2	1.181
2. Goodwill	0	1.779	0	0	1.779
	458	2.503	0	2	2.960
II. Property, plant and equipment					
1. Land, leasehold rights and buildings, including buildings on non-owned land	482	0	0	0	482
2. Other equipment, fixtures, fittings and equipment	2.255	811	0	188	2.878
	2.737	811	0	188	3.360
III. Financial assets					
1. Shares in affiliated companies	0	855	0	0	855
2. Investments	853	20.200	0	853	20.200
3. Other loans	0	4	0	0	4
	853	21.058	0	853	21.058
	4.048	24.372	0	1.043	27.378

Fixed Assets Movement

Carried forward 1.1.1999	Depreciation and amortisation				Carrying value	
	Depreciation and amortisation of the financial year	Transfers	Release from disposal	Position at 31.12.1999	31.12.1999	31.12.1998
	TDM	TDM	TDM	TDM	TDM	TDM
362	85	0	1	446	735	96
0	0	0	0	0	1.779	0
362	85	0	1	446	2.514	96
40	16	0	0	56	426	443
1.570	643	0	0	2.213	665	684
1.610	659	0	0	2.269	1.091	1.127
0	0	0	0	0	855	0
0	0	0	0	0	20.200	853
0	0	0	0	0	4	0
0	0	0	0	0	21.058	853
1.972	744	0	1	2.715	24.663	2.076

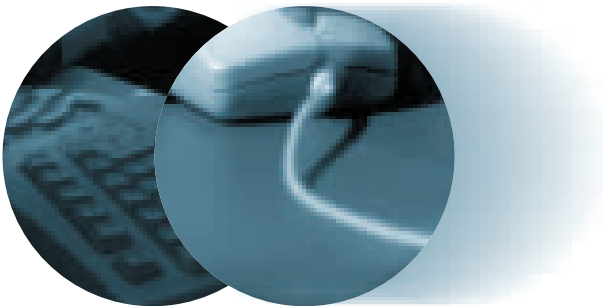
Group Structure

ce CONSUMER ELECTRONIC AG, Munich, is the parent company of the ce group and has group management functions.

The businesses of the ce group are active both in Europe and elsewhere (North America) in the area of chip brokering – a brokerage system for chips that removes the need to hold stocks. ce Media Management Consulting GmbH, Munich, is active in marketing authors' activities, in drawing up advertising strategies, in presentations and in implementing advertising concepts.

The following businesses were fully consolidated into the group financial statement alongside the parent company ce CONSUMER ELECTRONIC: all these businesses are 100% subsidiaries of ce CONSUMER ELECTRONIC:

- ce Media Management Consulting GmbH, Munich
- ce Las Vegas Inc., Las Vegas / USA
- ce Inter Chip AG, Regensdorf / Switzerland



Principles Used to Draw Up and Audit the Group Financial Statement

Selection of companies to be included in consolidation

Deciding which companies should be included in consolidation took place from the point of view that the consolidated financial statement should guarantee an insight into the group's assets, finance and earnings that is as accurate as possible.

It is a matter here of a first consolidation. We did not produce a hypothetical financial statement on 31 December 1998. The figures for the previous year were calculated on the basis of an individual financial statement for ce CONSUMER ELECTRONIC and therefore cannot be compared with the figures in the 1999 group financial statement.

Not included in the group financial statement were ce Cyber Exchange Inc, Montreal, Canada and its subsidiaries as in accordance with § 296, section 1, clause 2 the information necessary to draw up the group financial statement was not obtainable without unusually long delays.

Date of the group financial statement

All the subsidiary companies included in the group financial statement have – like the company at the head of the group – a financial year that corresponds with the calendar year. Therefore the date of the financial statement for all consolidated businesses is 31 December 1999.

Drawing up the group financial statement

ce CONSUMER ELECTRONIC is the parent company and has drawn up the group financial statement according to the provisions of §§ 290 ff of the HGB (commercial code).

The accounting and valuation of the individual financial statements included in the group financial statements is completed fundamentally in accordance with the methods used by ce CONSUMER ELECTRONIC. If it was necessary the standard valuation – departing from the methods used in the individual financial statements – was produced outside of the individual statements of the included businesses in the so-called Commercial Balance Sheet II.

The accounting and valuation methods used as well as the currency translation method are explained in the following.



Principles Used to Draw Up and Audit the Group Financial Statement

Auditing of the individual company financial statements and the consolidated financial statement

The annual financial statements included in the group statement were audited to see whether they corresponded to standard accounting principles and whether the authoritative regulations were observed with regard to what was transferred into the group financial statement.

Consolidation measures

All consolidation measures took place through the parent company. Details of the processes that the consolidation entailed as well as other information needed for the group financial statement and the group management report were communicated by the foreign subsidiary companies.

All commercial balance sheets are drawn up, as far as national law allows, in accordance with the standard group accounting and valuation methods. The national accounting principles that had to be observed within the group allow standard group accounting and valuation in accordance with German commercial law, so that restructurings

and currency conversions largely remain on the commercial balance sheets II required for consolidation purposes.

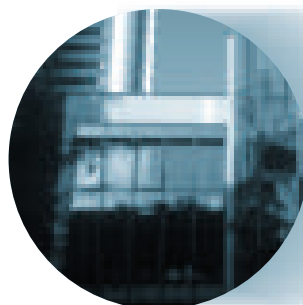
Capital consolidation

Capital consolidation takes place in accordance with the book value method given in § 301, Section 1, Clause 2, Point 1 of the HGB at the time that the company is first included in the group financial statement. At the same time the book value of the holding belonging to the respective parent company is offset against the amount of the subsidiary company's shareholders' equity apportioned to these holdings.

The active differences in amounts from the capital consolidation concerns goodwill that arose the first time a global financial statement was produced. It is written off for five years in accordance with IAS regulations (IAS 22 Business Combinations).

Consolidation of debts

All existing loans and other claims, reserves and liabilities belonging to businesses included in the group financial statement have been set off.



Principles Used to Draw Up and Audit the Group Financial Statement

Elimination of intermediate results

Stocks arising from deliveries from group companies are valued for the acquisition and production costs of the group. The resulting difference in the amount from the valuations in the individual balance sheets has an effect on the overall results, as long as it changes against the previous year. It appeared as a transitory item on the »Assets« side of the group balance sheet because of the future profits tax deductions from the elimination of intermediate profits.

Consolidation of expenses and income

In order to consolidate expenses and income – as far as available – proceeds from turnover, cost allocations, interest, rents etc are set off. The expenses and proceeds from taking over the profits of consolidated businesses that are contained within individual company financial statements were eliminated from the group financial statement.

Currency conversion

As foreign subsidiaries from outside the eurozone are now included in the group financial statement alongside the two German companies, conversion takes place at the 1999 year end exchange rates. Differences in currency conversion from capital consolidation are included in the difference in the amount from capital consolidation. The other differences arising from currency conversion are recorded in other operating expenses or proceeds, as appropriate.

Principles of classification and valuation

A summary of the fundamental valuation methods used is given below:
Acquired intangible assets are capitalised as acquisition costs and subjected to the straight-line method of depreciation. The useful life amounts to three to five years. Property, plant and equipment are estimated as acquisition costs or production costs and are reduced for budgeted and unbudgeted depreciation and amortisation. Repair costs are immediately set off as an expense.

Principles Used to Draw Up and Audit the Group Financial Statement

The following useful life figures are based chiefly on budgeted depreciation and amortisation: buildings 25 years, business equipment 3 to 10 years. Moveables are subjected to the straight-line method of depreciation. The straight-line method of depreciation is used for buildings and substantially for business equipment and facilities. Minor assets are completely written off and treated as disposals in the year of the acquisition.

Holdings in affiliated companies and other group companies are valued by acquisition cost or by a lower value allocated on the date of the financial statement.

Inventories are estimated as group acquisition costs or production costs or are given lower values on the date of the financial statement.

Accounts receivable and other assets are balanced on their face value.

Allowances are made for recognisable individual risks by individual valuation reserves; bad debts are written off.

Liquid assets are estimated by their nominal values.

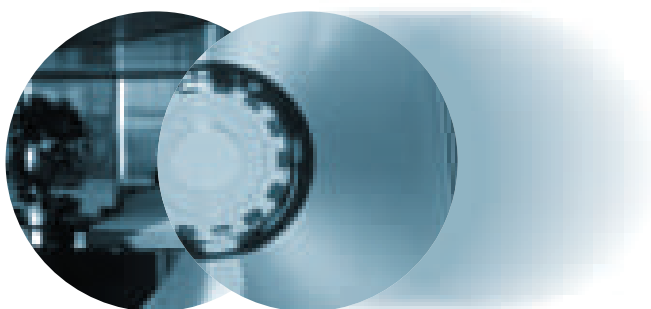
Pension accruals are assessed in accordance with IAS principles (IAS 19). The valuation of commitments as at 31 December 1999 took place in accordance with Tz 64 IAS 19 following the Projected Unit Credit Method. At the same time the classification of future payments took place by looking at entry dates into particular schemes and the possible length of service.

Accounting bases and parameters:

- Calculation of interest 5,5 %
- Increase in cost of living 1,5 % p.a.
- Increase in legal rights to future pension payments 1,5% p.a.
- Adjustment of current pensions in accordance with § 16 re AVG 1.5% p.a.

As pension obligations are based on direct pension commitments, for the fulfilment of which business assets are tied up by making pension accruals liabilities, there is no selection of assets for this purpose (funding).

The »other accruals« take into account all recognisable risks and uncertain obligations.



Principles Used to Draw Up and Audit the Group Financial Statement

Liabilities are estimated with the amounts repayable.

Expenses and income from the financial year are taken into account – regardless of the time of payment – if they have been realised. Income from services is realised if the work has been carried out. Expenses and income relating to the period covered are only taken into account if they are allotted to the financial year.

Tax deferrals are performed on discrepancies between the company's result according to commercial law and fiscal law, as long as the differing tax expenditure is expected to balance out in future years. The deferral is formed at the level of the expected tax relief in the following fiscal year. Tax credits from deferrals are only taken into account if their realisation seems adequately guaranteed. If there are active or passive deferred taxes they are netted out. The deferred item in the group financial statement in accordance with § 306 of the HGB (commercial code) was brought together with the item covered by § 274 of the HGB.

Accounts receivable, liabilities and liquid assets in foreign currency are converted in the annual

financial statement according to the exchange rate that is valid on the date of the statement.

In the individual financial statements the foreign currency accounts receivable and liabilities are converted according to the exchange rate that is valid on the date of the statement.

On the group balance sheet and the group income statement individual items are summarised and shown separately in the Appendix.

This procedure was selected in accordance with § 265, section 7, clause 2 of the HGB (commercial code) in order to improve clarity of presentation. The group income statement is set out in accordance with the overall expenses method following § 275, section 2 of the HGB.

Comments and Explanatory Notes on the Accounting

Accounting and other audited documents

The company does not do an institutionalised group audit. Generally operating cycles are taxed and supervised on a functional basis by a controlling department. There is an internal reporting system especially for this.

As this is the first consolidation we could not take as our starting point an audited group financial statement, with an unqualified auditors' certificate, as at 31 December 1988.

The closing entries in the year covered by the report were made at the end of our audit.

We ensured that the accounting systems and the way they were used were in order.

Accounting and documentation comply with legal requirements.

Group financial statement

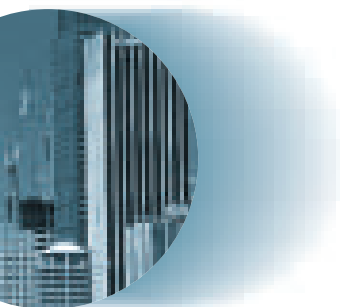
Compliance of the group financial statement

The group financial statement complies with the legal regulations including generally accepted accounting principles and the supplementary provisions of the articles of association.

The group balance sheet and the group income statement were duly drawn up from the accounting and other audited documents. The regulations on estimates, presentation and valuation that apply to corporations were observed, as were consistent principles. The notes to the consolidated financial statement contain the stipulated information on individual items in the group balance sheet or, as the case may be, in the group income statement and gives a correct and complete report of the other information required.

Breakdown and explanatory notes on the essential items in the group financial statement

The notes to the consolidated financial statement contain, apart from the information required by law, all essential breakdowns and explanatory notes with regard to items on the group financial statement. Therefore we do not provide further breakdowns and explanatory notes.



.....
»The new ce CONSUMER ELECTRONIC is a fully digitalised, enormously fast and flexible business, that breaks down all growth limits.«

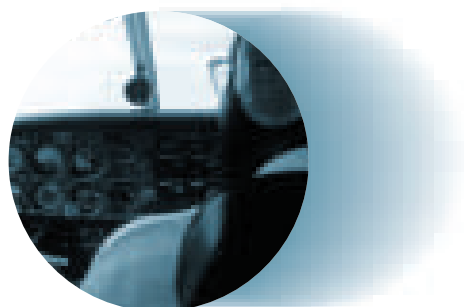
Erich J. Lejeune



Comments and Explanatory Notes on the Accounting

The following tables give an overview of the movement of capital and assets

Capital	31.12.1999		Previous Year		Change	
	TDM	%	TDM	%	TDM	%
Subscribed capital	14.862	21,6	7.500	16,5	7.362	98,2
Capital reserves	37.614	54,8	30.250	66,7	7.364	24,3
Retained earnings	416	0,6	354	0,8	62	17,5
Net income / net loss	4.202	6,1	2.337	5,2	1.865	79,8
Shareholders' equity	57.094	83,1	40.441	89,2	16.653	41,2
Pension accruals	659	1,0	602	1,3	57	9,5
Medium-term and long-term amounts due to banks	0	0,0	222	0,5	-222	-100,0
Medium-term and long-term other liabilities	0	0,0	0	0,0	0	0,0
Medium-term and long-term borrowed capital	659	1,0	824	1,8	-165	-20,0
Tax reserves	2.793	4,1	848	1,9	1.945	229,4
Other reserves	457	0,7	265	0,6	192	72,5
Short-term bank loans	168	0,2	439	1,0	-271	-61,7
On account payments received on orders	134	0,2	0	0,0	134	
Amounts due to suppliers	3.225	4,7	2.301	5,1	924	40,2
Accounts due to affiliated companies and other group companies	6	0,0	173	0,4	-167	-69,5
Other short-term liabilities	4.118	6,0	44	0,1	4.074	
Short-term borrowed capital	10.901	15,9	4.070	9,0	6.831	167,8
Total capital	68.654	100,0	45.335	100,0	23.319	51,4



Comments and Explanatory Notes on the Accounting

	31.12.1999		Previous Year		Change	
	TDM	%	TDM	%	TDM	%
Net assets						
Capital outstanding	0	0,0	0	0,0	0	0,0
Intangible assets	735	1,1	96	0,2	639	665,6
Goodwill	1.779	2,6	0	0,0	1.779	0
Property, plant and equipment	1.091	1,6	1.127	2,5	-36	-3,2
Financial assets	21.058	30,7	2.061	4,5	18.997	921,7
Assets tied up in the medium-term and long-term	24.663	35,9	3.284	7,2	21.379	651,0
Inventories	1.300	1,9	252	0,6	1.048	415,9
Customer accounts receivable	12.229	17,8	4.754	10,5	7.475	157,2
Security investments	18.870	27,5	0	0,0	18.870	
Other short-term loans	8.352	12,2	1.492	3,3	6.860	459,8
Liquid assets	3.240	4,7	35.553	78,4	-32.313	-90,9
Assets tied up in the short-term	43.991	64,1	42.051	92,8	1.940	4,6
Total assets	68.654	100,0	45.335	100,0	23.319	51,4

Explanatory Notes on Operating Expenses and Income

Other operating income

	1999	1998	Variance	Variance
	TDM	TDM	TDM	%
Absorbed remuneration in kind	37	82	-45	-54,8
Payments from insurance claims	13	8	5	64,0
Income from the reversal of reserves	39	1.174	-1.135	-96,7
Income from variations in exchange rates	1.721	101	1.620	1607,5
Sponsorship income	3.000	0	3.000	100,0
Other operating income	457	182	275	151,2
Total	5.267	1.547	3.720	240,5

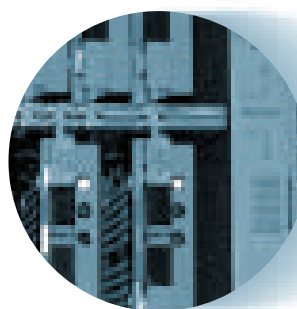
Other operating expenses


	1999	1998	Variance	Variance
	TDM	TDM	TDM	%
Spatial expenses	598	451	147	32,6
Administrative expenses	1.835	954	881	92,3
Vehicle expenses	395	343	52	15,1
Sales expenses	702	917	-215	-23,5
Sponsorship	3.000	0	3.000	0,00
Expenses from variations in exchange rates	864	24	840	3489,7
Other operating expenses	1.456	707	749	105,8
Total	8.850	3.396	5.454	160,6

.....

General statement on the group financial statement:

With due regard to the generally accepted accounting principles the group financial statement gives a true and fair view of assets, liabilities, financial position and profit.





.....
»As an emerging global market leader
in the ultra-fast trade in semi-conductors
we do not, however, put our trust in the
market – we shape it.«

Quotation from the Board

Auditors' Certificate

We gave the group financial statement and the group management report of ce CONSUMER ELECTRONIC AG, Munich, for the fiscal year 1 January 1999 - 31 December 1999 a signed unrestricted auditors' certificate in Munich on 20 April 2000, as follows:

»We have audited the group financial statement taking into consideration the accounting and the group management report of ce CONSUMER ELECTRONIC AG for the fiscal year 1 January 1999 - 31 December 1999. The accounting and the layout of the group financial statement and the group management report, in accordance with German commercial law and with the supplementary provisions of the articles of association, are the responsibility of the legal representatives of the company. Based on the audit that we carried out, it is our task to give a judgment on the group management report and the group financial statement including the accounting.

We carried out our audit of the group financial statement in accordance with § 317 of the HGB (commercial code) and followed the generally accepted principles for the auditing of financial statements laid down by the IDW (the German institute of auditors). According to these principles the audit

is planned and performed in such a manner that it allows one to identify with certainty inaccuracies and infringements that have a significant effect on the way that assets, liabilities, financial position and profit are presented in the group financial statement that complies with generally accepted accounting principles and in the group management report. The arrangement of auditing procedures takes into account knowledge about business activities and the economic and legal environment of the company as well as expectations of possible errors. As part of the audit, judgments are made – predominantly on a basis of spot checks – on the effectiveness of the internal checking systems and on the proof for the information in accounting records, the group financial statement and the group management report. The audit includes an assessment of the principles used in balancing and the essential judgments by the legal representatives as well as an acknowledgment of the overall presentation of the group financial statement and the group management report. We are of the opinion that our audit forms a sufficiently sound basis for our assessment. No objections were raised as a result of our audit.



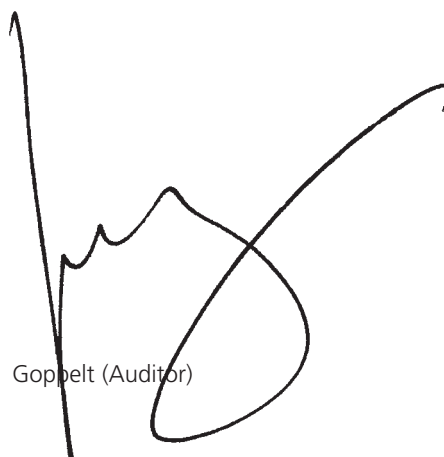
Auditors' Certificate

We are convinced that, with due regard to the generally accepted accounting principles, the group financial statement gives a true and fair view of the company's assets, liabilities, financial position and profit. The group management report gives all in all an accurate picture of the company's position and accurately presents the risks involved in the future development.«

We have produced the above report in accordance with the legal provisions and the generally accepted reporting principles used in connection with the auditing of financial statements.

Munich, 20. April 2000

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Goppelt (Auditor)



ppa. Ouakili (Auditor)



Contacts

ce CONSUMER ELECTRONIC AG

Denninger Straße 15
81629 Munich, Germany

Postal address:

Postfach 860204, 81679 Munich, Germany
Phone +49-(0)89-99 71-0
Fax +49-(0)89-99 71-19 99
www.consumer.de
e-mail: info@consumer.de

ce Las Vegas, Inc.

2625 N. Green Valley Parkway, Suite 260
Henderson, Nevada, 89014 USA
Phone +1-702-435 42 61
Fax +1-702-435 42 71
e-mail: aokin.celv@lvcm.com

ce Inter Chip AG

Burghofstrasse 20
CH-8105 Regensdorf
Switzerland
Phone +41-(0)1-870 89 89
Fax +41-(0)1-870 89 98
e-mail: fletcher@inter-chip.chg



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ce Alcora Pty. Ltd.

unit 2, Brookhollow Ave
Baulkham Hills
NSW 2153 Australia
Phone +61-2-98 94 26 55
Fax +61-2-98 94 27 55
www.alcora.com.au
e-mail: barry@alcora.com.au

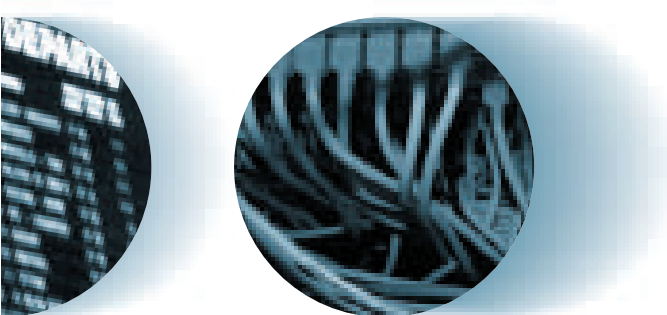
ce NIHON ARCOM CORP.

No.2 Goseki Bldg.
2-10, Hachobori 4-chome Chuo-ku,
Tokyo 104-0032, Japan
Phone +81-3-35 53 76 02
Fax +81-3-35 53 76 03
e-mail arcom@gol.com

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Zero Advertising Agency, Munich

Photo of Mr Lejeune on parchment:
Sigi Hengstenberg

Financial information:
Glogauer & Company Communications GmbH, Gräfelfing



.....
ce CONSUMER ELECTRONIC is expanding.
New premises will open soon.

A man in a dark suit, white shirt, and dark tie stands in front of a modern building. He is smiling and has his hands clasped in front of him. The background shows a city street with a car and a boat. The entire image has a blue tint.

»ce wächst.
Bald auch
hier. Wachsen
Sie mit!
Als Aktionär.«

Erich J. Lejeune