



2001

Annual Report



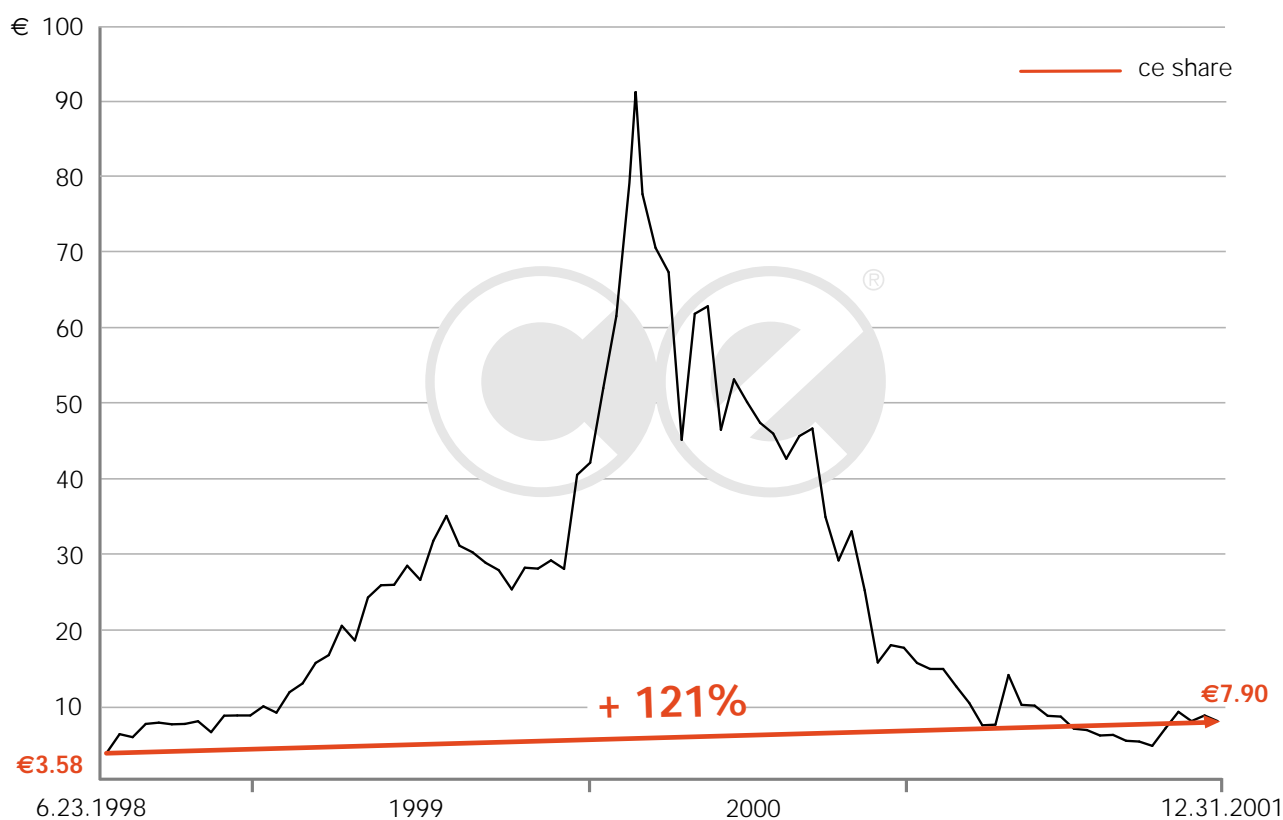
**CONSUMER ELECTRONIC
AKTIENGESELLSCHAFT**
World Trade Center for Chips

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At a glance

Development of share price since IPO (XETRA final quotes, corrected for splitting)



	1998	1999	2000	2001	Change vis-à-vis 2000
ce CONSUMER ELECTRONIC share					
Weighted number of shares (undiluted)	22.5	23.1	24.5	25.2	2.9%
Weighted number of shares (diluted)	22.5	23.1	24.5	26.4	7.8%
Earnings per share in € (undiluted)	0.05	0.09	0.24	-0.08	-132.0%
Earnings per share in € (diluted)	0.05	0.09	0.24	-0.07	-130.6%
Cash flow per share	0.04	0.11	0.44	0.27	-37.8%
Dividend per share in €	0.05	0.05	0.05	-	
Number of shares on 12/31	22.50	22.80	25.00	25.50	2.0%
Stock price on 12/31 in €	8.90	43.33	17.50	7.90	-54.9%
Market capitalization on 12/31 in € mill.	200.3	987.9	437.5	201.5	-54.0%
Freefloat in %	42.4	52.0	81.0	84.0	-

Overview of ce CONSUMER ELECTRONIC

	1997	1998	1999	2000	2001	Change vis-à-vis 2000
Earnings situation						
Sales in € mill.	18.0	23.6	37.2	284.2	426.8	50.2%
Brokerage	18.0	23.6	37.2	150.6	112.7	-25.2%
eCommerce	-	-	-	110.8	63.4	-42.8%
Distribution	-	-	-	22.8	250.7	1,002.8%
EBITDA in € mill.	2.3	3.5	4.6	15.7	8.1	-48.6%
Brokerage	2.3	3.5	4.6	13.4	2.3	-82.9%
eCommerce	-	-	-	1.8	1.1	-37.4%
Distribution	-	-	-	0.5	4.7	920.9%
Depreciation (incl. goodwill) in € mill.	0.2	0.3	0.4	3.1	8.0	158.1%
EBIT in € mill.	2.1	3.2	4.2	12.7	0.1	-99.2%
P&L from normal business activities in € mill.	2.2	2.3	4.2	13.3	-1.3	-109.8%
Annual net income by shares of third parties in € mill.						
	1.5	1.2	2.1	5.8	-1.9	-133.0%
Cash flow from operational activities in € mill.						
	1.6	0.9	2.5	10.8	6.9	-36.0%
Key figures						
Margin on gross results from operations in %	31.6	27.3	25.4	16.1	11.2	-30.4%
EBITDA margin in %	12.8	14.8	12.4	5.5	1.9	-65.8%
EBIT margin in %	11.7	13.6	11.3	4.5	0.0	-99.5%
Return on sales before taxes in %	12.2	9.7	11.3	4.7	-0.3	-106.5%
Consolidated tax rate in %	31.2	25.7	48.5	41.8	-	-
Capital assets in € mill.	0.7	1.7	12.6	68.8	74.1	7.7%
Shareholder equity in € mill.	5.7	20.7	29.2	126.6	112.3	-11.3%
Balance sheet total in € mill.	8.5	23.2	35.1	194.4	192.4	-1.0%
Shareholder equity rate in %	67.1	89.2	83.2	65.1	58.4	-10.3%
Return on shareholder equity in %	26.3	5.8	7.2	4.6	-1.7	-137.2%
Total yield on investment in %	17.6	5.2	6.0	3.0	-0.3	-108.6%
Net cash position	6	18	21	21	-11	-153.0%
Employees (average worldwide)	22	23	33	203	423	108.4%
Personnel costs in € mill.	2.6	2.0	3.0	13.4	24.0	78.8%
Sales per employee in € mill.	0.8	1.0	1.1	1.4	1.0	-27.9%

**“Business life is more than
a marathon and not just a
100-meter dash.”**



Foreword

Foreword to the Annual Report of ce CONSUMER ELECTRONIC AG for the year 2001 from the Chairman of the Managing Board



Ladies and Gentlemen,

When the sea is rough and the winds are stormy, the moment of truth comes for both ship and crew. Now is the time to test the stability of the ship's construction and its ability to withstand rough weather, along with the competency and professionalism of its crew – captain, officers, and personnel alike.

The year 2001 was just such a test for the entire semiconductor industry and the Neuer Markt. Both had a strong wind whipping against their faces. I've had the pleasure of standing on the bridge of ce CONSUMER ELECTRONIC for 26 years now. Looking back on what is surely the most difficult year in the history of our company, I can therefore say: the reason we have been able to master these difficult waters is the experience we gained in the preceding 25 years.

As chip brokers, we have always been and continue to be the bloodhounds and seismographers of all modern technologies. Sooner than others, we recognize the newest developments and trends in the knowledge and information society. We deal in the raw material that is changing the world ever more profoundly and at ever shorter intervals.

However we will only be able to fulfill this responsibility convincingly if we ourselves are always ready to change. Like a ship in heavy seas: our experience has taught us to recognize the icebergs that threaten our route even before they become visible. To accomplish this, we have established an early warning and detection system, consisting of sensors that are firmly anchored in every corner of the global market, providing us with information on any movement around the clock. That is why we can react faster than others.

While some carefree souls still sat in the lounge listening to the ship's orchestra, assuring themselves and their passengers (their shareholders) that they were safe, even as the icebergs came closer and closer, we were already bent over our sea charts looking for new routes.

Those who entrusted themselves to us, knew at all times what they were facing. We did not enshroud ourselves in silence, but instead made sure that they were informed early about the dangers and the difficulties. Not everyone was always glad to hear that news, but we didn't let their grumbling deter us. Truth is the heart of our company.

We have always believed and still believe in shareholders with minds of their own, shareholders who want to hear the truth and can stand to hear the truth, even if it happens to be unpleasant at the moment. Our shareholders are shareholders in the truest sense of the word, and they are entitled at all times to timely and truthful information about any facts that are relevant to the success of the company. And that includes all the facts about the environment in which we move and operate.

What would be or was the alternative? There are plenty of negative examples. Necessary corrections in expected sales and profits were withheld until in all good conscience – or bad conscience – they could no longer be kept quiet. The result: the artificially drawn-out feeling of joy bordering on hubris was followed all too often by shock, panic and the cry: to the lifeboats, every man for himself! And those who made it to the few lifeboats were usually the same ones who were responsible for the catastrophe, while the rest of the crew and most of the passengers sank beneath the flood.

As the responsible captain of ce CONSUMER ELECTRONIC, I can say with pride at the end of our turbulent and eventful crossing through this year: despite all adversity, we have all succeeded in steering the ship safely into the harbor. This Annual Report is like a logbook, full of worthwhile information for you about all the stages and details of ce's year 2001.

Right at the start of 2001, we adjusted our sales expectations to the decline in the US economy that was already becoming apparent in the late autumn of the year 2000. It was impossible to overlook the fact that the New Economy Revolution was taking a break, and that this would necessarily have particular effect on the semiconductor industry, which was about to experience the greatest crisis in its history.

At that same time, in connection with these indications, and even under these more difficult conditions, we had announced projected annual sales of €358 million (DM 700 million). With a result of €427 million (DM 835 million) we exceeded this prognosis substantially.



This growth in sales is all the more impressive in light of the terror attacks of September 11, 2001, which dealt a severe new blow to the recovery of the semiconductor market that was beginning to be felt at that time.

The fact that ce CONSUMER ELECTRONIC, as an important part of this market, was able to avoid many negative developments is due not only to its decades of being firmly anchored in all market segments, but also to its high degree of flexibility, a number of reorganizational measures it was able to take in time, and to its untiring and loyal employees.

These successful measures include the complete acquisition of the remaining shares in SND Electronics Inc., Greenwich, CT, in August 2001. By reducing costs and intensifying joint customer relationships, we were able to gain additional market shares, especially on the American chip market, the largest in the world. Beyond that, this step took ce CONSUMER ELECTRONIC into second place among the world's largest chip brokers, thus bringing it a good deal closer to its declared goal of market leadership.

In the area of personnel, the supervisory board took important steps to set the course for the company's future. It appointed Peter Bohn to the managing board, effective November 1, 2001. Bohn is a highly qualified manager with international experience, whose last position was as chairman of the managing board of our competitor ACG AG. He will devote himself primarily to corporate restructuring and integration, and to the establishment of new fields of business.

The founding members of the managing board, Irène Lejeune (corporate integration and legal) and Herbert E. Graus (materials management and logistics), vacated their positions at the end of September and at the end of the year 2001, respectively. Both remain firmly and loyally linked to the company as shareholders. On June 1, 2001, the former head of finance at Computer 2000 Deutschland GmbH, Friedrich Rettenberger, joined the company's managing board as the new chief financial officer (CFO), Matthias Knisig, formerly worldwide manager of the Siemens Group Information and Communication Mobile, came aboard as chief operating officer (COO), and the former general manager of ce CONSUMER ELECTRONIC AG, Michael Negel, became head of brokerage.

As in the crisis in the semiconductor industry, ce CONSUMER ELECTRONIC AG was also able to withstand the turbulence on the Neuer Markt. Of the 318 companies currently listed there, we are among the very small number, whose stock price, despite all the drops, remains well over the issue price.

I can say without exaggeration that ce CONSUMER ELECTRONIC today is a model company, a beacon of hope, and a factor for stability on the Neuer Markt. Despite all justified criticism, in the fifth year of its existence we should not forget that the Neuer Markt has made a radical change for the better in the German economy and has solidified Germany's position as a business site in world competition, especially in the areas of new technologies. In addition, there has been a boom of company foundations, the like of which Germany has not seen since industrialization 150 years ago.

Therefore, if we can improve regulations, and if all market participants will remember the responsibility they bear, the Neuer Markt deserves a second chance to earn the lasting trust of investors.

Many have shared in the success of ce CONSUMER ELECTRONIC in the year 2001. I thank our more than 10,000 customers and suppliers worldwide for decades of collaboration based on trust. I would also like to express my gratitude to the members of the company's supervisory board, who went far beyond their actual duties to work for the good of the company in critical situations, to our employees whose above-average motivation and commitment to ce have made these positive results possible, and especially to the shareholders, who remained true to us in such overwhelming numbers, and whose trust places us under a special obligation.

We look forward to the year 2002 with optimism and confidence. In the upturn that is already taking shape and is picking up steam in the second half of the year, the semiconductor industry will play a decisive role as the key industry in the world economy. As a splendidly positioned global player, ce CONSUMER ELECTRONIC can expect a new thrust forward. ce is in the pole position.

Sincerely yours,

E. Wejeme



Managing board

With the restructuring of the managing board in 2001, ce CONSUMER ELECTRONIC AG is pointing the way toward a new future. Our new managing board stands for enormous experience and competency in the international high-tech and chip brokerage industry.



Erich J. Lejeune (57)

CEO (Chief Executive Officer)

Founder and chairman of the managing board since 1976

Responsible for: Implementing the ce vision
 Expansion strategy
 M&A management (strategy, projects)
 Public relations



Peter Bohn (44)

Designated chairman of the managing board for 2003

Member of the managing board since November 1, 2001

Responsible for: Corporate strategy, planning, and organization,
 corporate control and auditing
 Overall operational control of the corporate group
 Corporate governance, quality and risk management
 Investor relations

References: Chairman of the managing board of ACG AG
 Chairman of the managing board of Utimaco Safeware AG
 Worldwide general manager, Hewlett-Packard
 Member of German management
 of Hewlett-Packard GmbH

Matthias Knisig (42)

COO (Chief Operating Officer)

Deputy chairman of the managing board

Member of the managing board since January 1, 2001

Responsible for: Sales, purchasing, customer service, and logistics
Marketing

References: Senior vice president, Siemens Information
and Communication Mobile
Member of German management
of Siemens Nixdorf AG



Friedrich Rettenberger (48)

CFO (Chief Financial Officer)

Member of the managing board since June 1, 2001

Responsible for: Finance and accounting, controlling
Personnel
Administration

References: Head of finance at Computer 2000 Deutschland GmbH
for Germany, Austria, and Switzerland



Michael Negel (38)

CBO (Chief Brokerage Officer)

Member of the managing board since June 1, 2001

Responsible for: Chip brokerage

References: 16 years of experience in chip brokerage
at ce CONSUMER ELECTRONIC AG



Irène Lejeune, who had been responsible for corporate integration and accounting, left the managing board on September 30, 2001. Herbert E. Graus, founding member of the company and responsible for materials management and logistics, left the managing board at the end of the year 2001. Both founding board members remain cordially linked to the company as shareholders.



Chronicle 2001

January 23, 2001

As one of the fastest growing chip brokers in the world, ce CONSUMER ELECTRONIC AG opens its branch in Vienna, thus entering the strategic market Austria – and opening the door to further expansion in Eastern Europe.

February 2, 2001

Horst G. Bülck, chief financial officer and deputy chairman of the managing board of ce CONSUMER ELECTRONIC AG, leaves the company.

February 6, 2001

ce CONSUMER ELECTRONIC AG celebrates its 25th anniversary.

March 14, 2001

A distribution contract with Microsoft Corporation guarantees ce-SND Electronics Inc. full sales rights for all Microsoft products in Brazil. On the large Latin American IT market (volume: US \$13 bn) ce CONSUMER ELECTRONIC AG now has access to 7,000 retailers and major customers (OEMs).

April 20, 2001

In Hong Kong the ce CONSUMER ELECTRONIC group showed its flag on the growth market China – the new branch also serves as the logistics center for continental Asia.

May 11, 2001

Despite a worldwide chip market in the doldrums, ce CONSUMER ELECTRONIC showed strong growth in the first quarter of 2001 and far exceeded the previous year's figures. The sales, which quadrupled from DM 60.1 mill. (€30.7 mill.) to DM 245 mill. (€125.3 mill.) outstripped the comparison figures for the entire first half year of 2000 by nearly DM 100 mill. (€51.1 mill.).

January

February

March

April

May

February 9, 2001

A major international order for DM 15 mill. (€7.6 mill.) constitutes the largest single order in the 25-year history of ce CONSUMER ELECTRONIC.

March 28, 2001

According to finally tested figures, ce CONSUMER ELECTRONIC AG far exceeded the planned amounts and record results of the year 2000. Compared to 1999, sales rose by 663 percent, EBIT grew by 202 percent, the annual net income by 168 percent, and the stock price by 145 percent.

April 25, 2001

With the new branch in Great Britain, ce CONSUMER ELECTRONIC AG gains access to the second-largest chip market in Europe and thus achieves a position of global strategic importance.

May 23, 2001

ce CONSUMER ELECTRONIC AG strengthened its management and started a stock option program for all employees.

June 6, 2001

In order to accelerate the integration of existing acquisitions, ce CONSUMER ELECTRONIC AG stopped all plans for further online marketplaces, after the failure of Munich's EM.TV AG and Berlin's Jack White Produktions AG. Based on weak chip markets, operating results are expected to be cut in half to DM 12.6 mill. (€6.4 mill.).

July 30, 2001

With SND Electronics Inc., USA, ce CONSUMER ELECTRONIC AG agrees to purchase the remaining shares of 49 percent at the latest by the end of August – two years earlier than planned and at a lower price.

September 3, 2001

ce CONSUMER ELECTRONIC AG purchases the remaining shares of SND Electronics Inc. and thus advances to second largest chip broker in the world.



October 1, 2001

Due to the terror attacks in the USA, ce CONSUMER ELECTRONIC AG suffers losses in its US business, especially in high-margin chip brokerage. Thanks to a strict cost-savings program and a positive outlook for 2002, however, the company does not let any personnel go.

November 13, 2001

ce CONSUMER ELECTRONIC AG clearly escapes from the worst of the worldwide semiconductor crisis, even though the terrorist attacks and the subsequent recession in the USA lead to an expected drop in earnings in the third quarter.

June

July/August

September

October

Nov/Dec

August 13, 2001

Despite a worldwide chip market in the doldrums, ce CONSUMER ELECTRONIC AG had strong results for the first half year. Group sales rose by 188 percent to DM 432.82 mill. (€221.3 mill.). The EBITDA rose by 40 percent from DM 9.62 mill. (€4.9 mill.) to DM 13.45 mill. (€6.8 mill.).

September 6, 2001

Looking to the future, ce CONSUMER ELECTRONIC AG restructures the managing board. Peter Bohn (44) becomes a new member of the managing board and the designated successor to Erich J. Lejeune.

December 5, 2001

Despite the difficult economic situation, ce CONSUMER ELECTRONIC AG already achieves its target sales for 2001 of DM 700 mill. (€357.9 mill.) after only eleven months.



Report of the supervisory board



In fiscal year 2001, in five joint meetings, as well as through written and oral reports and in individual discussions with the managing board, the supervisory board obtained regular and comprehensive information on the business and financial situation of ce CONSUMER ELECTRONIC AG, Munich. Beyond that, the chairmen of the supervisory board and managing board exchanged views on a regular basis. Joint consultations were held with the managing board regarding fundamental topics related to the business policy of ce CONSUMER ELECTRONIC AG.

As a business-oriented committee, the supervisory board sees itself as the constant companion and involved advisor to management – fully in the American tradition of increasing company value. In this sense, we will continue to support ce CONSUMER ELECTRONIC AG in its future business development and policy.

The corporate goals for fiscal year 2001 are being approached with clarity and consistency: integration of acquired companies, positioning as the second largest chip broker in the world, and laying the foundations for global market leadership.

Supervisory board and managing board dealt primarily with worldwide growth, risk, and quality management within the corporate group. Central topics were the complete takeover of the American company SND Electronics, Inc., the conversion of the accounting system to US-GAAP, the introduction of stock option plans, and the opening of additional strategic companies in growth regions.

Integration work is a constant challenge to management in order to implement the defined goal of growth with a clear focus on profitability. Therefore, we joined the managing board at an early stage to set the following goals for 2002: the main focal points continue to be integration within the corporate group, organic and results-oriented worldwide growth, and continued improvement in quality and risk management.

We worked with particular intensity on restructuring the managing board of CONSUMER ELECTRONIC AG and on harmonizing cross-platform infrastructures among the individual corporate segments.

Furthermore, on July 3, 2001 we monitored the conversion from bearer stock to personal stock approved by the general shareholders' meeting on July 3, 2001. In addition we unanimously subscribed to the convertible bonds approved in accordance with the corporate charter for each supervisory board member in the amount of €30,000 at the conversion price of €7.69. This success-oriented participation is designed to promote the commitment of the members of the supervisory board to corporate governance.

We regret that Irène Lejeune and Herbert E. Graus have left the managing board for personal reasons, but we are pleased that they remain linked to the company as friends. We welcome Matthias Knisig, Friedrich Rettenberger, Michael Negel, and Peter Bohn as new board members.

The accounting and annual financial statement of the ce CONSUMER ELECTRONIC group for the year 2001 have been audited by BDO Deutsche Warentreuhand Aktiengesellschaft, the company selected by the general shareholders' meeting for that purpose, and on March 26, 2002 received their positive seal of approval.



The structure and content of the consolidated financial statement comply with the International Accounting Standards of the IASC (IAS). The audit was carried out in accordance with the International Standards on Auditing (ISA).

The supervisory board utilized the reports of the independent auditor to independently check the consolidated financial statement and annual report prepared by the managing board along with the managing board's proposal for disposition of the net income available for distribution of ce CONSUMER ELECTRONIC AG and discussed these items with the managing board at the meeting on the balance sheet on March 8, 2002 in the presence of the auditor and the managing board. All our questions were answered thoroughly. The audit presented no reason for any objections; thus the annual financial statement is established and approved.

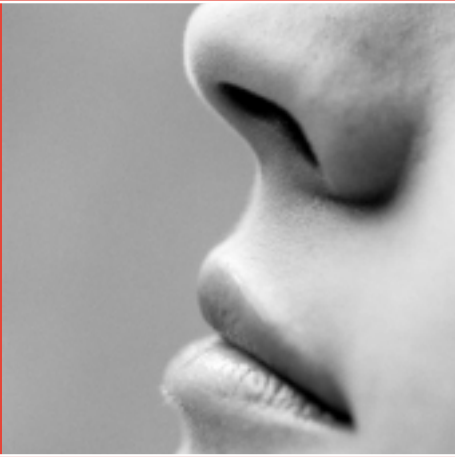
After incorporating the auditor's report, the supervisory board approved the consolidated financial statement and the annual report.

We would particularly like to thank the managing board and employees for the great commitment they have displayed in working toward business success. Their untiring efforts are deserving of our full recognition.

Munich, March 2002

The Supervisory Board

Dietrich Walther
Chairman of the Supervisory Board



The ce share



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



The ce share and the Neuer Markt 2001



"Can ce CONSUMER ELECTRONIC AG stock succeed after the New York attacks of September 11?"



"Of course this world economic crisis also affected our stock. However, our good market positioning promises long-term growth. Most leading analysts are thus advising investors to purchase our stock."

In 2001 the stock exchanges worldwide experienced substantial drops in stock prices due to recessive tendencies. Nor were ce CONSUMER ELECTRONIC AG shares able to withstand this general trend. Nevertheless, central valuation factors are once again pointing upward: the gradually reviving chip market in the USA, the positive voices of analysts, our new weighting in Nemax 50, and improved financial communication are brightening the mood somewhat.

Development of ce share price in 2001

At the start of 2001 the share price was €14.49. On October 2, shortly after the terrorist attacks of September 11, the stock reached its lowest level of €4.05 (XETRA final quote). Market capitalization sank from €362 mill. to €103 mill. Still, the share price recovered somewhat: at year's end it closed at €7.90, while market capitalization climbed to €202 mill.

Overall the price of our stock in 2001 developed 9 percentage points better than the reference index Nemax 50. Taking all the stock splits into consideration, the price at the end of 2001 was about 121 percent above the issue price of €3.58.

**ce share beats
Nemax 50**

Currently, 9 analysts advise purchasing the stock.

Comparison of Nemax 50 and ce share





ce share:
High level of liquidity

Trading volume of the ce share in 2001

The ce CONSUMER ELECTRONIC AG was one of the highest volume shares in the Nemax 50. In 2001 an average of 276,000 shares were traded on the exchange daily, and at peak times the volume even reached one million. The stock reached its greatest sales volume on the electronic trading platform XETRA at a daily average of 181,000 shares.

Average number of ce shares traded daily on in 2001 (all exchanges)

January	478,870	Shares
February	253,040	Shares
March	380,479	Shares
April	509,231	Shares
May	358,549	Shares
June	169,378	Shares
July	142,721	Shares
August	179,580	Shares
September	143,546	Shares
October	288,029	Shares
November	228,806	Shares
December	165,974	Shares

Price potential of the ce share

Since we expect a recovery in the chip economy in the second half of 2002, especially in the USA, we see great potential for the future development of the ce share based on our strong US presence. For one thing, management has forcefully pursued a corporate policy based on shareholder value. For another, in our view, the current stock price does not reflect these above-average opportunities.

Overview of the ce CONSUMER ELECTRONIC AG share

International Securities Identification Number (ISIN)	DE0005082226
Securities Identification Number (Wertpapierkennnummer = WKN)	508 222
Stock exchange code	CEW2
Reuters code	CEWGn
Trading segment	Neuer Markt
Neuer Markt industry code	Technology
Designated sponsors	HypoVereinsbank AG Bayerische Landesbank Archelon Deutschland GmbH
First listed	06/23/1998
Bookbuilding margin	DM 95 – DM 105
Issue price	DM 105; adjusted for splitting DM 7 (€3.58)
First exchange price	DM 300; adjusted for splitting DM 20 (€10.22)
Capital stock	€25,514,523
Number of shares	25,514,523
Class of stock and nominal value	Individual shares (personal shares without nominal value)
Capital stock approved for exchange trading	€25,514,523
Stock price at year's end *	€7.90
Highest price in 2001 (01/26/2001)	€16.55
Lowest price in 2001 (10/2/2001)	€4.05
Change since 1/1/2001 abs. (%)	€-6.59 (-45%)
Change in Nemax 50 since 1/1/2001 abs. (%)	-1,371 (-54%)
Change since IPO abs. (%)	€+4.32 (+121%)
Market capitalization at year's end	€202 mill.
Average number of shares traded daily	276,000

* Final price XETRA Frankfurt on 12/31/2001

**High duration of price quote and high spread**

Deutsche Börse AG gave all our designated sponsors the highest rating of "AA".

What is BayX30?

This Bavarian stock index uses the indices DAX, MDAX, SDAX, and Nemax 50 to chart the stock price development of the 30 largest Bavarian corporations (based on freefloat market capitalization).

Designated sponsors

In HypoVereinsbank AG and Bayerischen Landesbank, we have two well-known large credit institutions as designated sponsors for electronic stock trading. Archelon Deutschland GmbH also ensures liquidity in the securities trading of ce CONSUMER ELECTRONIC AG: since October 26, 2001 it has been acting as designated sponsor uncommissioned by us.

Rankings/valuations

In early December 2001, a well-known investor magazine ranked the ce CONSUMER ELECTRONIC AG share 15th in a fictitious Nemax 30 index. On December 17, 2001 Bayerische Landesbank introduced the newly developed stock price index BayX30, which contains the ce CONSUMER ELECTRONIC AG share.

On March 7, 2002 ce CONSUMER ELECTRONIC AG joined Nokia, Ericsson, Infineon Technologies, and Alcatel in a presentation at the Technology Conference in the well-known investment firm of Lehman Brothers in London.

Conversion to personal shares

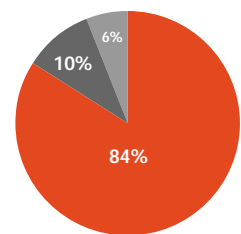
At the regular general shareholders' meeting on July 3, 2001 it was decided to convert from bearer to personal shares, while maintaining the existing denominations, and to register the entire capital stock in a blanket certificate: the entry was made in the register of corporations on August 16, 2001. On November 12, 2001 the conversion was made to the new personal shares without nominal value with the Securities Identification Number 508 222 (previously 508 220).

Shareholder structure

The shareholder structure did not change substantially compared to the annual financial statement for the year 2000. At the end of 2001 over 40,000 shareholders were registered in the share register. The definition of freefloat published in August 2001 by Deutsche Börse AG results in the following shareholder structure as of December 31, 2001 – based on shareholders who to our knowledge hold a cumulative total of at least five percent of the total capital stock:

Erich J. Lejeune (founding board member)	10%
Herbert E. Graus (founding board member)	6%
Diversified holdings (freefloat)	84%

Shareholder structure



New weighting in Nemax 50

On June 24, 2002, Deutsche Börse is converting the calculation of its stock index. Then only that portion of the capital stock in diversified holdings (freefloat) will be used to calculate the Nemax 50 – freefloat will not be taken into consideration. The above-average freefloat will then strengthen the weighting of our stock in the Nemax 50.



New website

To make our financial communication even more transparent, we are currently revising our Internet site – in the first half of 2002, www.consumer.de will have a completely new form.



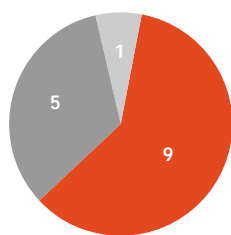
Investor relations

Since July 1, 2001 ce CONSUMER ELECTRONIC AG has an investor relations manager. This position will be filled by Maximilian Fischer, who most recently worked in the often honored investor relations team of Siemens AG. We are taking this step to underscore our goal of further intensifying our IR activities.

Regular individual discussions, conference calls, and roadshows with analysts, institutional investors, and shareholders in Germany and abroad, as well as substantially more transparent quarterly reporting have improved communication with the financial community and created trust among market participants.

We have achieved this trust because we have voluntarily subjected our financial communication to the strict rules of the US Securities and Exchange Commission (SEC): we publish any information relevant to share price simultaneously for all market participants (fair disclosure). Furthermore, since August 2001, ce CONSUMER ELECTRONIC AG has been a member of D.I.R.K. (the German Investor Relations Council).

This new transparency is succeeding: at the end of March 2002, 15 analyst firms that have regularly studied and commented on our stock issued the following recommendations:



An overview of the ce CONSUMER ELECTRONIC AG share as portrayed by leading investment firms

Buy

HypoVereinsbank
Commerzbank
Sal. Oppenheim
CAI Cheuvreux
LBBW
Nomura Sec.
Consors
Independent Research
SES Research

Hold

Bank Vontobel
Bankhaus Lampe
Helaba
SEB Bank
Metzler Bank

Underweight

Bayer. Landesbank



Group Management Report



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



Comments to the group management report

The following management report should be read in conjunction with the group financial data and the notes to the group financial statements.

The resulting report includes predictions for the future, that are based on determinations of the board of directors and the management of ce CONSUMER ELECTRONIC group. The predictions reflecting the current planning and assumptions of ce CONSUMER ELECTRONIC group are, however, subject to unknown risks, uncertainties and chances.

We therefore strongly emphasize, that non-predictable or only to a limited extent foreseeable events can materially effect, either negatively or positively, the actual business and results of ce CONSUMER ELECTRONIC group. Uncertainties arise in particular from:

- Changes in the general economic and business conditions
- Movements in exchange rates or interest rates
- Failure to reach efficiency or cost reduction aims
- Changes in the company's strategy

We are firmly convinced that the expectations, as reflected in our future predictions, are well founded and realizable. ce CONSUMER ELECTRONIC AG provides, however, no guarantee that the future predictions are correct in the event that the risks described above actually occur.

The business year 2001



"What makes the ce CONSUMER ELECTRONIC business concept so successful and visionary?"



"Microchips are the fuel of the world economy. But, again and again, there are shortages. As a third force between manufacturers and distributors we find and procure urgently needed chips in the shortest possible time. Anywhere and everywhere. Since 1976."

ce CONSUMER ELECTRONIC group with a turnover of € 426.8 mill. and an EBITDA of € 8.1 mill. has achieved a positive result despite the worst semiconductor crisis ever. Our EBIT was € 0.1 mill. after goodwill, despite dramatically falling chip prices, the 26th business year continuing to show a plus. Additionally we have been able to achieve an increased share in the US market and the newly reconstituted board of directors is future-oriented.

General economic situation 2001

Years of economic growth were followed in the last financial year with a worldwide recession. Looking back, 2001 showed itself to have been "the year of disappointed economic hopes."

A weakening compared with the boom of 2000 was expected, but neither industrial analysts nor economic institutes had expected that the economic development, particularly in the developed industrial nations, in the year 2001 would prove to be so negative.

The deutsche ifo Institut made a prognosis as late as December 2000, that total economic productivity in 2001 would increase by 2.25 to 2.5 percent per quarter. The general economic development, however, had already stagnated by the second quarter of the year; the third quarter showed worse an economic reversal.

The economy in the USA experienced, against the expectations of virtually all analysts, a particularly "hard landing." This reversal, which began in the USA in March 2001, was markedly intensified by the terrorist attacks in New York on September 11.

What is EBITDA?

Earnings before interest, taxes, depreciation, and amortization, which means profit or loss before deduction of interest, taxes, and depreciation or amortization for intangible and tangible assets.

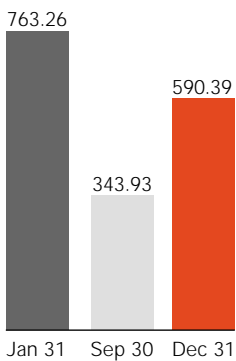
And EBIT?

This means simply earnings before interest and taxes.



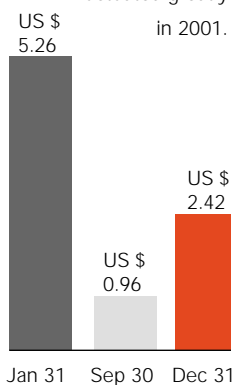
The SOX 2001

The Philadelphia Semiconductor Index (SOX) took a roller coaster ride in 2001.



Prices for SDRAM

"Synchronous dynamic random access memory" chips are among the most frequently used memory chips. The price for 128-MBit chips fluctuated greatly in 2001.



The semiconductor industry 2001

In the first eight months of the year the chip market experienced numerous profit warnings. The downwards trend ended only in late August 2001: a few major manufacturers such as Motorola, Analog Devices and Fairchild reported a strong increase in orders received.

However the events of September 11 stopped the apparently growing recovery in the worldwide chip market and caused a sudden and dramatic downwards correction to an already pessimistic market prediction for 2001.

The leading market research institutes, expecting a reduction of "only" 26 percent as compared to the previous year before September 11, now predict as reported by the US industry association Semiconductor Industry Association (SIA), that the world market 2001 shrank by 32 percent; the market volume reduced by US \$65 bill. to US \$139 bill.

This showed the worst collapse that the semiconductor industry in its long history had ever experienced: the Philadelphia Semiconductor Index (SOX), where a year's high of 763 points was reached on January 31, 2001, fell on September 27 to a year's low of 343 points.

The turnover in December 2001 fell 44 percent when compared to the previous year: this, the worst result since August, confirmed the downwards trend of the whole year. Despite this, the Semiconductor Index SOX again reached 590 points on December 6.

The chip prices in 2001 were also very volatile. A SDRAM with 128 megabytes could achieve a price on the spot market in January of US \$5.80, by October the price had fallen below US \$1.00 shortly thereafter the price rose again to US \$2.42 by the end of 2001. These price movements in electronic parts directly affected our turnover and gross profit.

Two major product groups were deciding factors in the negative development: the market in 2001 for mobile telephones and telephone systems could not repeat the success of the previous year and sales of PCs have, for the first time since 1985, declined. The resulting surplus in inventories held dominated the market prices and orders received throughout the year.

Group strategy



“What strategic advantages does ce CONSUMER ELECTRONIC utilize?”



“Our employees are characterized by a high level of market and industry know-how. They know who needs chips, who manufactures them, and how to get them – worldwide, 24 hours a day, seven days a week, 365 days a year.”

We have persistently built up our market position and worldwide presence, despite the difficult year 2001 for the semiconductor industry, thanks to the visionary and exceptional business strategy. In particular the full investment in SND Electronics, Inc. creates for us special advantages in the global competition. Our strategy is to concentrate on our central abilities; our aim is to integrate our newly formed global activities and to rise to be the worldwide market leader.

Strategic aims

The ce CONSUMER ELECTRONIC group, in order to show worldwide more presence and market strength, has defined the following major strategic and operative aims:

- We are concentrating on strengthening our three central activities of brokerage shortage management, eCommerce and trading.
- We aim to grow externally through profit-driven, organic growth and a clear focus on the high margin chip brokerage.
- We seek to become the worldwide number 1 broker for active and passive parts and system components.
- Following our new strategy, it is our aim to enforce the VCE Virtual Chip Exchange as the leading global platform for electronic parts.
- We are continuing with our amalgamation and are creating a worldwide integrated sales and purchasing network.



26 years in the black

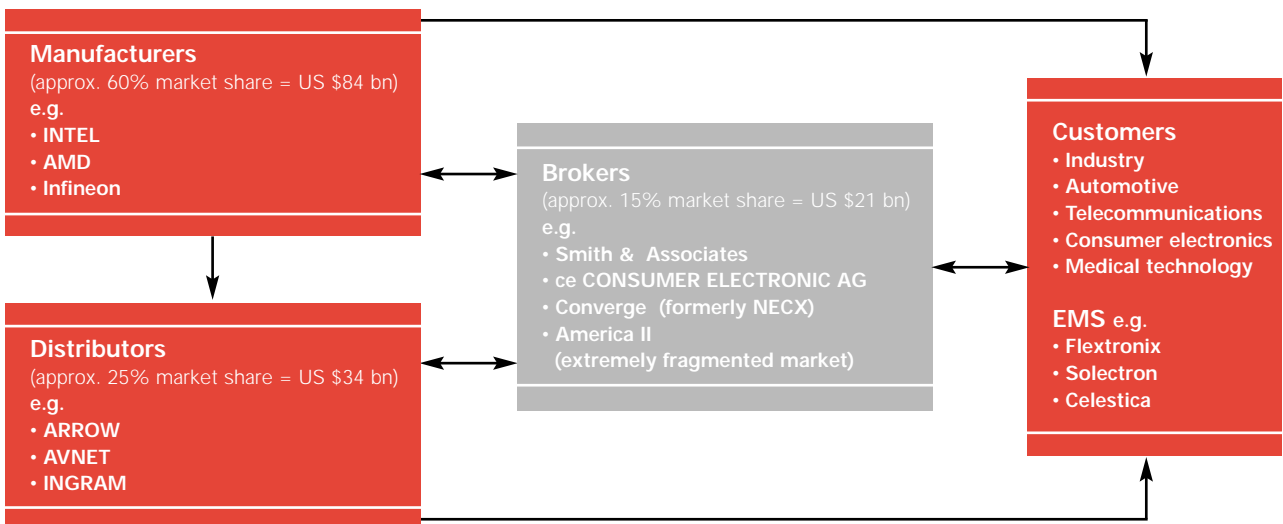
Since its founding in 1976, ce CONSUMER ELECTRONIC has experienced at least five substantial downturns in the overall market. However, thanks to a brokerage business model that is as flexible as it is cost-effective, the company has always had positive operating results.

Positioning the company in the market

ce CONSUMER ELECTRONIC group has been largely and successfully involved in the acceptance in the international market for semiconductors that chip brokers should be recognised as a third force. The continual growth in our market share has given us second place as worldwide operating chip broker and our medium-term aim is to become the market leader.

Market structure

The following information gives an oversight of the total semiconductor market for 2001. The American industry association Semiconductor Industry Association (SIA) has reported the market volume for the year as being US \$139 bn.:



Business model



“How does the brokerage business work at ce CONSUMER ELECTRONIC AG?”



“Our goal is to act only on behalf of the customer, to buy just-in-time, and to avoid the risks of warehousing. This keeps us substantially independent of price cycles and exchange rates.”

Additionally to our two main areas of competence, the chip brokerages for electronic parts and for non-electronic parts, we have expanded the business of ce CONSUMER ELECTRONIC AG with a third pillar: trading in the higher margin area of IT. This aimed trading with high quality product lines from selected manufacturers such as Intel or Microsoft is helping us to gain further market shares, particularly in the growth markets of North and Latin America.

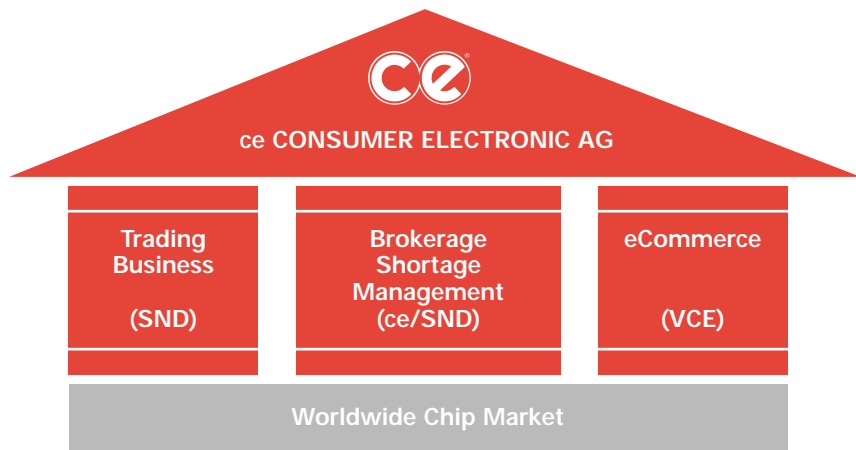
Three pillars under one roof

The center of our three pillar business is chip brokerage: every purchase of products should be matched by us with a non-cancellable customer order, in which precise delivery quantities, price and delivery dates are fixed.

Supported by this first pillar we are able to avoid in an extremely volatile market place the capital intensive and very risky holding of inventories. As we purchase and sell within a contract principally only with the same currency, we are able to reduce the risk of exchange rate fluctuations.



The following graph demonstrates the three business areas of the ce CONSUMER ELECTRONIC group:

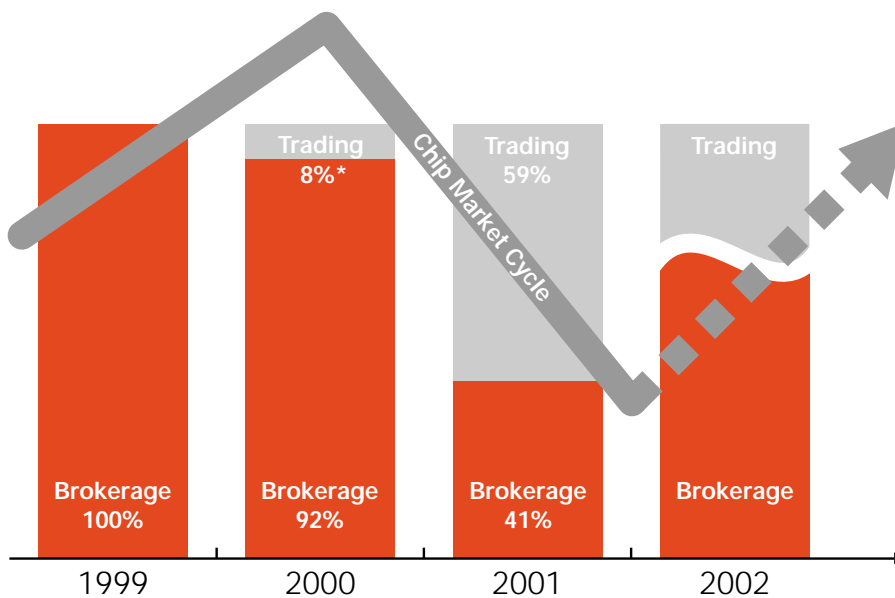


The area of eCommerce is the responsibility of the American VCE Virtual Chip Exchange, Inc. This electronic trading arm also conforms to the basic ground rules pertaining in the ce CONSUMER ELECTRONIC group and avoids both the risk of inventory-holding and the exchange rate risk.

New is the area of trading, that became the third pillar of the business of ce CONSUMER ELECTRONIC group on the acquisition of the American company SND Electronics, Inc. Apart from brokerage activities, SND is involved in the higher margin IT trading in North America and – through high quality product lines e.g. from Intel and Microsoft – is also involved in the growth markets of Latin America, in particular in Brazil and Guatemala.

The compensating trading business

The importance to the ce CONSUMER ELECTRONIC group that the trading arm has now reached – in particular due to the reductions experienced in the brokerage business owing to the general economic situation – is clearly demonstrated by the following graph:



The considerable reductions in chip brokerage in 2001 have been partially compensated by the area of trading: in the year 2000 trading provided only 8 percent of total group turnover*, for the year 2001 trading has already provided 59 percent**. In this way we have been able to a certain extent to stabilize the group success and also the group result.

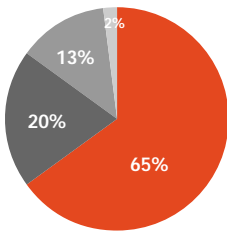
It is our aim in the interests of the spread of risk, in a growing market with increasing prices, to achieve a correct balance between the turnover in the area of brokerage and that in the area of trading. The central competence and strategic direction of the ce CONSUMER ELECTRONIC group will, however, remain with the margin-orientated brokerage business.

*SND Electronics, Inc., USA was fully consolidated for the first time on September 7, 2000. The turnover of the newly introduced area of trading is therefore only included in total turnover for the year 2000 for slightly less than four months.

**The relatively high proportion of the trading business in total turnover for the year 2001 is explained by a changed market environment and product availability without shortages.



**Corporate sales
by region**



Worldwide activities

The ce CONSUMER ELECTRONIC group is represented in 25 locations on four continents. The highest turnover regions where companies are situated are the two Americas, with 85 percent of total turnover; alone Brazil, Guatemala and El Salvador account for 20 percent together. In Europe, in particular in Germany, Austria, Great Britain and Switzerland, our group achieved 13 percent of total turnover, Asia and Australia together accounting for 2 percent.

65%	North America	20%	Latin America
13%	Europe	2%	Asia/Australia



Currency influences

The exchange rate fluctuations between the US dollar and the Brazilian real had a material effect on the consolidated result of the ce CONSUMER ELECTRONIC group. While the US dollar showed an increase of 11 percent against the euro at the date of the financial statements, the Brazilian real had lost 12 percent in comparison with the US dollar and at its lowest point in September/October had lost nearly 28 percent.

Products, customers and suppliers



“How does ce CONSUMER ELECTRONIC work so precisely and dependably?”



“Since we are constantly in contact with all relevant customers, suppliers, and market participants, we create confidence and always find an open door – and the desired solution – even in the most difficult of times.”

Variety in the product areas of brokerage and trading, together with a balanced spread in the portfolio of customers and suppliers form major roles in our ability for independence. Many of these customers are worldwide recognized industrial concerns with whom ce CONSUMER ELECTRONIC group has had a business relationship for many years.

Product portfolio brokerage

The area "brokerage" of the ce CONSUMER ELECTRONIC group deals with hundreds of thousands of different electronic building parts – mostly active components such as integrated circuits (ICs).

The product range includes not only microprocessors and microcontrollers but also under the definition of active building parts come voltage regulators, driver components, logic building parts and memory modules (SRAMs, EPROMs, Flash-EPROMs, DRAMs), transistors, diodes, electric rectifiers and optic-electronic building parts. These round off this product segment.

What are active components?

Active components (semiconductors) increase the signals present in a circuit.

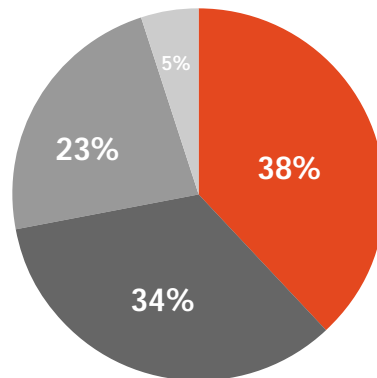


And passive components?

Remain passive, which means that they do not influence the function of a circuit by changing any of the characteristic values.

Passive building parts including electrolyte, tantal, ceramic, foil and other condensers are in the brokerage portfolio of ce CONSUMER ELECTRONIC as are resistances, potentiometers and inductors.

Additionally the group trades in the area of passive components with electro-mechanical components such as connectors, AC/DC converters, liquid crystal displays (LCDs), vacuum fluorescent displays (VFDs), plasma displays and thin-film-transistor displays (TFT displays).

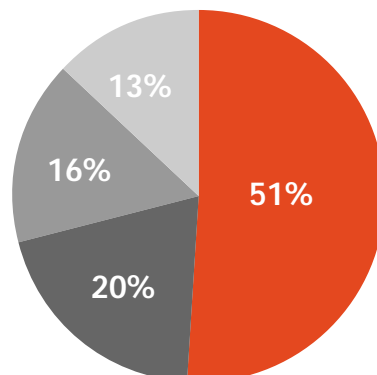


Product portfolio brokerage

- 38% IC business
- 34% Controller/processors
- 23% Memory building parts
- 5% Passive components

Product portfolio trading

In the area "trading" the ce CONSUMER ELECTRONIC group deals principally in major PC components such as CPUs, hard disk drives and motherboards. We are also one of the largest trading partners for Microsoft software licences.



Product portfolio trading

- 51% CPUs
- 20% motherboards
- 16% hard disk drives
- 13% peripherals

Customer and supplier structure

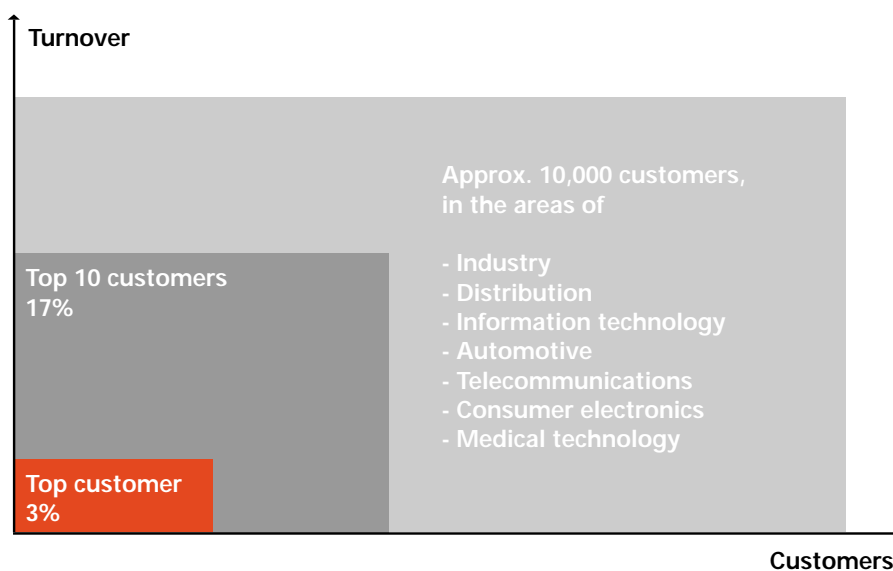
The ce CONSUMER ELECTRONIC group has a balanced and diversified customer structure. The customer with the greatest single turnover worldwide, one of the largest Brazilian PC manufacturers, provides approx. 3 percent of group turnover: 17 percent of turnover is attributable to our ten largest customers.

We now deliver to approx. 10,000 businesses, in particular those engaged in the areas of industrial automation, distribution, information technology, automobile technology, telecommunications, consumer electronics and medical technology – included are such famous firms as Siemens, DaimlerChrysler, Dell, Microsoft, Hewlett-Packard, BMW, Nokia, Compaq, Lucent Technologies, IBM, General Electric, Ford, AGFA, Alcatel, Motorola and others.

As a result of the brokerage business model, some of our customers are also our suppliers. Within the trading area of SND Electronics, Inc. partnerships exist with Intel, Microsoft, Western Digital and Palm and to some extent also long-term business relationships. These concerns are also among our most important suppliers.

Regular customers

We have maintained business relationships with most of our regular customers for more than 10 years.





Group structure



"What is the growth strategy of ce CONSUMER ELECTRONIC?"



"Our credo is organizational growth. That means growing primarily where regional markets reveal a corresponding potential. For the purposes of integration, we are also improving uniform technical infrastructures for all our businesses."

While our financial year 2000 was characterized by acquisitions, our concentration in the financial year 2001 was the integration of the acquired companies in our concern structure and the development of our organic growth. The efficiency of the ce CONSUMER ELECTRONIC group has been considerably increased through the harmonization throughout the companies of the electronic business reporting and product economic systems.

Growth

Our Austrian branch in Vienna was opened in January 2001, which will serve in the future as the strategic base for the further expansion into eastern Europe. The office in Hong Kong followed soon after in April: this office is the base for expansion into central Asia and in particular China, which has the quickest expanding Asiatic national economy.

The subsidiary ce UK PLC was also formed in April near London. The British market is considered to be the second-largest trading place after Germany for the European chip trading market and is therefore strategically important.

Earlier than planned, on August 29, 2001, ce CONSUMER ELECTRONIC AG purchased the remaining 49 percent share in the US chip broker and trading concern SND Electronics, Inc. With this purchase the group became the second-largest worldwide chip broker and chip trader and approached its aim of becoming the global market leader.

Growth markets

We are increasingly expanding in Europe, Asia, and Latin America.

We can accelerate the planned integration of the concern through the early take-over of SND Electronics, Inc. In particular, we are concerned to reduce costs and to build-up already existing customer relationships. We aim in addition to gain a stronger share in the American chip market.

Modernization

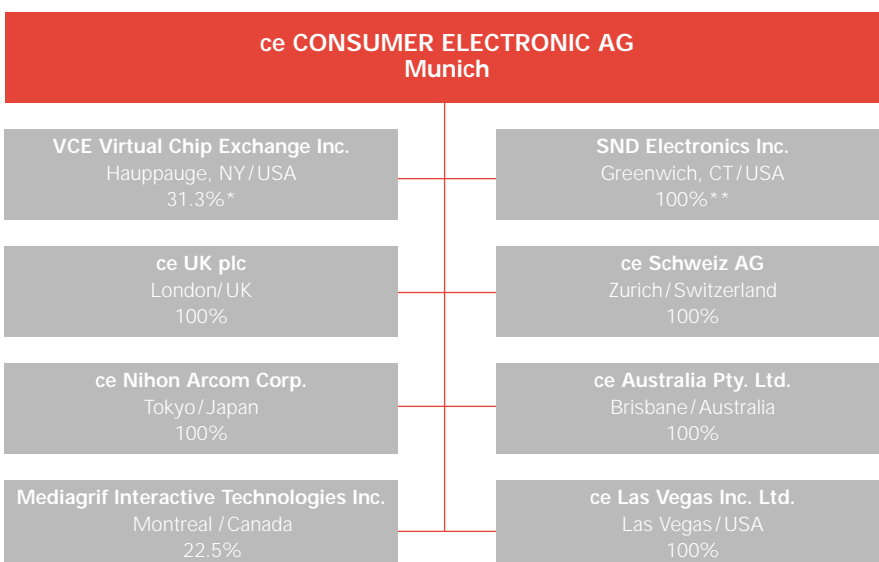
The administration of the ce CONSUMER ELECTRONIC group has to be reorganized as a result of the strong increase in turnover. The group companies are converting to the SAP-based reporting format or are already connected to the system – latterly ce UK PLC, London in November 2001. ce Australia Pty Ltd. in Brisbane will follow in 2002.

ce CONSUMER ELECTRONIC AG has additionally direct access to the product administration system of SND Electronics, Inc. in Greenwich, CT, USA. The integration of the system CETEC which is there in use with an electronic connection to the SAP system is presently in the programming phase.

There was a general increase in the group in the numbers of personnel involved in the control and bookkeeping systems, with the aim of coping with the organic growth and providing a better and quicker availability of quality data.

Group structure

The structure of the group at December 31, 2001 including the major business enterprises is shown in simplified form below:



Uniformity

Presently we are harmonizing our electronic infrastructure – on the basis of SAP R/3.

*) Full consolidation of the VCE Virtual Chip Exchange, Inc. through the majority holding of ce CONSUMER ELECTRONIC AG in ce Cyber Exchange Inc. ce Cyber Exchange Inc. is in turn the majority shareholder in VCE Virtual Chip Exchange.

***) Full consolidation of SND Electronics, Inc. through the fully owned subsidiary ce USA, Inc., which holds the majority of shares in SND Electronics, Inc.



Employees



"The term human capital sounds very technical. What do employees mean to ce CONSUMER ELECTRONIC?"



"We encourage the people who work for us to develop enthusiasm, pursue innovation, and take individual responsibility. That is the foundation of our success."

We interpret dependable personnel policies as: international exchange, excellent further qualification, success-orientated salary model and an attractive option program. In this way we attract and retain capable people and strengthen the worldwide market position of the ce CONSUMER ELECTRONIC group.

Personnel strength

Our employees are the basis for successful economic management. We have not, despite the miserable general economic climate, reduced the number of our employees in direct contrast to many other companies in the integrated circuits market.

We employed a total of 412 persons on December 31, 2000, which number of employees had risen to 420 by December 31, 2001. The spread of employees in the ce CONSUMER ELECTRONIC GROUP was: North America – 106, Latin America – 242, a further 53 in Europe and 19 in the Asian/Pacific area.

Corporate identity integration

We have strengthened and extended the existing worldwide internal understanding and relationship through constant communication, combined with the exchange programs for our employees. We ensure with this deliberate program the future success of our enterprise in a dynamically growing market place.

Our employees are guided and motivated to provide creativity, productivity, discipline and enthusiasm. The aim of our personnel policy is to promote the enduring effort towards entrepreneurial thought and reaction through more personal responsibility, flexibility and innovation in everyday actions.

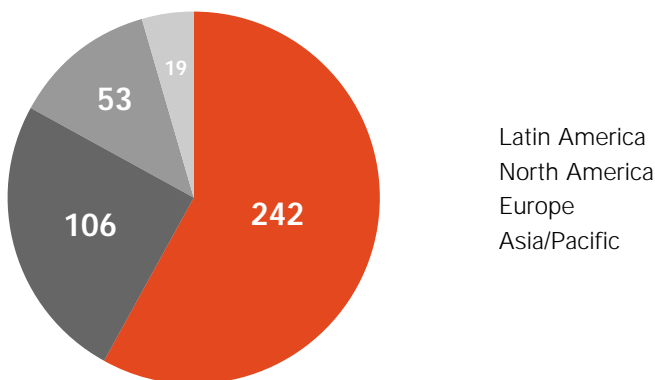
Attractive rewards

The expansive growth and rapid developments in the ce CONSUMER ELECTRONIC group has demonstrated the necessity for a personnel policy directed towards creativity and responsibility. For this reason, we offer an attractive reward system for employees who are success orientated.

We have introduced for all employees an attractive option plan next to a new productivity and variable salary system based on the relevant numbers for turnover and EBIT. The exercise of this option plan is dependent on reaching predetermined numbers for EBITDA.

Personnel structure

420 employees of ce CONSUMER ELECTRONIC group are active around the globe.





Risk report



“Does ce CONSUMER ELECTRONIC protect itself against business risks?”



“Our parameter-oriented risk management is based on transparency and quality assurance. It is supported through certification under DIN/ISO 9002, through harmonization of our worldwide infrastructure, and through solid insurance protection.”

What is KonTraG?

Since April 30, 1998, the German Law on Control and Transparency has been implementing better, more transparent control and reporting mechanisms in companies listed on stock exchanges.

What is corporate governance?

This is an overall term for the principles of modern corporate management: control and transparency.

The semiconductor business is extremely subject to fluctuations, resulting in chances as well as in risks. Despite the fact that the chip industry has grown in the last twenty years more strongly than the "Old Economy," years have been known in which recession has been experienced. Technology shares came under strong pressure in 2001, when demand for the products and services – especially for semiconductors – fell dramatically worldwide. The shares of ce CONSUMER ELECTRONIC AG were also hit by this trend.

Situation of the group

Targeted investments in the years 2000 and 2001 strengthened the position of ce CONSUMER ELECTRONIC group as one of the world's leading chip brokerage and chip trading enterprises for electronic building parts and system components. An increased engagement in the extremely complex and highly sensitive semiconductor world market enabled our group to an unusual extent to eliminate the risks inherent in every entrepreneurial trading enterprise.

A relatively new international enterprise such as ours needs to have risk prevention as a high priority. To this end, we continue to build on a strongly functioning and efficient risk management system specific to the industry, that will conform to the principles of corporate governance and the law on control and transparency in enterprises (KonTraG). This exercise is an integral part of our business strategy and processes.

Risk management

To achieve a better and more transparent attention to risks, we have formulated clearly defined ground rules as to risks that are to be translated into action at the appropriate responsibility levels. Each of these operational organization units will be drawn into the active risk management over and above functional and regional responsibilities.

We are operating specially developed management and control systems to measure, monitor and direct risks. Included are uniform planning, working instructions, position descriptions, action rules, competence concepts, limit catalogs and a standardized reporting system, which apply equally to all units in the group.

Quality management

Additionally, both ce CONSUMER ELECTRONIC AG as well as the largest group subsidiary company, SND Electronics, Inc., have obtained certification under DIN/ISO 9002. The follow-up audit in summer 2001 of ce CONSUMER ELECTRONIC AG by TÜV Product Service GmbH was successful.

We regard a uniform technical infrastructure as a further important quality instrument. We aim in connection with risk limitation to require the introduction of SAP R/3 in the medium-term in all units of the ce CONSUMER ELECTRONIC group.

We regard as before the economic development and the partially cyclical nature of the demand in the respective markets as being a material risk factor. Particularly in the second half of the year 2001 the demand sank noticeably in the market places occupied by our company; this was especially apparent in our high-margin brokerage business. Even if in the meantime the general economic situation has begun to show some signs of light on the horizon, it is our opinion that not before the middle of the year will a marked improvement in the world's economies be ascertainable.

Our markets are characterized by being strongly competitive, resulting in a considerable influence on prices, customer relationships and equally important on the financial conditions. We see the necessity to continually develop our enterprise in order to improve our competitive ability. The measures being taken include an improvement in our cost structure, expansion in the selling organization and further improvements in relationship development through internal and external communications.

What is DIN/ISO 9002?

This standard for quality assurance confirms that the certified company executes customer orders with the best possible quality.



We aim to generate our efficiency advantage through increased reliance on eBusiness applications. In this connection we are concerned to pay particular attention to the security of our IT systems.

Future outlook

The risk management system which is presently being created has lead to a comprehensive assessment of the risks inherent in our business. We have established that there are no significant risks present in the individual companies that could be regarded as existence threatening. We regard the continuance of the concern as being not in danger.

The risk of liability or damage claims to the assets, financial position and results have been limited by a proportionate insurance cover. We consult extensively with internal and external experts to contain corporate risks which could occur through tax, competition and stock exchange legal requirements.

Corporate governance



"What value does ce CONSUMER ELECTRONIC place on its own transparency?"



"Transparency creates trust. Therefore, fairness, trust, and reliability determine our business actions."

The advisory board, the board of directors and the employees of ce CONSUMER ELECTRONIC AG are committed to the enduring increase in the value of the enterprise. This commitment is expressed by a responsible leadership and control aimed at the best use of the group's resources. For this reason we support the Corporate Governance Code presented by the Federal Government on February 26, 2002. The ground rules included in the Code have always been the thinking and guidance for the conduct of our enterprise.

Transparent enterprise leadership

Corporate governance encompasses the entire system of internal and external control and supervision techniques. We regard this system as a continuous process involving all persons connected with our enterprise.

Supervisory board

The supervisory board of ce CONSUMER ELECTRONIC AG combines extensive professional experience with integrity and reputation. To ensure the long-term retention of members of the supervisory board, the company general meeting approved on July 3, 2000 the introduction of conditional capital 2000/II in accordance with §192 sec.2 par.1 Commercial Code (Aktiengesetz), limited to July 1, 2005, for the issue of convertible bond.

Each member of the supervisory board subscribed for € 30.000 of convertible bond. The enterprise regards the full subscription to the convertible bond as strong proof of the confidence in the future development of the company and as most gratifying confirmation of the readiness for a long-term and active engagement in the company's management.



The financial years 2000 and 2001 in comparison



“What is ce CONSUMER ELECTRONIC counting on, following the international semiconductor crisis in 2001?”



“Internally and externally, we are in the best possible position for a successful future. We are counting on our motivated employees and our worldwide presence.”

Principal data in thousands euros

	2001	2000	Variation in %
Turnover	426,806	284,176	+50
EBITDA	8,086	15,739	-49
EBIT	110	12,668	-99
Year's surplus/deficit	-1,912	5,758	-133
Result per share in €	-0.08	0.24	-133
Cash flow	6,937	12,288	-43

Turnover

The ce CONSUMER ELECTRONIC group was able to increase group turnover for 2001 by 50 percent in comparison to the previous year, despite the industry recession and the terror attacks of September 11. Turnover increased from €284.2 mill. to €426.8 mill.

This major increase in turnover resulted from the inclusion for the full year of the financial results of SND Electronics, Inc., USA, whose results were fully consolidated for the first time on September 11, 2000 after the initial acquisition of 51 percent of the shares. As a result, only a part of the turnover was included for 2000 as opposed to the full turnover for 2001.

The organic development in turnover for 2001, ignoring the turnover from acquisitions, showed a minus of 32 percent compared to the previous year. The American trade association Semiconductor Industry Association (SIA), however, reported that the total market for semiconductors also schrank by 32 percent in comparison to the year 2000.

The increased turnover volume achieved in 2001 through acquisitions shows that our group has won a markedly increased market share when compared to the competition.

The operating profit before interest and taxes (EBIT) fell in 2001 to €0.1 mill.; the year 2000 showed an EBIT of €12.7 mill. The operating profit before interest, taxes and depreciation and amortization (EBITDA) fell 48 percent in comparison with 2000: EBITDA sank from €15.7 mill. in 2000 to €8.1 mill. in 2001. The net result for the year to December 31, 2001 was a loss of €1.9 mill. For the previous year the net result had been a profit of €5.8 mill. The result per share was reduced to €-0.08 in comparison with €+0.24 for the previous year.

The reduction in EBIT was influenced in particular through the American economy stagnating at a low level after the terror attacks. Due to the market-governing low niveau and further reductions in the brokerage business, the low-margin trading business dominated our results.

The depreciation and goodwill amortization reduced the EBIT 2001 to a greater extent than in the previous year. The major part relates to the goodwill amortization resulting from the acquisition of SND Electronics, Inc. in the USA.

**FASB Statement No. 142**

In FAS 142, the American Financial Accounting Standards Board has changed the accounting procedures for goodwill: starting in 2002, linear goodwill depreciation will be replaced by the impairment test.

Book-to-bill ratio

Measures the ratio of monthly orders received to sales and is thus an indicator for the future short-term and mid-term trend.

The introduction of US GAAP for the preparation of financial statements from January 1, 2002 has resulted in substituting an at least annual review of the actual values of shareholdings for the straight-line depreciation in accordance with IAS rules. Only in the event of the impairment test (FASB Statement No. 142) showing the "fair value" of the goodwill as less than the book value, will it be necessary to provide a write-off of goodwill to the income statement.

Net result

Any comparison of the net result of the year after taxes, interest and third party interests should take into account our acquisition on August 29, 2001 of the remaining 49 percent of SND Electronics, Inc. From this time on, we show no minority interests for the results of SND Electronics, Inc. in the profit and loss account.

Orders received

Orders received developed in 2001 slightly above the industry average. At the end of December 2001 the book-to-bill ratio was 0.93 for the total concern: the total of the orders received in December was just under the turnover recorded for December. The book-to-bill ratio for the year 2001 was also 0.93 percent.

The strategic changes in the VCE that we have introduced resulted in a further accepted reduction in turnover. Eliminating the effect of these changes, the actual book-to-bill ratio of the ce CONSUMER ELECTRONIC group for the year 2001 was 1.03.

Research and Development

Our expenditure on research and development – as is to be expected for trading concerns and chip brokers – was in the amount not material.

Investments

Investment in the financial year 2001 totaled €17.3 mill., mainly for the acquisition of the remaining shares in SND. Other expenditure was in respect of business furniture and equipment and is not important in considering the net asset position.

Cash flow

The cash flow, defined as the income result after minority interests and before depreciation and amortization, changes in reserves and results from disposal of fixed assets, declined in the financial period January 1 to December 31, 2001 to €6.9 mill. compared to €10.8 mill. in the previous year. This reduction is explained in particular by the year's loss combined with higher write-offs.

Healthy balance sheet structure

The ce CONSUMER ELECTRONIC group presents a solid financial structure.

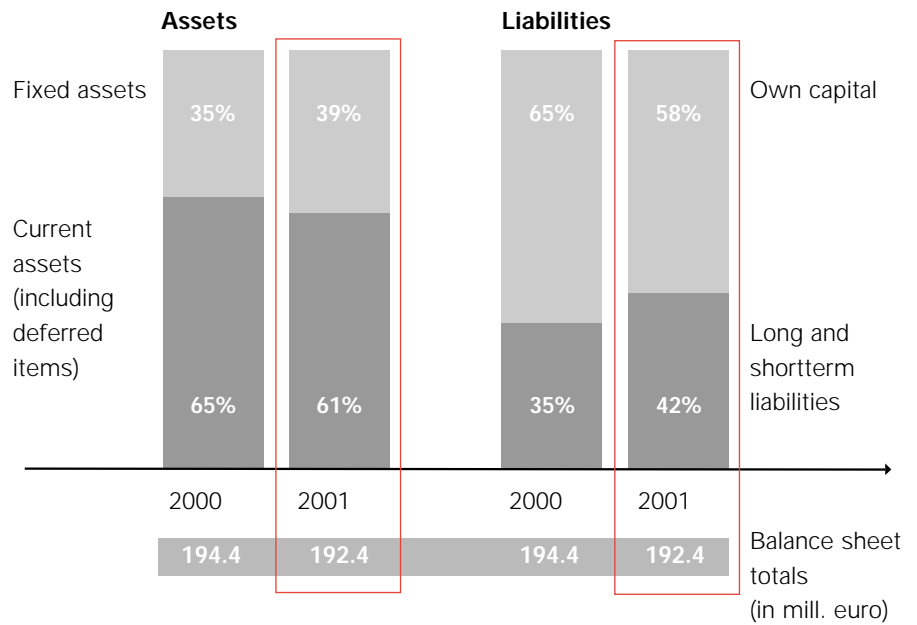
At December 31, 2001 the group consolidated balance sheet totals were €192.4 mill. (previous year: €194.4 mill.). Concern liabilities totaled €76.8 mill. (previous year: €62.9 mill.), without provisions and accruals, but including €33.7 mill. bank liabilities (previous year: €25.3 mill.). The liquidity of the concern at December 31, 2001 was reduced, in particular through the acquisition of the remaining SND shares, by €25.5 mill. to €20.8 mill.

The capital of the ce CONSUMER ELECTRONIC group reduced to €112.3 mill. (previous year €126.6 mill.) through the full consolidation of SND Electronics, Inc. from the end of August 2001 and the therefrom resulting elimination of third party interests previously included in the concern capital structure.

At the same time, the share capital was increased by an issue of capital of €0.5 mill. in satisfaction of an assets contribution. The capital percentage reduced as a result of the full consolidation to 58 percent (previous year: 65 percent). The ce CONSUMER ELECTRONIC group continued to be one of the financially strongest enterprises on the New Market.



The relationship between own capital and long-term assets emphasizes our unchanged excellent asset and financial position. The percentage cover of the ce CONSUMER ELECTRONIC group on December 31, 2001 for fixed assets and investments was 152 percent (previous year: 184 percent).



Details of segment results



“How did September 11, 2001 affect the global economic climate, the semiconductor industry, and the business of ce CONSUMER ELECTRONIC?”



“Following initial economic weakness the worldwide chip market seemed to recover gradually in the summer of 2001. September 11 was a massive interruption of this recovery and had a substantial effect on our business.”

The turnovers and results of the three group segments are shown in the following table:

In thousands euros	2001				2000			
	Turnover	%	EBITDA	%	Turnover	%	EBITDA	%
Brokerage	112,729	26	2,301	28	150,614	53	13,463	86
eCommerce*	63,370	15	1,140	14	110,828	39	1,821	11
Trading**	250,707	59	4,645	58	22,734	8	455	3
Totals	426,806	100	8,086	100	284,176	100	15,739	100

*strategical new formation of the VCE Virtual Chip Exchange

**the newly consolidated SND Electronics, Inc. introduced this segment from September 7, 2000



Positive EBITDA

Despite a most difficult semiconductor crisis in 2001: black figures in all operational units.

Business development in the segment brokerage

A reduction in the demand for chips and sinking prices have strongly influenced the brokerage segment. The negative economic development in the USA in the second half of the year caused problems.

Reducing prices combined with exceptionally high inventory quantities squeezed both generated turnover volume and the gross profit margin (GPM). Despite this we were able to achieve a positive EBITDA in all operating units through cost reductions, the usage of synergy effects and intensive customer relations management.

The restructuring of ce Australia Pty., Ltd., already put in hand in 2000, led to a successful turnaround. The brokerage segment supported the combined success by accepting in ingoing orders not only high margin immediate orders but also long-term orders, which were guaranteed and margin-orientated.

In the medium term we aim to bring our worldwide represented brokerage branches under a single common sales and purchases network, so that we have the capability to deliver customers 24 hours a day with daily information, products and prices from all regions of the world. An important informative and selling channel will be provided through the instrument VCE.

The coordinated interaction of the different sales and marketing instruments should enable the brokerage segment, within the framework of the increasingly strong market concentration, to build further on its position as one of the worldwide leading high-margin brokers.

Business development in the eCommerce segment

The eCommerce business of the group, concentrated in the VCE Virtual Chip Exchange, Inc., also suffered as a result of the general weakness of the market and brought 15 percent of group turnover.

The partners VCE Virtual Chip Exchange, Inc., ce CONSUMER ELECTRONIC AG and Arrow Electronics und Mediagrif Interactive Technologies Inc. determined in 2001 a new strategic direction for the activities in the e-Commerce segment. It was accepted that, through the focus on the high-margin brokerage business resulting from this determination, a reduction in turnover was inevitable. The medium term aim is to increase the independence from other eCommerce networks through result-orientated growth.

VCE is, with over 5,000 members, the leading eCommerce network in the chip brokerage business and intends to build further on its leading market position.

Business development in the trading segment

The newly introduced trading business, that began in September 2000 through the acquisition of SND Electronics, Inc., was limited initially to the Latin American region, with the emphasis on Brazil. The margins achievable in these so-called "emerging markets" lie much higher than the European market average.

In particular the trading in the product lines from Intel and Microsoft produces a constant turnover in the markets of Latin America. The IT-brokerage segment was also successful in gaining an increased market share in the USA. We have further improved our quality and logistic structure through the opening of a new warehouse in Miami.

The aim in the trading segment is to obtain further important suppliers and to include high-margin niche products in our sales portfolio.

Emerging markets

We witnessed particularly weak sales in Latin America.



Business development of the group in the fourth quarter 2001

The results of the fourth quarter suffered under the continuing recession in the semiconductor market and worsened in the aftermath of September 11. Our group turnover fell between October 1 and December 31, 2001 to €113.0 mill., a reduction of 14 percent over the same period of the previous year (previous year: €131.8 mill.).

The general economic situation caused the group to record a negative EBIT of €1.2 mill. for the fourth quarter (previous year: €+3.1 mill.). The EBITDA showed a smaller reduction in falling by 76 percent to €+1.1 mill. (previous year: €+4.7 mill.).

The following table shows the business development by quarters:

In thousands euros	2001			2000		
	Turnover	EBITDA	EBIT	Turnover	EBITDA	EBIT
Q1	125,230	3,702	2,096	30,736	2,272	1,948
Q2	96,066	3,174	1,507	46,012	2,643	2,380
Q3	92,510	143	-2,230	75,662	6,158	5,285
Q4	113,000	1,067	-1,263	131,766	4,666	3,056
Totals	426,806	8,086	110	284,176	15,739	12,669

Post balance sheet events

ce Las Vegas, Inc. ceased trading after the end of the year. The strong presence of SND Electronics, Inc. in the American market place and an increasing synergy effect between the two companies enabled SND Electronics, Inc. to takeover the major activities of ce Las Vegas, Inc. The existing legal corporate entity ce Las Vegas, Inc. will continue to represent an important part in the future strategy in USA.

Prognosis



“How does the chip market look for the future?”



“Leading industry analysts paint a uniformly positive picture: best prerequisites for a successful future.”

The current market conditions make a reliable long-term prognosis of the future business progress impossible. Indications of an end of the downwards trend in the chip market have been increasing in the first quarter of 2002 and lead to the hope, that the recovery in the chip market that showed through at the end of August 2001 suffered only a temporary set-back through the terror attacks and not a permanent stop.

Expected special conditions through the economic package and the discussion on security

In Germany, a slight upwards trend can already be recognized. The German Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI) reported in the fourth quarter 2001, that in successive months the inwards orders had risen: after the book-to-bill ratio had reached a low point of 0.65 in June, the ratio recovered to 0.82 by December 2001.

The US industry association, Semiconductor Industry Association (SIA), expects a marked recovery in the chip market as a result of the proposed billion economic packet of the US government – in particular in the second half-year 2002, when major investments especially in security and communications technology and also in PCs will be made.

The SIA predicts that, as a result, worldwide chip shortages can occur, as the manufacturers of semiconductors have reduced their production capacities to a minimum. This will be a good opportunity for the chip brokerage business of ce CONSUMER ELECTRONIC with a directly positive effect on the financial result. We expect the first shortages to occur at the earliest in the middle of 2002.

Market opportunities

Shortages on the chip market will probably reinvigorate our business starting in mid-2002.



Stability

Synergies and growth are the basis for a value-oriented expansion strategy.

Organic growth

We also expect a positive development in the world economy and therefore continue to follow our aim to achieve an increase in our market share through organic growth. Our planning since the beginning of 2002 is for the expansion of our activities through sales offices into the European countries with good growth prospects.

In addition we plan to increase our presence in the East Asia region through further branches, in particular in China. We will staff these branches with experienced employees from our own resources and additionally with knowledgeable purchase and sales personnel from the country concerned.

The outsourcing of our IT infrastructure in March 2002 gives us the possibility to integrate these and future branches per Internet problem free and cost efficient in our reporting system.

Financing

This investment in future growth demands the availability of appropriate financial backing. We have already had positive discussions with a small number of banks and will continue to regard a stable financial situation as important to our expansion efforts.

We consider ourselves to be currently well positioned, both internally through the newly formed management team and externally through our global representation with concentration in America, for the expected positive development.

We will propose to the company general meeting on July 3, 2002, that no dividend should be paid for the difficult financial year 2001, in order to utilize the company's liquidity for the future organic growth.



Group Financial Data



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



ce **CONSUMER ELECTRONIC** group
Consolidated balance sheets as of December 31, 2001
(in thousands of euros)

Assets	Notes	December 31, 2001	December 31, 2000
Current assets			
Cash and cash equivalents	(1)	20,795	46,280
Short-term investments/marketable securities		-	-
Accounts receivable	(2)	66,454	49,321
Accounts receivable due from related parties		-	103
Inventories	(3)	25,314	23,078
Deferred income taxes	(4)	1,330	477
Prepaid expenses and other current assets	(5)	4,397	6,309
Total current assets		118,291	125,568
Non-current assets			
Property, plant and equipment	(6)	2,757	2,573
Intangible assets	(7)	2,268	2,179
Goodwill	(8)	45,524	41,645
Investments	(9)	21,259	21,260
Investments accounted for by the equity method		-	-
Notes receivable/loans	(10)	1,109	564
Deferred income taxes		-	-
Other assets	(11)	1,175	622
Total non-current assets		74,092	68,842
Total assets		192,383	194,411

Liabilities and shareholders' equity	Notes	December 31, 2001	December 31, 2000
Current liabilities			
Current portion of capital lease obligation		-	-
Short-term debt and current portion of long-term debt		-	-
Accounts payable	(12)	27,621	23,586
Accounts payable due to related parties		-	-
Advance payments received	(13)	12	28
Accrued expenses	(14)	2,954	3,619
Deferred revenues		-	-
Income tax payable		-	-
Deferred income taxes	(15)	270	275
Other current liabilities	(16)	14,465	12,162
Total current liabilities		45,321	39,670
Non-current liabilities			
Long-term debt, less current portion		-	-
Capital lease obligations, less current portion		-	-
Deferred revenues		-	-
Deferred income taxes		-	-
Pension accruals	(17)	318	375
Other	(18)	34,418	26,847
Total non-current liabilities		34,735	27,222
Minority interest	(19)	5,408	17,219
Shareholders' equity			
Share capital	(20)	25,515	25,001
Additional paid-in capital	(21)	79,128	76,528
Treasury stock		-	-
Retained earnings/accumulated deficit	(22)	3,640	6,831
Accumulated other comprehensive income/loss		-	-
Other	(23)	-1,365	1,043
Total shareholders' equity		112,326	126,622
Contributions to the increase of capital		-	897
Contributions to the increase of capital		-	897
Total liabilities and shareholders' equity		192,383	194,411



ce CONSUMER ELECTRONIC group

Consolidated statements of income

for the fiscal year 2001 (in thousands of euros)

Income Statement	Notes	01.01.2001- 12.31.2001	01.01.2000- 12.31.2000
Revenues	(25)	426,806	284,176
Other operating income	(26)	4,738	4,931
Changes in inventories of finished goods and work in progress		-	-
Production for own fixed assets capitalized		-	-
Cost of purchased materials and services	(27)	378,819	238,336
Personnel expenses	(28)	23,995	13,422
Depreciation and amortization		7,976	3,071
Other operating expenses	(29)	20,644	21,610
Operating/income loss		110	12,668
Interest income (-) and expenditure (+)	(30)	1,420	-638
Income from investments and participations		-	-
Income/expense from investment accounted for by the equity method		-	-
Foreign currency exchange gains/losses		-	-
Other income/expense		-	-
Result before income taxes, minority interest and extraordinary result		-1,310	13,306
Income tax	(31)	224	5,347
Other taxes		14	157
Extraordinary income (-)/expenses (+)		33	143
Result before minority interest		-1,581	7,659
Minority interest		331	1,901
Net income (loss)		-1,912	5,758
Profit brought forward		6,830	2,238
Dividend paid		-1,278	-1,166
Net income		3,640	6,830
Earnings per share (basic) in euros	(32)	-0.08	0.24
Earnings per share (diluted) in euros		-0.07	0.24
Weighted average shares outstanding (basic)		25,166,467	24,450,080
Weighted average shares outstanding (diluted)		26,379,930	24,450,080

ce CONSUMER ELECTRONIC group

Consolidated statements of cash flow

for the fiscal year 2001 (in thousands of euros)

	01.01.2001- 12.31.2001	01.01.2000- 12.31.2000
Cash flows from operating activities:		
Net profit/loss	-1,581	7,660
Adjustments for:		
Losses/gains on the disposal of fixed assets	1,177	-
Minority interest	-332	-1,901
Increase/decrease in provisions and accruals	-304	1,957
Depreciation and amortization	7,976	3,071
Cash flow I	6,937	10,787
Foreign exchange gains/losses		
Other		
Change in net working capital	-13,476	-34,459
Net cash used in (provided by) operating activities	-6,539	-23,672
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	-	-10,931
Proceeds from disposal of subsidiary, net of cash transferred	-	-
Purchase of property, plant and equipment	-2,865	-2,752
Other (acquisition of remaining 49% in SND shares)	-10,773	5
Net cash (used in) provided by investing activities	-13,638	-13,679
Cash flows from financing activities		
Proceeds from issuance of share capital	3,113	75,595
Proceeds from short or long-term borrowings	-	-
Cash repayments of amounts borrowed	-	-
Payment of capital lease liabilities	-	-
Changes in short or long-term credits	8,392	25,220
Dividends paid	-1,278	-1,166
Changes in companies consolidated	-	-45,585
Changes in minority interest	-11,810	17,219
Effects from the consolidation of share capital	-3,724	1,043
Net cash (used in) provided by financing activities	-5,308	72,326
Net effect of exchange rates in cash and cash equivalents	-	-
Net (increase) decrease in cash and cash equivalents	-25,485	34,975
Cash and cash equivalents at beginning of period	46,280	11,305
Cash and cash equivalents at end of period	20,795	46,280



ce **CONSUMER ELECTRONIC** group
Statement of changes in shareholders' equity
in thousands of euros as of December 31, 2001

	Status 12.31.2000	Contribution/ Disposed (-)	Status 12.31.2001
Share capital	25,001		25,001
Investment in kind SND, USA		513	513
Additional paid-in capital	76,528		76,528
Investment in kind SND, USA		2,600	2,600
Differing amount from consolidation of capital	1,043		1,043
		-2,408	-2,408
Balance value other partners' shares	17,219		17,219
Increased ownership 100% in SND shares		-11,811	-11,811
Profit brought forward	1,072		1,072
Net income after profit due to shareholders 2000	5,759		5,759
Dividend payment in 2001 for 2000		-1,278	-1,278
Net income after profit due to shareholders 2001	-	-1,912	-1,912
Total shareholders' equity	126,622	-14,296	112,326
Approved capital I	1,734	-513	1,221
Approved capital II	1,109	-	1,109
Approved capital III	9,460	-	9,460
Conditional capital 2000/I	1,243		1,243
Conditional capital 2000/II	360	-	360
Conditional capital 2001/I		1,250	1,250



Notes



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



Notes ce CONSUMER ELECTRONIC group for the financial year January 1, 2001 to December 31, 2001

Introduction

The changed classifications in comparison to those used in previous financial statements follow the recommendations of the German Stock Exchange, with whom ce CONSUMER ELECTRONIC AG maintains regular contact. As a result, in some cases a direct comparison of items in the publicized balance sheets, income statements and cash flow statements of this year and the previous year is not possible. We have therefore restated the comparative figures in this year's financial statements so that they also conform with the changed classifications. All figures are reported for the first time in euros. DM figures for the previous year have been restated at the official conversion rate laid down by the European Central Bank having regard to the rules for rounding-off.

I. Commentary to the accounting principles used:

1. Basic principles in preparing the group financial statements

The financial statements of the ce CONSUMER ELECTRONIC group have been prepared – as in the previous year – in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC), London. The intentions behind the presentation in accordance with the rules of internationally recognized accounting principles are to achieve a better international comparability and an increase in the transparency of our enterprise to the external observer.

The IAS-based financial statements conform to the regulations of §292a HGB (German commercial code). The accounting and valuation methods applied in the preparation of the financial statements in accordance with IAS statements are compatible with the provisions of §292a HGB requiring compliance with the regulations of the 7th EG Directive. We have based the conformity of our group financial statement preparation with the 7th EG Directive on the definitions of the provisions of the directive provided by the Contact Committee for the Regulations for Financial Statement Preparation of the European Commission (Regulation 83/349 EWG).

We have combined individual items in the preparation of the balance sheet and income statement in order to improve the clarity of the presentation of the categories. The analyses of these categories are then included in the notes to the financial statements. The consolidated statements of income are based on total expenditure format. All amounts are given in thousand euros.

Subsidiary companies incorporated in countries which do not belong to the European Currency Union have converted their local currency financial statements into euros. Subsidiary companies within the Union have prepared their financial statements directly in euros.

2. Companies included in the consolidation

Apart from ce CONSUMER ELECTRONIC AG, 18 (previous year: 17) domestic and foreign subsidiary companies are included in the consolidated financial statements. ce CONSUMER ELECTRONIC holds either directly or indirectly a majority holding in these companies and has the possibility to exercise overall control.

Where a shareholding in a subsidiary company is only of minor significance, that company is not consolidated but included in the financial statements at acquisition cost.

The major change in the circle of consolidated companies in comparison to the previous year is the inclusion for the first time of the newly formed ce UK PLC, Basingstoke, Great Britain (100%).



The following companies or groups are fully consolidated:

Company, place of incorporation	Share in %	Shareholders' Equity in thousand euros	Result in thousand euros	Financial year
ce USA Inc., Delaware/USA	100.0	29,450	-124	2001
ce Cyber Exchange Inc., Montreal/Canada	50.1	4,226	206	2001
ce Schweiz AG, Regensdorf/Switzerland	100.0	1,746	264	2001
ce Las Vegas Inc., Las Vegas/USA	100.0	1,264	-1	2001
ce Media Management Consulting GmbH, Munich	100.0	480	11	2001
ce Nihon Arcom Corp., Tokyo/Japan	100.0	421	73	2001
ce UK PLC, Basingstoke/UK	100.0	-63	-142	2001
ce Alcora Pty, Inc., Brisbane/Australia	100.0	837	42	2001

The following companies are included at acquisition cost:

- ce2B Inc., Montreal, Canada (50.0%)
- Mediagrif Interactive Technologies PLC, Montreal, Canada (22.5%)
- Financial.de AG, Munich (20.0%)

3. Principles of consolidation

The capital consolidation was made through the substitution of the book values of the shareholdings with the appropriate share of the newly-stated equity of the subsidiaries at the date of their acquisition. Positive differences are accounted for in the balance sheet in conformity with IAS 22 (in the revised version from 1998) under intangible assets as goodwill and will be written off over their assumed useful lives (5 or 10 years).

Group internal turnover, expenditure and income, receivables and payables and guarantee relationships are eliminated. Group internal deliveries and services are based on market prices and on charges that are established on the principle of arms-length dealing. The profit included in the items in inventories from group internal deliveries are eliminated.

4. Currency conversions

We have converted monetary positions in the financial statements of consolidated subsidiaries prepared in foreign currencies (liquid resources, receivables, liabilities) at the year-end rate, and foreign currency items secured by forward exchange contracts with the forward rate (IAS 21). Non-monetary items in foreign currencies are converted at historic rates. Differences arising from the conversion of monetary positions are booked to the income statement.

Asset values and liabilities are converted at the year-end rates, income and expenditure at the average rates for the year.

Preparation of financial statements in accordance with IAS 29 was not necessary, as the ce CONSUMER ELECTRONIC group has no important subsidiaries incorporated in countries with a high level of inflation. The conversions of the different currencies into euros were based on the following significant exchange rates:

Currency	ISO code	Average rate for the year in euros 2001	Year-end rate in euros 12.31.2001
US dollar	USD	0.8955	0.8830
British pound	GBP	0.6219	0.6095
Australian dollar	AUD	1.7300	1.7380
Swiss franc	CHF	1.5104	1.4800
Canadian dollar	CAD	1.3867	1.4100
Japanese yen	JPY	108.76	115.80

Foreign currency receivables and payables have been converted in the individual financial statements at the year-end conversion rate. The annual financial statements of the foreign subsidiary companies prepared in foreign currencies have been converted at officially published reference rates applicable to the balance sheet date.

5. General methods of accounting and valuation

The accounting and valuation methods used in the preparation of the group financial statements are explained below. Detailed descriptions and analyses of individual items in the balance sheet and income statement of the ce CONSUMER ELECTRONIC group are given in the following sections.



II. Explanations to the accounting and valuation

General principles

In the opinion of the IASB, financial statements prepared in accordance with generally accepted accounting principles and the IAS pronouncements automatically fulfill the criteria of a "true and fair view" and of "fair presentation." Deviations from the individual regulations are not permitted in the presentation of a true picture of the actual circumstances of an enterprise.

Uniform accounting and valuation methods

The financial statements of the ce CONSUMER ELECTRONIC group have been prepared on the basis of accounting and valuation methods which are uniform throughout the group.

Continuity of accounting and valuation methods

The accounting and valuation methods are basically not varied.

Liquid assets

Liquid assets are included at their nominal value. Liquid assets in foreign currencies are converted with the year-end exchange rates.

Receivables and other current assets

Receivables and other current assets are included basically at their nominal value. Individual provisions are made for all recognizable individual risks.

Inventories

Inventories are valued at purchase prices or production costs. Values are established using the weighted average method. The risks that result from the limited utilizability involved in holding inventories are recognized through measured value reductions.

Deferred taxes

Deferred taxes have been accounted for in accordance with the normal liability method as applied generally in International Accounting Standards (IAS 12).

Deferred taxes are calculated on the differences between book values in accordance with IAS rules and values in accordance with tax rules.

Fixed assets

Fixed assets are valued at acquisition or production costs less planned straight-line depreciation. Small-value assets are fully expensed in the year of acquisition.

Intangible assets

Purchased intangible assets, including goodwill, are capitalized at cost and depreciated with the straight-line method over their assumed useful life (IAS 4).

Planned depreciation

The planned depreciation of fixed assets is calculated in accordance with the expected years of usage uniform for each fixed asset category in accordance with the following table:

Software/other licences	3 to 5
Goodwill	5 to 10
Buildings	25
Plant and equipment	3 to 10

Investments

The interests in affiliated companies and other loans are valued at acquisition cost.

Liabilities

Liabilities are stated at the amounts to be paid. Liabilities in foreign currencies are converted with the higher rate pertaining at the year-end.

Advance payments received

Advance payments received from customers are included under liabilities.



Other accruals

Accruals are made in respect of possible additional liabilities arising from past transactions in so far as the possible liability can be reasonably estimated and there is a likelihood of more than 50 percent that the potential liability will actually occur (IAS 37).

Accruals for pensions and similar liabilities

Pensions and similar liabilities refer to the future obligations of ce CONSUMER ELECTRONIC AG resulting from individual promises. The calculation of the pension liability was made on the basis of the "Projected Unit Credit Method" (IAS 19). For this purpose yearly actuarial calculations are received.

The calculations use a discounting interest rate of 6 percent (previous year: 6 percent).

Additionally, some employees are covered under pension schemes based on regular premiums (e.g. direct insurance). In these cases the premiums paid are booked directly to expense. Accruals for pension liabilities are accordingly not made in these cases as the company has no further obligation beyond the payment of the premiums.

Actual and derivative financial items

Actual financial items refers to receivables, liabilities for deliveries and services, financial receivables and financial liabilities and liquid assets.

Derivative financial items are transactions undertaken to limit the risks from changes in interest and exchange rates. Forward transactions for products with the object of maximalizing profits are not entered into. We are presently using as preference transactions outside the exchanges, so-called OTC instruments (over the counter), as for instance currency forward exchange contracts.

Derivatives are as a principle only entered into in connection with the existing underlying transaction.

III. Explanations to balance sheet items

1 Cash and cash equivalents

The reduction in liquidity from €46,280 thousand to €20,795 thousand is mainly due to the acquisition of the remaining 49 percent of SND Electronics Inc., USA. The purchase price became due with the second closing on August 29, 2001 and was settled to 6/7ths in cash and to 1/7th in the form of ce shares.

2 Accounts receivable

Trade accounts receivable are shown at nominal value. The receivables total had increased at the year-end thanks to an exceptionally good December turnover together with a general increase in the proportion of trading turnover to total turnover. The trading turnover rose to 34.7 percent of total turnover by the year-end, from €49,321 thousand to €66,454 thousand. Single provisions are made against known individual risks; non-recoverable receivables are fully written-off. Foreign currency receivables are included in the balance sheet at the exchange rate at the balance sheet date.

3 Inventories

Inventories consist of:

Thousand euros	12.31.2001	12.31.2000
Products	25,307	23,058
Prepayments	7	20
Total	25,314	23,078

The major part of the inventories is in respect of trading items, which are stored in the newly established warehouse in Miami, Florida, USA and with our subsidiary in Brazil.

Trading inventories are largely secured against price reductions through price protection and stock rotation on the part of suppliers or through hedging contracts.

4 Deferred income tax

The deferred income tax of €697 thousand results mainly from differences between the financial statements of consolidated subsidiaries prepared in accordance with national regulations and those prepared in accordance with IAS regulations as well as losses carried forward of €633 thousand.

5 Prepaid expenses and other current assets

Prepaid expenses consist mainly of period allocation of prepaid finance costs, insurance premiums, rents and leasing and sponsoring payments for the SpVgg Unterhaching. Other current assets comprise principally claims for tax repayments arising from prepayments of taxes made in respect of the financial year.



6 Fixed assets

The changes in fixed assets in the financial year are shown in the summary of fixed assets.

	Acquisition and production costs 1.1.2001 Thousand euros	Translation adjustment Thousand euros
I. Intangible assets		
1. Patents, software, licenses and similar rights	3,010	122
2. Goodwill	43,657	44
	46,667	166
II. Property, plant and equipment		
1. Land and buildings	246	-
2. Other tangible assets, equipment and installations	3,856	58
3. Advances to suppliers and constructions in progress	3	-
	4,106	58
III. Financial assets		
1. Interest in affiliated companies	-	-
2. Participations	21,259	-
3. Other loans	564	31
	21,823	31
Total fixed assets	72,596	255

Additions	Retirements at cost	Accumulated depreciation/ amortization	Net book value as of 12.31.2001	Net book value as of 12.31.2000	Depreciation/ amortization during fiscal year
Thousand euros	Thousand euros	Thousand euros	Thousand euros	Thousand euros	Thousand euros
1,143	184	1,822	2,268	2,179	1,166
10,773	1,101	7,850	45,524	41,645	5,927
11,916	1,285	9,672	47,792	43,824	7,093
-	-	45	201	210	8
1,208	462	2,105	2,556	2,361	875
-	3	-	-	3	-
1,208	465	2,150	2,757	2,573	883
-	-	-	-	-	-
-	-	-	21,259	21,259	-
514	-	-	1,108	564	-
514	-	-	22,367	21,823	-
13,638	1,750	11,822	72,917	68,220	7,976



7 Intangible assets

Purchased intangible assets are included at acquisition cost and are written-off with straight-line depreciation over three to five years. Small-value intangible assets are fully written-off in the year of acquisition.

8 Goodwill

Goodwill results from the capital consolidation. The goodwill amounts relating to individual subsidiaries are written-off on the straight-line basis and were as follows on December 31, 2001:

Company, country	Group-share in %	Goodwill at 12.31.2001 in thousand euros	Goodwill at 12.31.2001 in thousand euros
SND Electronics Inc., USA	100	40,101	34,924
ce Nihon Arcom Corp., Japan	100	2,898	3,248
ce Australia Pty. Ltd., Australia	100	1,056	1,725
ce Schweiz AG, Switzerland	100	1,443	1,700
Other companies		26	48
Totals		45,524	41,645

9 Investments

Included under investments are the investments in the following companies at acquisition cost:

Company, country	% Share	Equity in thousand euros	Result in thousand euros	Financial year
Mediagrif Interactive Technologies Inc., Canada	22.5	52,450	324 (04.01. – 12.31.01)	2001
ce2B Inc., Montreal/Canada	50.0	22,861	Not yet available	2001
Financial.de AG, Munich	20.0	191	Not yet available	2001

10/11 Notes receivable/Loans and other long-term assets

Loans amounting to €1,109 thousand are recorded at nominal value. Other long-term assets amounting to €1,175 thousand are also recorded at nominal value. Recognizable risks in individual cases are covered by individual provisions for irrecoverability: totally irrecoverable receivables are written-off. Receivables in foreign currencies have been converted at the exchange rates applying at the year-end.

12/13 Accounts payable/Advance payments received

Trade accounts payable and advance payments received are recorded at the amounts payable. Liabilities in foreign currencies have been converted at the higher exchange rates applying at the year-end.

14 Accrued expenses

Tax accruals relate as in previous years to amounts which are estimated to become payable for the financial year and total €862 thousand.

Other accruals relate mainly to personnel costs (holiday pay, premiums and commissions) totalling €681 thousand and an accrual for the costs of conversion to registered shares of €150 thousand.



15 Deferred income tax liability

The deferred income tax liability results mainly from differences between the financial statements of consolidated subsidiaries prepared in accordance with national regulations and those prepared in accordance with IAS regulations.

16 Other current liabilities

Other current liabilities include mainly tax and other amounts due in respect of personnel in the amount of €772 thousand and short-term bank credits and other short-term credits totalling €13,693 thousand.

17 Pension accruals

Accruals for pensions and similar liabilities in the amount of €318 thousand relate to ce CONSUMER ELECTRONIC AG.

18 Other long-term liabilities

Other long-term liabilities include principally a long-term revolving current account credit of €31,914 thousand, outstanding payments for the acquisition of a subsidiary of €524 thousand and convertible loan stock of €90 thousand subscribed for by members of the advisory board.

19 Minority interest

This refers principally to outstanding shares due to the VCE Virtual Chip Exchange, Inc.

20 Shareholders' equity

Share capital/number of issued shares

The share capital of ce CONSUMER ELECTRONIC AG is €25,514,523 and is divided into 25,514,523 shares. Each share carries one vote. The confirmation is contained in global certificates. Treasury stock is not available.

Treasury stock

The company general meeting of July 3, 2001 approved the re-purchase of the company's own shares up to 10% of the company's total share capital, with a time limit of January 3, 2003. ce CONSUMER ELECTRONIC AG holds none of its own shares.

Approved capital

	Resolution	Original amount €	Amount 12.31.2001 €	Time limit
Approved capital I, for cash and contributed assets	AGM 04.22.1998	1,917,345	1,220,535	03.31.2003
Approved capital II for cash	AGM 07.12.1999	1,800,000	1,109,172	07.11.2004
Approved capital III, for cash and contributed assets	AGM 07.03.2000	9,460,481	9,460,481	07.03.2005
Total			11,790,188	

The issue of shares from approved capital I was in respect of the capital increase relating to the acquisition of the shares of the American company SND Electronics, Inc. The shares of ce CONSUMER ELECTRONIC AG necessary to complete the purchase of the remaining 49 percent of SND Electronics Inc., USA were issued from the available shares under approved capital I. The increase in the company's share capital of €513,525 to a total share capital of €25,514,523 was recorded by the Trade Register on September 4, 2001. The new shares have been accepted for regular trading on the Neuer Markt of the Frankfurt Stock Exchange with effect from December 3, 2001 and from this date have been included in the quoted share price relevant to the older shares.

Conditional capital

	Resolution	Original amount €	Amount 12.31.2001 €	Time limit
Conditional capital 2000/I	AGM 07.03.2000	1,243,488	1,243,488	unlimited
Conditional capital 2000/II	AGM 07.03.2000	360,000	360,000	07.01.2005
Conditional capital 2001/I	AGM 07.03.2000	1,250,000	1,250,000	unlimited
Total			2,853,488	

The conditional capital 2000/I and conditional capital 2001/I have been created in accordance with § 192 Sec. 2 No. 3 Aktiengesetz exclusively for the purpose of issuing shares under the employees' share option plans, share option plans I and II. The granting of option rights to members of the board of directors, management and employees followed for share option plan I in April 2001 and for share option plan II in October 2001. The option right can be excluded, dependent on the respective intended use, in respect of conditional capital 2000/1 and 2001/1.



The conditional capital 2000/II created in accordance with § 192 Sec. 2 No. 1 Aktiengesetz is intended for the issue of convertible loans to members of the advisory board. Each of the three members of the advisory board subscribed in July 2001 for €30,000 convertible loan stock with a conversion price of €7.69.

21 Additional paid-in capital

The change in the additional paid-in capital is the result of the capital increase in connection with the acquisition of the remaining 49 percent of the shares in SND Electronics, Inc.

22 Retained earnings/accumulated deficit

Retained earnings relate to profits earned in previous years by ce CONSUMER ELECTRONIC AG and the consolidated subsidiary companies in the amount of €5,552 thousand, not yet paid out in dividends. Included is also the accumulated other consolidated result, that reflects the consolidated profits of the ce CONSUMER ELECTRONIC group after the deduction of the shares of minority interests in the annual profits totalling €-1,912 thousand.

23 Other

Other includes the differences arising from the capital consolidation. The differences arise principally from exchange rate conversions necessary for the capital consolidation.

24 Guarantee relationships and other financial obligations

In thousand euros	2001	2000
Due 2002 (previous year: 2001)	1,039	1,027
Due 2003–2005 (previous year: 2002–2004)	1,382	3,338
Other financial obligations	2,421	4,365

The amounts are nominal values and not actual monetary values. Other financial obligations relate mainly to rented property and leased vehicles and office equipment.

IV. Explanations to the income statement

25 Revenues

The geographical distribution of the group's total revenues for the financial year 2001 according to the countries of incorporation of the individual companies was as follows:

In thousand euros	2001	in %
America	363,664	85
Europe	54,566	13
Asia/Australia	8,576	2
Total	426,806	100

26 Other operating income

In thousand euros	2001	2000
Sponsoring income	2,045	2,557
Income from exchange differences	758	1,533
Value increases in financial instruments	0	173
Sundry other operating income	1,935	668
Total	4,738	4,931

The reduction in other operating income results mainly from reduced income from exchange differences. Sponsoring income refers to the SpVgg Unterhaching (compare other operating expenses).

27 Cost of purchased materials and services

The category cost of purchased materials refers to the purchase of active and passive electronic building parts.



28 Personnel expenses and number of employees

In thousand euros	2001	2000
Salaries and wages	22,808	12,287
Social insurance payments and pension costs	1,187	1,135
Total	23,995	13,422

The average number of employees in 2001 was 423 (previous year: 203). At the balance sheet date, the ce CONSUMER ELECTRONIC group employed 420 persons. The concern was able, despite the difficult market conditions and against the general industry trend, to increase in 2001 worldwide the number of persons employed. We regard our employees as important capital of our enterprise and the basis for the future successful development of our group.

29 Other operating expenses

In thousand euros	2001	2000
Sponsoring	2,045	2,557
Expense from exchange differences	460	1,605
Travel and advertising costs	1,676	1,243
Insurances and other premiums	1,395	459
Legal and advisory services	1,292	991
Office costs	1,193	570
Other operating expense	12,583	14,185
Total	20,644	21,610

The change in other operating expenses as compared to the previous year is particularly influenced by the reduction of sponsoring of the SpVgg Unterhaching (compare other operating income) and by the reduction in the expense relating to exchange differences.

30 Interest result

The interest result is as follows:

In thousand euros	2001	2000
Interest and similar income	1,597	1,873
Interest and similar expense	-3,017	-1,235
Interest result	-1,420	638

As a result of the payment of the second instalment for the acquisition of the shares in SND Electronics, Inc. at the end of August 2001, the company's interest-earning liquidity was reduced and accordingly also the interest income. The bank interest expense relates principally to the bank liabilities of SND Electronics, Inc.

31 Income tax

The income tax includes the German corporation profits tax, including the solidarity levy, and trade income tax together with similar taxes of the foreign subsidiary companies.

32 Earnings per share

	2001	2000
Net income in thousand euros	-1,581	7,659
Concern result after third party shares in thousand euros	-1,912	5,758
Weighted average of the number of issued shares in thousand	25,166	24,450
Net income per share in €	-0.08	0.24
Weighted average of the number of issued shares in thousand including the share option plans	26,380	24,450
Net income per share in € (diluted)	-0.07	0.24

The option rights under the share option plans I and II of the ce CONSUMER ELECTRONIC group dilute the company's capital in 2001 for the first time. The diluted net income per share rounded to the nearest cent remains nearly the same as the undiluted net income per share.



V. Additional notes

33 Dividends

The company's general meeting on July 3, 2001 resolved the payment of a dividend of DM 0.10 per no par value share to the 25,000,998 entitled shares. The dividend was paid on July 4, 2001, the day after the general meeting. The dividend payment includes for the purpose of tax accounting a corporation tax credit of 3/7 of the dividend.

34 Cash flow statement

The cash flow statement shows how the liquid funds of the ce CONSUMER ELECTRONIC group have changed in the course of the financial year through cash inflows and cash outflows. The movements in cash flow are divided in the cash flow statement into operating, investing and financial activities (IAS 7). Liquid assets consist chiefly of deposit accounts and current accounts with banks.

35 The composition of the company's executive bodies

Board of directors

Erich J. Lejeune – Businessman, Munich

Chairman of the Board and CEO (Chief Executive Officer)

Other executive positions:

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

- Mediagrif Interactive Technologies Inc., Montreal, Canada
- ce Cyber Exchange Inc., Montreal, Canada
- VCE Virtual Chip Exchange Inc., Montreal, Canada
- Financial.de AG, Friedberg (until July 3, 2001)

Peter Bohn – Dipl.Ing., Munich

Deputy Chairman of the Board, designated CEO (Chief Executive Officer)

Contract begin: 11.01.2001

Friedrich Rettenberger – Dipl.Kaufmann, Munich

Financial director, CFO (Chief Financial Officer)

Contract begin: 06.01.2001

Other executive positions:

Mr. Friedrich Rettenberger is a member of the supervisory board of:

- Easy-Training.de AG, Munich

Matthias Knisig – Dipl.Bw (FH), MBA, Munich

Deputy Chairman of the Board, COO (Chief Operating Officer)

Contract begin: 01.01.2001

Michael Negel – Businessman, Munich

Brokerage director, CBO (Chief Brokerage Officer)

Contract begin: 06.01.2001

Other executive positions:

Mr. Michael Negel is a member of the advisory board of:

- SFC Smart Fuel Cell GmbH, Brunnthal

Irene Lejeune – Businesswoman, Munich

Director for accounting and concern integration (until 09.30.2001)

Herbert E. Graus – Businessman, Munich

Director for material control and distribution (until 12.31.2001)

Horst G. Bülck – Businessman, Hamburg

Financial director (until 02.28.2001)

The total remuneration of the members of the board of directors for the financial year 2001 amounted to €2,425 thousand (previous year: €1,240 thousand).

The share options granted to the members of the board of directors are listed individually and in detail in the section "Directors' holdings".



Supervisory board

Dietrich Walther – Businessman, Iserlohn

Chairman of the supervisory board

Member of the supervisory boards of:

- | | |
|---|-----------------------------|
| • Gold-Zack AG, Mettmann | Chairman |
| • Kampa - Haus AG, Minden | Chairman (until 06.28.2001) |
| • Schleicher & Co. International AG, Markdorf | Chairman |
| • Porta Systems AG, Porta Westfalica | Member |
| • PSI AG, Berlin | Member |

Rolf Baron Vielhauer von Hohenhau, Dipl.Kaufmann, Munich

Deputy chairman of the supervisory board

President of the Bundes für Steuerzahler in Bayern e.V.

Member of the supervisory and/or administrative boards of:

- Stadtparkasse Augsburg, Augsburg
- Stiftungsrat der Stiftung "Augsburger Sparkassen-Altenhilfe", Augsburg
- Hessing-Stiftung, Augsburg
- Augsburger Sparkassen-Altenhilfe, Augsburg
- ATOSS Software AG, Munich

Bernhard Dorn – Company consultant, Leonberg

Member of the supervisory board

Member of the supervisory boards of:

- | | |
|---------------------------------------|-----------------|
| • ATOSS Software AG, Munich | Deputy chairman |
| • TDS AG, Neckarsulm | Deputy chairman |
| • SYSTEMATICS AG, Hamburg | Deputy chairman |
| • United Internet AG, Montadur | Deputy chairman |
| • Colonia/Nordstern (CNV) AG, Cologne | Member |
| • IDG GmbH, Frankfurt | Member |
| • TLC GmbH, Wiesbaden | Member |
| • twenty4help AG, Dortmund | Member |

The remuneration of the members of the supervisory board for the financial year 2001 amounted to €70 thousand (previous year: €36 thousand).

Guarantee relationships

ce CONSUMER ELECTRONIC AG has entered into no guarantees for either members of the board of directors or of the supervisory board.

36 Directors' holdings

Board of directors		Number	Basic price (€)
Erich J. Lejeune, CEO	Shares	2,416,383	
	Subscription rights/Share option plan I	50,000	7.85
	Subscription rights/Share option plan II	37,750	4.52
Peter Bohn, deputy CEO	Shares	0	
	Subscription rights/Share option plan I	0	7.85
	Subscription rights/Share option plan II	99,000	4.52
Herbert E. Graus	Shares	1,528,775	
	Subscription rights/Share option plan I	12,500	7.85
	Subscription rights/Share option plan II	0	4.52
Matthias Knisig, COO	Shares	0	
	Subscription rights/Share option plan I	99,000	7.85
	Subscription rights/Share option plan II	37,750	4.52
Friedrich Rettenberger, CFO	Shares	0	
	Subscription rights/Share option plan I	50,000	7.85
	Subscription rights/Share option plan II	37,750	4.52
Michael Negel, CBO	Shares	43,410	
	Subscription rights/Share option plan I	99,000	7.85
	Subscription rights/Share option plan II	37,750	4.52
Supervisory board			
Dietrich Walther	Shares	0	
	Subscription rights/Conv. loan rights	30,000	7.69
Bernhard Dorn	Shares	0	
	Subscription rights/Conv. loan rights	30,000	7.69
Rolf Baron Vielhauer von Hohenhau	Shares	0	
	Subscription rights/Conv. loan rights	30,000	7.69

To fulfill the share options when exercised the share capital will be increased through the issue of shares from the conditional capitals 2000/I and 2001/I and to satisfy the convertible loan rights options through the issue of shares from the conditional capital 2000/II. The capital will only be increased to the extent necessary to satisfy the options actually exercised.



37 Share options program

To enable all shareholders to obtain a long-term value increase in their investment in accordance with the measures of proper corporate governance, the share option program for board members, management and employees has been conceived and introduced. The intention is to provide a reward based on performance and as reflected by the market price of the company's shares.

Following are details of the two existing share option plans:

	Share option plan I	Share option plan II
General meeting resolution	July 3, 2000	July 3, 2001
Conditional capital	unlimited conditional capital 2000/I €1,243,488	unlimited conditional capital 2001/I €1,250,000
Max. number of options	1,243,488	1,250,000
Option strike price	€7.85	€4.52
Distribution of the options:		
- Board of directors	up to 20%	up to 20%
- Management	up to 20%	up to 20%
- Employees	up to 60%	up to 60%
Options beginn	April 19, 2001	October 15, 2001

The options can only be exercised after the waiting time has expired. The waiting time begins on the grant of an option and ends two years thereafter. The exercise time of the options begins with the date of grant of an option and ends on the tenth anniversary (option plan I) and the fifth anniversary (option plan II) of the grant.

Option rights may only be exercised when the group EBITDA (group result before interest and taxes and before depreciation and amortization) has increased by at least 15 percent per annum in two business years before the exercise of the option. In this respect the years do not have to be sequential; important is only the relative increase in result in comparison with the previous year.

Recording and valuation methods

IAS 19 (version 1998) does not prescribe any special recording or valuation methods. No recognition has therefore been made in the balance sheet and income statement.

38 Subsequent events

There are no important events to be reported arising after the balance sheet date.

39 Explanations to the conversion of the accounting system to US GAAP

The figures for the past financial year were prepared under the principles and regulations of the International Accounting Standards (IAS). The rules of US GAAP (United States Generally Accepted Accounting Principles) have been introduced from January 1, 2002 for the preparation of financial statements. The report for the first quarter of the year 2002 will be published for the first time showing figures prepared in accordance with US GAAP.

The future adjustments between the IAS and the US GAAP figures will result in particular in the following areas in differences between IAS and US GAAP values: valuation of inventories, adjustments to pension accruals to conform to the "projected unit credit method" and elimination of the straight-line depreciation of goodwill.

Munich, March 26, 2002

ce CONSUMER ELECTRONIC AG



Audit opinion of the auditor of the group annual financial statements

We have audited the consolidated annual financial statements of ce CONSUMER ELECTRONIC AG as prepared by the company, consisting of balance sheet, profit and loss account, cash flow statement and notes for the financial year from January 1, 2001 to December 31, 2001. The preparation and content of the consolidated annual financial statements are the responsibility of the company's management. Our responsibility is to express our opinion on the consolidated annual financial statements on the basis of the audit we have carried out as to whether the consolidated annual financial statements comply with the International Accounting Standards (IAS).

We conducted our audit of the consolidated annual financial statements in accordance with the German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and having regard to the additional requirements of the International Standards on Auditing (IAS). These standards require that we plan and perform the audit such that with reasonable assurance misstatements materially affecting the presentation of the consolidated annual financial statements can be excluded. Knowledge of the business activities and the economic and legal environment of the concern and expectations of possible misstatements are taken into account in the determination of audit procedures. In the course of the audit, evidence supporting the valuation principles applied and statements made in the annual consolidated financial statements are examined primarily on a test basis. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

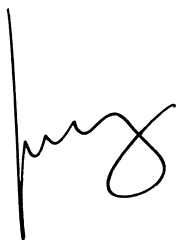
In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flow of the group for the financial year in accordance with IAS rules.

Our audit, that included the group management report for the financial year from January 1, 2001 to December 31, 2001 prepared by the board of directors, led to no reservations. In our opinion, the group management report as a whole provides an accurate representation of the position of the group and describes correctly the risks associated with the group's future development. Additionally we confirm, that the group annual financial statements and the group management report for the financial year from January 1, 2001 to December 31, 2001 fulfill the requirements necessary to absolve the company from the preparation of group annual financial statements and a group management report under German law.

We have based our confirmation of the fulfillment of the requirements of the 7th EG Directive and the thereby connected exemption from the commercial law governing consolidated accounting rules, on the grounds that the group consolidated accounting complied with those rules, on the interpretation of the Directive by the contact committee for the Accounting Principles Directives of the European Commission.

Munich, March 26, 2002

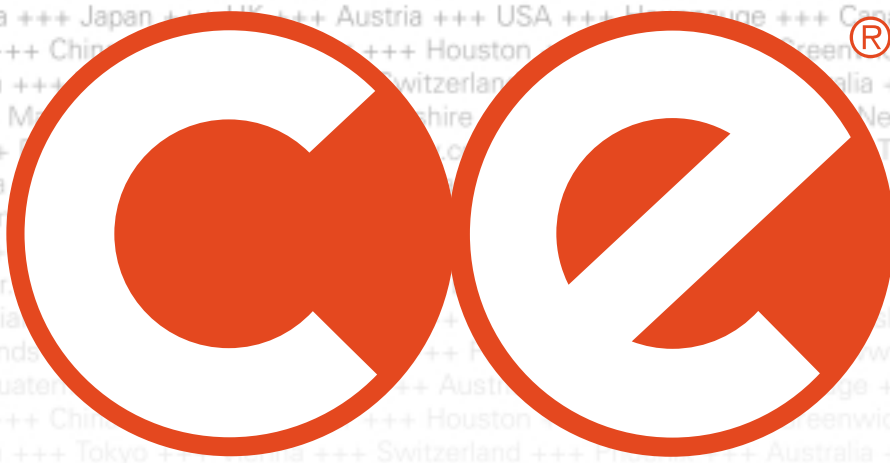
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Goppelt
Auditor



Nowakowski
Auditor



VISION BECOMES REALITY



The ce chronicle



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



Chronicle of ce CONSUMER ELECTRONIC AG

1976

Erich J. Lejeune and his partner Herbert E. Graus found Consumer Electronic GmbH, Munich, which later becomes ce CONSUMER ELECTRONIC AG.

1979

Founding of ce Japan Inc. in Tokyo – ce CONSUMER ELECTRONIC becomes a pioneer in the sale of Japanese semiconductors in Europe.

1981

In San Jose, in the heart of Silicon Valley, we open ce America Ltd. and thus become one of the first German companies to have a sales office in the USA.

1983

From our Munich base we begin sales activities on the Austrian market.

1988

We become market leader in Switzerland.

1976/1978

1979/1980

1981/1982

1983/1984

1988/1995

1978

Irène Lejeune becomes a member of management.

1980

From Munich we begin sales activities on the Swiss market.

1982

ce CONSUMER ELECTRONIC is supplier of the year at Siemens Karlsruhe.

1984

With annual sales of more than 40 million DM ce CONSUMER ELECTRONIC makes its breakthrough as the "fire department of the electronics industry."

1995

Important new product innovations, such as mobile telephones, digital dialing systems, and GPS strengthen the chip market – ce CONSUMER ELECTRONIC has sales of DM 62 mill. (€31.7 mill.)

1996	<p>The Bundesverband mittelständischer Wirtschaft (German national association for mid-sized business) appoints Erich J. Lejeune as honorary Senator.</p>	1998	<p>First listing of the ce share on the Neuer Markt of Deutsche Börse AG in Frankfurt am Main.</p> <p>Participation in the Canadian eCommerce software firm Mediagrif Interactive Technologies Inc. in Montreal.</p>	1999	<p>The start of VCE Virtual Chip Exchange Inc. in Hauppauge gives us an American B2B Internet platform in the chip area.</p> <p>We conclude a trading alliance with the largest semiconductor distributor in the world, Arrow Electronics Inc.</p>	2000	<p>We take over the largest chip broker in Australia, Alcora Pty. Ltd. in Brisbane.</p> <p>In the second quarter, VCE Virtual Chip Exchange Inc. is already in the black and establishes itself as the B2B industry standard in electronics trading on the Internet.</p> <p>In Greenwich we acquire 51 percent of SND Electronics Inc., the third-largest American chip broker and chip trader.</p>	2001	<p>We celebrate our company's 25th anniversary.</p> <p>Our new office in Hong Kong shows the flag on the growth market China.</p> <p>The managing board of ce CONSUMER ELECTRONIC AG is restructured to meet future challenges.</p> <p>We take over the remaining shares of SND Electronics Inc. – ce CONSUMER ELECTRONIC group advances to second-largest chip broker in the world.</p>
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1996/1997

1997

ce CONSUMER ELECTRONIC becomes a stock corporation (Aktiengesellschaft).

1998

To accelerate our worldwide expansion, we found ce Las Vegas Inc. in Nevada.

The journal "Finanzen" selects Erich J. Lejeune as Businessman of the Year.

1999

In Tokyo we acquire Nihon Arcom Corp., one of the leading Japanese chip broker companies.

In Switzerland we take over the chip broker Inter Chip AG.

Consolidated annual sales rise to DM 72.8 mill. (€37.2 mill.).

2000

Our consolidated annual sales reach DM 555.8 mill. (€284.2 mill.).

A committee from the companies SAP, "manager-magazin", and Ernst & Young selects Erich J. Lejeune as Entrepreneur of the Year and ce CONSUMER ELECTRONIC AG as Company of the Year in the area of trading.

2001

September 11 and the terrorist attacks in the USA lead to noticeable drops in US business. However, thanks to a strict savings program and positive prospects for 2002, we do not have to reduce personnel.

Despite the difficult economic situation our company achieves annual sales of DM 843.7 mill. (€426.8 mill.) and exceeds the target of DM 700 mill. (€357.9 mill.).



Financial calendar 2002*

March 6, 2002	Key Figures 2001 Conference call and Internet chat
March 7, 2002	Analyst Conference with Nokia, Ericsson, Infineon, and Alcatel at Lehman Brothers, London
March 27, 2002	Complete Annual Financial Statement 2001 Detailed segment reports
April 10, 2002	Press Conference on the Balance Sheet Annual Report 2001 Munich
May 14, 2002	Results of the 1st Quarter 2002 Conference call and Internet chat
July 3, 2002	Regular General Shareholders' Meeting Munich
August 13, 2002	Semiannual Results 2002 Conference call and Internet chat
August 14, 2002	DVFA Analyst Conference Frankfurt
November 12, 2002	9-Month Report 2002 Conference call and Internet chat
November 12 to 15, 2002	Trade Fair: electronica 2002 Munich

*Scheduled dates

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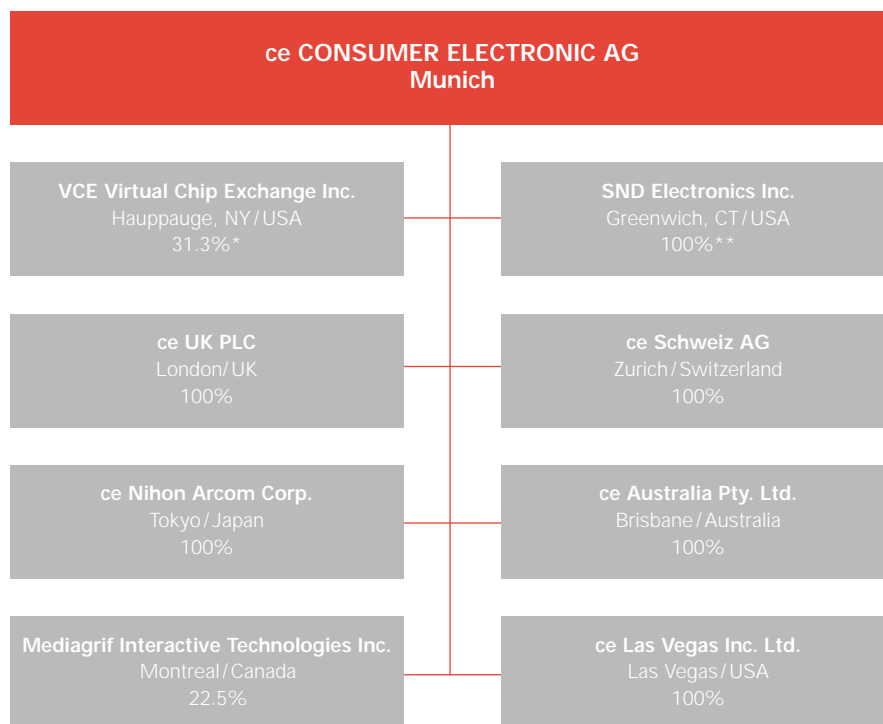
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The ce group structure



*Full consolidation of the VCE Virtual Chip Exchange, Inc. through the majority holding of ce CONSUMER ELECTRONIC AG in ce Cyber Exchange Inc. ce Cyber Exchange Inc. is in turn the majority shareholder in VCE Virtual Chip Exchange.

**Full consolidation of SND Electronics, Inc. through the fully owned subsidiary ce USA, Inc., which holds the majority of shares in SND Electronics, Inc.

