Power unlimited

Annual Report 2003

FRIWO®

CEAG AG

At a Glance

Key figures for the CEAG Group

(The group currency is the EUR)

in millions of EUR		**2003**	**2002**	**2001**	**2000**
Sales	in millions of units				
CEAG		139.2	122.6	107.8	108.0
FMP		131.9	116.5	-	-
FPS		7.3	6.1	-	-
Revenue					
CEAG		167.4	191.4	213.8	260.8
FMP		129.7	149.1	-	-
FPS		37.7	42.3	-	-
EBIT					
EBIT (before restructuring)		4.2	-16.1	-2.9	22.4
EBIT (after restructuring)		4.2	-3.2	-1.7	24.1
- of which FMP		5.2	4.0	-	-
- of which FPS		-1.0	-7.2	-	-
EBIT operating margin (before restructuring)	%	2.5	-1.7	-0.8	9.2
Earnings before income taxes		2.8	-17.6	-4.5	20.2
Consolidated net profit/loss		2.8	-25.1	-2.7	11.9
Balance sheet					
Balance sheet total		77.7	86.8	135.1	152.1
Subscribed capital		20.0	20.0	20.0	20.0
Number of shares	in millions	7.7	7.7	7.7	7.7
Equity		19.8	22.6	53.6	58.7
Equity ratio	%	25.5	26.0	39.7	38.6
Capital expenditure		7.2	6.8	9.2	10.6
Employees (as of December 31)		9,539	8,727	8,519	8,095
Employees in Germany		245	298	431	526
Employees abroad		9,294	8,429	8,088	7,569
Share					
Earnings per share	EUR	0.36	-3.26	-0.35	1.55
Didvidend per share	EUR	-	-	-	0.55

Our Mission Statement

To design, manufacture and sell innovative and competitive power solutions to customers worldwide.

Company Profile

With the FRIWO brand and a market share of 25% in 2003, CEAG AG, a holding company of the FRIWO Group registered in Bad Homburg v.d.H., with its head office in Ostbevern/Westphalia, Germany, is the leading supplier of chargers for mobile phones worldwide.
Along with chargers and power supplies for high-volume mobile telephony and IT markets, FRIWO's individual products are manufactured for IT & communication, power tools, automation and medical technology.

Group Organization CEAG AG

CEAG AG

Holding of the FRIWO Group

Business Unit FMP

FRIWO Mobile Power

High-volume customer-specific solutions

Mobile phones

Chargers for mobile phones

Cordless phones

Power supplies for cordless telecommunication

Other consumer portable products

Power supplies for
- PDAs
- CD/MD/DVD players
- digital cameras

Business Unit FPS

FRIWO Power Solutions

Standard and customer-specific solutions

IT and Communication

Power supplies for communication and IT including
- modems
- routers
- printers

Consumer equipment and tools

Power supplies for tools and home applications including
- screwdrivers
- vacuum cleaners
- lawnmowers
- E-bikes
- set-top boxes

Industrial equipment

Power supplies for
- door, locking and security technology
- industrial vehicles
- DIN rail

Medical equipment

Power supplies for medical purposes and rehabilitation including
- wheelchairs
- blood transfusion pumps
- blood pressure monitors


CEAG AG
FRIWO
FRIWO EMC
FRIWO Japan
FRIWO CEAG Electrical
FRIWO Far East, Hong Kong
FRIWO Industrial Co.
FRIWO do Brasil

Foreword

Dear Friends and Shareholders,

The CEAG Group returned to profitability in 2003. Our Company is back in the black, with an operating income of EUR 4.2 million and a consolidated net profit of EUR 2.8 million. This corresponds exactly with our announcement at the beginning of 2003. With this successful turnaround in earnings, we have achieved the most important objective of the past fiscal year.

The turnaround is all the more encouraging having been achieved in a persistently difficult economic environment which did not start to brighten up until the end of the year. CEAG also wrangled with currency effects that led to significant losses in the revenues reported in euros. Expressed in US dollars, the CEAG Group's revenues increased by 5%.

First and foremost, however, the earnings turnaround is confirmation of the measures to reduce costs and realign the Group's strategy implemented in the last few years. We fundamentally reorganized the business in 2002 in line with our objective of securing the profitability of the CEAG Group by lowering the break-even point even in a difficult market environment.

The key was the creation of two independently operating business units: FRIWO Mobile Power (FMP) focuses on high-volume products for the telecommunications industry such as mobile telephones or CD/MD players. FRIWO Power Solutions (FPS) specializes in power supplies for the highly segmented industries of medical technology, IT and communications, household appliances, power tools and industrial applications.

The new structure, which was created at the same time as the reorganization of global production and sales structures, has already proved a success. Both business units recorded a positive earnings trend in 2003. Driven by unexpectedly high demand for mobile telephones towards the end of the year, the FMP business unit increased its earnings before interest and tax (EBIT) from EUR 4.0 million in the prior year (before one-off restructuring expenses) to EUR 5.2 million. EBIT – excluding the one-off costs incurred in the prior year – in the FPS business unit even improved by EUR 6.2 million to -EUR 1.0 million. Profitability is therefore also within the reach of FPS.

Foreword

Of course, not everything went according to plan in the past fiscal year. We were not quite able to maintain our world market share in chargers for mobile telephones that we had extended significantly in 2002. There was some quite considerable reshuffling in the market shares held by mobile telephone manufacturers, and we were unable to acquire new customers to the extent planned. However, overall we have every reason to be satisfied with what we achieved in 2003. The CEAG share also performed well, especially in the second half of the year with a considerable increase in value.

CEAG's prospects for 2004 make us cautiously optimistic. The global economy is on the upward path and the German economy is also forecast to pick up. Market research institutes project further growth for the mobile telephone market. CEAG is well positioned in its markets to take advantage of an economic recovery and to consolidate and improve on the positive earnings trend of the past year, provided that we do not slacken the pace of our efforts

to control costs and increase productivity. Creating powerful and efficient structures is an ongoing task in the face of the highly competitive environment in which our Company continues to operate. At the same time, we are paving the way towards growth at CEAG after the restructuring phase.
The results of fiscal year 2003 are an important step in this direction.

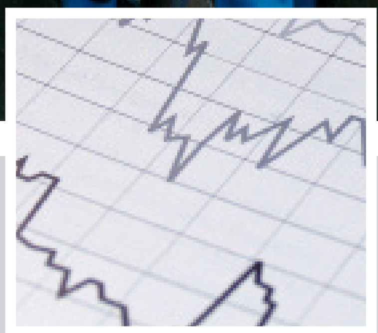
Ostbevern, February 27, 2004

Rolf Endress

Chief Executive Officer (CEO)

Matthias Grevener

Member of the Management Board



Dan Beverage

President FRIWO North America

> "Achieving a turnaround is always a challenge. It means having the drive and determination to break new ground. I am proud to be making my contribution."

CEAG Achieves Turnaround

Rapid Response to Market Needs

The CEAG Group operates in very dynamic and fast-paced markets. Mobile telephones, CD, MD and DVD players or printers are subject to comparatively short innovation cycles and frequently also fashion trends. Products are constantly being enhanced, with increased performance, user-friendliness and complexity. In addition, the past few years saw the general downturn of the global economy, major changes in exchange rates and saturation tendencies in certain markets with commensurate pressure on product prices.

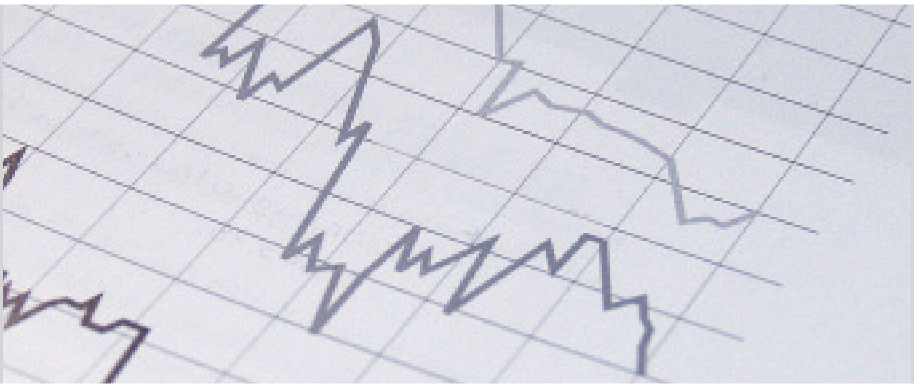
All these factors posed great challenges not only for manufacturers of electronics but also for the CEAG Group as a producer of high-quality power supplies. Radical changes in group organization were required in line with the prime objective of creating a sustainable basis for the Company's profitability. An enterprise can only defend and build on its competitiveness if its structures and processes reflect market needs.

CEAG's response to these challenges was swift: in 2001, when the effects of the economic downturn began to be felt, the Management Board decided to fundamentally reorganize the Group after a detailed analysis of the business segments and locations. One year before, management had already put in place a program to achieve cost leadership in all business areas.

The main objectives of the reorganization of the Group over the past few years were:

- A substantial and lasting reduction in costs
- An increase in productivity in production and focus in sales
- Attractive and competitive product designs
- Greater proximity to the customer

The restructuring has made CEAG "leaner and meaner" thanks to two success factors: the changes in the group structure and the reduction in costs and hence in the break-even point.



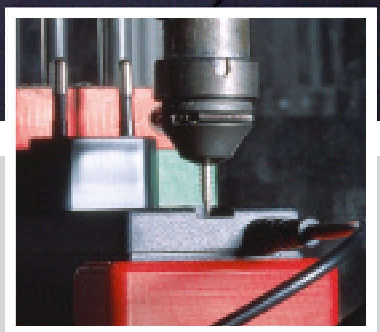
Success Factor Structural Change

FRIWO brand power supplies are either used in high-volume products in the telecommunications industry or for equipment produced in smaller volumes for a variety of applications (e.g. medical technology, electronic household appliances, toys). These two product groups differ considerably in terms of customer structure, sales requirements and demand patterns. While CEAG supplies a small number of manufacturers requiring intensive key account management in the power supply market, the market for low-volume products is highly fragmented.

The logical consequence of this situation was the creation of two independently operating business units in 2002, FRIWO Mobile Power (FMP) for the high-volume business and FRIWO Power Solutions (FPS) for platform and customer-specific products for a wide variety of uses.
This was accompanied by the reorganization of the entire worldwide production and sales structure in line with the Group's new organizational structure. Production for high-volume power supplies and chargers was pooled at the two Chinese plants in Shajing und Xixiang. As a result, the production facilities in Colorado Springs (United States) and Chihuahua (Mexico) were closed down and capacity was reduced at the headquarters in Ostbevern. The leaner and more centralized production structure after the reorganization increased efficiency and flexibility, allowing a faster response to customer wishes.

All sales and marketing activities can also be tailored more exactly to customer needs under the new group organization. FMP uses targeted key account management supported by efficient logistics. Nothing is more important than supplying the equipment producers in this market, especially the major mobile telephone manufacturers, with the large quantities of power supplies they need on time. FPS products are sold through a global sales network with support from commercial agents and distributors.

The strategic realignment of the CEAG Group into two business units not only provided the flexibility to meet customer demands. It also increased the transparency of costs and results – an important criterion not only for CEAG management but also for investors and analysts.



Richard Hopkins

Vice President Manufacturing Operations, FMP, China

> "Constant striving for improvement in the production process is the only guarantee of high quality and an optimized cost structure. This is every employee's job, not just the task of one individual."

Continuous Improvement in the Production Process

Success Factor Cost Reductions

The structural changes in the CEAG Group were accompanied by a systematic lowering of the break-even point through significant cost savings.

It was clear from the outset that the measures to reduce costs that commenced in 2000 were not mere cost cutting along the lines of slashing budgets and terminating employees. This would not have been enough to compensate for the ongoing pressure on margins and to achieve the objective of cost leadership. Instead, the aim was to reduce the Company's costs by raising cost consciousness at all levels of the value-added chain and making cost a decision-making factor. Hence cost reduction is synonymous with cost avoidance.

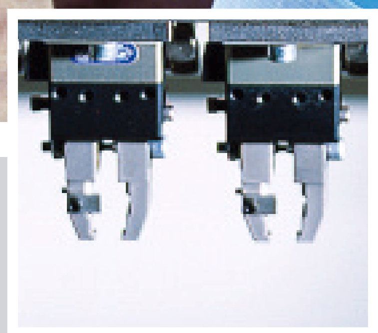
The processes "design-to-cost" (DTC) and "purchase-to-cost" (PTC) play an important role in this context.
DTC means that each product developer includes as few components as possible in a power supply in the development phase, using only components that are cost-effective and readily available. The components should also be based on a platform technology so they can be used in other products and integrated in other production structures without additional expense.

The criteria that need to be considered when deciding whether to use a certain component in a product are therefore:

- Cost/price
- Availability
- Quality
- Platform suitability

DTC is now well established in the CEAG Group. It ensures that cost consciousness is an important criterion even in the earliest stage of the value-added chain.

PTC refers to purchasing components with a view to unit cost. It is not just a question of which supplier can deliver a certain component for the assembly of a power supply at the best rate. Other criteria include: How far away is the supplier? What is the supplier's ability to deliver? What currency is used for invoicing? Is the supplier reliable? Cost aspects are therefore directly related to quality criteria.



Richard Tay

Vice President Marketing and Sales, Asia

> "Asia is the market of the future. The potential is enormous, but so are the demands on quality, flexibility and price. Only innovative concepts have a chance of being successful here."

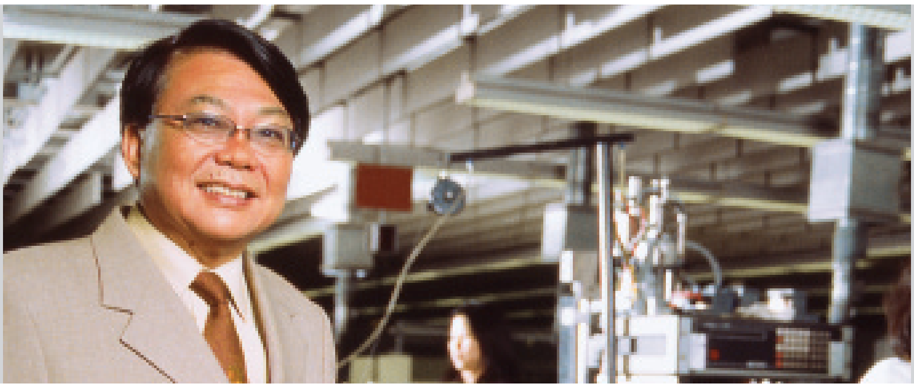
Innovative Concepts for the Market of the Future

Focused on Growth

The CEAG Group has concentrated on the changing needs of its markets over the past few years. The focus was on creating structures that allow better customer targeting and increase efficiency at all levels of the value-added chain.

The earnings turnaround in 2003 shows that the Group is well prepared to face the future after this strategic realignment. However, the optimized internal structures will not take full effect until there is a sustained improvement in sales. This improvement is already noticeable. The Group would have grown in 2003 if exchange rates had remained constant. This trend now needs to be consolidated and strengthened in the years to come.

The CEAG Group mostly operates in markets in which volume and market share depend on product prices and on competitive costs. This is particularly true of the highly dynamic mobile telephone market, where we need to defend and extend our position as the global market leader.



After the restructuring phase and strategic realignment, the Management Board's objective is to guide the Company into a growth phase. Here we are envisaging not only organic growth, but also external growth in the form of partnerships or mergers and acquisitions in the medium term.

Gudrun Richter

Public Relations / Investor Relations

"Creditability is founded on regular, open and honest communication. This is important to us – both on an internal and external level."

Honest Communication

The CEAG Share

Slow Recovery of Stock Markets

The international capital markets recovered from three consecutive years of losses during 2003 and at the beginning of 2004. The most important stock indices posted significant growth in 2003, although they are still well down on the highs of previous years. The recovery was particularly noticeable in the second half of the year, after the end of the war in Iraq and the containment of SARS, which affected parts of Asia for some time.

The DAX closed at 3,996 points on December 30, 2003, up 37% against the same date in 2002. It was the first time in three years that the leading German index closed on a positive note. The performances of the new indices formed by Deutsche Börse during the fiscal year, MDax (+48%), SDAX (+51%) and TecDAX (+51%) were also positive. The DowJones, the leading index in the United States, grew 26% to 10,453 points in the year under review. The CEAG share closed with an increase of 80%.

Performance Data[1]

	2003	2002
High (EUR)	11.40	11.35
Low (EUR)	4.50	3.95
Year-end price on December 30 (EUR)	8.65	4.80
Market capitalization as of December 30 (millions of EUR)	67	37

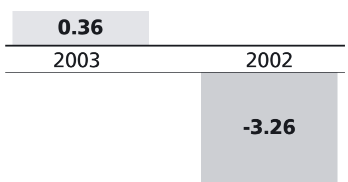
[1] All information based on Xetra closing prices from the Frankfurt Stock Exchange.

The Performance of the CEAG Share

Share Value Increases Significantly – Comparative Index Outperformed

As a result of the complete restructuring of the German stock market, CEAG AG's share has been listed in the Prime Standard Segment of Deutsche Börse since January 1, 2003. The Company has therefore undertaken to observe high disclosure and transparency requirements based on international standards. The CEAG share performed well in the year under review, especially in the second half. After a flat performance up until June, the share price rose strongly in July and August, reaching a high of EUR 11.40 on September 3, 2003, up 138% against the year-end price in 2002. Then the price fell somewhat, remaining at a much higher level than at the beginning of the year. The year-end price was EUR 8.65. This is an increase in value of 80% against the same date in the prior year.

Earnings per Share



The CEAG Share

The CEAG-Share Against the Prime All Share Index

The CEAG share performed in line with the Prime All Share during the first half of the year, but well outperformed the new index in the second six months. Landesbank Baden-Württemberg is the Company's designated sponsor.

Increase in Investor Relations and Public Relations Work

The Management Board provided investors, analysts and the interested public with detailed information on the market development and business performance of the CEAG Group during 2003. There were regular events such as the results press conference, analyst conference and the annual shareholders' meeting as well as a number of individual meetings with analysts and institutional investors. The focus of interest was the implementation of the group-wide restructuring measures adopted in 2002. At the beginning of December 2003, the Management Board took the sale of the 750 millionth charger in CEAG's history as an opportunity to inform local and regional media in North Rhine-Westphalia invited to a press conference about the business location of Ostbevern and the business performance of the Group as a whole. All in all, the capital market began to show increasing interest in CEAG AG in the course of the year, especially in view of the good performance of its share.

Stable Group of Shareholders

At year-end 2003, DELTON AG, Bad Homburg, reported that it continued to hold 76.8% of the capital stock of CEAG AG. DELTON AG is a strategic management holding company for the business operations of its sole shareholder, Mr. Stefan Quandt. CEAG AG did not receive any other reports on voting rights pursuant to Sec. 21 (1) of the Securities Trading Act (WpHG) in the year under review. This means that 23.2% of the shares were in free float at year-end according to the provisions of Deutsche Börse.

Report of the Supervisory Board

Report of the Supervisory Board

The Supervisory Board was regularly informed about business developments over the past fiscal year at and between its meetings through written and verbal reports provided by members of the Management Board.

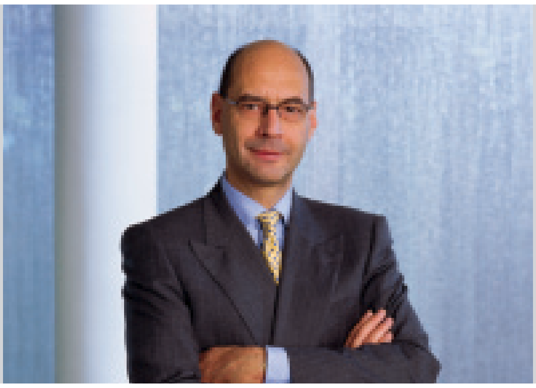
At these meetings, the situation of the Company and its subsidiaries was explained in detail. Business planning and significant individual transactions were also discussed. The chairman of the Supervisory Board and the Management Board also met to discuss major transactions and to review the current development of the Company between Supervisory Board meetings.

Major Topics

Consultations focused on tapping new markets and enhancing switch mode technology as well as developing innovative technologies. Personnel issues, group financing and risk management were also priority issues.

The Supervisory Board monitored management based on the reports and information from the Management Board. Major transactions were discussed and examined in detail. The key points suggested by the Audit Committee for the audit of the financial statements and the consolidated financial statements were ratified.

The Supervisory Board and the Audit Committee discussed the recommendations and suggestions of the German Corporate Governance Code in detail. In this context, the Management Board and Supervisory Board issued a report that is published in the annual report for 2003 and includes the compliance declaration of December 4, 2003.



Berndt-Michael Winter
Chairman

Supervisory Board and Committee Meetings

The Supervisory Board held four meetings in the reporting year. The Audit Committee convened twice in the past fiscal year. At its meeting on March 20, 2003, the Audit Committee discussed the Company’s financial statements and consolidated financial statements with the auditors. The Personnel Committee had three meetings during the reporting year.

Personnel Changes

The following changes occurred on the Supervisory Board in 2003:
Ms. Annemarie Hülsmann, employee representative, retired from the Supervisory Board on January 31, 2003, having left the Company. The Local Court of Bad Homburg appointed Mr. Herbert Ellefred as her successor on May 7, 2003. Mr. Ellefred had attended the Supervisory Board meeting on March 25, 2003 as a guest. Ms. Rita Brehm was elected to succeed Ms. Hülsmann on the Audit Committee of the Supervisory Board with effect from March 19, 2003.

The annual shareholders’ meeting on May 20, 2003 elected Dr. Antonius Wagner to the Supervisory Board. Dr. Wagner succeeds Mr. Stefan Quandt, who retired from office at the close of the shareholders’ meeting on May 20, 2003. Dr. Wagner was appointed as a member of the Supervisory Board until the annual shareholders’ meeting for 2006, the remainder of Mr. Quandt’s term of office. He was also appointed as the new chairman of the Audit Committee after Mr. Berndt-Michael Winter retired from this office on May 20, 2003 as recommended in No. 5.2 of the German Corporate Governance Code and left the Audit Committee.

Report of the Supervisory Board

The chairman of the Supervisory Board would like to thank the former members Ms. Hülsmann and Mr. Quandt for their constructive work.

At its meeting on October 15, 2003, the Supervisory Board decided to extend the appointment of Mr. Rolf Endress as a member of the Management Board for a further five years until September 30, 2009 and to appoint him chairman of the Management Board for the same period.

Financial Statements

The financial statements of CEAG AG presented by the Management Board and the consolidated financial statements and combined management report for CEAG AG and the Group were audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Düsseldorf (hereinafter referred to as "Ernst & Young"). An unqualified opinion was expressed on each set of financial statements. The audit in accordance with Sec. 316 (4) of the German Commercial Code (HGB) showed that the Management Board has taken the measures pursuant to Sec. 91 (2) of the Stock Corporation Act (AktG) in a suitable form and that the risk monitoring system fulfills its functions.

The auditors' reports on the audit of the financial statements and the audit of the consolidated financial statements were made available to all members of the Supervisory Board in good time. In a joint meeting with the auditors on March 12, 2004, the Audit Committee was informed in detail about the financial statements, consolidated financial statements and the audit findings. They also received detailed information on the major aspects of the financial statements of CEAG AG as well as the consolidated financial statements. The Supervisory Board examined the financial statements, consolidated financial statements and the combined management report for CEAG AG and the Group. There was no cause for objection. The Supervisory Board agrees with the results of the audit and approved the financial statements presented by the Management Board and the consolidated financial statements at today's meeting in the presence of the auditors. The financial statements have therefore been adopted in accordance with Sec. 172 AktG. The Supervisory Board agrees with the Management Board's management report.

In accordance with Sec. 312 AktG, the Management Board compiled a report on relationships with affiliated companies. Ernst & Young audited this report and issued the following opinion: "Based on our audit, which we performed in accordance with professional standards, and our professional judgment, we confirm that the factual disclosures in the report are correct, the Company's consideration for the transactions stated was not too high and that the measures stated in the report do not point to a substantially different assessment from that of the Management Board." The Supervisory Board, which also examined the report, agrees with the result of the audit by Ernst & Young and raises no objection to the Management Board's report on the relationships with affiliated companies.

The Supervisory Board proposes to the annual shareholders' meeting for 2004 the appointment of Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors for fiscal year 2004. It has issued a declaration in accordance with Sec. 7 (2), first sentence of the German Corporate Governance Code.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and contribution in the past fiscal year.

Bad Homburg v. d. Höhe, March 17, 2004

The Supervisory Board
Berndt-Michael Winter
Chairman

Boards

Supervisory Board

Berndt-Michael Winter
Chairman of the management board of DELTON AG
– Chairman –
Other offices:
Microlog Logistics AG (chairman), until June 3, 2003
DELTON Vermögensverwaltung AG (chairman)
Thiel Logistik AG, Luxembourg (chairman of the board of directors)
CeDo Household Products Ltd., United Kingdom

Dr. jur. Albrecht Leuschner
Former chairman of the management of Deutsche EXIDE GmbH
and chairman of EXIDE Holding Europe S. A.
– Deputy chairman –
Other offices:
CENTRA S.A., Poland (chairman), until September 30, 2003
Deutsche EXIDE GmbH (chairman)
Deutsche EXIDE Standby GmbH (chairman), until September 17, 2003
DETA DOUGLAS, LLC, USA
HAGEN Batterie AG (chairman)
JUNGHEINRICH AG
Langguth-Erben GmbH & Co. KG (chairman)
OEB Traktionsbatterien AG, Switzerland

Rita Brehm
Assembly worker
Chairperson of the works council
Other offices:
DELTON AG (deputy chairperson)

Herbert Ellefred
Head of dispatch
(Member of the Supervisory Board, since May 7, 2003)

Prof. Dr. Hans-Jürgen Hellwig
Lawyer and notary public
Other offices:
Alte Oper Frankfurt GmbH
Frankfurter Sparkasse
Putsch GmbH & Co. KG (deputy chairman of the advisory board)
Isabellenhütte Heusler GmbH KG (chairman of the advisory board)

Annemarie Hülsmann
Member of office staff
(Member of the Supervisory Board, until January 31, 2003)

Stefan Quandt
Dipl.-Wirtschaftsingenieur (graduate of industrial engineering)
(Member of the Supervisory Board, until May 20, 2003)

Dr. Antonius Wagner
Member of the management board of DELTON AG
(Member of the Supervisory Board, since May 20, 2003)
Other offices:
Microlog Logistics AG, until June 3, 2003
CeDo Household Products Ltd., United Kingdom
Thiel Logistik AG, Luxembourg (deputy chairman of the board of directors)
Kraftverkehr Bayern GmbH, since June 27, 2003

Supervisory Board Committees

Personnel Committee
Berndt-Michael Winter (chairman)
Rita Brehm
Dr. jur. Albrecht Leuschner

Audit Committee
Berndt-Michael Winter (chairman), until May 20, 2003
Dr. Antonius Wagner (chairman), since May 20, 2003
Rita Brehm, since March 19, 2003
Dr. jur. Albrecht Leuschner

Management Board

Rolf Endress
Chairman of the Management Board
Member of the following supervisory boards within the CEAG Group
FRIWO Far East Ltd., China
FRIWO Electrical (Shenzhen) Co. Ltd., China
FRIWO Electrical (Beijing) Co. Ltd., China
FRIWO EMC, Inc., USA
FRIWO Japan Co. Ltd., Japan

Matthias Grevener
Member of the Management Board (CFO)
Member of the following supervisory boards within the CEAG Group
FRIWO Far East Ltd., China
FRIWO Electrical (Shenzhen) Co. Ltd., China
FRIWO Electrical (Beijing) Co. Ltd., China
FRIWO EMC, Inc., USA

As of December 31, 2003

Corporate Governance

The Management Board and Supervisory Board issue the following corporate governance report

Confidence in the business policies of CEAG AG is substantially influenced by responsible and transparent corporate governance. Good corporate governance is therefore the basis for all decision and control processes at CEAG AG.

For CEAG AG as a globally operating company with its headquarters in Germany, German law, especially the laws governing the stock exchange and capital market, the articles of incorporation and the German Corporate Government Code implemented at the Company with very few exceptions form the basis for corporate governance.

The Management Board and Supervisory Board of CEAG AG decided on December 4, 2003 to revise their compliance declaration pursuant to Sec. 161 of the Stock Corporation Act (AktG) dated March 25, 2003 to bring it in line with the changes to the German Corporate Governance Code (as amended on May 21, 2003) and declared the following:

> Since issuing the last declaration pursuant to Sec. 161 AktG, the Company has complied with the recommendations of the Government Commission on the German Corporate Governance Code (as amended on November 7, 2002) published on November 26, 2002 in the electronic version of the Federal Gazette with the following exception:
>
> The Management Board and Supervisory Board are to report on the corporate governance of the Company in the annual report. This includes explaining any departures from the recommendations of the Code. CEAG AG will provide this information for the first time in the annual report for 2003, which will be published in spring 2004 (No. 3.10 of the Code).
>
> The Company complies with the recommendations of the Government Commission on the German Corporate Governance Code (as amended on May 21, 2003) published on July 4, 2003 in the electronic version of the Federal Gazette with the following exceptions:

1. The Company's current D&O insurance policy does not provide insurance coverage for intentional breaches of duty. Where there is insurance coverage, there is no deductible either for Management Board members or for Supervisory Board members. The Company has obtained personal undertakings from its Management Board and Supervisory Board members that they will bear the cost of any deductible even if insurance coverage is otherwise provided under a D&O insurance policy taken out by the Company. Under these undertakings, Management Board members who cause damage to the Company or third parties through gross negligence in their management function shall bear the cost of all cases of damage in any one year up to a maximum of three fixed monthly salaries in the year in which the damage is caused. Supervisory Board members who cause damage to the Company or third parties through gross negligence in their supervisory function shall bear the cost of all cases of damage in any one year up to a maximum of half their annual remuneration in the year in which the damage is caused. Legal and other costs of defense are not included in calculating the damage. This does not involve any limitation of the liability of Management Board and Supervisory Board members towards the Company or third parties (No. 3.8 (2) of the Code).

2. The full Supervisory Board shall only consult on the Management Board's compensation structure and not issue any binding instruction to the Personnel Committee (No. 4.2.2 (1) of the Code).

3. The disclosures of Management Board compensation shall not be personalized in the notes to the consolidated financial statements in order to protect the members' privacy (No. 4.2.4 Sentence 2 of the Code).

4. The remuneration of the Supervisory Board shall also not be personalized in the notes to the consolidated financial statements in order to protect the members' privacy (No. 5.4.5 (3) Sentence 1 of the Code).

Berndt-Michael Winter	Rolf Endress	Matthias Grevener
Chairman of the Supervisory	Chief Executive Officer	Member of the Management Board

Corporate Governance

Management and Corporate Structure

As CEAG AG with its headquarters in Bad Homburg v.d.H. is subject to the German Stock Corporation Act (AktG), it has a two-tier management and supervisory structure with its Management Board and Supervisory Board. The shareholders' meeting is the Company's third executive body. All three bodies are required to act in the interests of the shareholders and the Company.

The Supervisory Board

The Supervisory Board has six members. It is composed to two thirds of shareholders and to one third of employee representatives in accordance with the German Works Constitution Act (BetrVG) 1952. The shareholders' representatives are elected by the shareholders' meeting, the representatives of the employees are elected by the employees in an election separate from the shareholders' meeting. The Supervisory Board has a five year term of office. The Supervisory Board regularly meets four times during the year. The Supervisory Board has adopted its own internal rules of procedure which set out the Supervisory Board's responsibilities and manner of working. The Supervisory Board monitors and advises the Management Board on the management of business. It discusses business performance, planning, strategy and its implementation at regular intervals. It approves the annual budget and the financial statements of CEAG AG and the Group, taking the auditor's reports into consideration. It is also responsible for appointing the members of the Management Board. Significant Management Board decisions require its approval.

The Supervisory Board has formed from its members a Personnel Committee with three members and an Audit Committee also comprising three members. These committees represent the entire Supervisory Board in performing the functions assigned to them by the internal rules of procedure.

The Management Board

The Management Board of CEAG AG, which currently has two members, is the Group's management body. It serves the Company's interests, aiming to achieve a sustained increase in its business value.

The responsibilities of the Management Board include the Company's strategic focus, planning and determining the budget, allocating resources and monitoring the management of the strategic business units. The Management Board is responsible for the preparation of the quarterly, annual and consolidated financial statements and for appointments to key positions in the Company.

The Management Board works closely with the Supervisory Board. It provides regular, timely and comprehensive information to the Supervisory Board on all issues of strategy and its implementation, planning, business performance, financial position and results of operations as well as business risks of relevance to the Company as a whole.

The Shareholders' Meeting
The shareholders' meeting, which convenes in the first eight months of the fiscal year, is the decision-making body for the shareholders of CEAG AG. Through this body, the shareholders participate the fundamental decisions of CEAG AG. CEAG AG also allows its shareholders to exercise their rights as shareholders without having to attend the meeting personally through proxies who are bound to follow the shareholders' instructions. The chairman of the Supervisory Board chairs the shareholders' meeting. The shareholders' meeting passes resolutions on all affairs assigned to it by law with binding effect for all shareholders and the Company. These include in particular the appropriation of results, exoneration of the Management Board and Supervisory Board and the election of the auditor. All amendments to the articles of incorporation and changes in capital are adopted by the shareholders' meeting and implemented by the Management Board with the Supervisory Board's approval.

Financial Statements and Audit
The CEAG Group draws up its financial statements in accordance with International Financial Reporting Standards (IFRS). The financial statements of CEAG AG are prepared in accordance with the German Commercial Code (HGB). The Management Board is responsible for the preparation of the financial statements. The annual and consolidated financial statements are audited by an independent auditor. The auditor is elected by the shareholders' meeting, and the audit engagement is issued by the Supervisory Board. The Supervisory Board's Audit Committee determines the audit priorities and fees and reviews the auditor's independence.

Corporate Governance

Risk Management

CEAG AG has a system for recording and managing business and financial risks. The elements of the risk management system are designed to identify and control entrepreneurial risks at an early stage.
The Management Board is responsible for the internal control and risk management system of the CEAG Group and also evaluates the effectiveness of the system.

Principles, policies, procedures and responsibilities are defined and established to allow correct and timely recognition of all business transactions, early identification of risks and regular provision of reliable information on the financial situation of the Company for internal and external use.

However, as the elements of the internal control and risk management system cannot avert risks altogether, the system cannot offer absolute protection against losses or fraud.

Financial Disclosure

Transparency is important to CEAG AG. The Company informs its shareholders, all capital market participants, financial analysts, shareholders' associations, the media and the interested public in regular, open and up-to-date bulletins on the Company's situation and significant changes to the business.

Report on the Structure of Management Board Compensation at CEAG AG
The Supervisory Board's Personnel Committee is responsible for setting Management Board compensation.

The compensation for members of CEAG AG's Management Board is based on the amount and structure of management board remuneration at comparable companies in Germany. It takes the special areas of responsibility of each Management Board member into account.

Compensation comprises two components: fixed compensation and a variable bonus. The bonus is dependent on the achievement of certain predefined financial and qualitative targets. The targets may be set for one or more years. The three measurement criteria are:

- Economic value added (EVA) of the CEAG Group
- Earnings before interest, taxes and amortization (EBITA) of the CEAG Group
- Qualitative strategic targets

An annual target income based on exact 100% target achievement in all three measurement criteria is contractually agreed upon. The proportion of variable compensation increases as the target income increases and is a maximum of 45% of the target income for 100% target achievement in 2004. The bonus can range from 0% to 200% of the target bonus depending on quantitative results and qualitative performance. There is no minimum guaranteed bonus. Management Board compensation is therefore heavily dependent on results. The Supervisory Board's Personnel Committee may fix a special bonus and may grant stock options in accordance with the legal provisions and the resolutions adopted by the shareholders' meeting.

Marco Coelho

Managing Director FRIWO do Brasil

> "Even a global brand needs a local presence.
> Direct contact to our customers is the key to
> our success."

Local Presence for a Global Brand

General Economic Conditions

Management Report for the CEAG Group and CEAG AG

CEAG AG with its FRIWO subsidiaries is the world's leading supplier of chargers for mobile telephones. It also produces individual power supplies and chargers for IT and communications, household appliances and power tools, industrial applications and medical technology.

CEAG AG, the holding company of the FRIWO Group, holds all shares in the FRIWO companies. As such, its net assets, financial position and results of operations depend on the performance of the subsidiaries. The following group management report therefore provides a full account of the situation of CEAG AG as well as the Group.

CEAG AG’s results are largely determined by the Company’s own expenses and the profits and losses absorbed from its subsidiaries. It has domination and profit and loss transfer agreements with the German subsidiaries. Foreign subsidiaries have to make dividend distributions in order to generate earnings for CEAG AG. CEAG AG’s ability to make distributions depends on the positive development of future earnings. The consolidated financial statements were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS). The financial statements of CEAG AG were drawn up in accordance with the German Commercial Code (HGB).

Overall Economic Conditions

The performance of the global economy improved in the course of 2003 after a slow start in the first half of the year. However, there were significant differences from region to region. The United States, and Japan especially, achieved the growth forecast, while the performance of the economy in Europe, and in Germany particular, was disappointing as in the previous two years.

In Germany, the federal government adjusted its forecast of GDP growth for 2003 downward several times. In the end, GDP dropped by 0.1% according to provisional calculations by the Federal Statistical Office, following 0.2% growth in the prior year. Investment confidence among businesses and private consumption remained low and household spending fell 0.2% short of the prior year’s figure.

The European economy slowed further against the prior year. Real GDP growth in the European Union came to 0.6% in the year under review, compared with 0.9% in 2002 (source: EUROSTAT, 2004).

The economic situation in the United States improved considerably, uplifted by budget and monetary policies. Economic growth increased to 3.1% in 2003 after the prior year’s 2.2% (source: EUROSTAT, 2004). However, this increase was substantially attributable to the surge in government spending in connection with the war in Iraq.

The major Asian economies generally performed well in 2003. China remained the driving force of the region despite the constraints caused by SARS, which were quite considerable at times. China’s GDP increased by 9.1% according to the initial calculations of the Chinese National Bureau of Statistics, following 8.0% in 2002.

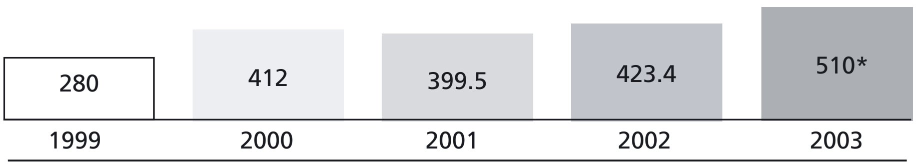
Market Development

Development of CEAG's Markets

The world market for mobile telephones, by far the most important market for the CEAG Group, performed well in 2003, exceeding the expectations of manufacturers and market experts. Gartner, a market research institute, estimated at the end of January 2004 that at least 510 million telephones had been sold in 2003. This would be an increase of 20% against 2002, when 423 million mobile telephones were sold. Demand picked up in the second half of the year especially. Growth was powered by new generations of mobile telephones integrating a number of multimedia functions such as cameras, notebooks or business programs. Different patterns are continuing to emerge on the global mobile telephone market. Replacement purchases dominate in highly saturated markets such the United States or western Europe, where new generation telephones in particular win market shares, while basic models in the low-price segment are frequently in demand in the Asia-Pacific region. All in all, the global market for mobile telephones remains highly competitive, which explains why the price pressure that has prevailed for many years continued in 2003 despite the increase in demand.

Growth Market Mobile Telephones

Global sales of mobile telephones (in millions of units)



Source: Gartner Dataquest *Estimate by Gartner Dataquest, January 2004

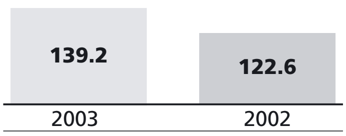
Sales revenue in the European power supply market increased by 2% (source: IMS Research Euro PSS, February 2004).
The markets of the FPS business unit are particularly dependent on economic growth and consumption patterns. The demand for FPS products therefore suffered from the poor shape of the economy in 2003. This is especially the case in Germany, where 45% of the business unit's revenue is generated.

Business Development

Successful Turnaround

A return to profitability was the Group's prime objective for 2003 following the major restructuring of the CEAG Group and the creation of the two business units FMP and FPS in 2002. This objective has been achieved. The CEAG Group has recorded a successful turnaround, reporting positive earnings both from operations and after interest and tax. Revenues increased net of currency effects.

Group sales in millions of units

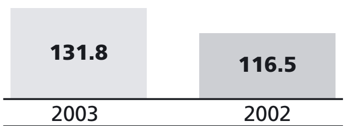


Production and Unit Sales

CEAG sold 139.2 million FRIWO brand power supplies and chargers around the world in 2003, up almost 13.5% (prior year: 122.6 million units). Unit sales increased significantly during the year. After 0.3% growth in units sold in the first six months, growth was 26.0% in the second half of the year. Unit sales of devices incorporating the innovative switch mode technology increased four-fold in the year under review to around 37 million units.

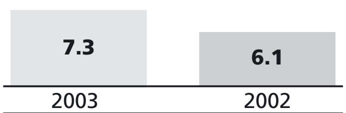
The FMP business unit increased sales by 13.3% from 116.5 million units in the prior year to 131.9 million power supplies and chargers. Growth fell short of that of the mobile telephone market as a whole, mainly due to shifts in the market shares of the major mobile telephone manufacturers. Based on provisional global sales of some 510 million mobile telephones (according to Gartner Dataquest), CEAG was able to defend its position as the world market leader among manufacturers of power supplies and chargers in 2003. Its global market share was 25% against 27% in the prior year.

FMP sales in millions of units



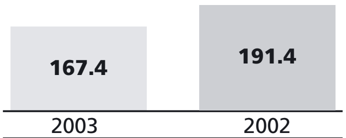
Both Chinese plants increased production substantially in the course of the year, working to full capacity from late summer. The SARS epidemic that swept through China and other parts of Asia in the first half of the year did not affect production at the local CEAG plants, where precautionary measures were taken without delay. However, SARS did restrict people's mobility, which also led to a delay in processes and decisions at CEAG.

FPS sales in millions of units

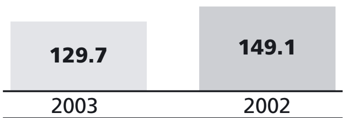


Performance and Situation of the Company

Group revenues in millions of EUR



FMP revenues in millions of EUR



The growth in unit sales in the FPS business unit was very pleasing in 2003, with 7.3 million units sold translating into growth of 18.5% against the prior year (6.1 million units). Production increased at the end of the year as new projects got underway. In 2003, the FPS business unit doubled the number of switch mode products sold in the prior year.

Revenue

The CEAG Group reports revenue of EUR 167.4 million for 2003. This is a decrease of EUR 24.0 million or 12.5% against the prior year (EUR 191.4 million) which is solely due to changes in exchange rates, first and foremost the hike in the value of the euro against the US dollar. Adjusted consolidated revenue at constant exchange rates would have been around EUR 199 million and would have exceeded the prior-year figure by 6%.
In addition to assuming constant (2002) exchange rates, the COMPIT business has been eliminated as it was sold in the prior year. The sales charged directly to CEAG customers by contractors have also been added here for comparison.

Change in Business Volume

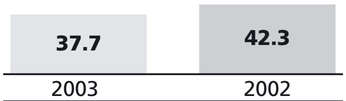
Unadjusted change	Adjusted change	thereof at constant 2002 exchange rates	thereof from the COMPIT divestment	thereof commission business on behalf of CEAG
-12.5%	6.2%	2.8%	1.6%	1.7%

The impact of the euro-dollar exchange rate on CEAG is considerable because most of its revenue is generated in US dollars or currencies dependent on the US dollar.

The FMP business unit generated revenue of EUR 129.7 million from its high-volume FRIWO products, a decrease of EUR 19.3 million or 13.0% against 2002

(EUR 149.1 million). In addition, revenue of EUR 3.2 million was generated by contractors on behalf of CEAG. If exchange rates had remained constant, revenue would have increased by almost 5%. FMP accounted for 77% (prior year: 78%) of consolidated revenue.
The revenue of the FPS business unit came to EUR 37.7 million, compared with EUR 42.3 in the prior year. Much of the loss of revenue is due to currency effects. Net of currency effects and the sale of COMPIT, core business grew by 3%.

FPS revenue
in millions of EUR



EBIT

Despite the currency-related loss of revenue, CEAG achieved a turnaround in earnings both from operations and after tax in 2003, returning to profitability as announced. The improvement in earnings is largely due to the following developments:

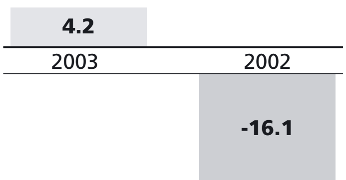
- The break-even point was lowered by the changes to the group structure carried out in 2002.
- Ongoing measures to increase productivity and efficiency, especially design-to-cost and purchase-to-cost.
- The absence of the one-off restructuring expenses incurred in the prior year.

EBIT before restructuring
in millions of EUR

The steps taken to cut costs and increase efficiency reduced unit cost and kept margins stable or even increased them despite lower revenues.
Gross profit was increased from 12.1% of consolidated revenue to 13.5%, as production costs were reduced sooner than the need arose to grant price discounts. Functional costs (selling expenses and general and administrative expenses) decreased substantially.

As a result, the Group reports a profit from operations of EUR 4.2 million after a loss from operations of EUR 16.2 million in the prior year (including restructuring expenses). Net of the restructuring expenses incurred in 2002 (EUR 12.9 million), the profit from operations improved by EUR 7.5 million. The operating margin is 2.5% (prior year: -1.7%).

EBIT after restructuring
in millions of EUR



With the financial result unchanged at -EUR 1.4 million, the CEAG Group reports earnings before taxes of EUR 2.8 million (prior year: -EUR 17.6 million).

Performance and Situation of the Company

Consolidated net profit after taxes improved from -EUR 25.1 million to EUR 2.8 million. Earnings per share came to EUR 0.36 after a loss of EUR 3.26 in the prior year.

The FMP business unit generated EBIT of EUR 5.2 million in 2003, compared with EUR 4.0 million (before restructuring expenses) the year before. The seasonally strong fourth quarter accounted for EUR 2.6 million of this amount. Significant savings on materials as well as cost reductions due to optimized structures and processes in development, production, sales and administration contributed to the increase in earnings. They more than made up for the loss of revenue due to currency effects.

The FPS business unit considerably improved its operating result by EUR 6.2 million from -EUR 7.2 million in the prior year (before restructuring expenses) to -EUR 1.0 million. This positive trend is first and foremost the product of rigorously implemented restructuring. The new projects acquired during the year under review have commenced successfully, but are not yet fully reflected in revenues and earnings.

Cash Flow and Balance Sheet

The CEAG Group reports an increase in cash flow from operating activities of EUR 7.5 million to EUR 15.5 million for 2003. This cash flow exceeded the cash outflow from investing activities (EUR 6.0 million) by EUR 9.5 million. The consolidated net profit, the reduction of assets tied up in inventories and the increase in liabilities contributed to this positive net cash flow of EUR 9.5 million (prior year: EUR 2.3 million).

The balance sheet total of the CEAG Group decreased by 10.5% in 2003, down from EUR 86.8 million to EUR 77.7 million. Despite the net profit for the year, equity decreased from EUR 22.6 million to EUR 19.8 million due to currency effects.

Research and Development

Research and Development

Activities in the FMP business unit focused on a project to achieve cost leadership in switching plug-in power supplies. An interdisciplinary team was able to significantly reduce materials usage in existing low-wattage chargers. A key aspect of this work was the development of a cost-optimized switching concept.

In the FPS business unit, a number of new platforms for medical technology and information technology laid the foundation for further growth in the distribution field.

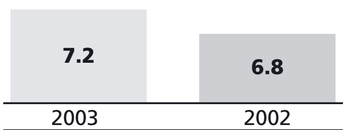
CEAG was granted one patent and two utility patents in 2003. The patent protects a charging method for charging NiMH battery packs such as those used in power tools. In total, eight industrial property rights were filed for registration in the year under review.

Through our participation in a joint project supported by the Federal Ministry of Economics and Labor, we were able to push ahead with work on the system development of fuel cells and test the first solutions. Reforming hydrogen from liquid gas is a new focus of work.

Capital Expenditure

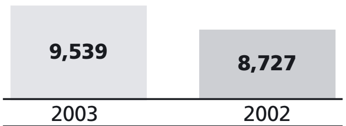
The CEAG Group invested a total of EUR 7.2 million in 2003, compared with EUR 6.8 in the prior year, focusing on extending capacity for switch mode technology at our Chinese plants. The FMP business unit accounted for capital expenditure of EUR 5.7 million (prior year: EUR 4.8 million) or 79% of the total volume. EUR 1.5 million (prior year: EUR 2.0 million) was invested in the FPS business unit.

Capital expenditure in millions of EUR

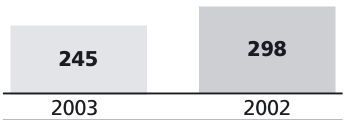


Employees

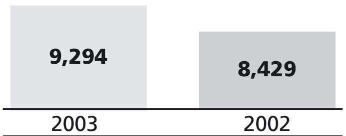
Total employees



Employees in Germany



Employees abroad



Employees

Headcount in the CEAG Group increased in the year under review in line with the growth in demand and the increase in high-volume FMP production. The Group employed 9,539 people as of December 31, 2003. This is an increase of 812 people compared with the same date in 2002 and is due to an increase in workers at the Chinese production plants. 9,294 people were employed abroad as of the balance sheet date (December 31, 2002: 8,429). 245 staff were employed in Ostbevern, Germany, at the end of the year (December 31, 2002: 298). The decrease in Ostbevern is the result of the restructuring measures adopted in 2002.

After the successful strategic realignment of the CEAG Group in 2002, 2003 again placed great demands on the workforce. However, the creation of the two strategic business units, FMP and FPS, provided clear orientation for all employees. The turnaround in earnings in 2003 is testimony to the success and dedication of the workforce. The Management Board would like to express its thanks to all employees as well as the works council.

Environmental Report

Environmental Report

The protection of the environment at all levels of the value-added chain is particularly important for a production company such as CEAG. An appropriate management system has been implemented at all business locations to meet all legal requirements and customer demands for environmental protection. The production processes and workflows are subject to continuous monitoring and improvement. The environmental and quality management systems implemented in the Company were reinforced in 2003 by their renewed certification for all departments in 2003. The DIN EN ISO 14001 environmental management system in Ostbevern was recertified in 2003. The two Chinese plants have also been certified in accordance with the ISO 14001 environmental management standard.

CEAG has introduced lead-free soldering to implement the Directive on the Restriction of the Use of Certain Hazardous Substances (ROHS Directive). Since November 2003, active components have been used without applying tin to the component legs.

All measures in environmental management are aimed at:

- using all resources in a responsible and unwasteful manner,
- avoiding hazards in handling materials for the environment and employees and therefore
- ensuring a high safety level in all production processes and workflows in the CEAG Group.

Risk Management

Risk Management

CEAG is an internationally operating company. For this reason, effective professional risk management is an indispensable part of corporate governance. In fiscal year 2003, therefore, we made a number of improvements to our risk identification and monitoring systems.
CEAG's risk management system serves to systematically identify risks at an early stage and therefore, in line with its function as a prevention system, to allow risks to be avoided from the outset or timely counteractive measures to be taken to minimize negative effects.

Group-wide principles and policies for structured recording, evaluation and reporting form the framework for efficient risk management. Risk owners, who are executives in all major functions of the Group, are responsible for identifying, evaluating, controlling and communicating risks. They are assisted by risk controllers, who make sure that material risks that exceed defined levels are passed on to higher management levels (Management Board, Supervisory Board). This ensures that all identified risks are addressed and reinforces our risk culture in the Group through the involvement of several management levels.

The risk management system in place guarantees that risks are addressed in accordance with the Law on Control and Transparency in Business (KonTraG) in the CEAG Group.

The development of the global economy, exchange rate effects – especially the US dollar-euro exchange rate –, increasing prices for raw materials and uncertainties surrounding the future development of the market for mobile telephones are risks that can have a lasting impact on business performance. The EU Directive on Waste Electrical and Electronics Equipment (WEEE) took effect on February 13, 2003. It must be implemented into national law by August 13, 2004. The return of WEEE free of charge for end users and distributors must be in place by August 13, 2005. It is uncertain at present how this will be arranged and how much this will cost CEAG. In particular, the prospect of a revision of Art. 9 of Directive 2002/96/EU has been held out to eliminate the need to recognize provisions for electrical and electronic equipment sold prior to entry into force of the directive. For this reason, no provisions were recognized in the 2003 financial statements in connection with the directive. However, we will keep close track of developments and reassess risk as necessary.

DELTON AG, the majority shareholder of CEAG AG, has extended some of the required credit lines to the Company. This financing is currently set to expire on June 30, 2004. With support from DELTON AG, CEAG AG is now attempting to secure full independent financing once again.

No risks to the status of the Company as a going concern have been established to date.

Outlook

Outlook

Economic experts expect a further recovery of the global economy in 2004. In Germany, the federal government is also forecasting a tangible increase in GDP of 1.7% (source: annual economic report, January 2004) and an upturn in private consumption.

Based on the market recovery in the second half of 2003, both the manufacturers of mobile telephones and market research institutes expect the mobile telephone market to continue growing. At the end of January 2004, the Gartner institute upped its forecast of the market volume in 2004 from 510 to 560 million telephones. This suggests that double-digit growth is possible again in 2004.

All in all, the general conditions are brighter for the CEAG Group in 2004. However, it remains to be seen whether the signs of a general economic upturn persist and whether the mobile telephone market will be able to keep up the momentum it gained in the second half of 2003. The weak US dollar continues to have a negative effect.

The new plant in the Nokia Industrial Park in Beijing will commence operations for the FMP business unit in summer 2004. This is the Group's third production facility in China.

The measures to increase productivity and reduce costs will be continued in 2004 and will remain an ongoing task.

The projects started with new customers in the course of 2003 will provide positive stimulus for the FPS business unit in 2004. It remains the Management Board's strategic objective to guide FPS into a growth phase and ensure a fast return to profitability.

Provided that the overall economy continues to pick up and the momentum in the mobile telephone market is maintained, the Management Board sees the possibility of further stabilization of the CEAG Group's results in 2004.

Financial Statements of CEAG AG

The complete set of the financial statements of CEAG AG, on which an unqualified opinion was rendered by Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, has been published in the Federal Gazette and filed with the Local Court at Bad Homburg v.d.H. under HRB 6024. An offprint of CEAG AG's financial statements for 2003 is available from CEAG AG on request.

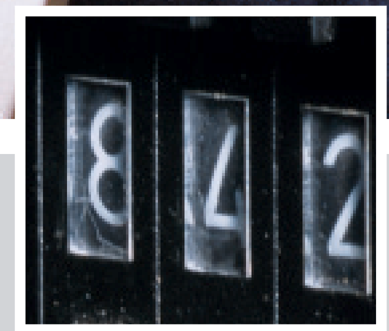
The first half of the year should be weaker due to the seasonal fluctuation in revenues and earnings usual in CEAG's business. The greatest contributions to revenues and earnings will be made in the second six months.

Relationships With Affiliated Companies

Pursuant to Sec. 21 of the Securities Trading Act (WpHG), DELTON AG, Bad Homburg v.d.H., notified us that it holds 76.8% of the shares in our Company in its letter dated March 29, 1995. In addition, Mr. Stefan Quandt also declared in accordance with Sec. 21 WpHG that he has an indirect interest of 76.8% in CEAG AG through DELTON AG. Pursuant to Sec. 17 (2) of the Stock Corporation Act (AktG), CEAG AG is a dependent company of both DELTON AG and Mr. Stefan Quandt.
We have therefore prepared a report on relationships with affiliated companies in accordance with Sec. 312 AktG, and declared the following:

"Our Company has received suitable consideration for each of the legal transactions listed in the report on relationships with affiliated companies, as appropriate under the circumstances known to us at the time of the transactions. The Company was not disadvantaged by any of the steps taken or omitted."

Ostbevern, February 27, 2004
CEAG AG
The Management Board



Lay Yem Lee

Finance and Controlling, FMP

"Everything we do, every little achievement, every success is measurable and is directly reflected in our figures. They show us that we're on the right track."

Measurable Progress

Consolidated Balance Sheet of CEAG AG as of December 31, 2003

Assets

in thousands of EUR	Note	2003	2002
Non-current assets			
Goodwill	(6)	168	239
Other intangible assets	(7)	663	1,039
Property, plant and equipment	(8)	16,213	16,797
Financial assets	(9)	5	5
		17,049	**18,080**
Deferred taxes	(14)	**103**	**101**
Current assets			
Inventories	(10)	27,994	37,812
Trade receivables	(11)	22,396	21,793
Other assets	(11)	4,191	7,671
Prepaid expenses	(12)	154	222
Cash and cash equivalents	(13)	5,801	1,102
		60,536	**68,600**
Total assets		**77,688**	**86,781**

Equity and liabilities

in thousands of EUR	Note	2003	2002
Equity	(15)		
Subscribed capital		20,020	20,020
Capital reserve		15,440	15,440
Revenue reserves		-18,405	12,181
Consolidated net profit/loss		2,759	-25,064
		19,814	**22,577**
Debt			
Non-current debt		897	0
Non-current liabilities to banks	(19)	2,174	2,118
Provisions for pensions	(16)	784	725
Other non-current provisions	(17)		
Deferred taxes	(14)	0	147
		3,855	**2,990**
Current debt			
Provisions for taxes		509	527
Other current provisions	(17)	1,628	4,923
Current financial liabilities	(18)	16,288	21,966
Trade payables	(18)	28,709	27,289
Other liabilities	(18)	6,885	6,509
		54,019	**61,214**
		57,874	**64,204**
Total equity and liabilities		**77,688**	**86,781**

Consolidated Income Statement of CEAG AG for Fiscal Year 2003

in thousands of EUR	Note	2003	2002
Revenue	(20)	**167,426**	**191,358**
Cost of sales	(21)	-144,812	-168,088
Gross profit		**22,614**	**23,270**
Research costs	(22) (31)	-625	-343
Selling expenses	(23)	-9,352	-12,443
General administrative expenses	(24)	-9,490	-11,119
Other operating income	(25)	5,313	3,907
Other operating expenses	(26)	-4,260	-6,590
Restructuring expenses	(27)	0	-12,870
Profit/loss from operations		**4,200**	**-16,188**
Financial result	(28)	**-1,351**	**-1,378**
Earnings before income taxes		**2,849**	**-17,566**
Income taxes	(29)	-90	-7,498
Consolidated net profit/loss		**2,759**	**-25,064**
Earnings per share (basic and diluted) (in EUR)	(30)	0,36	-3,26

Cash Flow Statement of the CEAG Group

in thousands of EUR	2003	2002
Consolidated net profit/loss	2,759	-25,064
Depreciation of non-current assets	5,480	8,911
Change in provisions	-3,042	3,356
Gain/loss on the disposal of non-current assets	-421	924
Change in deferred taxes	-149	6,915
Change in inventories	5,881	6,354
Change in trade receivables and other assets that cannot be allocated to investing or financing activities	-1,008	19,818
Change in trade payables and other liabilities that cannot be allocated to investing or financing activities	7,298	-13,834
Other non-cash expenses and income	-1,321	592
Cash flow from operating activities	**15,477**	**7,972**
Cash received from disposals of property, plant and equipment/intangible assets	1,220	817
Cash paid for investments in intangible assets	-283	-703
Cash paid for investments in property, plant and equipment	-6,916	-6,103
Cash received from the sale of consolidated companies	0	313
Cash flow from investing activities	**-5,979**	**-5,676**
Cash paid to discharge financial liabilities to affiliated companies (prior year: cash received from raising financial liabilities from affiliated companies)	-2,945	15,640
Cash paid to repay liabilities to banks (net)	-1,768	-20,703
Cash flow from financing activities	**-4,713**	**-5,063**
Effect of exchange rates on cash and cash equivalents	-86	-724
Net change in cash and cash equivalents	**4,699**	**-3,491**
Cash and cash equivalents at beginning of fiscal year	1,102	4,593
Cash and cash equivalents at end of fiscal year	**5,801**	**1,102**

For more information, please see Note 39 of the notes to the financial statements.

Statement of Changes in Equity and Segment Report

Statement of Changes in Equity for the CEAG Group

in thousands of EUR	Subscribed capital	Capital reserve
January 1, 2002	**20,020**	**15,440**
Consolidated net profit/loss	0	0
Currency translation differences	0	0
December 31, 2002	**20,020**	**15,440**
Consolidated net profit/loss	0	0
Valuation of cash flow hedges	0	0
Currency translation differences	0	0
December 31, 2003	**20,020**	**15,440**

Segment Report for Fiscal Year 2003

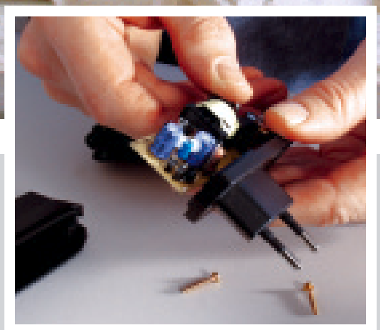
by business segment in thousands of EUR	2003 FMP	2003 FPS
External sales	129,726	37,700
Segment result (EBIT incl. restructuring expenses)	5,207	-993
Interest		
Income taxes		
Consolidated net profit/loss		
Segment assets	50,447	21,337
Other assets		
Segment liabilities	31,837	8,343
Other liabilities		
Investments in intangible assets and property, plant and equipment	5,687	1,512
Amortization/depreciation of intangible assets and property, plant and equipment	4,212	1,268
Impairment losses	0	0
Restructuring expenses	0	0
Non-cash expenses	1,537	554

in thousands of EUR	2003 Europe	2002 Europe
External sales (by geographical segment)	109,492	120,810
Segment assets (by geographical segment)	37,813	55,870
Investments in intangible assets and property, plant and equipment (by geographical segment)	1,196	1,322

Earned group equity	Valuation reserve for cash flow hedges	Currency translation adjustment	Group equity
14,024	**0**	**4,102**	**53,586**
-25,064	0	0	-25,064
0	0	-5,945	-5,945
-11,040	**0**	**-1,843**	**22,577**
2,759	0	0	2,759
0	109	0	109
0	0	-5,631	-5,631
-8,281	**109**	**-7,474**	**19,814**

2003 Group	2002 FMP	2002 FPS	2002 Group
167,426	149,047	42,311	191,358
4,214	-788	-15,296	-16,084
-1,365			-1,482
-90			-7,498
2,759			-25,064
71,784	54,757	30,821	85,578
5,904			1,203
40,180	24,328	17,236	41,564
17,694			22,640
7,199	4,757	2,049	6,806
5,480	5,868	3,043	8,911
0	0	3,528	3,528
0	4,797	8,073	12,870
2,091	760	2,808	3,568

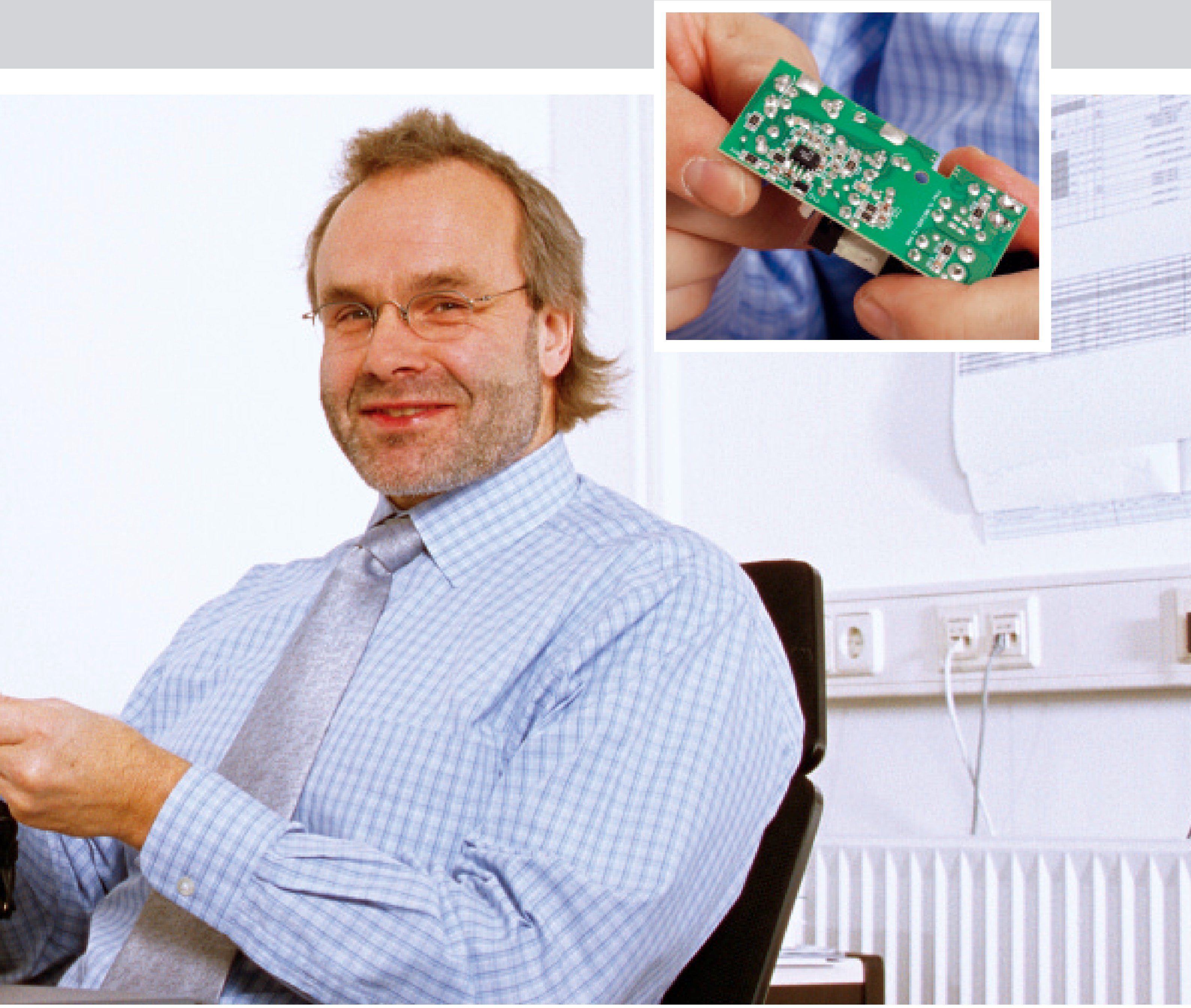
2003 Asia	2002 Asia	2003 Americas	2002 Americas	2003 Group	2002 Group
32,463	42,841	25,471	27,707	167,426	191,358
32,417	27,131	1,554	2,577	71,784	85,578
5,898	5,339	105	145	7,199	6,806



Reinhold Schulz

Product Design Europe, FMP

> "A high level of transparency in the development process allows us to consult customers directly and to take account of their wishes. This ensures that every FRIWO product is a tailor-made solution for the customer."



Tailor-Made
Customer Solutions

Notes

Notes to the Consolidated Financial Statements for Fiscal Year 2003

General (1)
CEAG AG is the world's leading supplier of chargers and power supplies for mobile telephones. A holding company of the FRIWO Group, CEAG AG sells FRIWO brand products. The Company also produces custom-made power supplies and chargers for the electronics, information technology and medical technology industries as well as for door and locking technologies.

The business address of the parent company is CEAG AG, Von-Liebig-Str. 11, 48346 Ostbevern, Germany.

The consolidated financial statements and group management report of CEAG AG for fiscal year 2003 are published in the Official Gazette and deposited with the commercial register of the Local Court of Bad Homburg v. d. Höhe under HRB 6024.

Basis and Methods

General Principles (2)
The consolidated financial statements of CEAG AG have been prepared in accordance with the provisions of the Standards issued by the International Accounting Standards Board (IASB), London, in effect as of the balance sheet date. They are in compliance with the European Union's accounting directives (Directive 83/349/EEC). To ensure that the consolidated financial statements are equivalent to consolidated accounts prepared in accordance with the German Commercial Code (HGB) all disclosures and explanations required above and beyond the provisions of IASB have been provided.

These consolidated financial statements in accordance with IFRS are exempting consolidated financial statements as the requirements of Sec. 292a HGB are met. Compliance with these requirements is assessed on the basis of German Accounting Standard 1 (GAS 1) issued by the German Accounting Standards Committee (GASC).

The IFRS provisions applied and the provisions of the German Commercial Code (HGB) differ in the following significant respects:

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise, and the cost of the asset can be measured reliably; i.e. there is no ban on the recognition of intangible assets that were not purchased for a consideration.

Non-current assets are generally depreciated on a straight-line basis. Regardless of whether property, plant and equipment are still used in operations or are held for sale, these items must be tested for impairment (in an impairment test that may be based on cash-generating units) and reduced to their recoverable amount if need be.

Inventories are always valued according to their value on the sales market.

Contrary to Sec. 274 (2) HGB, deferred tax assets must be recognized.

The actuarial method used to calculate pension provisions under IAS 19 includes future salary and pension increases and differs from valuation according to German commercial law, which is typically based on tax regulations.

Overall, the rules governing the creation of provisions are more stringent. Provisions may only be recognized when an enterprise has a legal or constructive obligation towards third parties and it is probable that the obligation will have to be settled. Under IFRS, the obligation has to be quantifiable and the most probable amount should be recognized.

Notes

Primary and derivative financial instruments are recognized as assets and liabilities in the balance sheet. Depending on their classification, some financial instruments are measured at fair value – even if fair value exceeds (historical) cost. Under IFRS, hedging relationships may also qualify for special hedge accounting under which gains or losses are sometimes recognized directly in equity.

The financial statements are prepared on a cost basis except for certain financial instruments which are measured at fair value.

Current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the balance sheet in accordance with IAS 1.53. The income statement was drawn up using the cost of sales method.

All amounts are in thousands of euros (EUR thousand) unless otherwise stated.

Consolidated Group (3)

In addition to CEAG AG, all domestic and foreign companies in which CEAG AG directly or indirectly holds the majority of voting rights have been included in the consolidated financial statements.

The consolidated group comprises three domestic and six foreign companies. Die FRIWO Electrical (Beijing) Co. Ltd. did not commence its operating activities in the fiscal year.

Consolidation Policies (4)

The financial statements of the domestic and foreign subsidiaries included in consolidation have been prepared under uniform accounting policies.

Capital consolidation follows the purchase method. Any differences remaining after the allocation of hidden reserves and hidden charges are disclosed as goodwill or negative goodwill and recognized as expense or income on a systematic basis. In accordance with SIC-8 the goodwill from initial consolidation prior to January 1, 1995 is still recognized directly in reserves.

The fiscal year of all consolidated companies is the calendar year and is the same as CEAG AG's fiscal year.

Intercompany receivables and liabilities are netted. Intercompany sales, intercompany profits and losses and all other intercompany expenses and income are eliminated.

Foreign Currency Translation (5)
In the single-entity financial statements receivables and liabilities in foreign currencies are disclosed at the exchange rate at the date of the transaction. They are then translated at the closing rate on the balance sheet date.

Goodwill from consolidation is translated using the historical rate.

The financial statements of the foreign subsidiaries have been translated in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) according to the functional currency concept. The balance sheets are translated using the closing rate on the balance sheet date, and the income statements are translated at annual average rates as these companies operate as independent entities in financial, economic and organizational terms. The resulting exchange differences are recognized directly under equity in the separate item "currency translation differences".

The Group's reporting currency is the euro, which is the reporting currency of CEAG AG.

Notes

Notes to the Balance Sheet

Goodwill (6)
Any excess of the cost of acquiring an enterprise over the fair value of the acquired enterprise's assets and liabilities is recognized as goodwill in the balance sheet. This goodwill should be reported at cost less any accumulated amortization and any accumulated impairment losses. If there are indications of an impairment and the recoverable amount is less than the amortized cost, an impairment loss is recognized on the goodwill. Goodwill comprises the goodwill from capital consolidation.

Schedule of Consolidated Non-Current Assets of CEAG AG for Fiscal Year 2003

	Cost					
in thousands of EUR	**Jan. 1, 2003**	**Additions**	**Disposals**	**Transfers**	**Currency translation differences**	**Dec. 31, 2003**
Intangible assets						
Goodwill	3,181	0	0	0	-480	2,701
Industrial property rights and similar rights and assets	2,914	283	211	125	-40	3,071
Payments on account	222	0	3	-125	0	94
	6,317	**283**	**214**	**0**	**-520**	**5,866**
Property, plant and equipment						
Land and buildings	12,236	365	48	0	-668	11,885
Technical equipment and machinery	30,938	5,540	1,446	138	-3,441	31,729
Other equipment, furniture and fixtures	18,122	979	708	19	-451	17,961
Payments on account and assets under construction	1,035	32	550	-157	-90	270
	62,331	**6,916**	**2,752**	**0**	**-4,650**	**61,845**
Financial assets						
Investments	5	0	0	0	0	5
	68,653	**7,199**	**2,966**	**0**	**-5,170**	**67,716**

Goodwill is amortized over its useful life. CEAG's remaining goodwill from capital consolidation is amortized on a straight-line basis over a five-year period.

Reference is made to the schedule of consolidated non-current assets.

Depreciation/Amortization						Carrying amount	
Jan. 1, 2003	Additions	Disposals	Transfers	Currency translation differences	Dec. 31, 2003	Dec. 31, 2003	Dec. 31, 2002
2,942	71	0	0	-480	2,533	168	239
2,052	527	122	60	-15	2,502	569	862
45	15	0	-60	0	0	94	177
5,039	**613**	**122**	**0**	**-495**	**5,035**	**831**	**1,278**
7,321	542	48	0	-379	7,436	4,449	4,915
22,425	3,308	1,385	58	-2,037	22,369	9,36	8,513
15,727	1,016	612	4	-308	15,827	2,134	2,395
61	1	0	-62	0	0	270	974
45,534	**4,867**	**2,045**	**0**	**-2,724**	**45,632**	**16,213**	**16,797**
0	0	0	0	0	0	5	5
50,573	**5,480**	**2,167**	**0**	**-3,219**	**50,667**	**17,049**	**18,080**

Notes

Other Intangible Assets (7)
In accordance with IAS 38, intangible assets should be recognized at cost and systematically amortized on a straight-line basis over their expected useful life. The useful life for other intangible assets is three to four years. The amortization period and methods are reviewed at the end of each fiscal year. If there are indications of an impairment and the recoverable amount is less than the amortized cost, an impairment loss is recognized for the intangible assets. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

The cost of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over three years.

Research and development costs are charged against income in the period incurred. The requirements for recognizing development costs as assets under IAS 38.45 are not met.

Reference is made to the schedule of consolidated non-current assets.

Property, Plant and Equipment (8)
Property, plant and equipment are recognized at cost in accordance with IAS 16. The cost of conversion of self-constructed assets includes direct costs as well as all production overheads, including production-related depreciation.

Items of property, plant and equipment whose use is limited are depreciated systematically over their expected useful lives unless the actual pattern of use indicates that they are impaired. If there are indications of an impairment and the recoverable amount is less than the amortized cost, an impairment loss is recognized for the property, plant and equipment. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

Systematic depreciation of property, plant and equipment is based on the following useful lives:

Buildings	10 to 50 years
Technical equipment and machinery	2 to 15 years
Other equipment, furniture and fixtures	2 to 15 years
Vehicles	5 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Reference is made to the schedule of consolidated non-current assets. Property, plant and equipment were reviewed in accordance with IAS 36 ("Impairment of Assets").

As in the prior years, the production facilities in Ostbevern were defined as one cash-generating unit. Net of systematic depreciation, the carrying amounts approximated the recoverable amount, such that no additional impairment losses had to be recognized. In 2003, the recoverable amount was determined by reference to the value in use in excess of the net realizable value. The calculation of value in use was based on the expected net cash receipts of the cash-generating unit discounted at a rate of 9%.

Financial Assets (9)
Financial assets relate to the investment in Taunus Treuhandgesellschaft mbH, Bad Homburg v. d. Höhe, in which CEAG holds 10% of the capital stock. This investment is classified as available for sale under IAS 39 ("Financial Instruments: Recognition and Measurement") and should therefore be measured at fair value. Since the fair value could not be reliably determined, the investment is carried at amortized cost.

Notes

Inventories (10)

in thousands of EUR	2003	2002
Raw materials, consumables and supplies	8,752	10,791
Work in progress	2,289	3,236
Finished goods and merchandise	16,953	23,785
	27,994	**37,812**

Inventories are measured at cost or at the lower net realizable value as of the balance sheet date in accordance with IAS 2 ("Inventories") with due regard to the principle of item-by-item measurement. The weighted average cost method is used for interchangeable items in accordance with IAS 2.21.

Cost of conversion comprises direct material costs, direct production costs and all production-related overheads, including production-related depreciation. Measurement included reasonable provision for inventory risks arising from a lower net realizable value and resulted in impairment losses of EUR 2.0 million (prior year: EUR 5.1 million). In this process, the salability of the inventories was also taken into account.

The carrying amount of the inventories recognized at net realizable value is EUR 3,893 thousand (prior year: EUR 4,081 thousand).

Inventories are mainly recognized by companies operating in the US dollar area. The significant decrease is mainly due to currency effects. However, the optimization of the logistics processes has begun to show results.

Receivables and Other Assets (11)

in thousands of EUR	2003	2002
Trade receivables	22,396	21,793
Other assets	4,191	7,671
	26,587	**29,464**

Receivables and other assets are recognized at amortized cost, which is generally their nominal value.

Foreign currency receivables are translated at the closing rate in accordance with IAS 21. Translation differences are reported in net profit or loss. Appropriate specific bad debt allowances account for recognizable risks; an allowance based on past experience is recognized for the remaining credit risk.

In the reporting year trade receivables and other assets were adjusted by EUR 551 thousand (prior year: EUR 581 thousand).

Receivables are at the prior year's level, with any variances due to the balance sheet date.

The reduction in other assets is mainly attributable to lower receivables from import VAT. Other claims for refunds from the tax office and rent deposits are also recognized as other assets.

Tax refund claims of EUR 1,390 thousand (EUR 4,143 thousand) are disclosed under other assets. They mainly comprise receivables from German and foreign VAT.

All receivables and other assets are due in less than one year.

Prepaid Expenses (12)
Prepaid expenses comprise prepaid insurance premiums and other prepaid items.

Cash and Cash Equivalents (13)
Cash and cash equivalents comprise cash on hand and balances at banks. Cash and cash equivalents are carried at nominal value and break down as follows:

in thousands of EUR	**2003**	**2002**
Cash	21	28
Balances at banks	5,780	1,074
	5,801	**1,102**

Notes

Deferred Taxes (14)
Deferred taxes are calculated in accordance with IAS 12 (“Income Taxes”). Deferred tax assets and liabilities that are likely to arise in future are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the tax base of assets and liabilities. Any anticipated tax savings from loss carryforwards which are likely to be used in future are recognized as deferred tax assets.

Deferred tax assets related to deductible temporary differences and tax loss carryforwards exceeding taxable temporary differences are only recognized to the extent that it is reasonably probable that the enterprise will have future taxable profit against which the unused tax losses can be utilized.

We also refer to our comments on “Income Taxes”.

Equity (15)
The subscribed capital and capital reserve relate to CEAG AG. CEAG AG’s capital stock of EUR 20 million is divided into 7.7 million no-par bearer shares with equal rights. Thus each share represents a EUR 2.60 share in subscribed capital. The number of shares outstanding did not change in the fiscal year or the prior year. The contributions to capital have been paid up in full. CEAG does not hold treasury shares either directly or indirectly. The capital reserve is available to offset any future losses and in part to increase capital stock subject to the restrictions of Sec. 150 of the Stock Corporation Act (AktG), but not for distributions.

The Management Board is authorized to increase capital stock by up to EUR 9,100,000 on one or several occasions by issuing no-par bearer shares in return for contributions in cash or kind. No use has been made of this authorization to date. It is limited until May 31, 2007.

The Management is also authorized to grant subscription rights to no-par bearer shares in the Company to beneficiaries on a single occasion. No use has been made of this authorization to date. It is limited until December 31, 2005. The capital stock has also been conditionally increased by up to EUR 156,000 by issuing up to 60,000 no-par shares (conditional capital). The conditional capital serves to grant subscription rights (stock option rights) to members of the Management Board and employees of the Company and to members of the management board/management and employees of enterprises affiliated to the Company within the meaning of Secs. 15 et seq. AktG. The conditional capital increase will only be carried out to the extent that the bearers of the stock options, which the Management Board and Personnel Committee of the Supervisory Board have been authorized to issue, exercise their subscription rights. An exercisable stock option plan does not exist at present.

The revenue reserves disclosed in the consolidated balance sheet comprise the consolidated equity earned to December 31, 2003 and the item for currency translation differences as well as changes in the fair value of derivatives (cash flow hedges).

Provisions for Pensions (16)
Development of provisions for pensions

in thousands of EUR	**2003**	**2002**
Provision, January 1	2,118	2,045
Benefits paid	-125	-89
Current service cost	63	39
Interest cost	118	123
Provision, December 31	**2,174**	**2,118**

Notes

Calculation of the amount of provision

in thousands of EUR	2003	2002
Present value of unfunded obligations	2,139	2,008
Unrecognized actuarial gains and losses	35	110
Provision, December 31	**2,174**	**2,118**

The provisions for pensions are recognized in accordance with the requirements of IAS 19 (revised 2002).

Pension obligations from direct pension commitments were calculated according to the projected unit credit method allowing for future adjustments to salaries and pensions. The actuarial calculation is based on the following parameters: a discount rate of 5.5% (prior year: 5.75% to 6.0%), a salary increase of 3.0% (prior year: 3.0%) and a pension increase of 1.0% to 1.5% (prior year: 1.0% to 1.5%). In accordance with IAS 19.93 actuarial gains or losses exceeding 10% of the present value of the pension obligations are recognized as income or expense in the year in which they arise.

The interest portions of the changes in provisions for pensions are reported in financial result and other expenses of the functions.

The domestic obligations chiefly comprise fixed benefits related to length of service; a commitment based on income and length of service has also been made.

Other Provisions (17)

in thousands of EUR	Balance Jan. 1, 2003	Utilization	Reversal	Addition	Translation difference	Balance Dec. 31, 2003
Other non-current provisions						
Personnel and welfare	**725**	**179**	**1**	**239**	**0**	**784**
Other current provisions						
Restructuring	3,347	2,331	482	0	-43	491
Sales	142	0	142	62	0	62
Warranties	548	356	92	687	-91	696
Other	886	564	265	345	-23	379
	4,923	**3,251**	**981**	**1,094**	**-157**	**1,628**

Other provisions are recognized in accordance with IAS 37. Under this Standard, provisions are only recognized when the enterprise has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions recognized make adequate allowance for third-party risks in the financial statements. They were measured at the amount likely to be required. Provisions whose remaining term is expected to exceed one year are reported at present value if the effect is material.

The obligations for long-service awards and provision for pre-retirement part-time work are disclosed under non-current provisions in the balance sheet. The provision for pre-retirement part-time work concerns the German companies.

The sales obligations mainly involve potential losses from pending sales transactions.

The provisions for warranties cover warranties for deliveries and services rendered.

Notes

Contingent liabilities are not recognized in the consolidated balance sheet until they are likely to materialize. They are disclosed in the notes if there is a possibility that they may eventuate. As an internationally operating company with different business segments, CEAG is exposed to numerous legal risks, including risks related to warranties, tax law and other legal disputes. The outcome of currently pending or future proceedings cannot be forecast with any certainty. Decisions lead to expenses that are not fully covered by insurance policies and that could have a significant impact on the business and the results of operations. The Management Board does not expect decisions with a significant impact on the Group's net assets and results of operations to be passed to the Group's disfavor in the legal proceedings currently pending.

Current Liabilities (18)

in thousands of EUR	2003	2002
Liabilities to banks	3,593	6,326
Trade payables	28,678	26,554
Liabilities to affiliated companies	12,726	16,406
(of which current financial liabilities)	(12,695)	(15,640)
(of which trade)	(31)	(735)
(of which other)	(0)	(31)
Other liabilities	6,885	6,478
(of which taxes)	(559)	(224)
(of which social security)	(379)	(357)
	51,882	**55,764**

Payment obligations are reported as long or short term depending on their maturity.

Liabilities are recognized at amortized cost.

Liabilities in foreign currencies are translated using the closing rate. Any differences between the closing rate and the rate at the date of the transaction are recognized in net profit or loss.

Other liabilities include embedded derivatives (in accordance with IAS 39) of EUR 121 thousand (prior year: EUR 90 thousand).

The remaining other liabilities include debtors with credit balances, sales bonuses and other liabilities relating to sales and operations.

The liabilities to banks and the loan disclosed under non-current liabilities are fully secured by liens, land charges or similar rights. Registered land charges amount to EUR 5 million (prior year: EUR 0). The liens and similar rights mainly relate to inventories and trade receivables.

Non-Current Liabilities (19)

in thousands of EUR	Residual term 1 to 5 years	Carrying amount Dec. 31, 2003	Residual term 1 to 5 years	Carrying amount Dec. 31, 2002
Liabilities to banks	897	897	0	0

Non-current liabilities to banks relate to an annuity loan.

Notes to the Income Statement

Revenue (20)

Revenues from the sale of finished goods and merchandise and the related services are reported in this item. Revenues are recognized when the products and merchandise have been delivered or the service has been rendered. Revenues are disclosed net of general VAT, internal sales, trade discounts, volume rebates and any bonuses.

The development of sales by strategic business unit (SBU) and by region is presented in the segment reporting in accordance with IAS 14.

Notes

Cost of Sales (21)
Cost of sales comprises the cost of conversion of goods sold and the cost of purchased merchandise. In accordance with IAS 2 ("Inventories") the cost of self-constructed goods comprises directly attributable costs such as material costs and direct labor as well as all production overheads, including production-related depreciation.

Production-related development costs are also disclosed in this item.

Research Costs (22)
Expenditure on basic research is disclosed in this item.

Selling Expenses (23)
Selling expenses comprise the costs of the sales departments as well as costs for advertising, logistics and commission expenses. Logistics costs are disclosed under cost of sales as of fiscal year 2004. EUR 3,191 thousand in logistics costs are disclosed under selling expenses in fiscal year 2003.

General Administrative Expenses (24)
Personnel and material expenses for administration and the costs for external services are disclosed in this item unless they are recharged internally to other functions.

Other Operating Income (25)
Other operating income mainly comprises exchange gains (EUR 3.7 million, prior year: EUR 3.7 million) and income from the reversal of restructuring provisions. The exchange gains partly result from forward exchange transactions and other hedges which were concluded to offset exchange losses but which may not be netted.

Other Operating Expenses (26)

in thousands of EUR	2003	2002
Losses on disposals of assets	94	0
Systematic goodwill amortization	71	122
Exchange losses	3,645	6,008
Other expenses	450	460
	4,260	**6,590**

Exchange losses mainly result from buying and selling goods in foreign currencies in the normal course of business.

Restructuring Expenses (27)

The restructuring expenses from the prior year of EUR 12.9 million were disclosed separately. In fiscal year 2003, the US subsidiary was substantially restructured, as were the operating companies in Germany. Provisions were recognized for this restructuring in fiscal year 2002. No further restructuring expenses were incurred in fiscal year 2003.

Financial Result (28)

in thousands of EUR	2003	2002
Investment result	**14**	**104**
Other interest and similar income	92	152
Interest and similar expenses	-1,339	-1,511
(of which to affiliated companies)	-(936)	-(807)
Interest portion of additions to provisions for pensions and similar obligations	-118	-123
Interest result	**-1,365**	**-1,482**
Financial result	**-1,351**	**-1,378**

Interest expenses are not included in cost of purchase or conversion.

Notes

Income Taxes (29)

Taxes on income paid or due in the individual countries as well as deferred taxes are stated as income taxes. Income taxes are calculated in accordance with IAS 12 and break down as follows:

in thousands of EUR	2003	2002
Current income taxes	114	565
Adjustment of deferred tax assets on loss carryforwards	0	3,808
Change in the adjustment of deferred tax assets from prior years	-212	559
Change in deferred taxes on temporary differences	188	2,566
	90	**7,498**

Deferred taxes are recognized for all temporary differences between the tax base of assets and liabilities and their carrying amount in the IAS financial statements and for all loss carryforwards that may be utilized for tax purposes. Deferred tax assets and liabilities are measured at the tax rates expected at the time of realization. Deferred tax assets are only reported if there are likely to be taxable results against which the deferred tax asset may be used.

In fiscal year 2003 tax refunds of EUR 126 thousand (prior year: back taxes of EUR 142 thousand) were incurred. These payments are attributable to prior periods.

Consolidation entries also resulted in deferred taxes. In accordance with IAS 12 ("Income Taxes") no deferred taxes are disclosed for goodwill recognized on capital consolidation.

Recognized deferred taxes relate to the following balance sheet items and loss carryforwards:

in thousands of EUR	2003 Assets	2003 Liabilities	2002 Assets	2002 Liabilities
Intangible assets	0	3	0	3
Property, plant and equipment	464	0	664	206
Inventories	90	173	107	176
Provisions for pensions	85	0	85	0
Other provisions	0	12	59	20
Liabilities	0	1	3	0
Loss carryforwards	3,808	0	3,808	0
Total	**4,447**	**189**	**4,726**	**405**
Netting	-189	-189	-258	-258
Adjustment	-4,155	0	-4,367	0
Consolidated balance sheet	**103**	**0**	**101**	**147**

The total amount of deductible temporary differences for which no deferred tax assets were disclosed amounts to EUR 5,284 thousand (prior year: EUR 7,966 thousand).

The realization of deferred tax assets for unused tax loss carryforwards depends on the achievement of taxable income or trade income in subsequent years. As in the prior year, it is considered unrealistic that the tax loss carryforwards of the German companies will be realized and deferred tax assets have not been recognized on these losses as a result.

The loss carryforward in Germany as of January 1, 2004 for which no deferred tax assets were recognized amounts to EUR 20.8 million (prior year: EUR 16.1 million) for corporate income tax and EUR 19.5 million (prior year: EUR 14.8 million) for trade tax. No deferred tax assets were recognized on loss carryforwards of EUR 2.1 million (prior year: EUR 2.1 million) for the two subsidiaries in the United States and Japan. The loss carryforwards may be utilized within 20 years in the United States and within five years in Japan.

Notes

The reconciliation from computed to actual tax expense is shown in the following table:

in thousands of EUR	2003	2002
Earnings before income taxes	2,849	-17,566
Estimated tax expense [1)]	1,083	-6,675
Differing tax rates abroad	332	-187
Non-deductible goodwill amortization	27	988
Change in deferred tax assets not recognized on the elimination of intercompany profits in non-current assets	-1,000	3,325
Change in deferred tax assets not recognized on other valuation differences	20	1,157
Non-recognition of deferred tax assets on loss carryforwards	1,844	5,396
Adjustment of deferred tax assets on loss carryforwards	0	3,808
Utilization of loss carryforwards previously not recognized	-165	0
Non-recognition of taxes due to local tax exemptions	-1,959	-1,261
Change in the adjustment of deferred tax assets from prior years	-212	559
Taxes for prior years	-126	142
Other effects, netted	246	246
	90	**7,498**

[1)] Estimated tax expenses at a tax rate of 38% (prior year: 38 %) for CEAG AG

Earnings Per Share (30)

Earnings per share are calculated in accordance with IAS 33 (“Earnings Per Share”) on the basis of the consolidated net profit or loss and come to EUR 0.36 in 2003 (prior year: -EUR 3.26). The number of shares (7.7 million no-par shares) has not changed in the reporting year. An exercisable stock option plan does not exist at present. As there are no financial instruments that could be exchanged for shares, diluted earnings are the same as basic earnings.

	2003	2002
Number of no-par shares outstanding	7,700,000	7,700,000
Consolidated net profit/loss (in thousands of EUR)	2,759	-25,064
Earnings per share (in EUR)	0.36	-3.26

Other Disclosures on the Income Statement

Research and Development Costs (31)

Costs of EUR 5.4 million were reported in the year under review (prior year: EUR 5.5 million). Basic research accounted for EUR 0.6 million (prior year: EUR 0.3 million) of this amount. The other costs are contained in cost of sales.

Depreciation and Amortization (32)

in thousands of EUR	2003	2002
Amortization of intangible assets	613	3,466
(of which systematic goodwill amortization excluding restructuring)	(-71)	(-122)
(of which impairment losses)	(0)	(-2,696)
Depreciation of property, plant and equipment	4,867	5,445
(of which impairment losses)	(0)	(-831)
	5,480	**8,911**

The impairment losses disclosed in 2002 are contained in restructuring expenses (see Note 27).

Cost of Materials (33)

in thousands of EUR	2003	2002
Cost of raw materials, consumables and supplies and of purchased goods	105,757	128,212
Cost of purchased services	1,430	1,082
	107,187	**129,294**

The reduction in the cost of materials mainly reflects the cost savings achieved and currency trends.

Notes

Personnel Expenses (34)

in thousands of EUR	2003	2002
Wages and salaries	25,771	37,108
Social security and other benefit costs	2,852	3,134
Pension costs	497	505
	29,120	**40,747**

Employees (35)

The annual average number of people employed by the Group was:

Number of Employees	2003	2002
Blue collar	8,514	7,496
White collar	366	384
	8,880	**7,880**

Other Taxes (36)

Other taxes are disclosed in the expenses of the individual functions. They amount to EUR 48 thousand (prior year: EUR 36 thousand).

Other Disclosures

Other Financial Commitments (37)

in thousands of EUR	2003	2002
Purchase commitments for property, plant and equipment	153	752
Rent and lease obligations	5,769	5,676
(of which due next year)	(1,960)	(2,003)
(of which due in two to five years)	(3,809)	(3,673)
	5,922	**6,428**

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under an operating lease were recognized as an expense on a straight-line basis over the lease term.

The rent and lease obligations include rent of EUR 5,695 thousand (prior year: EUR 5,487 thousand) for sites in China, mainly for factory buildings.

The item also includes obligations of EUR 54 thousand under a non-cancellable operating lease for buildings, all of which is due within one year.

Lease expenses of EUR 1,819 thousand (prior year: EUR 2,187 thousand) were recognized in net profit in fiscal year 2003.

Financial Instruments (38)

The primary financial instruments recognized as assets are classified according to IAS 39 (“Financial Instruments: Recognition and Measurement”) as “held for trading”, “held to maturity“ and “available for sale” and are measured at cost or fair value in accordance with this classification. Any impairments or market changes are reported in net profit or loss. Financial instruments that are liabilities are disclosed at the higher of amortized cost or repayable amount.

CEAG is exposed to currency risks on account of its international operations. It is also subject to interest risks and loan loss risks.

Currency risks can be hedged naturally on the basis of foreign currency positions when, for example, a trade account payable in US dollars is matched within the Group by one or more accounts receivable in the same currency of equivalent maturity and amount. Any remaining foreign currency risks are mitigated by concluding forward exchange transactions in the context of targeted currency management.

Notes

The nominal volumes and market values of the derivative financial instruments existing at the balance sheet date are shown in the following table:

	Nominal volume		Market value	
in thousands of EUR	**Dec. 31, 2003**	**Dec. 31, 2002**	**Dec. 31, 2003**	**Dec. 31, 2002**
Forward exchange transactions (cash flow hedges)	1,154	0	109	0
Forward exchange transactions (other)	2,164	0	147	0

Gains and losses on fair value are immediately reported in net profit or loss – except if the restrictive conditions for hedge accounting are met. This is also the case for fair value hedges that qualify for hedge accounting, where the gains or losses on the hedge and the host contract are recognized in net profit or loss. For cash flow hedges that qualify for hedge accounting, the gains and losses are initially reported in equity until they are recognized in net profit or loss for the relevant fiscal year once the purpose of the hedge has been achieved.

The forward exchange transactions designated as cash flow hedges are used to hedge expected future revenues in US dollars in fiscal year 2004.

“Regular way” purchases and sales of financial assets are accounted for at settlement date in accordance with IAS 39.

Embedded derivatives have been recognized in the balance sheet. To qualify as an embedded derivative, a financial instrument must meet all of the following conditions:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The hybrid (combined) instrument is not measured at fair value with changes in fair value reported in net profit or loss.

Certain deliveries by CEAG companies are made in a currency which is not the currency of the primary economic environment of one of the two contracting parties. These contracts are hybrid financial instruments whose embedded derivatives must be separated from the host contract.

As of the balance sheet date a loss of EUR 121 thousand (prior year: EUR 90 thousand) was made on the embedded derivatives related to the outstanding order volume.

The Group has receivables from a variety of customers. These receivables frequently include high individual accounts from major customers. The credit risks associated with accounts receivable are addressed by applying a systematic procedure for the selection of customers, analyzing payment histories and setting appropriate credit limits. The receivables and other assets recognized as of the balance sheet date represent the maximum risk of default.

CEAG is exposed to the risk of changes in interest rates on account of its liabilities to lenders. As in the prior year, most liabilities to affiliated companies and banks in fiscal year 2003 are short-term borrowings. EONIA, HIBOR, LIBOR and EURIBOR are the reference interest rates used by the lenders to settle most of the loans drawn as of the balance sheet date. The fixed-interest period for a five-year loan to FRIWO Gerätebau GmbH, Ostbevern, of approx. EUR 1.0 million ends in mid-2008. The residual liability under this loan, disclosed under non-current liabilities, is EUR 897 thousand as of the balance sheet date.

The development of market interest rates is subject to constant monitoring and analysis. Given the interest risks, longer term financing options will also be considered in future.

The following financial instruments are not disclosed at their fair value: cash and cash equivalents, trade receivables, other assets, trade payables, other liabilities and liabilities to banks. These financial instruments are reported at nominal value, which approximates their fair value, as the instruments are short term and bear interest at market rates.

We refer to the management report with respect to the Group’s liquidity situation.

Notes

Notes to the Cash Flow Statement (39)

The cash flow statement is classified in accordance with IAS 7 ("Cash Flow Statements") and shows how the Group's cash and cash equivalents have changed in the course of the year under review due to inflows and outflows of funds.

The composition of cash and cash equivalents at the beginning and end of the period under review reflects the composition of cash and cash equivalents in the respective balance sheet.

The presentation of the cash flow statement was changed in the reporting year and now starts from consolidated net profit (prior year: earnings before income taxes and interest). Cash flows from interest paid and received and from income taxes are as follows:

in thousands of EUR	2003	2002
Interest paid	-1,339	-1,511
Interest received	92	152
Income taxes received/paid	-257	-326

The item "cash paid to discharge liabilities to banks (net)" comprises cash received from raising a long-term loan of EUR 1,000 thousand and cash paid to discharge the loan of EUR 103 thousand.

Notes to the Segment Reporting (40)

The primary reporting format is business segments. For this purpose, we distinguish between our FMP and FPS activities. The FMP (FRIWO Mobile Power) business unit focuses on the high-volume markets such as those for mobile telephones, CD/MD players and similar products, whose sales structure is solely based on key accounts. The FPS (FRIWO Power Solutions) unit concentrates on medical and industrial technology, mobile tools and applications in the communications industry. Sales is regionally structured for this unit, with some support from commercial agents and distributors. Sales are not made between the two business units.

The Group's secondary reporting format is based on the geographical markets on which CEAG sells its products. The geographical segments used are the three economic areas relevant for CEAG, these being Europe, Asia and the Americas.

Sales to one customer from the FMP business unit who is represented in all geographical segments came to 59% (prior year: 50%) of total revenues for all segments in the year under review.

Sales to another customer from the FMP business unit who is represented in all geographical segments came to 12% (prior year: 16%) of total revenues for all segments in the year under review.

Related Party Relationships (41)

Under IAS 24, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

DELTON AG, Bad Homburg v. d. Höhe, holds the majority of shares in CEAG AG and is therefore a related party of CEAG AG and its subsidiaries. The CEAG Group received consulting services and cost recharges from DELTON AG of EUR 95 thousand (prior year: EUR 128 thousand) in the reporting year. In addition, DELTON AG granted CEAG AG a credit line in the year under review. EUR 12.7 million of the credit line totaling EUR 25.4 million (prior year: EUR 43.2 million) had been utilized as of December 31, 2003. All transactions were concluded at normal market conditions in accordance with the arm's length principle.

Mr. Stefan Quandt is a related party of CEAG AG, since he is the sole shareholder of DELTON AG. Mr. Quandt pledged securities to secure a loan to CEAG AG through an affiliated company. The term of the EUR 2.6 million loan ran from June 1, 1993 to June 1, 2003. Mr. Quandt was also a member of our Supervisory Board until May 20, 2003 and received the remuneration set out in the articles of incorporation for this function. There were no other transactions with Mr. Stefan Quandt.

Notes

Total Remuneration of the Supervisory Board and Management Board (42)
Remuneration for members of the Supervisory Board for fiscal year 2003 comes to EUR 47 thousand (prior year: EUR 45 thousand). The fixed remuneration per Supervisory Board member is EUR 5,000 p.a. The variable remuneration depends on the amount of dividends declared and was not paid in 2003. The chairman of the Supervisory Board receives three times, the deputy twice the above amount. As decided at the shareholders' meeting on May 20, 2003, committee members, other than the chairman and deputy chairman of the Supervisory Board, receive additional remuneration of EUR 2,000.

Total remuneration of the Management Board for fiscal year 2003 amounts to EUR 674 thousand (prior year: EUR 685 thousand), consisting of a fixed component of EUR 417 thousand and a variable component of EUR 257 thousand. Former members of the Management Board and their survivors received pension benefits of EUR 62 thousand (prior year: EUR 25 thousand). Total provisions of EUR 887 thousand (prior year: EUR 848 thousand) have been accrued for pension obligations towards former members of the Management Board and their survivors.

Shares Held by Members of the Management Board and Supervisory Board (43)
Members of the Supervisory Board held a total of 120 shares as of December 31, 2003 (prior year: 120 shares). No shares are held by Management Board members. No subscription rights for shares have been granted to the members of the Management Board and Supervisory Board.

Shareholdings (44)
The domestic companies listed have profit and loss transfer agreements with CEAG AG. FRIWO Gerätebau GmbH, Ostbevern, and FRIWO Mobile Power GmbH, Ostbevern, make use of the simplifications pursuant to Sec. 264 (3) HGB.

in thousands of EUR	Shareholding	Equity	Net profit/loss 2003**
FRIWO Mobile Power GmbH, Ostbevern, Germany	100 %	19,980	1,011*
FRIWO Gerätebau GmbH, Ostbevern, Germany	100 %	10,281	-1,655*
FRIWO Far East Ltd., Hong Kong, China	100 %	16,257	-3,470
FRIWO CEAG Electrical (Shenzhen) Company Ltd., XiXiang, China	100 %	12,192	8,098
FRIWO Electrical (Beijing) Co., Ltd., Beijing, China	100 %	248	-46
FRIWO EMC, Inc., Colorado Springs, USA	100 %	12	142
FRIWO Japan Co., Ltd., Tokyo, Japan	100 %	-388	-161
FRIWO do Brasil Ltda., São Paulo, Brazil	100 %	-30	-94

* before profit and loss transfer ** in accordance with IFRS

Corporate Governance Disclosure (45)
The Management Board and Supervisory Board issued the statement required pursuant to Sec. 161 of the Stock Corporation Act (AktG) and made it available to the shareholders.

Sub-Group Consolidated Financial Statements (46)
DELTON AG, Bad Homburg v. d. Höhe, holds the majority of CEAG AG. The consolidated financial statements of CEAG AG are included in the consolidated financial statements of DELTON AG, which are deposited with the commercial register of the Local Court of Bad Homburg v. d. Höhe.

Authorization for Issue (47)
The consolidated financial statements of CEAG AG will be authorized for issue by the Management Board on March 3, 2004 (day of authorization by the Management Board for submission to the Supervisory Board).

Ostbevern, February 27, 2004

CEAG AG
The Management Board

Rolf Endress   Matthias Grevener

Report of Independent Auditors

Report of Independent Auditors

“We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements, prepared by CEAG AG, Bad Homburg v.d. Höhe, for the fiscal year from January 1, 2003 to December 31, 2003. The preparation and content of the consolidated financial statements are the responsibility of the Company’s Management Board. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the 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 flows of the Group for the fiscal year in accordance with IFRS.

Our audit, which also extends to the report on the position of the Company and the Group prepared by the Management Board for the fiscal year from January 1, 2003 to December 31, 2003, has not led to any reservations. In our opinion, on the whole the report on the position of the Company and the Group together with the other disclosures in the consolidated financial statements provides a suitable understanding of the Group's position and suitably presents the risks to future development. In addition, we confirm that the consolidated financial statements and the report on the position of the Company and the Group for the fiscal year from January 1, 2003 to December 31, 2003 satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and the group management report in accordance with German law."

Düsseldorf, March 1, 2004
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Thomas Harms	Tim Klinkosch
Wirtschaftsprüfer	Wirtschaftsprüfer

CEAG Management Team

The global management team

at its annual meeting in Münster.

Dates 2004

Dates 2004

Fiscal year	January 1 – December 31
Preliminary result	March 22, 2004
Annual report 2003 - online	March 31, 2004
Annual report 2003 - printed	April 28, 2004
Results press conference	April 28, 2004, 11:00 a.m.
Analyst conference	April 28, 2004, 2:00 p.m.
First quarter report	May 13, 2004
Annual shareholder´s meeting	May 26, 2004, 2:00 p.m. (Kurhaus, Bad Homburg v.d.H.)
Semi-annual report	August 12, 2004
Third quarter report	November 10, 2004

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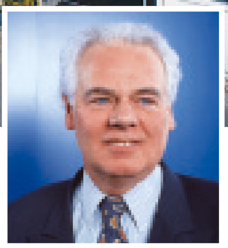
CEAG AG, Bad Homburg v.d.H
The annual report is also available in German.

CEAG Management Team Worldwide

Rolf Endress
CEO and President

Matthias Grevener
CFO and Vice President

Barry Slaughter
Managing Director
FRIWO Mobile Power



Felix Zimmermann
Managing Director
FRIWO Power Solutions

Notes

Glossary

Cash flow hedge	A hedge that meets the requirements for cash flow hedges under IAS 39. Changes in fair value are reported directly in equity.
Corporate governance	Corporate management standard based on a voluntary code of conduct for greater transparency in business and greater investor protection. The Corporate Governance Code encompasses recommendations for corporate management and standards of conduct for listed companies recognized on an international and national level.
Design-to-cost/DTC	Continuous cost-optimized product development process.
DIN EN ISO 14001	Certification of an environmental management system in accordance with universally applicable standards. FRIWO's aim is to manufacture all its products without the use of hazardous substances before July 1, 2006 (Directive 2002/96/EC dated January 27, 2003). ROHS = restrictions on hazardous substances. This includes lead-free soldering, which has already been introduced at FRIWO.
EN ISO 9001:2000	Certification of process-based quality management in accordance with international standards.
FMP	FRIWO Mobile Power – strategic business unit producing power supplies and chargers for the high-volume markets of the telecommunications industry. Core segment: power supplies and chargers for mobile phones.
FPS	FRIWO Power Solutions – strategic business unit producing power supply equipment for medical technology, IT/communications, power tools and industrial applications. This unit has a lower production volume than FMP.
Free float	That part of equity which is independently held.
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards – standards intended to ensure better international comparability of financial statements.
ISIN	International Securities Identification Number – new global securities code
OEM	Original equipment manufacturer – a company that buys products or components from a manufacturer and uses them in proprietary products or resells them under its own name.
Power supplies	Individual products or product solutions used to supply electricity to a wide variety of devices/applications.
Power supply market	market for power supplies with a wide variety of product segments, applications and country-specific features.
Prime All Share	The Prime All Share Index comprises all companies that meet the stringent criteria of the Prime Standard. It includes all companies from the DAX, MDAX, SDAX, TecDAX and Prime Standard, with around 370 companies currently listed.
Prime Standard	New premium segment of the Frankfurt Stock Exchange (FWB) created as of January 1, 2003, with international transparency requirements (quarterly reports, financial statements in accordance with international accountin standards, corporate calendar, annual analyst conference, ad hoc press releases in English). CEAG meets these requirements and has been listed in this segment since its inception.
Purchase-to-cost/PTC	Continuous cost-optimized component and service procurement process.
"Sales energizing"	Targeted individual market and distribution-based sales programs to tap customer and sales potential.

CEAG AG