



Annual Report 2001

AVA at a Glance

Revenue/Companies (Euro million)

	2001	2000	1999	1998	1997
Marktkauf	5,447	4,339	4,189	4,073	3,360
dixi	–	609	579	551	410
AVA Selbstbaumarkt	–	260	95	–	–
Krane	53	51	50	46	42
Supermarkets	–	–	–	105	775
Other revenue	34	23	126	228	550
AVA Group	5,534	5,282	5,039	5,003	5,137

Revenue/Selling lines (Euro million)

	2001	2000	1999
Hypermarkets	3,814	3,634	3,493
Superstores	576	547	517
DIY stores	1,057	1,027	853
Optics stores	53	51	50
Selling lines	5,500	5,259	4,913
Other	34	23	126

Employees as per 31 December

	2001	2000	1999	1998	1997
Total	29,288	28,538	26,875	27,704	29,342
of which trainees	1,207	1,074	869	848	1,165

Balance sheet ratios (Euro million)

	2001	2000	1999	1998	1997
Balance sheet total	1,231.5	1,277.1	1,279.5	1,152.5	1,370.9
Fixed assets	381.2	399.9	415.9	381.7	472.6
Inventories	634.1	650.1	613.8	546.2	516.4
Stockholders' equity	471.1	445.6	409.5	375.6	350.3
Amortisation and depreciation	57.9	60.4	92.6	113.5	73.1
Capital expenditure	65.7	68.2	148.5	131.5	102.9
Cash flow	143.8	144.7	158.8	125.5	112.3
Annual net profit	84.4	81.9	57.9	15.6	13.1
Total dividends	36.9	36.7	22.3	11.2	–
Dividend per share (DM) *	1.18	0.72	7.2	3.6	–
		+ Bonus 0.46			
Earnings per share (DM) * according to the DVFA/SG scheme	1.94	1.91	12.40	4.58	–

* splitting 1:10 in 2000

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Supervisory Board

Prof. Dr. Gerhard Laule

Königstein
– Chairman –

Ernst Fisch *

Erlangen
– Deputy Chairman –

Dr. Heinz Ache

Bremen

Paul-Gerhard Drüner *

Leopoldshöhe

Werner Dümpelmann *

Oerlinghausen

Uwe Erschens *

Hamburg

Jörg Hieber (from 30.01.2001)

Binzen

Gerhard Keuchel * (from 14.02.2002)

Düsseldorf

Waltraut Krüger *

Cuxhaven

Rainer Kuschewski * (up to 31.12.2001)

Ratingen

August Nolte

Wiesbaden

Günter Papenburg

Schwarmstedt

Gerhard Peter

Hamburg

Roswitha Pieszek *

Osnabrück

Karl-Heinz Rehkopf (up to 15.09.2001)

Einbeck

Hermann J. Ruetz (from 20.09.2001)

Stadtbergen

Sylvia Schmidt

Bielefeld

Herbert Sommer

Bielefeld

Wolfgang Spreckelmeyer *

Belm

Manfred Taming *

Osnabrück

Bartholomäus Werberger

Oberaudorf

Erika Wiedemann-Pabst *

Pischelsdorf/Reichertshausen

Board of Executive Directors

Kurt Lindemann

Wrist
– Chairman –

Helmut Metje (from 01.01.2001)

Münster

Dr. Hubert Metz (from 01.01.2002)

Rodgau

Lothar Pollmann (up to 30.06.2001)

Bielefeld

Eugen Timmer (from 01.01.2002)

Bielefeld

Horst-Peter Wuchold (up to 31.03.2002)

Gütersloh

* Employee representative - for further information about the members of the Supervisory Board, please see the Notes.

The Supervisory Board fulfilled all assigned tasks for the fiscal year 2001. The Supervisory Board was kept informed at regular intervals by the Board of Executive Directors about the current situation and development of the Group, AVA AG and the affiliated companies. The Supervisory Board received written and verbal reports on the business performance and in particular on the operating results of AVA AG, the individual consolidated companies and the Group, and monitored the general course of business. The Supervisory Board discussed those matters which require its involvement under the terms of the law and the corporate articles.

Pursuant to section 110, clause 3 of the German Stock Corporation Law, the Supervisory Board met for five scheduled meetings and one special meeting in the fiscal year 2001. One of these meetings took place within the framework of a two-day closed session together with the Board of Executive Directors and the managing directors of the affiliated companies. Alongside these meetings, the members of the Supervisory Board, in particular its chairman, also frequently advised the Board of Executive Directors. The Standing Committee set under the terms of section 27, clause 3 of the Codetermination Law held six meetings during the fiscal year 2001, whereby two meetings were dedicated to personnel matters.

Pursuant to a ruling of the Bielefeld District Court dated 20 September 2001, Mr. Hermann J. Ruetz was appointed shareholder representative on the Supervisory Board under the terms of section 104 of the German Stock Corporation Law. Mr. Ruetz replaced Mr. Karl-Heinz Rehkopf who retired from the Supervisory Board as per 15 September 2001.

Pursuant to a resolution of the Bielefeld District Court dated 14 February 2002, Mr. Gerhard Keuchel was appointed to the Supervisory Board under the terms of section 104 of the German Stock Corporation Law. Mr. Keuchel replaced Mr. Rainer Kuschewski who retired from his post as employee representative to the Supervisory Board as per 31 December 2001. The Supervisory Board expresses its thanks to the retiring members of the Supervisory Board for their activities and involvement in this body. Pursuant to section 111, clause 2 of the German Stock Corporation Law, BDO Deutsche Warentreuhand Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, was mandated by the Supervisory Board to audit the annual financial statements of AVA AG and the consolidated financial statements as per 31 December 2001, as well as the accounting records, the management report of AVA AG and the consolidated management report (these two reports

having been com-bined). The auditor took part in the meeting of the Supervisory Board at which these matters were discussed and presented a verbal report on the substantial results of his audit. Both sets of financial statements received an unqualified audit opinion.

The Board of Executive Directors submitted to the Supervisory Board the annual financial statements of AVA AG, the consolidated financial statements, the management report and the consolidated management report as well as the proposal to the General Meeting for the appropriation of the unappropriated retained earnings. The Supervisory Board examined the annual financial statements of AVA AG, the consolidated financial statements, the management re-port, the consolidated management report as well as the proposal for the appropriation of the unapro-riated retained earnings and raised no objections. The Supervisory Board also took note of and approved the audit report and the auditor's verbal explanations and approved the submitted financial statements.

The annual financial statements have thus been formally accepted. The Supervisory Board concurs with the proposal made by the Board of Executive Directors to the General Meeting with regard to the ap-propriation of the unappropriated retained earnings.

Pursuant to section 312 of the German Stock Corporation Law, in the fiscal year 2001 the Board of Executive Directors also compiled and submitted a report on the relationships with affiliated companies.

The auditor examined this report and issued the following audit opinion: "Based on our audit and evaluation performed in accordance with professional standards, we confirm that the factual details of the report are correct, that the payments made by the company in respect of the legal transactions listed in the report were not unreasonably high and that the measures described in the report do not provide any grounds for drawing substantially different conclusions from those of the Board of Executive Directors." The Supervisory Board took note of and approved the audit report. The final result of its own audit revealed that the Supervisory Board raises no objections against the dependence report and the declaration of the Board of Executive Directors at the end of the report. The Supervisory Board expresses its thanks to all of the Group's employees for their commitment and successful efforts in the financial year 2001.

Bielefeld, 28 May 2002

Prof. Dr. Gerhard Laule
Chairman of the Supervisory Board

AVA AG			
Vertriebs- gesellschaften	Service- gesellschaften	Immobilien- gesellschaften	Beteiligungen
Marktkauf OHG	AVA Logistik GmbH	AVA Immobilien KG	TOOMAXX GmbH
Krane Optik KG	FG Frischwaren GmbH	Diekmann GmbH	AVEX GmbH
	AVA Informations- technologie GmbH	AVA V+V GmbH	SZ Service Zentrale GmbH
	CEV GmbH	GUMES Gesellschaften	GfM GmbH
	AVA Medien und Werbe GmbH		

Sales

The expectations of the German retail trade for an increase in turnover in the year 2001 remained unfulfilled. Despite the optimistic prognosis made in the first half of the year, which is based on the fact that people had more money in their pockets due to the tax reform which became effective as per the beginning of the year, the sales, however, decreased again in the third quarter. The events of 11 September 2001 additionally burdened the propensity to consume. Even the positive reports from the X-mas business could not hide the fact that the trend reversal towards better performing only remained an illusion.

According to Nielsen market research, in 2001 the German grocery trade realised a rise in sales of 1.5 percent in nominal terms. While in West Germany the plus totalled 1.8 percent, in East Germany there was practically no nominal growth at all (0.2 percent).

The trend towards discounters and hypermarkets, which already became apparent in the year before, continued.

The hypermarkets realised an increase in sales of nominal 3.0 percent (adjusted for additional selling space: 2.6 percent). The large superstores reported a nominal growth of 1.9 percent, however, adjusted for additional selling space there was a minus of 1.0 percent. The small superstores realised a rise in sales of nominal 0.8 percent (adjusted for additional selling space: 2.3 percent).

The discounters reported an increase in sales of 4.7 percent in nominal terms and of 5.3 percent adjusted for additional selling space. The supermarkets realised a plus of 0.2 percent in nominal terms and of 4.7 percent adjusted for additional selling space. The remaining grocery trade (outlets with less than 400 square metres of selling space) had to take a decrease in sales of nominal 2.2 percent, which, adjusted for additional selling space, however, corresponds to a growth of 2.1 percent.

Sales of the Selling Lines

Retail sales of AVA in the segments hypermarkets, large superstores, DIY stores and optics speciality stores grew by 4.6

percent to EUR 5.5 billion in 2001 (5.3 the year before).

The Marktkauf hypermarkets realised a rise of 4.9 percent to EUR 3.8 billion (3.6 the year before), which, adjusted for additional selling space, corresponds to a growth of 3.6 percent (industry: 2.6 percent).

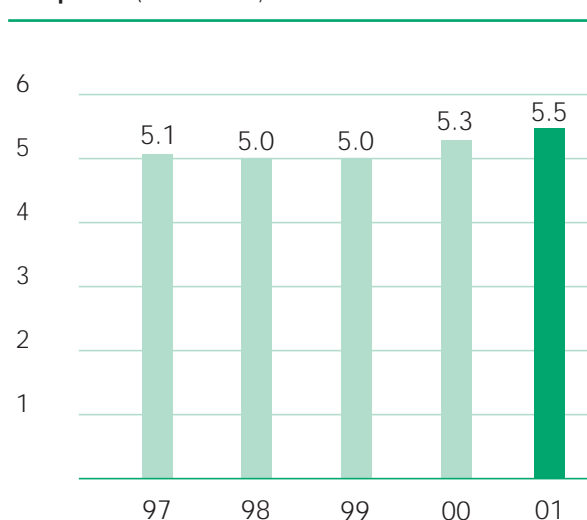
The superstores of Marktkauf (formerly dixi) increased their sales by 5.3 percent to EUR



576 million (547 the year before). Adjusted for additional selling space, this corresponds to a plus of 4.0 percent (industry average of the large superstores: minus 1.0 percent).

The Marktkauf DIY stores, which, due to negative seasonal influences, after the first four months of 2001 still reported a decrease in sales of 6.0 percent (adjusted for additional selling space: 9.2 percent) compared to the same period last year, realised the planned turnover and concluded the financial year 2001 with an increase in sales of 2.9 percent

Group sales (in EUR billion)



to EUR 1.1 billion (1.0 the year before). Adjusted for additional selling space, the plus totalled 0.1 percent.

According to the DIY panel of GfK Gesellschaft für Konsumforschung (Society for Consumer Research), in 2001 the DIY industry in Germany lost 0.4 percent of its sales volume in nominal terms (adjusted for additional selling space: 3.6 percent).

The sales of the optics chain Krane grew by



4.2 percent to EUR 53.0 million (50.8 the year before). On comparable selling space, Krane realised a plus of 2.2 percent compared to the sales stagnation within the industry. Hypermarkets and superstores accounted for 79.8 percent of the AVA retail sales. The share of the DIY stores fell by 19.2 percent (19.5 the year

before). The optics stores reported an unchanged share in sales of 1.0 percent.

Consolidated Sales

Compared to the retail sales of AVA, the miscellaneous sales of EUR 34 million (23 the year before) were of hardly any significance in the year under review. The miscellaneous sales predominantly result from the supplies to non-Group companies, especially to the Edeka companies.

Total Group sales (external sales including VAT) stood at EUR 5.5 billion (5.3 the year before), which corresponds to a rise of 4.8 percent and thus exactly is in line with the planning. The retail sales and the consolidated sales of AVA are practically identical.

Selling Space

In 2001 the selling spaces of the AVA selling lines were newly defined and adjusted according to the calculations common for the individual industries. The existing outlets thus re-reported a decrease of 55,000 square metres to 1.67 million square metres as per the beginning of the year 2001.

The closure of two hypermarkets, two DIY stores and one optics speciality store is opposed by the opening of four hypermarkets, three superstores, three DIY stores and three optics speciality stores. The balance of closures and openings amounted to 39,000 square metres whereby the selling space grew by 2.3 percent to 1.71 million square metres as per the end of 2001.

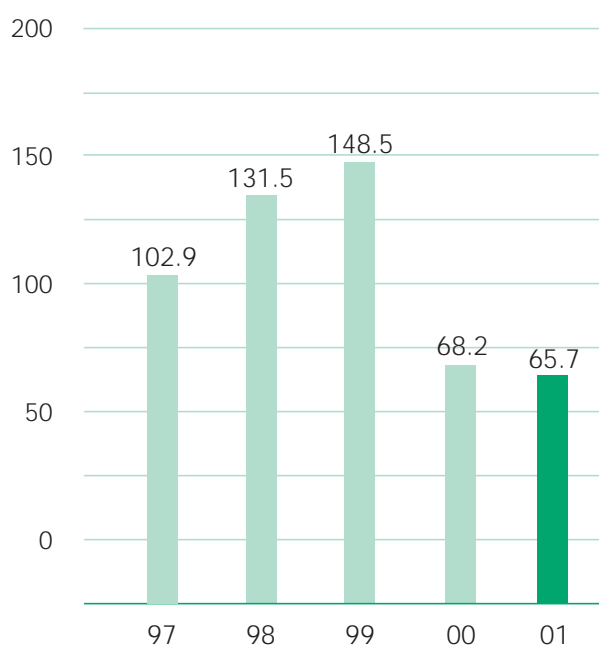
At the end of 2001 the network of branches of AVA consisted of 114 hypermarkets (112 the year before), 56 (54) superstores, 141 (140) DIY stores and 88 (86) optics speciality stores.

The selling space of a hypermarket totalled 5,644 square metres on average, those of a superstore 2,771 square metres, those of a DIY store 6,389 square metres and those of an optics speciality store 155 square metres.

Investments

Investments in tangible assets, intangible assets and financial assets totalled EUR 65.7

Investments (in EUR million)



million in the fiscal year 2001, compared to EUR 68.2 million the year before.

Marktkauf in Moscow

In order to be able to operate a shopping centre at the motorway ring road of the Russian capital Moscow, in 2001 AVA founded Marktkauf Rus. AVA acquired a holding of 75.1 per cent in this company via a subsidiary and thus is in charge of the management. The remaining shares are held by two partners with detailed knowledge of the Russian market.

The shopping centre with a total space of 26,500 square metres consists of a hypermarket, a DIY and garden centre and a mall for speciality stores. After completion of the construction work, the equipping of the centre is scheduled for the summer. The opening is planned for autumn 2002. Marktkauf Rus thus represents the first western shopping centre for the large-scale retail trade in Russia.

Participations

A further cooperation agreed upon in 2001 consists of the merchandise procurement for the DIY stores. As per the end of 2001 AVA AG joined TOOMAXX Handelsgesellschaft mbH, Klosterneuburg, as an equal partner. TOOMAXX has been founded in 1999 by Rewe-Handelsgruppe, Cologne, and the Austrian bauMax-Group, Klosterneuburg.

The company, which is active in the field of merchandise procurement, coordinates the purchasing and output volumes of the house and exclusive brands of the three partners. Apart from the common use of the existing house brands, the joint development of new house brands for the DIY stores of Marktkauf, Toom and bauMax is also planned. The import from the growing input markets in the Far East is coordinated and handled by toomax Asia Ltd. headquartered in Hong Kong.

Changes in the Corporate Structure

Effective 1 January 2001 dixi Discount Handelsgesellschaft mbH and AVA Selbstbau GmbH & Co. KG merged with Marktkauf Handelsgesellschaft mbH & Co. OHG.

In a second step, Marktkauf OHG merged with EZA Einkaufszentrum für Alle GmbH & Co. OHG. Then EZA OHG changed its corporate name into Marktkauf OHG. Marktkauf

Ost Handelsgesellschaft mbH & Co. SB-Warenhaus OHG merged with Marktkauf Süd GmbH & Co. Handelsgesellschaft OHG. Marktkauf



Handelsgesellschaft mbH & Co. OHG is the sole shareholder of Marktkauf Süd GmbH & Co. Handelsgesellschaft OHG.

The Nanz family, which at the end of 2000 still had a holding of 15.5 per cent in EZA OHG, after the above-mentioned mergers now has a stake of about 1 per cent in the capital account I of Marktkauf OHG. The existing dixi superstores and DIY stores, which up to now have been operated by dixi GmbH and EZA, have gradually been re-named to Marktkauf since spring 2001. New locations have been opened up under the name of Marktkauf from the very beginning.

The uniform market appearance under the name of Marktkauf serves to further condense the marketing network and to penetrate the market much quicker. At the same time synergies in the fields of logistics, marketing and administration shall be used in order to reduce costs. The uniform market appearance of the AVA selling lines (with the exception of Krane Optik) results in an improved perception by the customers and thus in a strengthening of the brand Marktkauf.

Since the beginning of January 2001 the former GHD has traded under the firm of AVA Logistik GmbH and concentrates its

activities on the three warehouses in Bielefeld-Senne-stadt, Zarrentin and Laichingen as well as on logistical tasks. As per the beginning of 2001 the purchasing department has been transferred to Marktkauf OHG.

Since January 2001 the service company gdr Gesellschaft für Datenverarbeitung und Rech-



nungswesen GmbH has been named AVA Informationstechnologie GmbH. The change of the corporate name emphasises that the company now is exclusively in charge of fulfilling IT tasks for the Group. The present gdr departments Personnel and Accounting were transferred to AVA AG. Finally in 2001 Kaufmarkt Vermietungs- und Verpachtungsgesellschaft GmbH was re-named to AVA Vermietungs- und Verpachtungsgesellschaft.

Employees

Within the Group, the number of employees grew by 750 or 2.6 percent to 29,288 as per the end of 2001 (28,538 the year before). The additional job openings exclusively result from the expansion of the sales sectors.

Capital Stock

Capital stock of AVA AG amounts to unchanged EUR 79,950,720 and is divided into 31,230,750 bearer shares.

According to a resolution passed at the General Meeting of 3 August 2000, the Board of Executive Directors is authorised, following approval of the Supervisory Board, to increase capital stock once or several times by up to a total of EUR 31,980,288 until 2 August 2005

by issuing new shares against cash contribution (approved capital I).

In addition, the Board of Executive Directors is authorised, following approval of the Supervisory Board, to increase capital stock once or several times by up to a total of EUR 7,995,072

until 2 August 2005 by issuing new shares against cash and/or non-cash capital contribution (approved capital II).

According to a resolution passed at the General Meeting of 3 August 2000, the company is also authorised to acquire own shares in the amount of up to EUR 7,995,072 until 2 February 2002. On the General Meeting of 1 August 2001 the shareholders decided to extend this deadline until 31 January 2003. So far no use has been made of this authorisation.

The AVA Share

The AVA share is listed in the official trading of the stock exchanges Düsseldorf and Frankfurt. The share is also traded in the over-the-counter market of the stock exchanges in Stuttgart, Munich, Bremen and Berlin. In addition, the AVA share is included in the Xetra trade. Deutsche Börse AG lists the AVA share in the Mid-Cap-Index (MDAX) and in the CDAX Retail.

As per the beginning of 2001 the price of the AVA share stood at EUR 34.92, as per the end of the year on 28 December it amounted to EUR 42.50. In the year 2001 the middle market price totalled EUR 37.19.

The year-end price of EUR 42.50 corresponds to a market capitalisation of EUR 1,327 million (1,093 the year before).

In the first quarter of 2002 the price of the AVA share fell from EUR 40.50 on the first trading day by 6.9 percent to EUR 37.70 on 28 March. The middle market price stood at EUR 39.52.

Shareholder Structure

Edeka Zentrale AG & Co. KG (formerly Edeka Zentrale AG), Hamburg, which up to now already represented the major AVA shareholder with 50 percent minus one share, increased



MARKTKAUF

SB-WARENHAUS

GETRÄNKEMARKT

← EINFAHRT

WARENANNAHME
Gewerbestraße

MARKTKAUF

1.800.000

its holding in AVA AG to 54.27 percent on 9 January 2002.

Thomas Bruch, St. Wendel, who since July 2000 has had a holding of 10.29 percent in AVA AG, reduced his stake in two steps to below 5 percent, namely to 9.97 percent in

March 2001 and to 3.96 percent in Novem-



ber 2001.

BayernFinanz Gesellschaft für Finanzmanagement und Beteiligungen mbH, Munich, which since December 1999 has had a holding of 7.8 percent in the capital stock of AVA AG, informed us that this participation has been reduced to 4.99 percent on 28 February 2002. Besides Edeka Zentrale AG & Co. KG, there is no other AVA shareholder who reaches the threshold of 5 percent of the voting rights which is subject to reporting requirements.

The remaining AVA shares are widely spread. A survey carried out in spring 2001 revealed that there are about 5,500 additional shareholders. Foreign investors had a share in the capital stock of about one percent.

Dependence Report

The Board of Executive Directors of AVA AG summarises the dependence report for the fiscal year 2001 as follows: "We declare that AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft received an adequate compensation for every legal transaction with affiliated companies under the circumstances known to us at the time the legal transactions took place. In addition, we declare that AVA Allgemeine

Handelsgesellschaft der Verbraucher Aktiengesellschaft was in no way disadvantaged by any measures under the circumstances known to us at the time these measures were effected. This declaration has been included in the management report."

Risk Management

The risk strategy of AVA AG and its member companies remained unchanged in the year under review. The internal monitoring systems provided information and data on time and completely. The internal audit being an integral part of the monitoring system fulfilled its audit requirements and tasks in the field of risk management.

The commitment of AVA in Russia counts among the risk factors which are to be observed. Both the concept of the Russian company Marktkauf Rus, in which AVA has a holding of 75.1 percent, and the observation and monitoring mechanisms are evaluated.

The communication between the risk managers and the persons responsible for observing the defined risks runs smoothly. Thanks to the simplified and leaner corporate structure of the AVA Group, the communication channels have become simpler and shorter. Regular reporting predominantly took place within the framework of the so-called AVA Management Council, which is composed of the members of the Board of Executive Directors and of the managing directors of the AVA companies or the division managers. Ad hoc reports which were required in certain situations had no longer to be submitted.

The monitoring of the implementation of the risk management procedures as well as its controlling did not lead to any complaints.

The review of the general risk situation revealed that there were no risks which posed a threat to the continued existence of the company and that no existential risks are discernible in the foreseeable future.

Dauer  **tiefpreise**
...die **sparen**
Tag für Tag!

GUT und BILLIG ..  **den weg!**
zum Discounter

Ich bin **kostenlos**
und **umwelt-**
freundlich! 



12.⁹⁹ 00

75%



Introduction of the Euro

On 1 January 2002 the Euro cash introduction represented the highlight and completion of the currency adjustment from D-Mark to Euro.

Since the beginning of 1999 AVA had already used the Euro for transaction bookings in all corporate systems and applications. As per

made by the AVA outlets that all prices have exactly been converted without any price increases. Unlike other economic sectors, especially the service sector, the retail trade was certified by official statistics and other market observers that it did not use the introduction of the Euro for increasing prices. A rise in prices was, however, caused by various tax increases which became effective as per 1 January 2002. In January



the beginning of the year 2001 the company currency was adjusted to Euro. As from mid 2001 the whole internal reporting was made in Euro.

The introduction of the Euro has intensively been prepared for since 1997. Like all preceding steps, the cash adjustment also went off smoothly, which not least resulted from the comprehensive training and the personal involvement of the employees in both the outlets and the central sectors. Customer complaints related to the introduction of the Euro were not reported. The costs of the currency adjustment totalled 0.1 percent of the Group sales.

From AVA's point of view, the Euro cash introduction had already been concluded after the first two weeks. In the AVA outlets a total of almost EUR 120 million of cash had to be moved additionally. According to a promise made by the German retail trade, payments in D-Mark were still accepted until the end of February 2002.

Until then all prices were still indicated in D-Mark and Euro in order to facilitate the customers to get used to the Euro prices.

By means of double price marking, the customers shall be able to verify the promise

2002 there also were strong price increases for fruit and vegetables, which, however, were due to the cold winter in the southern European production countries.

One has to start out from the assumption that it will last many months until the consumers will be able to grasp and classify the value of goods and services in Euro. Until then the translation into D-Mark will be used as an aid, which on the other hand delays the habituation process to the indications in Euro.

Net Worth and Financial Position

The reduction in balance sheet total of EUR 44.9 million or 3.6 percent to EUR 1,218.5 million was effected on the asset side, mainly in the intangible assets and inventories. On the liabilities side, especially the short-term loan capital decreased. The fixed assets are fully covered by the stockholders' equity (99 percent the year before). Including the long-term outside funds, there exists a surplus cover of 56 percent (43 percent the year before). After deduction of the balancing item for negative capital accounts of other shareholders, the stockholders' equity rose from EUR 395.4 million to EUR 421.3 million in the year under review. Related to the balance sheet to-

tal, the own resources grew from 31.3 per-cent to 34.6 percent.

There was a marginal decline in long-term loan capital. The rise in long-term accrued liabilities was offset by a decline in miscellaneous long-term items.

The short-term loan capital was especially characterised by a reduction in trade creditors and accrued liabilities for taxes. On the

to the year before. The working capital as liquid asset ratio as calculated from the difference between the current assets and the short-term loan capital increased from EUR 170.9 million to EUR 213.6 million in the year under review.



other hand, there was a growth in short-term liabilities due to banks so that in total there was a decrease of EUR 68.0 million compared

Structural balance sheet of the AVA group as at 31.12

Assets	2001		2000		Equity and liabilities	2001		2000	
	€ (millions)	%	€ (millions)	%		€ (millions)	%	€ (millions)	%
Fixed assets	381.2	31.3	399.9	31.7					
Current assets					Equity and equity-like items	421.3	34.6	395.4	31.3
Stocks	634.1	52.0	650.1	51.5	Long-term borrowed capital				
Receivables and other assets	172.9	14.2	182.7	14.4	Long-term provisions	92.9	7.6	92.3	7.3
Cash	28.7	2.4	28.2	2.2	Other long-term borrowed capital	81.0	6.6	84.3	6.7
	835.7	68.6	861.0	68.1		173.9	14.2	176.6	14.0
Prepaid items	1.6	0.1	2.5	0.2	Short-term borrowed capital	622.1	51.1	690.1	54.6
					Deferred items	1.2	0.1	1.3	0.1
Balance sheet total	1,218.5	100.0	1,263.4	100.0	Balance sheet total	1,218.5	100.0	1,263.4	100.0

Trend of Net Earnings

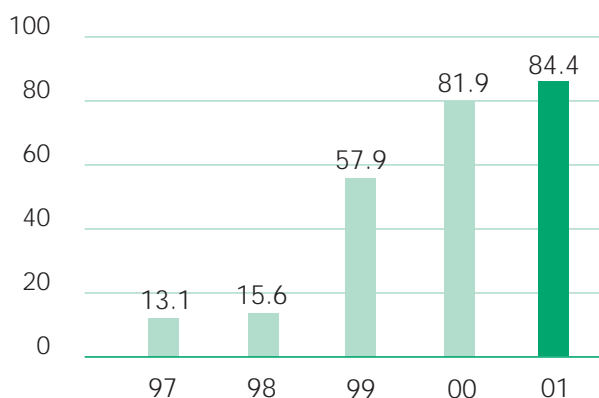
Within the Group, the profit or loss on ordinary activities totalled EUR 108.6 million compared to EUR 136.6 million in 2000. The consolidated annual net profit grew from EUR 81.9 million to EUR 84.4 million.



Proposal for the Appropriation of the Unappropriated Retained Earnings

At the General Meeting of 18 July 2002 in Gütersloh, the Board of Executive Directors and the Supervisory Board will propose to distribute the unappropriated retained earnings of AVA AG of EUR 38.9 million in the form of a dividend of EUR 1.18 per individual share certificate from the dividend-entitled capital stock of EUR 79.95 million. For this purpose, an amount of EUR 36.9 million will be required. The remaining EUR 2 million of the unappropriated retained earnings shall be transferred to the earnings reserves.

Annual net profit (in EUR million)



Outlook

According to the statements of several economic research institutes, the prospects for an economic recovery during the year 2002 improved. However, one has to start out from the assumption that the general upturn will only reach the German retail trade with a significant delay. In March 2002 already, the Main Association of the German Retail Trade did no longer expect that its former prognosis for a slight increase in sales of 0.5 percent in the year 2002 will come true.

In the first quarter of 2002 the German retail trade had to take significant decreases in sales of about 3 – 4 percent. The slack propensity to consume is mainly due to the continuously high unemployment, increased taxes and social security contributions and last but not least the widespread insecurity resulting from the Euro. Especially in the non-food business, it became apparent that the habituation to the Euro prices and the value estimation represent a long-lasting process and that purchases will therefore be postponed.

AVA expects that it will again develop above industry average in 2002 with an increase in Group sales of about 2.0 percent to EUR 5.6 billion.

In 2002 the total selling space of the AVA companies shall grow by about 85,000 square metres by means of new store openings and expansions. Investments in the amount of about EUR 47 million are planned, plus EUR 32 million which will be financed by leasing.

Provided that there will be no unexpected additional burdens arising from the market, the consolidated annual net profit will slightly be below last year's figure, taking into consideration the relatively high costs for expansion in 2002 as well as the current consumption pattern.

No special risks are discernible from the current corporate development.

Bielefeld, 12 April 2002

The Board of Executive Directors



At the end of 2001 the Board of Executive Directors and the Supervisory Board passed corporate guidelines entitled "Use all factors of performance!". The programme which consists of eight items shall create the prerequisites for AVA to perform above industry average also in the future, to further extend the market position and to secure the gained profitability.

One item has especially been dedicated to the development in the field of information technology. The availability of technology and of contact persons for the outlets shall further be improved by means of additional investments.

AVA maintains its aim to realise a profit on sales in the magnitude of 2 – 3 percent, a

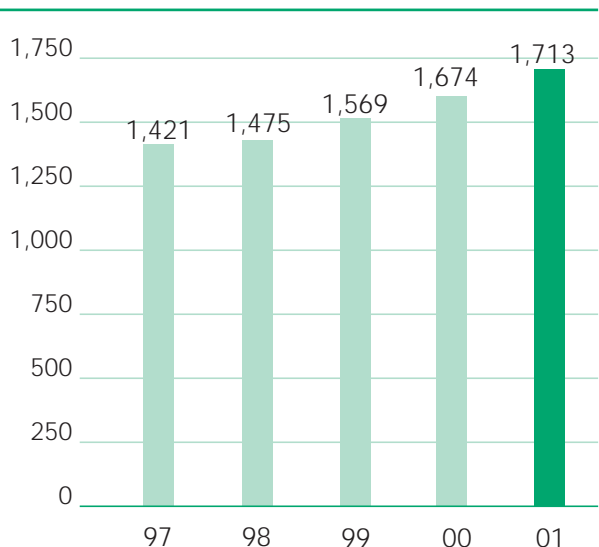


The new guidelines represent an update of the 12-item programme launched in 1998 for the strategic new orientation of AVA and the restoration of its dividend ability. The guidelines are based on the assumption that in the German grocery trade the normal market ex-haustion will no longer be sufficient to realise adequate yields in the long-term.

return on equity of 15 percent and an equity ratio of more than 30 percent. In this respect, one has to take into consideration that the profit on sales is largely influenced by the respective expansion costs.

In the business year 2001 a profit on sales of 2.2 percent, a return on equity of 20 percent and an equity ratio of 34.6 percent have been realised.

Selling space (in 1,000 square metres)



New MIS

Under the name of AVANTI a new project has been launched on 1 March 2002 which aims at streamlining and simplifying all operations in the commodity trade. The revision of the processes is effected in close cooperation with the Edeka Group, among others in the field of a joint master data management.

After having optimised the processes, the commodity trade will only be equipped with adequate software and new hardware. The adjustment of the merchandise information system in the central sectors and all branches is planned to be concluded in 2005.

Cooperation with EDEKA

The common commodity trade represents the core business of the cooperation with the EDEKA Group. Apart from the existing co-operations with the regional companies and the headquarters in Hamburg, in 2001 the main emphasis was put on the extension of the annual talks with national suppliers. In the field of purchasing, the common



procurement volume is economically advantageous to both the EDEKA Group and AVA.

Sales Structure

In 2001 the share in sales of food products slightly grew from 49.6 percent to 49.7 percent. The corresponding decrease in share in sales of non-food products mainly results from the fact that the DIY stores reported a decline in share in sales to 19.2 percent (19.5 in the previous year), due to the generally sluggish growth in sales.

The remaining non-food shares in sales developed as follows: drugstore goods, detergents and cleaning agents stood at unchanged 7.8 percent, other hard goods at 8.7 (8.6) percent, electronic goods at unchanged 3.9 percent, textiles at 3.7 (3.8) percent, gas stations at 6.0 (5.8) percent and optics at unchanged 1.0 percent.

Selling Space

Following the new calculation of the selling spaces (please also refer to page 8), AVA reported a total selling space of 1.67 million square metres as per the beginning of 2001.

In the year under review the hypermarkets in Günthersdorf, Saxony, and in the Dutch Heerlen were closed down. The DIY store in Pasewalk was closed down and the store in Fellbach

was sold to the Rewe Group. The optics store of Krane in Arnsberg was as well closed down.

New hypermarkets were opened up in Voerde, Ostfildern, Weinheim and Hamburg-Wilhelmsburg. In Voerde Marktkauf is now represented by two hypermarkets and a DIY store.

Superstores were added in Schleswig and Clausthal-Zellerfeld. The outlet in Hameln, which

was closed down due to a fire in September 2000, has been re-opened. Krane opened up new speciality stores in Herne, Leipzig and Erfurt. The balance of closures and openings represents an increase in space of 39,000 square metres to a total of 1.71 million square metres.

For 2002 an expansion of the selling space of about 85,000 square metres is planned (excluding the outlet in Moscow).

Following the opening of an outlet in Bochum on 21 March, in 2002 new hypermarkets are in addition planned in Goslar, Mönchengladbach, Itzehoe and Esslingen (Neckarcenter).

Selling space - position as at 31.12.2001

	Number	m ²	Ø m ²
Hypermarkets	114	643,428	5,644
Superstores	56	155,161	2,771
DIY stores	141	900,855	6,389
Optics Stores	88	13,228	155
Total	399	1,712,672	-

New superstores were opened up in Bad Harzburg (7 March 2002) and in Warendorf (7 May 2002).

The new DIY stores in Bretten (opened up on 21 February 2002), in Bielefeld-Oldentrup (4 February 2002), in Bielefeld-Beckhausstrasse (18 February 2002) and in Warendorf (7 May 2002) will be followed by a DIY and garden centre in Detmold in October.

founded in 1892 as registered cooperative society named "Bielefelder Konsum-Verein". In 1975 the former co op Ostwestfalen-Lippe eG was transformed into AVA Allgemeine Handelsgesellschaft der Verbraucher AG. Since then AVA has developed from a regional company into a nation-wide retail establishment. Together with AVA, the Edeka Group, which at present has a majority holding of 54.27



Krane also plans several new outlets for 2002.

Real Estate

As per 31 December 2001 the AVA Group's real estate included 397,000 square metres of our own property as well as 63,000 square metres of leased property. Including the associated companies and the existing acquisition rights, 346,000 square metres of own selling space have been secured.

110 Years of AVA

In 2002 AVA can look back on a 110-year old tradition. The oldest legal predecessor was

percent in AVA AG, represents the largest grocery retailer in Germany.

After completion of the new orientation programme launched in 1998, which concentrates on the large-scale business (hypermarkets, large superstores as well as DIY and garden centres), AVA again developed into one of the leaders in the German retail trade. The business development has significantly been above industry average for years. Due to the establishment of and concentration on Marktkauf as a brand as well as the started expansion, AVA remains confident that it will grow faster than the industry and thus continue its independent business activities also in the years to come.

Retail sales/Product categories

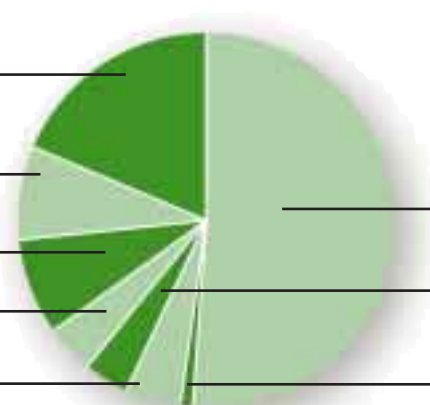
DIY **19.2%**

Chemist's/washing and cleaning agents **7.8%**

Other hardware **8.7%**

Electrical goods **3.9%**

Filling stations **6.0%**



Food **49.7%**

Textiles **3.7%**

Optics **1.0%**



In 2001 the Marktkauf hypermarket division realised an increase in sales of 4.9 percent to EUR 3.8 billion (3.6 the year before). Adjusted for additional selling space, the growth in sales amounted to 3.6 percent.

The comparison with the industry reveals clearly that the sales of the Marktkauf hypermarkets developed positively. According to Nielsen, the hypermarkets in Germany reported a



total plus of 3.0 percent. Adjusted for additional selling space, there remained an increase of 2.6 percent.

A 5-year comparison reveals even more clearly the distance to the industry. While, adjusted for additional selling space, the total hypermarkets had to take a drop in sales of 6.5 percent from 1997 - 2001, Marktkauf reported a growth of 12.7 percent.

In the year under review Marktkauf celebrated its 30th anniversary which was used as an opportunity to further increase its degree of publicity and to attract new customers by means of various special events.

The 12 hot-air balloons of Marktkauf, which could be seen in the sky above Germany as from the beginning of July, attracted special attention. They started from 12 different locations spread over the federal territory and in the course of the season were observed by an estimated 70 percent of the German population. Apart from the rides for Marktkauf customers, the balloons also took part in numerous big events and balloon pilot meetings, like e.g. in the crossing of the Alps. The Marktkauf balloons shall also start in 2002 and 2003.

Bearing in mind the continued heightened

competition, the price apparently represents

the strongest means for making oneself stand out in the German grocery trade. The price aggressive discounters serve as a model in the price entry-level sector. Other selling lines also take this level as a means of orientation, without, however, having the cost structure of a discounter. The constantly increasing frequency of special offers also contributes to this development. Although they result in increased customer frequencies in the short-term, they do, however, not contribute to the customer relations and additionally deteriorate the yield.

Marktkauf, however, keeps to its concept of every-day low prices which has already been implemented since the opening of its first outlet in 1971. Since 1996 this has included the price entry-level product range 'Gut & Billig', which represents an alternative to the discounters with regard to quality and prices and is communicated as such to the customers in the marketing.

In parallel to the every-day low prices strategy, for several years now Marktkauf has succeeded in increasingly establishing the shopping venue Marktkauf as a brand. Marktkauf nowadays has the largest share of regular customers and counts among the industry leaders with regard to surface productivity.

After almost one year of testing, in autumn Marktkauf started to issue its new customer card. Until the end of 2002 the card shall be usable in all hypermarkets and DIY stores. Due to the present experiences made, one can assume that the customer card will increase the customer frequency and the average shopping volume of the regular customers. The basic function of the card consists of the possibility to take part in a weekly competition with cash prizes. Additional functions (e.g. for payments) shall follow.

Selling Space

In 2001 the number of Marktkauf hypermarkets increased to 114, due to the closure of the outlets in Günthersdorf, Saxony, and Heerlen, The Netherlands, as well as the opening of the new outlets in Voerde, Ostfildern, Weinheim and Hamburg-

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Wilhelmsburg. On balance the total selling space grew by 16,530 square

metres to 643,428 square metres, as a result of new spaces and the expansion of existing outlets.

Employees

The average number of employees in terms

In the sense of an independent and distinctive marketer profile, Marktkauf will strictly concentrate on the core competences, for which

it among others defined the following aims:

- leadership in quality instead of leadership in prices by emphasising the attractive price/performance ratio
- absolute competitiveness in the price entry-level sector
- differentiation by means of a wide or



of full-time employees rose from 11,244 to 11,346.

Investments / Depreciations

Investments totalled EUR 31.8 million compared to EUR 22.3 million the year before and are opposed by depreciations in the amount of EUR 27.9 million (27.8 the year before).

Profit or Loss

The profit or loss on ordinary activities amounted to EUR 93.4 million in the year under review compared to EUR 105.3 million in the business year 2000.

Outlook

Hypermarkets

extended fresh food offer

- fast implementation of new consumer trends in the definition of the product ranges
- strong focus on regional aspects
- customer relations by means of service orientation and advising competence
- uniform design of the outlets and the presentation of goods
- taking into account the trend towards increasingly food-oriented medium-size outlets (4,000 – 5,000 square metres of selling space)

In the first quarter of 2002 Marktkauf opened up a new hypermarket in Bochum and has thus been represented in the centre of the Ruhr Area for the first time. In addition, new hypermarkets shall be added in Goslar, Mönchengladbach, Itzehoe and Esslingen (Neckarcenler)

		2001	2000
Gross sales	EUR (millions)	3,814.1	3,634.4
Change compared with previous year	%	4.9	4.1
Net sales	EUR (millions)	3,424.9	3,263.0
Investments	EUR (millions)	31.8	22.3
Results from ordinary activities	EUR (millions)	93.4	105.3
Net earnings as percentage of sales (before tax)	%	2.7	3.2
Sales outlets	number	114	112
Sales space	m ² (thousands)	644	627
Employees (average)	full-time staff	11,346	11,244



The business year 2001 of the AVA superstores, which up to now appeared in the market under the name of dixi, was characterised by the adjustment of the first outlets to the name of Marktkauf. The former dixi Discount Handelsgesellschaft GmbH as well as EZA Einkaufszentrum für Alle GmbH & Co. OHG were merged into Marktkauf OHG as per 1 January 2002.



Uniform Market Appearance

The aim of the uniform market appearance of all selling lines of AVA (with the exception of Krane Optik) is to condense the marketing network and to penetrate the market much quicker. The stronger market presence and the uniform communication with the customers sharpen the image of Marktkauf as a brand which stands out from the competitors. In parallel, an approach towards the prices of the Marktkauf hypermarkets is made.

In the year under review seven adjustments took place in the key area around Bielefeld and another seven in the south west of Germany. The re-opening of the outlet in Hameln, which since September 2000 has been closed down due to a fire, was also effected under the name of Marktkauf like the two new objects in Schleswig and Clausthal-Zellerfeld.

In the first quarter of 2002 the superstores in Sindelfingen and Paderborn were adjusted to Marktkauf. The new locations in Bad Harzburg (superstore, opened up on 7 March 2002) and Warendorf (superstore with beverage market and DIY store, opened up on 7 May 2002) have traded under the firm of Marktkauf from the very beginning.

Sales

In 2001 the superstores also continued to grow. Sales rose by 5.3 percent to EUR 575.8 million (547.1 the year before). Adjusted for additional selling space, there also was a significant increase of 4.0 percent.

According to Nielsen, in Germany the whole market segment 'Large Superstores' reported a rise in sales of 1.9 percent only in 2001. Adjusted for additional selling space, the industry even had to take a minus of 1.0 percent.

The increase in sales of the Marktkauf superstores resulted from the rise in the number of customers of almost 1 percent and from the fact that the average purchase ticket grew by EUR 0.54.

Increased Freshness

The trend to further extend the fresh food departments in the Marktkauf superstores also continued in 2001. In the case of all new store openings and adjustments, the share in space of these product ranges has been increased. The limited spaces in the superstores made it necessary to reduce other product ranges, whereby, at least in the smaller superstores, only a reduced textile product range without off-the-peg clothing is carried in stock.

Investments / Amortisations

Totalling EUR 4.4 million investments approximately remained on last year's level of EUR 3.8 million. Amortisations amounted to EUR 4.9 million (5.0 the year before).

Profit or Loss

The profit or loss on ordinary activities totalled EUR 13.1 million (14.2 the year before).

Outlook

On the basis of the experiences made in 2001, the remaining superstores will gradually be adjusted to Marktkauf in the time to come. Apart from the already mentioned locations Bad Harzburg and Warendorf, there will be no more new store openings in 2002.

For the selling line Marktkauf superstore, there still is a significant nationwide potential for new locations in the years to come. New locations shall primarily condense the existing marketing network or be located in the vicinity of the three logistics centres of AVA.

The category 'Superstore' is considered to be the classical selling line for basic and medium centres. What is new is the trend to establish superstores in the district shopping centres of big cities as a means of customer attraction. The Marktkauf concept is especially suitable for this purpose, as the superstores are regularly supplemented by high-performing franchisees, like e.g. for bakery goods and service counters for meat and sausages, but also for lotto/toto (national lottery/football pools), mobile phones, flowers or travel, and thus offer the customers a complete range of products and services.

**Superstores**

		2001	2000
Gross sales	EUR (millions)	575.8	546.6
Change compared with previous year	%	5.3	5.7
Net sales	EUR (millions)	516.0	489.8
Investment	EUR (millions)	4.4	3.8
Results from ordinary activities	EUR (millions)	13.1	14.2
Net earnings as percentage of sales (before tax)	%	2.5	2.9
Sales outlets	number	56	54
Sales space	m ² (thousands)	155	150
Employees (average)	full-time staff	2,160	2,029

In the business year 2001 the trend reversal towards a positive development, which has been expected by the German DIY industry for four years, also failed to materialise. This is due to the bad weather in the first four months, the weak propensity to consume, which even grew as per the end of the year, as well as the continued expansion of the selling space, which, at stagnating sales (industry: minus 0.4 percent in nominal terms, minus

metres the year before. One has, however, to take into account that part of the increase results from the new calculation of the selling spaces (please also refer to page 8).

In 2001 Marktkauf opened up three new DIY stores in Wittenberge, Schwäbisch Gmünd and Hernstedt-Ulzburg. The existing DIY store in Bielefeld-Oldentrup was demolished in spring 2001 in order to provide space for a



3.6 percent adjusted for additional selling space), led to a further decline in surface productivity.

The market was additionally burdened by the declining number of building permissions of 20 percent as well as the negative demand trend for real estate.

The concentration in the industry continued. The top ten increased their market share from 77.0 percent in 1998 to 81.7 percent in the year under review.

In the past ten years the total number of DIY stores in Germany grew from 1,617 to 2,590 as per the end of the year 2001. At the same time total selling space rose from 3.7 million square metres to 11.3 million square metres.

The average selling space of a DIY store grew from 2,300 square metres in 1991 to 4,350 square metres at the end of 2001. 45.8 percent of the 96 do-it-yourself stores newly opened up in the year under review have a selling space of more than 5,000 square metres, 25 percent of the new DIY stores are even larger than 10,000 square metres.

The average size of a Marktkauf DIY store amounted to 6,389 square metres as per the end of the year compared to 5,929 square

metres the year before. The DIY store in Fellbach was closed down as per the end of the year and then sold to Rewe. The total number of Marktkauf DIY stores grew from 140 to 141. 72 DIY stores are connected to a hypermarket or superstore.

In 2001 the sales of the DIY division grew by 2.9 percent to EUR 1.06 billion (1.03 the year before), although after the first four months the division had still reported a decline of 6.0 percent compared to the same period last year. It has thus realised its aim to achieve the turnaround in the trend of sales until the end of the year. Even adjusted for additional selling space, there remained a minor growth in sales of 0.1 percent.

However, this required significant investments in the market in the form of aggressive price policies and the streamlining of product ranges, so that the profit or loss on ordinary activities of plus EUR 3.0 million in 2000 fell to minus EUR 19.9 million in the year under review.

The cooperation in the field of purchasing for the DIY stores established in May 2001 with the Rewe Group and the Austrian bauMax-Group represents an important step for the strengthening of the competitiveness. For this purpose, AVA entered TOOMAXX Handels-



gesellschaft mbH, Klosterneuburg, as a company member. The company was founded in 1999 by Rewe and bauMax in order to coordinate the purchasing volumes.

In TOOMAXX, the currently three partners coordinate their purchasing and output volumes in the field of house brands and exclusive brands. Besides the joint use of the existing house brands, new house brands are

Rewe operates more than 280 'toom' DIY stores in Germany. With 117 DIY stores, bauMax represents the industry leader in Austria and Eastern Europe (73 locations in Austria as well as 44 outlets in the Czech Republic, Slovakia, Hungary, Slovenia and Croatia).

With regard to their total DIY sales, AVA, Rewe and bauMax represent No. 3 in the



also de-developed in common. The imports from the Far East are coordinated and handled by toomax Asia Ltd. headquartered in Hong Kong.

European DIY business.

Outlook

At the end of 2001 already a restructuring programme for the DIY stores has been launched which aims at achieving the profit turnaround in the business year 2002 after having realised the sales turnaround in 2001.

In the first quarter of 2002 three stores were newly opened up, namely in Bielefeld-Oldentrup, in Bielefeld/Beckhausstrasse and in Bretten. In the further course of the year DIY stores will be added in Warendorf and Detmold. The store in Bünde will significantly be extended.

DIY stores

		2001	2000
Gross sales	EUR (millions)	1,057.1	1,027.2
Change compared with previous year	%	2.9	20.3
Net sales	EUR (millions)	917.8	891.9
Investment	EUR (millions)	16.7	9.8
Results from ordinary activities	EUR (millions)	-19.9	3.0
Net earnings as percentage of sales (before tax)	%	-2.2	0.3
Sales outlets	number	141	140
Sales space	m ² (thousands)	901	884
Employees (average)	full-time staff	5,325	5,337

Compared to the previous year, in 2001 the German optics industry had to take a decrease in sales of eye-wear of 4 percent. The sales of the speciality stores stagnated at about EUR 4 billion.

Krane Optik- und Akustik GmbH & Co. Betriebs KG in Rheda-Wiedenbrück, in which AVA has had a holding of 75 percent since 1989, realised retail sales of EUR 53.0 million in 2001

The share in sales coming from the health insurance funds continued to develop positively. In 2001 Krane depended on this highly cost-intensive market segment with a share of 18.1 percent only (18.7 the year before).

For 2002 Krane expects its business activities to continue positively. Several innovations in the lens sector of the company-own lens production Starvision will largely contribute



(50.8 the year before). The increase of 4.2 percent (adjusted for additional selling space: 2.2 percent) shows that Krane developed above industry-average in the year under review. The sales figures do not include the sales of the company-own production named Star-vision in Lippstadt. Krane remains the third largest optician in Germany.

In 2001 the thrift of the Germans when it comes to eye-wear was among others demonstrated by the fact that more and more people only bought new lenses for their old frames. In order to counteract this trend, Krane increasingly, and with success, offered complete sets at special prices. In the year under review Krane thus succeeded in increasing the number of complete glasses (frame and two lenses) by 7.5 percent to 22,580.

to this development. The trend towards lighter and thinner plastic lenses continues. In addition, a polarisation between cheap and high-tech frames can be observed. Especially in the high-quality glasses sector, Krane continuously extended its market position in the previous years.

The tasks of the three central warehouses of AVA located in Bielefeld-Sennestadt, Laichingen and Zarrentin including their car pools are combined in the AVA Logistik GmbH.

In 2001 the sales of the three warehouses increased by 3.5 percent to Euro 1.61 million (1.54 the year before). The development is shown in detail as follows: dry goods EUR 826.1 million (796.1 the year before), bakery



goods EUR 8.7 million (7.2), fruit and vegetables EUR 169.3 million (156.1), high bay racking EUR 224.4 million (217.3), electronic goods EUR 62.9 million (66.0), sound carriers EUR 62.9 million (69.4), frozen food EUR 115.5 million (103.9) and imported goods EUR 138.2 million (140.4).

As per the end of the year 2001, the number of employees of AVA Logistik GmbH decreased by 13.3 percent from 1,231 to 1,067, compared to the previous year.

In the business year 2001 the introductory measures for the restructuring of the AVA merchandise flow management were of major importance. This process, which, portrayed in simplified terms, includes purchasing negotiations, ordering, storage and transportation as well as sale and accounting has comprehensively been analysed. The first consequences were already put into practice in the business year 2001. The restructuring is planned to be concluded until the end of 2002.

The general aims of the new merchandise flow management are as follows:

- increasing the presence and availability of goods in the branches
- using potentials for cost reduction within the AVA merchandise flow
- reducing stocks within the value added chain as well as
- guaranteeing simple and standardised procedures.

The control of advertising effectiveness by means of a data warehouse has successfully been used. Thanks to the electronic data evaluation, the item-related control is possible in all branches. Clearly defined sales aims and responsibilities secure the advertising effectiveness as well as the inventory control of the advertised goods.

The AVA-own sound carrier business (purchasing, making out of production orders, distribution, rackjobbing in the outlets) located in Bielefeld-Sennestadt has been stopped as per the end of the year 2001 for economic reasons. The handling of this business has been assigned to a specialised service company. The space in the Sennestadt warehouse formerly used for sound carriers can now be used at low cost for other product ranges or special offer items.

The so-called procurement place terms and conditions are critically looked at, whereby in the case of every individual supplier it is examined whether the supply from a central warehouse or the drop shipment supply is more favourable for AVA. The negotiations with suppliers also include rack and other ordering services. The negotiations with national suppliers on the terms and conditions for procurement are effected in agreement with the chief negotiators of the Edeka Group.



The task of FG Frischwaren GmbH consists of the nationwide supply of the AVA outlets with meat, sausages, poultry, fish and delicacies for both the service and self-service sectors. In this respect, FG acts as purchaser and distributor. The production of FG includes the carving up, portioning and packaging of fresh meat as well as marinated products for the self-service sale. At present FG operates three branches. 156 persons are employed in Georgsmarienhütte

Sales

Net sales grew by 13.5 percent from EUR 274.6 million in 2000 to EUR 311.7 million in 2001, although the business was characterised by dramatic market changes resulting from the BSE crisis, which emerged when a BSE-sick animal has become known for the first time in Germany on 24 November 2000, and from the foot and mouth disease which appeared in the UK, in France and in the Netherlands in 2001.



(163 the year before), 87 (85) in Laichingen and 55 (55) in Grossweitzschen-Mockritz, whereby, despite the significant increases in sales in the past years, the number of employees remained almost stable.

The worries of the consumers with regard to their feeding increased rapidly from November 2000 until the end of January 2001: Two thirds of the Germans were convinced that their needs regarding a good and safe feeding were not sufficiently taken care of.

At the beginning of 2001 this estimation had dramatic consequences for the consumption of beef with decreases in demand of up to 70 percent. Due to the foot and mouth disease, a corresponding increase in the sale of pork did not occur.

In parallel, there were exorbitant decreases in sales in the sausages sector. The recipes of many items had to be adjusted completely, as the indication of beef ingredients led to the fact that these items were no longer bought at all. The sausages sold at the service counters were much stronger affected by this decrease than the self-service goods with indicated ingredients.

The winner clearly was the poultry. Especially the turkey experienced supply shortages.

Since mid 2001 a general easing of the situation has been experienced. Nevertheless, the per capita consumption of meat fell to 60.7 kg in 2001 (2000: 61.4 kg; 1999: 63.4

kg).

The most serious changes have already been mentioned: The consumption of beef fell by 15.5 percent, those of poultry grew by 11.8 percent and those of pork by 0.5 percent. The quantitative developments led to enormous price changes. In 2001 the prices for beef fell by 22 percent on average, compared to the previous year. In parallel, the prices for pork grew by 18.3 percent, mainly also because of

Outlook

The year 2002 will probably experience only a very weak propensity to consume. The first months reveal that the consumers act very cautiously. Although the beef business recovered, whereby quantities developed positively in line with a stable trend in price, at the same time, however, the prices for pork and poultry decreased strongly in line with a



a lack of imports due to the foot and mouth disease. The prices for chicken grew by 13 percent and those for turkey by 9 percent.

de-crease in quantity. This double effect causes a weak trend of sales.

In combination with the again rising confidence of the consumers, the rise in prices for meat and sausages led to a stronger orientation towards special offers and entry level product ranges. The share of the entry-level product range 'Gut und Billig' in the total sales of the FG product categories grows steadily and, independent of all political discussions on quality, also rose in 2001.

The cooperation with the regional companies of Edeka has further been extended with regard to both purchasing (by increasing the number of suppliers participating in the common annual talks) and goods exchange. Since mid 2001 FG has supplied a large number of outlets of Edeka-Nordbayern with packed fresh meat of the brand 'Gutfleisch' for the self-service counters.

The AVA service company CEV Center Entwicklungs- und Verwaltungs-GmbH conceives and realises commercial large-scale projects and then also takes over the management. CEV is the third largest centre management company in Germany.

In 2001 the selective expansion policy of CEV led to the management takeover of two additional shopping centres in Dresden. The

ing space could have been leased again in the short-term.

Not least thanks to effective advertising measures, the frequency of the centres could have been raised continuously. On comparable space, the sales of the lessees increased by 4.4 percent in 2001.

CEV aims at further condensing its distribution area by acquiring new centres. In



Prohlis-Center has a space to lease of 12,500 square metres, the Leubnitz Treff of 3,600 square metres. At the end of 2001 CEV was thus responsible for the management of 19 shopping centres, the majority of which is located in East Germany.

Four of the CEV objects are property of AVA, in six objects CEV represents the general lessee and in nine centres CEV acts exclusively as a service company and is responsible for the management and lease of the spaces.

In 2001 CEV was in charge of centres with a total space to lease of about 535,000 square metres and with 832 lessees. In the majority of the objects, the leasing rate was 100 percent. Only at two locations in East Germany special action was required. In the Flora-Park near Magdeburg a so-called anchor lessee dropped out due to the insolvency of the corporate headquarters. By allocating the spaces newly, the about 5,000 square metres of sell-

this re-spect, partnership and human relations with the national lessees are important prerequisites for a successful leasing business as well as for an attractive mixture of the product ranges and services offered to the customers.

CEV succeeded in obtaining the management order for a new shopping and entertainment centre in Bremen-Vegesack which will be opened up in 2003. The usable floor space of the centre amounts to 33,000 square metres. Being the main lessee, Marktkauf will be represented by a hypermarket.



MARKTKAUF

JEANS FRITZ

MARKTKAUF CENTER



AVA Informationstechnologie GmbH was created on 1 January 2001 by changing the corporate name of gdr Gesellschaft für Daten-verarbeitung und Rechnungswesen mbH. It concentrates on performing IT services for the AVA Group.

In the financial year 2001 AVA IT reported sales of EUR 14.9 million compared to EUR 21.0 million the year before. The sales



correspond to the service rates AVA IT invoiced the AVA companies. As a result of transferring the service functions to AVA AG, the number of employees decreased by 164 to 129.

In 2001 the outstanding task of AVA IT was to prepare for the introduction of the Euro. At the beginning of the year the whole accounting and payments was adjusted to Euro, followed by the introduction of the Euro as corporate currency in mid 2001 and by the adjustment of the internal reporting of the AVA Group. The Euro cash introduction as per 1 January 2002 was realised according to plan and without disturbances (please also refer to page 12).

As per 1 March 2002 the organisation departments of the individual AVA companies including AVA AG have been combined in AVA IT, whereby a common organisation and responsibility for the whole Group have been created. The tasks of AVA IT are now divided into the following departments: marketing service, merchandise information systems, basic technologies, management systems and production.

For the Marktkauf shopping centre in Moscow, which is under construction, AVA IT developed a special project. The tasks include the

technical and organisational introduction of

the systems and applications required on site (e.g. merchandise information, cash payments, accounting) as well as the building up of a technological infrastructure for Markt-kauf Russia.

In the years to come special emphasis will be put on the AVANTI project, in which employees of both the operating departments and the IT departments will participate. The task consists of the process-oriented introduction of a new merchandise information system in the AVA companies.

The new merchandise information system shall develop into a comprehensive steering instrument which is characterised by simple and standardised processes as well as efficient

communication along the value added chain and reduced processing times. In this respect, high compatibility with the systems of Edeka Group shall be created on all levels of the common merchandise information processes. The priority aims of the new merchandise information system are:

- raising the availability of goods
- reducing the costs and stocks in the value added chain as well as
- using sales potentials optimally.



Our Employees

Within the Group, the number of employees increased by 750 or 2.6 percent to 29,288 (28,538 the year before) as per the end of 2001. This rise exclusively results from new locations.

While, compared to the year before, the selling companies reported an increase in the number of employees of 976 to 27,261, the number of persons employed at AVA



AG and the service companies decreased by 226 to 2,027.

Compared to the end of the previous year, the employee structure did not change significantly: 11,037 employees worked full-time, 12,949 part-time and 4,095 people were temporary workers.

Following an increase of 23.6 percent in the business year 2000, the number of trainees also significantly rose in the year under review, namely by 12.4 percent to 1,207 (1,074 as per the end of the year 2000). In addition, 250 young people on average who completed training at external educational establishments were given the opportunity to get acquainted with the company practice in one of the AVA outlets. This cooperation mainly takes place in East Germany.

Working Time

The number of paid overtime fell by 10.9 percent to 234,490 hours in 2001 (263,166 the year before).

Within the AVA Group, the rate of part-time employees totalled 57.8 percent in the year under review. Of the about 2.5 million employees in the German retail trade, 50.8 percent had a part-time job. The part-time

rate

of AVA corresponds to the share of the grocery trade.

Pay Scales

In the old federal states company collective agreements apply to the following companies: AVA AG, CEV, AVA Logistik, FG, AVA IT and Marktkauf OHG (without the former Kaufmarkt sector in the south of Germany).

As per 1 September 2001 an increase in wages and salaries of 2.7 percent became effective. The contractual term of the new pay scales is 11 months. The provisions stipulated in the company collective agreements correspond to the industry pay scales.

Old Age Security System

Bearing in mind the general decrease in old-age pension, the old age security system of AVA has been supplemented by a negotiated model in 2001, according to which every contract employee is credited EUR 122.71 per employment year on his or her pension account.

Training

AVA has been awarded the 'Grips & Co.-Trophäe' for its outstanding training performances. In 2001 the former AVA trainee Norman Westphal emerged as federal winner from the Grips & Co. competition for junior staff in training of the grocery trade and has thereby won the trophy for AVA for the fifth time. There is no other company which so often presented a federal winner in the up to now 21 competitions, which are organised by the publishing house 'Albrecht-Verlag' and the specialised publication 'Rundschau für den Lebensmittelhandel'.

The training performance, which significantly increased in the past years, shall also be continued in the years to come. As per the beginning of the new training year in summer 2002, 540 new training places will be offered. AVA takes over 85 – 90 percent of all trainees after they have completed their training. The high level of training efforts is

an integral part of the company development.

What is new is the Connex Programme by means of which AVA seeks to keep in contact with above-average qualified young people who complete a course at a university after their training. This junior staff in training is supported by AVA during the studies, and afterwards the young people are offered



special career development prospects within the company.

Further Education

The development programme for executives FEP launched in the business year 2000 develops more and more into a pillar of the AVA Further Education. The number of applicants and participants continued to rise.

The main principle of FEP is "to promote young executives from the own ranks instead of hiring staff from outside the company". In three different steps, the programme prepares young executives for their tasks as department managers, division managers and finally as managing directors. Two thirds of the about 100 participants who completed the FEP Programme in the year of its launch were already in charge of higher tasks within the AVA Group in 2001.

Occupational Safety

The number of work accidents grew to 470 in 2001, compared to 449 in the previous year. 367 (360) accidents were industrial accidents and 103 (89) were travel accidents. The development of the accidents per 100 employees is more meaningful than the compar-

ison of absolute figures. The rate of industrial accidents fell from 1.32 to 1.29. Thus the positive trend of the previous years continued thanks to preventive safety measures.

Thanks to Our Employees

Despite worsened general conditions for the German retail trade and the declining propensity to consume, AVA succeeded in realising its growth objectives in 2001 according to plan. The basis for this success once more consisted of the above-average commitment of our employees. This deserves thanks and appreciation.

Group balance sheet as at 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

Assets	31.12.2001 €	31.12.2000 €
Fixed assets		
Intangible assets	124,507,860.84	144,580,497.71
Tangible assets	238,219,659.57	235,287,691.00
Financial assets	18,441,437.81	20,050,428.67
	381,168,958.22	399,918,617.38
Current assets		
Stocks		
Raw materials and consumables	7,521,440.10	7,481,092.46
Work in progress	700,000.00	634,001.93
Finished goods and merchandise	625,847,630.32	641,987,568.83
	634,069,070.42	650,102,663.22
Receivables and other assets		
Trade receivables	8,052,620.47	8,458,801.49
Amounts owed by undertakings in which the company has a participating interest	21,577,063.42	8,268,264.51
Other assets of which due after more than one year: € 2,360,740.14 (Vorjahr: T€ 2,443)	143,322,350.21	165,916,029.14
	172,952,034.10	182,643,095.14
Cash on hand, bank balances and cheques	28,655,107.13	28,230,265.80
	835,676,211.65	860,976,024.16
Prepayments and accrued income	1,623,427.10	2,457,494.73
Balancing item for negative capital accounts of other shareholders	12,997,309.31	13,784,121.92
	1,231,465,906.28	1,277,136,258.19

Group balance sheet as at 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

Equity and liabilities	31.12.2001 €	31.12.2000 €
Equity		
Subscribed capital	79,950,720.00	79,950,720.00
Capital reserves	101,494,848.88	121,348,164.87
Revenue reserves	247,335,962.53	204,178,771.45
Unappropriated earnings	38,904,575.00	36,726,466.51
Shares of other shareholders	3,420,282.32	3,428,977.25
	471,106,388.73	445,633,100.08
Special item with an equity portion	0.00	468,733.87
Provisions		
Provisions for pensions and similar obligations	17,897,188.00	16,171,183.59
Tax provisions	53,138,479.11	88,823,005.47
Other provisions	88,703,044.16	87,758,444.16
	159,738,711.27	192,752,633.22
Accounts payable		
Liabilities to banks of which due within one year: € 100,358,483.55 (previous year: T€ 55,557)	146,976,021.76	99,902,548.68
Trade payables of which due within one year: € 271,854,834.60 (previous year: T€ 356,304)	271,854,834.60	356,303,702.16
Amounts owed to undertakings in which the company has a participating interest of which due within one year: € 85,398,124.86 (previous year: T€ 81,505)	97,765,122.52	94,232,796.15
Other liabilities of which taxes: € 28,286,737.22 (previous year: T€ 25,908) of which relating to social security: € 18,223,902.73 (previous year: T€ 15,992) of which due within one year: € 60,811,770.46 (previous year: T€ 61,392)	82,861,660.20	86,574,905.65
	599,457,639.08	637,013,952.64
Accruals and deferred income	1,163,167.20	1,267,838.38
	1,231,465,906.28	1,277,136,258.19

Group profit and loss account from 1 January to 31 December 2001
AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

	€	2001 €	2000 €
External sales	5,534,412,820.13		5,281,818,007.11
Turnover tax	599,722,913.25		573,205,254.93
External sales minus turnover tax		4,934,689,906.88	4,708,612,752.18
Other operating income of which from the return of special items with accrual character: € 468,733.87 (previous year: T€ 0)		171,171,627.44	162,050,200.91
Cost of raw materials, consumables and purchased goods		3,604,941,209.92	3,408,438,691.55
Personnel costs Wages and salaries	547,529,446.09		525,372,252.68
Social security, pension and other benefits of which relating to pensions: € 7,437,530.42 (previous year: T€ 4,008)	117,819,046.23		110,712,868.91
Amortisation and depreciation of fixed intangible and tangible assets		665,348,492.32	636,085,121.59
Other operating expenses		57,853,396.86	60,394,928.50
Income from participating interests		662,551,133.28	622,171,612.70
Income from other securities and long-term loans		1,250,757.34	1,210,196.23
Other interest and similar income		329,756.34	346,816.26
Interest and similar expenses		4,364,884.91	4,704,092.30
		12,482,842.82	13,196,617.91
Profit from ordinary activities		108,629,857.71	136,637,085.63
Tax on income and profit		24,239,353.22	54,949,994.45
Other taxes		-36,276.19	-249,427.47
Profit for the year		84,426,780.68	81,936,518.65
Profit shares paid to other shareholders		-2,336,411.28	-3,815,346.11
Changes in revenue reserves		-43,185,794.40	-41,394,706.03
Retained earnings		38,904,575.00	36,726,466.51

Report and development of fixed assets from 1 January to 31 December 2001
of the AVA Group

	Position as at 01.01.2001 (gross) €	Additions (R) Repostings (W) Write-ups €	Disposals (R) Repostings €	Depreciation (accumulated) €	Depreciation (business year) €	Position 31.12.2001 €	Position 31.12.2000 €
Intangible assets							
Concessions, industrial property and similar rights and assets	14,426,363.12	1,233,771.35	1,951,359.12	11,256,311.35	1,202,374.32	2,452,464.00	2,493,254.62
Goodwill	271,574,263.06	–	22,279,462.44	133,662,493.11	863,942.98	115,632,307.51	136,349,566.68
Purchase options	5,737,676.42	333,062.41	–	–	–	6,070,738.83	5,737,676.41
Prepayments made	–	352,350.50	–	–	–	352,350.50	–
	291,738,302.60	1,919,184.26	24,230,821.56	144,918,804.46	2,066,317.30	124,507,860.84	144,580,497.71
Tangible assets-							
Land, similar rights and buildings inclu- ding buildings on third-party land	351,380,069.52	(R) 296,432.78 24,246,987.98	7,080,870.58	199,360,036.58	18,996,336.73	169,482,583.12	166,764,383.91
Technical equipment and machinery	13,950,145.20	1,481,813.69	869,945.62	12,096,450.68	1,074,367.85	2,465,562.59	2,067,845.88
Other equipment, furniture and office equipment	410,658,015.63	(R) 64,577.74 34,773,228.21	28,361,751.79	353,870,944.31	35,716,374.98	63,263,125.48	65,879,793.12
Payments on account and construction in progress	575,668.15	2,947,033.35	(R) 361,010.52 153,302.60	–	–	3,008,388.38	575,668.09
	776,563,898.50	(R) 361,010.52 63,449,063.23	(R) 361,010.52 36,465,870.59	565,327,431.57	55,787,079.56	238,219,659.57	235,287,691.00
Financial assets							
Participating interests	2,970,452.46	–	28,632.35	225,377.46	–	2,716,442.65	2,745,074.98
Shares in associated undertakings	8,575,448.28	(W) 113,720.64 100,000.00	–	80,430.53	80,430.53	8,708,738.39	8,575,448.28
Loans to undertakings in which the company has a participating interest	2,300,066.27	80,839.85	1,299,017.25	–	–	1,081,888.87	2,477,192.41
	14,052.35	–	–	–	–	14,052.35	14,052.35
Securities held as fixed assets	7,146,934.24	(W) 166,647.39 122,101.81	784,220.50	731,147.39	–	5,920,315.55	6,238,660.65
Other loans	21,006,953.60	(W) 280,368.03 302,941.66	2,111,870.10	1,036,955.38	80,430.53	18,441,437.81	20,050,428.67
	1,089,309,154.70	(R) 361,010.52 (W) 280,368.03 65,671,189.15	(R) 361,010.52 62,808,562.25	711,283,191.41	57,933,827.39	381,168,958.22	399,918,617.38

Balance sheet as at 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

Assets	31.12.2001 €	31.12.2000 €
Fixed assets		
Intangible assets	6,374,918.83	6,263,950.66
Tangible assets	23,994,863.52	24,680,226.50
Financial assets	315,439,588.53	317,492,525.58
	345,809,370.88	348,436,702.74
Current assets		
Receivables and other assets		
Amounts owed by associated undertakings of which due after more than one year: € 12,512,649.03 (previous year: T€ 70,115)	540,763,093.77	631,136,917.98
Amounts owed by undertakings in which the company has a participating interest	5,835,334.59	8,175,472.59
Other assets of which due after more than one year: € 2,302,946.63 (previous year: T€ 2,385)	29,572,314.96	41,227,423.43
	576,170,743.32	680,539,814.00
Cash on hand, bank balances and cheques	44,099.81	62,998.38
	576,214,843.13	680,602,812.38
Prepayments and accrued income	0.00	669,817.42
	922,024,214.01	1,029,709,332.54

Balance sheet as at 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

Equity and liabilities	31.12.2001 €	31.12.2000 €
Equity		
Subscribed capital	79,950,720.00	79,950,720.00
Capital reserves	271,248,987.54	271,248,987.54
Revenue reserves		
Statutory reserve € 3,254,807.42 (previous year: T€ 3,255)		
Other revenue reserves € 245,384,154.58 (previous year: T€ 206,480)	248,638,962.00	209,734,387.00
Unappropriated earnings	38,904,575.00	36,726,466.51
	638,743,244.54	597,660,561.05
Provisions		
Provisions for pensions and similar obligations	11,025,784.00	9,292,737.10
Tax provisions	52,371,106.93	82,512,169.32
Other provisions	6,026,521.56	6,818,390.28
	69,423,412.49	98,623,296.70
Accounts payable		
Liabilities to banks	119,019,628.45	90,900,215.16
of which due within one year:		
€ 79,019,628.45 (previous year: T€ 54,087)		
Trade payables	5,589,294.76	26,875,072.13
of which due within one year:		
€ 5,589,294.76 (previous year: T€ 26,875)		
Amounts owed to associated undertakings	43,774,225.76	174,092,999.33
of which due within one year:		
€ 43,774,225.76 (previous year: T€ 174,093)		
Amounts owed to undertakings in which the company has a participating interest	29,859,722.18	24,887,192.78
of which due within one year:		
€ 17,492,724.52 (previous year: T€ 12,160)		
Other liabilities	15,614,685.83	16,669,995.39
of which taxes:		
€ 5,499,259.95 (previous year: T€ 300)		
of which relating to social security:		
€ 331,304.43 (previous year: T€ 135)		
of which due within one year:		
€ 7,841,967.10 (previous year: T€ 6,476)		
	213,857,556.98	333,425,474.79
	922,024,214.01	1,029,709,332.54

Profit and loss account from 1 January to 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

	€	2001 €	2000 €
Other operating income		50,776,938.37	20,022,738.75
Personnel costs			
Wages and salaries	16,233,900.52		8,376,248.94
Social security, pension and other benefits	4,601,141.12		1,981,783.52
of which relating to pensions: € 2,567,007.18 (previous year: T€ 1,165)			
		20,835,041.64	10,358,032.46
Amortisation and depreciation of fixed intangible and tangible assets		1,852,566.25	1,429,580.73
Other operating expenses		46,432,784.61	23,399,414.37
Income from profit and loss transfer agreements		17,510,772.13	20,304,408.21
Income from participating interests		80,208,087.72	96,211,813.19
of which from associated undertakings: € 78,744,331.97 (previous year: T€ 95,136)			
Income from other securities and long-term loans		358,963.26	948,252.17
of which from associated undertakings: € 30,830.16 (previous year: T€ 603)			
Other interest and similar income		29,670,504.47	29,343,643.77
of which from associated undertakings: € 25,458,125.47 (previous year: T€ 24,917)			
Interest and similar expenses		17,099,204.61	18,135,963.17
of which charged on to associated undertakings: € 6,105,293.30 (previous year: T€ 7,507)			
Expenses incurred in the transfer of losses		1,672,742.40	6,428,409.72
Profit from ordinary activities		90,632,926.44	107,079,455.64
Tax on income and profit	14,752,696.29		
of which charged on to controlled companies: (previous year: T€ 3,278)	-1,789,170.00		
		12,963,526.29	34,006,463.46
Other taxes		-139,749.85	-379,940.84
Profit for the year		77,809,150.00	73,452,933.02
Changes in revenue reserves		-38,904,575.00	-36,726,466.51
Retained earnings		38,904,575.00	36,726,466.51

Report and development of fixed assets from 1 January to 31 December 2001

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, Bielefeld

	Position 01.01.2001 (gross) €	Additions (R) Repostings €	Disposals (R) Repostings €	Depreciation (accumulated) €	Depreciation (business year) €	Position 31.12.2001 €	Position 31.12.2000 €
Intangible assets							
Concessions, industrial property and similar rights and assets	1,172,832.22	48,352.11	–	917,004.33	270,446.35	304,180.00	526,274.24
Purchase options	5,737,676.42	333,062.41	–	–	–	6,070,738.83	5,737,676.42
	6,910,508.64	381,414.52	0.00	917,004.33	270,446.35	6,374,918.83	6,263,950.66
Tangible assets							
Land, similar rights and buildings including buildings on third-party land	29,287,464.05	(R) 63,911.49 8,681,106.20	9,021,395.15	6,483,095.45	935,529.41	22,527,991.14	23,596,845.86
Other equipment, furniture and office equipment	3,009,553.91	1,396,271.31	610,107.01	2,336,225.21	646,590.49	1,459,493.00	1,019,469.15
Payments on account and construction in progress	63,911.49	7,379.38	(R) 63,911.49	–	–	7,379.38	63,911.49
	32,360,929.45	(R) 63,911.49 10,084,756.89	(R) 63,911.49 9,631,502.16	8,819,320.66	1,582,119.90	23,994,863.52	24,680,226.50
Financial assets							
Shares in associated undertakings	365,376,787.19	8,894,987.30	–	72,995,890.64	–	301,275,883.85	292,380,896.60
Loans to associated undertakings	9,608,509.09	–	9,562,028.11	–	–	46,480.98	9,608,509.09
Participating interests	10,305,418.64	100,000.00	–	225,377.46	–	10,180,041.18	10,080,041.18
Loans to undertakings in which the company has a participating interest	2,223,944.26	1,022.58	1,299,017.25	–	–	925,949.59	2,223,944.26
Securities held as fixed assets	14,052.35	–	–	–	–	14,052.35	14,052.35
Other loans	3,185,082.06	11.51	187,912.99	–	–	2,997,180.58	3,185,082.10
	390,713,793.59	8,996,021.39	11,048,958.35	73,221,268.10	0.00	315,439,588.53	317,492,525.58
Fixed assets	429,985,231.68	(R) 63,911.49 19,462,192.80	(R) 63,911.49 20,680,460.51	82,957,593.09	1,852,566.25	345,809,370.88	348,436,702.74

The consolidated financial statements and the annual financial statements of AVA AG have been drawn up in accordance with the statutory accounting requirements relating to commercial and stock corporation law. The notes to the consolidated financial statements and the notes to the annual financial statements of AVA AG are presented in combined form below. Unless otherwise noted, the explanations and comments contained hereinafter apply to both financial statements. The values in DEM of the previous year were translated into Euro at the fix rate.

Consolidated Group and Associated Companies

Besides AVA Allgemeine Handelsgesellschaft der Verbraucher AG, Bielefeld, the consolidated financial statements also include all subsidiaries.

The consolidated group comprises a total of 27 companies. Compared to the year before, the change in the consolidated group resulted

from the first consolidation of Marktkauf Rus GmbH, Kotelniki/Moscow, which, however, will commence business operations in 2002 only. In addition, four companies left the consolidated group, due to the merger with other consolidated companies.

47 companies (46 the year before) were included under the rules governing associated companies. These companies consist of 44 majority holdings without having, however, the majority of voting rights and a common management.

The most important companies included in the consolidated financial statements are listed below, whereby there exist profit and loss transfer agreements between AVA AG and the subsidiaries 5 – 6, 8 – 9, 13 – 14 and 16. A list of the investment holdings will be entered into the Commercial Register at the District Court

Subsidiaries

	Capital share	Stockholders' equity	Profit or loss
	%	€ (thousands)	€ (thousands)
Hypermarkets, superstores, DIY stores			
1. Marktkauf Handelsgesellschaft mbH & Co. OHG, Bielefeld ¹⁾	96.8	22,419	67,248 ²⁾
2. Marktkauf Süd GmbH & Co. Handelsgesellschaft OHG, Bielefeld ¹⁾	96.8	3,068	12,228
3. Marktkauf Rus GmbH, Kotelniki/Moskau	75.1	967	12
Optics stores			
4. Krane Optik- und Akustik GmbH & Co. Betriebs-KG, Rheda-Wiedenbrück ¹⁾	75.0	6,136	5,590
Service companies			
5. AVA-Logistik GmbH, Bielefeld ¹⁾	100.0	639	6,934 ³⁾
6. AVA Informationstechnologie GmbH, Bielefeld ¹⁾	100.0	26	552 ³⁾
7. AVA Medien und Werbe GmbH, Bielefeld ¹⁾	96.8	1,766	1,255
8. FG Frischwaren Gesellschaft mbH, Bielefeld ¹⁾	100.0	26	2,152 ³⁾
9. CEV Center Entwicklungs- und Verwaltungs-GmbH, Bielefeld ¹⁾	100.0	51	-1,656 ³⁾
10. GfM Gesellschaft für Mineralölhandel mbH, Fallingbostal ¹⁾	80.0	27	–
11. SZ Service-Zentrale für technische Geräte Dienstleistungsgesellschaft mbH, Bad Salzuflen ¹⁾	76.0	260	233
Real estate companies			
12. AVA Immobilien und Anlage GmbH Betriebs-KG, Bielefeld ¹⁾	94.0	1,330	1,544
13. Grundstücksgesellschaft Diekmann GmbH, Bielefeld ¹⁾	100.0	26	252 ³⁾
14. AVA Vermietungs- und Verpachtungsgesellschaft mbH, Bielefeld ¹⁾	100.0	2,538	2,911 ³⁾
Other companies			
15. AVA-Beteiligungs-GmbH & Co. OHG, Bielefeld ¹⁾	100.0	-3,232	49
16. AVA Vermögens- und Beteiligungsverwaltungs-GmbH, Bielefeld ¹⁾	100.0	13,639	4,709 ³⁾

¹⁾ exempted from the duty to prepare annual financial statements according to the current regulations for corporations

²⁾ before profit and loss transfer from Marktkauf Süd OHG

³⁾ before profit and loss transfer to AVA AG

Associated companies

	Capital share %	Stockholders' equity € (thousands)	Profit or loss € (thousands)
1. TOOMAXX Handels Ges.m.b.H., Klosterneuburg	33.3	177	-
2. AVEX Beschaffungs- und Marketing GmbH, Hamburg	50.0	39	14
3. CAS Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Saalfeld OHG, Grünwald	50.0	-18,674	340
4. Grundstücksverwaltungsgesellschaft Belm mbH & Co. Vermietungs-KG, Mainz	100.0	8,368	112
5. GUMES Verwaltung GmbH & Co. Objekt Greifswald OHG, Munich	100.0	-12,877	286
6. GUMES Verwaltung GmbH & Co. Objekt Dresden OHG, Munich	100.0	-2,138	49
7. GUMES Verwaltung GmbH & Co. Objekt Bielefeld-Sennestadt OHG, Munich	100.0	-5,093	58
8. GUMES Verwaltung GmbH & Co. Objekt Paderborn OHG, Munich	100.0	-4,524	-447
9. GUMES Verwaltung GmbH & Co. Objekt Nürnberg OHG, Munich	100.0	-1,059	87
10. GUMES Verwaltung GmbH & Co. Objekt Meppen OHG, Munich	100.0	-860	110
11. GUMES Verwaltung GmbH & Co. Objekt Lage OHG, Munich	100.0	-72	5
12. GUMES Verwaltung GmbH & Co. Objekt Bünde OHG, Munich	100.0	-905	-145
13. GUMES Verwaltung GmbH & Co. Erste Vermietungs-OHG, Munich	100.0	-44,808	5,576
14. GUMES Verwaltung GmbH & Co. Zweite Vermietungs-OHG, Munich	100.0	-20,963	507
15. GUMES Verwaltung GmbH & Co. Dritte Vermietungs-OHG, Munich	100.0	26	22
16. GUMES Verwaltung GmbH & Co. Vierte Vermietungs-OHG, Munich	100.0	-2,333	-228
17. GUMES Verwaltung GmbH & Co. Fünfte Vermietungs-OHG, Munich	100.0	-6,844	49
18. GUMES Verwaltung GmbH & Co. Sechste Vermietungs-OHG, Munich	100.0	8	-2
19. GUMES Verwaltung GmbH & Co. Siebte Vermietungs-OHG, Munich	100.0	28	1
20. GUMES Verwaltung GmbH & Co. Neunte Vermietungs-KG, Munich	99.0	-1,108	-223
21. GUMES Verwaltung GmbH & Co. Zehnte Vermietungs-KG, Munich	99.0	-532	-97
22. GUMES Verwaltung GmbH & Co. Elfte Vermietungs-KG, Munich	99.0	-261	-60
23. GUMES Verwaltung GmbH & Co. Zwölfte Vermietungs-KG, Munich	99.0	24	-
24. GUMES Verwaltung GmbH & Co. Dreizehnte Vermietungs-KG, Munich	99.0	22	-
25. GUMES Verwaltung GmbH & Co. Vierzehnte Vermietungs-KG, Munich	99.0	-143	-55
26. GUMES Verwaltung GmbH & Co. Fünfzehnte Vermietungs-KG, Munich	99.0	-20	2
27. GUMES Verwaltung GmbH & Co. Sechzehnte Vermietungs-KG, Munich	99.0	-457	-91
28. GUMES Verwaltung GmbH & Co. Siebzehnte Vermietungs-KG, Munich	99.0	-1,536	104
29. GUMES Verwaltung GmbH & Co. Achtzehnte Vermietungs-KG, Munich	99.0	-104	8
30. GUMES Verwaltung GmbH & Co. Neunzehnte Vermietungs-KG, Munich	99.0	-82	6
31. GUMES Verwaltung GmbH & Co. Zwanzigste Vermietungs-KG, Munich	99.0	22	-1
32. GUMES Verwaltung GmbH & Co. Einundzwanzigste Vermietungs-KG, Munich	99.0	22	-
33. GUMES Verwaltung GmbH & Co. Zweiundzwanzigste Vermietungs-KG, Munich	94.0	-47	-70
34. GUMES Verwaltung GmbH & Co. Dreiundzwanzigste Vermietungs-KG, Munich	94.0	-342	-317
35. GUMES Verwaltung GmbH & Co. Vierundzwanzigste Vermietungs-KG, Munich	94.0	-182	-206
36. GUMES Verwaltung GmbH & Co. Fünfundzwanzigste Vermietungs-KG, Munich	94.0	1	-4
37. GUMES Verwaltung GmbH & Co. Sechsendzwanzigste Vermietungs-KG, Munich	94.0	-10	-33
38. GUMES Verwaltung GmbH & Co. Siebenundzwanzigste Vermietungs-KG, Munich	94.0	2	-22
39. GUMES Verwaltung GmbH & Co. Achtundzwanzigste Vermietungs-KG, Munich	94.0	17	-7
40. GUMES Verwaltung GmbH & Co. Neunundzwanzigste Vermietungs-KG, Munich	94.0	23	-1
41. GUMES Verwaltung GmbH & Co. Dreiigste Vermietungs-KG, Munich	94.0	24	-
42. GUMES Verwaltung GmbH & Co. Einunddreiigste Vermietungs-KG, Munich	94.0	23	-
43. GUMES Verwaltung GmbH & Co. Zweiunddreiigste Vermietungs-KG, Munich	94.0	24	-
44. GUMES Verwaltung GmbH & Co. Dreiunddreiigste Vermietungs-KG, Munich	94.0	23	-
45. GUMES Verwaltung GmbH & Co. Vierunddreiigste Vermietungs-KG, Munich	94.0	23	-
46. GUMES Verwaltung GmbH & Co. Ffunddreiigste Vermietungs-KG, Munich	94.0	23	-
47. GUMES Verwaltung GmbH & Co. Sechsenddreiigste Vermietungs-KG, Munich	94.0	24	-

Principles of Consolidation

Within the framework of the capital consolidation, the valuations of those shares which belong to the parent corporation are set off against the stockholders' equity of the subsidiaries, as calculated in accordance with the bookvalue method at the time of acquisition. The difference on the asset side resulting from the disclosure of undisclosed reserves will be shown as goodwill. This applies as well to the differences included in the valuations of the holdings in associated companies. Those shares in the stockholders' equity of consolidated companies which do not belong to the parent corporation are stated separately as other shares in the stockholders' equity of the Group or, in the case that they are attributed to negative capital accounts, are shown in a special item on the asset side of the balance sheet.

Sales revenues, other income and accounts receivable between consolidated companies are offset against the corresponding expenses and accounts payable. The intermediate results deriving from sales within the Group are eliminated. To the extent that they can be expected to serve to offset variances in subsequent financial years, tax deferrals are formed for those consolidation transactions affecting net income.

The consolidated unappropriated retained earnings and the unappropriated retained earnings of AVA AG are registered with the same amount by effecting nettings with the consolidated earnings reserves.

Principles of Accounting and Valuation, Currency Translation

Accounting and valuation are performed uniformly within the Group, in accordance with the applicable rules for corporations.

Goodwill acquired is capitalised and amortised over a period of four years. This does, however, not apply to the goodwill from the first consolidation. Without affecting net income, it reduces the consolidated capital reserves and is offset on schedule over a period of fifteen years. Other intangible assets acquired are capitalised at their initial cost and – with the exception of purchase rights which have additionally been included in the classification – are amortised over a period of three years, unless the agreements governing their employment necessitate a different period of amortisation.

Fixed assets are valued at their initial or production cost, less the depreciation allowable under tax rules. Regular depreciation is made on both a straight-line and declining-balance basis, with changeover being effected – to the extent permissible – from the declining-balance to the straight-line method as soon as this results in higher depreciation. Additions of non-real-estate fixed assets made during the first half of the financial year are always subject to the full annual rate of depreciation, while additions made during the second half of the fiscal year are subject to one half of the annual rate. In addition, special depreciation allowances for tax purposes are effected and low-value assets are fully depreciated in the year of their addition. In the statement of changes in fixed assets, they are presented as both an addition and a corresponding disposal. Non-scheduled depreciation is offset whenever

a permanent reduction in value must be expected.

In the case of **financial assets**, shares in affiliated companies, other investments, securities and loans are stated at their initial cost or face values. In the case of shares in associated companies, the proportionate share of the stockholders' equity which was held in these companies at the time of acquisition is updated by later results and distributions through reinstated write-ups or write-downs. As far as the bookvalues are thereby falling to zero, exceeding losses are not considered. Accrued liabilities for deferred taxes are formed for the expected tax burden of subsequent business years.

Inventories are valued at their initial cost or at their current price if lower. In the case of selling companies, the initial cost is determined retroactively by deducting the gross margin from the selling prices. In the area of central warehousing, the updated initial cost serves as the basis for valuation. Appropriate write-downs are effected to allow for the risks of warehousing and restricted marketability. Inventories supplied by Group companies are stated at the Group initial cost.

Allowance is made for discernible risks in **accounts receivable and other assets** in the form of valuation adjustments carried out on the asset side. Non-interest-bearing accounts receivable with a remaining term of more than one year are discounted.

Accrued liabilities for pensions are stated in the form of the partial value calculated in accordance with actuarial principles, on the basis of an interest rate of 6 percent.

Tax and other accrued liabilities allow appropriately for all discernible risks and contingent obligations.

Liabilities are accrued with the amount repayable, with the exception of pension obligations which are stated at their cash values.

Obligations arising from **guarantee agreements** represent the loan amounts being utilised on balance sheet date.

Accounts receivable and liabilities in **foreign**

currency are valued at their initial rate or at the rate on balance sheet date if lower. In the consolidated financial statements the translation of

the annual financial statements of Marktkauf Rus GmbH drawn up in foreign currency is effected at the mean rate on balance sheet date. Exchange rate fluctuations are offset against the earnings reserves without affecting the operating result.

Explanation of Balance Sheet Items

Intangible Assets

The goodwill stated in the consolidated balance sheet in the amount of EUR 115.6 million exclusively consists of differences from the capital consolidation of the subsidiaries. This change compared to the previous year predominantly results from the amount of EUR 19.9 million shown as a disposal against which capital reserves are offset on schedule.

In addition, the intangible assets predominantly consist of purchase rights under leasing agreements.

Tangible Assets

Within the Group, tangible assets increased by EUR 2.9 million over the previous year to EUR 238.2 million. The additions in the amount of EUR 63.4 million are opposed by current-year depreciations and bookvalue disposals totalling EUR 60.5 million.

Financial Assets

The additions shown at AVA AG in the shares in affiliated undertakings almost exclusively result from the contribution of a loan receivable to a subsidiary.

The **fixed assets** and the **investments** in intangible assets, tangible assets and financial assets are allocated to the individual divisions as follows:

	2001	2000	Change
	€(millions)	€(millions)	€(millions)
Fixed assets			
Hypermarkets	98.8	97.8	1.0
Superstores	14.2	12.9	1.3
DIY stores	39.9	35.7	4.2
Optics stores	5.7	5.1	0.6
Service companies	21.8	26.8	-5.0
Real estate companies	38.3	37.1	1.2
Miscellaneous	162.5	184.5	-22.0
- of which from goodwill	115.6	136.3	-20.7
Total	381.2	399.9	-18.7

	2001	2000	Change
	€(millions)	€(millions)	€(millions)
Investments			
Hypermarkets	31.8	22.3	9.5
Superstores	4.4	3.8	0.6
DIY stores	16.7	9.8	6.9
Optics stores	2.5	1.6	0.9
Service companies	5.3	7.4	-2.1
Real estate companies	2.7	0.9	1.8
Miscellaneous	2.3	22.4	-20.1
- of which from goodwill	0.0	13.1	-13.1
Total	65.7	68.2	-2.5

Inventories

Group inventories fell by EUR 16.0 million over the previous year to EUR 634.1 million.

Inventories are allocated to the individual divisions as follows, whereby the inventories of Marktkauf Handelsgesellschaft mbH & Co. OHG stored at the logistics centres are stated in the Miscellaneous item. The previous year has accordingly been adjusted.

	2001	2000	Change
	€(millions)	€(millions)	€(millions)
Inventories			
Hypermarkets	251.5	252.2	-0.7
Superstores	48.0	44.0	4.0
DIY stores	260.0	252.4	7.6
Optics stores	5.8	6.0	-0.2
Service companies	2.2	1.7	0.5
Miscellaneous	66.6	93.8	-27.2
Total	634.1	650.1	-16.0

Accounts Receivable and Other Assets

The accounts receivable from affiliated companies shown in the annual financial statements of AVA AG result predominantly from the central Group financing. The accounts receivable from companies in which investments are held consist almost exclusively of accounts receivable from the preliminary financing of investments.

At AVA AG, the other assets consist largely of entitlements to tax refunds. In addition, accounts receivable from creditors and entitlements to reimbursements are mainly stated within the Group.

Liquid Assets

Within the Group, bank credit balances and other liquid assets increased by EUR 0.4 million over the previous year to EUR 28.7 million.

Balancing Item for Negative Capital Accounts of Other Shareholders

The balancing item in the amount of EUR 13.0 million concerns the shares of other shareholders in Marktkauf Handelsgesellschaft mbH & Co. OHG.

Subscribed Capital

Capital stock of AVA AG totalled EUR 79,950,720 and is divided into 31,230,750 bearer shares with a share of EUR 2.56 per individual share certificate.

Pursuant to a resolution passed at the General Meeting on 3 August 2000, following approval of the Supervisory Board, the Board of Executive Directors is authorised to increase capital stock until 2 August 2005 once or several times by up to a total of EUR 31,980,288 by issuing new shares against cash contribution (approved capital I). Following approval of the Supervisory Board, the Board of Executive Directors is also authorised to increase capital stock once or several times by up to a total of EUR 7,995,072 until 2 August 2005 by issuing new shares against cash contribution or non-cash capital contribution (approved capital II).

AVA AG is authorised to acquire own shares in the amount of up to EUR 7,995,072 until 31 January 2003. In this respect, following approval of the Supervisory Board, the Board of Executive Directors is authorised to resell its own shares or, without being subject to approval of the General Meeting, to call them in again.

Pursuant to section 21, clause 1 of the Securities Trading Law, Mr. Thomas Bruch, St. Wendel, informed AVA AG that his share in voting rights in our company fell below the threshold of 10 percent on 16 March 2001 and that it now amounts to 9.97 percent. This corresponds to 3,114,842 votes. According to another statement of Mr. Bruch, the threshold of 5 percent was underrun on 7 November 2001. His share in voting rights now totals 3.96 percent which corresponds to 1,236,259 votes.

Pursuant to section 21, clause 1 of the Securities Trading Law, Edeka Zentrale AG & Co. KG, Hamburg, informed us that its share in voting rights in our company exceeded the threshold of 50 percent of the voting capital on 9 January 2002 and that it now totals 54.27 percent.

Pursuant to section 21, clause 1 of the Securities Trading Law, BayernFinanz Gesellschaft für Finanzmanagement und Beteiligungen mbH, Munich, also informed us that its share in voting rights fell below the threshold of 5 percent of the voting capital of AVA AG on 28 February 2002 and that it now totals 4.99 percent.

Capital Reserves

In the year under review capital reserves, which contain share premium proceeds only, decreased by EUR 19.9 million through allocated goodwill within the Group.

Earnings Reserves

The earnings reserves of AVA AG increased by EUR 38.9 million to EUR 248.6 million. This increase exclusively concerns the other earnings reserves to which EUR 38.9 million were allocated from the annual net profit of the year under review. The earnings reserves as shown in the consolidated balance sheet consist of the legal reserve (EUR 3,255,000) and other earnings reserves (EUR 244,081,000). As a result of the adjustment of the earnings reserves to the unappropriated retained earnings of AVA AG, the earnings reserves increased by EUR 4.3 million within the Group.

Accrued Liabilities

The accrued liabilities for taxes include EUR 21.4 million for indefinite taxes of AVA AG and EUR 30,945,000 for deferred taxes. Within the Group, accrued liabilities for deferred taxes amount to EUR 26,940,000 following deduction of active tax accruals and deferrals in the amount of EUR 4.0 million.

The other accrued liabilities predominantly contain amounts for personnel expense, impending losses, invoices not yet received and end-of-year payments.

Liabilities

The amounts owed to affiliated undertakings and companies in which investments are held stated in the balance sheet of AVA AG consist mainly of obligations arising from cash management. The accounts payable to companies in which investments are held stated within the Group consist predominantly of trade creditors.

At AVA AG, the total amount of liabilities and accounts payable having a remaining term of more than 5 years is EUR 5,092,000 and is contained in the miscellaneous liabilities.

The miscellaneous liabilities consist predominantly of retained profit-sharing loans from employees, liabilities from taxes and payroll obligations.

Group liabilities as per 31 December 2001

	Total amount	Remaining term			Secured by mortgage
		of less than 1 year	of 1- 5 years	of more than 5 years	
	€ (thousands)	€ (thousands)	€ (thousands)	€ (thousands)	€ (thousands)
Amounts owed to credit institutions	146,976	100,358	44,116	2,502	7,533
Trade creditors	271,855	271,855	–	–	–
Accounts payable to companies in which investments are held	97,765	85,398	12,367	–	–
Miscellaneous liabilities	82,862	60,812	16,958	5,092	–
Total amount	599,458	518,423	73,441	7,594	7,533

Contingencies and Other Financial Obligations

At AVA AG, obligations arising from guarantee agreements and guarantees amount to EUR 36.9 million and are for affiliated companies. The other financial obligations consist of authorised investments and other obligations of about EUR 38.0 million and of rental and leasing agreements. The expense resulting herefrom in the year under review amounts to EUR 345.6 million within the Group and to EUR 26.6 million at AVA AG. Due to new store openings, increases in rental and leasing expenses are to be expected in the years to come.

Flow Statement

In the year under review the cash flow from current business activities amounts to EUR 51.0 million. After the outflow of funds from investment activities and consideration of other changes, the funds increased by EUR 0.4 million to EUR 28.7 million.

Flow statement of the AVA Group

	31.12.2001	31.12.2000
	€ (thousands)	€ (thousands)
Current result	84,427	81,937
Depreciation of fixed assets	57,853	58,840
Write-up of fixed assets	-167	-194
Decrease in accrued liabilities	-33,014	-5,385
Other expenses not affecting payment	3,292	3,101
Loss / profit from the disposal of fixed assets	2,356	-643
Decrease in inventories, trade debtors as well as in other assets	23,394	5,428
Decrease in trade creditors as well as in other liabilities	-87,180	-67,500
Cash flow from current business activities	50,961	75,584
Deposits from the disposal of fixed assets	2,374	6,817
Amounts paid out for investments in fixed assets	-63,449	-46,874
Deposits from the disposal of intangible assets	72	161
Amounts paid out for investments in intangible assets	-1,919	-5,368
Deposits from the disposal of financial assets	2,112	771
Amounts paid out for investments in financial assets	-303	-570
Amounts paid out from the acquisition of consolidated companies	-717	-13,633
Cash flow from investment activities	-61,830	-58,696
Amounts paid out to shareholders	-36,726	-22,355
Deposits / amounts paid out from the raising / redemption of finance loans	47,073	-14,052
Cash flow from financing activities	10,347	-36,407
Changes in funds affecting payments	-522	-19,519
Changes in funds resulting from changes in the consolidated group	947	921
Funds at the beginning of the period	28,230	46,828
Funds at the end of the period	28,655	28,230

Explanation of Income Statement Items

Sales revenues

Within the Group, external sales revenues, including turnover tax, rose by 4.8 percent to EUR 5,534 million, with the individual divisions accounting for as follows:

External sales revenues, excluding turnover tax, totalled EUR 4,935 million compared to EUR 4,709 million the year before.

Sales units, selling area and external sales revenues

Divisions	2001 Number of sales units	2001 Selling area m ² (thousands)	2001 External sales € (millions)	2000 Number of sales units	2000 Selling area m ² (thousands)	2000 External sales € (millions)	Change in sales %
Hypermarkets	114	644	3,814	112	627	3,634	4.9
Superstores	56	155	576	54	150	547	5.3
DIY stores	141	901	1,057	140	884	1,027	2.9
Optics stores	88	13	53	86	13	51	4.2
Service companies	–	–	12	–	–	2	697.0
Miscellaneous	–	–	22	–	–	21	2.6
Total	399	1,713	5,534	392	1,674	5,282	4.8

Other Operating Income

Other operating income consists primarily of rentals. Within the Group, it is composed as shown in the table below:

Other operating income	2001 € (millions)	2000 € (millions)
Rentals	89.9	94.5
Reimbursement of expenses	49.6	33.6
Services	12.9	14.1
Retransfer of accrued liabilities	6.6	5.5
Income from the disposal of fixed assets	0.3	1.4
Miscellaneous	11.9	12.9
Total	171.2	162.0

Cost of Raw Materials, Supplies and Merchandise

Within the Group, the cost of materials rose by 5.8 percent or EUR 196.5 million over the previous year to EUR 3,604.9 million. Referred to net sales revenues, the gross yield decreased from 27.6 percent to 27.0 percent in the year under review.

Personnel Expense

Within the Group, personnel expense increased from EUR 636.1 million to EUR 665.3 million. Referred to net sales revenues, personnel expense amounts to unchanged 13.5 percent. The annual average composition of the workforce, excluding board members and trainees, was as follows:

	Group		AVA AG	
	2001	2000	2001	2000
Full-time employees	10,929	10,880	243	91
Part-time employees	16,431	15,978	52	11
Employees	27,360	26,858	295	102

Within the Group, the number of employees in terms of full-time employees is as follows:

Full-time employees	2001	2000
Hypermarkets	11,346	11,244
Superstores	2,160	2,029
DIY stores	5,325	5,337
Optics stores	563	543
Service companies	1,590	1,851
Miscellaneous	267	192
Total	21,251	21,196

Amortisations of Intangible Assets and Depreciations of Fixed Assets

The depreciations are accounted for by the individual divisions as follows:

	2001	2000	Change
Depreciation	€ (millions)	€ (millions)	€ (millions)
Hypermarkets	27.9	27.8	0.1
Superstores	4.9	5.0	-0.1
DIY stores	12.3	14.1	-1.8
Optics stores	1.9	1.9	0.0
Service companies	7.6	9.0	-1.4
Real estate companies	1.5	1.5	0.0
Miscellaneous	1.7	1.1	0.6
Total	57.8	60.4	-2.6

Due to special depreciation allowances for tax purposes effected in the years before, the consolidated annual net profit grew by EUR 2.2 million.

Other Operating Expense

Other operating expense consists predominantly of rental and leasing expenses. Within the Group, other operating expense is composed as shown in the table below:

Other operating expenses	2001	2000
	€ (millions)	€ (millions)
Rental and leasing expenses	345.6	342.3
Expenses for external services	66.3	68.3
Advertising expenses	78.9	67.1
Maintenance and repair expense and other cost of material	68.3	59.6
Energy costs	41.7	36.8
Staff-related expenses	11.7	10.3
Legal, auditing and consulting expenses	9.8	7.5
Postal expenses	5.2	4.9
Impairment of value of current assets	4.1	3.6
Expenses from payment transactions	3.7	3.4
Travel expenses	3.6	3.3
Insurance	2.8	2.4
Charges, contributions, fees	1.5	1.7
Losses from disposals of fixed assets	2.7	0.8
Miscellaneous	16.6	10.2
Total	662.5	622.2

Income from Profit Transfer Agreements / Income from Participations

At AVA AG, income from profit transfer agreements fell from EUR 20.3 million to EUR 17.5 million. There also was a decrease in income from participations of EUR 16.0 million to EUR 80.2 million which predominantly results from the profit and loss situation of Marktkauf

Handelsgesellschaft mbH & Co. OHG. Within the Group, income from participating interests contains income from associated companies in the amount of EUR 38,000.

Interest Expense and Interest Income

Within the Group, interest and similar expense decreased from EUR 13.2 million to EUR 12.5 million. After deducting interest income and income from other securities and lendings, the interest expense amounts to EUR 7.8 million compared to EUR 8.1 million in the previous year. Interest expense and interest income are allocated to the individual divisions as follows:

	2001	2000	Change
Interest expense	€ (millions)	€ (millions)	€ (millions)
Hypermarkets	11.5	11.5	0.0
Superstores	3.1	3.3	-0.2
DIY stores	8.0	8.4	-0.4
Optics stores	0.7	0.7	0.0
Service companies	1.3	1.3	0.0
Real estate companies	3.0	3.1	-0.1
Miscellaneous	17.3	18.4	-1.1
Carryover	-32.4	-33.5	1.1
Total	12.5	13.2	-0.7

	2001	2000	Change
Interest income	€ (millions)	€ (millions)	€ (millions)
Hypermarkets	2.9	2.8	0.1
Superstores	0.4	1.2	-0.8
DIY stores	0.0	0.0	0.0
Optics stores	0.7	0.6	0.1
Service companies	2.2	3.1	-0.9
Real estate companies	0.0	0.5	-0.5
Miscellaneous	29.7	30.0	-0.3
Carryover	-31.5	-33.5	2.0
Total	4.4	4.7	-0.3

Expense from Loss Transfers

At AVA AG, expense from loss transfers decreased from EUR 6.4 million to EUR 1.7 million and almost exclusively concerns CEV Center Entwicklungs- und Verwaltungs-GmbH.

Profit or Loss on Ordinary Activities

Within the Group, the profit or loss on ordinary activities fell from EUR 136.6 million to EUR 108.6 million, with the individual divisions

	2001	2000	Change
Profit or loss	€ (millions)	€ (millions)	€ (millions)
Hypermarkets	93.4	105.3	-11.9
Superstores	13.1	14.2	-1.1
DIY stores	-19.9	3.0	-22.9
Optics stores	6.8	6.3	0.5
Service companies	12.1	3.1	9.0
Real estate companies	3.8	3.6	0.2
Miscellaneous	-3.3	-1.6	-1.7
Carryover	2.6	2.7	-0.1
Total	108.6	136.6	-28.0

Taxes on Corporate Income and on Business Profits

Within the Group, the share of taxes dependent of income in the profit or loss on ordinary activities fell from 40.2 percent to 22.3 percent in the year under review.

Divisional Reporting

Within the framework of divisional reporting, one distinguishes between hypermarkets, superstores, DIY stores, optics stores, service companies, real estate companies and others. AVA AG is included in the "Others" division.

The reader is also referred to the division-related information contained in the sections on fixed assets and inventories, sales revenues, personnel expense, depreciations, interest and profit or loss on ordinary activities.

Other Information

Members of the Board of Executive Directors and of the Supervisory Board

Board of Executive Directors

Kurt Lindemann

Chairman

- Marktkauf Rus GmbH (Chairman)
- Der Grüne Punkt-Duales System Deutschland AG

Helmut Metje (as from 1 January 2001)

Sales

- Marktkauf Rus GmbH

Dr. Hubert Metz (as from 1 January 2002)

Labour Director

- Hamburger Pensionskasse von 1905 VVaG

Lothar Pollmann (until 30 June 2001)

Labour Director

- CCG Centrale für Coorganisation GmbH
- Marktkauf Rus GmbH
- Hamburger Pensionskasse von 1905 VVaG

Eugen Timmer (as from 1 January 2002)

Finances

- Marktkauf Rus GmbH
- AVA Logistik GmbH (Chairman)

Horst-Peter Wuchold (until 31 March 2002)

Finances

- AVA-Logistik GmbH (Chairman)
- Marktkauf Rus GmbH

Supervisory Board

Prof. Dr. Gerhard Laule

Chairman

Lawyer, tax lawyer, tax consultant and notary public

- AUTANIA Aktiengesellschaft für Industriebeteiligungen (Chairman)
- PE Frankfurt Private Equity Management AG (Chairman)
- LCC24 Aktiengesellschaft

Ernst Fisch *

Vice Chairman

Salaried employee at Marktkauf Handelsgesellschaft mbH & Co. OHG

Dr. Heinz Ache

Self-employed businessman

- Marabu-Werke GmbH
- Deutsche Bank AG

Paul-Gerhard Drüner *

Forklift truck driver at AVA-Logistik GmbH

Werner Dümpelmann *

Trade union secretary (NGG)

Uwe Erschens *

Trade union secretary (verdi)

Jörg Hieber (as from 30 January 2001)

Salesman

- EDEKA Aktiengesellschaft (Chairman)

Gerhard Keuchel * (as from 14 February 2002)

Trade union secretary (verdi)

- Spar Handels-AG
- Gerling Konzern Versicherungs-Beteiligungs-AG
- Deutscher Herold, Versicherungsgruppe der Deutschen Bank

Waltraut Krüger *

Salaried employee at Marktkauf

Handelsgesellschaft mbH & Co. OHG

- Stadtparkasse Cuxhaven

* board employee representative

■ Supervisory Board seats

□ membership in bodies comparable to the Supervisory Board

Rainer Kuschewski * (until 31 December 2001)

Trade union secretary (verdi)

 real,- Holding GmbH
August Nolte

Managing Director of Nolte-aktiv-markt GmbH

 Wiesbadener Volksbank eG
Günter Papenburg

Chairman of the Board of Executive Directors of GP Günter Papenburg AG

 Arena Hannover GmbH

 WASAG-CHEMIE AG

 Readymix Beton Saale GmbH & Co. KG (Chairman)

 Poller Steinbrüche GmbH & Co. KG

 Mitteldeutsche Baustoffe GmbH

 Sindelfinger Asphalt-Mischwerk GmbH & Co. KG

 Heide Transportbeton GmbH & Co. KG

 Nord LB

 Germania-Union GmbH & Co. KG
Gerhard Peter

Member of the Board of Executive Directors of EDEKA Aktiengesellschaft

 EKG EDEKA Kreditgarantiegemeinschaft GmbH (Chairman)

 EDEKABANK AG (Deputy Chairman)

 GEDELFI GmbH & Co. KG

 ZGV-Zentralverband gewerblicher Verbundgruppen e.V.
Roswitha Pieszek *

Assistant manager at Marktkauf Handelsgesellschaft mbH & Co. OHG

Karl-Heinz Rehkopf (until 15 September 2001)

Managing Director of Burg Calenberg Familien Holding Verwaltungs GmbH

 Göttinger Brauhaus AG (Chairman)

 Teppich Domäne Harste GmbH & Co. (Chairman)

 ROLLER GmbH + Co. (Deputy Chairman)
Hermann J. Ruetz (as from 20 September 2001)

Chairman of the Board of Executive Directors of EDEKA Aktiengesellschaft

 Pensionskasse der EDEKA Organisation V.V.a.G.

 FRISTO Getränke-Markt GmbH & Co. Betriebs-KG
Sylvia Schmidt

Housewife

 Allgemeine Verbraucher-Aktion e.V. (Chairwoman)
Herbert Sommer

Managing partner at Sommer Fahrzeugbau GmbH

 Volksbank Brackwede eG

 WEGE Wirtschaftsentwicklungsgesellschaft Bielefeld mbH
Wolfgang Spreckelmeyer *

Executive salaried employee at Marktkauf Handelsgesellschaft mbH & Co. OHG

Manfred Taming *

Janitor at Marktkauf Handelsgesellschaft mbH & Co. OHG

Bartholomäus Werberger

Speaker of the Board of Executive Directors of EDEKA ZENTRALE AG (until 14 January 2001)

 Kaufhaus Kraus GmbH
Erika Wiedemann-Pabst *

Salaried employee at Marktkauf Handelsgesellschaft mbH & Co. OHG

Total Remunerations to the Board of Executive Directors and to the Supervisory Board

The total remunerations to the members of the Supervisory Board amount to EUR 323,000; those to the members of the Board of Executive Directors total EUR 4,646,000. Accrued liabilities in the total amount of EUR 7,331,000 have been formed for pension obligations to former members of the Board of Executive Directors and their surviving dependants. Current remunerations amount to EUR 361,000.

Bielefeld, 12 April 2002

AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft

The Board of Executive Directors

Lindemann Metje Dr. Metz Timmer

Audit Report

We have audited the annual financial statements of AVA Allgemeine Handelsgesellschaft der Verbraucher Aktiengesellschaft, including its accounting, as well as its consolidated financial statements and its management report on the company and the Group for the business year from January 1, 2001 to December 31, 2001. It is the responsibility of the statutory representatives of the company to draw up these documents in accordance with the regulations of the German Commercial Law. Our task is to present, on the basis of our audit, an assessment of the annual financial statements, including the accounting, as well as of the con-solidated financial statements and the manage-ment report on the company and the Group.

We conducted our audit of the annual financial statements and the consolidated financial statements pursuant to section 317 of the German Commercial Code, in conformity with the German principles for the orderly examination of financial statements established by the Institute of German Certified Public Accountants (IDW). These principles require that any inaccuracies and infringements significantly impacting on the account of the net worth, financial and earnings position as presented by the annual financial statements, the consolidated financial statements and the management report on the company and the Group in accordance with generally accepted auditing, are reliably identified. When determining the audit activities, consideration is given to knowledge of the company's and the Group's business activities and the economic and legal environment in which it operates, as well as expectations in respect of possible misstatements. The audit includes an assessment of the effectiveness of the accounting-related internal control system, the documentation of the information provided in the accounting, the annual financial statements, the consolidated financial statements and the management report on the company and the Group, primarily on a random test basis within the framework of the audit.

It also includes an assessment of the balance sheet and consolidation principles applied, the major evaluations made by the statutory representatives, as well as an assessment of the overall presentation of the annual and consolidated financial statements and the management report on the company and the Group. We are of the opinion that our audit represents an adequate basis for our assessment.

Our audit did not give rise to any objections.

It is our considered opinion that the account of the net worth, financial and earnings position presented by the annual financial statements and the consolidated financial statements presents fairly the actual situation of the company and the Group in conformity with generally accepted auditing principles. Overall, the manage-ment report presents an accurate account of the situation of the company and the Group, and gives an accurate picture of any future risks.

Hamburg, 30 April 2002

BDO Deutsche Warentreuhand Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dannenbaum
Certified Public
Accountant

Dylong
Certified Public
Accountant

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