Annual Report Südzucker AG 2001/02

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SÜDZUCKER

Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Group Annual Report for 2001/02
March 1, 2001 through February 28, 2002

Südzucker – key figures

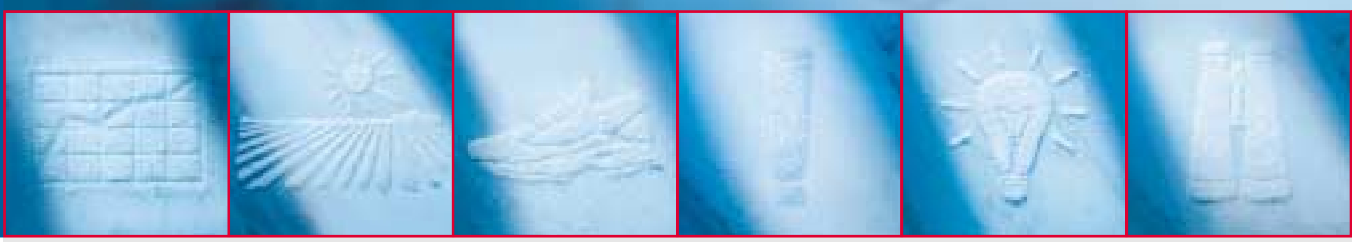
		IAS 2001/02	IAS 2000/01	IAS 1999/2000	1998
Group					
Employees (average during the year)		23 638	28 415	29 579	25 6
Total assets	€ million	5 843	4 947	4 677	4 5
Non-current assets	€ million	3 303	2 387	2 450	2 4
Shareholders' equity	€ million	2 010	1 703	1 619	1 5
as % of total liabilities and shareholders' equity	%	34.4	34.4	34.6	33
Medium-term and long-term third-party liabilities	€ million	1 928	1 598	1 502	1 5
Total shareholders' equity, medium-term and long-term liabilities	€ million	3 938	3 301	3 121	3 0
as % of non-current assets	%	119.2	138.3	127.4	12
Current assets less short-term third-party liabilities	€ million	635	914	671	6
Capital expenditures in tangible assets[1]	€ million	219	215	233	2
Capital expenditures in financial assets[2]	€ million	1 671	37	87	2
Total capital expenditures	€ million	1 890	252	320	4
Gross cash flow from operating activities	€ million	551	498	472	4
as % of sales	%	11.5	10.7	10.5	1
Sales	€ million	4 776	4 664	4 517	4 5
of which foreign	€ million	2 672	2 404	2 407	2 4
Personnel expense	€ million	684	728	720	7
Income from ordinary operating activities[3]	€ million	465	392	329	3
as % of sales	%	9.7	8.4	7.3	6
Net earnings for the year	€ million	281	209	174	1
as % of sales	%	5.9	4.5	3.8	3
Earnings per share[4]	€	1.45	1.30	1.04	0.
Beet processing	1000 t	25 030	22 251	23 432	21 2
Beet processing capacity	1000 t/day	342	290	279	2
Sugar production	1000 t	4 010	3 491	3 596	3 0
Sugar sales volumes	1000 t	4 694	3 617	3 414	3 2
Dividend per € 1 ordinary share	€	0.47[5]	1.34	0.87	0.
Dividend per € 1 preference share	€	–[6]	1.38	0.91	0.
Total dividend distribution	€ million	82	193	120	

[1] Including intangible assets
[2] Including acquisitions of consolidated subsidiaries, excluding pro rata earnings from equity-accounted associates.
[3] Until 1997/1998 adjusted income from ordinary operating activities per German accounting principles (HGB).
[4] Prior years adjusted for capital increase in 2001/2002.
[5] Proposed.
[6] Conversion of preference shares to ordinary shares.

IAS 1998/99	HGB 1997/98	HGB 1996/97	HGB 1995/96	HGB 1994/95	HGB 1993/94	HGB 1992/93
25 619	20 394	19 239	19 539	12 597	10 243	10 985
4 588	3 597	3 622	3 196	2 991	3 190	2 531
2 436	1 662	1 741	1 605	1 599	1 703	1 262
1 553	904	1 016	867	871	890	597
33.8	25.1	28.1	27.1	29.1	27.9	23.6
1 523	1 123	1 094	1 097	949	1 013	845
3 076	2 028	2 110	1 964	1 820	1 903	1 441
126.3	122.0	121.1	122.4	113.8	111.8	114.2
640	366	369	359	221	200	179
238	209	213	194	142	289	278
209	184	209	77	42	70	15
447	393	422	271	184	359	293
464	480	437	410	371	309	304
10.3	11.5	11.3	10.7	11.6	11.6	11.3
4 504	4 187	3 885	3 826	3 203	2 677	2 685
2 404	2 075	1 923	1 852	1 731	1 256	1 191
711	654	620	622	455	366	376
308	279	259	242	215	221	256
6.8	6.7	6.7	6.3	6.7	8.3	9.5
140	167	146	114	116	77	86
3.1	4.0	3.8	3.0	3.6	2.9	3.2
0.89	1.02	0.89	0.78	0.76	0.70	0.69
21 224	20 294	19 718	19 416	17 978	16 804	15 787
245	245	233	233	237	190	188
3 078	3 169	3 103	2 819	2 666	2 562	2 309
3 282	3 149	2 816	2 851	3 093	2 404	2 239
0.33	0.33	0.33	0.30	0.30	0.30	0.30
0.37	0.37	0.37	0.34	0.34	0.34	0.34
47	46	43	36	36	35	31

Contents

The Südzucker Group demonstrates its competence even in its name. By concentrating rigorously on our traditional sugar business in 2001/02, we laid the foundations for further growth and profitability. This annual report will convince you that Südzucker is simply superb.



The numbers in brackets in this annual report relate to the previous year.

Saint Louis Sucre S.A., Paris

In June 2001 Südzucker acquired Saint Louis Sucre (SLS), France's second largest sugar corporation. Including SLS's sugar quota of 730,000 tonnes, Südzucker Group's EU share rose by 5 % to 21.3 %.

In addition to having sugar factories in France, with SLS the Südzucker Group now includes a company which also has interesting business activities in raw sugar refineries and bio-ethanol in France, an investment in Eastern Sugar, which does business in eastern Europe, and in Ebro Puleva, the Spanish food and sugar corporation. SLS has a market share of 22 % in France and is France's largest sugar exporter. SLS's sugar beet area under cultivation in France is amongst the best in Europe and, with sugar yields of almost 12 tonnes per hectare, is considerably higher than the EU average of 9 tonnes per hectare.

In addition to the good soil quality evidenced by these figures, SLS profits from its beneficial works structure, with short transportation distances between the sugar beet fields and SLS's refineries. The sugar factories have average processing capacities of 12,500 tonnes of beet per day, considerably higher than the EU average of 9,000 tonnes.

In addition to refining sugar from domestic beet, SLS also operates a refinery in which an annual 160,000 tonnes of raw sugar cane from France's overseas departments and ACP countries are processed per year. SLS sells a wide range of cane sugar specialities on the French market.

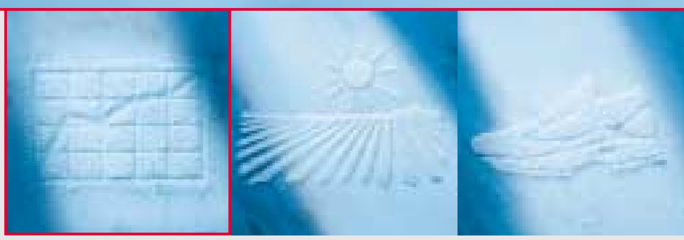
SAINT LOUIS SUCRE

SLS produces alcohol from sugar beet as well as sugar. Bio-ethanol can be used as an ingredient for alcoholic drinks, pharmaceutical products and for industrial purposes. A large market is for its use as a fuel or fuel additive for vehicles. Some 600,000 hectolitres of alcohol are currently processed annually from beet at the Eppeville plant.

SLS also operates outside France, in eastern Europe and Spain. SLS has been active in eastern Europe for more than 10 years through Eastern Sugar, a joint venture with the British Tate & Lyle group, with operations in the Czech Republic, Slovakia and Hungary, making it an ideal addition to Südzucker Group's existing activities in this region. This also applies to SLS's planned operations in Poland, although implementation is currently being delayed by internal discussions in Poland. In Spain, SLS holds an investment of 13.8 % in the largest Spanish sugar producer, Ebro Puleva. In addition to its sugar activities, this company is also involved in milk, rice and olive oil and has an investment in IANSA, the Chilean sugar producer.

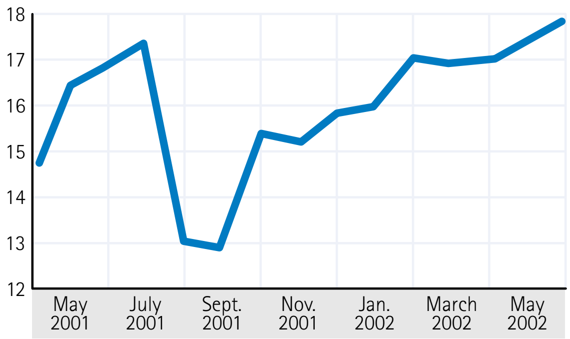
Roye, Saint Louis Sucre's oldest sugar factory, dating back to 1831, with 104 permanent staff and the same number of temporary campaign staff. 1,700 beet farmers supply the factory.

Food to calm our investors' nerves



We want to protect our shareholders from too much nervous excitement. Our stock is an asset for anyone who wants to be on the safe side. It represents solid values, continual growth and a much-envied rate of return. Increasing the total dividend distribution by 65 % is typical of our shareholder-friendly policy.

Price movement of the Südzucker share: spot price (Frankfurt/Main) at month-end

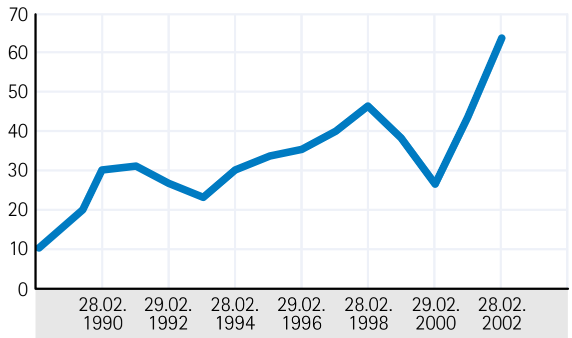


Share price movement

In contrast to the overall weakness of the stock exchange and the effects of September 11, 2001, the Südzucker share increased above average. Concentration on our core sugar business was a factor, and particularly the acquisition of Saint Louis Sucre, France's second largest sugar producer, and the sale of Schöller Holding. This strategy contributed to a record profit, with operating income rising by 18.8 % and a 34.3 % improvement in group earnings for the year.

The ordinary share price rose to € 17.00 (€ 14.10) by the end of February 2002. Over the year ended February 28, 2002, the Südzucker share (with reinvestment of cash and special dividends and pre-emptive rights) rose by 36 %, in marked contrast to the overall market trend. Südzucker is thus one of the best performing DAX and MDAX shares. In contrast, in the same period the MDAX of 70 German stocks, to which Südzucker has belonged since 1996, declined by 10.6 %, and the DAX fell even further, by 18.8 %. Also compared to the change in share prices of the other nine listed European sugar producers, which rose by an average of 2 %, the increase of 36 % in the Südzucker share, despite a substantial capital increase, was very favourable.

Long-term increase in value assuming re-investment of dividend (excluding tax credit) and rights



Long-term increase in value

Investment in Südzucker shares has also proved to be attractive from a long-term prospective. The portfolio value of a shareholder who invested € 10,000 in Südzucker ordinary shares in March 1, 1988 (beginning of the financial year in which the merger with Zuckerfabrik Franken GmbH took place) and reinvested cash dividends and pre-emptive rights in Südzucker shares would have risen to € 64,700 by February 28, 2002.

This represents an average annual increase of 14.3 %, whereas the MDAX and DAX rose by an annual 10.6 % and 11.6 % respectively over the same period.

Investor relations

We report timely on the Group's progress by issuing quarterly reports and annual reports in accordance with IAS, making many direct contacts with analysts and fund managers, and holding road shows in Europe and the USA. Ad-hoc reports and our internet homepage (www.suedzucker.de) help maintain and intensify the flow of information to our shareholders. We have strengthened our investor relations activities in order to present the Südzucker Group to a wider range of investors. In addition to presentations made at the financial statement press conference and analysts' conference, we also presented the Südzucker share at investor conferences and exhibitions.

Once again, the most frequently visited event was the annual general meeting, held at the congress centre Rosengarten in Mannheim on August 23, 2001. There was a new record attendance, with nearly 1,700 shareholders present. These shareholders' voting rights represented 93.1 % of the ordinary shares and 42.7 % of the preference shares outstanding.

Market capitalisation, capital increase in 2001, bond issue

Over the past year Südzucker was able to considerably improve its position on the capital markets. In addition to growing interest in Südzucker, two major capital market transactions contributed.

In order to finance the SLS acquisition we successfully completed a large capital increase under difficult stock market conditions. At the beginning of September the capital was increased in the ratio of 2 new shares for every 9 existing shares at a rights price of € 12 for each new ordinary share. The proceeds of € 381 million from the capital increase, received on September 10, 2001, included a special dividend of € 143 million from the distribution and reinvestment procedure and new cash from the capital increase of € 238 million.

Südzucker AG securities

	Security ID no.	Exchange
Südzucker ordinary shares	729,700	XETRA, Frankfurt, Stuttgart, Munich, Hamburg, Berlin, Düsseldorf Hanover (OTC)
6.25 % bonds 2000/2010	178,080	Frankfurt (official), Stuttgart and Berlin (OTC)
5.75 % bonds 2002/2012	846,102	Frankfurt (official), Stuttgart and Düsseldorf (OTC)

2001 Annual general meeting in Mannheim.

Furthermore, Südzucker issued a bond of € 500 million with a 10 year term on February 27, 2002, both to finance the acquisition of Saint Louis Sucre and to underpin further growth. The bond, which was presented at a Europe-wide road show and has a coupon of 5.75 %, was much in demand and was 5 times oversubscribed.

By February 28, 2002 Südzucker AG had succeeded in doubling its market value within two years, with a market capitalisation of € 2.971 billion. Südzucker's ranking in the DAX 100 improved by 13 places to rank 42. Its weighting in the MDAX was further increased following the conversion of preference shares into ordinary shares, and this also contributed to the share price increase.

Unifying our classes of share

Conversion of the preference shares to ordinary shares at a ratio of 1:1 was resolved at the 2001 Südzucker annual general meeting. The preference shares were last quoted on September 14, 2001 and only Südzucker ordinary shares have been traded on the stock exchange since September 17, 2001.

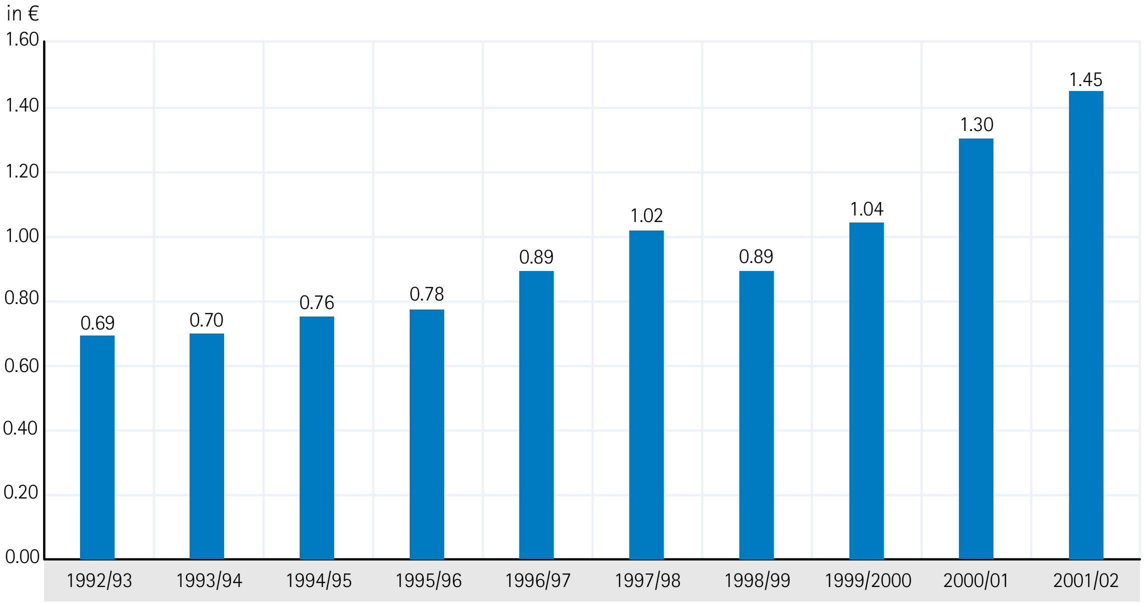
With the conversion of the non-voting preference shares, which are comparatively unknown abroad, to ordinary shares, interest in the Südzucker share on international capital markets has grown further and we have followed the accepted norm of one share, one vote on these markets. The Südzucker share has also attained greater trading liquidity on the stock market by having a single class of share.

Diary dates

Interim report on 1st quarter 2002/03	End of July 2002
Annual general meeting for 2001/02	August 22, 2002 in Würzburg
Interim report on 2nd quarter 2002/03	End of October 2002
Interim report on 3rd quarter 2002/03	End of January 2003
Press and analysts´ meeting 2002/03	June 2003 in Mannheim
Interim report on 1st quarter 2003/04	End of July 2003
Annual general meeting for 2002/03	August 14, 2003 in Mannheim

2001 Annual general meeting in Mannheim.

Earnings per share



Prior years adjusted for capital increase in 2001/02.

Cancellation and submission of preference shares

Following three conversion appeals in September, October and November 2001, cancellation of our preference shares with an imputed nominal value of € 1 each in accordance with § 73 (1) Stock Corporation Law was announced on May 8, 2002. The conversion will probably be completed in July 2002 by submitting certificates not yet converted. Shareholders who still hold preference share certificates can exchange them for new ordinary shares at their bank.

Shareholder structure

At the beginning of April 2002 there was a free float of 28.2 % of our shares. We were informed by the Süddeutsche Zuckerrübenverwertungs-Genossenschaft (SZVG) that their own shareholding and those shares held by them on trust for their shareholders represent a majority holding of 55.0 % in the capital of the Company. Other major shareholders are Deutsche Bank, with 11.3 % of the shares, and Austrian shareholders via ZSG NL (Netherlands) B.V., with 5.5 % of the capital.

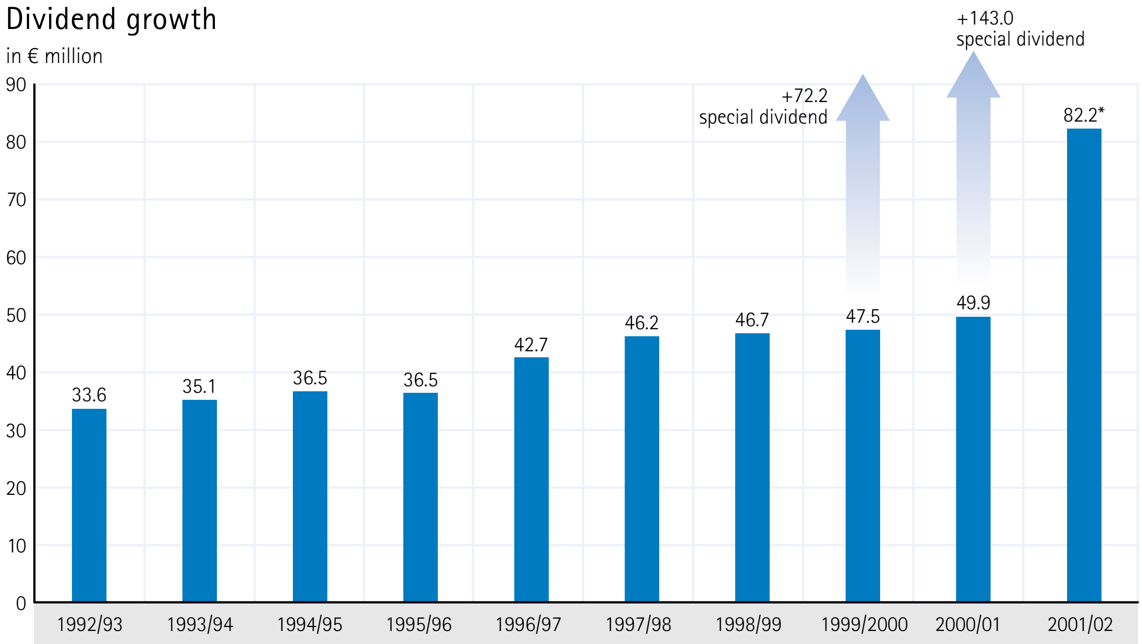
Dividend for 2001/02

Following the special dividends paid out in the past two years Südzucker has retained its shareholder-friendly distribution policy, which tracks the increase in the Group's profitability and passes on the advantages arising from the corporation tax reform to our shareholders. The executive board and supervisory board recommend to the annual general meeting for 2002 that a cash dividend of € 0.47 per share be declared. With this increase in the dividend to € 0.47, the normal distribution will rise by 38 % compared with last year's ordinary share dividend of € 0.34, and by 24 % over last year's preference dividend of € 0.38. The total distribution will increase by 65 % to € 82.2 million (€ 49.9 million) due to the full entitlement to dividend of the new shares issued as a result of the capital increase in 2001.

After the last-time use of the tax credit method in 2001 and the reduction in the German corporation tax rate to a uniform 25 % as from January 2002, the 50 % taxable income procedure applies to shareholders subject to German income tax. This new procedure provides that corporation tax at 25 % paid by companies will no longer be credited against shareholders' income tax when profits are distributed. Instead, only half of cash dividends are subject to income tax.

Dividend growth

in € million



*Proposed.

Südzucker share data

	2001/02	2000/01	
	Ordinary share	Ordinary share	Preference share
Dividend			
Cash dividend	€ 0.47[1]	€ 0.34	€ 0.38
Special dividend	–	€ 1.00	€ 1.00
Dividend yield	2.8 %	9.5 %	9.2 %
Share price at end of year[2]	€ 17.00	€ 14.10	€ 15.00
Market capitalisation at end of year	€ 2,971 million	€ 2,044 million	
Number of € 1 preference shares.	174,787,946	111,880,860	31,127,460
Key figures			
Earnings per share[3]	€ 1.45	€ 1.30	
Price earnings ratio	13.1	10.8	11.5
ROCE – Return on capital employed	13.2 %	12.7 %	

[1]Proposed [2]Closing price, Frankfurt stock exchange [3]Prior year restated.

2001 Annual general meeting in Mannheim.

Südzucker AG Man

Sugar/sweeteners segment

Südzucker Sugar Division

Raffinerie Tirlemontoise Group

Saint Louis Sucre Group

AGRANA Group

Ice cream/frozen food segment

Freiberger Group

Schöller Holding Group
(to September 30, 2001)

n h e i m / O c h s e n f u r t

- Production and sale of sugar and special products with manufacturing sites in Belgium, Germany, France, Moldova, Austria, Poland, Romania, Slovakia, Spain, the Czech Republic and Hungary
- Production and sale of sugar refinement by-products
- Production and sale of starch and crystallised starch products in Austria and Hungary
- Production and sale of functional food products such as Isomalt, RAFTILINE®, RAFTILOSE®
- Production and sale of bakery additives and portion-packed articles
- Production and sale of agricultural products

Sales	€ 3,396 million
Operating income	€ 403 million
Capital expenditures	€1,840 million
Employees	12,679

- Production of ice cream/frozen food
- European sales of own brand and other brands to food retailers

Sales	€ 1,380 million
Operating income	€ 62 million
Capital expenditures	€ 50 million
Employees	10,959

Agenda

for the

shareholders' annual general meeting

to be held on Thursday August 22, 2002, at 10.30 a.m. at the Congress-Centrum Würzburg, Pleichertorstraße 5, Würzburg.

1. Presentation of the annual financial statements, the consolidated financial statements and the management report of Südzucker AG Mannheim/Ochsenfurt and the Group for 2001/02, together with the report of the supervisory board

2. Appropriation of retained earnings

3. Ratification of the acts of the executive board for 2001/02

4. Ratification of the acts of the supervisory board for 2001/02

5. Election of the supervisory board

6. Election of auditors for 2002/03

Proposals regarding the resolutions

Item 2 on the agenda:
The executive board and supervisory board propose that the retained earnings of € 82,163,166.17 be appropriated as follows:

Distribution of a dividend of	€ 0.47	per ordinary share on 174,787,946 shares entitled to dividends	€ 82,150,334.62
Carried forward to the new year			€ 12,831.55
Unappropriated retained earnings			€ 82,163,166.17

The dividend will be distributed on August 23, 2002.

Items 3 and 4 on the agenda:
The executive board and supervisory board recommend that their actions for 2001/02 be ratified.

Item 5 on the agenda:
The period in office of all members of the supervisory board ends at the close of the annual general meeting on August 22, 2002.

The supervisory board recommends that the following persons, who are already members of the supervisory board as shareholders' representatives in the supervisory board, be re-elected:

■ **Dr. Hans-Jörg Gebhard**
Chairman of the Association of Süddeutscher Zuckerrübenanbauer e. V.

Membership of statutory domestic supervisory boards:
- Südzucker GmbH, Zeitz (chairman)
- VK Mühlen AG, Hamburg

Membership of comparable domestic and foreign supervisory bodies:
- AGRANA Beteiligungs-AG, Vienna, Austria
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (chairman)
- Saint Louis Sucre S.A., Paris, France

■ **Dr. Ulrich Weiss**
Former member of the executive board of Deutsche Bank AG

Membership of statutory domestic supervisory boards:
- ABB Asea Brown Boveri AG, Mannheim
- BEGO Medical AG, Bremen
- Continental AG, Hannover
- Heidelberger Zement AG, Heidelberg
- O & K Orenstein & Koppel AG, Berlin (chairman)

Membership of comparable domestic and foreign supervisory bodies:
- BENETTON S.p.A., Ponzano, Italy
- DUCATI S.p.A., Bologna, Italy
- Piaggio S.p.A., Pontedera, Italy

■ **Heinz Christian Bär**
President of the Hessischer Bauernverband e. V.

Membership of statutory domestic supervisory boards:
- Landwirtschaftliche Rentenbank, Frankfurt/Main
- LBH Steuerberatungsgesellschaft mbH, Friedrichsdorf
- Vereinigte Hagelversicherung VVAG, Gießen

■ **Dr. Ulrich Brixner**
Chairman of the executive board of DZ BANK AG

Membership of statutory domestic supervisory boards:
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall (deputy chairman)
- DG HYP Deutsche Genossenschafts-Hypothekenbank AG, Hamburg (chairman)
- R + V Versicherung AG, Wiesbaden
- Karlsruher Lebensversicherung AG, Karlsruhe

Membership of comparable domestic and foreign supervisory bodies:
- Banco Cooperativo Espanol, Madrid, Spain (from March 2002)
- DZ BANK plc, Dublin, Ireland (chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

■ **Paul Freitag**
Chairman of the Association of Fränkische Zuckerrübenbauer e. V.

■ **Dr. Christian Konrad**
Legal council to the Austrian Raiffeisenverband

Membership of comparable domestic and foreign supervisory bodies:
- AGRANA Beteiligungs-AG, Vienna, Austria (chairman)
- BayWa AG, Munich
- BIBAG AG, Vienna, Austria
- Erste Niederösterreichische Brandschaden-Versicherungs AG, Vienna, Austria
- Kurier Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (chairman)
- Leipnik-Lundenburger Invest Beteiligungs AG, Vienna, Austria (chairman)
- Mediaprint GmbH & Co. KG, Vienna, Austria (chairman)
- Raiffeisen Holding Niederösterreich Wien reg. Gen.m.b.H., Vienna, Austria (chairman)
- Raiffeisen Landesbank Niederösterreich Wien AG, Vienna, Austria (chairman)
- Raiffeisen Ware Austria AG, Vienna, Austria
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria (chairman)
- Saint Louis Sucre S.A., Paris, France
- Siemens Österreich AG, Vienna, Austria
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
- Uniqa Versicherungen AG, Vienna, Austria (chairman)

■ **Ulrich Müller**
Chairman of the Association of the Sächsisch-Thüringische Zuckerrübenanbauer e. V.

Membership of statutory domestic supervisory boards:
- Südzucker GmbH, Zeitz

Membership of comparable domestic and foreign supervisory bodies:
- Raiffeisenwarengesellschaft mbH, Gößnitz
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (deputy chairman)

■ **Richard Schwaiger**
Chairman of the Association of bayerische Zuckerrübenanbauer e. V.

Membership of comparable domestic and foreign supervisory bodies:
- AGRANA Beteiligungs-AG, Vienna, Austria

■ **Ernst Wechsler**
Chairman of the Association of Hess.-Pfälzische Zuckerrübenanbauer e. V.

In place of Gerhard R. Wolf, Worms, who is not available for re-election, the supervisory board recommends that

Ludwig Eidmann,
64823 Groß-Umstadt,
Chairman of the Association of Hessen-Nassauischer Zuckerrübenanbauer e. V.,

be newly elected to the supervisory board as shareholders' representative.

After obtaining his master farming certificate Ludwig Eidmann (56 years old) took over his parents' farm, specialising in sugar beet, wine and livestock. He has been chairman of the Association of Hessen-Nassauischer Zuckerrübenanbauer e. V., Zwingenberg, since 1996. Mr. Eidmann was elected to the executive board of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG in the same year. His involvement in the profession includes his activities with the Hesse master farming certification committee.

Mr. Eidmann is not a member of any other statutory domestic supervisory boards or comparable domestic or foreign supervisory bodies.

The supervisory board is made up of members as set out in § 96 para. 1 and § 101 para. 1 Stock Corporation Law and § 1 para. 1 and § 7 para. 1 of the Co-determination Law.

The annual general meeting is not bound to abide by the recommendations when electing the shareholders' representatives.

Item 6 on the agenda:
The supervisory board proposes that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim be appointed auditors for 2002/03.

Deposit of shares

Ordinary shareholders are entitled to attend the annual general meeting and to exercise their voting rights on condition they deposit their shares by August 15, 2002 at the latest, either with the company or a securities depository bank, a German notary public or at branches of the banks listed below, and to leave them in the safe custody of these depositories until after the annual general meeting:

Deutsche Bank AG
Baden-Württembergische Bank AG
DZ BANK AG
Dresdner Bank AG
Landesbank Baden-Württemberg
Commerzbank AG

If shares are deposited with a notary public or securities depository bank, the original certificate of deposit or a notarised copy thereof must be submitted to the company by August 16, 2002 at the latest. Shareholders shall be deemed to have deposited their shares in the proper manner if their shares are held at another bank with the agreement of an officially-recognised depository until the annual general meeting has been concluded.

We advise our shareholders that they may exercise their voting powers at the annual general meeting by proxy, including by appointing an association of shareholders as proxy.

The invitation to the annual general meeting and the annual report can be found on the internet at www.suedzucker.de.

Mannheim, July 2002

SÜDZUCKER AKTIENGESELLSCHAFT
Mannheim/Ochsenfurt
The executive board

Supervisory board and executive board *

Supervisory board

Stephan Freiherr Zobel von Giebelstadt zu Darstadt
Honorary chairman
Ochsenfurt
Former chairman of the Association of Süddeutsche Zuckerrübenanbauer e.V.
† October 5, 2001

Dr. Hans-Jörg Gebhard
Chairman
Eppingen
Chairman of the Association of Süddeutsche Zuckerrübenanbauer e. V.

Franz-Josef Möllenberg**
Deputy chairman
Rellingen
Chairman of the Food and Catering Union

Dr. Ulrich Weiss
Deputy chairman
Kronberg/Taunus
Former member of the executive board of Deutsche Bank AG

Ulrich Ambold**
Nuremberg
Dipl. Kaufmann
Schöller Lebensmittel GmbH & Co. KG
to February 28, 2002

Heinz Christian Bär
Karben – Burg Gräfenrode
Vice-president of the Deutsche Bauernverband e. V.

Robert Bausewein**
Ochsenfurt
Member of the works council for the factory and headquarters at Ochsenfurt
Südzucker AG Mannheim/Ochsenfurt
from March 19, 2002

Karl Bös**
Ratingen
Deputy chairman of the Group works council of Schöller Holding GmbH & Co. KG
to February 28, 2002

Dr. Ulrich Brixner
Frankfurt
Chairman of the executive board of DZ BANK AG
from October 8, 2001

Rolf Bucher**
Offenau
Member of the works council Offenau works
Südzucker AG Mannheim/Ochsenfurt
from March 19, 2002

Günter Denzig**
Witten
Chairman of the Group works council of Schöller Holding GmbH & Co. KG
to February 28, 2002

Helmut Drescher**
Wattenheim
Chairman of the works council
Südzucker AG Mannheim/Ochsenfurt

Walter Erhard**
Regensburg
Deputy chairman of the works council
Südzucker AG Mannheim/Ochsenfurt

Paul Freitag
Oberickelsheim-Rodheim
Chairman of the Association of Fränkische Zuckerrübenbauer e. V.

Max Fröschl**
Aholming
Chairman of the works council of the Plattling works
Südzucker AG Mannheim/Ochsenfurt
from March 19, 2002

Hans Hartl**
Ergolding
State area chairman of the Food and Catering Union

Dr. Christian Konrad
Vienna
Chairman of the supervisory board of AGRANA Beteiligungs-AG

Jörg Lindner**
Hamburg
Divisional officer
Food and Catering Union

Ulrich Müller
Illsitz
Chairman of the Association of Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

Erich Muhlack**
Regensburg
Manager of the Südzucker AG Plattling, Rain and Regensburg works
Südzucker AG Mannheim/Ochsenfurt

Gunter Schneickert**
Offstein
Chairman of the works council of the Offstein works of
Südzucker AG Mannheim/Ochsenfurt
from March 19, 2002

Reiner Schulz**
Römstedt
Chairman of the works council
Schöller Lebensmittel GmbH & Co. KG, Uelzen works
to February 28, 2002

Richard Schwaiger
Aiterhofen
Chairman of the Association of bayerische Zuckerrübenanbauer e. V.

Dr. Bernd Thiemann
Kronberg/Taunus
Former chairman of the executive board of DG BANK Deutsche Genossenschaftsbank
to September 15, 2001

Ernst Wechsler
Westhofen
Chairman of the Association of Hess.-Pfälzische Zuckerrübenanbauer e. V.

Gerhard R. Wolf
Worms
Former member of the executive board of BASF AG

Executive board

Dr. Theo Spettmann
(Spokesman)
Ludwigshafen

Corporate policy
Strategic corporate planning
Sugar sales
Public relations
Investments
Organisation and data processing
Personnel and social matters
Marketing

Albert Dardenne
Melin, Belgium

Administrateur délégué of
Raffinerie Tirlemontoise S.A.
from January 31, 2002

Dr. Christoph Kirsch
Weinheim/Bergstraße

Finance and accounting
Financial management/controlling
Operational corporate policy
Taxation, legal matters
Properties and insurance
Procurement of supplies and consumables

Dr. Klaus Korn
Ochsenfurt

Production and technical
Special products
Research/development/services
Quality management
Procurement capital expenditure
and maintenance

Johann Marihart
Limberg, Austria

Chairman of the executive board
of AGRANA Beteiligungs-AG
Raw material crops
Starch

Dr. Rudolf Müller
Ochsenfurt

Agricultural policies
Beet/feedstuffs and by-products
Farms
Research and development in
the agricultural division
Audit
Südzucker International

Frédéric Rostand
Paris, France

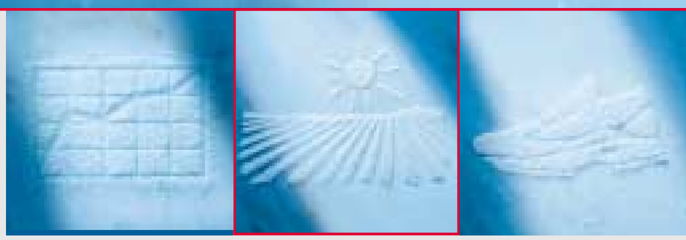
Chairman of the executive board
of Saint Louis Sucre S.A.
from January 31, 2002

* *A listing of other board memberships is set out on page 97 of the annual report.*

** *Employee representative.*

From left to right:
Dr. Rudolf Müller,
Frédéric Rostand,
Dr. Christoph Kirsch,
Dr. Theo Spettmann,
Dr. Klaus Korn,
Albert Dardenne,
Johann Marihart.

Our feet are firmly on the g
but we keep the whole w



round
orld in sight.

For more than 75 years, Südzucker has stood for agricultural partnership, unrivalled sugar know-how and high levels of innovation – all this has made us Number 1 in Europe. Realigning on our core competencies increases the group's productivity, creates new momentum for growth and gives us an excellent competitive advantage.

Foreword by the executive board

Dear shareholders,

In view of the opportunities in the sugar and sweeteners segment, the Südzucker Group decided to concentrate on its core business and successfully carried out this strategy in the first financial year of the new millennium. In implementing this strategy, within a single financial year Südzucker disposed of Schöller Holding and considerably strengthened its position as the EU's leading sugar producer by acquiring France's second largest sugar company, Saint Louis Sucre S.A. (SLS). As a result, the Südzucker Group is now one of the world's largest sugar enterprises and has an extremely sound platform for a successful future in an increasingly global market.

With Südzucker Group's new strategy, we are able to more rigorously apply our value-oriented growth policy. We aim not only to retain, but actually extend our leading position in our core European sugar business. We are helped by the fact that none of our competitors has the same overall potential to provide complete, integrated solutions, covering as we do the entire value chain, from planting agricultural products to the development and bringing to market of specialist products such as functional foods.

In addition to our existing wide range of high quality products, the Group has continued to work at extracting value from markets and highly-specialised product niches. As well as constantly expanding our basic product range, we are securing the success, profitability and the very future of the Südzucker Group by introducing innovative products with high customer acceptance levels and properties pointing the way to our future success.

In addition to actively addressing markets, we are also continuing to further tighten and rationalise our business activities and internal structures. It is also important that we take better advantage of the considerable synergy potentials within the Group, across business segments and geographic regions. This means that, as well as taking smaller and medium-size steps to improve at company level, our centres of competence also develop and bring to market broader, ground-breaking projects. Using this policy, we have been able to considerably increase our speed of innovation.

In the light of restructuring and consolidation within the global food industry, we have adapted to meet new business opportunities with our competitors and customers. We have thus started a group-wide productivity and cost initiative which, together with a rigorous concentration on quality, is aimed at attaining cost and quality leadership. Amongst other things, we use an internal group-wide benchmarking system to help achieve these objectives.

Management is faced with new challenges from the increasing internationalisation of business. Country-specific aspects must be increasingly considered when setting corporate policy. It is a part of Südzucker Group's corporate philosophy that we should be integrated into the regions and cultures in which we operate, and we aim to play our part as a responsible citizen in these countries.

Our aim is to establish lasting value, initiate change and meet our self-imposed obligations to governments, shareholders, customers and employees. In order to achieve this, we support and encourage our hard-working employees to think and act as partners in the enterprise.

As the figures for 2001/02 show so clearly, Südzucker has already been able to demonstrate the appropriateness of the Group's new strategy in the first year of its implementation. We can present you, our shareholders, with financial statements for 2001/02 which, in addition to showing an increase in revenues to € 4.8 billion (€ 4.7 billion), also show an 18.8 % increase in operating profits, a rise of 34.3 % in net earnings for the year and a jump of 65 % in the amount of dividend distribution. The balance sheet ratios also demonstrate that the acquisition of SLS has been well digested. 119.2 % (138.3 %) of tangible and intangible non-current assets, which increased to € 3.3 billion (€ 2.4 billion), were financed by shareholders' equity and medium-term and long-term third-party capital. Return on capital employed ("ROCE") rose to 13.2 % (12.7 %) and the equity ratio (ratio of shareholders' equity to total shareholders' equity and liabilities) remained at 34.4 % (34.4 %) despite an increase in total liabilities and equity.

Südzucker is also well placed for further growth. We will rigorously concentrate on our strengths in 2002/03 and use the opportunities we have for internal and external growth. We will energetically pursue opportunities for further expanding business using high-value products and specialities. Progress to date in 2002/03 is very promising. Operating profit will again be considerably improved and the Group's operating margin will rise to above 10 %.

Sincerely,
SÜDZUCKER AG Mannheim/Ochsenfurt
The executive board

Highlights from the group financial statements

Group sales and profits

Südzucker Group's sales for 2001/02 rose by € 112 million to € 4,776 million (€ 4,664 million), despite the disposal of the Schöller Group. The operating profit increased by 18.8 %, or € 73 million, to € 465 million (€ 392 million), mainly due to good progress in the sugar/sweeteners and ice cream/frozen food segments.

Turnover of the sugar/sweeteners segment rose by 14.2 %, or € 423 million, to € 3,396 million (€ 2,973 million). Operating profits improved to € 403 million (€ 351 million), and with an operating margin of 11.9 % (11.8 %) we again matched the good figures attained in the previous year.

The increase in sales results from higher revenues from the EU sugar companies, further growth in the eastern European sugar companies, from the specialities division, and the first-time inclusion of the Saint Louis Sucre Group. Following approval of the acquisition by the EU in December 2001, SLS's results were included in the 2001/02 financial statements for the two months of January and February 2002.

The EU sugar group's operating profits benefited from higher global market prices and a strong US dollar for sugar exports. Additional costs incurred from higher production levies, the abolition of the storage reimbursement system and energy price increases were offset by higher revenues from sales of sugar and molasses. Stabilisation of domestic markets led to higher revenues and good growth in operating profits at the eastern European sugar companies. In the functional food products division Isomalt, RAFTILINE® and RAFTILOSE® continued their growth in sales and profits. AGRANA's starch division improved its operating results considerably, with higher sales volumes.

In the ice cream/frozen food segment the major part of the growth of € 21 million in operating profits to € 62 million (€ 41 million) came from the Schöller Group which, due to its disposal, was only included for the nine months to September 2001, whereby the seasonally poorest fourth calendar quarter was not included.

The effects on income of restructuring improved considerably. Südzucker benefited from profits on disposals of the Schöller Group, of Fresenius shares held by AIH and of Veurne, the Belgium sugar factory (EU commission requirement), almost offsetting the effects of including the SLS Group. Net financial expense was € 44 million (€ 54 million) due to an improvement of € 10 million in investment income compared with the previous year.

The income tax charge rose to € 107 million (€ 55 million). The increase in the effective tax rate to 27.6 % (20.8 %) is due to the lack of tax relief obtained in the previous year as a result of the special distribution of profits.

Net earnings for the year after tax rose by 34.3 % to € 281 million (€ 209 million), so that concentration on our core business already had a noticeably positive effect in 2001/02.

Balance sheet and statement of cash flows

The acquisition of the SLS Group could be extremely well digested, and this is confirmed by the financial position and net assets set out in the balance sheet at February 28, 2002. The SLS acquisition price of € 1.6 billion was soundly financed by a capital increase carried out in September 2001, the disposal of Schöller Holding and the Fresenius shares, and the issue of a bond of € 500 million. Net debt increased at February 28, 2002 to € 1,142 million (€ 600 million), which represents 1.7 times EBITDA of € 685 million. Operating profits cover net interest expense 7.6 times. Financing of non-current assets remains stable and shareholders' equity, medium- and long-term third-party funds make up 119.2 % (138.3 %) of the non-current assets of € 3,303 million (€ 2,387 million).

The first-time consolidation of SLS increased total assets of the Group at February 28, 2002 to € 5,843 million (€ 4,947 million). Within non-current assets, intangible assets rose by € 947 million to € 1,294 million, particularly due to the addition of goodwill following the inclusion of SLS in the Group. The decrease of € 131 million in non-current tangible assets, from € 1,719 million to € 1,588 million, is due to the disposal of the Schöller Group and the addition of the French sugar factories.

The increase of € 99 million in financial assets, from € 321 million to € 420 million, was due to the sale of Fresenius shares, and the addition of the SLS investments in Ebro Puleva, the Spanish sugar and milk company, and in Eastern Sugar.

Drum sugar dryer gear rim, Ochsenfurt works.

Despite the higher capital employed of € 3,294 million (€ 2,832 million) as a result of including SLS, the considerable improvement in operating profits (less amortisation of goodwill) led to an increase in return on capital employed to 13.2 % (12.7 %).

Group shareholders' equity increased by € 307 million to € 2,010 million (€ 1,703 million), so that the ratio of shareholders' equity to total liabilities and shareholders' equity remained unchanged at 34.4 % (34.4 %), despite increased total assets.

Cash flow from operating activities improved by € 53 million to € 551 million (€ 498 million). The capital expenditures in non-current assets were slightly higher than in the previous year, at € 219 million (€ 215 million). In the ice cream/frozen food segment the adaptations made to capacity in previous years and the inclusion of the Schöller Group for only nine months of the year led to a decline of € 32 million in capital expenditures to € 50 million (€ 82 million). The increase of € 36 million in capital expenditures in the sugar/sweeteners segment, to € 169 million (€ 133 million), is due to the expansion in Isomalt production capacity at the Offstein works, in Orafti production capacity at the Oreye location and in AGRANA starch production at Aschach and Gmünd. The Portion Pack Group also expanded their activities.

Of the investments in financial assets totalling € 1,671 million, € 1,601 million were caused by the acquisition of SLS. R.T. Group successfully further expanded the Orafti business segment by the acquisition of Remy Industries, the Belgium company and leading producer of food ingredients using rice as a base raw material.

AGRANA Group expanded its starch activities by purchasing the Romanian corn starch factory at Tandarei, with a daily capacity of 100 tonnes of corn. This starch factory stands next to AGRANA's sugar factory at Tandarei, so that synergies should be gained in administration, energy and waste water.

These capital expenditures were partially offset by the sales proceeds from disposals of non-current assets, totalling € 457 million (€ 36 million), particularly proceeds from the disposal of the Schöller and Fresenius investments.

The total amount paid out for the distribution of profits in 2001/02 of € 233 million (€ 145 million) was affected by the distribution and re-investment of a special dividend of € 143 million (€ 72 million) by Südzucker AG. Südzucker AG received cash of € 381 million (€ 68 million) from the capital increase in September 2001.

Recommendation on appropriation of profits

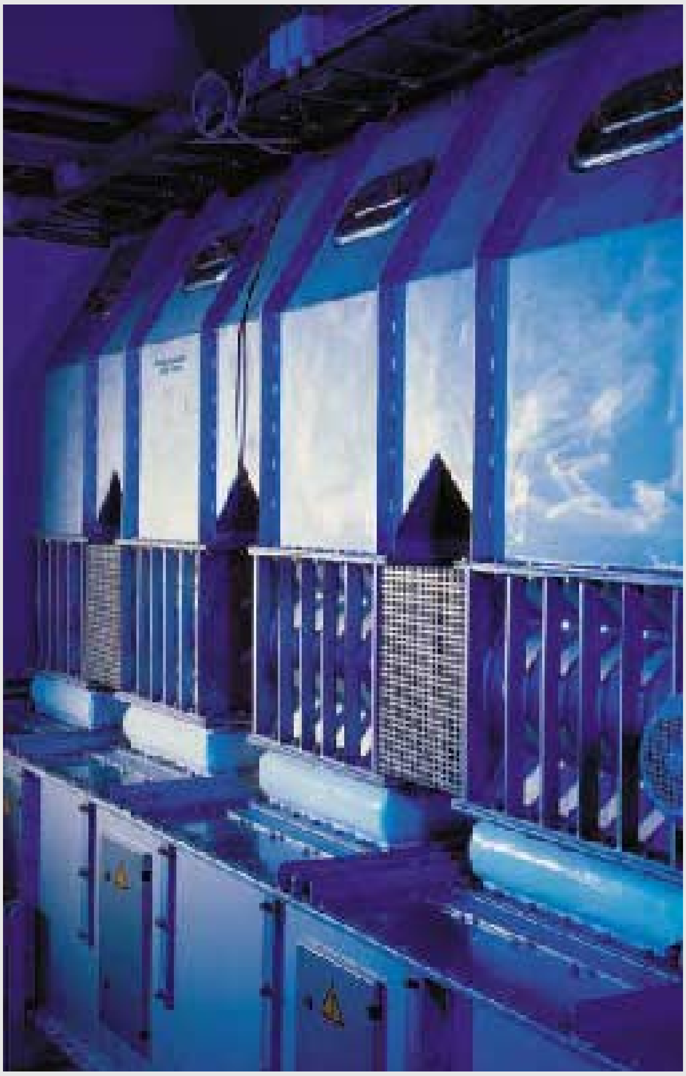
The executive board and supervisory board will recommend an increase in the cash dividend to € 0.47 per share to the annual general meeting on August 22, 2002. We will thus pass on the improved results and advantages of the corporation tax reform to our shareholders. With this increase in the dividend to € 0.47 (€ 0.34 per ordinary share and € 0.38 per preference share), the normal distribution increases by 38 % compared with the previous year's ordinary share dividend and by 24 % compared with the previous year's preference share dividend. The distribution amount will increase by 65 %, to € 82.2 million (€ 49.9 million), as a result of the first-time dividend entitlement of shares issued for the capital increase in 2001.

The dividend will be paid on August 23, 2002. A full dividend will be paid to holders of the new shares issued for the capital increase in September 2001. Following the last-time use of the corporation tax credit procedure in 2001 and a decrease in the corporation tax rate to a uniform 25 % as from January 2002, shareholders who are subject to income tax in Germany are taxed on half their dividends. This new method envisages that corporation tax of 25 % paid by companies will no longer be credited to shareholders upon distribution. Only half the cash dividends are subject to income tax.

Related parties

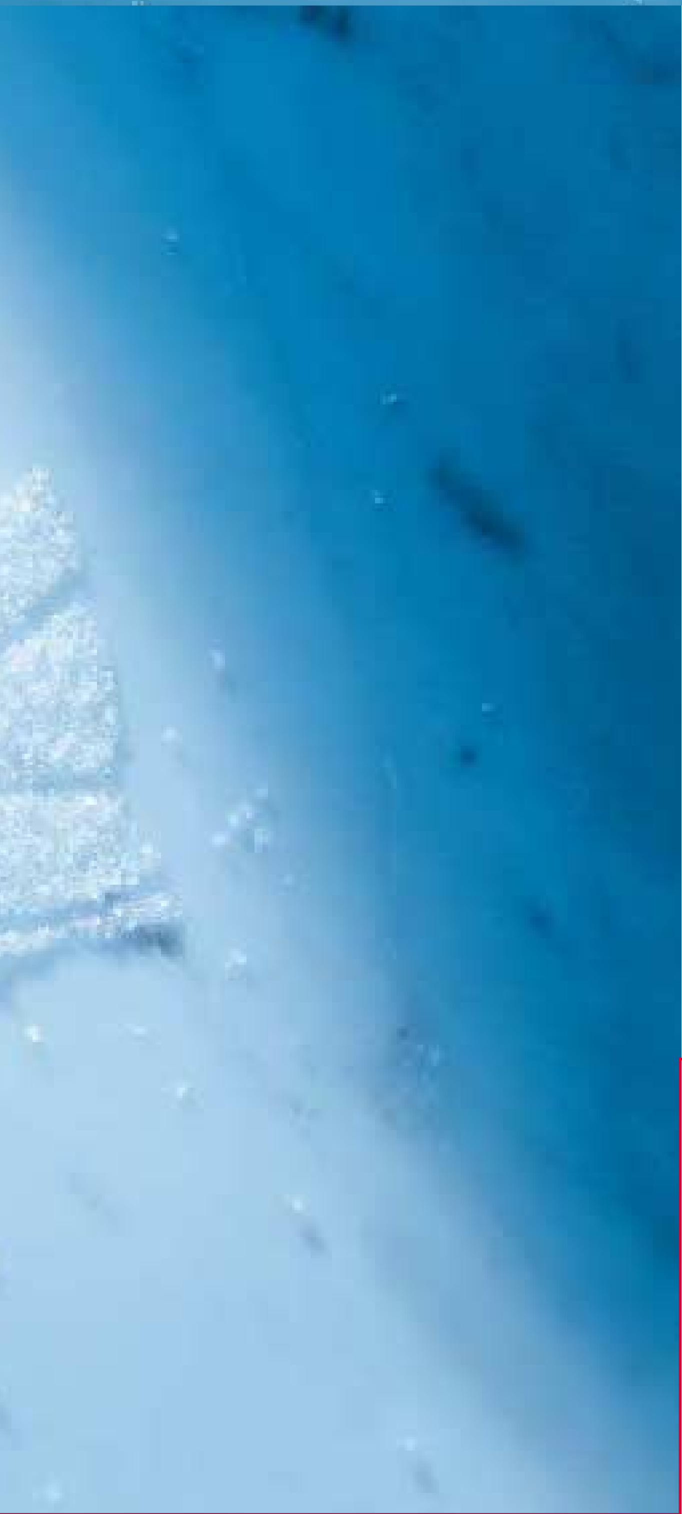
According to a notification received by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, the combination of its own holding of Südzucker shares and those held in trust by SZVG for its shareholders make up a majority holding in our company. The report on related party transactions, submitted as a result of this notification as required by § 312 of the Stock Corporation Law, concludes as follows:

"With respect to the transactions and measures set out in this report and in view of the facts known to us at the time such transactions were made or such measures were, or were not, taken our company received appropriate consideration for each transaction and suffered no disadvantage as a result of the performance or non-performance of the measures."



Roll stack cooler for white sugar, Ochsenfurt works

Progressively conservative!



If the shoe fits, we'll gladly wear it. We are conservative when it comes to the quality of our products and the company's stability. We are progressive in developing new products and ensuring the future of the growing Südzucker Group.

Overview

Sugar/sweeteners

- **Südzucker AG Mannheim/Ochsenfurt, Mannheim**
  - Sugar division (Germany)
  - Palatinit division
  - Agriculture and feedstuffs
- **Südzucker GmbH, Zeitz** 100 %
- **Südzucker International GmbH, Ochsenfurt** 100 %
  - Sugar division (Poland, Moldova)
- **AGRANA Beteiligungs-AG, Vienna, Austria** 43.2 %
  - AGRANA Zucker und Stärke AG, Vienna, Austria
    - Sugar division (Austria)
    - Starch division (Austria)
    - Sugar division (Romania, Slovakia, Czech Republic, Hungary)
    - Starch division (Hungary)
- **Raffinerie Tirlemontoise S. A., Brussels, Belgium** 85.4 %
  - Sugar division (Belgium)
  - Orafti division (Belgium)
  - Surafti division (Belgium, France, Great Britain, The Netherlands)
  - Portion Pack Europe Holding BV, (Oud Beijerland, The Netherlands)
- **Saint Louis Sucre S. A., Paris, France** 99.7 %
  - Beet and cane sugar division (France)
  - Alcohol/Ethanol division (France)
  - Eastern Sugar*, Czech Rep., Hungary, Slovakia)
  - Ebro Puleva*, Spain
    - IANSA*, Chile

* Not consolidated.

The sugar/sweeteners segment covers the sugar activities of Südzucker AG, Südzucker GmbH and Südzucker International, Saint Louis Sucre (excluding Eastern Sugar), Raffinerie-Tirlemontoise Group and the AGRANA Group. The segment also includes the special products and agricultural divisions.

The number of factories in the sugar group rose to 45 (41) in 2001/02 due to the acquisition of Saint Louis Sucre (SLS), with its 5 sugar factories and refineries. With Eastern Sugar and the Ropczyce and Wlostow works, which have not been included, there are a total of 53 sugar factories. The sugar beet harvest in the group of 25.0 million tonnes (22.3 million tonnes) was processed using a daily processing capacity of 342,000 tonnes (290,000 tonnes) in an average of 73 days (77 days). With the exception of Poland, the sugar beet harvest rose in all eastern European companies whereas, on the other hand, without the acquisition of SLS sugar beet processing would have declined in the EU companies. Overall, sugar production increased in the group to 4.0 million tonnes (3.5 million tonnes), whereby this figure includes the refining of 278,500 tonnes (287,500 tonnes) of raw sugar. The Südzucker AG factories led the refinement league tables, with 17.39 %. Sugar content in the east European factories were between 14.99 % and 16.25 %.

Südzucker AG, Südzucker GmbH and Südzucker International operated 23 (23) sugar factories in their 2001/02 campaign, of which 14 (14) were located in Germany, 3 (5) in Poland (excluding Ropczyce and Wlostow) and 4 (4) in Moldova. At the end of the campaign the sugar works in Delitzsch and Zeil were closed and their sugar beet processing has been taken over by neighbouring factories. Isomalt, the sugar substitute developed by Südzucker and won from sugar beet, is sold world-wide by Palatinit GmbH. The agricultural and feedstuffs divisions, together with BGD Bodengesundheitsdienst GmbH, the fertiliser consultant, are also directly allocated to Südzucker.

Raffinerie Tirlemontoise of Belgium was extremely successful in its operating activities, with 5 (5) sugar factories in the traditional sugar business, functional food products and a broad range of other food ingredients. Portion Pack Europe Holding bundles all Südzucker Group's activities in the portion-pack division for caterers and wholesalers.

Saint Louis Sucre of France operates 5 sugar beet factories and one cane sugar refinery in France. Further business activities include the production of bio-ethanol in France and an investment in Eastern Sugar, which operates in eastern Europe.

The AGRANA Group operates in the sugar and starch segments in Austria and in central and eastern European countries. Of its 13 (13) sugar factories, 3 (3) are located in Austria and a further 10 (10) in Romania, Slovakia, the Czech Republic and Hungary. With its potato and corn starch products, AGRANA could again improve its presence in the food and non-food markets.

Key figures for the sugar/sweeteners segment

	2001/02	2000/01
Sales	€ 3,396 million	€ 2,973 million
Operating profit	€ 403 million	€ 351 million
Operating margin	11.9 %	11.8 %
ROCE	15.8 %	17.5 %
Capital expenditures	€ 169 million	€ 133 million
Investments in financial assets	€ 1,671 million	€ 21 million
Average number of employees during the year	12,679	12,841

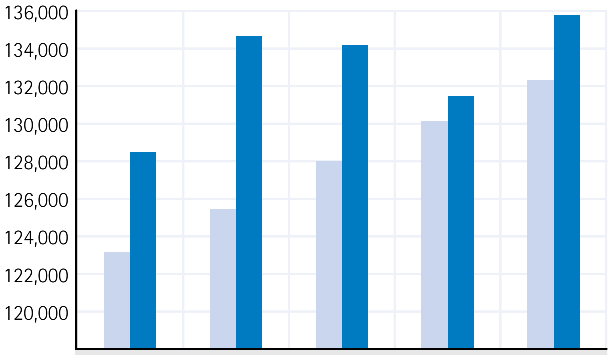
Sugar division

Global market development

Brazil floods the sugar market
After sugar production declined in line with market conditions in 2000/01, a strong expansion in Brazilian cane sugar production in 2001/02 again led to an oversupply on the world sugar market. On the other hand, in the same year the EU made an active contribution to a more balanced sugar market by decreasing sugar production by almost 13 %. Brazil again dramatically increased cane sugar planting for 2002/03, and this has already had a noticeable effect on markets. Even though it remains to be seen how large cane sugar's share of total sugar and ethanol processed will be, it can be assumed that the oversupply of sugar on the world market in 2002 will lead to considerably lower prices than in the previous year.

Global sugar production and consumption

1,000 t raw value

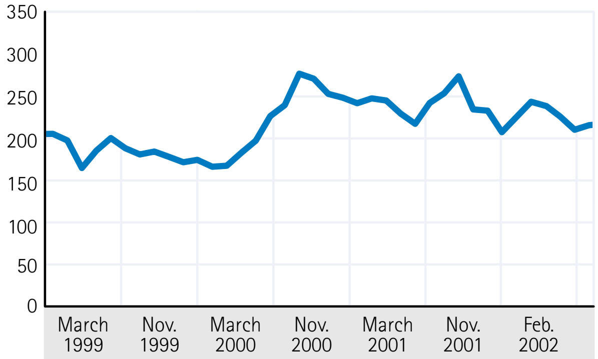


	1997/98	1998/99	1999/00	2000/01	2001/02[1]
Global sugar production[2]	128,493	134,673	134,192	131,413	135,967
Global sugar consumption[2]	123,135	125,458	128,014	130,137	132,287
Beet sugar as a percentage of total production (%)[3]	30.3	27.7	27.4	28.0	24.9
Inventories at August 31 as a percentage of consumption (%)[2]	40.8	45.3	47.9	47.4	47.8

[1] Estimate
[2] F. O. Licht's Europäisches Zuckerjournal No. 11 dated 02.04.2002 "Second Estimate of Global Sugar Levels 2001/02"
[3] F. O. Licht's Europäisches Zuckerjournal No. 7 dated 25.02.2002 "Second Estimate of Global Sugar Production"

Global market prices for sugar March 1999 – February 2002

London/Ww. in US-$/tonnes nearest forward trading month



Despite the decline in EU production in the past year, the increase in Brazilian production meant that the EU could not make its intended contribution to stabilisation of the world market. As there was no increase in consumption to meet the oversupply, and warehouse inventories remained unchanged at a very high level, it is also not to be expected that there will be a satisfactory development in world market prices in the medium term.

Market development in the European Union

In the European Union, sugar production in 2001 declined by 12 % to 14.94 million tonnes (17.02 million tonnes). This decrease results from a decline of 2 % in the area of sugar beet under cultivation to 1.790 million hectares (1.823 million hectares) and a sugar yield of 8.18 tonnes per hectare (9.16 tonnes per hectare). 0.4 million tonnes (1.0 million tonnes) of C-sugar were transferred to 2002/03.

In May 2001, the EU agricultural ministers prolonged the sugar market regulation by a further five years to June 30, 2006. Once again it has been demonstrated that there is no reasonable alternative to the present system, which finely balances the interests of consumers, farmers, industry and importing countries. The EU sugar industry and the EU applicant countries from central and eastern Europe thus have the planning horizon necessary for making the capital expenditures required to maintain European sugar beet production.

In connection with its agricultural agreement with the World Trade Organisation, the EU has committed to limit subsidised exports. In the autumn of each year, the commission considers whether it is necessary to reduce quotas (declassification) to meet this commitment. At its annual review in September 2001 no declassification was made for the 2001/02 sugar year. We regret this decision, which will lead to an expansion in sugar inventories to the detriment of sugar beet farmers and the sugar industry.

At its meeting in September 2001, the sugar administration committee set the additional B-production levy for the 2000/01 sugar year at 20.73 % of the intervention price. It is thus lower than the maximum of 37.5 %.

As well as the existing agreement with the ACP countries (Africa, Caribbean, Pacific) and least developed countries (LDCs), the opportunity was given to import sugar to the EU free of customs duty from Albania, Bosnia-Herzegovina, Croatia and Kosovo. This is intended to contribute to the rehabilitation of these countries.

EU sugar market

Countries	2001		White sugar value 2001		
	Area under beet cultivation 1,000 ha	Sugar yield t/ha	Basic quota 1,000 t	Sugar production 1,000 t	Sugar consumption 1,000 t
Germany	449	8.25	2,613	3,722	2,772
France	386[1]	9.55[1]	2,970[2]	3,931[2]	2,090
Italy	220	5.83	1,311	1,283	1,409
The Netherlands	109	8.74	684	953	655
Belgium/Luxembourg	96	8.75	675	840	535
Denmark	56	8.54	325	478	234
Ireland	31	6.77	181	210	113
Great Britain	151	8.18	1,035	1,235[4]	2,231
Greece	43	7.30	289	314	312
Spain	114	8.25	957	948	1,241
Portugal	5	8.00	72[3]	56	332
Austria	45	8.89	314	424	297
Finland	31	4.71	335	146	208
Sweden	54	7.44	133	402	377
EU–15	**1,790**	**8.18**	**11,894**	**14,942**	**12,806**

Source: Directorate-General for Agriculture, Brussels

[1] Excluding overseas "departments". [2] Including overseas "departments". [3] Incl. the Azores.

[4] Sugar beet, including approx. 1.5 million tonnes of AKP preferential sugar, overall production amounted to 2.7 million tonnes.

At the end of January, the European commission presented its recommendations for A and B quotas for the EU candidate countries from central and eastern Europe. Overall, with consumption of 2.9 million tonnes, the commission recommends a maximum quota in the same amount for the 10 new member countries. However, the recommended quotas are thus partly much lower than demanded by the applicant candidates. As by far the largest new country, Poland would receive 1.67 million tonnes and would then be the EU's third-largest producer.

The final round of the admission negotiations should be completed by the end of 2002, so that the countries can be admitted to the EU in 2004.

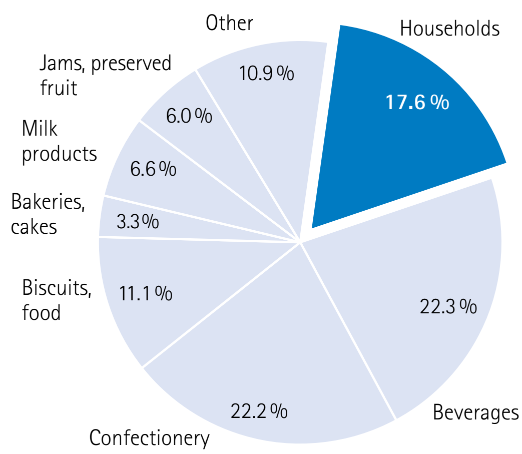
Market development in Germany

Sugar production in Germany fell by 15 % in 2001/02 to 3.7 million tonnes (4.4 million tonnes). This decrease is partly attributable to a 0.5 % smaller area under cultivation, but also mainly to a decrease of 11 % in sugar beet yield compared with the previous year, to 55.1 tonnes per hectare (61.7 tonnes per hectare). With a decline in domestic sales volumes of almost 2 % to 2.9 million tonnes (3.0 million tonnes), total sugar volumes in the 2000/01 sugar year including exports reached 4.6 million tonnes (4.5 million tonnes).

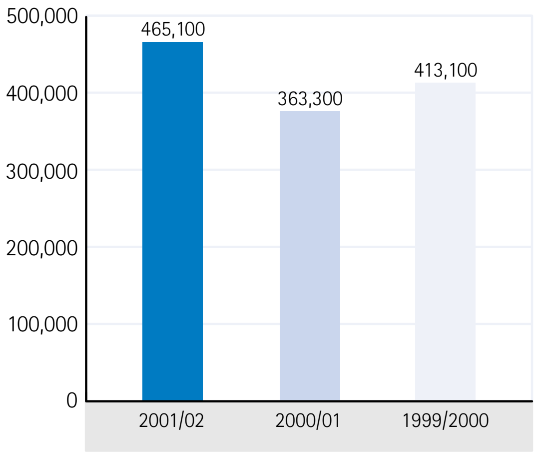
Performance of the Südzucker Group

The area under beet cultivation for Südzucker Group in the EU rose to 370,500 hectares (287,000 hectares) in 2001/02 due to the acquisition of SLS. In eastern Europe the area under cultivation increased to 94,600 hectares (76,300 hectares) thanks to increases at AGRANA International and in Moldova. With a total of 465,100 hectares (363,300 hectares), an area was planted with sugar beet for the Südzucker Group which is the equivalent of a square with its sides 70 kilometres in length.

Consumers of sugar in 2000/01 in Germany



Area of beet under cultivation for the Group (ha)



Beet harvest and campaign

Average harvest in Germany

Following two record years, the beet harvest and sugar yields returned to normal in the areas covered by Südzucker AG and Südzucker GmbH in **Germany.** The delay in planting due to poor weather conditions could almost be made good as the summer progressed. On an almost unchanged area under cultivation of 172,200 hectares (174,200 hectares), in the area covered by Südzucker AG and Südzucker GmbH a total of 1.53 million tonnes (1.85 million tonnes) of sugar was refined from 10.1 million tonnes (12.1 million tonnes) of beet with a sugar content of 17.4 % (17.5 %). The high technical standards of the sugar refineries were demonstrated by an almost trouble-free campaign. The average campaign period lasted 73 (87) days. The Delitzsch and Zeil works had their last campaign, and we thank and acknowledge the hard work of their staff.

In **Belgium**, due to a late beet sowing on an area of 70,800 hectares (70,000 hectares), Raffinerie Tirlemontoise only produced 634,200 tonnes (715,700 tonnes) of sugar from 4.0 million tonnes (4.6 million tonnes) of beet. The campaign only lasted 70 (79) days.

Also in **France** the poor weather conditions during the beet sowing period and lack of rainfall in May and June led to a harvest substantially lower than the previous year and than the long-term average. An area of 82,900 hectares (77,200 hectares) was sown with beet for SLS. 5.0 million tonnes (5.7 million tonnes) of beet were harvested and the resulting sugar yielded totalled 757,000 tonnes (868,000 tonnes).

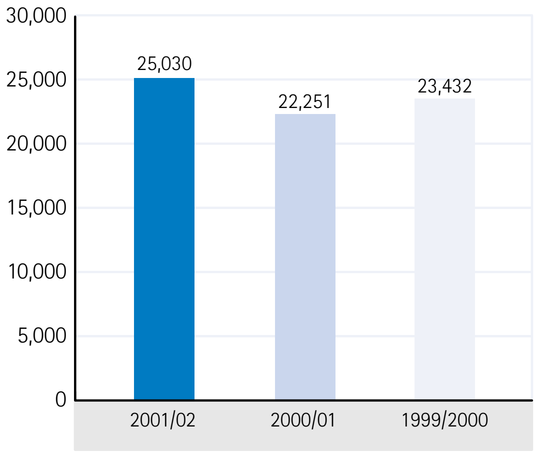
In **Austria**, on an area under cultivation of 44,700 hectares (42,800 hectares) and with a slightly lower sugar content of 16.8 % (17.2 %) due to poor weather conditions, 423,400 tonnes (411,200 tonnes) of sugar were produced. During the 77 (74) days of the campaign, AGRANA's three sugar factories achieved a new daily processing record due to their trouble-free processing, the comparably low sugar content and production optimisation.

Campaign 2001.

AGRANA International's 10 factories located in the **central and eastern European countries** refined 280,000 tonnes (218,000 tonnes) of sugar from 2.1 million tonnes (1.7 million tonnes) of beet. Including the 132,000 tonnes (128,000 tonnes) of cane sugar refined, total production was 412,000 tonnes (346,000 tonnes) of sugar.

Südzucker AG's subsidiaries and investments in **Poland** had to suffer severe reductions in their harvests as a result of the flooding and heavy rainfall in the summer. Hence, only 300,700 tonnes (333,600 tonnes) of beet could be harvested from an area of 8,100 hectares (8,200 hectares). Due to a sugar content of 15.9 % (17.6 %), which was also down on last year, sugar yields fell to 41,500 tonnes (51,900 tonnes). The already short campaign last year of 52 days was thus sharply reduced in 2001/02, to 46 days.

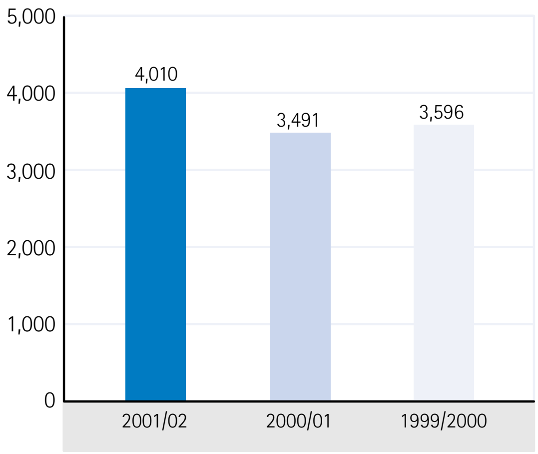
Group beet processing (1,000 t)



In **Moldova** the area under cultivation allocated to the four Südzucker works was raised to 29,000 hectares (20,600 hectares), but a dry summer and damage by pests stopped expectations of a better harvest. 64,900 tonnes (46,100 tonnes) of sugar were produced from a beet harvest of 608,200 tonnes (420,300 tonnes) and a sugar content of 15.0 % (15.2 %).

The investments in the two Polish sugar factories in Ropczyce and Wlostów and Eastern Sugar's six eastern European works have not yet been consolidated. These eight sugar factories produced a total of 370,000 tonnes of sugar from 2.6 million tonnes of beet.

Group sugar production (1,000 t)



Sugar sales volumes

Südzucker AG and Südzucker GmbH stabilised their domestic and export market share in 2001/02 at a high level and were able to again exceed the previous year's extremely good results by 4 %, with sales of 1,836,600 tonnes (1,765,300 tonnes) of sugar. These positive figures are made up of domestic sales of 1,099,200 tonnes (1,101,700 tonnes) at the same level as for the previous year, and 11 % higher exports of 737,400 tonnes (663,600 tonnes).

Sugar deliveries to the sugar processing industry again increased. It was also possible to stabilise quantities sold to the traditional retail food market for the first time for many years. There was even a slight upturn in sales of the Südzucker product range compared with the previous year.

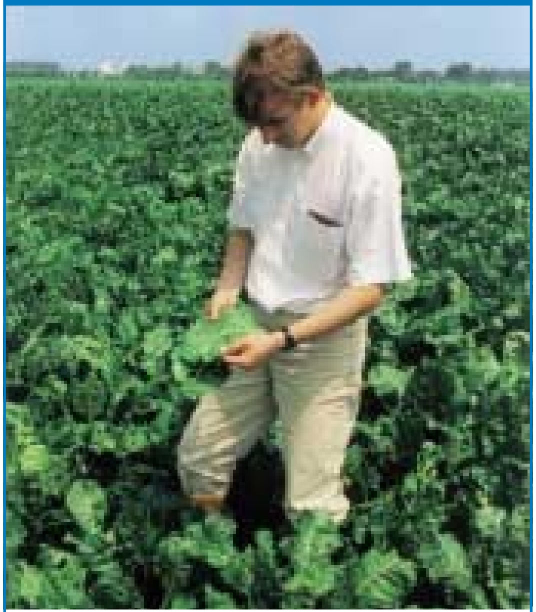
The expansion of the sugar product range introduced in the specialities division last year was a positive factor, as was also the introduction of new forms of packaging designed more appropriately to fit modern stores, intended to make sugar shelves more attractive to the consumer and retailer alike. Their positive response to these moves has encouraged us to continue along these lines in the future.

Initial category management projects in co-operation with selected retailers have been successfully completed. The first results of the projects have shown that optimisation of product ranges and shelf presentation best suited to meet consumer preferences lead to an improvement in profitability of product groups. This concept will now be offered to other retailers, a further step in the direction of offering an all-round service to our customers.

In addition to EDI (electronic data interchange), Südzucker is currently working with the EAN 128 project, a further element within the framework of ECR (efficient consumer response). The EAN 128 pallet coding system closes a gap in the optimisation of the logistics process from the supplier to the customer. This pallet coding allows every pallet to be traced through every step in the logistics chain and represents the core of an electronic data interchange covering every step on the route from the supplier to the customer.

The introduction of the euro sparked off a new round in the price war amongst competitors in the retail food industry. Price leaders from the discounter segment did not convert their existing DM end-user prices for their standard ranges directly into euros, but lowered their euro prices to the next, lower price level. Such price reduction also affected the standard sugar products, so that the increase in

Knowledge transfer in the Südzucker-Gruppe



Monitoring leaf disease now also in Austria

In a joint project with the state agricultural advice centre, the south German sugar industry has implemented a plan for fighting leaf disease in sugar beet plantations. The aim is to minimise the use of pesticides. In all areas under cultivation, randomly selected sugar beet fields are controlled weekly for leaf disease. Farmers are informed if certain predetermined levels are reached. Rapid communication is achieved via the internet, direct mailings and publication in trade journals. The use of pesticides has been substantially cut back. This system has paid off in Germany and in neighbouring countries such as Austria, where it was used on a test basis last year and is being applied throughout the country this year. The speed of the plan's success can be attributed to the transfer of a system already practised in southern Germany and data processing on Südzucker's computer in Mannheim.

consumer prices achieved by the decision of the competition authorities last year was substantially reversed. This process was underlined by a court decision reversing the competition authorities' prohibition of setting sales prices constantly lower than cost.

With the customer relationship management system (CRM), the Südzucker Group has access to a new, high-performance information and communications system. This system, which extends throughout the Group, will make co-operation with retailers and industrial customers more efficient and help meet the needs of our sales organisation for increasing concentration on international aspects, particularly for our industrial customers.

In this connection, a new service offered by Südzucker to its industrial customers is vendor managed inventory (VMI). If customers wish, Südzucker takes care of the entire inventory management of sugar silos located at customers using internet technology.

Work is being carried out on developing an e-business solution intended to expand and improve our range of services.

Due to poor sugar production from the 2000/01 campaign, overall sales volumes at **Raffinerie Tirlemontoise** decreased by 7 % to 733,300 tonnes (784,500 tonnes). Sales volumes on the Belgian market rose by 6 %, with growth of 1 % in the end-user segment, thanks to two new products, Ti'Flora and Partyzucker. Sales volumes to the processing industry rose by 7 %. Despite a poor season for preserving fruit in both the retail and industrial areas, sales volumes in Belgium at the subsidiary Candico reached record levels.

Sugar sales volumes at **Saint Louis Sucre** (beet and cane sugar) amounted to 1,144,000 tonnes (1,193,000 tonnes) in 2001, of which 625,000 tonnes (575,000 tonnes) were sold within the EU.

Sugar sales volumes in Austria for **AGRANA** decreased to 444,000 tonnes (465,000 tonnes). Of the domestic sales of 326,000 tonnes (341,000 tonnes), 70,000 tonnes (69,000 tonnes) related to sales of household sugar, and hence these sales stabilised. Despite more difficult market conditions, domestic sales to the food industry could be increased to 220,000 tonnes (217,000 tonnes). 56,200 tonnes (19,300 tonnes) of quota sugar and 62,000 tonnes (105,000 tonnes) C-sugar were exported.

Including the sugar sales volumes of its subsidiaries in the central and eastern European countries of 398,000 tonnes (437,000 tonnes), the AGRANA Group achieved total sugar sales volumes of 842,000 tonnes (902,000 tonnes).

Sales volumes of the five **Polish investment factories** are mainly processed via the subsidiary, Cukrier Królewski. Over-capacity on the domestic market and fire sales by financially weak state-owned sugar factories led to continuing price pressures.

Sales volumes in **Moldova** were marked by deliveries to the Ukraine and the successful introduction of a regional brand.

In its first complete financial year, **Südzuckergroup Export Centre S.A.** (SEC) exported a total of 970,000 tonnes of sugar from Belgium, Germany and Austria to other countries. It is the largest supplier of high-quality EU white sugar to these countries, with 16 % of the entire EU sugar export volume.

Impressions of the sugar factory.

Sing praise for our special products!

Südzucker is sugar – and more. Thanks to innovative ideas and expanding into forward-looking businesses, we achieve a turnover of around half a million euros with our special products. We have great expectations in the rapidly growing functional food division. And with rice-based products from Remy Industries, we are now part of the expanding market providing foodstuffs for people with allergies.

Special products division

Global trend to sugar-free sweeteners strengthens growth

Palatinit GmbH, **Mannheim** could again further extend its strong market position in the sugar substitutes sector in 2001/02, and hence retain its pattern of continuous growth. Palatinit, with its sugar substitute Isomalt, is already the most important raw materials supplier for sugar-free hard caramels.

As these products as well as sugar-free chewing gum pellets continue to be successful, production capacity is being stepped up. Capital expenditures are being made to increase the product range and ensure the business retains its world-wide cost leadership.

Palatinit can look back to a year of particularly satisfactory growth, above all in Asian markets where the global trend to lower-calory, dental-friendly hard caramels is particularly strong. Sugar-free functional food products are also increasingly conquering international markets and have contributed to the rise in sales volumes.

Participation at international ingredients trade fairs in Shanghai, Sao Paulo, Istanbul, Moscow and London made it possible to present all the areas in which Isomalt can be used, make valuable contacts with sweetener producers and hence accelerate this product's global market reach.

Major reasons for customers to choose Palatinit are Isomalt's excellent sensory and physiological dietary properties as well as the quality of customer relationships which cover production, application technology and marketing.

Record growth for Orafti

In 2001 **Orafti** achieved its strongest growth for inulin and oligo-fructose, its functional food products, since it was founded. A number of encouraging product developments were initiated for leading global food companies wishing to give their products a healthy additive. The growth in sales of existing foodstuffs containing RAFTILINE® and RAFTILOSE®, both Orafti products, also contributed to the increase in revenues.

Isomalt is the main raw materials supplier for sugar-free hard caramels.

This successful market growth must be satisfied by a further expansion in capacity. We are currently reviewing the Bundaberg region in Australia for its possible suitability as a production location.

The new and patented combination of inulin and oligo-fructose, marketed under the RAFTILOSE® Synergy1 brand, has been proven to lead to better calcium intake in the body and hence to a reduction in the risk of osteoporosis. This product received a prize as the most innovative food additive at the Food Ingredient South America Event. RAFTILOSE® Synergy1 is already being used as an additive in many foods around the world.

Using the BENEO® brand concept, we are carrying out a marketing campaign intended to strengthen recognition of oligo-fructose products. This activity, which was initially launched only in Belgium, has now been expanded to cover Switzerland.

We have also succeeded in further developing the market for RAFTIFEED®, a product range for animal feeds. RAFTIFEED® strengthens the immune system of livestock, eliminating the need for using antibiotics, which has recently been subject to criticism.

Sales volumes of liquid sweeteners was further increased by offering a complete range of sweetener solutions. However, the market was subject to price pressures due to crystallised fructose from Turkey and Israel.

In 2001/02, the Orafti group acquired Remy Industries, the leading global producer of rice-based premium specialities. Its rice-based flour, starch and proteins are used in foodstuffs with premium-quality dietary and consistency properties. The co-operation between Orafti and Remy will be an excellent platform for greatly strengthening market penetration in the areas of improved textures and added health.

The **Portion Pack Europe Group**, now operating through eight companies in six European countries (Austria, Belgium, Czech Republic, Germany, Poland and The Netherlands), specialises in providing portion pack articles for the catering industry and large volume consumers. Sogeler Portion Pack of The Netherlands was added to the Group in 2002. In addition to its main business of providing pre-packed

Choice of confectionery made with Isomalt.

Regularly, new portion packed articles are put on the market. First Lucky sugar now Zuccheritos.

products, Portion Pack also acts as a packaging specialist for the food industry. As a full-range supplier, Portion Pack has a selection of products which, in addition to sugar products, also includes biscuits, sauces, sweeteners, coffee cream, jams, spices and bread. Portion Pack has grown successfully over the past few years through product innovation, acquisitions and by expanding its geographic reach.

The companies making up the **Surafti division** mainly supply food additives to food processors in the bakeries industry. The companies located in Great Britain and France produce fondant specialities, bakery additives and food decoration products. In 2001/02 the sales and marketing functions in England were centralised and DSM Debic was acquired, whose products supplement the existing range. Surafti's continuing success is due to the value-added nature of its high-quality products, produced for customers located in Europe and the Middle East.

The Südzucker Group's **starch activities** are mainly operated by AGRANA. Remy Industries of Belgium, a leading producer of rice-based starch, flour and protein which was acquired last year, is now part of the Orafti group as a food additives specialist.

In the starch division it was again possible in 2001/02 to sharply increase turnover and profits. Sales grew by 13 % to € 129.1 million (€ 114.6 million) and net earnings for the year rose by 50 % to € 5.9 million (€ 3.9 million). Total starch product sales volumes reached 208,000 tonnes (181,000 tonnes), of which 143,000 t (133,000 t) were corn-based products and 54,000 t (48,000 t) were potato-based starch. In addition to higher prices, the success of the starch division can be attributed to an upgrading of the product mix. Sales volumes in the food area rose to 98,000 t (92,000 t) and in the non-food area to 64,000 t (53,000 t). The main geographic region for sales of starch in the food area is Germany, which buys some 50 % of total volumes.

Südzucker Group's special products division has a stand at the London trade fair.

Agriculture

Expansion in eastern Europe

The traditional **agricultural division** recorded good results at Südzucker locations and satisfactory profits were achieved by the agricultural research division. Extensive experiments to optimise sugar beet planting financially and ecologically were well accepted by farmers and scientists alike. Once again this year, different soil processing procedures for sugar beet planting was the main topic of research. Various parameters relating to the topic of soil and using different processing procedures have been recorded at nine Südzucker farms for over ten years. The institute for sugar beet research in Göttingen has provided the scientific input to this project.

In addition to many activities at which research results were presented to sugar beet farmers, the transfer of know-how to Südzucker's eastern European companies was a particularly important theme in 2001. An example is Moldova, demonstrating that the yield per hectare and quality could be considerably improved in comparison with usual local procedures with the support of the agricultural division.

Further measures to transfer knowledge include, for example, the education of trainees from Moldova at Südzucker agricultural locations. The agricultural division thus makes a considerable contribution to improved sugar beet planting and the transfer of know-how to Südzucker's eastern European companies.

The **feedstuffs division** markets molasses pellets and molasses, by-products of the sugar production process. Beet pellets are only used as livestock feed, whereas molasses is also used as a raw material for other industries, particularly the fermentation business.

The BSE crisis led to a return to high-quality, purely domestic feed and molasses pellets and molasses benefited accordingly. The reintroduction of the requirement to declare the content of mixed feed also helped sales, as high-value pellets were increasingly used as an ingredient. Thus, despite a high backlog of deliveries through to the summer months of 2001, warehouses could be completely emptied by the start of the 2001 campaign.

Working soil loose

Intensive soil working without turning the soil, both after the harvest and before sowing. Soil should be worked up to a maximum depth of 10 cm with loosening up to an depth of 35 cm, depending on sugar beet needs.

Working soil with humus

Flat soil working without turning the soil, up to a maximum depth of 10 cm for all soil working.

Despite a decline in livestock numbers, it was possible to maintain sales volumes of pressed pellets from the Südzucker GmbH works at the same level as for the previous year by increasing the share of pressed pellets as an ingredient in feed. 60 % of silage production was made in mobile silos and 25 % in foil tubes.

The production of molasses from the 2000 campaign was also completely sold by the beginning of the 2001 campaign. As the yeast industry has become the major customer grouping, sales volumes of feed molasses declined considerably. Higher prices on the molasses market in the past year continued and initial advanced sales of molasses from the 2002 harvest achieved satisfactory prices.

After two years of preparatory work, the feedstuffs division was included in the existing system as part of the ISO 9001 certification process.

KWS SAAT AG, Einbeck, in which Südzucker AG holds almost 25 %, continued to grow its activities in 2000/01 (01.07.2000 - 30.06.2001) against the overall industry trend. With an increase in sales of the KWS group of some 18 % to € 393 million (€ 334 million), earnings for the year rose by 22 % to € 28 million (€ 23 million). The dividend was increased to € 10 per share (€ 7 dividend + € 3 bonus). Over the past year, KWS increased its involvement in the corn and seed potato segments by investing in a North American corn company and a leading German seed potato business.

BGD Bodengesundheitsdienst GmbH, Mannheim, is a wholly-owned subsidiary of Südzucker and provides services to the farming industry. Its business includes soil testing, fertilisation advice covering all major fertilisers, humus testing and examination of organic fertilisers. As foreseen by law, the company also carries out nutrient comparisons as set out in the fertiliser ordinance and potato testing as required by the official potato ordinance.

Geo-referenced soil testing and fertilisation

Fields are measured with the help of GPS, and soil sample points are precisely defined.

All EUF analysis results are shown for each sample points such as phosphate shown here.

The main activity is fertilisation advice. This is carried out by using the EUF soil testing method, in which all the major plant nutrients (nitrogen, phosphate, potash, lime, calcium, magnesium, boron and sulphur) are measured using a single soil sample, and fertilisation recommendations are calculated.

Overall, BGD makes an annual 55,000 soil samples for nutrients available to plants using the EUF method and calculates fertilisation recommendations. This means that some 150,000 hectares are being fertilised to the benefit of the ecology and the economy based on the specific results of sampling using the EUF method.

A new service is geo-referenced soil testing and area measurement. Fields are measured using the global positioning system (GPS), the soil testing points are identified and hence even separate sections of the fields can be specifically fertilised based on the results of the soil testing. The advantage of this process is an improvement in fertilisation specifically adapted to meet plant needs over a small area. Geo-referenced soil testing and fertilisation includes documentation of the process. With this service, BGD can offer farmers an integrated system, with specifically identified soil testing points, soil testing, fertilisation advice and documentation of fertilisation.

REKO Erdenvertrieb GmbH produces high-quality compost and substratal soil at the Regensburg und Plattling works. Capacity utilisation of the compost plant at Plattling, which commenced operations two years ago, has been further improved. Despite poor weather conditions for marketing, sales could again be lifted.

Turnover of the gardening and landscaping operations was above-average, particularly in the design of new domestic gardens. Sales volumes of substratal soil again rose. The range of high-quality soil products, specifically tailored to meet customers' needs, is a main pillar of the company's successful marketing concept.

Phosphate content

A (very low) | *B* | *C* | *D* | *E (very high)*

The results are set out on a map giving details of soil nutrient values.

recommended phosphate fertilisation (kg/ha.)

>=80 | *70 to 80* | *60 to 70* | *50 to 60* | *30 to 50*

Fertilisation recommendations are worked out from the soil nutrient values at the individual field sample points and are also shown on a map. Hence, the farmer receives precise details of how much should be fertilised at which points in his fields, enabling him to use the right quantities in the right location.

Ice cream/frozen food

Overview

Ice cream/frozen food segment

- Schöller Holding GmbH & Co. KG, Nuremberg (to September 30, 2001) 65 %
- Freiberger Lebensmittel GmbH & Co. KG, Berlin 100 %
- AIH Agrar-Industrie-Holding GmbH, Mannheim 50 %
  - VK Mühlen AG, Hamburg
  - Fresenius AG, Bad Homburg v. d. H.

In the past year Südzucker rigorously applied its strategic concentration on its core business of sugar/sweeteners and sold the Schöller Holding Group, thus disposing of most of the ice cream/frozen food segment. Following approval of the sale to Nestlé by the EU competition authorities at the end of February 2002, the purchase and sale contracts made in October 2001 could be implemented in the year ended February 28, 2002. Nestlé thus acquired all the shares in Schöller Holding Group from Südzucker and the Schöller family. Schöller Holding has good prospects for growth as part of the world's second-largest ice cream group.

Schöller Holding Group was de-consolidated effective September 30, 2001, as a result of which sales for the ice cream/frozen food segment declined to € 1,380 million (€ 1,692 million). On the other hand, operating profit rose to € 62 million (€ 41 million). The structural and rationalisation measures carried out had a positive effect on profits, and also the poorer winter months for the ice cream business were no longer included in the results.

Market development

The German ice cream market, of major importance to Schöller Holding's business, was again strongly dependent on the weather in the first three quarters of 2001. The weak first six months could be compensated by sound growth in the main sales months of July and August, before an extremely cold and rainy September led to a downturn. The overall market declined, and Schöller Holding's performance was in line, so that it could maintain its 30 % market share.

The pattern of strong growth in sales of frozen foods continued in 2001, supported also by a temporary change in consumer behaviour due to the BSE crisis. Freiberger Group, which remains in the Südzucker Group, is a European market leader for deep-frozen pizzas and baguettes. Freiberger was also able to further strengthen its position in major foreign markets by continuing to penetrate neighbouring European countries. Retailers are offered a branded range based on specific customer needs and which is constantly adapted to reflect current market trends. The "Alberto" brand is being continuously boosted by the introduction of innovative products . One example is Alberto Microssa, a pizza which is specially suited for rapid microwave heating and offers maximum convenience with its patented packaging.

Further divisions allocated to the segment

AIH Agrar-Industrie-Holding GmbH, Mannheim, is a holding company for investments within a broad and narrow definition of the food industry. Its individual investments were successful during the year.

Revenues of **VK Mühlen AG**, Hamburg declined to € 430 million (€ 443 million) in 2001, solely due to the lack of inclusion of 3 GLOCKEN GmbH's sales compared with the previous year. 3 GLOCKEN GmbH was transferred to Birkel Teigwaren GmbH, which is not consolidated with VK Mühlen AG. Considerable improvements in profits were achieved in 2001, due to synergy effects from the merger with BM Bäckermühlen AG, the merger of Birkel Teigwaren GmbH with 3 GLOCKEN GmbH and price increases. Despite provisions for possible structural measures to be taken in the food division, group profits for the year rose to € 6.3 million (€ 3.7 million). VK Mühlen AG expects a further improvement in its annual profits in 2002.

Fresenius AG, Bad Homburg v. d. H., is a global healthcare group with products and services for dialysis, hospitals and outpatient medical care.

In 2001 Fresenius group revenues grew by 20 % to € 7,320 million (€ 6,099 million), group EBIT rose by 5 % to € 797 million (€ 756 million) and net earnings for the year were € 179 million (€ 266 million), lower than the previous year. In 2001 Südzucker sold the Fresenius shares held by AW-Beteiligungs GmbH. Due to the unsatisfactory share price an agreement was made with the purchaser to share in further share price movements for a limited period of time.

Key figures for the ice cream/frozen food segment

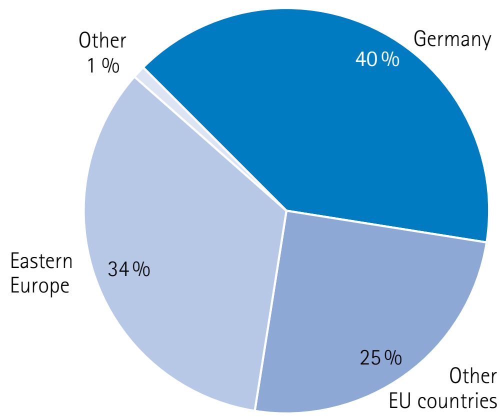
	2001/02	2000/01
Sales	€ 1,380 million	€ 1,692 million
Operating profit	€ 62 million	€ 41 million
Operating margin	4.5 %	2.4 %
ROCE	6.9 %	2.9 %
Capital expenditures	€ 50 million	€ 82 million
Investments in financial assets	–	€ 16 million
Average number of employees during the year	10,959	15,574

Personnel

The Group employed an average of 23,638 (28,415) persons during 2001/02. This number is not representative of the number of persons employed at the end of the year, on February 28, 2002 as, with the deconsolidation of Schöller Holding effective September 30, 2001, of the 14,532 persons employed at Schöller in 2001/02 a pro rata average for the year of 9,920 were included in the overall average numbers for the Group shown above. As a result of the sale of Schöller Holding 14,532 persons actually left the Group and 1,791 persons were added due to the acquisition of SLS Group. If one considers these changes, the Group had 15,200 employees.

250 young persons trained for a profession with Südzucker AG and Südzucker GmbH over the past year. The number of trainee places provided was thus considerably higher than needed for internal use. This is one area where Südzucker fulfils its own internally developed social responsibilities and at the same time trains qualified young staff to ensure a smooth transition from experienced employees as they retire or apply for early retirement plans. Use of the part-time, early retirement plan as an opportunity to make a smooth transfer from full-time work to retirement was again taken up by many employees during the year. At present there are 203 persons in the part-time, early retirement plan, of which 91 have already started the non-working part of this block model.

Employees of the Südzucker Group by region



The closure of the Delitzsch and Zeil works after the 2001 campaign and the Löbau works in 2002 was made easier for employees by means of a negotiated social plan. At the same time, efforts were made to transfer staff from these works to other Südzucker locations. The continued employment of former Südzucker employees is also of priority in negotiations with potential investors on the subsequent use of locations which have been closed down.

Campaign 2001.

The inclusion of health protection in the existing and successful work safety system will be even more effective as a result of a new organisation of responsibilities. Despite intensive efforts, it was not possible last year to achieve an overall drop in accidents, whereby it should not be forgotten that Südzucker has already achieved a very high level of works safety for many years. The main thrust of activities over the next few years will be health protection.

Employees' interest in acquiring employee shares at a discount again increased. During the year 85 % (82 %) of those entitled to take advantage of this possibility did so.

We should like to thank all our staff for their interest and hard work in the year, which was marked by difficult conditions. We also extend our thanks to members of the works councils for their co-operation and fairness.

Average number of employees during the year

Segment		2001/02	2000/01
Sugar/ sweeteners	Südzucker AG	2,684	2,741
	Südzucker GmbH	496	525
	Raffinerie Tirlemontoise Group	2,043	1,938
	AGRANA Group	4,463	4,753
	Saint Louis Sucre (2 months consolidated)	300	–
	Südzucker Poland, Moldova	2,693	2.884
	Total	12,679	12,841
Ice cream/ frozen food	Schöller Group (9 months consolidated)	9,920	14,532
	Freiberger Group	1,019	1,023
	Mönnich	20	19
	Total	10,959	15,574
Total		**23,638**	**28,415**

Südzucker trains more young people than for its own needs.

We've got something – and more

We grew up on sugar from beet. But we also like a different plant, chicory, and the inulin that can be obtained from it. Demand for our foodstuffs with additional health benefits is now so large that we are thinking about setting up a production plant in Australia – our first large investment outside Europe. This is just one example of our success-orientated research.

Research and development

The main thrust of Südzucker Group's research and development activities is new products or product varieties, optimisation of production processes and support for activities in sales. The breadth of our work stretches from agricultural production to the production divisions of sugar, sugar-free sweeteners, starch, inulin and their related products, through to application technology in the food and non-food areas. These tasks are being carried out by some 200 employees at four locations. The total budget for research and development was € 22.8 million in 2001/02 (€ 21.0 million).

Agricultural raw materials

A particular strength of the Südzucker Group is its profound level of know-how, from agricultural raw materials through to the end product. Traditionally, the results of agricultural research carried out by the Südzucker Group are made available to farmers. So, for example, measures and methods relating to the protection of sugar beet, potatoes and corn were presented on a six hectare research field at the Beta-Expo in Austria. A publication issued at the end of 2001 documented the current status of progress in sugar beet planting, with particular emphasis on sustainment. Südzucker's presence at the 2002 DLG field days is also designed to encourage an exchange of information.

Sugar-based items, specialities and special products

The main emphasis in this area was the development of specific, directly compressible sugars and polyols, together with extending the household sugar range by adding aromatic sugar for hot drinks.

Compri-sugar and Isomalt DC

With the development of Compri-sugar and Isomalt DC it has been possible to establish an innovative and promising product range with an interesting new area of application in the pharmaceutical industry. This product range is used for powdered and solid medicines, with a market share in Germany of almost 70 %. Product design is made in close cooperation with customers from the confectionery, pharmaceutical and OTC industries. The OTC area also includes food additives, which have a growing share of the market. Solutions tailored to meet customer needs are developed using special compounds. The broad spectrum of these compounds is used in many products, including sugar-free water-soluble tablets and lozenges, as well as in pre-biotic and pro-biotic tablets for chewing.

Isomalt DC product information.

State-of-the-art measurement technology equipment, such as laser diffraction systems for measuring particle sizes, friability measurement equipment to test tablet fragility, breakage strength and decomposition testers to determine tablet characteristics, are used for product characterisation of new developments and to provide support in designing customer-specific products.

Addition to the household sugar range

"Arometti", an aroma-based sugar for hot drinks, has been developed, and is portion-packed for consumers to give them a new taste and support the household sugar range in this niche market identified by Südzucker. A special effect which makes Arometti a real market innovation is that, in one variety, a special taste is given by mixing the dry sugar aroma compound with encapsulated alcohol.

On the French market Saint Louis Sucre offers "Confisuc", a preserving sugar, giving an improved food aroma to home-made jams with a low acidic content.

Starch

As part of Südzucker Group's starch activities work is being carried out on optimising potato and corn starch production. With the results of the improved pilot plant for potato and corn starch production the swelling conditions for corn starch production at the Aschach works were optimised and thus the starch quality and yields could be significantly improved.

A further research assignment was the development of a process which permitted bio-starch to be produced from bio-corn and bio-wax corn in line with bio-directives. A completely different procedure had to be optimised, above all at the starch swelling stage, in order to achieve this objective.

Another research activity was to determine the importance of the selection of varieties to yields of potato and corn starch of an appropriate quality. Based on research activity stretching over a number of years, data was produced which now permits a deliberate selection of varieties for the production of a specific starch quality.

Compri-sugar for the production of tablets, compressed and instant foods.

Confisuc for the French market.

Fructans

The fructan research and development sector, which includes inulin and fructooligo-saccharides, is located in Belgium. Patent rights covering products, manufacturing and/or application technology relating to oligo- and polysaccharides, mainly inulin and derivatives thereof, developed by ORAFTI, are ensured now by 21 patent families.

Dietary studies were presented at an international Orafti research conference, which provided evidence that calcium absorption by adolescents could be significantly increased by using RAFTILOSE® Synergy1. This product is a combination of inulin and oligo-fructose. Results of experiments also show that chicory-fructans has anticancer properties. As part of the SYNCAN project, funded by the EU and co-ordinated by Orafti, in a long-term study it was shown that animals fed with RAFTILOSE® Synergy1 in their diet had a considerably lower incidence of tumors in the colon. A human dietary study is currently being carried out with the same objective. A further positive property of RAFTILOSE® Synergy1 is its ability to help strengthen the immune system. Current studies on animals have shown that the inclusion of inulin-type fructans modulates the immune response by up-regulating some parameters. For example, mice which are fed with inulin or oligo-fructose show a better resistance to infection by pathogens.

Overall, Orafti's expertise in intestinal health and well-being is further extended.

In order to expand its market potential further formulations have been developed in which RAFTILOSE® Synergy1 and RAFTILINE® HPX, a long-chain inulin, can be used. Considerable technological benefits have been achieved by using HPX not only in spreads, but also in bread and bakeries. It has also been possible to provide evidence, obtained by sensory studies, of the product improvements arising from use of oligo-fructose in diet fruit yoghurts. Ti'Flora, a mixture of sugar and inulin, was made available to end-users on the Belgium market.

Aroma-based sugar for hot drinks.

Development of a new process for sugar extraction from beet cells

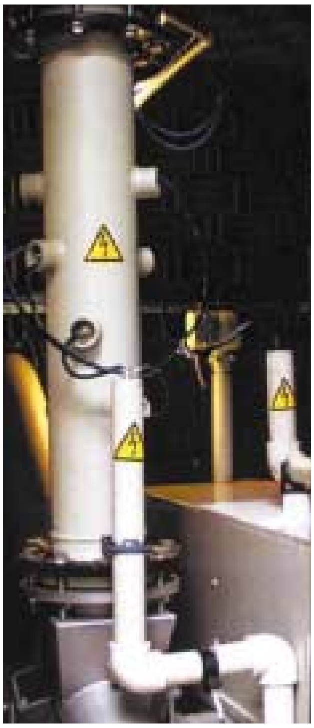
In co-operation with the Karlsruhe research centre and an engineering company, Südzucker is examining the possibility of applying the so-called electro-poration process to open beet cells.

Using this process, a non-thermal opening of beet cells can be achieved before extraction by high-voltage electric impulses. Compared with the present process, which works with a thermal break-down of the cells at 70 °C, energy savings through lower extraction temperatures, reduced raw beet juice loss, higher extract purity and improved pressing properties for pellets are expected.

Tests were carried out to check whether these expected advantages could be achieved at production quantity levels in normal sugar factories. Electro-poration of plant cells such as potatoes, corn, carrots and apples has been, and will be, developed and tested at other locations. But these experiments are being made in small quantities and not at industrial levels.

Südzucker initially began its evaluation of the electro-poration process to open beet cells at a kilogram size level at the technical centre of the central department of research, development and services during the 2000 campaign. Mobile research plant developed by the engineering company was used.

Further tests were made at the Offstein works during the 2001 campaign to determine the reactor and transport parameters for a technical plant. The next step is the treatment of a larger quantity of beet at one of Südzucker's factories.



KEA mobile testing plant reaction chamber at the ZAFES technical college.

Beet subjected to electric impulses (left) compared with untreated beet (right).

Capital expenditures

Capital expenditures on tangible and intangible non-current assets for the Group amounted to € 219 million (€ 215 million) in 2001/02. Of these capital expenditures, € 169 million (€ 133 million) relate to the **sugar/sweeteners** segment.

Capital expenditures at **Südzucker AG and Südzucker GmbH** were mainly for expansion of management information systems at factories, to further reduce the use of energy, for transporting sugar and for measures in the environmental area. Expenditures relating to energy savings included the installation of an electric evaporator at Groß-Gerau, sugar drying in Ochsenfurt and improved pellet pressing at the Offenau and Warburg works. The new loading plant for loose sugar in Offenau and Plattling and the new 1 kg packaging equipment at the Zeitz works help to improve our position on the market. The largest construction project in the environmental area was the new waste water plant at the Wabern works.

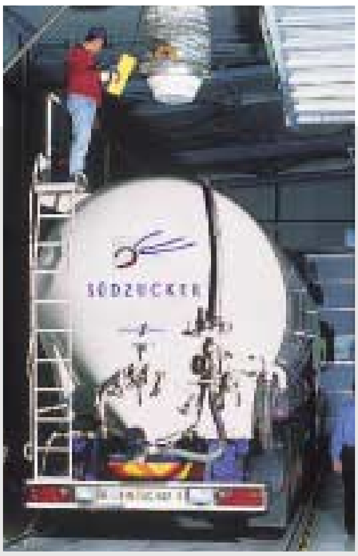
The largest capital expenditure projects at the **Saint Louis Sucre Group** were a new gas boiler at the Marseilles refinery and pellet presses at the Roye and Guignicourt works.

At **Raffinerie Tirlemontoise** the new beet yard at the Wanze works and capacity expansion for the production of RAFTILOSE® and RAFTILINE® in Oreye were the main capital expenditures.

Capital expenditures at **AGRANA** were mainly for replacements, and these also contributed to savings of energy, raw materials, consumables and supplies. One major individual item of capital expenditure was the expansion of the technical centre at the sugar research centre in Tulln by adding a corn and potato starch pilot plant. In the starch division, capital expenditures are primarily to increase capacity, save energy and expand and improve waste water recovery.

At the sugar factories in **Poland and Moldova** measures were primarily again taken in 2001/02 to improve productivity and save energy. The main investments here were at the Polish factories at Ropczyce and Strzyzow.

In the **ice cream/frozen food** segment capital expenditures declined to € 50 million (€ 82 million), also because Schöller Holding was only included in the financial statements for nine months.



New loose sugar loading plant at Offenau.

New Stord press connection at Offenau.

Risks from future developments

Südzucker has an integrated system to identify and monitor risks specific to the Group. It is based on a risk controlling system at operational level, a strategic early warning system and the establishment of a monitoring system which is implemented group-wide by the internal audit department. Financial, foreign currency, interest, product risks, etc. are recorded timely and completely at group level and are subject to an on-going monthly evaluation. The possible effects of national and international trade agreements and market regulations are already analysed in advance and evaluated within the framework of the risk management system.

The integration of quality management, safety at work and environmental management establishes optimal conditions for the early identification of risks and the introduction of measures to minimise such risks.

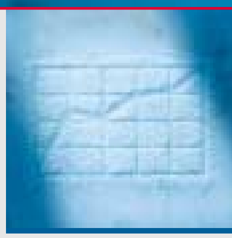
Based on the report issued by the internal, group-wide risk management committee and on its own evaluation, the executive board has not identified any matters which could endanger the continuation of the Group as a going concern.

The future

2002/03 will be affected by the first-time full consolidation of the operating results of SLS, which will considerably exceed the loss in contribution from profits of the Schöller Group. Projects to achieve synergy advantages stemming from the enlarged sugar group will start yielding cost savings. On the other hand, due to lower sugar production in the 2001 campaign, export business will contribute less to profits. The dynamic growth of the special products division (Orafti, Palatinit, starch, Freiberger) will continue. Thus, we believe there will be a further considerable improvement in operating profits. With a decline in sales due to the falling away of Schöller revenues, Group operating margins will exceed 10 %.

As a result of fully including SLS for the first time and the lack of Schöller restructuring charges, net group earnings for the year will continue to increase steadily.

Keep focussed and don't lose sight



Those who rest on their laurels dream away the future. Keeping a keen eye on the market was always a guarantee for our success in the market and will remain so in future. One example is the acquisition of the Saint Louis Sucre Group, which opened up new markets and the best beet areas in Europe and which has provided us with promising businesses such as bio-ethanol. An ideal enhancement to our activities.

Balance sheet
at February 28, 2002 (€ million)

ASSETS

	Note	28.02.2002	28.02.2001
Intangible assets		1,294.4	347.1
Tangible assets		1,588.2	1,718.8
Financial assets		420.2	321.2
Non-current assets	1.1	**3,302.8**	**2,387.1**
Inventories	1.2	1,508.1	1,390.4
Receivables and other assets	1.3	596.1	571.2
Securites and cash	1.4	428.9	574.6
Current assets		**2,533.1**	**2,536.2**
Deferred tax assets		**7.4**	**24.0**
Total assets		**5,843.3**	**4,947.3**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	28.02.2002	28.02.2001
Subscribed capital of Südzucker AG		174.8	143.0
Capital reserves of Südzucker AG		938.3	588.7
Revenue reserves	1.5	529.4	629.7
		(1,642.5)	(1,361.4)
Minority interests	1.5	367.4	341.6
Shareholders' equity	1.5	**2,009.9**	**1,703.0**
Provision for pensions	1.6	366.2	358.3
Deferred tax liabilities		393.9	365.8
Other provisions and accrued liabilities		675.9	456.1
Total provisions and accruals	1.7	**1,436.0**	**1,180.2**
Financial liabilities	1.8	**1,570.9**	**1,174.4**
Other liabilities	1.8	**826.5**	**889.7**
Total liabilities and shareholders' equity		**5,843.3**	**4,947.3**

Statement of Income

for the period from March 1, 2001 through February 28, 2002 (€ million)

	Note	01.03.2001 –28.02.2002	01.03.2000 –28.02.2001
Sales	2.1	**4,776.1**	**4,664.0**
Change in work in process and finished goods inventories and internal costs capitalised	2.2	(74.5)	92.1
Other operating income	2.3	150.3	207.8
Cost of materials	2.4	(2,595.3)	(2,592.6)
Personnel expenses	2.5	(684.3)	(728.0)
Depreciation (excluding goodwill)	2.6	(220.2)	(243.2)
Other operating expenses	2.7	(887.0)	(1,008.5)
Operating profit		**465.1**	**391.6**
Expenses relating to restructuring costs and other items	2.8	(3.1)	(42.8)
Amortisation of goodwill		(29.9)	(30.9)
Income from ordinary operating activities		**432.1**	**317.9**
Financial expense, net	2.9	(44.2)	(53.7)
Earnings before income taxes		**387.9**	**264.2**
Taxes on income	2.10	(106.8)	(54.9)
Net earnings for the year		**281.1**	**209.3**
Minority share of net earnings		(49.2)	(21.4)
Net earnings for the year after minority interests		**231.9**	**187.9**
Earnings per share (€/share)		**1.45**	**1.30**

Statement of cash flows

for the period from March 1, 2001 through February 28, 2002 (€ million)

	2001/02	2000/01
Net earnings for the year	281.1	209.3
Depreciation of non-current assets	463.2	287.0
Write-ups of non-current assets	(5.4)	(0.8)
Decrease in medium-term and long-term provisions and accruals	(33.6)	(12.8)
Other expenses not using cash/ gain on disposals of financial assets	(154.3)	15.2
Gross cash flow from operating activities	**551.0**	**497.9**
Gain on disposals of items included in tangible non-current assets	(9.4)	(7.1)
Increase (decrease) in short-term accruals	134.6	(48.7)
Increase in inventories, receivables and other assets	(42.4)	(156.6)
Decrease (increase) in liabilities (excluding financial liabilities)	(224.0)	54.9
Net cash flow from operating activities	**409.8**	**340.4**
Cash received on disposals of items included in non-current assets	456.4	36.4
Capital expenditures:		
Tangible and intangible non-current assets	(218.8)	(214.5)
Financial assets including acquisitions of consolidated subsidiaries	(1,670.5)	(37.0)
Cash included in acquisitions	(56.9)	3.5
Net cash flow from investing activities	**(1,489.8)**	**(211.6)**
Net cash flow from operating activities and from investing activities	**(1,080.0)**	**128.8**
Capital increases	549.4	68.1
Dividends paid	(233.1)	(145.4)
Bonds issued	500.0	300.0
Receipt/repayment of financial liabilities	120.5	(129.9)
Cash flow from financing activities	**936.8**	**92.8**
Change in cash and cash equivalents	(143.2)	221.6
Treasury shares offset in shareholders' equity	(3.3)	(9.3)
Effect of exchange rate changes on cash and cash equivalents	0.8	0.6
Cash and cash equivalents at the beginning of the year	(574.6)	361.7
Cash and cash equivalents at the end of the year	**428.9**	**574.6**
of which: Cash	303.9	189.9
Other securities	125.0	384.7

Statement of movements in shareholders' equity

including minority interests (€ million)

	Balance at 01.03.2001	Net earnings for the year	Dis-tributions	Capital increases/ reductions	Exchange rate changes	Other changes	Balance at 28.02.2002
Subscribed capital of Südzucker AG	**143.0**			31.8			**174.8**
Capital reserves of Südzucker AG	**588.7**			349.6			**938.3**
Revenue reserves	**629.7**	231.9	(191.2)	0.0	17.5	(158.5)	**529.4**
Revenue reserves	**495.7** [1]	231.9	(191.2)			(2.4)	**534.0**
Fair value reserve	**154.8**					(156.1)	**(1.3)**
Accumulated foreign currency translation differences	**(20.8)**				17.5		**(3.3)**
Minority interests	**341.6** [1]	49.2	(41.9)	168.0	10.2	(159.7)	**367.4**
	1,703.0	281.1	(233.1)	549.4	27.7	(318.2)	**2,009.9**

	Balance at 01.03.2000	Net earnings for the year	Dis-tributions	Capital increases/ reductions	Exchange rate changes	Other changes	Balance at 28.02.2001
Subscribed capital of Südzucker AG	**136.2**			6.8			**143.0**
Capital reserves of Südzucker AG	**527.4**			61.3			**588.7**
Revenue reserves	**550.3**	187.9	(118.7)	0.0	0.7	9.5	**629.7**
Revenue reserves	**462.6**	187.9	(118.7)			(36.1)	**495.7**
Fair value reserve	**114.2**					40.6	**154.8**
Accumulated foreign currency translation differences	**(26.5)**				0.7	5.0	**(20.8)**
Minority interests	**404.7**	21.4	(26.7)		(1.4)	(56.4)	**341.6**
	1,618.6	209.3	(145.4)	68.1	(0.7)	(46.9)	**1,703.0**

[1] Prior year figures adjusted to reflect offset of minority interests in investments (see note 1.5)

Statement of movements on non-current assets

(€ million)

	Gross acquisition or production cost					
	Balance at 01.03.2001	Change in companies incl. in the consolidation/ Currency translation/ Other changes	Additions	Transfers	Disposals	Balance at 28.02.2002
Intangible assets						
Concessions, industrial and similar rights	127.4	(48.1)	10.4	1.6	4.3	87.0
Goodwill	404.2	1,142.6	9.7	0.0	0.5	1,556.0
On-account payments on intangible assets	0.1	(0.6)	0.6	0.0	0.0	0.1
Total intangible assets	**531.7**	**1,093.9**	**20.7**	**1.6**	**4.8**	**1,643.1**
Tangible assets						
Land, land rights and buildings including buildings on leased land	1,326.8	(210.3)	28.4	5.8	38.4	1,112.3
Technical equipment and machinery	2,987.5	80.2	98.4	(18.6)	42.4	3,142.3
Other equipment, factory and office equipement	463.4	(209.5)	43.8	(1.0)	72.5	224.2
On-account payments and assets under construction	29.3	3.7	27.5	(25.0)	5.2	30.3
Total tangible assets	**4,807.0**	**(335.9)**	**198.1**	**(1.6)**	**158.5**	**4,509.1**
Financial assets						
Shares in affiliated companies	15.5	(10.1)	0.2	0.0	0.0	5.6
Loans to affiliated companies	2.6	3.5	0.1	0.0	0.0	6.2
Investments in associated companies	71.8	273.7	14.9	0.0	2.8	357.6
Other investments	245.4	(184.9)	3.1	0.0	0.3	63.3
Loans to participating interests	0.8	3.0	0.0	0.0	0.1	3.7
Securities in financial assets	30.1	(1.7)	3.3	0.0	7.9	23.8
Other loans	2.2	0.4	0.1	0.0	0.7	2.0
Total financial assets	**368.4**	**83.9**	**21.7**	**0.0**	**11.8**	**462.2**
Total non-current assets of Südzucker Group	**5,707.1**	**841.9**	**240.5**	**0.0**	**175.1**	**6,614.4**

Depreciation							Net book value	
Balance at 01.03.2001	Change in companies incl. in the consolidation/ Currency translation/ Other changes	Depreciation for the year	Transfers	Disposals	Write-ups	Balance at 28.02.2002	Balance at 28.02.2002	Balance at 28.02.2001
92.9	(28.5)	9.9	0.0	3.8	0.0	70.5	16.5	34.5
91.7	(50.4)	237.2	0.0	0.3	0.0	278.2	1,277.8	312.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
184.6	**(78.9)**	**247.1**	**0.0**	**4.1**	**0.0**	**348.7**	**1,294.4**	**347.1**
585.1	(94.0)	34.8	0.1	28.1	0.0	497.9	614.4	741.7
2,190.6	(32.0)	135.9	0.5	37.0	5.4	2 252.6	889.7	796.9
312.1	(148.8)	42.2	(0.6)	35.5	0.0	169.4	54.8	151.3
0.4	0.1	0.5	0.0	0.0	0.0	1.0	29.3	28.9
3,088.2	**(274.7)**	**213.4**	**0.0**	**100.6**	**5.4**	**2,920.9**	**1 588.2**	**1,718.8**
5.9	(3.4)	1.4	0.0	0.0	0.0	3.9	1.7	9.6
2.1	(2.1)	0.0	0.0	0.0	0.0	0.0	6.2	0.5
14.6	0.0	0.0	0.0	0.0	0.0	14.6	343.0	57.2
23.1	(5.7)	1.1	0.0	0.1	0.0	18.4	44.9	222.3
0.2	3.4	0.0	0.0	0.0	0.0	3.6	0.1	0.6
1.2	0.1	0.2	0.0	0.0	0.0	1.5	22.3	28.9
0.1	(0.1)	0.0	0.0	0.0	0.0	0.0	2.0	2.1
47.2	**(7.8)**	**2.7**	**0.0**	**0.1**	**0.0**	**42.0**	**420.2**	**321.2**
3,320.0	**(361.4)**	**463.2**	**0.0**	**104.8**	**5.4**	**3,311.6**	**3,302.8**	**2,387.1**

Notes to the consolidated financial statements

I. Principles of preparation

The consolidated financial statements for 2001/02 of Südzucker AG and its subsidiaries have been prepared in accordance with those standards issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Standing Interpretation Committee (SIC). The conditions set out in § 292a of the German Commercial Code for exemption from preparation of consolidated financial statements prepared in accordance with the German Commercial Code have been met.

The significant differences between German accounting principles for consolidated financial statements and IAS are as follows:

- No recognition of internal expense provisions (e.g. maintenance provisions) as set out in IAS 37 (Provisions, contingent liabilities and contingent assets),

- Requirement to recognise unrealised foreign currency gains as set out in IAS 21 (The effects of changes in foreign exchange rates),

- Requirement to recognise deferred income taxes using the liability method as set out in IAS 12 (Income taxes),

- Requirement to recognise certain financial instruments at fair values as set out in IAS 39 (Financial instruments: recognition and measurement).

The financial statements of all significant consolidated domestic and foreign subsidiaries, or those subject to statutory audit in accordance with local laws, have been audited by independent auditors, who have issued unqualified audit opinions on those financial statements. Independent auditors have also confirmed the correctness of the adjustments from financial statements prepared in accordance with local accounting standards to IAS financial statements prepared in accordance with group guidelines.

II. Consolidation principles

1. Companies included in consolidation

During 2001/02 Südzucker re-focussed on its core business with the acquisition of the French Saint Louis Sucre (SLS) Group and acquisitions in the starch and Orafti areas; the investments in Schöller Holding and Fresenius were sold.

Following receipt of approval by the European commission, Südzucker was able to acquire 100 % of the shares in SLS in December 2001 via its Belgian subsidiary, Raffinerie Tirlemontoise S.A.. The SLS Group was consolidated for the first time as at 31.12.2001/01.01.2002 and its income statement was included in the Südzucker consolidated financial statements for the period from January 1, 2002 through February 28, 2002, with sales of € 129 million.

Approval was granted by the EU regulatory authorities under the condition that Raffinerie Tirlemontoise of Belgium dispose of its 68 % holding in the Belgium sugar refinery at Veurne, with an annual sugar production of some 70,000 tonnes. As a result, the Veurne sugar factory, with total assets of € 72 million, was de-consolidated; sales from the Veurne factory amounted to € 49 million in 2001/02.

Based on the agreement made with the Nestlé Group on the sale of the Schöller Group, this was de-consolidated at September 30, 2001 with total assets of € 891 million. In the past financial year the Schöller Group was included in the consolidated financial statements for nine months, from January 1 through September 30, 2001, with sales of € 1,096 million. The sale of Fresenius shares, held by Südzucker via AIH/AW led to a disposal of the book value, stated in the balance sheet at 28.2.2001 under investments included in non-current assets.

Raffinerie Tirlemontoise could successfully expand the Orafti division by the acquisition of 100 % of the capital of Remy Industries, Belgium, a leading producer of food ingredients using rice as a raw material. The AGRANA Group further extended its starch activities through the acquisition of 99.5 % of the Romanian corn starch factory at Tandarei.

In addition to Südzucker AG, all domestic and foreign subsidiaries in which Südzucker AG has direct or indirect financial control and which are not immaterial are fully consolidated in the consolidated financial statements. 115 companies (2000/2001: 184) were included in the consolidated financial statements for the year ended February 28, 2002. 16 companies have been included in the consolidated financial statements for the first time. 85 companies were de-consolidated in 2001/02, in particular due to the de-consolidation of the Schöller Group. The effects on the consolidated financial statements of the changes in companies included are as follows:

	2001/02	
	First-time consolidated companies	De-consolidated companies
	€ million	
Non-current assets	1,734.3	662.4
Current assets	504.5	436.3
Total assets	**2,238.8**	**1,098.7**
Shareholders' equity	1,426.8	364.9
Provisions and liabilities	812.0	733.8
Total liabilities and equity	**2,238.8**	**1,098.7**
Sales	**136.8**	**1,145.5**
Earnings for the year	**20.2**	**10.0**

Proportionate consolidation was used to include HUNGRANA Kft., Szabadegyhaza, Hungary (in which AGRANA Zucker und Stärke AG, Vienna has a 50 % holding) and AIH Agrar-Industrie-Holding GmbH, Mannheim (in which Südzucker AG Mannheim/Ochsenfurt has a 50 % holding). The shareholding in AW-Beteiligungs GmbH, Ochsenfurt attributable to Südzucker AG and held via AIH (50 % of 75.76 % = 37.88 %), which in turn holds shares in Fresenius AG, Bad Homburg v.d.H., was sold effective February 28, 2002.

The consolidated financial statements include non-current assets of € 24.8 million, current assets of € 137.1 million, shareholders' equity of € 144.5 million and provisions and liabilities of € 17.4 million from the proportionate consolidation. The statement of income includes sales of € 58.4 million and profits for the year of € 103.4 million from the proportionately consolidated companies.

The *equity method* was used for 1 (1) domestic associated companies and 7 (3) foreign associated companies. Due to their overall insignificance, 17 subsidiaries were not included at equity and were recognised in the consolidated financial statements at cost.

2. Consolidation methods

The equity consolidation has been made using the purchase method, under which acquisition cost is set off against the relevant share of the subsidiary company's equity at the time of acquisition. Any difference has been allocated to assets insofar as their market values differed from book values at that time. Any remaining difference (goodwill) is initially included in intangible assets and is amortised straight-line over its probable useful life of 20 years as set out in IAS 22 (Business combinations). Investments in non-consolidated affiliated companies are stated at acquisition cost. Investments in associated companies are included in the consolidated financial statements using the equity method (purchase method) as from their date of the acquisition or initial consolidation.

Intercompany sales, expenses and income and all receivables, liabilities and provisions between consolidated entities have been eliminated. Intercompany profits included in non-current assets and inventories and arising from intercompany transfers are eliminated.

In connection with the inclusion of the SLS Group and the disposal of the Schöller Holding Group, the financial years of all companies included in the consolidated financial statements were made uniform. The income statement of the RT Group was thus included for a period of 14 months (January 1, 2001 through February 28, 2002). Only companies located in eastern Europe have been included using financial statements for a financial year (31.12.2001) which differs from that of Südzucker AG (28.2.2002), as permitted by IAS 27 (Consolidated financial statements and accounting for investments in subsidiaries).

III. Foreign currency translation

As set out in IAS 21 (The effects of changes in foreign exchange rates), the financial statements of group companies are translated directly from local currency into the reporting currency (€), as the foreign entities carry out their financial, operating and organisational activities autonomously (the functional currency concept). Hence, non-current assets, other assets and liabilities are translated using mid-market rates ruling at the end of the year (year-end rates). Income and expense items are translated at average rates for the year.

The financial statements of subsidiaries located in hyperinflationary economies are translated as set out in IAS 29 (Financial reporting in hyperinflationary economies) by adjusting for the effects of inflation based on changes in purchasing power.

Movements in exchange rates of the significant currencies used in preparing the consolidated financial statements were as follows (conversion rates to € 1):

Country		Year-end rate		Average rate	
		28.02.2002	28.02.2001	2001/02	2000/01
		Local currency			
Australia	AUD	1.6754	1.7301	1.7310	1.6268
Great Britain	GBP	0.6105	0.6384	0.6186	0.6350
Moldova	MDL	11.5337	11.4979	11.4693	11.4458
Poland	PLN	3.5068	3.7632	3.6795	3.8240
Singapore	SGD	1.5875	1.6125	1.6035	1.6199
Slovakia	SKK	42.7600	44.0377	43.2739	42.7568
The Czech Republic	CZK	31.9900	34.6410	34.0429	34.9025
Hungary	HUF	245.9553	266.2805	256.7440	265.4492
USA	USD	0.8653	0.9243	0.8868	0.9309

Differences arising from translating assets and liabilities at year-end rates compared with rates ruling at the end of the previous year, together with differences between earnings for the year translated at average rates in the income statement and at year-end rates in the balance sheet, are charged or credited directly to reserves. The effect in 2001/02 was to increase non-current assets by € 8.0 million and shareholders' equity by € 27.7 million.

Foreign currency receivables and liabilities included in the financial statements of consolidated companies have been translated at year-end rates.

IV. Accounting policies

Acquired goodwill is recognised and amortised straight line. As set out in IAS 22 (Business combinations), a useful life of 20 years has been assumed for the amortisation of goodwill. Other acquired intangible assets are included at acquisition cost less scheduled, straight-line amortisation over their expected useful lives.

Tangible non-current assets are stated at acquisition or production cost less straight-line scheduled and unscheduled depreciation. State subsidies and grants are deducted from the acquisition cost. Production cost of internally-constructed equipment includes the cost of production materials, production wages and an appropriate share of overheads; third-party borrowing costs relating to the production are not included. Maintenance expenses are recorded in the income statement when they are incurred.

Scheduled depreciation of non-current assets and of intangible assets, apart from goodwill, is charged based on the following useful lives:

Intangible assets, excluding goodwill	2 to 5 years
Buildings	15 to 50 years
Technical equipment and machinery	6 to 30 years
Other equipment, factory and office equipment	3 to 15 years

Impairment write-downs are charged as set out in IAS 36 (Impairment of assets) when the value in use of an asset falls below its book value. Value in use is determined as the higher of the asset's net realisable value or the present value of expected cash flows from use of the asset.

Shares in non-consolidated affiliated companies are included at acquisition cost. Investments in associated companies, unless insignificant, are included using the equity method.

The valuation of other investments, securities and loans depends on their classification as held to maturity or available for sale. Financial assets which are held to maturity are stated at amortised acquisition cost. Assets which are classified as available for sale are stated at fair value in the balance sheet, and any unrealised gains and losses are credited or charged direct to fair value reserve in shareholders' equity, net of any deferred taxes.

Inventories are stated at acquisition or production cost using average cost or the first-in, first-out method. As set out in IAS 2 (Inventories), the production cost of work in process and finished goods includes direct costs and a reasonable proportion of material and production overheads, including depreciation of production machinery assuming normal levels of production capacity, and a proportion of administrative expenses. Write-downs are made to net realisable value where necessary. Specific write-downs are charged against slow-moving items and against items for which net realisable value is lower than cost.

Receivables in current assets are stated at nominal values, less adequate allowances for bad debts and other risks in receivables.

Securities in current assets include securities classified as available for sale and are stated at fair value. Until realised, any resulting unrealised gains and losses are credited or charged direct to fair value reserve in shareholders' equity, net of deferred taxes. Cash and cash equivalents are included at nominal value.

Write-ups of items included in non-current assets and current assets are made when the indication for charging the original impairment loss no longer exists.

Provisions for pensions are included as set out in IAS 19 (Employee benefits). Actuarial reports have been prepared for this purpose. Actuarial gains and losses arising from unexpected changes in the amount of the defined benefit obligation and from changes in actuarial assumptions and which lie within a corridor of 10 % of the defined benefit obligation are not recognised. Such actuarial gains and losses are only recognised over the expected average remaining working lives of the pension plan beneficiaries to the extent they exceed this corridor.

The other provisions and accrued liabilities cover all discernible risks and uncertain obligations and are stated at their probable amount.

Deferred taxes are recognised on temporary differences between the values of assets and liabilities in the IAS balance sheet and the tax balance sheet, as well as on tax loss carry forwards. Deferred taxes assets and deferred tax liabilities are recognised separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities. Deferred taxes are measured as set out in IAS 12 (Income taxes) based on the appropriate local corporate income tax rate. With the exception of goodwill arising on consolidation, deferred taxes are recognised on all temporary differences between the IAS balance sheet and the tax balance sheet, regardless of whether the differences are expected to reverse within the foreseeable future.

All liabilities are stated at the amounts due for payment.

We refer to notes 1.9 and 1.10 for details of the recognition and measurement of financial instruments.

Appropriate provisions have been set up for risks arising from contingent liabilities.

Lease agreements within the Südzucker Group are all deemed to be operating leases, so lease payments are expensed when incurred. Südzucker Group is not a lessor in any lease contracts.

Research and development expenses are charged to the income statement in the period in which they are incurred. Development costs for new products are not recognised as intangible assets, as future economic benefit can only be proven once the products have been brought to market.

V. Notes to the financial statements

1. Notes to the balance sheet

1.1 Non-current assets

Additions to intangible and tangible non-current assets amounted to € 218.8 million in the Group (excluding additions arising as a result of new companies included on consolidation). Goodwill and assets stated at fair value as a result of using the purchase method for the acquisition of companies are shown in the column headed "change in companies included in consolidation" in the statement of movements on non-current assets.

Individual captions making up tangible and intangible non-current assets are detailed in the consolidated statement of movements on non-current assets.

Intangible assets

Intangible assets include in particular goodwill arising on first-time consolidation, recognised as set out in IAS 22 (Business combinations). This item also includes acquired EDP software and industrial and similar rights.

Additions to goodwill relate primarily to the first-time consolidation of Saint Louis Sucre S.A. by Raffinerie Tirlemontoise S.A..

Tangible non-current assets

Additions (investments) to ***tangible assets*** (including intangible assets) are as follows:

	2001/02	2000/01
	€ million	
Segment		
Sugar/sweeteners	169.4	132.9
Ice cream/frozen food	49.4	81.6
Total	**218.8**	**214.5**

Financial assets

The net increase in financial assets to € 420.2 million (€ 321.2 million) is primarily due to the disposal of Fresenius shares and additions due to the first-time consolidation of SLS (including 13.76 % of Ebro Puleva and 50 % of Eastern Sugar).

Cash outflows relating to expenditures on financial assets amounted to € 1,670.5 million. This includes € 1,600.9 million for the acquisition of the French SLS Group.

Shares in affiliated companies of € 1.7 million (€ 9.6 million) shown in the balance sheet represent the book values of those companies which have not been consolidated due to their insignificant size. The decrease was primarily due to the de-consolidation of Schöller Group and the first-time consolidation of a company within the AGRANA group, which was acquired in the previous year.

Additions of € 14.9 million and disposals of € 2.8 million to investments in associated companies include changes arising from using the equity method.

A list of shares held by Südzucker AG has been filed with the commercial register of the district court of Mannheim under number HR 0042.

1.2 Inventories

February 28	2002	2001
	€ million	
Raw materials and supplies	114.0	92.8
Work in process	296.5	212.2
Finished goods and merchandise	1,097.4	1,084.8
On-account payments	0.2	0.6
	1,508.1	**1,390.4**

The book value of inventories measured at net realisable value is € 56.7 million (€ 104.9 million).

1.3 Receivables and other assets

February 28	2002	2001
	€ million	
Trade receivables	359.5	338.8
[of which with a remaining term of more than one year]	[-]	[1.3]
Receivables from affiliated companies	3.2	20.8
Receivables from participating interests	8.8	6.4
Other assets	224.6	205.2
[of which with a remaining term of more than one year]	[1.6]	[24.5]
	596.1	**571.2**

Receivables from affiliated companies arise solely from current account transactions with unconsolidated subsidiaries.

Other assets include receivables for sugar storage credits, short- and medium-term loans, receivables from public institutions and other receivables.

1.4 Securities and cash

February 28	2002	2001
	€ million	
Other securities	125.0	384.7
Cash	303.9	189.9
	428.9	**574.6**

As required by SIC 16 (Share capital – reacquired own equity instruments [treasury shares]), treasury shares are off-set in shareholders' equity. They relate primarily to shares in Südzucker AG Mannheim/Ochsenfurt held by AGRANA Beteiligungs-AG, Vienna. During 2001/02 AGRANA Beteiligungs-AG took up its pre-emptive rights to the 9 : 2 capital increase. Hence, its shareholding increased from 1,248,920 to 1,526,457 shares.

1.5 Shareholders' equity

The non-voting preference shares and related preference rights were cancelled by resolution of the annual general meeting on August 23, 2001. This resolution was recorded in the company's commercial register on September 17, 2001. The subscribed capital was not affected by the conversion.

Furthermore, following a resolution passed at the annual general meeting on August 23, 2001, the executive board is entitled, with the approval of the supervisory board, to increase the share capital of the company by up to a nominal € 41,000,000 up to June 30, 2006 in one or more tranches, through the issue of new bearer shares of no par value for cash of € 400 million (authorised capital).

In connection with this authorisation, on September 10, 2001 the subscribed capital of Südzucker AG was raised by 31,779,626 shares of no par value by means of a capital increase in the ratio of 2 new shares for every 9 existing shares, from 143,008,320 shares to 174,787,946 shares, each share having an imputed proportion of the share capital of € 1.00 each. With an issue price of € 12.00 per share, the proceeds from the capital increase were € 381.4 million, of which € 31.8 million represented an increase to the subscribed capital and € 349.6 million was recorded in capital reserve.

After this capital increase the remaining authorised capital amounts to € 9,220,374.00. Hence, the executive board is entitled, with the approval of the supervisory board, to increase the share capital of the company up to June 30, 2006 in one or more tranches, through the issue of new bearer shares of no par value for cash of up to € 18,644,488, being the originally authorised € 400 million less the capital increase of € 381,355,512.

The statement of movements in shareholders' equity is set out on page 67.

Within shareholders' equity, the amount shown for minority interests at February 28, 2001 was increased by € 76.6 million, with a corresponding decrease in revenue reserves, due to the offset of minority interests in Schöller Group investments.

1.6 Provision for pensions and similar obligations

Pension plans within the Südzucker Group consist mainly of direct benefit plans. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration.

The provisions for pensions have been calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee benefits).

A uniform 6 % discount rate was used for determining the present values of the obligations.

An expected annual increase of 2.5 % to 3.0 % in remuneration and an increase of 2.0 % to 2.5 % in pensions has been assumed for domestic and foreign companies.

Pension expense is made up as follows:

	2001/02	2000/01
	€ million	
Current service cost	5.8	9.0
Interest cost	19.4	18.9
	25.2	**27.9**

There were no expenses or income arising from changes in plan benefits or from actuarial gains or losses.

Interest cost has been included in interest expense in the statement of income. Service cost is included under personnel expense.

A reconciliation between the defined benefit obligation and the provision shown in the consolidated balance sheet is as follows:

February 28	2002	2001
	€ million	
Defined benefit obligation for direct pension benefits	382.9	358.3
Unamortized actuarial gains and losses	(16.7)	0.0
Provision for pensions and similar obligations	366.2	358.3

Movements in the provision for direct obligations were as follows:

	2001/02	2000/01
	€ million	
Provision at March 1	**358.3**	**348.4**
+ Change in companies consolidated	4.1	0.6
+ Amounts charged to income	25.2	27.9
– Pension payments during the period	(21.4)	(18.6)
Provision at February 28	**366.2**	**358.3**

There are similar obligations, particularly with foreign group companies. They are calculated actuarially, including estimates of future cost trends.

1.7 Movements in provisions and accrued liabilities

€ million	01.03.2001	Change in companies consolidated	Additions	Use	Release	28.02.2002
Provision for pensions and similar obligations	358.3	2.4	30.6	24.0	1.1	366.2
Deferred tax liabilities	365.8	32.2	51.8	12.9	43.0	393.9
Other provisions and accruals						
Tax liabilities	69.2	55.7	73.2	41.9	1.0	155.2
EU levies for financing the sugar market ordinance	128.1	42.7	160.2	116.6	4.4	210.0
Personnel expenses	117.1	2.7	76.2	67.2	6.7	122.1
Other provisions	141.7	(8.0)	142.5	69.4	18.2	188.6
Total other provisions and accruals	**456.1**	**93.1**	**452.1**	**295.1**	**30.3**	**675.9**
Total provisions and accrued liabilities	**1,180.2**	**127.7**	**534.5**	**332.0**	**74.4**	**1,436.0**

€ 133.8 million (€ 162.8 million) of the other provisions and accruals are long term.

The liabilities for taxes relate to the current year and those years not yet audited by the tax authorities.

Other provisions include re-cultivation obligations, waste water charges and other environmental obligations.

1.8 Due dates of financial liabilities and other liabilities

	28.02.2002	of which remaining term			28.02.2001	of which remaining term		
		up to 1 year	1 to 5 years	over 5 years		up to 1 year	1 to 5 years	over 5 years
	€ million							
Bonds and commercial papers	1 033.8	220.0	-	813.8	383.8	74.8	0.1	308.9
[of which convertible]	[13.7]	[-]	[-]	[13.7]	[9.0]	[0.0]	[0.1]	[8.9]
Liabilities to banks	536.9	323.4	203.0	10.5	790.6	419.8	316.2	54.6
Bills payable	0.2	0.2	-	-	-	-	-	-
Financial liabilities	**1,570.9**	**543.6**	**203.0**	**824.3**	**1,174.4**	**494.6**	**316.3**	**363.5**
On-account payments received on orders	15.3	15.2	0.1	-	7.5	7.4	0.1	0.0
Trade accounts payable	607.8	607.6	0.1	0.1	656.8	656.2	0.4	0.2
Accounts payable to affiliated companies	3.4	3.4	-	-	8.2	7.9	0.3	0.0
Accounts payable to participating interests	13.7	13.7	-	-	16.3	16.3	0.0	0.0
Other liabilities	186.3	179.3	4.9	2.1	200.9	170.6	13.0	17.3
[of which for taxes]	[18.8]	[18.3]	[0.4]	[0.1]	[24.0]	[22.3]	[1.5]	[0.2]
[of which for social security]	[23.9]	[23.8]	[-]	[0.1]	[30.7]	[23.6]	[6.5]	[0.6]
Other liabilities	**826.5**	**819.2**	**5.1**	**2.2**	**889.7**	**858.4**	**13.8**	**17.5**

Further disclosures on financial liabilities are included in note 1.9 on financial instruments.

The following collateral was provided on February 28, 2002:

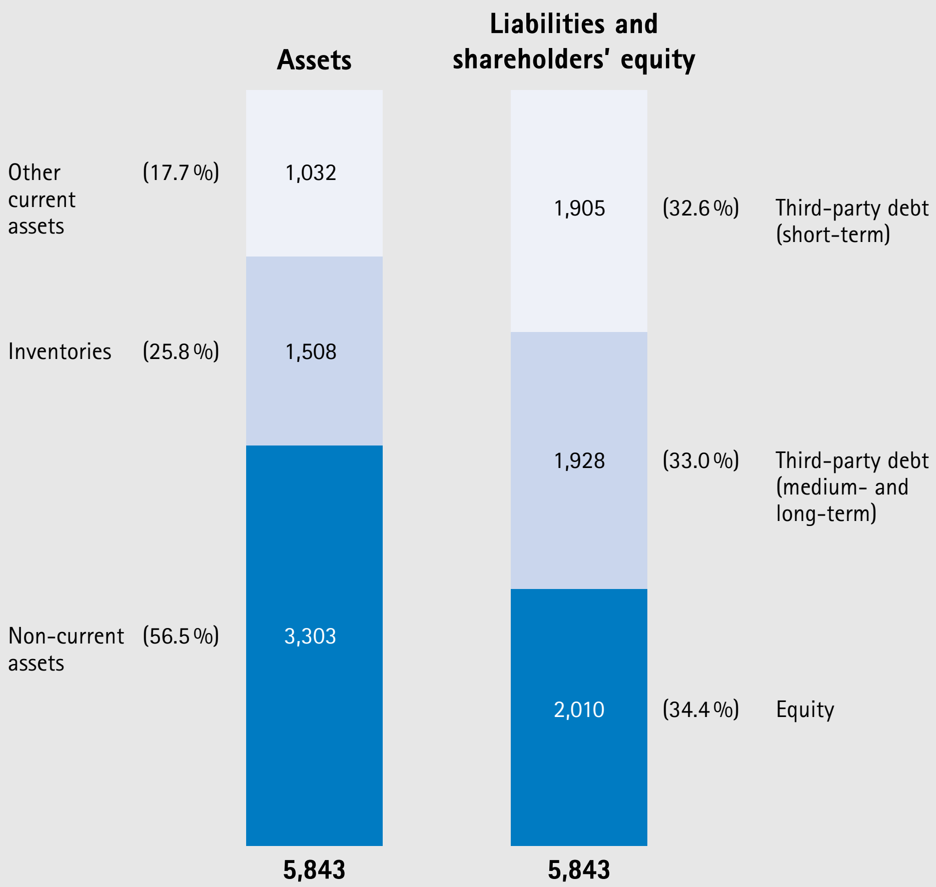
	Secured by mortgage rights	Secured by other pledged assets
	€ million	
Liabilities to banks	56.6	46.6

Trade accounts payable include obligations to beet farmers of € 414.9 million (€ 467.1 million).

Other liabilities mainly include tax liabilities, amounts due to pension funds and liabilities arising from calculating wages and salaries.

Balance sheet structure (€ million)

February 28, 2002



1.9 Lending and borrowing activities (financial instruments)

Südzucker Group's treasury management controls seasonal fluctuations in liquidity on a daily basis by placing funds through market channels (normal market overnight money, term deposits and securities) and raising funds by drawing down overnight and short-term funds, fixed-interest rate loans or issuing commercial paper (CP). The CP program has a volume of € 500 million and enables Südzucker AG, either directly or for its own account via Südzucker International Finance B.V., a Dutch group financing company, to issue short-term bonds and debentures as the need arises and when market conditions are suitable. In February 2002 Südzucker International Finance B.V. issued a ten-year € 500 million bond with a coupon of 5.75 % and guaranteed by Südzucker AG.

Financial instruments are normally subject to interest rate change risks, foreign currency risks and credit risks, as follows:

Interest rate change risk:
For fixed-interest rate deposits or loans there is a risk that a change in market interest rates will lead to a change in market price (interest-related fair value risk).
On the other hand, variable-interest rate deposits or loans are not subject to price risk, as the interest rate is adjusted timely to market interest rates. However, due to fluctuations in short-term interest rates there is a risk relating to future interest payments (interest-related cash flow risk).

Currency risk:
Foreign currency risk is the risk of changes in fair values of balance sheet items induced by changes in exchange rates.

Credit risk:
Credit risk is the risk that a counterparty will be unable to pay. Credit risks arising from deposits, securities and receivables from derivative hedge transactions are minimised by only doing business with counterparties with first-class creditworthiness.

Financial liabilities

	Terms	Interest rates	Average rates	Market value € million	Nominal value € million
Loans	to 10 years	5.75 %, 6.25 %	5.85 %	830.8	844.2
Commercial papers	to 1 year	3.35 %–3.38 %	3.36 %	203.0	203.0
Liabilities to banks	to 18 years	1.5 %–29 %	5.28 %	536.9	536.9
Bills payable	to 1 year	–	–	0.2	0.2
Total financial liabilities			**5.33 %**	**1,570.9**	**1.584.3**

Book values of financial liabilities are the same as their repayment amount.

For commercial paper, liabilities to banks and bills payable, book values are the same as their fair values. The fair value of bonds is their market value at the end of the year, and amounts to € 844.2 million.

1.10 Hedge transactions (derivative financial instruments)

Sudzucker Group uses derivative financial instruments to a limited extent to hedge part of the risks arising from its operating activities. The Südzucker Group mainly hedges the following risks:

Interest-rate change risk on money market interest rates mainly resulting from fluctuations in liquidity levels during the campaign season or from loans with floating interest rates.

Foreign currency change risk which can primarily arise from sales of sugar on the world market in US dollars and from payment obligations in foreign currencies.

Product price change risk which can arise from price fluctuations on the global sugar market as well as in the energy sector.

Only normal market instruments are used for hedging purposes, such as interest-rate swaps, caps and futures, and foreign currency futures. These instruments are used within the framework of Südzucker's risk management system as laid down in Group guidelines, which set limits based on underlying business volumes, define authorisation procedures, prohibit the use of derivative financial instruments for speculative purposes, minimise credit risks and determine the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines and the correct processing and valuation of transactions, and adherence to segregation of duties.

The nominal and market values of derivative financial instruments and their credit risks within the Südzucker Group are as follows:

€ million	Nominal volume		Market values		Credit risk	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
Interest rate hedges	1,0866	511.5	(57.6)	(0.3)	0.0	1.4
Currency hedges	143.8	126.2	(0.8)	4.4	1.3	1.4
Product price hedges	14.1	31.7	(0.1)	2.5	0.2	2.5
Total	1,244.5	669.4	(58.5)	6.6	1.5	5.3

The increase in nominal volumes and market values is due to interest-rate change risk hedging of newly-consolidated companies at February 28, 2002.

Maturities of the currency hedges and product price hedges are mainly less than one year, and of the interest hedges is primarily more than five years.

The *nominal volume* of a derivative hedge instrument is the imputed call amounts upon which the payments are calculated. The hedged transaction and risk is not the nominal value itself, but rather the related price or interest-rate change.

Market value is the amount that the Südzucker Group would have had to pay or would have received assuming the hedge transaction were realised at the end of the year. As the hedge transactions are only carried out using normal market, tradable financial instruments, the market values have been determined using quoted prices on exchanges with no offsetting any possible value change amounts relating to the underlying transaction being hedged.

Credit risks arise from the positive market values of derivatives. These credit risks are minimised by only making financial derivative transactions with banks with first-class credit rankings.

Changes in values of derivative transactions carried out to hedge future cash flows (cash flow hedges), are initially recorded direct to a fair value reserve in shareholders' equity and are only subsequently recorded in the income statement when the cash flow occurs. Changes in values of current interest-rate hedge transactions, for which the underlying transaction is a loan which has been repaid early, are recorded in the income statement.

1.11 Contingent liabilities and other financial commitments

February 28	2002	2001
	€ million	
Discounted bills	0.1	0.2
Guarantees and letters of comfort	13.1	12.5
Warranty commitments	2.5	3.8
Total of lease payments up to one year	1.6	7.3
Total of lease payments of 1 to 5 years	2.0	9.0
Total of lease payments over 5 years	0.2	0.5
Purchase order commitments for non-current assets	64.5	140.3

2. Notes to the statement of income

2.1 Sales

Details of the sales of € 4,776.1 million (€ 4,664.0 million) are set out under VII. segment reporting.

2.2 Change in work in process and finished goods inventories and internal costs capitalised

	2001/02	2000/01
	€ million	
Change in work in process and finished good inventories	(78.0)	88.6
Internal costs capitalised	3.5	3.5
	(74.5)	**92.1**

2.3 Other operating income

	2001/02	2000/01
	€ million	
Income from disposals of non-current assets and current assets and from write-ups	15.7	15.3
Income from storage cost credits	21.3	47.8
Foreign exchange and currency translation gains	18.7	14.3
Other income	94.6	130.4
	150.3	**207.8**

Other income is mainly made up of income from the release of accruals, from costs re-charged, rental and lease income, and royalty income.

2.4 Cost of materials

	2001/02	2000/01
	€ million	
Cost of raw materials, consumables and supplies and of purchased merchandise	2,451.9	2,468.1
Cost of purchased services	143.4	124.5
	2,595.3	**2,592.6**

2.5 Personnel expenses

	2001/02	2000/01
	€ million	
Wages und salaries	542.5	576.1
Social security, pension and welfare expenses	141.8	151.9
[of which for pensions]	[12.5]	[13.2]
	684.3	**728.0**

Average number of employees during the year

	2001/02	2000/01
Divided by group		
Wage earners	12,549	14,291
Salaried staff	10,659	13,612
Trainees	430	512
	23,638	**28,415**
Divided by geographic area		
Germany	9,503	12,147
Other EU countries	5,845	6,385
Eastern Europe	8,018	9,500
Other foreign countries	272	383
	23,638	**28,415**

2.6 Depreciation

	2001/02	2000/01
	€ million	
Scheduled depreciation		
Intangible assets (excluding goodwill)	9.9	14.0
Tangible assets	206.9	224.8
	216.8	**238.8**
Impairment write-downs		
Tangible assets	3.4	4.4
	220.2	**243.2**

Of the total impairment write-downs of € 3.4 million, € 3.3 million relates to the sugar/sweeteners segment and € 0.1 million to the ice cream/frozen food segment.

2.7 Other operating expenses

	2001/02	2000/01
	€ million	
Production and supplementary levies	79.0	111.1
Storage cost levy	24.9	45.1
Losses on disposals of non-current assets and current assets	6.6	8.8
Foreign currency and translation losses	17.3	15.2
Rental and leasing expenses	60.3	65.8
Other expenses	698.9	762.5
	887.0	**1,008.5**

Other expenses are made up primarily of selling and administration costs.

2.8 Effect on income of restructuring costs and other exceptional items

Net restructuring and exceptional costs improved to net expense of € 3.1 million (€ 42.8 million). Gains on the sale of shares in Schöller Group, Fresenius and Veurne amounted to € 235.3 million. An impairment write-down of € 207.3 million was made to goodwill in connection with the inclusion of SLS in the consolidated financial statements. Impairment write-downs of tangible non-current assets totalled € 3.1 million, and there were reversals of previous write-downs in the sugar/sweeteners segment of € 5.4 million.

2.9 Financial expense, net

	2001/02	2000/01
	€ million	
Income from other securities and loans included in financial assets	16.1	15.7
[of which from affiliated companies]	[0.1]	[0.4]
Other interest and similar income	40.1	20.8
[of which from affiliated companies]	[0.6]	[2.3]
Interest and similar expenses	(117.5)	(98.7)
[of which to affiliated companies]	[(8.5)]	[(6.2)]
[of which interest expense in calculating pension accruals]	[(19.4)]	[(18.9)]
Interest expense, net	**(61.3)**	**(62.2)**
Income from investments	17.1	8.5
[of which from affiliated companies]	[3.0]	[2.4]
[of which from associated companies]	[9.2]	[8.5]
Income from investments	**17.1**	**8.5**
Financial expense, net	**(44.2)**	**(53.7)**

2.10 Taxes on income

Current and deferred tax expense are for domestic and foreign taxes on income and are made up as follows:

	2001/02	2000/01
	€ million	
Current taxes	**102.2**	**70.3**
Domestic	43.9	29.4
Foreign	58.3	40.9
Deferred taxes	**4.6**	**(15.4)**
Domestic	5.5	(30.0)
Foreign	(0.9)	14.6
	106.8	**54.9**

Deferred taxes are calculated on temporary differences between items in the group balance sheet and the balance of the same items in the local tax balance sheet. Deferred taxes are calculated using national tax rates. Deferred tax assets of € 3.2 million have also been recognised on tax loss carry forwards.

A reconciliation of deferred taxes in the balance sheet and deferred taxes in the income statement is as follows:

	2001/02
	€ million
Change in deferred tax assets in the balance sheet	(16.6)
of which change in companies consolidated	(14.1)
of which income	(2.5)
Change in deferred tax liabilities in the balance sheet	(28.1)
of which change in companies consolidated	(36.9)
of which expense	8.8
Change in deferred taxes charged or credited direct to equity (IAS 8)	(1.7)
Deferred taxes per statement of income	**4.6**

Reconciliation of earnings before income taxes to income tax expense:

	2001/02	2000/01
	€ million	
Earnings before taxes on income	387.9	264.2
Theoretical tax rate	*37.9 %*	*51.2 %*
Theoretical tax expense	**147.0**	**135.3**
Change in theoretical tax rate as a result of		
Reduction in tax expense due to distributions made by Südzucker AG	0.0	(29.8)
Reduction in tax expense due to lower local tax rate	(4.9)	(25.5)
Tax reduction for tax-free income	(97.6)	(11.6)
Tax increase for non-deductible expenses	95.0	18.9
Change in tax rate	0.0	(24.4)
Other	(32.7)	(8.0)
Taxes on income	**106.8**	**54.9**
Effective tax rate	**27.6 %**	**20.8 %**

The theoretical income tax rate of 37.9 % is made up of a reduced corporation tax in Germany of 25 %, plus a solidarity surcharge of 5.5 % of the corporation tax charge, and municipal trade tax on income.

Following the German tax reform, deferred taxes are also calculated at 37.9 % (corporation tax of 25 %, municipal trade tax on income, solidarity surcharge).

2.11 Research and development expenses

Research and development expenses amounted to € 22.8 million (€ 21.0 million).

VI. Statement of cash flows

The statement of cash flows, prepared in accordance with requirements set out in IAS 7 (Cash flow statements), shows the change in cash and cash equivalents of the Südzucker Group from the three areas of operating, investing and financing activities.

Gross cash flows from operating activities increased to € 551.0 million (€ 497.9 million) and represents 11.5 % (10.7 %) of revenues. Cash outflows for tax payments totalled € 41.9 million (€ 67.8 million), dividends received from associated companies included at equity and from other investments amounted to € 5.7 million (€ 6.9 million). After considering changes in working capital, cash flow from operating activities amounted to € 745.4 million (€ 340.4 million).

A total of € 1,375.9 million (€ 211.6 million) was required to finance capital expenditures on non-current assets. Capital expenditures of € 218.8 million (€ 214.5 million) for tangible and intangible non-current assets and of 1,670.5 million (€ 37.0 million) for financial assets, including the acquisition of consolidated subsidiaries, were partly offset by sales proceeds from disposals of € 456.6 million, almost all of which related to sales of financial assets.

Dividend distributions of € 233.1 million (€ 145.4 million) mostly related to the cash dividends paid to the shareholders of Südzucker AG (including the special dividend of € 143.0 million) and to minority interests in consolidated subsidiaries. Cash flow from capital increases totalled € 549.4 million (€ 68.1 million). The increase in bonds and bank liabilities of € 396.5 million (of which € 224.0 million due to the change in companies consolidated) to € 1,570.9 million (€ 1,174.4 million) is due to the successful placement in February 2002 of a € 500 million bond with a term of 10 years.

VII. Segment reporting

1. Business segments (primary segment reporting)

As set out in IAS 14 (Segment reporting), certain financial statement items are shown divided into the two segments of sugar/sweeteners and ice cream/ frozen food. The segment information has been presented in accordance with internal reporting within the Südzucker Group. The sugar/sweeteners segment includes sugar and feedstuffs, Isomalt, Inulin and Oligofructose, special sugar products and portion packs, the starch factories in Austria and Hungary, and agriculture.

The ice cream/frozen food segment is made up of the activities of Schöller Group, Nuremberg and Freiberger Group, Berlin.

Segments are measured by their operating profit, i.e. profits before restructuring costs and exceptional items, before amortisation of goodwill and interest and investment income.

Operating margin is calculated as the percentage of operating profit to sales. Transactions between segments (sales of € 10.5 million of the sugar/sweeteners segment) are made at normal market conditions.

Segment net assets consist of non-current assets less financial assets and working capital of the segment (inventories, trade receivables and other assets less trade accounts payable and other short-term liabilities). Segment liabilities consist of medium-term and long-term third-party liabilities excluding financial debt. The amounts at 28.02.2002 include adjustments to reflect changes during the year in companies included in the consolidated financial statements. Capital expenditures and depreciation of tangible non-current assets include additions to and depreciation of tangible and intangible non-current assets (excluding goodwill). The investments in financial assets also include acquisitions of consolidated subsidiaries.

	2001/02			2000/01		
	Group	Sugar/ sweeteners	Ice cream/ frozen food	**Group**	Sugar/ sweeteners	Ice cream/ frozen food
	€ million					
Sales	**4,776.1**	3,395.8	1,380.3	**4,664.0**	2,972.5	1,691.5
Operating profit	**465.1**	403.1	62.0	**391.6**	351.1	40.5
Operative margin	*9.7 %*	*11.9 %*	*4.5 %*	*8.4 %*	*11.8 %*	*2.4 %*
Segment assets	**3,294.3**	2,511.8	782.5	**2,832.5**	1,979.3	853.2
Segment liabilities	**1,212.4**	961.6	250.8	**920.6**	689.7	230.9
Expenditures on tangible assets	**218.8**	169.4	49.4	**214.5**	132.9	81.6
Investments in financial assets	**1,670.5**	1,670.5	0.0	**37.0**	20.6	16.4
Depreciation of tangible assets	**(220.2)**	(157.8)	(62.4)	**(243.2)**	(158.4)	(84.8)
Employees	**23,638**	12,679	10,959	**28,415**	12,841	15,574

2. Geographic segments (secondary segment reporting)

	2001/02	2000/01
	€ million	
Sales		
Germany	2,104.1	2,260.1
Other EU countries	2,155.1	1,912.4
Total EU countries	4,259.2	4,172.5
Eastern Europe	450.4	430.3
Other foreign countries	66.5	61.2
	4,776.1	**4,664.0**
Segment assets		
Total EU countries	2,969.4	2,525.3
Eastern Europe	315.6	299.2
Other foreign countries	9.3	8.0
	3,294.3	**2,832.5**
Expenditures on tangible assets		
Total EU countries	196.8	186.8
Eastern Europe	22.0	27.6
Other foreign countries	0.0	0.1
	218.8	**214.5**

VIII. Other notes

1. Related parties

A related party as defined in IAS 24 (related party disclosures) is Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (SZVG), which holds a majority of the shares in Südzucker AG by means of its own holding of Südzucker shares and the shares held by it on trust for its co-operative members.

Items recorded on the accounts held for SZVG in 2001/02 were mainly cash received from dividends and business transactions. There is an agreement to pay interest on the balances on these accounts at normal market rates.

A report on related party transactions has been prepared as set out in § 312 AktG.

Assuming that the shareholders' annual general meeting approves the proposed dividend, the total remuneration of members of the executive board of Südzucker AG amounted to € 3.1 million (of which variable € 1.2 million) and the total remuneration of the members of the supervisory board amounted to € 1.0 million (variable). In addition, the members of the executive board and of the supervisory board received further remuneration of € 0.4 million for carrying out management functions at various subsidiaries.

A total of € 10.6 million has been provided in respect of pension obligations to former members of the executive board and supervisory board and their dependent relatives. Payments made during the year amounted to € 1.1 million.

Advances and loans made to the members of the executive board bear interest at 5 % and amounted to € 30,700 at February 28, 2002.

2. Earnings per share

	2001/02	2000/01
Earnings for the year (excluding minority interests) in € million	231.9	187.9
Number of shares	160,182,610	144,305,671
Earnings per share in €	**1.45**	**1.30**

The calculation has been made in accordance with requirements set out in IAS 33 (Earnings per share). The number of shares repesents the weighted average number of shares in issue during the year, less the number of Südzucker shares held by AGRANA Beteiligungs-AG.

3. Supervisory board and executive board

Supervisory board

Dr. Hans–Jörg Gebhard
Chairman
Eppingen
Chairman of the Association of
Süddeutscher Zuckerrübenanbauer e. V.
Other board memberships[1)]
AGRANA Beteiligungs-AG, Vienna, Austria
Südzucker GmbH, Zeitz (chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-
Genossenschaft eG, Ochsenfurt (chairman)
VK Mühlen AG, Hamburg
Saint Louis Sucre S.A., Paris, France

Franz–Josef Möllenberg[2)]
Deputy chairman
Rellingen
Chairman of the Food and Catering Union
Other board memberships[1)]
DGB-Rechtsschutz GmbH, Düsseldorf
Nestlé Deutschland AG, Frankfurt/Main
(deputy chairman)

Dr. Ulrich Weiss
Deputy chairman
Kronberg/Taunus
Former member of the executive board of
Deutsche Bank AG
Other board memberships[1)]
ABB Asea Brown Boveri AG, Mannheim
BEGO Medical AG, Bremen
BENETTON S.p.A., Ponzano, Italy
Continental AG, Hannover
DUCATI S.p.A., Bologna, Italy
Heidelberger Zement AG, Heidelberg
O & K Orenstein & Koppel AG, Berlin (chairman)
Piaggio S.p.A., Pontedera, Italy

Ulrich Ambold[2)]
Nuremberg
Businessman
Schöller Lebensmittel GmbH & Co. KG
(to February 28, 2002)

Heinz Christian Bär
Karben-Burg Gräfenrode
Vice president of the Deutschen Bauernverband e. V.
Other board memberships[1)]
Landwirtschaftliche Rentenbank, Frankfurt/Main
LBH Steuerberatungsgesellschaft mbH, Friedrichsdorf
Vereinigte Hagelversicherung VVAG, Gießen

Robert Bausewein[2)]
Ochsenfurt
Member of the works council of the Ochsenfurt factory
and administration headquarters of Südzucker AG
Mannheim/Ochsenfurt
(from March 19, 2002)

Karl Bös[2)]
Ratingen
Deputy chairman of the Group works council of
Schöller Holding GmbH & Co. KG
(to February 28, 2002)

Dr. Ulrich Brixner
Frankfurt
Chairman of the executive board of DZ BANK AG
(from October 8, 2001)
Other board memberships[1)]
Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall
(deputy chairman)
Banco Cooperativo Español, Madrid, Spain
(from March 2002)
DG HYP Deutsche Genossenschafts-Hypotheken-Bank
AG, Hamburg (chairman)

[1)] *Statutory appointments to other domestic supervisory boards and appointments to comparable management bodies of domestic and foreign enterprises*

[2)] *Employee representative*

DZ BANK plc, Dublin, Ireland (chairman)
Karlsruher Lebensversicherung AG, Karlsruhe
R + V Versicherung AG, Wiesbaden
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Rolf Bucher[2)]
Offenau
Member of the works council of Südzucker AG Mannheim/Ochsenfurt, Offenau works (from March 19, 2002)

Günter Denzig[2)]
Witten
Member of the Group works council of Schöller Holding GmbH & Co. KG (to February 28, 2002)

Helmut Drescher[2)]
Wattenheim
Chairman of the works council of Südzucker AG Mannheim/Ochsenfurt

Walter Erhard[2)]
Regensburg
Deputy chairman of the works council of Südzucker AG Mannheim/Ochsenfurt

Paul Freitag
Oberickelsheim-Rodheim
Chairman of the Association of Fränkischer Zuckerrübenbauer e. V.

Max Fröschl
Aholming
Chairman of the works council of Südzucker AG Mannheim/Ochsenfurt, Plattling works (from March 19, 2002)

Hans Hartl[2)]
Ergolding
State area chairman of the Food and Catering Union in Bavaria
Other board memberships[1)]
Südfleisch Holding AG, Munich (deputy chairman)
Philipp Morris GmbH, Munich

Dr. Christian Konrad
Vienna
General council of the Austrian Raiffeisenverband
Other board memberships[1)]
AGRANA Beteiligungs-AG, Vienna, Austria (chairman)
BayWa AG, Munich
BIBAG AG, Vienna, Austria
Erste Niederösterreichische Brandschaden-Versicherungs AG, Vienna, Austria
Kurier Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (chairman)
Leipnik-Lundenburger Invest Beteiligungs AG, Vienna, Austria (chairman)
Mediaprint GmbH & Co. KG, Vienna, Austria (chairman)
Raiffeisen Holding Niederösterreich Wien reg. Gen.m.b.H., Vienna, Austria (chairman)
Raiffeisen Landesbank Niederösterreich Wien AG, Vienna, Austria (chairman)
Raiffeisen Ware Austria AG, Vienna, Austria
Raiffeisen Zentralbank Österreich AG, Vienna, Austria (chairman)
Saint Louis Sucre S.A., Paris, France
Siemens Österreich AG, Vienna, Austria
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
Uniqa Versicherungen AG, Vienna, Austria (chairman)

Jörg Lindner[2)]
Hamburg
Divisional officer of the Food and Catering Union
Other board memberships[1)]
Nestlé Deutschland AG, Frankfurt/Main
Schöller Holding GmbH & Co. KG, Nuremberg

Ulrich Müller
Illsitz
Chairman of the Association of the Sächsisch-Thüringischer Zuckerrübenanbauer e.V.
Other board memberships[1)]
Raiffeisenwarengesellschaft mbH, Gößnitz
Südzucker GmbH, Zeitz
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (deputy chairman)

Erich Muhlack[2)]
Regensburg
Manager of the Plattling, Rain and Regensburg works, Südzucker AG Mannheim/Ochsenfurt

Gunter Schneickert
Offstein
Chairman of the works council of Südzucker AG Mannheim/Ochsenfurt, Offstein works
(from March 19, 2002)

Reiner Schulz[2)]
Römstedt
Chairman of the works council of Schöller Lebensmittel GmbH & Co. KG, Uelzen works
(to February 28, 2002)

Richard Schwaiger
Aiterhofen
Chairman of the Association of bayerische Zuckerrübenanbauer e.V.
Other board memberships[1)]
AGRANA Beteiligungs-AG, Vienna, Austria

Dr. Bernd Thiemann
Kronberg/Taunus
Former chairman of the executive board of DG BANK Deutsche Genossenschaftsbank
(to September 15, 2001)
Other board memberships[1)]
Berentzen AG, Haselünne (deputy chairman)
EM TV & Merchandising AG, Unterföhring (chairman)
IVG AG, Bonn (deputy chairman)
M.M. Warburg KGaA, Hamburg
Nordland Papier AG, Dörpen
Thyssen/Krupp Stahl AG, Duisburg
Veba Oel AG, Gelsenkirchen
Westfälische Hypothekenbank AG, Dortmund

Ernst Wechsler
Westhofen
Chairman of the Association of Hess.-Pfälzischen Zuckerrübenanbauer e.V.

Gerhard R. Wolf
Worms
Former member of the executive board of BASF AG
Other board memberships[1)]
Hornbach Holding AG, Bornheim (chairman)
Hornbach Baumarkt AG, Bornheim
K + S AG, Kassel (chairman)
Kali und Salz GmbH, Kassel (chairman)
STINNES Aktiengesellschaft, Mülheim/Ruhr

<u>Executive board</u>

Dr. Theo Spettmann (Spokesman)
External board memberships
Supervisory board:
*Berentzen-Gruppe AG, Haselünne (chairman)**
*Fresenius Medical Care AG, Hof/Saale**
*Gerling Industrie Service AG, Cologne**
*Karlsruher Versicherung AG, Karlsruhe**
*VK Mühlen AG, Hamburg (to July 18, 2001)**
Advisory council:
BW Bank, Stuttgart
Group board memberships
Supervisory board:
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG, Berlin
Schöller Holding GmbH & Co. KG, Nuremberg (to February 28, 2002)*
Südzucker Verkauf GmbH, Oberursel (deputy chairman)
Südzucker International GmbH, Ochsenfurt
Saint Louis Sucre S.A., Paris, France (chairman, from December 21, 2001)
Advisory council:
AIH Agrar-Industrie-Holding GmbH, Mannheim (chairman)
Eismann Family GmbH & Co. KG, Mettmann (chairman, to February 28, 2002)
Geti Wilba Wild- und Geflügelspezialverarbeitung GmbH & Co. KG, Bremervörde (chairman, to February 28, 2002)
Mönnich GmbH & Co. KG, Kassel (chairman)
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium
Südzuckergroup Export Centre S.A. (SEC), Brussels, Belgium (chairman)

Albert Dardenne
(from February 1, 2002)
Group board memberships
Supervisory board:
Saint Louis Sucre S.A., Paris, France (from December 21, 2001)
AGRANA Internationale Verwaltungs- und Asset-Management AG, Vienna, Austria
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium (Administrateur Délégué)
Suikerfabriek van Veurne N.V., Veurne, Belgium
Suiker van Tienen N.V., Tienen, Belgium
Raffinerie Notre-Dame S.A., Oreye, Belgium
RT/TS Services S.A., Brussels, Belgium
Sucrerie Naveau S.A., Geer, Belgium (chairman)
Candico N.V., Antwerp, Belgium
Financière Franklin Roosevelt S.A.S., Paris, France (from December 21, 2001)

Dr. Christoph Kirsch
External board memberships
Supervisory board:
Ropczyce sugar factory, Ropczyce, Poland
Advisory council:
Deutsche Bank AG, Frankfurt
Frankfurter Versicherung AG, Frankfurt
Landesbank Baden-Württemberg, Stuttgart
Ruhrgas AG, Essen
Group board memberships
Supervisory board:
AGRANA Beteiligungs-AG, Vienna, Austria
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG, Berlin
Südzucker Verkauf GmbH, Oberursel (chairman)
Südzucker International GmbH, Ochsenfurt

* *Statutory appointments to other domestic supervisory boards*

Advisory council:
BETA Beteiligungs GmbH, Mannheim (chairman)
Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (chairman)
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium (chairman)
Financière Franklin Roosevelt S.A.S., Paris, France (from December 21, 2001)

Dr. Klaus Korn
External board memberships
Supervisory board:
Kerevitas A.S., Istanbul, Turkey
Ropczyce sugar factory, Ropczyce, Poland
Group board memberships
Supervisory board:
Palatinit of America Inc., Morris Plains, USA (chairman)
Schöller Holding GmbH & Co. KG, Nuremberg (to February 28, 2002)*
Söllmer A.S., Istanbul, Turkey
*Südzucker GmbH, Zeitz (deputy chairman)**
Südzucker International GmbH, Ochsenfurt
Saint Louis Sucre S.A., Paris, France (from December 21, 2001)
Advisory council:
Mönnich GmbH & Co. KG, Kassel
Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium
Palatinit Asia Pacific Pte Ltd., Singapore (Director)

Johann Marihart
External board memberships
Supervisory board:
Ottakringer Brauerei AG, Vienna, Austria
Leipnik-Lundenburger Invest Beteiligungs AG, Vienna, Austria
top.equity Unternehmensbeteiligungs AG, Vienna, Austria
BBG Bundesbeschaffungsges.m.b.H., Vienna, Austria (from June 14, 2001)
Administrative council:
TÜV Österreich, Vienna, Austria (president)
Shareholder committee:
Österreichische Nationalbank, Vienna, Austria (general advisory council)
Group board memberships
Supervisory board:
AGRANA Zucker und Stärke AG, Vienna, Austria (chairman)
Moravskoslezské Cukrovary a.s. , Hrusovany, Czech Republic (chairman)
EHCF Kft., Acs, Hungary (chairman)
Magyar Cukor Rt., Budapest, Hungary
AGRANA International Verwaltungs- und Asset-Management AG, Vienna, Austria (chairman)
Saint Louis Sucre S.A., Paris, France (from January 8, 2002)
Advisory council:
Österreichische Rübensamenzucht GmbH, Tulln, Austria (chairman)
Zuckerforschung Tulln, Austria (chairman)
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium
Shareholder committee:
Hungrana Kft., Szabadegyhaza, Hungary

Dr. Rudolf Müller
External board memberships
Supervisory board:
Ropczyce sugar factory, Ropczyce, Poland (deputy chairman)
*VK Mühlen AG, Hamburg (from July 18, 2001**
Group board memberships
Supervisory board:
AGRANA Beteiligungs-AG, Vienna, Austria (deputy chairman)
BGD Bodengesundheitsdienst GmbH, Mannheim (chairman)
REKO Erdenvertrieb GmbH, Regensburg (chairman)
*Südzucker GmbH, Zeitz**
Südzucker International GmbH, Ochsenfurt (chairman)
Saint Louis Sucre S.A., Paris, France (from December 21, 2001)
Advisory council:
Eismann Family GmbH & Co. KG, Mettmann (to February 28, 2002)
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium

Frédéric Rostand
(from February 1, 2002)
External board memberships
Supervisory board:
Ebro Puleva S.A., Madrid, Spain
Group board memberships
Supervisory board:
Eastern Sugar BV, Deurne, The Netherlands (deputy chairman)
COFA (Compagnie Financière de l'Artois), Marconne Hesdin, France (deputy chairman)
Administrative council:
Raffinerie Tirlemontoise S.A., Brussels, Belgium
Distilleries Ryssen, Marconne Hesdin, France
Société Nouvelle des Sucreries de Chalon-sur-Saône, Chalon-sur-Saône, France
GARDEL S.A., Le Moule, France
Saint Louis Sucre International Finance S.A., Paris, France (chairman)

4. Significant investments of the Südzucker Group

The significant investments are listed by segment. A list of all investments, as required by § 313 para. 4 HGB, has been lodged with the commercial register in Mannheim.

	Location	Country	SZ share	Indirect holding
Südzucker AG				
Palatinit GmbH[1]	Mannheim		100.00	
Südzucker GmbH[1]	Zeitz		100.00	
Zschortauer Feldfrucht GmbH[1]	Zschortau		51.00	
Cukrownia Lubna S. A.	Kazimierza Wielka	Poland	75.40	
Cukrownia Ropczyce S. A.	Ropczyce	Poland	47.30	
Cukrownia Garbów S. A.	Garbów	Poland		92.03
Cukrier Królewski	Cracow	Poland	100.00	
Cukrownia Strzyżów S. A.	Strzyżów	Poland	81.24	
Fabrica de Zahar Alexandreni S. A.[2]	Alexandreni	Moldova	36.00	
Südzucker Moldova S. A.[2]	Drochia	Moldova	49.97	
BGD Bodengesundheitsdienst Gesellschaft mbH[1]	Mannheim		100.00	
REKO Erdenvertrieb GmbH[1]	Regensburg		100.00	
Mönnich GmbH & Co. KG	Kassel		71.43	28.57
AIH Agrar-Industrie-Holding GmbH	Mannheim		50.00	
BETA Beteiligungs GmbH	Mannheim		43.19	
Raffinerie Tirlemontoise S.A., Brussels/Belgium				85.41
Sucres de Tirlemont S. A.	Tienen	Belgium		100.00
Hottlett Sugar Trading S. A.	Berchem	Belgium		62.55
Candico S. A.	Merksem	Belgium		75.50
ORAFTI Oreye S. A.	Oreye	Belgium		99.89
Remy Industries NV	Wijgmaal	Belgium		100.00
Suikers G. Lebbe S. A.	Oostkamp	Belgium		99.88
Renco B.V.	Renco	The Netherlands		100.00
Portion Pack European Holding B.V.	Oud Beijerland	The Netherlands		100.00
Atlanta Dethmers Beheer BV	Groningen	The Netherlands		100.00
James Fleming & Co. Ltd.	Newbridge	Great Britain		100.00
Sugarfayre Limited	Ashington	Great Britain		100.00
W. T. Mather Ltd.	Ashton-in-Makerfield	Great Britain		100.00
Groupe Nougat Chabert & Guillot	Montelimar	France		100.00

	Location	Country	Sz share	Indirect holding
Saint Louis Soucre S.A., Paris, France			85.19	
Saint Louis Sucre S.N.C.	Paris	France		100.00
Sociéte Nouvelle des Sucreries de Chalon	Chalon-sur-Sâone	France		49.99
Sucrerie et Distillerie de Souppes-Ouvré Fils S.A.	Paris	France		44.48
Kabai Cukorgyar Rt	Kaba	Hungary		49.87
Juhocukor a.s.	Dunajska Streda	Slovakia		42.79
Hanaké Cukrovary	Nemcice nad Hanou	The Czech Republic		48.59
Cukrspol Praha Modrany a.s.	Prague	The Czech Republic		37.66
Ebro Puleva S.A.	Madrid	Spain		13.76
AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria[3]			43.20	
AGRANA Zucker und Stärke AG	Vienna	Austria		100.00
Magyar cukorgyarto es Forgalmazó Kft.	Budapest	Hungary		85.14
Mordvskoslezské Cukrovary a.s.	Hrusovany	The Czech Republic		97.54
S.C. Danubiana Roman S.A.	Roman	Romania		90.43
S.C. Beta Tandarei S.A.	Tandarei	Romania		86.11
S.C. Zaharul S.A. Buzau	Buzau	Romania		81.70
Slovenske Cukrovany a.s. (vormals Gemercukor a.s.)	Rimavská Sobota	Slovakia		100.00
HUNGRANA Keményitö- es Isocukorgyártó és Forgalmazó Kft.	Szabadegyhaza	Hungary		50.00
SC AGFD Tandarei S.A.	Tandarei	Romania		99.79
Freiberger Group				
Freiberger Lebensmittel GmbH & Co. Prod.-/Vertr. KG	Berlin		100.00	
PrimAS Tiefkühlprodukte GmbH	Oberhofen	Austria	100.00	

[1] Exemption from publishing financial statement per § 264 para. 3 HGB.
[2] Controlling influence per contractual agreement.
[3] Majority of voting share.

IX. Proposed appropriation of earnings

It will be proposed to the annual general meeting that the retained earnings of € 82,163,166.17 of Südzucker AG, Mannheim/Ochsenfurt be appropriated as follows:

in €	
Distribution of a dividend of **€ 0.47 per share** on 174,787,946 ordinary shares	82,150,334.62
Earnings carried forward	12,831.55
Unappropriated earnings	**82,163,166.17**

The dividend will be paid on August 23, 2002.

After the last-time application of the tax credit procedure in 2001 and the reduction in the corporation tax rate to a uniform 25 %, the 50 % taxable income procedure entered into force as from January 2002 for shareholders subject to German income tax. This new procedure does not permit corporation tax paid at 25 % by entities to be credited against income tax of shareholders on dividends. On the other hand, only half of cash dividends received are taxable for income tax purposes.

Mannheim, May 24, 2002

THE EXECUTIVE BOARD

Dr. Spettmann Dardenne Dr. Kirsch Dr. Korn Marihart Dr. Müller Rostand

The financial statements of Südzucker AG, prepared in accordance with German accounting principles and upon which KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim, has issued an unqualified auditors' report, will be published in the Federal Gazette and will be filed with the commercial register of the district court of Mannheim. It can be received from the company on request.

X. Auditors' report

We have audited the consolidated financial statements prepared by Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, consisting of the balance sheet, statement of income, statement of movements in shareholders' equity, statement of cash flows and notes, for the business year from March 1, 2001 through February 28, 2002. The preparation and contents of the consolidated financial statements prepared in accordance with International Accounting Standards (IAS) are the responsibility of the company's executive board. Our responsibility is to express an opinion on the consolidated financial statements based on the results of our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing standards and generally accepted standards for audits of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the consolidated financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts recognised and disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the assets and liabilities, financial position, results of operations and cash flows of the Group for the year ended February 28, 2002 in accordance with International Accounting Standards.

Our audit, which also included the management report on the company and the Group prepared by the executive board for the period from March 1, 2001 through February 28, 2002, has not led to any reservations. In our opinion, on the whole the management report on the company and the Group provides a suitable understanding of the position of the company and the Group and suitably presents the risks from future developments. We also confirm that the consolidated financial statements and the management report on the company and the Group for the business year from March 1, 2001 through February 28, 2002 comply with the conditions for exemption from preparing consolidated financial statements and a group management report in accordance with German law.

Mannheim, June 5, 2002

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Schmid	von Hohnhorst
Wirtschaftsprüfer	Wirtschaftsprüfer

Report of the supervisory board

The supervisory board met with the executive board at four regular meetings held during 2001/02 to discuss the position of the Group, strategic developments of the business and its segments as well as considering many other specific topics of current interest.

Over the past quarters the supervisory board of Südzucker AG has also been intensively involved with the Group's new strategy as well as with agricultural policies and structural matters.

Based on regular written reports the supervisory board discussed all significant transactions with the executive board, and supervision and advice were provided to management. Furthermore, the chairman of the supervisory board also regularly attended selected executive board meetings and had regular working sessions with the spokesman of the executive board, to ensure a regular flow of information and exchange of opinions between the two boards. Regular subjects of the oral and written reports of the executive board were the results, analysis of profitability and financial, investment and personnel planning for the Company and the Group, as well as specific matters relating to the EU market regulation. A detailed discussion of the extent to which corporate budgets are being met is also a regular topic.

At a supervisory board meeting on June 28, 2001 the supervisory board implemented the new strategic concentration of the Südzucker Group on its core business of sugar/sweeteners by resolving to sell Schöller Holding and acquire Saint Louis Sucre, the French sugar company. The supervisory board and executive board consider a concentration on core competencies to be a growing potential strength, establishing the best possible conditions for competing in an expanding EU and in increasingly global markets. The Südzucker Group again strengthened its position as European market leader and acquired the know-how for new, forward-looking areas, such as bio-ethanol. With the publication of quarterly reports, Südzucker meets international standards for interim information on the activities of the Company. This supplies shareholders with the necessary transparency to make investment decisions and also complies with the regulations of the German stock exchange for DAX and MDAX companies. A further measure carried out in the interests of our shareholders was the resolution at the annual general meeting on August 23, 2001 to convert the preference shares to ordinary shares. Having a single class of shares increases the free float of voting shares from 20 % to 34 % of the total share capital. As from July 2002, Südzucker's weighting in the MDAX will also increase as part of the new index regulations issued by Deutsche Börse AG.

In connection with the acquisition of Saint Louis Sucre, we are open for investment by SLS's sugar beet farmers.

On October 5, 2001 the long-serving chairman and honorary chairman of our supervisory board, Stephan Freiherr Zobel von Giebelstadt zu Darstadt, passed away. The merger of the two south German sugar companies into today's Südzucker AG Mannheim/Ochsenfurt was successively accomplished by the initiative of Baron Zobel. The supervisory board, executive board and staff will always retain respectful memories of this extraordinary personality.

At the supervisory board meeting on January 31, 2002 Albert Dardenne, Administrateur délégué of Raffinerie Tirlemontoise S.A., Tienen, and Frédéric Rostand, chairman of the executive board of Saint Louis Sucre S.A., Paris, were appointed members of the executive board with immediate effect. Reflecting the increasing internationalisation of the Südzucker Group, the supervisory board has thus also secured representation of the Belgium and French investments in the executive board. Dr. Bernd Thiemann retired from the supervisory board with effect from September 15, 2001 and Dr. Ulrich Brixner, chairman of the executive board of DZ BANK AG, replaced him effective October 8, 2001.

Report of the supervisory board

Following the disposal of Schöller Holding, Ulrich Ambold, Karl Bös, Günter Denzig and Reiner Schulz retired from the supervisory board effective February 28, 2002. The district court of Mannheim resolved to appoint Robert Bausewein, Rolf Bucher, Max Fröschl and Gunter Schneickert in their place as new members of the supervisory board on March 19, 2002. The supervisory board thanks all those members who have retired for their constructive work in the interests of the Company.

Following the election of KPMG Deutsche Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft, Mannheim, as auditors by the annual general meeting on August 23, 2001, the supervisory board appointed them to carry out their audit. The 2001/02 financial statements of Südzucker AG, and the combined management report for Südzucker AG and the Group, were audited, together with the accounting records, by KPMG Deutsche Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft, Mannheim, who issued an unqualified audit report.

This also applies to the consolidated financial statements prepared using International Accounting Standards (IAS). As set out in § 292a of the German Commercial Code, the attached IAS consolidated financial statements exempt the Group from preparing consolidated financial statements in accordance with German accounting rules. The supervisory board has had sight of all documentation relating to the financial statements and the recommendation by the executive board on the appropriation of earnings, including the long-form report issued by the auditors. They have been examined by the supervisory board and discussed in the presence of the auditors. The supervisory board agrees with the results of the audit carried out by the external auditors and, as a result of its own examination, determined no matters which would lead to a qualification of its opinion. At a meeting on June 19, 2002 the supervisory board acknowledged the consolidated financial statements for 2001/02, approved and thus adopted the financial statements of Südzucker AG for 2001/02 and agreed with the executive board's recommendation on appropriation of earnings.

In view of the information provided by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart described in the management report, the executive board has prepared a report on related party transactions in accordance with § 312 Stock Corporation Act. The external auditors have audited this report, reported in writing on the results of their audit and issued the following opinion:

" As a result of our audit, which we carried out in accordance with professional standards, we confirm that:
1. the facts set out in the report are correct,
2. charges to the Company for business transactions listed in the report were not unreasonably high,
3. with respect to the matters listed in the report, there were no reasons for a materially different conclusion than that taken by the executive board."

The supervisory board reviewed and approved the results of the audit by the external auditors. Following its own audit the supervisory board found no reasons to contradict the declaration of the executive board at the end of the report.

Together with the executive board, the members of the supervisory board would like to pay their respects to all those active and former employees of the Group who passed away during the year. The supervisory board thanks the executive board and all employees of Südzucker AG and its affiliated companies for their performance during the year.

Mannheim, June 19, 2002

THE SUPERVISORY BOARD

Dr. Hans-Jörg Gebhard
Chairman

Südzucker AG Mannheim/Ochsenfurt
Maximilianstraße 10
68165 Mannheim
Telephone: +49 6 21 42 1-0
Fax: +49 6 21 42 1-393
http://www.suedzucker.de

The annual report is also available in German.
We will gladly send you a copy of the Südzucker AG financial statements.

Contacts:

Investor relations
investor.relations@suedzucker.de
Telephone: +49 6 21 42 1-244
Fax: +49 6 21 42 1-463

Public relations
public.relations@suedzucker.de
Telephone: +49 6 21 42 1-409
Fax: +49 6 21 42 1-425

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