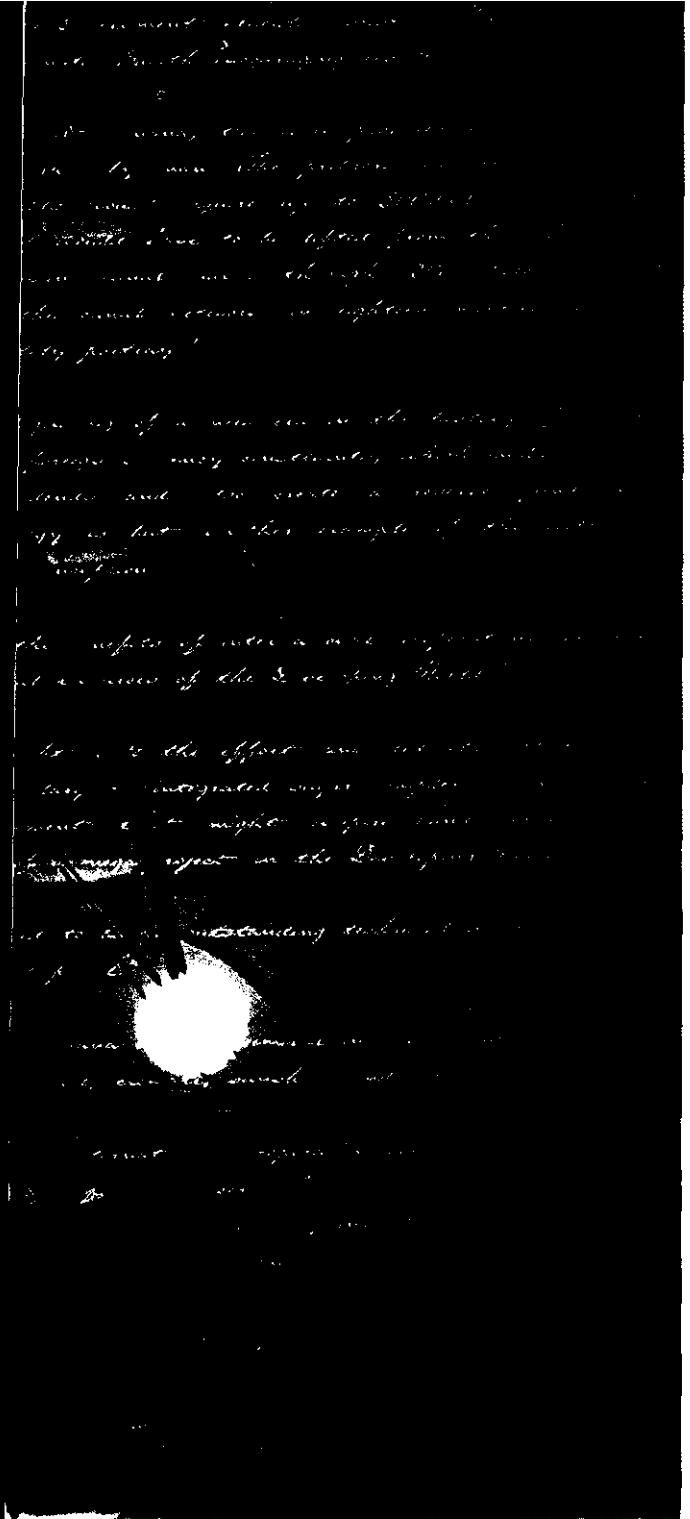

contents

Directorate and Administration	3
Summary of Operations and Financial Status	4
Some Facts and Figures about Kenana	5
Chairman's Statement	7
Directors' Report	15
Profit and Loss Account	20
Balance Sheet	21
Statement of changes in Shareholders' equity	22
Cash Flow Statement	23
Notes to the Financial Statements	24
Auditors' Report	35

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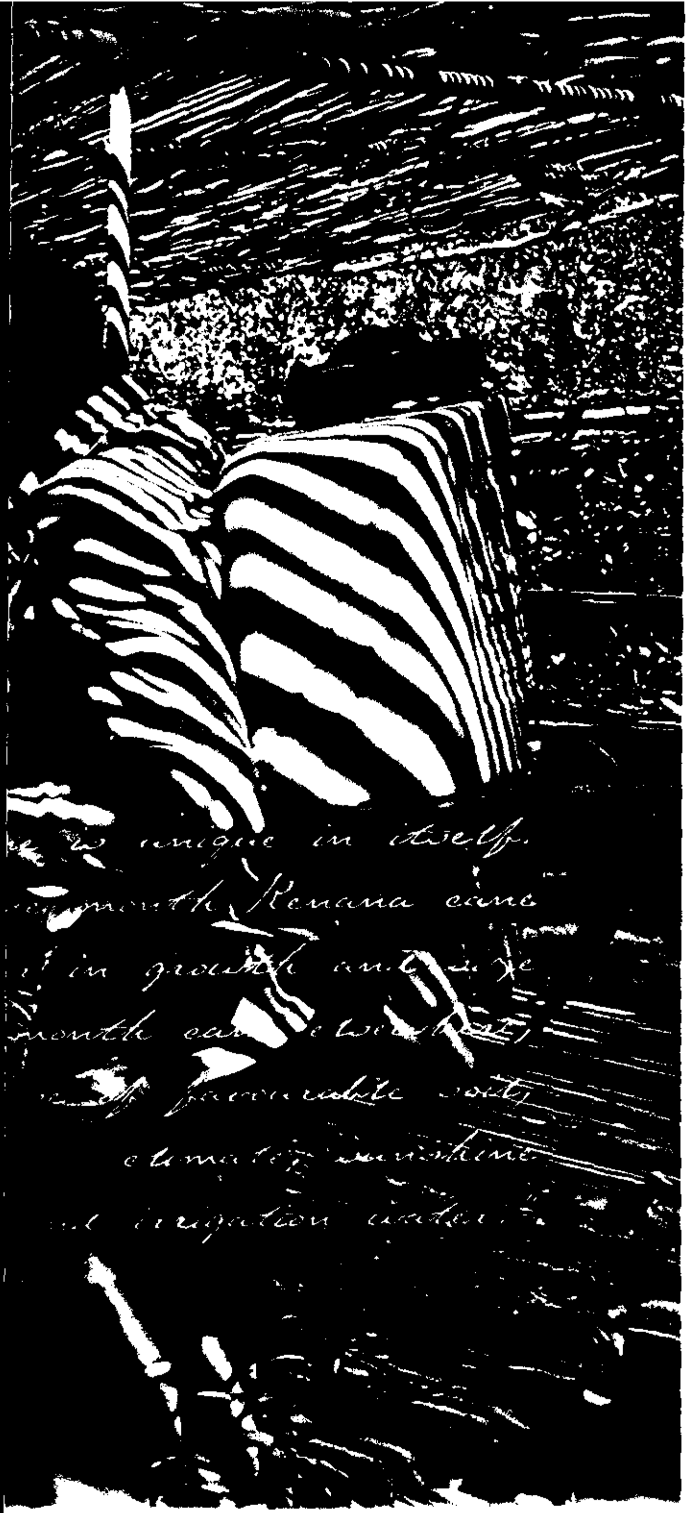


directorate and administration

Chairman
H.E. Abdel Halim Ismail Al Mutafi
Government of the Republic of Sudan

El Zubeir Ahmed Al Hassan
Government of the Republic of Sudan

Dr. Saber Mohamed Hasan Ahmed
Government of the Republic of Sudan

Mr. El Fatih Ali Siddig
Government of the Republic of Sudan

Deputy chairman
Mr. Ahmed Salim E. Al Hagri
Kuwait Real Estate Investment consortium

Mr. Fawzi Abdel Hamid Al Mani
Kuwait Real Estate Investment Consortium

Mr. Ayad Abdulla Alsumait
Kuwait Real Estate Investment Consortium

Mr. Mashaal Yousif Al Darbas
Kuwait Real Estate Investment Consortium

Mr. Abdul Aziz Abdul Karim Al Wahib
Government of the Kingdom of Saudi Arabia

Mr. Abdulrahman Abdulaziz Al-Shaye
The Arab Investment Company SAA

Mr. A. Wahab Ahmed Hamza
Sudan Development Corporation

Mr. Amin Sid Ahmed
Arab Authority for Agricultural Investment and Development

Mr. Ibrahim Adam Habib
Consortium of Sudanese Commercial Banks

Managing Director
Mr. Osman Abdalla

Deputy Managing Director
(Khartoum)

Deputy Managing Director
(Site)

Principal Bankers
Bank of Sudan
El Nilein Bank
Sudanese French Bank
British Arab Commercial Bank Ltd. (London)
Barclays Bank Plc. (London)
Royal Bank of Scotland Plc. (London)

Joint Auditors
PricewaterhouseCoopers (London)
Banaga, *Gasim* & Co. (Khartoum)

Legal Counsel
El Karib & Medani *(Khartoum)*
Veil Armfelt & Associates (Paris)

Technical Consultants
F.C. Schaffer & Associates (USA)

Company Secretary
Mr. Fareed Omer *Medani*

Registered Office
Plot Number 846, Block 2,
El Geraif Gharb,
Khartoum, Sudan

summary of operations and financial status

			1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
1	Crushing Season	(days)	145	148	147	138	150	149	166	191	187	193
2	Area harvested	(feddans)	77,500	77,300	76,000	77,616	75,077	76,834	76,538	79,160	79,006	78,594
3	Cane harvested	(MT/000)	2,357	2,257	2,242	2,142	2,276	2,594	2,970	3,439	3,500	3,541
4	Cane yield per feddan	(MT)	30.40	29.20	29.50	27.60	30.30	33.80	38.80	43.50	44.30	45.10
5	Cane harvested per day	(MT)	16,300	15,300	15,300	15,500	15,200	17,400	17,900	18,000	18,700	18,348
6	Harvesting mechanical	(%)	46	51	51	54	54	50	51	63	64	62
	Harvesting hand-cut	(%)	54	49	49	46	46	50	49	37	36	38
7	Net sugar recovery / cane crushed	(%)	10.70	11.23	11.81	11.61	11.10	10.79	11.20	10.34	10.43	10.93
8	Sugar production	(MT)	252,000	253,000	265,000	249,000	253,000	280,000	333,000	356,000	365,000	387,044
9	Production target	(MT)	248,000	266,000	260,000	265,000	265,000	265,000	290,000	340,000	365,000	367,000
10	Selling Price (DMQ)	(SD/MT)	625	1,753	3,552	8,939	17,277	35,021	57,593	86,406	83,809	98,000
11	Production costs	(SD/MT)	303	988	1,851	5,263	9,689	17,588	32,290	35,130	43,213	77,686
12	Costs excluding extraordinary items (line 20)	(SD/MT)	299	908	1,851	5,663	9,689	17,588	32,290	35,130	43,213	77,686
13	Total costs	(SD/MT)	299	1,082	1,851	5,716	9,689	17,588	32,290	35,130	43,213	77,686
14	Turnover	(SD/000)	149,271	598,142	1,027,950	3,077,571	5,323,077	10,312,875	19,917,675	29,903,407	32,734,015	37,834,308
15	Operating profit (loss)	(SD/000)	72,792	348,090	537,403	1,767,131	2,875,602	5,411,040	9,055,075	11,700,547	8,738,057	7,853,543
16	Net finance charges (payable) received	(SD/000)	2,747	41,548	87,760	174,210	41,018	(219,183)	1,617,501	2,329,332	152,067	84,467
17	Gain (loss) exchange	(SD/000)	110	(19,840)	(80,723)	(251,278)	26,752	-	4,002,378	3,629,213	(14,303,604)	990,588
18	Provisions	(SD/000)	1,800	1,565	4,507	5,134	3,516	-	22,181	-	-	-
19	Profit (loss) before extraordinary items	(SD/000)	73,849	368,532	539,932	1,687,968	2,901,489	5,088,728	9,916,506	15,292,434	(9,125,437)	9,396,113
20	Extraordinary items	(SD/000)	-	*(43,772)	-	*(13,288)	-	-	-	-	-	-
21	Profit (loss) for year	(SD/000)	73,849	324,460	539,932	1,670,679	2,901,489	5,088,728	9,916,506	15,292,434	(9,125,437)	9,396,113
22	Sudanese Dinar exchange rate against US Dollar	(US $)	0.8	0.09/0.03	0.06/0.09	0.026/0.06	0.014	0.007	0.006	0.005	0.004	0.004
23	Dividends	(US $)	-	1,500,000	3,000,000	3,000,000	5,000,000	15,852,776	17,000,000	15,859,916	16,000,000	19,600,000

* (Loss) / Profit resulting from devaluation of Sudanese Currency

some facts & figures about kenana

Design Criteria:

An integrated Cane Sugar estate, with a factory rated at 26,000 MT of cane per day.

Basic concepts:

Import Substitution: To allocate one half of the annual production of White Sugar for the Domestic market.

Foreign Currency Generation: One half of the annual production is for export.

Location: Near Rabak Town on the east bank of the White Nile, some 250 km south of Khartoum and 1,200 km from Port Sudan.

Estate Area: 168,000 feddans (70,000 hectares).

Plantation Area: 100,000 feddans (41,800 hectares).

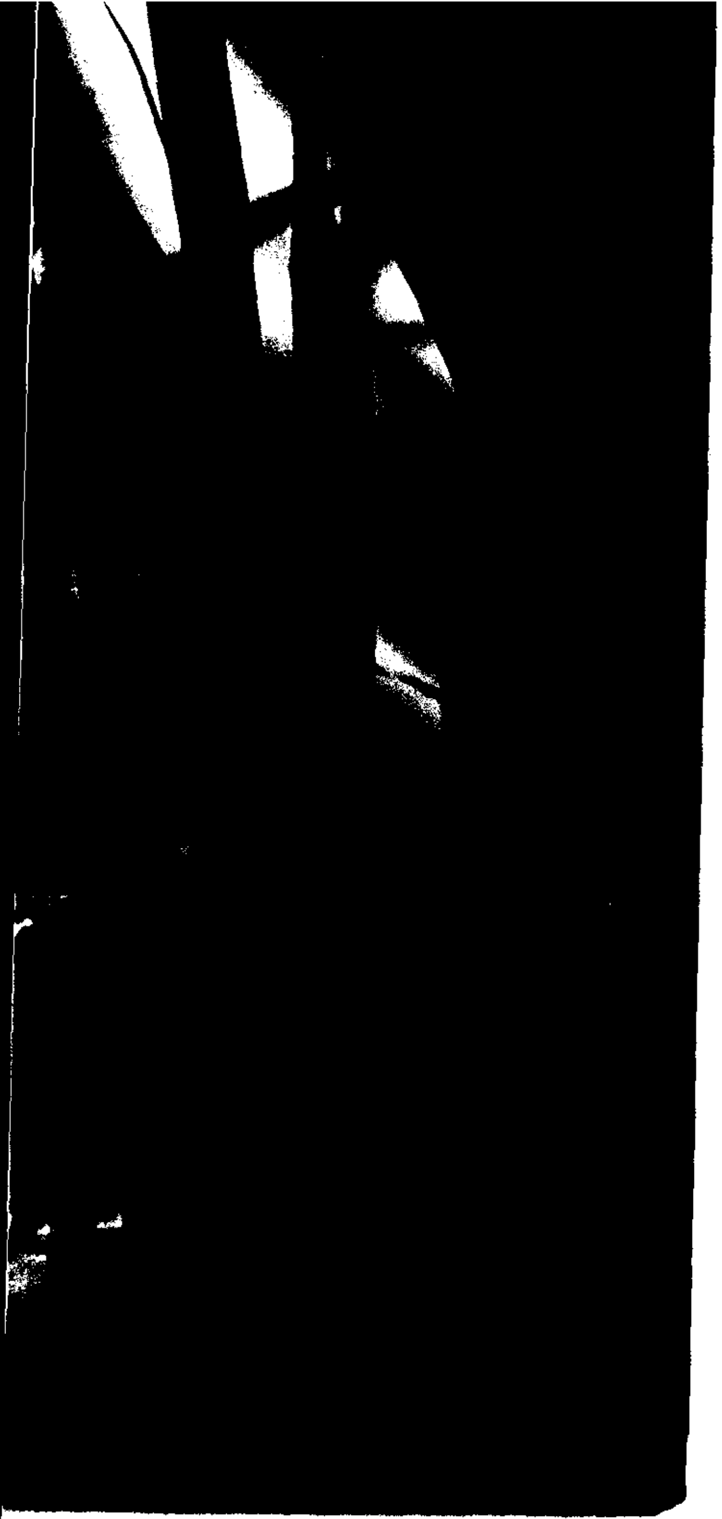
Irrigation Works: Six pump stations (raising the water 46 metres above the level of the White Nile), with a capacity of 42 cubic metres a second and a total lift of between 40 and 46 metres, sending the waters of the White Nile along 40 km of the main Canal to the plantation area onto which the water is fed by gravity along some 400 km of secondary canals following the contours of the estate.

Irrigation Requirements: 400 million gallons per day.

Estate Roads: 328 km of major roads supplemented by a 1,500 km network of in-field roads.

Electricity Generation: During crop harvesting: 53 megawatts.

Workforce: 12,000 employees, with a further 4,000 seasonal workers for the duration of the crop harvest.



chairman's statement

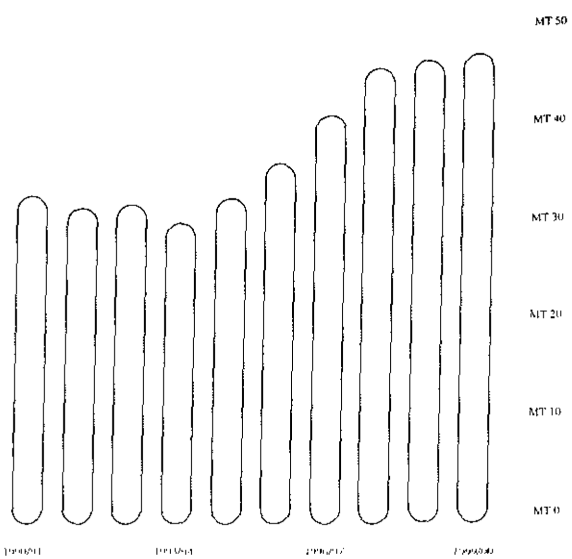
The international sugar industry is currently witnessing a new junction that will have a clear impact on the growth and development of this industry throughout the first quarter of the twenty-first century. In fact, the overall international economy is surmounting fundamental changes in its structure, strategies and the challenges of the globalisation and international free trade era. Other challenges facing the international economic system include, the laying out of the foundation of a new international system, more liberal and tuned financial and monetary transactions, movement of human resources and adaptation to international exchange of know-how. This is in addition to the barriers and restrictions relating to the nature and structure of the international sugar market and the magnitude of protectionist policies adopted by many regional and international organizations.

It is worth noting that during the last fifteen years sugar prices were generally dominated by a decreasing, fluctuating trend to the extent that prevailing prices were far behind the average prices preceding the year 2000. During the last half of the century, the average real price of sugar has declined to levels not witnessed before. This prevailing situation on the international market reflects the substantial dimension of the challenges facing the sugar industry and dictates the pressing need to introduce new ways and means of achieving sustainable growth for sugar producing companies.

The 1999/2000 production season may justifiably be regarded as the occasion of Kenana's coming of age, with sugar production of 387,000 metric tonnes, the highest production in Kenana's history. This is some 22,000 metric tonnes in excess of production for the year 1998/99 (an increase of 6%) and 20,000 metric tonnes above the target fixed for the crop. The current production is 107,000 metric tonnes above the production of 1995/96 (38%) thus substantiating the rising production trend for the last few years. The sucrose recovery rate reached 10.93% compared to 10.43% for the year 1998/99.

The operational results achieved during 1999/2000 are highly creditable and quite outstanding. The average yield per feddan of sugar cane has also (following last year's achievement) scored an

Cane yield per feddan in Metric Tonnes



outstanding record, both for Kenana as well as by international standards, scaling an average of 45.1 tonnes of cane per feddan, thereby exceeding the 1998/99 average of 44.3 tonnes with an increase of 0.8 tonnes (2%).

The increase of the average production of cane sugar per feddan between 1995/96 and 1999/00 amounts to 12.3 tonnes (38%). This is a significant achievement reflecting the efforts exerted in the refinement in agricultural practices to upgrade the quality and to increase the quantity of sugar cane produced. The continuous increase in productivity has led to the increase of sugar cane production to 3.54 million tonnes in 1999/00 compared to 1998/99 production of 3.50 millions tonnes and far better than the 1995/96 production of 2.6 million tonnes.

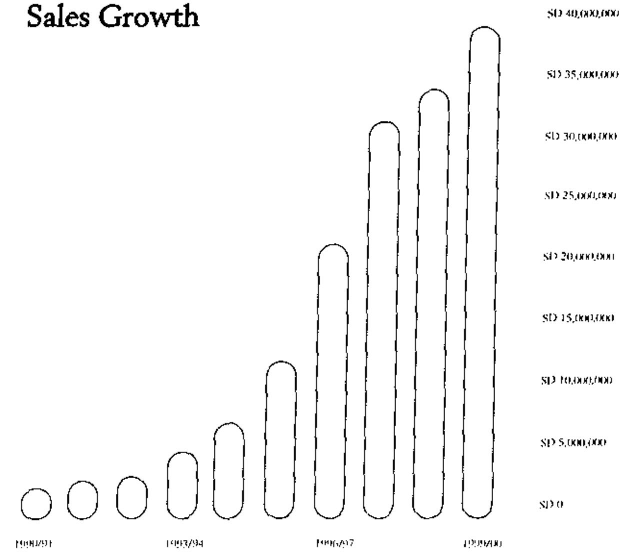
Following the production and productivity figures recorded above, Kenana is acknowledged as a considerable technical and managerial success and one of the most efficient sugar factories in the world. This success is attributed to a number of factors including the style of modern management, efficiency, dedication, loyalty of employees and the unlimited support from the Board of Directors and Shareholders.

The total value of sales (including proceeds from export and domestic quota) reached SD 37.8 billion as compared to total sales revenue of SD 32.7 billion for 1998/99 (a 16% increase).

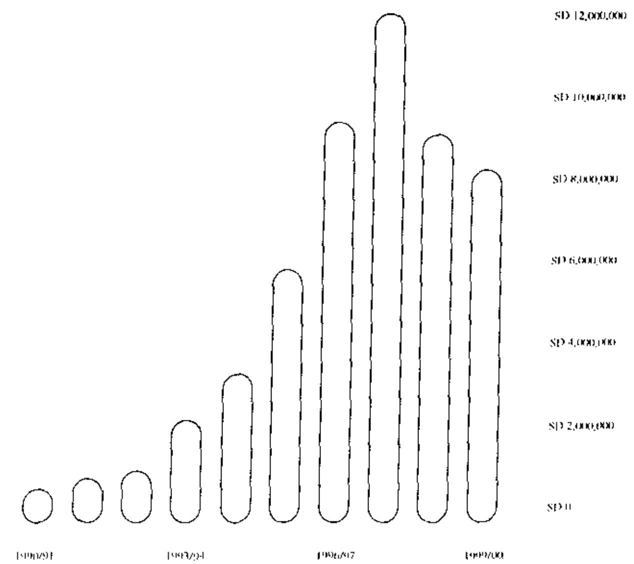
Proceeds from the sugar export quota for the year amounted to US $ 49.6 million (excluding sales of the remaining sugar of the season, held in stock, with an expected value of US $ 2.9 million) compared to the sugar export quota proceeds of US $ 54.8 million for 1998/99.

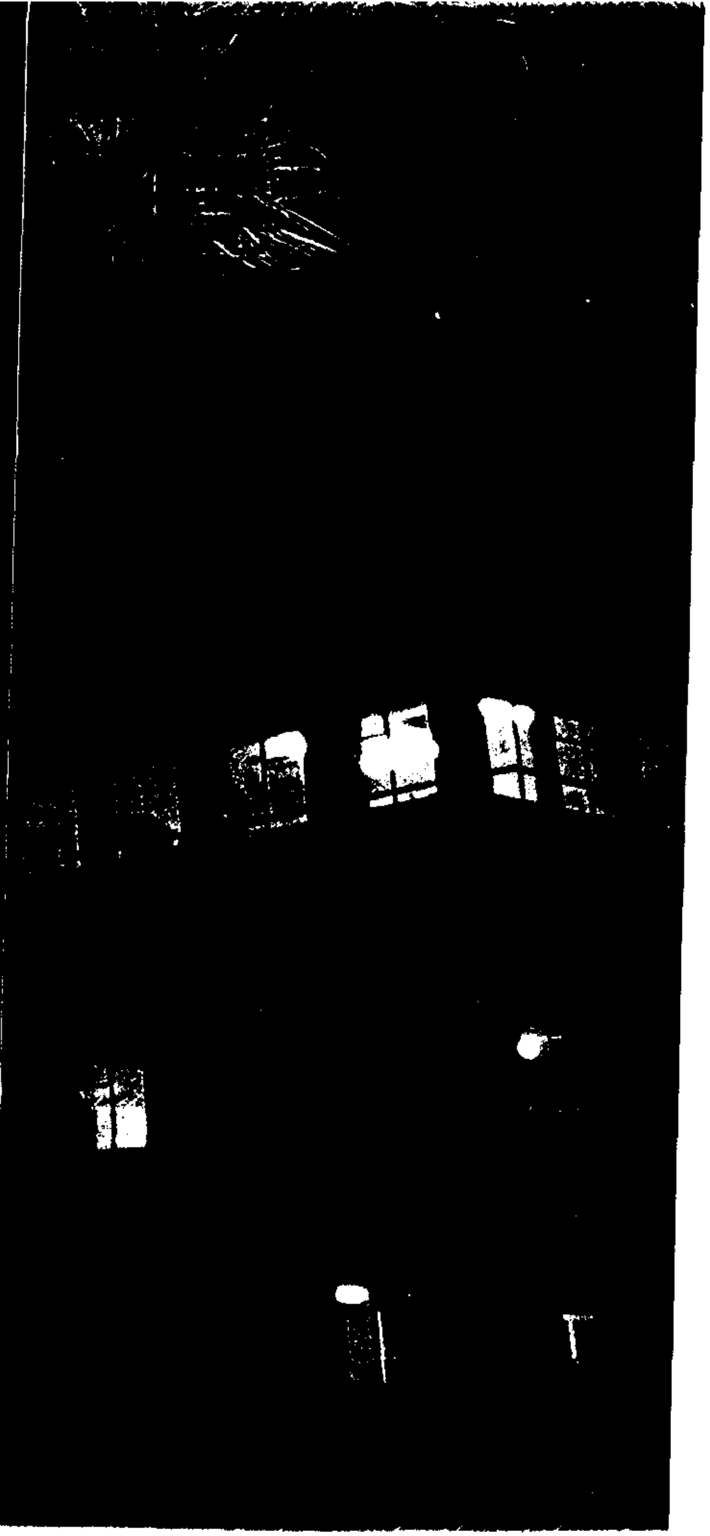
The Company's marketing policy achieved outstanding results, especially with regard to the export plan which calls for the export of 193,500 tonnes of white sugar (50% of the total production for the season is to be exported and the remaining 50% sold for local consumption in accordance with the Sugar Sales Agreement of 1975 signed by the Government of Sudan and Kenana) a figure which exceeds the target export quota by 10,000 tonnes. The dynamic and feasible export plan was based on the objectives and targets specified by the overall marketing policy of the Company, which was approved by the Board of Directors. Although the year 1999/00 was a challenging year

Sales Growth



Operating Profit





with negative international market conditions, reflected by excess supply and declining prices, the Marketing Division responded well to these challenges and demonstrated a very sound performance; better than the expectations.

Molasses production reached 133.5 thousand tonnes compared to the target of 130 thousand tonnes. The Molasses export policy of selling in lots was successful in attaining an average price higher than the prevailing international price.

Net Profit for the year under review amounted to SD 8.5 billion compared to a loss of SD 9.1 billion in 1998/99. 5% of the annual net profit before dividends declared has been set aside as a General Reserve. The financial statements reflect, for the first time, the full implementation of International Accounting Standards. The comparative figures have been adjusted, where appropriate, to reflect this change.

Immediately following the first investment plan, the Company commenced the second (medium term) plan for the period 1999/00 to 2003/04, reflecting the first phase of Kenana's long term investment plan for the 21st century. The plan's objective is to strengthen the financial structure of the Company through maximization of the operational profits to finance the production process, new projects and dividends to Shareholders.

The medium term investment plan follows scientific methods to achieve the aforesaid objectives through the highest utilization of the Company's existing assets, improving ways and means of production and increasing the efficiency of the productivity process. This is based on the findings of the Research Department, the utilization of Company's accumulated experience and by maximizing the contribution of the new investment projects. The plan is highly focused on the substantial reduction of manufacturing costs by improving agricultural and industrial practices.

Kenana's investment projects are divided into two segments. The first is the continuation of the maintenance and rehabilitation programme so as to keep intact the productivity efficiency of the existing assets and to substantiate their production capacity. The second deals with the diversification and up-rating projects. These aim to strengthen the financial structure of the Company through maximising the utilization of the manufacture of by-products and to maximize utilization of the Company's infrastructure, in particular agricultural land, the irrigation and electricity networks.

The new sugar projects encompass three projects: the second phase of the agricultural extension (5,000 feddans) to enable the Company to expand fully the sugar cane operations (the project extension is now under cultivation). By completing this extension, total irrigated land of the project has reached a record of 100,000 feddans.

The second project is the factory up-rating to increase its daily crushing rate of sugar cane from the designed capacity of 17,000 tonnes per day to 26,000 tonnes per day by 2001/02 to cater for the continuing increases in production of the harvested sugar cane. The existing daily crushing capacity of the factory has now reached 23,000 tonnes.

The third project is the construction of Port Sudan warehouse, which will also accommodate the Company's office in Port Sudan (the main port in the Red Sea). The project is planned to be completed by the end of 2001/02.

One of the objectives of the medium term plan is to increase production by the end of 2001/02 to 420,000 tonnes and to 450,000 tonnes by the end of 2003/04. This increase is to be attained through improving production practices in the field and the factory.

Kenana's medium term plan emphasizes the role and magnitude of the diversification policy as a precautionary measure against the persisting price fluctuation in the international market for sugar which potentially adversely affects the sustainability of the growth of the Company.

The diversification policy is to strengthen the Company's financial structure, to sharpen its competitive edge and to safeguard against any unexpected collapse in the Company's activities, as was the case for certain sugar producers during the beginning of the 21st century when a number of sugar factories collapsed due to the deterioration in the International sugar market. Kenana's investment plan encompasses the introduction of a number of new activities. Among them is the planting of forests on a commercial basis on a targeted area of 30,000 feddans (at present 7,000 feddans is under plantation and its

products are commercially marketed). The second project is the production of charcoal from the bagasse (by-product). The third project is the animal feed plant, using molasses as the main input. Other diversification projects include the production of cash crops such as sesame, corn, sunflower and other products and the construction of a foundry with a capacity of 840 tonnes of foundry materials. The finance of these projects will depend on the Company's own resources in addition to loans from reputable financial institutions. The Company was able to raise a loan from the private sector recently, established by the Islamic Development Bank in Jeddah. The loan amounts to US $11.5 million and is geared to finance the ongoing factory up-rating project, the charcoal and the animal feed projects. The adherence to the regional and international lenders marks a new episode for Kenana's mode of financing its projects to strengthen its financial support to its investment plans.

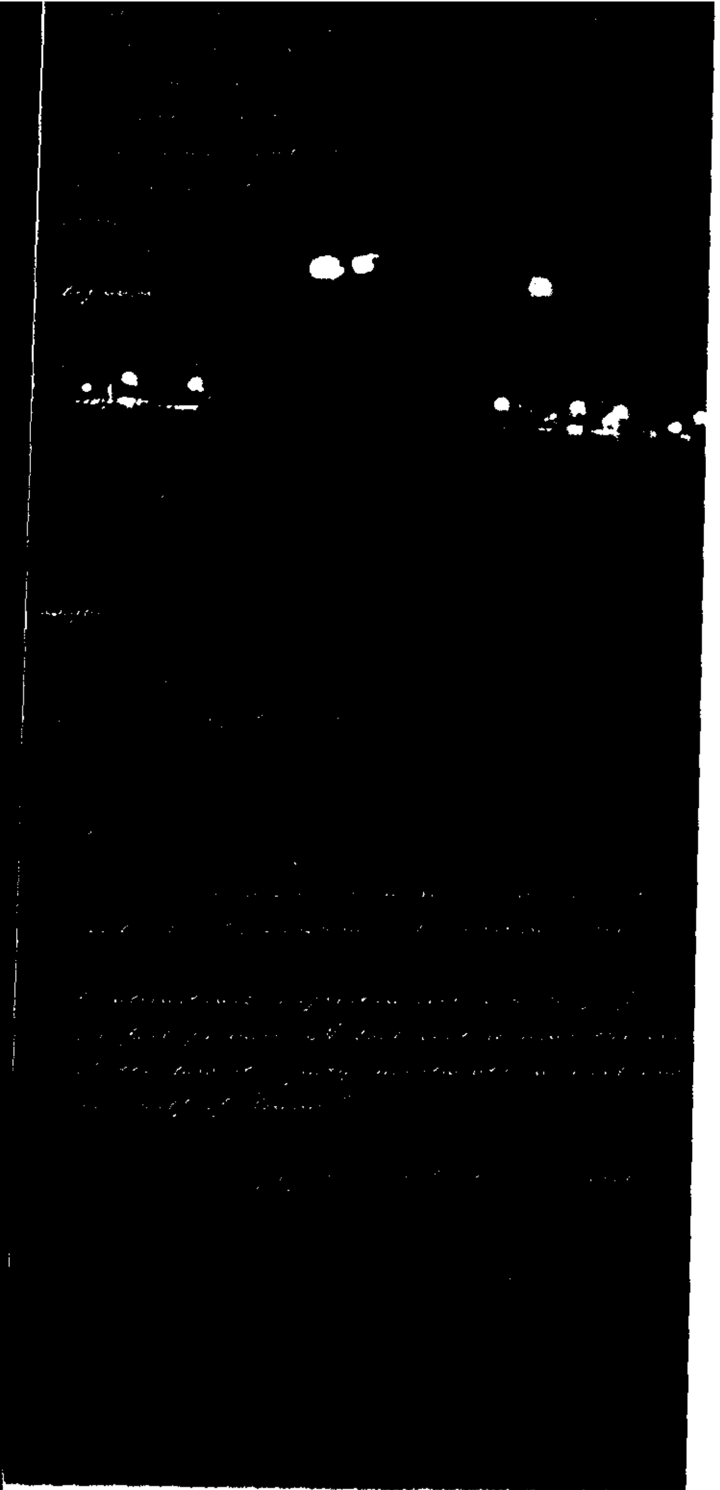
A future challenge for Kenana is to face effectively the globalisation and free trade era and resultant fierce international competition. Arrangements are already in place for the adoption of new policies, new technologies, diversification of products, strengthening of the agricultural research system, continuation of training programmes and the implementation of dynamic and flexible export policies. Kenana remains dedicated to the policy of further reductions in operational costs and an emphasis on quality. Corporate Management, line departments, manufacturing and indirect production units and staff groups are now involved in training sessions, brainstorming seminars and programmes and more advanced and improved technological systems to encourage this philosophy. This is in addition to undertaking stringent austerity measures to reduce direct and indirect manufacturing costs and through the execution of the Information Technology programme undertaken by Kenana staff with consultancy from the reputable firm of PricewaterhouseCoopers.

Kenana is now enhancing the activities of Kenana Engineering and Technical Service Company (KETS) a subsidiary owned by the Company. KETS provides the gateway to a rich inside knowledge and expertise of sugar business processes and the latest technological information and experience in other economic and technical sectors. KETS was formed in 1986 to meet a genuine need for indigenous and reasonably priced consultancy and engineering services to the agro-business sector, utilising Kenana's experience in the sugar industry, which is particularly relevant to major construction and civil works contracts in all emerging market requirements.

In conclusion, I wish to place on record my appreciation of the dedicated management and staff team who, despite the negative market conditions affecting our business, have successfully continued to maintain production of an essential commodity at most creditable levels. I would also like to extend my highest regards and appreciation to the Shareholders and the Board of Directors for their continuing unlimited support extended to the Company which has led to the achievement of the Company's goals and objectives.

Finally, I would like to mention that the President of the Republic of Sudan has honoured the Managing Director by bestowing on him the Performance Star Award as an appreciation of his outstanding managerial leadership to Kenana. The Company itself has been awarded the Decorative Production Award as an appreciation of its outstanding national performance and for the transformation of the area where the project is located from a nomadic pastoral area to a modern industrialised community, thus depicting the success of Arab-Economic Co-operation and wishing the Company prosperous and sustainable growth.

Dr. Abdel Halim Ismail Al Mutafi



directors' report

The members of the Board of Directors submit their report with the audited accounts for the financial year ending 30th September 2000.

Assessment of 1999/2000 Season

The 1999/2000 crop season which started on 30 October 1999 has not only exceeded all cane and sugar production records of the last 20 crop seasons, but has also sustained a high level of operational efficiencies. The budget target of 367,000 MT of sugar was exceeded by 20,044 MT to reach a level of 387,044 MT (5.5% increase), by grinding 3,541,154 MT of cane harvested out of 78,594 feddans.

Cane Production

Cane production has been stabilised at a very high per unit level of 45.10 tonnes cane per feddan ("TCF"), which is equivalent to 107 MT per hectare. Kenana's total cane production ranks amongst the largest cane sugar producers in the world.

Tonnes of sugar per feddan at 4.92 MT is the best achieved in the history of Kenana. Total cane production achieved this year - 3,541,154 MT (1999: 3,500,000) confirms the success of the multifaceted agricultural operations.

Cane Harvest & Transport

The harvesting operations were also performed in the most efficient manner, reflected in minimum cane loss in both hand-cut and mechanical harvesting. Efficient harvesting and transport of 3,541,154 MT of fresh cane deliveries to the factory has contributed positively in the high level of sugar extraction.

The Factory

The average grinding rate of 18,436 MT per crop day for 193 days, concluded on 9 May 2000 with production of 387,044 MT of sugar (1999: 365,000). The average sugar recovery rate achieved was 10.93 per cent of cane (1999: 10.43). In general the factory grinding rate was consistently coupled with improvements in the milling area and the boiling house thus further reducing sugar losses.

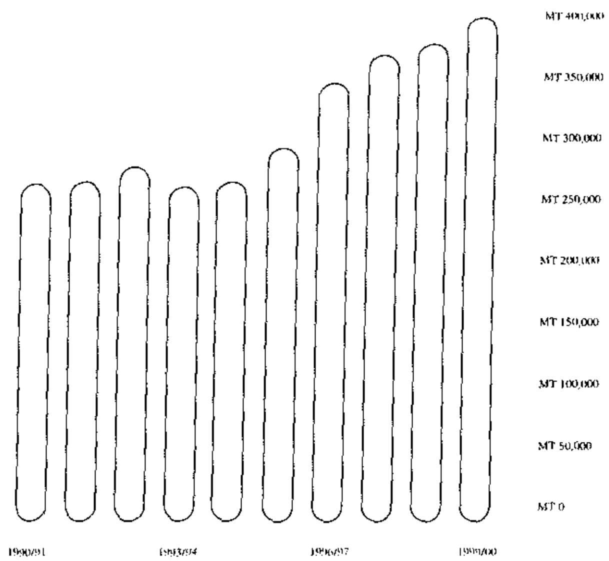
Central Workshops

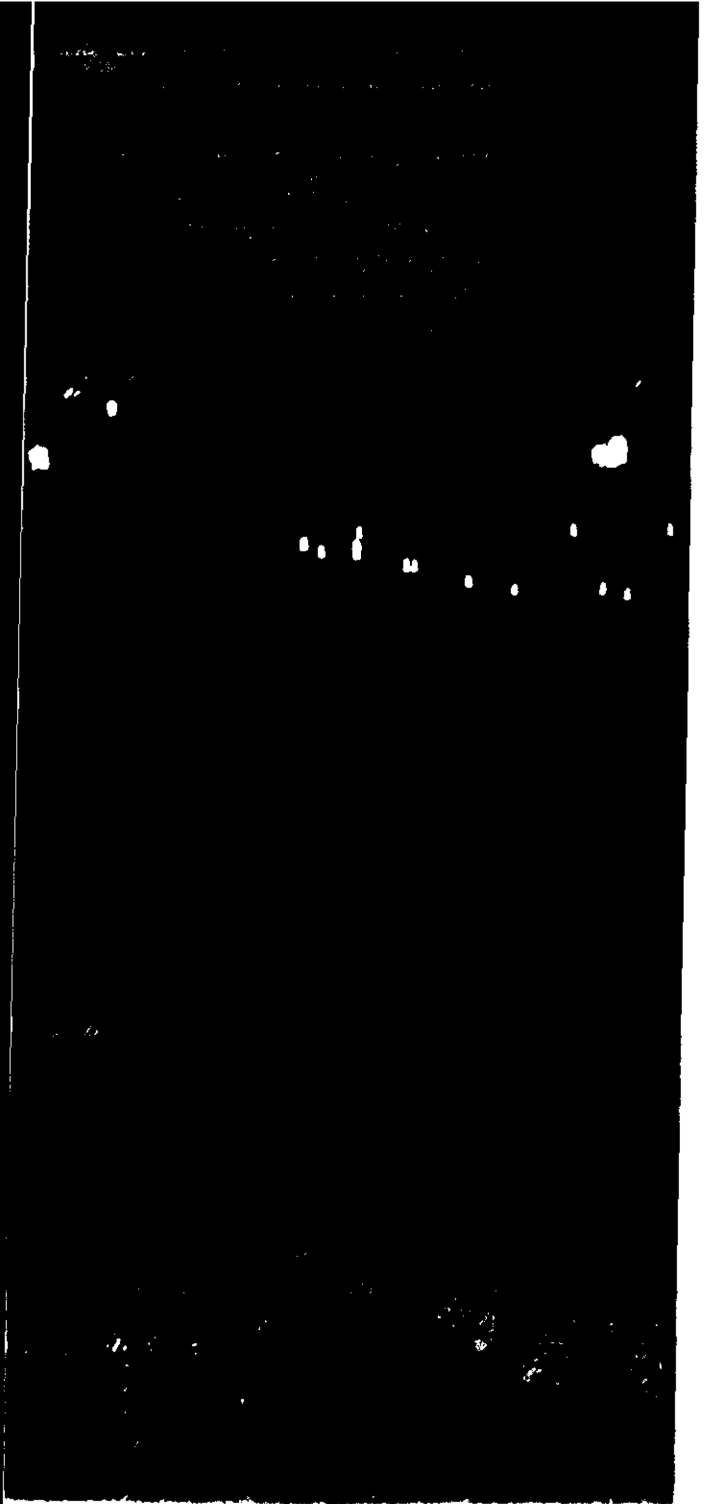
The Central Workshops performed well giving an effective backup to all field and factory operations.

Marketing

Export proceeds in foreign currency were achieved as planned for both sugar and molasses. The marketing department continued the strategy of shifting the export quota between different markets which contributed positively to the success of the plan. The domestic sugar quota sales plan was successfully concluded.

Sugar Production





Cash Flow

The Company maintained a balanced cash flow and was able to meet both foreign and local commitments. The Sudanese Dinar against the US Dollar appreciated mildly during this financial year

The exchange rate at 30 September was Sudanese Dinars 256.2 (1999: Sudanese Dinars 257.7).

Results for the Year

Revenues increased to SD 37.8 billion (1999: SD 32.7 billion), a 16% increase attributed to the increase of both prices and production.

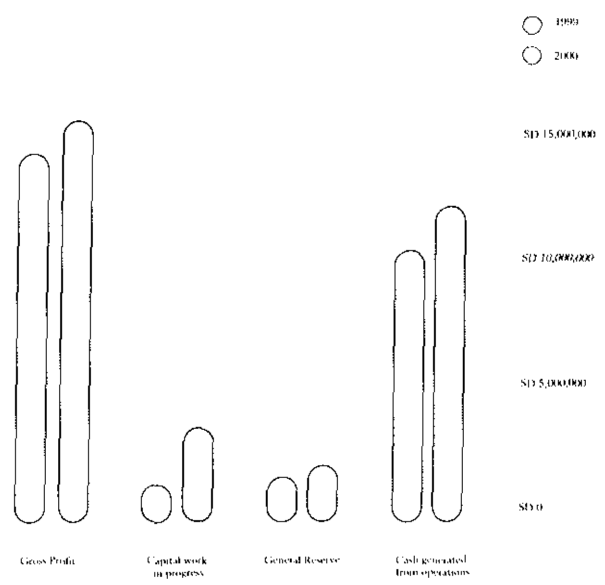
As explained in the 1999 accounts the Company has in the year to 30 September 2000 moved to full compliance with International Accounting Standards (I.A.S.).

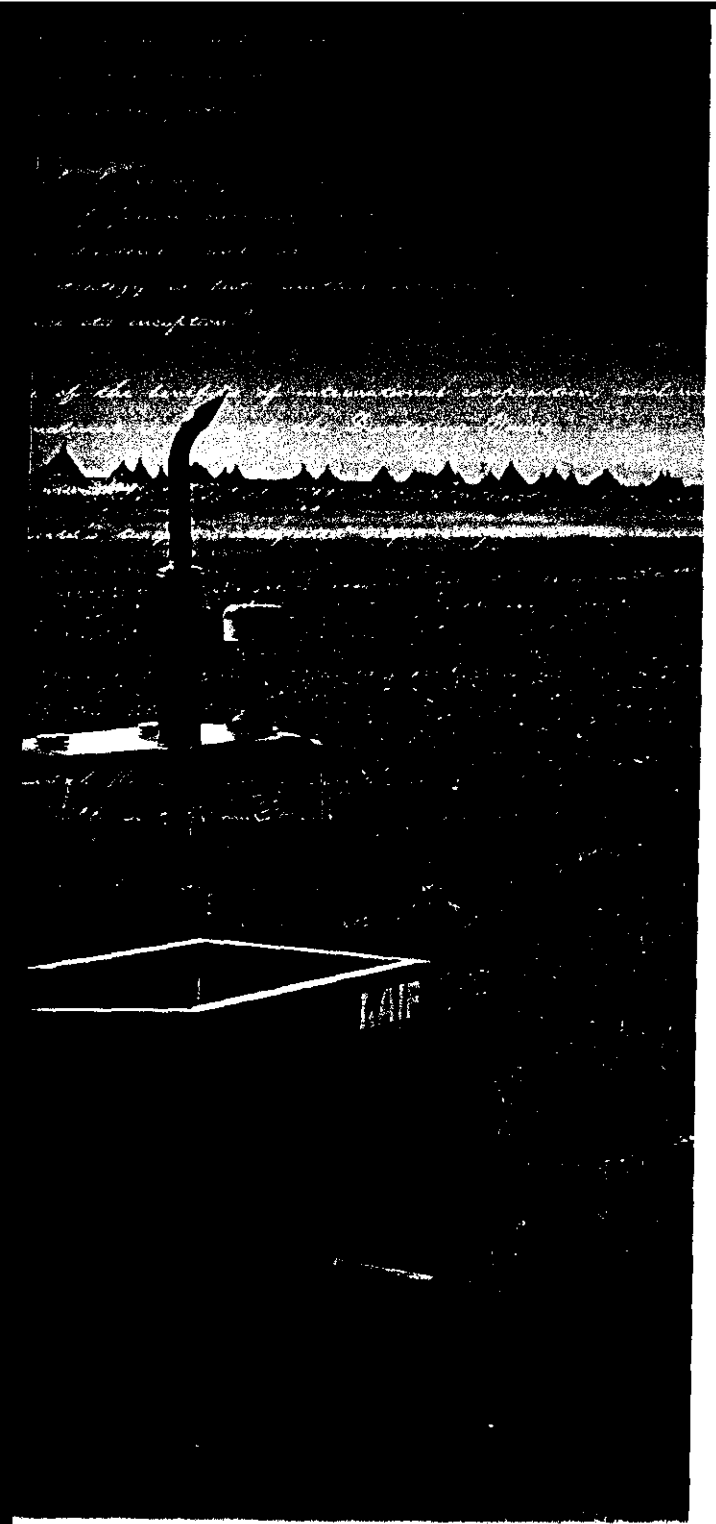
Note 2 to the *Financial Statements* explains the changes which have been implemented to ensure full compliance with International Accounting Standards. In order to provide meaningful comparison adjustments have been reflected in the figures for the previous year.

The Company and the Government of Sudan have signed an agreement on 14 December 1999 whereby the Company has agreed to waive the trade receivable due from Government of Sudan for Export Sugar Quota delivered to it, amounting to SD 59.9 billion. In exchange, the Government has granted the Company full exemption from all types of taxes on business profits or any other amounts payable under the provisions of Income Tax Law (1986) or any amendments or laws subsequent thereto. The tax exemption covers shareholders, including their profit, foreign lenders, contractors, suppliers and the Company's foreign employees, according to the exemption order which was issued and signed by the Minister of Finance & National Economy on 15 December 1999.

In prior years, the Company made provisions for additional interest on delayed payment of Long Term Loans (the French, Austrian and Japanese Export Credit Loans). The Company has reviewed this provision and concluded, for the reason explained more fully in note 17 to the financial statements, that payment of this interest is considered remote. Accordingly the provision

Key Results





for delayed payment interest as at 30 September 1999 of SD 36.3 billion has been released as an exceptional gain in the profit and loss account for the year ended 30 September 2000.

Forecast

The new 5,000 feddans which have been completed and which are expected to be planted during 2000/2001 crop season will increase the total area for cane plantation to 100,000 feddans. This will ensure the optimum planting cycle and hence will achieve the highest cane production levels.

Cane budgeted for next crop season harvest is 3.64 Million MT (45.5 TCF) and is expected to produce 390,000 MT of sugar at a rate of yield of 10.71 per cent.

Share Capital Funding

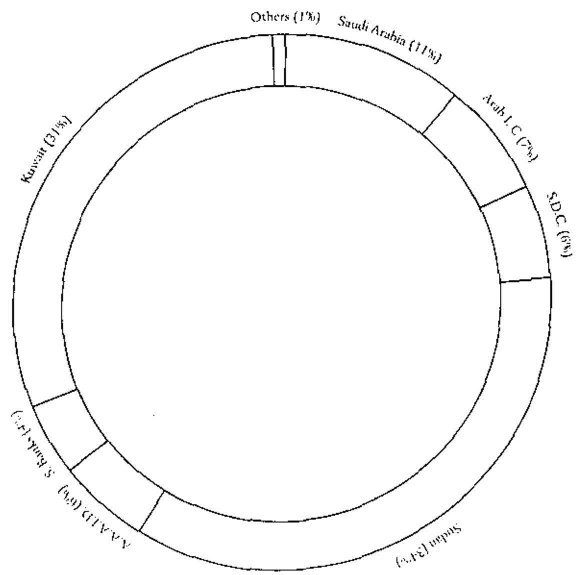
The authorised share capital amounts to SD 59 million and the paid-up capital amounts to SD 56 million which is held in the following percentages as at 30 September 2000.

	%
Government of the Republic of Sudan	35.17
Kuwait Investment Authority	30.50
Government of the Kingdom of Saudi Arabia	10.92
The Arab Investment Company	6.96
Sudan Development Corporation	5.66
The Arab Authority for Agricultural Investment and Development	5.56
Consortium of Sudanese Commercial Banks	4.45
Lonrho Plc	0.46
Nissho Iwai Corporation	0.16
Gulf Fisheries Company	0.16
Total	100.00

Directors

The names of members of the present Board of Directors are shown on page 3 of this report.

Kenana Equity Shareholding



profit and loss account

Year Ended 30 September 2000.
(Thousand Sudanese Dinar)

	Note	Operating Results 2000	Exceptional Items 2000	Total 2000	1999 Restated (Note 2)
Sales	18	37,834,308	-	37,834,308	32,734,015
Cost of Sales:					
Depreciation	5	(5,635,631)	-	(5,635,631)	(5,441,335)
Other operating expenses		(17,151,796)	-	(17,151,796)	(13,678,073)
		(22,787,427)	-	(22,787,427)	(19,119,408)
Gross Profit		15,046,881	-	15,046,881	13,614,607
General and administration expenses:					
Services and others		(2,457,723)	-	(2,457,723)	(1,715,253)
Other administration expense		(3,332,024)	-	(3,332,024)	(3,441,900)
		(5,789,747)	-	(5,789,747)	(5,157,153)
Selling and distribution expenses		(1,490,828)	-	(1,490,828)	(1,968,432)
Other operating income	21	87,237	-	87,237	2,249,035
		(7,193,338)	-	(7,193,338)	(4,876,550)
Profit from Operating Activities		7,853,543		7,853,543	8,738,057
Finance income	17/19	84,467	36,375,750	36,460,217	152,067
Finance Cost	19	-	-	-	(3,384,617)
Tax prepayments	8/19	-	(35,529,892)	(35,529,892)	-
Net foreign exchange difference	22	990,588	-	990,588	(14,303,604)
		1,075,055	845,858	1,920,913	(17,536,154)
Profit on ordinary activities before tax		8,928,598	845,858	9,774,456	(8,798,097)
Development Tax	20	(378,343)	-	(378,343)	(327,340)
Net Profit (Loss) for the year		8,550,255	845,858	9,396,113	(9,125,437)

The attached notes form part of these financial statements.

balance sheet

30 September 2000.
(Thousand Sudanese Dinar)

	Note	2000	1999 Restated (Note 2)
ASSETS EMPLOYED			
Fixed Assets	5	34,305,085	36,706,028
Capital Work in Progress	6	2,629,002	316,857
Investment	7	30,025	25,025
Receivable from Government of Sudan	8	-	59,512,892
Tax Prepayment	8	19,100,000	-
CURRENT ASSETS			
Inventories	9	13,649,418	11,702,494
Trade and other receivable	10	12,265,935	13,348,790
Cash on hand and bank balances		5,680,643	4,228,361
		31,595,996	29,279,645
CURRENT LIABILITIES			
Accounts payable and accruals	11	3,206,922	4,789,153
Proposed dividends	12	5,021,520	4,123,200
Current portion of long term loans	17	715,394	712,384
Export Credit Loans (Suspended)	17	18,525,770	20,045,691
Provision for interest payable on Export Credit Loans	17	-	36,375,750
		27,469,606	66,046,178
Net current assets / (liabilities)		4,126,390	(36,766,533)
Total assets less current liabilities		60,190,502	59,794,269
FUNDS EMPLOYED			
CAPITAL AND RESERVES			
Share capital	13	183,746,896	183,746,896
General reserve	14	1,095,848	626,042
Exchange differences reserve	15	990,588	-
Revaluation Reserve	16	(170,379,071)	(166,692,820)
Retained earnings		38,880,157	32,279,707
		54,334,418	49,959,825
NON CURRENT LIABILITIES			
Long term loans	17	1,113,831	712,384
Deferred tax liabilities	8	434,000	5,317,000
Retirement benefit obligations	3	4,308,253	3,805,060
		5,856,084	9,834,444
		60,190,502	59,794,269

The attached notes form part of these financial statements.

statement of changes in shareholders equity

Year Ended 30 September 2000

(Thousand Sudanese Dinar)

	Note	Share Capital	General Reserve	Exchange Difference Reserve	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
Balance at 30 September 1998 as previously reported		56,055		10,528,672	47,864		31,663,469	42,296,060
IAS29 restatement	2	183,690,841				(162,730,575)	-	20,960,266
As at 30 September 1998 Restated		183,746,896		10,528,672	47,864	(162,730,575)	31,663,469	63,256,326
Net loss for the year							(9,125,437)	(9,125,437)
Proposed dividends	12						(4,123,200)	(4,123,200)
Transfer to General Reserve	14		626,042				(626,042)	-
Transfer from Exchange Differences reserve				(10,528,672)			10,528,672	-
Depreciation Reserve	16					(3,962,245)	3,962,245	-
Transfer to other income					(47,864)			(47,864)
As at 30 September 1999 Restated	2	183,746,896	626,042	-	-	(166,692,820)	32,279,707	49,959,825
Net profit for the year							9,396,113	9,396,113
Proposed Dividends	12						(5,021,520)	(5,021,520)
Transfer to General reserve	14		469,806				(469,806)	-
Transfer to Exchange difference reserve	15			990,588			(990,588)	-
Depreciation Transfer	16					(3,686,251)	3,686,251	-
As at 30 September 2000		183,746,896	1,095,848	990,588	-	(170,379,071)	38,880,157	54,334,418

The attached notes form part of these financial statements.

statement of cash flows

Year Ended 30 September 2000
(Thousand Sudanese Dinar)

	2000	1999 Restated (Note 2)
OPERATING ACTIVITIES		
Profit (loss) before tax	9,774,456	(8,798,097)
Adjustment for:		
Depreciation	5,635,631	5,441,335
Foreign exchange (gains) losses	(990,588)	14,303,604
Profit on sale of fixed assets	(4,426)	(62,514)
Net interest (income) charge	(36,460,217)	3,232,550
Provision for tax prepayment	35,529,892	-
Changes in working capital:		
Inventories	(1,946,924)	(2,676,787)
Trade and other receivable	1,082,855	(3,464,875)
Payables	(1,565,115)	(8,762)
Provision for employees terminal benefits	503,193	1,763,558
Cash generated from operations	11,558,757	9,730,012
Interest received	84,467	152,067
Development Tax paid	(378,343)	(327,340)
Net cash from operating activities	11,264,881	9,554,739
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	(5,557,688)	(4,492,950)
Proceeds from property, plant and equipment	3,500	32,052
Increase in investment	(5,000)	(25,000)
Net cash used in investment activities	(5,559,188)	(4,485,898)
FINANCIAL ACTIVITIES		
Proceeds from long term borrowings	1,113,831	-
Repayment of long term borrowings	(709,376)	(434,165)
Dividends paid	(4,121,910)	(3,449,532)
Net cash used in financial activities	(3,717,455)	(3,883,697)
Increase in cash and cash equivalent	1,988,238	1,185,144
Movement in cash and cash equivalent:		
At start of the year	4,228,361	3,615,294
Increase in the year	1,988,238	1,185,144
Effects of exchange rate changes	(535,956)	(572,077)
At end of the year	5,680,643	4,228,361

The attached notes form part of these financial statements.

notes to the financial statement

30 September 2000

All amounts are in thousand Sudanese Dinar unless otherwise stated.

1. ACTIVITIES

The company is a limited liability company registered under the Companies Law of the Republic of Sudan with the certificate of registration number C/1151 dated 11 March 1975 having its registered office in the Republic of Sudan. The company's principal activity is to grow and refine sugar cane and sell sugar and by-products.

2. RESTATEMENT OF COMPARATIVES

In prior periods the financial statements had generally been prepared in accordance with International Accounting Standards. From 1 October 1999, the Directors decided to comply fully with International Accounting Standards and consequently the prior year amounts have been restated as described below.

a) Accounting for hyperinflation

As a result of very high rates of inflation experienced by the Republic of Sudan across the last two decades, comparison of transactions that have occurred at different times may be misleading. As indicated last year the Directors have now adopted I.A.S. 29 "Accounting for Hyperinflation" and have restated the Company's Balance Sheet and Profit and Loss Account for the year ended 30 September 1999 accordingly. However, as the Republic of the Sudan is no longer experiencing hyperinflation, the impact on the financial statements is limited to the effect of uplifting the value of non-monetary assets and liabilities, principally fixed assets, deferred tax and share capital as at 30 September 1999.

Under I.A.S. 29, non-monetary assets must be revalued using a general price index. Consequently the net book value of fixed assets as at 30 September 1999 has been increased from SD thousand 14,391,007 to SD thousand 36,706,028 and a deferred tax liability of SD thousand 5,317,000 was created. The Company's share capital has increased from SD thousand 56,055 to SD thousand 183,746,896. These adjustments have given rise to a net revaluation reserve of SD thousand 166,692,820. Following the revaluation of fixed assets, the depreciation charge for 1999 has increased from SD thousand 1,479,090 to SD thousand 5,441,335 reducing retained profit for the year by SD thousand 3,962,245.

b) Foreign exchange differences

Foreign exchange differences on export credit loans and on the provision for interest on these loans totalling SD thousand 14,303,604 was previously charged directly to retained earnings instead of the profit and loss account. The profit and loss account and The Statement of Changes in Shareholders' Equity for the year ended 30 September 1999 have been restated and this amount is now reflected in the profit and loss account for that period.

c) Provision for interest on Export Credit Loans

In the year ending 30 September 1999 the Company provided for SD thousand 3,380,422 of interest on Export Credit Loans, however this amount was charged directly to reserves and not taken through the profit and loss account for that year. The profit and loss account and the Statement of Shareholders' Equity for the year ended 30 September 1999 have been restated and this amount is now reflected in the profit and loss account for that period.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The Financial Statements are prepared in accordance with and comply with International Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed assets and share capital to account for the impact of hyperinflation (see note 2 above).

b) Currency

The company maintains its accounts in Sudanese Dinar. The rate of exchange of the Sudanese Dinar to the US Dollar at the balance sheet date was Sudanese Dinar 256.2 (1999 - Sudanese Dinar 257.7) Transactions in foreign currencies are translated to the Sudanese Dinar at the rates of exchange issued by the Bank of Sudan at the beginning of each quarter. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken through the profit and loss account. Net foreign currency profits arising each year are disclosed separately within reserves, to be offset against net future foreign currency losses charged to the profit and loss account.

c) Inventories including standing cane

Inventories are valued at the lower of cost or net realizable value. Costs represent the expenses incurred in bringing each product to its present position and condition as follows:

Standing cane	Cost of direct materials and labour, plus attributable overheads
Raw materials & consumables	Purchase cost on a weighted average basis.
Sugar and by-products	Cost of direct materials and labour plus overheads based on normal level of activity.

Notes to the Financial Statement (continued)

30 September 2000

All amounts are in thousand Sudanese Dinar unless otherwise stated.

d) Employees' end of service benefits

The company provides for amounts payable under the company's end of service benefits scheme applicable to employees' accumulated periods of service at the balance sheet date.

e) Sales

Sales represent the invoiced value of goods (excluding Value Added Tax) supplied by the company during the year.

f) Tax prepayment

During the ten year period of tax exemption commencing on 1st October 2001 (see note 8), the tax prepayment will be amortised to the profit and loss account in line with future annual taxable profit. The amount to be utilized as a prepayment against future taxable profits is re-assessed annually and any adjustment credited or charged to the profit and loss account in that year.

g) Depreciation

Depreciation is provided against all fixed assets, except for freehold land, at rates calculated to allocate the cost, less estimated residual value, at the rates ruling at the date of purchase of each asset, over its expected useful life.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Permanent buildings and infrastructure	25 years
Other buildings, machinery, pumps and fittings	12 years
Agricultural and other equipment	5 years
Vehicles and other assets	4 years

h) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) Deferred income tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Under this method the Company makes provisions for deferred income taxes on certain fixed assets. Deferred tax liabilities are offset against the tax prepayment to the extent such prepayment is available.

j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

4. STAFF COSTS

	2000	1999
Salaries and Wages	8,886,000	7,123,300
End of Services Gratuity	509,300	1,716,700
National Social Insurance fund	393,300	281,500
	9,788,600	9,121,500
Average number of employees	14,448	14,380

All amounts are in thousand Sudanese Dinar unless otherwise stated.

5. FIXED ASSETS

In compliance with IAS 29, the book value of the assets at 30 September 1999, which are denominated in US Dollars, has been restated by converting amounts at the year end exchange rate of the Sudanese Dinar.

Cost	Land Permanent Buildings and Infrastructure	Other Buildings Equipment Machinery Pumps Appliances and furniture	Agriculture Equipment and excavation Machinery	Vehicles and Other assets	Total
At 30 September 1999	3,755,863	9,660,179	3,440,433	984,654	17,841,129
IAS29 restated	58,063,147	96,494,081	18,497,973	4,010,477	177,065,678
At 30 September 1999 restated	61,819,010	106,154,260	21,938,406	4,995,131	194,906,807
Additions	1,936,104	424,684	494,466	385,325	3,240,579
Disposals	-	-	(376,870)	(117,852)	(494,722)
At 30 September 2000	63,755,114	106,578,944	22,056,002	5,262,604	197,652,664
Depreciation:					
At 30 September 1999 as previously reported	208,141	1,348,422	1,449,629	443,930	3,450,122
IAS29 restatement	42,364,613	91,191,627	17,371,592	3,822,825	154,750,657
At 30 September 1999 restated	42,572,754	92,540,049	18,821,221	4,266,755	158,200,779
Charge for the year	2,473,355	1,636,861	1,147,008	378,407	5,635,631
Disposals	-	-	(370,979)	(117,852)	(488,831)
At 30 September 2000	45,046,109	94,176,910	19,597,250	4,527,310	163,347,579
Net book value:					
At 30 September 2000	18,709,005	12,402,034	2,458,752	735,294	34,305,085
At 30 September 1999 as previously reported	3,547,722	8,311,757	1,990,804	540,724	14,391,007
IAS29 restatement	15,698,534	5,302,454	1,126,381	187,652	22,315,021
At 30 September 1999 restated	19,246,256	13,614,211	3,117,185	728,376	36,706,028

Notes to the Financial Statement (continued)

30 September 2000

All amounts are in thousand Sudanese Dinar unless otherwise stated.

6. CAPITAL WORK IN PROGRESS

	2000	1999
Balance at the beginning of the year	316,857	1,108,017
Additions	5,553,082	4,492,950
Transfers to fixed assets	(3,240,937)	(5,284,110)
Balance at the end of the year	2,629,002	316,857

7. INVESTMENTS

These comprise:

a) KETS:

Kenana Engineering & Technical Services Company (KETS) is a separate registered subsidiary owned by Kenana Sugar Company (share 99%) and the Sudan Development Corporation (share 1%). On 10 October 2000, the authorized share capital was increased by SD 257 million. No additional share capital has been issued subsequent to that date.

b) Saheroon Hospital

Kenana increased its equity investment in the Saheroon Hospital from SD 15 million to SD 30 million during the year. The benefits to Kenana are reduced medical services costs for Company employees and a share in dividends.

Consolidated financial statements have not been prepared on the grounds of immateriality.

	2000	1999
a) KETS	25	25
b) Central Bank Musharaka Certificate	-	10,000
c) Saheroon Hospital	30,000	15,000
	30,025	25,025

8. TAXATION

Current taxation

In accordance with the Income Tax Exemption Order issued by the Ministry of Finance to Kenana Sugar Company Limited in 1975, the Company was exempted from all business profit taxes for a ten year period from the date of the commencement of commercial refined sugar production in the year ended 30 September 1982. This exemption was extended for a second ten year period ending 30 September 2001.

Tax prepayment

In late 1999 the Company agreed to restructure the trade receivable due from the Government of Sudan amounting to SD 59.5 billion. The full amount then due was waived by the Company in exchange for treating all business profits taxes that would have become payable by the Company for the ten year period ending 30 September 2012 as having been settled. Such taxes are expected to amount to at least SD 59.5 billion over the period but the outcome is dependent upon future events, particularly prices for sugar and other products included within Kenana's diversification programme. The SD 59.5 billion is therefore accounted for as a prepayment of taxes.

Of the total tax prepayment, SD 19.1 billion has been carried forward in these financial statements being the amount currently assessed as probable of utilization in the foreseeable future as a prepayment of future taxable profits, and SD 4.9 billion offset against part of the deferred tax liability arising on the restatement of fixed assets from inflation accounting. The balance of SD 35.5 billion has been written off in the year.

During the ten year period of the tax exemption the tax prepayment will be amortised to the profit and loss account in line with tax that would otherwise have been payable from future profits. The tax prepayment recognised in the accounts will be re-assessed annually and the balance adjusted by crediting or charging the profit and loss account, to reflect a prudent estimate of future taxable profits.

All amounts are in thousand Sudanese Dinar unless otherwise stated.

Deferred income taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35%. Following the adoption of IAS 29 a deferred tax liability arises on the revaluation of fixed assets. The movement of this deferred income tax liability is as follows:

	SD 000's
At 30 September 1999 as previously reported	–
IAS29 restatement (See note 2)	5,317,000
At 30 September 1999 restated	5,317,000
Recovered against tax prepaid (see above)	(4,883,000)
At 30 September 2000	434,000

9. INVENTORIES INCLUDING STANDING CANE

	2000	1999
Sugar	433,712	808,680
Standing cane	5,068,763	4,243,287
Forests	185,311	118,594
Live stock	133,363	88,025
Spare parts, fuel and others	7,828,269	6,443,908
	13,649,418	11,702,494

10. TRADE AND OTHER RECEIVABLES

	2000	1999
Trade accounts receivable	4,551,559	4,273,929
Prepayments	285,321	261,846
Advances to employees	490,923	296,116
Advances to suppliers	5,100,762	6,117,441
Other receivables	1,837,370	2,399,458
	12,265,935	13,348,790

11. ACCOUNTS PAYABLE AND ACCRUALS

	2000	1999
Trade accounts payable	1,272,452	2,156,930
Taxes and customs duties on sales	696,546	779,772
Amounts due to the Sudanese Sugar Company	57,085	182,234
Advances from customers	49,871	255,211
Amounts due to insurance companies	15,093	386,113
Other payables	683,375	637,945
Accrued expenses	432,500	390,948
	3,206,922	4,789,153

12. PROPOSED DIVIDENDS

	2000	1999
8% Cumulative, participating, convertible preference shares "B"	-	15,214
10% Cumulative, participating, convertible preference shares "A"	-	12,377
10% Special, cumulative, participating Convertible preference shares "A"	3,268,343	3,287,540
All shares (ordinary and preference)	1,753,177	808,069
TOTAL PREFERENCE AND ORDINARY SHARES	5,021,520	4,123,200

13. SHARE CAPITAL

Authorised Share Capital

No. of Shares (Thousand)		2000	1999
76,475	Ordinary shares of Sudanese Piasters 10 each	7,647	7,647
156,000	10% Cumulative, participating convertible Preference shares "A" of Sudanese Piasters 10 each	15,600	15,600
234,000	10% Special, cumulative, participating, convertible Preference shares "A" of Sudanese Piasters 10 each	23,400	23,400
123,525	8% Cumulative, participating convertible Preference shares "B" of Sudanese Piasters 10 each	12,353	12,353
590,000		59,000	59,000

Subscribed and fully paid up Capital:

No. of Shares (Thousand)		2000	1999
76,470	Ordinary shares	7,647	7,647
155,290	10% Cumulative, participating, convertible preference shares "A"	15,529	15,529
206,090	10 Special, cumulative, participating, convertible preferences shares "A"	20,609	20,609
122,700	8% Cumulative, participating, convertible preferences shares "B"	12,270	12,270
560,550		56,055	56,055
	Restated subscribed share capital	183,746,896	183,746,896
	Share Capital revaluation reserve (Note 16)	(183,690,841)	(183,690,841)
		56,055	56,055

The issued shares capital has been restated in accordance with IAS29 (see note 2).

Preference shares

Dividends on all issued preference shares are cumulative but are only accrued and payable when (and if) the Directors declare a dividend.

Each preference share has full voting rights equal to the voting rights granted to each ordinary share.

Increases of capital, changes of rights and merger shall not be effected without first obtaining the approval of 75 per cent of the preference shares holders.

In the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of preference shares rank before ordinary shares and after creditors in the following order:

i) Holders of shares special "A" and "A".
ii) Holders of preference shares "B".

All classes of preference shares are convertible to ordinary shares at any time after 1 June 1995, if the Board of Directors so decides, provided that all declared dividends have been fully paid, before the date specified for conversion.

Dividends in arrears
In accordance with the agreement by the shareholders in their 35th Extra-ordinary General Meeting in Dubai on 16 October 1999, the shareholders of A, B and special A preference shares agreed to the following:

1) To cease the calculation of dividends as per the fixed dividends rates, and to freeze the dividends in arrears up to the year ending 30 September 1995, and to consider all the distributed dividends up to the year ending 30 September 1998, as paid from the frozen amounts.

2) To utilize the dividends which will be declared (if any) in years subsequent to the year ending 30 September 1998 for payment of the frozen amounts. The period of payment of these dividends should not exceed ten years from the year ending 30 September 1999. After full payment of these dividends, the preferred shares shall be converted into ordinary shares in accordance with the terms of issuance of these shares.

3) To utilize an amount of US$12.7 million of the declared dividends for all years after the year ending 30 September 1998 for the payment - of the remaining dividend arrears of US$ 114.75 million for the special preferred shareholders "A", and to distribute the remaining portion of the declared dividends (if any) to all shareholders on a pro rata basis. These dividends will be reflected in the financial statements after declaration.

14. GENERAL RESERVE

The shareholders have resolved to set a side a general reserve of 5% from the company's annual net profit. This reserve is under the Board of Directors discretion, in accordance with its authorities as stated in Article 115 of the company's Memorandum of Association.

15. EXCHANGE DIFFERENCES RESERVE

The shareholders have resolved to set aside from Retained Earnings any foreign exchange gains from the Company's annual net profit. This reserve is not available for distribution but will be utilized against future foreign exchange losses charged against the Company's net profit.

16. REVALUATION RESERVE

This reserve arises upon the adoption of IAS29 (see note 2), following the revaluation of non-monetary assets, principally the fixed assets and the deferred income tax liability thereon and the share capital. This reserve is not available for distribution.

	As at 30 September 2000 SD 000's	As at 30 September 1999 SD 000's
Revaluation of fixed assets	18,628,770	22,315,021
Deferred tax liability	(5,317,000)	(5,317,000)
Share Capital revaluation	(183,690,841)	(183,690,841)
Revaluation Reserves	(170,379,071)	(166,692,820)

An amount equal to the difference between historical cost depreciation and the depreciation on the revaluated fixed assets is transferred from this reserve to retained earnings each year. This transfer amounted to SD thousand 3,686,251 (1999 SD thousand 3,962,245).

17. BORROWINGS

a) Export Credit Loans
The Bank of Sudan has agreed to include the Export Credit Loans (that should have been fully repaid in the repayment period 1980-1988) and interest accrued thereon for the year 1984 to 1988, in the rescheduling agreements which the Government of the Republic of Sudan is seeking to negotiate with its international creditors.

As no such agreements have yet been concluded, the loans and interest accrued between 1984 and 1988 under the loan agreements totalling SD 18.5 billion are financial obligations. Accordingly the total principal amounts and interest up to 1988 that could be payable are recorded as a liability.

The Government of the Sudan has agreed with the Company that any agreed debt relief in respect of these loans will be received by the Company. When negotiations are completed,

Notes to the Financial Statement (continued)

30 September 2000
All amounts are in thousand Sudanese Dinar unless otherwise stated.

adjustment may need to be made to the carrying value of the loans in the balance sheet and adjustment to finance charges included in the profit and loss account. The negotiations originally commenced in 1981 and it is expected that a future period will elapse before any final agreement is reached. The Directors expect that such an agreement will incorporate rescheduled payment dates and that the Company will be able to finance repayments from cash flow and from new borrowings. As a consequence these financial statements have been prepared on a going concern basis.

It is not expected that either the original lenders or the Government of Sudan will seek to enforce immediate repayment of the overdue loans. Based on past experience formal rescheduling of these loans, which is not at the discretion of the Company is unlikely to occur in the short term. Nevertheless, these loans are technically repayable on demand and consequently are disclosed as being due within one year.

In prior years, provisions were made for additional interest that might have been payable for years beyond the end of the contractual period of the original loans. During the current financial year, the Directors have reviewed the likelihood of any such additional payments being required. In the light of the increasingly sympathetic attitude of the leading Western creditors for debt relief for poorer nations, the Directors now consider the probability of payments of interest arising after the loans were due for repayment, as remote, and accordingly have released amounts provided totalling SD36.3 billion to the profit and loss account.

Export Credit Loans consist of the principal and interest accrued prior to the suspension of repayments as follows:

	Amount in Foreign currency 000's	As 30 September 2000 SD 000's	As 30 September 1999 SD 000's
French Franc Loans	FFr 132,904	4,583,850	5,411,840
Japanese Yen Loans	Yen 5,526,190	12,457,171	12,877,667
Austrian Schilling Loans	Aus Sch 90,478	1,484,749	1,756,184
Total Export Credit Loans		18,525,770	20,045,691

The provision for interest payable for periods after the date of suspension of repayments was released during the year. As at 30 September 1999 this amounted to SD thousand 36,375,750, consisting of amounts provided on the French Franc loans of SD thousand 7,448,569 (FFr 182,329), on the Japanese Yen loans of SD thousand 24,674,741 (Yen 10,071,323) and on Austrian Loans of SD thousand 4,252,440 (Aus Sch 219,085).

b) Other Loans

	As at 30 September 2000 SD 000's	As at 30 September 1999 SD 000's
Loans repayable in one year	715,394	712,384
Loans repayable after more than one year	1,113,831	712,384

The loans repayable in one year represent the last instalments of a Kuwait Dinar Loan, equivalent to Kuwaiti Dinar 800 thousand. No interest is payable on the principal.

In the year ending 30 September 2000 the loans repayable after more than one year represents a loan in US Dollars of US$ 4,348 thousand, repayable in sixteen quarterly instalments from 30 September 2002 to 30 June 2006 at interest rate of LIBOR plus 2% (in the year ending 30 September 1999 the loan repayable after more than one year represent the above Kuwait Dinar Loan).

Fair Values

The carrying amounts of the following financial assets and liabilities approximate to their fair values: cash, trade receivables and payables, other receivables and payables, short term borrowings excluding the Export Credit Loans, floating rate long term borrowings and dividends payable. As no agreement has yet been reached with creditors over repayment of Export Credit Loans, then no reliable estimate of their fair value can be made at present.

18. SALES

Under the terms of the Sugar Sales Agreement for 1975 concluded between Kenana Sugar Company Limited and the Government of the Republic of the Sudan, one half of the sugar production each year shall be sold to the Government of Sudan. The company has unrestricted right to export the other half under the guarantee of contracts and payment shall be made through letters of credit or by cash in US dollars before delivery. The company also has the right to sell part of the export quota locally in foreign currency or in Sudanese Dinar (convertible to foreign currency).

The price formula for the calculation of the selling price of sugar sold to the Government is based on the budgeted total operating costs, finance costs and fixed asset replacement costs, plus a profit margin.

The analysis of all categories of sugar sales as follows:

	2000 Metric Tonnes	2000 Amount SD'000	1999 Metric Tonnes	1999 Amount SD'000
Domestic market quota	150,000	14,700,000	150,000	12,571,350
Export quota	246,693	21,936,635	212,000	19,028,670
Small packages	8	686	2,075	171,842
Treacle	820	90,275	745	64,137
Jaggery	-	-	16	265
Molasses	134,049	1,106,712	144,525	897,751
		37,834,308		32,734,015

19. FINANCE INCOME AND COST

	2000	1999
Income:		
Provision released for interest payable on Export Credit Loans (Note 17)	36,375,750	-
Bank interest receivable	84,467	152,067
	36,460,217	152,067
Cost:		
Provision against prepaid taxes (see note 8)	35,529,892	-
Interest on Export Credit Loans	-	3,380,422
Bank interest payable	-	4,195
	35,529,892	3,384,617

Notes to the Financial Statement (continued)

30 September 2000

All amounts are in thousand Sudanese Dinar unless otherwise stated.

20. DEVELOPMENT TAX

This represents 1% of gross annual sales in accordance with the taxation authorities resolution dated 15 July 1995.

21. OTHER INCOME

	2000	1999
Insurance claim	-	2,164,040
Workshop services	20,497	12,923
Miscellaneous	66,740	72,072
	87,237	2,249,035

22. FOREIGN EXCHANGE DIFFERENCES

This represents the net exchange differences arising from re-translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date.

23. CAPITAL COMMITMENTS

The directors have authorized future capital expenditure amounting to SD 7,490 million (1999 SD 6,951 million).

24. RELATED PARTIES

a) Directors' Remuneration

The thirteen members of the Board of Directors, who have voting rights, as listed on page (2) of the Annual Report, received an aggregate remuneration of SD 48.3 Million (1999-48.5 Million).

b) Government of Sudan

The Government of the Sudan is a related party of the Company by virtue of its shareholding. As indicated in note 18, the Government must purchase 150,000 MT of sugar but can buy additional amounts over and above this quota. During the year the Government purchased 181,000 MT with a total value of SD thousand 17,810,405 (1999 180,000 MT with a total value of SD thousand 15,085,620). As at 30 September 2000 the Government owed the Company SD thousand 691,826 for these sugar purchases.

25. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year and as part of the full implementation of International Accounting Standards from I October1999.

report of the auditors

To the Shareholders of Kenana Sugar Company Limited.

We have audited the accompanying balance sheet of Kenana Sugar Company Limited as of 30 September 2000, and the related profit and loss account and cash flows for the year then ended. These financial statements, set out on pages 20 to 33, are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 September 2000, and of the result of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

We draw attention to Note 17 in the financial statements. Settlement of export credit loans, repayments of which have been suspended, amounting to SD 18.5 billion, are to be renegotiated. When completed, adjustments may be required to their carrying values. The Directors expect the Company will be able to finance rescheduled repayments. Consequently these financial statements have been prepared on a going concern basis. Our opinion above is not qualified in this respect.

PricewaterhouseCoopers
Date: 31st January 2001
London

Banaga, Gassim & Co.
Date: 31st January 2001
Khartoum