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1. Jubilee Insurance -- Kenya -- periodicals
2. Insurance law -- Kenya -- periodicals

COMPANY DETAILS

CAPITAL AND RESERVES

Authorised Capital	Shs	200,000,000
Issued Capital	Shs	180,000,000
Paid-Up Capital	Shs	180,000,000
Reserves	Shs	1,286,633,481

REGISTERED OFFICE

Jubilee Insurance House
Wabera Street
P.O. Box: 30376
00100 - GPO
Nairobi, Kenya
Telephone: 3208 1000
Telefax: 3208 1150
E-mail: jic@jubileekenya.com
Website: www.jubileeinsurance.com

SUBSIDIARIES

The Jubilee Investments Company Limited (75%)
Jubilee Financial Services Limited (100%)
Jubilee Insurance (Mauritius) Ltd (51.3%)

BRANCHES

Mombasa:

Jubilee Insurance Building
P.O. Box: 90220
Mombasa, Kenya
Telephone: 316745, 316746 & 314019
E-mail: jubileeinsurancemombasa@jubileekenya.com

Kisumu:

Jubilee Insurance House
Opposite Clock Tower
Oginga Odinga Road
P.O. Box: 378
Kisumu, Kenya
Telephone: 42235 & 42250
E-mail: jubileeinsurancekisumu@jubileekenya.com

ACTUARY

Zulfikar K Mohamed
B.Sc.(Econ.), A.I.A., F.S.A., F.C.I.A., M.A.A.A.

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

Standard Chartered Bank Kenya Limited
Citibank N.A.
Diamond Trust Bank Kenya Limited
Barclays Bank PLC, Mauritius

BOARD OF DIRECTORS

From left Mr Salim A Talib, Mr Sultan K Khimji, Mr Abdul I Paroo, Mr Joseph M Mugwe, Mr Amin M Datoo and Company Secretary, Margaret Muhuni-Kipchumba

Mr Zulfikar K Mohamed (left) and Mr Augustine J Hatch

■■■ Augustine J Hatch *
CHAIRMAN

■■ Zulfikar K Mohamed **
MANAGING DIRECTOR & C E O

Iain D Cheyne ***

Amin M Datoo
TECHNICAL DIRECTOR

■■ Sultan K Khimji

■■ Joseph M Mugwe

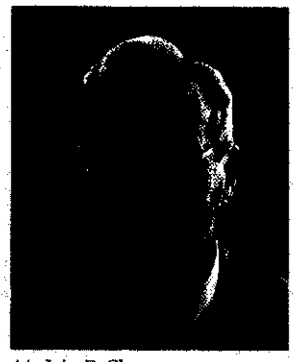
■■ John P Munge

■■ Tom D Owuor

■■ Abdul I Paroo **
FINANCE DIRECTOR

■■■ Salim A Talib

* Irish ** Canadian ***British



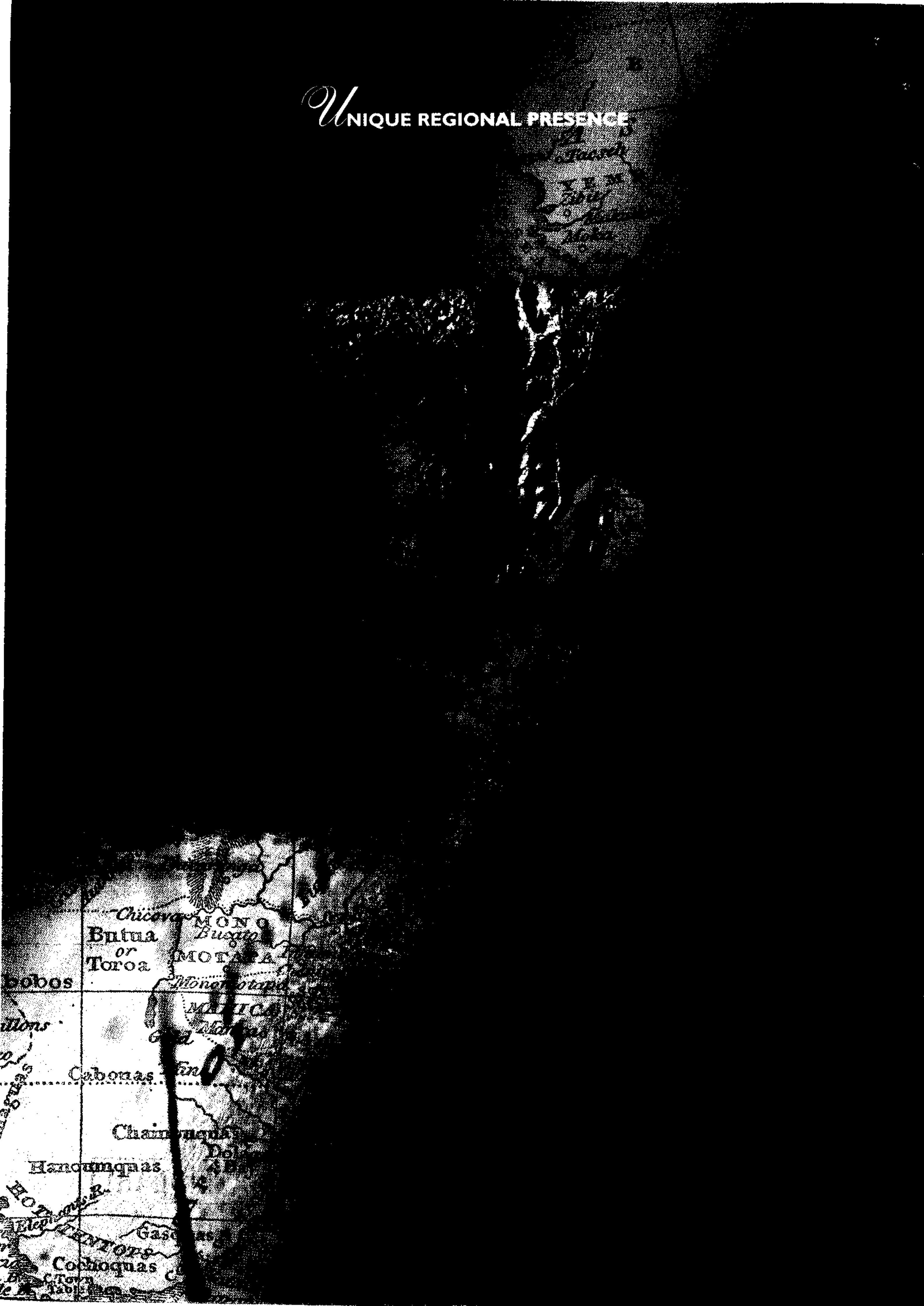
Mr Iain D Cheyne

Mr Tom D Owuor

Mr John P Munge

■ Finance Committee
■ Strategy Review Committee
■ Audit and Compliance Committee
■ Senior Management Remuneration Committee
■ IT Steering Committee

UNIQUE REGIONAL PRESENCE



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Fourth Annual General Meeting of the Shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Friday, 31st May, 2002 at 10.30 a.m. to transact the following:

ORDINARY BUSINESS

1. To consider and, if thought fit, to adopt the Accounts for the year ended 31st December, 2001, the Report of the Directors and the Report of the Auditors thereon.

2. To confirm the payment of the interim dividend of 10% made on 12th October, 2001 and approve the payment of a final dividend of 25% on the issued and paid-up capital of the Company on or about 11th July, 2002 to the Shareholders registered as at 27th June, 2002.

3. To elect the Directors who retire by rotation and being eligible offer themselves for re-election:

Mr Augustine J Hatch
Mr Salim A Talib

4. To fix the Directors' remuneration.

5. To authorise the Directors to fix the Auditors' remuneration.

6. To transact any other business proper to be transacted at such Ordinary Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to approve the following Special Resolution:

"It be and is hereby RESOLVED that the Company's Articles of Association be and are hereby amended by adding Article 143 as hereinafter appearing:

Central Depositories Act 2000

143 (a) The provisions of the Central Depositories Act 2000 as amended or modified from time to time shall apply to the Company to the extent that any securities of the Company are in part or in whole immobilized or dematerialized or are required by the regulations or rules issued under the said Central Depositories Act to be immobilized or dematerialized in part or in whole, as the case may be. Any provisions of these Articles that are inconsistent with the Central Depositories Act or any regulations or rules issued or made pursuant thereto shall be deemed to be modified to the extent of such inconsistencies in their application to such securities. For the purposes of these Articles of Association, immobilization and dematerialization shall be construed in the same way as they are construed in the Central Depositories Act.

(b) Where any securities of the Company are forfeited pursuant to these Articles of Association after being immobilized or dematerialized, the Company shall be entitled to transfer such securities to a securities account designated by the Directors for this purpose."

By order of the Board
Margaret Muhuni-Kipchumba
Company Secretary
Nairobi, Kenya
15th April, 2002

CHAIRMAN'S STATEMENT

Dear Shareholders,
As your Company celebrates its 65th anniversary on 3rd August, 2002, it is with a sense of pride and achievement that I review the results of your Company for 2001 which was again a very challenging year for the insurance industry, and indeed for Kenya as a whole. The deteriorating infrastructure, rising unemployment and increased poverty only exacerbated the already low investor confidence prevailing in the country. Despite these adverse market conditions, I am very pleased to report that your Company demonstrated great resilience and recorded a solid and improved overall results for the year.

FINANCIAL PERFORMANCE

The consolidated profit before taxation increased by over 23% to Shs 144.7 million (2000:Shs 117.3 million) after providing Shs 10.8 million (2000:Shs 16.3 million) for bad and doubtful debts. The overall result was positively affected by significant improvement in underwriting profit and resumption of transfer from Long-Term business revenue account. On the other hand, the difficult economic environment adversely impacted the investment income due to higher vacancies in our real estate portfolio and further deterioration of yields on quoted investments.

Your Board of Directors has recommended a final dividend of 25%, making a total dividend of 35% for the year. Once again this reflects the continued financial strength of your Company, which has by far the highest Shareholders' fund in the industry, and the confidence of the Directors in the future of the Company.

GENERAL INSURANCE

The marked increase in underwriting profit of Shs 19.2 million (2000:Shs 2.8 million) has been contributed by an improved loss ratio as a result of better claims experience, particularly in Personal Accident, Marine and Motor classes. The corrective measures instituted in previous years in the areas of risk management and claims control are bearing fruits.

The regional companies in Uganda, Tanzania and Mauritius continue to make significant contributions to the overall underwriting performance – underscoring the point that Jubilee's strategy to diversify regionally has been beneficial to your Company's growth and profitability.

LIFE INSURANCE

Overall, Life insurance recorded an impressive growth of 81% in 2001, all of which was attributed to the increase (150%) in superannuation business. This, combined with reductions in claims and surrenders, resulted in significant increase in the Life Fund of over Shs 450 million.

During the year, new interest-sensitive and pension products were launched, and these are expected to contribute to the profitability of the Long-Term business in the coming years.

After taking corrective measures to strengthen the Statutory Funds in the preceding two years, the surplus in the Life Fund has enabled us to transfer Shs 18 million (2000:nil) to the Shareholders' account.

I am also pleased to announce that for the fourth year running, the net interest of 11.75% declared for Retirement Benefits Fund is the highest amongst the leading insurers in the country.

Staff members pictured with the 10,000 metres world champion, Paul Tergat, after the 10 Km fundraising walk for AMREF.

Jubilee staff donated food, clothing and learning materials to needy children of the Good Samaritan Children's Home in Mathare valley slums.

REGIONAL DEVELOPMENTS

The regional Jubilee companies continued to show good performance. In Uganda, Jubilee maintained its 3rd overall position despite increased competition, although its market share growth was only marginal.

Jubilee Tanzania, for the third year running since liberalization of the insurance industry, remains the leading insurer in the private sector in that country. Its branch and agency network continue to expand with profitability.

Jubilee Mauritius again recorded an overall profit after shedding unprofitable accounts and reducing exposure to certain classes of business. Its conversion into a subsidiary of your Company at the end of 2001 is in line with the overall strategy of the Group in the region.

CORPORATE GOVERNANCE

We are committed to maintaining the highest level of corporate governance and pursue policies and strategies that enhance good corporate governance. To this end, the various Board Committees relating to Finance, Strategy Review, Audit, Senior Management Remuneration and Information Technology continue to be very active and function well.

The Board has embarked on implementation of The Capital Markets Act (Cap. 485A) Guidelines on Corporate Governance Practices.

JUBILEE'S FUTURE OUTLOOK

The September 11th, 2001, incident in the U.S. has created turmoil in the reinsurance world and adversely affected the insurance sector in East Africa. Reinsurance rates have risen sharply, and terms of contracts have changed too. Whether, and to what extent, these higher costs can be absorbed in the local market, remains to be seen. In the current recessionary economic environment, your Company will undoubtedly be required to bear some, but not all, of these additional costs, but the challenge for the Company will be to partly mitigate this by prudent underwriting practices, effective risk management and cost control measures. Inevitably, however, premium rates will have to rise.

With the launch of new products, we remain optimistic in our growth projections for the Life business in the short to medium term. We also intend to market more aggressively the packaged products for General business – CIP (Commercial Insurance Policy) and PIP (Personal Insurance Policy).

The regional thrust that Jubilee embarked upon in the last decade will continue with emphasis on improving Shareholder value through effective marketing initiatives, rationalization of corporate structure, increased employee productivity and training to achieve our commitment to enhanced customer service.

CONCLUSION

I would like to thank all our brokers, agents and clients for their continued support during the year as, without them, we could not have achieved the results we did.

My sincere thanks also to the management and all staff members for their loyal and dedicated service to the Company.

And finally, I wish to record my appreciation to my colleagues on the Board for their tireless efforts and valuable contributions.

Augustine J Hatch
Chairman
Nairobi, Kenya
15th April, 2002

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31st December, 2001 which disclose the state of affairs of the Company and the Group.

INCORPORATION

The Company is incorporated in the Republic of Kenya under the Companies Act and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The Company transacts all classes of insurance business.

RESULTS AND DIVIDEND

The net profit for the year of Shs 101,581,974 (2000: Shs 78,101,904) has been added to retained earnings. During the year an interim dividend of Shs 18 million (2000: Shs 18 million) was paid. The Directors recommend the approval of a final dividend of Shs 45 million (2000: Shs 45 million).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Company's activities expose it to a variety of financial risks, including loss risk (claims), credit risk and the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the acceptable level of loss risk and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance within the options available in Kenya to hedge against such risks. The Company has policies in place to ensure that insurance is sold to customers with an appropriate claim and credit history.

DIRECTORS

The Directors who held office during the year and to the date of this report were:

Augustine J Hatch (Irish)
Chairman

Zulfikar K Mohamed (Canadian)

Iain D Cheyne (British)

Amin M Datoo (Kenyan)

Sultan K Khimji (Kenyan)

Joseph M Mugwe (Kenyan)

John P Munge (Kenyan)

Tom D Owuor (Kenyan)

Abdul I Paroo (Canadian)

Salim A Talib (Kenyan)

In accordance with Article 85 of the Company's Articles of Association, the following Directors retire by rotation and being eligible, offer themselves for re-election:

Mr Augustine J Hatch

Mr Salim A Talib

AUDITORS

The Company's Auditors, PricewaterhouseCoopers, continue in office in accordance with Section 159(2) of the Companies Act.

On behalf of the Board
Joseph M Mugwe
Director
Nairobi, Kenya
15th April, 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Accounting Standards and the requirements of the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and the Group and of the profit of the Group. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least the twelve months from the date of this statement.

Joseph M Mugwe
Director

Abdul I Paroo
Director

Nairobi, Kenya
15th April, 2002

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE JUBILEE INSURANCE COMPANY LIMITED

We have audited the financial statements set out on pages 11 to 38. We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit. The balance sheet of the Company on page 16 and 17 is in agreement with the books of account.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of financial statements as set out on page 9. Our responsibility is to express an independent opinion on the financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the financial statements.

OPINION

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Group and the Company at 31st December, 2001 and of the profit and cash flows of the Group for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi, Kenya
15th April, 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 Shs'000	2000 Shs'000
INCOME			
Profit transferred from Short-Term business revenue account		19,226	2,803
Profit transferred from Long-Term business revenue account	6	18,000	-
Investment income	3	107,994	135,463
Exchange gain		3,545	2,043
Total income		148,765	140,309
OUTGO			
Expenses not charged to other accounts		12,085	14,296
Depreciation		7,215	7,127
Bad debts		10,757	16,263
Total outgo		30,057	37,686
Operating profit		118,708	102,623
Share of result of associates before tax	11(c)	25,966	22,658
Restructuring expenses		-	(8,000)
Group profit before tax	2	144,674	117,281
Tax	5	(42,857)	(39,002)
Net profit		101,817	78,279
Minority interest	10	(235)	(177)
Profit attributable to Shareholders		101,582	78,102
Earnings per share (Shs) - basic and diluted	26	2.82	2.17
DIVIDENDS			
Interim - paid in the year	28	18,000	18,000
Proposed final for the year	28	45,000	45,000
		63,000	63,000

The accounting policies on pages 21 to 24 and the notes on pages 25 to 38 form part of these financial statements.

LONG-TERM BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

GROUP Class of Insurance Business	Notes	Ordinary Life Shs'000	Superannuation Retirement Benefits Fund Shs'000	Other Superannuation Shs'000	2001 Total Shs'000	2000 Total Shs'000
Net premium written		167,139	177,623	78,280	423,042	353,922
Schemes transferred		-	238,454	-	238,454	-
		167,139	416,077	78,280	661,496	353,922
Policyowners' benefits:						
Claims incurred		81,564	-	13,644	95,208	141,002
Surrenders and annuities paid (including surrender of bonus)		23,803	140,148	8,959	172,910	227,006
		105,367	140,148	22,603	268,118	368,008
Commissions (net)		16,951	706	(1,188)	16,469	28,982
Expenses of management		111,123	21,954	19,908	152,985	134,502
Restructuring expenses		-	-	-	-	18,324
Total expenses		128,074	22,660	18,720	169,454	181,808
Investment income	3	120,175	118,722	9,696	248,593	219,784
Increase in funds	2	53,873	371,991	46,653	472,517	23,890
Share of result of associates before tax	11(c)	7,580	-	-	7,580	6,607
Share of revaluation reserves of associates		-	-	-	-	(28,363)
Revaluation deficit on marketable securities		-	-	-	-	(82,742)
Revaluation surplus on investment properties		-	-	-	-	4,520
Transfer to profit and loss account	6	(9,000)	(9,000)	-	(18,000)	-
Tax arising on the transfer	5	(2,700)	(2,700)	-	(5,400)	-
Share of tax of associates	5	(2,264)	-	-	(2,264)	(2,518)
Movement in funds		47,489	360,291	46,653	454,433	(78,606)
Funds at the beginning of the year		950,380	879,863	207,981	2,038,224	2,116,830
Funds at the end of the year		997,869	1,240,154	254,634	2,492,657	2,038,224

SHORT-TERM BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

GROUP AND COMPANY

Class of Insurance Business	Engineering Shs '000	Fire Domestic Shs '000	Fire Industrial Shs '000	Liability Shs '000	Marine Shs '000	Motor Shs '000	Personal Accident Shs '000	Theft Shs '000	Workmen's Compensation Shs '000	Miscellaneous Shs '000	2001 Total Shs '000	2000 Total Shs '000
Net premium written	13,824	10,276	78,211	5,472	40,067	294,318	110,597	21,966	25,494	90,519	690,744	799,131
Unearned premium brought forward	1,588	4,621	43,086	2,115	14,624	162,163	16,745	5,703	9,218	44,203	304,066	302,600
Unearned premium carried forward	6,168	5,030	34,771	2,116	19,407	128,735	19,747	7,917	7,621	39,751	271,263	304,066
Net earned premium	9,244	9,867	86,526	5,471	35,284	327,746	107,595	19,752	27,091	94,971	723,547	797,665
Claims paid	3,266	3,224	33,658	4,670	9,494	195,250	81,120	20,078	25,658	34,527	410,945	479,129
Claims outstanding carried forward	3,114	2,699	47,489	28,329	23,291	364,895	26,539	19,321	97,304	66,306	679,287	672,819
Claims outstanding brought forward	1,150	3,546	36,562	22,019	25,420	377,563	37,036	25,068	98,639	45,816	672,819	656,703
Total claims incurred	5,230	2,377	44,585	10,980	7,365	182,582	70,623	14,331	24,323	55,017	417,413	495,245
Commissions (net)	1,631	875	14,431	417	7,006	75,360	4,501	(3,251)	3,469	28,836	133,275	137,063
Expenses of management	4,577	7,294	11,078	7,937	12,188	40,164	20,239	19,694	12,599	17,863	153,633	162,554
Total expenses	6,208	8,169	25,509	8,354	19,194	115,524	24,740	16,443	16,068	46,699	286,908	299,617
Balance being underwriting profit/(loss)	(2,194)	(679)	16,432	(13,863)	8,725	29,640	12,232	(11,022)	(13,300)	(6,745)	19,226	2,803

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS					
Share capital	7	180,000	-	180,000	180,000
Translation reserves	8(a)	14,810	-	14,810	31,227
Revaluation reserves	8(a)	108,825	-	108,825	172,215
Retained earnings-realised	8(a)	402,079	-	402,079	371,463
Retained earnings-investment properties	8(a)	925,387	-	925,387	917,421
General reserves	8(a)	70,000	-	70,000	70,000
Proposed dividends	28	45,000	-	45,000	45,000
Shareholders' funds		1,746,101	-	1,746,101	1,787,326
Long-Term business funds	9	-	2,492,657	2,492,657	2,038,224
Minority interest	10	55,024	-	55,024	35,109
Total capital, reserves and Long-Term business funds		1,801,125	2,492,657	4,293,782	3,860,659
ASSETS					
Fixed assets					
Property and equipment	13	12,940	12,825	25,765	28,706
Investments					
Investment properties	14	1,292,049	561,000	1,853,049	1,758,714
Marketable securities	15	208,723	-	208,723	294,940
Unquoted ordinary shares	16	336,281	-	336,281	312,941
Investment in associates	11(a)	457,874	238,209	696,083	717,177
Mortgage loans	17	-	123,320	123,320	213,991
Other commercial bonds		-	3,750	3,750	6,250
Commercial paper		-	-	-	9,686
Loans on life insurance policies		-	134,667	134,667	112,742
Government securities	19	158,088	1,335,018	1,493,106	996,740
Deposits with financial institutions		121,263	141,604	262,867	215,130
Other assets					
Premium and other receivables	18	417,900	78,860	496,760	485,669
Current tax		5,474	-	5,474	4,632
Cash and bank balances		28,409	37,550	65,959	75,909
Total assets		3,039,001	2,666,803	5,705,804	5,233,227

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
LIABILITIES					
Technical provisions					
Unearned premium C		284,573	-	284,573	304,066
Outstanding claims C		691,399	106,323	797,722	799,253
Other liabilities					
Trade and other payables C	21	169,214	51,425	220,639	139,898
Current tax C		-	1,800	1,800	4,741
Dividends C		48,611	-	48,611	44,024
Bank overdraft C		837	2,540	3,377	12,674
Provision for liabilities and charges C	22	17,069	12,058	29,127	45,391
Deferred tax P	23	26,173	-	26,173	22,521
Total liabilities		1,237,876	174,146	1,412,022	1,372,568
		1,801,125	2,492,657	4,293,782	3,860,659

The financial statements on pages 11 to 38 were approved by the Board of Directors on 15th April, 2002 and signed on its behalf by:

Abdul I Paroo
Director and Principal Officer

Joseph M Mugwe
Director

COMPANY BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS					
Share capital	7	180,000	-	180,000	180,000
Translation reserves	8(b)	22,446	-	22,446	30,670
Revaluation reserves	8(b)	91,333	-	91,333	166,233
Retained earnings-realised	8(b)	263,853	-	263,853	243,916
Retained earnings-investment properties	8(b)	794,001		794,001	786,035
General reserves	8(b)	70,000	-	70,000	70,000
Proposed dividends	28	45,000	-	45,000	45,000
Shareholders' funds		1,466,633	-	1,466,633	1,521,854
Long-Term business funds	9	-	2,406,594	2,406,594	1,955,623
Total capital, reserves and Long-Term business funds		1,466,633	2,406,594	3,873,227	3,477,477
ASSETS					
Fixed assets					
Property and equipment	13	10,578	12,825	23,403	28,347
Investments					
Investment properties	14	1,284,314	561,000	1,845,314	1,751,200
Marketable securities	15	195,473	-	195,473	294,940
Unquoted ordinary shares	16	317,211	-	317,211	300,364
Investment in subsidiaries	12	64,882	-	64,882	14,278
Investment in associates	11(a)	132,993	152,146	285,139	319,179
Mortgage loans	17	-	123,320	123,320	213,991
Other commercial bonds		-	3,750	3,750	6,250
Commercial paper		-	-	-	9,686
Loans on life insurance policies		-	134,667	134,667	112,742
Government securities	19	144,694	1,335,018	1,479,712	996,740
Deposits with financial institutions		82,843	141,604	224,447	212,919
Other assets					
Premium and other receivables	18	374,997	78,860	453,857	528,280
Current tax		753	-	753	4,632
Cash and bank balances		13,563	37,550	51,113	60,034
Total assets		2,622,301	2,580,740	5,203,041	4,853,582

LIABILITIES	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Technical provisions					
Unearned premium		271,263	-	271,263	304,066
Outstanding claims		679,287	106,323	785,610	799,253
Other liabilities					
Trade and other payables	21	110,798	51,425	162,223	134,893
Current tax		-	1,800	1,800	10,893
Dividends		48,611	-	48,611	44,024
Bank overdraft		-	2,540	2,540	12,674
Provision for liabilities and charges	22	17,069	12,058	29,127	45,391
Deferred tax	23	28,640	-	28,640	24,911
Total liabilities		1,155,668	174,146	1,329,814	1,376,105
		1,466,633	2,406,594	3,873,227	3,477,477

The financial statements on pages 11 to 38 were approved by the Board of Directors on 15th April, 2002 and signed on its behalf by:

Abdul I Paroo
Director and Principal Officer

Joseph M Mugwe
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2001

Year ended 31st December, 2000	Notes	Share Capital Shs'000	Revaluation Reserves Shs'000	General Reserves Shs'000	Translation Reserves Shs'000	Retained Earnings- Realised Shs'000	Retained Earnings- Investment Properties Shs'000	Proposed Dividends Shs'000	Total Shs'000
At start of year		180,000	1,132,288	70,000	33,903	356,361	-	36,000	1,808,552
Revaluation deficit (net)	8(a)	-	(190,674)	-	-	-	-	-	(190,674)
Translation loss (net)	8(a)	-	-	-	(2,676)	-	-	-	(2,676)
Deferred tax on revaluation	23	-	(12,520)	-	-	-	-	-	(12,520)
Net profit		-	-	-	-	78,102	-	-	78,102
Dividend: - Final for 1999		-	-	-	-	-	-	(36,000)	(36,000)
- Interim for 2000	28	-	-	-	-	(18,000)	-	-	(18,000)
- Proposed final for 2000	28	-	-	-	-	(45,000)	-	45,000	-
At end of year		180,000	929,094	70,000	31,227	371,463	-	45,000	1,626,784
Year ended 31st December, 2001									
At start of year									
As previously stated		180,000	929,094	70,000	31,227	371,463	-	45,000	1,626,784
- adoption of IAS 39	8(a)	-	160,542	-	-	-	-	-	160,542
- adoption of IAS 40	8(a)	-	(917,421)	-	-	-	917,421	-	-
As restated		180,000	172,215	70,000	31,227	371,463	917,421	45,000	1,787,326
Revaluation deficit (net)	8(a)	-	(69,196)	-	-	-	-	-	(69,196)
Translation loss (net)	8(a)	-	-	-	(16,417)	-	-	-	(16,417)
Deferred tax on revaluation	23	-	5,806	-	-	-	-	-	5,806
Net profit		-	-	-	-	101,582	-	-	101,582
Fair value gains on investment properties (IAS 40)	8(a)	-	-	-	-	(16,094)	16,094	-	-
Deferred tax on fair value gains	23	-	-	-	-	8,128	(8,128)	-	-
Dividend: - Final for 2000	28	-	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2001	28	-	-	-	-	(18,000)	-	-	(18,000)
- Proposed final for 2001	28	-	-	-	-	(45,000)	-	45,000	-
At end of year		180,000	108,825	70,000	14,810	402,079	925,387	45,000	1,746,101

The accounting policies on pages 21 to 24 and the notes on pages 25 to 38 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	Share Capital Shs'000	Revaluation Reserves Shs'000	General Reserves Shs'000	Translation Reserves Shs'000	Retained Earnings-Realised Shs'000	Retained Earnings-Investment Properties Shs'000	Proposed Dividends Shs'000	Total Shs'000
Year ended 31st December, 2000									
At start of year		180,000	917,964	70,000	34,160	231,456	-	36,000	1,469,580
Revaluation deficit (net)	8(b)	-	(113,718)	-	-	-	-	-	(113,718)
Translation loss (net)	8(b)	-	-	-	(3,490)	-	-	-	(3,490)
Deferred tax on revaluation	23	-	(12,520)	-	-	-	-	-	(12,520)
Net profit		-	-	-	-	75,460	-	-	75,460
Dividend: - Final for 1999		-	-	-	-	-	-	(36,000)	(36,000)
- Interim for 2000	28	-	-	-	-	(18,000)	-	-	(18,000)
- Proposed final for 2000	28	-	-	-	-	(45,000)	-	45,000	-
At end of year		180,000	791,726	70,000	30,670	243,916	-	45,000	1,361,312
Year ended 31st December, 2001									
At start of year									
As previously stated		180,000	791,726	70,000	30,670	243,916	-	45,000	1,361,312
- adoption of IAS 39	8(b)	-	160,542	-	-	-	-	-	160,542
- adoption of IAS 40	8(b)	-	(786,035)	-	-	-	786,035	-	-
As restated		180,000	166,233	70,000	30,670	243,916	786,035	45,000	1,521,854
Revaluation deficit (net)	8(b)	-	(80,706)	-	-	-	-	-	(80,706)
Translation loss (net)	8(b)	-	-	-	(8,224)	-	-	-	(8,224)
Deferred tax on revaluation	23	-	5,806	-	-	-	-	-	5,806
Net profit		-	-	-	-	90,903	-	-	90,903
Fair value gains on investment properties (IAS 40)	8(b)	-	-	-	-	(16,094)	16,094	-	-
Deferred tax on fair value gains	23	-	-	-	-	8,128	(8,128)	-	-
Dividend: - Final for 2000	28	-	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2001	28	-	-	-	-	(18,000)	-	-	(18,000)
- Proposed final for 2001	28	-	-	-	-	(45,000)	-	45,000	-
At end of year		180,000	91,333	70,000	22,446	263,853	794,001	45,000	1,466,633

The accounting policies on pages 21 to 24 and the notes on pages 25 to 38 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 Shs'000	2000 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		144,674	117,281
Adjustments for:			
Depreciation		7,215	7,127
Profit on sale of fixed assets		(608)	(1,267)
Profit on sale of marketable securities		(10,345)	-
Change in premium and claims reserves		(913)	17,583
Investment income		(107,994)	(135,463)
Share of result of associates before tax		(25,966)	(22,658)
Operating profit/(loss) before working capital changes		6,063	(17,397)
(Increase)/decrease in premium and other receivables		(311)	32,152
Increase/(decrease) in trade and other payables and provision for liabilities and charges		80,984	(12,619)
Cash generated from operations		86,736	2,136
Income tax paid		(34,962)	(12,316)
Net cash inflow/(outflow) from operating activities		51,774	(10,180)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment income		107,994	135,463
Dividends received from associates		6,445	7,097
Proceeds from sale of fixed assets		1,083	2,554
Proceeds from sale of marketable securities		11,850	-
Purchase of fixed assets		(6,090)	(4,772)
Additions to investment properties		(63,040)	(112,880)
Purchase of marketable securities		(144,048)	(74,883)
Purchase of unquoted shares		(9,272)	(350)
Disposal/(purchase) of investment in associates		12,393	(19,182)
Net mortgage loans redeemed		12,630	123,606
Net redemption of government securities maturing after 91 days		325	1,453
Net cash (outflow)/inflow from investing activities		(69,730)	58,106
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(58,413)	(51,681)
Net cash outflow from financing activities		(58,413)	(51,681)
Net decrease in cash and cash equivalents		(76,369)	(3,755)
Cash and cash equivalents at start of year	20	327,557	333,940
Additional cash and cash equivalents from subsidiaries on first year consolidation		38,745	-
Exchange loss on translation of cash and cash equivalents in foreign enterprises		(3,656)	(2,628)
Cash and cash equivalents at end of year	20	286,277	327,557

The accounting policies on pages 21 to 24 and the notes on pages 25 to 38 form part of these financial statements.

FOLD 2

STAMP

The Company Secretary
The Jubilee Insurance Company Limited
P.O. Box 30376
00100 - GPO
NAIROBI
KENYA

FOLD 1

FOLD 3

INSERT FLAP INSIDE

PROXY FORM

The Jubilee Insurance Company Limited

INCORPORATED IN KENYA. ESTABLISHED 1937

I/We ____

of ____

being a member/members of The Jubilee Insurance Company Limited, hereby appoint ______________

____

of ____

and failing him, ____

of ____

and failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday 31st May, 2002 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this ______________ day of ______________ 2002.

____

Member

Important Notes:

1. If you are unable to attend this meeting personally, this proxy form should be completed and returned to The Company Secretary, P.O. Box 30376, Nairobi,Kenya so as to reach not later than 48 hours before the time appointed for holding the meeting.
2. A person appointed to act as a proxy need not be a member of the Company.
3. If the appointer is a Corporation this proxy form must be executed under seal or under the hand of an officer or attorney duly authorised in writing on its behalf.

ACCOUNTING POLICIES

31ST DECEMBER 2001

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) BASIS OF PREPARATION

The financial statements are prepared in accordance with and comply with International Accounting Standards (IAS).

The financial statements are presented in Kenya Shillings (Shs) and prepared under the historical cost convention, as modified by the carrying of certain investments at fair value.

b) CONSOLIDATION

The Group accounts incorporate the accounts of subsidiaries made up to 31st December of each year. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between the company and the subsidiaries have been eliminated. The accounting policies for the subsidiaries are consistent with the policies adopted by the holding company.

c) INVESTMENTS IN ASSOCIATES

Associates are undertakings in which the group has between 20% and 50% of voting rights.

Investments in associated undertakings are accounted for in the consolidated financial statements by the equity method of accounting, based on the most recent financial statements and at cost in the Company's financial statements. Provisions are recorded for any long-term impairment in value.

Equity accounting involves recognising in the income statement, the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate. A listing of the Group's associated undertakings is shown in note 11.

d) FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and the balance sheets are translated at the year end exchange rates. Exchange differences arising from the translation of the net investment in foreign enterprises and associated undertakings are taken to the translation reserve in Shareholders' equity.

e) UNDERWRITING RESULTS

Short-Term insurance business

(i) The underwriting results for the Short-Term insurance business are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premium, net of reinsurance.

(ii) Unearned premium represents the portion of premium written (net of reinsurance) in periods up to the balance sheet date which relate to the unexpired terms of the policies in force at the balance sheet date, calculated using the 1/24th method.

(iii) Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported (IBNR).

(iv) Acquisition costs representing commissions (net of commission recoverable) are allocated to the revenue account as incurred in the management of each class of business. Acquisition costs relating to reinsurance premium accepted are deferred over the period in which the related premium written is earned. The movement in deferred acquisition costs is included in the commissions shown in the Short-Term business revenue account while deferred costs at year end are included in premium and other receivables.

(v) Management expenses relating to direct business are allocated to the revenue account as incurred in the management of each class. Management expenses for reinsurance accepted are allocated on the basis of the reinsurance premium written in each class of business.

(vi) Results of the Company's share of the two Kenya Motor Insurance Pools are accounted for in the revenue accounts in accordance with the Pool's accounting year which runs from October to September of the following year. As a result, the Pools' results for the 4th quarter of the Company's accounting year are accounted for in the subsequent year.

Long-Term insurance business

(i) Premium shown in the Long-Term business revenue account is accounted for on a basis which approximates to a pre-debit method of accounting as adjusted for estimated lapses.

(ii) Claims arising on maturity are recognised on the maturity date. Death claims are recorded on notification. Surrenders and annuities are accounted for on payment.

(iii) Expenses and commissions are allocated as incurred in the management of each class of business. Commissions are shown net of reinsurance commission earned.

(iv) In accordance with Section 57 of the Insurance Act, an annual investigation is carried out by an actuary into the financial condition of the Long-Term business funds. Surpluses arising, if any, are allocated to policyholders' bonuses and to the Shareholders' profit by the Directors with the advice of the actuary, in accordance with the Articles of Association and the provisions of the Insurance Act. Any balance remaining is carried forward in the Long-Term business funds.

f) OTHER EXPENSES

Certain expenses of Short-Term insurance business being depreciation, provision for doubtful debts, Directors' fees, donations, subscriptions, the cost of printing annual accounts, trade license and exchange (gain)/loss are not allocated, but charged directly to the profit and loss account.

g) INVESTMENT INCOME

Investment income is stated net of investment expenses and includes fair value gains/losses on investment properties. Interest and rent are recognised as income in the period in which they are earned. Dividends are recognised as income in the period in which they are declared.

Income arising on investments held by the Long-Term business is taken up in the Long-Term business revenue account whilst income derived from investments held by the Short-Term business is credited to the profit and loss account.

h) INVESTMENT PROPERTIES

Investment properties comprise land and buildings held to earn rentals and/or for capital appreciation. They are carried at market value determined annually, based on valuations by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amount between balance sheet dates are processed through the profit and loss account for assets attributable to the Short-Term business, and through the Long-Term business revenue account for assets attributable to the Long-Term business.

Previously, changes in carrying value were credited to revaluation reserves in Shareholders' equity in respect of Short-Term business and the Long-Term business revenue account in respect of Long-Term business.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account for investment properties held by the Short-Term business, and to the Long-Term business funds for investment properties held by the Long-Term business.

i) OTHER INVESTMENTS

All purchase and sale of investments are recognised on the trade date, which is the date the Group commits to purchase or sell the asset. The cost of purchase includes transaction costs. Management subsequently determines the appropriate classification of its investments and re-evaluates such designation on a regular basis as follows:

Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost. Non-equity investments purchased in the primary market (i.e. directly from the issuer) are classified as originated loans, and are carried at amortised cost. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are carried at fair value.

Investments are classified and carried at values as follows:

(i) Marketable securities are classified as available-for-sale investments and are carried at fair value. Their fair value is calculated by reference to the stock exchange quoted bid prices at the close of business on the balance sheet date.

(ii) Unquoted ordinary shares are classified as available-for-sale investments. They are shown at fair value unless their value cannot be reliably measured, when they are carried at cost less provision for impairment.

(iii) Government securities are classified as originated loans. They are carried at amortised cost (i.e. cost plus accrued discount or interest) and any premium or discount is amortised through income, using the effective yield method.

(iv) Fixed deposits, Commercial paper and Other commercial bonds are classified as originated loans. These are carried at amortised cost (i.e. cost plus accrued income), using the effective yield method.

(v) Mortgage loans are carried at redemption values, after provision for non-performing loans. Instalments due on loans remaining unpaid for more than three months are not recognised and are fully provided for in the income statement.

(vi) Loans on life insurance policies are carried within their surrender values at redemption values.

Fair value gains/(losses) arising on investments held by the Short-Term business are credited/(debited) to revaluation reserves while gains/(losses) in respect of investments held by the Long-Term business are dealt with in the Long-Term business revenue account.

Profits or losses resulting from the sale of investments held by the Short-Term business are credited or charged to the profit and loss account in the year in which the sale takes place, after releasing such amounts as are reflected in the revaluation reserve relating to such investments.

Profits or losses resulting from the sale of investments held by the Long-Term business are credited or charged to the Long-Term business revenue account. Profit or loss is determined by comparing net proceeds with the carrying value of the investments sold.

Any surplus over cost which arises as a result of transfer of investments between Short-Term business and Long-Term business is taken to revaluation reserve in case of transfer from Short-Term business and to the relevant Long-Term funds in case of transfer from Long-Term business.

j) FIXED ASSETS

Fixed assets are stated at historical cost less depreciation, calculated to write off the cost of the assets to their residual values over their expected useful lives as follows:

Computers	3 years
Office equipment	4 years
Motor vehicles	5 years
Furniture, fixtures and fittings	10 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

k) PREMIUM AND OTHER RECEIVABLES

Premium and other receivables are carried at anticipated realisable value. A review of all outstanding amounts is carried out at year end to identify and provide for doubtful receivables.

l) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and cheques on hand, deposits held at banks, including call deposits and short-term government securities, net of bank overdrafts. In the balance sheet, bank overdrafts are included under other liabilities.

m) EMPLOYEE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated monetary liability for employees' annual leave entitlement at the balance sheet date is recognised as an expense accrual.

n) PENSION OBLIGATIONS

The Company operates a defined contribution pension scheme for its employees. The contributions to the pension scheme are charged to the revenue accounts in the year to which they relate.

o) DEFERRED TAX

Deferred tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted or substantively enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

p) DIVIDENOS

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

q) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of the following International Accounting Standards which the Group has implemented in the year:

IAS 39 - Financial Instruments: Recognition and Measurement.
IAS 40 - Investment Property.

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 2001

1. SEGMENT INFORMATION

The Group is organised into two main business segments of Short-Term and Long-Term insurance business. The results of these two segments are reported separately under the Short-Term business revenue account and the Long-Term business revenue account respectively, which are part of the financial statements. The other operations of the Group mainly comprise long term property and other investment activities.

The Short-Term business operations are primarily from the following business segments:
a) Direct insurance
b) Reinsurance accepted

(a) Primary reporting format - business segments

The following segment information is given in respect of the Short-Term business:

	Year ended 31st December 2001			Year ended 31st December 2000		
	Direct Insurance Shs'000	Re-insurance Accepted Shs'000	Total Shs'000	Direct Insurance Shs'000	Re-insurance Accepted Shs'000	Total Shs'000
Premium income	598,099	248,885	846,984	482,147	434,032	916,179
Segment result	(26,892)	46,118	19,226	(54,660)	57,463	2,803
Segment liabilities :						
Technical provisions	588,630	361,920	950,550	616,786	360,099	976,885

(b) Secondary reporting format - geographical segments

The Group's main geographical segments of Short-Term business are Kenya, other East African countries and other countries. Kenya is the home country of the parent company. The Company accepted reinsurance business from its associates operating in East Africa and other countries. The Group has investments in these geographical segments.

The Group conducts its Long-Term business in Kenya only. The information on Long-Term business is disclosed in the Long-Term business revenue account. The Long-Term business assets are disclosed separately in the balance sheet.

The following is the geographical segment information relating to the Short-Term business and Shareholders funds.

	Gross premium		Investment income		Total assets	
	2001 Shs'000	2000 Shs'000	2001 Shs'000	2000 Shs'000	2001 Shs'000	2000 Shs'000
Kenya	501,916	488,304	78,999	94,736	2,051,647	1,759,903
Other E A countries	257,157	325,455	8,528	26,105	737,419	758,925
Other countries	87,911	102,420	20,467	14,622	249,935	307,697
Total	846,984	916,179	107,994	135,463	3,039,001	2,826,525

2. GROUP PROFIT BEFORE TAXATION AND INCREASE IN LONG-TERM BUSINESS FUNDS

The Group profit before taxation and the increase in Long-Term business funds are arrived at after charging/(crediting):	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Depreciation	7,215	7,505	14,720	13,949
Exchange (gain)/loss	(3,545)	715	(2,830)	(2,727)
Auditors' remuneration including VAT (Company: 2001: Shs 3,448,000 2000: Shs 3,245,000)	2,397	1,275	3,672	3,675
Staff costs (note 4)	103,098	88,513	191,611	202,764

3. INVESTMENT INCOME

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Mortgage loan interest	-	38,247	38,247	37,009
Bank deposit interest	5,557	10,472	16,029	31,634
Government securities interest	11,360	126,313	137,673	129,671
Dividend income	24,013	1,852	25,865	19,772
Rental income (net of expenses)	47,063	40,100	87,163	110,690
Net loss on sale of marketable securities and disposal of associate	(454)	-	(454)	-
Fair value gains on investment properties (note 14)	16,094	14,980	31,074	-
Other income	4,361	16,629	20,990	26,471
Total	107,994	248,593	356,587	355,247

4. STAFF COSTS

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Wages and salaries	91,994	78,840	170,834	174,056
Pension costs – defined contribution plans	3,792	2,684	6,476	6,062
Other benefits	7,312	6,989	14,301	22,646
	103,098	88,513	191,611	202,764
Termination benefits (included under restructuring costs)	-	-	-	15,606
Total	103,098	88,513	191,611	218,370

The number of persons employed by the Group at year end: 201 (2000: 221).

5. TAX

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Group				
Current tax	23,625	5,400	29,025	31,246
Deferred tax (note 23)	9,529	-	9,529	(6,112)
Share of tax of associates	9,703	2,264	11,967	16,386
Total	42,857	7,664	50,521	41,520

5. TAX (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	2001 Shs'000	2000 Shs'000
Profit before tax	[illegible]	117,281
Tax calculated at 30% (2000: 30%)	[illegible]	35,184
Effect of:		
Income not subject to tax	[illegible]	(10,145)
Expenses not deductible for tax purposes	[illegible]	4,958
Others	[illegible]	11,523
Tax charge	[illegible]	41,520

The company's tax is based on Income Tax provisions applicable to composite insurance companies. As the transfer of the surplus from the Long-Term business to the profit and loss account in 2001 gave rise to a higher charge, the additional attributable tax in respect of the transfer was charged to the Long-Term business. The transfer together with the attributable tax were within the permitted levels for transfer of surplus from Long-Term business.

6. ACTUARIAL VALUATION AND TRANSFER FROM LONG-TERM BUSINESS

An actuarial investigation of the Long-Term business was carried out by the company's actuary as at 31st December 2001. On the actuary's recommendation, a transfer of Shs 18 million (2000: nil) has been made from the Long-Term business surplus to the profit and loss account, net of attributable tax of Shs 5.4 million.

7. SHARE CAPITAL

	Number of shares		Share capital	
Ordinary shares of Shs 5 each	2001 '000	2000 '000	2001 Shs '000	2000 Shs '000
Authorised	40,000	40,000	200,000	200,000
Issued and fully paid				
Balance at start and end of year	36,000	36,000	180,000	180,000

8. RESERVES

(a) Group

	2001 Shs'000	2000 Shs'000
Revaluation reserves		
At start of year	929,094	1,153,005
- adoption of IAS 39 (note 16)	160,542	-
- transferred to retained earnings on adoption of IAS 40	(917,421)	-
- restatement of associate results (note 11(d))	-	(20,717)
As restated	172,215	1,132,288
Surplus on revaluation of investment properties	-	10,742
Fair value losses on marketable securities (note 15)	(80,255)	(124,460)
Fair value gains on unquoted shares (note 16)	13,699	-
Release of revaluation reserve on sale of marketable securities (note15)	(14,150)	-
Deferred tax on revaluation (note 23)	5,806	(12,520)
Share of reserves from associates	11,510	(76,956)
At end of year	108,825	929,094

The revaluation reserves are non-distributable.

8. RESERVES (CONTINUED)

	2001 Shs'000	2000 Shs'000
Translation reserves		
At start of year	31,227	33,806
- restatement of associate results (note 11(d))	-	97
As restated	31,227	33,903
Translation loss on Mauritius investments	(8,224)	(3,490)
Translation reserves of subsidiary	(1)	60
Share of reserves of associates	(8,192)	754
At end of year	14,810	31,227
Retained earnings-realised		
At start of year	371,463	387,486
- restatement of associate results (note 11(d))	-	(31,125)
As restated	371,463	356,361
Net profit	101,582	78,102
Fair value gains on investment properties (IAS 40)	(16,094)	-
Deferred tax on fair value gains	8,128	-
Paid and proposed dividend	(63,000)	(63,000)
At end of year	402,079	371,463
Retained earnings-investment properties		
At start of year	-	-
- transferred from revaluation reserves on adoption of IAS 40	917,421	-
As restated	917,421	-
Fair value gains on investment properties	16,094	-
Deferred tax on fair value gains	(8,128)	-
At end of year	925,387	-

The Group adopted IAS 40 - Investment Properties effective 1st January 2001.The Fair value gains/(losses) are credited/(charged) through the profit and loss account. This reserve has been set up as a separate fund because the Commissioner of Insurance has placed restrictions on its distribution.

	2001 Shs'000	2000 Shs'000
General reserves		
Balance at start and end of year	70,000	70,000

The reserve was an appropriation of the retained earnings in 1992, and is therefore distributable.

	2001 Shs'000	2000 Shs'000
(b) Company		
Revaluation reserves		
At start of year	791,726	917,964
- adoption of IAS 39 (note 16)	160,542	-
- transferred to retained earnings on adoption of IAS 40	(786,035)	-
As restated	166,233	917,964
Surplus on revaluation of investment properties	-	10,742
Fair value losses on marketable securities (note 15)	(80,255)	(124,460)
Fair value gains on unquoted shares (note 16)	13,699	-
Release of revaluation reserve on sale of marketable securities (note 15)	(14,150)	-
Deferred tax on revaluation (note 23)	5,806	(12,520)
At end of year	91,333	791,726

The revaluation reserves are non-distributable.

8. RESERVES (CONTINUED)

	2001 Shs'000	2000 Shs'000
Translation reserves		
At start of year	30,670	34,160
Translation loss on Mauritius investments	[illegible]	(3,490)
At end of year	[illegible]	30,670
Retained earnings-realised		
At 1st January	[illegible]	231,456
Net profit	[illegible]	75,460
Fair value gains on investment properties (IAS 40)	[illegible]	-
Deferred tax on fair value gains	[illegible]	-
Paid and proposed dividend	[illegible]	(63,000)
At end of year	[illegible]	243,916
Retained earnings-investment properties		
At start of year		-
- transferred from revaluation reserves on adoption of IAS 40	[illegible]	-
As restated	[illegible]	-
Fair value gains on investment properties	[illegible]	-
Deferred tax on fair value gains	[illegible]	-
At end of year	[illegible]	-

The Company adopted IAS 40 - Investment Properties effective 1st January 2001. The Fair value gains/(losses) are credited/(charged) through the profit and loss account. This reserve has been set up as a separate fund because the Commissioner of Insurance has placed restrictions on its distribution.

	2001 Shs'000	2000 Shs'000
General reserves		
Balance at start and end of year	70,000	70,000

The reserve was an appropriation of the retained earnings in 1992, and is therefore distributable.

9. LONG-TERM BUSINESS FUNDS

The Long-Term business fund is split as follows:

	2001 Shs'000	2000 Shs'000
(a) Group		
Ordinary Life	997,869	950,380
Retirement Benefits Fund	1,240,154	879,863
Other Superannuation	254,634	207,981
Total	2,492,657	2,038,224
(b) Company		
Ordinary Life	911,806	867,779
Retirement Benefits Fund	1,240,154	879,863
Other Superannuation	254,634	207,981
Total	2,406,594	1,955,623

The difference in the Long-Term business funds between the Group and the Company is attributed to the accounting treatment for investments in associates. In the Group, the investments in associates are accounted for using the equity method while in the Company such investments are recorded at cost.

Other superannuation includes Group Life and immediate annuity business.

10. MINORITY INTEREST

	2001 Shs'000	2000 Shs'000
At start of year	35,109	42,986
Restatement of associate results (note 11(d))	(10,900)	(640)
As restated	24,209	42,346
Share of net profit of subsidiaries	235	177
Share of reserves of associates	-	(7,414)
Share of Jubilee Insurance (Mauritius) Ltd assets	30,580	-
At end of year	55,024	35,109

11. INVESTMENTS IN ASSOCIATED COMPANIES

(a) Group

Group's share of net assets in:	2001 Shs'000	2000 Shs'000	2001 % Equity Held	2000 % Equity Held
Kenya				
Industrial Promotion Building Limited	462,465	456,646	37.10	37.10
Kenya Litho Limited	37,342	40,944	25.58	25.58
ComTech Systems Limited	-	573	-	29.17
IPS Power Investment Limited	118,956	118,956	27.00	27.00
	618,763	617,119		
Outside Kenya				
The Jubilee Insurance Company of Uganda Limited	27,514	26,181	45.00	35.00
Jubilee Insurance (Mauritius) Ltd	-	30,307	-	49.50
The Jubilee Insurance Company of Tanzania Limited	49,806	43,570	32.92	32.54
	77,320	100,058		
Total	696,083	717,177		

Company

Investment at cost in:	2001 Shs'000	2000 Shs'000	2001 % Equity Held	2000 % Equity Held
In Kenya				
Industrial Promotion Building Limited	97,900	97,900	27.75	27.75
Kenya Litho Limited	25,362	25,362	25.58	25.58
ComTech Systems Limited	-	3,500	-	29.17
IPS Power Investment Limited	118,956	118,956	27.00	27.00
	242,218	245,718		
Outside Kenya				
The Jubilee Insurance Company of Uganda Limited	8,766	-	10.00	-
Jubilee Insurance (Mauritius) Ltd	-	39,306	-	46.00
The Jubilee Insurance Company of Tanzania Limited	34,155	34,155	30.00	30.00
	42,921	73,461		
Total	285,139	319,179		

Jubilee Insurance (Mauritius) Ltd was an associate up to 31st December, 2001 when it became a subsidiary upon acquisition of additional shares.

(b) The Long-Term business holds the following investments in associates:

Group Share of net assets in:	2001 Shs'000	2000 Shs'000
Industrial Promotion Building Limited	119,253	115,791
IPS Power Investment Limited	118,956	100,000
Total	238,209	215,791

11. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Company	**2001 Shs'000**	**2000 Shs'000**
Investment at cost in:		
Industrial Promotion Building Limited	33,190	33,190
IPS Power Investment Limited	118,956	100,000
Total	152,146	133,190

Industrial Promotion Building Limited conducts property investment, development and management. Kenya Litho Limited is a leading printer of packaging lines. IPS Power Investment Limited is an investment vehicle company which invested in the equity of Tsavo Power Company Limited. ComTech Systems Limited was disposed of during the year.

(c) The investments in associated undertakings are accounted for on the equity method in the consolidated financial statements.

Group	**Short-Term Business Shs'000**	**Long-Term Business Shs'000**	**2001 Total Shs'000**	**2000 Total Shs'000**
Movement of net assets during the year:				
At start of year	501,386	215,791	717,177	757,544
- restatement of associates's results (note 11(d))	(10,900)	-	(10,900)	(51,466)
As restated	490,486	215,791	706,277	706,078
Additions	-	18,956	18,956	119,182
Disposals	(12,393)	-	(12,393)	-
Share of result before tax	25,966	7,580	33,546	29,265
Share of tax (note 5)	(9,703)	(2,264)	(11,967)	(16,386)
Dividends received	(6,445)	(1,854)	(8,299)	(8,952)
Share of revaluation and translation reserves	3,317	-	3,317	(112,010)
Transfer of net assets due to Jubilee Insurance (Mauritius) Ltd change to a subsidiary	(33,354)	-	(33,354)	-
At end of year	457,874	238,209	696,083	717,177

(d) Restatement of associates' results

The restatement of associates' results for 2000 arises from the use of unaudited accounts for consolidation of associates in prior years. This restatement brings the balances in line with the audited accounts of the associates for the prior years. The restatement of associates' results for 2001 arises from the elimination of minority interest of prior years.

(e) Reinsurance business with associates

Premium

The company accepted the following quota share reinsurance premium from the associate insurance companies in the year:	**2001 Shs'000**	**2000 Shs'000**
The Jubilee Insurance Company of Uganda Limited	100,520	112,220
Jubilee Insurance (Mauritius) Ltd	84,506	99,911
The Jubilee Insurance Company of Tanzania Limited	156,637	213,235
Total	341,663	425,366

Incurred Claims

The company incurred the following claims arising out of the quota share arrangements with the associates in the year:	**2001 Shs'000**	**2000 Shs'000**
The Jubilee Insurance Company of Uganda Limited	46,213	48,103
Jubilee Insurance (Mauritius) Ltd	47,302	60,175
The Jubilee Insurance Company of Tanzania Limited	99,837	78,325
Total	193,352	186,603

11. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Balances

The following were the outstanding balances on the quota share reinsurance arrangements as at 31st December. The debit balances are included under Premium and other receivables while the credit balance is included under Trade and other payables.

	2001 Shs'000	2000 Shs'000
The Jubilee Insurance Company of Uganda Limited	22,698	22,625
Jubilee Insurance (Mauritius) Ltd	7,339	21,999
The Jubilee Insurance Company of Tanzania Limited	(10,056)	26,856
Total	19,981	71,480

12. INVESTMENT IN SUBSIDIARIES

	Country of incorporation	2001 Shs'000	2000 Shs'000	2001 % Equity Held	2000 % Equity Held
Shares at cost:					
The Jubilee Investments Company Limited	Uganda	14,278	14,278	75.00	75.00
Jubilee Financial Services Limited	Kenya	10,000	-	100.00	-
Jubilee Insurance (Mauritius) Ltd	Mauritius	40,604	-	51.30	-
Total		64,882	14,278		

Jubilee Financial Services Limited was incorporated on 26th July, 2001 to undertake fund management and is registered under the Retirement Benefits Act. Jubilee Insurance (Mauritius) Ltd was an associate until 31st December, 2001 when the Group acquired additional shares making it a subsidiary.

13. PROPERTY AND EQUIPMENT

(a) Group	Computer Equipment Shs'000	Motor Vehicles Shs'000	Furniture, Fixtures, Fittings & Office Equipment Shs'000	Total Shs'000
Cost				
At start of year	61,903	19,473	38,856	120,232
Additions	8,172	908	3,577	12,657
Exchange adjustment	12	-	14	26
Disposals	(2)	(2,844)	(147)	(2,993)
At end of year	70,085	17,537	42,300	129,922
Depreciation				
At start of year	47,606	13,329	30,591	91,526
Charge for the year	9,494	2,134	3,092	14,720
Exchange adjustment	10	-	7	17
On disposals	-	(2,022)	(84)	(2,106)
At end of year	57,110	13,441	33,606	104,157
Net book value				
At 31st December, 2001	12,975	4,096	8,694	25,765
At 31st December, 2000	14,297	6,144	8,265	28,706

13. PROPERTY AND EQUIPMENT (CONTINUED)

(b) Company	Computer Equipment Shs'000	Motor Vehicles Shs'000	Furniture, Fixtures, Fittings & Office Equipment Shs'000	Total Shs'000
Cost				
At start of year	61,419	19,474	38,488	119,381
Additions	7,541	534	2,354	10,429
Disposals	-	(2,844)	(56)	(2,900)
At end of year	68,960	17,164	40,786	126,910
Depreciation				
At start of year	47,242	13,329	30,463	91,034
Charge for the year	9,369	2,134	3,046	14,549
On disposals	-	(2,022)	(54)	(2,076)
At end of year	56,611	13,441	33,455	103,507
Net book value				
At 31st December, 2001	12,349	3,723	7,331	23,403
At 31st December, 2000	14,177	6,145	8,025	28,347

(c) Company

No depreciation has been charged in arriving at the results for the year in respect of certain property and equipment which originally cost Shs 59,872,246 (2000: Shs 52,045,960) and are still in use but fully depreciated. If depreciation had been charged during the year on the cost of these assets at normal rates it would have amounted to Shs 13,311,590 (2000: Shs11,716,726).

14. INVESTMENT PROPERTIES

The valuation of freehold and leasehold properties as at 1st January, 2001 and 31st December, 2001 was carried out by M/s Mohamed A Samji, Consultant Surveyors and Valuers, on an open market basis. Investment properties include properties situated outside Kenya valued at Shs 667,314,000 (2000:Shs. 577,179,750), included under Short-Term business.

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
(a) Group				
At start of year	1,212,694	546,020	1,758,714	1,631,286
Exchange difference	221	-	221	(714)
Additions	63,040	-	63,040	112,880
Fair value gains (note 3)	16,094	14,980	31,074	15,262
At end of year	1,292,049	561,000	1,853,049	1,758,714
(b) Company				
At start of year	1,205,180	546,020	1,751,200	1,623,058
Additions	63,040	-	63,040	112,880
Fair value gains (note 3)	16,094	14,980	31,074	15,262
At end of year	1,284,314	561,000	1,845,314	1,751,200

15. MARKETABLE SECURITIES

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
(a) Group				
At start of year	164,142	130,798	294,940	502,937
Transfer of portfolio between Long-Term and Short-Term business	130,798	(130,798)	-	-
Exchange difference	(3,557)	-	(3,557)	(1,480)
Additions	13,250	-	13,250	1,053
Disposals	(1,505)	-	(1,505)	(368)
Fair value losses on marketable securities (note 8(a))	(80,255)	-	(80,255)	(207,202)
Release of revaluation on sale of marketable securities (note 8(a))	(14,150)	-	(14,150)	-
At end of year	208,723	-	208,723	294,940
(b) Company				
At start of year	164,142	130,798	294,940	502,937
Transfer of portfolio between Long-Term and Short-Term business	130,798	(130,798)	-	-
Exchange difference	(3,557)	-	(3,557)	(1,480)
Additions	-	-	-	1,053
Disposals	(1,505)	-	(1,505)	(368)
Fair value losses on marketable securities (note 8(b))	(80,255)	-	(80,255)	(207,202)
Release of revaluation on sale of marketable securities (note 8(b))	(14,150)	-	(14,150)	-
At end of year	195,473	-	195,473	294,940

The ordinary shares are revalued annually at the close of business on 31st December by reference to the Stock Exchange quoted prices. The market value of the above shares as at 15th April, 2002 was Shs 179,766,323 and Shs 166,516,378 (Group and Company respectively).

16. UNQUOTED ORDINARY SHARES

	2001 Shs'000	2000 Shs'000
(a) Group		
At start of year (at cost)	152,399	153,244
- fair value gain on adoption of IAS 39	160,542	-
As restated	312,941	153,244
Additions	9,272	350
Exchange difference	369	(1,195)
Fair value gains (note 8(a))	13,699	-
At end of year	336,281	152,399
(b) Company		
At start of year (at cost)	139,822	139,472
- fair value gain on adoption of IAS 39	160,542	-
As restated	300,364	139,472
Additions	3,148	350
Fair value gains (note 8(b))	13,699	-
At end of year	317,211	139,822

The Group adopted IAS 39 - Financial Instruments with effect from 1st January, 2001. Unquoted investments were previously carried at cost. On adoption of IAS 39, they are now carried at fair value, with fair value gains/(losses) accounted for via revaluation reserves.

17. MORTGAGE LOANS

	Short-Term Business Shs'000	Long-Term Business Shs'000	[redacted]	2000 Total Shs'000
(a) Group				
At start of year	12,630	201,361	[redacted]	271,392
Transfer of portfolio between Short-Term and Long-Term business	(12,630)	12,630	[redacted]	-
Loans advanced	-	1,800	[redacted]	12,700
Interest and penalties	-	92,327	[redacted]	87,908
Redemptions/repayments	-	(134,630)	[redacted]	(112,775)
Provision for non-performing loans	-	(50,168)	[redacted]	(45,234)
At end of year	-	123,320	[redacted]	213,991
(b) Company				
At start of year	12,630	201,361	[redacted]	264,616
Transfer of portfolio between Short-Term and Long-Term business	(12,630)	12,630	[redacted]	-
Loans advanced	-	1,800	[redacted]	12,700
Interest and penalties	-	92,327	[redacted]	87,908
Redemptions/repayments	-	(134,630)	[redacted]	(105,999)
Provision for non-performing loans	-	(50,168)	[redacted]	(45,234)
At end of year	-	123,320	[redacted]	213,991

Mortgages outstanding at 31st December, 2001 included Shs 68,660 in respect of loans to Directors (note 24).

18. PREMIUM AND OTHER RECEIVABLES

	Short-Term Business Shs'000	Long-Term Business Shs'000	[redacted]	2000 Total Shs'000
(a) Group				
Premium receivable	174,034	-	[redacted]	146,067
Receivable from associates	15,740	-	[redacted]	25,727
Receivable under reinsurance contracts other than associates	113,268	14,818	[redacted]	90,910
Receivable from associates under reinsurance contracts	16,900	5,798	[redacted]	71,480
Other receivables	97,958	58,244	[redacted]	151,485
Total	417,900	78,860	[redacted]	485,669
(b) Company				
Premium receivable	99,855	-	[redacted]	146,067
Receivable from associates	15,740	-	[redacted]	25,727
Receivable from subsidiaries	47,976	-	[redacted]	49,065
Receivable under reinsurance contracts other than associates	113,268	14,818	[redacted]	90,910
Receivable from associates under reinsurance contracts	24,239	5,798	[redacted]	71,480
Other receivables	73,919	58,244	[redacted]	145,031
Total	374,997	78,860	[redacted]	528,280

19. GOVERNMENT SECURITIES

	Short-Term Business Shs'000	Long-Term Business Shs'000	[redacted]	2000 Total Shs'000
(a) Group				
Kenya:				
Treasury bills maturing within 91 days of the date of acquisition	137,442	922,118	[redacted]	765,518
Treasury bonds maturing after 91 days of the date of acquisition	3,000	412,900	[redacted]	220,000
Mauritius:				
Government securities	17,646	-	[redacted]	11,222
Total	158,088	1,335,018	[redacted]	996,740

19. GOVERNMENT SECURITIES (CONTINUED)

(b) Company	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
Kenya:				
Treasury bills maturing within 91 days of the date of acquisition	137,442	922,118	1,059,560	765,518
Treasury bonds maturing after 91 days of the date of acquisition	-	412,900	412,900	220,000
Mauritius:				
Government securities	7,252	-	7,252	11,222
Total	144,694	1,335,018	1,479,712	996,740

20. CASH AND CASH EQUIVALENTS

For purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2001 Shs'000	2000 Shs'000
Cash and bank balances	28,409	61,559
Short term deposits with banks	121,263	132,438
Bank overdraft	(837)	(12,674)
Treasury bills maturing within 91 days of the date of acquisition	137,442	146,234
Total	286,277	327,557

21. TRADE AND OTHER PAYABLES

	Short-Term Business Shs'000	Long-Term Business Shs'000	2001 Total Shs'000	2000 Total Shs'000
(a) Group				
Due to reinsurers	41,259	5,574	46,833	22,688
Other payables	115,223	43,135	158,358	104,028
Due to agents/insurers	12,732	2,716	15,448	13,182
Total	169,214	51,425	220,639	139,898
(b) Company				
Due to reinsurers	41,259	5,574	46,833	22,688
Other payables	56,807	43,135	99,942	99,023
Due to agents/insurers	12,732	2,716	15,448	13,182
Total	110,798	51,425	162,223	134,893

22. PROVISION FOR LIABILITIES AND CHARGES

	Leave Provisions Shs'000	Restructuring Costs Shs'000	2001 Total Shs'000	2000 Total Shs'000
Group and Company				
At start of year	22,355	23,036	45,391	60,156
Additional provisions charged in current year accounts:				
- attributable to Short-Term business	1,334	-	1,334	12,575
- attributable to Long-Term business	1,334	-	1,334	18,830
Utilised during the year:				
- attributable to Short-Term business	-	(4,296)	(4,296)	(16,819)
- attributable to Long-Term business	-	(14,636)	(14,636)	(29,351)
At end of year	25,023	4,104	29,127	45,391

23. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2000: 30%). The movement in the deferred tax account is as follows:

(a) Group

	[redacted]	2000 Shs'000
At start of year		16,113
Income statement charge/(credit) (note 5)		(6,112)
Exchange adjustment		-
Tax effect on revaluations (note 8(a))		12,520
At end of year		22,521

Deferred tax assets and liabilities, deferred tax charge/(credit) in the profit and loss account, and deferred tax charge/(credit) in equity is attributable to the following items:

	1.1.2001 Shs'000	Charged/ (Credited) to P/L Shs'000	Exchange adjustment Shs'000	Charged/ (Credited) to Equity Shs'000	31.12.2001 Shs'000
Revaluation surplus:					
- Marketable securities	5,806	-	-	(5,806)	-
- Investment properties	30,729	8,128	-	-	38,857
	36,535	8,128	-	(5,806)	38,857
Accelerated depreciation:					
- attributable to Company	(5,921)	144	-	-	(5,777)
- attributable to subsidiaries	(2,390)	(6)	(71)	-	(2,467)
Provisions	(6,711)	1,590	-	-	(5,121)
Other deductible temporary differences	1,008	(327)	-	-	681
	(14,014)	1,401	(71)	-	(12,684)
Net deferred tax liability	22,521	9,529	(71)	(5,806)	26,173

(b) Company

	2001 Shs'000	2000 Shs'000
At start of year	24,911	15,766
Income statement charge/(credit)	9,535	(3,375)
Tax effect on revaluations (note 8(b))	(5,806)	12,520
At end of year	28,640	24,911

Deferred tax assets and liabilities, deferred tax charge/(credit) in the profit and loss account, and deferred tax charge/(credit) in equity is attributable to the following items:

	1.1.2001 Shs'000	Charged/ (Credited) to P/L Shs'000	Charged/ (Credited) to Equity Shs'000	31.12.2001 Shs'000
Revaluation surplus:				
- Marketable securities	5,806	-	(5,806)	-
- Investment properties	30,729	8,128	-	38,857
	36,535	8,128	(5,806)	38,857
Accelerated depreciation	(5,921)	144	-	(5,777)
Provisions	(6,711)	1,590	-	(5,121)
Other deductible temporary differences	1,008	(327)	-	681
	(11,624)	1,407	-	(10,217)
Net deferred tax liability	24,911	9,535	(5,806)	28,640

24. LOANS TO DIRECTORS

	2001	2000
Group and Company	**Shs'000**	**Shs'000**
Loans to Directors of the Company and their families are as follows:		
At start of year	2,336	176
Loan advanced during the year	-	2,500
Interest charged	151	550
Repayments	(2,418)	(890)
At end of year	69	2,336

25. DIRECTORS' EMOLUMENTS

	As Directors 2001 Shs'000	As Management 2001 Shs'000	As Directors 2000 Shs'000	As Management 2000 Shs'000
Group				
Emoluments	1,418	33,035	1,523	37,840

26. EARNINGS PER SHARE

Earnings per ordinary share of Shs 5 each are calculated by dividing the net profit attributable to shareholders by 36 million shares.

	2001	2000
Group		
Net profit attributable to Shareholders (Shs '000)	101,582	78,102
Number of ordinary shares in issue ('000)	36,000	36,000
Earnings per share (Shs) - basic and diluted	2.82	2.17

There was no movement in the number of issued shares during the year and therefore no dilution in share capital.

27. WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

The following table summarises the weighted average effective interest rates on the principal financial assets at 31 December:

	2001 %	2000 %
Government securities	12.68	13.20
Bank deposits	11.43	11.42
Mortgage loans	20 to 24	22 to 24.5
Life policy loans	16.00	16.00
Commercial paper	13.64	14.59
Other commercial bonds	13.51	15.68

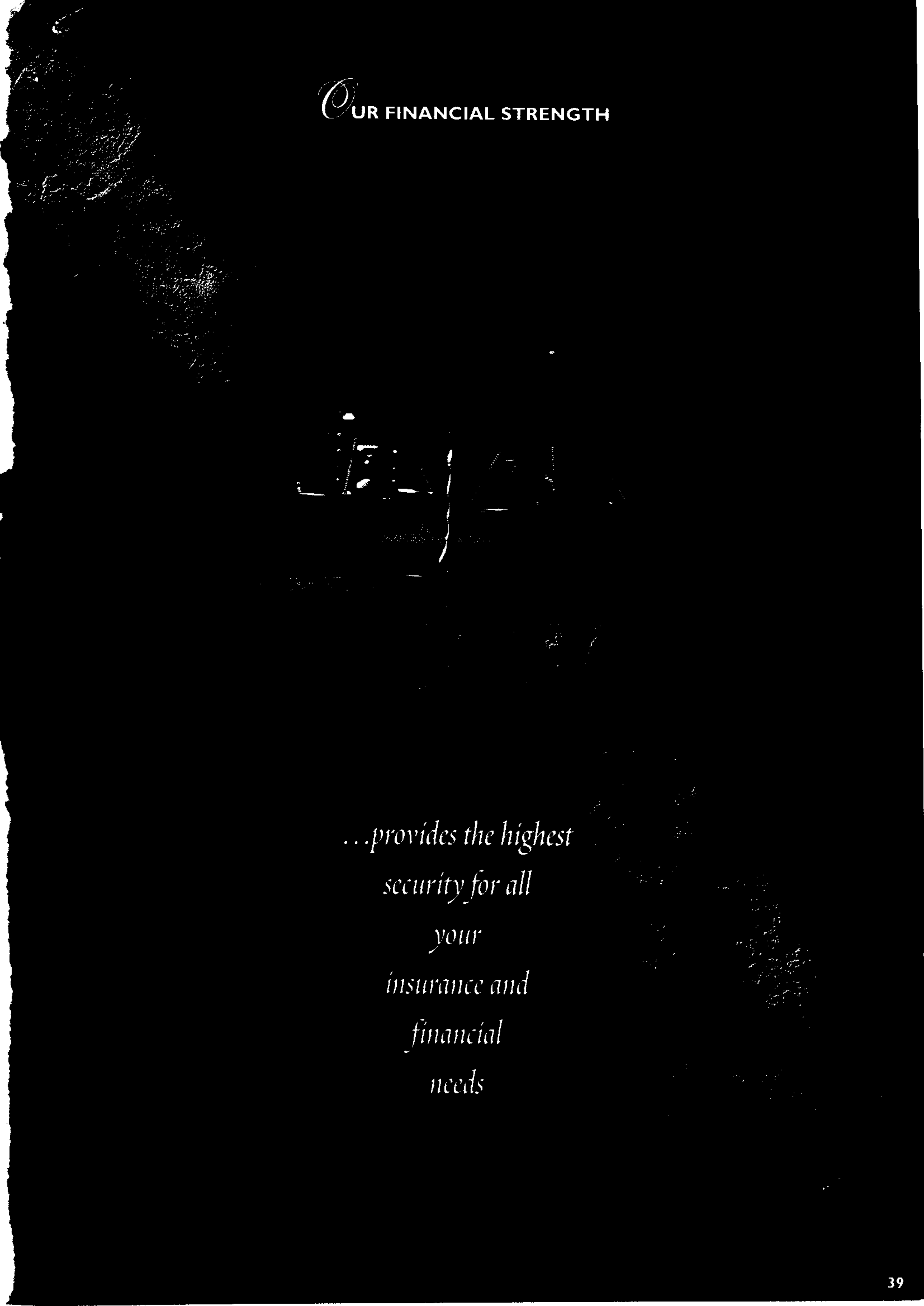
28. DIVIDEND PER SHARE

During the year an interim dividend of Shs 18 million (2000: Shs 18 million) was paid. At the Annual General Meeting to be held on 31st May, 2002, a final dividend of Shs 45 million (2000: Shs 45 million) is to be proposed bringing the total dividend to Shs 63 million for the year 2001 (2000: Shs 63 million) which is Shs 1.75 per share (2000: Shs 1.75 per share).

29. CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2001 Shs'000	2000 Shs'000
Group and Company		
Refurbishment of IPS Building, Kampala	7,068	8,151
Purchase of two lifts for IPS Building, Kampala	-	13,298
Total	7,068	21,449



OUR FINANCIAL STRENGTH

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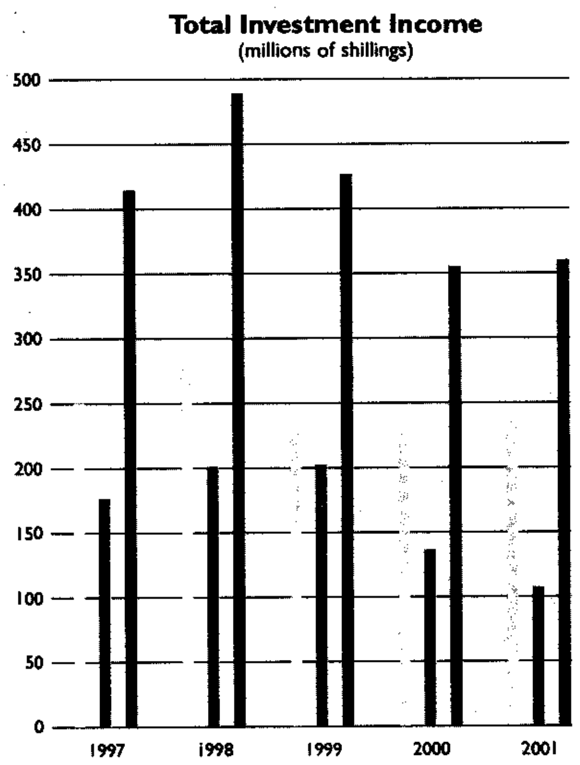
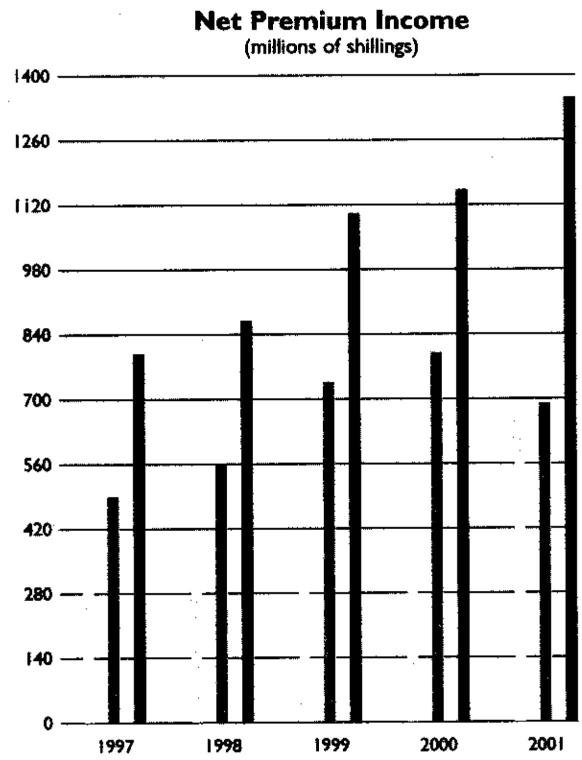
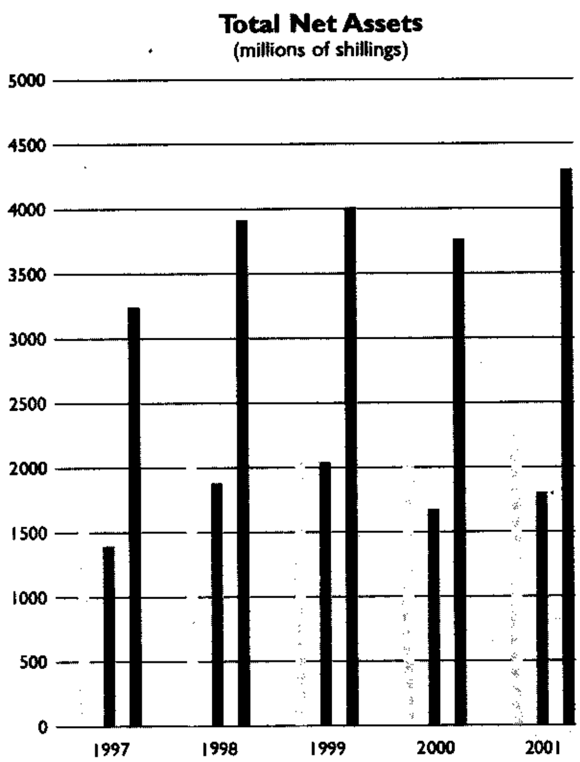
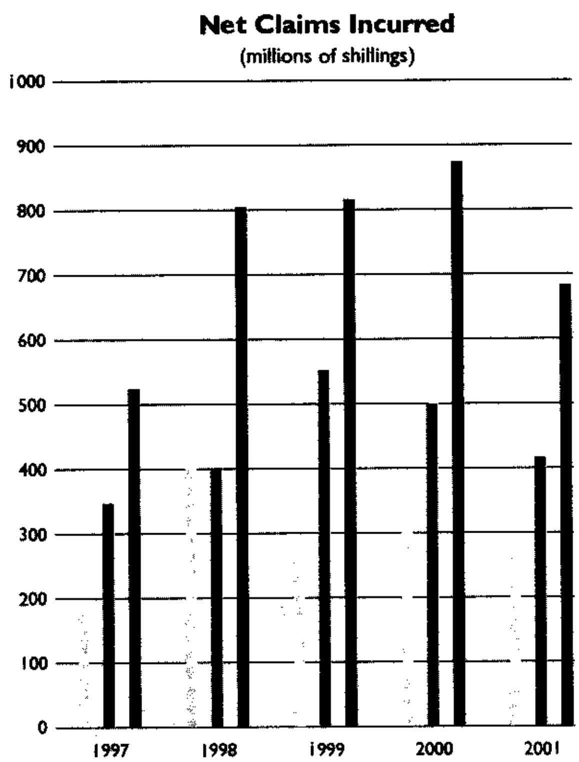
GROUP FINANCIAL HIGHLIGHTS









Long-term ● Short-Term ● Total

GROUP REVIEW - TEN YEARS

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
	Kenya Shillings Million									
Shareholders' Funds	1,746	1,787	1,809	1,804	1,374	1,189	1,141	951	764	525
Share Capital	180	180	180	180	150	150	125	125	100	100
Long-Term Business Funds	2,493	2,038	2,117	2,043	1,839	1,461	1,225	1,029	633	473
Total Assets	5,706	5,233	5,308	5,020	4,390	3,523	3,123	2,693	1,980	1,361
Total Investment Income	357	355	418	492	415	302	226	195	160	109
Pre-Tax Profit (including transfer from Long-Term business account)	145	117	139	206	192	163	126	110	84	49
After-Tax Profit	102	78	98	148	141	101	86	69	65	39
Dividends to Shareholders	63	63	63	63	53	53**	44	44	35	35
Dividend Cover Ratio	1.62	1.24	1.56	2.28	2.56	1.57	1.86	1.49	1.78	1.12
Bonus Issue	-	-	-	1:5	-	1:5	-	1:4	-	1:3
* Earnings per Share (Shs) (par value Shs 5)	2.82	2.17	2.62	4.00	3.73	2.62	2.26	1.81	1.72	1.08

* Earnings per share has been calculated on 36 million shares for all the years.

** Does not include the special additional dividend of Shs 7.5 million in commemoration of the Company's 60th anniversary.