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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	1,181,311,816

Registered Office

Jubilee Insurance House
Wabera Street
P.O. Box: 30376
Telephone: 340343 & 229931
Telefax: 216882
E-mail: jic@jubileekenya.com
Nairobi, Kenya

Subsidiary

The Jubilee Investments Company
Limited, Uganda (75%)

Branches

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

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

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
Bank of Baroda (Uganda) Limited
Barclays Bank PLC, Mauritius
Standard Chartered Bank Tanzania Limited

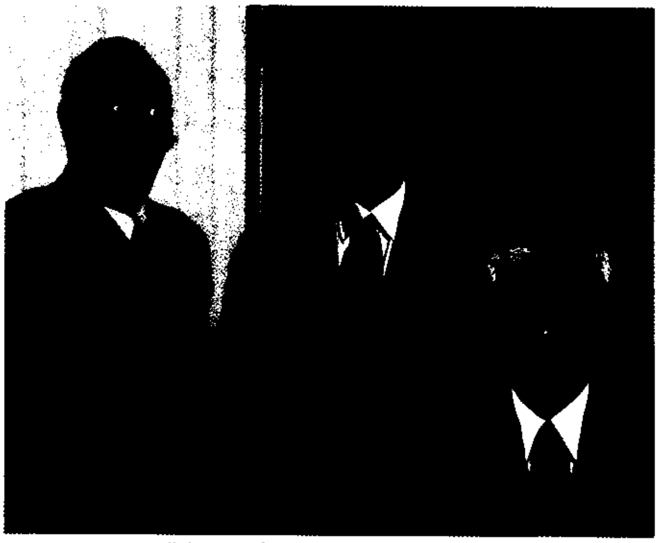
Board of Directors


Mr Joseph M Mugwe (left), Mr Zulfikar K Mohamed (centre) and Mr Augustine J Hatch


Mr Salim A Talib (left) and Mr Amin M Datoo


Mr Iain D Cheyne


Mr John P Munge


Mr Tom D Owuor (left), Mr Abdul I Paroo (centre) and Mr Sultan K Khimji

■■■ Augustine J Hatch *
CHAIRMAN

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

Iain D Cheyne ***
(APPOINTED 16/12/00)

Amin M Datoo
TECHNICAL DIRECTOR

Shiraz F Janmohamed **
(RESIGNED 13/11/00)

■■ Sultan K Khimji

■ Joseph M Mugwe

■■ John P Munge

■■ Tom D Owuor

■ Abdul I Paroo **
FINANCE DIRECTOR

■■ Salim A Talib

Brian V Wilson *
(RESIGNED 16/12/00)

* Irish ** Canadian ***British

■ Finance Committee
■ Strategy Review Committee
■ Audit Committee
■ Senior Management Remuneration Committee

OVER 60 YEARS OF SERVING

THE REGIONAL INSURANCE

NEEDS

FINANCIAL STRENGTH

Notice of the 63rd Annual General Meeting

Notice is hereby given that the Sixty Third Annual General Meeting of the Shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Thursday, 7th June, 2001 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, 2000, 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 11th October, 2000 and approve the payment of a final dividend of 25% on the issued and paid-up capital of the Company on or about 9th July, 2001 to the Shareholders registered as at 25th June, 2001.

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

Mr John P Munge
Mr Tom D Owuor

Mr Iain D Cheyne retires under Article 90 of the Company's Articles of Association and, being eligible,offers himself for re-election.

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.

By order of the Board
Chunga Associates
Company Secretary
Nairobi, Kenya
9th April, 2001

Top Life agent, Petronella Mwikali receives a cash prize in addition to the "Chairman's" cup from the Chairman Mr Augustine J Hatch. Looking on is Mr Nyaga Ngari, Executive manager-Life Marketing.

Dear Shareholders,

The recessionary conditions in the country in 2000 continued to bite harder at every sector of the economy, made worse by the power and water rationing. It was another challenging year for the insurance industry, including your Company. Demands for higher wages, massive retrenchments and large-scale unemployment, a claims environment fraught with moral hazards, an uncertain investment climate as well as degradation of underwriting standards due to shrinkage in the economy, all contributed to what is generally acknowledged as a very difficult year. Against this backdrop your Company once again recorded a solid overall performance.

FINANCIAL PERFORMANCE

The consolidated profit before taxation was Shs117.3 million (1999: Shs 138.9 million) after providing Shs 16.3 million (1999: Shs 4.8 million) for bad and doubtful debts. The overall result was also adversely affected by reduced investment income due to the difficult economic environment, the resultant poor performance of quoted investments and lower occupancies on buildings. The after tax profit therefore reduced by 17% compared to the previous year.

Your Board of Directors has recommended declaration of a final dividend of 25% thereby continuing the total dividend of 35% despite the lower results for the year. This reflects the financial strength of your Company and our confidence in its future.

GENERAL INSURANCE

Despite our focus on, and commitment to, a disciplined approach to underwriting, the General insurance performance for Kenya has not improved and this is particularly so in Nairobi. Further corrective measures were necessary and have been implemented. These have taken the form of launching new products, building closer relationships with brokers to obtain quality business, improving the technical skills of our underwriters as well as risk management and claims control. The turnaround (Shs 41.6 million) in the underwriting performance as compared to 1999 is wholly attributed to favourable results from our regional companies. Jubilee's strategy to diversify into regional companies has again proved a sound one, in that the adverse impact in one country has been cushioned by more favourable conditions prevailing in others.

LIFE INSURANCE

Gross premium rose marginally to Shs 375.7 million. While there was a 7% increase in Superannuation premium, the Ordinary Life business reduced by 2.4% due partly to more stringent underwriting guidelines as well as the impact of retrenchments and lower disposable incomes.

Mainly as a result of poor performance of the marketable securities on the Nairobi Stock Exchange, the overall Long-Term business Funds diminished marginally from Shs 2,117 million to Shs 2,038 million.

On the positive side, the net interest declared for Deposit Administration business is 12% which for the third year running, is the highest amongst the bluechip insurance companies.

REGIONAL DEVELOPMENTS

The regional Jubilee companies have had mixed successes during 2000. Jubilee Tanzania continues to be a leader in the private insurance sector with marginal increase in market share. Despite the competition it has performed well and declared its maiden dividend.

In Uganda, Jubilee's performance was negatively impacted by increased competition, downturn in the economy as well as the teething problems associated with the change in management. With the uncertainties surrounding the Presidential election out of the way, prospects for Uganda and Jubilee look promising.

Chairman, Mr Augustine J Hatch, accompanied by the Managing Director, Mr Zulfikar K Mohamed, cuts a cake to officially launch new General insurance products in Kenya.

Despite the restricted market in Mauritius, Jubilee recorded an overall profit for the first time since inception three years ago.

MANAGEMENT AND BOARD

I am very pleased to inform you that effective October 2000, Mr Zulfikar K Mohamed, who came on board as Managing Director (Life) in September 1998, assumed the overall responsibility of the Jubilee Group as Managing Director and Chief Executive Officer on the departure of Mr Shiraz F Janmohamed, Managing Director (General). I congratulate Mr Mohamed and wish him every success in his new appointment. At the same time I wish to record the Board's appreciation for the contribution made by Mr Janmohamed both at the Board level and as the executive Director in charge of general business. Mr Dipankar Mahalanobis has been appointed Regional Manager (General Insurance operations), with responsibility for general business in the region.

Mr Brian V Wilson resigned as a Director of the Company in December 2000. My colleagues and I will miss his wise counsel, contribution and commitment to Jubilee. The Board wishes him well in his future endeavours. I am happy, however, to welcome to the Board Mr Iain D Cheyne who, with his vast business experience and financial knowledge, will play an important role in the future development of the Company.

JUBILEE'S FUTURE OUTLOOK

The strategy of the Company is to focus on its core business, on marketing, training and professionalism in all its undertakings. The development of IT systems for its regional operations forms the cornerstone of its overall strategy which, together with the launch of new products as well as the review of its investment portfolio is expected to improve the bottom line in the short to medium term. At the same time, the Company will continue to look at new opportunities for regional expansion. All these initiatives, however, will not have immediate paybacks, particularly during the current uncertain economic environment leading to the next general election in Kenya.

CONCLUSION

I would like to offer my sincere thanks to our valued policyholders, producers, staff as well as my colleagues on the Board for their continued support during the year.

Augustine J Hatch
Chairman
Nairobi, Kenya
9th April, 2001

Mr John G Thuku the Nyeri agency manager receiving an award from the Managing Director Mr Zulfikar K Mohamed for the best agency in a medium sized town.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31st December, 2000 which disclose the state of affairs of the Company and the Group.

Incorporation

The Company is incorporated in 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 78,101,904 (1999: Shs 94,277,156) has been added to retained earnings. During the year an interim dividend of Shs 18 million (1999: Shs 27 million) was paid. The Directors recommend the approval of a final dividend of Shs 45 million (1999: Shs 36 million).

Financial Risk Management Objectives and Policies

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 limited 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)
(Appointed on 16/12/00)

Amin M Datoo (Kenyan)

Shiraz F Janmohamed (Canadian)
(Resigned on 13/11/00)

Sultan K Khimji (Kenyan)

Joseph M Mugwe (Kenyan)

John P Munge (Kenyan)

Tom D Owuor (Kenyan)

Abdul I Paroo (Canadian)

Salim A Talib (Kenyan)

Brian V Wilson (Irish)
(Resigned on 16/12/00)

In accordance with Article 90 of the Company's Articles of Association Mr Iain D Cheyne has retired and, being eligible, offers himself for re-election.

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 John P Munge

Mr Tom D Owuor

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
9th April, 2001

JUBILEE INSURANCE IS BASED IN KENYA

UGANDA, TANZANIA AND MAURITIUS

— A UNIQUE REGIONAL PRESENCE

KENYA . UGANDA . TANZANIA . MAURITIUS

OUR MISSION

"WE AIM TO BE THE PREMIER REGIONAL INSURANCE- BASED FINANCIAL SERVICES COMPANY, PROVIDING ON A PROFITABLE BASIS, SUPERIOR PRODUCTS AND SERVICES"

REGIONAL PRESENCE

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 36. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The balance sheet of the Company on pages 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 which give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the Group. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

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, 2000 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
9th April, 2001

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 Shs'000	1999 Shs'000
INCOME			
Profit/(loss) transferred from Short-Term business revenue account		2,803	(38,756)
Profit transferred from Long-Term business revenue account	5	-	6,000
Investment income		135,463	195,514
Exchange gain		2,043	8,927
Total income		140,309	171,685
OUTGO			
Expenses not charged to other accounts		14,296	11,469
Depreciation		7,127	7,694
Bad debts		16,263	4,769
Total outgo		37,686	23,932
Operating profit		102,623	147,753
Share of result of associates before tax	10(c)	22,658	10,316
Restructuring expenses	21	(8,000)	(19,184)
Group profit before tax	2	117,281	138,885
Tax	4	(39,002)	(41,341)
Net profit		78,279	97,544
Minority interest	9	(177)	(3,267)
Profit attributable to Shareholders		78,102	94,277
Earnings per share (Shs) - basic and diluted	25	2.17	2.62
DIVIDENDS			
Interim - paid in the year	27	18,000	27,000
Proposed final for the year	27	45,000	36,000
		63,000	63,000

The accounting policies on pages 21 to 23 and the notes on pages 24 to 36 form part of these financial statements.

Long-Term Business Revenue Account

FOR THE YEAR ENDED 31ST DECEMBER 2000

GROUP

Class of Insurance Business	**Notes**	**Ordinary Life Shs'000**	**Super-annuation Shs'000**	**2000 Total Shs'000**	**1999 Total Shs'000**
Net premium written		169,607	184,315	353,922	366,307
Policyowners' benefits:					
Claims incurred		86,532	54,470	141,002	95,720
Surrenders and annuities paid (including surrender of bonus)		18,463	208,543	227,006	168,227
		104,995	263,013	368,008	263,947
Commissions (net)		26,914	2,068	28,982	35,011
Expenses of management		98,521	35,981	134,502	120,873
Restructuring expenses	21	15,810	2,514	18,324	38,045
Total expenses		141,245	40,563	181,808	193,929
Net investment income		83,965	135,819	219,784	222,477
Increase in funds	2	7,332	16,558	23,890	130,908
Share of result of associates before tax	10(c)	6,607	-	6,607	8,516
Share of revaluation reserves of associates	10(c)	(28,363)	-	(28,363)	208
Revaluation deficit on marketable securities	14	(43,004)	(39,738)	(82,742)	(53,115)
Revaluation surplus / (deficit) on investment properties	13	220	4,300	4,520	(11,554)
Reversal of prior year excess tax provisions		-	-	-	9,683
Transfer to profit and loss account	5	-	-	-	(6,000)
Tax arising on the transfer	4	-	-	-	(1,950)
Share of tax of associates	4	(2,518)	-	(2,518)	(2,811)
Movement in funds		(59,726)	(18,880)	(78,606)	73,885
Funds at the beginning of the year - as previously stated		970,328	1,146,502	2,116,830	2,042,945
Reclassification of investment in associates	8(b)	39,778	(39,778)	-	-
Funds at the beginning of the year - as restated		1,010,106	1,106,724	2,116,830	2,042,945
Funds at the end of the year		950,380	1,087,844	2,038,224	2,116,830

Short-Term Business Revenue Account

FOR THE YEAR ENDED 31ST DECEMBER 2000

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	2000 Total Shs '000	1999 Total Shs '000
Net premium written	6,087	10,187	100,450	5,073	34,034	365,982	136,457	19,956	24,251	96,654	799,131	784,221
Unearned premium brought forward	2,805	5,302	42,202	1,903	15,409	157,352	20,046	7,114	8,387	42,080	302,600	255,568
Unearned premium carried 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
Net earned premium	7,304	10,868	99,566	4,861	34,819	361,171	139,758	21,367	23,420	94,531	797,665	737,189
Claims paid	1,983	3,875	37,837	1,680	24,859	185,581	118,013	18,944	29,533	56,824	479,129	424,934
Claims outstanding carried 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
Claims outstanding brought forward	1,594	4,192	30,869	23,129	24,901	351,093	35,879	25,108	106,643	53,295	656,703	533,016
Total claims incurred	1,539	3,229	43,530	570	25,378	212,051	119,170	18,904	21,529	49,345	495,245	548,621
Commissions (net)	(282)	1,051	23,517	611	1,845	77,309	5,274	(2,421)	3,612	26,547	137,063	90,832
Expenses of management	470	4,530	15,706	2,256	7,296	71,579	34,482	8,873	10,783	6,579	162,554	136,492
Total expenses	188	5,581	39,223	2,867	9,141	148,888	39,756	6,452	14,395	33,126	299,617	227,324
Balance being underwriting profit/(loss)	5,577	2,058	16,813	1,424	300	232	(19,168)	(3,989)	(12,504)	12,060	2,803	(38,756)

Consolidated Balance Sheet

AS AT 31ST DECEMBER 2000

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS					
Share capital	6	180,000	-	180,000	180,000
Translation reserves	7(a)	31,227	-	31,227	33,903
Revaluation reserves	7(a)	929,094	-	929,094	1,132,288
Retained earnings	7(a)	371,463	-	371,463	356,361
General reserves		70,000	-	70,000	70,000
Proposed dividends	27	45,000	-	45,000	36,000
Shareholders' funds		1,626,784	-	1,626,784	1,808,552
Long-Term business funds	8	-	2,038,224	2,038,224	2,116,830
Minority interest	9	35,109	-	35,109	42,346
Total capital, reserves and Long-Term business funds		1,661,893	2,038,224	3,700,117	3,967,728
ASSETS					
Fixed assets					
Property and equipment	12	14,531	14,175	28,706	35,505
Investments					
Investment properties	13	1,212,694	546,020	1,758,714	1,631,286
Marketable securities	14	164,142	130,798	294,940	502,937
Unquoted ordinary shares	15	152,399	-	152,399	153,244
Investment in associates	10(a)	501,386	215,791	717,177	706,078
Mortgage loans	16	12,630	201,361	213,991	271,392
Other commercial bonds		-	6,250	6,250	8,750
Commercial paper		-	9,686	9,686	19,118
Loans on life insurance policies		-	112,742	112,742	96,822
Government securities	18	157,456	839,284	996,740	1,175,581
Deposits with financial institutions		132,438	82,692	215,130	82,033
Other assets					
Premium and other receivables	17	417,290	68,379	485,669	501,071
Current tax		-	4,632	4,632	19,467
Cash and bank balances		61,559	14,350	75,909	104,402
Total assets		2,826,525	2,246,160	5,072,685	5,307,686

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
LIABILITIES					
Technical provisions					
Unearned premium		304,066	-	304,066	302,600
Outstanding claims		672,819	126,434	799,253	745,518
Other liabilities					
Trade and other payables	20	81,418	58,480	139,898	155,018
Current tax		4,741	-	4,741	-
Dividends		44,024	-	44,024	41,704
Bank overdraft		12,674	-	12,674	18,849
Provision for liabilities and charges	21	22,369	23,022	45,391	60,156
Deferred tax	22	22,521	-	22,521	16,113
Total liabilities		1,164,632	207,936	1,372,568	1,339,958
		1,661,893	2,038,224	3,700,117	3,967,728

The financial statements on pages 11 to 36 were approved by the Board of Directors on 9th April, 2001 and signed on its behalf by:

Abdul I Paroo
Director and Principal Officer

Joseph M Mugwe
Director

Company Balance Sheet

AS AT 31ST DECEMBER 2000

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS					
Share capital	6	180,000	-	180,000	180,000
Translation reserves	7(b)	30,670	-	30,670	34,160
Revaluation reserves	7(b)	791,726	-	791,726	917,964
Retained earnings	7(b)	243,916	-	243,916	231,456
General reserves		70,000	-	70,000	70,000
Proposed dividends	27	45,000	-	45,000	36,000
Shareholders' funds		1,361,312	-	1,361,312	1,469,580
Long-Term business funds	8	-	1,955,623	1,955,623	2,008,101
Total capital, reserves and Long-Term business funds		1,361,312	1,955,623	3,316,935	3,477,681
ASSETS					
Fixed assets					
Property and equipment	12	14,172	14,175	28,347	34,548
Investments					
Investment properties	13	1,205,180	546,020	1,751,200	1,623,058
Marketable securities	14	164,142	130,798	294,940	502,937
Unquoted ordinary shares	15	139,822	-	139,822	139,472
Investment in subsidiary company	11	14,278	-	14,278	14,278
Investment in associates	10(a)	185,989	133,190	319,179	200,223
Mortgage loans	16	12,630	201,361	213,991	264,616
Other commercial bonds		-	6,250	6,250	8,750
Commercial paper		-	9,686	9,686	19,118
Loans on life insurance policies		-	112,742	112,742	96,822
Government securities	18	157,456	839,284	996,740	1,175,581
Deposits with financial institutions		130,227	82,692	212,919	82,033
Other assets					
Premium and other receivables	17	459,901	68,379	528,280	529,763
Current tax		-	4,632	4,632	16,824
Cash and bank balances		45,684	14,350	60,034	99,937
Total assets		2,529,481	2,163,559	4,693,040	4,807,960

LIABILITIES	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Technical provisions					
Unearned premium		304,066	-	304,066	302,600
Outstanding claims		672,819	126,434	799,253	745,518
Other liabilities					
Trade and other payables	20	76,413	58,480	134,893	145,686
Current tax		10,893	-	10,893	-
Dividends		44,024	-	44,024	41,704
Bank overdraft		12,674	-	12,674	18,849
Provision for liabilities and charges	21	22,369	23,022	45,391	60,156
Deferred tax	22	24,911	-	24,911	15,766
Total liabilities		1,168,169	207,936	1,376,105	1,330,279
		1,361,312	1,955,623	3,316,935	3,477,681

The financial statements on pages 11 to 36 were approved by the Board of Directors on 9th April, 2001and 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 2000

Year ended 31st December, 1999	Notes	Share Capital Shs'000	Revaluation Reserves Shs'000	General Reserves Shs'000	Translation Reserves Shs'000	Retained Earnings Shs'000	Proposed Dividends Shs'000	Total Shs'000
At start of year								
As previously stated		180,000	1,199,281	70,000	11,053	343,771	-	1,804,105
- adjustments for effects of changes in the associates' accounts for previous years		-	(4,605)	-	(262)	(18,687)	-	(23,554)
- adoption of IAS 10 (revised)		-	-	-	-	-	36,000	36,000
As restated		180,000	1,194,676	70,000	10,791	325,084	36,000	1,816,551
Revaluation deficit (net)	7(a)	-	(50,824)	-	-	-	-	(50,824)
Translation gain (net)	7(a)	-	-	-	23,112	-	-	23,112
Deferred tax on revaluation	22	-	(11,564)	-	-	-	-	(11,564)
Net profit		-	-	-	-	94,277	-	94,277
Dividend: - Final for 1998		-	-	-	-	-	(36,000)	(36,000)
- Interim for 1999	27	-	-	-	-	(27,000)	-	(27,000)
- Proposed final for 1999	27	-	-	-	-	(36,000)	36,000	-
At end of year		180,000	1,132,288	70,000	33,903	356,361	36,000	1,808,552
Year ended 31st December, 2000								
At start of year								
As previously stated		180,000	1,132,288	70,000	33,903	356,361	-	1,772,552
- adoption of IAS 10 (revised)		-	-	-	-	-	36,000	36,000
As restated		180,000	1,132,288	70,000	33,903	356,361	36,000	1,808,552
Revaluation deficit (net)	7(a)	-	(190,674)	-	-	-	-	(190,674)
Translation loss (net)	7(a)	-	-	-	(2,676)	-	-	(2,676)
Deferred tax on revaluation	22	-	(12,520)	-	-	-	-	(12,520)
Net profit		-	-	-	-	78,102	-	78,102
Dividend: - Final for 1999	27	-	-	-	-	-	(36,000)	(36,000)
- Interim for 2000	27	-	-	-	-	(18,000)	-	(18,000)
- Proposed final for 2000	27	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	929,094	70,000	31,227	371,463	45,000	1,626,784

The accounting policies on pages 21 to 23 and the notes on pages 24 to 36 form part of these financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	Share Capital Shs'000	Revaluation Reserves Shs'000	General Reserves Shs'000	Translation Reserves Shs'000	Retained Earnings Shs'000	Proposed Dividends Shs'000	Total Shs'000
Year ended 31st December, 1999								
At start of year								
As previously stated		180,000	961,352	70,000	17,642	205,741	-	1,434,735
- adoption of IAS 10 (revised)		-	-	-	-	-	36,000	36,000
As restated		180,000	961,352	70,000	17,642	205,741	36,000	1,470,735
Revaluation deficit (net)	7(b)	-	(31,824)	-	-	-	-	(31,824)
Translation gain (net)	7(b)	-	-	-	16,518	-	-	16,518
Deferred tax on revaluation	22	-	(11,564)	-	-	-	-	(11,564)
Net profit		-	-	-	-	88,715	-	88,715
Dividend: - Final for 1998		-	-	-	-	-	(36,000)	(36,000)
- Interim for 1999	27	-	-	-	-	(27,000)	-	(27,000)
- Proposed final for 1999	27	-	-	-	-	(36,000)	36,000	-
At end of year		180,000	917,964	70,000	34,160	231,456	36,000	1,469,580
Year ended 31st December, 2000								
At start of year								
As previously stated		180,000	917,964	70,000	34,160	231,456	-	1,433,580
- adoption of IAS 10 (revised)		-	-	-	-	-	36,000	36,000
As restated		180,000	917,964	70,000	34,160	231,456	36,000	1,469,580
Revaluation deficit (net)	7(b)	-	(113,718)	-	-	-	-	(113,718)
Translation loss (net)	7(b)	-	-	-	(3,490)	-	-	(3,490)
Deferred tax on revaluation	22	-	(12,520)	-	-	-	-	(12,520)
Net profit		-	-	-	-	75,460	-	75,460
Dividend: - Final for 1999	27	-	-	-	-	-	(36,000)	(36,000)
- Interim for 2000	27	-	-	-	-	(18,000)	-	(18,000)
- Proposed final for 2000	27	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	791,726	70,000	30,670	243,916	45,000	1,361,312

The accounting policies on pages 21 to 23 and the notes on pages 24 to 36 form part of these financial statements.

Consolidated Cash Flow Statement

SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 Shs'000	1999 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		117,281	138,885
Adjustments for:			
Depreciation		7,127	7,694
Profit on sale of fixed assets		(1,267)	(4,981)
Profit on sale of marketable securities		-	(18,508)
Change in premium and claims reserves		17,583	170,719
Investment income		(135,463)	(195,514)
Share of result of associates before tax		(22,658)	(10,316)
Operating (loss)/profit before working capital changes		(17,397)	87,979
Decrease/(increase) in premium and other receivables		32,152	(75,950)
(Decrease)/increase in trade and other payables/provision for liabilities and charges		(12,619)	5,740
Cash generated from operations		2,136	17,769
Income tax paid		(12,316)	(43,066)
Net cash outflow from operating activities		(10,180)	(25,297)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment income		135,463	195,514
Dividends received from associates		7,097	4,246
Proceeds from sale of fixed assets		2,554	9,638
Proceeds from sale of marketable securities		-	20,300
Purchase of fixed assets		(4,772)	(11,907)
Additions to investment properties		(112,880)	(45,760)
Purchase of marketable securities		(74,883)	(15,067)
Purchase of unquoted shares		(350)	-
Investment in associates		(19,182)	-
Net mortgage loans redeemed		123,606	34,480
Net redemption of government securities - Mauritius		1,453	2,859
Net cash inflow from investing activities		58,106	194,303
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(51,681)	(57,686)
Dividends paid to minority in subsidiary		-	(1,759)
Net cash outflow from financing activities		(51,681)	(59,445)
Net (decrease)/increase in cash and cash equivalents		(3,755)	109,561
Cash and cash equivalents at start of year	19	333,940	220,356
Exchange (loss)/gain on translation of cash and cash equivalents in foreign enterprises		(2,628)	4,023
Cash and cash equivalents at end of year	19	327,557	333,940

The accounting policies on pages 21 to 23 and the notes on pages 24 to 36 form part of these financial statements.

Accounting Policies

31ST DECEMBER 2000

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.

The financial statements are presented in Kenya Shillings (Shs) and prepared under the historical cost convention, as modified by the revaluation of marketable securities and investment properties.

b) CONSOLIDATION

The Group accounts incorporate the accounts of a subsidiary company 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 subsidiary have been eliminated. The accounting policies for the subsidiary are consistent with the policies adopted by the holding company.

c) INVESTMENTS IN ASSOCIATES

Investments in associated undertakings are accounted for in the consolidated financial statements by the equity method of accounting, based on audited financial statements and at cost in the Company's financial statements. Associates are undertakings in which the Group has between 20% and 50% of voting rights. 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 10.

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 reserves in Shareholders' equity.

e) UNDERWRITING RESULTS

Short-Term insurance business

(i) The Short-Term insurance business underwriting results are determined after taking into account, inter alia, unearned premium, outstanding claims, acquisition costs, expenses of management and, where applicable, portfolio transfers.

(ii) Unearned premium represents the portion of the premium written (net of reinsurance) relating to the unexpired terms of the coverage at the balance sheet date, calculated by the 1/24th method.

(iii) Outstanding claims represent claims arising from incidents occurring up to but not settled by the balance sheet date. Outstanding claims are computed based on 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 commissions 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. 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 in the ratio of premium written (net of reinsurance) in each class of business. 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 Pools' 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 upon receipt of notification. Surrenders and annuities paid 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 commissions received.

(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, cost of printing annual accounts, trade licence and exchange (gain)/loss are not allocated, but charged directly to the profit and loss account.

g) INVESTMENT INCOME

Investment income is reported net of management expenses, and includes interest, net rent receivable for the year, dividends which are accounted for when declared, and profit or loss on disposal of investments.

h) SALE OF INVESTMENTS

(i) Short-Term business

Profits or losses resulting from the sale of investments 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 account relating to such investments.

(ii) Long-Term business

Profits or losses resulting from the sale of investments 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.

i) 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 the expected useful lives as follows:

Motor vehicles	5 years
Computers and office equipment	4 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.

j) INVESTMENTS

Investments in the balance sheet of both Long and Short-Term businesses are stated at the following values:

(i) Investment properties are carried at market value determined annually by independent external valuers.

(ii) Marketable securities are carried at market value. Market value is determined with reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

(iii) Unquoted ordinary shares are treated as long term investments and are carried at the lower of the historical cost and the Directors' valuation. Provisions are made for any long term impairment in value.

(iv) Mortgage loans are carried at redemption values after providing 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.

(v) Other commercial bonds are carried at cost.

(vi) Commercial paper and government securities are carried at cost. Interest income up to 31st December is taken as accrued interest under Premium and other receivables.

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

Unrealised gains arising from the aggregate valuation within each of the seven classes of investments set out above are credited to the revaluation reserve in respect of Short-Term business and the Long-Term funds in respect of Long-Term business. Unrealised losses are charged first against any accumulated unrealised gain for that class of investment and the balance is charged to the profit and loss account for Short-Term business or the Long-Term business revenue account for Long-Term business.

Any surplus over cost which arises as a result of transfer of assets between Short-Term and Long-Term business is taken to the revaluation reserve in case of transfer from Short-Term business and to the relevant Long-Term business funds in case of transfer from Long-Term business. Amounts in the revaluation reserve are released to the profit and loss account when the respective asset is disposed of outside the Company.

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 investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdraft is 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 accrual.

n) PENSION OBLIGATIONS

The Company operates a defined contribution pension plan for its employees. The contributions to the defined contribution pension plan 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 relating to revaluation of investments is taken directly to Shareholders' equity.

p) DIVIDENDS

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 or extended to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted to take into account the requirements of the revised IAS 10, events after the balance sheet date, which the Company has implemented during the year ended 31st December, 2000.

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 Short-Term business revenue account and Long-Term business revenue account respectively, which are part of the financial statements.
The Short-Term business operations are primarily from the following business segments:
a) Direct insurance
b) Reinsurance accepted

Other operations of the Group mainly comprise long term property and other investment activities.

(a) Primary reporting format - business segments

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

	Year ended 31st December 2000			Year ended 31st December 1999		
	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	482,147	434,032	916,179	519,087	400,127	919,214
Segment result	(54,660)	57,463	2,803	(54,320)	15,564	(38,756)
Segment liabilities :						
Technical provisions	616,786	360,099	976,885	620,330	338,973	959,303

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

	Gross premium		Investment income		Total assets	
	2000 Shs'000	1999 Shs'000	2000 Shs'000	1999 Shs'000	2000 Shs'000	1999 Shs'000
Kenya	488,304	524,987	94,736	133,833	1,759,903	2,107,107
Other E A countries	325,455	310,467	26,105	51,243	758,925	685,378
Other countries	102,420	83,760	14,622	10,438	307,697	215,655
Total	916,179	919,214	135,463	195,514	2,826,525	3,008,140

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.

2. Group Profit Before Taxation and Increase in Long-Term Business Funds

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
The Group profit before taxation and the increase in Long-Term business funds are arrived at after charging:				
Depreciation (note 12)	7,127	6,822	13,949	14,967
Exchange gain	(2,043)	(684)	(2,727)	(8,927)
Auditors' remuneration including VAT (Company: Shs 3,245;1999: Shs 2,674)	2,429	1,246	3,675	2,838
Staff costs (note 3)	114,642	88,122	202,764	168,705
and after crediting:				
Mortgage loan interest	7,234	29,775	37,009	45,848
Bank deposit interest	15,134	16,500	31,634	21,460
Government securities interest	16,086	113,585	129,671	119,415
Dividend income	15,793	3,979	19,772	32,763
Rental income (net of expenses)	71,988	38,702	110,690	142,413
Gain on sale of shares	-	-	-	18,508
Other income	9,228	17,243	26,471	37,585

3. Staff Costs

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Wages and salaries	99,376	74,680	174,056	149,555
Pension costs – defined contribution plans	3,760	2,302	6,062	5,336
Other benefits	11,506	11,140	22,646	13,814
	114,642	88,122	202,764	168,705
Termination benefits (included under restructuring costs)	8,000	7,606	15,606	42,882
Total	122,642	95,728	218,370	211,587

The number of persons employed by the Group at year end: 221 (1999: 282)

4. TAX

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
Current tax	31,246	-	31,246	34,396
Deferred tax (note 22)	(6,112)	-	(6,112)	3,864
Group's share of tax from associates	13,868	2,518	16,386	7,842
Total	39,002	2,518	41,520	46,102

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:

	2000 Shs'000	1999 Shs'000
Profit before tax	117,281	138,885
Tax calculated at 30% (1999: 32.5%)	35,184	45,137
Effect of different tax rates in other countries	3,991	10,192
Income not subject to tax	(10,145)	(14,402)
Expenses not deductible for tax purposes	4,958	1,762
Others	7,532	3,413
Tax charge	41,520	46,102

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 revenue account to the profit and loss account in 1999 gave rise to a higher charge, the additional attributable tax in respect of the transfer was charged to Long-Term business and was within permitted levels for transfer of surplus from Long-Term business.

5. 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, 2000. The investigation indicated that the Long-Term statutory funds have surpluses. On the actuary's recommendation, there will be no transfer from the Long-Term business surplus to the profit and loss account (1999: Shs 6 million, net of attributable tax (note 4)).

6. SHARE CAPITAL

Ordinary shares of Shs 5 each	Number of shares 2000 '000	Number of shares 1999 '000	Share capital 2000 Shs '000	Share capital 1999 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

7. RESERVES

(a) Group

	2000 Shs'000	1999 Shs'000
Revaluation reserves		
At start of year	1,153,005	1,199,281
Restatement of associates' results	(20,717)	(4,605)
As restated	1,132,288	1,194,676
Surplus on revaluation of investment properties (note 13)	10,742	19,078
Deficit on revaluation of marketable securities (note 14)	(124,460)	(31,482)
Release of revaluation reserve on sale of marketable securities	-	(19,420)
Deferred tax on revaluation (note 22)	(12,520)	(11,564)
Share of reserves of associates	(76,956)	(19,000)
At end of year	929,094	1,132,288
Translation reserves		
At start of year	33,806	11,053
Restatement of associates' results	97	(262)
As restated	33,903	10,791
Translation (loss)/gain on Mauritius investments	(3,490)	16,518
Translation reserves of subsidiary	60	258
Share of reserves of associates	754	6,336
At end of year	31,227	33,903
Retained earnings		
At start of year	387,486	343,771
Restatement of associates' results	(31,125)	(18,687)
As restated	356,361	325,084
Net profit	78,102	94,277
Paid and proposed dividend	(63,000)	(63,000)
At end of year	371,463	356,361

The revaluation reserves are non-distributable.

(b) Company

	2000 Shs'000	1999 Shs'000
Revaluation reserves		
At start of year	917,964	961,352
Surplus on revaluation of investment properties (note 13)	10,742	19,078
Deficit on revaluation of marketable securities (note 14)	(124,460)	(31,482)
Release of revaluation reserve on sale of marketable securities	-	(19,420)
Deferred tax on revaluation (note 22)	(12,520)	(11,564)
At end of year	791,726	917,964
Translation reserves		
At start of year	34,160	17,642
Translation (loss)/gain on Mauritius investments	(3,490)	16,518
At end of year	30,670	34,160
Retained earnings		
At start of year	231,456	205,741
Net profit	75,460	88,715
Paid and proposed dividend	(63,000)	(63,000)
At end of year	243,916	231,456

The revaluation reserves are non-distributable.

8. LONG-TERM BUSINESS FUNDS

(a) Split between Ordinary Life and Superannuation

	2000 Shs'000	1999 Shs'000
Group		
Ordinary Life	950,380	1,010,105
Superannuation	1,087,844	1,106,725
Total	2,038,224	2,116,830
Company		
Ordinary Life	867,779	901,452
Superannuation	1,087,844	1,106,649
Total	1,955,623	2,008,101

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

(b) Reclassification of investment in associates

At 1st January, 2000, a decision was made to reclassify the investments between Superannuation funds and Ordinary Life funds, resulting in transfer of net asset value in associates of Shs 39,778,000 to Ordinary Life business.

9. MINORITY INTEREST

	2000 Shs'000	1999 Shs'000
At start of year	42,986	40,898
Restatement of associates' results (note 10(d))	(640)	(697)
As restated	42,346	40,201
Share of net profit of subsidiaries and associates	177	3,267
Share of reserves of associates	(7,414)	551
Dividend paid by subsidiary	-	(1,759)
Exchange adjustments on dividend paid	-	86
At end of year	35,109	42,346

10. INVESTMENTS IN ASSOCIATED COMPANIES

(a) Our share of net assets in:

Group	2000 Shs'000	1999 Shs'000	2000 % Equity Held	1999 % Equity Held
Kenya				
Industrial Promotion Building Limited	456,646	559,690	37.10	37.10
Kenya Litho Limited	40,944	46,217	25.58	25.58
ComTech Systems Limited	573	3,686	29.17	29.17
IPS Power Investment Limited	118,956	-	27.00	-
	617,119	609,593		
Outside Kenya				
The Jubilee Insurance Company of Uganda Limited	26,181	30,467	35.00	35.00
Jubilee Insurance (Mauritius) Ltd	30,307	29,184	49.50	49.50
The Jubilee Insurance Company of Tanzania Limited	43,570	36,834	32.54	32.54
	100,058	96,485		
Total	717,177	706,078		

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Investment at cost in:

Company	2000 Shs'000	1999 Shs'000	2000 % Equity Held	1999 % Equity Held
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	3,500	29.17	29.17
IPS Power Investment Limited	118,956	-	27.00	-
	245,718	126,762		
Outside Kenya				
Jubilee Insurance (Mauritius) Ltd	39,306	39,306	46.00	46.00
The Jubilee Insurance Company of Tanzania Limited	34,155	34,155	30.00	30.00
	73,461	73,461		
Total	319,179	200,223		

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

Our share of net assets in:

	2000 Shs'000	1999 Shs'000
Group		
Industrial Promotion Building Limited	115,791	141,920
IPS Power Investment Limited	100,000	-
Total	215,791	141,920

Investment at cost in:

	2000	1999
Company		
Industrial Promotion Building Limited	33,190	33,190
IPS Power Investment Limited	100,000	-
Total	133,190	33,190

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

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

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
At start of year	615,466	142,078	757,544	736,297
Restatement of associates' results for prior years (note 10(d))	(51,308)	(158)	(51,466)	(24,244)
As restated	564,158	141,920	706,078	712,053
Additions	19,182	100,000	119,182	-
Share of result before tax	22,658	6,607	29,265	18,832
Share of tax (note 4)	(13,868)	(2,518)	(16,386)	(7,842)
Dividends received	(7,097)	(1,855)	(8,952)	(5,690)
Share of revaluation and translation reserves	(83,647)	(28,363)	(112,010)	(11,275)
At end of year	501,386	215,791	717,177	706,078

10. Investments in Associated Companies (continued)

(d) Restatement of associates' results

The prior year restatement 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.

(e) Reinsurance business with associates

The Company accepted the following quota share reinsurance premiums from the associate insurance companies in the year.

	2000 Shs'000	1999 Shs'000
The Jubilee Insurance Company of Uganda Limited	112,220	116,344
Jubilee Insurance (Mauritius) Ltd	99,911	83,760
The Jubilee Insurance Company of Tanzania Limited	213,235	195,962
Total	425,366	396,066

The following were the outstanding balances on the quota share reinsurance arrangement as at 31st December. The amounts are included under Premium and other receivables.

	2000 Shs'000	1999 Shs'000
The Jubilee Insurance Company of Uganda Limited	22,625	24,579
Jubilee Insurance (Mauritius) Ltd	21,999	13,069
The Jubilee Insurance Company of Tanzania Limited	26,856	55,147
Total	71,480	92,795

11. Investment in Subsidiary

	2000 Shs'000	1999 Shs'000	2000 % Equity Held	1999 % Equity Held
Shares at cost in The Jubilee Investments Company Limited (incorporated in Uganda)	14,278	14,278	75%	75%

12. PROPERTY AND EQUIPMENT

	Computer Equipment Shs'000	Motor Vehicles Shs'000	Furniture, Fixtures, Fittings & Office Equipment Shs'000	Total Shs'000
(a) Group				
Cost				
At start of year	55,980	28,538	38,502	123,020
Additions	6,767	1,845	839	9,451
Exchange adjustment	(42)	(99)	(67)	(208)
Disposals	(802)	(10,811)	(418)	(12,031)
At end of year	61,903	19,473	38,856	120,232
Depreciation				
At start of year	39,435	20,178	27,902	87,515
Charge for the year	8,337	2,744	2,868	13,949
Exchange adjustment	(30)	(79)	(22)	(131)
On disposals	(136)	(9,514)	(157)	(9,807)
At end of year	47,606	13,329	30,591	91,526
Net book value				
At 31st December, 2000	14,297	6,144	8,265	28,706
At 31st December, 1999	16,545	8,360	10,600	35,505
(b) Company				
Cost				
At start of year	55,408	27,406	37,826	120,640
Additions	6,718	1,845	820	9,383
Disposals	(707)	(9,777)	(158)	(10,642)
At end of year	61,419	19,474	38,488	119,381
Depreciation				
At start of year	39,096	19,272	27,724	86,092
Charge for the year	8,235	2,744	2,820	13,799
On disposals	(89)	(8,687)	(81)	(8,857)
At end of year	47,242	13,329	30,463	91,034
Net book value				
At 31st December, 2000	14,177	6,145	8,025	28,347
At 31st December, 1999	16,312	8,134	10,102	34,548

(c) Group and 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 52,045,960 (1999: Shs 50,174,651) 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 11,716,726 (1999: Shs 11,000,048).

13. Investment Properties

The valuation of freehold and leasehold properties as at 31st December,2000 was carried out by M/s Mohamed A Samji Consultant Surveyors and Valuers on an open market basis. The surplus/deficit arising on valuation, net of related taxes, has been recorded in the revaluation reserves for Short-Term business and the Long-Term business revenue account for Long-Term business. Investment properties include properties situated outside Kenya valued at Shs 577,179,750 (1999: Shs 418,600,000), included under Short-Term business.

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
At start of year	1,089,786	541,500	1,631,286	1,554,694
Exchange difference	(714)	-	(714)	254
Additions	112,880	-	112,880	68,814
Revaluation surplus/(deficit) (note 7)	10,742	4,520	15,262	7,524
At end of year	1,212,694	546,020	1,758,714	1,631,286
Company				
At start of year	1,081,558	541,500	1,623,058	1,554,694
Additions	112,880	-	112,880	60,840
Revaluation surplus/(deficit) (note 7)	10,742	4,520	15,262	7,524
At end of year	1,205,180	546,020	1,751,200	1,623,058

14. Marketable Securities

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group and Company				
At start of year	215,199	287,738	502,937	581,583
Transfer of portfolio between Long-Term and Short-Term business	74,775	(74,775)	-	-
Exchange difference	(1,480)	-	(1,480)	8,399
Additions	108	945	1,053	20,177
Disposals	-	(368)	(368)	(25,070)
Revaluation deficit (note 7)	(124,460)	(82,742)	(207,202)	(82,152)
At end of year	164,142	130,798	294,940	502,937

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 9th April, 2001 was Shs 275,556,951 (Short-Term business Shs 155,880,155 and Long-Term business Shs 119,676,796).

15. Unquoted Ordinary Shares

	2000 Shs'000	1999 Shs'000
Group		
At start of year	153,244	152,390
Additions	350	-
Exchange difference	(1,195)	854
At end of year	152,399	153,244
Company		
At start of year	139,472	139,472
Additions	350	-
At end of year	139,822	139,472

16. Mortgage Loans

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
At start of year	136,531	134,861	271,392	319,217
Transfer of portfolio between Short-Term and Long-Term business	(119,928)	119,928	-	-
Loans advanced	-	12,700	12,700	53,584
Interest and penalties	9,244	78,664	87,908	89,841
Redemptions/repayments	(11,931)	(100,844)	(112,775)	(155,160)
Provision for non-performing loans	(1,286)	(43,948)	(45,234)	(36,090)
At end of year	12,630	201,361	213,991	271,392
Company				
At start of year	129,755	134,861	264,616	309,126
Transfer of portfolio between Short-Term and Long-Term business	(119,928)	119,928	-	-
Loans advanced	-	12,700	12,700	53,584
Interest and penalties	9,244	78,664	87,908	87,923
Redemptions/repayments	(5,155)	(100,844)	(105,999)	(149,927)
Provision for non-performing loans	(1,286)	(43,948)	(45,234)	(36,090)
At end of year	12,630	201,361	213,991	264,616

Mortgage loans approved by the Directors but not advanced at 31st December, 2000 amounted to Shs 7,040,000 (1999: Shs 8,930,000). Mortgages outstanding at 31st December, 2000 included Shs 2,336,260 in respect of loans to Directors (note 23).

In 1998, a mortgage loan of Shs 100 million was advanced to Industrial Promotion Building Ltd, of which Shs 47,700,021 was outstanding as at 31st December, 2000 (1999: Shs 68,219,178). This amount is included within mortgage loans under Long-Term business.

17. Premium and Other Receivables

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
Premium receivable	146,067	-	146,067	153,512
Receivable from associates	25,727	-	25,727	21,197
Receivable under reinsurance contracts other than associates	84,551	6,359	90,910	91,338
Receivable from associates under reinsurance contracts	68,237	3,243	71,480	92,795
Other receivables	92,708	58,777	151,485	142,229
Total	417,290	68,379	485,669	501,071
Company				
Premium receivable	146,067	-	146,067	153,512
Receivable from associates	25,727	-	25,727	17,947
Receivable from subsidiary	49,065	-	49,065	43,589
Receivable under reinsurance contracts other than associates	84,551	6,359	90,910	91,338
Receivable from associates under reinsurance contracts	68,237	3,243	71,480	92,795
Other receivables	86,254	58,777	145,031	130,582
Total	459,901	68,379	528,280	529,763

18. Government Securities

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group and Company				
Treasury bills maturing within 91 days of the date of acquisition	146,234	619,284	765,518	932,691
Government securities- Mauritius	11,222	-	11,222	12,890
Treasury bonds maturing after 91 days of the date of acquisition	-	220,000	220,000	230,000
Total	157,456	839,284	996,740	1,175,581

19. Cash and Cash Equivalents

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

	2000 Shs'000	1999 Shs'000
Cash and bank balances	61,559	92,276
Short term deposits with banks	132,438	62,808
Bank overdraft	(12,674)	(18,849)
Treasury bills	146,234	197,705
Total	327,557	333,940

20. Trade and Other Payables

	Short-Term Business Shs'000	Long-Term Business Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group				
Due to reinsurers	18,225	4,463	22,688	29,044
Other payables	52,826	51,202	104,028	111,559
Due to agents/insurers	10,367	2,815	13,182	14,415
Total	81,418	58,480	139,898	155,018
Company				
Due to reinsurers	18,225	4,463	22,688	29,044
Other payables	47,821	51,202	99,023	102,227
Due to agents/insurers	10,367	2,815	13,182	14,415
Total	76,413	58,480	134,893	145,686

21. Provision for Liabilities and Charges

	Leave Provisions Shs'000	Restructuring Costs Shs'000	2000 Total Shs'000	1999 Total Shs'000
Group and Company				
At start of year	17,274	42,882	60,156	31,288
Additional provision charged in current year accounts:				
Attributable to Short-Term business	4,575	8,000	12,575	19,649
Attributable to Long-Term business	506	18,324	18,830	38,358
Utilised during the year:				
Attributable to Short-Term business	-	(16,819)	(16,819)	(13,898)
Attributable to Long-Term business	-	(29,351)	(29,351)	(15,241)
At end of year	22,355	23,036	45,391	60,156

Restructuring costs include provisions for termination benefits and business process re-engineering costs.

22. Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (1999: 30%). The movement in the deferred income tax account is as follows:

Group	**2000**	**1999**
	Shs'000	**Shs'000**
At start of year	16,113	685
Income statement (credit)/charge (note 4)	(6,112)	3,864
Tax effect on revaluations (note 7)	12,520	11,564
At end of year	22,521	16,113

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:

	1.1.00	**Charged/ (Credited) to P/L**	**Charged/ (Credited) to Equity**	**31.12.00**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Unrealised gain on marketable securities	7,776	-	(1,970)	5,806
Property revaluation	16,239	-	14,490	30,729
	24,015	-	12,520	36,535
Accelerated depreciation on property and equipment:				
Attributable to company	(2,553)	(3,368)	-	(5,921)
Attributable to subsidiary	347	(2,737)	-	(2,390)
Provisions	(7,984)	1,273	-	(6,711)
Other deductible temporary differences	2,288	(1,280)	-	1,008
Total	(7,902)	(6,112)	-	(14,014)
Net deferred tax liability	16,113	(6,112)	12,520	22,521

	2000	**1999**
	Shs'000	**Shs'000**
Company		
At start of year	15,766	685
Income statement (credit)/charge (note 4)	(3,375)	3,517
Tax effect on revaluations (note 7)	12,520	11,564
At end of year	24,911	15,766

23. Loans to Directors

	2000	**1999**
Group and Company	**Shs'000**	**Shs'000**
Loans to Directors of the Company and their families are as follows:		
At start of year	176	229
Loan advanced during the year	2,500	-
Interest charged	550	-
Repayments	(890)	(53)
At end of year	2,336	176

24. Directors' Emoluments

	As Directors 2000 Shs'000	As Management 2000 Shs'000	As Directors 1999 Shs'000	As Management 1999 Shs'000
Group and Company				
Emoluments	1,523	37,840	753	67,979

25. 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.

	2000	1999
Group		
Net profit attributable to Shareholders (Shs '000)	78,102	94,277
Number of ordinary shares in issue ('000)	36,000	36,000
Earnings per share (Shs) - basic and diluted	2.17	2.62

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

26. Fair Values and Effective Interest Rates

In the opinion of the Directors, the carrying amounts of financial assets and liabilities approximate their fair values. The following table summarises the effective interest rates on financial assets at 31st December:

	2000 %	1999 %
Government securities	13.20	12.42
Bank deposits	11.42	12.88
Mortgage loans	22 to 24.5	22 to 24.5
Life policy loans	16.00	14.00
Commercial paper	14.59	13.65
Other commercial bonds	15.68	14.52

27. Dividend Per Share

During the year an interim dividend of Shs 18 million (1999: Shs 27 million) was paid. At the Annual General Meeting on 7th June, 2001, a final dividend of Shs 45 million (1999: Shs 36 million) is to be proposed bringing the total dividend to Shs 63 million for the year 2000 (1999: Shs 63 million) which is Shs1.75 per share (1999: Shs1.75 per share).

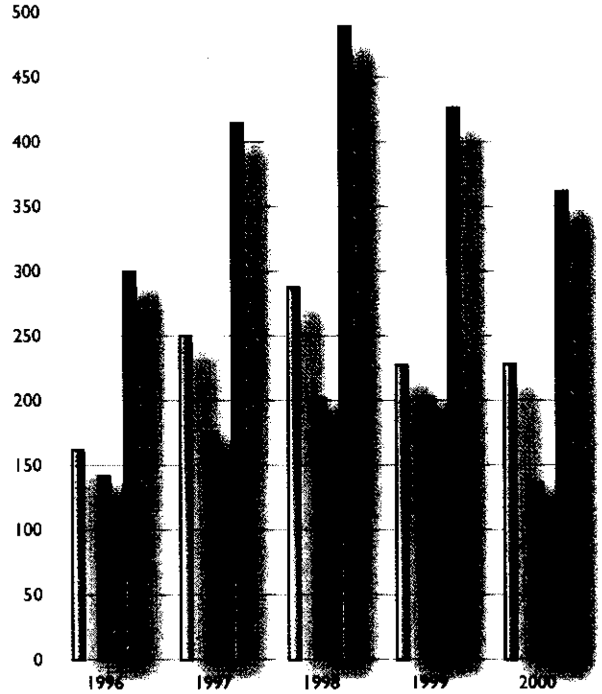
28. Capital Commitments

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

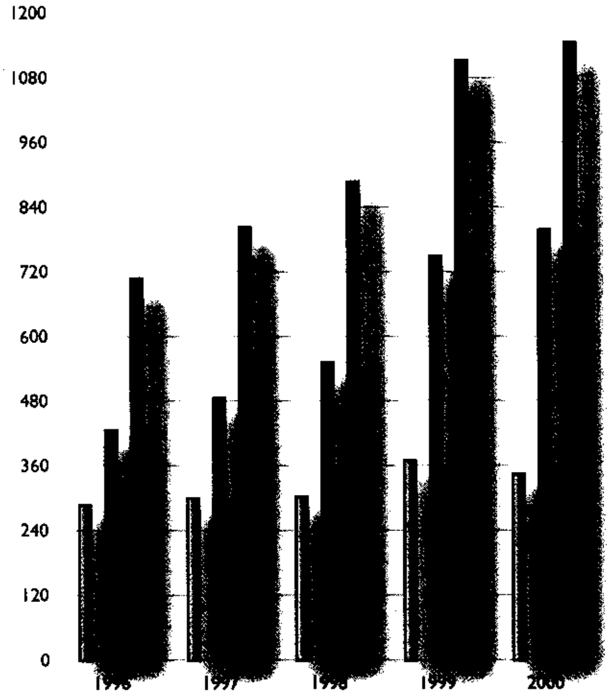
	2000 Shs'000	1999 Shs'000
Group and Company		
Refurbishment of IPS Building, Kampala	8,151	107,002
Purchase of two lifts for IPS Building, Kampala	13,298	-
Total	21,449	107,002

Group Financial Highlights

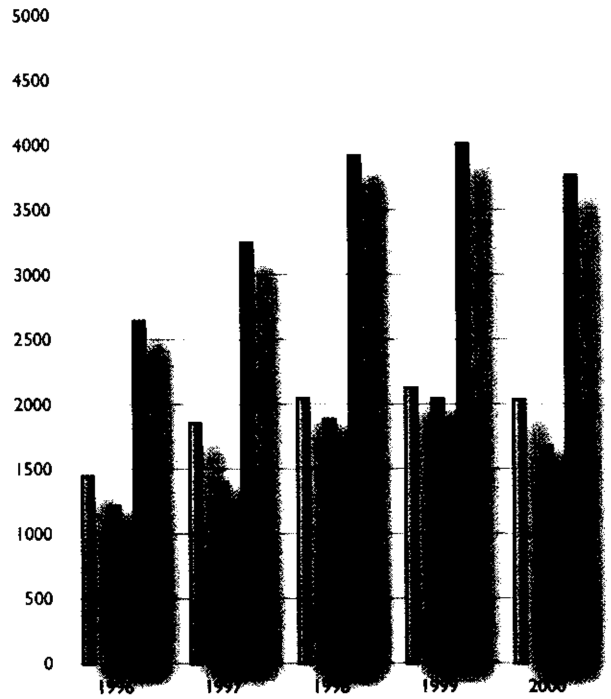
Total Investment Income
(millions of shillings)



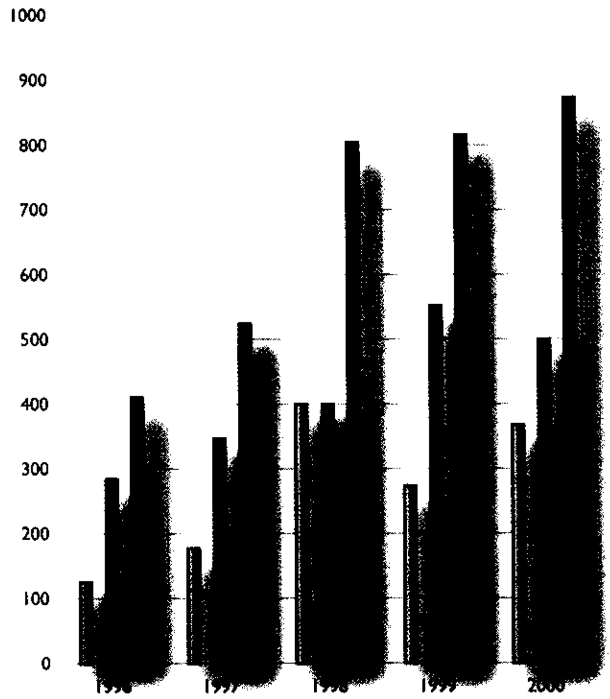
Net Premium Income
(millions of shillings)



Total Net Assets
(millions of shillings)

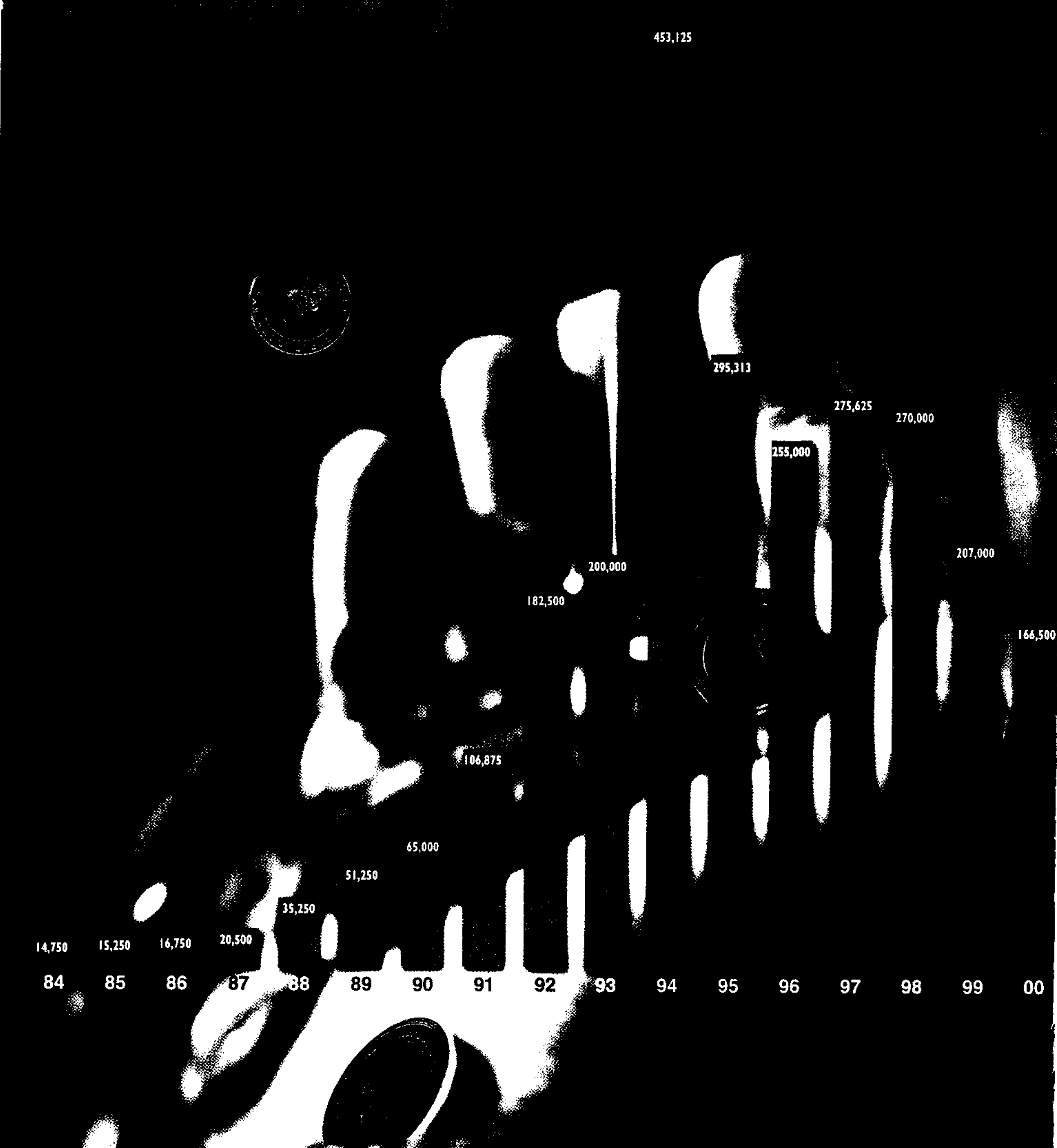


Net Claims Incurred
(millions of shillings)



Long-term　Short-Term　Total

Performance of Your Investment



The above illustrates the growth of your investment in Jubilee shares.

If you purchased 1,000 shares in July 1984 when the public offering of shares was made, the price paid by you was Shs 14,500. The market value of the shares (with bonus issues of 8,000, totalling 9,000 shares), as at 31st December, 2000 based on quotations on the Nairobi Stock Exchange, was Shs 166,500.

In addition, you will have received dividends totalling Shs 137,313 during the period.

The total return on your investment averaged approximately 59.19% p.a.

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 7th June, 2001 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this ____________ day of ____________________ 2001.

____

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.

FOLD 2

STAMP

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

FOLD 1

FOLD 3

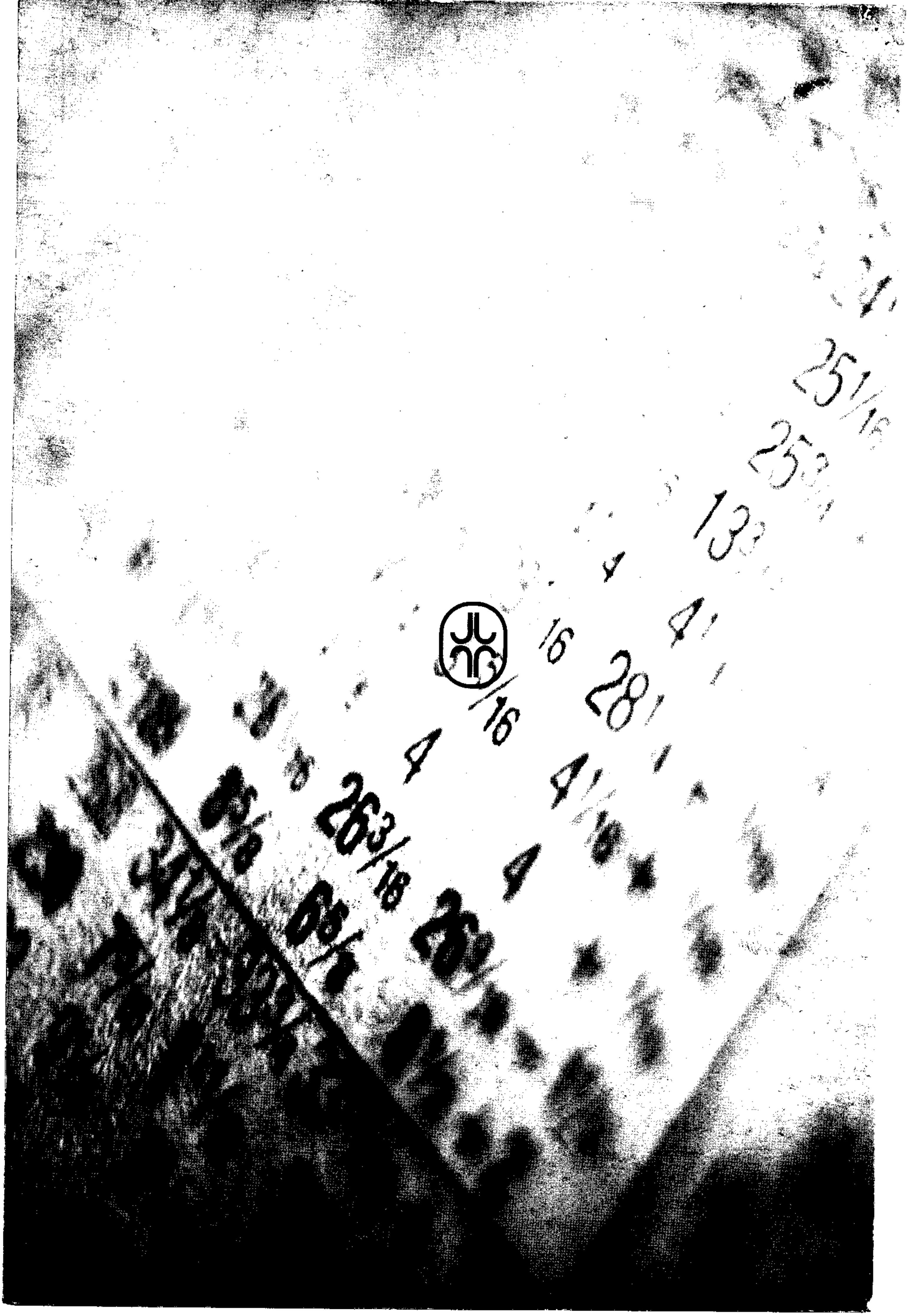
INSERT FLAP INSIDE

Group Review - Ten Years

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
	Kenya Shillings Million									
Shareholders' Funds	1,627	1,809	1,804	1,374	1,189	1,141	951	764	525	398
Share Capital	180	180	180	150	150	125	125	100	100	75
Long-Term Business Funds	2,038	2,117	2,043	1,839	1,461	1,225	1,029	633	473	444
Total Assets	5,073	5,308	5,020	4,390	3,523	3,123	2,693	1,980	1,361	1,188
Total Investment Income	355	418	492	415	302	226	195	160	109	90
Pre-Tax Profit (including transfer from Long-Term business account)	117	139	206	192	163	126	110	84	49	69
After-Tax Profit	78	98	148	141	101	86	69	65	39	49
Dividends to Shareholders	63	63	63	53	53**	44	44	35	35	26.2
Dividend Cover Ratio	1.24	1.56	2.28	2.56	1.57	1.86	1.49	1.78	1.12	1.87
Bonus Issue	-	-	1:5	-	1:5	-	1:4	-	1:3	1:2
* Earnings per Share (par value Shs. 5)	2.17	2.62	4.00	3.73	2.62	2.26	1.81	1.72	1.08	1.37

*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.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