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1. Jubilee Insurance - Kenya Mauritius
2. Insurance ... Kenya ...

GROUP 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	1,484,321,971

COMPANY 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 (53.3%)
The Jubilee Insurance Company of Uganda Limited (56.25%)
The Jubilee Insurance Company of Tanzania Limited (51%)
Thillai Software Private Limited (80%)

BRANCHES

Mombasa:
Jubilee Insurance Building
Moi Avenue
P O Box 90220 - 80100
Mombasa, Kenya
Telephone: 316745, 316746 & 314019
E-mail: mombasa@jubileekenya.com

Kisumu:
Jubilee Insurance House
Opposite Clock Tower
Oginga Odinga Road
P O Box 378 - 40100
Kisumu, Kenya
Telephone: 42235 & 42250
E-mail: kisumu@jubileekenya.com

ACTUARY

Shirazali Jetha
F.S.A.,F.C.I.A.,M.A.A.A.

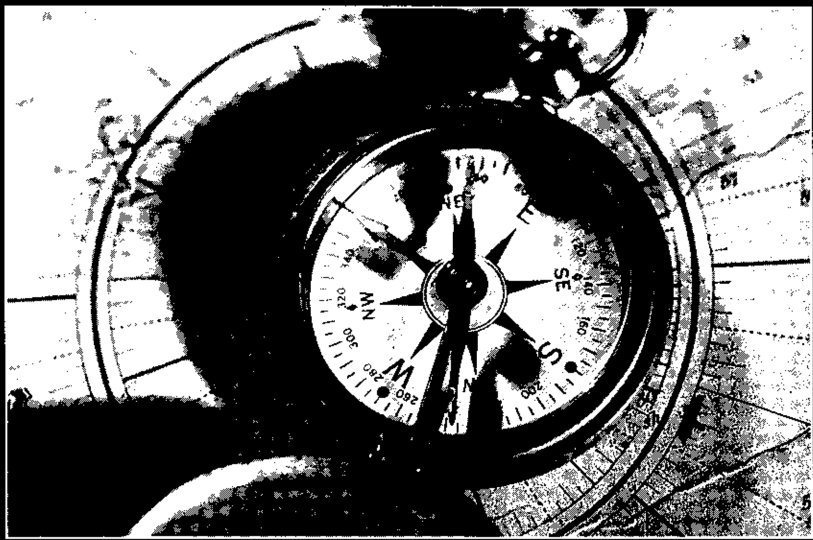
AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

2007/0478



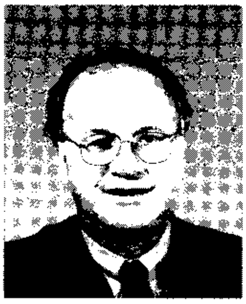
Kenya

Uganda

Tanzania

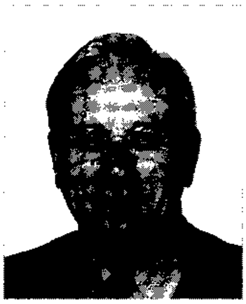
Mauritius

BOARD OF DIRECTORS



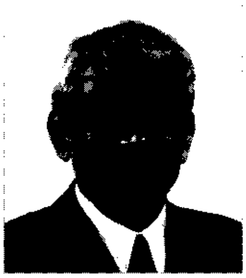
Augustine J Hatch *
CHAIRMAN
■ ▲ ● ▲

Zulfikar K Mohamed **
MANAGING DIRECTOR & C E D
■ ●



Iain D Cheyne ***
▲

Amin M Datoo
TECHNICAL DIRECTOR



Sultan K Khimji
■ ■

Frederic A Lucien ****
(APPOINTED ON 24/1/2003)

Joseph M Mugwe
■ ■

John P Munge
(RESIGNED ON 11/11/2002)

BOARD OF DIRECTORS

Tom D Owuor

■ ▲ ▲

Abdul I Paroo **
(RESIGNED ON 10/5/2003)

Salim A Talib

● ● ▲

Key

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

* Irish   ** Canadian   ***British   ****French

Clear
Solutions
in a
Complex
World

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-Fifth Annual General Meeting of the Shareholders will be held at the Hilton Hotel, Mama Ngina Street, Nairobi, on Wednesday 18th June, 2003 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, 2002, 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 16th October, 2002 and approve the payment of a final dividend of 25% on the issued and paid-up capital of the Company on or about 7th July, 2003 to the Shareholders registered as at 18th June, 2003.

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

   Mr Sultan K Khimji
   Mr Joseph M Mugwe

   Mr Frederic A Lucien retires in accordance with 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.

SPECIAL BUSINESS

To ratify additional investments in the shares of:

(i) The Jubilee Insurance Company of Uganda Limited
The Company invested Shs 16,430,656 which increased the Group's shareholding from 36.25% to 56.25%.

(ii) The Jubilee Insurance Company of Tanzania Limited
The Company invested Shs 38,755,543 which increased it's shareholding from 30% to 51%.

By order of the Board
Margaret Muhuni-Kipchumba
Company Secretary
Nairobi, Kenya
11th April, 2003

Dear Shareholders,

2002 was one of the most difficult years for the entire Financial Services industry and especially for the Insurance Sector worldwide. Weakening of global capital markets and falling interest rates affected the investment performance of the industry.

In Kenya, investor apprehension about the nation's general elections further accentuated the already declining economic activity and the harsh trading environment.

For the insurance industry, the year was characterized by astronomical increases in reinsurance costs and continuing intense competition. Notwithstanding these unfavourable market conditions, your Company recorded another excellent performance during the year.

FINANCIAL PERFORMANCE

The Group profit before tax surpassed the Shs 200 million mark to reach Shs 213.4 million (2001: Shs 169.8 million) - a record profit by Jubilee in its 65th year of operation - which is a 25.7% increase over 2001. This result is attributed to a substantial improvement in underwriting results and increased profits from the Group Companies. The profits from the associated companies increased to Shs 84.6 million from Shs 51.1 million in 2001, an increase of 65.6%.

Your Board of Directors has recommended a final dividend of 25% (Shs 1.25 per share) which along with the 10% interim dividend paid (Shs 0.50 per share) brings the total dividend for the year to 35% (Shs 1.75 per share), the same as for 2001.

GENERAL INSURANCE

The uncertainty in the economy during 2002, coupled with September 11, 2001 aftermath, adversely affected reinsurance availability, limits, commissions and other technical terms and conditions; this was particularly so in the case of catastrophe reinsurance cover. The Jubilee group of insurance companies has continued to purchase catastrophe cover from world class reinsurers at a substantial level despite the cost, to protect our policyholders' and shareholders' interests in the case of a catastrophic event.

The overall gross premium of the Group increased to Shs 1,549.5 million in 2002 from Shs 1,370.6 million in 2001 (13.1% growth). All the group companies recorded growth during the year. In spite of the harsh reinsurance terms, Jubilee recorded an underwriting profit of Shs 15.2 million during the year compared to Shs 9.9 million loss in 2001 (an increase of 253.5%). Substantial profits were contributed by the Group's insurance subsidiaries.

LIFE INSURANCE

Excluding the exceptional scheme transfers in 2001, the net premium income for 2002 increased by 20% over 2001.

We are pleased to announce a net return of 10.75% declared on the Retirement Benefits Fund which we believe remains one of the highest in the insurance industry.

The Long-Term business funds were affected by implementation of changes in the International Financial Reporting Standards on leasehold investments by Shs 81.4 million and deferred tax on depreciable assets of Shs 15.7 million. Despite this, the Long-Term business funds increased to Shs 2,738.9 million, which is 14.1% growth over 2001, and maintained the transfer of profits to shareholders at Shs 18 million for the year.

REGIONAL DEVELOPMENTS

I am glad to report that at the end of 2002, both The Jubilee Insurance Company of Uganda Limited and The Jubilee Insurance Company of Tanzania Limited became subsidiaries of your Company. This results in all the Group insurance companies being subsidiaries of The Jubilee Insurance Company Limited, in line with the overall Group strategy in the region.

The Jubilee Insurance Company of Uganda Limited and The Jubilee Insurance Company of Tanzania Limited recorded impressive performance both in terms of generating premium income and profits. The results of Jubilee Insurance (Mauritius) Ltd were adversely affected by Cyclone "Dina" which occured in the early part of the year.

BOARD OF DIRECTORS

The Directors who served during the year are shown on page 10 under the Directors' Report. Mr Abdul I Paroo, who served the Company as Finance Director for 10 years, retired from his executive role in October 2002 but remained on the Board in a non-executive capacity until his resignation on 10th May, 2003. On behalf of the Board and on my own behalf, I would like to pay a special tribute to him for the excellent, valuable and positive contribution made during the last 10 years as Group Finance Director, always in a most professional and friendly manner. We wish him a well deserved happy retirement. Mr John P Munge, who joined the Board on 13th April, 1999 resigned on 11th November, 2002 for personal reasons. The Board wishes to record its thanks to him for his valuable contribution and I would like to add my personal appreciation for his counsel and courtesy to me during his years of service.

The Board on 24th January, 2003 appointed Mr Frederic A Lucien as a Director. I welcome his appointment and look forward to working closely with him. Mr Lucien is a career banker and the Board looks forward to his valuable contribution.

PROSPECTS AND FUTURE GROWTH

As referred to earlier, the reinsurance world is still reeling from the tragic events of September 11th. This, coupled with the European storms in 2002 and a severe downturn of virtually all stock markets during the year, have contributed to the continued hardening of international reinsurance market. The financial strength of many reinsurance companies has suffered as a result and a number of major world-wide reinsurers have been downgraded by the rating agencies. It is anticipated that, in the absence of further major catastrophes, the current difficult reinsurance market will begin to improve for some classes of business towards the end of 2003 or 2004.

It is obvious to all that world terrorism will continue to negatively influence our business appreciably and Kenya, unfortunately and undeservedly, has suffered more than most countries in this respect. However, we remain optimistic and anticipate a turnaround in the economy brought about by renewed investor confidence following the recently concluded peaceful general elections and the government's commitment to fight corruption along with the resumption of donor support to revive the economy. We are confident about the prospects of growth in both Life and General insurance business in the post-election Kenya as well as in the region.

Your company will continue to work very closely with intermediaries to achieve higher productivity and mutual cost savings. To enhance operating results we have to find ways of reducing costs without prejudicing service delivery standards, as we believe that in an industry with so much over-capacity, such as ours, this is the only way to distinguish the successful and profitable companies from the rest.

Our new IT system is being implemented at the first site in The Jubilee Insurance Company of Uganda Limited and all our insurance subsidiaries will use the new IT system for the general insurance business before the end of the current year. This will enhance the productivity of the management and staff and improve the business process in the coming years contributing to lower costs and increased shareholder value.

APPRECIATION

I would like to accord my sincere appreciation to our brokers, agents and clients for their continued faith in, and support of, the Group. I also wish to convey my thanks to our management and staff in the entire region for their dedicated performance throughout the year, and last but not least, to my colleagues on the Board for their support and commitment to safeguarding, promoting and advancing the interests of the Group and all our shareholders and policyholders.

Augustine J Hatch
Chairman
Nairobi, Kenya
11th April, 2003

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31st December, 2002 which disclose the state of affairs of the Company and the Group.

COUNTRY OF 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 164,442,504 (2001: Shs 121,154,316) has been added to retained earnings. During the year an interim dividend of Shs 18 million (2001: Shs 18 million) was paid. The Directors recommend the approval of a final dividend of Shs 45 million (2001: Shs 45 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* (Chairman)

Zulfikar K Mohamed**

Iain D Cheyne***

Amin M Datoo

Sultan K Khimji

Frederic A Lucien**** (Appointed on 24/1/2003)

Joseph M Mugwe

John P Munge (Resigned on 11/11/2002)

Tom D Owuor

Abdul I Paroo ** (Resigned on 10/5/2003)

Salim A Talib

* Irish ** Canadian *** British **** French

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 Sultan K Khimji

Mr Joseph M Mugwe

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

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
11th April, 2003

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 and loss of the Group for the 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 financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting 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 of its profit. 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 Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

Amin M Datoo
Technical Director

Joseph M Mugwe
Director
Nairobi, Kenya
11th April, 2003

Jubilee remains committed to maintaining the highest level of corporate governance and pursues policies and strategies that enhance good corporate governance. The Directors are collectively charged with the responsibility of ensuring that they govern the Company in a manner consistent with their fiduciary responsibility to shareholders, maximizing shareholder value while respecting the principles of transparency and accountability.

BOARD OF DIRECTORS

The Board is composed of seven non-executive Directors (including the Chairman) and two executive Directors. The Directors meet at least once every quarter and are furnished with timely, relevant and accurate information so that they can maintain full and effective control of strategic, financial, operational and compliance issues. The Board has delegated authority to the Managing Director for the conduct of day to day business of the Company. All non-executive Directors are subject to periodic retirement by rotation and are eligible for re-election by shareholders in accordance with the Articles of the Company.

COMMITTEES OF THE BOARD

The Board has constituted various committees listed on Page 5 and delegated specific mandates to each of the committees. The following are the responsibilities of the Audit and Compliance Committee and the Finance Committee:

AUDIT & COMPLIANCE COMMITTEE

Keeping in line with best practice and as an important step towards raising standards of corporate governance, the Board on 28th July, 1999 constituted an Audit & Compliance Committee. This Committee is composed of three independent and non-executive Directors who oversee the financial reporting process, internal controls systems and compliance issues of the Company. The Committee also defines the scope of the internal audit function and acts as a liaison between the external auditors and management. The members meet at least four times a year and once with the external auditors. The Managing Director, Head of Internal Audit and other members of senior management attend the meetings as required by the Committee.

FINANCE COMMITTEE

The Committee reviews all key financial reports prior to circulation to the Board. It also considers and recommends to the Board for approval, guidelines and limits for investment in banks and other institutions, proposals for granting mortgage loans and trading in stocks and shares.

DIRECTORS' REMUNERATION

The Senior Management Remuneration Committee is mandated to review the salaries, benefit packages and service contracts of the executive Directors and senior management, to ensure that the same are competitively structured and linked to performance. The aggregate amount of emoluments paid to Directors for services rendered in the year is shown in Note No. 25 (page 42) in the financial statements.

DISTRIBUTION OF SHAREHOLDERS AS AT 31/12/2002

Number of shares	Number of shareholders	Number of shares held	% shareholding
Upto 500	642	154,102	0.43%
501 - 5,000	4,177	6,916,335	19.21%
5,001 - 10,000	408	2,878,839	8.00%
10,001 - 100,000	337	7,768,927	21.58%
100,001 - 1,000,000	15	4,607,251	12.80%
Over 1,000,000	1	13,674,546	37.98%
Total	5,580	36,000,000	100.00%

LIST OF 10 LARGEST SHAREHOLDERS AS AT 31/12/2002

	Name	Number of shares held	% shareholding
1.	Agakhan Fund for Economic Development	13,674,546	37.98%
2.	United Housing Estate Limited	653,184	1.81%
3.	Adam's Brown and Co. Ltd.	621,792	1.72%
4.	Ameerali Nazarali Esmail	510,256	1.42%
5.	Samvir Trustees Limited	460,630	1.27%
6.	Ameerali K Somji & / or Gulzar A K Somji	447,008	1.24%
7.	The Estate of the late Jafferali Ali Meghji	262,440	0.72%
8.	Ameerali K Somji	182,688	0.50%
9.	Gulzar A K Somji	182,346	0.50%
10.	Noorali Rashid Sayani and Gulshan Noorali Sayani	180,072	0.50%

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE JUBILEE INSURANCE COMPANY LIMITED

We have audited the financial statements set out on pages 14 to 43. 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 financial statements are 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 11. 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, 2002 and of the profit and cash flows of the Group for the year then ended and comply with International Financial Reporting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi, Kenya
11th April, 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

	Notes	2002 Shs'000	Restated 2001 Shs'000
INCOME			
Profit transferred from Short-Term business revenue account		15,181	-
Profit transferred from Long-Term business revenue account	6	18,000	18,000
Investment income	3	95,671	110,654
Total income		128,852	128,654
OUTGO			
Loss transferred from Short-Term business revenue account		-	9,945
Total outgo		-	9,945
Operating profit		128,852	118,709
Share of result of associates before tax	11 (e)	84,561	51,082
Group profit before tax	2	213,413	169,791
Tax	5	(54,057)	(48,402)
Net profit		159,356	121,389
Minority interest	10	5,086	(235)
Profit attributable to shareholders		164,442	121,154
Earnings per share (Shs) - basic and diluted	26	4.57	3.37
DIVIDENDS			
Interim - paid	28	18,000	18,000
Final - proposed	28	45,000	45,000
Total dividends		63,000	63,000

The accounting policies on pages 25 to 28 and the notes on pages 29 to 43 form part of these financial statements.

LONG-TERM BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

GROUP

Class of Insurance Business	Notes	Ordinary Life Shs'000	Superannuation Retirement Benefits Fund Shs'000	Superannuation Other Super-annuation Shs'000	2002 Total Shs'000	2001 Total Shs'000
Net premium written		175,612	238,291	93,127	507,030	423,042
Schemes transferred		-	31,151	-	31,151	238,454
Total		175,612	269,442	93,127	538,181	661,496
Policyowners' benefits:						
Claims incurred		94,826	-	6,731	101,557	95,208
Surrenders and annuities paid (including surrender of bonus)		41,082	197,640	17,804	256,526	172,910
Total claims, surrenders and annuities paid		135,908	197,640	24,535	358,083	268,118
Commissions (net)		18,833	1,378	(801)	19,410	16,469
Expenses of management		113,601	30,306	29,547	173,454	152,985
Total expenses		132,434	31,684	28,746	192,864	169,454
Investment income	3	98,002	147,870	17,388	263,260	248,593
Increase in funds	2	5,272	187,988	57,234	250,494	472,517
Share of result of associates before tax	11(e)	10,009	-	-	10,009	9,027
Share of revaluation reserves of associates		774	-	-	774	-
Fair value gains on marketable securities	15	-	64	-	64	-
Transfer to profit and loss account	6	(6,500)	(7,000)	(4,500)	(18,000)	(18,000)
Tax arising on the transfer	5	(1,950)	(2,100)	(1,350)	(5,400)	(5,400)
Share of tax of associates	5	(3,272)	-	-	(3,272))	(2,757)
Deferred tax on revaluation surplus of investment properties-Company	5	(240)	-	-	(240)	(564)
Movement in funds		4,093	178,952	51,384	234,429	454,823
Funds at the beginning of the year as previously stated		997,869	1,240,154	254,634	2,492,657	2,038,224
Deferred tax on revaluation surplus of investment properties-Company	23	(7,067)	-	-	(7,067)	(6,503)
Deferred tax on revaluation surplus of investment properties-associates	11(e)	(8,628)	-	-	(8,628)	(8,628)
Restatement of results of associates	11(e)	4,699	-	-	4,699	3,745
Reclassification of leasehold land-Company	14	(47,962)		(11,474)	(59,436)	(59,436)
Reclassification of leasehold land-associates	11(e)	(22,007)	-	-	(22,007)	(22,007)
Funds at beginning of the year as restated		916,904	1,240,154	243,160	2,400,218	1,945,395
Funds at end of the year before consolidation		920,997	1,419,106	294,544	2,634,647	2,400,218
Long -Term business funds of subsidiaries on consolidation		5,999	83,257	15,014	104,270	-
Consolidated funds at end of the year	9(a)	926,996	1,502,363	309,558	2,738,917	2,400,218

CONSOLIDATED SHORT-TERM BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

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	2002 Total Shs '000
Net premium written	8,864	8,160	62,786	5,103	31,163	357,086	110,404	20,303	29,499	102,664	736,032
Unearned premium brought forward	6,168	5,030	36,124	2,116	19,904	138,859	19,747	7,917	7,621	41,260	284,746
Unearned premium carried forward	2,237	3,857	35,586	2,027	16,081	168,397	20,665	6,899	9,019	46,528	311,296
Net earned premium	12,795	9,333	63,324	5,192	34,986	327,548	109,486	21,321	28,101	97,396	709,482
Claims paid	4,398	7,456	33,232	2,160	12,562	184,246	61,396	19,227	24,587	38,080	387,344
Claims outstanding carried forward	2,557	2,432	31,032	25,366	21,728	359,907	26,477	15,908	103,395	55,800	644,602
Claims outstanding brought forward	3,114	2,699	47,722	28,329	23,888	371,953	26,539	19,321	97,304	68,105	688,974
Claims incurred	3,841	7,189	16,542	(803)	10,402	172,200	61,334	15,814	30,678	25,775	342,972
Commissions (net)	1,850	1,087	7,635	658	1,134	65,053	4,779	(3,213)	4,421	30,807	114,211
Expenses of management	5,001	7,445	34,051	6,469	16,802	82,716	30,750	20,180	11,726	21,978	237,118
Total expenses	6,851	8,532	41,686	7,127	17,936	147,769	35,529	16,967	16,147	52,785	351,329
Balance being underwriting profit/(loss)	2,103	(6,388)	5,096	(1,132)	6,648	7,579	12,623	(11,460)	(18,724)	18,836	15,181

COMPANY SHORT-TERM BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

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	2002 Total Shs '000	2001 Total Shs '000
Net premium written	8,864	8,160	59,539	5,103	30,085	334,654	110,404	20,303	29,499	99,817	706,428	690,744
Unearned premium brought 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
Unearned premium carried forward	2,237	3,857	33,213	2,027	15,476	156,391	20,665	6,899	9,019	44,910	294,694	271,263
Net earned premium	12,795	9,333	61,097	5,192	34,016	306,998	109,486	21,321	28,101	94,658	682,997	723,547
Claims paid	4,398	7,456	30,870	2,160	11,248	170,001	61,396	19,227	24,587	36,630	367,973	410,945
Claims outstanding carried forward	2,557	2,432	29,809	25,366	21,585	352,654	26,477	15,908	103,395	54,437	634,620	679,287
Claims outstanding brought 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 incurred	3,841	7,189	13,190	(803)	9,542	157,760	61,334	15,814	30,678	24,761	323,306	417,413
Commissions (net)	1,850	1,087	14,269	658	2,965	76,965	4,779	(3,213)	4,421	33,443	137,224	133,275
Expenses of management	5,001	7,445	21,659	6,469	14,594	55,601	30,750	20,180	11,726	14,616	188,041	182,804
Total expenses	6,851	8,532	35,928	7,127	17,559	132,566	35,529	16,967	16,147	48,059	325,265	316,079
Balance being underwriting profit/(loss)	2,103	(6,388)	11,979	(1,132)	6,915	16,672	12,623	(11,460)	(18,724)	21,838	34,426	(9,945)

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2002

CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	Restated 2001 Total Shs'000
Share capital	7	100,000	80,000	180,000	180,000
Revaluation reserves	8 (a)	24,539	45,481	70,020	8,427
General reserves	8 (a)	70,000	-	70,000	70,000
Translation reserves	8 (a)	8,161	-	8,161	14,810
Retained earnings	8 (a)	1,111,141	-	1,111,141	1,009,699
Proposed dividends	28	45,000	-	45,000	45,000
Shareholders' funds		1,358,841	125,481	1,484,322	1,327,936
Long-Term business funds	9 (a)	-	2,738,917	2,738,917	2,400,218
Minority interest	10	207,059	-	207,059	55,024
Total capital, reserves, minority interest and Long-Term business funds		1,565,900	2,864,398	4,430,298	3,783,178
ASSETS					
Fixed assets					
Property and equipment	13 (a)	37,587	17,868	55,455	25,765
Investments					
Investment properties	14 (a)	890,001	726,500	1,616,501	1,533,246
Marketable securities	15 (a)	247,341	17,854	265,195	208,723
Unquoted ordinary shares	16 (a)	107,942	-	107,942	198,665
Investment in associates	11 (e)	473,055	343,090	816,145	727,475
Mortgage loans	17 (a)	33,384	75,465	108,849	123,320
Commercial bonds		-	2,250	2,250	3,750
Loans on life insurance policies		-	143,814	143,814	134,667
Government securities	19 (a)	452,950	1,601,009	2,053,959	1,523,874
Deposits with financial institutions		253,470	82,797	336,267	262,867
Other assets					
Premium and other receivables	18 (a)	616,041	35,704	651,745	465,992
Current tax		-	-	-	3,674
Cash and bank balances		78,700	21,066	99,766	65,959
Total assets		3,190,471	3,067,417	6,257,888	5,277,977

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2002 (CONTINUED)

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	Restated 2001 Total Shs'000
LIABILITIES					
Technical provisions					
Unearned premium		416,984	-	416,984	284,573
Outstanding claims		720,068	105,066	825,134	797,722
Other liabilities					
Trade and other payables	21(a)	325,300	85,944	411,244	245,662
Current tax		10,577	1,004	11,581	-
Dividends		52,927	-	52,927	48,611
Bank overdraft		12,485	-	12,485	3,377
Provision for liabilities and charges	22	283	3,739	4,022	4,104
Deferred tax	23(a)	85,947	7,266	93,213	110,750
Total liabilities		1,624,571	203,019	1,827,590	1,494,799
Net assets		1,565,900	2,864,398	4,430,298	3,783,178

The financial statements on pages 14 to 43 were approved by the Board of Directors on 11th April, 2003 and signed on its behalf by:

Amin M Datoo
Technical Director

Joseph M Mugwe
Director

COMPANY BALANCE SHEET

AS AT 31ST DECEMBER 2002

CAPITAL, RESERVES AND LONG-TERM BUSINESS FUNDS	**Notes**	**Short-Term Business Shs'000**	**Long-Term Business Shs'000**	**2002 Total Shs'000**	**Restated 2001 Total Shs'000**
Share capital	7	100,000	80,000	180,000	180,000
Revaluation reserves	8(b)	79,466	-	79,466	91,333
General reserves	8(b)	70,000	-	70,000	70,000
Translation reserves	8(b)	24,075	-	24,075	22,446
Retained earnings	8(b)	775,778	-	775,778	719,664
Proposed dividends	28	45,000	-	45,000	45,000
Shareholders' funds		1,094,319	80,000	1,174,319	1,128,443
Long-Term business funds	9(b)	-	2,569,184	2,569,184	2,340,091
Total capital, reserves and Long-Term business funds		1,094,319	2,649,184	3,743,503	3,468,534
ASSETS					
Fixed assets					
Property and equipment	13(b)	15,376	17,828	33,204	23,403
Investments					
Investment properties	14(b)	865,398	726,500	1,591,898	1,525,511
Marketable securities	15(b)	180,219	324	180,543	195,473
Unquoted ordinary shares	16(b)	233,310	-	233,310	317,211
Investment in subsidiaries		162,988	-	162,988	64,882
Investment in associates	11(b)	97,857	232,146	330,003	285,139
Mortgage loans	17(b)	-	75,465	75,465	123,320
Commercial bonds		-	2,250	2,250	3,750
Loans on life insurance policies		-	143,814	143,814	134,667
Government securities	19(b)	353,782	1,549,942	1,903,724	1,510,480
Deposits with financial institutions		49,957	53,190	103,147	224,447
Other assets					
Premium and other receivables	18(b)	381,768	36,989	418,757	423,090
Current tax		-	540	540	-
Cash and bank balances		37,672	9,094	46,766	51,113
Total assets		2,378,327	2,848,082	5,226,409	4,882,486

COMPANY BALANCE SHEET

AS AT 31ST DECEMBER 2002 (CONTINUED)

	Notes	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	Restated 2001 Total Shs'000
LIABILITIES					
Technical provisions					
Unearned premium		294,694	-	294,694	271,263
Outstanding claims		634,620	104,632	739,252	785,610
Other liabilities					
Trade and other payables	21(b)	172,620	83,220	255,840	187,245
Current tax		16,374	-	16,374	1,047
Dividends		52,927	-	52,927	48,611
Bank overdraft		9,902	-	9,902	2,540
Provision for liabilities and charges	22	283	3,739	4,022	4,104
Deferred tax	23(b)	102,588	7,307	109,895	113,532
Total liabilities		1,284,008	198,898	1,482,906	1,413,952
Net assets		1,094,319	2,649,184	3,743,503	3,468,534

The financial statements on pages 14 to 43 were approved by the Board of Directors on 11th April, 2003 and signed on its behalf by:

Amin M Datoo
Technical Director

Joseph M Mugwe
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2002

	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, 2001								
At start of year (as previously reported)		180,000	172,215	70,000	31,227	1,288,884	45,000	1,787,326
- reclassification of leasehold land - Company	14(a)	-	-	-	-	(260,366)	-	(260,366)
- reclassification of leasehold land - associates	11(e)	-	(16,473)	-	-	(42,844)	-	(59,317)
- deferred tax on revaluation gains - Company	23(a)	-	-	-	-	(80,824)	-	(80,824)
- deferred tax on revaluation gains - associates	11(e)	-	-	-	-	(23,251)	-	(23,251)
- restatement of results of associates		-	(75,402)	-	-	69,946	-	(5,456)
As restated		180,000	80,340	70,000	31,227	951,545	45,000	1,358,112
Revaluation deficit (net)	8(a)	-	(77,719)	-	-	-	-	(77,719)
Translation loss (net)	8(a)	-	-	-	(16,417)	-	-	(16,417)
Deferred tax on revaluation gains	23(a)	-	5,806	-	-	-	-	5,806
Net profit		-	-	-	-	121,154	-	121,154
Dividend: - Final for 2000 paid	28	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2001 paid	28	-	-	-	-	(18,000)	-	(18,000)
- Final for 2001 proposed	28	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	8,427	70,000	14,810	1,009,699	45,000	1,327,936
Year ended 31st December, 2002								
At start of year (as previously reported)		180,000	108,825	70,000	14,810	1,327,466	45,000	1,746,101
- reclassification of leasehold land - Company	14(a)	-	-	-	-	(260,366)	-	(260,366)
- reclassification of leasehold land - associates	11(e)	-	(16,473)	-	-	(42,844)	-	(59,317)
- deferred tax on revaluation gains - Company	23(b)	-	-	-	-	(77,825)	-	(77,825)
- deferred tax on revaluation gains - associates	11(e)	-	-	-	-	(23,251)	-	(23,251)
- restatement of results of associates		-	(83,925)	-	-	86,519	-	2,594
As restated		180,000	8,427	70,000	14,810	1,009,699	45,000	1,327,936
At start of year (as restated)		180,000	8,427	70,000	14,810	1,009,699	45,000	1,327,936
Revaluation gain (net)	8(a)	-	61,593	-	-	-	-	61,593
Translation loss (net)	8(a)	-	-	-	(6,649)	-	-	(6,649)
Net profit		-	-	-	-	164,442	-	164,442
Dividend: - Final for 2001 paid	28	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2002 paid	28	-	-	-	-	(18,000)	-	(18,000)
- Final for 2002 proposed	28	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	70,020	70,000	8,161	1,111,141	45,000	1,484,322

The accounting policies on pages 25 to 28 and the notes on pages 29 to 43 form part of these financial statements.

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 Wednesday 18th June, 2003 at 10.30 a.m. and at any adjournment thereof.

As witnessed my/our hand this ____________________ day of ____________________ 2003.

____

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, 00100 - GPO, 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, 00100 - GPO
NAIROBI
KENYA

FOLD 1

FOLD 3

INSERT FLAP INSIDE

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2002

	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, 2001								
At start of year (as previously reported)		180,000	166,233	70,000	30,670	1,029,951	45,000	1,521,854
- reclassification of leasehold land	14(b)	-	-	-	-	(260,366)	-	(260,366)
- deferred tax on revaluation gains	23(b)	-	-	-	-	(80,824)	-	(80,824)
As restated		180,000	166,233	70,000	30,670	688,761	45,000	1,180,664
Revaluation deficit (net)	8(b)	-	(80,706)	-	-	-	-	(80,706)
Translation loss (net)	8(b)	-	-	-	(8,224)	-	-	(8,224)
Deferred tax on revaluation gains	23(b)	-	5,806	-	-	-	-	5,806
Net profit		-	-	-	-	93,903	-	93,903
Dividend: - Final for 2000 paid	28	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2001 paid	28	-	-	-	-	(18,000)	-	(18,000)
- Final for 2001 proposed	28	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	91,333	70,000	22,446	719,664	45,000	1,128,443
Year ended 31st December, 2002								
At start of year (as previously reported)		180,000	91,333	70,000	22,446	1,057,855	45,000	1,466,634
- reclassification of leasehold land	14(b)	-	-	-	-	(260,366)	-	(260,366)
- deferred tax on revaluation gains	23(b)	-	-	-	-	(77,825)	-	(77,825)
As restated		180,000	91,333	70,000	22,446	719,664	45,000	1,128,443
At start of year (as restated)		180,000	91,333	70,000	22,446	719,664	45,000	1,128,443
Revaluation deficit (net)	8(b)	-	(11,867)	-	-	-	-	(11,867)
Translation gain (net)	8(b)	-	-	-	1,629	-	-	1,629
Net profit		-	-	-	-	119,114	-	119,114
Dividend: - Final for 2001 paid	28	-	-	-	-	-	(45,000)	(45,000)
- Interim for 2002 paid	28	-	-	-	-	(18,000)	-	(18,000)
- Final for 2002 proposed	28	-	-	-	-	(45,000)	45,000	-
At end of year		180,000	79,466	70,000	24,075	775,778	45,000	1,174,319

The accounting policies on pages 25 to 28 and the notes on pages 29 to 43 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 2002

	Notes	2002 Shs'000	Restated 2001 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		213,413	169,791
Adjustments for:			
Depreciation		10,420	7,215
Profit on sale of fixed assets		-	(608)
Profit on sale of marketable securities		(674)	(10,345)
Change in premium and claims reserves		160,441	(913)
Investment income		(95,671)	(110,654)
Share of result of associates before tax		(84,561)	(51,082)
Operating profit before working capital changes		203,368	3,404
(Increase)/decrease in premium and other receivables		(145,052)	1,434
Increase in trade and other payables/provision for liabilities and charges		87,619	80,984
Cash generated from operations		145,935	85,822
Income tax paid		(16,456)	(34,962)
Net cash inflow from operating activities		129,479	50,860
CASH FLOW FROM INVESTING ACTIVITIES			
Investment income		95,671	110,654
Dividends received from associates		10,553	6,445
Proceeds from sale of fixed assets		-	1,083
Proceeds from sale of marketable securities		31,537	11,850
Purchase of fixed assets		(35,010)	(6,090)
Transfer/(additions) of investment properties		136,828	(63,040)
Purchase of marketable securities		(63,637)	(144,048)
Transfer/(purchase) of unquoted shares		68,383	(9,272)
(Additions)/disposal of investment in associates		(57,212)	12,393
Net mortgage loans (advanced)/ redeemed		(33,384)	12,630
Net (addition)/ redemption of government securities maturing after 91 days		(206,911)	325
Net cash outflow from investing activities		(53,182)	(67,070)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(58,685)	(58,413)
Net cash outflow from financing activities		(58,685)	(58,413)
Net increase/(decrease) in cash and cash equivalents		17,612	(74,623)
Cash and cash equivalents at start of year	20	288,023	327,557
Additional cash and cash equivalents from subsidiaries on first year consolidation		237,656	38,745
Exchange gain/(loss) on translation of cash and cash equivalents in foreign enterprises		1,328	(3,656)
Cash and cash equivalents at end of year	20	544,619	288,023

The accounting policies on pages 25 to 28 and the notes on pages 29 to 43 form part of these financial statements.

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 Financial Reporting Standards (IFRS). 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 subsidiary companies made up to 31 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.

e) UNDERWRITING RESULTS (CONTINUED)

(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) 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.

g) 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.

h) 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.

h) OTHER INVESTMENTS (CONTINUED)

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 ,fixed deposits and commercial bonds 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) 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.

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

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:

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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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 reclassification of leasehold land to comply with International Financial Reporting Standard 17, Leases, and the recognition of deferred tax on investment property fair value changes to comply with International Financial Reporting Standard 12, Income taxes.

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 property and other investment activities.

The Short-Term business operations are primarily from the following business segments:

i) Direct insurance

ii) 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, 2002			Year ended 31st December, 2001		
	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	705,449	298,372	1,003,821	498,095	348,889	846,984
Segment result	(47,451)	62,632	15,181	(56,063)	46,118	(9,945)
Segment liabilities :						
Technical provisions	611,870	344,029	955,899	588,630	361,920	950,550

(b) Secondary reporting format - geographical segments

The Group's main geographical segments of Short-Term business are Kenya, Uganda, Tanzania, Mauritius and other countries. Kenya is the home country of the parent Company. The Company accepted reinsurance business from its associates and subsidiaries operating in Uganda, Tanzania and Mauritius. 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	
	2002 Shs'000	2001 Shs'000	2002 Shs'000	2001 Shs'000	2002 Shs'000	2001 Shs'000
Kenya	565,573	501,916	79,149	81,659	1,992,388	1,850,143
Uganda	130,179	100,520	7,663	8,528	750,934	553,963
Tanzania	160,920	156,637	-	-	256,102	65,279
Mauritius	147,149	84,506	8,812	20,467	178,720	249,935
Other countries	-	3,405	47	-	12,327	-
Total	1,003,821	846,984	95,671	110,654	3,190,471	2,719,320

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:	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Depreciation	10,420	9,162	19,582	14,720
Auditors' remuneration including VAT (Company: 2002: Shs 3,438,000 2001: Shs 3,448,000)	2,736	1,195	3,931	3,672
Staff costs - Company (note 4)	117,065	80,369	197,434	191,611

3. INVESTMENT INCOME

Group	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Mortgage loan interest	-	8,388	8,388	38,247
Bank deposit interest	15,553	9,583	25,136	16,029
Government securities interest	28,067	148,259	176,326	137,673
Dividend income	14,710	-	14,710	25,865
Rental income (net of expenses)	30,955	67,260	98,215	87,163
Net loss on sale of marketable securities and disposal of associate	-	-	-	(454)
Gain on sale of investment	2,118	-	2,118	-
Fair value (loss)/gain on investment properties (note 14)	(4,530)	9,800	5,270	31,074
Other income	8,798	19,970	28,768	23,650
Total	95,671	263,260	358,931	359,247

4. STAFF COSTS

Company	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Wages and salaries	105,557	70,718	176,275	170,834
Pension costs – defined contribution plan	4,047	2,698	6,745	6,476
Other benefits	7,461	6,953	14,414	14,301
Total	117,065	80,369	197,434	191,611

The number of persons employed by the Group at year end was 203 (2001: 201).

5. TAX

Group	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Current tax	32,593	5,400	37,993	29,019
Share of tax of associates	25,427	3,272	28,699	21,005
Deferred tax (note 23)	(3,963)	240	(3,723)	7,099
Total	54,057	8,912	62,969	57,123

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:

	2002 Shs'000	2001 Shs'000
Profit before tax	213,413	169,791
Tax calculated at 30% (2001: 30%)	64,024	50,937
Effect of:		
Income not subject to tax	(9,683)	(9,970)
Expenses not deductible for tax purposes	5,277	5,112
Others	3,351	11,044
Tax charge	62,969	57,123

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 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, 2002. On the actuary's recommendation, a transfer of Shs 18 million (2001: Shs 18 million) 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

Ordinary shares of Shs 5 each	Number of shares 2002 '000	Number of shares 2001 '000	Share capital 2002 Shs '000	Share capital 2001 Shs '000
Authorised (Short-Term business)	24,000	40,000	120,000	200,000
Authorised (Long-Term business)	16,000	-	80,000	-
Total	40,000	40,000	200,000	200,000
Issued and fully paid				
Balance at start and end of year (Short-Term business)	20,000	36,000	100,000	180,000
Balance at start and end of year (Long-Term business)	16,000	-	80,000	-
Total	36,000	36,000	180,000	180,000

On 1st January, 2002, 16 million ordinary shares of shs 5 each were assigned to Long-Term business which are still part of shareholder's funds.

8. RESERVES

(a) Group

Revaluation reserves	2002 Shs'000	2001 Shs'000
At start of year (as previously reported)	108,825	172,215
- restatement of results of associates	(100,398)	(91,875)
As restated	8,427	80,340
Fair value gains/(losses) on marketable securities (note 15)	5,095	(80,255)
Fair value (losses)/gains on unquoted shares (note 16(a))	(18,957)	5,176
Release of revaluation reserve on sale of marketable securities (note 15)	-	(14,150)
Deferred tax on revaluation (note 23)	-	5,806
Revaluation reserves from subsidiaries (note 16(a))	(1,815)	-
Share of reserves from associates	77,270	11,510
At end of year	70,020	8,427

The revaluation reserves are non-distributable.

8. RESERVES (CONTINUED)

(a) Group (continued)

	2002 Shs'000	2001 Shs'000
General reserves		
Balance at start and end of year	70,000	70,000

The general reserves were an appropriation of retained earnings in 1992, and are therefore distributable.

	2002 Shs'000	2001 Shs'000
Translation reserves		
At start of year	14,810	31,227
Translation gain/(loss) on Mauritius investments	1,629	(8,224)
Translation reserves of subsidiaries	(2,962)	(1)
Share of reserves from associates	(5,316)	(8,192)
At end of year	8,161	14,810
Retained earnings		
At start of year (as previously reported)	1,327,466	1,288,884
-reclassification of leasehold land - Company (note 14)	(260,366)	(260,366)
-reclassification of leasehold land - associates (note 11 (e))	(42,844)	(42,844)
-deferred tax on revaluation reserves - Company (note 23)	(77,825)	(80,824)
-deferred tax on revaluation reserves - associates (note 11 (e))	(23,251)	(23,251)
-restatement of results of associates	86,519	69,946
As restated	1,009,699	951,545
Net profit	164,442	121,154
Paid and proposed dividends	(63,000)	(63,000)
At end of year	1,111,141	1,009,699

Fair value gains/(losses) arising from the Group's Investment properties are credited/(charged) through the profit and loss account. The Commissioner of Insurance has placed restrictions on distribution of these reserves by the Group which amounted to Shs 518,244,965 as at 31st December, 2002 (2001:Shs 521,415,877).

(b) Company

	2002 Shs'000	2001 Shs'000
Revaluation reserves		
At start of year	91,333	166,233
Fair value gains/(losses) on marketable securities (note 15)	5,095	(80,255)
Fair value (losses)/gains on unquoted shares (note 16)	(16,962)	13,699
Release of revaluation reserve on sale of marketable securities	-	(14,150)
Deferred tax on revaluation (note 23)	-	5,806
At end of year	79,466	91,333

The revaluation reserves are non-distributable.

	2002 Shs'000	2001 Shs'000
General reserves		
Balance at start and end of year	70,000	70,000

The general reserves were an appropriation of retained earnings in 1992, and are therefore distributable.

8. RESERVES (CONTINUED)
(b) Company (continued)

	2002 Shs'000	2001 Shs'000
Translation reserves		
At start of year	22,446	30,670
Translation gain/(loss) on Mauritius investments	1,629	(8,224)
At end of year	24,075	22,446
Retained earnings		
At start of year (as previously reported)	1,057,855	1,029,951
-reclassification of leasehold land (note 14)	(260,366)	(260,366)
-deferred tax on revaluation reserves (note 23)	(77,825)	(80,824)
As restated	719,664	688,761
Net profit	119,114	93,903
Paid and proposed dividends	(63,000)	(63,000)
At end of year	775,778	719,664

Fair value gains/(losses) arising from the Company's Investment properties are credited/(charged) through the profit and loss account. The Commissioner of Insurance has placed restrictions on distribution of these reserves by the Company which amounted to Shs 452,638,496 as at 31st December, 2002 (2001:Shs 455,809,408).

9. LONG-TERM BUSINESS FUNDS

The Long-Term business funds are split as follows:

	2002 Shs'000	2001 Shs'000
(a) Group		
Ordinary life	926,996	916,904
Retirement benefits fund	1,502,363	1,240,154
Other superannuation	309,558	243,160
Total	2,738,917	2,400,218
(b) Company		
Ordinary life	855,534	856,777
Retirement benefits fund	1,419,106	1,240,154
Other superannuation	294,544	243,160
Total	2,569,184	2,340,091

Other superannuation includes group life and immediate annuity business.

10. MINORITY INTEREST

	2002 Shs'000	2001 Shs'000
At start of year (as previously reported)	55,024	24,209
Share of net (loss)/profit of subsidiaries	(5,086)	235
Share of assets in Jubilee Insurance (Mauritius) Ltd	-	30,580
Share of reserves of subsidiaries	(947)	-
Share of assets in The Jubilee Insurance Company of Uganda Limited	45,702	-
Share of assets in The Jubilee Insurance Company of Tanzania Limited	112,366	-
At end of year	207,059	55,024

11. INVESTMENTS IN ASSOCIATED COMPANIES AND SUBSIDIARIES

(a) Group

	2002 Shs'000	2001 Shs'000	2002 % Equity Held	2001 % Equity Held
Group's share of net assets in:				
Kenya				
Property Development and Management Limited	365,860	349,262	37.10	37.10
Kenya Litho Limited	33,540	37,342	25.58	25.58
I P S Power Investment Limited	118,956	118,956	27.00	27.00
TPS Holdings Limited	160,098	144,595	21.81	21.81
East Africa Reinsurance Company Limited	137,691	-	21.54	18.66
Sub-Total	816,145	650,155		
Outside Kenya				
The Jubilee Insurance Company of Uganda Limited (note 11(c))	-	27,514	-	36.25
The Jubilee Insurance Company of Tanzania Limited (note 11(c))	-	49,806	-	32.92
Sub-Total	-	77,320		
Total	816,145	727,475		

(b) Company

	2002 Shs'000	2001 Shs'000	2002 % Equity Held	2001 % Equity Held
Investment at cost in:				
In Kenya				
Property Development and Management Limited	97,900	97,900	27.75	27.75
Kenya Litho Limited	25,362	25,362	25.58	25.58
I P S Power Investment Limited	118,956	118,956	27.00	27.00
East Africa Reinsurance Company Limited	87,785	-	21.54	18.66
Sub-Total	330,003	242,218		
Outside Kenya				
The Jubilee Insurance Company of Uganda Limited (note 11(c))	-	8,766	-	10.00
The Jubilee Insurance Company of Tanzania Limited (note 11(c))	-	34,155	-	30.00
Sub-Total	-	42,921		
Total	330,003	285,139		

(c) The Jubilee Insurance Company of Uganda Limited and The Jubilee Insurance Company of Tanzania Limited became subsidiaries on 31st December, 2002 upon acquisition of additional shares.

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

	2002 Shs'000	2001 Shs'000
Group		
Share of net assets in:		
Property Development and Management Limited	93,109	88,618
I P S Power Investment Limited	118,956	118,956
TPS Holdings Limited	5,544	4,699
East Africa Reinsurance Company Limited	125,481	-
Total	343,090	212,273
Company		
Investment at cost in:		
Property Development and Management Limited	33,190	33,190
I P S Power Investment Limited	118,956	118,956
East Africa Reinsurance Company Limited	80,000	-
Total	232,146	152,146

11. INVESTMENTS IN ASSOCIATED COMPANIES AND SUBSIDIARIES (CONTINUED)

Property Development and Management Limited (formerly 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. TPS Holdings Limited has invested in the equity of Tourism Promotion Services Limited, the owner and operator of hotel and lodge facilities in Kenya. East Africa Reinsurance is a private reinsurance company.

(e) Movement of net assets during the year:

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Group				
As start of year (as previously reported)	457,874	238,209	696,083	706,277
-reclassification of leasehold land by associates	(59,317)	(22,007)	(81,324)	(81,324)
-deferred tax on investment properties	(23,251)	(8,628)	(31,879)	(31,879)
-transfer from unquoted investments	139,896	4,699	144,595	127,069
As restated	515,202	212,273	727,475	720,143
Additions/transfers from unquoted investments	57,212	80,000	137,212	18,956
Disposals	-	-	-	(12,393)
Share of result before tax	84,561	10,009	94,570	60,110
Share of tax (note 5)	(25,427)	(3,272)	(28,699)	(21,005)
Dividends received	(10,553)	(2,175)	(12,728)	(8,299)
Share of revaluation and translation reserves	33,582	46,255	79,837	3,317
Transfer of net assets due to Jubilee Insurance (Mauritius) Ltd change to a subsidiary	-	-	-	(33,354)
Transfer of net assets due to The Jubilee Insurance Company of Uganda Limited change to a subsidiary	(64,569)	-	(64,569)	-
Transfer of net assets due to The Jubilee Insurance Company of Tanzania Limited change to a subsidiary	(116,953)	-	(116,953)	-
At end of year	473,055	343,090	816,145	727,475

(f) Reinsurance business with associates and subsidiaries

Premium

The Company accepted quota share reinsurance premium from the following companies in the year:

	2002 Shs'000	2001 Shs'000
The Jubilee Insurance Company of Uganda Limited	130,179	100,520
Jubilee Insurance (Mauritius) Ltd	89,613	84,506
The Jubilee Insurance Company of Tanzania Limited	160,920	156,637
Total	380,712	341,663

Incurred claims and commissions

The Company incurred the following claims and commissions arising out of the quota share arrangements with the associates and subsidiaries in the year:

	2002 Shs'000	2001 Shs'000
The Jubilee Insurance Company of Uganda Limited	81,654	79,980
Jubilee Insurance (Mauritius) Ltd	85,576	76,464
The Jubilee Insurance Company of Tanzania Limited	79,607	163,343
Total	246,837	319,787

11. INVESTMENTS IN ASSOCIATED COMPANIES AND SUBSIDIARIES (CONTINUED)

Balances

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

	2002 Shs'000	2001 Shs'000
The Jubilee Insurance Company of Uganda Limited	18,770	22,698
Jubilee Insurance (Mauritius) Ltd	14,183	7,339
The Jubilee Insurance Company of Tanzania Limited	15,662	(10,056)
Total	48,615	19,981

12. INVESTMENT IN SUBSIDIARIES

	Country of incorporation	2002 % Equity Held	2001 % Equity Held
The Jubilee Investments Company Limited	Uganda	75.00	75.00
Jubilee Financial Services Limited	Kenya	100.00	100.00
Jubilee Insurance (Mauritius) Ltd	Mauritius	53.30	51.30
The Jubilee Insurance Company of Uganda Limited	Uganda	56.25	-
The Jubilee Insurance Company of Tanzania Limited	Tanzania	51.00	-
Thillai Software Private Limited	India	80.00	-

The Jubilee Insurance Company of Uganda Limited and The Jubilee Insurance Company of Tanzania Limited were associates until 31st December, 2002 when the Group acquired additional shares making them subsidiaries.

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	70,085	17,537	42,300	129,922
Additions	10,777	2,595	35,885	49,257
Exchange adjustment	(23)	10	(11)	(24)
Disposals	(215)	-	-	(215)
At end of year	80,624	20,142	78,174	178,940
Depreciation				
At start of year	57,110	13,441	33,606	104,157
Charge for the year	9,839	2,602	7,141	19,582
Exchange adjustment	(23)	5	(21)	(39)
On disposals	(215)	-	-	(215)
At end of year	66,711	16,048	40,726	123,485
Net book value				
At 31st December, 2002	13,913	4,094	37,448	55,455
At 31st December, 2001	12,975	4,096	8,694	25,765

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	68,960	17,164	40,786	126,910
Additions	2,020	1,218	24,564	27,802
At end of year	70,980	18,382	65,350	154,712
Depreciation				
At start of year	56,611	13,441	33,455	103,507
Charge for the year	9,007	2,223	6,771	18,001
At end of year	65,618	15,664	40,226	121,508
Net book value				
At 31st December, 2002	5,362	2,718	25,124	33,204
At 31st December, 2001	12,349	3,723	7,331	23,403

(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 71,100,040 (2001: Shs 59,872,246) 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 18,810,704 (2001: Shs13,311,590).

14. INVESTMENT PROPERTIES

The valuation of freehold and leasehold properties as at 31st December, 2001 was carried out by M/s Mohamed A Samji Consultant Surveyors and Valuers while valuation as at 31st December, 2002 was carried out by Knight Frank Kenya Ltd on an open market basis. Investment properties include properties situated outside Kenya valued at Shs 502,298,125 (2001: Shs 442,346,500), included under Short-Term business.

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
At start of year (as previously reported)	1,292,049	561,000	1,853,049	1,758,714
Reclassification of leasehold land	(260,366)	(59,437)	(319,803)	(319,803)
As restated	1,031,683	501,563	1,533,246	1,438,911
Transfer between Short-Term and Long-Term business	(215,137)	215,137	-	-
Exchange Difference	(324)	-	(324)	221
Additions	78,309	-	78,309	63,040
Fair value (loss)/gain (note 3)	(4,530)	9,800	5,270	31,074
At end of year	890,001	726,500	1,616,501	1,533,246
(b) Company				
At start of year (as previously reported)	1,284,314	561,000	1,845,314	1,751,200
Reclassification of leasehold land	(260,366)	(59,437)	(319,803)	(319,803)
As restated	1,023,948	501,563	1,525,511	1,431,397
Transfer between Short-Term and Long-Term business	(215,137)	215,137	-	-
Additions	61,117	-	61,117	63,040
Fair value (loss)/gain (note 3)	(4,530)	9,800	5,270	31,074
At end of year	865,398	726,500	1,591,898	1,525,511

15. MARKETABLE SECURITIES

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
At start of year	208,723	-	**208,723**	294,940
Exchange difference	749	-	**749**	(3,557)
Additions	53,656	17,790	**71,446**	13,250
Disposals	(20,882)	-	**(20,882)**	(1,505)
Fair value gains/(losses) on marketable securities (note 8 (a))	5,095	64	**5,159**	(80,255)
Release of revaluation reserves on sale of marketable securities	-	-	**-**	(14,150)
At end of year	247,341	17,854	**265,195**	208,723
(b) Company				
At start of year	195,473	-	**195,473**	294,940
Exchange difference	533	-	**533**	(3,557)
Additions	-	260	**260**	-
Disposals	(20,882)	-	**(20,882)**	(1,505)
Fair value gains/(losses) on marketable securities (note 8 (b))	5,095	64	**5,159**	(80,255)
Release of revaluation reserves on sale of marketable securities	-	-	**-**	(14,150)
At end of year	180,219	324	**180,543**	195,473

The marketable securities 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 11th April, 2003 was Shs 336,299,550 and Shs 251,648,317 for Group and Company respectively.

16. UNQUOTED ORDINARY SHARES

	2002 Shs'000	2001 Shs'000
(a) Group		
At start of year	**336,281**	312,941
Transfer to investments in associates	**(137,616)**	(129,093)
As restated	**198,665**	183,848
Additions	**8,085**	9,272
Disposals	**(8,029)**	-
Transfer to investments in associates	**(68,439)**	-
Exchange difference	**(851)**	369
Fair value (losses)/gains (note 8 (a))	**(21,489)**	5,176
At end of year	**107,942**	198,665
(b) Company		
At start of year	**317,211**	300,364
Additions	**1,500**	3,148
Transfer to investments in associates	**(68,439)**	-
Fair value (losses)/gains (note 8 (b))	**(16,962)**	13,699
At end of year	**233,310**	317,211

17. MORTGAGE LOANS

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
At start of year	-	123,320	123,320	213,991
Loans advanced	33,384	1,600	34,984	1,800
Interest and penalties (net of provisions)	-	8,557	8,557	42,159
Redemptions/repayments	-	(58,012)	(58,012)	(134,630)
At end of year	33,384	75,465	108,849	123,320
(b) Company				
At start of year	-	123,320	123,320	213,991
Loans advanced	-	1,600	1,600	1,800
Interest and penalties (net of provisions)	-	8,557	8,557	42,159
Redemptions/repayments	-	(58,012)	(58,012)	(134,630)
At end of year	-	75,465	75,465	123,320

Mortgage loans outstanding at 31st December, 2002 includes Shs 15,230 in respect of loans to Directors (note 24).

18. PREMIUM AND OTHER RECEIVABLES

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
Premium receivables	353,957	-	353,957	174,034
Receivables from associates	-	-	-	15,740
Receivables under reinsurance contracts	129,331	8,790	138,121	128,086
Receivables from associates under reinsurance contracts	-	-	-	22,698
Other receivables	132,753	26,914	159,667	125,434
Total	616,041	35,704	651,745	465,992
(b) Company				
Premium receivables	124,147	-	124,147	99,855
Receivables from associates	-	-	-	15,740
Receivables from subsidiaries	36,967	-	36,967	47,976
Receivables under reinsurance contracts	78,022	8,790	86,812	128,086
Receivables from subsidiaries under reinsurance contracts	44,797	3,818	48,615	30,037
Other receivables	97,835	24,381	122,216	101,396
Total	381,768	36,989	418,757	423,090

19. GOVERNMENT SECURITIES

(a) Group	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Kenya:				
Treasury bills maturing within 91 days of the date of acquisition	224,934	221,566	446,500	1,076,694
Treasury bills maturing after 91 days of the date of acquisition	125,468	132,322	257,790	-
Treasury bonds maturing after 91 days of the date of acquisition	6,000	1,196,053	1,202,053	429,534
Outside Kenya:				
Treasury bills maturing after 91 days of the date of acquisition	96,548	51,068	147,616	17,646
Total	452,950	1,601,009	2,053,959	1,523,874

19. GOVERNMENT SECURITIES (CONTINUED)

(b) Company

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
Kenya:				
Treasury bills maturing within 91 days of the date of acquisition	224,934	221,566	446,500	1,076,694
Treasury bills maturing after 91 days of the date of acquisition	121,042	132,323	253,365	-
Treasury bonds maturing after 91 days of the date of acquisition	-	1,196,053	1,196,053	426,534
Outside Kenya:				
Treasury bills maturing after 91 days of the date of acquisition	7,806	-	7,806	7,252
Total	353,782	1,549,942	1,903,724	1,510,480

20. CASH AND CASH EQUIVALENTS (SHORT-TERM BUSINESS)

The year end cash and cash equivalents comprise the following:

	2002 Shs'000	2001 Shs'000
Cash and bank balances	78,700	28,409
Short-Term deposits with banks	253,470	121,263
Bank overdraft	(12,485)	(837)
Treasury bills maturing within 91 days of date of acquisition	224,934	139,188
Total	544,619	288,023

21. TRADE AND OTHER PAYABLES

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
Due to reinsurers other than associates	90,909	7,704	98,613	42,747
Due to associates under reinsurance contracts	-	-	-	10,056
Amount due to agents/insurers	17,214	2,675	19,889	15,448
Other payables	217,177	75,565	292,742	177,411
Total	325,300	85,944	411,244	245,662
(b) Company				
Due to reinsurers other than associates	45,453	4,896	50,349	36,777
Due to associates under reinsurance contracts	-	-	-	10,056
Amount due to agents/insurers	17,214	2,675	19,889	15,448
Due to subsidiaries	24,770	-	24,770	-
Other payables	85,183	75,649	160,832	124,964
Total	172,620	83,220	255,840	187,245

22. PROVISION FOR LIABILITIES AND CHARGES - RESTRUCTURING COSTS

	2002 Shs'000	2001 Shs'000
Group and Company		
At start of year	4,104	23,036
Utilised during the year:		
Attributable to Short-Term business	(82)	(4,296)
Attributable to Long-Term business	-	(14,636)
At end of year	4,022	4,104

Restructuring costs includes provision for termination benefits and business process re-engineering costs.

23. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2001: 30%).

The movement in the deferred income tax account is as follows:

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(a) Group				
At start of year (as previously reported)	26,173	-	26,173	22,521
Deferred tax on property fair value gains	77,510	7,067	84,577	87,013
As restated	103,683	7,067	110,750	109,534
Income statement (credit)/charge (note 5)	(3,963)	240	(3,723)	7,093
Exchange adjustment	316		316	(71)
Tax effect on revaluations (note 8(a))	-	-	-	(5,806)
Deferred tax from subsidiaries	(14,089)	(41)	(14,130)	-
At the end of the year	85,947	7,266	93,213	110,750

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:

	1.1.2002 Shs'000	Charged/ (Credited) to P&L & Life revenue Shs'000	Exchange adjustment Shs'000	Transfer from subsidiaries Shs'000	31.12.2002 Shs'000
Investment properties fair value gains/(losses)	123,434	(1,119)	-		122,315
Accelerated depreciation :			-		
-attributable to company	(5,777)	(3,542)	-	-	(9,319)
-attributable to subsidiaries	(2,467)	(86)	316	-	(2,237)
Provisions	(5,121)	965	-	-	(4,156)
Other deductible temporary differences	681	59	-	-	740
Deferred tax from subsidiaries	-	-	-	(14,130)	(14,130)
Net deferred tax liability	110,750	(3,723)	316	(14,130)	93,213

	Short-Term Business Shs'000	Long-Term Business Shs'000	2002 Total Shs'000	2001 Total Shs'000
(b) Company				
At start of year (as previously reported)	28,640	-	28,640	24,911
Deferred tax on property fair value gains	77,825	7,067	84,892	87,328
As restated	106,465	7,067	113,532	112,239
Income statement (credit)/charge	(3,877)	240	(3,637)	7,099
Tax effect on revaluations (note 8(b))	-	-	-	(5,806)
At the end of the year	102,588	7,307	109,895	113,532

The prior year adjustment comprises of Shs 80,824,472 and Shs 6,503,535 from Short-Term and Long-Term business respectively.

23. DEFERRED TAX (CONTINUED)

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:

	1.1.2002 Shs'000	Charged/ (Credited) to P&L & Life revenue Shs'000	31.12.2002 Shs'000
Investment properties fair value gains/(losses)	123,749	(1,119)	122,630
Accelerated depreciation	(5,777)	(3,542)	(9,319)
Provisions	(5,121)	965	(4,156)
Other deductible temporary differences	681	59	740
Net deferred tax liability	113,532	(3,637)	109,895

24. LOANS TO DIRECTORS

Group and Company

Loans to Directors of the Company and their families are as follows:

	2002 Shs'000	2001 Shs'000
At start of year	69	2,336
Interest charged	-	151
Repayments	(54)	(2,418)
At end of year	15	69

25. DIRECTORS' EMOLUMENTS

Group	As Directors 2002 Shs'000	As Management 2002 Shs'000	As Directors 2001 Shs'000	As Management 2001 Shs'000
Emoluments	1,480	35,481	1,418	33,035

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.

Group	2002	2001
Net profit attributable to shareholders (Shs'000)	164,442	121,154
Number of ordinary shares in issue ('000)	36,000	36,000
Earnings per share (Shs)-basic and diluted	4.57	3.37

There was no potentially dilutive shares in issue at 31st December, 2002 and 31st December, 2001.

27. WEIGHTED AVERAGE 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:

	2002 %	2001 %
Government securities	9.36	12.68
Bank deposits	8.98	11.43
Mortgage loans	20 to 24	20 to 24
Life policy loans	16.00	16.00
Commercial papers	-	13.64
Commercial bonds	8.72	13.51

28. DIVIDEND PER SHARE

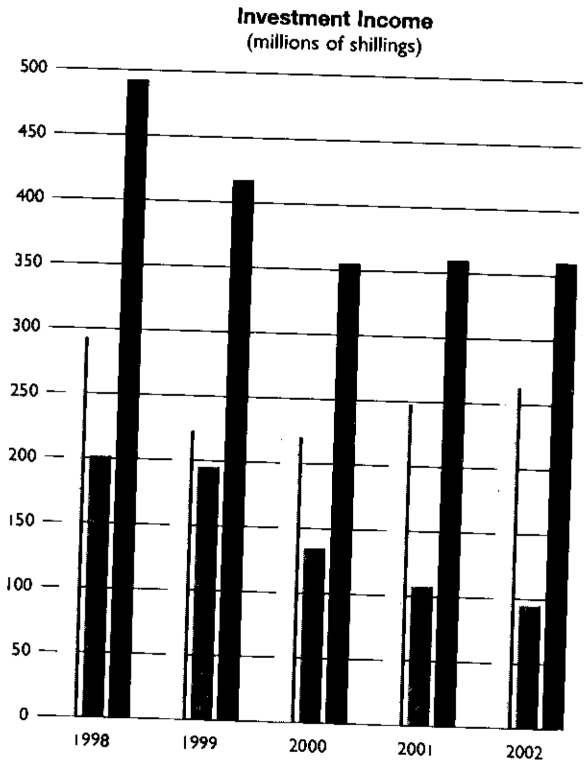
During the year, an interim dividend of Shs 18 million (2001: Shs 18 million) was paid. At the Annual General Meeting on 18th June, 2003, a final dividend of Shs 45 million (2001: Shs 45 million) is to be proposed bringing the total dividends to Shs 63 million for the year 2002 (2001: Shs 63 million) which is Shs 1.75 per share (2001: Shs 1.75 per share).

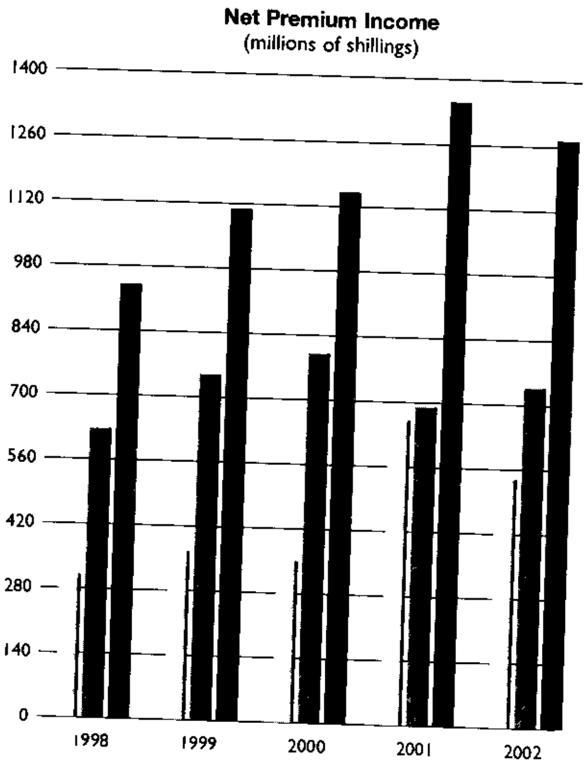
29. CAPITAL COMMITMENTS

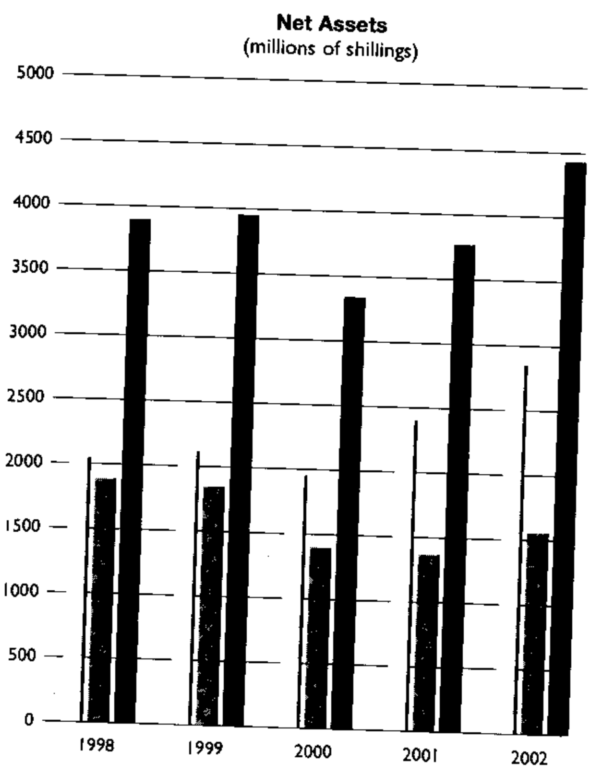
Group and Company

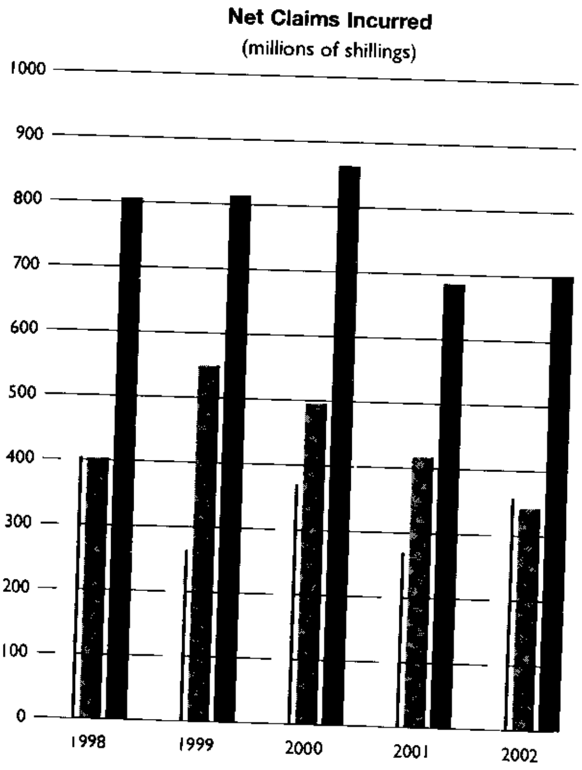
Capital expenditure contracted for at the balance sheet date but not recognised in the financial statement is as follows:	2002 Shs'000	2001 Shs'000
Refurbishment of Jubilee Insurance Centre, Kampala	370	7,068

GROUP FINANCIAL HIGHLIGHTS









Long-Term Short-Term Total

GROUP REVIEW - TEN YEARS

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	Kenya Shillings Million									
Shareholders' Funds	**1,484**	1,328	1,358	1,809	1,804	1,374	1,189	1,141	951	764
Share Capital	**180**	180	180	180	180	150	150	125	125	100
Long-Term Business Funds	**2,739**	2,400	1,945	2,117	2,043	1,839	1,461	1,225	1,029	633
Total Assets	**6,258**	5,278	4,830	5,308	5,020	4,390	3,523	3,123	2,693	1,980
Total Investment Income	**359**	359	355	418	492	415	302	226	195	160
Pre-Tax Profit (including transfer from Long-Term business account)	**213**	170	117	139	206	192	163	126	110	84
Profit Attributable to Shareholders	164	121	78	94	144	134	94	81	65	62
Dividends to Shareholders	63	63	63	63	63	53	53**	44	44	35
Dividend Cover Ratio	**2.61**	1.92	1.24	1.50	2.28	2.56	1.57	1.86	1.49	1.78
Bonus Issue	-	-	-	-	1:5	-	1:5	-	1:4	-
* Earnings Per Share (Shs) (par value Shs 5)	4.57	3.37	2.17	2.62	4.00	3.73	2.62	2.26	1.81	1.72

* 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.