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Board of Directors

CHAIRMAN

Abdul M. Jaffer (U.S.A.)

DEPUTY CHAIRMAN

Lutaf Maherali (Kenyan)

BOARD OF DIRECTORS

Abdul Karim C. Popat (Kenyan)
Sir Hamid Moollan Q.C. (Mauritian)
William B. Robinson (Australian) (Resigned 7.4.98)
Sadrudin H. Tejpar (Kenyan)
Joseph M. Mugwe (Kenyan)
Amin M. Datoo (Technical) (Kenyan)
Abdul I. Paroo (Finance) (Canadian)
Brian Wilson (Irish) (Appointed 7.4.98)

Company Management

CHAIRMAN

DEPUTY CHAIRMAN

TECHNICAL DIRECTOR
- UNDERWRITING
- CLAIMS
- REINSURANCE
- BRANCH ADMINISTRATION
- ACTUARIAL
- LIFE MARKETING
- NON - LIFE MARKETING

FINANCE DIRECTOR
- COMPANY SECRETARY
- ADMINISTRATION
- SHARES REGISTRY
- INVESTMENTS
- PROPERTY
- ACCOUNTING
- INFORMATION TECHNOLOGY
- PERSONNEL

GROUP INTERNAL AUDITOR

We have been there for over 60 years

Will this insurance company still be there when I'm gone?

That is one of the questions you ask yourself when you choose an insurer.
And understandably so, because a life insurance policy is an investment....for life.

Your general insurance policy is backed by unsurpassed financial strength.

Jubilee Insurance is trustworthy.
We have been there for over 60 years.
And we will be with you for a long time to come, because we move forward carefully, step by step.

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Notice of the 60th Annual General Meeting

Notice is hereby given that the Sixtieth Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Wednesday, 24th June, 1998 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, 1997 and the Report of the Directors and the Report of the Auditors thereon.

2. To confirm the payment of the interim dividend of 15% made on 8th September, 1997, and approve the payment of a final dividend of 20% on the issued and paid-up capital of the Company on or about 11th July, 1998 to shareholders registered on 24th June, 1998.

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

(i) Mr. Joseph M. Mugwe

(ii) Mr. Sadrudin H. Tejpar

Mr. Brian Wilson 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.

SPECIAL BUSINESS

To consider and, if thought fit, to approve the following two Resolutions which will be proposed as Ordinary Resolutions:

1. "RESOLVED that it is desirable in pursuance of Article 128 of the Articles of Association of the Company to capitalise the entire balance in the Company's Share Premium Account (Shs. 6,589,476) as well as Shs. 23,410,524 of the retained profits to the total sum of Shs. 30,000,000 and accordingly that such sum be capitalised and that subject to the Capital Markets Authority's consent the Directors be and are hereby authorised and directed to appropriate such sum to the holders of ordinary shares held by them respectively and to apply such sum on behalf of such holders in paying up in full at par 6,000,000 ordinary shares of unissued shares in the capital of the Company, such shares to be allotted and distributed, credited as fully paid-up to and amongst such holders in the proportion of ***One New Ordinary Share for every Five Ordinary Shares*** held on 24th June, 1998 upon the terms that such new shares when issued shall not rank for the dividend in respect of the year ended 31st December, 1997 but shall rank, in all other respects, pari passu with existing ordinary shares of the Company and the Directors be and are hereby authorised to generally do all acts and things required to give effect to this Resolution and deal with fractions in such manner as they should think fit subject always to the Articles of Association of the Company."

2. Special Notice has been received by the Company pursuant to the Companies Act (Cap. 486) that the following resolution be proposed in accordance with Section 186(5) of the Companies Act (Cap. 486) for the consideration of the shareholders.

"RESOLVED that Mr. A. K. C. Popat who has already attained the age of 70 years, be and is hereby re-elected as a Director of the Company."

By Order of the Board
George O. Aseno,
Company Secretary.

P.O. Box 30376,
Nairobi, Kenya.
7th April, 1998.

Chairman's Statement

Dear Shareholders,

In submitting your Company's 60th Annual Report and Accounts, it is with great pride and pleasure that I announce significant improvement in pre and after-tax profits. The fact that these have been achieved despite the intense competition, uncertainties prevailing in an election year and the fallout from the El-Nino downpours unprecedented in Kenya's history, is a testimony of the resilience of the Jubilee. I might add that the results are after making adequate provisions in all areas denoting the underlying strength of your Company.

FINANCIAL PERFORMANCE

The profit before taxation increased from Shs.163 mil. to Shs.192 mil., which is an improvement of 17.8%. Profit after taxation increased from Shs.101 mil. to Shs.141 mil., an increase of 39.6%. The growth in overall results reflects the high level of interest rates on money market funds, increased surplus from life operations but marginally lower profit from general insurance business. Your Board of Directors recommend to the Shareholders a dividend distribution of 35% for the year 1997 (15% interim and 20% final) and in addition a **Bonus issue of *1 share for every 5 shares held, thereby increasing the paid-up capital of the Company from Shs.150 mil. to Shs.180 mil.***

GENERAL INSURANCE PERFORMANCE

The fierce competition for insurance business in the market has undoubtedly affected the integrity and sustainability of insurance rates and terms being quoted at the present time. This is exacerbated by an increase in the crime rates, including car thefts, and the effects of floods and rain water damage caused by the El-Nino downpours. Market forces have drawn us into unhealthy competition, the impact of which will probably be felt in 1998 and 1999. The silver lining to this negative scenario, however, is the awakening in the insurance market to apply sustainable terms for general insurance business and generally strengthen the insurance marketplace. This is a welcome development and, everything being equal, will mark a major milestone in the history of the insurance industry in Kenya and the region. The Jubilee will be supportive of prudent practices in the industry.

LIFE INSURANCE PORTFOLIO

Our gross premium increased from Shs.289 mil. to Shs.319 mil., representing an increase of 10.4%. The increase was equally distributed between Ordinary Life and Superannuation businesses. Your Company has maintained its thrust on Ordinary Life business recognising the stability and profit potential of this portfolio. The introduction of stringent standards imposed by the Retirement Benefits Act, 1997 will force fund managers to create sufficient safeguards in the management of public funds and we expect your Company to benefit from this legislation. Significantly, the Jubilee's Long Term funds increased from Shs.1,461 mil. to Shs.1,839 mil. and makes us an important stakeholder in the management of Kenya's savings fund. The General Reserve fund, which stands at Shs.132 mil., represents additional security to our Life and Pensions clients. We are happy to announce a ***reversionary bonus of 5.25% per annum to With Profits policyholders*** for the year 1997. Undoubtedly the Jubilee policyholders would feel gratified that with such a sizeable General Reserve there are strong prospects of our maintaining the attractive profit-sharing with Ordinary Life With Profits policyholders and hopefully improving it in the future.

*Mr Leonard Mutava Ndivo - an Industrial Area Agency Office based Sales Representative admires a Toyota Saloon Car presented to him by the Chairman, **Mr. Abdul M. Jaffer.** Mr. Ndivo won the car after winning the "Strikers" competition which coincided with Jubilee Insurance's 60th anniversary celebrations.*

For Deposit Administration Schemes held and managed by this Company, I am happy to announce a net interest rate of 20.25% for 1997, which continues to make Jubilee one of the most attractive institutions for the management of the national savings portfolio commensurate with the quality of security offered.

REGIONAL DEVELOPMENT

Last year I reported on the establishment of a new entity, Jubilee Insurance (Mauritius) Ltd. We have achieved a 50% growth in premium during the 9 months this company was operational in 1997. Signals are strong that a compounded growth of 50% is likely to be achieved in 1998 as we now cater for a wider Mauritian clientele.

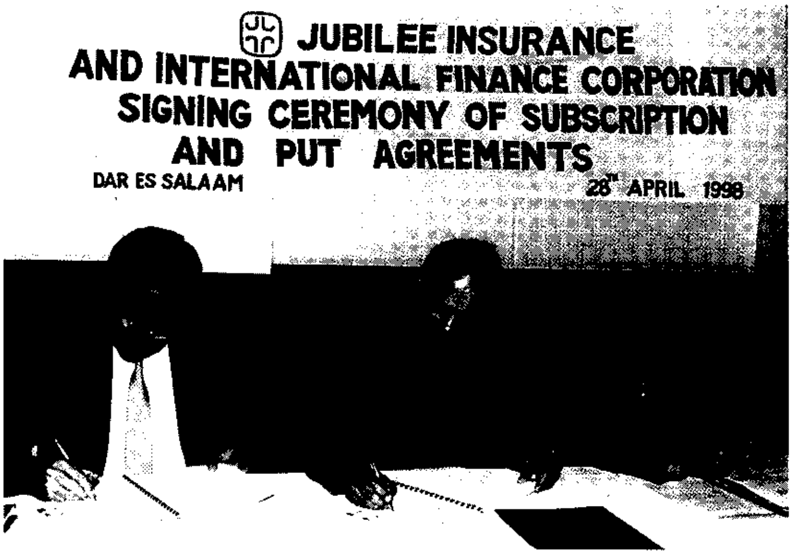
In Uganda we continue to entrench ourselves deeper and now rank 3rd out of some 28 companies operating there. It is noteworthy that we have been able to raise the capitalisation from Ug.Shs.1 billion in 1997 to Ug.Shs.2 billion in 1998 as required by the new legislation, and this makes Jubilee Uganda the highest capitalised company in the entire private sector. The fact that the original paid-up capital of Ug.Shs.600 mil. has increased to Ug.Shs.2,000 mil., all from bonus issues, indicates the level of profit performance in the past five years.

In Tanzania, vital developments have occurred and, at this writing, the country is at the point of liberalising the insurance industry after almost 30 years of Government monopoly. We have made an application for a trading license to the Commissioner of Insurance and optimistically await his decision. Our state of preparedness will hopefully put us in a stronger position in the Tanzanian insurance market which we view with enthusiasm and long term commitment.

All in all, the developments mentioned above make Jubilee an important regional insurance operator in the risk business and we intend to draw on the synergy created for further success and growth of the entire group. Notwithstanding the success and experience achieved, we maintain a positive attitude towards further growth in the region.

JUBILEE'S FUTURE OUTLOOK

With the likely positive effects of the new constitution by members of the Association of Kenya Insurers, we believe that there will be scope for



Left to right: Mr Micheal Hooper (IFC), Mr Abdul M. Jaffer, and Hon. A. Khatib (M.P.), Deputy Minister for Finance, Government of the Republic of Tanzania

achieving a well managed insurance industry in Kenya. This is crucially important as the insurance industry, like banking, is a custodian of public funds and has a specific duty of care in the management of such funds.

For enhancement of operating results, we believe all insurers would have to search for ways to control costs. Jubilee is no exception in this area and we remain firm on our objective to achieve higher productivity and improved level of service from all our staff. The results must logically be a lean and efficient organisational structure with some out-sourcing of services for the overall betterment of your Company so that we can meet the challenges of the New Millennium.

CONCLUSION

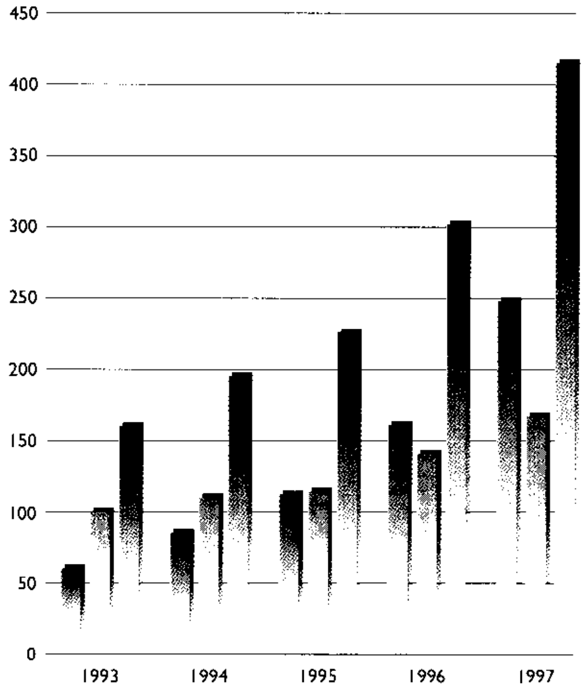
May I take the opportunity of thanking our valued producers, members of staff and, equally importantly, the Directors on the Board who have offered excellent service and vigilant surveillance of your Company.

Abdul M. Jaffer
Chairman

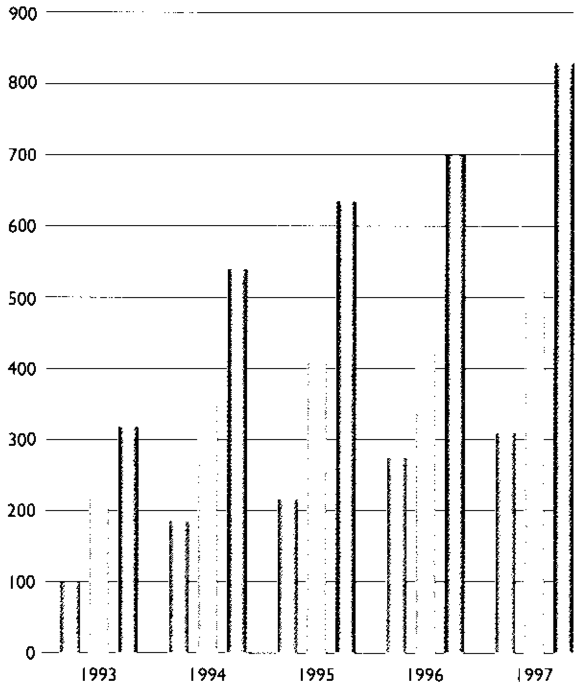
Nairobi, Kenya
7th April, 1998

Group Financial Highlights

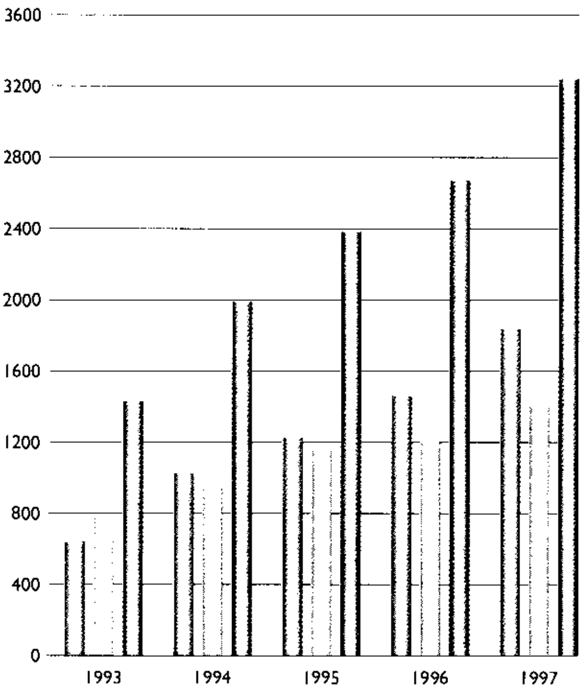
TOTAL INVESTMENT INCOME
(Millions of Shillings)



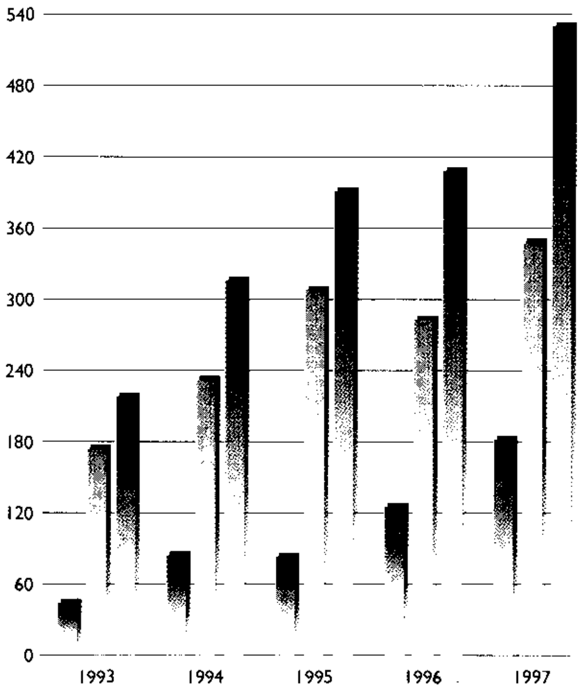
NET PREMIUM INCOME
(Millions of Shillings)



TOTAL NET ASSETS
(Millions of Shillings)



CLAIMS INCURRED (NET)
(Millions of Shillings)



LONG - TERM   SHORT - TERM   TOTAL

Report of the Directors

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31st December, 1997.

PRINCIPAL ACTIVITIES
The principal activities of the Company during 1997 were the transaction of all classes of Insurance Business.

RESULTS
The results for the year and the appropriation thereof are set out in the consolidated profit and loss account on page 10.

DIVIDENDS
An interim dividend of 15% on the paid-up share capital of Shs. 150 million was paid on 8th September, 1997. The Directors recommend the payment of the final dividend of 20%.

BONUS
Subject to the necessary consent being obtained, the Directors recommend that the entire balance in the Company's Share Premium Account (Shs. 6,589,476) as well as Shs. 23,410,524 of the retained profits to the total sum of Shs. 30 million be capitalised and be applied towards the issue to the members of bonus shares in the proportion of one new ordinary share for every five ordinary shares held. The bonus issue will not be eligible for the 1997 dividend.

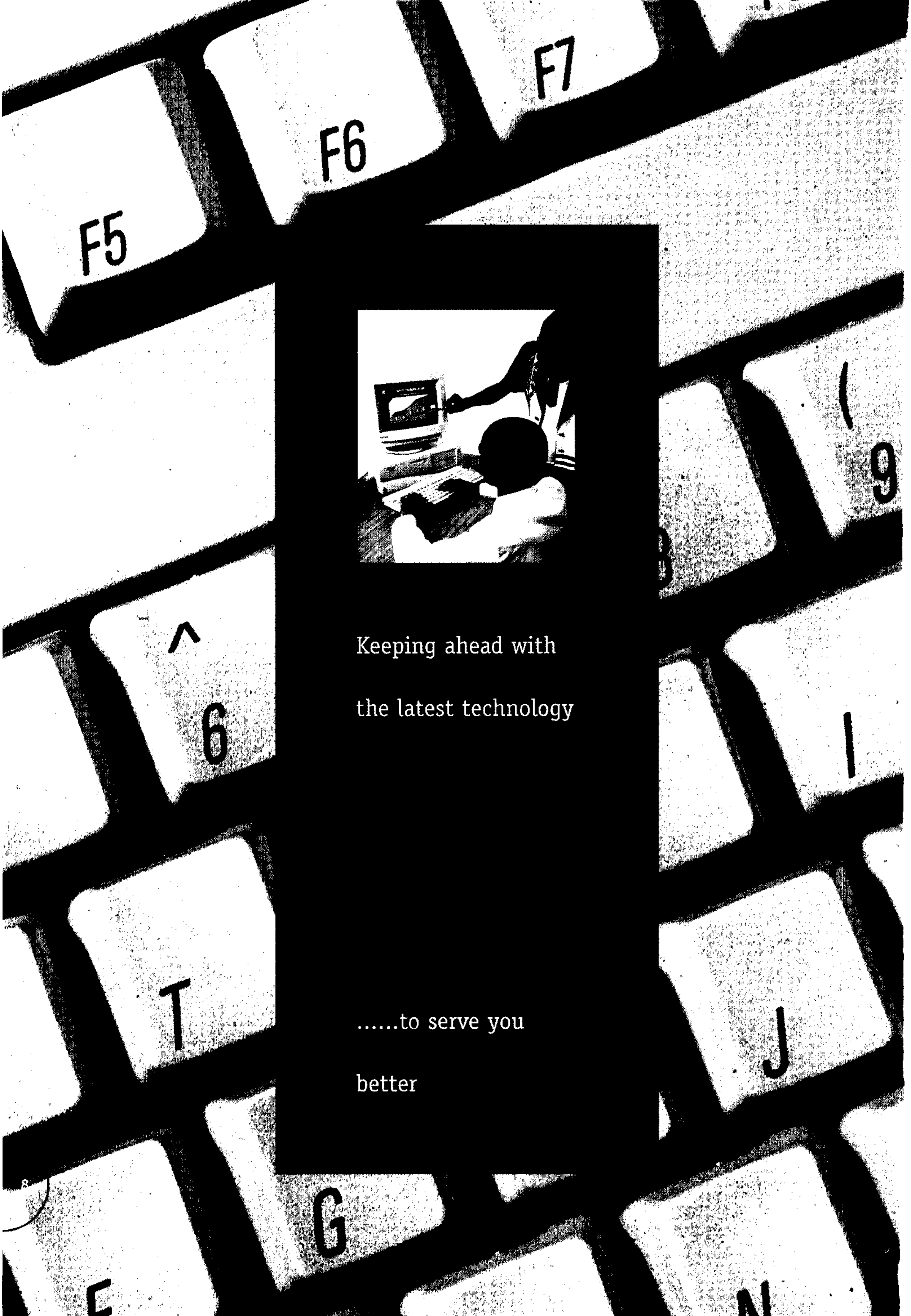
DIRECTORS
The names of the Directors who served during the year are set out on page 2. In accordance with Article 85 of the Company's Articles of Association the following Directors retire by rotation and, being eligible, offer themselves for re-election:

Mr. Joseph M. Mugwe
Mr. Sadrudin H. Tejpar
In accordance with Article 90 of the Company's Articles of Association, Mr. Brian Wilson retires and, being eligible, offers himself for re-election.

AUDITORS
The Auditors, Messrs. Coopers & Lybrand, Certified Public Accountants, will continue in office in accordance with the provisions of Section 159 (2) of the Companies Act (Cap 486), at a remuneration to be fixed by the Directors.

STAFF
The Directors wish to thank the management, members of staff, producers and representatives both in Kenya and overseas, for services rendered during the year.

On behalf of the Board
Abdul Karim C. Popat Nairobi, Kenya,
Director 7th April, 1998.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the latest technology
......to serve you
better

Report of the Auditors

to the members of The Jubilee Insurance Company Limited.

1. We have audited the accounts set out on pages 10 to 26. The Accounts of the Company on pages 16 and 17 are in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

2. RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

Under the provisions of the Companies Act, the Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the company and the group and their profit or loss. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

3. BASIS OF OPINION

We conducted our audit in accordance with Kenyan Auditing Standards. These Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. 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 accounts.

4. OPINION

In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of affairs of the group and the company at 31st December, 1997 and of the profit and cash flows of the group for the year then ended and comply with the Companies Act (CAP486).

Coopers & Lybrand
Certified Public Accountants of Kenya
Nairobi.

8th April, 1998

Consolidated Profit and Loss Account

for the year ended 31st December 1997

	Note	1997 Shs'000	1996 Shs'000
INCOME			
Profit transferred from underwriting revenue account		9,317	11,510
Profit transferred from long term business	11	25,000	21,000
Investment income		167,163	141,407
Total Income		201,480	173,917
OUTGO			
Management expenses not charged to other accounts		120	1,356
Depreciation		6,100	6,151
Bad debts		3,495	3,562
Total outgo		9,715	11,069
Profit before taxation	13	191,765	162,848
Provision for taxation	14	50,380	61,677
Profit after taxation		141,385	101,171
Minority interest		7,108	7,010
Profit attributable to shareholders		134,277	94,161
Dividends - Interim paid 15% (1996-15%)		22,500	22,500
- Final proposed 20% (1996-25%)		30,000	37,500
Retained profit	15	81,777	34,161
APPROPRIATION			
Unappropriated profit brought forward		145,082	148,956
Exchange adjustment - foreign enterprises		5,814	(13,035)
Bonus issue		-	(25,000)
Retained profit for the year		81,777	34,161
Unappropriated profit carried forward	3	232,673	145,082
Earnings per share	17	4.48	3.14

Report of the auditors - page 9

The notes on pages 19 to 26 form part of these accounts.

Long Term Business Revenue Account

for the year ended 31st December 1997

The Group & The Company

Class of Insurance Business	Note	Statutory Funds: Ordinary Life Shs'000	Statutory Funds: Super-Annuation Shs'000	General Reserves Shs'000	1997 Total Shs'000	1996 Total Shs'000
Net premium		118,156	190,381	-	308,537	274,201
Claims paid and outstanding						
- Death		(4,009)	(52,821)	-	(56,830)	(35,979)
- Maturity		(29,095)	-	-	(29,095)	(23,094)
Total Claims		(33,104)	(52,821)	-	(85,925)	(59,073)
Surrenders and Annuities paid (including surrender of Bonus)		(9,465)	(86,491)	-	(95,956)	(66,300)
Commissions		(26,594)	(167)	-	(26,761)	(24,434)
Total Claims, Surrenders, Annuities and Commissions		(69,163)	(139,479)	-	(208,642)	(149,807)
Expenses of Management		(75,259)	(7,235)	-	(82,494)	(76,026)
Investment income		111,828	154,909	4,082	270,819	179,658
Investment expenses		(7,175)	(15,491)	(387)	(23,053)	(18,519)
Net investment income		104,653	139,418	3,695	247,766	161,139
Provision for taxation	14	(5,775)	-	(2,975)	(8,750)	-
Increase in funds	12	72,612	183,085	720	256,417	209,507
Increase in market value of shares		109,289	2,289	4,802	116,380	7,534
Surplus on revaluation of land and buildings		27,300	2,000	1,000	30,300	41,700
Exchange adjustment -foreign enterprises		-	-	405	405	(1,780)
Transfer to profit and loss account	11	(16,500)	-	(8,500)	(25,000)	(21,000)
Funds at the beginning of the the year		610,140	716,544	133,918	1,460,602	1,224,641
Funds at the end of the year		802,841	903,918	132,345	1,839,104	1,460,602

Report of the auditors - page 9

The notes on pages 19 to 26 form part of these accounts.

Underwriting Revenue Account

for the year ended 31st December 1997

Class of insurance business	Engineering Shs'000	Fire-Domestic Shs'000	Fire-Industrial Shs'000	Liability Shs'000
Net premium written	5,820	8,892	66,562	6,244
Unearned premium brought forward	1,328	8,844	15,494	2,301
Unearned premium carried forward	1,980	3,511	25,526	1,962
Net earned premium	5,168	14,225	56,530	6,583
Claims paid	1,377	7,420	37,389	3,032
Claims outstanding carried forward	1,691	6,503	15,884	20,313
Claims outstanding brought forward	2,282	5,444	16,208	17,209
Total claims incurred	786	8,479	37,065	6,136
Commissions	(517)	3,463	(7,038)	978
Expenses of management	829	2,127	10,011	1,493
Total expenses	312	5,590	2,973	2,471
Balance being underwriting profit/(loss)	4,070	156	16,492	(2,024)

Report of the auditors - page 9

The notes on pages 19 to 26 form part of these accounts.

Marine Shs'000	Motor Shs'000	Personal Accident Shs'000	Theft Shs'000	Workmen's Compensation Shs'000	Misce-llaneous Shs'000	1997 Total Shs'000	1996 Total Shs'000
30,740	233,375	76,679	23,536	24,409	42,314	518,571	425,033
10,571	75,684	10,897	8,376	8,978	13,773	156,246	155,383
19,031	81,770	16,565	7,828	9,313	18,182	185,668	156,246
22,280	227,289	71,011	24,084	24,074	37,905	489,149	424,170
5,464	91,106	66,495	20,994	12,832	21,580	267,689	228,073
19,208	268,217	19,902	23,813	75,837	23,434	474,802	394,215
15,153	216,588	14,113	23,042	64,603	19,573	394,215	339,208
9,519	142,735	72,284	21,765	24,066	25,441	348,276	283,080
2,082	28,944	(2,939)	(6,995)	3,343	10,726	32,047	34,949
6,107	46,306	18,341	5,629	5,839	2,827	99,509	94,631
8,189	75,250	15,402	(1,366)	9,182	13,553	131,556	129,580
4,572	9,304	(16,675)	3,685	(9,174)	(1,089)	9,317	11,510

Consolidated Balance Sheet

as at 31st December 1997

	Note	Short Term Business Shs'000	Long Term Business Shs'000	Total 1997 Shs'000	Total 1996 Shs'000
Share capital authorised and issued:					
Nominal share capital authorised	2	200,000	-	200,000	200,000
Share capital issued and paid-up	2	150,000	-	150,000	150,000
Reserves:					
Capital	3	914,277	-	914,277	817,276
General reserve	3	70,000	-	70,000	70,000
Unappropriated profits	3	232,673	-	232,673	145,082
Share Premium Account	3	6,589	-	6,589	6,589
Long term business:					
Statutory funds		-	1,706,759	1,706,759	1,326,684
General reserve	4	-	132,345	132,345	133,918
Total capital, reserves and long term business funds		1,373,539	1,839,104	3,212,643	2,649,549
Minority interests		26,615	-	26,615	20,871
		1,400,154	1,839,104	3,239,258	2,670,420
Represented by:					
ASSETS					
Fixed assets	5				
Leasehold property		5,129	5,129	10,258	10,258
Less: Accumulated depreciation		559	559	1,118	912
		4,570	4,570	9,140	9,346
Motor vehicles		14,041	12,736	26,777	23,878
Less: Accumulated depreciation		10,442	9,919	20,361	16,992
		3,599	2,817	6,416	6,886
Computer equipment		17,247	16,999	34,246	28,836
Less: Accumulated depreciation		13,768	13,706	27,474	22,676
		3,479	3,293	6,772	6,160
Furniture, fixtures, fittings & Office equipment		15,350	15,113	30,463	28,830
Less: Accumulated depreciation		10,722	10,659	21,381	18,456
		4,628	4,454	9,082	10,374
Total fixed assets		16,276	15,134	31,410	32,766
Investments					
(i) Securities issued by Kenya Government		175,563	730,337	905,900	446,249

The accounts on pages 10 to 26 were approved by the Board on 7th April, 1998 and were signed on its behalf by:

Abdul M. Jaffer
Director and Principal Officer

Abdul Karim C. Popat
Director

Report of the auditors - page 9
The notes on pages 19 to 26 form part of these accounts.

	Note	Short Term Business Shs'000	Long Term Business Shs'000	Total 1997 Shs'000	Total 1996 Shs'000
(ii) Other investments:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	150,101	354,267	504,368	365,150
Ordinary shares (unquoted)		134,352	-	134,352	86,875
Preference shares (quoted on the Nairobi Stock Exchange)		-	4,695	4,695	5,005
Commercial paper		-	-	-	10,000
Other commercial bonds		-	12,800	12,800	-
Mortgage loans		144,238	64,021	208,259	169,885
Policy loans		-	64,920	64,920	58,149
Deposits					
-Financial institutions		51,276	213,308	264,584	363,285
Investment in associated companies	7	279,803	-	279,803	134,544
Land and buildings	9	957,600	477,758	1,435,358	1,339,802
Other investments - outside Kenya		175,701	16,839	192,540	218,103
Total other investments		1,893,071	1,208,608	3,101,679	2,750,798
Total investments		2,068,634	1,938,945	4,007,579	3,197,047
Current assets:					
Cash and bank balances		37,748	17,548	55,296	33,048
Amount retained and due under reinsurance contracts		59,625	2,440	62,065	51,551
Amount due from bodies engaged in insurance business		2,724	-	2,724	4,281
Premium outstanding		150,155	3,319	153,474	137,298
Sundry debtors		36,474	24,430	60,904	66,712
Amount due from group companies	10	16,604	-	16,604	-
Total current assets		303,330	47,737	351,067	292,890
Total assets		2,388,240	2,001,816	4,390,056	3,522,703
LIABILITIES					
Underwriting provisions:					
Unearned premium provision		185,668	-	185,668	156,246
Outstanding claims provision		474,802	39,489	514,291	416,458
Total underwriting provisions		660,470	39,489	699,959	572,704
Current liabilities:					
Taxation		(94)	17,717	17,623	44,582
Dividends		63,855	-	63,855	66,303
Bank overdraft and bank loans		67,674	20,290	87,964	17,259
Amount due to reinsurers (not being related bodies)		15,245	12,679	27,924	17,389
Others-due to agents		14,899	5,650	20,549	16,810
Sundry creditors		166,037	66,887	232,924	116,150
Amount due to group company	10	-	-	-	1,086
Total current liabilities		327,616	123,223	450,839	279,579
Total liabilities		988,086	162,712	1,150,798	852,283
		1,400,154	1,839,104	3,239,258	2,670,420

Company Balance Sheet

as at 31st December 1997

	Note	Short Term Business Shs'000	Long Term Business Shs'000	Total 1997 Shs'000	Total 1996 Shs'000
Share capital authorised and issued:					
Nominal share capital authorised	2	200,000	-	200,000	200,000
Share capital issued and paid-up	2	150,000	-	150,000	150,000
Reserves:					
Capital	3	903,445	-	903,445	807,163
General reserve	3	70,000	-	70,000	70,000
Unappropriated profits	3	177,938	-	177,938	106,861
Share Premium Account	3	6,589	-	6,589	6,589
Long term business:					
Statutory funds		-	1,706,759	1,706,759	1,326,684
General reserve	4	-	132,345	132,345	133,918
		1,157,972	1,839,104	2,997,076	2,451,215
Total capital, reserves and long term business funds		1,307,972	1,839,104	3,147,076	2,601,215
Represented by:					
ASSETS					
Fixed assets:	5				
Leasehold property		5,129	5,129	10,258	10,258
Less: Accumulated depreciation		559	559	1,118	912
		4,570	4,570	9,140	9,346
Motor vehicles		12,736	12,736	25,472	22,512
Less: Accumulated depreciation		9,919	9,919	19,838	16,700
		2,817	2,817	5,634	5,812
Computer equipment		16,999	16,999	33,998	28,836
Less: Accumulated depreciation		13,706	13,706	27,412	22,676
		3,293	3,293	6,586	6,160
Furniture, fixtures, fittings & Office equipment		15,113	15,113	30,226	28,600
Less: Accumulated depreciation		10,659	10,659	21,318	18,418
		4,454	4,454	8,908	10,182
Total fixed assets		15,134	15,134	30,268	31,500
Investments					
(i) Securities issued by Kenya Government		175,563	730,337	905,900	446,249

The accounts on pages 10 to 26 were approved by the Board on 7th April, 1998 and were signed on its behalf by:

Abdul M. Jaffer
Director and Principal Officer

Abdul Karim C. Popat
Director

Report of the auditors - page 9
The notes on pages 19 to 26 form part of these accounts.

	Note	Short Term Business Shs'000	Long Term Business Shs'000	Total 1997 Shs'000	Total 1996 Shs'000
(ii) Other investments:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	150,101	354,267	504,368	365,150
Ordinary shares (unquoted)		134,352	-	134,352	86,875
Preference shares (quoted on the Nairobi Stock Exchange)		-	4,695	4,695	5,005
Commercial paper		-	-	-	10,000
Other commercial bonds		-	12,800	12,800	-
Mortgage loans		144,238	64,021	208,259	169,885
Policy loans		-	64,920	64,920	58,149
Deposits					
- Financial institutions		51,276	213,308	264,584	347,025
Investment in associated companies	7	166,068	-	166,068	123,162
Investment in subsidiary company	8	14,278	-	14,278	14,278
Land and buildings	9	957,600	477,758	1,435,358	1,339,802
Other investments - outside Kenya		78,526	16,839	95,365	161,066
Total other investments		1,696,439	1,208,608	2,905,047	2,680,397
Total investments		1,872,002	1,938,945	3,810,947	3,126,646
Current assets:					
Cash and bank balances		29,325	17,548	46,873	24,743
Amount retained and due under reinsurance contracts		59,625	2,440	62,065	51,551
Amount due from bodies engaged in insurance business		2,724	-	2,724	4,281
Premium outstanding		150,155	3,319	153,474	137,298
Sundry debtors		25,062	24,430	49,492	60,100
Amount due from group companies	10	30,952	-	30,952	529
Total current assets		297,843	47,737	345,580	278,502
Total assets		2,184,979	2,001,816	4,186,795	3,436,648
LIABILITIES					
Underwriting provisions:					
Unearned premium provision		185,668		185,668	156,246
Outstanding claims provision		474,802	39,489	514,291	416,458
Total underwriting provisions		660,470	39,489	699,959	572,704
Current liabilities:					
Taxation		(1,421)	17,717	16,296	42,416
Dividends		63,855	-	63,855	66,303
Bank overdraft and bank loans		67,674	20,290	87,964	17,259
Amount due to reinsurers (not being related bodies)		15,245	12,679	27,924	17,389
Others-due to agents		14,899	5,650	20,549	16,810
Sundry creditors		56,285	66,887	123,172	101,263
Amount due to group company	10	-	-	-	1,289
Total current liabilities		216,537	123,223	339,760	262,729
Total liabilities		877,007	162,712	1,039,719	835,433
		1,307,972	1,839,104	3,147,076	2,601,215

Consolidated Cash Flow Statement

Short-Term Business for the year ended 31st December 1997

	Note	1997 Shs'000	1996 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation less minority interest		184,657	155,839
Adjustments for:			
Depreciation		6,100	6,151
Profit on sale of fixed assets		(271)	(225)
Premium and claims reserves		110,008	53,950
Investment income		(167,163)	(141,407)
Minority interests		7,108	7,010
Exchange gain/(loss) - Others		-	292
Operating profit before working capital changes		140,439	81,610
(Increase)/decrease in debtors		(39,595)	6,781
Increase in creditors		98,134	10,572
Cash generated from operations		198,978	98,963
Income tax paid		(86,280)	(26,774)
Net cash inflow from operating activities		112,698	72,189
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Investment income		167,163	141,407
Dividends paid		(54,948)	(43,099)
Dividends paid to minority in subsidiary		(2,063)	(3,480)
Net cash inflow from investments and servicing of finance		110,152	94,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		271	275
Purchase of fixed assets		(5,326)	(5,115)
Additions to land and buildings		(3,380)	(13,823)
Purchase of quoted and unquoted shares		(190,899)	(26,620)
Purchase of other investments		38,502	(78,240)
Net Mortgage loans advanced		(28,994)	(55,734)
Net (purchase)/redemption of government securities		(40,908)	16,069
Net cash outflow from investing activities		(230,734)	(163,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital to minority		-	1,595
Net cash from financing activities		-	1,595
Net (decrease)/increase in cash and cash equivalents		(7,884)	5,424
Cash and cash equivalents at the beginning of the year		28,306	26,382
Exchange gain/(loss) on translation of cash and cash equivalents in foreign enterprises		928	(3,500)
Cash and cash equivalents at the end of the year	21	21,350	28,306

Report of the auditors - page 9
The notes on pages 19 to 26 form part of these accounts.

Notes to the Accounts

31st December 1997

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The company prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

(b) Consolidation

The group accounts incorporate the accounts of the subsidiary company made up to 31st December of each year.

(c) Underwriting results

(i) Short-term business

The short-term insurance underwriting results are determined after taking into account, inter alia, unearned premium, outstanding claims and, where applicable, portfolio transfers.

Unearned premium represents that portion of the premium written in the period up to the accounting date which is attributable to subsequent accounting period.

Outstanding claims represent claims arising from incidents occurring prior to the accounting date and are computed on the basis of the best information available at the time the records for the year are closed.

(ii) Long-term business

Actuarial investigation

In accordance with Section 57 of the Insurance Act, 1984, as amended by The Insurance (Amendment) Act, 1994, an annual investigation is made by an actuary into the financial condition in respect of the long-term business of the Company.

Surpluses arising are allocated by the Directors with the advice of the Actuary and in accordance with the Articles of Association, to policyholders' bonuses and to the profit and loss account. Any balance remaining is carried forward in the Fund.

Premium income

Premium shown in the life revenue account is accounted for on a basis which approximates to a pre-debit method of accounting as adjusted for estimated lapses.

(d) Investment income

Investment income which is net of management expenses, comprises interest and net rent receivable for the year and dividends which are accounted for, when declared.

(e) 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 capital 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 life revenue account. Profit or loss is determined by comparing net proceeds with the carrying value of the investments sold.

(f) Expenses and commission

Expenses and commission are allocated to the relevant revenue accounts as incurred in the management of each class of business. Commission is shown net of commission received in respect of reinsurance business ceded. Certain expenses of the short-term business being depreciation, provision for doubtful debts and Directors' fees are not allocated but are charged directly to the profit and loss account.

Notes to the Accounts

31st December 1997 (Continued)

(g) Investments

(i) Investments in the balance sheet of both long and short-term business are generally stated at the following values:

- Government securities - at redemption values. Any unearned interest or discount is included under creditors and credited to income over the period of the issues.
- Quoted ordinary shares - at market values.
- Unquoted ordinary shares - at the lower of cost and directors' valuation.
- Quoted preference shares - at market values.
- Commercial paper - at redemption values. Any unearned interest or discount is included under creditors and credited to income over the period of the issues.
- Loan secured by mortgages on real property - at redemption values.
- Loans on life insurance policies within their surrender values - at redemption values.
- Land and buildings - at revalued amounts based on professional valuations carried out at the end of every year. Additions during the year are included at cost.
- Other Commercial Bonds - at redemption values. Interest accrued up to the end of the accounting period is included under debtors.

(ii) Unrealised gains arising from the aggregate valuation within each of the nine classes of investments set out above are credited to the capital reserve in respect of short-term business and to the life fund in respect of long-term business. Unrealised losses are charged first against any accumulated unrealised gains for that class of investment and the balance is charged to the profit and loss account for short-term business or the life revenue account for long-term business.

(iii) Any surplus over cost which arises as a result of transfer of assets between short-term and long-term business is taken to capital reserve in case of transfers from short-term business and to the relevant life fund in case of transfers from long-term business.

(h) Fixed assets

Fixed assets are stated at cost less depreciation which is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

Long-term leasehold property	Over period of lease
	Rate
Motor vehicles	20%
Computer and office equipment	25%
Furniture, fixtures and fittings	10%

(i) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the year end. Differences arising on translation are charged to the profit and loss account in respect of short-term business and to the long-term business revenue account in respect of long-term business, except where they relate to re-translation of net investment in foreign enterprises in which case the differences are dealt with as adjustments to capital reserves, unappropriated profits and life statutory fund as appropriate.

(j) Deferred taxation

Provision for deferred taxation is made only when the Directors consider that a tax benefit or charge is likely to crystallize in the foreseeable future.

2. SHARE CAPITAL	**1997**	**1996**
	Shs'000	**Shs'000**
Authorised:		
40,000,000 ordinary shares of Shs.5 each	200,000	200,000
Issued and fully paid:		
30,000,000 ordinary shares of Shs.5 each	150,000	150,000

6. QUOTED ORDINARY SHARES

	1997 Shs'000	1996 Shs'000
The Group and the Company		
Quoted on the Nairobi Stock Exchange based on market value at 31st December	504,368	365,150

The market value of the above shares as at 7th April, 1998 was Shs.513,668,521 (Short-term business Shs.143,453,428 and long-term business Shs.370,215,093).

7. INVESTMENTS IN ASSOCIATED COMPANIES

(a) The Group

Investments at cost in:	1997 Shs'000	1996 Shs'000	1997 % equity held	1996 % equity held
(i) Kenya				
(a) Industrial Promotion Building Limited	199,917	97,900	34.78	27.75
(b) Kenya Litho Limited	25,362	21,762	25.00	25.00
(c) ComTech Systems Limited	3,500	3,500	29.17	29.17
	228,779	123,162		
(ii) Outside Kenya				
(a) Jubilee Insurance Company of Uganda Limited	11,718	11,382	26.25	26.25
(b) Jubilee Insurance (Mauritius) Limited	39,306	-	46.00	-
	51,024	11,382		
	279,803	134,544		

The results of these companies are not consolidated, as this would involve delay and expense out of proportion to the value to the members of the company.

The Group's share of Net Assets based on the accounts of the associates in Kenya as at 31st December, 1996, (Comparatives 31st December, 1995) and associates outside Kenya as at 31st December, 1997, (Comparatives 31st December, 1996) were:

	1997 Shs'000	1996 Shs'000
(i) Kenya		
(a) Industrial Promotion Building Limited	437,832	292,580
(b) Kenya Litho Limited	85,652	82,788
(c) ComTech Systems Limited	3,492	3,486
The 1997 figures are not available.		
(ii) Outside Kenya		
(a) Jubilee Insurance Company of Uganda Limited (See note No.8)	31,606	18,238
(b) Jubilee Insurance (Mauritius) Limited	41,088	-

(b) The Company

	1997 Shs'000	1996 Shs'000	1997 % equity held	1996 % equity held
(i) Kenya				
(a) Industrial Promotion Buildings Limited	97,900	97,900	27.75	27.75
(b) Kenya Litho Limited	25,362	21,762	25.00	25.00
(c) ComTech Systems Limited	3,500	3,500	29.17	29.17
	126,762	123,162		
(ii) Outside Kenya				
(a) Jubilee Insurance (Mauritius) Limited	39,306	-	46.00	-
	166,068	123,162		

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.

Notes to the Accounts

31st December 1997 (Continued)

8. INVESTMENT IN SUBSIDIARY

This comprises:

	% of equity held	1997 Shs'000	1996 Shs'000
Shares at cost in The Jubilee Investments Company Limited (incorporated in Uganda)	75%	14,278	14,278

The above subsidiary has an equity investment of 35% in an associated insurance company in Uganda, the results of which are not consolidated as this would involve delay and expense out of proportion to the value to the members of the company.

The following information relates to the associated company:	1997 Shs'000	1996 Shs'000
Group's share of profit after tax and minority interest	17,106	6,513
Group's share of net assets at 31st December:		
Attributable to the company	31,606	18,238
Attributable to the minority interest	10,535	6,079
	42,141	24,317

9. LAND AND BUILDINGS

The Group and the Company

The valuation of freehold and leasehold properties was carried out by M/S Ryden Meghraj International Limited, chartered surveyors and registered valuers, at 31st December, 1997. The basis of the valuation was capitalisation of current and anticipated net rental streams. The surplus arising on valuation has been credited to the capital reserve for short-term business and to the life fund for long-term business. The land and buildings include properties situated outside Kenya amounting to Kshs.325,000,000 (1996 – Kshs.316,000,000).

10. GROUP COMPANY BALANCES

	The Group		The Company	
	1997 Shs'000	1996 Shs'000	1997 Shs'000	1996 Shs'000
Amount due from:				
The Jubilee Investments Company Limited	-	-	12,543	-
The Jubilee Insurance Company of Uganda Limited (JICU)	956	-	2,761	529
Jubilee Insurance (Mauritius) Limited	13,344	-	13,344	-
Jubilee Insurance (Tanzania) Limited	2,304	-	2,304	-
	16,604	-	30,952	529
Amount due to:				
The Jubilee Investments Company Limited	-	-	-	1,289
The Jubilee Insurance Company of Uganda Limited (JICU)	-	1,086	-	-
	-	1,086	-	1,289

The movements during the year are made up of transactions incurred in the normal course of business.

11. TRANSFER FROM LONG-TERM BUSINESS TO PROFIT AND LOSS ACCOUNT

An actuarial investigation of the long-term business was carried out by the company's actuaries as at 31st December, 1997. The actuaries have recommended a transfer of Shs.25 million to the profit and loss account, from the long-term business.

12. LONG-TERM BUSINESS REVENUE ACCOUNT

The Group and the Company

	1997 Shs'000	1996 Shs'000
The increase in funds is stated after charging:		
Depreciation	5,775	5,846
Auditors' remuneration	1,309	863
and after crediting income from:		
Deposits	63,515	49,585
Government securities	103,018	66,691
Quoted shares	13,471	10,481
Net rent from properties	29,736	28,565
Gain on sale of investments	40,082	3,108

13. GROUP PROFIT BEFORE TAXATION

	1997 Shs'000	1996 Shs'000
The surplus is stated after charging:		
Depreciation	6,100	6,151
Auditors' remuneration (parent company Shs.1,309,125 and 1996: Shs.862,500)	1,447	983
and after crediting income from:		
Deposits	18,376	5,217
Government securities	34,701	49,111
Unquoted shares	20,170	7,344
Quoted shares	6,653	7,255
Net rent from properties	80,988	62,004

14. PROVISION FOR TAXATION

	Short-term business Shs'000	Long-term business Shs'000	1997 Total Shs'000	1996 Total Shs'000
(a) The Group				
Based on the group profit for the year as adjusted for tax purposes	48,641	8,750	57,391	50,831
Under provision in prior years	1,739	-	1,739	10,846
	50,380	8,750	59,130	61,677
(b) The company				
Based on the profit for the year as adjusted for tax purposes at 35% (1996 – 35%)	41,599	8,750	50,349	44,915
Under provision in prior years	1,739	-	1,739	10,846
	43,338	8,750	52,088	55,761

Company taxation is based on Income Tax Provisions applicable to composite insurance companies which provides, amongst others, that the tax charge he based on the higher of the taxable profit and the accounting profit. As the transfer of the surplus from the long-term business to the Profit and Loss account gives rise to a higher tax charge, the additional attributable tax in respect of this transfer is charged to long-term business.

15. GROUP RETAINED PROFIT FOR THE YEAR

The retained profit dealt with in the accounts of the parent company is Shs.66,640,698 (1996: Shs.23,569,920).

Notes to the Accounts

31st December 1997 (Continued)

16. DIRECTORS EMOLUMENTS

The Group

	1997 As Directors Shs'000	1997 For Management Shs'000	1996 As Directors Shs'000	1996 For Management Shs'000
Emoluments	366	22,686	136	16,204
Pension to a past director	120	-	120	-
	486	22,686	256	16,204

17. EARNINGS PER SHARE

Earnings per ordinary share of Shs.5 each are calculated by reference to the profit available for distribution and on 30 million shares.

18. ASSETS OUTSIDE KENYA

The group has net assets outside Kenya amounting to Shs.511,049,773 (1996: Shs.544,661,356).

19. MORTGAGES AND LOANS

The Group and the Company

Amount approved by the Directors but not advanced at 31st December:	1997 Shs'000	1996 Shs'000
Long-term business	5,000	8,630
Short-term business	42,700	56,300
	47,700	64,930

20. CAPITAL COMMITMENTS

The Group and the Company

Amount contracted for but not provided	-	17,756

21. CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents comprise

Cash and bank balances	37,748	8,305
Bank overdraft	(67,674)	(17,259)
Deposits - Financial institutions	51,276	37,260
	21,350	28,306

22. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

23. CURRENCY

These accounts are presented in thousands of Kenya Shillings (Shs'000).

Report of the auditors - page 9

3. RESERVES

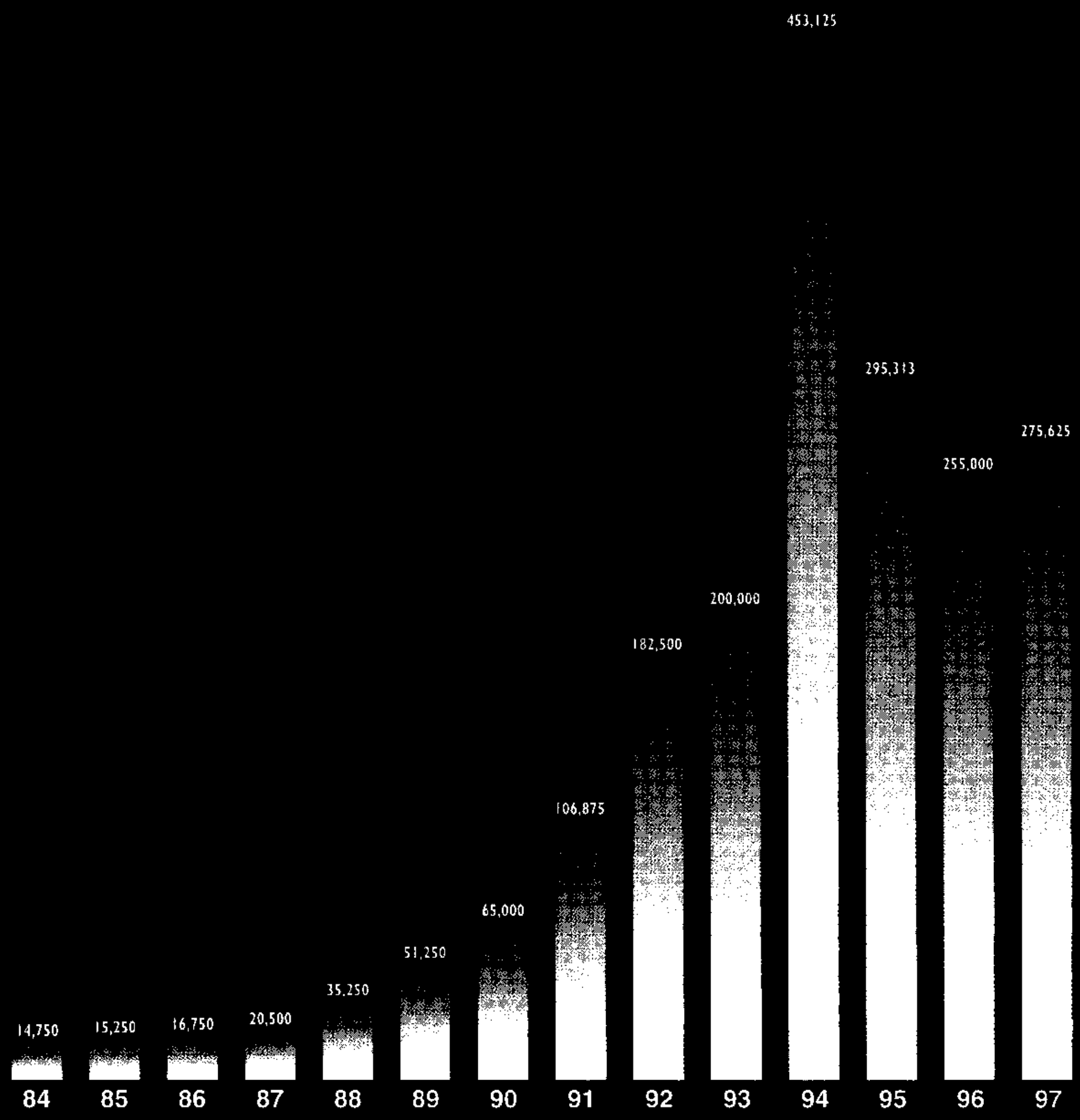
	1997	1996
(a) The Group	**Shs'000**	**Shs'000**
(i) Capital reserve		
At 1st January	817,276	790,671
Exchange adjustment - foreign enterprises	1,120	(1,772)
Surplus on revaluation of land and buildings	51,521	94,676
Increase/(Decrease) in market value of shares	44,360	(66,299)
At 31st December	914,277	817,276
(ii) General reserve		
At 1st January and 31st December	70,000	70,000
(iii) Unappropriated profits		
At 1st January	145,082	148,956
Exchange adjustment - foreign enterprises	5,814	(13,035)
Issue of bonus shares	-	(25,000)
Retained profit for the year	81,777	34,161
At 31st December	232,673	145,082
(iv) Share Premium Account		
At 1st January and 31st December	6,589	6,589
(b) The Company		
(i) Capital reserve		
At 1st January	807,163	780,148
Exchange adjustment - foreign enterprises	401	(1,362)
Surplus on revaluation of land and buildings	51,521	94,676
Increase/(Decrease) in market value of shares	44,360	(66,299)
At 31st December	903,445	807,163
(ii) General reserve		
At 1st January and 31st December	70,000	70,000
(iii) Unappropriated profits		
At 1st January	106,861	120,537
Exchange adjustment - foreign enterprises	4,437	(12,246)
Issue of bonus shares	-	(25,000)
Retained profit for the year	66,640	23,570
At 31st December	177,938	106,861
(iv) Share Premium Account		
At 1st January and 31st December	6,589	6,589

4. LONG-TERM BUSINESS GENERAL RESERVE

The Group and the Company		
At 31st December	132,345	133,918

This General Reserve represents a reserve maintained within the long-term business but does not constitute a statutory fund. Transfers from the General Reserve to the Profit & Loss Account are made on the recommendation of the actuaries. Movements during the year are shown in the long-term business revenue account.

Performance of Your Investment

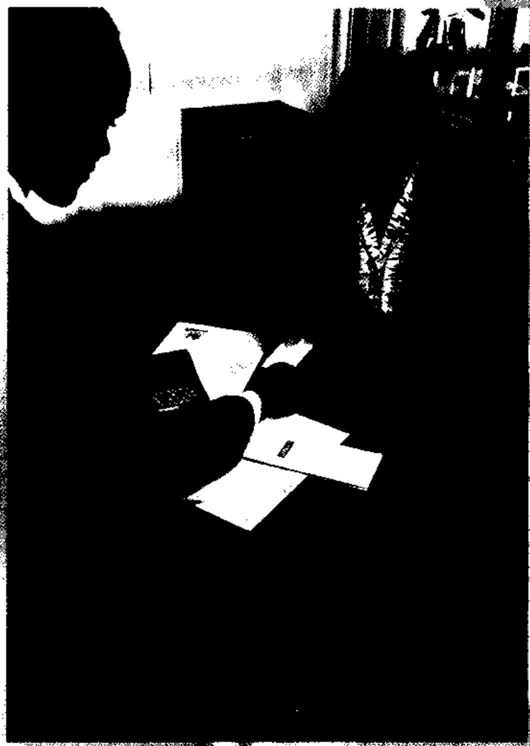


The above illustrates the growth of your investment in the Jubilee Shares.

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 6,500, totalling 7,500 shares), as at 31st December, 1997 based on quotations on the Nairobi Stock Exchange, was Shs. 275,625.

In addition, you will have received dividends totalling Shs. 93,813 during the period.

The total return on your investment averaged approximately 49.8% p.a.



Get in touch with us

You decide when you want to meet with a Jubilee agent.

Your Jubilee agent will meet with you in your home or at the agency at the time that is most convenient for you.

Jubilee has over 300 agents and [illegible] The Company also h[illegible] offices in [illegible] Mauritius.

Proxy

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 24th June, 1998 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this ____________________ day of ____________________ 1998.

____

Member

Important Notes:

1. If you are unable to attend this meeting personally, this Form of Proxy should be completed and returned to The Company Secretary, P.O. Box 30376, Nairobi, so as to reach him 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 Form of Proxy must be executed under Seal or under the hand of an Officer or Attorney duly authorised in writing in that behalf.

FOLD 2

STAMP

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

FOLD 1

FOLD 3

INSERT FLAP INSIDE

Group Review - Ten Years' Growth

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
	Kenya Shillings Million									
Shareholders' funds	1,374	1,189	1,141	951	764	525	398	351	297	262
Share Capital	150	150	125	125	100	100	75	50	50	30
Life Fund	1,839	1,461	1,225	1,029	633	473	444	381	336	318
Total Assets	4,390	3,523	3,123	2,693	1,980	1,361	1,188	1,056	924	827
Total Investment Income	415	302	226	195	160	109	90	81	68	60
Pre-tax Profit (including transfer from Life Account)	192	163	126	110	84	49	69	64	50	41
After-tax Profit	141	101	86	69	65	39	49	44	33	29
Dividends to Shareholders	53	53	44	44	35	35	26.2	17.5	17.5	10.5
Dividend Cover Ratio	2.56	1.57	1.86	1.49	1.78	1.12	1.87	2.54	1.87	2.80
Bonus Issue	-	1:5	-	1:4	-	1:3	1:2	-	2:3	-
Earnings per Share (par value Shs. 5)	4.48	3.14	2.71	2.17	2.07	1.30	1.64	1.48	1.09	0.98

* Earnings per Share has been calculated on 30 million shares for all the years.

** Supplemented by special additional dividend of Shs. 7.5 million in commemoration of the Company's 60th anniversary.