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company details

CAPITAL AND RESERVES

Authorised Capital	Shs.	200,000,000
Issued Capital	Shs.	180,000,000
Paid-Up Capital	Shs.	180,000,000
Reserves	Shs.	1,276,828,046

REGISTERED HEAD OFFICE

Jubilee Insurance House
Wabera Street
P.O. Box: 30376
Telephone: 340343
Telefax: 216882
Telex: 22199
E-mail: jic@jubileekenya.com
Nairobi, Kenya

SUBSIDIARY

The Jubilee Investments Company
Limited, Uganda (75%)

BRANCHES

Mombasa:

Jubilee Insurance Building
P.O. Box: 90220
Telephone: 316745, 316746 & 314019
Mombasa, Kenya

Kisumu:

Jubilee Insurance House
Opposite Clock Tower
Oginga Odinga Road
P.O. Box: 378
Telephone: 42235 & 42250
Kisumu, Kenya

ACTUARY

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

AUDITORS

Coopers & Lybrand

PRINCIPAL BANKERS

Standard Chartered Bank Kenya Limited
Citibank, N.A.
Diamond Trust Bank (Kenya) Limited
Bank of Baroda (Uganda) Limited
Barclays Bank PLC, Mauritius
Standard Chartered Bank Tanzania Limited

board of directors

Abdul M Jaffer
CHAIRMAN & CEO (AMERICAN)

Lutaf Maherali
(KENYAN) (RETIRED 30/11/98)

Abdul Karim C Popat
(KENYAN)

Sir Hamid Moollan Q C
(MAURITIAN) (RESIGNED 14/12/98)

Sadrudin H Tejpar
(KENYAN)

Joseph M Mugwe
(KENYAN)

Brian V Wilson
(IRISH)

John P Munge
(KENYAN) (APPOINTED 14/12/98)

Tom D Owuor
(KENYAN) (APPOINTED 14/12/98)

Augustine J Hatch
(IRISH) (APPOINTED 13/4/99)

Shiraz F Janmohamed
(CANADIAN) (APPOINTED 23/9/98)

Zulfikar K Mohamed
(CANADIAN) (APPOINTED 23/9/98)

Abdul I Paroo
(CANADIAN)

Amin M Datoo
(KENYAN)

company management

Abdul M Jaffer
CHAIRMAN & CEO

Executive Commitee

Shiraz F Janmohamed
MANAGING DIRECTOR (GENERAL)

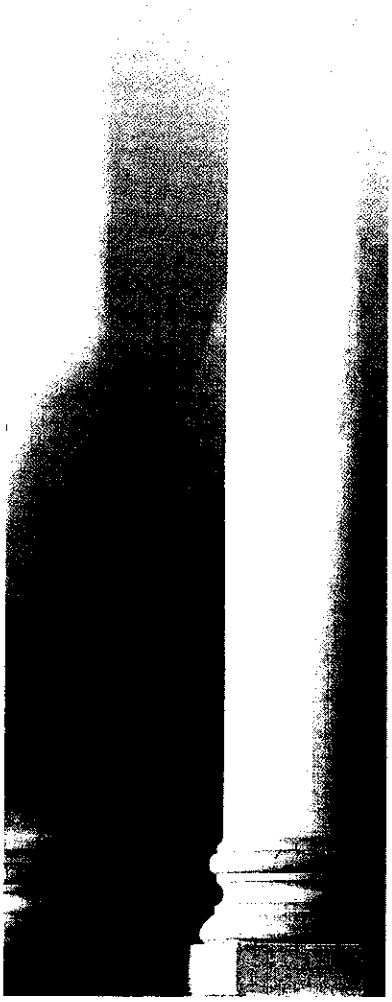
Zulfikar K Mohamed
MANAGING DIRECTOR (LIFE)

Abdul I Paroo
FINANCE DIRECTOR

Our ***financial***

strength is your

security.



Our ***regional***

strength:

- *Kenya*
- *Uganda*
- *Tanzania*
- *Mauritius*

notice of the 61st annual general meeting

Notice is hereby given that the Sixty First Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Wednesday, 28th July, 1999 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, 1998 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, 1998, and approve the payment of a final dividend of 20% on the issued and paid-up capital of the Company on or about 10th August, 1999 to shareholders registered on 28th July, 1999.

3. The following Directors, who were appointed since the last Annual General Meeting, retire in accordance with Article 90 of the Company's Articles of Association and, being eligible, offer themselves for re-election:

Mr Shiraz F Janmohamed
Mr Zulfikar K Mohamed
Mr Augustine J Hatch
Mr John P Munge
Mr Tom D Owuor

In terms of Article 85 of the Company's Articles of Association, Mr Abdul Karim C Popat retires by rotation but does not offer himself for re-election.

Mr Sadrudin H Tejpar resigns from his position as a Director under Article 79 (a) of the Company's Articles of Association.

4. To fix the Directors' remuneration.

5. To consider the following resolution, special notice having been received under sections 142 and 160(1) of the Companies Act (Cap 486) of the intention to propose one resolution as an ordinary resolution:

"That PricewaterhouseCoopers be appointed Auditors of the Company in place of the retiring Auditors Coopers & Lybrand to hold office until the conclusion of the next Annual General Meeting and that their remuneration be fixed by the Directors."

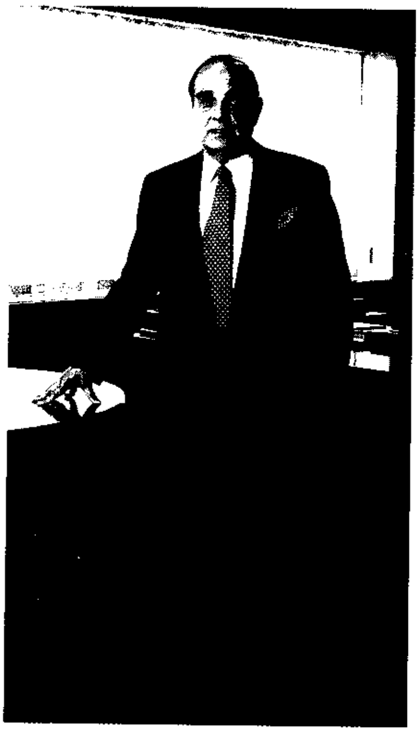
6. To transact any other business proper to be transacted at such Ordinary Meeting.

Special Business

That the following be appointed as Directors of the Company, notice having been served on the Company by a shareholder under Article 88 of the Company's Articles of Association:

Mr Sultan K Khimji
Mr Salim A Talib

By order of the Board
A M Datoo
Actg. Company Secretary
P.O. Box 30376,
Nairobi, Kenya.
13th April, 1999.



Dear Shareholders,

1998 was one of the more eventful years in the history of the Jubilee Group: some successes gave us added strength and some difficulties indeed tested our capacity to endure problems and develop solutions. We still emerged with strong performance and an increase in the asset value of your Company in what was generally believed to be a difficult year economically.

Financial Performance

The profit before taxation amounted to Shs. 185.5 mil. (1997: Shs. 191.8 mil.) after we made a provision for bad and doubtful debts of Shs. 20.8 mil. (1997: Shs. 3.5 mil.). However, profit after taxation increased marginally from Shs. 141.4 mil. to Shs. 142.4 mil. As is commonly the case in our industry, a good part of profit performance relates to investment income, which is influenced by the level of interest rates prevailing on the money market.

The unfortunate event of the August 7th bomb blast affected our results adversely. However, I am happy to report that we were able to promptly settle all the claims, including those relating to the employees of the U S Mission in Kenya who were insured under group medical and life cover.

Your Board of Directors recommend to the shareholders to continue the dividend distribution of 35% which, on the increased paid-up capitalisation due to the bonus issue last year, amounts to Shs. 63.0 mil. compared to Shs. 52.5 mil. in 1997. The increase in the share-holders' funds from Shs. 1,374 mil. in 1997 to Shs. 1,509 mil. in 1998 reflects the increase in the shareholders' assets (net asset value Shs. 41.92 per share). The quality of the security which the Company offers to its policyholders is well established.

General Insurance Performance

The over-capacity in the insurance market in Kenya resulted in unabated fierce competition. Deterioration in the economic environment seriously impacted the security conditions in the country with high incidences of theft and fraud. In addition, natural catastrophes and historically high occurrences of industrial fires in the region produced larger than expected claims liability. We responded with speed to all calls made upon us as the very essence of our business is to settle claims, relieving the burden from the shoulders of our valued clients.

Despite numerous approaches to the authorities, the Government has not legislated revised and increased levels of benefit under the Workmen's Compensation Act to reflect the current economy. This has resulted in employees resorting to common law actions, thereby significantly increasing claims outlay in this class. You will note from the Underwriting Revenue Account pertaining to the general business that we have an underwriting loss of Shs. 24.6 mil. (1997: loss of Shs. 9.2 mil.) in Workmen's Compensation class. Had the Kenya Government recognised the need for a realistic and sustainable compensation level for industrial injuries, it would have encouraged industrial accident victims to seek easy and prompt avenues to obtain settlement of awards, thereby keeping ambulance-chasing lawyers at bay.

Overall, in general insurance, we recorded an underwriting loss of Shs. 2.3 mil. compared to a profit of Shs. 9.3 mil. a year earlier. Special efforts have been implemented to re-underwrite unprofitable product lines particularly Workmen's Compensation and Medical classes, both of which are also affected by rising health care costs, with elements of over-use,

Effective Agency Management Seminar: *Training is an integral part of Jubilee's life business development strategy. The entire agency management team that oversees the activities of more than 250 life agents throughout Kenya attended a three day seminar at the College of Insurance, Nairobi, from 1st to 3rd October, 1998.*

abuse and even fraud in the billing of these services.

Life Insurance Performance
Life insurance business, understandably, is sensitive to economic conditions but notwithstanding, we had a marginal growth over 1997 performance. What is gratifying is the increase in Ordinary Life net premium from Shs. 118.2 mil. to Shs. 135.2 mil. demonstrating the appeal of our product range to the general public and the confidence which the policyholders place on your Company.

The surplus in the Life Fund has enabled us to maintain transfer of profit of Shs. 25 mil. to the shareholders' account.

The net interest rate declared for Deposit Administration business is 23.0% which we believe will be competitive in the market as other insurers publish their results.

Regional Developments
I am happy to report that we achieved the projected 50% premium growth in 1998 in Mauritius. While we have a small share in that marketplace, we are gaining reputation as a responsible and secure insurer.

In Uganda, we are in the league of top three companies and have high stature of an insurer capable of underwriting complex risks in that country.

In Tanzania, Jubilee Insurance was the first private sector company to be licensed in June 1998 giving us a strong lead. Even though the market has since expanded to 11 private sector companies, the Jubilee maintains its lead position in 1999.

Our eyes are now set on Madagascar and on Mozambique and we are studying these areas for opportunities. We hope to report developments in years to come.


Annual Convention Winners: *Eight top life agents from Kenya accompanied by their spouses had an exciting convention in Kampala. The team is seen communing with nature while riding on a boat in Lake Victoria.*

I am proud to say that Jubilee is the only group providing insurance services in all the three East African countries - and beyond.

Management Structure
We have been conscious of our responsibilities to the shareholders to evaluate the quality of our management and ensure that we act timely in preparing for management succession at each level.

At age 63, with 46 years in the international insurance industry, which includes 20 years at the helm of your Company, I have decided to step down from executive responsibilities of your Company on 30th September, 1999. Your Board of Directors has, however, asked that I continue as Chairman of your Board and the subsidiary Boards in the region thereby providing continuity. I want to assure the shareholders that I shall continue to serve their interests in the Company though now in a non-executive capacity.

Your Company has engaged two senior and highly experienced executives from North America: Mr Shiraz F Janmohamed as Managing Director - General and Mr Zulfikar K Mohamed as Managing Director - Life, who run the two business "engines" of our operations. They will operate with support services provided by a division headed by Mr Abdul I Paroo, Finance Director.

The three individuals have outstanding talents and together they will form a cohesive team to lift the Jubilee Group to its next level of development.

Jubilee's Future Outlook
With such significant developments, inclusive of management re-structuring, your Company is truly well poised for continued growth not only in Kenya but in the entire region and to gain prominence of a leading and secure market. We believe we can most competently serve the needs of producers and clients in the region.

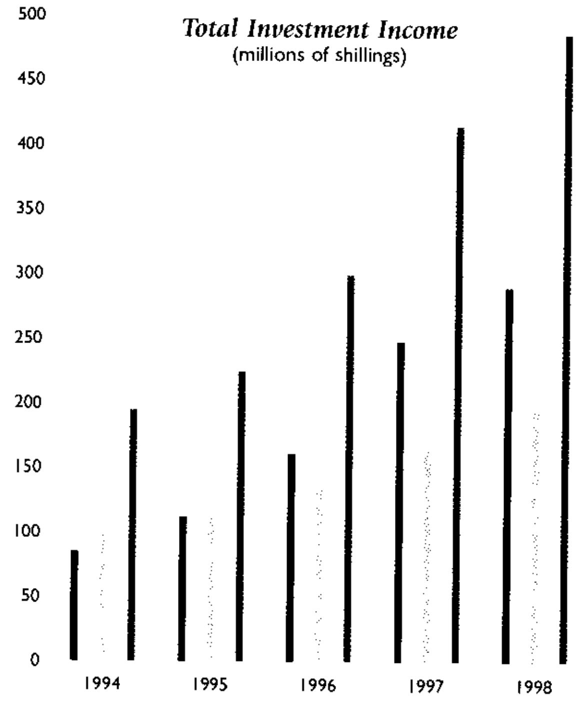
May I take the opportunity of thanking all our valued producers, members of staff and, equally, the Board of Directors who have continued to render excellent service to your Company.

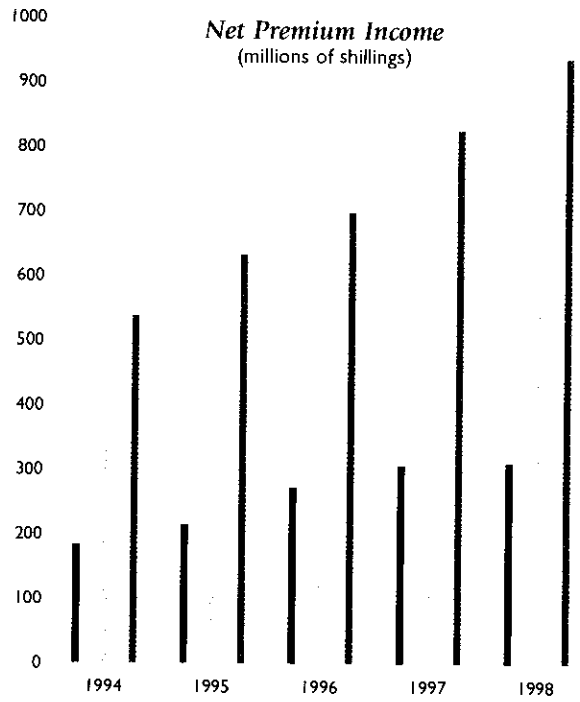
On your behalf, I welcome the addition of three outstanding individuals to the Board. Mr Tom D Owuor and Mr John P Munge bring to the Company a strong local private sector dimension while Mr Augustine J Hatch brings a strong international, including African, insurance background. Together, your Board truly has great capacity to face the future with confidence.

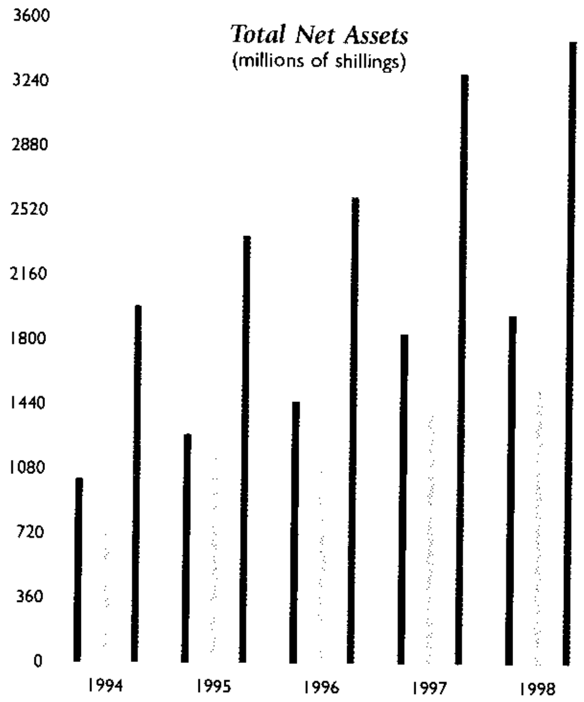
Finally, I thank the shareholders and staff for their cooperation and support during my executive position with your Company; I will continue my role on your Board of Directors with no less commitment.

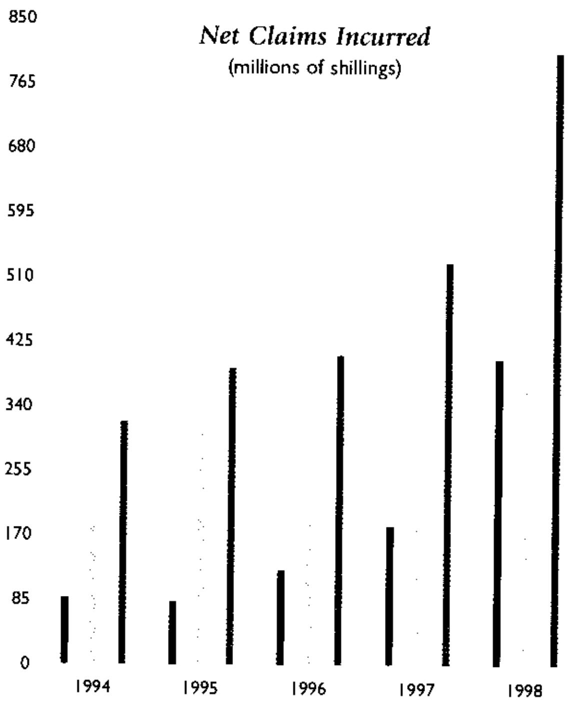
Abdul M Jaffer
Chairman
Nairobi, Kenya.
13th April, 1999.

group financial highlights









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, 1998.

Principal Activities

The principal activities of the Company during 1998 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 12.

Dividends

An interim dividend of 15% on the paid-up share capital of Shs. 180 million was paid on 8th September, 1998. The Directors recommend the payment of the final dividend of 20%.

Directors

The names of the Directors who served during the year are set out on page 3. In accordance with Article 90 of the Company's Articles of Association the following Directors retire and, being eligible, offer themselves for re-election.

Mr Shiraz F Janmohamed
Mr Zulfikar K Mohamed
Mr Augustine J Hatch
Mr John P Munge
Mr Tom D Owuor

During the year, Mr Lutaf Maherali relinquished his position as a Director upon his retirement on 30th November, 1998. Sir Hamid Moollan Q C resigned as Director on 14th December 1998.

Auditors

The Company's Auditors, Coopers & Lybrand merged with Price Waterhouse during the year and a resolution to appoint the new firm, PricewaterhouseCoopers, as Auditors will be proposed at the Annual General Meeting.

On behalf of the Board
Abdul Karim C Popat
Director
Nairobi, Kenya.
13th April, 1999.

We ***listen*** *to our customers and* ***respond*** *to their needs.*

We ***embrace*** *a positive work attitude and* ***aspire*** *to continually improve.*

report of the auditors

TO THE MEMBERS OF THE JUBILEE INSURANCE COMPANY LIMITED

We have audited the financial statements set out on pages 12 to 29. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The financial statements of the Company on pages 18 and 19 are in agreement with the books of account.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Company's and the Group's state of affairs and the Group's profit or loss. 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 Kenyan Auditing Standards. 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 Company's and Group's financial affairs at 31st December, 1998 and of the profit and cash flows of the Group for the year then ended and comply with Kenyan Accounting Standards and the Companies Act.

Coopers & Lybrand
Certified Public Accountants
Nairobi, Kenya.
13th April, 1999.

consolidated profit and loss account

FOR THE YEAR ENDED 31ST DECEMBER 1998

	Note	1998 Shs'000	1997 Shs'000
INCOME			
(Loss)/profit transferred from underwriting revenue account		(2,271)	9,317
Profit transferred from long-term business	11	25,000	25,000
Investment income		196,179	167,163
Total income		218,908	201,480
OUTGO			
Directors' fees, donations, trade licence and subscriptions		920	1,779
Exchange loss/(gain)		5,762	(1,659)
Depreciation		5,985	6,100
Bad debts		20,776	3,495
Total outgo		33,443	9,715
Group profit before taxation	13	185,465	191,765
Provision for taxation	14	43,021	50,380
Profit after taxation		142,444	141,385
Minority interest		2,633	7,108
Profit attributable to shareholders		139,811	134,277
Dividends - interim paid 15% (1997-15%)		27,000	22,500
- final proposed 20% (1997-20%)		36,000	30,000
Retained profit	15	76,811	81,777
APPROPRIATION			
Unappropriated profit brought forward		232,673	145,082
Exchange adjustment - foreign enterprises		(23,554)	5,814
Bonus issue	2	(23,411)	-
Retained profit for the year		76,811	81,777
Unappropriated profit carried forward	3	262,519	232,673
Earnings per share	17	3.88	3.73

long-term business revenue account

FOR THE YEAR ENDED 31ST DECEMBER 1998

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	1998 Total Shs'000	1997 Total Shs'000
Net premium		135,158	176,690	-	311,848	308,537
Claims paid and outstanding						
- Death		(11,179)	(85,827)	-	(97,006)	(56,830)
- Maturity		(42,265)	-	-	(42,265)	(29,095)
Total claims		(53,444)	(85,827)	-	(139,271)	(85,925)
Surrenders and annuities paid (including surrender of bonus)		(8,792)	(254,976)	-	(263,768)	(95,956)
Commissions		(34,856)	(1,260)	-	(36,116)	(26,761)
Total claims, surrenders, annuities and commissions		(97,092)	(342,063)	-	(439,155)	(208,642)
Expenses of management		(61,411)	(7,418)	-	(68,829)	(82,494)
Investment income		100,145	218,943	5,531	324,619	270,819
Investment expenses		(10,015)	(21,894)	(553)	(32,462)	(23,053)
Net investment income		90,130	197,049	4,978	292,157	247,766
Increase in funds	12	66,785	24,258	4,978	96,021	265,167
(Decrease)/increase in market value of investments		(4,493)	15,450	81	11,038	116,380
Surplus on revaluation of land and buildings	9	7,000	22,200	7,000	36,200	30,300
Exchange adjustment -foreign enterprises		-	-	-	-	405
Transfer from general reserves	11	40,000	-	(40,000)	-	-
Transfer to profit and loss account	11	(7,547)	(8,019)	(9,434)	(25,000)	(25,000)
Tax arising on the transfer	14	(2,453)	(2,606)	(3,066)	(8,125)	(8,750)
Funds at the beginning of the the year		802,841	903,918	132,345	1,839,104	1,460,602
Funds at the end of the year		902,133	955,201	91,904	1,949,238	1,839,104

underwriting revenue account

FOR THE YEAR ENDED 31ST DECEMBER 1998

Class of Insurance Business	Engineering Shs'000	Fire-Domestic Shs'000	Fire-Industrial Shs'000	Liability Shs'000
Net premium written	4,751	11,520	83,106	7,146
Unearned premium brought forward	1,980	3,511	25,526	1,962
Unearned premium carried forward	1,549	5,300	35,494	1,696
Net earned premium	5,182	9,731	73,138	7,412
Claims paid	1,942	6,766	42,749	1,060
Claims outstanding carried forward	1,897	3,641	28,772	21,293
Claims outstanding brought forward	1,691	6,503	15,884	20,313
Total claims incurred	2,148	3,904	55,637	2,040
Commissions	1,047	725	3,489	597
Expenses of management	291	2,758	9,250	1,711
Total expenses	1,338	3,483	12,739	2,308
Balance being underwriting (loss)/profit	1,696	2,344	4,762	3,064

Marine Shs'000	Motor Shs'000	Personal Accident Shs'000	Theft Shs'000	Workmen's Compensation Shs'000	Miscellaneous Shs'000	1998 Total Shs'000	1997 Total Shs'000
29,217	287,434	89,326	28,845	25,724	59,407	626,476	518,571
19,031	81,770	16,565	7,828	9,313	18,182	185,668	156,246
14,873	125,189	18,489	12,302	9,796	30,880	255,568	185,668
33,375	244,015	87,402	24,371	25,241	46,709	556,576	489,149
15,326	139,056	76,087	18,296	27,257	16,835	345,374	267,689
19,839	287,894	23,866	28,165	89,149	28,500	533,016	474,802
19,208	268,217	19,902	23,813	75,837	23,434	474,802	394,215
15,957	158,733	80,051	22,648	40,569	21,901	403,588	348,276
1,963	30,624	1,237	(4,518)	3,128	13,495	51,787	32,047
4,022	49,083	21,388	6,906	6,159	1,904	103,472	99,509
5,985	79,707	22,625	2,388	9,287	15,399	155,259	131,556
11,433	5,575	(15,274)	(665)	(24,615)	9,409	(2,271)	9,317

consolidated balance sheet

AS AT 31ST DECEMBER 1998

	Note	Short-Term Business Shs'000	Long-Term Business Shs'000	Total 1998 Shs'000	Total 1997 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	180,000	-	180,000	150,000
Reserves:	3				
Capital		996,975	-	996,975	914,277
General		70,000	-	70,000	70,000
Unappropriated profit		262,519	-	262,519	232,673
Share premium account		-	-	-	6,589
Long-term business:					
Statutory funds		-	1,857,334	1,857,334	1,706,759
General reserve	4	-	91,904	91,904	132,345
Total capital, reserves and long-term business funds		1,509,494	1,949,238	3,458,732	3,212,643
Minority interest		22,315	-	22,315	26,615
		1,531,809	1,949,238	3,481,047	3,239,258
Represented by:					
ASSETS					
Fixed assets:	5				
Leasehold property		5,129	5,129	10,258	10,258
Less: Accumulated depreciation		661	661	1,322	1,118
		4,468	4,468	8,936	9,140
Motor vehicles		15,521	14,459	29,980	26,777
Less: Accumulated depreciation		11,011	10,374	21,385	20,361
		4,510	4,085	8,595	6,416
Computer equipment		20,302	19,765	40,067	34,246
Less: Accumulated depreciation		16,000	15,815	31,815	27,474
		4,302	3,950	8,252	6,772
Furniture, fixtures, fittings & office equipment		18,300	17,750	36,050	30,463
Less: Accumulated depreciation		12,279	12,173	24,452	21,381
		6,021	5,577	11,598	9,082
Total fixed assets		19,301	18,080	37,381	31,410
Investments:					
(i) Securities issued by Kenya Government		185,000	804,450	989,450	905,900
(ii) Other investments:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	183,722	333,377	517,099	504,368
Ordinary shares (unquoted)		139,042	-	139,042	134,352
Preference shares (quoted on the Nairobi Stock Exchange)		-	4,230	4,230	4,695
Other commercial bonds		-	6,400	6,400	12,800
Mortgage loans	7(b)	160,377	148,749	309,126	208,259
Loans on life insurance policies		-	82,967	82,967	64,920

	Note	Short-Term Business Shs'000	Long-Term Business Shs'000	Total 1998 Shs'000	Total 1997 Shs'000
(ii) Other investments: (continued...)					
Investment in associated companies	7	263,566	33,191	296,757	279,803
Deposits - financial institutions		-	15,000	15,000	264,584
Land and buildings	9	1,024,694	530,000	1,554,694	1,435,358
Other investments - outside Kenya		113,944	-	113,944	192,540
Total other investments		1,885,345	1,153,914	3,039,259	3,101,679
Total investments		2,070,345	1,958,364	4,028,709	4,007,579
Current assets:					
Cash and bank balances		18,845	48,081	66,926	55,296
Premium outstanding		132,576	-	132,576	150,155
Amount retained and due under reinsurance contracts	10(b)	150,958	1,724	152,682	62,065
Amount due from insurers/agents		5,663	2,902	8,565	6,043
Sundry debtors		55,755	71,265	127,020	60,904
Amount due from group companies	10(a)	26,489	-	26,489	16,604
Total current assets		390,286	123,972	514,258	351,067
Total assets		2,479,932	2,100,416	4,580,348	4,390,056
LIABILITIES					
Underwriting provision:					
Unearned premium provision		255,568	-	255,568	185,668
Outstanding claims provision		533,016	64,261	597,277	514,291
Total underwriting provision		788,584	64,261	852,845	699,959
Current liabilities:					
Taxation		(3,904)	8,177	4,273	17,623
Dividends		72,390	-	72,390	63,855
Bank overdraft and bank loans		-	175	175	87,964
Amount due to reinsurers		12,236	16,857	29,093	27,924
Others - due to agents		7,259	8,181	15,440	20,549
Sundry creditors		71,558	53,527	125,085	232,924
Total current liabilities		159,539	86,917	246,456	450,839
Total liabilities		948,123	151,178	1,099,301	1,150,798
		1,531,809	1,949,238	3,481,047	3,239,258

The accounts on pages 12 to 29 were approved by the Board on 13th April, 1999 and were signed on its behalf by:

Abdul M Jaffer
Director and Principal Officer

Abdul Karim C Popat
Director

company balance sheet

AS AT 31ST DECEMBER 1998

	Note	Short-Term Business Shs'000	Long-Term Business Shs'000	Total 1998 Shs'000	Total 1997 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	180,000	-	180,000	150,000
Reserves:	3				
Capital		990,823	-	990,823	903,445
General		70,000	-	70,000	70,000
Unappropriated profit		216,005	-	216,005	177,938
Share premium account		-	-	-	6,589
Long-term business:					
Statutory funds		-	1,857,334	1,857,334	1,706,759
General reserve	4	-	91,904	91,904	132,345
		1,276,828	1,949,238	3,226,066	2,997,076
Total capital, reserves and long-term business funds		1,456,828	1,949,238	3,406,066	3,147,076
Represented by:					
ASSETS					
Fixed assets:	5				
Leasehold property		5,129	5,129	10,258	10,258
Less: Accumulated depreciation		661	661	1,322	1,118
		4,468	4,468	8,936	9,140
Motor vehicles		14,459	14,459	28,918	25,472
Less: Accumulated depreciation		10,374	10,374	20,748	19,838
		4,085	4,085	8,170	5,634
Computer equipment		19,765	19,765	39,530	33,998
Less: Accumulated depreciation		15,815	15,815	31,630	27,412
		3,950	3,950	7,900	6,586
Furniture, fixtures, fittings & office equipment		17,750	17,750	35,500	30,226
Less: Accumulated depreciation		12,173	12,173	24,346	21,318
		5,577	5,577	11,154	8,908
Total fixed assets		18,080	18,080	36,160	30,268
Investments:					
(i) Securities issued by Kenya Government		185,000	804,450	989,450	905,900
(ii) Other investments:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	183,722	333,377	517,099	504,368
Ordinary shares (unquoted)		139,042	-	139,042	134,352
Preference shares (quoted on the Nairobi Stock Exchange)		-	4,230	4,230	4,695
Other commercial bonds		-	6,400	6,400	12,800
Mortgage loans	7(b)	160,377	148,749	309,126	208,259
Loans on life insurance policies		-	82,967	82,967	64,920

	Note	Short-Term Business Shs'000	Long-Term Business Shs'000	Total 1998 Shs'000	Total 1997 Shs'000
(ii) Other investments: (continued...)					
Investment in subsidiary company	8	14,278	-	14,278	14,278
Investment in associated companies	7	167,032	33,191	200,223	166,068
Deposits - financial institutions		-	15,000	15,000	264,584
Land and buildings	9	1,024,694	530,000	1,554,694	1,435,358
Other investments - outside Kenya		90,936	-	90,936	95,365
Total other investments		1,780,081	1,153,914	2,933,995	2,905,047
Total investments		1,965,081	1,958,364	3,923,445	3,810,947
Current assets:					
Cash and bank balances		17,120	48,081	65,201	46,873
Premium outstanding		132,576	-	132,576	150,155
Amount retained and due under reinsurance contracts	10(b)	150,958	1,724	152,682	62,065
Amount due from insurers/agents		5,663	2,902	8,565	6,043
Sundry debtors		48,707	71,265	119,972	49,492
Amount due from group companies	10(a)	51,814	-	51,814	30,952
Total current assets		406,838	123,972	530,810	345,580
Total assets		2,389,999	2,100,416	4,490,415	4,186,795
LIABILITIES					
Underwriting provision:					
Unearned premium provision		255,568	-	255,568	185,668
Outstanding claims provision		533,016	64,261	597,277	514,291
Total underwriting provision		788,584	64,261	852,845	699,959
Current liabilities:					
Taxation		(906)	8,177	7,271	16,296
Dividends		72,390	-	72,390	63,855
Bank overdraft and bank loans		-	175	175	87,964
Amount due to reinsurers		12,236	16,857	29,093	27,924
Others - due to agents		7,259	8,181	15,440	20,549
Sundry creditors		53,608	53,527	107,135	123,172
Total current liabilities		144,587	86,917	231,504	339,760
Total liabilities		933,171	151,178	1,084,349	1,039,719
		1,456,828	1,949,238	3,406,066	3,147,076

The accounts on pages 12 to 29 were approved by the Board on 13th April, 1999 and were signed on its behalf by:

Abdul M Jaffer
Director and Principal Officer

Abdul Karim C Popat
Director

consolidated cash flow statement

SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 1998

	Note	1998 Shs'000	1997 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation less minority interest		182,832	184,657
Adjustments for:			
Depreciation		5,985	6,100
Profit on sale of fixed assets		(733)	(271)
Profit on sale of quoted shares		(10,852)	-
Premium and claims reserves		128,114	110,008
Investment income		(196,179)	(167,163)
Minority interest		2,633	7,108
Operating profit before working capital changes		111,800	140,439
Increase in debtors		(107,731)	(39,595)
(Decrease)/ increase in creditors		(88,607)	98,134
Cash generated from operations		(84,538)	198,978
Income tax paid		(47,050)	(86,280)
Net cash (outflow)/inflow from operating activities		(131,588)	112,698
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Investment income		196,179	167,163
Dividends paid		(54,464)	(54,948)
Dividends paid to minority in subsidiary		(1,898)	(2,063)
Net cash inflow from return on investments and servicing of finance		139,817	110,152
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		733	271
Proceeds from sale of quoted shares		11,908	-
Purchase of fixed assets		(9,256)	(5,326)
Additions to land and buildings		(3,960)	(3,380)
Purchase of quoted and unquoted shares		(43,299)	(190,899)
Net redemption of short-term investments outside Kenya		64,394	38,502
Net mortgage loans advanced		(16,139)	(28,994)
Net purchase of Government securities		(9,437)	(40,908)
Net cash outflow from investing activities		(5,056)	(230,734)
Net increase/(decrease) in cash and cash equivalents		3,173	(7,884)
Cash and cash equivalents at the beginning of the year		21,350	28,306
Exchange (loss)/gain on translation of cash and cash equivalents in foreign enterprises		(5,678)	928
Cash and cash equivalents at the end of the year	21	18,845	21,350

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 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.

(d) *Investment income*

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

(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 long-term business 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, directors' fees, donations, subscriptions, trade licence and exchange (gain)/loss are not allocated but are charged directly to the profit and loss account.

(g) *Investments*

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

- Government securities - at redemption values. Interest income is recognised over the period of the issue.
- Ordinary shares (quoted) - at market values.
- Ordinary shares (unquoted) and investments in associated companies - at the lower of cost and Directors' valuation.
- Preference shares (quoted) - at market values.
- Other commercial bonds - at redemption values. Interest income is recognised over the period of the issue.
- Loans 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.

(ii) Unrealised gains arising from the aggregate valuation within each of the eight 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 long-term business 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
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 reserve, unappropriated profit and long-term business 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

	1998 Shs'000	1997 Shs'000
Authorised:		
40,000,000 ordinary shares of Shs.5 each	200,000	200,000
Issued and fully paid:		
36,000,000 (1997 - 30,000,000) ordinary shares of Shs.5 each	180,000	150,000

On 24th June, 1998 the issued and fully paid-up share capital was increased from Shs.150 million to Shs.180 million by a bonus issue of one fully paid share of Shs.5 each for every 5 shares held.

The bonus issue was made from the entire share premium balance of Shs.6,589,476 and capitalisation of Shs.23,410,524 from revenue reserves. The new shares rank *pari-passu* in all respects with the existing shares.

3. RESERVES

(a) The Group

	1998 Shs'000	1997 Shs'000
(i) Capital reserve		
At 1st January	914,277	817,276
Exchange adjustment - foreign enterprises	(7,416)	1,120
Surplus on revaluation of land and buildings (note 9)	79,175	51,521
Increase in market value of shares	10,939	44,360
At 31st December	996,975	914,277
(ii) General reserve		
At 1st January and 31st December	70,000	70,000
(iii) Unappropriated profit		
At 1st January	232,673	145,082
Exchange adjustment - foreign enterprises	(23,554)	5,814
Issue of bonus shares (note 2)	(23,411)	-
Retained profit for the year	76,811	81,777
At 31st December	262,519	232,673
(iv) Share premium account		
At 31st December	-	6,589

During 1998, the share premium was utilised to issue bonus shares (note 2)

(b) The Company

	1998 Shs'000	1997 Shs'000
(i) Capital reserve		
At 1st January	903,445	807,163
Exchange adjustment - foreign enterprises	(2,736)	401
Surplus on revaluation of land and buildings (note 9)	79,175	51,521
Increase in market value of shares	10,939	44,360
At 31st December	990,823	903,445
(ii) General reserve		
At 1st January and 31st December	70,000	70,000
(iii) Unappropriated profit		
At 1st January	177,938	106,861
Exchange adjustment - foreign enterprises	(13,126)	4,437
Issue of bonus shares (note 2)	(23,411)	-
Retained profit for the year	74,604	66,640
At 31st December	216,005	177,938

	1998 Shs'000	1997 Shs'000
3. RESERVES (continued...)		
(b) (iv) Share premium account		
At 31st December	-	6,589

During 1998, the share premium was utilised to issue bonus shares (note 2)

4. LONG-TERM BUSINESS GENERAL RESERVE
The Group and the Company

	1998 Shs'000	1997 Shs'000
At 31st December	91,904	132,345

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 statutory funds and the profit & loss account are made on the recommendation of the actuary. Movements during the year are shown in the long-term business revenue account.

5. FIXED ASSETS
(a) The Group

	Long-term leasehold property Shs'000	Computer equipment Shs'000	Motor vehicles Shs'000	Furniture, fixtures, fittings & office equipment Shs'000	Total Shs'000
Cost:					
At 1st January	10,258	34,246	26,777	30,463	101,744
Additions	-	5,906	6,162	5,672	17,740
Exchange adjustment	-	(85)	(243)	(85)	(413)
Disposals	-	-	(2,716)	-	(2,716)
At 31st December	**10,258**	**40,067**	**29,980**	**36,050**	**116,355**
Depreciation:					
At 1st January	1,118	27,474	20,361	21,381	70,334
Charge for the year	204	4,367	3,863	3,089	11,523
Exchange adjustment	-	(26)	(123)	(18)	(167)
On disposals	-	-	(2,716)	-	(2,716)
At 31st December	**1,322**	**31,815**	**21,385**	**24,452**	**78,974**
Net Book Value:					
At 31st December, 1998	**8,936**	**8,252**	**8,595**	**11,598**	**37,381**
At 31st December, 1997	9,140	6,772	6,416	9,082	31,410

(b) The Company

	Long-term leasehold property Shs'000	Computer equipment Shs'000	Motor vehicles Shs'000	Furniture, fixtures, fittings & office equipment Shs'000	Total Shs'000
Cost:					
At 1st January	10,258	33,998	25,472	30,226	99,954
Additions	-	5,532	6,162	5,274	16,968
Disposals	-	-	(2,716)	-	(2,716)
At 31st December	**10,258**	**39,530**	**28,918**	**35,500**	**114,206**
Depreciation:					
At 1st January	1,118	27,412	19,838	21,318	69,686
Charge for the year	204	4,218	3,626	3,028	11,076
On disposals	-	-	(2,716)	-	(2,716)
At 31st December	**1,322**	**31,630**	**20,748**	**24,346**	**78,046**
Net Book Value:					
At 31st December, 1998	**8,936**	**7,900**	**8,170**	**11,154**	**36,160**
At 31st December, 1997	9,140	6,586	5,634	8,908	30,268

(c) The Group and the Company

No depreciation has been charged in arriving at the results for the year in respect of certain fixed assets which originally cost Shs.42,346,744 (1997 - Shs.31,356,766) 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.9,487,101 (1997 - Shs.6,972,428).

6. QUOTED ORDINARY SHARES

	1998 Shs'000	1997 Shs'000
The Group and the Company		
Quoted on the Nairobi Stock Exchange based on market value at 31st December	517,099	504,368

The market value of the above shares as at 13th April, 1999 was Shs.503,163,015 (Short-term business Shs.181,461,943 and long-term business Shs.321,701,072).

7. INVESTMENT IN ASSOCIATED COMPANIES

(a) The Group

Investment at cost in:	1998 Shs'000	1997 Shs'000	1998 % equity held	1997 % equity held
(i) Kenya				
(a) Industrial Promotion Building Limited	184,900	199,917	37.12	37.12
(b) Kenya Litho Limited	25,362	25,362	25.58	25.58
(c) ComTech Systems Limited	3,500	3,500	29.17	29.17
	213,762	228,779		
(ii) Outside Kenya				
(a) The Jubilee Insurance Company of Uganda Ltd	9,534	11,718	35.00	35.00
(b) Jubilee Insurance (Mauritius) Ltd	39,306	39,306	46.00	46.00
(c) The Jubilee Insurance Company of Tanzania Ltd	34,155	-	30.00	-
	82,995	51,024		
	296,757	279,803		

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 (less minority interest) is based on the financial statements as at 31st December, 1997 as 1998 figures are not available (Comparatives 31st December, 1996), except in respect of The Jubilee Insurance Company of Uganda Limited which are based on the financial statements as at 31st December, 1998 (Comparative 31st December, 1997)

	1998 Shs'000	1997 Shs'000
(i) Kenya		
(a) Industrial Promotion Building Limited	496,634	437,832
(b) Kenya Litho Limited	91,750	87,640
(c) ComTech Systems Limited	3,561	3,492
(ii) Outside Kenya		
(a) The Jubilee Insurance Company of Uganda Limited (note 8)	28,104	31,606
(b) Jubilee Insurance (Mauritius) Ltd	41,088	-
(c) The Jubilee Insurance Company of Tanzania Limited	-	-

7. INVESTMENT IN ASSOCIATED COMPANIES

(b) The Company

	1998 Shs'000	1997 Shs'000	1998 % equity held	1997 % equity held
Investment at cost in:				
(i) Kenya				
(a) Industrial Promotion Building Limited	97,900	97,900	27.75	27.75
(b) Kenya Litho Limited	25,362	25,362	25.58	25.58
(c) ComTech Systems Limited	3,500	3,500	29.17	29.17
	126,762	126,762		
(ii) Outside Kenya				
(a) Jubilee Insurance (Mauritius) Ltd	39,306	39,306	46.00	46.00
(b) The Jubilee Insurance Company of Tanzania Ltd	34,155	-	30.00	-
	73,461	39,306		
	200,223	166,068		

Long-term business includes investment of Shs.33,191,000 in Industrial Promotion Building Limited. 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.

During 1998, a mortgage loan of Shs.100 million was advanced to Industrial Promotion Building Limited, of which Shs.90,677,534 was outstanding as at 31st December, 1998. This amount is included within mortgage loans under long-term business.

8. INVESTMENT IN SUBSIDIARY

This comprises:

	% of equity held	1998 Shs'000	1997 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:

	1998 Shs'000	1997 Shs'000
Group's share of profit after tax and minority interest	3,809	12,829
Group's share of net assets at 31st December:		
Attributable to the company	28,104	31,606
Attributable to the minority interest	9,368	10,535
	37,472	42,141

9. LAND AND BUILDINGS

The Group and the Company

The valuation of freehold and leasehold properties was carried out by M/S Mohamed A. Samji, Consultants Surveyors and Valuers, at 31st December, 1998. 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 long-term business fund for long-term business. The land and buildings include properties situated outside Kenya amounting to Shs.352,735,250 included under short-term business (1997 - Shs.325,000,000).

10. GROUP COMPANY BALANCES

	The Group		The Company	
	1998 Shs'000	1997 Shs'000	1998 Shs'000	1997 Shs'000
(a) Amount due from:				
The Jubilee Investments Company Limited	-	-	24,452	12,543
The Jubilee Insurance Company of Uganda Limited	4,273	956	5,146	2,761
Jubilee Insurance (Mauritius) Ltd	9,386	13,344	9,386	13,344
The Jubilee Insurance Company of Tanzania Ltd	12,830	2,304	12,830	2,304
	26,489	16,604	51,814	30,952

The movements during the year are made up of transactions incurred in the normal course of business, other than reinsurance inwards (see note 10(b) below).

(b) The Company accepted the following quota share reinsurance premium from the associate insurance companies in the year:

	1998 Shs'000	1997 Shs'000
The Jubilee Insurance Company of Uganda Limited	78,205	82,866
Jubilee Insurance (Mauritius) Ltd	53,735	32,853
The Jubilee Insurance Company of Tanzania Limited	77,889	-
	209,829	115,719

The outstanding balances on the quota share as at 31st December were as follows and are included under amounts retained and due under insurance contracts.

	1998 Shs'000	1997 Shs'000
The Jubilee Insurance Company of Uganda Limited	10,194	5,621
Jubilee Insurance (Mauritius) Ltd	13,162	16,981
The Jubilee Insurance Company of Tanzania Limited	50,837	-
	74,193	22,602

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 actuary as at 31st December, 1998. The actuary has recommended a transfer of Shs. 40 million from the general reserve to the ordinary life statutory fund in order to strengthen the fund. In addition, the actuary has 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

	1998 Shs'000	1997 Shs'000
The increase in funds is stated after charging:		
Depreciation	5,538	5,775
Auditors' remuneration including VAT	1,395	1,309
and after crediting income from:		
Deposits	29,297	63,515
Government securities	185,044	103,018
Quoted shares	19,101	13,471
Net rent from properties	40,035	29,736
Gain on sale of investments	-	40,082

13. GROUP PROFIT BEFORE TAXATION	**1998 Shs'000**	**1997 Shs'000**
The surplus is stated after charging:		
Depreciation	5,985	6,100
Auditors' remuneration including VAT (parent company Shs.1,395,401 and 1997 - Shs.1,309,125)	1,525	1,447
and after crediting income from:		
Deposits	9,698	18,376
Government securities	49,324	34,701
Unquoted shares	12,752	20,170
Quoted shares	10,065	6,653
Net rent from properties	76,645	80,988
Gain on sale of investments	10,852	-

14. PROVISION FOR TAXATION

	Short-term business Shs'000	**Long-term business Shs'000**	**1998 Total Shs'000**	**1997 Total Shs'000**
(a) The Group				
Based on the Group profit for the year as adjusted for tax purposes	43,021	8,125	51,146	57,391
Under provision in prior years	-	-	-	1,739
	43,021	8,125	51,146	59,130
(b) The Company				
Based on the profit for the year as adjusted for tax purposes at 32.5% (1997 – 35%)	40,216	8,125	48,341	50,349
Under provision in prior years	-	-	-	1,739
	40,216	8,125	48,341	52,088

Company taxation 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 gives rise to a higher tax charge, the additional attributable tax in respect of this transfer is charged to long-term business and is within permitted levels for transfer of surplus from long-term business.

15. GROUP RETAINED PROFIT FOR THE YEAR

The retained profit dealt with in the accounts of the parent company is Shs.74,603,291 (1997 - Shs. 66,640,698).

16. DIRECTORS EMOLUMENTS

The Group	**1998 As Directors Shs'000**	**1998 For Management Shs'000**	**1997 As Directors Shs'000**	**1997 For Management Shs'000**
Emoluments	455	24,602	366	22,776
Pension to a past director	70	-	120	-
	525	24,602	486	22,776

17. EARNINGS PER SHARE

Earnings per ordinary share of Shs.5 each are calculated by reference to the profit available for distribution and on 36 million shares. The 1997 comparatives have been restated to take account of the bonus issue of shares.

18. ASSETS OUTSIDE KENYA

The Group has net assets outside Kenya amounting to Shs.579,265,750 (1997 - Shs.511,049,773).

19. MORTGAGES AND LOANS

The Group and the Company

	1998 Shs'000	1997 Shs'000
Amount approved by the Directors but not advanced at 31st December:		
Long-term business	6,280	5,000
Short-term business	45,930	42,700
	52,210	47,700

20. CAPITAL COMMITMENTS

The Group and the Company

	1998 Shs'000	1997 Shs'000
Amount contracted for but not provided	20,043	-

21. CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents comprise

	1998 Shs'000	1997 Shs'000
Cash and bank balances	18,845	37,748
Bank overdraft	-	(67,674)
Deposits - financial institutions	-	51,276
	18,845	21,350

22. COMPARATIVES

Previous year figures have been restated wherever required.

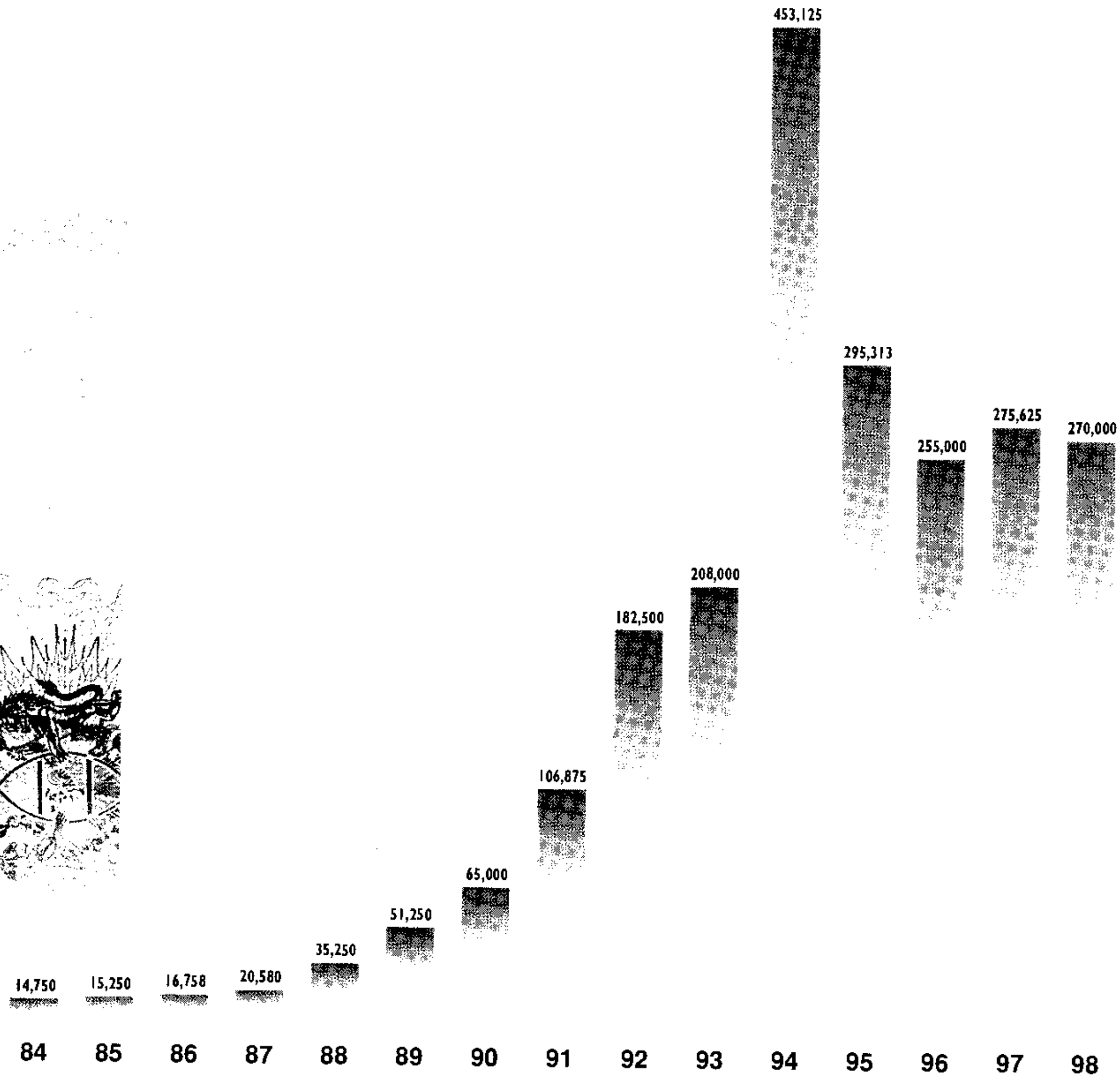
23. INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

24. CURRENCY

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

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 8,000, totalling 9,000 shares), as at 31st December, 1998 based on quotations on the Nairobi Stock Exchange, was Shs. 270,000.

In addition, you will have received dividends totalling Shs. 108,063 during the period.

The total return on your investment averaged approximately 53.23% p.a.

proxy form

The Jubilee Insurance Company Limited

INCORPORATED IN KENYA. ESTABLISHED 1937

I/We ____

of ____

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

____

of ____

and failing him, ____

of ____

and failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28th July, 1999 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this ______________ day of ______________ 1999.

____

Member

Important Notes:

1. If you are unable to attend this meeting personally, this Proxy form should be completed and returned to The Company Secretary, P.O. Box 30376, Nairobi, 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 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 Secretary,
The Jubilee Insurance Company Limited
P.O. Box 30376,
NAIROBI
KENYA

FOLD 1

FOLD 3

INSERT FLAP INSIDE

group review - ten years

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
					Kenya Shillings Million					
Shareholders' Funds	1,510	1,374	1,189	1,141	951	764	525	398	351	297
Share Capital	180	150	150	125	125	100	100	75	50	50
Long-Term Business Funds	1,949	1,839	1,461	1,225	1,029	633	473	444	381	336
Total Assets	4,580	4,390	3,523	3,123	2,693	1,980	1,361	1,188	1,056	924
Total Investment Income	488	415	302	226	195	160	109	90	81	68
Pre-Tax Profit (including transfer from long-term business account)	185	192	163	126	110	84	49	69	64	50
After-Tax Profit	142	141	101	86	69	65	39	49	44	33
Dividends to Shareholders	63	53	** 53	44	44	35	35	26.2	17.5	17.5
Dividend Cover Ratio	2.22	2.56	1.57	1.86	1.49	1.78	1.12	1.87	2.54	1.87
Bonus Issue	1:5	-	1:5	-	1:4	-	1:3	1:2	-	2:3
* Earnings per Share (par value Shs. 5)	3.88	3.73	2.62	2.26	1.81	1.72	1.08	1.37	1.23	0.91

* 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.