The Jubilee Insurance Company Limited

CONTENTS

COMPANY DETAILS

CAPITAL AND RESERVES	Authorised Capital ..	Shs	200,000,000
	Issued Capital	Shs	125,000,000
	Paid Up Capital	Shs	125,000,000
	Reserves	Shs	1,016,216,003

REGISTERED HEAD OFFICE

Jubilee Insurance House
Wabera Street
P. O. Box: 30376
Telephone: 340343
Telefax: 216882
Telex: 22199
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

2007/0460

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

OVERSEAS OFFICE

9 Corderie Street
P. O. Box: 301
Telephone: 23113
Port Louis, Mauritius

CONSULTING ACTUARIES

Nauman Associates, Pakistan

AUDITORS

Coopers & Lybrand

PRINCIPAL BANKERS

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

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) Sadrudin H. Tejpar (Kenyan) Joseph M. Mugwe (Kenyan) Amin M. Datoo (Technical) (Kenyan) Abdul I. Paroo (Finance) (Canadian)

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
    - INTERNAL AUDIT

NOTICE OF THE FIFTY-EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Eighth Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Wednesday, 29th May, 1996 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, 1995 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 5th October, 1995, 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, 1996 to shareholders registered on 29th May, 1996.

3 To elect Directors who retire by rotation and, being eligible, they offer themselves for re-election :
   (i) Mr. Joseph M. Mugwe
   (ii) Mr. Sadrudin H. Tejpar

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 part of the retained profits to the total sum of KShs. 25,000,000 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 5,000,000 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 29th May, 1996 upon the terms that such new shares when issued shall not rank for the dividend in respect of the year ended 31st December, 1995 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
Philip Awinyo,
Company Secretary.

P. O. Box 30376,
Nairobi, Kenya.
2nd April, 1996

CHAIRMAN'S STATEMENT

Dear Shareholders,

Since 1984 when we became a public listed company on the Nairobi Stock Exchange with a much broadened shareholders base, we have reported to you annually on our performance, each year surpassing the overall results of the year before. I am happy to inform you that 1995 was yet another successful year for the Jubilee. More significantly, we have **reversed the unfavourable trend in underwriting performance in general insurance business:** against a loss of Shs. 10.5 mil. in 1994, we have a profit of Shs. 4.5 mil. in 1995, representing a turn-around of Shs. 15 mil. in one year. Equally importantly, the Shareholders Funds strengthened from Shs. 951 mil. in 1994 to Shs. 1,141 mil. in 1995, by far the highest in the insurance marketplace in Kenya. Our valued intermediaries and clients enjoy unprecedented security in placing their business with us.

FINANCIAL PERFORMANCE

Arising out of the improved general insurance results, the pre-tax profit increased from Shs. 110.5 mil. in 1994 to Shs. 125.6 mil. in 1995, representing an increase of 14%.

Profit after-tax has increased from Shs. 65.1 mil. in the previous year to Shs 81.2 mil. representing an increase of 25%.

We believe that the above performance compares well in the Kenyan insurance marketplace.

Your Board of Directors have recommended continuation of the 35% dividend and in addition, to declare a **bonus issue of 1 share for every 5 shares held, thereby increasing the paid-up capital of the Company to Shs. 150 mil.**

Recognising the provisions of The Insurance (Amendment) Act, 1994, which came into effect on 31st December, 1995, we believe that the increase in capitalisation would give us a positive image with the market and the Commissioner of Insurance, as such level of capitalisation would be one of the highest amongst insurance companies in Kenya.

GENERAL INSURANCE PERFORMANCE

In the past couple of Statements I have highlighted deterioration in the security conditions in Kenya, which have had a negative impact on our underwriting results.

The soft market conditions existing in Kenya have precluded us from raising our underwriting terms commensurate with the level of risk exposures which we have carried in such an unfavourable security environment. The Jubilee has had to recognise the prevailing conditions and the claims experience, and accordingly we implemented a degree of reunderwriting in the long term interest of our clients, producers and shareholders. Our approach has generally been positively received by our clients and producers. Understandably, this has had a somewhat constraining impact on our premium growth.

LIFE ASSURANCE PERFORMANCE

The Jubilee's long term business funds grew from Shs. 1,029 mil. in 1994 to Shs. 1,225 mil. in 1995, representing an increase of 19%.

Our annual premium grew from Shs. 153 mil. in 1994 to Shs. 215 mil. in 1995, a gratifying 41% increase.

We believe we are well entrenched in this important and growing class of business, with an assured future.

Needless to say, our priority remains to service the large number of Life and Pensions Policyholders who have entrusted their funds to us for their long term security and to offer them fair rewards arising from prudent investment of such funds.

In keeping with our continued intention to share the profits with our Policyholders, I am happy to announce that we have: (a) maintained the **reversionary bonus rate of 5% per annum,** payable to our With Profits Policyholders and (b) declared a net interest rate of 18% on Deposit Administration Schemes which we believe, at this writing, to be one of the highest offered by any of the leading insurers in the market.

REINSURANCE

We have reported, with pride, our participation in East Africa Reinsurance Company Limited over

CHAIRMAN'S STATEMENT (CONTINUED)

the past two years. Although reinsurance business is necessarily a slow-growing portfolio if it is to be underwritten prudently, we continue to believe that we have a promising institution both for the well-being of the Country and its Shareholders. We remain determined to see our business grow beyond the bounds of East Africa as originally planned.

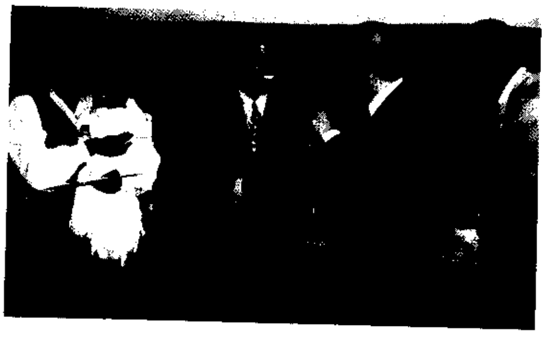
The sad demise of Mr. Philip Ndegwa has caused a major loss to us but we are pleased with the appointment of Mr. Nikodem Muriuki Mugwandia as the Chairman of E. A. Re, who we feel sure, will follow Mr. Ndegwa's footsteps to lead the company on a sound path.

Agents Training
The top producers in 1995 after attending an advanced course at the College of Insurance. Seated in the middle of the front row is the Technical Director, Mr. Amin Datoo, who performed the closing ceremony.

JUBILEE'S FUTURE OUTLOOK
With the Kenyan economy stabilising and the promised improvement in the security situation, we expect that the insurance industry will continue to develop satisfactorily and that the Jubilee will share in this growth. Particularly noteworthy is the strong commitment which the Kenyan Government has made towards the growth of the private sector, which will have a positive impact on the insurance industry.

We applaud the Government's decision to privatise Kenya Reinsurance Corporation, with gradual phasing out of mandatory cessions which will result in enhanced opportunities for insurers. We feel strongly that the phasing out of cessions should apply not only to mandatory policy cessions but also to mandatory treaty cessions. We would therefore urge the Ministry of Finance and the Commissioner of Insurance to recognise this request seriously.

We, at the Jubilee, recognise the importance of steady and planned growth thereby ensuring the protection of the Shareholders' interest and the fulfillment of our commitment of good service and security to our intermediaries and policyholders.



The top Sales Representative, Mr. Dancan Kisalu, receiving a television award from Mr. Abdul Jaffer. Looking on is Mrs. Monica Kisalu and their first born.

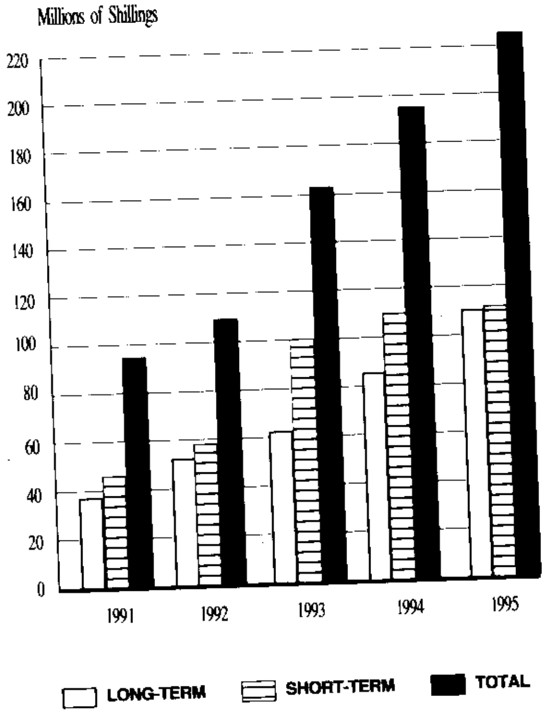
MANAGEMENT CHANGES
We regret to announce the death of Mr. Johnstone Olembo, a senior executive at the Jubilee, who served this Company loyally for 22 years. We offer our condolences to the entire Olembo family and hope that they will overcome the grief caused by his untimely demise.

CONCLUSION
Whilst thanking our Insureds, Producers, Staff, Consultants and, equally, my fellow Directors, I want to convey to our Shareholders that the Board of Directors and the Management will do their utmost to continue managing your Company well and protecting your investment in the Jubilee.

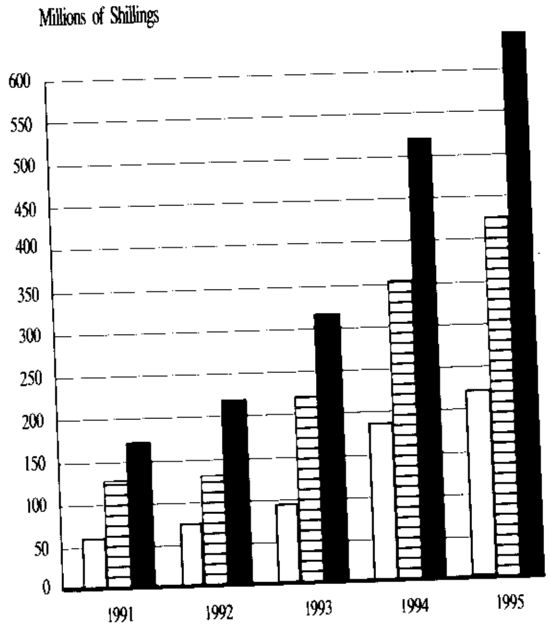
Abdul M. Jaffer
Chairman.
Nairobi, Kenya,
2nd April, 1996.

FINANCIAL HIGHLIGHTS

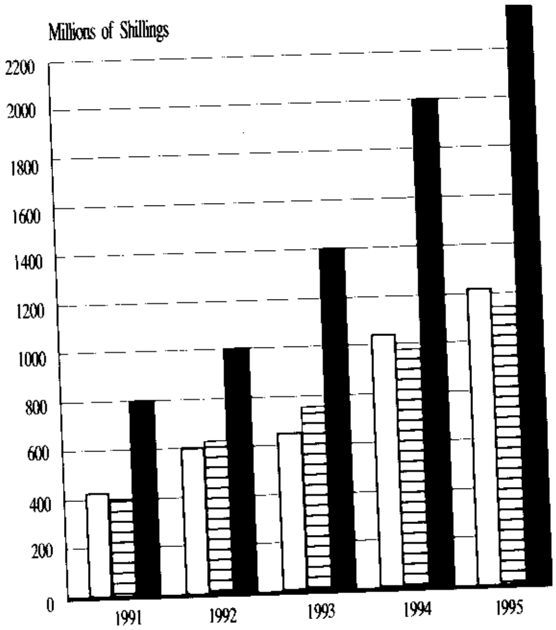
TOTAL INVESTMENT INCOME



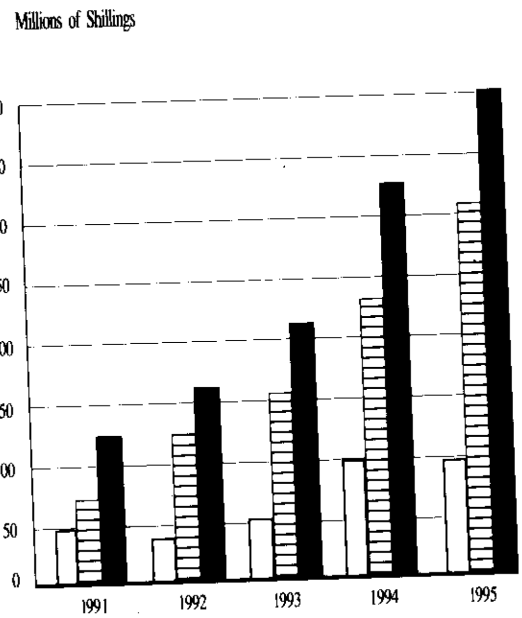
NET PREMIUM INCOME



TOTAL NET ASSETS



CLAIMS INCURRED



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31st December, 1995.

PRINCIPAL ACTIVITIES

The principal activities of the Company during 1995 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. 125 million was paid on 5th October, 1995. The Directors recommend the payment of the final dividend of 20%.

BONUS

Subject to the necessary consents being obtained, the Directors recommend that a part of the retained profits to the total sum of Shs. 25 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 1995 dividend.

DIRECTORS

The names of the Directors who served during the year, are set out on page 3. 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

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
Director

Nairobi, Kenya,
2nd April, 1996.

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 to 17 are in agreement with the books of accounts. 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 company's state of affairs and its profit o 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 accounts 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, 1995 and of the profit and cash flows of the group for the year then ended and comply with the Companies Act (CAP 486).

Coopers & Lybrand
Certified Public Accountants of Kenya
Nairobi.
2nd April, 1996.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1995

	Note	1995 Shs'000	1994 Shs'000
INCOME			
Profit/(Loss) transferred from underwriting revenue account		**4,496**	(10,544)
Profit transferred from long term business	11	**21,000**	21,000
Investment income		**113,273**	110,240
Total Income		**138,769**	120,696
OUTGO			
Management expenses/(income) not charged to other accounts		**1,029**	(303)
Depreciation		**5,494**	4,577
Bad debts		**6,613**	5,939
Total outgo		**13,136**	10,213
Profit before taxation	13	**125,633**	110,483
Provision for taxation	14	**39,925**	41,627
Profit after taxation		**85,708**	68,856
Minority interest		**4,464**	3,754
Profit attributable to shareholders		**81,244**	65,102
Dividends - Interim paid 15% (1994-15%)		**18,750**	18,750
- Final proposed 20% (1994-20%)		**25,000**	25,000
Retained profit	15	**37,494**	21,352
APPROPRIATION			
Unappropriated profit brought forward		**86,174**	115,187
Exchange adjustment - foreign enterprises		**25,288**	(25,365)
Bonus issue		**-**	(25,000)
Retained profit for the year		**37,494**	21,352
Unappropriated profit carried forward	3	**148,956**	86,174
Earnings per share	17	**3.25**	2.60

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

LIFE REVENUE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

THE GROUP & THE COMPANY

Class of Insurance Business	Note	Statutory Funds Ordinary Life Shs'000	Super-Annuation Shs'000	General Reserves Shs'000	**1995 Total Shs'000**	1994 Total Shs'000
Net Premium		67,344	147,595	-	**214,939**	152,667
Portfolio in		-	-	-	**-**	31,886
		67,344	147,595	-	**214,939**	184,553
Claims paid and outstanding						
- Death		(4,405)	(12,221)	-	**(16,626)**	(23,249)
- Maturity		(13,382)	-	-	**(13,382)**	(24,487)
Total Claims		(17,787)	(12,221)	-	**(30,008)**	(47,736)
Surrenders and Annuities paid (including surender of Bonus)		(7,368)	(46,061)	-	**(53,429)**	(40,287)
Commissions		(12,660)	1,882	-	**(10,778)**	(9,843)
Total Claims, Surrenders, Annuities and Commissions		(37,815)	(56,400)	-	**(94,215)**	(97,866)
Expenses of Management		(56,653)	(6,993)	-	**(63,646)**	(59,295)
Investment income		24,454	92,200	8,213	**124,867**	96,205
Investment expenses		(6,853)	(4,147)	(1,729)	**(12,729)**	(11,017)
Net investment income		17,601	88,053	6,484	**112,138**	85,188
Provision for taxation		-	-	-	**-**	(9,683)
Increase in Funds	12	(9,523)	172,255	6,484	**169,216**	102,897
(Decrease)/Increase in market value of shares		(18,312)	-	(4,335)	**(22,647)**	153,852
Surplus on revaluation of land and buildings		51,651	-	14,909	**66,560**	43,649
Exchange adjustment - foreign enterprises		3,796	-	-	**3,796**	(11,917)
Transfer to profit and loss account	11	(9,000)	-	(12,000)	**(21,000)**	(21,000)
Acquisition of a closed fund		-	-	-	**-**	128,185
Funds at the beginning of the year		541,889	363,192	123,635	**1,028,716**	633,050
Funds at the end of the year		560,501	535,447	128,693	**1,224,641**	1,028,716

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 1995

Class of insurance business	Engineering Shs'000	Fire-Domestic Shs'000	Fire-Industrial Shs'000	Liability Shs'000
Net premium written	2,400	23,654	40,835	5,544
Unearned premium brought forward	1,123	10,325	19,177	1,138
Unearned premium carried forward	263	11,960	12,639	2,051
Net earned premium	3,260	22,019	47,373	4,631
Claims paid	1,147	4,215	18,598	4,479
Claims outstanding carried forward	1,349	5,983	14,868	19,186
Claims outstanding brought forward	980	2,932	12,260	13,202
Total claims incurred	1,516	7,266	21,206	10,463
Commissions	210	5,056	(11,455)	(362)
Expenses of management	223	4,937	6,976	1,157
Total expenses	433	9,993	(4,479)	795
Balance being underwriting profit/(loss)	1,311	4,760	30,646	(6,627)

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	**1995 Total Shs'000**	1994 Total Shs'000
19,995	195,347	56,081	25,307	25,709	24,434	**419,306**	353,814
6,008	66,496	20,343	12,472	6,508	1,359	**144,949**	99,046
7,831	77,581	12,575	7,359	10,069	13,055	**155,383**	144,949
18,172	184,262	63,849	30,420	22,148	12,738	**408,872**	307,911
5,917	117,634	37,892	21,183	17,877	6,666	**235,608**	186,302
12,006	188,519	12,442	22,335	48,012	14,508	**339,208**	266,411
12,871	158,335	13,453	20,080	28,791	3,507	**266,411**	220,580
5,052	147,818	36,881	23,438	37,098	17,667	**308,405**	232,133
(198)	18,773	(2,483)	(1,845)	3,235	6,585	**17,516**	14,302
3,759	37,466	11,704	5,282	5,366	1,585	**78,455**	72,020
3,561	56,239	9,221	3,437	8,601	8,170	**95,971**	86,322
9,559	(19,795)	17,747	3,545	(23,551)	(13,099)	**4,496**	(10,544)

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 1995

	Note	Short Term Business Shs'000	Long Term Business Shs'000	**Total 1995 Shs'000**	Total 1994 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	125,000	-	**125,000**	125,000
Reserves:					
Capital	3	790,671	-	**790,671**	663,148
General reserve	3	70,000	-	**70,000**	70,000
Unappropriated profits	3	148,956	-	**148,956**	86,174
Share premium		6,589	-	**6,589**	6,589
Long term business:					
Statutory funds		-	1,095,948	**1,095,948**	905,081
General reserve	4	-	128,693	**128,693**	123,635
Total capital, reserves and long term business funds		1,141,216	1,224,641	**2,365,857**	1,979,627
Minority interests		16,145	-	**16,145**	9,927
		1,157,361	1,224,641	**2,382,002**	1,989,554
Represented by:					
ASSETS					
Fixed assets:	5				
Leasehold property		5,129	5,129	**10,258**	9,909
Less: Accumulated depreciation		353	353	**706**	501
		4,776	4,776	**9,552**	9,408
Motor vehicles		10,460	10,360	**20,820**	20,886
Less: Accumulated depreciation		6,612	6,592	**13,204**	9,529
		3,848	3,768	**7,616**	11,357
Computer equipment		12,773	12,773	**25,546**	21,289
Less: Accumulated depreciation		8,965	8,965	**17,930**	13,930
		3,808	3,808	**7,616**	7,359
Furniture, fixtures, fittings & office equipment		13,497	13,348	**26,845**	22,369
Less: Accumulated depreciation		7,808	7,793	**15,601**	13,325
		5,689	5,555	**11,244**	9,044
Total fixed assets		18,121	17,907	**36,028**	37,168
Investments					
(i) Securities issued by Kenya Government		150,724	247,176	**397,900**	248,300

The accounts on pages 10 to 26 were approved by the Board on 1st April, 1996 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 pages19 to 26 form part of these accounts.

	Note	Short Term Business Shs'000	Long Term Business Shs'000	**Total 1995 Shs'000**	Total 1994 Shs'000
(ii) Other:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	181,485	250,614	**432,099**	536,014
Ordinary shares (unquoted)		119,667	-	**119,667**	116,743
Preference shares (quoted on the Nairobi Stock Exchange)		-	1,874	**1,874**	1,768
Mortgage loans		59,511	63,122	**122,633**	103,586
Policy loans		-	49,917	**49,917**	44,330
Deposits - Financial Institutions		44,142	186,041	**230,183**	187,947
Investment in E.A. Re	7	63,750	-	**63,750**	63,750
Investment in associated company	8	11,676	-	**11,676**	10,185
Land and buildings	9	794,200	392,197	**1,186,397**	908,900
Other investments - outside Kenya		127,882	19,277	**147,159**	95,025
Total other investments		1,402,313	963,042	**2,365,355**	2,068,248
Total investments		1,553,037	1,210,218	**2,763,255**	2,316,548
Current assets:					
Cash and bank balances		17,831	38,963	**56,794**	30,927
Amounts retained and due under reinsurance contracts		98,345	14,393	**112,738**	96,994
Amounts due from bodies engaged in insurance business		8,389	-	**8,389**	5,641
Premium outstanding		143,480	5,079	**148,559**	152,555
Sundry debtors		44,328	10,569	**54,897**	52,827
Amounts due from group company	10	-	-	**-**	401
Total current assets		312,373	69,004	**381,377**	339,345
Total assets		1,883,531	1,297,129	**3,180,660**	2,693,061
LIABILITIES					
Underwriting provisions:					
Unearned premium provision		155,383	-	**155,383**	144,949
Outstanding claims provision		339,208	17,967	**357,175**	286,349
Total underwriting provisions		494,591	17,967	**512,558**	431,298
Current liabilities:					
Taxation		884	9,055	**9,939**	23,392
Dividends		49,402	-	**49,402**	45,772
Bank overdraft and bank loans		35,591	-	**35,591**	22,622
Amounts due to reinsurers		75,390	128	**75,518**	72,329
Others-due to agents		10,269	7,700	**17,969**	22,603
Sundry creditors		59,971	37,638	**97,609**	85,491
Amount due to group company	10	72	-	**72**	-
Total current liabilities		231,579	54,521	**286,100**	272,209
Total liabilities		726,170	72,488	**798,658**	703,507
		1,157,361	1,224,641	**2,382,002**	1,989,554

COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 1995

	Note	Short Term Business Shs'000	Long Term Business Shs'000	**Total 1995 Shs'000**	Total 1994 Shs'000
Share capital authorised and issued:					
Norminal share capital authorised.............	2	200,000	-	**200,000**	200,000
Share capital issued and paid-up	2	125,000	-	**125,000**	125,000
Reserves					
Capital	3	780,148	-	**780,148**	655,180
General reserve.......................................	3	70,000	-	**70,000**	70,000
Unappropriated profits	3	120,537	-	**120,537**	73,852
Share premium		6,589	-	**6,589**	6,589
Long term business:					
Statutory fund		-	1,095,948	**1,095,948**	905,081
General reserve	4	-	128,693	**128,693**	123,635
		977,274	1,224,641	**2,201,915**	1,834,337
Total capital, reserves and long term business funds		1,102,274	1,224,641	**2,326,915**	1,959,337
Represented by:					
ASSETS					
Fixed assets:	5				
Leasehold property		5,129	5,129	**10,258**	9,909
Less: Accumulated depreciation.................		353	353	**706**	501
		4,776	4,776	**9,552**	9,408
Motor vehicles		10,360	10,360	**20,720**	20,799
Less: Accumulated depreciation		6,592	6,592	**13,184**	9,529
		3,768	3,768	**7,536**	11,270
Computer equipment		12,773	12,773	**25,546**	21,289
Less: Accumulated depreciation..................		8,965	8,965	**17,930**	13,930
		3,808	3,808	**7,616**	7,359
Furniture, fixtures, fittings & office equipment		13,348	13,348	**26,696**	22,369
Less: Accumulated depreciation..................		7,793	7,793	**15,586**	13,325
		5,555	5,555	**11,110**	9,044
Total fixed assets		17,907	17,907	**35,814**	37,081
Investments					
(i) Securities issued by Kenya Government		150,724	247,176	**397,900**	248,300

The accounts on pages 10 to 26 were approved by the Board on 1st April, 1996 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 pages19 to 26 form part of these accounts.

	Note	Short Term Business Shs'000	Long Term Business Shs'000	**Total 1995 Shs'000**	Total 1994 Shs'000
(ii) Other:					
Ordinary shares (quoted on the Nairobi Stock Exchange)	6	181,485	250,614	**432,099**	536,014
Ordinary shares (unquoted)		119,667	-	**119,667**	116,743
Preference shares (quoted on the Nairobi Stock Exchange)		-	1,874	**1,874**	1,768
Mortgage loans		59,511	63,122	**122,633**	103,586
Policy loans		-	49,917	**49,917**	44,330
Deposits Financial Institutions		36,908	186,041	**222,949**	182,922
Investment in E.A. Re	7	63,750	-	**63,750**	63,750
Investment in subsidiary company	8	9,493	-	**9,493**	9,493
Land and buildings	9	794,200	392,197	**1,186,397**	908,900
Other investments - outside Kenya		92,288	19,277	**111,565**	89,626
Total other investments		1,357,302	963,042	**2,320,344**	2,057,132
Total investments		1,508,026	1,210,218	**2,718,244**	2,305,432
Current assets:					
Cash and bank balances		8,622	38,963	**47,585**	27,240
Amounts retained and due under reinsurance contracts		98,345	14,393	**112,738**	96,994
Amounts due from bodies engaged in insurance business		8,389	-	**8,389**	5,641
Premiums outstanding		143,480	5,079	**148,559**	152,555
Sundry debtors		41,509	10,569	**52,078**	51,151
Amounts due from group company	10	315	-	**315**	248
Total current assets		300,660	69,004	**369,664**	333,829
Total assets		1,826,593	1,297,129	**3,123,722**	2,676,342
LIABILITIES					
Underwriting provisions:					
Unearned premium provision		155,383	-	**155,383**	144,949
Outstanding claims provision		339,208	17,967	**357,175**	286,349
Total underwriting provisions		494,591	17,967	**512,558**	431,298
Current liabilities:					
Taxation		606	9,055	**9,661**	22,467
Dividends		49,402	-	**49,402**	45,772
Bank overdraft and bank loans		35,591	-	**35,591**	22,622
Amounts due to reinsurers (not being related bodies)		75,390	128	**75,518**	72,329
Others - due to agents		10,269	7,700	**17,969**	22,603
Sundry creditors		41,493	37,638	**79,131**	75,503
Amount due to group company	10	16,977	-	**16,977**	24,411
Total current liabilities		229,728	54,521	**284,249**	285,707
Total liabilities		724,319	72,488	**796,807**	717,005
		1,102,274	1,224,641	**2,326,915**	1,959,337

CONSOLIDATED CASH FLOW STATEMENT: SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 1995

	Note	1995 Shs'000	1994 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation less minority interest		121,169	106,729
Adjustments for:			
Depreciation		5,494	4,577
Profit on sale of fixed assets		(432)	(438)
Profit on sale of investments		-	(1,043)
Premiums and claims reserves		83,232	91,734
Investment income		(113,273)	(110,240)
Minority interests		4,464	3,754
Operating profit before working capital changes		100,654	95,073
Increase in debtors		(4,785)	(48,023)
Increase in creditors		17,392	18,834
Cash generated from operations		113,261	65,884
Income tax paid		(52,837)	(31,625)
Net cash from operating activities		60,424	34,259
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Investment income		113,273	110,240
Dividends paid		(40,120)	(42,859)
Dividends paid to minority in subsidiary		-	(1,629)
Net cashflow from investments and servicing of finance		73,153	65,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		794	555
Proceeds from sale of investments		-	1,479
Purchase of fixed assets		(5,330)	(7,669)
Additions to land and buildings		(8,829)	(221)
Purchase of quoted and unquoted shares		(2,897)	(147,413)
Purchase of other investments		(43,938)	(1,025)
Net Mortgage loans redeemed/(advanced)		8,411	(35,977)
Net (purchase)/redemptions of government securities		(98,910)	151,832
Net cash from investing activities		(150,699)	(38,439)
Net increase in cash and cash equivalents		(17,122)	61,572
Cash and cash equivalents at the beginning of the year		37,485	(19,360)
Exchange gain/(loss) on translation of cash and cash equivalents in foreign enterprises		6,019	(4,727)
Cash and cash equivalents at the end of the year	21	26,382	37,485

Report of the auditors - page 9

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

NOTES TO THE ACCOUNTS
31ST DECEMBER 1995

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 are 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 are 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 1995

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 are 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 are 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.

(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.
- 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 intervals of five years except in the event of any material change in the intervening period when the properties are revalued at the time at the discretion of the directors. Additions in the intervening period are included at cost.

(ii) Unrealised gains arising from the aggregate valuation within each of the seven 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 firstly 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 life revenue account in respect of long-term business, except where they relate to retranslation 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

	1995 Shs'000	1994 Shs'000
Authorised:		
40,000,000 ordinary shares of KShs. 5 each	**200,000**	200,000
Issued and fully paid:		
25,000,000 ordinary shares of KShs. 5 each	**125,000**	125,000

3. Reserves

	1995	1994
The group	**Shs'000**	Shs'000
(i) Capital reserve		
At 1st January	**663,148**	472,425
Exchange adjustment - foreign enterprises	**7,414**	(13,081)
Surplus on revaluation of land and buildings	**175,271**	93,178
(Decrease)/Increase in market value of shares	**(55,162)**	110,626
At 31st December	**790,671**	663,148
ii) General reserve		
At 1st January and 31st December	**70,000**	70,000
iii) Unappropriated profits		
At 1st January	**86,174**	115,187
Exchange adjustment - foreign enterprises	**25,288**	(25,365)
Issue of bonus shares	**-**	(25,000)
Retained profit for the year	**37,494**	21,352
At 31st December	**148,956**	86,174
The company		
(i) Capital reserve		
At 1st January	**655,180**	459,054
Exchange adjustment - foreign enterprises	**4,859**	(7,677)
Surplus on revaluation of land and buildings	**175,271**	93,178
(Decrease)/Increase in market value of shares	**(55,162)**	110,625
At 31st December	**780,148**	655,180
(ii) General reserve		
At 1st January and 31st December	**70,000**	70,000

(iii) Unappropriated profits

	1995 Shs'000	1994 Shs'000
At 1st January	**73,852**	106,488
Exchange adjustment - foreign enterprises	**22,584**	(22,615)
Issue of bonus shares	-	(25,000)
Retained profit for the year	**24,101**	14,979
At 31st December	**120,537**	73,852

4. Long term business general reserve

	1995 Shs'000	1994 Shs'000
The group and the company		
At 31st December	**128,693**	123,635

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 is made on the recommendation of the actuaries (see note 11).

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, 1995	9,909	21,289	20,886	22,369	74,453
Additions	349	4,277	1,140	4,776	10,542
Disposals	-	(20)	(1,206)	(300)	(1,526)
At 31st December, 1995	**10,258**	**25,546**	**20,820**	**26,845**	**83,469**
DEPRECIATION:					
At 1st January, 1995	501	13,930	9,529	13,325	37,285
Charge for the year	205	4,020	4,157	2,576	10,958
On disposals	-	(20)	(482)	(300)	(802)
At 31st December, 1995	**706**	**17,930**	**13,204**	**15,601**	**47,441**
NET BOOK VALUE:					
At 31st December, 1995	**9,552**	**7,616**	**7,616**	**11,244**	**36,028**
At 31st December, 1994	9,408	7,359	11,357	9,044	37,168

(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, 1995	9,909	21,289	20,799	22,369	74,366
Additions	349	4,277	1,127	4,627	10,380
Disposals	-	(20)	(1,206)	(300)	(1,526)
At 31st December, 1995	**10,258**	**25,546**	**20,720**	**26,696**	**83,220**
DEPRECIATION:					
At 1st January, 1995	501	13,930	9,529	13,325	37,285
Charge for the year	205	4,020	4,137	2,561	10,923
On disposals	-	(20)	(482)	(300)	(802)
At 31st December, 1995	**706**	**17,930**	**13,184**	**15,586**	**47,406**
NET BOOK VALUE:					
At 31st December, 1995	**9,552**	**7,616**	**7,536**	**11,110**	**35,814**
At 31st December, 1994	9,408	7,359	11,270	9,044	37,081

No depreciation has been charged in arriving at the results for the year in respect of certain fixed assets which originally cost Shs. 21,319,883 (1994: Shs. 17,680,512) 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. 4,698,186 (1994: Shs. 3,909,531).

6. Quoted ordinary shares

The group and the company

	1995 Shs'000	1994 Shs'000
Quoted on the Nairobi Stock Exchange based on market value at 31st December	**432,099**	536,014

The market value of the above shares as at 1st April, 1996 was Shs. 364,167,761 (Short term business Shs. 150,074,214, long term business Shs. 214,093,547).

7. Investment in East Africa Re-insurance Company Limited (E.A.Re)

The group and the company

	1995 Shs'000	1994 Shs'000
At cost	**63,750**	63,750

The company holds 21.25% of the issued share capital of E.A. Re, 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.

8. Investment in subsidiary
This comprises:

	% of equity held	1995 Shs'000	1994 Shs'000
Shares at cost in The Jubilee Investments Company Limited (incorporated in Uganda)	75	**9,493**	9,493

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:-

	1995 Shs'000	1994 Shs'000
Group's share of profit after tax and minority interest	**5,621**	3,177
Group's share of net assets at 31st December:		
Attributable to the company	**15,158**	11,202
Attributable to the minority interest	**5,052**	3,734
	20,210	14,936

9. Land and buildings

The group and the company
The valuation of freehold and leasehold properties was carried out by Mr. C. P. Robertson-Dunn, chartered surveyor and registered valuer, at 31st December, 1995. 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.

10. Group company balances	The group		The company	
	1995 Shs'000	1994 Shs'000	**1995 Shs'000**	1994 Shs'000
Amounts due from:				
The Jubilee Insurance Company of Uganda Ltd. (JICU)	**-**	401	**315**	248
Amounts due to:				
The Jubilee Investments Company Ltd.	**-**	-	**16,977**	24,411
The Jubilee Insurance Company of Uganda Ltd. (JICU)	**72**	-	**-**	-
	72	-	**16,977**	24,411

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, 1995. The actuaries have recommended a transfer of Shs. 21 million to the profit and loss account, from the long term business.

12. Long term business revenue account

The group and the company

	1995 Shs'000	1994 Shs'000
The increase in funds is stated after charging:		
Depreciation	**5,462**	4,577
Auditors' remuneration	**917**	750
and after crediting:		
Income from:		
Deposits	**52,635**	14,930
Government securities	**22,983**	27,558
Quoted shares	**6,407**	8,648
Net rent from properties	**21,913**	25,788

13. Group profit before taxation

	1995 Shs'000	1994 Shs'000
The surplus is stated after charging:		
Depreciation	**5,494**	4,577
Auditors' remuneration (parent company Shs. 917,000 1993: Shs. 750,000)	**1,050**	799
and after crediting:		
Income from:		
Deposits	**12,898**	12,622
Government securities	**13,907**	51,228
Unquoted shares	**5,273**	8,492
Quoted shares	**4,640**	2,182
Net rent from properties	**71,234**	59,848

14. Provision for taxation

	Short-term business Shs'000	Long-term business Shs'000	1995 Total Shs'000	1994 Total Shs'000
(a) The group				
Based on the group profit for the year as adjusted for tax purposes	39,925	-	**39,925**	51,309
(b) The company				
Taxation at 35% (1994 - 37.5% including drought levy at 2.5%)	36,713	-	**36,713**	48,349

15. Group retained profit for the year

The retained profit dealt with in the accounts of the parent company is Shs. 24,101,049 (1994: Shs. 14,978,809).

16. Directors' emoluments

The group and the company

	1995 As directors Shs'000	**1995 For management Shs'000**	1994 As directors Shs'000	1994 For management Shs'000
Emoluments	**146**	**12,711**	256	10,767
Pension to a past director	**120**	**-**	120	-
	266	**12,711**	376	10,767

17. Earnings per share

Earnings per ordinary share of Shs. 5 each are calculated by reference to the profit available for distribution and on 25 million shares.

18. Assets outside Kenya

The group has net assets outside Kenya amounting to Shs. 453,006,153 (1994: Shs. 309,572,551).

19. Mortgages and loans

The group and the company

Amount approved by the directors but not advanced at 31st December:

	1995 Shs'000	1994 Shs'000
Long-term business	**3,475**	12,185
Short-term business	**75,155**	12,400
	78,630	24,585

20. Capital commitments

The group and the company	**1995 Shs'000**	1994 Shs'000
Amount contracted for but not provided	**8,708**	-

21. Consolidated cash flow statement

	1995 Shs'000	1994 Shs'000
Cash and cash equivalents comprise		
Cash and bank balances	**17,831**	12,781
Bank overdraft	**(35,591)**	(11,311)
Deposits - Finacial Institutions	**44,142**	36,015
	26,382	37,485

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.

The Jubilee Insurance Company Limited

Incorporated in Kenya. Established 1937

Proxy

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 29th May, 1996 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this .... day of..1996.

....

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

INCORPORATED IN KENYA

59

YEARS

OF

SERVICE

ESTABLISHED 1937