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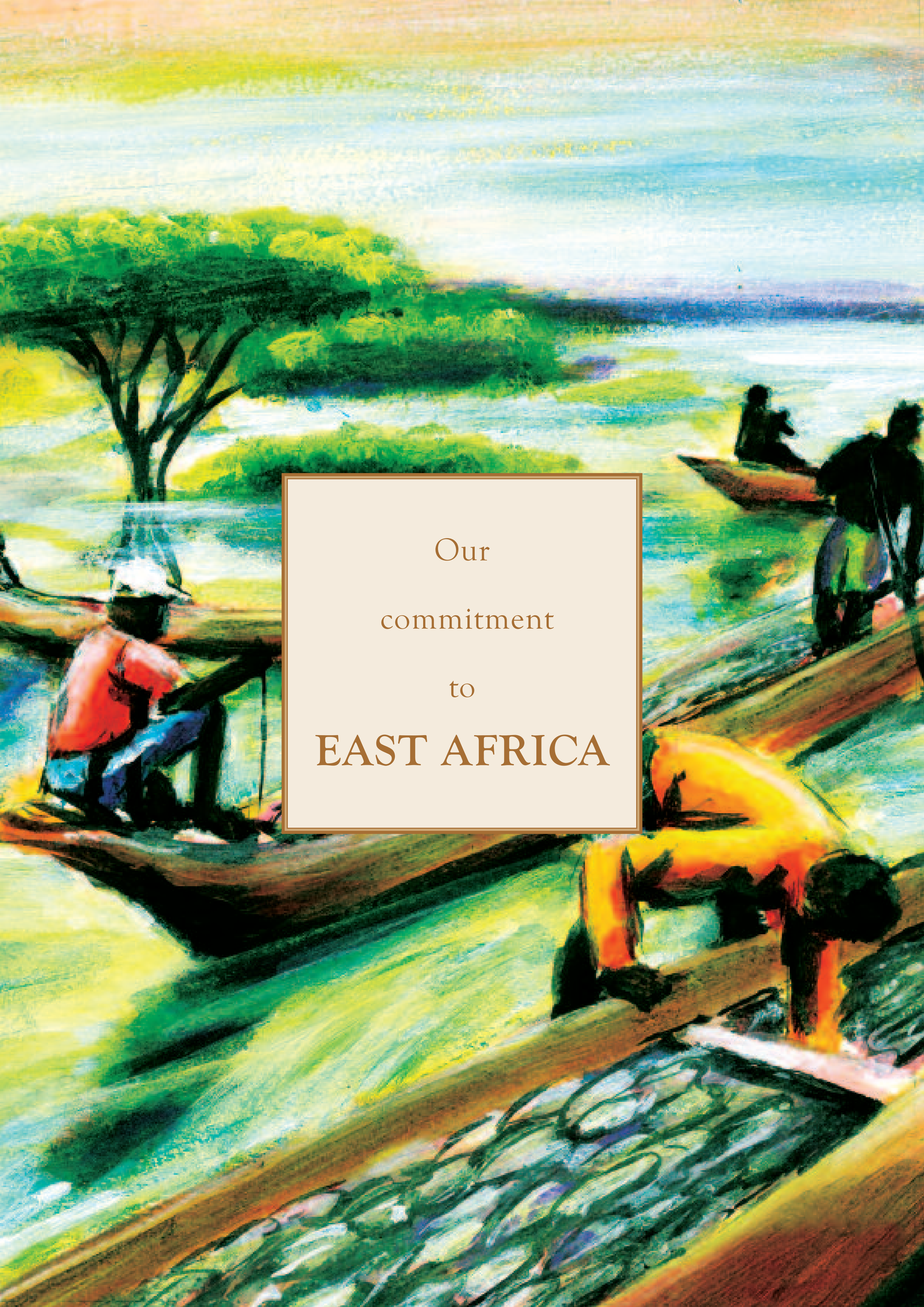


Our commitment to EAST AFRICA

Group Information

Capital and reserves

	Shs'000
Authorised Capital	200,000
Issued Capital	180,000
Paid-up Capital	180,000
Reserves	3,213,040

Registered office

Jubilee Insurance House
Wabera Street
P O Box 30376 – 00100 GPO
Nairobi, Kenya
Telephone: 3281000
Telefax: 3281150
E-mail: jic@jubileekenya.com
Website: www.jubileeholdings.com

Subsidiaries

The Jubilee Insurance Company of Tanzania Limited (51%)
The Jubilee Insurance Company of Uganda Limited (65%)
The Jubilee Insurance Company of Kenya Limited (100%)
The Jubilee Investments Company Limited (100%)
Jubilee Financial Services Limited (100%)
Jubilee Insurance (Mauritius) Ltd (80%)
Thillai Software Private Limited (100%)

Associates

Property Development and Management Limited (37.10%)
East Africa Reinsurance Company Limited (25.83%)
IPS Power Investment Limited (27.00%)

Independent auditor

PricewaterhouseCoopers

Corporate lawyers

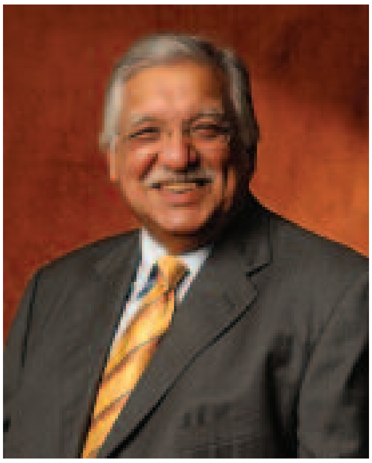
Daly & Figgis Advocates

Principal bankers

Diamond Trust Bank Kenya Limited
Barclays Bank of Kenya Limited
Standard Chartered Bank Kenya Limited
Citibank N.A.
Diamond Trust Bank Uganda Limited
Diamond Trust Bank Tanzania Limited

Jubilee Insurance Centre, Kampala

Board of Directors

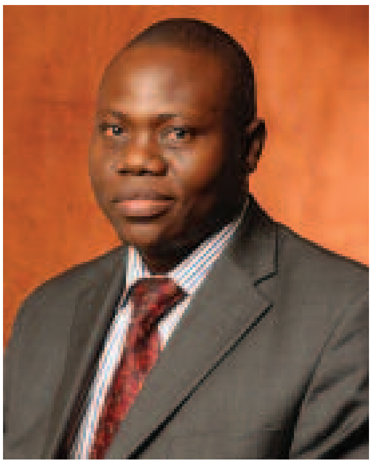


Nizar N Juma
Chairman

Sultan A Allana
*

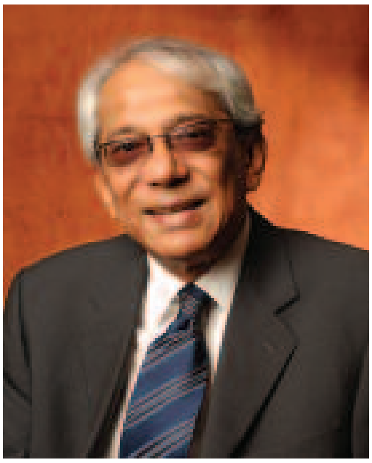
Amin M Datoo

Ramadhani K Dau
**



Juma Kisaame
***

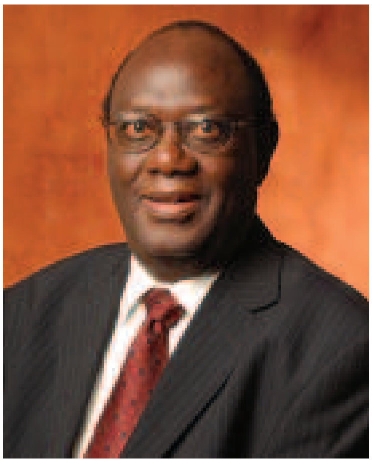
Lutaf R Kassam



Sultan K Khimji

John J Metcalf

****



Tom D Owuor

Margaret M Kipchumba
Company Secretary

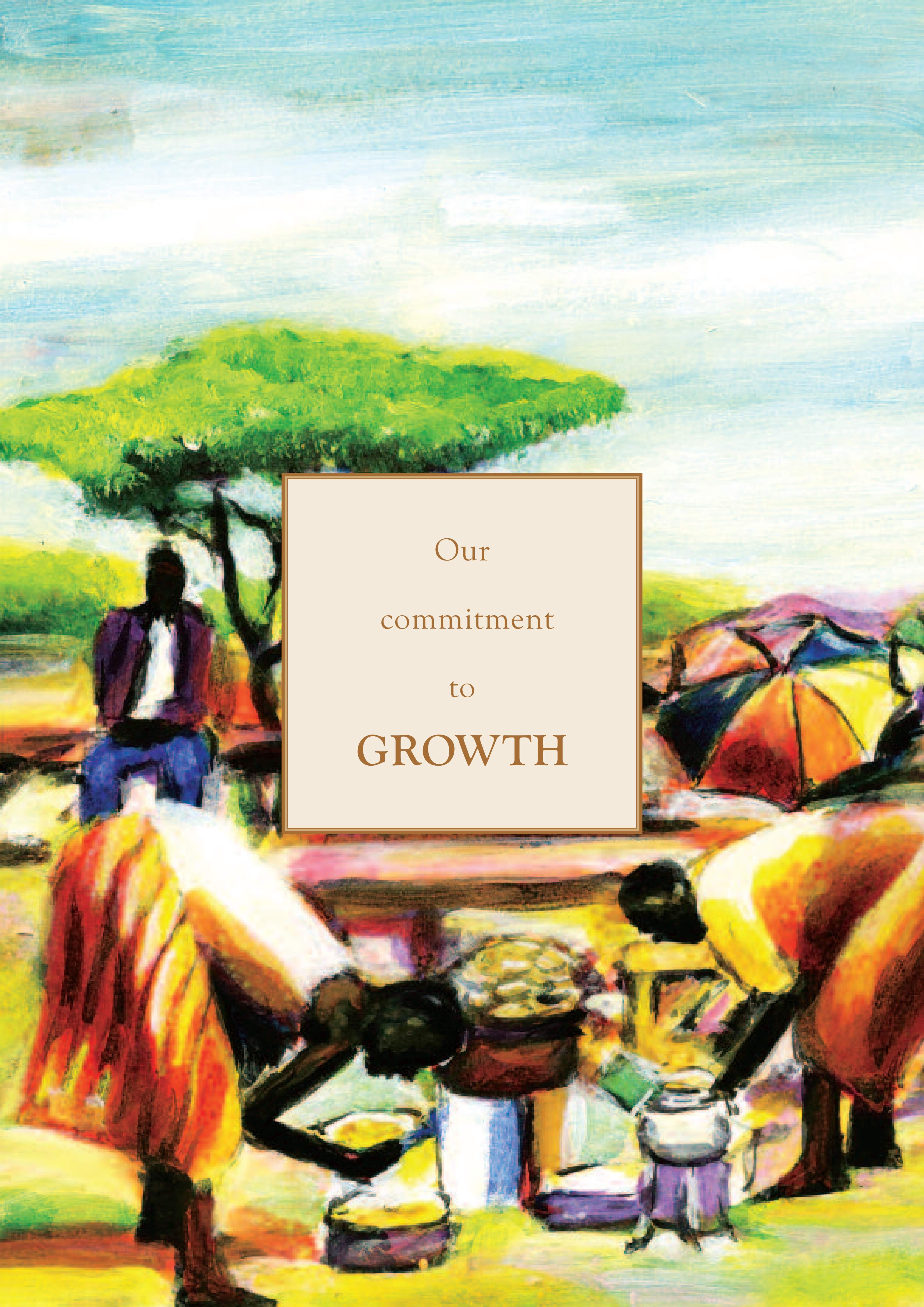
Key

Audit and Compliance Committee

Finance Committee

Nominating and Senior Management Remuneration Committee

*Pakistani ** Tanzanian ***Ugandan ****British



Our commitment to GROWTH

Notice of the Annual General Meeting

Notice is hereby given that the Sixty-ninth Annual General Meeting of the Shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, on Thursday, 28th June, 2007 at 11.00 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, 2006, the Report of the Directors and the Report of the Independent Auditor thereon.

2 To confirm the payment of the interim dividend of 20% made on 9th October, 2006 and approve the payment of a final dividend of 65% on the issued and paid-up capital of the Company on or about 20th July, 2007 to the Shareholders registered as at 28th June, 2007.

3 To elect the following Directors in accordance with the Company's Articles of Association.

(a) Mr Nizar N Juma retires by rotation and being eligible, offers himself for re-election.

(b) Mr John J Metcalf retires under Article 90 and being eligible, offers himself for re-election.

4 To approve the Directors' remuneration.

5 To authorise the Directors to fix the Independent Auditor's remuneration.

Special business

To consider and, if thought fit, to approve the following resolutions which are proposed as Ordinary Resolutions:

Increase in authorised share capital

1 "RESOLVED that the authorised capital of the Company be and is hereby increased from Shs 200,000,000 divided into 40,000,000 ordinary shares of Shs 5 each to Shs 225,000,000 divided into 45,000,000 ordinary shares of Shs 5 each, ranking pari passu with the existing ordinary shares".

Bonus issue

2 "RESOLVED that in pursuance of Article 128 of the Articles of Association of the Company and subject to the Company obtaining all necessary statutory consents, the retained profits amounting to Shs 45,000,000 be capitalised and that the Directors be and are hereby authorised and directed to appropriate such sums to the holders of ordinary shares held by them on 28th June, 2007 and to apply such sum on behalf of such holders in paying up in full at par value 9,000,000 ordinary unissued shares in the capital of the Company, such shares to be allocated and distributed, credited as fully paid-up to and amongst such holders in the proportion of ***One New Ordinary Share for every Four Ordinary Shares*** as held on 28th June, 2007 upon the terms that such new shares when issued shall not rank for dividend in respect of the year ended 31st December, 2006 but shall rank in all other aspects, 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 think fit subject always to the Articles of Association of the Company."

3 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 for consideration of the Shareholders:

"RESOLVED that Mr Tom D Owuor 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

Margaret M Kipchumba

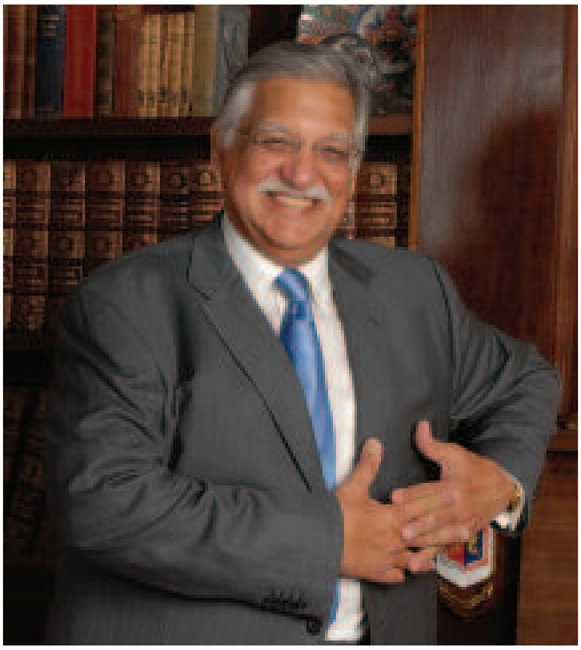
Company Secretary

Nairobi, Kenya

25th April, 2007

Remodelling of the Jubilee Exchange Building

Chairman's Statement



Dear Shareholders,

As your Company prepares to celebrate its 70th anniversary on 3rd August, 2007, it gives me great pleasure to present to you the annual report and financial statements of yet another record year of impressive performance.

National Economy

The country's Gross Domestic Product (GDP) growth is estimated to increase from 5.8% in 2005/6 to 6.0% in the 2006/7 fiscal years. Increased growth is mainly attributable to improved performance in tourism, transport, financial services, agriculture and construction. Interest rates on the bench-mark 91 day treasury bills declined from 8% at the beginning of the year to 5.9% at the end of 2006. The Kenya shilling strengthened from 73 to the United States dollar at the beginning of the year to 69 at the year-end. The prices of shares quoted on the Nairobi Stock Exchange increased significantly during the year raising the NSE index from 3,973 at the beginning of the year to 5,647 at the end of December 2006, representing a 42% increase.

Financial Performance

Group Profit Before Tax for 2006 increased to Shs 664.7 million from Shs 470.7 million recorded in 2005, surpassing the Shs 500 million mark for the first time in your Company's history. This impressive performance is attributed to strong growth across most lines of business, outstanding contribution from our Ugandan and Tanzanian subsidiaries, the continuing development of innovative product solutions and excellent investment performance aided by favourable stock market prices.

Based on the performance, I am pleased to report that your Board has recommended an increased dividend payout for the year of 85% (2005: 80%). An interim dividend of 20% (Shs 1.00 per share) was paid on 9th October, 2006. The Board is seeking your approval for a final dividend of 65% (Shs 3.25 per share). In recognition of the excellent performance and in celebration of Jubilee's 70th anniversary, your Board is also recommending for your approval a bonus issue of one share for every four shares held, thereby increasing the paid up share capital from Shs 180 million to Shs 225 million.

General Insurance Performance

The Group's consolidated gross premium income recorded a growth of 11.2 % to reach Shs 3,139.0 million (2005: Shs 2,824.3 million). The robust growth of medical business was the primary contributor to the increase. The depreciation of Tanzania Shillings to Kenya Shillings during the year negatively impacted the nominal premium growth from Tanzania. The General insurance business recorded an overall underwriting loss of Shs 49.1 million in 2006 as compared to Shs 13.6 million underwriting profit in 2005. This was mainly due to severity of fire claims coupled with increased frequency of medical claims. Action is being taken to address those issues through a stronger technical approach to fire underwriting and improvements in our medical claims procedures.

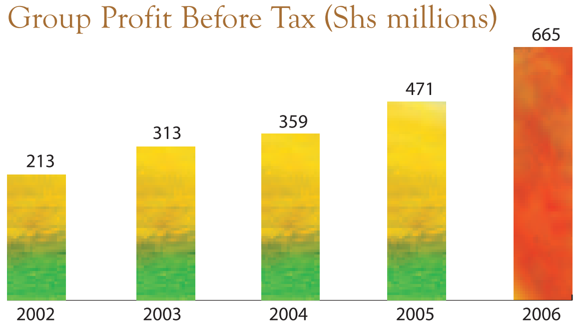
Life Insurance Performance

The gross life premium income and deposit administration inflows increased to Shs 1,263.8 million from Shs 1,169.4 million in 2005 representing an 8.1% growth attributed mainly to superannuation business.

The net rate of return of 12.75% (2005: 10.5%) declared and credited by the Kenyan insurance subsidiary on the retirement benefit funds in the Guaranteed Fund will once again, we believe, be one of the highest among leading insurers in Kenya.

In 2006, the profit transferred from the Long-Term business to Shareholders' Funds doubled to Shs 100 million with the entire profit generated by the Kenyan operation. The total Long-Term business funds increased by 27.2% and exceeded the Shs 6.0 billion mark to reach Shs 6,504.4 million (2005: Shs 5,115.2 million).

Group Profit Before Tax (Shs millions)



Group Operations

The regional insurance subsidiaries, Jubilee Uganda and Jubilee Tanzania continued to perform well during the year contributing positively to the Group profitability while enjoying respectable market shares of 14% and 10% respectively. The run-off insurance business of Jubilee Insurance (Mauritius) Ltd is on-going and we will continue to monitor the assets and liabilities until fully discharged.

Thillai Software Private Limited, a wholly owned subsidiary was set up in 2001 in Chennai, India to develop the Group's life insurance software. After a careful review of the progress to-date and in light of numerous delays to complete and deliver the software, your Board decided to terminate the operations of the subsidiary in February 2007. Negotiations for 'off-the-shelf' software solutions are underway as part of a new IT strategy.

Cross Border Listing

I am glad to report that cross listing of your Company's shares on the Dar es Salaam Stock Exchange (DSE) was finalised towards the end of the year with the shares making their debut on the DSE on 20th December, 2006. This important milestone which closely follows the February 2006 cross listing on the Uganda Securities Exchange makes your Company one of three companies in East Africa to be cross listed on all three regional bourses.

Board

The Directors who held office during the year are shown on page 11 of this report. From the date of the last Annual General Meeting, one new Director, Mr John J Metcalf, has joined the Board. Mr Metcalf is the Head of Insurance at the Aga Khan Fund for Economic Development and has a distinguished career spanning over 25 years in insurance. The Board welcomes him and looks forward to his positive contribution.

Mr Zulfikar K Mohamed resigned as a Director of the Company and as Managing Director & Chief Executive Officer of our regional insurance subsidiaries in the latter part of 2006 to return to his home country, Canada. I wish to express our appreciation to him for his contribution to our Group during his eight years of service.

Outlook

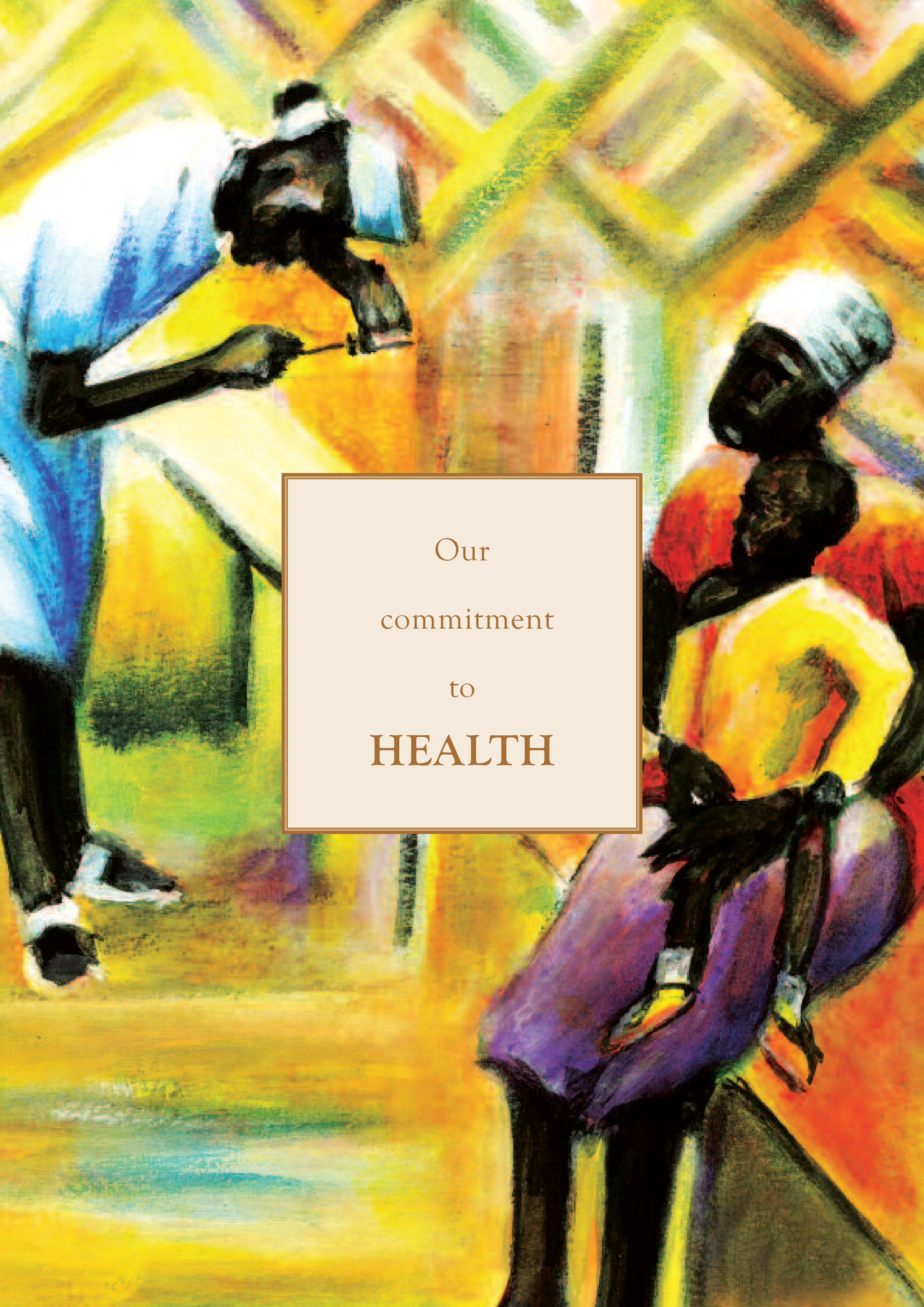
I am confident that with strong growth in key business lines including life and health insurances, reinforcement of the management team and human resource capabilities and improvement in systems to enhance customer service, the Group will continue to enhance its overall performance further in 2007 and improve its already impressive balance sheet.

Appreciation

2006 was a year of many milestones and I would like to thank everyone who contributed to making it the success that it was. To mention a few, I would like to place on record my appreciation to the regulators in Kenya, Uganda and Tanzania for facilitating the cross listings and also to brokers, agents, customers and staff throughout the region who continue to be the backbone of our operations. Last but not least, I would like to thank my colleagues on the Board for their dedication and efforts to seeing Jubilee become a more profitable, dynamic, innovative and growing insurance-based integrated financial services group.

Nizar N Juma
Chairman
25th April, 2007

Jubilee Insurance Client Services



Our commitment to HEALTH

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31st December, 2006 which disclose the state of affairs of the Company and the Group.

Country of incorporation

The Company is incorporated in the Republic of Kenya under the Companies Act and is domiciled in Kenya. The Company is also registered as a foreign company in the Republic of Uganda and in the United Republic of Tanzania.

Principal activities

The Company is an investment holding company. The Company through its subsidiaries The Jubilee Insurance Company of Kenya Limited, The Jubilee Insurance Company of Uganda Limited, The Jubilee Insurance Company of Tanzania Limited and Jubilee Insurance (Mauritius) Ltd transacts all classes of general and long term insurance business as defined by the Insurance Act, with the exception of Aviation. It also owns an investment company in Uganda (The Jubilee Investments Company Limited), a fund management company in Kenya (Jubilee Financial Services Limited) and an IT company in India (Thillai Software Private Limited).

Results

The Group returned record profits during the year. The following is the summary of results for the year 2006:

	2006 Shs'000	2005 Shs'000
Group profit before income tax	664,687	470,726
Income tax expense	105,172	75,610
Group profit after income tax	559,515	395,116
Minority interest	31,534	47,345
Profit attributable to Shareholders	527,981	347,771

Dividend

An interim dividend of Shs 1 per share amounting to Shs 36 million (2005: Shs 27 million) was paid to Shareholders on 9th October, 2006. The Directors recommend a final dividend of Shs 3.25 per share amounting to Shs 117 million (2005: Shs 117 million) for approval by the Shareholders. The total dividend for the year represents 85% of the issued share capital as at 31st December, 2006 (2005: 80%).

Bonus

Upon adoption of the resolution to increase the authorised share capital from Shs 200 million to Shs 225 million at the Annual General Meeting and subject to the necessary consents being obtained, the Directors recommend that retained profits amounting to Shs 45 million be capitalised and applied towards the issue to the members of bonus shares in the proportion of one new ordinary share for every four ordinary shares as held on 28th June, 2007.

Directors

The Directors who held office during the year and to the date of this report were:

Nizar N Juma (Chairman)
Sultan A Allana *
Amin M Datoo
Ramadhani K Dau **
Juma Kisaame ***
Lutaf R Kassam
Sultan K Khimji
John J Metcalf **** (appointed on 15th November, 2006)
Joseph M Mugwe (resigned on 26th June, 2006)
Zulfikar K Mohamed ***** (resigned on 15th November, 2006)
Tom D Owuor
Salim A Talib (resigned on 26th June, 2006)

* Pakistani **Tanzanian *** Ugandan ****British ***** Canadian

In accordance with Article 85 of the Company's Articles of Association, Mr Nizar N Juma retires by rotation and being eligible, offers himself for re-election.

In accordance with Article 90 of the Company's Articles of Association, Mr John J Metcalf retires and being eligible, offers himself for re-election.

Auditor

The Company's independent auditor, PricewaterhouseCoopers, continues in office in accordance with Section 159(2) of the Companies Act.

On behalf of the Board

Nizar N Juma
Chairman
Nairobi, Kenya
25th April, 2007

Statement of Directors' Responsibilities

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss of the Group. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group.

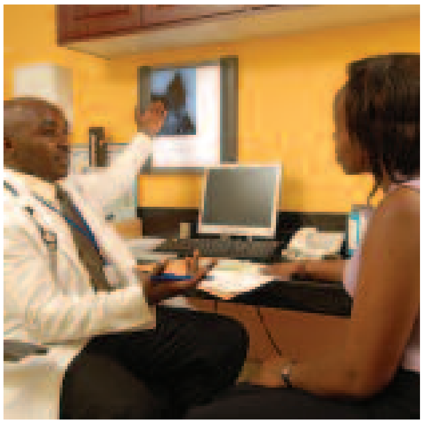
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of the Company and of the profit or loss of the Group in accordance with International Financial Reporting Standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

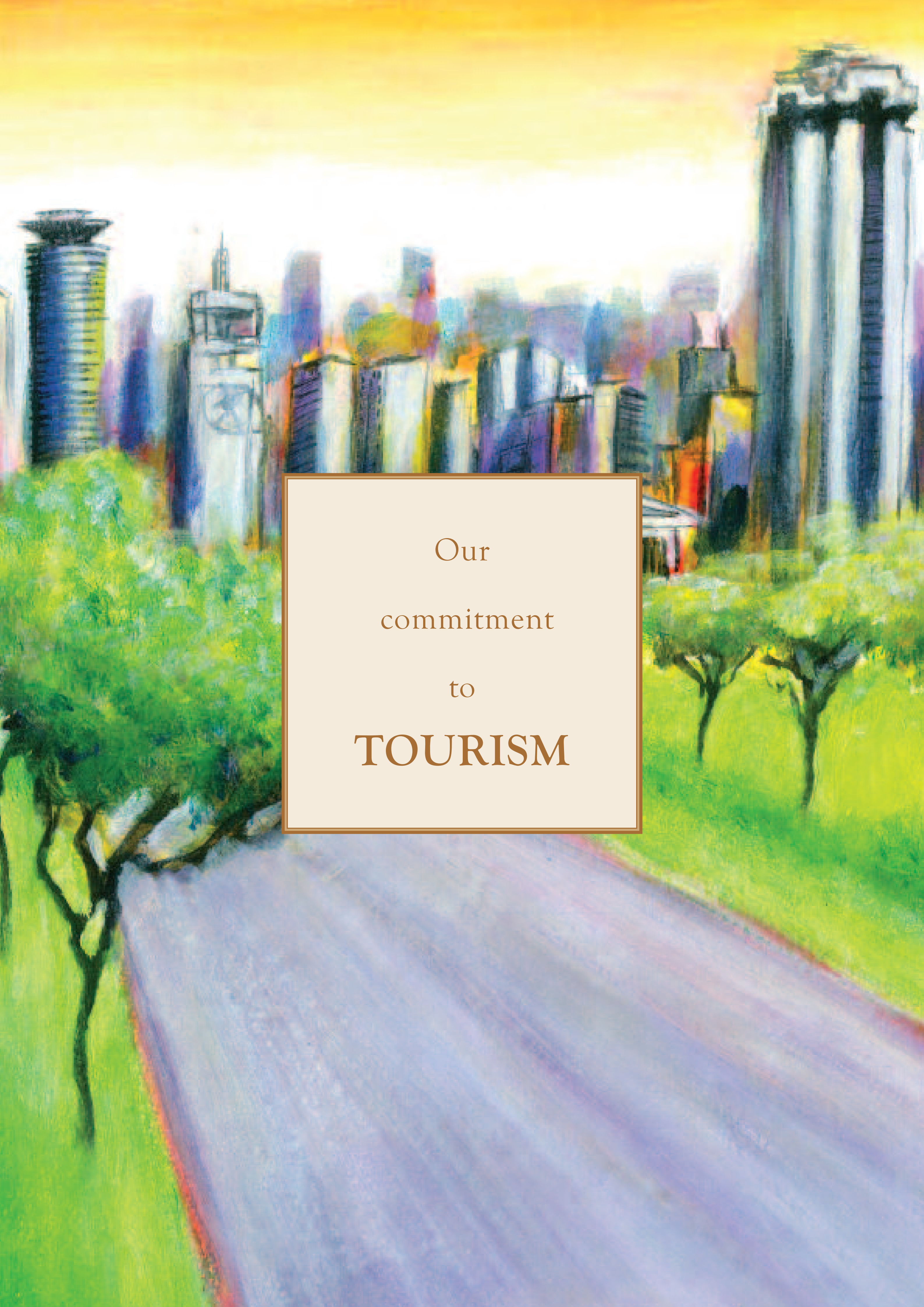
Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

Nizar N Juma
Chairman

Juma Kisaame
Director
25th April, 2007

Aga Khan Medical Centre, Jubilee Exchange Building





Our commitment to TOURISM

Corporate Governance Statement

As a fundamental characteristic of its operations, the Group is committed to nurturing good corporate governance and ensuring compliance with the relevant laws and regulations in all jurisdictions in which it operates. Towards this end, the Board in April 2002 adopted Capital Markets Authority guidelines on corporate governance practices for public listed companies in Kenya and consciously aims at improving governance practices within the Group.

Board of Directors

The Directors who held office during the year under review are listed on page 11.

The Directors bring to the Board a mix of competencies and experience in the areas of insurance, finance, banking, manufacturing, business and human resource management. Overall, the Board is accountable for all decisions taken by it, its committees and management and accordingly has set out terms of reference for all its committees and reviews the minutes and other reports of the committees. The Board is also responsible for the Group's business strategies, objectives and budgets, which are pre-agreed with the management team and periodically reviewed against performance.

During the year under review and to the date of this statement, none of the Directors has received any benefit from the Company other than Director's fees and emoluments disclosed in the financial statements under Note 17 on page 43 and no loans have been advanced to the Directors during that period.

Board Committees

To assist the Board in the performance of its duties, the Board has constituted the following committees listed herein under:

Audit & Compliance Committee

This committee constituted in 1999, comprises of three independent Directors and is mandated to, amongst other things, oversee the financial reporting process, internal controls, compliance and risk management issues affecting the Company and its subsidiaries. The committee also deals with all issues pertaining to the Company's external auditor and statutory audit. The committee is authorized by the Board to investigate any matter within its terms of reference and seek any information it requires from any employee as well as obtain any independent professional advice it considers necessary. Members of this committee are shown on pages 4 and 5.

Finance Committee

The committee is mandated to review and approve, or recommend to the Board for approval, all financial and investment related matters within the parameters prescribed by the Board. Members of this committee are shown on pages 4 and 5.

Nominating & Senior Management Remuneration Committee

In keeping with Capital Markets Authority guidelines on corporate governance practices, the Board constituted the Nominating and Senior Management Remuneration Committee. The committee vets nominees for Board membership and makes appropriate recommendations to the Board. The committee is also mandated to review the mix of skills and expertise that Directors bring to the Board and may recommend and authorize whatever resources necessary to ensure that newly appointed Directors and any other Directors are provided with the necessary orientation and training to enhance their effectiveness on the Board. Members of this committee are shown on pages 4 and 5.

The Jubilee Insurance Samaritan Award

Value adding partnerships - Urban Fire Services

Internal control

The Group has an internal audit function which is an independent appraisal function reporting to the Board Audit & Compliance Committee. The internal audit function is mandated by its charter to objectively examine, evaluate and report on the adequacy of internal controls thus contributing to efficient use of resources and risk reduction.

Code of conduct

The Group's success depends in large measure on public confidence in the integrity, transparency and ethical manner in which the Group conducts its business. Accordingly, a Code of Business Ethics and Conduct, applicable to the Directors and all employees has been enforced, attesting to the Group's commitment to the principles of ethical and lawful conduct for the benefit of the Group and all stakeholders.

Directors' interest in the shares of the Company as at 31st December, 2006

Names	Number of shares held
1. Mr Amin M Datoo	1,098
2. Mr Sultan K Khimji (including shares held by his family members)	11,791

Kampala Serena Hotel

Distribution of Shareholders as at 31st December, 2006

Number of shares	Number of shareholders	Number of shares held	% Shareholding
Less than 500	1,023	238,802	0.66
501 – 5,000	4,025	6,588,980	18.30
5,001 – 10,000	388	2,757,574	7.66
10,001 – 100,000	305	7,010,133	19.47
100,001 – 1,000,000	13	3,655,780	10.16
Over 1,000,000	2	15,748,731	43.75
Total	5,756	36,000,000	100.00

List of 10 largest Shareholders as at 31st December, 2006

Names	Number of shares held	% Shareholding
1. Aga Khan Fund for Economic Development	13,674,546	37.99
2. Ameerali K Somji &/or Gulzar Ameerali K Somji	2,074,185	5.76
3. United Housing Estate Limited	653,184	1.81
4. Adam's Brown and Co Ltd.	626,792	1.74
5. Ameerali N Esmail	510,256	1.42
6. Craysell Investment Limited	350,000	0.97
7. Jamal Karim	336,259	0.94
8. Estate of Jafferali A Meghji	262,440	0.73
9. Noorali Rashid Sayani and Gulshan Noorali Sayani	180,072	0.50
10. Mahendra Krishnalal Adalja	142,000	0.39
Total	18,809,734	52.25

Report of the Independent Auditor to the members of Jubilee Holdings Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Jubilee Holdings Limited (the company) and its subsidiaries (together, the group), as set out on pages 18 to 54. These financial statements comprise the consolidated balance sheet as at 31st December, 2006 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, together with the balance sheet of the company standing alone as at 31st December, 2006 and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the company as at 31st December, 2006 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

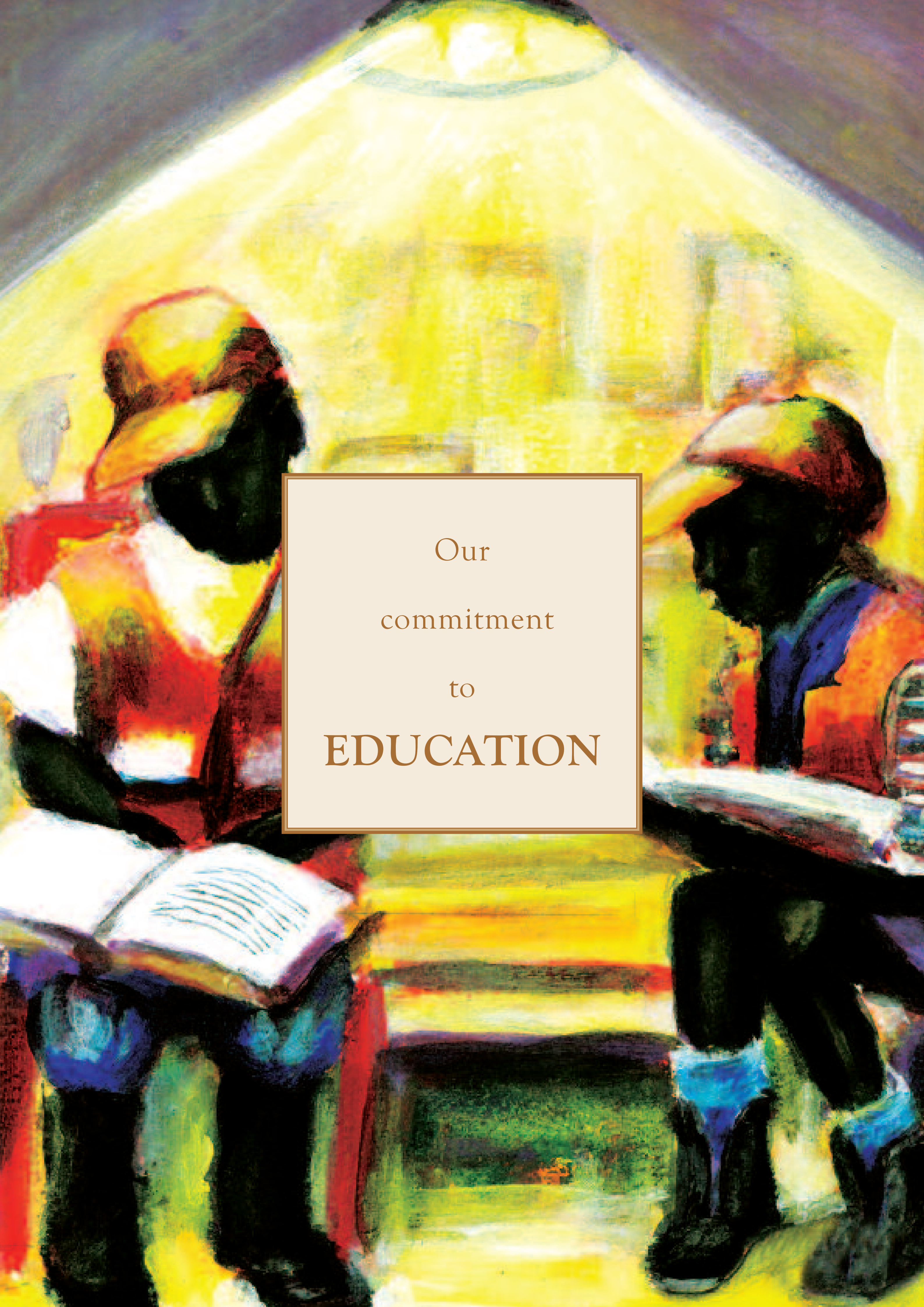
i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;

iii) The company's balance sheet is in agreement with the books of account.

PricewaterhouseCoopers

Certified Public Accountants
Nairobi, Kenya
25th April, 2007



Our commitment to EDUCATION

Consolidated Profit and Loss Account

for the year ended 31st December 2006

	Notes	2006 Shs '000	2005 Shs '000
Gross earned premium	7	3,484,366	3,002,299
Less: Outward reinsurance	7	964,098	852,453
Net insurance premium revenue	7	2,520,268	2,149,846
Investment income	8	1,288,637	999,553
Fair value gains on equity investments at fair value through profit and loss	20(a) & 21(a)	429,960	131,211
Commission earned		222,963	207,462
Negative goodwill on acquisition of minority shares in a subsidiary	16(iii)	2,744	-
Other income		1,944,304	1,338,226
Total income		4,464,572	3,488,072
Claims and policyholder benefits payable	9	3,220,163	2,271,071
Insurance claims recoverable from reinsurers	9	650,827	347,434
Net insurance benefits and claims	9	2,569,336	1,923,637
Operating and other expenses	10	914,006	791,607
Commission payable		448,167	392,484
Total expenses		1,362,173	1,184,091
Result of operating activities		533,063	380,344
Share of result of associates before income tax	16(i)(b)	131,624	90,382
Group profit before income tax		664,687	470,726
Income tax expense	12	105,172	75,610
Profit for the year		559,515	395,116
Attributable to:			
Equityholders of the Group		527,981	347,771
Minority interest		31,534	47,345
Total		559,515	395,116
Earnings per share attributable to the equityholders:			
Basic and diluted	28	14.67	9.66
Dividends:			
Interim - paid	33	36,000	27,000
Final - proposed	33	117,000	117,000
Total	33	153,000	144,000

The notes on pages 24 to 54 form part of these financial statements.

Consolidated Balance Sheet

as at 31st December 2006

	Notes	2006 Shs'000	2005 Shs'000
CAPITAL EMPLOYED			
Share capital	13	180,000	180,000
Fair value reserves	14(a)	849,532	222,919
General reserves	14(a)	70,000	70,000
Translation reserves	14(a)	(55,818)	(43,920)
Retained earnings	14(a)	2,232,326	1,824,418
Proposed dividends	33	117,000	117,000
Minority interest		223,224	258,211
Total capital and reserves		3,616,264	2,628,628
REPRESENTED BY:			
ASSETS			
Property and equipment	18	76,510	69,111
Investment properties	19(a)	1,944,790	1,890,636
Financial assets			
Investment in associates	16(i)(a)	1,012,347	838,897
Unquoted shares	21(a)	671,650	668,276
Quoted shares	20(a)	3,281,868	1,599,055
Mortgage loans	22(i)(a)	45,241	55,356
Commercial bonds		493,461	368,038
Loans on life insurance policies	22(ii)(a)	177,443	163,898
Government securities held to maturity	25	3,423,348	3,252,035
Deposits with financial institutions		1,601,017	547,877
Other assets			
Receivables arising out of reinsurance arrangements		237,379	264,142
Receivables arising out of direct insurance arrangements		653,250	639,162
Reinsurers' share of technical provisions and reserves	23	1,217,725	763,428
Deferred acquisition costs	24(a)	48,518	82,477
Other receivables		313,661	187,465
Deferred income tax	27(a)	14,254	20,928
Current income tax		17,871	22,122
Cash and bank balances		126,042	157,801
Total assets		15,356,375	11,590,704
LIABILITIES			
Insurance contract liabilities	30	4,643,309	3,799,225
Payable under deposit administration contracts	15(a)	3,886,895	2,926,248
Provision for unearned premium	32	1,284,865	1,193,166
Creditors arising out of reinsurance arrangements		201,647	179,295
Other payables		662,409	570,307
Deferred income tax	27(a)	170,889	164,242
Current income tax payable		5,327	30,086
Dividends payable		59,068	74,317
Bank overdraft		22,042	25,190
Borrowings	26	803,660	-
Total liabilities		11,740,111	8,962,076
Net assets		3,616,264	2,628,628

The financial statements on pages 18 to 54 were approved by the Board of Directors on 25th April, 2007 and signed on its behalf by:

Nizar N Juma
Chairman

Juma Kisaame
Director

Company Balance Sheet

as at 31st December 2006

	Notes	2006 Shs'000	Restated 2005 Shs'000
CAPITAL EMPLOYED			
Share capital	13	180,000	180,000
Fair value reserves	14(b)	390,118	227,643
General reserves	14(b)	70,000	70,000
Retained earnings	14(b)	1,308,739	1,276,824
Proposed dividends	33	117,000	117,000
Shareholders' funds		2,065,857	1,871,467
REPRESENTED BY:			
ASSETS			
Investment properties	19(b)	730,000	726,000
Financial assets			
Investment in subsidiaries	16(ii)	670,584	621,874
Unquoted shares	21(b)	438,065	351,213
Quoted shares	20(b)	243,363	-
Commercial bonds		140,381	144,900
Deposits with financial institutions		600,129	7,097
Other assets			
Other receivables		550,388	288,227
Current income tax		537	21,307
Cash and bank balances		1,378	980
Total assets		3,374,825	2,161,598
LIABILITIES			
Other payables		332,557	108,410
Deferred income tax	27(b)	113,683	107,036
Dividends payable		59,068	74,317
Bank overdraft		-	368
Borrowings	26	803,660	-
Total liabilities		1,308,968	290,131
Net assets		2,065,857	1,871,467

The financial statements on pages 18 to 54 were approved by the Board of Directors on 25th April, 2007 and signed on its behalf by:

Nizar N Juma
Chairman

Juma Kisaame
Director

Consolidated Statement of Changes in Equity
for the year ended 31st December 2006

			ATTRIBUTABLE TO EQUITYHOLDERS OF THE COMPANY						
		Share Capital	Fair Value Reserves	General Reserves	Translation Reserves	Retained Earnings	Proposed Dividends	Minority Interest	Total
	Notes	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs'000	Shs '000
Year ended 31st December, 2005									
At start of year		180,000	155,263	70,262	4,886	1,620,385	63,000	245,776	2,339,572
Fair value gain on available-for-sale financial assets	14(a)	-	67,656	-	-	-	-	-	67,656
Translation loss (net)	14(a)	-	-	-	(48,806)	-	-	-	(48,806)
General reserves	14(a)	-	-	(262)	-	262	-	-	-
Share of reserves of subsidiaries		-	-	-	-	-	-	(34,910)	(34,910)
Profit for the year		-	-	-	-	347,771	-	47,345	395,116
Dividends: - Final for 2004 paid	33	-	-	-	-	-	(63,000)	-	(63,000)
- Interim for 2005 paid	33	-	-	-	-	(27,000)	-	-	(27,000)
- Final for 2005 proposed	33	-	-	-	-	(117,000)	117,000	-	-
At end of year		180,000	222,919	70,000	(43,920)	1,824,418	117,000	258,211	2,628,628
Year ended 31st December, 2006									
At start of year		180,000	222,919	70,000	(43,920)	1,824,418	117,000	258,211	2,628,628
Acquisition of minority interest in a subsidiary	16(iii)	-	-	-	-	-	-	(51,454)	(51,454)
Fair value gain on available-for-sale financial assets	14(a)	-	626,613	-	-	-	-	-	626,613
Translation loss (net)	14(a)	-	-	-	(11,898)	-	-	-	(11,898)
Share of reserves of subsidiaries		-	-	-	-	-	-	(15,067)	(15,067)
Write back of unclaimed dividends *		-	-	-	-	32,927	-	-	32,927
Profit for the year		-	-	-	-	527,981		31,534	559,515
Dividends: - Final for 2005 paid	33	-	-	-	-	-	(117,000)	-	(117,000)
- Interim for 2006 paid	33	-	-	-	-	(36,000)	-	-	(36,000)
- Final for 2006 proposed	33	-	-	-	-	(117,000)	117,000	-	-
At end of year		180,000	849,532	70,000	(55,818)	2,232,326	117,000	223,224	3,616,264

*Dividends that had remained unclaimed for over six years as at 18th December, 2006 were written back to retained earnings in line with the Company's Articles of Association.

The notes on pages 24 to 54 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31st December 2006

	Notes	Share Capital Shs'000	Fair Value Reserves Shs'000	General Reserves Shs'000	Translation Reserves Shs'000	Retained Earnings Shs'000	Proposed Dividends Shs'000	Total Shs'000
Year ended 31st December, 2005								
At start of year (as previously reported)		180,000	182,199	70,000	30,156	1,101,560	63,000	1,626,915
Reclassification of reserves	14(b)	-	-	-	(30,156)	30,156	-	-
Impact of associates on adoption of equity accounting	14(b)	-	30,629	-	-	152,668	-	183,297
As restated		180,000	212,828	70,000	-	1,284,384	63,000	1,810,212
Fair value gain on available-for-sale financial assets	14(b)	-	14,815	-	-	-	-	14,815
Translation loss (net)	14(b)	-	-	-	-	(604)	-	(604)
Profit for the year		-	-	-	-	65,355	-	65,355
Dividends: - Final for 2004 paid	33	-	-	-	-	-	(63,000)	(63,000)
- Interim for 2005 paid	33	-	-	-	-	(27,000)	-	(27,000)
- Final for 2005 proposed	33	-	-	-	-	(117,000)	117,000	-
At end of year		180,000	227,643	70,000	-	1,205,135	117,000	1,799,778
Year ended 31st December, 2006								
At start of year (as previously reported)		180,000	227,643	70,000	-	1,205,135	117,000	1,799,778
Impact of associates on adoption of equity accounting	14(b)	-	-	-	-	71,689	-	71,689
As restated		180,000	227,643	70,000	-	1,276,824	117,000	1,871,467
Fair value gain on available-for-sale financial assets	14(b)	-	162,475	-	-	-	-	162,475
Write back of unclaimed dividends *		-	-	-	-	32,927	-	32,927
Profit for the year			-	-	-	151,988	-	151,988
Dividends: - Final for 2005 paid	33	-	-	-	-	-	(117,000)	(117,000)
- Interim for 2006 paid	33	-	-	-	-	(36,000)	-	(36,000)
- Final for 2006 proposed	33	-	-	-	-	(117,000)	117,000	-
At end of year		180,000	390,118	70,000	-	1,308,739	117,000	2,065,857

*Dividends that had remained unclaimed for over six years as at 18th December, 2006 were written back to retained earnings in line with the Company's Articles of Association.

The notes on pages 24 to 54 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31st December 2006

	Notes	2006 Shs'000	2005 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		664,687	470,726
Adjustments for:			
Depreciation	18	32,290	31,723
Net inflows from deposit administration contracts		845,636	672,968
Gain on sale of quoted shares	8	(529,868)	(462,753)
Change in insurance contract liabilities and reserves		678,243	650,869
Investment income		(749,586)	(609,804)
(Increase)/Decrease in fair value of investment properties	8	(9,183)	73,004
Share of result of associates before income tax	16(i)(b)	(131,624)	(90,382)
Negative goodwill on acquisition of minority shares in a subsidiary	16(iii)	(2,744)	-
Operating profit before working capital changes		797,851	736,351
Increase in premium, reinsurance and other receivables		(35,452)	(50,426)
(Decrease)/Increase in reinsurance and other payables		(410,203)	109,542
Cash generated from operations		352,196	795,467
Income tax paid		(80,402)	(51,123)
Net cash inflow from operating activities		271,794	744,344
CASH FLOW FROM INVESTING ACTIVITIES			
Investment income		749,586	609,804
Dividends received from associates	16(i)(b)	34,690	38,220
Proceeds from sale of quoted shares		2,049,357	1,716,947
Purchase of fixed assets	18	(42,348)	(40,332)
Additions of investment properties	19(a)	(44,825)	(5,345)
Purchase of quoted shares	20(a)	(2,237,955)	(1,722,440)
Net purchase of unquoted shares	21(a)	(10,447)	-
Additional investment in subsidiary	16(iii)	(48,710)	-
Net mortgage loans redeemed		9,755	19,346
Net loans on life insurance policies (advanced)/redeemed		(13,545)	2,316
Net addition of government securities maturing			
after 91 days of date of acquisition		(221,173)	(1,216,731)
Net addition of commercial bonds		(124,585)	(383,605)
Net cash inflow/(outflow) from investing activities		99,800	(981,820)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(135,322)	(81,680)
Net cash outflow from financing activities		(135,322)	(81,680)
Increase/(Decrease) in cash and cash equivalents		236,272	(319,156)
Cash and cash equivalents at start of year	26	775,922	1,179,345
Exchange loss on translation of cash and cash equivalents in foreign currencies		(46,121)	(84,267)
Cash and cash equivalents at end of year	26	966,073	775,922

The notes on pages 24 to 54 form part of these financial statements.

1.0 General information

Jubilee Holdings Limited is a limited liability company incorporated and domiciled in Kenya. The address of its registered office is: Jubilee Insurance House, Wabera Street, Nairobi, Kenya. The Company has a primary listing on the Nairobi Stock Exchange and is cross-listed on the Uganda Securities Exchange and Dar es Salaam Stock Exchange.

At an Extraordinary General Meeting held on 9th March, 2005, The Jubilee Insurance Company Limited shareholders approved the transfer of the company's long term insurance business and general insurance business together with the property and other assets supporting the statutory and other funds of the long term insurance and general insurance business to its wholly owned subsidiary, "The Jubilee Insurance Company of Kenya Limited". The shareholders also resolved to change the name of the Company from The Jubilee Insurance Company Limited to Jubilee Holdings Limited. The application to change the name was lodged with the registrar of companies on 11th November, 2005.

The Company through its subsidiaries (together forming the Group) underwrites Life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. It has operations in Kenya, Uganda, Tanzania, India and Mauritius and employs over 300 people.

The Group is organised into two main divisions, Short-Term (general) business and Long-Term (life) business. Long-Term business relates to the underwriting of life risks relating to insured persons as well as the issue of investment contracts. Short-Term business relates to all other categories of insurance business written by the Group, analysed into several sub-classes of business based on the nature of the assumed risks.

2.0 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently in all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand, unless otherwise stated and prepared under the historical cost convention as modified by the carrying of investment property and certain investments at fair value, impaired assets at their recoverable amounts, and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas that require a higher degree of judgement or complexity, or where assumptions or estimates are significant to the financial statements, are disclosed in note 4. The Directors used their judgement in developing a set of accounting policies for the recognition and measurement of rights and obligations arising from insurance contracts issued and reinsurance contracts held that provide the most useful information to the Group's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies and generally has a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date in which control ceases. Intra Group transactions, balances and unrealised gains on intra group transactions are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The listing of subsidiaries is shown on note 16.

2.2 Consolidation (continued)

(b) Investment in Associates

Associates are undertakings in which the Group has between 20% and 50% of voting rights. Investments in associated undertakings are accounted for in the Group financial statements by the equity method of accounting, based on the most recent financial statements.

Equity accounting involves recognising in the income statement, the Group's share of the associate's profit or loss for the year, and in reserves its share of the associate's increases or decreases in reserves. The Group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. A listing of associated undertakings is shown on note 16.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Kenya Shillings, which is the Group's presentation currency.

(b) Transactions and balances

Transactions in foreign currencies during the year are converted into the functional currency, using exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Consolidation

The results and financial position of all Group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

i). assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Kenya Shillings at rates ruling at the balance sheet date;

ii). income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions); and

iii). exchange differences arising from the translation of the net investment in foreign enterprises and associated undertakings are taken to the translation reserves in Shareholders' equity.

2.5 Income recognition

Premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date.

Commissions receivable are recognised as income in the period in which they are earned.

Investment income is stated net of investment expenses. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the period in which the right to receive payment is established. Rental income is recognised as income in the period in which it is earned.

2.6 Claims and policyholder benefits payable

Claims and policyholder benefits payable comprise claims paid in the year and changes in the provision for insurance contract liabilities. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. They are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").

2.7 Commissions payable and deferred aqcuisition costs

A proportion of commissions payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

2.8 Deposit administration contracts

The company administers the funds of a number of retirement benefit schemes. The liability of the company to the schemes has been included within the balance sheet.

2.9 Investment properties

Investment properties comprise land and buildings held for long term rental yields and/or for capital appreciation. They are carried at market value determined annually, based on valuations by external independent valuers. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset. Investment properties are not subject to depreciation. Changes in their carrying amount between balance sheet dates are recorded, net of deferred income tax, through the profit and loss account.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

2.10 Financial assets

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Directors determine the classification of investments at initial recognition and re-evaluate this at every reporting date.

i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management. Quoted and unquoted equity investments attributable to the Long-Term business are classified under this category.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Mortgage loans, loans on life insurance policies and receivables arising from insurance and reinsurance contracts are classified under this category.

iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the Group has the positive intention and ability to hold to maturity. Government securities and Commercial bonds are classified as held-to-maturity financial assets.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. The Group classifies quoted and unquoted equity investments attributable to the short-term business in this category. All purchases and sales of investments are recognised on the trade date, which is the date the Group commits to purchase, or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise, and those arising from available-for-sale assets are recognised in a separate reserve in equity.

2.10 Financial assets (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains/losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis.

Loans and receivables under held-to-maturity financial assets are carried at amortized cost using the effective interest method.

2.11 Property and equipment

All categories of property and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation, calculated using the straight-line method to allocate their costs to their residual values over the expected useful lives as follows:

Computers	3 years
Office equipment	4 years
Motor vehicles	5 years
Furniture, fixtures and fittings	10 years

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Asset residual values and their estimated useful lives are reviewed at each balance sheet date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and short-term borrowings. Bank overdrafts and short-term borrowings are included as liabilities on the balance sheet.

2.13 Insurance and investment contracts - classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance Contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

2.14 Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

2.15 Retirement benefit obligations

The Group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Group and employees. The employees of the Group are also members of the National Social Security Fund ("NSSF"). The Group's contributions to the defined contribution scheme and NSSF are charged to the profit and loss account in the year to which they relate.

2.16 Income tax expense

Income tax expense/(income) comprises current income tax and deferred income tax. Income tax is recognised as an expense / (income) and included in the profit and loss account, except to the extent that the income tax arises from a transaction which is recognised directly in equity. Current income tax is computed in accordance with income tax laws applicable to insurance companies.

Deferred income tax is provided for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the liability method. Currently enacted or substantively enacted tax rates at the balance sheet date are used to determine deferred income tax.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities.

2.17 Dividends

Proposed dividends are shown as a separate component of equity until declared.

2.18 Accounting for leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the period of the lease.

2.19 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset (or group of financial assets) is impaired. Impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that those events have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The impairment loss so recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

2.20 Comparatives

Where necessary, comparative figures have been adjusted or extended to conform to changes in presentation in the current year. In particular, the Company comparatives have been adjusted to take into account the change in accounting of associates from cost to equity method of accounting.

3.0 Risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. The risk management programme focuses on the acceptable level of loss risk and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance within the options available in Kenya to hedge against such risks. The Group has policies in place to ensure that insurance is sold to customers with an appropriate claim and

3.0 Risk management objectives and policies (continued)

credit history. Investment policies are in place, which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk.

This section summarises the way the Group manages key risks:

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. The Group manages these positions within an asset liability management (ALM) framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

4.0 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions and reference to other instruments that are substantially the same.

Insurance contracts

The estimation of future benefit payments from long-term insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Note 30 contains further details on this process.

4.0 Critical accounting estimates and judgements in applying accounting policies (continued)

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard mortality tables that reflect historical mortality experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Were the numbers of deaths in future years to differ by 10% from management's estimate, the liability would not change. In this case, there is no relief arising from reinsurance contracts held.

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, the Group has offered guaranteed annuity options. In determining the value of these options, estimates have been made as to the percentage of contract holders that will exercise them. There is not enough historical information available on which to base these estimates. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Were the average future investment returns to reduce by 1% from management's estimates, the insurance liability would remain the same.

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- the classification of financial assets and leases
- whether land and buildings meet the criteria to be classified as investment property
- whether assets are impaired.

5. Transfer of business

Effective 1st January, 2005, The Jubilee Holdings Limited (JHL) transferred the assets and liabilities of its insurance business to The Jubilee Insurance Company of Kenya Limited (JICK) for Shs 300 million satisfied by issue of shares. The transfer resulted in the acquiree's assets, liabilities and contingent liabilities being migrated into JICK books.

Effects of the transfer of business

The transfer of Jubilee Holdings Limited's insurance business comprising assets and liabilities are set out in the following manner:

	Notes	2005 Shs'000
Property and equipment		32,858
Investment properties	19(b)	1,166,400
Investment in subsidiaries		10,000
Investment in associates		315,217
Unquoted shares		493,994
Quoted shares	20(b)	971,337
Mortgage loans	22(i)(b)	57,811
Loans on life insurance policies	22(ii)(b)	166,214
Government securities held to maturity		1,834,055
Deposits with financial institutions		198,264
Receivables arising out of reinsurance arrangements		163,272
Receivables arising out of direct insurance arrangements		162,664
Reinsurers' share of technical provisions and reserves		305,846
Deferred acquisition costs	24(b)	51,222
Other receivables		60,994
Cash and bank balances		150,419
Insurance contract liabilities		(2,794,985)
Payable under deposit administration contracts	15(b)	(2,178,108)
Provision for unearned premium		(445,852)
Creditors arising out of reinsurance arrangements		(87,440)
Other payables		(277,234)
Bank overdraft		(56,948)
Net identifiable assets and liabilities transferred		300,000
Total consideration		300,000
Goodwill on transfer of business		–

6. Segment information

(a) Primary reporting format –business segments

The gross earned premium income of the Group can be analysed between the main classes of business, general insurance and life assurance, as shown below:

	2006 Shs'000	2005 Shs'000
Short-Term insurance business:		
Motor	885,716	861,257
Fire	459,253	446,486
Personal accident	1,084,005	644,882
Others	582,820	548,095
Total Short-Term	3,011,794	2,500,720
Long-Term insurance business:		
Ordinary life	254,198	242,880
Other	218,374	258,699
Total Long-Term	472,572	501,579
Total Short-Term and Long-Term	3,484,366	3,002,299

The segment results for the year ended 31st December, 2006 are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Gross insurance premium revenue	3,011,794	472,572	-	3,484,366
Insurance premium ceded to reinsurers	(919,757)	(44,341)	-	(964,098)
Negative goodwill on acquisition of minority shares in a subsidiary	-	-	2,744	2,744
Investment income and gains	471,275	1,061,699	185,623	1,718,597
Other income - commission earned	222,224	739	-	222,963
Income net of reinsurance ceded	2,785,536	1,490,669	188,367	4,464,572
Gross benefits and claims from insurance contracts	2,058,437	1,161,726	-	3,220,163
Insurance benefits and claims recovered from reinsurers	(634,559)	(16,268)	-	(650,827)
Other expenses	939,526	302,731	119,916	1,362,173
Expenses	2,363,404	1,448,189	119,916	3,931,509
Result of operating activities	422,132	42,480	68,451	533,063
Share of result of associates before income tax	20,589	57,520	53,515	131,624
Profit before income tax	442,721	100,000	121,966	664,687
Income tax expense	33,436	30,000	41,736	105,172
Profit for the year	409,285	70,000	80,230	559,515

6. Segment information (continued)

(a) Primary reporting format –business segments (continued)

The segment results for the year ended 31st December, 2005 are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Gross insurance premium revenue	2,500,720	501,579	-	3,002,299
Insurance premium ceded to reinsurers	(793,526)	(58,927)	-	(852,453)
Investment income and gains	336,257	678,858	115,649	1,130,764
Other income - commission earned	197,136	10,326	-	207,462
Income net of reinsurance ceded	2,240,587	1,131,836	115,649	3,488,072
Gross benefits and claims from insurance contracts	1,402,417	868,654	-	2,271,071
Insurance benefits and claims recovered from reinsurers	329,081	18,353	-	347,434
Other expenses	824,599	269,318	90,174	1,184,091
Expenses	1,897,935	1,119,619	90,174	3,107,728
Result of operating activities	342,652	12,217	25,475	380,344
Share of result of associates before income tax	19,369	37,783	33,230	90,382
Profit before income tax	362,021	50,000	58,705	470,726
Income tax expense	47,999	15,000	12,611	75,610
Profit for the year	314,022	35,000	46,094	395,116

Other segment items included in the income statement for the year ended 31st December, 2006 are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Depreciation (note 18)	23,315	8,975	-	32,290
Impairment of premium receivables	39,267	1,581	-	40,848

Other segment items included in the income statement for the year ended 31st December, 2005 are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Depreciation (note 18)	22,994	8,729	-	31,723
Impairment of premium receivables	(254)	-	-	(254)
Restructuring costs	4,108	-	-	4,108

6. Segment information (continued)

(b) Primary reporting format –business segments (continued)

The segment assets and liabilities at 31st December, 2006 and capital expenditure for the year then ended are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Investment in associates	203,896	140,295	668,156	1,012,347
Quoted shares	1,367,452	1,604,102	310,314	3,281,868
Government securities held to maturity	577,745	2,842,412	3,191	3,423,348
Reinsurers' share of technical provisions and reserves	1,196,851	20,874	-	1,217,725
Other assets	2,528,572	2,034,772	1,857,743	6,421,087
Total assets	5,874,516	6,642,455	2,839,404	15,356,375
Insurance liabilities	3,348,562	6,668,154	-	10,016,716
Other liabilities	670,533	86,987	965,875	1,723,395
Total liabilities	4,019,095	6,755,141	965,875	11,740,111
Capital expenditure	29,423	12,925	-	42,348

The segment assets and liabilities at 31st December, 2005 and capital expenditure for the year then ended are as follows:

	Short-Term Business Shs '000	Long-Term Business Shs '000	Others Shs '000	Total Shs '000
Investment in associates	552,283	164,823	121,791	838,897
Quoted shares	759,541	748,611	90,903	1,599,055
Government securities held to maturity	547,604	2,696,014	8,417	3,252,035
Reinsurers' share of technical provisions and reserves	740,967	22,461	-	763,428
Other assets	1,763,194	1,766,990	1,607,105	5,137,289
Total assets	4,363,589	5,398,899	1,828,216	11,590,704
Insurance liabilities	2,832,049	5,265,885	-	8,097,934
Other liabilities	469,462	71,968	322,712	864,142
Total liabilities	3,301,511	5,337,853	322,712	8,962,076
Capital expenditure	30,891	9,441	-	40,332

(b) Secondary reporting format – geographical segments

The Group's geographical segments are Kenya, Uganda, Tanzania, Mauritius and India. Kenya is the home country of the parent Company. The Group has investments in these geographical segments.

The Long-Term business gross earned premium written outside of Kenya in 2006 was only 3.1% (2005: 4.5%) of the total.

6. Segment information (continued)

(b) Secondary reporting format – geographical segments (continued)

The following is the geographical segment information:

	Gross earned premium		Investment income		Total assets		Capital expenditure	
	2006	2005	2006	2005	2006	2005	2006	2005
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Kenya	2,337,539	1,869,566	1,086,799	853,402	11,724,283	8,537,999	26,058	24,356
Uganda	528,349	485,209	133,606	89,672	2,473,871	1,974,167	9,715	12,520
Tanzania	618,478	641,722	57,860	44,200	1,022,930	951,686	6,575	3,456
Mauritius	-	5,802	40	2,247	132,694	121,231	-	-
India	-	-	10,332	10,032	2,597	5,621	-	-
Total	3,484,366	3,002,299	1,288,637	999,553	15,356,375	11,590,704	42,348	40,332

7. Gross earned premium

Gross earned premium for the year ended 31st December, 2006

i) Short-Term business

Premium earned by principal class of business:	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000
Motor	885,716	122,027	763,689
Fire	459,253	287,611	171,642
Personal accident	1,084,005	136,966	947,039
Others	582,820	373,153	209,667
Total Short-Term	3,011,794	919,757	2,092,037

ii) Long-Term business

Premium earned by principal class of business:	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000
Ordinary life	254,198	4,308	249,890
Other	218,374	40,033	178,341
Total Long-Term	472,572	44,341	428,231
Total Short-Term and Long-Term	3,484,366	964,098	2,520,268

Gross earned premium for the year ended 31st December, 2005

i) Short-Term business

Premium earned by principal class of business:	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000
Motor	861,257	82,300	778,957
Fire	446,486	355,094	91,392
Personal accident	644,882	116,770	528,112
Others	548,095	239,362	308,733
Total Short-Term	2,500,720	793,526	1,707,194

ii) Long-Term business

Premium earned by principal class of business:	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000
Ordinary life	242,880	5,105	237,775
Other	258,699	53,822	204,877
Total Long-Term	501,579	58,927	442,652
Total Short-Term and Long-Term	3,002,299	852,453	2,149,846

8. Investment income

	2006 Shs'000	2005 Shs'000
Mortgage loan interest	11,319	12,543
Bank deposit interest	90,703	59,277
Government securities interest	344,956	267,864
Interest on policy loans	22,681	22,119
Dividends receivable from equity investments	96,351	109,139
Rental income from investment properties (net of expenses)	142,417	125,141
Gain on sale of investments	529,868	462,753
Fair value gains/(losses) on investment properties (note 19(a))	9,183	(73,004)
Exchange gain	8,373	687
Other income	32,786	13,034
Total	1,288,637	999,553

9. Claims and policyholder benefits payable

Claims and policyholder benefits payable for the year ended 31st December, 2006

i) Short-Term business

Claims payable by principal class of business:	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
Motor	493,488	59,785	433,703
Fire	454,667	401,095	53,572
Personal accident	847,217	53,067	794,150
Others	263,066	120,612	142,454
Total Short-Term	2,058,438	634,559	1,423,879

ii) Long-Term business

Death, maturity and surrender benefits:	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
Ordinary life	332,675	1,010	331,665
Retirement benefits	400,572	-	400,572
Other	428,478	15,258	413,220
Total Long-Term	1,161,725	16,268	1,145,457
Total Short-Term and Long-Term	3,220,163	650,827	2,569,336

Claims and policyholder benefits payable for the year ended 31st December, 2005

i) Short-Term business

Claims payable by principal class of business:	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
Motor	485,605	13,858	471,747
Fire	230,157	192,047	38,110
Personal accident	468,551	54,137	414,414
Others	218,104	69,039	149,065
Total Short-Term	1,402,417	329,081	1,073,336

ii) Long-Term business

Death, maturity and surrender benefits:	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
Ordinary life	391,712	1,478	390,234
Retirement benefits	197,059	-	197,059
Other	279,883	16,875	263,008
Total Long-Term	868,654	18,353	850,301
Total Short-Term and Long-Term	2,271,071	347,434	1,923,637

10. Operating and other expenses

	2006 Shs'000	2005 Shs'000
Employee benefits expense (note 11)	412,373	403,484
Auditors' remuneration	8,836	7,778
Depreciation (note 18)	32,290	31,723
Impairment charge for doubtful premium receivables	40,848	(254)
Operating lease rentals - land and buildings	51,539	44,118
Repairs and maintenance expenditure	10,272	18,744
Other	357,848	286,014
Total	914,006	791,607

11. Employee benefits expense

	2006 Shs'000	2005 Shs'000
Wages and salaries	372,737	363,999
National Social Security Fund	3,452	1,554
Retirement benefit costs – defined contribution plan	12,594	11,957
Other benefits	23,590	25,974
Total	412,373	403,484

The number of persons employed by the Group at year-end was 324 (2005: 316).

12. Income tax

	2006 Shs'000	2005 Shs'000
Current income tax	69,890	81,492
Share of income tax of associates	21,961	15,467
Deferred income tax charge/(credit) (note 27)	13,321	(21,349)
Total	105,172	75,610

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	2006 Shs'000	2005 Shs'000
Profit before income tax	664,687	470,726
Tax calculated at 30% (2005: 30%)	199,406	141,217
Effect of :		
Income not subject to income tax	(119,618)	(92,452)
Expenses not deductible for tax purposes	9,958	7,465
Others	15,426	19,380
Income tax charge	105,172	75,610

13. Share capital

The total authorised number of ordinary shares is 40,000,000 with a par value of Shs 5 per share. At 31st December, 2006, 36,000,000 ordinary shares were in issue (2005: 36,000,000 ordinary shares). All issued shares are fully paid.

	Number of shares		Share capital	
Ordinary shares of Shs 5 each	2006	2005	2006	2005
	'000	'000	Shs'000	Shs'000
Authorised	40,000	40,000	200,000	200,000
Issued and fully paid:				
At start and end of year	36,000	36,000	180,000	180,000

14. Reserves

(a) Group

Fair value reserves	2006	2005
	Shs'000	Shs'000
At start of year	222,919	155,263
Fair value gains on quoted shares (note 20(a))	524,108	64,426
Fair value gains on unquoted shares (note 21(a))	30,283	305
Fair value gain from associates	75,655	6,358
Other	(3,433)	(3,433)
At end of year	849,532	222,919

The fair value reserve is non-distributable.

General reserves	2006	2005
	Shs'000	Shs'000
At start of year	70,000	70,262
Transfer to retained earnings	-	(262)
At end of year	70,000	70,000

The general reserves of Shs 70 million were an appropriation of retained earnings in 1992, and are therefore distributable.

Translation reserves	2006	2005
	Shs'000	Shs'000
At start of year	(43,920)	4,886
Net translation loss	(11,898)	(48,806)
At end of year	(55,818)	(43,920)

Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the Group. The movement in retained earnings is shown in the statement of changes in equity on page 21.

14. Reserves (continued)

(b) Company

Fair value reserves

	2006 Shs'000	2005 Shs'000
At start of year (as previously reported)	227,643	182,199
Impact of associates on the adoption of equity accounting	-	30,629
As restated	227,643	212,828
Fair value loss on quoted shares (note 20(b))	74,102	-
Fair value gain on unquoted shares (note 21(b))	88,373	14,815
At end of year	390,118	227,643

The fair value reserve is non-distributable.

General reserves	2006 Shs'000	2005 Shs'000
At start and end of year	70,000	70,000

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

Translation reserves	2006 Shs'000	2005 Shs'000
At start of year (as previously reported)	-	30,156
Re-classification to retained earnings	-	(30,156)
As restated	-	-
At end of year	-	-

Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the Company. The movement in retained earnings is shown in the statement of changes in equity on page 22.

15. Payable under deposit administration contracts

Deposit administration contracts are recorded at amortised cost. Movements in amounts payable under deposit administration contracts during the year are as shown below. The liabilities are shown inclusive of interest accumulated to 31st December.

(a) Group	2006 Shs'000	2005 Shs'000
At start of year	2,926,248	2,228,738
Pension fund deposits received	801,360	682,166
Surrenders and annuities paid	(304,536)	(213,471)
Interest credited to deposit administration policyholders (net of expenses)	464,408	239,711
Translation loss	(585)	(10,896)
At end of year	3,886,895	2,926,248

(b) Company	2006 Shs'000	2005 Shs'000
At start of year	-	2,178,108
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(2,178,108)
At end of year	-	-

16. Investment in associated companies and subsidiaries

(i) Investment in associated companies

Group (a) Share of net assets in:	2006 Shs'000	2005 Shs'000	2006 % Equity Held	2005 % Equity Held
I P S Power Investment Limited	140,295	127,699	27.00	27.00
East Africa Reinsurance Company Limited	203,896	193,795	25.83	25.83
Property Development and Management Limited	668,156	517,403	37.10	34.76
Total	1,012,347	838,897		

IPS Power Investment Limited is an investment vehicle company, which through its subsidiary has invested in the equity of Tsavo Power Company Limited that generates electricity for sale. East Africa Reinsurance Company Limited is a private reinsurance company. Property Development and Management Limited conducts property investment, development and management.

(b) Movement of net assets during the year:

	2006 Shs'000	2005 Shs'000
At start of year	838,897	981,148
Transfers to unquoted shares	-	(167,779)
Share of result before income tax	131,624	90,382
Share of income tax	(39,352)	(19,116)
Dividends received	(34,690)	(38,220)
Translation gain	9,724	-
Revaluation surplus/(deficit)	106,144	(7,518)
At end of year	1,012,347	838,897

16. Investment in associated companies and subsidiaries (continued)

(ii) Investment in subsidiaries

Company

	Country of Incorporation	2006 Shs'000	2005 Shs'000	2006 % Equity Held by Group	2005 % Equity Held by Group
Investment at cost at year-end:					
Jubilee Insurance (Mauritius) Ltd	Mauritius	59,491	59,491	80.00	77.50
The Jubilee Investments Company Limited	Uganda	62,987	14,277	100.00	75.00
The Jubilee Insurance Company of Kenya Limited	Kenya	450,000	450,000	100.00	100.00
The Jubilee Insurance Company of Uganda Limited	Uganda	25,195	25,195	65.00	56.25
The Jubilee Insurance Company of Tanzania Limited	Tanzania	72,911	72,911	51.00	51.00
Total		670,584	621,874		

Jubilee Holdings acquired 25% of The Jubilee Investments Company Limited shares on 1st January, 2006, hence making it 100% owned subsidiary.

The Jubilee Investments Company Limited owns 10% equity of Jubilee Insurance (Mauritius) Ltd and 35% equity of The Jubilee Insurance Company of Uganda Limited. The Jubilee Insurance Company of Kenya Limited owns 100% equity of Jubilee Financial Services Limited. Jubilee Financial Services Limited owns 100% equity of Thillai Software Private Limited.

(iii) Acquisition of minority interest in a subsidiary

The acquisition of 25% shareholding in the Jubilee Investments Company Limited shares by Jubilee Holdings was settled as follows:

	Shs'000
Total purchase consideration (settled by issue of shares)	48,710
Minority share of net assets	(51,454)
Negative goodwill	2,744

17. Related party transactions

The ultimate parent of the Group is the Aga Khan Fund for Economic Development S.A., a company incorporated in Switzerland. There are various other companies related to Jubilee Holdings Limited through common shareholdings or common directorships.

In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients. Related parties rendered various services to the Group during the year.

17. Related party transactions (continued)

i) Transactions with related parties	2006	2005
Group	Shs'000	Shs'000
Gross premium:		
Diamond Trust Bank Kenya Limited	19,603	15,826
Industrial Promotion Services (Kenya) Limited	106,450	102,866
TPS Eastern Africa Limited	8,985	18,982
Property Development and Management Limited	3,138	1,282
Total	138,176	138,956
Net claims incurred:		
Diamond Trust Bank Kenya Limited	7,002	6,314
Industrial Promotion Services (Kenya) Limited	22,330	15,125
TPS Eastern Africa Limited	247	1,897
Property Development and Management Limited	1,313	804
Total	30,892	24,140
Services received from:		
Industrial Promotion Services (Kenya) Limited	2,203	4,302
TPS Eastern Africa Limited	4,342	1,846
Property Development and Management Limited	9,551	8,302
Total	16,096	14,450
ii) Balances with related parties		
(a) Group		
Outstanding premium:		
Diamond Trust Bank Kenya Limited	2,021	1,630
Industrial Promotion Services (Kenya) Limited	12,954	10,893
TPS Eastern Africa Limited	1,361	578
Property Development and Management Limited	344	-
Total	16,680	13,101
Outstanding claims:		
Diamond Trust Bank Kenya Limited	3,265	797
Industrial Promotion Services (Kenya) Limited	28,997	7,584
TPS Eastern Africa Limited	1,160	1,828
Property Development and Management Limited	400	119
Total	33,822	10,328
Deposits with financial institutions		
Diamond Trust Bank Kenya Limited	1,175,033	474,879
Total	1,175,033	474,879
Commercial bonds (debenture)		
Diamond Trust Bank Kenya Limited	485,220	362,905
Total	485,220	362,905
(b) Company		
Deposits with financial institutions		
Diamond Trust Bank Kenya Limited	600,129	-
Total	600,129	-
Commercial bonds (debenture)		
Diamond Trust Bank Kenya Limited	140,381	144,900
Total	140,381	144,900

17. Related party transactions (continued)

(iii) Key management compensation

	Group		Company	
	2006	2005	2006	2005
	Shs'000	Shs'000	Shs'000	Shs'000
Salaries and other employment benefits	137,109	137,852	-	-

(iv) Directors' Remuneration

	Group 2006 Shs'000	Group 2005 Shs'000	Company 2006 Shs'000	Company 2005 Shs'000
Fees for services as Directors	1,105	1,529	805	1,080
Other emoluments (included in key management compensation above)	33,034	32,316	-	-
Total	34,139	33,845	805	1,080

There were no loans given to Directors in the year ended 31st December, 2006 (2005: Nil).

18. Property and equipment

Group

Year ended 31st December, 2006	Computer equipment Shs'000	Motor vehicles Shs'000	Furniture, fixtures, fittings & office equipment Shs'000	Total Shs'000
Cost				
At start of year	137,703	31,602	129,527	298,832
Additions	17,388	12,196	12,764	42,348
Disposals	(6,356)	(7,193)	(2,324)	(15,873)
Exchange adjustment	(1,948)	(1,495)	(1,742)	(5,185)
At end of year	146,787	35,110	138,225	320,122
Depreciation				
At start of year	119,633	28,646	81,442	229,721
Charge for the year	17,795	3,141	11,354	32,290
On disposals	(5,961)	(5,866)	(1,819)	(13,646)
Exchange adjustment	(1,812)	(1,469)	(1,472)	(4,753)
At end of year	129,655	24,452	89,505	243,612
Net book value				
At 31st December, 2006	17,132	10,658	48,720	76,510

Year ended 31st December, 2005	Computer equipment Shs'000	Motor vehicles Shs'000	Furniture, fixtures, fittings & office equipment Shs'000	Total Shs'000
Cost				
At start of year	127,253	39,045	114,729	281,027
Additions	18,224	486	21,622	40,332
Disposals	(1,821)	(4,487)	(551)	(6,859)
Exchange adjustment	(5,953)	(3,442)	(6,273)	(15,668)
At end of year	137,703	31,602	129,527	298,832
Depreciation				
At start of year	110,503	34,509	70,859	215,871
Charge for the year	16,084	1,606	14,033	31,723
On disposals	(1,782)	(4,392)	(471)	(6,645)
Exchange adjustment	(5,172)	(3,077)	(2,979)	(11,228)
At end of year	119,633	28,646	81,442	229,721
Net book value				
At 31st December, 2005	18,070	2,956	48,085	69,111

19. Investment properties

The valuation of investment properties was carried out by M/S Mohamed A Samji on the basis of open market value. Investment properties include properties situated outside Kenya valued at Shs 764,790,003 (2005: Shs 764,236,394).

(a) Group	2006 Shs'000	2005 Shs'000
At start of year	1,890,636	1,963,398
Additions	44,825	5,345
Exchange difference	146	(5,103)
Fair value gains/(losses) (note 8)	9,183	(73,004)
At end of year	1,944,790	1,890,636

(b) Company	2006 Shs'000	2005 Shs'000
At start of year	726,000	1,922,400
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(1,166,400)
Additions	1,196	814
Fair value gains/(losses)	2,804	(30,814)
At end of year	730,000	726,000

20. Quoted shares

(a) Group	2006 Shs'000	2005 Shs'000
At start of year	1,599,055	1,033,725
Additions	2,237,955	1,722,440
Disposals	(1,519,489)	(1,254,193)
Transfer from unquoted shares	150,782	-
Exchange difference	(9,804)	(19,974)
Fair value gains on available-for-sale investments (note 14(a))	524,108	64,426
Fair value gains on equity investments at fair value through profit and loss	299,261	52,631
At end of year	3,281,868	1,599,055

(b) Company	2006 Shs'000	2005 Shs'000
At start of year	-	971,337
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(971,337)
Additions	169,261	-
Fair value gains on available-for-sale investments (note 14(b))	74,102	-
At end of year	243,363	-

The quoted shares are revalued annually at the close of business on 31st December by reference to the stock exchange quoted prices. The market value of the above shares as at 25th April, 2007 for the Group was Shs 2,824,970,989.

21. Unquoted shares

(a) Group

	2006 Shs'000	2005 Shs'000
At start of year	668,276	429,575
Transfer to quoted shares	(167,779)	-
Additions	11,968	-
Transfer from investments in associates	-	167,779
Disposals	(1,521)	(3,117)
Exchange difference	(276)	(4,846)
Fair value gains available-for-sale investments (note 14(a))	30,283	305
Fair value gains on equity investments at fair value through profit and loss	130,699	78,580
At end of year	671,650	668,276

(b) Company

	2006 Shs'000	2005 Shs'000
At start of year	351,213	577,784
Transfer to The Jubilee Insurance Company of Kenya Limited	-	(493,994)
Transfer from investment in associates	-	252,608
Disposals	(1,521)	-
Fair value gains available-for-sale investments (note 14(b))	88,373	14,815
At end of year	438,065	351,213

22. Loans receivable

(i) Mortgage loans

(a) Group

	2006 Shs'000	2005 Shs'000
At start of year	55,356	76,781
Loans advanced	4,799	8,400
Interest and penalties	11,595	16,732
Less: Provision for impairment losses	(276)	(4,189)
Redemptions/repayments	(25,873)	(40,289)
Exchange difference	(360)	(2,079)
At end of year	45,241	55,356

(b) Company

	2006 Shs'000	2005 Shs'000
At start of year	-	57,811
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(57,811)
At end of year	-	-

22. Loans receivable (continued)

Maturity profile of mortgage loans

Group	2006	2005
	Shs'000	Shs'000
Loans maturing:		
Within 1 year	11,923	11,666
In 1-5 years	24,492	36,146
Over 5 years	8,826	7,544
Total	45,241	55,356

Lending commitments

There were no mortgage loans approved by the Directors but not advanced at 31st December, 2006 (2005: Nil).

(ii) Loans on life insurance policies

(a) Group	2006	2005
At start of year	163,898	166,214
Loans advanced	80,975	85,519
Interest	23,683	22,452
Loan repayments	(90,111)	(109,954)
Less: Provision for impairment losses	(1,002)	(333)
At end of year	177,443	163,898

(b) Company	2006	2005
At start of year	-	166,214
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(166,214)
At end of year	-	-

Maturity profile of policy loans

Group	2006	2005
Loans maturing:		
Within 1 year	23,280	20,436
In 1-5 years	104,901	99,725
Over 5 years	49,262	43,737
Total	177,443	163,898

There is no concentration of credit risk with respect to mortgage and policy loans.

23. Reinsurers' share of technical provisions and reserves

Group	2006	2005
	Shs'000	Shs'000
Reinsurers' share of:		
Unearned premium (note 32)	466,301	416,823
Notified claims outstanding (note 31)	751,424	346,605
Total	1,217,725	763,428

Amounts due from reinsurers in respect of claims already paid by the company on contracts that are reinsured are included in receivables arising out of reinsurance arrangements on the balance sheet.

24. Deferred acquisition costs

(a) Group

	2006 Shs'000	2005 Shs'000
At start of year	82,477	54,631
Net (decrease)/increase	(33,959)	27,846
At end of year	48,518	82,477

(b) Company

At start of year	-	51,222
Transfer to The Jubilee Insurance Company of Kenya Limited (note 5)	-	(51,222)
At end of year	-	-

25. Government securities held to maturity

Group

	2006 Shs'000	2005 Shs'000
In Kenya:		
Treasury bills maturing within 91 days of the date of acquisition	64,716	95,434
Treasury bills maturing after 91 days of the date of acquisition	74,248	71,631
Treasury bonds maturing within 1 year	10,040	273,334
Treasury bonds maturing in 1-5 years	2,217,167	1,836,292
Treasury bonds maturing after 5 years	810,941	731,357
Outside Kenya:		
Treasury bonds maturing within 1 year	246,236	74,533
Treasury bonds maturing in 1-5 years	-	169,454
Total	3,423,348	3,252,035

26. Cash and cash equivalents

	2006 Shs'000	2005 Shs'000
The year-end cash and cash equivalents comprise the following:		
Cash and bank balances	126,042	157,801
Short term deposits with banks	1,601,017	547,877
Bank overdraft	(22,042)	(25,190)
Short term borrowing	(803,660)	-
Treasury bills maturing within 91 days of the date of acquisition (note 25)	64,716	95,434
Total	966,073	775,922

The short term borrowing is unsecured loan acquired on 6th December, 2006 from Barclays Bank of Kenya Limited. The weighted average interest rate on the borrowing was 6.68% per annum. The entire loan plus the accrued interest thereon was repaid on 4th January, 2007.

27. Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2005: 30%).

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

(a) Group	2006	2005
	Shs'000	Shs'000
At start of year	143,314	162,722
Income statement charge/(credit) (note 12)	13,321	(21,349)
Exchange adjustment	-	1,941
At end of year	156,635	143,314

The net deferred tax liability is presented separately in the balance sheet as follows:

Deferred income tax asset	(14,254)	(20,928)
Deferred income tax liability	170,889	164,242
Net deferred income tax liability	156,635	143,314

Deferred income tax assets and liabilities, deferred income tax charged/(credited) in the profit and loss account is attributable to the following items:

	1.1.2006	Charged/ (Credited) to Profit and Loss	31.12.2006
	Shs'000	Shs'000	Shs'000
Fair value gains on investment properties	173,372	1,208	174,580
Accelerated depreciation	(7,893)	(361)	(8,254)
Provisions	(18,520)	4,308	(14,212)
Other deductible temporary differences	(3,645)	8,166	4,521
Net deferred income tax liability	143,314	13,321	156,635

(b) Company	2006	2005
	Shs'000	Shs'000
At start of year	107,036	179,892
Income statement charge/(credit)	6,647	(15,693)
Credited to equity	-	(57,163)
At end of year	113,683	107,036

Deferred income tax assets and liabilities, deferred income tax charged in the profit and loss account is attributable to the following items:

	1.1.2006	Charged to Profit and Loss	31.12.2006
	Shs'000	Shs'000	Shs'000
Fair value gains on investment properties	111,132	841	111,973
Accelerated depreciation	-	-	-
Provisions	(4,096)	5,356	1,260
Other deductible temporary differences	-	450	450
Net deferred income tax liability	107,036	6,647	113,683

28. Earnings per share

Earnings per ordinary share of Shs 5 each is calculated by dividing the net profit attributable to Shareholders by 36 million shares.

Group	2006	2005
Net profit attributable to Shareholders (Shs`000)	527,981	347,771
Number of ordinary shares in issue (thousands)	36,000	36,000
Earnings per share (Shs) - Basic and diluted	14.67	9.66

There was no potentially dilutive shares in issue at 31st December, 2006 and 31st December, 2005.

29. Weighted average effective interest rates

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

	2006	2005
	%	%
Government securities	10.38	9.56
Deposits with financial institutions	9.00	6.68
Mortgage loans	14 to 16	14 to 16
Commercial bonds	10.90	9.08
Loans on life insurance policies	10 to 16	10 to 16
Payable under deposit administration contracts	12.75	10.50
Borrowings	6.68	-

Deposits with financial institutions have an average maturity of 3 months (2005: 3 months).

30. Insurance contract liabilities

	2006	2005
	Shs'000	Shs'000
Short term insurance contracts:		
Claims reported and claims handling expenses (note 31(i))	1,672,718	1,342,522
Claims incurred but not reported (note 31(i))	222,974	136,666
Total Short-Term	1,895,692	1,479,188
Long term insurance contracts:		
Claims reported and claims handling expenses	130,130	131,122
Actuarial value of long term liabilities	2,617,487	2,188,915
Total Long-Term	2,747,617	2,320,037
Total Short-Term and Long-Term	4,643,309	3,799,225

30. Insurance contract liabilities (continued)

Movements in insurance liabilities and reinsurance assets are shown in note 31.

i) Short-Term insurance contracts

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2006 and 2005 are not material.

The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year.

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the group's estimate of total claims liability for each accident year has changed at successive year-ends.

Accident year	2002	2003	2004	2005	2006	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims cost						
– at end of accident year	308,682	121,673	236,301	694,244	1,898,266	3,259,166
– one year later	293,619	85,702	204,009	605,532	-	1,188,862
– two years later	267,322	65,598	162,605	-	-	495,525
– three years later	245,583	91,121	-	-	-	336,704
– four years later	220,554	-	-	-	-	220,554
Current estimate of cumulative claims	220,554	91,121	162,605	605,532	1,898,266	2,978,078
Less: cumulative payments to date	(228,722)	(97,490)	(160,218)	(433,708)	(491,979)	(1,412,117)
Sub-Total	(8,168)	(6,369)	2,387	171,824	1,406,287	1,565,961
Liability in respect of prior years	-	-	-	-	329,731	329,731
Total gross claims liability included in the balance sheet	(8,168)	(6,369)	2,387	171,824	1,736,018	1,895,692

ii) Long-Term insurance contracts

Actuarial liabilities based on generally accepted actuarial principals were computed as at 31st December, 2006. The assumptions underlying the liability computation take into account the terms and conditions governing the policies, expected premiums, mortality rates, disability rates, lapse rate, maintenance expenses, inflation, investment returns and margins for adverse deviation.

The liabilities are at least equal to those based on the methods and assumptions prescribed under the Insurance Regulations.

Sensitivity analysis

The impact of reasonable changes in key valuation assumptions on the value of actuarial liabilities is not material.

31. Movements in insurance liabilities and reinsurance assets

Group

(i) Short-Term insurance business

			2006			2005
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Notified claims	1,342,522	346,606	995,916	1,367,503	616,274	751,229
Incurred but not reported	136,666	-	136,666	120,141	-	120,141
Total at start of the year	1,479,188	346,606	1,132,582	1,487,644	616,274	871,370
Cash paid for claims settled in year	1,533,227	318,836	1,214,390	1,402,417	329,081	1,073,336
Increase in liabilities						
– arising from current year claims	1,605,643	420,808	1,184,834	940,440	44,118	896,322
– arising from prior year claims	344,088	302,846	41,242	453,521	15,294	438,227
Total at end of year	1,895,692	751,424	1,144,268	1,479,188	346,605	1,132,583
Notified claims	1,672,718	670,546	1,002,172	1,342,522	346,605	995,917
Incurred but not reported	222,974	80,878	142,096	136,666	-	136,666
Total at the end of year	1,895,692	751,424	1,144,268	1,479,188	346,605	1,132,583

(ii) Long-Term insurance business

Gross and net	2006	2005
	Shs'000	Shs'000
At start of the year	2,320,036	1,851,767
Premium	428,231	442,652
Commissions	(38,790)	(24,743)
Claims incured	(280,396)	(196,914)
Investment income	486,877	405,455
Operating and other expenses	(225,861)	(195,964)
Share of results of associates before income tax	57,520	37,783
At end of year	2,747,617	2,320,036

32. Provision for unearned premium

Group

These provisions represent the liability for Short-Term business contracts where the Group's obligations have not expired at the year-end.

Movements are shown below:

			2006			2005
Unearned premium provision	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	1,193,166	416,823	776,343	955,660	402,123	553,537
Increase in the period (net)	91,699	49,478	42,221	237,506	14,700	222,806
At end of year	1,284,865	466,301	818,564	1,193,166	416,823	776,343

33. Dividends per share

Proposed dividend is accounted for as a separate component of equity until ratified at the Annual General Meeting. During the year an interim dividend of Shs 36 million was paid (2005: Shs 27 million) or Shs 1.00 per share (2005: Shs 0.75 per share). At the Annual General Meeting on 28th June, 2007 a final dividend of Shs 117 million (2005: Shs 117 million) is to be proposed, which is Shs 3.25 per share (2005: Shs 3.25). The total dividend is therefore Shs 153 million (2005: Shs 144 million) or Shs 4.25 per share (2005: Shs 4.00 per share).

Payment of dividend is subject to withholding tax at the rate of either 5% or 10%, depending on the residential status of the respective shareholders.

34. Contigent liabilities

The Group companies are subject to litigation arising in the normal course of insurance business. The Directors are of the opinion that this litigation will not have a material effect on the financial position or profits of the Group.

35. Liquidity risk

The Group is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum level of bank overdraft facilities that should be in place to cover expenditure at unexpected levels of demand.

35. Liquidity risk (continued)

The following table analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31st December, 2006 to the contractual maturity date:

As at 31st December, 2006:	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
ASSETS						
Property and equipment	-	-	-	-	76,510	76,510
Investment properties	-	-	-	-	1,944,790	1,944,790
Investment in associates	-	-	184,578	-	827,769	1,012,347
Unquoted shares	-	-	-	-	671,650	671,650
Quoted shares	-	-	2,205,007	-	1,076,861	3,281,868
Mortgage loans	29	25	11,869	24,492	8,826	45,241
Commercial bonds	-	-	-	493,461	-	493,461
Loans on life insurance policies	142	3,509	19,629	104,902	49,261	177,443
Government securities held to maturity	65,075	73,889	256,276	2,217,168	810,940	3,423,348
Deposits with financial institutions	910,268	690,749	-	-	-	1,601,017
Receivables arising out of reinsurance arrangements	-		237,379	-	-	237,379
Receivables arising out of direct insurance arrangements	339,276	1,628	312,346	-	-	653,250
Reinsurers' share of technical provisions and reserves	19,883	74,678	1,123,164	-	-	1,217,725
Deferred acquisition costs	1,656	2,030	44,832	-	-	48,518
Other receivables	313,661	-	-	-	-	313,661
Deferred income tax	-	-	14,254	-	-	14,254
Current income tax	-	-	17,871	-	-	17,871
Cash and bank balances	126,042	-	-	-	-	126,042
Total assets	1,776,032	846,508	4,427,205	2,840,023	5,466,607	15,356,375
LIABILITIES AND SHAREHOLDERS' FUNDS						
Shareholders' funds	-	-	-	-	3,393,040	3,393,040
Minority interest	-	-	-	-	223,224	223,224
Insurance contract liabilities	120,954	275,431	1,639,093	-	2,607,831	4,643,309
Payable under deposit administration contracts	-	-	-	-	3,886,895	3,886,895
Provision for unearned premium	31,939	107,025	1,145,901	-	-	1,284,865
Creditors arising out of reinsurance arrangements	-	201,647	-	-	-	201,647
Other payables	662,409	-	-	-	-	662,409
Deferred income tax	-	-	-	-	170,889	170,889
Current income tax payable	-	-	5,327	-	-	5,327
Dividends payable	59,068	-	-	-	-	59,068
Bank overdraft	22,042	-	-	-	-	22,042
Borrowings	803,660	-	-	-	-	803,660
Total liabilities and Shareholders' funds	1,700,072	584,103	2,790,321	-	10,281,879	15,356,375
Net liquidity gap	75,960	262,405	1,636,884	2,840,023	(4,815,272)	-
As at 31st December, 2005:						
Total assets	1,393,099	954,157	1,267,960	1,916,434	6,059,054	11,590,704
Total liabilities and Shareholders' funds	901,043	362,523	2,419,105	-	7,908,033	11,590,704
Net liquidity gap	492,056	591,634	(1,151,145)	1,916,434	(1,848,979)	-

The matching of the maturities of assets and liabilities is fundamental to the management of the Group. It is unusual for insurance companies to always be completely matched since the business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

36. Currency risk

The Group is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Group had the following significant foreign currency positions (all amounts expressed in Kenya Shillings thousands):

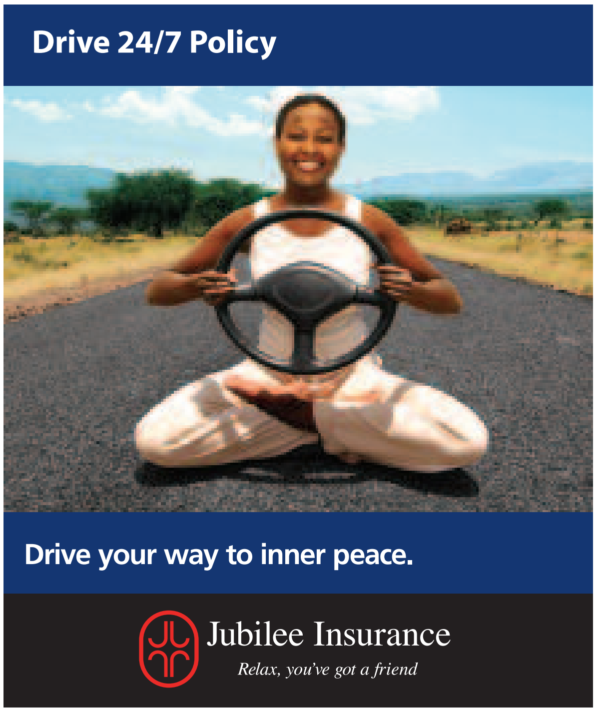
	US Dollars	Uganda Shillings	Tanzania Shillings	Mauritius Rupees	Indian Rupees	Total
As at 31st December, 2006:		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
ASSETS						
Property and equipment	-	25,252	7,376	-	376	33,004
Investment properties	-	764,790	-	-	-	764,790
Investment in subsidiaries	-	16,749	-	-	-	16,749
Investment in associates	-	87,215	-	-	-	87,215
Unquoted shares	-	14,259	5,167	-	-	19,426
Quoted shares	-	99,124	59,561	-	-	158,685
Mortgage loans	15,531	-	-	-	-	15,531
Commercial bonds	488,381	5,080	-	-	-	493,461
Government securities held to maturity	-	93,204	153,032	-	-	246,236
Deposits with financial institutions	78,073	128,443	294,791	131,759	-	633,066
Receivables arising out of reinsurance arrangements	-	-	12,738	-	-	12,738
Receivables arising out of direct insurance arrangements	-	190,954	138,185	-	-	329,139
Reinsurers' share of technical provisions and reserves	-	332,229	269,181	-	-	601,410
Deferred acquisition costs	-	-	5,889	-	-	5,889
Other receivables	-	167,561	13,152	-	1,092	181,805
Deferred income tax	-	10,386	1,809	-	-	12,195
Current income tax	-	4,080	7,511	-	-	11,591
Cash and bank balances	1,893	23,767	44,098	935	1,129	71,822
Total assets	583,878	1,963,093	1,012,490	132,694	2,597	3,694,752
LIABILITIES AND SHAREHOLDERS' FUNDS						
Shareholders' funds	-	285,452	138,551	3,653	786	428,442
Minority interest	-	88,432	133,117	1,675	-	223,224
Insurance contract liabilities	-	228,869	290,022	14,942	-	533,833
Payable under deposit administration contracts	-	32,699	30,929	-	-	63,628
Provision for unearned premium	-	260,962	293,991	-	-	554,953
Creditors arising out of reinsurance arrangements	-	100,713	40,798	-	-	141,511
Other payables	-	608,769	95,032	111,489	1,811	817,101
Current income tax payable	-	5,327	-	-	-	5,327
Total liabilities and Shareholders' funds	-	1,611,223	1,022,440	131,759	2,597	2,768,019
Net balance sheet position	583,878	351,870	(9,950)	935	-	926,733
As at 31st December, 2005:						
Total assets	659,247	1,653,703	782,564	114,134	5,621	3,215,269
Total liabilities and Shareholders' funds	-	1,247,945	951,390	113,199	5,621	2,318,155
Net balance sheet position	659,247	405,758	(168,826)	935	-	897,114

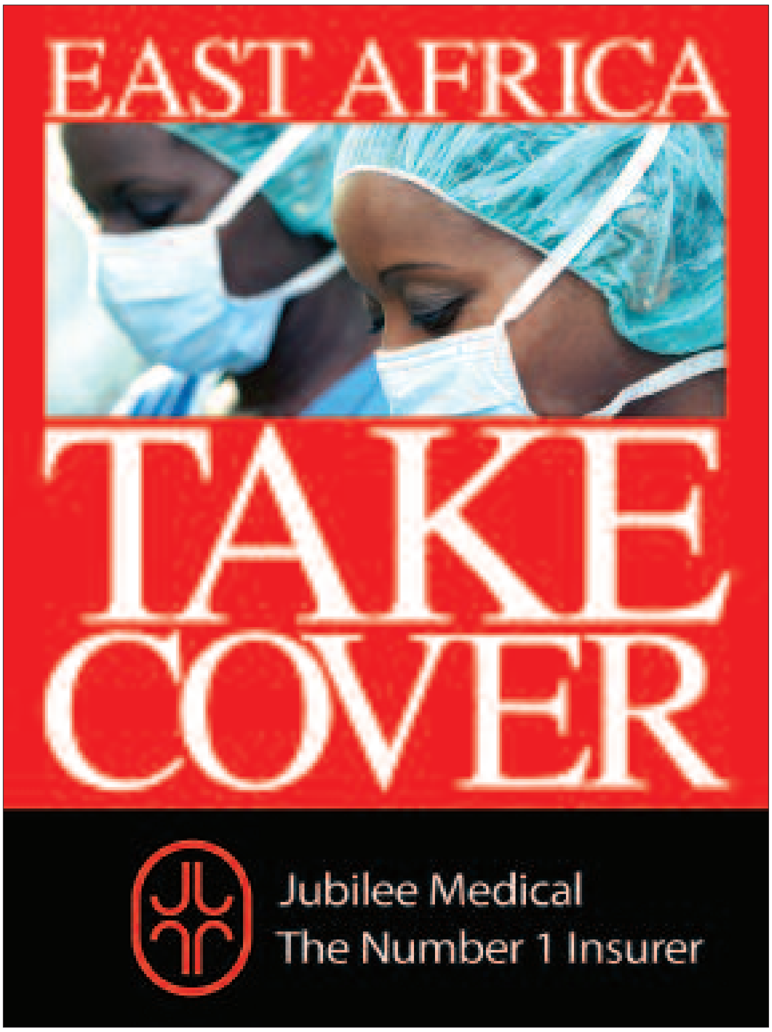
Group Review - 10 Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
		Shs million								
Shareholders' Funds	3,393	2,370	2,094	2,029	1,711	1,555	1,619	1,809	1,804	1,374
Share Capital	180	180	180	180	180	180	180	180	180	150
Long-Term Business Funds	6,504	5,115	4,081	3,310	2,812	2,474	2,018	2,117	2,043	1,839
Total Assets	15,356	11,591	9,724	8,406	6,629	5,649	5,201	5,308	5,020	4,390
Total Investment Income	1,289	1,000	558	552	359	359	355	418	492	415
Profit Before Tax	665	471	359	313	213	170	117	139	206	192
Profit Attributable to Shareholders	528	348	241	213	164	121	78	94	144	134
Dividends to Shareholders	153	144	90	81	63	63	63	63	63	53
Dividend Cover Ratio	3.45	2.42	2.68	2.63	2.61	1.92	1.24	1.50	2.28	2.56
Bonus Issue	1:4	-	-	-	-	-	-	-	1:5	-
*Earnings Per Share {(Shs) (par value Shs 5)}	14.67	9.66	6. 68	5.91	4.57	3.37	2.17	2.62	4.00	3.73

* Earnings per share has been calculated on 36 million shares for all the years.


Traders Policy
Less worry, more business
Jubilee Insurance
Relax, you've got a friend


Drive 24/7 Policy
Drive your way to inner peace.
Jubilee Insurance
Relax, you've got a friend


EAST AFRICA
TAKE COVER
Jubilee Medical
The Number 1 Insurer


Pablo Picasso's "Guernica" 1937, current value "priceless"
Jubilee Insurance, 1937, current asset value US$ 230 million
Seventy years old
and still growing in value.
Some things just grow in value with the passage of time, like Jubilee Insurance,
founded in 1937. The total asset base has grown to over KSh 15 billion (US$ 230 million).
Jubilee Insurance


BVQI

Certification

JUBILEE HOLDINGS LIMITED
P. O. BOX 30376 - 00100
NAIROBI, KENYA

Standard

ISO 9001:2000

Scope of supply

INSURANCE BASED INTEGRATED FINANCIAL SERVICES


BVQI

Certification

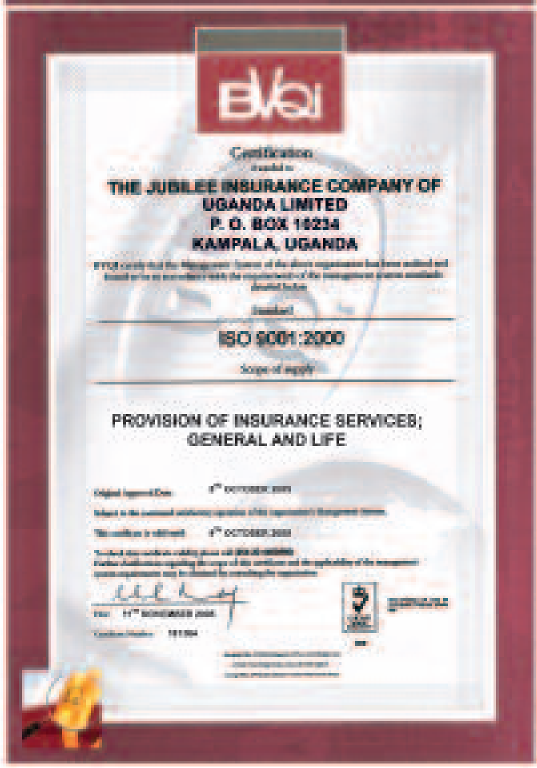
THE JUBILEE INSURANCE COMPANY OF KENYA LIMITED.
P. O. BOX 30376-00100,
NAIROBI, KENYA.

Standard

ISO 9001:2000

Scope of supply

PROVISION OF LIFE, PENSION, MEDICAL AND GENERAL INSURANCE PRODUCTS AND SERVICES.


BVQI

Certification

THE JUBILEE INSURANCE COMPANY OF UGANDA LIMITED
P. O. BOX 10234
KAMPALA, UGANDA

Standard

ISO 9001:2000

Scope of supply

PROVISION OF INSURANCE SERVICES; GENERAL AND LIFE


BVQI

Certification

THE JUBILEE INSURANCE COMPANY OF TANZANIA LIMITED

Standard

ISO 9001:2000

Scope of supply

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