

annual report 2007

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L E A D E R S H I P

UNIVERSALNA –
Insurance Company of 2007

Insurance Company UNIVERSALNA secured the premier place in the nomination “Insurance Company of the Year” in the international contest “MasterCard Bank of the Year-2007.”

The victory in this contest evidences dynamic development of the Company, a correctly chosen strategy and effectiveness of the initiatives implemented.

Q U A L I T Y

UNIVERSALNA is “Leader of Goods and Services of Ukraine”

UNIVERSALNA became the laureate of the annual all-Ukrainian action “The Leader of Goods and Services of Ukraine” patronized by President of Ukraine.

The Company was awarded this title “For a Weighty Contribution to Economic Growth of the State.” This award is a visual proof of appreciation by UNIVERSALNA’s customers.



A close-up photograph of a hand dripping water into a pool of water. The water is clear and blue, and the hand is positioned in the upper right corner. The background is a soft, out-of-focus blue. The overall mood is clean and refreshing.

T R A N S P A R E N C Y

Deloitte completed an audit of UNIVERSALNA

Auditing firm Deloitte carried out an audit of the Company's balance sheet based on the International Financial Reporting Standards as of 31.12.2006.

In addition, the audit of comprehensive annual financial report of OJSC UNIVERSALNA for 2007 is being accomplished by Deloitte.

«Moody's» awarded UNIVERSALNA a rating

International rating agency “Moody’s Investors Service” awarded Insurance Company UNIVERSALNA a financial stability rating on the global scale at the level of B3. The rating forecast is “stable.”

Among strengths of UNIVERSALNA, as noted by agency: one of the largest agent networks in Ukraine, a strategy of diversified sales and a high level of financial flexibility owing to the status of an insurer, which stocks are quoted on stock exchanges.

S T A B I L I T Y

A photograph of several white flowers with yellow centers, likely Anemone, growing in a field. The background is a bright, hazy sky with a large sun flare. The flowers are in various stages of bloom, with some fully open and others as buds. The lighting is soft and natural, highlighting the delicate petals and the green foliage at the base of the stems.

UNIVERSALNA takes over ORADON

Insurance Company UNIVERSALNA and Insurance Company ORADON signed a protocol of take-over of the company ORADON, a successor in title of the rights and obligations of former UkrDerzhStrakh. The agreement enabled to considerably expand the company's presence in the east of Ukraine.

D E V E L O P M E N T

FINANCIAL HIGHLIGHTS

OJSC “Insurance Company UNIVERSALNA”

Main financial highlights, UAH thous.

	01.01.2006	01.01.2007	01.01.2008
Total assets	124 631,8	190 876,4	304 224,7
Authorized capital	18 603,3	60 000,0	100 000,0
Shareholder's equity	48 898,8	108 873,0	147 513,0
Guarantee fund	30 295,5	29 400,1	28 880,4
Insurance provisions	54 151,1	57 903,8	86 546,6
Income	99 003,2	112 714,9	171 762,8
Net profit	577,2	958,3	334,1

Premiums and payments , UAH thous.

	01.01.2006	01.01.2007	01.01.2008
Premiums	142 981,6	169 804,2	253 998,7
Payments	44 319,2	55 525,6	87 152,4

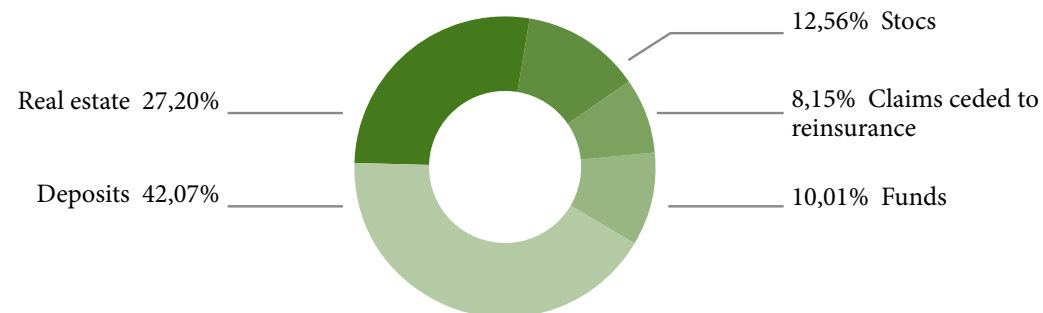
Staff and network

	01.01.2006	01.01.2007	01.01.2008
Number of agents	220	1028	1275
Points of sale and branch offices	47	67	105

Assets structure designed to cover the reserves, %

Assets	01.01.2006	01.01.2007	01.01.2008
Funds	1,77%	6,62%	10,01%
Deposits	37,87%	44,69%	42,07%
Real estate	20,22%	27,08%	27,20%
Stocks	19,92%	21,60%	12,56%
Bonds	2,54%		
Claims ceded to reinsurance	17,68%		8,15%
Total assets	100,00%	100,00%	100,00%
Technical reserves, UAH thous.	54 151,10	57 903,80	86 546,60

Assets structure designed to cover the reserves of OJSC “Universalna” as of 01.01.2008



OJSC “Life Insurance Company UNIVERSALNA”

Main financial highlights, UAH thous.

	01.01.2006	01.01.2007	01.01.2008
Total assets	13 809,70	16 362,50	20 410,10
Authorized capital	11 000,00	11 000,00	11 000,00
Shareholder's equity	10 319,50	11 068,80	12 417,90
Guarantee fund	65,50	68,80	1 417,90
Insurance provisions	10 506,80	12 835,80	17 757,20
Net profit	-33,10	776,30	1 349,10

Premiums and payments, UAH thous.

	01.01.2006	01.01.2007	01.01.2008
Premiums	2 705,00	3 604,60	3 791,40
Payments	152,60	222,70	599,30

Staff and network

	01.01.2006	01.01.2007	01.01.2008
Number of agents	97	112	152
Agencies	5	5	6



2007 became a remarkable year for the activities of Insurance Company UNIVERSALNA. This short time span enabled one of the leaders of Ukrainian market to take the greatest leap in its development since its establishment.

Award of a stable credit rating by national and international agencies, optimization of corporate management, successful investment activity allowed to substantially raise performance of the Company and enhance the possibilities for further development of its business.

Effective steps, in turn, let achieve efficient relationships with the customers, partners, and shareholders of UNIVERSALNA. By 2007YE, the Company completed 3 private share placements, which corresponds to placement of 40% share capital to portfolio investors.

The company's successful activities during 2007 were acknowledged by industry experts and customers: UNIVERSALNA was chosen as the best insurance company-2007 in the prestigious international contest "MasterCard Bank of the Year."

Nowadays, Insurance Company UNIVERSALNA can be described as an ambitious, dynamic, and promising company. We are very grateful to all shareholders, customers, and partners for their support. It is exactly due to this backing that UNIVERSALNA is able to achieve new successes and attainments.

Oleksandr Pavlenko
General Director

ABOUT THE COMPANY

UNIVERSALNA in the insurance market

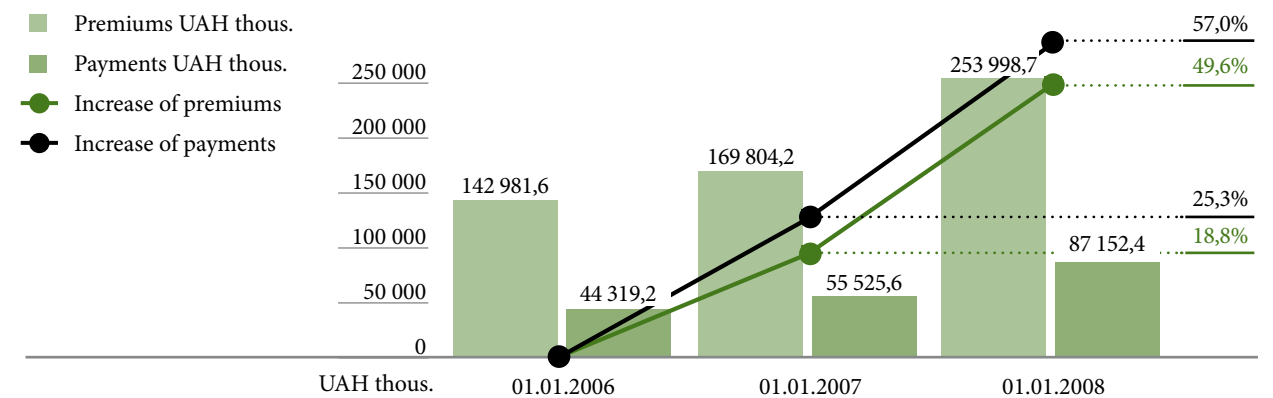
Insurance Company UNIVERSALNA is one of the largest insurance companies in Ukraine. The Company was founded in 1991 and has grown ever since into a nationwide insurer due to take-over of regional insurance companies.

UNIVERSALNA furnishes services to individual and corporate customers and positions itself as a retail insurer. As of 2007YE, UNIVERSALNA had 671 202 current insurances with corporate customers and individuals.

UNIVERSALNA provides services under 35 types of insurance, in particular: property, transport, liability, medical, personal and travel insurance. The Company also offers services in the area of life insurance through its own subsidiary – OJSC “Life Insurance Company “UNIVERSALNA”.

Insurance Company UNIVERSALNA is one of the most dynamic insurance companies. The total amount of company’s premiums increased up to UAH 254 mln in 2007.

Dynamics of insurance premiums and payments during 2005-2007



UNIVERSALNA
IN THE INSURANCE
MARKET

By 2007YE, UNIVERSALNA controlled 25.6% of the insurance market under the “Green Card” policies, 4.5% of the MOD insurance market, and 6.4% of the civil liability insurance market.

UNIVERSALNA numbers over 900 permanent employees and 1,275 agents, and is the second largest domestic insurer due to an extensive branch network all over Ukraine, which accounts for 105 points of sale.

According to data of the All-Ukrainian News Agency “Context-Media”, as of December 2007, Insurance Company UNIVERSALNA was one of the four most frequently mentioned companies in mass media.

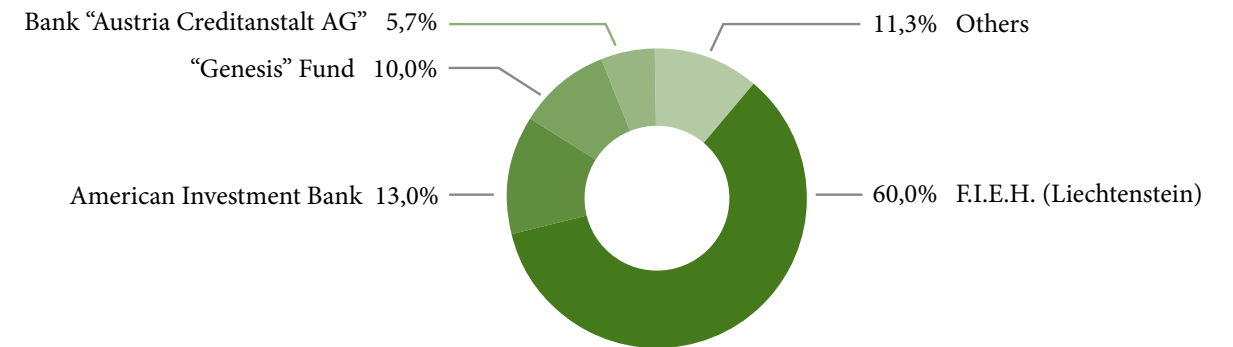
The Company has built strong relations with its customers. According to an in-house survey in late 2007, 97% of Company’s customers expressed a high level of satisfaction to the assistance service. A recertification audit in 2007 confirmed compliance of the quality management system of UNIVERSALNA with the international quality standard ISO 9001:2000 “Quality management systems. Requirements” (UNIVERSALNA is the first Ukrainian insurer licensed under the ISO 9001:2000 standards).

The Company is a member of the League of Insurance Organizations of Ukraine, Motor (Transport) Insurance Bureau, Association “The Nuclear Insurance Pool,” European Business Association, Ukrainian Chamber of Commerce and Industry, Ukrainian Association for Quality.

Company’s shareholders

Insurance Company UNIVERSALNA was established as an Open Joint-Stock Company and is controlled by the company Financial & Investment Energy Holding (F.I.E.H.) Establishment, which owns 60% of the share capital. During 2006-2007, the Company carried out 3 private share placements and concentrated 40% of capital in hands of portfolio investors. Thus, floating stocks represent 40% of UNIVERSALNA’s capital.

Company’s shareholders



History of establishment and development

The history of OJSC “Insurance Company UNIVERSALNA” began in 1991. The Company has accumulated experience and resources of such well-known representatives of the insurance market as OJSC “Teren” and Insurance Center “Podillya”. After the merger of companies, a number of strategic take-over agreements was concluded, as a result of which UNIVERSALNA obtained succession in title of Insurance Company “Karpaty” (Uzhgorod), Insurance Company “Arta” (Ternopil) and CJSC “Salamandra-Desna” (Chernigiv).

In late 2007, Insurance Company UNIVERSALNA joined the Insurance Company ORADON, the successor in title of the property rights and obligations of former UkrDerzhStrakh, which has 87-year experience in insurance.

2003

- UNIVERSALNA became one of top twenty most powerful Ukrainian insurance companies (source: The League of Insurance Organizations of Ukraine).
- It ranked No.10 in “Top-100. Most Dynamic Companies of Ukraine” rating of “Investgazeta” as to dynamic development of insurance premiums.
- It shifted to new quality standards, created and began to actively develop a system of related services – Assistance-Center (24H assistance service) and a network of surveyors. Insurance shops were opened throughout the country, where everyone could purchase standard insurance products.
- It created a Training Center to help raise proficiency of its employees and improve the service provision quality, carry out explanatory and educational work among the employees concerning implementation of new insurance products.

2004

- The Company took hold of one third of the entire “Green Card” market in Ukraine.
- It became the leader among the insurance companies engaged in compulsory motor third party liability insurance (MTPL).
- For the first time among the Ukrainian insurers, UNIVERSALNA received a certificate of conformance of the quality management system to the requirements of international standard ISO 9001:2000.

2005

- UNIVERSALNA entered into partnership with the Association of International Motor Carriers of Ukraine and the sole national insurer within the “TIR-Carnet” system – cards of international road conveyance.

Henceforth, the Company starts representing Ukrainian motor insurance in Europe. All Ukrainian drivers engaged in international traffic (TIR) cooperate with the Company.

2006

- UNIVERSALNA is the first among the Ukrainian insurers to perform the private share placement among western investment funds. It becomes the sole Ukrainian insurance company, which includes western portfolio investors among its shareholders.
- It became the first insurance company entered in the listing of the PFTS (Ukrainian Stock Exchange).
- According to the yearend results, UNIVERSALNA came No.1 among the TOP-10 national insurance companies-nominees of the “Green Card” class by the volume of payments, (“Insurance Business” № 1 (25) 2007).
- No.2 by the number of payments among the TOP-20 companies-nominees of the “Compulsory Insurance” class (National Club of Insurance Payment).

A C T I V I T I E S I N 2 0 0 7

Recognition by the market

Recognition by the market experts is one of the key indicators of activity of Insurance Company UNIVERSALNA during the year. In early 2008, a financial stability rating on the global scale at the level of B3 was awarded to Insurance Company UNIVERSALNA by the International Rating Agency “Moody’s Investors Service”. The rating forecast was “stable.”

In addition, independent rating agency CREDIT-RATING confirmed the rating of the debt instrument of Insurance Company UNIVERSALNA – uaA – with a “stable” forecast.

History of the credit rating of the debt instrument of Insurance Company UNIVERSALNA

Date	21.12.2006	10.04.2007	19.06.2007	04.10.2007
Credit rating level	uaBBB	uaBBB	uaA-	uaA-
Forecast	stable	positive	stable	stable
Rating effect	renewal	renewal	advance	renewal

* Source: Independent Rating Agency CREDIT-RATING

The Company professes the principle of openness and transparency. This is corroborated by the audit of the balance-sheet of Insurance Company UNIVERSALNA carried out by international auditing firm Deloitte Touche Tohmatsu based on the International Financial Reporting Standards (IFRS) as of 31.12.2006.

The Company performed 3 private share placements, which corresponds to placement of 40% of the share capital to portfolio investors.

RECOGNITION BY THE MARKET

In order to ensure most efficient work of the Board of Directors in shareholders' interests, Insurance Company UNIVERSALNA adopted a Corporate Management Code.

Successful investment activities of Insurance Company UNIVERSALNA became the most significant and revealing in 2007. This is, in the first place, an activity related to placement of insurance reserves in attractive, from the investment perspective, financial instruments within the limits established by current legislation of Ukraine, as well as effective investment of the Company's available funds.

The structure of the multi-million securities portfolio of OJSC "Insurance Company UNIVERSALNA" is composed of stocks and bonds of Ukrainian issuers. Due to the active management, in 2007 the value of Ukrainian issuers' investments in stocks increased by 130%.

The percentage of stocks in the securities portfolio varied from 50% to 75% during the year. In 2007 the yield of the Company's securities portfolio accounted for over 101%. In general, the yield from the investment activities of OJSC "Insurance Company UNIVERSALNA" accounted for over 64% per annum having regard to the yield of investment in stocks, bonds, and profitability of deposits.

In the 4Q 2007, the Company actively reduced the securities portfolio through sales of Ukrainian issuers' stocks and transfer the available assets on deposits. This minimized the fallouts concerning the stock market breakdown.

According to results of the international contest "MasterCard Bank of the Year," Insurance Company UNIVERSALNA was recognized as "Insurance Company-2007." The Company achieved a result of more than USD 8.5 mln (UAH 43 mln) of the net insurance premiums during the 1H2007, which was one of the requirements for participation in the contest.

Insurance services and products

The result of the successful steps of Insurance Company UNIVERSALNA consists in creation of a list of insurance products oriented towards customer satisfaction.

In 2007, to optimize the work and provide top-quality services to customers, Insurance Company UNIVERSALNA improved functioning of the Customers' Assistance Center with hotline phone number 8 800 500 38 10, on the occurrence of an insured event. Today, the Call Center provides medical and technical support, a wide range of insurance help.

During 2007, the top experts of the Company conducted a series of training seminars on the existing and introduced insurance products for employees of branches and agents of the Company.

At results of an analysis performed by independent Consulting Firm Research & Branding Group, Insurance Company UNIVERSALNA became one of top three leading insurance companies of Ukraine by quality of service provided to the customers. The Company's level of service reached 78.5%.

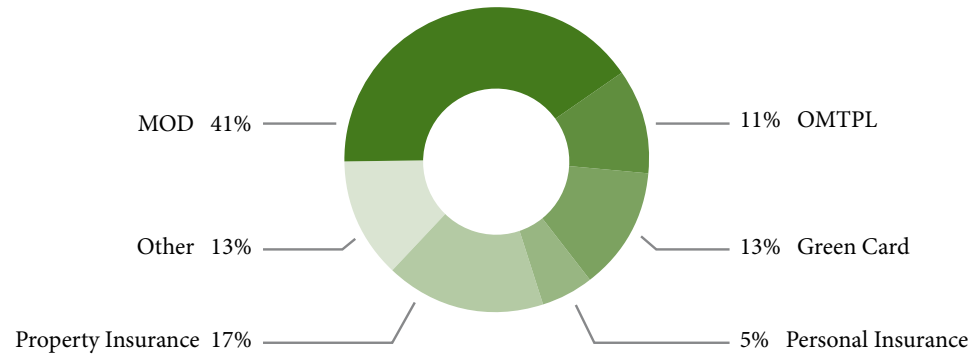
In 2007, Insurance Company UNIVERSALNA ranked:

- No.1 – by the number of insurance premiums received from "Green Card" Insurance sales (UAH 33 596.6 thousand) ("Insurance Business" №1 (29) 2008);
- No.1 – by the number of insurance premiums received from sales of voluntary motor vehicle owner insurance policies (UAH 20 831.5 thousand);
- No.2 – by the number of insured tourists. During 2007, over 197 thousand tourists concluded insurance contracts with Insurance Company UNIVERSALNA ("Ukrainian Tourism," №2, 2008").
- No.8 – by the number of insurance premiums received from sales of MOD insurance policies (UAH 104 279.9 thousand);
- No.8 – by the number of insurance premiums received from sales of mandatory third-party liability insurance (UAH 28 585.0 thousand).

In 2007, the following customers made use of the Company's services: OJSC CREDOBANK, OJSC CONCERN GALNAFTOGAZ, OJSC CONCERN KHLIBPROM, Ukrainian State Postal and Pension Institution URKPOSHTA, Joint Venture WITMARK-UKRAINE, YAZAKI UKRAINE LLC, CJSC LVIVSKY DISTILLERY, corporation ATB, TORGOVY DIM NIKO LLC and hundreds of thousands of individuals.

Services portfolio

Percentage ratio of the insurance premiums received by types of insurance in 2007

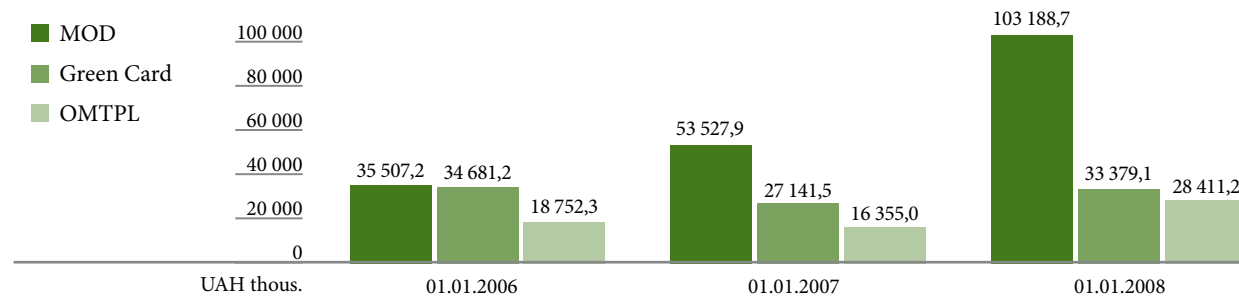


The following products occupy the dominating position within the structure of the insurance portfolio of UNIVERSALNA: Voluntary overland motor hull insurance (MOD) – 41%, Green Card (voluntary third party liability insurance) – 13% and Mandatory third-party liability insurance (OMTPL) – 11%.

Dynamics of increase in premiums and payments

Company's onrush is the evidence of financial soundness and a resolute tendency to be the one of top three insurers of Ukraine. In 2007, UNIVERSALNA showed a traditional growth of financial highlights.

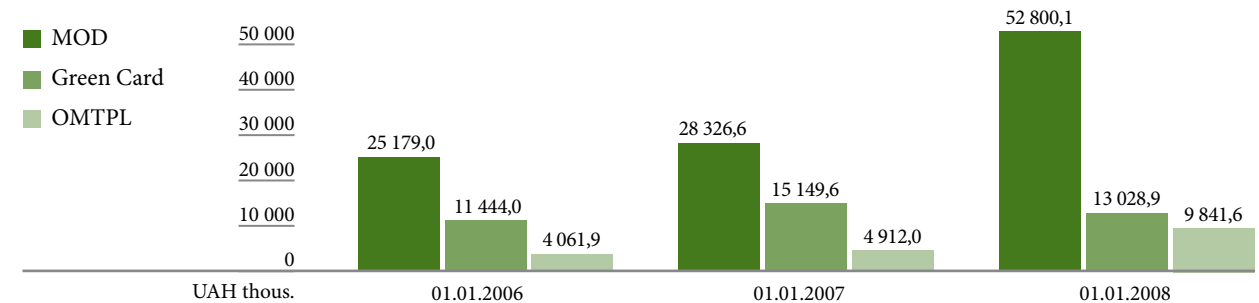
Dynamics of increase in premiums during 2005-2007, UAH thous.



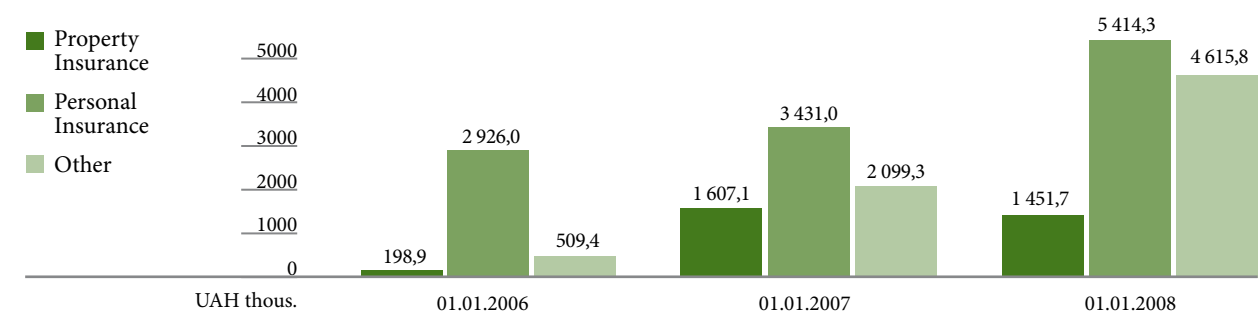
Dynamics of increase in premiums during 2005-2007, UAH thous.



Dynamics of increase in payments during 2005-2007, UAH thous.



Dynamics of increase in payments during 2005-2007, UAH thous.



Main sales channels

Insurance Company UNIVERSALNA constantly works on development of the sales channels. The Company creates mutually beneficial conditions for cooperation with banking institutions. UNIVERSALNA is accredited to 26 banks of Ukraine, among the biggest are: JSC CREDOBANK (UKRAINA), bank FINANCES AND CREDIT, OTP BANK, OJSC Commercial Bank NADRA, UNIVERSAL BANK, Investment and Commercial Bank UKRSIBBANK, RAIFFAISEN BANK AVAL, STATE SAVINGS BANK OF UKRAINE, FORUM, FIRST UKRAINIAN INTERNATIONAL BANK, RODOVIDBANK, VTBBANK and others. By 2007 YE, UNIVERSALNA passed accreditation to other 11 banks of Ukraine.

Insurance Company UNIVERSALNA improves the conditions of cooperation with network intermediaries. As of 2007, the Company cooperates with numerous brokers, in particular: DEDAL SERVICE, financial advisor FAVORIT, BRITMARK, Center of Insurance services EUROBROKER, SKY BROKER, representative office of AON LIMITED, MARTIN AND MARTIN UKRAINE, PROSTI RISHENNYA (CAPITA) and interbank electronic delivery and accounts settlement system PORTMONE.COM.

The Company cooperates with networks of automobile sales centers all over Ukraine, among the largest are: AVTOCENTER SKODA, WINNER FORD, ALEX SKHID, ALEX-MOTORS, NIKO-DONETSK, FORSAGE-AVTO, REAL-AVTO, SAVICAR, AVTO-LUXE, AVTODOMKRYM, HUMMER, AVTO-YUG, EUROMOTORS and others.

Insurance Company UNIVERSALNA effectively cooperates with many travel agencies, including: TEZ-TOUR, VSESVIT, POLYTRAVEL, ZOLOTIY GLOBUS, TRAVEL HOUSE, ENERGOTOUR, PRONTA-TOUR, SELECTOUR, MTI TRAVEL and PAN UKRAINE.

Reinsurance

Reinsurance is one of the most important methods of ensuring financial stability of the Company by risks redistribution in time and space in order to secure full, opportune insurance payments to our customers.

Considering the dynamic development of the Company, UNIVERSALNA ensures financial stability not only for its customers, but also for other insurance companies, which trust UNIVERSALNA with their risks as a reliable reinsurer.

Reinsurance activities of the Company are carried out by the Reinsurance Department comprising of the Divisions of Incoming and Outgoing Reinsurance, which allows serving efficiently and at a high level both the outgoing flows and active incoming reinsurance.

Today, OJSC "Insurance Company UNIVERSALNA" is a reinsurance partner for more than 200 insurance and reinsurance companies, as well as for over 10 leading world brokers. This allows saying with certainty that the risks written (reinsured) with Insurance Company UNIVERSALNA are safely secured through reinsurance.

Reinsurance schemes of Insurance Company UNIVERSALNA:

- Property, building and erection risks, idle time, machinery and equipment breakdown risks are obligatory covered in the amount of USD 15 000 000.
- Accident risks are obligatory covered in the amount of USD 500 000.
- Cargo and baggage transportation risks are obligatory covered in the amount of USD 1 000 000.
- CMR/TTN risks are obligatory covered in the amount of USD 1 000 000.

All participants of the obligatory schemes of UNIVERSALNA are leaders of the world reinsurance market and have the highest financial stability ratings: Munich Re, SCOR Global P&C, Hannover Re.

The principal partners of the Company include: Swiss Re (Germany), Polish Re (Poland), ACE European Group Ltd (Germany), Transatlantic Reinsurance Company (USA), Russian Re (Russia), Moscow Re (Russia), Ingosstrakh (Russia), Eurasia (Kazakhstan), RESO-Garantia (Russia), Capital Re (Russia), Unity Re (Russia) and others.

Insurance Company UNIVERSALNA has long been actively engaged in incoming reinsurance along with insurance and reinsurance companies of Ukraine, Russia and other CEE countries.

Life insurance

OJSC “Life Insurance Company UNIVERSALNA” started functioning in February 1991. Today, the Company ranks first by the number of payments in Ukraine – over 26% of Ukrainians, who received insurance payments in 2007 were customers of Life Insurance Company UNIVERSALNA.

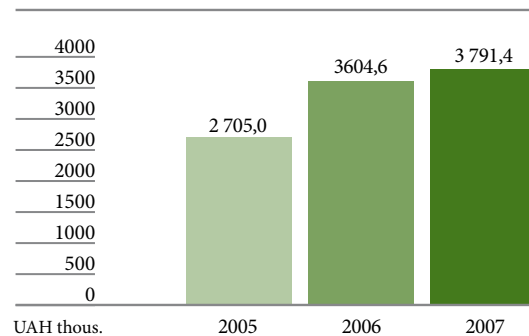
The Company ranks No.2 in the insurance market of Ukraine by the number of insured persons. In 2007, 30 284 individuals were covered by Life Insurance Company UNIVERSALNA.

By 2007YE, the Company increased the guaranteed income to its customers by 17.2% of an extra investment income, which is the highest profit performance among the life insurance companies in Ukraine.

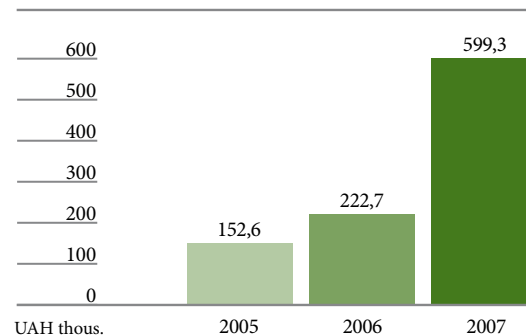
The regional network of Life Insurance Company UNIVERSALNA comprises seven training-and-consulting centers in the following cities: Kyiv, Lviv, Shepetivka, Vinnytsia, Odesa, Uzhgorod, and over 150 representatives working in all regional centers of Ukraine and providing consulting services to help customers.

Dynamics of the increase in premiums and payments

Insurance premiums, UAH thous.



Insurance payments, UAH thous.



Sales channels

Life Insurance Company UNIVERSALNA carries out linear sales of insurance products. Company's experts develop comprehensive, easy to sell life insurance products. Financial institutions such as banks and credit unions are the most prevalent sales channel. In 2007, the Company established cooperation with the following banks: OJSC UNIVERSAL BANK, OJSC CREDOBANK, OJSC Commercial Bank PROMINVESTBANK, OJSC UKREXIMBANK, OJSC VTB BANK, OJSC Commercial Bank NADRA, OJSC INDUSTRIALBANK, OJSC ELECTRONBANK, OJSC MEGABANK, BM BANK LLC, CJSC PRAVEXBANK.

Reinsurance

On 1 October 2002, Life Insurance Company UNIVERSALNA concluded the obligatory proportional life insurance contract on a long-term basis with Munich Reinsurance Company MUNICH RE.

According to Appendix №6 of this Contract, from 1 January 2006, reinsurance coverage will be provided for the contracts, the “at-risk amount” of which exceeds €3,000. Company's retention accounts for 25% of the risk amount but not more than €15,000.

A reinsurer provides reinsurance to 75% of a risk amount. If Company's retention exceeds €15 000, then, the reinsurer's share will be increased pro rata. In addition, if the amount of coverage exceeds €50 000, such risk is offered to the reinsurer optionally, through transfer the summary information about the risk by e-mail, as well as copies of the insurance documents specified in the Underwriting Rules.

The expedience of concluding such reinsurance contract is confirmed by the fact that as of 31.12.2007 the Company's technical reserves accounts for over UAH 7895.40 thousand, while the total value of obligations under all contracts is of UAH 277 650.2 thousand and transferred obligations are in the amount of UAH 215 190.2 thousand.

In 2007, payments of reinsurance indemnity accounted for UAH 42.5 thousand.

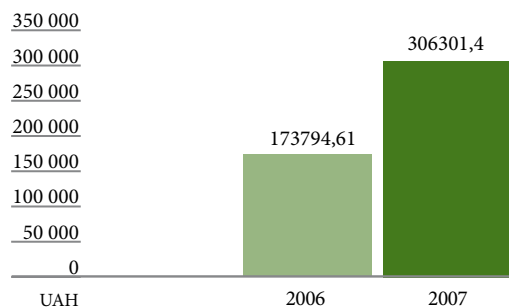
Company's Personnel

The successful activities of OJSC "Insurance Company UNIVERSALNA" is largely stipulated by a high proficiency of its employees, personnel management technologies, improvement of the organizational pattern and optimization of the manning level.

The manning level of the Company by 2007YE accounts for 839 employees, 61% of whom are under age 30.

Due to dynamic development of the Company, a need for new specialists is being formed. The company pays great attention to selection of employees, analyzes not only conformance of experience and knowledge of a candidate for some post or other to those requirements that the Company lays down with respect to a post in question, but also personal qualities: business activity, interpersonal skills, creativeness, ability for self-perfecting etc. The new employees attend adaptation seminars in order to get familiarized with the Company's activities, seminars about the basics of business custom etc.

The level of expenses for external training



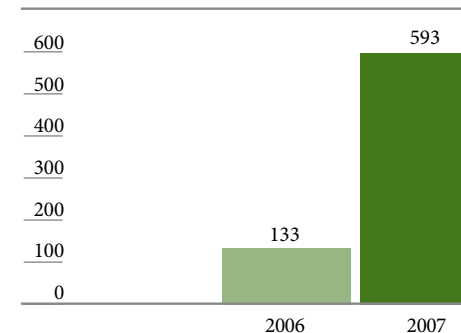
Insurance Company UNIVERSALNA constantly improves the mechanisms of motivation for its employees, creates appropriate conditions for their higher proficiency and develops its job training system. The Company's employees constantly raise their skills level at training programs and seminars conducted both in Ukraine and abroad, take part in the international congresses and conferences.

In 2007 the investments in development and personnel training grew by UAH 132.507 thousand.

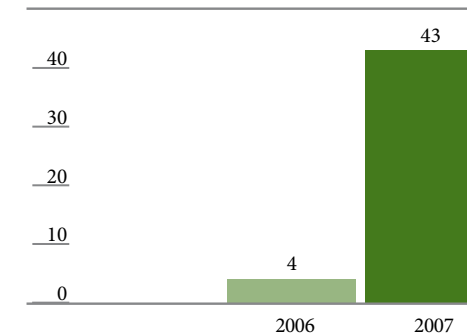
The Company puts emphasis on personnel training of all levels: from top managers to agents. UNIVERSALNA together with Kyiv-Mohyla Business School (KMBS) started a project for Company's managers entitled "Corporate program 'Management development.'" The program is aimed at improving knowledge and extending experience in the areas of management, finances, marketing, personnel management and business processes etc.

In 2007 the main activity of the Corporate Training Center consisted in development of in-house training: 593 employees completed training; 43 training events were conducted.

Total number of in-house training arrangements implemented



Total number of staffers, who passed in-house training



As part of the personnel training and development strategy, seminars and training programs were held, aimed at raising customer service quality, improving of insurance products sales techniques, seminars about the specific features of the insurance types etc.

Public activities

OJSC “Insurance Company UNIVERSALNA” acts as a permanent sponsor of specialized events in the insurance sphere.

- UNIVERSALNA is an official sponsor of the International Yalta Forum of Insurance Market Participants, which is recognized as the most large-scale insurance forum in the world.
- The Company acts as a partner of the International Carpathian Insurance Conference, which won the respect and recognition of insurers from different countries.
- UNIVERSALNA provides annual support for the Yalta Conference of the Association of International Motors Carriers (AIMC) – an annual international event rallying representatives of the companies-carriers.

During 2007, Insurance Company UNIVERSALNA took an active part in numerous domestic and international business events, in particular:

- Insurance Company UNIVERSALNA was a partner of the Congress of Insurance Elite – one of the most important events in the national insurance market.
- UNIVERSALNA participated in the Inaugural Annual Meeting of the New Champions organized by the World Economic Forum (Dalian, China). The conference was devoted to the role of a new generation of emerging transnational corporations in the world economy.

- UNIVERSALNA participated in the 4th Ukrainian Investment Forum “Ukraine 2007: What Investors Should Expect?” which gathered delegates of the leading international investment funds and companies, political figures, executives of the world’s largest companies, young and promising companies of Ukraine.

- Insurance Company UNIVERSALNA participated in the international business conference “Top Management: Challenges and Limits of Competition” held in Minsk (Belarus). The conference participants included owners and top managers of the best enterprises of Belarus, Ukraine and Russia, near-abroad and far-abroad countries.

Insurance Company UNIVERSALNA, in association with the Center for Regional Media Initiatives, traditionally organized the All-Ukrainian Information Project “The Insurance Market of Ukraine.” Representatives of insurance companies, mass media, local authorities and traffic police, the Motor (Transport) Bureau of Ukraine, car dealers, carriers, banking institutions etc. met in the regional and district centers of Ukraine in the roundtable format. The aim of this project was to develop the insurance culture, form the loyalty to an insurance company and inform the population about the insurance services in Ukraine.

FINANCIAL STATEMENTS

NON-LIFE/Company's balance-sheet. Asset

<i>Asset</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
I. INTANGIBLE ASSETS		
Intangible assets:		
less depreciation	470,2	1091,7
initial value	703,3	1619,3
accumulated depreciation	233,1	527,6
Construction-in-progress	3918,5	2716,8
Fixed assets:		
depreciated value	77214,4	110298,0
initial value	91268,4	130572,2
depreciation	14054,0	20274,2
Long-term financial investments:		
accounted by the method of capital subscription of other enterprises	-	-
other financial investments	13857,1	12466,7
Long-term accounts receivable	480,2	681,4
Deferred tax assets	-	-
Goodwill	-	-
Other capital assets	-	-
Total in section I	95940,4	127254,6
II. CURRENT ASSETS		
Inventory:		
production provisions	1147,2	1567,8
animals on breeding and fattening	-	-
production in progress	-	-
ready products	-	-
goods	-	-

NON-LIFE/Company's balance-sheet. Asset

<i>Asset</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
Notes receivable	-	-
Accounts receivable for goods, works, services:		
net selling price	18729,3	21847,6
initial value	18729,3	22096,2
reserve of doubtful debts	0	248,6
Accounts receivable on the settlements:		
with budget	50,4	947,6
on advance payments	2206,2	11314,4
from accrued income	374,6	437,4
from internal settlements	56,3	11,2
Other current accounts receivable	11762,2	15231,3
Current financial assets	24548,8	74178,4
Cash and cash equivalents:		
in national currency	30132,8	48531,1
in foreign currency	2779,7	1403,1
Other current assets	14,0	121,7
Total in section II	91801,5	175591,6
III. EXPENDITURES OF THE FUTURE PERIODS	2236,7	1378,5
Balance	189978,6	304224,7

NON-LIFE/Company's balance-sheet. Liabilities

<i>Liabilities</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
I. SHAREHOLDER'S EQUITY		
Authorized capital	60000,0	100000,0
Share capital	-	-
Additional contributed capital	-	-
Another additional capital	19472,9	18632,6
Reserve capital	4093,4	4093,4
Undistributed profit (uncovered loss)	24452,9	24787,0
Non-paid capital	-	-
Withdrawn capital	-	-
Total in section I	108019,2	147513,0
II. SECURING OF THE NEXT EXPENDITURES AND PAYMENTS		
Securing of the payments to the personnel	-	-
Other securings	0,4	-
Insurance provisions	57903,8	86546,6
Share of reinsurers in insurance provisions	15056,0	9131,3
Target financing	-	-
Total in section II	42848,2	77415,3
III. LONG-TERM LIABILITIES		
Long-term bank credits	9714,6	25250,0
Other long-term financial liabilities	19065,1	30000,0
Suspended tax liabilities	-	-
Other long-term liabilities	1763,3	3128,2
Total in section III	30543,0	58378,2

NON-LIFE/Company's balance-sheet. Liabilities

<i>Liabilities</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
IV. CURRENT LIABILITIES		
Short-term bank credits	1517,4	2150,0
Current indebtedness on long-term liabilities	-	-
Bills issued	-	-
Accounts payable for goods, works, services	3655,5	12272,1
Current liabilities on the settlements:		
on advance payments received	561,4	909,3
with budget	466,3	935,5
on off-budget payments	0,1	-
on insurance	159,3	216,0
on salary payment	398,0	541,3
with participants	5,5	4,6
on internal settlements	-	-
Other current liabilities	1804,7	3889,4
Total in section IV	8568,2	20918,2
V. INCOMES OF THE FUTURE PERIODS		
Balance	189978,6	304224,7

NON-LIFE/Financial results report

<i>Item</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
I. FINANCIAL RESULTS		
Income (proceeds) from products selling (goods, works, services)	171762,8	112714,9
Value-added tax	-	-
Excise tax	-	-
Insurance indemnities	-	-
Other deductions from income	55,0	265,5
Net income (proceeds) from products selling (goods, works, services)	171707,8	112449,4
Prime cost of products sold (goods, works, services)	181938,1	92098,5
Gross:		
profit	-	20350,9
loss	10230,3	-
Other operating incomes	59208,0	22409,1
Administrative expenditures	41745,3	28249,6
Sales expenditures	11057,2	2940,6
Other operating expenditures	29532,2	1800,0
Financial results of operating activity:		
profit	-	9769,8
loss	33357,0	-
Income from capital subscription	-	-
Other financial incomes	4961,4	2933,0
Other incomes	134059,4	83602,8
Financial expenditures	6406,7	1884,9
Losses from capital subscription	-	-

NON-LIFE/Financial results report

<i>Item</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
Other expenditures	91358,1	87831,6
Financial results of general activity before taxation:		
profit	7899,0	6589,1
loss	-	-
Profit tax on general activity	7584,6	5664,4
Financial results of general activity:		
profit	314,4	924,7
loss	-	-
Extraordinary:		
incomes	52,2	84,4
expenditures	18,6	20,4
Taxes on extraordinary profit	13,9	30,4
Net:		
profit	334,1	958,3
loss	-	-
II.ELEMENTS OF OPERATING EXPENDITURES		
Material costs	13579,8	3984,9
Expenditures on remuneration of labour	21372,9	17543,9
Allocation on social activities	6746,4	4209,0
Depreciation	6416,4	3685,9
Other operating expenditures	108134,6	37270,2
Total	156250,1	66693,9

NON-LIFE/Cash flow statement

<i>Item</i>	<i>For accounting period</i>		<i>For previous period</i>	
	<i>Receipts UAH thous.</i>	<i>Expenditure UAH thous.</i>	<i>Receipts UAH thous.</i>	<i>Expenditure UAH thous.</i>
I. FUNDS FLOW AS THE RESULT OF OPERATING ACTIVITY				
Profit (loss) of general activity before taxes	7899,0	-	6589,1	-
Adjustment according to:				
depreciation of capital assets	6514,7	X	6555,1	X
increase (decrease) of securing	34567,1	0,4	6065,4	-
loss (profit) from unrealized exchange rate differences	70,1	64,7	111,5	-
loss (profit) from non-operating activity	92054,0	139020,8	3180,7	-
Expenditures on interest payment	-	X	1884,8	X
Profit (loss) from operating activity before changes in net current assets	2019,0	-	24386,6	-
Decrease (increase):				
current assets	858,2	17076,0	-	3964,6
expenditures of the future periods		-	-	2177,1
Increase (decrease):	11718,3			
of current liabilities	-	-	-	26068,3
of incomes of the future periods	-	-	-	-
Monetary funds from operating activity		2480,5	-	7823,4
Paid:	X			
interest	X	5187,3	X	1561,5
profit taxes	-	7986,3	X	5228,5
Net funds flow before extraordinary events	33,6	15654,1	-	14613,4
Net funds flow from extraordinary events	-	-	84,4	-
Net funds flow from operating activity		15620,5	-	14529,0
II. FUNDS FLOW AS THE RESULT OF INVESTMENT ACTIVITY				
Selling of:				
financial investments	106270,4	X	76378,6	X
capital assets	784,6	X	1210,9	X
property complexes	-	-	-	-

NON-LIFE/Cash flow statement

Item	For accounting period		For previous period	
	Receipts UAH thous.	Expenditure UAH thous.	Receipts UAH thous.	Expenditure UAH thous.
Received:				
interest	4961,4	X	2174,1	X
dividends	-	X	1,4	X
Other receipts	12979,0	X	3017,9	X
Acquisitions:				
financial investments	X	110777,4	X	92521,5
capital assets	X	41023,0	X	38592,0
property complexes	X	-	X	-
Other payments	X	9882,6	X	3128,5
Net funds flow before extraordinary events	-	36687,6	-	51459,1
Net funds flow from extraordinary events	-	-	-	50,8
Net funds flow from investment activity	-	36687,6	-	51509,9
III.FUNDS FLOW AS THE RESULT OF INVESTMENT ACTIVITY				
Receipts of own capital	40000,0	X	41396,7	X
Received loans	44167,2	X	16694,5	X
Other receipts	-	X	19465,1	X
Loan repayment	X	14832,0	X	10436,4
Dividends paid	X	-	X	-
Other payments	X	-	X	-
Net funds flow before extraordinary events	69335,2	-	67119,9	-
Net funds flow from extraordinary events	-	-	-	-
Net funds flow from financial activity	69335,2	-	67119,9	-
Net funds flow for accounting period	17027,1	-	1081,0	-
Funds balance at the beginning of the year	32912,5	X	31840,6	X
Influence of change of exchange rate on the balance	-	5,4	-	-
Funds balance at the end of the year	49934,2	X	32912,5	X

LIFE/Company's balance-sheet. Asset

Asset	At the beginning of accounting period UAH thous.	At the end of accounting period UAH thous.
I. INTANGIBLE ASSETS		
Intangible assets:		
less depreciation	10,4	38,5
initial value	11,0	44,3
accumulated depreciation	0,6	5,8
Construction-in-progress	87,8	0
Fixed assets:		
depreciated value	225,7	901,8
initial value	429,9	1138,8
depreciation	204,2	237,0
Long-term financial investments:		
accounted by the method of capital subscription of other enterprises	-	-
other financial investments	2331,6	1162,4
Long-term accounts receivable	-	-
Deferred tax assets	-	-
Goodwill	-	-
Other capital assets	571,7	2172,7
Total in section I	3227,2	4275,4
II. CURRENT ASSETS		
Inventory:		
production provisions	45,1	19,0
animals on breeding and fattening	-	-
production in progress	-	-
ready products	-	-
goods	-	-

LIFE/Company's balance-sheet. Asset

<i>Asset</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
Notes receivable	-	-
Accounts receivable for goods, works, services:		
net selling price	1,8	8,1
initial value	1,8	8,1
reserve of doubtful debts	-	-
Accounts receivable on the settlements:		
with budget	17,9	61,2
on advance payments	2,8	130,8
from accrued income	36,5	366,7
from internal settlements	36,6	-
Other current accounts receivable	3238,2	1725,3
Current financial assets	-	4513,3
Cash and cash equivalents:		
in national currency	9232,1	8738,3
in foreign currency	519,4	566,2
Other current assets	-	-
Total in section II	13130,4	16128,9
III. EXPENDITURES OF THE FUTURE PERIODS	4,9	5,8
Balance	16362,5	20410,1

LIFE/Company's balance-sheet. Liabilities

<i>Liabilities</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
I. SHAREHOLDER'S EQUITY		
Authorized capital	11000,0	11000,0
Share capital	-	-
Additional contributed capital	-	-
Another additional capital	-	-
Reserve capital	65,5	65,5
Undistributed profit (uncovered loss)	3,3	1352,4
Non-paid capital	-	-
Withdrawn capital	-	-
Total in section I	11068,8	12417,9
II. SECURING OF THE NEXT EXPENDITURES AND PAYMENTS		
Securing of the payments to the personnel	-	-
Other securings	-	-
Insurance provisions	5436,2	7895,4
Share of reinsurers in insurance provisions	252,7	424,6
Target financing	-	-
Total in section II	5183,5	7470,8
III. LONG-TERM LIABILITIES		
Long-term bank credits	-	-
Other long-term financial liabilities	-	-
Suspended tax liabilities	-	-
Other long-term liabilities	8,6	8,6
Total in section III	8,6	8,6

LIFE/Company's balance-sheet. Liabilities

<i>Liabilities</i>	<i>At the beginning of accounting period UAH thous.</i>	<i>At the end of accounting period UAH thous.</i>
IV. CURRENT LIABILITIES		
Short-term bank credits	-	-
Current indebtedness on long-term liabilities	-	-
Bills issued	-	-
Accounts payable for goods, works, services	3,0	43,1
Current liabilities on the settlements:		
on advance payments received	25,1	32,2
with budget	3,9	-
on off-budget payments	-	-
on insurance	3,5	-
on salary payment	16,8	1,8
with participants	20,2	20,2
on internal settlements	11,8	168,1
Other current liabilities	17,3	247,4
Total in section IV	101,6	512,8
V. INCOMES OF THE FUTURE PERIODS		
Balance	16362,5	20410,1

LIFE/Financial results report

<i>Item</i>	<i>For accounting period UAH thous.</i>	<i>For previous period UAH thous.</i>
I. FINANCIAL RESULTS		
Income (proceeds) from products selling (goods, works, services)	921,4	1589,5
Value-added tax	-	-
Excise tax	-	-
Insurance indemnities	-	-
Other deductions from income	-	-
Net income (proceeds) from products selling (goods, works, services)	921,4	1589,5
Prime cost of products sold (goods, works, services)	1559,1	1076,7
Gross:		
profit	-	512,8
loss	637,7	-
Other operating incomes	368,2	110,6
Administrative expenditures	975,0	594,6
Sales expenditures	463,0	4,6
Other operating expenditures	101,1	47,4
Financial results of operating activity:		
profit	-	-
loss	1808,6	23,2
Income from capital subscription	-	-
Other financial incomes	1366,6	380,1
Other incomes	2092,6	488,8
Financial expenditures	5,4	-
Losses from capital subscription	-	-
Other expenditures	101,7	-
Financial results of general activity before taxation:		
profit	1543,5	845,7
loss	-	-

LIFE/Financial results report

Item	For accounting period	
	UAH thous.	UAH thous.
Profit tax on general activity	200,3	69,4
Financial results of general activity:		
profit	1343,2	776,3
loss	-	-
Extraordinary:		
incomes	5,9	-
expenditures	-	-
Taxes on extraordinary profit	-	-
Net:		
profit	1349,1	776,3
loss	-	-
II.ELEMENTS OF OPERATING EXPENDITURES		
Material costs	106,2	50,8
Expenditures on remuneration of labour	795,6	567,2
Allocation on social activities	274,3	201,3
Depreciation	133,3	65,9
Other operating expenditures	1895,4	838,1
Total	3204,8	1723,3
III. CALCULATION OF INDICATORS OF SHARES PROFITABILITY		
Average annual number of ordinary shares	110000,0	110000,0
Adjusted average annual number of ordinary shares	110000,0	110000,0
Net profit (loss) per one ordinary share	0	0
Adjusted net profit (loss) per one ordinary share	0	0
Dividends per one ordinary share	0	0

LIFE/Cash flow statement

Item	For accounting period		For previous period	
	Receipts UAH thous.	Expenditure UAH thous.	Receipts UAH thous.	Expenditure UAH thous.
I. FUNDS FLOW AS THE RESULT OF OPERATING ACTIVITY				
Profit (loss) of general activity before taxes	1543,5	-	845,7	-
Adjustment according to:				
depreciation of capital assets	133,3	X	65,9	X
increase (decrease) of securing	2287,3	-	1762,4	-
loss (profit) from unrealized exchange rate differences	-	21,4	-	11,8
loss (profit) from non-operating activity	-	3357,5	-	868,9
Expenditures on interest payment	5,4	X	-	X
Profit (loss) from operating activity before changes in net current assets	590,6	-	1793,3	-
Decrease (increase):				
current assets	1067,8	-	-	252,3
expenditures of the future periods	-	0,9	-	1,9
Increase (decrease):				
of current liabilities	411,2	-	41,1	-
of incomes of the future periods	-	-	-	-
Monetary funds from operating activity	2068,7	-	1580,2	-
Paid:				
interest	X	5,4	X	-
profit taxes	X	222,3	X	59,0
Net funds flow before extraordinary events	1841,0	-	1521,2	-
Net funds flow from extraordinary events	5,9	-	-	-
Net funds flow from operating activity	1846,9	-	1521,2	-
II. FUNDS FLOW AS THE RESULT OF INVESTMENT ACTIVITY				
Selling of:				
financial investments	10589,4	X	12451,4	X
capital assets	64,7	X	-	X
property complexes	-	-	-	-

LIFE/Cash flow statement

Item	For accounting period		For previous period	
	Receipts UAH thous.	Expenditure UAH thous.	Receipts UAH thous.	Expenditure UAH thous.
Received:				
interest	298,2	X	-	X
dividends	7,0	X	45,0	X
Other receipts	41,1	X	2000,0	X
Acquisitions:				
financial investments	X	9456,7	X	6303,1
capital assets	X	547,1	X	112,4
property complexes	X	-	X	-
Other payments	X	1787,2	X	2000,0
Net funds flow before extraordinary events	-	790,6	6080,9	-
Net funds flow from extraordinary events	-	-	-	-
Net funds flow from investment activity		790,6	6080,9	-
III.FUNDS FLOW AS THE RESULT OF INVESTMENT ACTIVITY				
Receipts of own capital	-	X	-	X
Received loans	-	X	-	X
Other receipts	2621,2	X	-	X
Loan repayment	X	-	X	-
Dividends paid	X	-	X	-
Other payments	X	4145,9	X	-
Net funds flow before extraordinary events	-	1524,7	-	-
Net funds flow from extraordinary events	-	-	-	-
Net funds flow from financial activity	-	1524,7	-	-
Net funds flow for accounting period	-	468,4	7602,1	-
Funds balance at the beginning of the year	9751,5	X	2137,6	X
Influence of change of exchange rate on the balance	21,4	-	11,8	-
Funds balance at the end of the year	9304,5	X	9751,5	X

Priorities in 2008

UNIVERSALNA in 2008 is a powerful company, which guarantees reliable insurance protection to each customer. Company's experts develop individual insurance programs and offer new insurance products for maximum customer satisfaction.

In recent years, insurance has attracted incessantly high interest from the individuals. Thereby UNIVERSALNA plans to ensure:

- development and popularization of insurance products among individuals by providing insurance protection under simple and accessible programs (introduction of express products);
- development of comprehensive products, which will enable to provide Company's customers with a broader insurance coverage and complex insurance protection;
- insurance sales development through Internet;
- development and improvement of the sales techniques in order to optimize the insurance products sales process;
- further improvement of the insurance products sales technology using resources of the network partner companies (banking institutions, automobile sales centers, travel agencies etc.).

Efficient cooperation of UNIVERSALNA with corporate customers and partners (banking institutions, transport operators, leasing companies etc) will give a possibility to increase the sales volume by their network resources. For the work in this market segment in 2008, Insurance Company UNIVERSALNA plans to ensure:

- development of insurance products or programs intended for cooperation with customers from the corporate sector;
- attraction of new customers by the network resources of the partner companies;
- maximum improvement of the insurance contracts maintenance in order to secure prompt and high-quality service for the corporate customers.

PRIORITIES
IN 2008

The priority direction of activity for Insurance Company UNIVERSALNA in 2008 consists in development of medical insurance. To this effect, the Company plans to:

- improve and segment the medical insurance programs depending on customers' filling and needs;
- further develop of the medical assistance services to ensure maximum prompt and high-quality customer service;
- extend the base of medical institutions nationwide;
- increase the number of medical coordinators etc.

In 2008, the management of Life Insurance Company UNIVERSALNA plans to substantially increase the volume of gross written premiums. The Company intends to open and introduce 7 consulting centers in the so-called 'millionaire' cities: Lviv, Donetsk, Dnipropetrovsk, Odessa, Kharkiv, Zaporizhzhya and Kyiv, as well as to augment social activity by participation in public events.

Implementation of these plans will enable UNIVERSALNA to improve the work with customers in a quality manner, widen the list of insurance services, react to the requirements of the industry and customers' needs rapidly, as well as consolidate the position as one of the top companies in the insurance market of Ukraine.

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www.universalna.com

