

CHAIRMAN'S STATEMENT

Distinguished Shareholders,

It is with great pleasure that I welcome you all to the 5th annual general meeting of our great Company. The financial year 2011 was yet another year of laying a strong foundation for a most prospective business of Pension Fund Management. In view of the progressive performance of our Company amidst peculiar challenges of a new business, I am glad to remark that our Company is approaching breakeven point and remains progressively profitable by the grace of God.

As presented below is a summary of FUG's performance for the financial period ended December 31, 2011. However prior to the financial summary presentation, a review of major developments in the operating environment within which our company operated is also presented.

Operating Environment

The economy witnessed another year of strong growth in 2011. Provisional figures from the National Bureau of Statistic put total real GDP growth at approximately 7.36%. As was the case in the 2009 and 2010, growth in 2011 was driven primarily by improvements in the non-oil sector spearheaded by the telecommunications sector which grew by about 35%. Specifically, the non-oil sector accounted for 85.29% of total output as the Agriculture and Wholesale & Retail trade sectors remained the largest contributors to growth. The oil sector accounted for 14.71% of real GDP, this reduction was as a result of relatively stronger growth in other sectors.

The average inflation rate for the year was 10.91% down from 13.59% in 2010. This was partly because while the core and food indices peaked in May, they trended lower the rest of the year.

The CBN increased the Monetary Policy Rate (MPR), the benchmark interest rate, by 575 basis points to 12% by the end of the year. This represented a newer, tighter monetary policy by the CBN.

The All Shares Index (ASI) fell by 16.3% in 2011. In the same vein the market capitalization also fell by 17.42%. This occurred because of volatile market conditions caused by financial uncertainty. This of course affected investor appetite for shares.

The Pension Industry recorded very promising growth in 2011 as assets under management reached N2.45 trillion as at December 2011, which represents 20.75% increase from the N2.029 trillion realized in the previous year. Retirement Savings Accounts (RSAs) also increased by 8.5% from 4.542 million in 2010 to 4.927 million as at December 2011. PenCom licensed operators as at December 2010 was 35 made up of 24 Pension Fund Administrators (PFAs), 7 Closed Pension Fund Administrators (CPFAs) and 4 Pension Fund Custodians (PFCs).

Summary of Financial Performance

Our Company closed the 2011 financial year with a profit after tax of N19.5 million, and shareholders fund position of N542.67 million, compared with loss after tax of N62.6 million and shareholders fund position of N507.8 million as at December 31, 2010. As we

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can see, there was a massive improvement. However, I expect more improvement in the subsequent years ahead as we continuously strengthen and enforce our marketing strategies and as PenCom implement compliance measures as contained in the Pension Reforms Act 2004.

The fixed assets as at the period ended December 31, 2011 stood at N34.939 million, and a Deferred tax assets of N169.8 million, while the current assets is made up of other assets of N47.729 million and cash and short term funds of N331.5million.

Human Capital Development

FUG remains committed to recruitment and retention of a competent workforce being a key success factor in the pension industry.

Board of Directors

During the period under review there was no change in the composition of the Board members.

Conclusions

It is my privilege to offer our sincere appreciation to our shareholders, clients, employees and other stakeholders for their continued support and patronage which has enabled us to witness this improved results and now set for further advancement. We look forward with great expectation to more advancement towards realizing the strategic business goals of our Company.

Alh Ahmadu Adamu Mu'azu
Chairman Board of Directors