

CHAIRMAN'S STATEMENT

Distinguished shareholders, fellow directors, ladies and gentlemen,

It is with great pleasure that I welcome you all to the 6th Annual General Meeting of our great Company. I feel honoured to present to you the financial statements and reports of the financial year ended December 31, 2012 together with a review for the performance of our Company in the course of the financial year. I want to use this opportunity to say thank you to our distinguished shareholders for their continued support and co-operation to the Company and the Board during the financial year. This has greatly encouraged the Board and Management to continue to make giant strides in operational excellence and business performance in spite of a pretty challenging business environment.

The financial year 2012 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, I am glad to remark that our Company is approaching breakeven point and remains progressively profitable by the grace of God.

I present below the summary of FUG's performance for the financial period ended December 31, 2012. However, prior to the financial summary presentation, a review of major developments in the operating environment within which our company operated is also presented.

Global Environment

The Global Economic environment has remained fragile and prone to further shocks. In the United States, even though the economy is still growing slower than predicted, it is showing several positive trends: housing is recovering; gas and oil will reduce energy costs and boost competitiveness; job creation is improving (even though it has been sluggish lately on account of the unresolved fiscal cliff); rising labor costs in Asia and the advent of robotics and automation are underpinning a manufacturing resurgence. In the Eurozone, fundamental problems of low potential growth, on-going recession, loss of competitiveness, and large stock of private and public debt have not been resolved.

Operating Environment

The Nigerian economy, as indicated by Gross Domestic Product (GDP) data from the National Bureau of Statistics (NBS), grew by 6.58% in 2012, compared with 7.36% in 2011. This decline was as a result of numerous challenges. There was a decline in real growth rates of economic activity in both the oil and non-oil sectors. While the oil sector was negatively impacted by oil theft and vandalism of oil pipelines, the non-oil sector was affected by the incidence of flooding, security challenges as well as muted consumer demand for most part of 2012.

The equities market recorded the best performance as the Nigerian Stock Exchange All Share Index (NSE ASI) closed the year 2012 at 28,078.80 points up from 20,730.63 points as at 31 December 2011, representing an appreciation of 35.45% (a gain of 36.04% in US\$ terms) as against a loss of 16.31% in 2011. Positive factors that influenced the growth include macro-economic stability especially foreign exchange and foreign portfolio

CHAIRMAN'S STATEMENT

manager's interest in Nigeria. The policy thrust of the CBN in 2012 remained restrictive with a view of maintaining single digit inflation rate and foreign exchange stability. The inflation rate (year-on-year) was 12% in December 2012 from 12.3% recorded in the month of November 2012. Recently released figures for March, 2013 indicate a further drop to 8.6%. Projections are that 2013 average inflation figures will not exceed single digit of about 8.9%. According to the Central Bank of Nigeria (CBN), Nigeria's external reserves position as at 28 December 2012 stood at US\$44.18billion, representing an increase of 34.29% compared with US\$32.90billion as at 29 December 2011. This reserve position is projected to be sufficient to cover over 9 months of imports of goods and services, higher than the threshold of 3 months. The position which was US\$48.76billion as at 15 April 2013 has continued to grow due to high oil prices, foreign capital inflows and fiscal discipline on the part of the government.

Operations

In compliance with the directive of the Financial Reporting Council of Nigeria (FRCN) requesting all financial institutions to report their financial statements using the International Financial Reporting Standards (IFRS) by 31 December 2012, I am glad to declare that we have fulfilled our obligation in line with the directive. You will observe the increase in the pages of these financial statements which is largely due to the extensive disclosure requirements under the new standards.

Summary of Financial Performance

	2012 (N'000)	2011 (N'000)
Profit After Tax	41,952	37,429
Shareholders Fund	1,124,213	563,709

Our Company closed the 2012 financial year with a profit after tax of N41.9 million, and shareholders' fund position of N1.124 billion. The increase in shareholders' fund is as a result of N0.5million injection into the fund. However, I expect more improvement in the subsequent years ahead as we continuously strengthen and enforce our marketing strategies.

Our asset under management grew to N16.261billion, about 42% increase over 2011 financial year.

The fixed assets as at the period ended December 31, 2012 stood at N50.844million, and a Deferred tax assets of N124.5 million, while the current assets is made up of other assets of N61.113 million and cash and short term funds of N421.0million.

Human Capital Development

FUG's most cherished asset is our people. As an organisation, we believe in the values of being professional and proactive. To that effect, we have devoted time and effort to define and communicate such values and to cultivate such a working environment. We continue to

CHAIRMAN'S STATEMENT

attract, motivate and retain the best talent into our team of professionals, with commitment, ideas and focus on our core values.

Board of Directors

During the period under review there were changes in the composition of the Board members. As a result of the divestment of Unity Bank PLC and the acquisition of its shares by UnityKapital Assurance PLC; Messrs Kayode Pitan, Richard Asabra and Ibrahim Tanko Muhammed who represented Unity Bank PLC resigned from the Board. UnityKapital Assurance PLC brought on board Alhaji Ahmadu Mu'azu, Mr. Kins U. Ekebuike and Alhaji Gambo Shuaibu. In addition, Alhaji Garba A. Hungu was appointed an Independent member of the Board.

Conclusions

Permit me to appreciate the management team led by our very able Managing Director/Chief Executive Officer, Mr. Usman B. Suleiman and all our committed employees, for their hard work and dedication in ensuring that our great Company delivers commendable results in spite of the challenging business climate and stiff competition.

I will also like to thank my fellow Directors for their continued commitment to the success of the Company.

Finally, let me on behalf of the Board of Directors, thank you, our distinguished shareholders, for the dedication and support you have given to the Board and Management of the Company over the years. I trust that we can continue to count on this cooperation in the future and look forward with great expectation to more advancement towards realizing the strategic business goals of our Company.

Thank you and God bless you all.

Mr. Adeyinka Sogunle
Acting Chairman, Board of Directors.