

CHAIRMAN'S STATEMENT



Distinguished shareholders, fellow directors, ladies and gentlemen,

On behalf of the Board of Directors, I am delighted to welcome you to the 7th Annual General Meeting of Future Unity Glanvills Pensions Limited, and present to you the Annual Report and Financial Statements for the year ended 2013.

I will highlight some of the key global events which characterized the year, as well as the summary of FUG's performance for the financial period ended December 31, 2013.

Global Environment

The world economy in 2013 continued to experience subdued growth, with the underperformance cutting across all the major regions and economic groups. With majority of the developed economies during the year grappling with the lingering effects of the financial crises and the associated challenges of selecting the most appropriate fiscal and monetary policy actions required to improve the economy, World Gross Product (WGP) grew only by an estimated 2.9% in 2013, down from the baseline 3.2% forecast for the year (IMF).

In the Euro-zone area, despite a number of policy initiatives adopted by the European Central Bank since late 2012, which have significantly reduced sovereign risks and the risk of a euro-area break-up, the region still remain a significant risk factor to the world economy. Considerable banking and fiscal risks still remains as a significant number of banks within the region are still largely constrained by weak balance sheets made up of sovereign debt, making them highly vulnerable to future sovereign instability.

In the US, the economy is estimated to grow at a meager 1.6% in 2013 as against 2.8% growth recorded in 2012, with planned tightening of monetary easing measures and a series of political gridlocks over budgetary issues weighing heavily on the country's growth during the year. While expansionary monetary policies adopted have been extremely accommodative, the effect has been more pronounced on boosting equity prices than on stimulating the real economy. Also, likely effects of the tapering of quantitative easing, which commenced in January, have also continued to cause jitters in financial markets, pushing up long-term interest rates and eroding the moderate improvement in housing and employment growth rates experienced earlier in the year.

Despite the gloomy turn of event in the global arena, oil prices have remained relatively stable, hovering around the \$100/ barrel mark despite increasing shale oil production in US and the relative level of peace in the Middle East.

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Operating Environment

On the domestic front, provisional data from the National Bureau of Statistics (NBS) showed that the economy grew by 7.67% in Q4 2013, up from 6.81% recorded in the previous quarter, with full year growth estimated at 6.87% compared to 6.57% achieved in 2012. Total foreign reserves increased marginally from about \$44.26 billion in January 2013 to \$44.56 billion as at December 2013, after reaching a peak of about \$48.73 billion in April 2013.

Key milestones were achieved during the year notably in the Power and Agriculture sectors. The nation's electricity distribution and generation companies were privatized while plans are underway for the sale of the generating plants built under the National Integrated Power Project (NIPP). Also, agricultural value chains are being strengthened through key policy measures, while a new automotive policy aimed at developing local capacity for vehicle manufacturing has been put forward. These initiatives should translate to growth in the coming periods. Upon the conclusion of the GDP re-basing exercise by the NBS, we expect Nigeria to take its place as Africa's largest economy – albeit at a moderate growth rate.

Summary of Financial Performance

- Profit Before Tax (PBT) was N49.1 million for the Financial Year Ended (FYE) December 31, 2013, representing a 49.9% decline from the N98.1 million recorded in December 31, 2012 as a consequence of IFRS adjustment and rising staff cost due to increase in number and quality of the staff.
- Profit After Tax (PAT) was N31.781 million for the Financial Year Ended (FYE) December 31, 2013, representing a 24.2% decline from the N41.952 million recorded in December 31, 2012.
- Gross Earnings increased by 4.1% to N387.801 million for FYE December 31, 2013 from N372.606 million recorded in December 31, 2012.
- Net Interest Income dipped by 18.7% to N61.10 million for the period ended December 31, 2013 from N75.17 million recorded in December 31, 2012. This emanated from tightened monetary conditions which increased cost of funds.
- Operating Expenses rose by 27.8% to N350.725 million in December 31, 2013 from N274.519 million recorded in December 31, 2012 as the staffing of more State offices became imperative from adoption of the CPS by more States during the year.
- The fixed assets as at the period ended December 31, 2013 stood at N210.252million, and deferred tax assets of N119.2 million.
- Total Assets under management increased by 42% to N23.154billion as at December 31, 2013 from N16.261 billion as at December 31, 2012.
- Shareholders' Funds stood at N1.169 billion as at December 31, 2013, representing a 3.9% increase from the N1.124 billion recorded in December 31, 2012.

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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 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, the Chairman of the Board; Alhaji Ahmadu Adamu Mu'azu retired from the services of the Company and Mr. Adeyinka Sogunle was appointed as the Acting Chairman.

Appreciation

I would like to extend our sincere gratitude to all our stakeholders including our customers who have reposed great trust in us and in our services; I also want to appreciate our esteemed shareholders for their unwavering support.

To our employees, your dedication and utmost commitment to the vision of the Company is highly commendable and we appreciate you.

To my fellow board members, your strong leadership competence in overseeing the affairs of the Company and keeping management focused on the shared vision cannot be over-emphasized.

I congratulate us all in advance as we await a very laudable result in 2014.

Thank you and God bless you all.

Mr. Adeyinka Sogunle
Acting Chairman, Board of Directors.