ARM Aggressive Growth Fund

Managed by

ASSET & RESOURCE
MANAGEMENT COMPANY LIMITED

FINANCIAL STATEMENTS

for the year ended

31ST DECEMBER, 2012

Horwath Dafinone, Chartered Accountants, Ceddi Towers, 16 Wharf Road, Apapa, P. O. Box 2151, Marina, Lagos

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NOTICE OF MEETING

Notice is hereby given that the 5th Annual General Meeting of the ARM Aggressive Growth Fund will be held on Wednesday, July 17th, 2013 at The Darlington Hall, Plot CDE Industrial Crescent, off Town Planning Way, Ilupeju, Lagos, Nigeria at 11:00 am to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Fund for the year ended December 31st, 2012 and the Reports of the Fund Manager, Trustee and the Auditors thereon;

2. To declare a dividend; and

3. To consider and if thought fit, authorise the Fund Manager to appoint and fix the remuneration of the Auditors for the ensuing year

DATED THIS 26th DAY OF JUNE, 2013

BY ORDER OF THE FUND MANAGER

FOLASHADE ADELOYE
Company Secretary
Asset & Resource Management Company Limited

NOTES:

PROXIES

1. Only unit holders are entitled to be represented at the meeting. A Unitholder entitled to attend and vote may appoint a proxy to attend and vote instead of himself/herself/itself. A Proxy need not be a Unitholder.

2. A Proxy card is attached herewith. All instruments of proxy should be completed and deposited at the office of the Registrar, First Registrars, Plot 2, Abebe Village Road, Iganmu, Lagos at least 48 hours before the date of Meeting.

DIVIDEND WARRANTS

If the dividend proposed by the Fund Manager is approved at the Meeting, dividend warrants will be distributed to Unitholders whose names appear on the Register of Unitholders as at close of business on Monday, 31st December, 2012.

FUND INFORMATION

Trustee to the Fund	First Trustees Nigeria Limited
Directors of the Fund Manager	Mr. F. Ohiwerei (Chairman) Mr. A. Alli (Managing Director/Chief Executive) Ms. J. Ogundare (Executive) Mr. S. Mohammed (Executive) Mr. C. Okeke Mr. K. Bucknor (Ghanaian) Prof. Y. Osinbajo (SAN)
Company Secretary	Folashade Adeloye
Auditors to the Fund	Horwath Dafinone Chartered Accountants
Registered office of the Fund Manager	1 Mekunwen Road Ikoyi, Lagos
ARM Aggressive Growth Fund Office	68C Coker Road Ilupeju, Lagos.
Bankers	Access Bank Plc Citibank First Bank of Nigeria Plc Guaranty Trust Bank Plc United Bank for Africa Plc Zenith Bank Plc
E-mail Address	enquiries@arminvestmentcenter.com
Website	www.arminvestmentcenter.com

REPORT OF THE TRUSTEE

The Trustee presents its report on the affairs of the ARM Aggressive Growth Fund, together with the audited financial statements for the year ended 31st December, 2012.

Principal activity:

The principal activity of the ARM Aggressive Growth Fund ('the Fund') is the pooling of funds from individual members of the public and companies and the investment of such funds in quoted equity securities, fixed income and the money market in accordance with the Trust Deed and Supplemental Deeds thereto.

During the year under review, the Fund was administered in accordance with the Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007, the provisions of the Trust Deed and any supplemental thereto, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations"), taking into cognisance prevailing market conditions as well as preserving of (and minimising possible losses to) Unitholders' funds.

Results:

The results for the year are set out on Page 13 and have been duly audited in accordance with Section 169(1) of the Investments and Securities Act 2007, and the Trust Deed establishing the Fund.

Distribution:

The Fund Manager has proposed a dividend of ₦0.22 for the period. (2011: Nil).

Directors:

The directors of the Fund Manager who served on the board of the Fund Manager during the period under review and up to the date of approving these financial statements were:

- Mr. F. Ohiwerei (Chairman)
- Mr. A. Alli (Managing Director/Chief Executive)
- Ms. J. Ogundare (Executive)
- Mr. S. Mohammed (Executive)
- Mr. C. Okeke
- Mr. K. Bucknor (Ghanaian)
- Prof. Y. Osinbajo (SAN)

REPORT OF THE TRUSTEE (CONTD.)

Directors' and related parties interest in the units of the Fund

The Directors of the Fund Manager who held direct and indirect beneficial interest in the units of the Fund as at 31st December, 2012 are:

		Units held as at 31st December, 2012
Ms. Jumoke Ogundare	-	115,370.19
		=======

None of the directors of First Trustees Nigeria Limited has any direct or indirect beneficial interest in the units of the Fund.

Responsibilities of the Fund Manager

The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements which give a true and fair view of the state of affairs of the unit trust scheme during the period covered by the financial statements.

In our opinion, the Fund Manager has in preparing the financial statements:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable accounting standards have been followed, and in the case of any material departure, that it was fully disclosed and explained in the financial statements; and,
- prepared the financial statements on a going concern basis; since it was appropriate to assume that the Fund shall continue to exist.

The Fund Manager was responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable the Fund Manager to ensure that the financial statements comply with the Applicable Regulations.

REPORT OF THE TRUSTEE (CONTD.)

The Fund Manager is also responsible for maintaining adequate financial resources to meet its commitments and to manage the risks to which the Fund is exposed.

Responsibilities of the Trustee

The responsibilities of the Trustee as provided by Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the scheme's assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;
- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the fund manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the fund are within the prescribed limits; and,
- Acting at all times in the interest and for the benefit of unit holders of the scheme.

REPORT OF THE TRUSTEE (CONTD.)

Charitable donations	The Fund did not make any charitable donations during the period. (2011: Nil)
Auditors	Messrs Horwath Dafinone, Chartered Accountants, having indicated their willingness to continue in office, shall do so in accordance with Section 169(1) of the Investments and Securities Act, 2007.

By Order of the Trustee

Adekunle Awojobi,
Ag. Managing Director
First Trustees Nigeria Limited
Lagos, Nigeria
12th June, 2013

REPORT OF THE FUND MANAGER

Despite looming risks on the global economic front, the inclusion of Nigeria into international bond indices in response to more favourable domestic policy, drove an upsurge in portfolio investments setting the tone for a good year for both the equity and the fixed income markets. This was supported by coordinated policy action in major markets which led to signs of economic recovery, particularly in leading emerging markets in 2012.

Macro Economy

Nigeria's overall real GDP growth was 6.58% in 2012; 85bps lower than the growth recorded in 2011. The slowdown was due to a deceleration in the non-oil sector's growth that was compounded by the contraction of the oil sector. The oil sector GDP posted its first annual contraction (0.91%) since 2008 on account of output disruptions and lack of progress on licensing to expand production. The contraction came on the heels of a decline in oil production from a peak of 2.5mbpd in Q3 to 2.14mbpd in Q4 on account of the floods and more significantly the force majeures in operation across four major platforms – Brass, Forcados, Bonny and Qua Iboe. Also, Agricultural GDP, the main driver of non-oil GDP, posted a 2012 growth rate of 3.97% - 195bps lower than the average growth rate over the last four years. This reflects the weakness arising from the floods and the insecurity in the north which has resulted in disruptions to production and displacement of people. These twin shocks to Agriculture, as well as deceleration in Wholesale and Retail, Telecommunications and Real Estate sub-sectors, all resulted in non-oil GDP growing at 7.88%, its slowest pace in four years.

Our near term outlook for the oil sector is for production recovery as all force majeures have now been lifted and 2013 will see the on-streaming of new oil wells from previous licensing rounds which should see oil production track the budget assumption of 2.5mbpd barring any significant disruption to oil streams from bunkering activities. However, the delay on the passage of the PIB continues to cloud the long term outlook for oil production as absence of clarity on the new fiscal regime dims the prospects of new licensing rounds. Also, our outlook for Non-oil GDP growth is mainly hinged on reforms in its largest component, Agriculture. These reforms include programmes aimed at channelling financing to farmers through the new NIRSAL programme, a new regime of subsidized farm input distribution, and higher tariffs on food imports to incentivise backward integration by consumer goods manufacturers and increased investment in industrial scale farming. Furthermore, we expect acceleration in manufacturing output with improving power supply and improvements in trade and other services as the effects of adverse events for the consumer in 2012 wane in 2013. Positive outlook to both oil and non-oil segments support our FY 13E GDP forecast band at 7.0-7.5%.

Market Review & Outlook

The NSEASI rebounded sharply from its 16.3% decline in 2011, rising 35.4% in 2012—30.4% in H2 alone. Performance was underpinned by a major turnaround in the banking sector, which rose 50.5% in 2012, as well as continued buoyancy of Brewers (up 43%). An H2 2012 surge in the Banking and Consumer sectors underscored a significant increase in foreign portfolio inflows, and also a modest rebound of domestic investor interest in the face of improving conditions. However, even more important was the role yield declines apparently played in the equity market's uncharacteristically strong H2 returns – the NSEASI witnessed its biggest monthly gain of 2012 in September, surging 9.1% during the month across virtually all sectors. While improvements on the domestic front helped lay the groundwork for equity performance in H2 2012, it certainly owes much to foreign portfolio inflows on the back of concerted efforts by governments and financial sector regulators in leading economies to ward off disaster amid a growing consensus that extraordinary measures were required.

We expect the buoyant performance in Nigerian equity markets to persist in 2013, largely on the back of a recovery in the global cyclical theme as global economic outlook improves. While it is probably too early to pronounce a definitive turning point given the many risks that still lie ahead,

REPORT OF THE FUND MANAGER (CONTD.)

we are increasingly confident that the worst of the recent global financial/ economic crisis is already behind us.

On the fixed income front, on the back of the large influx of maturing paper in 2012, the Monetary Policy Committee (MPC) maintained MPR rates at 12% in all its meetings but signaled further tightening via the 400bps hike in CRR and a 4pps slash in forex net open positions to 1% at its July meeting, as well as barred banks from borrowing funds through the CBN window to participate in forex auctions. However, Nigeria's inclusion into the JP Morgan bond index, announced in August, with a 0.7% weight was an especially material development that led to a sharp rise in portfolio inflows into FGN debt. After the post MPC meeting's temporary spike in July, fixed income yields contracted sharply, falling as much as 400bps on average for FGN bonds in Q3 2012. Declines were mainly on the back of a sharp increase in foreign investments sparked from this announcement; though a moderation in the implementation of monetary policy, with increased currency stability, also supported fixed income prices.

Equity Strategy

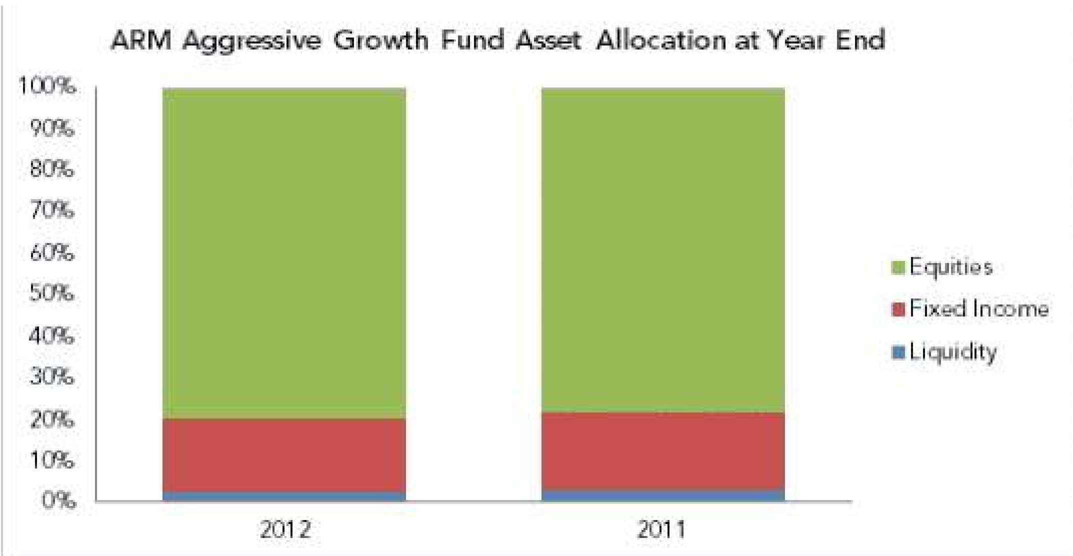
The improving global environment (outside Europe) supports our positive outlook for equities in 2013 especially given ultra loose monetary policy in major developed economies. We also expect domestic investors to increase participation as attractive valuations (especially in Financials) and declining yields in the fixed income market lure this category of investor back into the equity market.

Fixed Income Strategy

We expect that performance in this space could become more volatile in view of many uncertainties in domestic markets and policy; with issues like a reallocation in domestic pension assets, and substantial impending maturities of both FGN and AMCON bonds coming into focus in 2013. However, barring a sharp collapse in oil prices which would undermine the currency, we believe that a benign inflation outlook and potential inflows into Nigeria will keep yields under considerable pressure.

Fund Performance

The ARM Aggressive Growth Fund returned 32.8% in the 12 months ended December 2012, relative to its benchmark, the Nigerian Stock Exchange All-Share Index (NSE-ASI), which returned 35.45% over the same period.



REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF ARM AGGRESSIVE GROWTH FUND (MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

We have audited the financial statements of ARM Aggressive Growth Fund which comprise, the statement of financial position as at 31st December 2012, the statement of financial performance, the statement of changes in equity attributable to unit holders, the statement of cash flow for the year then ended, the principal accounting policies, other explanatory notes. These financial statements are set out on pages 13 to 35 and have been prepared using the accounting policies set out on page 12 to 17 to 24.

Fund Manager and Trustee's responsibilities for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria and the requirements of the Investment and securities Act, 2007, whilst the Trustee is responsible for ascertaining compliance with the provision of the Trust Deed and other relevant laws. The responsibility of the Fund Manager includes designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error as well as 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 opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and Nigerian Standards on Auditing issued by the Institute of Chartered Accountants of Nigeria. The standards require that we comply with ethical requirements and plan and perform the audit so as to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Basis of our opinion

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 controls 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Horwath Dafinone

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REPORT OF THE INDEPENDENT AUDITOR'S TO THE UNIT HOLDERS OF ARM AGGRESSIVE GROWTH FUND (MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED) (CONTD.)

Basis of our opinion (continued)

We obtained all the information and explanations that were required for the purpose of our audit.

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

Report on legal and regulatory requirements

In accordance with the section 169 (1) of the Investment and Security Acts, 2007 we confirm that the financial statements are in agreement with the accounting records, which have been properly kept.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the funds at 31st December, 2012 and of its financial performance and its cash flows for the year ended on that date, and have been properly prepared in accordance with International Financial Reporting Standards, the Trustee Investment Act, CAP T22 LFN 2004, the Investments and Securities Act, 2007 and the provision set out in the Trust Deed of the Fund.

Lagos, Nigeria
12th June, 2013

Horwath Dafinone
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2012

	Notes	31 December 2012 ₦	31 December 2011 ₦	31 December 2010 ₦
Current Assets				
Trading Securities	12	2,470,302,102	2,129,433,300	2,216,401,241
Fixed Income Securities	13	414,301,318	325,381,242	570,254,240
Other receivables	14	23,469,458	99,315,783	5,735,123
Cash and Cash Equivalents	11	218,193,330	200,732,725	7,463,473
		3,126,266,208	2,754,863,050	2,799,854,077
Current Liabilities				
Trade and other payables	15	(132,659,618)	(66,327,438)	(137,867,213)
Net Assets		2,993,606,590	2,688,535,612	2,661,986,864
Financed by				
Members' Funds		2,993,606,590	2,688,535,612	2,661,986,864
		2,993,606,590	2,688,535,612	2,661,986,864
Net asset per unit		12.78	9.96	12.26

Trustee

Fund Manager

12th June, 2013

The statement of the principal accounting policies and notes to the financial statements set out on pages 17 to 35 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	31 December 2012 ₦	31 December 2011 ₦
Income			
Investment Income	7	161,704,094	146,532,813
Loss from Security trading	8	(122,941,324)	(169,356,950)
Fair value gain/(loss) on investments at fair value through profit or loss	8	775,620,885	(540,826,853)
Profit/(Loss) from investing activities		814,383,655	(563,650,990)
Other Income		546,567	1,535,300
Total Income for the year		814,930,222	(562,115,690)
Expenses			
Management fee and other expenses	9	(145,196,901)	(91,798,203)
		669,733,321	
Profit/(loss) before tax		-	(653,913,893)
Taxation	10	(8,308,739)	(9,525,854)
Profit/(loss) for the year		661,424,582	(663,439,747)
Other comprehensive income		-	-
Total comprehensive income/(loss)for the year		661,424,582	(663,439,747)

The statement of the principal accounting policies and notes to the financial statements set out on pages 17 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Unit holder capital balances ₦
Balance at 1st January 2011	2,661,986,864
Total comprehensive income for the year:	(663,439,747)
	1,998,547,117
Transactions with unit holders:	
Additional units purchased	1,195,246,567
Units liquidated	(457,844,156)
Distributions paid out in cash	(47,413,916)
Total transactions with unit holders	689,988,495
Members' funds at 31st December, 2011	2,688,535,612
Balance at 1st January 2012	2,688,535,612
Total comprehensive income for the year:	661,424,582
	3,349,960,194
Transactions with unit holders:	
Additional units purchased	101,976,074
Units liquidated	(458,329,678)
Distributions paid out in cash	-
Total transactions with unit holders	(356,353,604)
Members' funds at 31st December, 2012	2,993,606,590

The statement of the principal accounting policies and notes to the financial statements set out on pages 17 to 35 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	31 December 2012 ₦	31 December 2011 ₦
Operating activities			
Interest and dividend income received		237,550,419	52,952,153
Loss from security trading		(122,841,324)	(169,356,850)
Net cash used in sale/purchase of investments		267,413,853	(370,788,692)
Withholding tax paid		(8,308,739)	(9,525,854)
Net cash generated from/(used for) operating activities		373,814,209	(496,719,243)
Financing activities			
Net proceeds from sale of units		(356,353,604)	737,402,411
Distributions to holders of redeemable units		-	(47,413,916)
Net cash (used for)/generated from financing activities		(356,353,604)	689,988,495
Net increase in cash and cash equivalents		17,460,605	193,269,252
Movement in cash and cash equivalents			
At beginning of year	11	200,732,725	7,463,473
Increase in cash and cash equivalents		17,460,605	193,269,252
Cash and cash equivalents at end of year	11	218,193,330	200,732,725

The statement of the principal accounting policies and notes to the financial statements set out on pages 17 to 35 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

1. Reporting entity

ARM Aggressive Growth Fund ("The Fund") was set up on 1st April, 2004 as a private investment fund.The fund was converted to a public fund in accordance with the Trust Deed dated 21st October, 2007. The Fund's principal office is located at Asset & Resource Management Company Limited 1, Mekunwen Road, Off Oyinkan Abayomi Drive, Ikoyi, Lagos.

The Fund is primarily involved in investments in well-diversified portfolio which comprises high quality equities listed on the Nigerian Stock Exchange,

The Fund is managed by Asset & Resource Management Company Limited ("the Fund Manager") and the trustee to the Fund is First Trustees Nigeria Limited ("the Trustee").

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

These are the Fund's first financial statements prepared in accordance with IFRSs, and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Fund is provided in note 18. This note includes reconciliation of profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

The financial statements were authorised for issue by the Trustee and Fund Manager on June 12, 2013.

2.2 Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Fund's functional currency.

2.3 Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:
- Financial instruments at fair value through profit or loss are measured at fair value;
- Loans and receivables, held to maturity financial assets and financial liabilities are measured at amortized cost.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments are discussed in note 5.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRSs balance sheet at 1 January 2011 for purposes of the transition to IFRSs.

3.1 Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date; the resulting foreign exchange gain is recognised in the income statement while those on non-monetary items are recognised in other comprehensive income.

3.2 Net gain/loss from financial instruments at fair value through profit or loss

Net gain/loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes finance and dividend income.

3.3 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income from equity securities designated at fair value through profit or loss and available-for-sale is recognised in the "dividend income" line in the statement of comprehensive income.

3.4 Fees and other expenses

Fees and other expenses are recognised in the statement of comprehensive income on an accrual basis.

3.5 Taxation

Dividend income and income from Loans and receivables received by the Fund is subject to withholding tax. Dividend income and income from financing and investing are therefore recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense

3.6 Financial assets and liabilities

(i) Recognition

The Fund classifies its financial instruments based on the following categories: at fair value through profit and loss, available for sale, held to maturity, and loans and receivables. Management determines the classification at initial recognition

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

All financial instruments are initially recognised at fair value, which includes transaction costs for financial instruments not classified as at fair value through profit and loss. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or where the Fund has transferred substantially all risks and rewards of ownership.

(ii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or as available for sale. Where the Fund sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in equity. Held-to-maturity investments are carried at amortised cost, using the effective return method, less any provisions for impairment.

(b) Financial assets held 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 as held-for-trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

Financial assets may be designated at fair value through profit or loss when:

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- A group of financial assets is managed and its performance evaluated on a fair v alue basis.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in profit or loss in 'trading income' for trading assets.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

(c) Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Gains or losses arising from changes in the fair values of available for sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale financial instruments are recognised in profit or loss when the Group's right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

(d) 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 classified by the Group as at fair value through profit or loss or available-for-sale.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. All of the Group's advances are included in the loans and receivables category

(iii) Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

(iv) Impairment of financial assets

(a) Assets carried at amortised cost

The Fund assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired may include; default or delinquency by a debtor, restructuring of a financing account or advance by the Fund on terms that the Fund would not otherwise consider, indications that a customer or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of customers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Fund's grading process which considers asset type, industry, geographic location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

In assessing collective impairment, the Fund uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested benchmarked against actual outcomes to ensure that they remain appropriate.

If there is objective evidence that an impairment loss on receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective return rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

Finance income on the impaired asset continues to be recognised through the unwinding of the discount. The carrying amount of the asset is reduced through the use of an allowance account.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

To the extent a receivable is irrecoverable, it is written off against the related allowance for impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for impairment in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

(b) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the financial position date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been re-measured to fair value directly through net assets available to redeemable unit holder, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in net assets available to redeemable unit holders is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in net assets available to redeemable unit holders.

(v) Offsetting financial instrument

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

(vi) Derecognition of financial instruments

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all the risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Fund neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is provable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Fund has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Fund from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract. Before a provision is established, the Fund recognises any impairment loss on the assets associated with that contract.

3.9 Contingencies

(i) Contingent Asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

(ii) Contingent Liability

Contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

3.10 Unit Holders balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances.
The Fund's redeemable units meet these conditions and are classified as equity.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

All transactions relating to the issue and redemption of redeemable units as well as distributions to holders of redeemable units are recognised in equity.

3.11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2013, and have not been applied in preparing these consolidated financial statements:

The Fund plans to adopt the standards below on their respective effective dates. Management is in the process of assessing the impact of the standards on the Group.

- IFRS 9 Financial Instruments (effective on or after 1 March 2015)
- IFRS 13 Fair Value Measurement (effective on or after 1 March 2013)

4 Financial risk management

Risk Management Objectives

The Fund Manager adopts an encompassing Enterprise Risk Management (ERM) framework that considers risk from a comprehensive and integrated standpoint.
In carrying out the Fund's investment activities, the fund is exposed to a number of risks, key among which are:

- **Market and Investment Risk**
- **Counterparty Credit Risk**
- **Regulatory and Compliance Risk**
- **Operational Risk**

The Fund Manager has an independent risk function which oversees risk exposure across the Group. The Group Risk Management function works closely with all business managers in order to address identified issues in a timely manner. In addition, the importance of risk management is stressed through periodic group-wide awareness activities, which include all members of staff, as well as a zero tolerance for violations of risk management guidelines.

Market and Investment Risk

Market risk is the risk of loss occurring as a result of unfavourable changes in market rates, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit and implied volatilities of the market rates.

The Fund is exposed to market and investment risk through the Fund Manager's investing activities, which is carried out in accordance with approved investment guidelines and within strategic asset allocation as contained in the trust deed. Also an Investment Committee, which includes an independent member who serves as the Chairman, meets on a quarterly basis to review fund activities and performance as well as set operational strategy for each succeeding quarter. Identified exceptions are reported to the fund managers and the Fund Investment Committee in a timely manner.

The Fund's performance is assessed periodically and compared to relevant benchmarks and peer funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Price Risk:

Equity Risk:

The Fund is exposed to equity risk from investments in equities listed on the Nigerian Stock Exchange. No position is held in private equity, which exhibits more risky features.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

Also in force are single stock exposure limits which define the maximum allowable exposure to any individual stock. Equity positions held by the fund have been presented at fair value and stands at ₦2,470,302,102 (2011: ₦2,129,433,300), inclusive of fair value profit/loss at ₦140,604,696 (2011:Loss of ₦627,628,833). This includes all realised and unrealised fair value changes.

Foreign Exchange Risk:

The Fund is not exposed to foreign exchange risk, all transactions are done in the Nigerian Naira. No investments were made offshore or in foreign currencies.

Interest Rate Risk:

Interest rate exposure is generated from investment in interest bearing securities such as bonds, treasury bills as well as placements with financial institutions, most of which are fixed rate instruments. The Fund Manager maintains relationships that help seek the best bargains with allowable counterparties and within allowable investment limits.

The Fund's exposure to interest rate risk is shown in its holdings in fixed income securities as reflected in note 13

Liquidity Risk:

Liquidity risk is the risk that the fund will be unable to efficiently meet its financial obligations as they fall due and without adversely affecting realisable amount on the fund's assets.

Liquidity risk is managed on a daily basis by the Portfolio Manager. In order to meet client redemption requests, asset allocations are carefully and appropriately structured to ensure that the Fund is liquid at all times and that it has enough cash or cash equivalent that can be converted to cash immediately without any loss in the value when there is a new investment opportunities to exploit or an obligation to fulfil. In other to achieve the above ultimate objective, the fund invests principally in highly liquid equities that are quoted on the Nigerian Stock Exchange such that the Fund can convert those equities into cash as quickly as possible.

	31 December 2012 ₦	31 December 2011 ₦
Bank balances	60,700,024	10,131,927
Call deposits	157,493,306	190,600,798
Cash and Cash Equivalents	218,193,330	200,732,725
Total Client redemptions	(458,329,678)	(457,844,156)

Counterparty Credit Risk

Credit risk is the risk of loss arising from a counterparty's inability or unwillingness to fulfill contractual obligations to the Fund. Credit risk arises from cash placements and cash equivalent positions held in financial institutions, as well as other interest bearing investments in treasury bills and bonds.

Counterparties are chosen with utmost care following an assessment of their financial positions and other measures, such as available market information, so as to ascertain that these institutions are of sound financial health.

The Fund's maximum exposure to credit risk in each of the above categories of assets as at 31 December 2012 is as seen in notes 13, 15 and 16.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

Regulatory and Compliance Risk

Compliance risk is the risk from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

The Fund Manager operates strictly within the fund's risk profile as stipulated within the Trust Deed, and has a dedicated compliance unit as well as a registered Compliance Officer, so as to ensure that strict compliance with regulatory requirements as well as internal investment guidelines are enforced and monitored at all times. In addition, regulatory returns and disclosures are made as and when due.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems and external events.

The Fund Manager manages operational risk using a well-established control framework, and tools such as Risk and Control Self Assessment (RCSA) sessions, Internal Loss Data Collection (LDC), Issues Management and Whistle blowing. The Fund Manager uses a bespoke system, OpRisk Manager, as well as other excel based templates for collecting, managing, monitoring and reporting operational risk.

Operational risk loss events are escalated and managed using a four level escalation matrix depending on the amount of loss that may occur.
The ultimate aim of the Fund Manager's operational risk management activities is to improve operational efficiency as well as the quality of its service delivery to investors through:

- Improved processes and operational guidelines
- Minimising occurrence of avoidable risk events
- Creating group-wide risk awareness that guides behaviours and creates a careful approach to transaction handling and execution.

5 Critical accounting estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 4)

(a) Key sources of estimation uncertainty

(i) Determining fair value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3.6 (iii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

(ii) Allowance for impairment losses

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy (note3.6 (iv)).

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

The specific component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value on any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Investment and Risk Management function.

(b) Critical accounting judgements in applying the Fund's accounting policies

(i) Valuation of financial instruments

The Fund's accounting policy on fair value measurements is discussed in note 3.6 (iii).
The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
- The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Fund, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities.

The table below analyses financial instruments measured at fair value into the fair value hierarchy at the end of the year:

31st December 2011 In Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	14	2,470,302,102			
		2,470,302,102			

1st January 2011 In Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	14	2,129,433,300			
		2,129,433,300			

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

6 Financial assets and liabilities (continued)

The fair value of the Fund's financial instruments such as cash and cash equivalents, other receivables and uninvested fund deposits are not materially sensitive to shifts in market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

The fair values of other financial instruments are based on the following methodologies and assumptions:

Financial assets at fair value through profit or loss and available-for-sale. The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

7 Investment income

	2012 ₦	2011 ₦
Interest Income	78,616,704	51,274,269
Gross dividend income	83,087,390	95,258,544
	161,704,094	146,532,813

8 Net gain/(loss) from financial assets at fair value through profit or loss

Loss from Security trading	(122,941,324)	(169,356,950)
Fair value gain/(loss) on investments at fair value through profit or loss	775,620,885	(540,826,853)
	652,679,561	(710,183,803)

9 Management fee and other expenses

Management fees	37,225,878	47,992,192
Incentive fee	93,164,807	-
Custodian fee	2,929,466	-
Registrar fee	1,850,579	2,348,291
Trustees fees	4,870,358	5,571,928
Audit fees	2,625,000	2,625,000
Advert and publicity expenses	-	18,562,198
Other administrative expenses	2,530,812	14,698,594
	145,196,900	91,798,203

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

10. Taxation

The Fund is exempt from paying income taxes under the current system of taxation in Nigeria. However, certain dividend incomes received by the Fund are subject to withholding tax imposed in Nigeria. During the year the average withholding tax rate suffered by the Fund was 10 percent (2011: 10 percent).

11 Cash and cash equivalents

	31 December 2012 ₦	31 December 2011 ₦	1 January 2011 ₦
Bank balances	60,700,024	10,131,927	7,463,473
Call deposits	157,493,306	190,600,798	-
	218,193,330	200,732,725	7,463,473

12 Trading securities

Equity securities	2,329,697,406	2,757,062,133	2,303,203,221
Fair value changes	140,604,696	(627,628,833)	(86,801,980)
	2,470,302,102	2,129,433,300	2,216,401,241

13 Fixed income securities

Fixed Income securities comprise

Financial assets held to maturity (see (a) below)	380,746,933	170,162,859	213,756,384
Loans and receivables (see (b)below)	33,554,385	155,218,383	356,497,856
	414,301,318	325,381,242	570,254,240

a) Financial instruments held to maturity

	31 December 2012 ₦	31 December 2011 ₦	1 January 2011 ₦
Government bonds	92,447,164	109,837,683	126,490,411
Treasury bills	288,299,769	60,325,176	87,265,973
	380,746,933	170,162,859	213,756,384

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

b) Loans and receivables

This represents the value of fixed income investments held with financial Institutions at the year end.

14 Other receivables

	31 December 2012 ₦	31 December 2011 ₦	1 January 2011 ₦
Sales awaiting settlement	22,917,959	78,650,398	-
Dividend receivable	446,499	11,910,865	4,049,170
Due from ARM Discovery Fund	105,000	-	1,575,000
Other debtors	-	-	110,953
Redemption receivable	-	8,754,520	-
	23,469,458	99,315,783	5,735,123

15 Trade and other payables

Management fees payable	12,047,744	13,735,775	12,726,527
Incentive fee payable	93,164,807	-	89,959,464
Trustee fee payable	4,870,359	7,086,879	6,449,870
Custodian fee payable	1,183,259	-	-
Accruals	2,625,000	20,141,620	7,822,523
Due to the fund manager	-	-	380,508
Unsettled Equity Purchase	1,644,138	12,121,529	18,363,965
Redemption payable	17,074,310	4,451,443	2,164,356
Due to ARM Ethical Fund	50,000	8,790,192	-
	132,659,618	66,327,438	137,867,213

16 Net asset per Unit

The net asset per unit is computerd using the net asset value as at the balance sheet date divided by the 234,231,727 (2011: 269,816,521) units in existence as at that date.

17 Related parties and other key contracts

(a) Related parties

Fund Manager

The Fund appointed Asset & Resource Management Company Limited, an investment management Company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus and the Fund's Trust Deed. Under the Fund Trust Deed, the Fund Manager is entitled to:

(i) management fee at an annual rate of 1.5 percent of the Net Asset Value (NAV) attributable to holders of redeemable units on each day. The Fund Manager has charged a management fee of ₦37.2 million (2011: ₦47.9 million).

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

(ii) an incentive fee not exceeding 30 percent of the total return in excess of 10 percent of Fund's Net Asset Value per annum. The Fund Manager has however charged only 20% of return in excess of 10 percent of Fund's Net Asset Value for the year ended 31st December 2012 amounting to ₦93.16 million (2011: nil)

(b) Other key contracts

Trustee

The Fund appointed First Trustees Nigeria Limited, a trusteeship company in Nigeria, to provide administrative services ot the Fund. Under the Fund's Trust Deed, the Trustee is entitled to a fee at an annual rate of 0.175 percent of the Net Asset Value attributable to holders of redeemable units on each valuation day.

18 Explanation of transition to IFRSs

As stated in note 2.1, these are the Fund's first financial statements prepared in accordance with IFRSs. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Fund's date of transition). An explanation of how the transition from Nigerian GAAP to IFRSs has affected the Fund's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

18.1 Reconciliation of comprehensive income for the year ended 31 December 2011

	Notes	Previous GAAP ₦	Effect of transition to IFRS ₦	IFRS ₦
Fixed interest income		51,274,269	-	51,274,269
Dividend income		95,258,544	-	95,258,544
Other income		1,535,300	-	1,535,300
Gain on redemption	a	183,479,889	(183,479,889)	-
Total revenue		331,548,002	(183,479,889)	148,068,113
Net gain/(loss) from financial assets at fair value through profit or loss	b	(479,867,328)	(60,959,525)	(540,826,853)
Trading in quoted securities		(169,356,950)	-	(169,356,950)
other operating expenses		(91,798,203)	-	(91,798,203)
Total operating expenses		(741,022,481)	(60,959,525)	(801,982,006)
Loss before tax		(409,474,479)	(244,439,414)	(653,913,893)
Withholding tax expense		(9,525,854)	-	(9,525,854)
Loss for the period		(419,000,333)	(244,439,414)	(663,439,747))

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

a) Gain on redemption

Under previous GAAP, the Fund's redeemable units are carried at cost and a gain or loss on redemption is recognised in profit and loss for the difference between the cost and the value on redemption date. However under IFRS, redeemable units are recognised as equity and all transactions on redeemable units, including surplus or deficit on redemptions are recognised in equity.

The impact arising from the change is summarised as follows:

	31 December 2011 ₦
Derecognition of gain on redemption of redeemable units in profit and loss	183,479,889
	=========

b) Net loss from financial instruments at fair value through profit and loss

Investment in equity securities were carried at market value under previous GAAP. Unrealised fair value loss were recognised in profit and loss while unrealised fair value gains were recognised in capital appreciation reserves. However, under IFRS, these financial instruments have been classified as financial assets at fair value through profit and loss. The portion of total unrealised fair value gain recognised in capital appreciation reserves which relate to the year ended 31st December 2011 was adjusted for in the profit and loss.

The impact arising from the change is summarised as follows:

	31 December 2011 ₦
Recognition of unrealised fair value loss in quoted equities	60,959,525
	========

18.2 Reconciliation of equity

	Notes	Previous GAAP ₦	Effect of transition to IFRS: Reclassifying entries ₦	Adjusting entries ₦	IFRS ₦
		31st December 2011			
Assets					
Cash and cash equivalents	c	10,131,927	190,600,798	-	200,732,725
Financial assets at fair value through profit or loss		2,129,433,300	-	-	2,129,433,300
Fixed income investments	d	518,101,162	(192,719,920)	-	325,381,242
Other receivable	d	102,182,484	(2,866,701)	-	99,315,783
Total assets		2,759,848,873	(4,985,823)	-	2,754,863,050
		==========	=========	===	==========

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

Equity					
Redeemable units		4,279,641,914	-	-	2,815,124,163
Capital appreciation reserves	f	271,208,131	-	(271,208,131)	-
Accumulated deficits	f	(1,862,314,433)	-	271,208,131	(1,591,106,302)
Total equity		2,688,535,612	-	-	2,688,535,612
		==========	==	=========	===========
Liabilities					
Trade and other payables	g	71,313,261	-	(4,985,823)	6 6,327,438
Total liabilities	g	71,313,261	-	(4,985,823)	66,327,438
Total equity & liabilities		2,759,848,873	-	(4,985,823)	2,754,863,050
		===========	===	==========	==========

31st December 2011

	Notes	Previous GAAP	Effect of transition to IFRS: Reclassifying entries	Effect of transition to IFRS: Adjusting entries	IFRS
		₦	₦	₦	₦
Assets					
Cash and cash equivalents	c	7,463,473	-	-	7,463,473
Financial assets at fair value through profit or loss		2,216,401,241	-	-	2,216,401,241
Fixed income securities	d	564,919,899	5,334,341	-	570,254,240
Other receivable	d	13,803,491	(8,068,368)	-	5,735,123
Total assets		2,,802,588,104	(2,734,0270)	-	2,799,854,077
		==========	==========	==	==========

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

18.2 Reconciliation of equity (continued)

1st January 2011

	Notes	Previous GAAP	Effect of transition to IFRS		IFRS
				Reclassifying entries	Adjusting entries
		₦	₦	₦	₦
Equity					
Redeemable units		3,725,719,392	-	-	3,725,719,392
Capital appreciation reserves	f	332,167,656	-	(332,167,656)	-
Accumulated deficits	f	(1,395,900,184)	-	332,167,656	(1,063,732,528)
Total equity		2,661,986,864	-	-	2,661,986,864
Liabilities					
Trade and other payables		140,601,240	(2,734,027)	-	137,867,213
Total liabilities	g	140,601,240	(2,734,027)	-	137,867,213
Total equity & liabilities		2,802,588,104	(2,734,027)	-	2,799,854,077

c. Cash and cash equivalents

Call deposits with financial institutions in Nigeria (subject to insignificant risk of changes in value), which were previously classified as fixed income securities together with interest receivable previously reclassified as other receivables were reclassified to cash and cash equivalents in line with IFRS. Call deposits of ₦189,950,283(January, 2011: Nil) and interest receivable of ₦650,515(January, 2011: Nil)

d. Fixed income investments

Under the previous GAAP, the Fund's fixed income securities are carried at cost (call deposits, fixed income placements and bond investments) and treasury bills carried at face value. Accrued interests on these instruments are reported as interest receivables and disclosed as other receivables in the balance sheet. Difference between value of treasury bills and face value at balance sheet date is recognised as unearned income and disclosed as other payables. However under IFRS, these instruments are carried at cost plus accrued interest/changes in fair value at balance sheet date.

The impact arising from the change is summarised as follows:

	31 December 2011	1 January 2011
	₦	₦
Interest receivable on fixed income instruments	2,866,701)	8,068,368
Unearned income	(4,985,823)	(2,734,357)
Call deposits (see note 18.2c)	(190,600,798)	-
	(192,719,920)	5,334,341

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

e. Trade and other receivables

Unearned interest in respect of discounted treasury bills which were previously classified as trade and other payables have been reclassified as fixed income investments in line with IFRS. The reclassified unearned interest amounted to ₦ 2,866,701 (January, 2011: ₦ 2,734,027).

f. Capital appreciation Reserve

Investment in equity securities were carried at market value under previous GAAP. Unrealised fair value loss was recognised in profit and loss while unrealised fair value gains were recognised in capital appreciation reserves. However, under IFRS, these financial instruments have been classified as financial assets at fair value through profit and loss. Unrealised fair value gains recognised in capital appreciation reserves were reclassified to accumulated deficit accordingly. Unrealised fair value gains of ₦ 271,208,131 (1st January 2011: ₦ 332,167,656) were credited to accumulated deficit.

g. Trade and other payables

Unearned interest in respect of discounted treasury bills which were previously classified as trade and other payables have been reclassified as fixed income investments in line with IFRS. The reclassified unearned interest as at December 2011 amounted to ₦ 4,985,823 (January, 2011: ₦ 2,734,027).

MANAGEMENT & ADMINISTRATION

FUND MANAGER
Asset & Resource Management
Company Limited
1, Mekunwen Road, Ikoyi
P.O. Box 55765
Tel: 01-270 1093-6
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Website: www.arm.com.ng

TRUSTEE

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Fax: 01-26474

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Fax: 09-461 2267

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Fax: +234 (84) 462592

REGISTRAR

First Registrars
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Iganmu, Lagos
Tel: 01-545 6142, 545 1418
Fax: 01-585 0552

PROXY CARD

I/We…………………………………………………………………………………………..
Of…………………………………………………………………………………………
Being a holder/holders of Units in the ARM Aggressive Growth Fund hereby appoint……………….of ……………………………………………………….or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf as he deems fit in relation to the resolutions to be submitted to the Unitholders at the Annual General Meeting of the Fund to be held on Wednesday, July 17th, 2013 and at any adjournment thereof:

Dated this ……………day of ………………….. 2013

**Signature(s) of unitholder(s)……………………………

NO. OF UNITS	FOR	AGAINST
RESOLUTIONS		
1. "That the report of the Fund Manager and the audited financial statements for the period ended 31st December, 2012 now submitted be and are hereby received and that a distribution equivalent to ₦0.22k per unit of the Fund recommended therein be and is hereby declared payable on 17th July, 2013 to Unitholders whose names appeared in the Register of Unitholders as at the close of business on 31st December, 2012."		
2. "That the Fund Manager be and is hereby authorised to appoint the Auditors for the ensuing year and to fix the remuneration payable to such Auditors"		

UNITHOLDERS ADMISSION CARD

Please admit the unitholder or his/her/its duly appointed proxy to the 5th Annual General Meeting of the ARM Aggressive Growth Fund to be held at The Darlington Hall, Plot CDE Industrial Crescent, off Town Planning Way, Ilupeju, Lagos State Nigeria on Wednesday, July 17th, 2013 at 11am.

NAME OF PERSON ATTENDING...

UNITHOLDER / PROXY SIGNATURE...

IMPORTANT

A. This admission card must be produced by the unitholder or his/her/its proxy in order to obtain admittance to the venue of the Annual General Meeting.

B. Unitholders or their proxies are requested to sign this admission card before they seek admittance to the meeting.

ARM AGGRESSIVE GROWTH FUND – LIST OF UNCLAIMED DIVIDEND AS AT 31 MARCH 2013

S/N	*NAME*
1	ABATI-SOBULO TEMILAYO OYINOLUWA
2	ADEBOYE ADEDIRAN EMMANUEL (PRINCE)
3	ADEDOYIN ADEDAYO & MFON (MR & MRS)
4	ADEGBITE EMMANUEL AFOLABI
5	ADEGOKE KABIRU ADEMOLA
6	ADEJUWON EMMANUEL ADENIYI
7	ADEKOLA ABIMBOLAOLUWA
8	ADEKOLA AYOWALE
9	ADELEYE OLATUNDE
10	ADENUGA OLUSEGUN & ADEBUKUNOLA
11	ADESINA ADEWALE T.
12	ADESINA ESTHER F.
13	ADESINA OLABODE OLALERE
14	ADESUNWON ADEGBENRO
15	ADEWUNMI BABATUNDE
16	ADEYEMI TITILOPE AYOTUNDE
17	ADEYEMO TAIWO
18	ADJEKUKO AVWEROSUOGHENE JOY
19	AFFIAH ODUDU OKON
20	AGBOMEDARHO ENOH
21	AGBONLAHOR FRANCIS OKAFI STELLA
22	AGOMOH PATIENCE K
23	AJANAKU FRANKLIN O.
24	AJETUNMOBI ABIOLA O.
25	AKELE OLU
26	AKEREDOLU VALENTINE OLUROPO
27	AKINOLA OLAYEMI AKINWUNMI
28	AKINOLA OREOLUWA OLADARASIMI .G.
29	AKIN-OLUGBADE MARIE-LAURE
30	AKINRELE, BAYO
31	AKOMOLEDE , TEMITAYO O.
32	AKPAKA AMUZIE ERNEST
33	AKPAKA CHIEMELA STEPHEN
34	AKPAKA LOVE ONYINYE
35	ALABI FUNMILAYO
36	ALEBIOSU ADIJAT OMOLOLA
37	ALIONYE USIFOH
38	AME SYSTEMS LIMITED
39	ANAGUI OGONNA EVELYN
40	ANENE OLISAEMEKA CHUKWUKA
41	ARAOYE ADEMOLA ADEWALE
42	ARASI , BASIT
43	ARIYO ADEOLA
44	ASEMOTA VICTOR
45	AYODELE TITILAYO
46	AZANOR OMOLARA DORCAS
47	AZOM PRINCE NNAMDI
48	BAKARE ABOSEDE MOSUNMOLA
49	BAMGBOSE-MARTINS INUMIDUN
50	BAMISAYE BABA
51	BARUWA WASIU & BISOLA
52	BENSON ESTHER HARRIET
53	BEWAJI WUNMI
54	BIGWAN LUCIA JOSIAH
55	BIOBAKU ABIMBOLA O
56	CHUKWU ELVIS ENYINNA
57	DADA BABATUNDE OLANIYI
58	DAIRO ISEOLUWA FOLAKE
59	DOSSOU SUCCESS OGHENE-TEGOR
60	EGBE DANIELLA O. EYONG
61	EGBE PETER IDO
62	EGBE RACHAEL O.
63	EGBUNA EDOZIE
64	EGBUNA OYINYECHI
65	EGBUSON GAXILENE DAVID . O
66	EGENONU ERASMUS &CHARLES
67	EKUMA OKOCHE E & ROSELINE
68	ENEBELI ALEX NDUDI
69	ENWUCHOLA BENJAMIN AMEH
70	ENYIOHA OKECHUKWU KELVIN
71	ESISI BERNARD TEMITUOYO
72	EZEAMAKA CYRIL KANAYO
73	EZENEKWE DAN JNR
74	EZEOKEKE PATIENCE NGOZI
75	EZISI OBIEFUNA FRANCIS
76	FADOJUTIMI OLUWASEUN JOHN & FOLASADE LOLADE
77	FALEYE OLUWASEUN MAYOMI
78	FASOLA JOHN OLUWASEEPO
79	FORESYTHE FOLASHADE
80	FRIENDLY KENNETH L.
81	GBODIYAN ADELAJA ISIAKA
82	GORLEH JUSTICE KARRWA
83	HAMZAT IYABO
84	HAMZAT OLATUNJI
85	IBRAHIM FATIMA MAIRIGA
86	IDAHOSA WESLEY EFOSA
87	IDOWU FUNSHO
88	IFEOBU-EMEANU UCHENNA VICTORIA
89	IGE ABAYOMI & OLABIMPE
90	IKHILE OGBEIDE
91	ILOANUGU EMEKA COSMAS
92	ILODUBA CHIDIMMA SUSAN
93	IRABOR FESTUS
94	ISHOLA OLALEKAN JOHNSON
95	IZUKANNE, WALTER
96	JACOB ELIJAH UDOBANG BROWN
97	JOHN ARAMIDE
98	JOINT FEDERAL STAFF COOPERATIVE THRIFT AND LOANS SOCIETY
99	KARIBI-WHYTE IFUEKO IYABO
100	KINGSLEY-JAMES ONOME TOLUWANI
101	KNOLL CONSULT
102	KOLAWOLE AYODELE DAVID
103	KUTI TESLIM OLAWALE
104	LASISI MUIBAT OMOBUKOLA
105	LAWAL OLAJIDE HAKEEM
106	MAKA OBIANUJU MARYAM
107	MANCHA HARUNA TOK
108	MARINHO OLUBUNMI PATRICK
109	MBONU OKEZIE UBA
110	MOCHU UZOAMAKA NWABUOGO
111	NIGERIAN ECONOMIC SUMMIT GROUP LTD/GTE
112	NKPADOBI JUDE NDUBUEZE
113	NWAMADI RUMI HENRY
114	NWANYA FIDELIA CHIKA
115	NWOKE NWOGO
116	NZEGWU EMMANUEL
117	OBIKU KEME
118	ODEBIYI TUNMISE ADEBOWALE
119	ODUAH CHUKWUDUM OZOEMENAM
120	ODUTOLA ADEBAJO OYEGUN-OKE
121	ODUTOLA ENITAN B.
122	OFILI CHUKA DAVID
123	OFODILE PEACE OBIANUJU

124 OGBEMUDIA OSAGHEA
125 OGBUAGU ALERO
126 OJERINOLA ADEWOLE & OLAYINKA
127 OKEDOYIN MICHAEL OLUBORI
128 OKEKE VICTORIA IKECHUKWU CHINEMELU
129 OKIN OLUYOMI ADEWALE
130 OKOROH JIMMY BOMBO
131 OKPOKPO DENNIS UWOMATEJO
132 OLADIMEJI OLAYINKA FRANCIS
133 OLADIMEJI TOLULOPE OSEYEMI
134 OLANIYAN OLUWASEYI OLUWATOYIN
135 OLAOYE BOLATITO ARINOLA
136 OLASUBULUMI BABATUNDE
137 OLATEJU IYABO ADEBOWALE
138 OLATUNJI OLUGBENGA & FOLAKE
139 OLORUNSOGO SAMUEL TUNDE
140 OLOWOYO ADEWUMI J.
141 OLUFEMI BOLANLE SOFOWORA
142 OLUMIDE ADEBAYO & YETUNDE
143 OLUSINA ADEJOKE OLUBUKOLA
144 OLUTUSIN DAVID BAMIDELE
145 OMODORO SIMEON
146 OMOIGUI HELEN
147 ONAKOYA ONASOLAPE
148 ONAWOLA , CHIOMA LAURE
149 ONOFEGHARA EMAMODE CHOICE
150 ONOFEGHARA PRAISE OMASE
151 ONOJA PIUS ENOKELA
152 ONWURAH CHIKA GLADYS
153 ONYEKWELU ANGUS CHUKWUEMEKA
154 ONYIA BIBIAN IFEYINWA
155 OSAKWE GABRIEL NKADI OSANUGONUM
156 OSHUNNIYI ADEYEMI FREDERICK
157 OWEN AMECHI EZEOKOLI
158 OYETUNJI FUNMILAYO
159 OYINKANSOLA OLAYEMI FOLORUNSO & COMFORT
160 OZOWALU DOMITILLA CHINEDU
161 RACHEL INNEH
162 ROBBINS LINWOOD LADELL & AMARA
163 ROPOTUSIN EBENEZER OLUWAFIROPO
164 ROWLAND & SHAFFER III DAVID W. & ARTHUR L.
165 SADIKU BOLAJOKO A
166 SAMUEL SIMON ADEBAYO
167 SARONWIYO LETAM BARIKA & INEI-TUKEMI EMMANUELA
168 SEAGLE ENTERPRICE LLC
169 SHITTU EKUNDAYO
170 SMALL CAMELLIA PATRICIA
171 SOBANDE WASIU
172 SOMORIN GBENGA
173 SONUGA BABATUNDE & OLUBUSAYO
174 TAIWO OLUKOREDE ADEBAYO
175 THE TRUE VINE LIMITED
176 UCHE-OKOROCHA EKPEREDIRE EYIMOFE
177 UKANDU-IGWE MICHAEL
178 UKEJE CHIEDOZIE & CHIOMA
179 UMOH MONDAY
180 UWAOMA UGOCHUKWU E.
181 UZOKWE CHUKA
182 YADI EUNICE
183 YAWSON HELEN & ANDREW