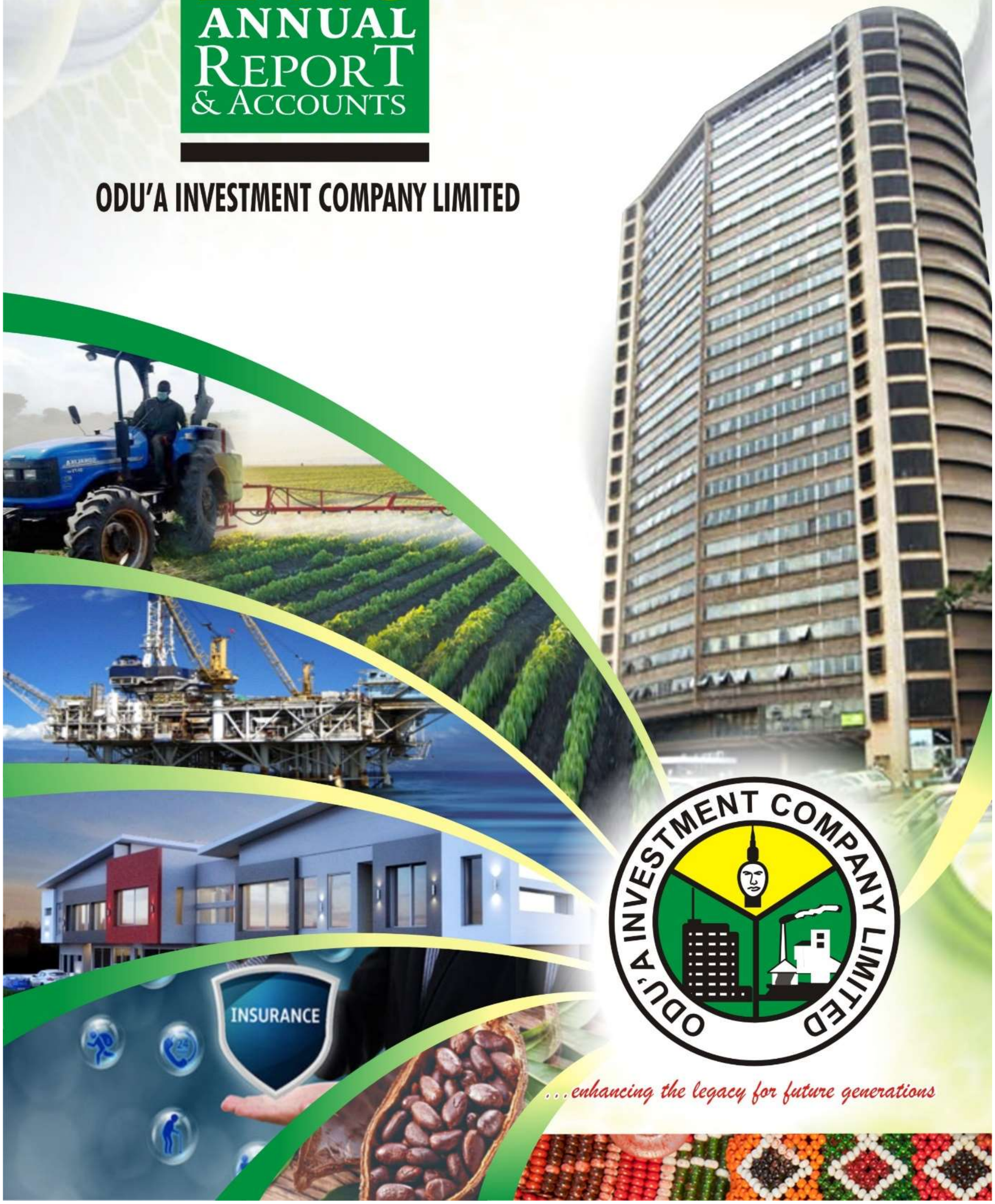
2019 ANNUAL REPORT & ACCOUNTS

ODU'A INVESTMENT COMPANY LIMITED



...enhancing the legacy for future generations

WESTLINK ICONIC VILLA

Chapter 4

ODU'A INVESTMENT COMPANY LIMITED

Opp. Nigerian Breweries Plc. Olubadan Estate,
Ibadan, Oyo State

POWERED BY:

Westlink Iconic Estate Limited
Plot 4, Lane 2, No 8b General Gas Road, Off Bashorun-Akobo Road,
Ibadan, Oyo State

CONTACTS

Nike - 07055277727 • **Mayowa** - 08058269225
Demola - 08023928575 • **Doyin** - 08167775174

CORPORATE GOVERNANCE

Odu'a Investment Company Limited believes that high standards of Corporate Governance is a key contributor to it's success and it has started to adapt the highest standards of Corporate Governance in order to achieve its vision and corporate objectives.

The Company through its Practices and Policies is laying emphasis on the principles of Transparency, Fairness and Accountability. It will continue to imbibe the Principles of Corporate Governance in every aspect of its business dealings and relationships.

Governance Structure

Size and Composition of the Board

We believe that our Board needs to have an appropriate mix of Non-Executive, Executive and Independent Directors to separate its functions of governance and management.

The Board is comprised of 11 Directors as stated below:

Non-Executive Directors – 6
Executive Directors – 3
Independent Directors – 2
Three out of the 11 Board members are women

Role of the Board

The primary purpose of the Board is to effectively represent and promote the interest of Shareholders and relevant Stakeholders by adding value to the Company.

Other functions include:

- To review and formulate policies for the Corporate and Business Strategy.
- To ensure that adequate system of internal control, financial reporting and compliance are in place.
- To ensure that an effective risk management process exists and is sustained.
- To review and approve the financial aspects of major proposed transactional projects, programs and services.
- To consider all matters reserved for the Board in the Company's Articles of Association and Corporate Governance framework

Role of Chairman and Group Managing Director/Chief Executive Officer

The roles of the Chairman and the Group Managing Director/CEO are clearly separate and are not held by the same individual.

The Chairman is solely responsible for the running of the Board whilst the Group Managing Director/CEO in conjunction with the Executive Management Team is responsible for the day to day management of the company's business to ensure the implementation of the decision of the Board.

CORPORATE GOVERNANCE CONT'D

Selection of Directors

The Board Governance and Nominations Committee is charged with the responsibility of leading the process for Board appointments and nominating suitable candidates for the approval of the Board.

Tenure of Directors

In line with Best Practice and Corporate Governance, Directors are appointed for a maximum period of two terms of four (4) years each.

The Company Secretary

The Board of Directors appointed a Company Secretary to take on responsibilities set forth by law. The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Group Managing Director/CEO.

Board Committees

The Board carries out its oversight functions through three (3) Committees. Through those Committees, the Board is able to deal more effectively with complex and specialized issues to fully utilize its expertise to formulate strategies and policies for the Company. These committees have clearly defined terms of reference setting out their roles, responsibilities, functions and reporting procedures to the Board.

The Board Committees and Membership as at 12th September 2020 are as follows:

Board Finance, Investment and Strategy Committee

1. Otunba Bimbo Ashiru - Chairman
2. Mr Adewale Raji - Member
3. Mr Seni Adio SAN - Member
4. Dr Tola Kasali - Member
5. Mr Segun Olujobi - Member

Board Governance and Nominations Committee

1. Mr Seni Adio SAN - Chairman
2. Chief Segun Ojo - Member
3. Dr Tola Kasali - Member

Board Audit and Risk Committee

1. Mr Segun Olujobi - Chairman
2. Otunba Bimbo Ashiru - Member
3. Chief Segun Ojo - Member

Shareholders

The Annual General Meeting of the Company is the highest decision-making body. The Meetings of the Shareholders (Annual General Meetings and Extra- Ordinary General Meetings) are duly convened and held in line with existing Statutory Provisions in a transparent and fair manner: All Shareholders are treated equally.

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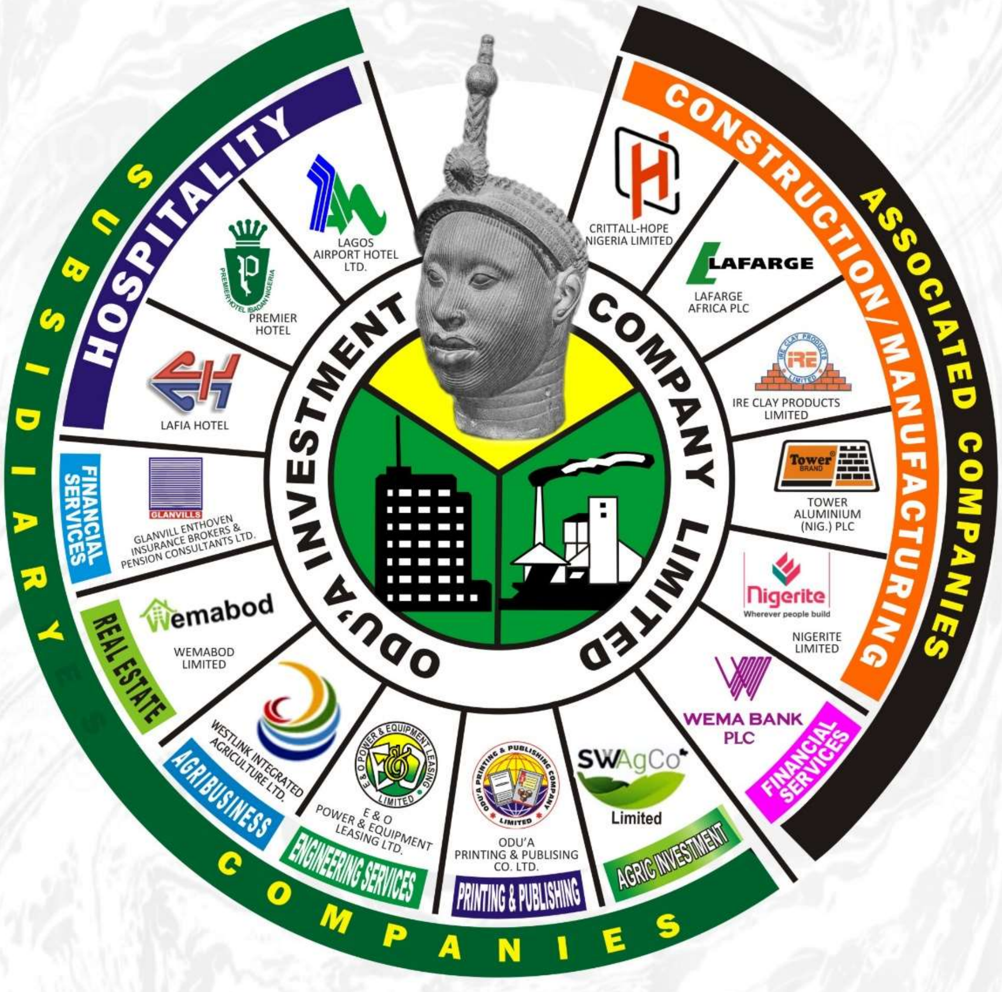
WE ARE
THE INVESTMENT HUB OF SOUTH-WEST NIGERIA



Group Headquarters: Floors 20-23, Cocoa House, Oba Adebimpe Road, P.M.B. 5435 Dugbe, Ibadan, Oyo State, Nigeria.
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E-mail: info@oduainvestment.com.ng | **Website:** www.oduainvestment.com.ng

...enhancing the legacy for future generations

Vision

To be a world class conglomerate

Mission

To deliver sustainable returns to all stakeholders; enhancing the legacy for future generations

Values

RESPECT
INTEGRITY
RESILIENCE
INNOVATION
COLLABORATION

ODU'A INVESTMENT COMPANY LIMITED

. . . enhancing the legacy for future generations

CORPORATE PROFILE

BRIEF HISTORY

Odu'a Investment Company Limited was incorporated in Nigeria as a limited liability company in July, 1976 to take over the business interest of the former Western States of Nigeria now comprising of Oyo, Ondo, Ogun, Osun, Ekiti and Lagos States.

The company commenced operations on 1st October 1976.

Authorized share capital of the company is ₦690,000,000 divided into 690,000,000 ordinary shares of ₦1 each; all the shares have been issued with all the six owner states having equal number of shares.

PRINCIPAL ACTIVITIES

The Company is engaged in the business of investment in quoted and unquoted companies and also in property management.

The company's investment in various companies cover a wide range of activities like construction, commercial agriculture, banking, insurance, real estates, hospitality, printing and publishing, equipment leasing, oil and gas, etc.

CORPORATE HEADQUARTERS AND PLACE OF BUSINESS

The company's head office is located at Cocoa House, Oba Adebimpe Road, Dugbe Ibadan, Oyo State.

The operations of the company are governed by sets of rules embodied in its Memorandum and Articles of Association as well as the Companies and Allied Matters Act CAP, C20, LFN 2004 as amended and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

CORPORATE INFORMATION

DIRECTORS:	Dr. Segun Aina, OFR	- Chairman – w.e.f 7th May, 2020
	Mr. Adewale Raji	- Group Managing Director/CEO
	Chief Segun Ojo	- Director-w.e.f 7th May, 2020
	Mr. Seni Adio, SAN	- Director- w.e.f 7th May, 2020
	Dr. Tola Kasali	- Director – w.e.f 7th May, 2020
	Otunba Bimbo Ashiru	- Director – w.e.f 7th May, 2020
	Mr. Segun Olujobi	- Director – w.e.f 7th May, 2020
	Mrs. Folusho Olaniyan, OON	- Director – w.e.f 14th Sept, 2020
	Otunba (Mrs.) Adebola Osibogun	- Director – w.e.f 14th Sept, 2020
	Ms. Adekemi Olanike Ajayi	- Director – w.e.f 5th Oct, 2020
	Mr. Olugbolahan Mark-George	- Director – w.e.f 5th Oct, 2020
	Engr. Olusola Akinwumi	- Chairman – till 17th April, 2020
	Alhaji Tajudeen Ola Bello	- Director – till 17th April, 2020
	Chief Dele Okeya	- Director – till 17th April, 2020
COMPANY SECRETARY:	Mrs. Abiola Olufunke Ajayi	- Company Secretary/Head of Legal

REGISTERED OFFICE: Cocoa House,
Oba Adebimpe Road,
Ibadan.

REGISTERED NO: RC: 18555

AUDITORS: HLB Z. O. Ososanya & Co.
(Chartered Accountants)
Gloria House,
Oluyole Industrial Estate,
Ibadan.

BANKERS:

Access Bank Plc	Polaris Bank Limited
Eco Bank Plc	Stanbic IBTC Bank Plc
First Bank of Nigeria Limited	United Bank for Africa Plc
Guaranty Trust Bank Plc	Wema Bank Plc
Heritage Bank Plc	Union Bank Plc

RESULT AT A GLANCE

Result for the year	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Profit before tax	4,742,033	1,892,210	889,711	849,342
Taxation	(224,478)	(211,870)	(112,712)	(112,856)
Deferred taxation	147,383	25,539	29,227	46,174
Profit after taxation	4,664,938	1,705,879	806,226	782,660
Non controlling interest-share of (profit)/loss	(11,578)	38,282	-	-
Profit after taxation & non-controlling interest	4,653,360	1,744,161	806,226	782,660
Other comprehensive income	306,420	51,968	(58,164)	4,580
Non controlling interest on other comprehensive income	11,055	(4,442)	-	-
Total comprehensive income	4,970,835	1,791,687	748,062	787,240

NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 38TH ANNUAL GENERAL MEETING of Odu'a Investment Company Limited will hold at the Board Room, Odu'a Investment Company Limited, 23rd Floor, Cocoa House Dugbe, Ibadan on Wednesday, 7th October 2020 at 11.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive the Group Audited Accounts for the year ended 31st December 2019, together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend for the financial year ended 31st December 2019.
3. To approve the appointment of the following Directors: -
   a. Independent Non-Executive Directors:
      (1) Mrs Folusho Olaniyan, OON
      (2) Otunba (Mrs) Adebola Osibogun
   b. Group Executive Directors:
      (1) Ms Adekemi Ajayi
      (2) Mr Olugbolahan Mark-George
4. To approve the remuneration of the Directors.
5. To authorize the Directors to fix the remuneration of the Auditors.

BY ORDER OF THE BOARD

ABIOLA OLUFUNKE AJAYI (MRS)
COMPANY SECRETARY/HEAD OF LEGAL

Registered Office
Cocoa House
Oba Adebimpe Road
Dugbe
Ibadan

Dated 16th day of September 2020

NOTE:

6. PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy form is supplied with the Notice. Executed proxy forms should be deposited at the office of the Company Secretary, Odu'a Investment Company Limited, Cocoa House Complex, Oba Adebimpe Road, Ibadan not less than 48 hours before the meeting.

7. DIVIDEND

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend will be paid to members whose names appear in the Register of Members at the close of business on 16th September, 2020.

8. CLOSURE OF REGISTER

The Register of Members of the Company will be closed on Wednesday, 16th September, 2020 to enable the Board Secretary prepare for the payment of dividend.

CHAIRMAN'S STATEMENT

Distinguished Shareholders,
Members of the Board of Directors,
Management Team, Chairmen and MDs of Subsidiary Companies,
Ladies and Gentlemen

I am very pleased to welcome you to the 38th Annual General Meeting of our company, Odu'a Investment Company Limited, holding today, 7th October, 2020 at which we shall be considering the Annual Report and Financial Statements for the Financial Year ended 31st December, 2019.

APPRECIATION
Let me first and foremost commend the foresight of our founding fathers and also thank the past Board of Directors for their contributions towards the progress of the company. I particularly thank the members of the immediate past Board who provided the oversight functions to the company during the 2019 financial year under review.

Equally important, I acknowledge the sense of urgency, the strong desire, passion and dogged commitment of the current Governors of the six owner States to see a tremendous transformation, repositioning and improvement in the fortunes of the company.

RECONSTITUTED BOARD OF DIRECTORS
Following the appointment of members of this Board on 7th May 2020, the Board has held several meetings and consultations with various stakeholders especially Shareholders, Management and Board Chairmen of subsidiary companies, business thought leaders and partners to ensure goal congruence among the key stakeholders.

At this juncture, I will like to recognize fellow Directors who are accomplished personalities and experts in diverse fields - Chief Segun Ojo, Mr Seni Adio, SAN, Dr Tola Kasali, Otunba Bimbo Ashiru and Mr Segun Olujobi. I welcome also the two new Executive Directors, Ms Adekemi Ajayi and Mr Olugbolahan Mark-George who joined the Executive Management team few days ago and the two independent Non-Executive Directors, Otunba Mrs Adebola Osibogun and Mrs Foluso Olaniyan OON who recently joined the Board.

Our top priority as a Board is to improve performance in the Group businesses and seek more growth opportunities in priority sectors of the Nigerian economy to create significant shareholders value with huge social impact. We have seen some quick wins in relation to this strategy and the Board is closely engaged with Management on its delivery through appropriate Governance and Organizational structuring, Asset Optimization, creation of new entities, initiatives and investments.

Dr. Segun Aina, OFR
Chairman

CHAIRMAN'S STATEMENT CONT'D

REVIEW OF THE GLOBAL AND DOMESTIC ECONOMY IN 2019

Permit me to present a brief review of the global and domestic economy in which the company operated in the year under review.

Year 2019 was marked by significant global and domestic economic developments which impacted our business operations. Data from the National Bureau of Statistics (NBS) showed that Nigeria experienced growth in economic output for the four consecutive quarters of 2019. The steady increase in quarterly growth resulted in an annual growth rate of 2.27% for 2019, compared to 1.9% in 2018 on a year on year basis.

The growth was largely due to the contributions of the agricultural sector, trade sector and the information and communication sector with 25.2 per cent, 16 per cent and 13 per cent shares of the total GDP respectively in 2019.

The successful re-election of President Muhammadu Buhari saw to the continued implementation of the administration's fiscal and monetary policies, which can be attributed to the sustained but modest economic growth rate.

Another major economic event in 2019 was the signing of the African Continental Free Trade Agreement (AfCFTA) by the Nigerian President at the 12th Extra Ordinary Summit of African Union on July 7, 2019 in Niamey, Niger Republic. AfCFTA allows goods to move between member states in Africa without tariffs. However, in August 2019, Nigeria closed her land borders to ensure that importations through her land borders originated or have value addition from African markets.

Inflation rate as at year end of 2019 was 11.98% majorly attributed to increase in food prices which manifested throughout the period of the closure of the borders.

I would like to commend some strategic initiatives in response to the opportunities thrown up by the policies of the Federal Government such as the partnership between Lagos State and Kebbi State for the production of LAKE rice, as well as intervention programmes of the Central Bank of Nigeria (CBN) to farmers in the country. The company will take advantage of existing opportunities and explore new opportunities for integration and economic development of the South West States.

The year also saw a very assertive CBN playing a larger role in the overall economy, not just in exchange rate and price stability but also in direct lending and trade policy. The CBN maintained strict adherence to her list of items banned from accessing the FOREX window. The apex bank also mandated commercial banks to target a minimum loan to deposit ratio of 60% or maintain high cash reserves. This measure was targeted at encouraging banks to lend to the real Sector.

Looking ahead into 2020 at the global level, economic growth projection was put at 3.3% in 2020 according to the International Monetary Fund (IMF) January 2020 World Economic Outlook (WEO). The optimism was on the back of the clarity on Brexit and expected economic recovery in the Emerging Markets and Developing Economies (EMDEs). However, the unprecedented outbreak of Coronavirus in the 1st half of 2020 has dampened the prospects of recovery in global growth.

FINANCIAL PERFORMANCE

The company's revenue of ₦1.809billion for 2019 was a 15% decrease when compared with the 2018 revenue figure of ₦2.138billion. The decrease was largely due to 25% reduction from dividend income of ₦1.013billion received in 2018. Dividend income for 2019 was ₦762million.

2019 Profit before tax of ₦889.71million was 5% higher compared with 2018 Profit before tax figure of ₦849.34million. The prudency of Management and its budget monitoring processes coupled with increased efficiency and productivity reduced operating costs and boosted profitability of the company in the year under review.

The Board is hopeful that the operational and financial results combined with our progress in sustainability initiatives and governance practices will produce better performance in ensuing years.

DIVIDEND

In effect, the directors recommend for payment to shareholders, a dividend of ₦320m. The dividend which is subject to the deduction of withholding tax at applicable rate at the time of payment is 9.6% increase over ₦292m paid as dividend for 2018 financial year.

FUTURE PLANS

Distinguished Shareholders, looking to the future with positive vistas, I am pleased to report that at a two-day brainstorming Strategy Session facilitated by KPMG Advisory Services for the company's Board of Directors, Chairmen of the Board of Subsidiaries and Chief Executive Officers of Subsidiary Companies as well as the Management team of Odu'a Investment Company Limited (OICL) held in September 2020, a new course to improve performance and increase profitability of the company has mapped out ambitious growth plans and the decision to focus investment in priority sectors of Real Estate, Energy including Oil and Gas, Hospitality, Agriculture, Logistics and Storage, Healthcare, ICT/Digital and Financial Services.

A growth strategy for the next Five (5) Years from 2021 -2025 with revised Group's Vision, Mission Statement and Core Values to fit into the current restructuring and repositioning drive of the Company with innovation mindset underpinning the activities of the entire Group has been developed.

With the new Vision **"To be a World Class Conglomerate"** and the ambitious financial targets, the Board remains positive about the company's future and will continue to work closely with the Management and provide the needed oversight, guidance and strategic direction.

We shall accelerate the operationalization of the new subsidiary, South West Agriculture Company Limited (SWAGCO), create new ones, efficiently sweat idle assets as well as improve level of professionalism of the Board and Management of the company and its subsidiaries, have a highly motivated and hugely productive workforce and enthrone a meritocratic culture to deliver on the organization's goals and objectives.

CONCLUSION

In conclusion, I wish to state that the Group is poised to operate with purpose and accountability with full engagement and inclusiveness of stakeholders. The Board will be engaging from time to time with Business Thought Leaders (BTL) and key stakeholders for their rich wisdom to advance the company's visibility both nationally and internationally.

Our Distinguished Shareholders, we trust that you will show great understanding and support to deal passionately with issues that may come before you from time to time from the company in pursuit of our common goal of achieving set objectives.

The Board would like to express our gratitude to the Management team led by the Group Managing Director/CEO, Mr Adewale Raji for their dedicated efforts, as well as to all employees for their hard work throughout the year.

On behalf of fellow Directors, I would like to also thank our Shareholders, business associates, consultants, partners, and the regulatory authorities for their continued support.

I am confident that with the wealth of experience of OICL's Board of Directors, together with the excellent Management and staff of OICL and Subsidiary Companies, we are poised for even greater heights.

Thank you and God bless.

Dr Segun Aina, OFR
Chairman
Odu'a Investment Company Limited

GROUP MANAGING DIRECTOR/CEO'S REPORT

Distinguished Shareholders, the Chairman and other Directors of Odu'a Investment Company Limited (OICL), my colleagues on the Management Team, Managing Directors of OICL Subsidiaries, Ladies and Gentlemen.

I am very delighted to welcome you most warmly to the 38th Annual General Meeting (AGM) of OICL holding today, 7th October, 2020 at the Company's Head Office, Cocoa House, Ibadan. May I also express my most profound gratitude to the Shareholders and the Board of our company for re-appointing me as the Group Managing Director/CEO after the expiration of my first tenure in May 2019. Thank you most sincerely for the confidence reposed in my leadership.

I shall be presenting to you the report of your Company's performance and developments during the year ended 31st December 2019 with highlights of a few aspects of the business environment that significantly affected our performance.

GLOBAL ENVIRONMENT

According to the United Nations Report on the World Economic Situation and Prospects 2020, the global economy recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of the protracted trade dispute and a slow down on domestic investments. US, the world's largest economy GDP growth of 2.9% in 2018 slowed to 2.2% in 2019 and is projected to fall further to 1.7% in 2020 with a slight increase to 1.85% in 2021. In China, the world's second largest economy, the economy grew 6.6% in 2018 then slowed to 6.1% in 2019 and is projected to slip further to 6% in 2020 and 5.9% in 2021. All these were pre-Covid-19 projections.

The trade tensions between US and China re-escalated in August 2019 following the announcement by the US that it will impose tariffs on a further $300billion of Chinese imports. In retaliation, China introduced additional tariffs on $75billion of imports from the US. These developments triggered sharp movements in global equity markets, a decline in global oil prices and higher capital outflows from the emerging economies. African countries were severely affected by the China-US trade conflict as China is Africa's single largest trade partner while the US places 5th position. Commodity exporters with significant linkages with China and those with large refinancing needs were most affected. Nonetheless, GDP growth in Africa rose from 2.7% in 2018 to 2.9% in 2019 and is projected to reach 3.2% in 2020 and 3.5% in 2021.

Growth in other large emerging economies including India, Brazil, Mexico, Russia and Turkey is expected also to gain some

Adewale Raji
Group Managing Director/CEO

GROUP MANAGING DIRECTOR/CEO'S REPORT CONT'D.

momentum as from 2020 while for Latin America and the Caribbean; the economies are clouded by relatively low commodity prices and protracted weaknesses.

In December 2019, the world witnessed the outbreak of the novel Coronavirus in Wuhan city in Hubei Province of China but the consequence of this Asian regional incidence was least expected to have the catastrophic effect on the global economy that we have witnessed since the end of Q1 of 2020.

The lack of vaccine for its prevention and cure compelled the adoption of physical lockdown of cities and regions of China to contain its spread. These restrictions had the immediate impact of disrupting the Global Supply Chain and decline in crude oil demand from major importing countries such as India, China and European Union. Much later, lockdowns extended across the world that demobilized Global Aviation and Automotive Travel by close to 75%. This coupled with muscle flexing between Russia and Saudi Arabia led to crude oil price collapsing in March 2020 when oil price fell sharply to US$35 per barrel compared to almost US$60 average in 2019. The Coronavirus impact is still unabating globally as the news of a second wave dominates Europe and the Americas.

DOMESTIC ENVIRONMENT

In Nigeria, GDP growth averaged 2.27% in 2019 compared to 1.9% in 2018. The nation's economy recorded the highest quarterly growth of 2.6% in Q4 driven largely by the services sector. According to data from the National Bureau of Statistics (NBS), about 70% were contributed by five sectors i.e. Agriculture; Trade; Manufacturing; ICT; Mining and the balance 30% by the services sector.

Telecoms remain one of the fastest growing services sector. The demand for telecoms continues as the industry is continuously being reshaped by rise in broadband penetration, next generation infrastructure for digital transformation, investment in 5G and optic fibre services. The Central Bank of Nigeria (CBN) recent release revealed that the broadband penetration in Nigeria was 33% as at 2019, attributable to the expansion of network operators to cities such as Lagos, Abuja, Port Harcourt, Kano and Ibadan.

In 2019, agriculture recorded steady growth from 1.79% in Q2 to 2.28% and 2.31% respectively in Q3 and Q4. Crop production remains the major driver of the sector, accounting for 92% of overall nominal growth. Although the sector's workforce, export and GDP contribution have fallen in recent decades, as oil and gas production became Nigeria's economic mainstay, the country is home to vast amounts of arable land and a large, diverse production base that includes many high-value cash crops, offering significant opportunity for development and investment. Recognizing the sector's high growth and export potential, the Federal Government of Nigeria (FGN) in 2019 increased focused agricultural development as a mechanism for macroeconomic and non-oil growth. FGN through the CBN released various interventions and also through the initiatives of the Nigerian Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL) and the Federal Ministry of Agriculture to improve the agricultural sector.

Prior to the coronavirus outbreak, the Nigeria economy exhibited two trends- wavering external sector indicators and improving internal economic indicators except inflation. The external reserves declined from US$45billion in July 2019 to US$38billion in January 2020. Trade balance declined from ₦1.4trillion in Q3 2019 to N579billion in Q4 2019. Total foreign investment inflows also declined from US$8.5billion in Q1 2019 to US$3.8billion in Q4 2019. Apart from exchange rate stability across markets, credits to the private sector grew by 13.6% in December 2019 due to continued implementation of CBN's Loan to Deposit Ratio (LDR) policy. Debt servicing to revenue ratio declined from 65% in 2018 to 45% in 2019

The Nigeria Stock Exchange in 2019 posted a Year to Date loss of 14.6% despite the listing of MTN Nigeria and Airtel Africa during the year. This occurrence amounted to a second straight year of loss posting if we call out 2018 when the market lost 17.8% of its opening value. A combination of trepid fear of 2019 General Elections

GROUP MANAGING DIRECTOR/CEO'S REPORT CONT'D.

by foreign and domestic investors, government policies to defend the Naira, global trade wars and oil prices volatility affected the performance of the capital market.

The CBN is expected to continue in its effort in 2020 to curtail inflation, ensure exchange rate stability and adopt more tools such as FOREX restrictions and interventions to stimulate lending to the real sector and propel economic growth.

OPERATING PERFORMANCE-2019 FINANCIAL YEAR

The Holding Company 2019 Revenue of ₦1.81billion was a 15% decrease compared with 2018 Revenue figure of ₦2.14billion. Return on our investment in additional holding in Lafarge Africa did not materialize as the company declined payment of dividend at it's 2019 AGM. We posted a profit before tax of ₦889.7million in 2019 representing a modest 5% increase over the 2018 PBT of N849.3million. Suffice to say that a sizeable number of clients and tenants in our rented commercial, retail and residential properties defaulted in rents payment.

The Group Revenue at ₦4.05billion was a 6.6% decrease over 2018 figure of ₦4.34billon. Overall Total Assets of the Group increased to ₦132.98billion in 2019 from ₦130.03billion in 2018. Distinguished Shareholders, we are pleased to inform you that due to our enhanced profitability a gross dividend of ₦320m (Three Hundred and Twenty Million Naira only) is being proposed for payment. This is a 9.6% increase over the ₦292m (Two Hundred and Ninety-Two Million only) paid for 2018 Financial Year. Kindly note that upon approval and payment of this amount, the cumulative dividend paid to Shareholders in the last 6 years will be ₦1.528b.

GROWTH DELIVERY STRATEGY & LATEST DEVELOPMENTS

Throughout 2019, the Board and Management continued with decisive actions to bring about organic growth in our existing subsidiaries and adding new businesses to the portfolio of the company that are focused on actualizing the company's mandate for the economic development of the South West States. I wish to report on some of the developments as follows:

CORPORATE GOVERNANCE REFORMS

The shareholders commissioned a detailed corporate governance assessment of the Group through KPMG Advisory Services to reposition it for optimal performance like any other Limited Liability company. The study focused on strengthening the Board and Management to be the product of merit that is properly endowed with the competence, energy and the capabilities to transform the economic fortunes of the Conglomerate and its six Owner States. The outcome of this exercise is visible in the composition of the current 11-member Board of Directors that has a good blend of business focused and experienced Non-Executive Directors, Independent Directors and Executive Directors (i.e. Group MD, Chief Financial Officer & Chief Investment & Business Development Officer). This is a first in OICL.

AGRICULTURE & AGRIBUSINESS INVESTMENT

The Owners State Governments through OICL have incorporated an agriculture investment holding company called SWAgCo Limited to mid-wife the Agricultural Transformation of the South West strictly on sound Private Sector principles and strategic partnerships. SWAgCo when fully operational will mobilize multi-billion Naira funds, invest the funds and manage the funds in already identified focused Food Crops, Cash Crops, Livestock and Agriculture Processing. Using the platform of strategic partnerships, it will spin-off SPVs where it owns minority stakes to bring about sustainable Agric businesses that will spurn profitable economic growth and social impact of job creation and lifting the rural economy of their locations. To manage this new company to deliver on its mandate, the top executive positions of Managing Director and Executive Directors are currently being populated. This Agric. Investment Company is expected to be operational before the end of 2020.

GROUP MANAGING DIRECTOR/CEO'S REPORT CONT'D.

Meanwhile, OICL is currently undertaking mechanized commercial cultivation of 1,200 hectares of Cassava that will feed 2 Nos. 50 tons modular processing plants for the conversion of cassava tubers into high quality food grade Cassava Starch (HQCS) and high quality Cassava Flour (HQCF) using part of her 3,500 hectares farmland in Imeko, Ogun State. Niji Farms Group who have proven track record in large mechanized cassava farming and processing is the Technical Management of the project. The project is designed to transit into a scale-up (brownfield) project that will be taken over by SWAgCo for further funding of the farming and processing plants as well as attract other equity shareholders.

We are also looking into beef livestock along three segments of Breeding of weaners vide cross breed and artificial insemination, Fattening weaners in Feedlot system and regular cultivation of forage and hay for feedlot consumption. The business plan is also under consideration and will be passed to SWAgCo.

Other than OICL's JV partnership in **The Farming Company Limited** at Oke-Ako Ekiti planned for Cashew and Cassava cultivation and processing along with cropping maize and soya beans to feed poultry broilers to processed chicken, future OICL investment in Agriculture will be exclusively through SWAgCo Limited.

REAL ESTATE & INSURANCE BROKERAGE

You will recall my reporting last year the flag off of a 124-household medium density and mixed luxury housing estate named ***Westlink Iconic Villa*** on 3.8hectares parcel of land at Alakia, Ibadan. That JV development by OICL with Iconic City UK has made significant progress with Phase 1 comprising 50 households at roofing stage now.

We have equally commenced JV development of previously dilapidated properties as below:

- ***Westlink Clinton's Court*** at Iyaganku GRA, Ibadan made up of 16 units of 4 Bedroom Tri-Level Terrace Houses with BQ.
- ***Westlink Supremacy*** at Oduduwa Crescent, GRA Ikeja. It comprises 20 Households of 8 Nos. 3 Bedroom; 8 Nos. 2 Bedroom and 4 Nos. Tri-Level 4 Bedroom Terrace Houses
- ***Westlink Heritage*** at Ogunlesi Street, Palm Grove, Lagos made up 12 Nos. 3 Bedroom Flats all en-suite.

Wemabod Estate Ltd as part of its revival strategy rebranded as **Wemabod Limited.** Renovation to upgrade its major commercial office properties has commenced. Western House is partially being renovated with the face lifting of its entire Ground Floor, installation of a new Lift and touch up of the external facials. It is now a living and welcoming building and the renovation will be sustained to other phases to completely change the perception of this iconic 19 floor high rise. Progress is being made on disentangling cleavages on about four of our Lagos Island properties through the renewed impetus of the efforts of the Board and Management of Wemabod Ltd.

We are pleased to report that for the first time in 4 years, **Glanvill Enthoven Insurance Brokers and Pension Consultants Ltd** has returned to profitability. This feat had been achieved with the relentless efforts of the Board and Management of this company and collaboration with Group Headquarters. The company is now positioned for greater attainment. The company now has a more stable working environment and dedicated staff who are making efforts to tap into the new areas of micro-insurance and deepen its foothold in all other existing sectors notably oil and gas, manufacturing, public sector etc.

HOSPITALITY, FOOD & BEVERAGES

The economic recession of 2016-2018 slacked our plan to secure and conclude strategic equity partnership with financially capable investors to reposition our Lagos Airport Hotel, Ikeja and Western Hotels, Ibadan (i.e Premier Hotel and Lafia Hotel). The Covid pandemic has further aggravated our plight that the Board is now devising fresh strategy to permanently solve this problem and put our hospitality business on a global standard. In the interim, we continue to sustain major renovation of room facilities and keeping the personnel cost under control. The recent Covid scourge completely dislocated our 2020 operating plans.

The Food and Beverage sector is glowing as a result of untapped opportunities due to growing population. Demographics also support growing urbanization. After the buyback of full ownership of **Cocoa Industries**

GROUP MANAGING DIRECTOR/CEO'S REPORT CONT'D.

Limited, OICL is now focused on extracting real value from its assets and taking advantage in the growing food and beverage sector by exploring the opportunity of floating a Brand/Marketing Company with competent equity partners to re-introduce the "Vitalo Brand" into the market based on product contract manufacturing.

OIL & GAS

OICL is participating in the 2020 Marginal Oil Field Bid Round (MFBR) being organized by the Federal Government of Nigeria through the Department of Petroleum Resources (DPR). We are pleased to inform our Shareholders that the company was pre-qualified to submit Technical and Commercial bids for the programme. The support of our shareholders is required to be successful in this Bid Round.

ASSOCIATE COMPANIES

We are pleased to inform that we maintained very cordial engagement at both Board and Management level with all our Associate Companies. It is particularly gratifying that such engagement with those entities along with desired support and interventions has enhanced their business performance. Let me put on record that Nigerite Limited, Lafarge Africa Plc, SKG-Pharma Ltd and Wema Bank Plc stood out in this category and we shall continue to sustain this cordiality.

OUTLOOK

Risk Management and Business Continuity Plan are part of standard management practice that the Board considers as one of its most important oversight responsibilities. Across the world in political and business circles no one ever contemplated the scale of disruption, destruction and devastation that Covid-19 has shot at us. Our hospitality business felt the damage most followed by our real estate as patronage vanished for many months in the former and the later is a victim of massive rent default. These are indeed challenging times that we are trying to balance our portfolio. Our Insurance Brokerage business and two of our Associate Companies are satisfactorily trending green.

This development as devastating as it is reinforces our strategy to be better entrenched in critical essential sectors of the economy like Food & Manufacturing, Pharmaceuticals, Agriculture, Logistics, ICT/Digital etc that are better insulated from such shocks and disruptions. Fortunately for our Group, these are all well covered in our 2021-2025 Strategic Plan.

CONCLUSION

This much of 2020 that we have seen is daunting courtesy of the novel Coronavirus that demands totally new response to survive its debilitating crush. We are cautiously optimistic that with our strong Board and improving governance and capability enhancement we shall overcome and always make our Shareholders proud of our performance.

On behalf of management and the entire workforce of Odua Group, I wish to express our most sincere gratitude to our Distinguished Shareholders for their continued support and understanding and to our Chairman and Directors for their sterling commitment towards remodeling the Group into a world class conglomerate to the admiration of all Stakeholders. We will also like to extend our gratitude to all our management and members of staff across the Group for their support for the current performance of the company and the Strategic Plan 2021-2025 being put in place.

Thank you all and God bless. Amen

Adewale Raji
Group Managing Director/CEO

BOARD OF DIRECTORS

DR. SEGUN AINA, *OFR*
Chairman

MR. ADEWALE RAJI
Group Managing Director/CEO

BOARD OF DIRECTORS

CHIEF SEGUN OJO
Non-Executive Director

OTUNBA (MRS.) ADEBOLA OSIBOGUN
Independent Director

MR. SENI ADIO *SAN*
Non-Executive Director

MRS FOLUSHO OLANIYAN,OON
Independent Director

DR. TOLA KASALI
Non-Executive Director

OTUNBA BIMBO ASHIRU
Non-Executive Director

MR. SEGUN OLUJOBI
Non-Executive Director

MS. ADEKEMI O. AJAYI
Executive Director

MR. OLUGBOLAHAN MARK-GEORGE
Executive Director

STATEMENTS OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act CAP C20 LFN, 2004 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the company at the end of the period and of its profit or loss for the period ended on that date. The responsibilities include ensuring that the company:

(a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

(b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The directors accept responsibility for the preparation of the annual financial statements set out on pages 29 to 80 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates; in conformity with the International Financial Reporting Standards (IFRS); in the manner prescribed by the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

The directors further accept responsibility for maintaining adequate accounting records required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004 as well as adequate systems of internal financial control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain as a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Dr. Segun Aina, OFR
Chairman
FRC/2014/CIBN/00000007721

Mr. Adewale Raji
Group Managing Director/CEO
FRC/2017/IODN/00000013170

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of the company for the year ended 31st December, 2019.

1. Result for the year

	The Group		The Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Profit before tax	4,742,033	1,892,210	889,711	849,342
Taxation	(224,478)	(211,870)	(112,712)	(112,856)
Deferred taxation	147,383	25,539	29,227	46,174
Profit after taxation	4,664,938	1,705,879	806,226	782,660
Non controlling interest-share of (profit)/loss	(11,578)	38,282	-	-
Profit after taxation & non-controlling interest	4,653,360	1,744,161	806,226	782,660
Other comprehensive income	306,420	51,968	(58,164)	4,580
Non controlling interest on other comprehensive income	11,055	(4,442)	-	-
Total comprehensive income	4,970,835	1,791,687	748,062	787,240

2 Principal Activities

ODU'A has substantial investments in real estate, printing and publishing, equipment leasing, food and beverages, industries, construction, agriculture, manufacturing, hotel and catering, financial services and oil & gas and it is entrusted with delivering maximum returns to its stakeholders through qualitative and strategic management towards enhancing the heritage of its founding fathers.

3 Review of the business and future development

The company posted a profit before tax of ₦4.74 billion in 2019 financial year which was 251% higher than the ₦1.89 billion which was made in the previous year.

The directors are however hopeful that a better result will be achieved in ensuing years.

4 Dividend

The directors recommend for payment to shareholders, a dividend of ₦320million on the current paid up capital. The dividend will be recognized in the financial statements when approved by the shareholders at the Annual General Meeting. The dividend is subject to the deduction of withholding tax at the applicable rate at the time of payment.

5 Directors

The names of the directors of the company for the year under review to date are as stated on page 9 of these financial statements.

6 Directors' shareholding

The directors do not hold any shares in the company.

7 Directors' responsibilities

The directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the company as at 31st December, 2019 and of the profit or loss and cash flow statement for the year ended on that date, and comply with the requirements of the Companies and Allied Matters Act, CAP C 20, LFN 2004. These responsibilities include ensuring that:

a. Adequate internal control procedures are instituted to safeguard assets and to prevent and detect fraud and other irregularities.
b. Proper accounting records are maintained.
c. Applicable accounting standards are followed.
d. Suitable accounting policies are used and consistently applied.
e. The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS (CONT'D)

8 Personnel

(a). Employment of physically challenged persons. The company continues its general policy of extending employment opportunities to physically challenged persons as and when there are openings for such employees.

(b). Health, safety and welfare. The company provides medical facilities to its employees and their immediate families under a specially arranged health plan. In addition, all essential safety regulations are observed to guarantee maximum protection of personnel and the company's assets. Employees are also adequately insured against occupational and other hazards.

(c). Employees' development and training. Employees are kept fully informed regarding the company's performance and the company continues with its open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

The company attaches importance to the training of its staff through regular in-house on-the-job training sessions and external courses which enhances career development opportunities within the company.

9. Post Balance Sheet Event

No significant event that has occurred since the end of the year

10 Subsequent Year Review

On 11th March, 2020, the World Health Organization declared that the Coronavirus Strain L, otherwise known as COVID-19 is pandemic. That is, the biological virus which emanated from Wuhan, Hubei Province in China has permeated the entire world. The virus has led to hundreds of thousands of mortalities in the world leading to lockdown of economic and social activities, amongst others in most parts of the world. The adverse effect on the local and global economy is not quantifiable at this time but it is worthy of note that multilateral economic agencies have downgraded the outlook of the global economy from a growth rate of positive 3% to a decline of about 3.1% negative.

Whilst the impact of the COVID-19 pandemic on the company is expected to be severe, the full financial implication cannot be ascertained. The likely scenario is that operations of the company will be adversely affected by the possible curtailment of operations. This is in view of the constriction of budgets by entities in response to the uncertainties in the economy.

Save for the foregoing, on the date of approval of these financial statements, there was no significant adverse event that may have a material effect on the financial statements that has not been adequately provided for or appropriately disclosed.

11 Auditors

Messrs HLB Z. O. Ososanya & Co. (Chartered Accountants), have indicated their willingness to continue in office as auditors. A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration. Mr. Olufemi Ososanya; FCA (ICAN Membership Number-006435 is the Engagement Partner responsible for the audit opinion expressed in these financial statements).

BY ORDER OF THE BOARD

MRS. ABIOLA OLUFUNKE AJAYI
Company Secretary
FRC/2014/NBA/00000008466

Floors 20-23, Cocoa House, Oba Adebimpe Road, Dugbe, Ibadan

2nd September, 2020

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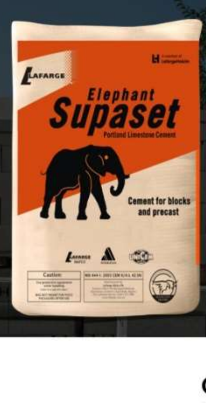

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ODU'A INVESTMENT COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Odu'a Investment Company Limited ("the Company") and its subsidiary companies together ("the Group") which comprise the statement of financial position as at 31st December, 2019 and statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended 31st December 2019, a summary of significant accounting policies and other explanatory information set out on pages 29 to 80.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company's financial position as at 31st December, 2019 in accordance with International Financial Reporting Standards (IFRS) and Financial Reporting Council of Nigeria, Act 2011 and in the manner required by Companies and Allied Matters Act of Nigeria and other statutory financial regulations.

Basis for Opinion

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 control 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 estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, whereof most significance in our audit of the financial statements of the current period. Key audit matters are selected from the matters communicated with management, but are not intended to represent all matters that were discussed with them. These matters were addressed in the context of our audit of the financial statement as a whole and informing our opinion thereon and are not significant enough for us to provide a separate opinion.

Directors Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii In our opinion, proper books of account have been kept by the company; and

iii The company's statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

Ibadan, Nigeria
3rd September, 2020

Ososanya Olufemi Adesola
FRC/2013/MULTI/00000005339
For: HLB Z. O. Ososanya & Co.
(Chartered Accountants)


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Sanmi - 08062613597 OR +234 14483100-3

STATEMENT OF FINANCIAL POSITION

		The Group		The Company	
		31st December 2019 ₦'000	31st December 2018 ₦'000	31st December 2019 ₦'000	31st December 2018 ₦'000
Non-current assets	**Notes**				
Property, plant and equipment	7	8,317,615	8,466,121	2,030,027	2,142,577
Investment properties	8	104,214,020	104,191,272	71,418,578	71,962,573
Intangible assets	9	3,018	4,480	445	824
Long term financial assets	10	240,786	282,678	160,523	160,523
Investment in subsidiaries	11	-	-	699,790	699,790
Investment in associates	12	18,645,306	12,789,271	7,019,908	4,637,006
Interest in joint ventures	13	1,089,130	225,557	1,079,685	216,112
Other financial assets	14	-	-	343,034	200,904
Advance deposits for invest. in shares	15	1,292,037	1,292,037	1,871,262	1,871,262
Other assets	16	5,933,965	6,332,638	5,137,545	5,057,794
Asset held for sale		1,000	1,000	-	-
Non-current assets		**139,736,877**	**133,585,054**	**89,760,797**	**86,949,365**
Current assets					
Available for sale investments	17	313,662	433,522	127,853	182,461
Prepayments	18	61,787	67,184	11,113	12,262
Inventory	19	66,222	74,789	-	-
Trade and other receivables	20	2,497,691	2,516,436	1,244,165	1,356,338
Cash and cash equivalents	21	563,744	486,140	129,257	56,967
Current-assets		**3,503,106**	**3,578,071**	**1,512,388**	**1,608,028**
Total assets		**143,239,983**	**137,163,125**	**91,273,185**	**88,557,393**
Equity					
Ordinary share capital	22a	603,750	575,000	603,750	575,000
Share premium	22b	971,250	-	971,250	-
Other components of equity	22c	100,939,848	99,952,349	70,872,096	69,854,913
Revenue reserves	22d	21,175,018	16,533,548	10,725,154	10,175,595
Total equity to owners of the coy.		123,689,866	117,060,897	83,172,250	80,605,508
Non controlling interest	22e	3,183	(6,489)	-	-
Total equity		**123,693,049**	**117,054,408**	**83,172,250**	**80,605,508**
Liabilities					
Non-current					
Loans and borrowings	23	1,031,598	1,248,468	-	-
Retirement benefit obligations	24	308,770	324,086	-	-
Deferred revenue	25	3,358,354	3,067,464	1,120,488	1,000,620
Provisions	26	322,090	736,521	-	-
Deferred tax liabilities	27e	11,575,533	12,133,135	6,476,701	6,523,083
Other liabilities	28	-	-	-	-
Non-current liabilities		**16,596,345**	**17,509,674**	**7,597,189**	**7,523,703**
Current					
Loans and borrowings	23	25,266	59,958	-	37,172
Trade and other payables	29	2,345,183	2,049,458	377,640	269,040
Current tax liabilities	27d	285,704	251,702	81,945	77,808
Other liabilities	28	294,347	237,797	44,161	44,162
Deferred income	25	89	128	-	-
Current liabilities		**2,950,589**	**2,599,043**	**503,746**	**428,182**
Total liabilities		**19,546,934**	**20,108,717**	**8,100,935**	**7,951,885**
Total equity and liabilities		**143,239,983**	**137,163,125**	**91,273,185**	**88,557,393**

Mr. Adewale Raji
Group Managing Director/CEO
FRC/2017/IODN/00000013170

Mrs. Tunji-Ojo Yinka
General Manager (Finance & Investment)
FRC/2017/ICAN/00000011811

STATEMENT OF PROFIT OR LOSS

	Notes	The Group December 2019 ₦'000	The Group December 2018 ₦'000	The Company December 2019 ₦'000	The Company December 2018 ₦'000
Revenue	30	4,051,183	4,337,604	1,809,273	2,137,544
Cost of sales		(353,107)	(470,275)	-	-
Gross profit		3,698,076	3,867,329	1,809,273	2,137,544
Administrative expenses		(2,695,621)	(2,785,460)	(1,344,975)	(1,296,152)
Distribution & other operating expenses		(240,525)	(249,635)	-	-
Other operating income	31	713,000	534,632	335,214	33,752
Operating profit		1,474,930	1,366,866	799,512	875,144
Other gains or losses	32	(2,335)	-	-	-
Finance income	33	143,943	20,813	120,253	6,893
Finance cost	34	(247,635)	(316,746)	(30,054)	(32,695)
Share of profit/(loss) of associates		3,373,130	821,277	-	-
Profit before taxation	35	4,742,033	1,892,210	889,711	849,342
Taxation	27a	(224,478)	(211,870)	(112,712)	(112,856)
Deferred taxation	27b	147,383	25,539	29,227	46,174
Profit after taxation for the year		4,664,938	1,705,879	806,226	782,660
Non controlling interest-share of (profit)/loss		(11,578)	38,282	-	-
Profit for the year attributable to owners of the company		4,653,360	1,744,161	806,226	782,660
Retained by the company		806,226	782,660	806,226	782,660
Retained by the subsidiaries and associate companies		3,847,134	961,501	-	-
		4,653,360	1,744,161	806,226	782,660
Earnings per share		7.71	3.03	1.34	1.36

STATEMENT OF OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	December 2019 ₦'000	December 2018 ₦'000	December 2019 ₦'000	December 2018 ₦'000
Profit for the year	4,653,360	1,744,161	806,226	782,660
OTHER COMPREHENSIVE INCOME				
Net changes in fair value of financial assets measured at FV through OCI	(103,799)	33,295	(75,319)	(18,135)
Deferred tax on fair value of financial assets measured at FV through OCI	410,219	18,673	17,155	22,715
Total comprehensive income	4,959,780	1,796,129	748,062	787,240
Non controlling interest	11,055	(4,442)	-	-
Total comprehensive income for the year attributable to owners of the company	4,970,835	1,791,687	748,062	787,240
	========	========	========	========

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Share capital ₦'000	Share premium ₦'000	Capital reserve ₦'000	Potential shares ₦'000	Property revaluation reserve ₦'000	Investment Property revaluation reserve ₦'000	Financial Assets Measured @FV through OCI reserve ₦'000	Investment in associate reverse ₦'000	Other reserves ₦'000	Retained earnings ₦'000	Total equity to owners of the company ₦'000	Non controlling interest ₦'000	Total ₦'000
Balance as at 1st January 2019	575,000	-	332,628	3,139,204	5,710,468	88,517,918	(134,899)	(2,491,540)	4,878,570	16,533,548	117,060,897	(6,489)	117,054,408
Profit for the year	-	-	-	-	-	-	-	-	-	4,664,952	4,664,952	-	4,664,952
Addition to share capital	28,750	-	-	-	-	-	-	-	-	-	28,750	-	28,750
Addition to share premium	-	971,250	-	-	-	-	-	-	-	-	971,250	-	971,250
Dividend understated	-	-	-	-	-	-	-	-	-	(306,667)	(306,667)	-	(306,667)
Capital reserves for the year	-	-	76,892	-	-	-	-	-	-	-	76,892	84,531	161,423
Provision no longer required	-	-	-	-	-	-	-	-	-	(6,805)	(6,805)	-	(6,805)
Loan repayment	-	-	-	-	-	-	-	-	-	44,545	44,545	-	44,545
Non-controlling interest (other components of equity)	-	-	-	-	-	-	-	-	-	-	-	170,586	170,586
Investment in associate reserve Net changes in fair value of financial	-	-	-	-	-	-	-	1,075,347	-	-	1,075,347	-	1,075,347
assets measured at fair value through OCI Deferred tax on fair value of financial	-	-	-	-	-	-	(79,797)	-	-	-	(79,797)	-	(79,797)
asset measure at fair value through OCI	-	-	-	-	-	-	15,601	-	-	-	15,601	-	15,601
Addition/adjustment during the year	-	-	-	-	6,737	-	55,016	-	(170,586)	245,445	136,612	-	136,612
Foreign exchange equalization reserve	-	-	-	-	-	-	-	-	8,289	-	8,289	-	8,289
Non controlling interest (revenue reserve)	-	-	-	-	-	-	-	-	-	-	-	(245,445)	(245,445)
Balance as at 31st December, 2019	603,750	971,250	409,520	3,139,204	5,717,205	88,517,918	(144,079)	(1,416,193)	4,716,273	21,175,018	123,689,866	3,183	123,693,049

STATEMENT OF CHANGES IN EQUITY

THE COMPANY

	Share Capital ₦'000	Share premium ₦'000	Potential shares ₦'000	Property revaluation reserve ₦'000	Investment Property revaluation reserve ₦'000	Financial assets measured at FV through OCI reserve ₦'000	Other reserves ₦'000	Investment in associate reserve ₦'000	Retained earnings ₦'000	Total ₦'000
Balance as at 1st January, 2019	575,000	-	3,139,204	1,548,423	62,784,538	46,834	4,827,454	(2,491,540)	10,175,595	80,605,508
Share premium	-	971,250	-	-	-	-	-	-	-	971,250
Shares issued during the year	28,750	-	-	-	-	-	-	-	-	28,750
Profit for the year	-	-	-	-	-	-	-	-	806,226	806,226
Payment of dividend for year 2018	-	-	-	-	-	-	-	-	(291,667)	(291,667)
Loan repayment by Cocoa Industry Limited	-	-	-	-	-	-	-	-	30,000	30,000
Loan repayment by Cocoa Industry Limited in 2017 now taken										
to retained earnings	-	-	-	-	-	-	-	-	5,000	5,000
Investment in associates reserves for the year	-	-	-	-	-	-	-	1,075,347	-	1,075,347
Other comprehensive income for the year, net of income tax										
Net changes in fair value of financial assets measured										
at FV through OCI	-	-	-	-	-	(58,164)	-	-	-	(58,164)
Balance as at 31st December, 2019	603,750	971,250	3,139,204	1,548,423	62,784,538	(11,330)	4,827,454	(1,416,193)	10,725,154	83,172,250

STATEMENT OF CASH FLOWS

	Note	The Group 31st December 2019 ₦'000	The Group 31st December 2018 ₦'000	The Company 31st December 2019 ₦'000	The Company 31st December 2018 ₦'000
Cash flows from operating activities					
Receipts from customers		4,760,281	4,630,917	2,236,028	2,412,892
Payments to suppliers		(2,247,883)	(2,662,460)	(832,448)	(1,067,578)
Cash paid to and on behalf of employees		(1,060,648)	(986,787)	(555,052)	(576,696)
		1,451,750	981,670	848,528	768,618
Cash generated from operations					
Income taxes paid		(40,788)	(26,008)	(7,891)	(6,562)
Net cash generated from operating activities	38	1,410,962	955,662	840,637	762,056
		=========	==========	=========	=========
Cash flows from investing activities					
Payments to acquire financial assets measured at FV through OCI		(20,711)	-	(20,711)	-
Proceeds on sale of financial assets measured at FV through OCI		72,425	67,446	72,425	-
Payments for property, plant and equipment		(204,100)	(282,169)	(21,250)	(127,326)
Proceeds from disposal of property, plant and equipment		3,922	10,306	1,102	7,956
Cash received on project ACE		-	-	-	367,921
Payments for other assets		(50,944)	(192,974)	(79,751)	(117,046)
Payments for investment property		(39,625)	(17,786)	(36,525)	(17,786)
Payments for intangible assets		(2,551)	(2,503)	(242)	-
Loans to subsidiary company		(155,000)	-	(155,000)	(144,042)
Proceeds from disposal of investment property		-	368,609	-	-
Payment for investment in associates		(1,367,626)	-	(1,367,626)	-
Repayments on loans from subsidiary company		-	-		31,138
Payments on acquisition of associate		42,870	-	42,870	-
Payments relating to preliminary expenditure on Joint Venture -		-	-	-	
Westlink Iconic Estate		(2,170)	-	(2,170)	-
Dividend and other related income received		8,692	-	-	(500,000)
Payments to acquire interest in joint venture		-	-	-	-
Net cash used in investing activities		(1,714,818)	(49,071)	(1,566,878)	(499,185)
		==========	==========	=========	=========
Cash flows from financing activities					
Bank loan		-	(293,534)	-	-
Proceeds from issue of shares		1,000,000	-	1,000,000	-
Bank overdraft		2,480	53,801	-	37,172
Loan repaid		(362,380)	-	-	-
Dividend paid		(306,667)	(277,778)	(291,667)	(277,778)
Finance income/interest received		143,944	20,764	120,253	6,893
Finance cost overdraft/charges loan repaid		(244,254)	(316,746)	(30,054)	(32,695)
Other loans		148,337	14,016	-	-
Net cash used in financial activities		381,460	(799,477)	798,532	(266,408)
		=========	=========	========	========
Net decrease in cash and cash equivalents		77,604	107,114	72,291	(3,538)
Cash and cash equivalents at the beginning of the year		486,140	379,026	56,966	60,504
Cash and cash equivalents at the end of the year	21	563,744	486,140	129,257	56,966
		=========	========	========	========

PROPERTY BULLETIN FOR SALE/LEASE

"Casino Heights". 206, Herbert Macaulay Way, Yaba, Lagos.

1. **17 Units of affordable luxurious designed three (3) Bedroom flats with maid's room each "Amethyst" &**
   18 Units of affordable luxurious designed three (3) Bedroom flats with maid's room each "Sapphire"

Features/ Facilities:

Access to cinemas, sports center, multi-purpose hall, retail space & eateries
Well-equipped gym
Standby generator
Adequate parking
All Round Security Services and much more.
Centrally located within the Lagos metropolitan area of Yaba.
206, Herbert Macaulay Way, Yaba, Lagos.

Price: From #50m to #55m per unit.

"Pinnacle Court", 6A&B, Ogedengbe

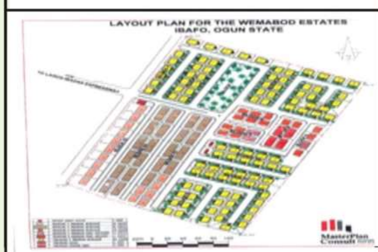
"Pinnacle Court", 6A&B, Ogedengbe Road, GRA, Apapa, Lagos.

2. Newly built Seventeen (16) Units of Three (3) Bedroom Luxury flats with a Maid's Room each at 6A&B, Ogedengbe Road, GRA, Apapa, Lagos.

Price: #45million per unit.

New Wemabod Estate, Gateway City, Ibafo.

3. A) Units of Three (3) Bedrooms Detached Bungalow.
   Price: #15.5m each.
   B) Units of Three (3) Bedrooms Semidetached Bungalows.
   Price: #14m each.
   C) Units of Two (2) Bedroom Semidetached Bungalows.
   Price: #11.5m each.
   @ New Wemabod Estate, Opposite MFM, Gateway City, Ogun State.



New Wemabod Estate, Opposite MFM, Gateway City, Ogun State

1. **Wemabod Estates, 1.9 Hectares Site & Service Land**

Location: Opposite MFM Prayers City, Magboro,
Price: #12,000/sqm
Sizes:
360m2 to 590m2

Infrastructure: Security post, Clinic, paved road, drainage system, Electricity, water supply via borehole, Street light, estate supermarket, proximity to express, developing aesthetic environment, secured by uniform security, fenced round with main gates.

THE MARKETING UNIT **WEMABOD LIMITED**
E-mail: info@wemabod.com
BASHIR: 08035623968 / 0815893148
TOPE: 08023710466 / 08158391491

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations and general information

1.1 Brief history

Odu'a Investment Company Limited is a limited company incorporated in Nigeria as a limited liability company in July, 1976 to take over the business interests of the former Western States of Nigeria comprising of Oyo, Ondo, Ogun, Osun and Ekiti States. The company commenced operations on the 1st October 1976.

The authorized share capital of the company was increased from ₦575,000,000 to N690,000,000 by the creation of 115,000,000 ordinary shares of N1 each on 31st August, 2018.

The issued share capital of the company is ₦603,750,000 shares of ₦1 each divided into 603,750,000 ordinary shares of ₦1 each and all these shares have been issued and fully paid.

1.2 Principal activities

ODU'A has substantial investment in real estate, printing and publishing, equipment leasing, food and beverages, industries, construction, agriculture, manufacturing, hotel and catering, financial services and oil & gas and it is entrusted with delivering maximum returns to its stakeholders through qualitative and strategic management towards enhancing its heritage from its founding fathers.

1.3 Corporate Headquarters and place of Business

The company's head office is located at the Cocoa House Complex, Oba Adebimpe Road, Ibadan, Oyo State.

The operations of the company are governed by sets of rules embodied in its Memorandum and Articles of Association as well as the Companies and Allied Matters Act CAP, C20, LFN 2004 and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

2. Significant management judgments, estimates and uncertainty

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

3. IFRS 9: Financial Instruments

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The company has not earlier adopted this standard in accordance with IFRS guidelines.

4. Update on International Financial Reporting Standards

With effect from 1st January, 2013, Odu'a Investment Company Limited will issue financial statements that are compliant with the International Financial Reporting Standards. This is consistent with the roadmap issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board - NASB).

Adoption of new and Revised International Financial Reporting Standards (IFRS)

a. **New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements**
In the current year, the company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

b. **New standards and amendments that will be effective for reporting period that begin 1 January 2019**
A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised in the table below:

IFRS	Effective Date	Subject of Standard/amendment
IFRS 14 Regulatory Deferral Accounts	1 January 2019	IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognized regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances. This standard does not impact on the financial statements as the company does not provide services subject to rate regulation and in addition, the company has applied IFRS 1 in prior year when converting to IFRS.
Disclosure Initiative (Amendments to IAS 1)	Effective for annual periods beginning on or after 1 January 2019	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. Disclosure Initiative (Amendments to IAS 1) makes the following changes: i. Materiality: The amendments clarify that (1) information should not be obscured by

		aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. ii Statement of financial position and statement of profit or loss and other comprehensive income: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant as additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
		iii. Notes: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2019	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. Investment Entities: The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also states that a subsidiary that provides services related to the parent's investment activities should not be

		consolidated if the subsidiary itself is an investment entity. In addition, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. In addition, an investment entity measuring all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Effective for annual periods beginning on or after 1 January 2019	The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	Effective for annual periods beginning on or after 1 January 2019	The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

		a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Based on the assessment, it was noted that none of its intangible assets or property, plant and equipment are being amortised or depreciated based on revenue
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41	Effective for annual periods beginning on or after 1 January 2019	The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as a living plant that: i. is used in the production or supply of agricultural produce; ii. is expected to bear produce for more than one period; and iii. has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16.

Equity Method in Separate Financial Statements (Amendments to IAS 27)	Effective for annual periods beginning on or after 1 January 2019	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The amendment does not affect the entity's financial statements as it has neither subsidiary nor associate.

Annual Improvements to IFRSs

(Effective for annual periods beginning on or after 1 January 2019, except as detailed below)

The annual improvements include amendments to a number of IFRSs, which have been summarized below

IFRS	Subject of amendment	Details
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal.	The amendment introduces specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendment clarifies that such a change is considered as a continuation of the original plan of disposal and accordingly an entity should not apply paragraphs 27-29 of IFRS 5 regarding changes to a plan of sale in those situations.
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	(i) Servicing contracts (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements	The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods. However, the disclosures may need to be included in the condensed interim financial statements to satisfy the requirements in IAS 34 Interim Financial Reporting.
IAS 19 Employee Benefits	Discount rate: regional market issue	The amendment clarifies that the rate used to discount post employment benefit obligations should be determined by reference to market yields at the end of the reporting period on

		high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used.

New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2019

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2019:

i. IFRS 9 Financial Instruments;
ii. IFRS 15 Revenue from Contracts with Customers;
iii. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
iv. IFRS 16 Leases
v. Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
vi. Amendments to IAS 7 Additional disclosure on changes in financing activities
vii. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
viii. Amendments to IFRS 4 upon applying IFRS 9

IFRS 9 Financial Instruments
(Effective for annual periods beginning on or after 1 January 2019)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurementu ponits effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities
With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortized cost or fair value under IFRS 9. Specifically:

a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option, all other debt instruments must be measured at FVTPL, all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

Transitional Provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2018. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

IFRS 15 Revenue from Contracts with Customers
(Effective for annual periods beginning on or after 1 January 2019)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its

effective date:

IAS 18 Revenue;
IAS 11 Construction Contracts;
IFRIC 13 Customer Loyalty Programmes;
IFRIC 15 Agreements for the Construction of Real Estate;
IFRIC 18 Transfers of Assets from Customers; and
SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:

Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.

Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When costs incurred to obtain a contract and costs to fulfill a contract can be recognised as an asset.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2019 with earlier application permitted.

IFRS 16 Leases
IFRS 16 Leases was issued; it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2019

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not