

RC266755

# The Initiates Plc

*...supporting greener production & consumption*

# 2016 ANNUAL REPORT AND ACCOUNTS



**DATE:** FRIDAY 30TH JUNE, 2017

**VENUE:** SASUN HOTELS & TOWERS LIMITED,  
Plot 206b II Block C, Trans Amadi Industrial Layout, off Ordinance Junction, Port Harcourt, Rivers State

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**CORPORATE PROFILE**

The Initiates Plc. was incorporated in Nigeria as a Limited Liability Company on the 3rd day of March, 1995 and became a Public Liability Company on the 24th day of June, 2015. It is a Waste Management company delivering professional contracting and consultancy services in Waste Management, Industrial Cleaning, and Decontamination to both Private and Public sectors including the Oil & Gas Industry. It has a multi-disciplinary and flexible workforce structure that is functional in a wide range of work environments.

**OUR VISION**

To be the industry's leading provider of Waste Management & industrial cleaning services that eliminate client's exposure and protect the environment through:

- Adherence to best practices
- Consolidation of experience, and
- Improvement aimed at adding value to our clients business and public life.

**OUR MISSION**

To facilitate industry and man co-existence in safe environment.

**OUR GOALS**

1. Support sustainable production and consumption through professional waste management services;
2. Provide efficient waste management services through integrated facility and workforce in secured environment; and
3. Adequately reward our stakeholders and maintain enduring corporate image.


**OUR CORE BUSINESS VALUES**

- Professionalism**  
Integrity • Expertise • Standards & Certification
- Innovation**  
A solution that is simple and efficient
- Commitment**  
Safety • Environmental Protection • Quality • Compliance in Law

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**B. THERMAL DESORPTION SERVICES**


I. Drilling Waste  
II. Oily sludge  
III. Oil contaminated soil



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**LISTING OF EQUITIES:**

- On the 30th day of August 2016, we received the approval of the Nigerian Stock Exchange (NSE) for the Listing of our shares on its floor.
- On the 25th day of October 2016, we listed our shares by Introduction on the ASEM board of the Nigerian Stock Exchange.
- As a result, we have over 1000 shareholders and stand out as the First Waste Management Company to be listed on the floor of the NSE.




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**PRODUCT AND SERVICES:**

**A. WASTE MANAGEMENT CONSULTANCY SERVICES**

1. Waste auditing, Toxicity Analysis & Management Planning
2. Site suitability Analysis for Waste Management Facility
3. Contaminated Land Investigation & Remediation Planning
4. Trans boundary Waste Movement (Oil/Sludge Waste Disposal)



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## DIRECTORS, PROFESSIONAL ADVISERS & CORPORATE INFORMATION:

### BOARD OF DIRECTORS:

- |                              |  |
|------------------------------|--|
| 1. Mr. Joe Ogbonna Anosikeh  | Chairman (appointed 23/3/15)               |
| 2. Mr. Reuben Mustapha Ossai | Managing Director                          |
| 3. Chief Charles Oboh        | Non-Executive Director (appointed 23/3/15) |
| 4. Prof. Edward Alikor       | Non-Executive Director (appointed 23/3/15) |
| 5. Mr. Joseph Ebinum         | Non-Executive Director (appointed 17/7/15) |

### MANAGEMENT TEAM:

- |                               |  |
|-------------------------------|--|
| 1. Mr. Reuben Mustapha Ossai  | Managing Director                                |
| 2. Mr. Christian Ogidi        | Business Manager                                 |
| 3. Mrs. Ugochi Ukpebor        | Manager, Quality, Health, Safety and Environment |
| 4. Mr. Emmanuel Urrah         | Manager, Maintenance Department                  |
| 5. Mr. Vincent Nwachukwu      | Manager, Technical Department                    |
| 6. Ms. Rosemary Douglas       | Chief Financial Officer                          |
| 7. Mr. Bimbo Adams-Ajigbotaje | Chief Internal Auditor                           |
| 8. Mr. Preston Djebah         | Manager, Cleaning and Decontamination            |
| 9. Ms. Olaide Odejobi         | Company Secretary                                |

### EXTERNAL AUDITORS:

Madu, Onyekwena & co.  
(Chartered Accountants)  
23/25 Birabi Street,  
GRA Phase 1  
P.O. BOX 12279  
Port Harcourt  
Nigeria

### BANKERS:

GTBank Plc. opp. Shell RA Branch, Aba Rd, PHC  
First Bank of Nigeria Plc. Garrison Branch, Aba Rd, PHC  
Diamond Bank, Oyigbo Branch, Aba Rd, PHC

### MEMBERS OF AUDIT COMMITTEE:

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| Mr. Christian Ugochukwu Nwanma      | Shareholder Representative (Chairman) |
| Mr. Enoch Iwueze                    | Shareholder Representative            |
| Prof. Edward Achinike Daniel Alikor | Director                              |
| Mr. Joseph Ebinum                   | Director                              |

### REGISTRARS:

Apel Capital & Registrars Limited  
8, Alhaji Bashorun Street  
Off Norman Williams Crescent  
South-West Ikoyi, Lagos.

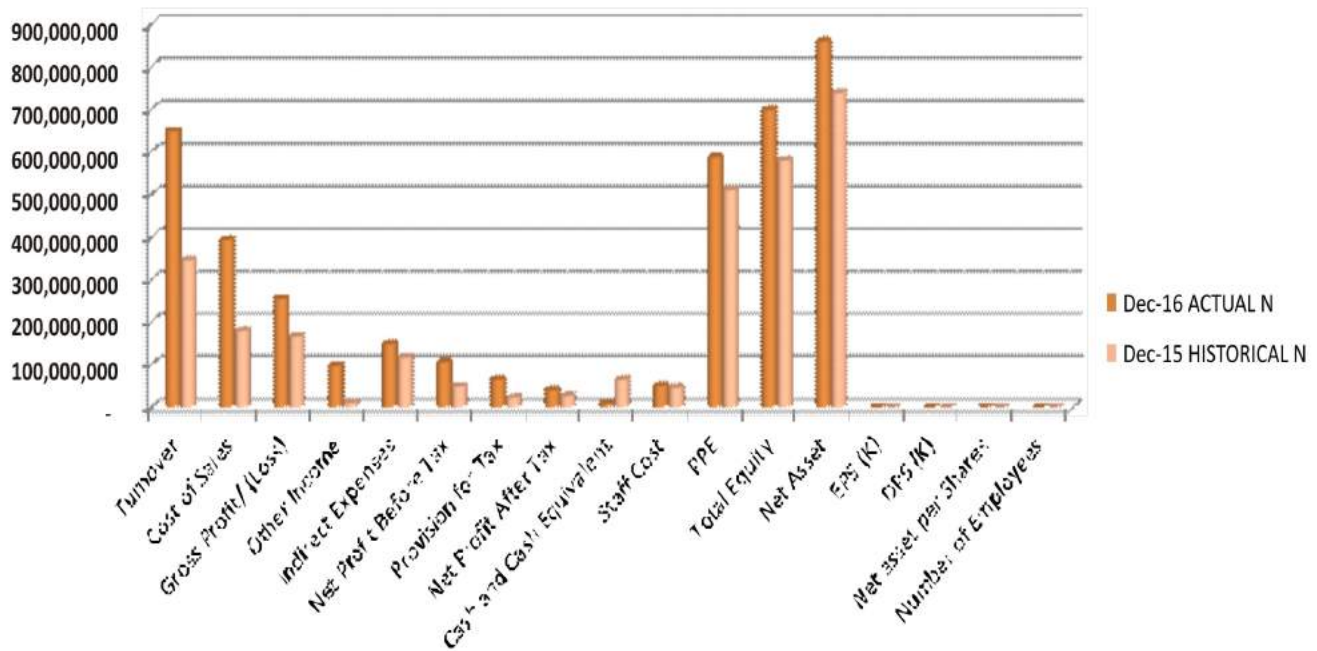
### REGISTERED OFFICE:

Plot 400, Location (New) Road, off Aba/PH expressway, by Oyigbo Junction,  
Umuebule 5, Port Harcourt, Rivers State.

# RESULT AT A GLANCE

## THE HIGHLIGHT

S/N		Dec-16 ACTUAL N	Dec-15 HISTORICAL N
1	Turnover	648,144,614	345,766,927
2	Cost of Sales	393,200,121	180,021,808
3	Gross Profit/ (Loss)	254,944,493	165,745,119
4	Other Income	97,434,196	10,720,889
5	Indirect Expenses	149,195,238	116,414,912
6	Net Profit Before Tax	105,749,255	49,330,207
7	Provision for Tax	65,059,277	22,883,903
8	Net Profit After Tax	40,689,978	26,446,304
9	Cash and Cash Equivalent	8,108,410	64,385,904
10	Staff Cost	50,491,475	45,750,805
11	PPE	587,311,661	510,297,266
12	Total Equity	699,133,817	580,050,367
13	Net Asset	859,288,167	738,324,461
14	EPS (K)	16	4
15	DPS (K)	3	1
16	Net asset per Shares	79	65
17	Number of Employees	47	44





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## OUR VISION

To be the industry's leading provider of Waste Management & industrial cleaning services that eliminate client's exposure and protect the environment through:

- Adherence to best practises
- Consolidation of experience; and
- Improvement aimed at adding value to our clients business and public life.

## OUR MISSION

To facilitate industry and man co-existence in safe environment.

## OUR GOALS

1. Support sustainable production and consumption through professional waste management services;
2. Provide efficient waste management services through integrated facility and workforce in secured environment; and
3. Adequately reward our stakeholders and maintain enduring corporate image.

## OUR CORE BUSINESS VALUES



## PRODUCT AND SERVICES:

### A. WASTE MANAGEMENT CONSULTANCY SERVICES

1. Waste auditing, Treatability Analysis & Management Planning
2. Site suitability Analysis for Waste Management Facility
3. Contaminated Land Investigation & Remediation Planning
4. Trans boundary Waste Movement (Off-Shore Waste Disposal)



## B. THERMAL DESORPTION SERVICES

1. Drilling Waste
2. Oily sludge
3. Oil contaminated soil



## C. DESIGN, CONSTRUCTION, & MANAGEMENT OF WASTE MANAGEMENT FACILITIES

1. Wastewater Facility
2. Material Recovery Facility
3. Thermal Desorption Unit





## D. INDUSTRIAL CLEANING & DECONTAMINATION

1. Water Jetting (including Sewer, pipelines and surface cleaning)
3. Tank and Vessel Cleaning (including FPSO desludging)
4. Heat Exchanger/Chiller Cleaning



## D. E-WASTE SERVICES

1. Large Household Appliances (LHA: ovens, refrigerators, etc.)
2. Small Household Appliances (SHA; toasters, vacuum cleaners),
3. Office and Communication Devices (OCD: computers, printers, scanners, phones, etc.),
4. Entertainment Electronics Devices (EED: TVs, Hifis, portable CD Players, etc.),
5. Lighting Equipment (LTE: fluorescent tubes, lamps, etc.),



## E. HAZARDOUS WASTE INCINERATION SERVICES

1. Medical Waste
2. Chemical waste & Hazardous waste.



## LISTING OF EQUITIES:

- On the 30th day of August 2016, we received the approval of the Nigerian Stock Exchange (NSE) for the Listing of our shares on its floor
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- As a result, we have over 100shareholders and stand out as the First Waste Management Company to be listed on the floor of the NSE.



# NOTICE OF 18<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 18<sup>th</sup> Annual General Meeting of Shareholders of The Initiates Plc. (TIP) shall hold on Friday, 30<sup>th</sup> June, 2017 at the Unity Hall, Sasun Hotels and Towers Limited, Plot 206B, Phase II, Trans Amadi Industrial Layout, off Ordinance Junction, Port Harcourt, Rivers State by 11:00am to discuss the following:

Ordinary Business:

A

1. To receive and consider the Audited Financial Statement as at December 31, 2016, the report of the Directors, the Audit Committee, Auditors Report therein.
2. To re-elect Directors
3. To declare a final dividend to Shareholders.
4. To consider and approve the remuneration of Directors
5. To re-appoint the Auditors
6. To authorize the Directors to fix the remuneration of Auditors.
7. To re appoint members of the Audit Committee.

**Notes:**

1. **Proxies:**

S.230 (1) CAMA: Any member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him, and a proxy appointment to attend and vote instead of a member shall also have the same right as the member to speak at the meeting. Executed proxy forms should be deposited with the Company Secretary at the registered office of the Company not later than 48 hours before the meeting.

2. **Closure of Register of Members:** The Register of Members of the Company will be closed from the 19<sup>th</sup> day of June to the 23<sup>rd</sup> day of June, 2017, both days inclusive.

3. **Dividend:** The Board is pleased to recommend a final dividend of 3kobo per ordinary share of 50 kobo each subject to approval at the Annual General Meeting, this represents a gross amount of **N26,699,986.56** deductible for withholding tax at the appropriate rate to shareholders registered at close of business on Friday, 16<sup>th</sup> June, 2017. Where the payment of dividend is approved at the General Meeting, the dividend will be paid on 3<sup>rd</sup> of July, 2017.

4. **UNCLAIMED DIVIDEND:** Members who are yet to claim previous dividend(s) are advised to write or call at the office of the Registrars, Apel Capital & Registrars Limited, 8, Alhaji Bashorun, Off Norman Williams Street, Ikoyi on 01-2932121, 07046126698 or email [registrars@apel.com.ng](mailto:registrars@apel.com.ng), [www.apel.com.ng](http://www.apel.com.ng) to confirm their dividend status.

5. **RIGHT OF SHAREHOLDERS TO ASK QUESTIONS:** Shareholders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company Secretary a week before the General Meeting.

6. **AUDIT COMMITTEE MEMBERS:** In accordance with Section 359(5) of the Companies and Allied Matters Act, (1990) any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the office of the Company Secretary, situated at Plot 400, Location (new) road, off Aba/PH Expressway, by Oyigbo Junction, Umuebule 5, P.O.BOX 7242, Port Harcourt, Rivers State at least 21 days before the Annual General Meeting.

Dated this 5<sup>th</sup> day of June, 2017

By Order of the Board



Olaide Odejobi  
Company Secretary  
FRC/2017/NBA.00000016739



Distinguished Shareholders, it is indeed with great pleasure that I welcome you to the occasion of today being 18th Annual General Meeting of the Initiates Plc and present to you the Annual report and Accounts for the last Financial year ended 31st December, 2016.

Permit me however, to review the global and domestic environment with respect to critical factors that impacted on the strategies and operations of the Company during the financial year under review.

### GLOBAL ECONOMY: REVIEW

The Society in the 21st century is challenged by Waste management as one of the essential public utility services that is not adequately available particularly in urban areas. This service is a basic human need and can also be regarded as an aspect of 'basic human right' as it is linked with public health, portable water supply, and liveable environment. Also industrial waste is directly linked to National Economy and public safety. Hence, doing little or even nothing to address waste management can be very costly to society and to the Economy overall. The inaction of Governments (especially in developing economies) in terms of waste regulations, rigorous implementation and enforcement, has traditionally allowed businesses and public to relinquish their waste management responsibilities resulting in dirty city and hazardous environment. This has accounted for the unattractive nature of waste management industry with very low private investment and lack of public infrastructure.

Waste Management is cross-cutting (explicitly or implicitly) on all Sustainable Development Goals (SDGs), so a strong argument can be made for the strategic importance of improving waste management. It is extremely evident now due to increasing population, industrialization and complexity of life style and above all, the increasing scarcity of resources including finance. Waste industry globally, is increasingly under pressure to making itself more attractive to private sector involvement, and sensitive to resource recovery.

### NIGERIAN ECONOMY: REVIEW

Nigeria economy is gradually sliding into being driven by open-market forces based on cost effectiveness and efficient service delivery. The implications of this in the waste management industry are growth in expertise and innovation, competitiveness, and waste accountability. The current economic situation of Nigeria has further triggered off in the industry, a shift of responsibility from Government to individual and businesses, a shift from Government provision of service to private sector participation above all increasing demand for hazardous waste management service.

The Waste Management Industry in Nigeria is an emerging sector due to the increasing improvement in regulatory framework, and awareness in most urban cities. Based on these, growth is expected to continue at a stronger pace in the next decades to come. This offers excellent opportunities in both private and public sectors of the economy to us, as one of the current forerunners in the sector.

### DIVIDEND:

In 2015, your company recorded profit performance and the Board declared a final dividend of N0.016 per share. In 2016, the Board is recommending N0.03 per share (an increase of about 190%) to the shareholders on record in the shareholders Register as at December 31, 2016. Accordingly the Board welcomes the intention to reinvest your dividends in part or in whole.

### LISTING ON THE NIGERIAN STOCK EXCHANGE:

The Board in furtherance to the vision of the Company successfully listed the company on the Alternative Securities Market Board (ASEM) of The Nigerian Stock Exchange by Introduction. This will attract wide publicity to the company; create immediate liquidity on the shares, open up access to huge sources of capital in Nigeria and Overseas. It is projected that the Company shall be approaching the market for long term capital to drive the expansion programme of the Company by 2018.

## **EXPANSION AND CONSOLIDATION OF CURRENT SERVICES:**

Environmental Protection Regulations is assuming wider dimension in coverage and respect, in the global community. Being proactive in response, the company has taken the following steps in the bid to reposition herself as the Nigerian pioneer in the Hazardous Waste Management Industry sub-sector:

## **E- WASTE MANAGEMENT SERVICES:**

E-waste Management service is a virgin area yet to be explored in Nigeria and even in the African region. Awareness is however being created and is growing. The National Environmental Standards Regulations Enforcement Agency (NESREA) is also championing a holistic approach for E-Waste Management in the country. It is therefore obvious that the market will soon be fully established.

Your Company has set up a new 1000kg/hr. capacity E-Waste Dismantling and Processing plant. This plant accepts various electrical and electronics appliances, including household, office and communication devices. The new Plant when fully commissioned, shall process E-waste to final secondary raw materials (precious metals, plastic chips and metals).

## **INCINERATION SERVICES:**

Incinerator has been described as one of major Waste Management equipment. Your Company is also concluding the installation of a 2ton per hour Hazardous Waste Incineration Plant. This plant is capable of treating medical, Chemical, and various hazardous waste types including liquid and solid wastes. This is targeted at growing our business in this area and expanding the Company's services to capture a very important segment of the market.

## **INDUSTRIAL CLEANING SERVICES:**

This includes investment in small and medium Vessel and Tank cleaning. Also of interests, are equipment for Heat Exchanger and Sewer/Drainage cleaning. These pieces of equipment are meant to boost our operation in this area although, our Company has been rendering services in this sub-sector to IOCs, and we had little or no investment in this direction.

This subsector which is a key maintenance operation is expected to flourish more with increasing indigenization operations in the Oil and Gas industry. Target markets are Refineries, LNG Plants, Marine/off shore supply companies, Mud Engineering Companies and IOCs that own FPSOs and other land-based crude and product storage facilities.

## **MANAGEMENT AND STAFF:**

We congratulate the Management and Staff for their tenacity in staying with the company.

Special thanks to our numerous clientele who continue to favour us with contracts attesting to our sterling performance.

Finally my thanks go to all of you that have cherished our Company by honouring our invitation to this Annual General Meeting. We assure you, The Initiates Plc shall continue to be a choice destination for investors' fund at all times



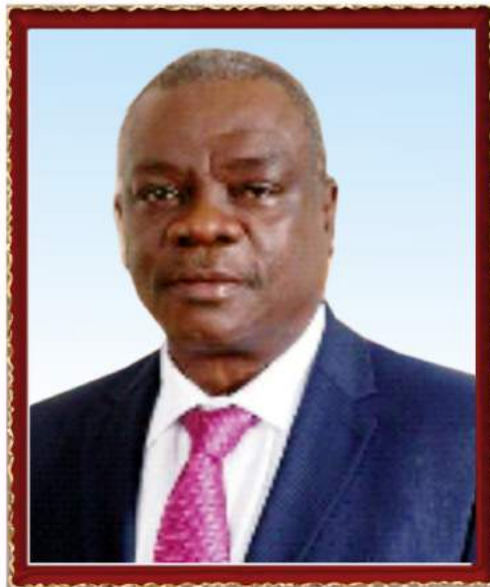
21<sup>st</sup> October, 2016

Joe Ogbonna Anosikeh

Chairman

FRC/2014/NIS/00000008836

OUR BOARD OF DIRECTORS AS AT DEC 31ST, 2016



**SURV. JOE OGBONNA ANOSIKEH**  
Chairman



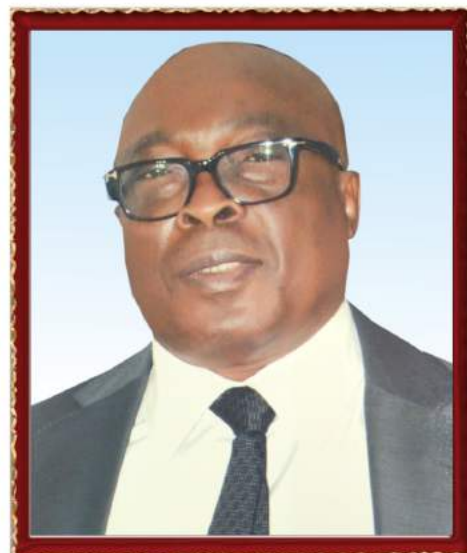
**REUBEN MUSTAPHA OSSAI**  
CEO/MD



**CHIEF CHARLES OBOH**  
Non-Executive Director



**PROF. EDWARD ALIKOR**  
Non-Executive Director



**MR. JOE EBINUM**  
Non-Executive Director



## OUR BOARD OF DIRECTORS



**MR JOE OGBONNA  
ANOSIKEH**  
(CHAIRMAN)

Mr Anosikeh holds a BSc (Hons) Surveying from University of Lagos, Akoka. He was awarded the best student award in Photogrammetry. Mr Anosikeh is a registered Surveyor, and Fellow of Nigeria Institute of Surveyors. He is an Alumnus of the Lagos Business School and IESE Business School in Spain. He attended several courses and seminars among which are Institute of Directors – Financial Stewardship, Accountability & Leading, Planning Development in Dubai, UAE (Nov 2014), IFRS Executive Briefing/Training (Jan 2013) and Hydro8 Exhibition (Nov 2008).

Mr Anosikeh worked with Seismograph Service Ltd, England as Senior Surveyor i/c and was transferred to Seismograph Service Nigeria Limited, Nigeria as Chief Surveyor in 1991. He also worked with Schlumberger: Geco-Prakla Nigeria as Chief Surveyor, Special Projects Co-Ordinator, and Geco-Prakla Holland & Austria as Survey & Special Projects Manager. Mr Anosikeh assumed the position of Chairman/CEO Survicom Services Nigeria Limited PH from 1998 to date.

Mr Anosikeh is currently a member of the Audit Committee of WEMA Bank PLC Lagos, Director Precious Marble & Mining Processing Co. Ltd, Ilorin, Member, Audit Committee UAC Properties Development Co Plc. Lagos, and Vice Chairman Onima Microfinance Bank, Onicha Ezinihitte, Mbaise. He is the Chairman of Survicom Properties Nigeria Limited, PH.



**MR OSSAI MUSTAPHA  
REUBEN**  
(C.E.O./M.D)

Mr. Ossai is a Chartered Environmentalist and Waste Manager with over twenty years professional experience. He holds a Master of Engineering Degree in Environmental Engineering and also a Post Graduate Diploma in Petroleum and Environmental law. He is a professional member of the Chartered Institute of Waste Management United Kingdom, International Solid waste Association (ISWA), Vienna and Nigerian Institute of Architects.

Mr Ossai's work experience includes design and construction of Wastewater Treatment Plant, Development of various waste management programmes and strategies including regional and solid waste management plans and waste minimization programme for factories. Ossai is the first African to be certified as International Waste Manager by International Solid Waste Association (ISWA) and he is the immediate past President of Waste Management Society of Nigeria. He is a member of Hazardous waste and Landfill technical working groups of ISWA

Mr Ossai has served in many Expert Committees on Waste Management including National Committee on National Medical Waste Management Plans; NESREA review Committee on Waste Regulations. He is a Contributor to ISWA International Landfill Management and Operational Guidelines and currently lectures Waste Management at Post graduate level in the Prestigious IPS, University of Port Harcourt.



**PROFESSOR  
EDWARD A. D. ALIKOR**  
(Non-Executive Director)

Prof. Alikor holds an MBBS degree from the University of Ibadan, Nigeria, MSc Epidemiology from University of London, and he is a Fellow of the West African College of Physicians. He also holds a Post Graduate Diploma in Theology.

He was a member of the Rivers State Hospitals Management Board (1993-1997) and currently, Member of the Board of Management of University of Port Harcourt Teaching Hospital (2013 to date). He has published over 40 original articles in professional journals and contributed in writing chapters in books; also attended, and presented papers in many, national and international conferences. He was Chairman, Nigeria Medical Association, Rivers State branch (1993-1997); formerly Locum Consultant Paediatrician, Shell Clinic, Port Harcourt and pioneer Consultant Paediatrician, NLNG Clinic, Nigerian LNG Ltd, Bonny (1999 to 2002).

Prof. Edward Alikor is currently a Professor of Paediatrics University of Port Harcourt; Consultant Paediatrician of University of Port Harcourt Teaching Hospital; Medical Director & CEO Adanta Children Hospital, Port Harcourt. He is a member of several National and International professional associations including Paediatrics Association of Nigeria and American Academy of Paediatricians (AAP). Prof. Alikor is also a Justice of Peace of Rivers State (2007)



## CHIEF CHARLES A. OBOH

(Non-Executive Director)

Chief Oboh is an experienced, reliable and detail oriented professional in Accounting, Auditing, Internal controls, Finance, Management and leadership with over 27 years experience. He is a graduate of Accountancy of the Federal Polytechnic, Idah. He possesses a Post graduate diploma (P.G.D) in Accounting and Finance from Delta State University, and an MBA in Management Technology from the Federal University of Technology, Owerri. He is currently pursuing PhD in Leadership and Organisational change from Walden University USA. Chief Oboh joined Advanced Security & Technology Services Ltd (ASTS Ltd) a wholly owned subsidiary of Nigerian Security Printing & Minting Co. Limited as a Lead Accountant and was promoted to Assistant Finance and latter Accounting Manager. He moved on to Nigerian Security Printing & Minting Co. Ltd as Deputy Finance and Accounting Manager in January 1989. Chief Oboh proceeded to Lehman Brothers INC. (Aurora Loan Services, Inc) Mortgage Capital Division, Gaithersburg, MD, USA as Mortgage Loans Professional (Closing/Funding & Financial Reporting), and then to NTL Institute, Arlington VA, USA as Acting CFO (2008) from where he moved to PAE Government Services Inc, USA (2008 -2014) as Accountant. He is currently a Partner in Umughele Kaghor & Co. (Chartered Accountants & Tax Consultants) (Oct. 2014 to date) Chief Oboh is an expert in organisational change and leadership and is always at the frontline in championing adaptation to change and enhancing procedural benefits. He is a member of many Management, Accounting and Finance professional bodies in the USA and Nigeria. Among the bodies are: American Management Association (AMA, USA); Institute of Certified Public Accountants, Nigeria (CPA, Nigeria); Mortgage Bankers Association (MBA, USA); and National Association of tax professionals (NATP, USA). Chief Oboh has served as the President of the Isoko Association of greater Washington DC for over 5 years. He is also a member of the Board of Trustees of the Isoko Association of North America. He serves as an Election Judge for the State of Maryland, USA with the Montgomery County Board of Elections. He is also a Regional Director - Africa Business Development operations at Moke Technologies Inc., USA and CEO at Aroward Consulting Ltd.



## JOE EBINUM

(Non-Executive Director)

Joe Ebinum is a graduate of Aberdeen College of Commerce, and Norwich City College, Norwich (UK) in Accounting, and holds MBA in Financial Management from Lagos State University. He is a Fellow of Chartered Institute of Certified Accountants-U.K (1982) and Institute of Chartered Accountants of Nigeria (2007) Mr Ebinum has attended many professional trainings including, Exploration & Production Accounting (MDT International-London); Auditing in the E&P Industry (MDT International-London); Mastering Negotiating Skills (MDT International-Kuala Lumpur); Petroleum Economics & Decision Making (MDT International -Kuala Lumpur); Petroleum Risks & Decision Analysis (Petro Skills-London); and Developing & Implementing Product Sharing Contracts (MDT International Aberdeen). He has worked in various Organisations like Coopers & Lybrand, Lagos (1987-1989) as Senior Consultant; First Finance & Trust Ltd, Lagos as AGM Finance & Admin (1989-1992); Managing Director of Mars Home Savings & Loans Ltd. (1992-1998); Fymak Marine Services Ltd as the Group General Manager (2000-2004); and Seplat Petroleum Co Dev Ltd as Capital Management & Treasury Manager (2010- January 2015).

## OUR MANAGEMENT STAFF



**MR OSSAI,  
REUBEN M.**  
(Managing Director):

He is a Chartered Waste Manager and Environmentalist with over 20 years professional experience. He holds a MEng Degree in Environmental Engineering. He is a professional member of the Chartered Institute of Waste Management (UK), and International Solid Waste Association (ISWA), Vienna. Ossai is a member of Landfill Technical Working Groups of ISWA.



**MR. ADAMS-  
AJIGBOTAJE  
BIMBO**  
(Chief Internal Auditor):

Bimbo holds an HND (Accountancy), and BSc (Banking and Finance). He is a Chartered Account with a wealth of experience spanning over 22 years. He has carved a niche for himself in Budget & Budgetary control, Compliance Monitoring, Investigation and Forensic Accounting, tax and tax management.



**MR NWACHUKWU C.  
VINCENT**  
(TDU)

He is a professional Chemical Engineer with over 10 years plant operation and maintenance exposure. He has received various Waste management and plant Engineering trainings from US-EPA (including Haz Material Management); and California EPA (including Toxic Substance Control). He is a member of International Association of Engineers.



**MR OGIDI  
CHRIS**  
(Business)

Holds a B.Tech degree in Petrochemical Engineering and has wealth of working experience of about 15 years cutting across various areas including Project Management, Procurement, and Logistics.



**MS DOUGLAS  
ROSEMARY**  
(FINANCE)

Douglas holds a BSc (Accountancy), and MBA. She is a Chartered Accountant with over 10 years industry exposure out of which, five years was robust exposure in taxation and financial regulatory matters. Douglas also has good industry experience in Cost management and Financial auditing.



**MRS UKPEBOR  
U. STELLA**  
(QHSE)

Mrs. Ukpebor holds an MSc degree in Occupational Health and Safety, with over 5 years work experience in various aspects of QHSE management in the Oil & Gas Sector. She is NEBOSH certified and an Associate Waste Manager. She is also a certified Environmental Specialist with National Registered Environmental Professionals (NREP, USA).



**MR URAH, A.  
EMMANUEL:**  
(Maintenance):

He is an electromechanical expert, with over 15 years Plant operation and maintenance experience within the waste management industry. He holds various Professional Certificates in Technical Operation and HSE, and he is also a Member of the Wastes Management Society of Nigeria.



**MR DJEBAH  
PRESTON**  
(Cleaning &  
Decontamination)

He holds a Degree (B.Tech.) in Petrochemical Engineering and has been involved in industrial cleaning and decontamination with over 7 years experience and over 4 years specifically in Oil and Gas industry. He has received some local and international training in Industrial Cleaning and Decontamination.



**MS. ODEJOBI  
C. OLAIDE:**  
(Company Secretary)

Olaide holds a BL from the Nigerian Law School and has about 7 years litigation experience. She is also an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria

**We are innovative Professionals  
Committed to excellence**

## REPORT OF THE DIRECTORS

The Directors have the pleasure of submitting to the members their report as well as the Audited Financial Statement for the year ended 31<sup>st</sup> December, 2016.

1. **Legal Form:** The Company was incorporated as a Private Limited Liability Company under the Laws of the Federation of Nigeria on the 3<sup>rd</sup> day of March, 1995 with RC 266755. It became a Public limited Company on the 24<sup>th</sup> day of June, 2015, and was Listed on the floor of the Nigerian Stock Exchange (NSE) on the 25<sup>th</sup> day of October, 2016.
2. **Principal Activities:** The Company is engaged in Waste Management, Industrial Cleaning & Decontamination to both private and public sectors including the Oil and Gas Industry.
3. **Result of Operations for the year:**

S/N	Dec-16 ACTUAL N	Dec-15 HISTORICAL N
1	648,144,614	345,766,927
2	393,200,121	180,021,808
3	254,944,493	165,745,119
4	97,434,196	10,720,889
5	149,195,238	116,414,912
6	105,749,255	49,330,207
7	65,059,277	22,883,903
8	40,689,978	26,446,304
9	8,108,410	64,385,904
10	50,491,475	45,750,805
11	587,311,661	510,297,266
12	699,133,817	580,050,367
13	859,288,167	738,324,461
14	16	4
15	3	1
16	79	65
17	47	44

4. **Property, Plant & Equipment:** Movements in plant, property and equipment during the year are as reflected in notes 15 of the notes to the financial statement

5. **Directors:** The names of Directors who held office during the period and at the date of this report are: seen on the page 15 of this Annual report:

Directors Remuneration:

Non-Executive Directors remuneration comprises directors fees, sitting allowances and travel allowances; while Executive Director remuneration comprise salaries and other allowances payable during the year.

6. **Dividend:** The Directors recommend the payment of N26,699,986.56 as final dividend for the year ended 31<sup>st</sup> December, 2016.

7. **Directors' interest in shares:** In accordance with section 275 and 276 of the Companies and Allied Matters Act, (CAMA) Cap C20 LFN2004 and the listing requirement of the NSE, the direct and Indirect interest of the Directors' shareholding as advised by the Registrars of the Company are:

Year	Names of Directors	Direct shareholding	Indirect shareholding
<b>31<sup>st</sup> Dec 2015</b>	<b>Mr.Joe Ogbonna Anosikeh</b>	<b>3,295,796</b>	
	<b>Mr.Reuben Mustapha Ossai</b>	<b>205,695,237</b>	<b>NIL</b>
	<b>Chief Charles Oboh</b>	<b>1,000,000</b>	<b>NIL</b>
	<b>Prof.Edward Alikor</b>	<b>1,126,761</b>	<b>NIL</b>
	<b>Mr.Joseph Ebinum</b>	<b>NIL</b>	<b>30,000,000</b>
<b>31<sup>st</sup> Dec2016</b>	<b>Mr.Joe Ogbonna Anosikeh</b>	<b>18,295,796</b>	<b>NIL</b>
	<b>Mr.Reuben Mustapha Ossai</b>	<b>190,965,237</b>	<b>NIL</b>
	<b>Chief Charles Oboh</b>	<b>1,000,000</b>	<b>NIL</b>
	<b>Prof.Edward Alikor</b>	<b>1,126,761</b>	<b>NIL</b>
	<b>Mr.Joseph Ebinum</b>	<b>NIL</b>	<b>30,000,000</b>
<b>24<sup>th</sup> March, 2017</b>	<b>Mr.Joe Ogbonna Anosikeh</b>	<b>18,295,796</b>	<b>NIL</b>
	<b>Mr.Reuben Mustapha Ossai</b>	<b>190,965,237</b>	<b>NIL</b>
	<b>Chief Charles Oboh</b>	<b>1,000,000</b>	<b>NIL</b>
	<b>Prof.Edward Alikor</b>	<b>1,126,761</b>	<b>NIL</b>
	<b>Mr.Joseph Ebinum</b>	<b>NIL</b>	<b>30,000,000</b>

**Note:** The Company represented by Director with indirect shareholding is: BELL IYKE LIMITED

8. Directors' interest in Contracts: In line with the provision of section 277 of CAMA 2004, none of the Directors has informed the Company of any interest (directly/indirectly) in any contract or proposed contract with the Company as at 31st December, 2016 or the date of this return.

9. Analysis of Shareholding: The shares of the Company were fully owned by Nigerian citizens and Institutions. The following shareholders held more than 5% of the shares of the Company as at 31st December, 2016:

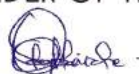
Dvcf Oil And Gas Plc	37.85%
Ossai Reuben Mustapha	21.43%
Samuel Afolayan	7.35%
Ozoherebe Gordon	6.55%

The shareholding analysis of members of The Initiates Plc as at 31st December, 2016 is:

THE INITIATES PLC					
RANGE ANALYSIS AS AT DECEMBER 31ST 2016					
BEGINNING RANGE	ENDING RANGE	TOTAL SHARE HOLDERS	% OF SHARE HOLDERS	TOTAL SHARE HOLDING	% OF SHARE HOLDING
1.00	1,000.00	7	6.67%	3,400	0.00%
1,001.00	5,000.00	2	1.90%	7,000	0.00%
10,001.00	50,000.00	14	13.33%	596,834	0.07%
50,001.00	100,000.00	14	13.33%	1,101,958	0.12%
100,001.00	500,000.00	35	33.33%	6,959,174	0.78%
500,001.00	1,000,000.00	4	3.81%	3,154,272	0.35%
1,000,001.00	5,000,000.00	15	14.29%	29,485,549	3.31%
5,000,001.00	10,000,000.00	4	3.81%	31,449,794	3.53%
10,000,001.00	50,000,000.00	6	5.71%	165,654,253	18.61%
50,000,001.00	100,000,000.00	2	1.90%	124,021,564	13.94%
100,000,001.00	500,000,000.00	2	1.90%	527,547,754	59.28%
		<b>105</b>	<b>100%</b>	<b>889,981,552</b>	<b>100%</b>

10. **Fraud/Forgery:** There was no forgery recorded during the year under review.
11. **Format of Financial Statement:** The financial statement of The Initiates Plc has been prepared in accordance with the Financial Reporting Council of Nigeria as well as the International Financial Reporting Standards.
12. **Employment and Employee:**  
Employee welfare: The Company places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Company has various forms of insurance policies including group life insurance to adequately secure and protect its employees. The Company also provides allowances to its employees at all levels for feeding, transport and housing. Equal opportunities are also given during a highly competitive recruitment process and there is no discrimination on gender, race or tribe.
13. **Donations and Charitable Gift:** The Company made a donation of 33KVA X500KVA transformer to its host community.
14. **Auditors:** The auditors, Messer's Madu, Onyekwena & co. indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD



OLAIDE ODEJOBI  
Company Secretary  
FRC/2017/NBA.00000016739



## CORPORATE GOVERNANCE REPORT

The Initiates Plc. recognizes Corporate Governance as its bedrock in the attainment of the Company's goals and objectives especially as it relates to sound Environmental protection, acceptable corporate social responsibility and compliance with statutory regulation. The Company continuously thrives in achieving best practices in accordance with the laws and regulations of Nigeria such as the Code of Corporate Governance for Public Companies 2011, the Companies and Allied Matters Act Cap 20, LFN 2004, Post listing rules of the Nigerian Stock Exchange, International Financial Reporting Standard etc.

In achieving these, the Board of Directors is responsible for the following:

1. Develop a strategy defining the role of the Directors in the overall attainment and achievement of the Company's goals in line with TIP's vision and Business values.
2. Maintain proper fiscal values by ensuring the integrity of financial statements, monitor spending
3. Select, Manage and support the Chief Executive Officer in the formulation of policies and the conduct of Business.
4. Oversee the effectiveness and adequacy of Internal Control System
5. Set up Employment procedures as it relates to Management staff
6. Ensure compliance with Laws and regulations
7. Ensure compliance with Board Charters
8. Ensure effective communication with Shareholders
9. Formulate the Management of Risk management framework

The Board exercises its oversight functions through Board Meetings and its Committees. As at the date of this report, the Committees of the Board are:

### Audit & Finance Committee

Christian Ugochukwu Nwanma  
Mr. Enoch Iwueze  
Prof. Edward Alikor  
Mr. Joe Ebinum

### Membership Status

Shareholder/Chairman  
Shareholder/member  
Director/member  
Director/member

### Corporate Governance/Compensation Committee

Oboh Charles .A.  
Mr. Joe Ebinum  
Prof. Edward Alikor

### Membership Status

Chairman/N.E.D  
Member  
Member

### Risk and HSE Committee

Prof. Edward Alikor  
Ossai, Reuben Mustapha  
Oboh Charles A.

### Membership Status

Chairman/I.D  
Member  
Member

**Statutory Audit Committee:** The Committee held two meetings during the year (12th July 2016; and 20th October 2016;) to perform its roles and responsibilities as stated in section 359(6) of CAMA, 2004 and the SEC Code of Corporate Governance (2011)

## THE BOARD OF DIRECTORS

During the year under review, the Board of Directors was made up of 5 directors comprising a Chairman, a Chief Executive Officer, a Non-executive Director, and (2) independent Directors. The position of the Chairman is distinct from that of The Chief Executive officer to ensure transparency and separation of power as provided in the Code of Corporate Governance for Public Companies, 2011. The Board held four meetings during the year (11th March 2016; 9th May 2016; 16th July 2016/ and/ 21st October, 2016)

In accordance with the provision of section 334 of the Companies and Allied Matters Act, 2004 and the Code of Corporate Governance for Public Companies 2011, the directors have the responsibility of preparing the financial statement

### ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS:

<b>Names</b>	<b>Board Sitings(4times)</b>	<b>Audit Committee Sitting(2times)</b>
Reuben Mustapha Ossai	4	Not applicable(N/A)
Joe Ogbonna Anosikeh	4	N/A
Charles Aroawode Oboh	3	N/A
Prof. Edward Alikor	4	2
Mr. Joe Ebinum	4	2
Christian Ugochukwu Nwanma	N/A	2
Mr. Enoch Iwueze	N/A	2

N.B: Statutory Audit Committee ..... **12/7/16** and **20/10/16**

Board Meetings ..... **11/3/16; 9/5/16; 16/7/2016** and **21/10/2016**.

## COMPLAINTS MANAGEMENT POLICY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2016.

The Complaints Management Policy of The Initiates Plc has been prepared pursuant to the requirements of the Securities and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Market.

The policy has been prepared in recognition of the importance of effective engagement in promoting Shareholder/investor confidence in the Company. This policy sets out the framework by which the Company and its registrar provide assistance regarding shareholder issues and concerns. It also provides opportunity for shareholders to provide feedback to the Company on matters that affect Shareholders.

This policy relates only to Shareholders of The Initiates Plc and is designed to ensure that complaints and enquiries are managed in a timely, effective and efficient manner.

### GUIDING PRINCIPLES FOR MANAGING COMPLAINTS:

1. **Confidentiality:** All complaints shall be handled in strict confidence and all personal information of complainants would be adequately protected.
2. **Mode of making Complaints/enquiries:** A Complaints lodgment form would be made available to all shareholders to state their complaints/enquiries and access relevant information in the following manner:
  - a. **Contact the Registrar:** Shareholders who wish to make a Complaint/enquiry shall in the first instance contact the Registrars, Apel Capital & Trust(Registrars) Limited at 8, Alhaji Bashorun Street, off Norman Williams crescent, South west, Ikoyi.  
The Registrar manages all the registered information relating to all Shareholdings, including Shareholders names, addresses and dividend payment instructions amongst others. Upon receipt of a Complaint/enquiry, The Initiates Plc. would be notified of such monitoring, record keeping.
  - b. **Contact the Company Secretary:** If the Registrar is unable to satisfactorily address the Shareholders enquiries and resolve their complaints, then Shareholders should contact the office of the Company Secretary.
3. **Feedback:** Where a Complaint/enquiry is sent directly to the Company, The Initiates Plc. shall upon receipt of the Complaint/enquiry use its best endeavors in ensuring that:
  - I. The Complaints/enquiries are recorded
  - II. Prompt and timely response is given to the Complaints
  - III. The Nigerian Stock Exchange is promptly notified of the Complaints/enquiries
  - IV. Notify the Shareholder promptly if complaints/enquiries cannot be treated immediately
4. **Form of Complaint/Enquiries register:** The Complaints register shall be in an electronic form comprising the following:
  - a. The date of the Complaint
  - b. The details/information of the Complainant
  - c. The nature/ description of the Complaint
  - d. The steps/action taken to resolve the Complaint
5. This Policy shall be made available on the Company's website ([www.initiatesgroup.com](http://www.initiatesgroup.com)), the Registrars and by contacting the office of the Company Secretary of The Initiates Plc.
6. The Complaints Management Policy is subject to review from time to time by the Company.

### Securities Trading Policy

In line with rule 17.15 of the Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange, The Initiates Plc. has a trading policy which applies to all employees and Directors who may at a time possess any insider or material information about the company.



27th March, 2017  
OLAIDE ODEJOB  
COMPANY SECRETARY

FRC/2017/NBA.00000016739

## STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR THE YEAR ENDED, 31<sup>ST</sup> DECEMBER 2016

In accordance with the provisions of the Companies and Allied Matters Act, the Directors are required to prepare Financial statements for the year which gives a true and fair view of the state of financial affairs of the Company. The Directors' responsibility includes ensuring that the Company:

- a. Keeps proper accounting records which discloses with reasonable accuracy, at any time, the financial position of the Company;
- b. Preparation of the Financial statements in compliance with the provisions of the Companies and Allied Matters Act as well as the International Financial Reporting Standards;
- c. Establishes adequate internal control to safeguard its assets and to prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment in conformity with the International Financial Reporting Standards issued by the International Accounting Standards Board and the Companies and Allied Matters Act, 2004.

The Directors are of the opinion that the Financial statement give a true and fair view of the state of the Financial affairs of the Company ended 31st December, 2016. The Directors further accept responsibility of the maintenance of the accounting records that may be relied upon in the preparation of the Financial Statement.

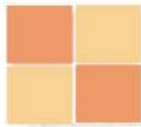


Reuben Mustapha Ossai  
Managing Director  
FRC/2014/NIAECHI/00000009687



Joe Ogbonna Anosikeh  
Chairman  
FRC/2014/NIS/00000008836

## REPORT OF INDEPENDENT AUDITORS



**Madu, Onyekwena & Co.**  
(Chartered Accountants)

11 Birabi Street GRA Phase 1 (Old - 23/25 Birabi Street, GRA 1) P.O. Box 12279 Port Harcourt  
+234 816 5503 000, 803 3005 230 www.maduonyekwena.com

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Initiates Plc

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of The Initiates Plc as at 31 December 2016 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year and summary of significant accounting policies and other explanatory information as set out on pages 4 to 33.

In our opinion, the financial statements give a true and fair view of the financial position of The Initiates Plc as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20, LFN2004, and the Financial Reporting Council of Nigeria Act 2011.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) together with other ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled other ethical responsibilities in accordance with these requirements. 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, were of most significance in our audit of the financial statements of the current year. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed. These matters are addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the financial statements.

##### Fluctuations in foreign exchange rates

The company derived part of its revenue in foreign currency. In line with IAS 21: Effects of changes in foreign exchange rate, foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The company used a pre-determined exchange rate throughout the reporting period different from the official rates ruling on the dates the foreign currencies were converted. Fluctuations in the foreign exchange rates during the reporting period led to a significant amount recognized as exchange gains in the financial statements. This is considered to be a key audit matter relevant to our audit of the financial statements.



**How the matter was addressed in the audit**

In addressing the above issue, our procedures focused on the following:

1. Assessed and tested the reasonableness of the basis used to arrive at the pre-determined exchange rate applied, by determining the average official exchange rates and comparing these with the rate used.
2. Reviewed the assets and liabilities in foreign currency at year end, to ascertain that the balances are translated using the closing rates.

Our substantive test did not reveal any material misstatements.

**Other information**

The Directors are responsible for the other information. The other information comprises the Directors' report and Audit Committee's report as required by Companies and Allied Matters Act CAP C20 LFN 2004, which we obtained prior to the date of this Auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors for the financial statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, CAP C20, LFN 2004, and the Financial Reporting Council of Nigeria Act 2011, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company and/or to cease operations or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from any material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

- a) identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.



- c) Evaluate the appropriateness of the accounting policies used in the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the sixth schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of accounts.

Sir Sampson C. Madu, FCA  
 FRC/2013/ICAN/00000001973  
 For: Madu, Onyekwena & Co.  
 Chartered Accountants  
 Port Harcourt, Nigeria  
 24 March, 2017



## REPORT OF THE AUDIT COMMITTEE OF THE INITIATES PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP.C20, LFN 2004, and Section 60(2) of the Investment and Securities Act 2007, we have reviewed the Audit report for the year ended 31st December, 2016 and hereby state as follows:

1. We examined the scope and planning of the audit for the year ended 31st December 2016; this was in our opinion adequate.
2. We also reviewed the External Auditors' Management letter for the year as well as the Management's response thereon.
3. We ascertained that the accounting and reporting policies of the Company for the year ended 31st December 2016 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2016 was adequate and Management's response to Auditors' findings thereon was satisfactory.

Dated this 23rd day of March 2017



Mr. Christian Ugochukwu Nwanma  
FRC//2017//ICAN//00000016424  
Chairman, Audit Committee

Members of the Committee:

Mr. Christian Ugochukwu Nwanma - Chairman/Shareholder Representative  
Sir Enoch Iwueze - Shareholder Representative  
Prof. Edward Alikor - Non-Executive Director  
Mr. Joseph Ebinum - Non-Executive Director



## STATEMENT OF COMPREHENSIVE INCOME


<b>Continuing Operations</b>	<b>Note</b>	<b>2016 N</b>	<b>2015 N</b>
Revenue	5	648,144,614	345,766,927
Cost of sales	6	<u>(393,200,121)</u>	<u>(180,021,808)</u>
Gross profit		254,944,493	165,745,119
Other income	7	97,434,196	10,720,889
Staff costs	8	(50,491,475)	(45,750,805)
Depreciation and impairment loss	9	(5,360,012)	(2,552,931)
Administrative expenses	10	<u>(70,501,502)</u>	<u>(60,804,873)</u>
Results from operating activities	11	226,025,700	67,357,399
Finance cost	12	<u>(22,842,249)</u>	<u>(7,306,303)</u>
Profit before taxation		203,183,451	60,051,096
Taxation	13	<u>(65,052,877)</u>	<u>(22,883,903)</u>
<b>Profit after taxation</b>		<b><u>138,130,574</u></b>	<b><u>37,167,193</u></b>
<b>Other Comprehensive income</b>			
Foreign currency translation difference		(2,507,724)	-
Revaluation surplus on property, plant and equipment	15.3	-	37,501,392
<b>Other comprehensive income for the year</b>		<b><u>(2,507,724)</u></b>	<b><u>37,501,392</u></b>
<b>Total comprehensive income for the year</b>		<b><u>135,622,850</u></b>	<b><u>74,668,585</u></b>
Basic earnings per share (kobo)	40	<u>16</u>	<u>4</u>
Diluted earnings per share (kobo)	40	<u>16</u>	<u>4</u>


The notes on pages 8 to 33 form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

	Note	2016 N	2015 N
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	587,311,661	510,297,266
<b>Other non-current assets</b>	16	-	10,000,000
<b>Current assets</b>			
Inventories	17	868,870	-
Trade and other receivables	18	172,994,778	78,331,622
Cash and cash equivalents	19	8,108,410	64,385,904
Current tax assets	20	74,193,925	51,044,302
Other current assets	21	15,789,523	24,265,367
		218,027,195	271,955,506
<b>Total Assets</b>		<b>859,267,167</b>	<b>738,324,461</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	22	444,990,776	444,990,776
Share premium	23	17,780,000	17,780,000
Revaluation reserve	24	83,410,528	83,410,528
Retained earnings	25	152,938,913	33,869,063
<b>Total equity</b>		<b>699,120,217</b>	<b>580,050,367</b>
<b>Non-current liabilities</b>			
Deferred taxation	26	46,533,814	8,268,457
<b>Current liabilities</b>			
Trade and other payables	27	47,576,441	20,118,777
Current tax liabilities	28	35,797,545	15,090,537
Other current tax liabilities	29	19,217,489	16,867,405
Employees' benefits	30	21,661	1,552,918
Short term borrowings	31	11,000,000	96,376,000
		113,613,136	150,005,637
<b>Total current liabilities</b>		<b>160,146,950</b>	<b>158,274,094</b>
<b>Total liabilities</b>		<b>160,146,950</b>	<b>158,274,094</b>
<b>Total equity and liabilities</b>		<b>859,267,167</b>	<b>738,324,461</b>

These financial statements were approved by the Board of Directors on 24 March, 2017 and signed on its behalf by:

  
 .....  
 Mr. Joe Ogbonna Anosike  
 Chairman  
 FRC No: FRC/2014/NIS/0000008836

  
 .....  
 Mr. Reuben Mustapha Ossai  
 Managing Director  
 FRC No: FRC/2014/NIAECHI/0000009687

  
 .....  
 Rosemary Douglas  
 Chief Finance Officer  
 FRC No: FRC/2017/ICAN/00000016060

The notes on pages 8 to 33 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	444,990,776	17,780,000	83,410,528	33,869,063	580,050,367
Prior year adjustments	-	-	-	(1,747,179)	(1,747,179)
Dividend paid	-	-	-	(14,805,821)	(14,805,821)
Profit for the year	-	-	-	138,130,574	138,130,574
	<b>444,990,776</b>	<b>17,780,000</b>	<b>83,410,528</b>	<b>155,446,637</b>	<b>701,627,941</b>
<b>Other comprehensive income:</b>					
Foreign currency translation difference	-	-	-	(2,507,724)	(2,507,724)
<b>At 31 December 2016</b>	<b>444,990,776</b>	<b>17,780,000</b>	<b>83,410,528</b>	<b>152,938,913</b>	<b>699,120,217</b>

## STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2015

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	341,490,776	17,280,000	45,909,136	94,800,809	499,480,721
Bonus shares in the year	15,000,000	(15,000,000)	-	-	-
Dividends declared in prior years and capitalized	60,000,000	-	-	(80,000,000)	(20,000,000)
Performance Bonus converted to shares	13,000,000	-	-	(13,000,000)	-
Shares issued during the year	15,500,000	15,500,000	-	-	31,000,000
Prior year adjustments	-	-	-	(5,098,939)	(5,098,939)
Profit for the year	-	-	-	37,167,193	37,167,193
	<b>444,990,776</b>	<b>17,780,000</b>	<b>45,909,136</b>	<b>33,869,063</b>	<b>542,548,975</b>
<b>Other comprehensive income:</b>					
Revaluation surplus on property, plant and equipment (note 15.3)	-	-	37,501,392	-	37,501,392
<b>At 31 December 2015</b>	<b>444,990,776</b>	<b>17,780,000</b>	<b>83,410,528</b>	<b>33,869,063</b>	<b>580,050,367</b>

## STATEMENT OF CASH FLOW

	Note	2016 N	2015 N
<b>Cash flows from operating activities</b>			
Cash received from customers		555,276,718	498,097,651
Cash paid to suppliers and employees		(388,089,549)	(395,819,284)
Tax paid		(1,417,458)	<u>(3,375,061)</u>
<b>Net cash provided by operating activities</b>	32	<u>165,769,711</u>	<u>98,903,306</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	15	(99,024,176)	(87,151,900)
Interest received	7	1,041	10,190
Proceeds from sale of property, plant and equipment		-	<u>150,000</u>
<b>Net cash provided by investing activities</b>		<u>(99,023,135)</u>	<u>(86,991,710)</u>
<b>Cash flows from financing activities</b>			
Short term loan receipt/repayment		(85,376,000)	45,865,370
Directors' current account		-	(5,721,205)
Issue of shares		-	15,500,000
Share premium		-	15,500,000
Dividend paid		(14,805,821)	(19,167,264)
Interest paid		(22,842,249)	<u>(7,306,303)</u>
<b>Net cash provided by financing activities</b>		<u>(123,024,070)</u>	<u>44,670,598</u>
(Decrease)/increase in cash and cash equivalents		(56,277,494)	56,582,194
Cash and cash equivalents at 1 January		64,385,904	<u>7,803,710</u>
<b>Cash and cash equivalents at 31 December</b>	19	<u><b>8,108,410</b></u>	<u><b>64,385,904</b></u>

## NOTES TO THE FINANCIAL STATEMENT

### 1. General Information

The company was incorporated under the Companies and Allied Matters Act 1990 as a Limited Company on 3 March 1995 and commenced business in February 1997. On 23 March 2015, the company was re-registered and converted to public limited company and accordingly changed its name from The Initiates Limited to The Initiates Plc. The company's principal activity includes Waste Recycling, Treatment and Disposal, Industrial Cleaning and Environmental Remediation.

### 2. Adoption of new and revised IFRS standards

The following revisions to accounting standards and pronouncements were issued and made effective beginning on or after 1 January 2013.

The full impact of these International Financial Reporting Standards (IFRSs) and International Financial Reporting Implementation Committee (IFRIC) Interpretations has been assessed by the company, but noted that none of these pronouncements has resulted in any material adjustments to the financial statements.

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Required to be implemented for periods beginning on or after</b>
IFRS 13		1 January 2013
Fair Value Measurement	<p>IFRS 13 was issued as part of the IASB's convergence project with the FASB which provides new harmonised guidance on fair value measurement and disclosure requirements.</p> <p>The requirements in IFRS 13 do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.</p>	

## NOTES TO THE FINANCIAL STATEMENT Cont.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IFRS 7 Financial Instruments Disclosures	The amendments in IFRS 7 require additional disclosure of transfer transactions of financial assets (for example, securitisations), including understanding for possible effects risks that may remain with the entity that transferred the assets.	1 January 2013
Amendments to IAS 19 Employee Benefits	The amendments in IAS 19 eliminate the option to defer the recognition of gains and losses, known as the 'corridor method', streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI); and enhances the disclosure requirements for defined benefit plans providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.	1 January 2013
Amendments to IFRSs Issued 2011	This pronouncement sets out minor amendments to IFRS standards as part of the annual improvement process.	1 January 2013
IFRS 9 Financial Instruments	IFRS 9 introduces new requirements for classifying and measuring financial assets, a single approach to determine whether a financial asset is measured at amortised cost or fair value and a single impairment method.  The IASB intends to further expand IFRS 9 (including impairment and hedge accounting) to completely replace IAS 39.	1 January 2015

### **3. Summary of significant accounting policies**

#### **3.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

#### **3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset and liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements are determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the assets or liability either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### **3.3. Property, plant and equipment**

Property, Plant and Equipment are recognised at purchase or production cost or revaluation, net of accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

## NOTES TO THE FINANCIAL STATEMENT

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

	%
Land and Building	2.00
Plant and Machinery	5.00
Motor Vehicles	25.00
Office Equipment	20.00
Furniture and Fittings	33.33

Property, plant and equipment with carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less cost to sell. Assets held for sale shall be immediately made available for sale and their sale shall be highly probable (i.e. the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount will not be recovered. Reference should be made to the section on impairment of non-financial assets for details of impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets. Borrowing costs are capitalised when the cost of the acquisition of the assets and borrowing cost are incurred and the activities necessary to bring the assets to a condition for its use have been started.

Capitalisation of borrowing cost is suspended during periods in which active development is interrupted. Subsequent expenditure is capitalised if it increases the future economic benefits of the related assets. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

#### 3.4. Impairment of non-financial assets

If there is any indication that an item of property, plant and equipment is impaired, the recoverable amount of the assets is estimated to determine the amount of the impairment loss.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observation prices of an active market, recent transactions or the best information available to reflect the amount the company could obtain by disposing of the assets.

Value in use is determined by discounting to present value the estimated future cash flows expected to arise from the continuous use of an assets, net of taxes and if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post tax discount rate which reflects the present market value of the time value of money and specific risks.



The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

### 3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes the directly related costs. Consumables are valued using the first-in-first-out basis.

Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and cost necessary to make sales.

### 3.6 Financial assets and liabilities

Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The financial instruments used by the company are classified as follows: financial assets and financial liabilities at fair value through profit or loss (FVTPL), loans and receivables, held to maturity investments and available-for-sale financial assets.

Financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition.

#### **Financial assets or financial liabilities at fair value through profit or loss**

The classification of financial assets depends on the nature and purpose of the financial assets. Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other liabilities. Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (cost)" in profit or loss under the amortised cost method. This category includes the trade and other receivables.

**Trade and other receivables**

Trade and other receivables are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing each position and the total non-collection risk.

If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the company's financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

**Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has positive intention and ability to hold to maturity. They are recognised at amortised cost and interest accrued thereon is taken to profit or loss under "Financial income" using the effective interest rate.

**Available for sale financial assets**

Available for sale financial assets are non-derivatives that are not classified in the other categories.

**Fair value of financial instruments**

Fair value of financial instruments have been estimated as follows:

- a) the fair value financial instruments traded on an active market is based on the market price at the reporting date.
- b) The fair value of loans and receivables has been determined, for disclosure purpose in the notes on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant market and the average spread agreed by the company.

**Derecognition of financial assets and liabilities**

**Financial assets:**

The financial assets (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- a) the contractual rights to the cash flows from the financial assets expire;
- b) The company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately.
- c) The company transfers the contractual right to receive the cash flows of the assets and have transferred substantially all the risks and rewards of ownership of the financial assets and related control.

When the company has transferred the contract rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that take the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

**Financial liabilities**

Financial liabilities are derecognised when the underlying obligation is discharged, cancelled or expires.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount is recognised in profit or loss.

**Impairment of financial assets**

If there is any indication that a financial assets is impaired, the recoverable amount of the asset is estimated to determine the amount of impairment loss.

**3.7 Employee benefits**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The company makes provisions for employee benefits in accordance with the Pension Reform Act as amended in July 2014. 8% of the employee's basic salary, housing and transport contributed monthly by the employee and 10% contributed by the employer. The monthly contribution is remitted to the Pension Fund Administrators in accordance with the Nigerian Pension Act.

### 3.8 Income taxes

Current taxes are provided for using the tax rates and applying the tax laws based on the best estimate of the taxable profit for the year.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and their carrying amount in the statement of financial position. Deferred tax assets and liabilities are recognised when the company holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively. In the case of transactions recognised directly in equity, the related deferred tax asset and liability also affects equity.

### 3.9 Provisions for risks and charges

In accordance with IAS 37, the company makes accruals for provisions for risks and charges when the following conditions exist:

- a) the company has a present obligation (legal or constructive) at the reporting date as a result of past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- b) it is probable that the obligation (through an outflow of resources) will have to be settled;
- c) a reliable estimate can be made of the amount of the obligation.

When the time value of money is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (forecast outflows) discounted at a rate that reflects the present market value and risk specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

### 3.10 Foreign currencies

The translation criteria for foreign currency items adopted by the company are as follows:

- a) foreign currency monetary assets and liabilities, excluding property, plant and equipment measured at cost are measured to the closing spot rate with exchange rate gains or losses taken to the income statements;
- b) property, plant and equipment denominated in the foreign currency, are translated using the historical exchange rate.
- c) revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction.
- d) any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

### 3.11 Revenue recognition

Revenue is measured to the extent it is probable that the economic benefits will flow to the company and the related amount can be determined reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

#### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Dividends

Dividends are recognised when the investors' right to receive payable arises in line with local ruling legislation.

### 3.12 Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of the shares to be allocated to the beneficiaries of vested stock options when calculating the number of outstanding shares.

### 3.13 Significant accounting estimates

Preparation of financial statements and the related notes in accordance with IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- a) determine amortisation and depreciation (see the "Property, plant and equipment" paragraph of the "Accounting Policies" section)
- b) recognise impairment losses
- c) recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting Policies" section)
- d) recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section)
- e) recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

#### 4. Critical accounting judgement and key sources of estimation uncertainty

In application of the Company's significant accounting policies, described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Useful lives of property, plant and machinery

The company reviewed the estimated useful lives of property, plant and equipment on transition to IFRS on 1 January 2012, and under IFRS, has reviewed them annually, at the end of each reporting year. There is a degree of subjective judgement in such estimation which has a resultant impact on the profit or loss for the year.

##### Allowance for debt losses

The Company periodically assesses its trade receivables for probability of debt losses, Management considers several factors including past records, current financial position and credibility of management. Also, judgement is exercised in determining the allowances made for debt losses.

However, provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer. All balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgement by management on the ultimate recoverability of amounts receivable.

## NOTES TO THE FINANCIAL STATEMENT Cont.

	2016 N	2015 N
<b>5. Turnover</b>		
Industrial Cleaning and Decontamination	76,898,361	-
Consultancy	18,393,390	-
Incineration	72,246,200	-
Thermal Desorption Unit	197,967,745	-
Waste Treatment and Disposal	282,638,918	345,766,927
	<b>648,144,614</b>	<b>345,766,927</b>
<b>6. Cost of sales</b>		
Waste disposal	148,890,580	35,814,013
Hiring of equipment	41,935,874	36,215,549
Purchases	13,287,706	-
Diesel and lubricants	7,068,847	13,564,550
Repairs and Maintenance	11,913,318	8,891,290
Consumables	104,438,144	5,081,780
Depreciation	17,111,919	8,268,860
Direct wages	15,441,654	62,385,393
Community relations and security	26,672,071	-
Other direct costs	6,440,008	9,800,373
	<b>393,200,121</b>	<b>180,021,808</b>
<b>7. Other income</b>		
Interest received	1,041	10,190
Sale of secondary products	2,243,000	1,992,200
Debts recovery (note 7.1)	4,002,549	-
Foreign exchange gains (note 14)	91,012,606	7,555,551
Sundry income	175,000	1,162,948
	<b>97,434,196</b>	<b>10,720,889</b>
<b>7.1 Debts recovery</b>		
This represents recovery from debts owed by customers for which provision was made in the previous year.		
SEPCOL	3,858,009	-
Weltec	144,540	-
	<b>4,002,549</b>	-
<b>8. Staff costs</b>		
Salaries and allowances	44,535,994	39,248,430
Employer's pension contribution	4,296,501	3,855,675
Staff welfare	1,387,380	233,000
Medical expenses	271,600	2,413,700
	<b>50,491,475</b>	<b>45,750,805</b>
<b>9. Depreciation and impairment loss</b>		
Depreciation	<b>5,360,012</b>	<b>2,552,931</b>



NOTES TO THE FINANCIAL STATEMENT Cont.

	<b>2016</b>	<b>2015</b>
	<b>N</b>	<b>N</b>
<b>10. Administrative expenses</b>		
Directors' remuneration	11,128,200	12,913,200
Directors' allowances and expenses	3,710,092	2,033,283
Directors' fees	650,000	625,000
Transport and travelling expenses	3,182,801	1,516,511
Legal and professional fees	14,875,185	14,102,100
Electricity	55,000	-
Fuel and diesel	6,339,573	6,539,470
Licenses and permits	2,726,720	3,139,913
Donation & Gift	2,240,300	600,000
Repairs and maintenance	2,386,610	2,404,400
Printing and stationery	702,590	1,094,740
Insurance	3,658,107	1,323,771
Telephone and postage	915,725	448,710
Entertainment	459,640	183,060
Security expenses	-	510,000
Internet expenses	1,156,660	789,500
Bank charges	3,998,215	2,358,010
Training expenses	1,121,108	177,850
Local content tax	5,104,517	1,117,723
Subscription	200,000	200,000
Meal expenses	1,729,650	1,429,550
Advertisement	267,000	-
Provision for doubtful debt	8,001	4,063,842
Audit fee	2,000,000	2,000,000
Office and general expenses	1,685,308	857,590
Sundry expenses	200,500	376,650
	<b><u>70,501,502</u></b>	<b><u>60,804,873</u></b>
<b>11. Results from operating activities is stated after taking into account the undernoted items;</b>		
Director's remuneration:		
- Fees	650,000	625,000
- Others	14,838,292	14,946,483
Depreciation and impairment loss	22,471,931	10,821,792
Auditors' Fees	<u>2,000,000</u>	<u>2,000,000</u>

## NOTES TO THE FINANCIAL STATEMENT Cont.

### 12. Finance cost

This represents interests charged by Guaranty Trust Bank Plc on invoice discounting facilities obtained by The Initiates Plc.

	<b>2016</b>	<b>2015</b>
	N	N
Other financial charges	4,992,969	3,150,000
Interest on loans	17,849,280	4,156,303
	<u><b>22,842,249</b></u>	<u><b>7,306,303</b></u>

### 13. Taxation

Company income tax	22,279,761	6,419,690
Education tax	4,507,759	1,417,458
	<u>26,787,520</u>	<u>7,837,148</u>
Deferred tax (note 26)	38,265,357	15,046,755
	<u><b>65,052,877</b></u>	<u><b>22,883,903</b></u>

### 14. Foreign currency translation difference

This represents exchange difference arising from translation of foreign currency transactions during the year under review.

## NOTES TO THE FINANCIAL STATEMENT Cont.

### 15. Property, plant and equipment

The carrying amount of property, plant and equipment is stated as follows:

	Cost/valuation	Depreciation and impairment loss	Carrying amount
	N	N	N
Land and Building	143,962,000	3,901,689	140,060,311
Plant and machinery	344,375,443	25,380,779	318,994,664
Capital work-in-progress	120,688,131	-	120,688,131
Motor vehicles	2,694,000	966,875	1,727,125
Furniture and fittings	3,044,000	1,521,848	1,522,152
Office & HSE equipment	5,893,160	1,573,882	4,319,278
	<b>620,656,734</b>	<b>33,345,073</b>	<b>587,311,661</b>

	Land and Building	Plant and Machinery	Capital Work- in-Progress (note 15.4)	Motor Vehicles	Furniture and Fittings	Office & HSE Equipment	Total
	N	N	N	N	N	N	N
<b>15.1 Cost/valuation</b>							
At 1 January 2015	85,358,600	342,804,304	-	18,061,400	9,032,740	3,130,000	458,387,044
Additions before revaluation	-	6,110,342	-	4,700,000	865,000	970,500	12,645,842
Disposals	-	-	-	(200,000)	-	-	(200,000)
Reclassification	-	4,700,000	-	(4,700,000)	(415,000)	415,000	-
Revaluation surplus/(loss) (note 15.3)	29,641,400	(30,816,646)	-	(15,861,400)	(6,438,740)	(744,500)	(24,219,886)
Additions after revaluation	<u>24,154,100</u>	<u>12,942,946</u>	<u>36,130,412</u>	<u>694,000</u>	<u>-</u>	<u>584,600</u>	<u>74,506,058</u>
At 31 December 2015	139,154,100	335,740,946	36,130,412	2,694,000	3,044,000	4,355,600	521,119,058
Adjustments (note 25.1)	-	-	-	-	-	513,500	513,500
Additions in the year	4,807,900	8,634,497	84,557,719	-	-	1,024,060	99,024,176
Disposals	-	-	-	-	-	-	-
At 31 December 2016	<b>143,962,000</b>	<b>344,375,443</b>	<b>120,688,131</b>	<b>2,694,000</b>	<b>3,044,000</b>	<b>5,893,160</b>	<b>620,656,734</b>

### 15.2 Depreciation and impairment loss

At 1 January 2015	7,162,663	29,071,729	-	16,036,400	8,145,172	1,355,315	61,771,279
Transfer to Revaluation Reserve	(7,162,663)	(29,071,729)	-	(15,986,400)	(8,145,172)	(1,355,315)	(61,721,279)
Charge for the year	1,327,689	8,268,860	-	293,375	507,283	424,585	10,821,792
Disposals	-	-	-	(50,000)	-	-	(50,000)
At 31 December 2015	1,327,689	8,268,860	-	293,375	507,283	424,585	10,821,792
Adjustments (note 25.1)	-	-	-	-	-	51,350	51,350
Charge for the year	2,574,000	17,111,919	-	673,500	1,014,565	1,097,947	22,471,931
Disposals	-	-	-	-	-	-	-
At 31 December 2016	<b>3,901,689</b>	<b>25,380,779</b>	<b>-</b>	<b>966,875</b>	<b>1,521,848</b>	<b>1,573,882</b>	<b>33,345,073</b>

### Carrying amount

At 31 December 2016	<b>140,060,311</b>	<b>318,994,664</b>	<b>120,688,131</b>	<b>1,727,125</b>	<b>1,522,152</b>	<b>4,319,278</b>	<b>587,311,661</b>
At 31 December 2015	<b>137,826,411</b>	<b>327,472,086</b>	<b>36,130,412</b>	<b>2,400,625</b>	<b>2,536,717</b>	<b>3,931,015</b>	<b>510,297,266</b>

## NOTES TO THE FINANCIAL STATEMENT Cont.

### 15.3 Assets revaluation

On 9 July 2015, the company's property, plant and equipment were revalued by Messrs. Ubochi Eleh & Co., on the basis of open market value of N445,148,000. The revalued amount was incorporated in these financial statements. The surplus of N37,501,392 arising therefrom was transferred to revaluation reserve account.

### 15.4 Capital work-in-progress

This represents costs incurred by The Initiates Plc on property, plant and equipment which have not been put to use as at 31 December 2016.

	2016	2015
	N	N
Incinerator and E-Waste Plant Buildings	25,314,155	-
E-Waste Plant	36,697,319	36,130,412
Incinerator Plant	31,000,000	-
Rotocar	24,676,657	-
Transformer	3,000,000	-
	<b>120,688,131</b>	<b>36,130,412</b>

### 16. Other non-current assets

Deferred tax assets (note 16.1)	-	-
Prepaid expenses (note 16.2)	-	10,000,000
	-	<b>10,000,000</b>

#### 16.1 Deferred tax assets

At 1 January	-	6,778,298
Impairment in the year	-	-
Transfer to deferred tax liabilities (note 26)	-	(6,778,298)
At 31 December	-	-

#### 16.2 Prepaid expenses

This represents non-current portion of the professional fees charged by Compass Investments Limited for listing of the ordinary shares of The Initiates Plc on the floor of the Nigerian Stock Exchange.

### 17. Inventories

Diesel	<b>868,870</b>	-
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NOTES TO THE FINANCIAL STATEMENT Cont.

	2016 N	2015 N
<b>18. Trade and other receivables</b>		
Trade receivables (note 18.1)	172,984,736	76,122,293
Directors' current account (18.2)	1,070	-
Other receivables	8,972	2,209,329
	<b>172,994,778</b>	<b>78,331,622</b>
<b>18.1 Trade receivables</b>	173,054,030	80,186,134
Less: Provision for doubtful debts	(69,294)	(4,063,841)
	<b>172,984,736</b>	<b>76,122,293</b>
<b>18.2 Directors' current account</b>		
This represents amount due from DVCF Oil & Gas as at 31 December 2016.		
	2016 N	2015 N
DVCF Oil & Gas	1,070	-
<b>19. Cash and cash equivalents</b>		
Cash and cash equivalents represent cash in hand and at bank as at year end.		
	2016 N	2015 N
Cash in hand	69,258	78,769
Cash at bank	8,039,152	64,307,135
	<b>8,108,410</b>	<b>64,385,904</b>

**NOTES TO THE FINANCIAL STATEMENT Cont.**

	<b>2016</b>	<b>2015</b>
	<b>N</b>	<b>N</b>
<b>20. Current tax assets</b>		
This represents withholding tax receivable in the year.		
	<b>74,193,925</b>	<b>51,044,302</b>
<b>21. Other current assets</b>		
Prepaid expenses	10,247,689	12,734,679
Staff loan/advances	2,241,834	1,017,785
Advance to third party (note 21.1)	3,300,000	10,512,903
	<b>15,789,523</b>	<b>24,265,367</b>

**21.1 Advance to third party**

This represents payment made to foreign supplier (Angus Fire) for supply of Angus Fire Extinguishers for execution of NLNG contract, in which the supplies were not received as at 31 December 2016.

**22. Share capital**

Authorised: (note 22.1)

900,000,000 ordinary shares of N0.50 each	<b>450,000,000</b>	<b>450,000,000</b>
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Issued and fully paid: (note 22.2)

889,981,552 ordinary shares of N0.50 each	<b>444,990,776</b>	<b>444,990,776</b>
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**22.1 Authorized share capital**

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the authorized share capital of the company which was formerly 350,000,000 ordinary shares of N1.00 each was converted to 900,000,000 ordinary shares of N0.50 each.

## NOTES TO THE FINANCIAL STATEMENT Cont.

### 22.2 Paid up share capital

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the paid up share capital of the company was increased by the capitalization of dividends for 2013 and 2014 and also issue of bonus shares to shareholders.

	2016 N	2015 N
<b>23. Share premium</b>		
At 1 January	17,780,000	17,280,000
Bonus shares in the year	-	(15,000,000)
Additional share premium	-	15,500,000
At 31 December	<b>17,780,000</b>	<b>17,780,000</b>

### 24. Revaluation Reserve

On 9 July 2015, the company's property, plant and equipment were revalued by Messrs. Ubochi Eleh & Co., on the basis of open market value of N445,148,000. The revalued amount was incorporated in these financial statements. The surplus of N37,501,392 arising therefrom was transferred to revaluation reserve account.

	2016 N	2015 N
At 1 January	83,410,528	45,909,136
Revaluation surplus	-	37,501,392
At 31 December	<b>83,410,528</b>	<b>83,410,528</b>

### 25. Retained earnings

At 1 January	33,869,063	94,800,809
Prior Year Adjustments (note 25.1)	(1,747,179)	(5,098,939)
Dividends declared in prior years and capitalised	-	(80,000,000)
Performance Bonus	-	(13,000,000)
Dividend paid	(14,805,821)	-
Profit for the year	138,130,574	37,167,193
	<b>155,446,637</b>	<b>33,869,063</b>
<b>Other comprehensive income:</b>		
Foreign currency translation difference	(2,507,724)	-
At 31 December	<b>152,938,913</b>	<b>33,869,063</b>

## NOTES TO THE FINANCIAL STATEMENT Cont.

### 25.1 Prior Year Adjustments

These are adjustments made to correct errors in previous year's account balances. The account balances affected are as follows:

	2016 N	2015 N
Adjustment in trade and other payables	-	(3,031,250)
Adjustment in trade and other receivables	(2,209,329)	(2,067,689)
Adjustment of opening balance in property, plant and equipment	462,150	-
	<b>(1,747,179)</b>	<b>(5,098,939)</b>
<b>26. Deferred tax liability</b>		
At 1 January	8,268,457	-
Transfer from deferred tax assets	-	(6,778,298)
Movement in the year	38,265,357	15,046,755
At 31 December	<b>46,533,814</b>	<b>8,268,457</b>
<b>27. Trade and other payables</b>		
Trade payables	29,478,919	7,976,294
Directors' current account (note 27.1)	-	3,422,430
Dividend payable (note 27.2)	803,641	803,641
Other payables	15,090	11,628
Accruals	17,278,791	7,904,784
	<b>47,576,441</b>	<b>20,118,777</b>
<b>27.1 Directors' current account</b>		
Mustapha Ossai (note 27.1.1)	-	3,245,000
DVCF Oil & Gas (note 27.1.2)	-	177,430
	-	<b>3,422,430</b>
<b>27.1.1 Director - Mustapha Ossai</b>		
At 1 January	3,245,000	850,000
Additional funds provided by the Director	4,480,000	3,245,000
Repayments in the year	(7,725,000)	(850,000)
At 31 December	-	<b>3,245,000</b>



NOTES TO THE FINANCIAL STATEMENT Cont.

	2016 N	2015 N
<b>27.1.2 DVCF Oil &amp; Gas</b>		
At 1 January	177,430	8,293,635
Deposits made by DVCF	-	4,650,000
Payments made during the year	(177,430)	(12,766,205)
At 31 December	<u>-</u>	<u>177,430</u>
<b>27.2 Dividend payable</b>		
At 1 January	803,641	970,905
Prior Year Dividends approved during the year (note 27.2.1)	14,805,821	20,000,000
Transfer to accrued staff performance bonus	-	(1,000,000)
Payments made during the year	(14,805,821)	(19,167,264)
At 31 December	<u>803,641</u>	<u>803,641</u>
<b>27.2.1 Cash Dividend</b>		
At the 17th Annual General Meeting held on 10 May 2016, cash dividend of N14,805,821 was declared out of the profit for the year ended 31 December 2015, to Shareholders whose names were in the register as at 9 May 2016.		
<b>28. Current tax liabilities</b>		
Company tax payable (28.1)	29,172,189	10,222,287
Withholding tax payable	6,625,356	4,868,250
	<u>35,797,545</u>	<u>15,090,537</u>
<b>28.1 Company tax payable (movement)</b>		
Opening balance	10,222,287	17,416,487
Tax charge for the year	65,052,877	22,883,903
Payments during the year	(1,417,458)	(3,375,061)
Withholding tax credit notes applied	(6,420,160)	(11,656,287)
Transfer of deferred tax (note 26)	(38,265,357)	(15,046,755)
	<u>29,172,189</u>	<u>10,222,287</u>

**NOTES TO THE FINANCIAL STATEMENT Cont.**

	<b>2016</b> <b>N</b>	<b>2015</b> <b>N</b>
<b>29. Other current tax liabilities</b>		
Pay As You Earn tax	-	816,685
Value Added Tax	19,217,489	16,050,720
	<b>19,217,489</b>	<b>16,867,405</b>
<b>30. Employees' benefits</b>		
Post employment benefits (note 30.1)	21,661	1,552,918
Short term employees' benefits	-	-
	<b>21,661</b>	<b>1,552,918</b>

**30.1** Post employment benefits relate to pension contribution. It is computed as follows: 8% of the employee's basic salary, housing and transport is contributed monthly by the employee and 10% of the employee's basic salary, housing and transport is contributed by the employer. The monthly contribution is remitted to the Pension Fund Administrators in accordance with the Nigerian Pension Act.

**31. Short term borrowings**

Short term borrowings represent amounts borrowed from Guaranty Trust Bank Plc by The Initiates Plc. In Dec.2015, a loan facility of N80.0 Million was obtained by The Initiates Plc to finance the building of an Electronic Waste Management Plant and Hazardous/Medical Incinerator, and this facility has a tenor of 12 months with interest rate of 23% per annum while in the current year, invoice discounting facilities were obtained from Guaranty Trust Bank Plc to support working capital needs of the company.

	<b>2016</b> <b>N</b>	<b>2015</b> <b>N</b>
Guaranty Trust Bank Plc (note 31.1)	11,000,000	96,376,000
Diamond Bank Plc (note 31.2)	-	-
	<b>11,000,000</b>	<b>96,376,000</b>

	<b>2016</b>	<b>2015</b>
	<b>N</b>	<b>N</b>
<b>31.1 Loan facility from GTB Plc</b>		
At 1 January	96,376,000	34,598,130
Loan in the year	207,214,040	383,637,500
Repayments in the year	(292,590,040)	(321,859,630)
At 31 December	<u><b>11,000,000</b></u>	<u><b>96,376,000</b></u>
<b>31.2 Loan facility from Diamond Bank Plc</b>		
At 1 January	-	15,912,500
Loan in the year	-	-
Repayments in the year	-	(15,912,500)
At 31 December	<u><b>-</b></u>	<u><b>-</b></u>

**NOTES TO THE FINANCIAL STATEMENT Cont.**

	<b>2016</b>	<b>2015</b>
	<b>N</b>	<b>N</b>
<b>32. Reconciliation of profit to net cash provided by operating activities:</b>		
Profit after taxation	138,130,574	37,167,193
<b>Adjustment to reconcile profit to net cash provided by operating activities;</b>		
Depreciation	22,471,931	10,821,792
Interest received	(1,041)	(10,190)
Exchange rate difference	(2,507,724)	-
Interest on loans	22,842,249	7,306,303
Adjustments	(2,209,329)	(5,098,939)
<b>Changes in assets and liabilities</b>		
Increase in inventories	(868,870)	-
(Increase)/decrease in trade and other receivables	(94,663,156)	140,433,647
Increase in current tax assets	(23,149,623)	(12,555,074)
Decrease/(increase) in other non-current assets	10,000,000	(3,221,702)
Decrease in other current tax assets	-	28,498,051
Decrease/(increase) in other current assets	8,475,844	(24,265,367)
Increase in non-current liabilities	38,265,357	8,268,457
Increase/(decrease) in trade and other payables	27,457,664	(47,879,322)
Decrease in employees benefits	(1,531,257)	(4,379,987)
Decrease in current tax liabilities	20,707,008	(3,098,450)
Increase/(decrease) in other current tax liabilities	2,350,084	(33,083,105)
Net adjustments	27,639,137	61,736,114
Net cash provided by operating activities	<b>165,769,711</b>	<b>98,903,307</b>

**NOTES TO THE FINANCIAL STATEMENT Cont.**

	2016	2015
	N	N
<b>33. Information regarding directors and employees</b>		
<b>33.1 Directors</b>		
Directors' emoluments comprises:		
Fees	650,000	625,000
Others	14,838,292	14,946,483
	<b>15,488,292</b>	<b>15,571,483</b>
The number of directors with gross emoluments within		
	<b>Number</b>	<b>Number</b>
Below N3,000,000	-	-
N3,000,001 - N7,000,000	-	-
N7,000,001 and above	1	1
	<b>1</b>	<b>1</b>
<b>33.2 Employees</b>	<b>Number</b>	<b>Number</b>
Average numbers of persons employed during the year:		
Management	2	2
Senior Staff	11	11
Junior Staff	34	31
	<b>47</b>	<b>44</b>
<b>Aggregate payroll costs</b>	<b>N</b>	<b>N</b>
Salaries and allowances	<b>50,491,475</b>	<b>45,750,805</b>
The number of employees in Nigeria with gross emoluments within the bands stated were:		
N100,000 - N500,000	18	17
N500,001 - N1,000,000	13	14
N1,000,001 - N1,500,000	6	4
N1,500,001 and above	10	9
	<b>47</b>	<b>44</b>

**34. Guarantees and other financial commitments**

The company did not guarantee any loan to the directors and officers of the company during the year.

**35. Financial commitments**

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's financial statements have been taken into account in the preparation of the financial statements under review.

**36. Contingent liabilities**

There were no contingent liabilities arising from litigations in the ordinary course of business.

**37. Capital commitments**

There were no capital commitments at 31 December 2016.

**38. Reclassification of Balances.**

Certain comparative balances have been reclassified to provide a more meaningful comparison.

**39. Events after the reporting date**

There were no events after reporting date which could have had material effect on the state of affairs of the company at 31 December 2016 and on the total comprehensive income for the year ended on that date which have not been adequately provided for or recognized.

**40. Earnings per Share**

Earning per share are based on profit after tax and number of fully paid ordinary shares.

	2016 N	2015 N
Profit attributable to ordinary shareholders (in naira)	<u>138,130,574</u>	<u>37,167,193</u>
Number of ordinary shares issued and fully paid for basic earnings per share (in number)	<u>889,981,552</u>	<u>889,981,552</u>
Number of ordinary shares issued and fully paid for diluted earnings per share (in number)	<u>889,981,552</u>	<u>889,981,552</u>
Basic earnings per 50 kobo share	<u>16</u>	<u>4</u>
Diluted earnings per 50 kobo share	<u>16</u>	<u>4</u>

## STATEMENT OF VALUE ADDED

	2016		2015	
	N	%	N	%
Turnover	648,144,614		345,766,927	
Other income	97,434,196		10,720,889	
	<u>745,578,810</u>		<u>356,487,816</u>	
Less: Bought in materials and services				
Imported	13,287,706		-	
Local	458,651,971		202,362,731	
Value added	<u><b>273,639,133</b></u>	<u><b>100</b></u>	<u><b>154,125,085</b></u>	<u><b>100</b></u>
<b>Applied as follows:</b>				
To pay employees' salaries wages and other benefits	50,491,475	18	45,750,805	30
To pay Government taxation	26,787,520	10	7,837,148	5
To provide for enhancement of assets and expansion:				
- deferred tax	38,265,357	14	15,046,755	10
- depreciation of fixed assets	22,471,931	8	10,821,792	7
- retained in the business	135,622,850	50	74,668,585	48
	<u><b>273,639,133</b></u>	<u><b>100</b></u>	<u><b>154,125,085</b></u>	<u><b>100</b></u>

**Note:** "Value added" represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth amongst employees, capital providers, government, and that retained for future creation of wealth.

## FIVE YEARS FINANCIAL SUMMARY

	31 December				
	2016	2015	2014	2013	2012
	N	N	N	N	N
<b>Assets employed</b>					
Non-current Assets	587,311,661	510,297,266	396,615,765	389,051,523	364,851,361
Other non-current assets	-	10,000,000	6,778,298	32,131,887	52,281,054
Current Assets	271,955,506	218,027,195	288,667,790	126,758,848	51,895,537
<b>Total Assets</b>	<b>859,267,167</b>	<b>738,324,461</b>	<b>692,061,853</b>	<b>547,942,258</b>	<b>469,027,952</b>
<b>Equity</b>					
Issued capital	444,990,776	444,990,776	341,490,777	294,471,108	294,471,108
Share premium	17,780,000	17,780,000	17,280,000	17,280,000	17,280,000
Revaluation reserve	83,410,528	83,410,528	45,909,136	45,909,136	45,909,136
Retained earnings	152,938,913	33,869,063	94,800,809	(12,658,659)	(28,688,386)
Other component of equity	-	-	-	46,646,916	-
	699,120,217	580,050,367	499,480,722	391,648,501	328,971,858
<b>Liabilities</b>					
Non-current liabilities	46,533,814	8,268,457	-	27,333,333	42,000,000
Current liabilities	113,613,136	150,005,637	192,581,131	128,960,424	98,056,094
<b>Total liabilities and equity</b>	<b>859,267,167</b>	<b>738,324,461</b>	<b>692,061,853</b>	<b>547,942,258</b>	<b>469,027,952</b>
<b>Turnover</b>	<b>648,144,614</b>	<b>345,766,927</b>	<b>611,828,467</b>	<b>254,749,514</b>	<b>108,675,048</b>
Profit before taxation	203,183,451	60,051,096	132,655,217	85,950,899	9,185,408
Taxation	(65,052,877)	(22,883,903)	(36,485,715)	(30,757,650)	(5,238,752)
Profit after taxation	<b>138,130,574</b>	<b>37,167,193</b>	<b>96,169,502</b>	<b>55,193,249</b>	<b>3,946,656</b>
<b>Other Comprehensive income</b>					
Foreign currency translation difference	(2,507,724)	-	13,606,283	(989,501)	338,327
Gain on fair value of property, plant and equipment	-	-	-	3,681,500	-
Revaluation surplus on property, plant and equipment	-	37,501,392	-	-	-
<b>Other comprehensive income for the year</b>	<b>(2,507,724)</b>	<b>37,501,392</b>	<b>13,606,283</b>	<b>2,691,999</b>	<b>338,327</b>
<b>Total comprehensive income for the year</b>	<b>135,622,850</b>	<b>74,668,585</b>	<b>109,775,785</b>	<b>57,885,248</b>	<b>4,284,983</b>
Basic earnings per share (kobo)	16	4	28	19	1
Diluted earnings per share (kobo)	16	4	11	6	-
Net assets per share (kobo)	79	65	146	133	112

Basic earnings per share are calculated on the profit after tax and the number of fully paid ordinary shares at the end of each year.

Diluted earnings per share are calculated on profit after tax for each of the years and number of fully paid ordinary shares as at 31 December 2016.

Net assets per share are based on the net assets and the number of fully paid ordinary shares at the end of each year.



## SHARE CAPITAL HISTORY AS AT 31ST DECEMBER, 2016

Year	Authorized Share Capital (=N=)		Issued & Fully Paid-up Capital (=N=)		Consideration	No of Shareholders
1995	50,000	50,000	50,000	50,000	<b>CASH</b>	<b>2</b>
1999	4,950,000	5,000,000	4,950,000	5,000,000	<b>CASH</b>	<b>4</b>
2007	95,000,000	100,000,000	68,750,908	73,750,908	<b>CASH</b>	<b>4</b>
2008	100,000,000	200,000,000	123,750,908	197,501,816	<b>CASH</b>	<b>12</b>
2009	100,000,000	300,000,000	96,969,292	294,471,108	<b>CASH</b>	<b>36</b>
2014	50,000,000	350,000,000	47,019,669	341,490,777	<b>BONUS/CASH</b>	<b>36</b>
2015	100,000,000	450,000,000	103,499,999	444,990,776	<b>BONUS/CASH</b>	<b>91</b>
<b>2016</b>	<b>450,000,000</b>	<b>900,000,000</b>	<b>444,990,776</b>	<b>889,981,552</b>	<b>CASH</b>	<b>105</b>

### THE INITIATES PLC

#### RANGE ANALYSIS AS AT DECEMBER 31ST 2016

BEGINNING RANGE	ENDING RANGE	TOTAL SHARE HOLDERS	% OF SHARE HOLDERS	TOTAL SHARE HOLDING	% OF SHARE HOLDING
1.00	1,000.00	7	6.67%	3,400	0.00%
1,001.00	5,000.00	2	1.90%	7,000	0.00%
10,001.00	50,000.00	14	13.33%	596,834	0.07%
50,001.00	100,000.00	14	13.33%	1,101,958	0.12%
100,001.00	500,000.00	35	33.33%	6,959,174	0.78%
500,001.00	1,000,000.00	4	3.81%	3,154,272	0.35%
1,000,001.00	5,000,000.00	15	14.29%	29,485,549	3.31%
5,000,001.00	10,000,000.00	4	3.81%	31,449,794	3.53%
10,000,001.00	50,000,000.00	6	5.71%	165,654,253	18.61%
50,000,001.00	100,000,000.00	2	1.90%	124,021,564	13.94%
100,000,001.00	500,000,000.00	2	1.90%	527,547,754	59.28%
		<b>105</b>	<b>100%</b>	<b>889,981,552</b>	<b>100%</b>





## ADMISSION FORM FOR THE YEAR ENDED DECEMBER 31ST, 2016

### Please Admit

**Shareholder's Full Name:** .....

To be completed in advance by Shareholder or his duly appointed proxy to the Annual General Meeting of THE INITIATES PLC. Which will be held on the 30th day of June at the Unity Hall, Sasun Hotel & Tours Ltd. Plot 2068, Phase II, Trans - Amadi Industrial Layout, Off Ordinance Junction, Port Harcourt, Rivers State. by 11:00am.

1. The admission card must be produced by the Shareholder or his proxy to obtain entrance to the Meeting.
2. Shareholders or proxies are requested to sign the admission card before the Meeting.

Number of shares held.....

(To be completed by the Company's official)

OLAIDE ODEJOBI  
**Company Secretary**

FRC/2017/NBA.00000016739

### The INITIATES PLC

Annual General Meeting holding on Friday 30th June, 2017 at the Unity Hall, Sasun Hotel & Towers Ltd. Plot 2068, Phase II, Trans - Amadi Industrial Layout, Off Ordinance Junction, Port Harcourt, Rivers State. by 11:00am

**Number of Shares held** .....

(To be completed by Company's Officials)

**Shareholder's full Name** .....

(To be completed in advance by shareholder)

.....

**Signature of person attending**

(To be signed by the person attending in the presence of Company's official at the entrance of the hall)

# PROXY FORM FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup>, 2016



## ANNUAL GENERAL MEETING OF THE INITIATES PLC

To be held at the Unity Hall, Sasun Hotel & Towers Ltd.  
Plot 2068, Phase II, Trans - Amadi Industrial Layout, Off Ordinance Junction, Port Harcourt,  
Rivers State. by 11:00am

I/WE ..... (Name of Shareholder)

Being a member of The Initiates Plc. Hereby appoint .....

Of .....or failing him, the Chairman of the Meeting as

My/our proxy to act and vote for me/us on my/our behalf at the AGM of the Company to be held

On the 30th Day of June, 2017 or at any adjourned date thereof.

Dated this .....day of .....2017

Shareholder's signature .....

### NOTES:

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. The above proxy form Has been prepared to enable you exercise your right to vote in case you cannot personally attend the Meeting.
2. Provision has been made on this form for the Chairman of the Meeting to act as proxy, but if you wish, you may insert the Blank spaces on the form the name of any person, whether a member of the Company or not who will attend the Meeting and vote On your behalf instead of the Chairman of the Meeting.
3. Please sign the proxy form if you are not attending the Meeting and post it to the Registrars, Apel Capital & Registrars Limited 8,Alhaji Bashorun street, off Williams Crescent, South west, Ikoyi, Lagos not later than 48hrs before the time of holding the Meeting. If executed by a Corporation, the proxy form should be sealed with the common seal.
4. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty from the duties office and not adhesive Postage stamps.
5. The following Directors have offered themselves for re-election: **MR. JOE OGBONNA ANOSIKEH, PROF. E.A.ALIKOR, CHIEF CHARLES OBOH AND MR.JOSEPH EBINUM**

6.

Resolution	For	Against
1. To receive and consider the Audited Financial Statement as at Dece.31 <sup>st</sup> 2016, the report of the Directors, the Audit Committee, the Auditors Report therein.		
2. To re-elect Directors		
3. To declare a final dividend to shareholders		
4. To consider and approve the remuneration Of Directors		
5. To authorize the Directors to fix the Remuneration of Auditors.		
6. To re-appoint the Auditors		
7. To re-appoint members of the Audit Committee		

Affix  
Current  
Passport

(To be stamped by Banker)

Write your name at the back of  
your passport photograph

### E-DIVIDEND MANDATE ACTIVATION FORM

**Instruction**

**Only Clearing Banks are acceptable**

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Apel Capital & Trust Ltd.  
8, Alhaji Bashorun Street  
Off Norman Williams Str, S.W Ikoyi Lagos.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

**Shareholder Account Information**

Surname / Company's Name    First Name    Other Names

Address :

City    State    Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1    Mobile Telephone 2

Email Address

Signature(s)    Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ABACUS MONEY MARKET FUND	
	ANINO INT'L PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	EQUITY ASSURANCE PLC	
	FIRST ALUMINUM PLC	
	INTERLINKED TECHNOLOGIES PLC	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MBA MUTUAL TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	NCR (NIGERIA) PLC	
	NEM INSURANCE PLC	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	<b>THE INITIATES PLC</b>	

Email: [registrars@apel.com.ng](mailto:registrars@apel.com.ng)  
W: [www.apel.com.ng](http://www.apel.com.ng)

Tel : +234 (1) 293 2121  
+234 (0) 704 612 6698

Address : 8, Alhaji Bashorun Street,  
Off Norman Williams Crescent,  
S.W. Ikoyi Lagos





Rc266755

# The Initiates Plc

*...supporting greener production & consumption*



## OFFICE:

Plot 400, Location (New) Road, off Aba/PH Expressway,  
by Oyigbo Junction, Umuebule 5, Port Harcourt, Rivers State.

**WEBSITE:** [www.initiatesgroup.com](http://www.initiatesgroup.com) **TEL:** 084-669510