

# 2017 ANNUAL REPORT & ACCOUNTS



**The Initiates Plc** RC266755

*...supporting greener production & consumption*

Date: Friday, 27th July 2018

Venue: Best Premier Hotel & Resort

Aba Expressway, Km 16, Opposite Intels, Port Harcourt, Rivers State, Nigeria.



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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        | Manager, Support Services                        |
| 3. | Mrs. Ugochi Ukpebor        | Manager, Quality, Health, Safety and Environment |
| 4. | Mr. Vincent Nwachukwu      | Manager, Waste Management Services               |
| 5. | Ms. Rosemary Douglas       | Chief Financial Officer                          |
| 6. | Mr. Bimbo Adams-Ajigbotaje | Chief Internal Auditor                           |
| 7. | Mr. Preston Djebah         | Manager, Cleaning and Decontamination            |
| 8. | 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  
Wema Bank, 76 Aba Road, Port Harcourt.

### 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:

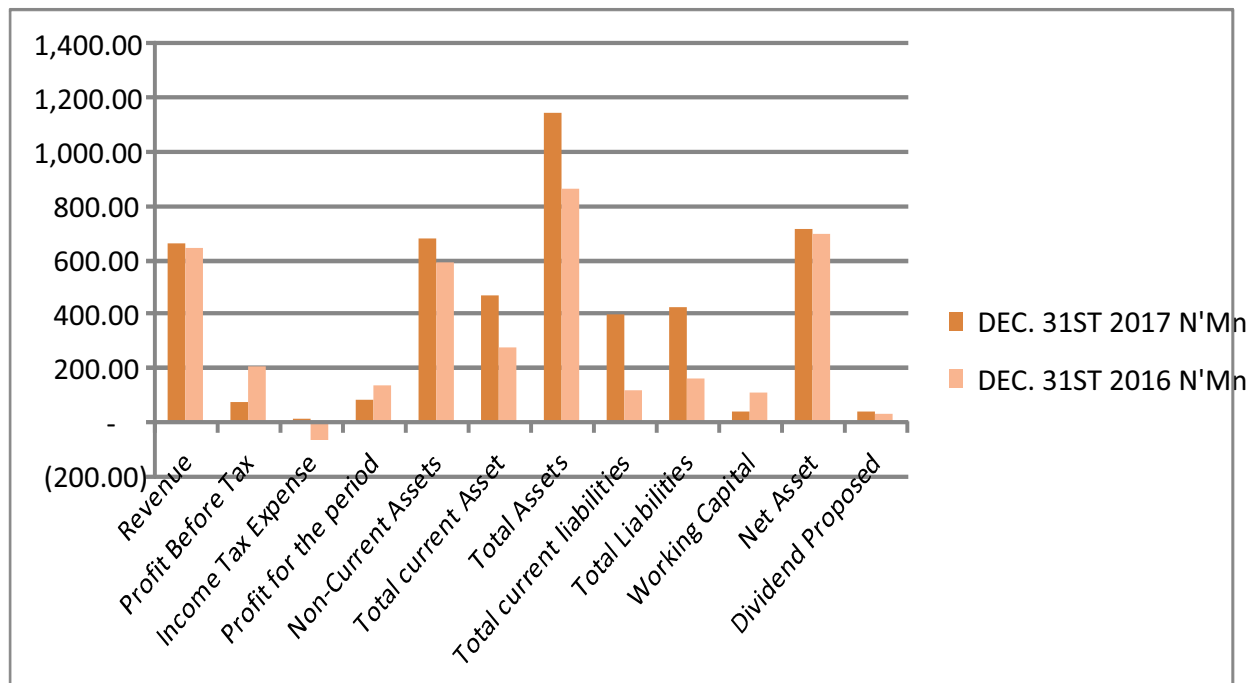
Apel Capital & Registrars Limited  
8, Alhaji Bashorun Street  
Off Norman Williams Crescent  
South-West  
Ikoyi. Lagos.

### REGISTERED OFFICE:

Plot 400, Location road, off Aba/PH  
expressway, by Oyigbo Junction, Umuebule  
5, Port-Harcourt, Rivers State.  
084 - 669510

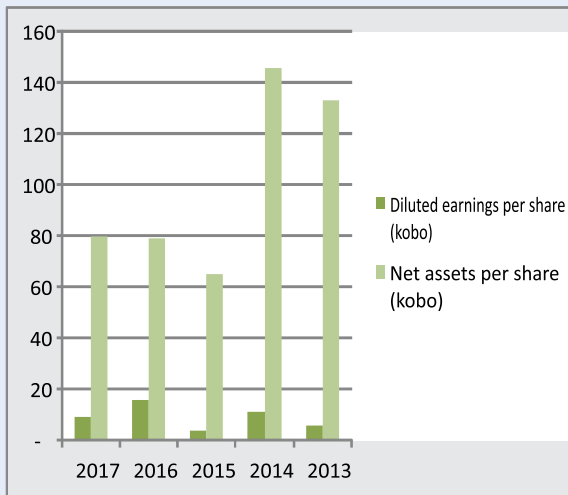
## RESULT AT A GLANCE

	DEC. 31ST 2017	DEC. 31ST 2016	CHANGE
	N'Mn	N'Mn	%
Revenue	664.90	648.14	2.59
Profit Before Tax	73.47	203.18	(63.84)
Income Tax Expense	8.51	(65.05)	(113.08)
Profit for the period	81.98	138.13	(40.65)
Non-Current Assets	678.10	587.31	15.46
Total current Asset	465.68	271.96	71.23
Total Assets	1,143.77	859.27	33.11
Total current liabilities	398.70	113.61	250.92
Total Liabilities	427.97	160.15	167.24
Working Capital	37.70	111.81	(66.28)
Net Asset	715.80	699.12	2.39
Dividend Proposed	35.60	26.70	33.33

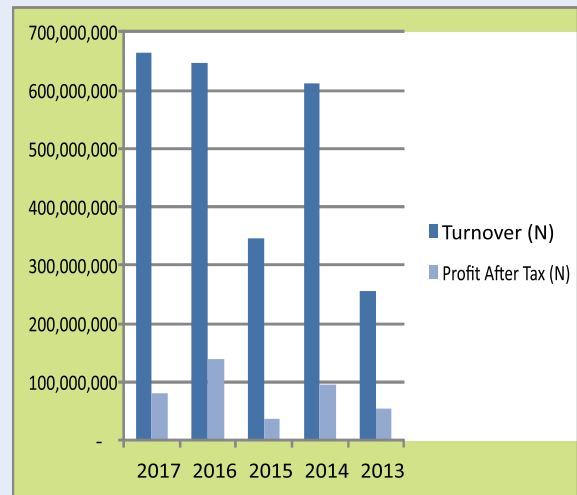


**FIVE YEARS GRAPHICAL REPRESENTATION OF TIP'S PERFORMANCE**

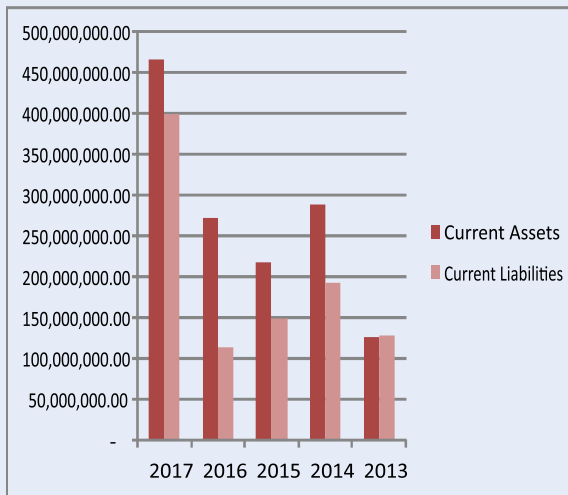
**EARNINGS PER SHARE AND NET ASSETS PER SHARE**



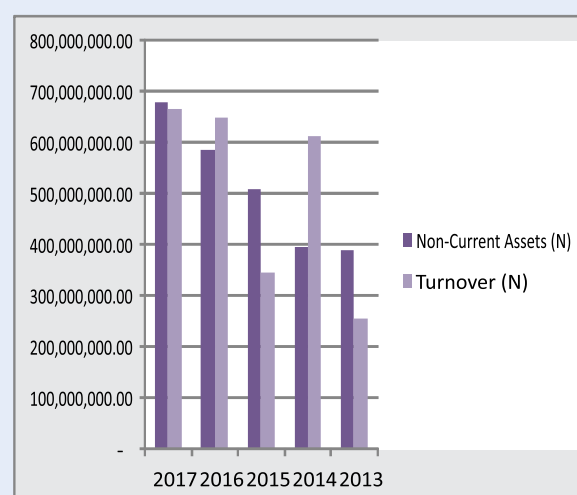
**TURNOVER AND PROFIT AFTER TAX**



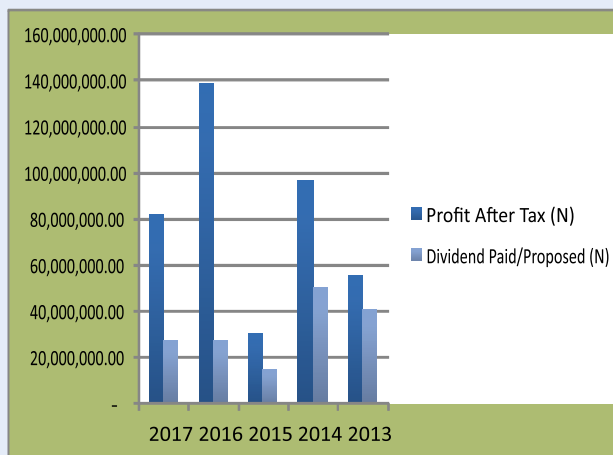
**CURRENT ASSETS AND CURRENT LIABILITIES**



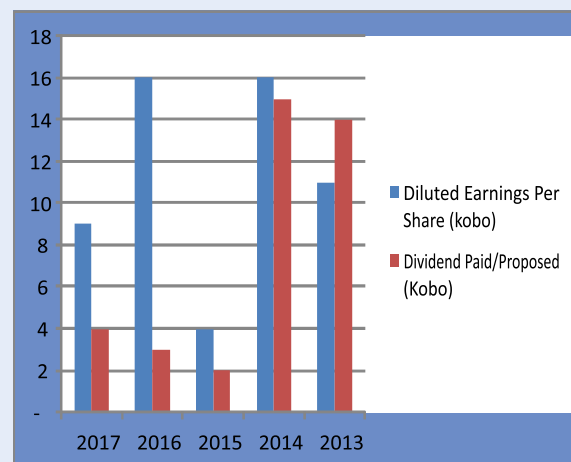
**NON-CURRENT ASSETS AND TURNOVER**



**NET PROFIT AFTER TAX AND DIVIDEND**



**EARNINGS PER SHARE AND DIVIDEND**



## CORPORATE PROFILE

The Initiates Plc. (TIP) was incorporated in Nigeria as a Limited Liability Company on the 3<sup>rd</sup> day of March, 1995 and became a Public Liability Company on the 24<sup>th</sup> 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.



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.



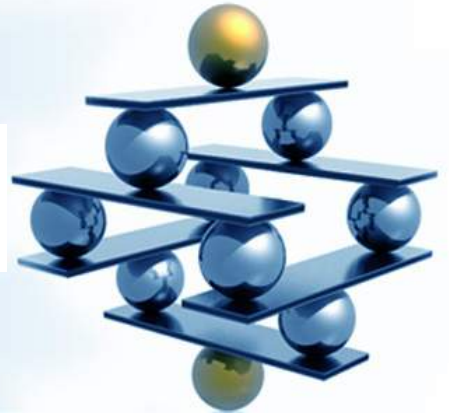
To facilitate industry and man co-existence in safe environment.



- Support sustainable production and consumption through professional waste management services;
- Provide efficient waste management services through integrated facility and workforce in secured environment; and

Adequately reward our stakeholders and maintain enduring corporate image.

# OUR BUSINESS CORE 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

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

### C. 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.),

### D. HAZARDOUS WASTE INCINERATION SERVICES

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

### E. INDUSTRIAL CLEANING & DECONTAMINATION

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





## 2017 HALLMARK PROJECTS



### 2017 PROJECT HALLMARK

**Ossai M. Reuben**  
MD/CEO

*My team and I, specially appreciate our numerous clients for affording us the opportunity to be of service to them, and indeed in some very critical projects that today, we look back to include in our hallmark project list of the year. I briefly would like to use this medium to present our 2017 hallmark projects.*

*Hopefully, we will continue to be innovative in our operation to deliver more critical and challenging projects to the satisfaction of our clients in the coming year.*

*Our goal is to:*  
*Support sustainable production and consumption through professional waste management services.*  
*Provide efficient waste management services through integrated facility and workforce in secured environment.*  
*Adequately reward our stakeholders and maintain enduring corporate image.*



**SPDC Asbestos Waste Handling & Disposal:** This was a project of note that required compliance to both local and international legal frameworks. TIP developed Trans-boundary Documentations, secured Export and Import Permits in line with Basel Convention, packaged the waste in line with Importing Country's Regulations and shipped successfully without repatriation.



THE INITIATES PLC

**Waste Management, Industrial Cleaning & Decontamination Services.**

*... Supporting greener production and consumption*



**Addax Drilling Waste Management (Njeba drilling campaign):** TIP supported Addax with all Waste Logistics (including Skip supplies and handling), Treatment and Disposal. This service is important because our Thermal Desorption Unit was optimally utilised to keep pace with Addax drilling operations



THE INITIATES PLC

**Waste Management, Industrial Cleaning & Decontamination Services.**

*... Supporting greener production and consumption*



**NPDC Crude Tank Cleaning:** TIP deployed her Non-man Entry Automated Tank Cleaning (NEAT) System to clean 2no Crude Tanks (D & E) of 20,000bbl each to hot-work standard in a record time of 4 days per Tank. This is a hallmark project to us as we accomplished this feat with no one man entry, incident and ahead of project schedule.



**Waste Management, Industrial Cleaning & Decontamination Services.**  
*... Supporting greener production and consumption*



TIP participated in NLNG GTS 3/5 Slug Catcher Cleaning Operation: TIP was responsible for on-site Pyrophoric Waste Handling, treatment and disposal for the project. We also treated wash-water (effluent) to acceptable disposal standard on-site.



**Waste Management, Industrial Cleaning & Decontamination Services.**  
*... Supporting greener production and consumption*



Eko Electricity Distribution Company: TIP processed over 8,000 confidential waste (obsolete consumer meters) and recovered precious metals using our installed e-waste processing plant. This was a hallmark project because it is our first complete e-waste processing project and also first in Nigeria.



THE INITIATES PLC

**Waste Management, Industrial Cleaning & Decontamination Services.**

*... Supporting greener production and consumption*

We are  
**Innovative**  
 Professionals  
 committed to  
**Excellence**

## NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 19<sup>th</sup> Annual General Meeting of Shareholders of The Initiates Plc. (TIP) shall hold on the 27th day of July, 2018 at the Best Premier Hotel & Resort, Aba Expressway, KM 16, opposite Intels, Port Harcourt, Rivers State by 11:00am to transact the following: .

### Ordinary Business:

A

1. To receive and consider the Audited Financial Statement as at December 31, 2017, the report of the Directors, the Audit Committee, Auditors Report therein.
2. To declare dividend
3. To appoint/reelect Directors
4. To re-appoint the Auditors and authorize the Directors to fix their remuneration
5. To elect shareholders' representatives of the Audit committee

### Special Business

1. To approve the remuneration of the Directors

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 48hours before the Meeting.

**2. Closure of Register of Members:** The Register of Members of the Company will be closed from the 9th - 13th day of July, 2018, both days inclusive.

**3. Dividend:** The Board is pleased to recommend a dividend of N0.04 per ordinary share of 50 kobo each subject to approval at the Annual General Meeting, this represents a gross amount of

N35, 599,262.08 deductible for withholding tax at the appropriate rate to shareholders registered at close of business on 6th July, 2018.

Where the payment of dividend is approved at the General Meeting, the dividend will be paid on the 7th day of August, 2018.

**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

**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.

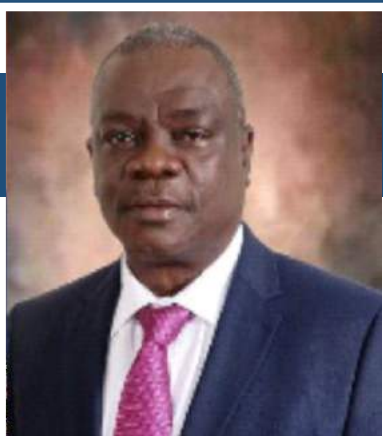
**6. Audit Committee Members:** In accordance with Section 359(5) of the Companies and Allied Matters Act, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the office of the Company Secretary, situated at 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 29th day of June 2018

By Order of the Board



Olaide Odejebi  
Company Secretary  
FRC/2017/NBA/00000016739



## CHAIRMAN'S STATEMENT

**F**ellow Shareholders, ladies and gentlemen, I am pleased to welcome you all to the 19<sup>th</sup> Annual General Meeting of our Company and present to you the financial statements and reports for the financial year ended December 31st 2017; together with a review of the performance of our Company in the course of the financial year. Permit me however, to introduce the Company's Business environment; its achievements and challenges, its expectation in the coming year as well as the Board's drive and effort to ensure achievement.

### **GLOBAL ECONOMY:**

The slow pace of recovery in the Oil and Gas industry for the period of 2017 witnessed a major shift in the economic activities of major developing countries in which Nigeria belongs thus affecting business climate.

### **NIGERIAN ECONOMY: REVIEW**

Despite the decline in global economic activities, Nigeria is emerging in the Waste Management sector due to the increasing improvement in regulatory framework and awareness. Based on this, growth is expected to continue at a stronger pace in the years ahead which affords us excellent opportunities in the private and public sectors as a major player in the Industry.

### **THE COMPANY: REVIEW OF THE BUSINESS ENVIRONMENT**

As one of the foremost companies in the sector and the only Waste Management Company to be listed on the Alternative Securities Market Board (ASEM) of the Nigerian Stock Exchange, TIP embraced and accommodated total diversification into the areas of E-Waste management services; Incineration services and Industrial Cleaning services. In all of these, your Company re-positioned itself in the Hazardous subsector by making remarkable impact in waste handling and transboundary shipment of hazardous waste, the deployment of her non-man entry automated tank cleaning system in the NPDC crude tank cleaning, the handling of drilling waste from the Njeba drilling Campaign by Addax as well as the processing of 20 tons of confidential waste and recovery of precious metals from the Eko Electricity distribution company using our E waste processing plant. With this in mind, your Company is hopeful that she would grow at a stronger pace in the coming years.

### **CRITICAL ACHIEVEMENTS AND CHALLENGES:**

In furtherance to the rewarding operations/activities carried out by our Company, she has maintained a progressive trend in the payment of its dividends as in 2015; it recorded a profit performance with the Board declaring a dividend of N0.016 per share; whilst in 2016, a dividend of N0.02 was recommended by the Board. In the year under review, the Board is recommending N0.04 per share to the shareholders on



record in the shareholder Register as at 6th July, 2018. Accordingly, the Board welcomes the intention to reinvest your dividends in part or in whole.

**Commissioning of 33KVA x 500KVA transformer to Host community:** As part of its Corporate Social Responsibility for the year under review, your Company procured and commissioned a new 33KVA X 500KVA transformer to its host Community; Ikwerrengwo Community, Etche LGA thereby boosting power supply as well as improving the socio-economic activities for its host Community.

**TIP'S EXPECTATION IN THE COMING YEAR:** In a bid to restructure the Company's operations; your Company seeks to embrace business expansion through the frontiers of Nigeria as well as consolidating our current activities especially in relation to E-waste Management, Incineration and Industrial Cleaning which if properly utilized would expand the Company's services to adequately capture the market and place us as the pioneer in the Hazardous Waste Management Industry sub-sector. It is also projected that your Company shall be approaching the market for long term capital to drive the expansion programme of the Company.

**BOARD'S DRIVE AND EFFORT TO ENSURE ACHIEVEMENT:** In line with the Board's sustainability plan, the Board is actively responsible for the formulation of policies for the entire operations of the company and overseeing of the implementation of these policies by the Management. These policies govern the culture, and controls all associated risks of the Company as well as sustaining development & growth through efficient control and business development.

#### **MANAGEMENT AND STAFF:**

We congratulate and thank the Management and entire staff for staying with the Company during our tough times; we also recognize and appreciate our numerous vendors and clients for working with us and entrusting us with jobs to deliver.

**Conclusively,** on behalf of the Board of Directors and Management of your Company, we are indeed very grateful to all our regulators, shareholders, professional consultants, bankers, business partners who have worked with us despite the harsh operating environment. Together, we can make the desired change in our business environment.

Thank you all for attending this year's Annual General Meeting. May God bless you all as well as our dear Company; "**The Initiates Plc**" and grant you all journey mercies back to your respective destinations. Amen.

**Dated this 16th day of March 2018**



**Joe Ogbonna Anosikeh**  
**Chairman**  
**FRC/2014/NIS/0000000883**

## OUR BOARD OF DIRECTORS AS AT 31ST DECEMBER, 2017



MR JOE OGBONNA  
**ANOSIKEH**  
(CHAIRMAN)

**M**r 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 Institution 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 Holand & 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)

**M**r. 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 Institution of Waste Management United Kingdom, International Solid waste Association (ISWA), Vienna and Nigerian Institute of Architect. His 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)

**P**rof. 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 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 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 TEAM



**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 Institution of Waste Management (UK), and International Solid Waste Association (ISWA), Vienna. Ossai is a member of Landfill Technical Working Groups of ISWA.



**Mr NWACHUKWU C. Vincent:**

*(Manager WMS)*

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.



**Ms DOUGLAS Rosemary:**

*(Chief Financial Officer)*

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.



**Mr. ADAMS-AJIGBOTAJE Bimbo**

*(Chief Internal Auditor):*

Bimbo holds an HND (Accountancy), and BSc (Banking and Finance). He is a Fellow of the Institute of Chartered accountants of Nigeria with a wealth 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 OGIDI CHRIS:**

*(Manager, Support Services):*

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


**MRS UKPEBOR, U. STELLA**

*(Manager, QHSE)*

Holds an MSc degree in Occupational Health and Safety, with over 5years 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 DJEBAH PRESTON:**

*(Manager, Cleaning & Decontamination):*

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


**MS. ODEJOBI OLAIDE:**

*(Company Secretary):*

Olaide holds a BL from the Nigerian Law School and has about 8years litigation experience. She is also an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria

**MANAGEMENT COMMITTEES:**

As part of the Company's sustainability drive, the Management upon the Board's approval developed Committees to ensure efficient operations. The Committees are:

- **The Personnel Management Committee** which is saddled with the responsibility of all staff welfare, engagement and discipline of junior and intermediate staff of the Company;
- **The Project Committee** which is responsible for planning and monitoring of all our projects;
- **The Business Risk Committee** which is responsible for reviewing and controlling the Company's business risks including safety, environmental protection, financial and contractual risks.

# 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, 2017.

**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, E-waste, Industrial Cleaning & Decontamination to both private and public sectors including the Oil and Gas Industry.

**3. Result of Operations for the year:**

	DEC. 31ST 2017	DEC. 31ST 2016	CHANGE
	N'Mn	N'Mn	%
Revenue	664.90	648.14	2.59
Profit Before Tax	73.47	203.18	(63.84)
Income Tax Expense	8.51	(65.05)	(113.08)
Profit for the period	81.98	138.13	(40.65)
Non-Current Assets	678.10	587.31	15.46
Total current Asset	465.68	271.96	71.23
Total Assets	1,143.77	859.27	33.11
Total current liabilities	398.70	113.61	250.92
Total Liabilities	427.97	160.15	167.24
Working Capital	37.70	111.81	(66.28)
Net Asset	715.80	699.12	2.39
Dividend Proposed	35.60	26.70	33.33

**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 **pages 17-19** of the Annual Reports and Accounts.

## 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 N35,599,262.08 as dividend for the year ended 31<sup>st</sup> December, 2017 representing 4kobo per share.
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
31 <sup>st</sup> Dec, 2016	Mr. Joe Ogbonna Anosikeh	18,295,796	
	Mr. Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof. Edward Alikor	1,126,761	
	Mr. Joseph Ebinum	NIL	30,000,000
31 <sup>st</sup> Dec, 2017	Mr. Joe Ogbonna Anosikeh	18,295,796	
	Mr. Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof. Edward Alikor	1,126,761	
	Mr. Joseph Ebinum	NIL	30,000,000
16 <sup>th</sup> March, 2018	Mr. Joe Ogbonna Anosikeh	18,295,796	
	Mr. Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof. Edward Alikor	1,126,761	
	Mr. Joseph Ebinum	NIL	30,000,000

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 31<sup>st</sup> December, 2017 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 31<sup>st</sup> December, 2017:

Dvcf Oil And Gas Plc	37.85%
Ossai Reuben Mustapha	21.43%
Samuel Afolayan	7.35%
Ozohera Gordon	6.58%

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 have 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. **Corporate Social Responsibility:** The Company made a donation of 33KVA X500KVA transformer to its host community. (Ikwerrengwo Community of Etche Local Government Area of Rivers State.)



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.

Dated this 16<sup>th</sup> Day of March, 2018

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 Capc20, LFN2004, 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:

<b>Committee(Audit &amp; Finance)</b>	<b>Membership Status</b>
Christian Ugochukwu Nwanma	Shareholder/Chairman
Mr. Enoch Iwueze	Shareholder/member
Prof. Edward Alikor	Director/member
Mr. Joe Ebinum	Director/member

**Committee(Corporate Governance/Compensation)**

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

**Membership Status**

Chairman/N.E.D  
Member  
Member

**Committee(Risk and HSE)**

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

**Membership Status**

Chairman/I.D  
Member  
Member

**Statutory Audit Committee:** The Committee held four Meetings during the year (23<sup>rd</sup> March 2017; 28<sup>th</sup> June 2017; 27<sup>th</sup> July 2017 and 19<sup>th</sup> October 2017) 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 (24<sup>th</sup> March 2017; 29<sup>th</sup> June 17; 28<sup>th</sup> July 2017 and 20<sup>th</sup> October, 2017).

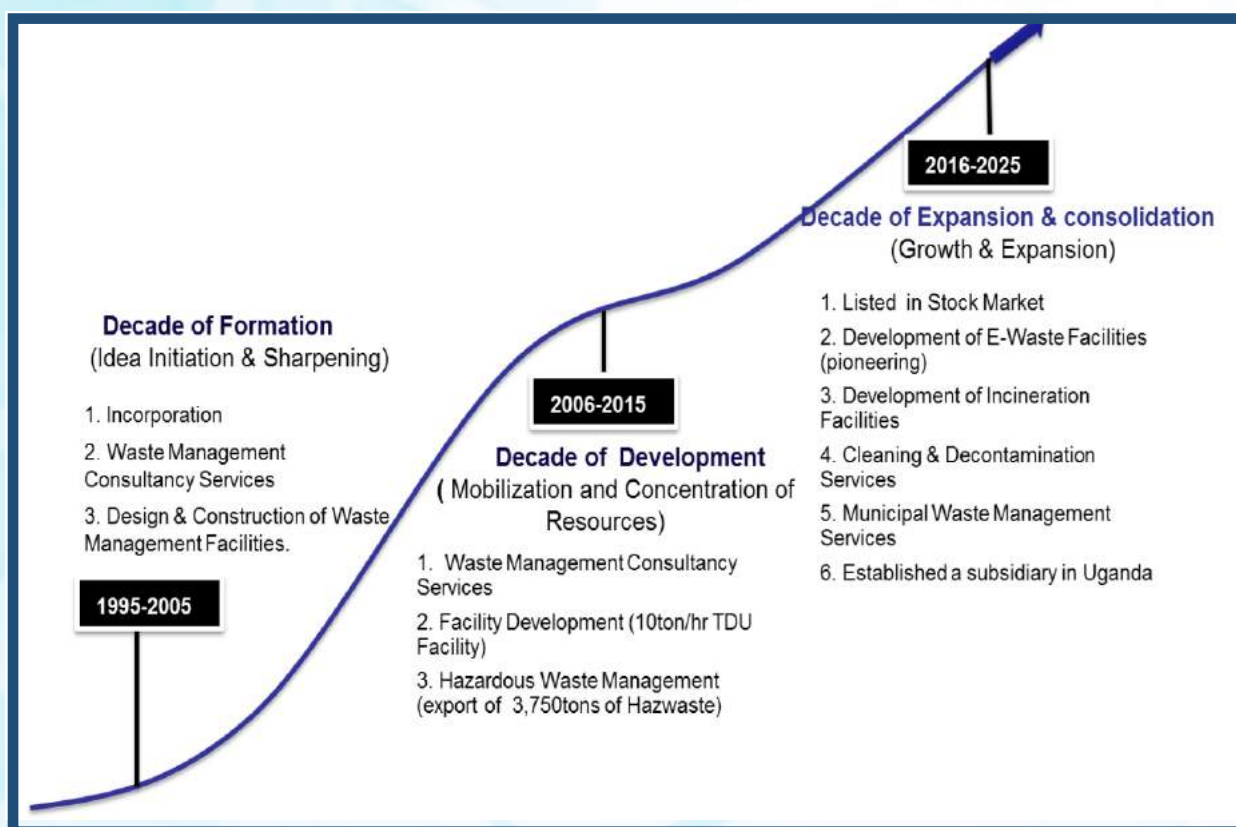
In accordance with the provision of section 334 of the Companies and Allied Matters Act, 2004 and the Code of Corporate Governance for Public Companies2011, the directors have the responsibility of preparing the financial statement.

**ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS:**

<b>Names</b>	<b>Board Sitzings(4times)</b>	<b>Audit CommitteeSitting(4times)</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	4

Mr. Joe Ebinum	4	4
Christian Ugochukwu Nwanma	N/A	4
Mr. Enoch Iwueze	N/A	4
N.B: Statutory Audit Committee .....	23/3/ 2017; 28/6/2017; 27/7/2017 and 19/10/2017	
Board Meetings .....	24/3/ 2017; 29/6/17; 28/7/ 2017 and 20/10/, 2017	

## KEY MILESTONES OF THE INITIATES PLC:



## COMPLAINTS MANAGEMENT POLICY FRAMEWORK

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 Compliant
  - 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 the employees and Directors who may at a time possess any insider or material information about the Company.



**OLAIDE ODEJOBI**  
**Company Secretary**  
**FRC/2017/NBA/00000016739**

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR ENDED, 31<sup>ST</sup> DECEMBER, 2017

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' responsibilities include ensuring that the Company:

- a. Keeps proper accounting records which discloses with reasonable accuracy, at any time, the financial position of the Company;
- b. Prepares 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 31<sup>st</sup> December, 2017. The Directors further accept responsibility of the maintenance of the accounting records that may be relied upon in the preparation of the Financial Statement.

Nothing has come to the attention of the Directors indicating that the Company will not remain a going concern in the coming year ahead.

Signed on behalf of the Board of Directors by:



Reuben Mustapha Ossai  
**Managing Director**



Joe Ogbonna Anosikeh  
**Chairman**



# REPORT OF THE 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 2017 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 2017, 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 matter below relate to the audit of the financial statements.

#### High Investment in Property, Plant and Equipment

The Company's Property, Plant and Equipment at the year end was N678.1 million net of depreciation. Out of this, capital work in progress was N139.5 million, some of which had shown no movement for over one year. This raised audit concern that the Company is over investing in capital assets that are substantially under deployed and accumulating idle capacity.

#### How the matter was addressed in the audit

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

1. Reviewed with management the deployment of major capital assets to its business to determine gainful usage.
2. Reviewed the status of capital work in progress.

Audit • Tax • Consulting • Financial • Advisory



3. Ascertained management efforts in the area of future prospects to which the equipment could be deployed.

Management is optimistic that investments in Property, Plant and Equipment will yield profitably during their useful lives.

#### 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  
 16 March, 2018



## 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, 2017 and hereby state as follows:

1. We examined the scope and planning of the audit for the year ended 31<sup>st</sup> December 2017; 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 31<sup>st</sup> December 2017 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31<sup>st</sup> December, 2017 was adequate and Management's response to Auditors' findings thereon was satisfactory.

Dated this 15th day of March 2018



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

### THE INITIATES PLC

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

Continuing Operations	Note	2017 N	2016 N
Revenue	5	664,901,943	648,144,614
Cost of sales	6	(451,504,114)	(393,414,005)
Gross profit		213,397,829	254,730,609
Other income	7	21,367,125	97,434,196
Staff costs	8	(64,511,420)	(50,491,475)
Depreciation and impairment loss	9	(5,581,657)	(5,360,012)
Administrative expenses	10	(82,730,235)	(70,287,618)
Results from operating activities	11	81,941,642	226,025,700
Finance cost	12	(8,475,187)	(22,842,249)
Profit before taxation		73,466,455	203,183,451
Income tax expense	13.1	8,511,955	(65,052,877)
Profit after taxation		<u>81,978,410</u>	<u>138,130,574</u>
<b>Other Comprehensive income</b>			
Foreign currency translation difference		(16,504,401)	(2,507,724)
<b>Other comprehensive income for the year</b>		<u>(16,504,401)</u>	<u>(2,507,724)</u>
<b>Total comprehensive income for the year</b>		<u>65,474,009</u>	<u>135,622,850</u>
Basic earnings per share (kobo)	37	<u>9</u>	<u>16</u>
Diluted earnings per share (kobo)	37	<u>9</u>	<u>16</u>

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

## STATEMENT OF FINANCIAL POSITION

### THE INITIATES PLC STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 N	2016 N
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	678,098,211	587,311,661
<b>Current assets</b>			
Inventories	16	2,889,328	868,870
Trade and other receivables	17	383,107,035	175,236,612
Cash and cash equivalents	18	1,341,037	8,108,410
Current tax assets	19	75,477,891	74,193,925
Other current assets	20	2,861,171	13,547,689
<b>Total current assets</b>		<u>465,676,462</u>	<u>271,955,506</u>
<b>Total Assets</b>		<u><u>1,143,774,673</u></u>	<u><u>859,267,167</u></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	21	444,990,776	444,990,776
Share premium	22	17,780,000	17,780,000
Revaluation reserve	23	83,410,528	83,410,528
Retained earnings	24	169,621,532	152,938,913
<b>Total equity</b>		<u>715,802,836</u>	<u>699,120,217</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	13.3	29,276,182	46,533,814
<b>Current liabilities</b>			
Trade and other payables	25	275,677,609	47,576,441
Current tax liabilities	13.2	12,992,056	29,172,189
Other current tax liabilities	26	47,356,345	25,842,845
Employees' benefits	27	2,669,645	21,661
Short term borrowings	28	60,000,000	11,000,000
<b>Total current liabilities</b>		<u>398,695,655</u>	<u>113,613,136</u>
<b>Total liabilities</b>		<u>427,971,837</u>	<u>160,146,950</u>
<b>Total equity and liabilities</b>		<u><u>1,143,774,673</u></u>	<u><u>859,267,167</u></u>

These financial statements were approved by the Board of Directors on 16 March, 2018 and signed on its behalf by:

.....  
Mr. Joe Oghonna Anosikeh  
Chairman  
FRC No: FRC/2014/NIS/00000008836

.....  
Mr. Reuben Mustapha Ossai  
Managing Director  
FRC No: FRC/2014/NIAECHI/00000009687

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

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

## STATEMENT OF CHANGES IN EQUITY

### THE INITIATES PLC

#### STATEMENT OF CHANGES IN EQUITY

##### YEAR ENDED 31 DECEMBER 2017

	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	152,938,913	699,120,217
Prior year adjustments	-	-	-	(16,091,944)	(16,091,944)
Performance Bonus	-	-	-	(6,000,000)	(6,000,000)
Dividend paid	-	-	-	(26,699,446)	(26,699,446)
Profit for the year	-	-	-	81,978,410	81,978,410
	<b>444,990,776</b>	<b>17,780,000</b>	<b>83,410,528</b>	<b>186,125,933</b>	<b>732,307,237</b>
<b>Other comprehensive income:</b>					
Foreign currency translation difference	-	-	-	(16,504,401)	(16,504,401)
<b>At 31 December</b>	<b>444,990,776</b>	<b>17,780,000</b>	<b>83,410,528</b>	<b>169,621,532</b>	<b>715,802,836</b>

##### YEAR ENDED 31 DECEMBER 2016

	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</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 CASHFLOW

### THE INITIATES PLC

#### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 N	2016 N
<b>Cash flows from operating activities</b>			
Cash received from customers		457,031,520	555,276,718
Cash paid to suppliers and employees		(362,666,816)	(388,089,549)
Tax paid		(4,507,759)	(1,417,458)
<b>Net cash provided by operating activities</b>	29	<u>89,856,945</u>	<u>165,769,711</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	15	(110,471,372)	(99,024,176)
Interest received	7	21,687	1,041
<b>Net cash provided by investing activities</b>		<u>(110,449,685)</u>	<u>(99,023,135)</u>
<b>Cash flows from financing activities</b>			
Short term loan receipt/repayment		49,000,000	(85,376,000)
Dividend paid		(26,699,446)	(14,805,821)
Interest paid		(8,475,187)	(22,842,249)
<b>Net cash provided by financing activities</b>		<u>13,825,367</u>	<u>(123,024,070)</u>
Decrease in cash and cash equivalents		(6,767,373)	(56,277,494)
Cash and cash equivalents at 1 January		8,108,410	64,385,904
<b>Cash and cash equivalents at 31 December</b>	18	<u><u>1,341,037</u></u>	<u><u>8,108,410</u></u>



# NOTES TO THE FINANCIAL STATEMENTS

## THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 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.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
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 STATEMENTS

### THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Required to be implemented for periods beginning on or after</b>
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

## THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 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:

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS****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 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 INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

## THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****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 INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.



## THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS****CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION****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.

**THE INITIATES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	N	N
<b>5. Turnover</b>		
Industrial Cleaning and Decontamination	101,255,889	76,898,361
Equipment supply	12,767,300	18,393,390
E-Waste	800,000	-
Incineration	12,630,035	72,246,200
Thermal Desorption Unit	165,166,607	197,967,745
Waste Treatment and Disposal	372,282,112	282,638,918
	<u>664,901,943</u>	<u>648,144,614</u>
<b>6. Cost of sales</b>		
Waste disposal	214,992,550	148,890,580
Hiring of equipment	48,859,586	42,035,874
Purchases	9,200,999	13,287,706
Diesel and lubricants	6,229,400	7,068,847
Repairs and Maintenance	12,778,482	11,913,318
Consumables	67,536,205	104,438,144
Depreciation	17,375,398	17,111,919
Direct wages	3,905,035	15,441,654
Community relations and security	50,987,856	26,672,071
Compliance	12,368,722	4,780,020
Other direct costs	7,269,881	1,773,872
	<u>451,504,114</u>	<u>393,414,005</u>
<b>7. Other income</b>		
Interest received	21,687	1,041
Sale of secondary products	3,087,500	2,243,000
Debts recovery (note 7.1)	-	4,002,549
Foreign exchange gains (note 14)	18,207,938	91,012,606
Sundry income	50,000	175,000
	<u>21,367,125</u>	<u>97,434,196</u>
<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
	<u>-</u>	<u>4,002,549</u>
<b>8. Staff costs</b>		
Salaries and allowances	54,374,037	44,535,994
Employer's pension contribution	5,000,500	4,296,501
Staff welfare	2,390,250	1,387,380
Medical expenses	2,746,633	271,600
	<u>64,511,420</u>	<u>50,491,475</u>

## THE INITIATES PLC

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

	2017	2016
	N	N
<b>9. Depreciation and impairment loss</b>		
Depreciation	<u>5,581,657</u>	<u>5,360,012</u>
<b>10. Administrative expenses</b>		
Directors' remuneration	12,913,300	11,128,200
Directors' allowances and expenses	7,029,963	3,710,092
Directors' fees	650,000	650,000
Transport and travelling expenses	7,640,165	5,375,687
Legal and professional fees	18,455,136	14,875,185
Electricity	1,222,219	55,000
Fuel and diesel	6,530,862	6,339,573
Licenses and levies	352,000	319,950
Donation & Gift	250,000	2,240,300
Repairs and maintenance	2,914,375	2,386,610
Printing and stationery	1,194,640	702,590
Insurance	2,407,707	3,658,107
Telephone and postage	536,060	915,725
Entertainment	860,710	459,640
Internet expenses	2,114,127	1,156,660
Bank charges	2,332,733	3,998,215
Training expenses	1,038,443	1,121,108
Local content tax	3,337,963	5,104,517
Subscription	374,400	200,000
Meal expenses	2,359,875	1,729,650
Corporate social responsibility	3,145,000	-
Advertisement	10,000	267,000
Provision for doubtful debt	-	8,001
Audit fee	2,500,000	2,000,000
Balances written off	279,957	-
Office and general expenses	2,280,600	1,685,308
Sundry expenses	-	200,500
	<u>82,730,235</u>	<u>70,287,618</u>
<b>11. Results from operating activities is stated after taking into account the undernoted items;</b>		
Director's remuneration:		
- Fees	650,000	650,000
- Others	19,943,263	14,838,292
Depreciation and impairment loss	22,957,055	22,471,931
Auditors' Fees	<u>2,500,000</u>	<u>2,000,000</u>

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017****12. Finance cost**

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

	2017	2016
	N	N
Other financial charges	5,818,000	4,992,969
Interest on loans	2,657,187	17,849,280
	<u>8,475,187</u>	<u>22,842,249</u>

**13. Taxation****13.1 Income tax expense**

Company income tax	6,813,361	22,279,761
Education tax	1,932,316	4,507,759
	<u>8,745,677</u>	<u>26,787,520</u>
Deferred tax (note 13.3)	<u>(17,257,632)</u>	<u>38,265,357</u>
	<u>(8,511,955)</u>	<u>65,052,877</u>

**13.2 Movement in current tax liabilities**

At 1 January	29,172,189	10,222,287
Payments during the year	(4,507,759)	(1,417,458)
Tax charge for the year	8,745,677	26,787,520
Withholding tax credit notes applied	<u>(20,418,051)</u>	<u>(6,420,160)</u>
At 31 December	<u>12,992,056</u>	<u>29,172,189</u>

**13.3 Deferred tax liabilities**

At 1 January	46,533,814	8,268,457
Movement in the year	<u>(17,257,632)</u>	<u>38,265,357</u>
At 31 December	<u>29,276,182</u>	<u>46,533,814</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.)

## — THE INITIATES PLC

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

## 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	149,333,285	6,475,689	142,857,596
Plant and machinery	431,579,459	42,756,177	388,823,282
Capital work-in-progress	139,491,035	-	139,491,035
Motor vehicles	2,694,000	1,640,375	1,053,625
Furniture and fittings	3,906,000	2,584,297	1,321,703
Office & HSE equipment	7,396,560	2,845,590	4,550,970
	<b>734,400,339</b>	<b>56,302,128</b>	<b>678,098,211</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 2016	139,154,100	335,740,946	36,130,412	2,694,000	3,044,000	4,355,600	521,119,058
Adjustments (note 24.1)	-	-	-	-	-	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	143,962,000	344,375,443	120,688,131	2,694,000	3,044,000	5,893,160	620,656,734
Adjustments	-	-	(4,319,212)	-	-	-	(4,319,212)
Additions in the year	5,371,285	3,615,933	98,948,754	-	862,000	1,673,400	110,471,372
Transfer	-	75,826,638	(75,826,638)	-	-	-	-
Adjustments	-	7,761,445	-	-	-	(170,000)	7,591,445
Disposals	-	-	-	-	-	-	-
At 31 December 2017	<b>149,333,285</b>	<b>431,579,459</b>	<b>139,491,035</b>	<b>2,694,000</b>	<b>3,906,000</b>	<b>7,396,560</b>	<b>734,400,339</b>
<b>15.2 Depreciation and impairment loss</b>							
At 1 January 2016	1,327,689	8,268,860	-	293,375	507,283	424,585	10,821,792
Adjustments (note 24.1)	-	-	-	-	-	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	3,901,689	25,380,779	-	966,875	1,521,848	1,573,882	33,345,073
Charge for the year	2,574,000	17,375,398	-	673,500	1,062,449	1,294,375	22,979,722
Adjustments	-	-	-	-	-	(22,667)	(22,667)
Disposals	-	-	-	-	-	-	-
At 31 December 2017	<b>6,475,689</b>	<b>42,756,177</b>	<b>-</b>	<b>1,640,375</b>	<b>2,584,297</b>	<b>2,845,590</b>	<b>56,302,128</b>
<b>Carrying amount</b>							
At 31 December 2017	<b>142,857,596</b>	<b>388,823,282</b>	<b>139,491,035</b>	<b>1,053,625</b>	<b>1,321,703</b>	<b>4,550,970</b>	<b>678,098,211</b>
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>

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017****15.3 Assets revaluation**

On 1 April 2008, the company's property, plant and equipment were revalued by Messrs. Jide Taiwo & Co., on the basis of depreciated replacement cost to arrive at open market value of N76,586,905. The revalued amount was incorporated in the 2008 financial statements. The surplus of N45,909,136 arising therefrom was transferred to revaluation reserve account.

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 2017.

	<b>2017</b>	<b>2016</b>
	<b>N</b>	<b>N</b>
Incinerator and E-Waste Plant Buildings	34,632,715	25,314,155
E-Waste Plant	36,723,693	36,697,319
Incinerator Plant	40,457,970	31,000,000
Vacuum Pump Bullseye	75,826,638	-
Rotocar	24,676,657	24,676,657
Transformer	3,000,000	3,000,000
Transfer	(75,826,638)	-
	<u><b>139,491,035</b></u>	<u><b>120,688,131</b></u>

**16. Inventories**

Diesel	<u><b>2,889,328</b></u>	<u><b>868,870</b></u>
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The value of inventories recognised as an expense during the year was N16.45 million (2016: N11.92 million).

**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017**

	2017 N	2016 N
<b>17. Trade and other receivables</b>		
Trade receivables (note 17.1)	381,805,368	172,984,736
Directors' current account	-	1,070
Staff loan and advances	1,301,667	2,241,834
Other receivables	-	8,972
	<u>383,107,035</u>	<u>175,236,612</u>
<b>17.1 Trade receivables</b>	381,874,662	173,054,030
Less: Provision for doubtful debts	<u>(69,294)</u>	<u>(69,294)</u>
	<u>381,805,368</u>	<u>172,984,736</u>
<b>18. Cash and cash equivalents</b>		
Cash and cash equivalents represent cash in hand and at bank as at year end.		
	2017 N	2016 N
Cash in hand	40,250	69,258
Cash at bank	<u>1,300,787</u>	<u>8,039,152</u>
	<u>1,341,037</u>	<u>8,108,410</u>
<b>19. Current tax assets</b>	<u>75,477,891</u>	<u>74,193,925</u>
This represents withholding tax receivable in the year.		



**THE INITIATES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	N	N
<b>20. Other current assets</b>		
Prepaid expenses	2,861,171	10,247,689
Advance to third party	<u>-</u>	<u>3,300,000</u>
	<u>2,861,171</u>	<u>13,547,689</u>
<b>21. Share capital</b>		
Authorised: (note 21.1)		
900,000,000 ordinary shares of N0.50 each	<u>450,000,000</u>	<u>450,000,000</u>
Issued and fully paid: (note 21.2)		
889,981,552 ordinary shares of N0.50 each	<u>444,990,776</u>	<u>444,990,776</u>

**21.1 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.

**THE INITIATES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

**24.1 Prior Year Adjustments**

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

	2017 N	2016 N
Adjustment in trade and other payables	4,380,240	-
Adjustment in trade and other receivables	-	(2,209,329)
Adjustment in VAT and Withholding Tax Liabilities	(13,326,046)	-
Adjustments of prior year transactions paid in the current year	(7,146,138)	-
Adjustment of opening balance in property, plant and equipment	-	462,150
	<u>(16,091,944)</u>	<u>(1,747,179)</u>

**24.2 Performance Bonus**

This represents 50% of the difference between 10% of turnover and actual staff cost for the year approved by the Board of Directors to be paid as bonus to staff and management.

	2017 N	2016 N
<b>25. Trade and other payables</b>		
Trade payables	150,235,794	29,478,919
Dividend payable (note 25.1)	526,676	803,641
Other payables	110,200	15,090
Accruals (note 25.2)	<u>124,804,939</u>	<u>17,278,791</u>
	<u>275,677,609</u>	<u>47,576,441</u>

**25.1 Dividend payable**

At 1 January	803,641	803,641
Prior Year Dividends approved during the year (note 25.1.1)	26,699,446	14,805,821
Payments made during the year	<u>(26,976,411)</u>	<u>(14,805,821)</u>
At 31 December	<u>526,676</u>	<u>803,641</u>

**THE INITIATES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

**24.1 Prior Year Adjustments**

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

	2017	2016
	N	N
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Adjustment in trade and other receivables	-	(2,209,329)
Adjustment in VAT and Withholding Tax Liabilities	(13,326,046)	-
Adjustments of prior year transactions paid in the current year	(7,146,138)	-
Adjustment of opening balance in property, plant and equipment	-	462,150
	<u>(16,091,944)</u>	<u>(1,747,179)</u>

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	N	N
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Trade payables	150,235,794	29,478,919
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At 31 December	<u>526,676</u>	<u>803,641</u>

## THE INITIATES PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

#### 25.1.1 Cash Dividend

At the 18th Annual General Meeting held on 30 June 2017, 3 kobo per ordinary share was declared out of the profit for the year ended 31 December 2016, to be paid to Shareholders whose names were in the register as at 16 June 2017.

	2017	2016
	N	N
<b>25.2 Accruals</b>		
Accrued Directors' Fees	650,000	726,000
Accrued Directors' Allowances	392,000	392,000
Accrued Director's Emolument	-	5,000
Accrued interest on loan	6,483,879	75,136
Accrued Audit Fees	2,500,000	2,000,000
Accrued Professional Fees	2,167,905	1,000,000
Provision for cost: NPDC & SPDC Projects	107,802,085	-
Provision for waste treatment cost:	-	8,456,821
Accrued direct wages	804,345	4,623,834
Accrued security and community expenses	3,884,291	-
Accrued staff salaries and performance bonus	120,434	-
	<u>124,804,939</u>	<u>17,278,791</u>
<b>26. Other current tax liabilities</b>		
Pay As You Earn	1,237,568	-
Withholding tax payable	14,656,078	6,625,356
Value Added Tax - Suppliers	1,219,119	-
Value Added Tax - Customers	30,243,580	19,217,489
	<u>47,356,345</u>	<u>25,842,845</u>

## THE INITIATES PLC

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

	2017 N	2016 N
<b>27. Employees' benefits</b>		
Defined contribution plans (note 27.1)	<u>2,669,645</u>	<u>21,661</u>

**27.1 Defined contribution plans**

These represent 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 Reform Act 2014.

	2017 N	2016 N
At 1 January	21,661	1,552,918
Provision for the year	9,223,599	7,738,802
Payments made during the year	<u>(6,575,615)</u>	<u>(9,270,059)</u>
At 31 December	<u>2,669,645</u>	<u>21,661</u>

**28. Short term borrowings**

In Dec.2016, an invoice discounting facility of N11.0 Million was obtained from Guaranty Trust Bank Plc by The Initiates Plc to support working capital needs of the company. In 2017, a loan facility of N70.0 Million was obtained from Wema Bank Plc by The Initiates Plc to finance the purchase of equipment (Vaccum Pump Bullseye) for execution of the contract awarded by Shebah Exploration & Production Company, and this facility has a tenor of 180 days with interest rate of 29% per annum.

	2017 N	2016 N
Guaranty Trust Bank Plc (note 28.1)	-	11,000,000
Wema Bank Plc (note 28.2)	<u>60,000,000</u>	<u>-</u>
	<u>60,000,000</u>	<u>11,000,000</u>

## THE INITIATES PLC

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2017

	2017 N	2016 N
<b>28.1 Invoice Discounting Facility from GTB Plc</b>		
At 1 January	11,000,000	96,376,000
Invoice Discounting Facility in the year	94,193,410	207,214,040
Repayments in the year	<u>(105,193,410)</u>	<u>(292,590,040)</u>
At 31 December	<u><u>-</u></u>	<u><u>11,000,000</u></u>
<b>28.2 Loan facility from Wema Bank Plc</b>		
At 1 January	-	-
Loan in the year	70,000,000	-
Repayments in the year	<u>(10,000,000)</u>	<u>-</u>
At 31 December	<u><u>60,000,000</u></u>	<u><u>-</u></u>

## THE INITIATES PLC

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

	2017 N	2016 N
<b>29. Reconciliation of profit to net cash provided by operating activities:</b>		
Profit after taxation	<u>81,978,410</u>	<u>138,130,574</u>
<b>Adjustment to reconcile profit to net cash provided by operating activities;</b>		
Depreciation	22,957,055	22,471,931
Interest received	(21,687)	(1,041)
Exchange rate difference	(16,504,401)	(2,507,724)
Interest on loans	8,475,187	22,842,249
Adjustments	(25,364,177)	(2,209,329)
<b>Changes in assets and liabilities</b>		
Increase in inventories	(2,020,458)	(868,870)
Increase in trade and other receivables	(207,870,423)	(94,663,156)
Increase in current tax assets	(1,283,966)	(23,149,623)
Decrease in other non-current assets	-	10,000,000
Decrease in other current assets	10,686,518	8,475,844
(Decrease)/increase in non-current liabilities	(17,257,632)	38,265,357
Increase in trade and other payables	228,101,168	27,457,664
Increase/(decrease) in employees benefits	2,647,984	(1,531,257)
(Decrease)/increase in current tax liabilities	(16,180,133)	20,707,008
Increase in other current tax liabilities	<u>21,513,500</u>	<u>2,350,084</u>
Net adjustments	<u>7,878,535</u>	<u>27,639,137</u>
Net cash provided by operating activities	<u><u>89,856,945</u></u>	<u><u>165,769,711</u></u>

## THE INITIATES PLC

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

	2017	2016
	N	N
<b>30. Information regarding directors and employees</b>		
<b>30.1 Directors</b>		
Directors' emoluments comprises:		
Fees	650,000	650,000
Others	19,943,263	14,838,292
	<u>20,593,263</u>	<u>15,488,292</u>
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
	<u>1</u>	<u>1</u>
<b>30.2 Employees</b>	<b>Number</b>	<b>Number</b>
Average numbers of persons employed during the year:		
Management	3	2
Senior Staff	28	11
Junior Staff	22	34
	<u>53</u>	<u>47</u>
<b>Aggregate payroll costs</b>	<b>N</b>	<b>N</b>
Salaries and allowances	<u>64,511,420</u>	<u>50,491,475</u>
The number of employees in Nigeria with gross emoluments within the bands stated were:	<b>Number</b>	<b>Number</b>
N100,000 - N500,000	12	18
N500,001 - N1,000,000	20	13
N1,000,001 - N1,500,000	6	6
N1,500,001 and above	15	10
	<u>53</u>	<u>47</u>



**THE INITIATES PLC****NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017****31. Guarantees and other financial commitments**

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

**32. 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.

**33. Contingent liabilities**

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

**34. Capital commitments**

There were no capital commitments at 31 December 2017.

**35. Reclassification of Balances.**

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

**36. 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 2017 and on the total comprehensive income for the year ended on that date which have not been adequately provided for or recognized.

**37. Earnings per Share**

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

	2017 N	2016 N
Profit attributable to ordinary shareholders (in naira)	<u>81,978,410</u>	<u>138,130,574</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>9</u>	<u>16</u>
Diluted earnings per 50 kobo share	<u>9</u>	<u>16</u>

## STATEMENT OF VALUE ADDED

### THE INITIATES PLC

#### STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2017

	2017		2016	
	N	%	N	%
Turnover	664,901,943		648,144,614	
Other income	21,367,125		97,434,196	
	<u>686,269,068</u>		<u>745,578,810</u>	
Less: Bought in materials and services				
Imported	105,590,999		13,287,706	
Local	436,247,540		458,651,971	
Value added	<u><b>144,430,529</b></u>	<u><b>100</b></u>	<u><b>273,639,133</b></u>	<u><b>100</b></u>
<b>Applied as follows:</b>				
To pay employees' salaries wages and other benefits	64,511,420	45	50,491,475	18
To pay Government taxation	8,745,677	6	26,787,520	10
To provide for enhancement of assets and expansion:				
- deferred tax	(17,257,632)	(12)	38,265,357	14
- depreciation of fixed assets	22,957,055	16	22,471,931	8
- retained in the business	65,474,009	45	135,622,850	50
	<u><b>144,430,529</b></u>	<u><b>100</b></u>	<u><b>273,639,133</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 YEAR FINANCIAL SUMMARY

## THE INITIATES PLC

### FIVE YEARS FINANCIAL SUMMARY

	← 31 December →				
	2017	2016	2015	2014	2013
	N	N	N	N	N
<b>Assets employed</b>					
Non-current Assets	678,098,211	587,311,661	510,297,266	396,615,765	389,051,523
Other non-current assets	-	-	10,000,000	6,778,298	32,131,887
Current Assets	465,676,462	271,955,506	218,027,195	288,667,790	126,758,848
<b>Total Assets</b>	<b>1,143,774,673</b>	<b>859,267,167</b>	<b>738,324,461</b>	<b>692,061,853</b>	<b>547,942,258</b>
<b>Equity</b>					
Issued capital	444,990,776	444,990,776	444,990,776	341,490,777	294,471,108
Share premium	17,780,000	17,780,000	17,780,000	17,280,000	17,280,000
Revaluation reserve	83,410,528	83,410,528	83,410,528	45,909,136	45,909,136
Retained earnings	169,621,532	152,938,913	33,869,063	94,800,809	(12,658,659)
Other component of equity	-	-	-	-	46,646,916
	715,802,836	699,120,217	580,050,367	499,480,722	391,648,501
<b>Liabilities</b>					
Non-current liabilities	29,276,182	46,533,814	8,268,457	-	27,333,333
Current liabilities	398,695,655	113,613,136	150,005,637	192,581,131	128,960,424
<b>Total liabilities and equity</b>	<b>1,143,774,673</b>	<b>859,267,167</b>	<b>738,324,461</b>	<b>692,061,853</b>	<b>547,942,258</b>
<b>Turnover</b>	<b>664,901,943</b>	<b>648,144,614</b>	<b>345,766,927</b>	<b>611,828,467</b>	<b>254,749,514</b>
Profit before taxation	73,466,455	203,183,451	60,051,096	132,655,217	85,950,899
Taxation	8,511,955	(65,052,877)	(22,883,903)	(36,485,715)	(30,757,650)
<b>Profit after taxation</b>	<b>81,978,410</b>	<b>138,130,574</b>	<b>37,167,193</b>	<b>96,169,502</b>	<b>55,193,249</b>
<b>Other Comprehensive income</b>					
Foreign currency translation difference	(16,504,401)	(2,507,724)	-	13,606,283	(989,501)
Revaluation surplus on property, plant and equipment	-	-	37,501,392	-	3,681,500
<b>Other comprehensive income for the year</b>	<b>(16,504,401)</b>	<b>(2,507,724)</b>	<b>37,501,392</b>	<b>13,606,283</b>	<b>2,691,999</b>
<b>Total comprehensive income for the year</b>	<b>65,474,009</b>	<b>135,622,850</b>	<b>74,668,585</b>	<b>109,775,785</b>	<b>57,885,248</b>
Basic earnings per share (kobo)	9	16	4	28	19
Diluted earnings per share (kobo)	9	16	4	11	6
Net assets per share (kobo)	80	79	65	146	133

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 2017.

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

## SHAREHOLDERS CAPITAL HISTORY AS AT 31<sup>ST</sup> DECEMBER, 2017

### SHAREHOLDERS WITH 5% AND ABOVE

SN	NAME	ADDRESS	HOLDINGS	%
1	OZOHEREBE GORDON	4,NTEIN STREET,AKPAJO -ELEME(2ND MARKET) P/HARCOURT, RIVERS STATE RIVERS	58,568,412	6.58%
2	AFOLAYAN SAMUEL	1, OGENDEMGBE STREET, APAPA, LAGOS	65,453,152	7.35%
3	OSSAI REUBEN M	2, RUMUCHIORLU STREET OFF ADA GEORGE ROAD , RUMUEME PORTHARCOURT RIVERS	190,695,237	21.43%
4	DVCF OIL & GAS PLC	FIFTH FLOOR,94,BROAD STREET,LAGOS LAGOS	336,845,517	37.85%
			<b>651,562,318</b>	<b>73.21%</b>

Year	Authorized Share Capital (=N=)		Issued & Fully Paid-up Capital (=N=)		Consideration	No of Shareholders
1995	50,000	50,000	50,000	50,000	CASH	2
1999	4,950,000	5,000,000	4,950,000	5,000,000	CASH	4
2007	95,000,000	100,000,000	68,750,908	73,750,908	CASH	4
2008	100,000,000	200,000,000	123,750,908	197,501,816	CASH	12
2009	100,000,000	300,000,000	96,969,292	294,471,108	CASH	36
2014	50,000,000	350,000,000	47,019,669	341,490,777	BONUS/CASH	36
2015	100,000,000	450,000,000	103,499,999	444,990,776	BONUS/CASH	91
2016	-----	900,000,000	889,981,552	889,981,552	CASH	105
2017	----- -	900,000,000	889,981,552	889,981,552	CASH	145



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**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.
	ANINO INT'L PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	FIRST ALUMINIUM PLC	
	INTERLINKED TECHNOLOGIES PLC	
	INTERNATIONAL BREWERIES 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	
	THE INITIATES PLC	

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



**The Initiates Plc** RC266755  
*..supporting greener production & consumption*



**PROXY FORM FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2017**

**ANNUAL GENERAL MEETING OF THE INITIATES PLC**

To be held at Best Premier Hotel & Resort., Aba Expressway, KM 16, opposite Intels, Port Harcourt, Rivers State.  
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 27th of July .2018 or at any adjourned date thereof.

Dated this .....day of .....2018

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 Norman 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**

	<b>Ordinary Business</b>	<b>For</b>	<b>Against</b>
	1. To receive and consider the Audited Financial Statement as at Dece.31 <sup>st</sup> 2017, the report of the Directors, the Audit Committee, the Auditors Report therein.		
1.	2. To appoint/ re-elect Directors		
2.	3. To declare a dividend to shareholders		
	4. To re-appoint the Auditors and authorize the Directors to fix their remuneration		
5.	5.To elect shareholders' representatives of the Audit Committee		
6.	<b>Special Business</b>		
7.	6. To approve the remuneration of the Directors		

**ADMISSION FORM FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup>,2017****Please Admit**

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

To be completed in advance by a Shareholder or his duly appointed proxy to the Annual General Meeting of THE INITIATES PLC. which will be held at Best Premier Hotel & Resort. Aba Expressway, KM 16, opposite Intels, Port Harcourt, Rivers State.

The admission card must be produced by the Shareholder or his proxy to obtain entrance to the Meeting.

1. 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**

**The INITIATES PLC**

Annual General Meeting holding on the 29<sup>th</sup> June, 2018 at Best Premier Hotel & Resort, Aba Expressway, KM 16, opposite Intels, Port Harcourt, Rivers state.

**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)



