



2018 ANNUAL REPORTS & ACCOUNTS OF THE INITIATES PLC.



*Plot 400, Location (new) road, off Aba/PH Expressway, by Oyigbo Junction
Umuebule 5, Etche, Rivers State
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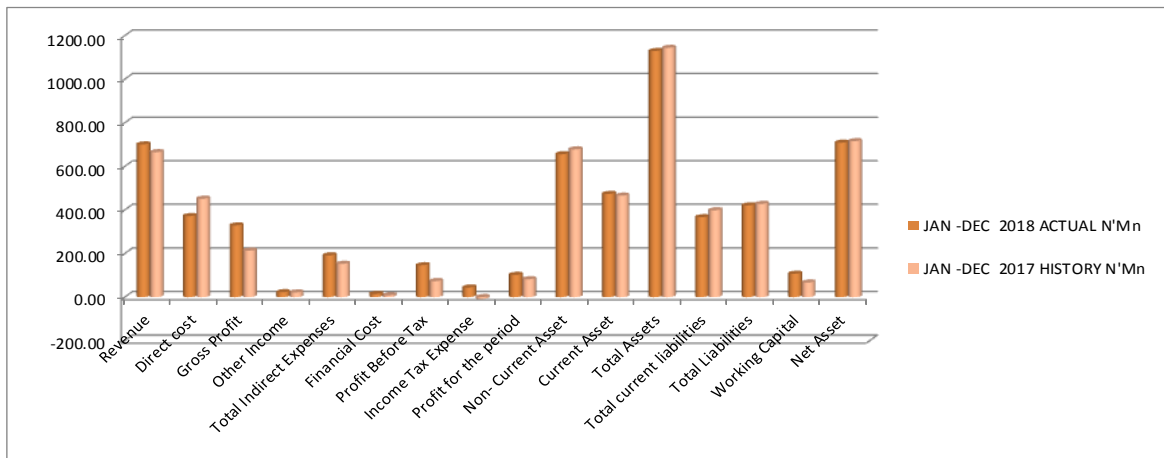
FINANCIAL HIGHLIGHTS

RESULT AT A GLANCE

STATEMENT OF COMPREHENSIVE INCOME			
	YEAR ENDED DECEMBER 31ST		
	ACTUAL	HISTORICAL	CHANGE
	2018	2017	
	N'Mn	N'Mn	%
Revenue	700.80	664.90	0.05
Direct cost	371.72	451.50	(0.21)
Gross Profit	329.08	213.40	0.35
Other income	22.64	21.37	0.06
Total Indirect Expenses	191.50	152.82	0.20
Financial Cost	14.11	8.48	0.40
Profit Before Tax	146.11	73.47	0.50
Provision for Income Tax Expense	43.88	(8.51)	1.19
Profit for the period	102.23	81.98	0.20

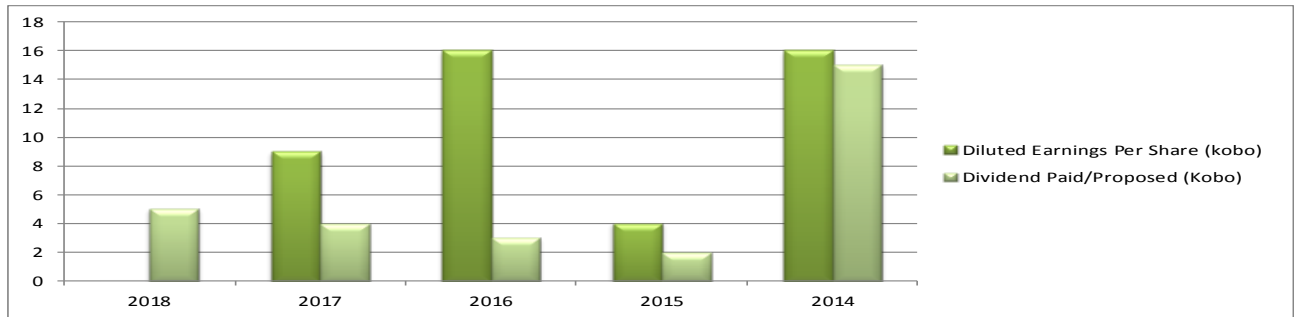
STATEMENT OF FINANCIAL POSITION			
YEAR ENDED DECEMBER 31ST			
	ACTUAL	HISTORICAL	CHANGE
	2018	2017	
	N'Mn	N'Mn	%
ASSETS			
Non-Current Assets			
Property, plant and Equipment	655.83	678.10	(0.03)
Total Non-Current Assets	655.83	678.10	(0.03)
Current Assets			
Inventories	3.71	2.89	0.22
Trade receivables	287.24	383.11	(0.33)
Cash and cash equivalents	79.06	1.34	0.98
Current tax assets	97.22	75.48	0.22
Other current tax assets	6.43	2.86	0.56
Total current Asset	473.65	465.68	0.02
Total Assets	1,129.48	1,143.77	(0.01)
Non-Current Liabilities			
Deferred tax	54.38	29.28	0.46
Current Liabilities			
Trade and Other payables	190.93	275.68	(0.44)
Current tax liabilities	20.64	12.99	0.37
Other current tax liabilities	34.81	47.36	(0.36)
Employees' benefits	0.12	2.67	(21.58)
Short term borrowings	120.00	60.00	(100.00)
Total current liabilities	366.51	398.70	(0.09)
Total Liabilities	420.88	427.97	(0.02)
Working Capital	107.14	66.98	0.37
Net Asset	708.60	715.80	(0.01)

RATIOS			
	YEAR ENDED DECEMBER 31ST		
	ACTUAL	HISTORICAL	CHANGE
	Q4 2018	Q4 2017	
	N'Mn	N'Mn	%
Earnings Per Share	0.040 Kobo	0.07 Kobo	(0.70)
Gross Profit Margin	41.83%	33.70%	0.19
Net Profit Margin	1590.35%	1545.57%	0.03
Net Asset Per Shares	0.87 Kobo	0.80 Kobo	0.08
Return on Capital Employed	432.10%	794.15%	(0.84)
Current Ratios	1.31x	1.17 x	0.11
Net Working Capital:	0.67 x	0.17 x	0.74
Fixed Asset Turnover:	0.33 x	0.56 x	(0.70)
Receivables Turnover	1.059 x	2 x	(0.89)
Payables Turnover	0.99 x	2 x	(1.02)
Return On Equity	4.48%	8.27%	(0.84)
Return On Assets	17.16%	33.47%	(0.95)
Price Earning per Share	12.78 Kobo	7.52 Kobo	0.41

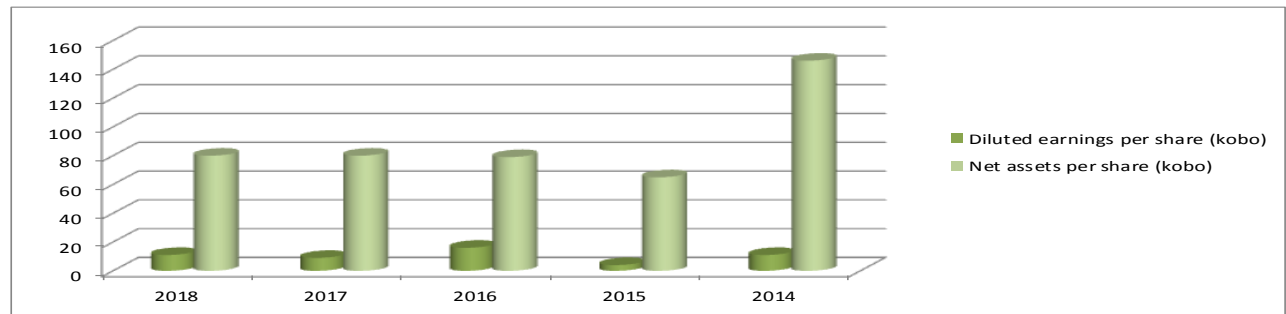


PERFORMANCE FOR YEAR ENDED 2018

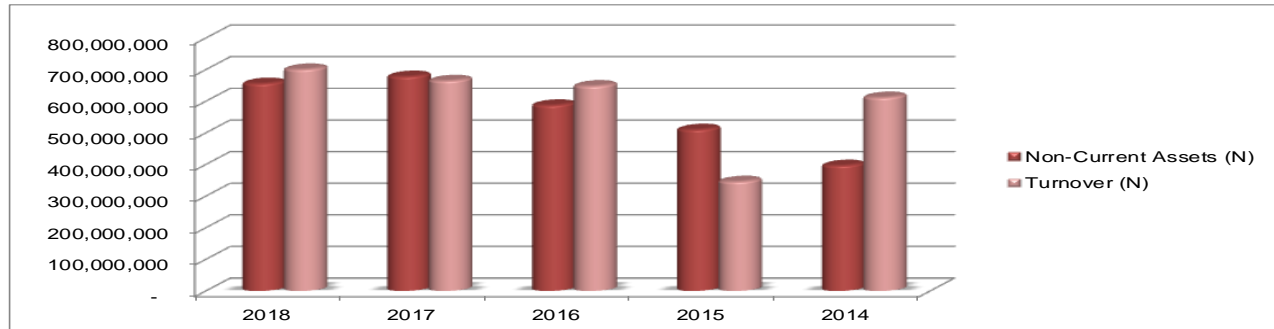
EARNINGS PER SHARE AND DIVIDEND



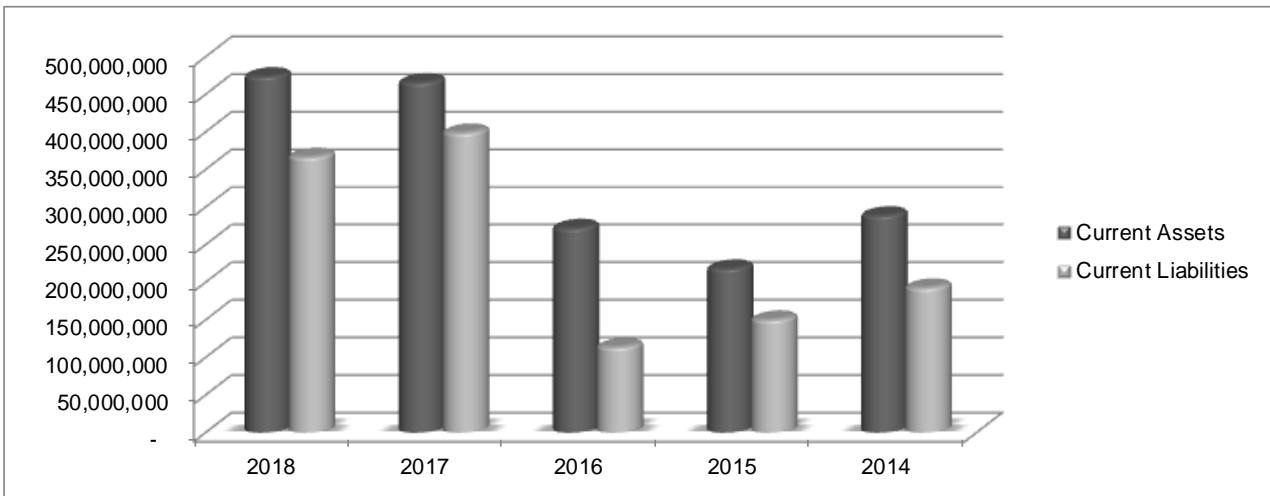
EARNINGS PER SHARE AND NET ASSETS PER SHARE



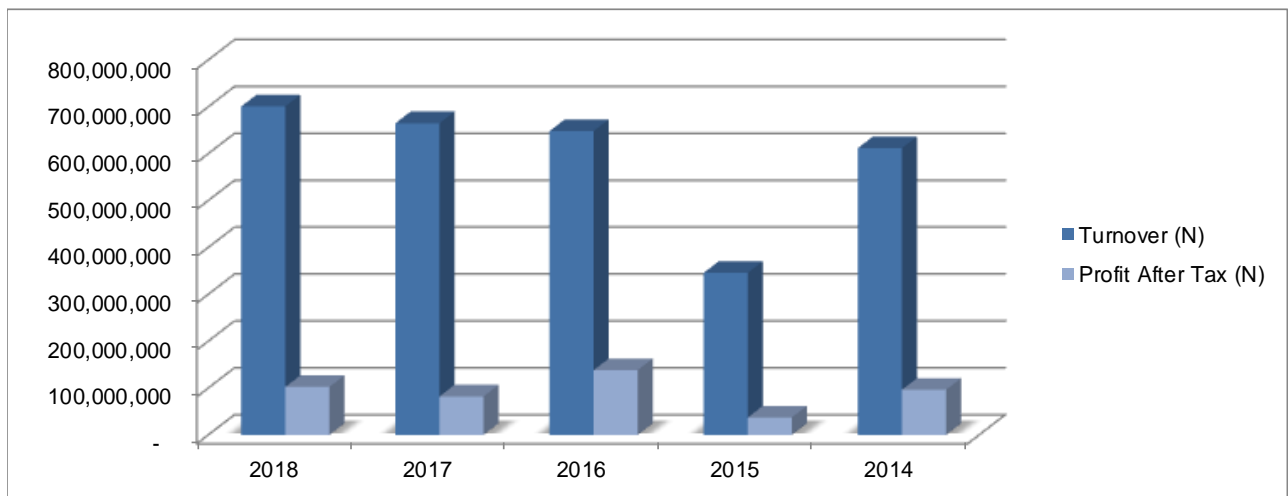
NON-CURRENT ASSETS AND TURNOVER



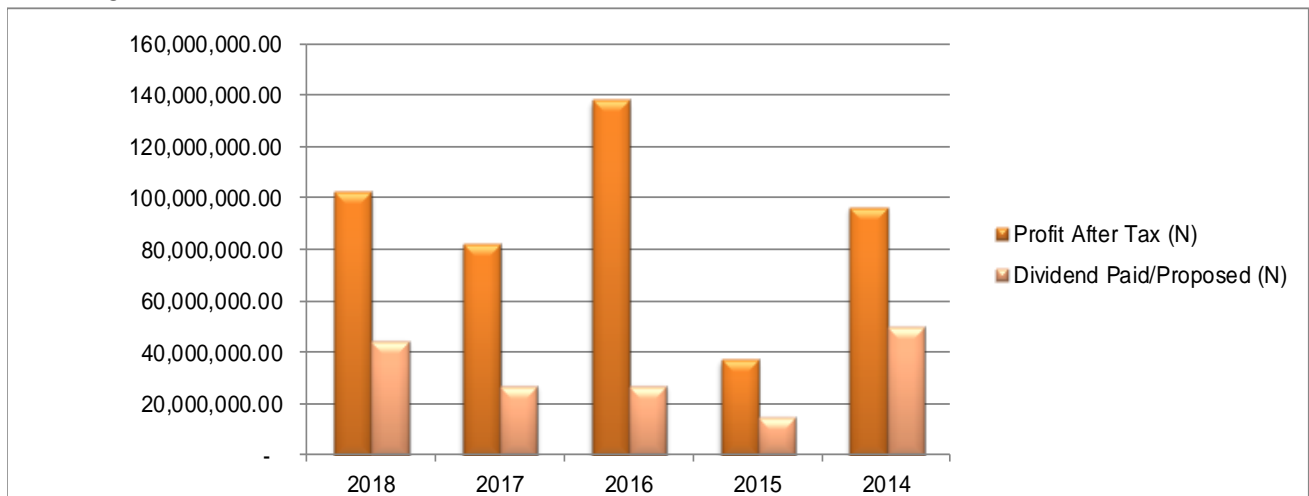
CURRENT ASSETS AND CURRENT LIABILITIES



TURNOVER AND PROFIT AFTER TAX



NET PROFIT AFTER TAX AND DIVIDEND



CORPORATE PROFILE

The **Initiates Plc. (TIP)** 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.

It was incorporated in Nigeria as a Limited Liability Company on the 3rd day of March, 1995 and became a Public Liability Company on the 24th day of June, 2015.

TIP'S VISION

To be the Industry's leading provider of Waste Management & industrial cleaning services that eliminates 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.

TIP'S MISSION

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

TIP'S GOALS

- ✚ 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 CORE BUSINESS VALUES

PROFESSIONALISM:

- ✓ Integrity
- ✓ Expertise
- ✓ Standards & Certification

INNOVATION:

- ✓ A solution that is efficient and simple

INNOVATION:

.....

COMMITMENT:

- ✓ To safety
- ✓ To Environmental protection
- ✓ To Quality
- ✓ To Compliance to law

OUR PRODUCTS 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)

B1. THERMAL DESORPTION SERVICES

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

B2. DESIGN, CONSTRUCTION, & MANAGEMENT OF WASTE MANAGEMENT FACILITIES

- I. Wastewater Facility
- II. Material Recovery Facility
- III. Thermal Desorption Unit

C. INDUSTRIAL CLEANING & DECONTAMINATION

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

D. E-WASTE SERVICES

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

E. HAZARDOUS WASTE INCINERATION SERVICES

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



Non-man Entry Automated Tank Cleaning System (NEATS)

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 | Acting General Manager, Operations |
| 3. Mrs. Ugochi Ukpebor | Manager, Quality, Health, Safety and Environment |
| 4. Mr. Vincent Nwachukwu | Manager, Waste Management Services |
| 5. Mr. Mavis Okonye | Manager, Support Services |
| 6. Mr. Felix Aigbonohan | Manager, Innovation & Opportunity |
| 7. Ms. Rosemary Douglas | Chief Financial Officer |
| 8. Mr. Bimbo Adams-Ajigbotaje | Chief Internal Auditor |
| 9. Mr. Preston Djebah | Manager, Cleaning and Decontamination |
| 10. 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
Access (Diamond) Bank, Oyigbo Branch, Aba Rd, PHC

MEMBERS OF AUDIT COMMITTEE:

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

REGISTRARS:

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

REGISTERED OFFICE:

Plot 400, Location (new) road, off Aba/PH expressway, by Oyigbo Junction, Umuebule 5, Port-Harcourt, Rivers State.
wms@initiatesgroup.com, www.initiatesgroup.com, 084-669510

NOTICE OF THE 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of Shareholders of The Initiates Plc. (TIP) shall hold on the 25th day of October, 2019 at 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, 2018, the report of the Directors, the Audit Committee, Auditors Report therein.
2. To re-elect Directors
3. To declare dividend to Shareholders.
4. To re-appoint the Auditors
5. To authorize the Directors to fix the remuneration of Auditors.
6. To appoint/ re appoint members of the Audit Committee.

Special Business:

7. To consider and approve the remuneration of Directors
8. To increase the authorized share capital of the Company from N900million (Nine hundred Million Naira) to N3Billion (Three Billion Naira) divided into 6Billion (Six billion) ordinary shares of N0.50each.
9. To alter the Memorandum and Articles of Association of the Company to read "The authorized share capital of the Company is N3,000,000,000(Three Billion Naira) divided into 6,000,000,000 ordinary shares of N0.50each

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 3rd day of June to the 7th day of June, 2019, both days inclusive.

3. **Dividend:** The Board is pleased to recommend a dividend of N44,499,077.60 representing N0.05 per ordinary share of 50 kobo each subject to approval at the Annual General Meeting, this represents a gross amount of deductible for withholding tax at the appropriate rate to shareholders registered at close of business on the 31st day of May, 2019.

Where the payment of dividend is approved at the General Meeting, the dividend will be paid on the 1st November, 2019.

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

5. **Right of Shareholders to ask Questions:** Shareholders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company Secretary a week before the General Meeting.

6. **Audit Committee Members:** In accordance with Section 359(5) of the Companies and Allied Matters Act, 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 March 2019

By Order of the Board



Olaide Odejebi

Company Secretary

FRC/2017/NBA/00000016739



CHAIRMAN'S STATEMENT

Dear Shareholders, I am delighted to welcome you all to the 20th Annual General Meeting of our esteemed Company as well as present to you the financial statements and reports for the financial year ended December 31st 2018. Permit me however, to review the global and domestic environment with respect to critical factors that impacted on the operations of the Company during the financial year under review.

REVIEW OF THE GLOBAL ECONOMY:

The Global hazardous waste management market is being driven by rapid industrialization, increased volume and complexity of wastes and the growing number of awareness programs for Waste Management. It is projected that the Hazardous waste management market will register a compound annual growth rate of 8% by 2022.

It is also considered that there would be increasing development of measures to control illegal movement of hazardous waste to drive growth in the market through effective regulation of hazardous waste disposal as improper management of hazardous wastes has negative impacts on the environment, particularly the quality of land and water.

Europe is expected to dominate the waste management market share in the near future, owing to increase in favorable Government initiatives along with high-end technology adoption by management services. However, Asia-Pacific is anticipated to drive the demand for waste management services, due to the presence of densely populated countries such as China and India, where an increase in urban penetration is being witnessed. Moreover, Government initiatives in India, such as Swachh Bharat Abhiyan, is expected to boost the demand for the waste management services.

Basically, the Global waste management industry is expected to grow at a compound annual growth rate (CAGR) of 6% leading to 2025, with industry experts anticipating an overall value of \$530 billion. An increase in environmental awareness, an increasing population, and a rise in urbanization are all key to growth in the industry.

NIGERIAN ECONOMY: REVIEW

The Waste Management Industry in Nigeria is an emerging sector due to the developing legal framework which specifically gives value to services in the sector. The sector's annual potential commercial value is over 7.5 billion USD with the Hazardous waste sub-sector accounting for about 15%. This includes wastes generated from mining, manufacturing, cleaning, above all sanitary waste from residential facilities, and some consumer wastes. Increasing awareness of the potential danger of waste, aimed at keeping the society clean and habitable, steady population growth in the country, increased economic activities (like oil exploration, mining and skyrocketing urbanization) are continually increasing hazardous waste burden and expanding service demands.

THE COMPANY: REVIEW OF THE BUSINESS ENVIRONMENT

Despite the harsh business environment, your Company has secured formidable partners with great network in Uganda who have jointly incorporated The Initiates Uganda Limited (TIUG) as an indigenous company. This outlook is an advantage in terms of local rejection of the Company. This understanding has also exposed your Company to the principal operators and regulators of the Ugandan Oil & Gas industry as thirty wells have been earmarked for drilling by China National Offshore Oil Corporation (CNOOC), from the last Quarter of 2019 to the first Quarter of 2020 with a projected waste burden of about 150,000 tons.

Your Company has also made remarkable impact in the Asbestos disposal project and have continued to execute contracts secured with Niger star 7, NLNG, Seadrill and SNEPCo. Your Company is positive that she is adequately positioned to take advantage of business opportunities for more profitable returns to Shareholders.

FUTURE OUTLOOK:

The Initiates Plc's (TIP) market share in the Waste management subsector of Nigerian Oil & Gas can be estimated using the registered waste burden by Department of Petroleum Resources (DPR) within a period and corresponding waste received during same period by TIP. In the last 3 years TIP has recorded on average 24.5% market share in Thermal Desorption Unit (TDU) sub-market specifically. TIP strength which includes technical know-how, technological innovations, assets (Equipment) and professional work-force stands TIP out among other Waste management companies in Nigeria. Again, opportunities are abound for TIP in the other business lines:

- Cleaning and Decontamination services (due to the availability of cutting edge
- Robotic Tank Cannon for non-man-entry Tank cleaning);
- Incineration services (due to the multi-functional nature of the plant); and
- E-Waste Processing Plant (due the comprehensive services that is available).

CONCLUSION:

Ladies and Gentlemen, Distinguished Guests, may I express my profound gratitude to the Board of Directors of this great Company, our vendors, our clients, our shareholders, our regulators, our business partners who have not relented in their support, patronage, loyalty, commitment in our Company. I also congratulate and thank the Management and entire staff of the Company for their commitment, loyalty and dedication to work in spite of all the challenges faced during the year under review.

Thank you all for attending the 20th Annual General Meeting of our dear Company and May God grant you all journey mercies back to your respective destinations. Amen.

Dated this 29th day of March 2019

A handwritten signature in blue ink, appearing to be 'Joe Ogbonna Anosikeh', written over a light blue grid background.

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

OUR BOARD OF DIRECTORS AS AT 31ST DEC, 2018

MR JOE OGBONNA ANOSIKEH (CHAIRMAN)

Mr Anosikeh holds a BSc (Hons) Surveying from University of Lagos, Akoka. He was awarded the best student award in Photogrammetry. Mr Anosikeh is a registered Surveyor, and Fellow of Nigeria 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) Mr. Ossai is a Chartered Environmentalist and Waste Manager with over twenty years professional experience. He holds a Master of Engineering Degree in Environmental Engineering and also a Post Graduate Diploma in Petroleum and Environmental law. He is a professional member of the Chartered 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. Mr. Ossai is the first African to be certified as International Waste Manager by International Solid Waste Association (ISWA) and he is the immediate past President of Waste Management Society of Nigeria. He is a member of Hazardous waste and Landfill technical working groups of ISWA

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

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

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

He was a member of the Rivers State Hospitals Management Board (1993-1997) and currently, Member of the Board of Management of University of Port Harcourt Teaching Hospital (2013 to date). He has published over 40 original articles in professional journals and contributed in writing chapters in books; also attended, and presented papers in many, national and international conferences. He was Chairman, Nigeria Medical Association, Rivers State branch (1993-1997); Formerly Locum Consultant Paediatrician, Shell Clinic, Port Harcourt and pioneer Consultant Paediatrician, NLNG Clinic, Nigerian LNG Ltd, Bonny (1999 to 2002). Prof. Edward Alikor is currently 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 27years experience. He is a Graduate of Accountancy of the Federal Polytechnic, Idah. He possesses a Post graduate diploma (P.G.D) in Accounting and Finance from Delta State University, and an MBA in Management Technology from the Federal University of Technology, Owerri. He is currently pursuing PhD in Leadership and Organisational change from Walden University USA.

Chief Oboh joined Advanced Security & Technology Services Ltd (ASTS Ltd) a wholly owned subsidiary of Nigerian Security Printing & Minting Co. Limited as a lead Accountant and was promoted to Assistant Finance and latter Accounting Manager. He moved on to Nigerian Security Printing & Minting Co. Ltd as Deputy Finance and Accounting Manager in January 1989. Chief Oboh

proceeded to Lehman Brothers INC. (Aurora Loan Services, Inc.) Mortgage Capital Division, Gaithersburg, MD, USA as Mortgage Loans Professional (Closing/Funding & Financial Reporting), and then to NTL Institute, Arlington VA, USA as Acting CFO (2008) from where he moved to PAE Government Services Inc., USA (2008 -2014) as Accountant. He is currently a Partner in Umughele Kaghor & Co. (Chartered Accountants & Tax Consultants) (Oct. 2014 to date)

Chief Oboh is an expert in Organisational change and leadership and is always at the frontline in championing adaptation to change and enhancing procedural benefits. He is a member of many Management, Accounting and Finance professional bodies in the USA and Nigeria. Among the bodies are: American Management Association (AMA, USA); Institute of Certified Public Accountants, Nigeria (CPA, Nigeria)Mortgage Bankers Association (MBA, USA); and National Association of tax professionals (NATP, USA).

Chief Oboh has served as the President of the Isoko Association of greater Washington DC for over 5 years. He is also a member of the Board of Trustees of the Isoko Association of North America. He serves as an Election Judge for the State of Maryland, USA with the Montgomery County Board of Elections. He is also a Regional Director - Africa Business Development operations at Moke Technologies Inc., USA and CEO at Aroward Consulting Ltd.

JOE EBINUM (Non-Executive Director).

Joe Ebinum is a graduate of Aberdeen College of Commerce, and Norwich City College, Norwich (UK) in Accounting, and holds MBA in Financial Management from Lagos State University. He is a Fellow of Chartered Institute of Certified Accountants U.K (1982) and Institute of Chartered Accountants of Nigeria (2007)

Mr Ebinum has attended many professional trainings including, Exploration & Production Accounting (MDT International-London); Auditing in the E&P Industry (MDT International-London); Mastering Negotiating Skills (MDT International-Kuala Lumpur); Petroleum Economics & Decision Making (MDT International -Kuala Lumpur); Petroleum Risks & Decision Analysis (Petro Skills-London); and Developing & Implementing Product Sharing Contracts (MDT International Aberdeen).He has worked in various Organisations like Coopers & Lybrand, Lagos (1987-1989) as Senior Consultant; First Finance & Trust Ltd ,Lagos as AGM Finance & Admin (1989-1992); Managing Director of Mars Home Savings & Loans Ltd. (1992-1998); Fymak Marine Services Ltd as the Group General Manager (2000-2004); and Seplat Petroleum Co Dev Ltd as Capital Management & Treasury Manager (2010- January 2015).



Mr. Joe Ogbonna Anosikeh



Mr. Reuben Mustapha Ossai



Prof. Edward Alikor



Chief Charles Oboh



Mr. Joseph Ebinum

MANAGEMENT TEAM



Mr OSSAI, Reuben M. (*Managing Director*): He is a Chartered Waste Manager and Environmentalist with over 20years 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. Mr. Ossai is a member of Landfill Technical Working Groups of ISWA.



Mr OGIDI Christian: (*GM, Operations*): 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.



DOUGLAS Rosemary (PhD): (*Commercial*): Dr.Douglas holds a BSc in Accountancy from the Rivers State University of Science and Technology, an MBA and a Doctorate degree in Business Administration from the University of Benin. 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. Dr.Douglas also has good industry experience in Cost Management and Financial Auditing. She is an Associate Member, Institute of Chartered Accountants of Nigeria, a Member of the National Institute of Safety Professionals and a Member of the Waste Management Society of Nigeria.



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 Accountant of Nigeria with a wealth experience spanning over 22years. He has carved a niche for himself in Budget & Budgetary control, Compliance Monitoring, Investigation and Forensic Accounting, tax and tax management.



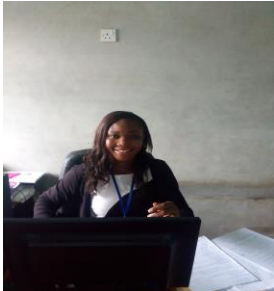
Mr NWACHUKWU C. Vincent: (*Waste Manager*): Mr.Nwachukwu is a professional Chemical Engineer with over 10years Plant operation and Maintenance exposure. He has received and attended various International Waste Management and Plant Engineering trainings which includes US-EPA (Haz Material Management); and California EPA Toxic Substance Control). He is a Chartered Project Manager, a member of International Association of Engineers; and a member of Waste Management Society of Nigeria.



Mrs UKPEBOR, U. Stella: (*QHSE*): Mrs.Ukpebor 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: (*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 9years litigation experience. She is also an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria.



Mr. AIGBONOHAN Felix :(Manager, Innovation& Opportunity): Felix holds a BSc (Ed) in Physics and has over 7 years' experience in project Management, Mastering Marketing and Business Development. A Certified Project Manager with PRINCE2 and ITIL V3 certifications (UK). He is a strategy developer and marketing professional and customer retention expert.

MANAGEMENT COMMITTEES: As part of the Company's sustainability drive, the Management upon the Board's approval developed Committees to ensure the efficiency and effectiveness of her operations. The Committees developed are:

- **The Personnel Management Committee** which is saddled with the responsibility of Staff welfare, dispute management, the engagement and discipline of staff of the Company;
- **The Procurement Committee** which is responsible for management of vendor complaints, review of quotation for goods and services, assessment of market trends;
- **The Business Risk/Project Committee** which is responsible for reviewing and controlling the Company's business risks including safety, environmental protection, financial and contractual risks, Project monitoring and control/review of project report

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 31st December, 2018.

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

	JAN -DEC 2018	JAN -DEC 2017
	N'Mn	N'Mn
Revenue	700.80	664.90
Direct cost	371.72	451.50
Gross Profit	329.08	213.40
Other Income	22.64	21.37
Total Indirect Expenses	191.50	152.82
Financial Cost	14.11	8.48
Profit Before Tax	146.11	73.47
Income Tax Expense	43.88	-8.51
Profit for the period	102.23	81.98
Non- Current Asset	655.83	678.10
Current Asset	473.65	465.68
Total Assets	1,129.48	1,143.77
Total current liabilities	366.51	398.70
Total Liabilities	420.88	427.97
Working Capital	107.14	66.98
Net Asset	708.60	715.80

4. **Property, Plant & Equipment:** Movements in plant, property and equipment during the year are as reflected in notes 16 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 page 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 N44,499,077.60 representing N0.05 per ordinary share of 50kobo as dividend for the year ended 31st December,2018.
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 st 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
31 st Dec, 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
29 th March, 2019	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, no Director has any interest(directly/indirectly) in any contract or proposed contract with the Company as at 31st December,2018 or the date of this return.

9. **Analysis of Shareholding:** The shares of the Company were fully owned by Nigerian citizens and Institutions. The following shareholders held more than 5% of the shares of the Company as at 31st December, 2018:

Dvcf Oil And Gas Plc	37.85%
Ossai Reuben Mustapha	21.43%
Samuel Afolayan	7.35%
Oboh-Ozoherebe 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. **Free Float:** The Free float of a company is the proportion of its shares that are held by investors who are likely to be willing to trade the shares on the Securities Exchanges. In line with the Nigerian Stock Exchange's rules, the Company's free float as at 31st December, 2018 is above 20%.
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 29th Day of March, 2019

By Order of the Board



OLAIDE ODEJOBI
Company Secretary
FRC/2017/NBA/00000016739

CORPORATE GOVERNANCE

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 Nigerian Code of Corporate Governance 2018, 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:

- a. Exercising leadership, enterprise, integrity and judgment in its oversight and control of the Company so as to achieve the Company's continued survival and prosperity;
- b. Ensuring that the Board and its committees act in the best interest of the Company at all times;
- c. Ensuring compliance with the laws of the Federal Republic of Nigeria and other applicable regulations;
- d. Considering and approving the long-term and short-term strategies for the business of the Company and monitoring their implementation by management;
- e. Ensuring the establishment and implementation of a succession plan, appointment process, training mechanism and remuneration structure for both the Board and senior management of the Company;
- f. Being accountable to the Company as well as identifying and managing the relationship with shareholders and other stakeholders;
- g. Establishing and maintaining the Company's values and standards (including an ethical culture) as well as modelling these values and standards;

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:

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

Committee(Corporate Governance/Compensation) Membership Status

Oboh Charles .A.	Chairman/N.E.D
Mr.Joe Ebinum	Member
Prof.Edward Alikor	Member

Committee(Risk and HSE)**Membership Status**

Prof.Edward Alikor	Chairman/I.D
Ossai, Reuben Mustapha	Member
Oboh Charles .A.	Member

Statutory Audit Committee: The Committee held four Meetings during the year;

(15th March 2018; 24th April 2018; 25th July 2018 and 25th October 2018) to perform its roles and responsibilities as stated in section 359(6) of CAMA,2004 and the Nigerian Code of Corporate Governance(2018)

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 Nigerian Code of Corporate Governance 2018. The Board held three Meetings during the year (16th March 2018; 26th July 2018 and 26th October, 2018).

In accordance with the provision of section 334 of the Companies and Allied Matters Act, 2004 and the Nigerian Code of Corporate Governance 2018, the Directors have the responsibility of preparing the Financial Statement.

ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS:

Names	Board Sitings(3sittings)	Audit CommitteeSitting(4Sittings)
Reuben Mustapha Ossai	3	Not applicable(N/A)
Joe Ogbonna Anosikeh	3	N/A
Charles Aroawode Oboh	3	N/A
Prof.Edward Alikor	2	4
Mr.Joe Ebinum	3	4
Christian Ugochukwu Nwanma	N/A	4
Mr.Enoch Iwueze	N/A	4

N.B: Statutory Audit Committee 15/3/ 2018; 24 /4/2018; 25 /7/2018 and 25 /10/2018

Board Meetings 16 /3/ 2018; 26 /7/ 2018 and 26 /10/, 2018

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), 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 DIRECTORS' RESPONSIBILITY FOR THE YEAR ENDED. 31ST DECEMBER. 2018

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

- a. Keeps proper Accounting records which discloses with reasonable accuracy, at any time, the financial position of the Company;
- b. 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 gives a true and fair view of the state of the Financial affairs of the Company ended 31st December, 2018. 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
FRC/2014/NIAECHI/00000009687



Joe Ogbonna Anosikeh
Chairman
FRC/2014/NIS/0000000883

REPORT OF THE INDEPENDENT AUDITORS

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 2018 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 2018, 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.

Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable in respect of provision of services in accordance with service agreements. Revenue measurement and recognition in the proper accounting period was identified as an inherent risk.

How the matter was addressed in the audit

1. Tested the company's controls around revenue recognition to determine whether these controls were operating effectively throughout the financial year.
2. Checked the contract agreements and/or purchase orders for the related period and rates applied.

3. Performed test of details on the accrued revenue and accounts receivable balances recognized in the statement of financial position at the year end.
4. Performed cut-off tests to ascertain that revenue has been recognized in the proper accounting period.

Our tests did not reveal deviations.

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 and 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.



**REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF THE INITIATES PLC**

Report on the Summary Financial Statements

The summary financial statements which comprise the summary statement of financial position as at 31 December 2018 and summary statement of profit or loss and other comprehensive income for the year then ended are derived from the audited financial statements of The Initiates Plc for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent in all material respects with the audited financial statements, in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20, LFN 2004, and the Financial Reporting Council of Nigeria Act, 2011.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20, LFN 2004, and the Financial Reporting Council of Nigeria Act, 2011. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 March 2019. That report also includes the communication of 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.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, 2011 and the International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects with the audited financial statements based on our procedures, which were conducted in accordance with the International Standards on Auditing (ISA 810 (Revised), "Engagements to Report on Summary Financial Statements".

Report on Other Legal and Regulatory Requirements

The Company has complied with the sixth schedule of the Companies and Allied Matters Act, CAP C20, LFN 2004. The details of the sixth schedule are contained in the audited financial statements.

Sir Sampson C. Madu, FCA
FRC/2013/ICAN/06000001973
For: Madu, Onyekwena & Co.
Chartered Accountants
Port Harcourt, Nigeria
29 March, 2019



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, 2018 and hereby state as follows:

1. We examined the scope and planning of the audit for the year ended 31st December 2018; this was in our opinion adequate.
2. We also reviewed the External Auditors' Management letter for the year as well as the Management's response thereon.
3. We ascertained that the accounting and reporting policies of the Company for the year ended 31st December 2018 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2018 was adequate and Management's response to Auditors' findings thereon was satisfactory.

Dated this 28th day of March 2019



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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing Operations	Note	2018 N	2017 N
Revenue	5	700,798,753	664,901,943
Cost of sales	6	<u>(371,721,258)</u>	<u>(451,504,114)</u>
Gross profit		329,077,495	213,397,829
Other income	7	22,643,412	21,367,125
Staff costs	8	(74,060,130)	(64,511,420)
Depreciation and impairment loss	9	(5,852,221)	(5,581,657)
Administrative expenses	10	(97,901,448)	(82,730,235)
Other expenses	11	<u>(13,686,747)</u>	<u>-</u>
Results from operating activities	12	160,220,361	81,941,642
Finance cost	13	<u>(14,105,902)</u>	<u>(8,475,187)</u>
Profit before taxation		146,114,459	73,466,455
Income tax expense	14.1	<u>(43,884,152)</u>	<u>8,511,955</u>
Profit after taxation		<u>102,230,307</u>	<u>81,978,410</u>
Other Comprehensive income			
Foreign currency translation difference	15	<u>(11,249,990)</u>	<u>(16,504,401)</u>
Other comprehensive income for the year		<u>(11,249,990)</u>	<u>(16,504,401)</u>
Total comprehensive income for the year		<u>90,980,317</u>	<u>65,474,009</u>
Basic earnings per share (kobo)	38	<u>11</u>	<u>9</u>
Diluted earnings per share (kobo)	38	<u>11</u>	<u>9</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 2018

	2018 N	2017 N
ASSETS		
Non-current assets		
Property, plant and equipment	655,833,451	678,098,211
Current assets		
Inventories	3,708,367	2,889,328
Trade and other receivables	287,236,270	383,107,035
Cash and cash equivalents	79,055,268	1,341,037
Current tax assets	97,218,003	75,477,891
Other current assets	6,432,901	2,861,171
Total current assets	473,650,809	465,676,462
Total assets	1,129,484,260	1,143,774,673
EQUITY AND LIABILITIES		
Equity		
Share capital	444,990,776	444,990,776
Share premium	17,780,000	17,780,000
Revaluation reserve	82,210,528	83,410,528
Retained earnings	163,619,341	169,621,532
Total equity	708,600,645	715,802,836
Non-current liabilities		
Deferred taxation	54,377,713	29,276,182
Current liabilities		
Trade and other payables	190,932,449	275,677,609
Current tax liabilities	20,641,917	12,992,056
Other current tax liabilities	34,813,288	47,356,345
Employees' benefits	118,248	2,669,645
Short term borrowings	120,000,000	60,000,000
Total current liabilities	366,505,902	398,695,655
Total liabilities	420,883,615	427,971,837
Total equity and liabilities	1,129,484,260	1,143,774,673

These financial statements were approved by the Board of Directors on 29 March, 2019 and signed on its behalf by:

.....
Mr. Joe Ogonna 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/ICAN/00000016060

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	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	169,621,532	715,802,836
Prior year adjustments	-	-	-	(61,383,246)	(61,383,246)
Adjustment	-	-	(1,200,000)	-	(1,200,000)
Dividend paid	-	-	-	(35,599,262)	(35,599,262)
Profit for the year	-	-	-	102,230,307	102,230,307
	444,990,776	17,780,000	82,210,528	174,869,331	719,850,635
Other comprehensive income:					
Foreign currency translation difference	-	-	-	(11,249,990)	(11,249,990)
At 31 December	444,990,776	17,780,000	82,210,528	163,619,341	708,600,645

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
	444,990,776	17,780,000	83,410,528	186,125,933	732,307,237
Other comprehensive income:					
Foreign currency translation difference	-	-	-	(16,504,401)	(16,504,401)
At 31 December	444,990,776	17,780,000	83,410,528	169,621,532	715,802,836

STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 N	2017 N
Cash flows from operating activities			
Cash received from customers		824,653,592	457,031,520
Cash paid to suppliers and employees		(737,988,832)	(362,666,816)
Tax paid		<u>(1,932,316)</u>	<u>(4,507,759)</u>
Net cash provided by operating activities	30	<u>84,732,444</u>	<u>89,856,945</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(19,998,240)	(110,471,372)
Proceeds from sale of property, plant and equipment		1,700,000	-
Interest received	7	<u>52,534</u>	<u>21,687</u>
Net cash provided by investing activities		<u>(18,245,706)</u>	<u>(110,449,685)</u>
Cash flows from financing activities			
Loans obtained		165,000,000	164,193,410
Repayment of loans		(105,000,000)	(115,193,410)
Unclaimed dividend returned		932,657	-
Dividend paid		(35,599,262)	(26,699,446)
Interest paid		<u>(14,105,902)</u>	<u>(8,475,187)</u>
Net cash provided by financing activities		<u>11,227,493</u>	<u>13,825,367</u>
Increase/(decrease) in cash and cash equivalents		77,714,231	(6,767,373)
Cash and cash equivalents at 1 January		<u>1,341,037</u>	<u>8,108,410</u>
Cash and cash equivalents at 31 December	19	<u>79,055,268</u>	<u>1,341,037</u>

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 Fair Value Measurement	IFRS 13 was issued as part of the IASB's convergence project with the FASB which provides new harmonized guidance on fair value measurement and disclosure requirements. 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.	1 January 2013

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IFRS 7 Financial Instruments Disclosures	The amendments in IFRS 7 require additional disclosure of transfer transactions of financial assets (for example, securitizations), 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 defined	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 re-measurements to be presented in other comprehensive income (OCI); and enhances the disclosure requirements for 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 amortized 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

NOTES TO THE FINANCIAL STATEMENTS CONTD

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

NOTES TO THE FINANCIAL STATEMENTS CONTD

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 recognized 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 recognized to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortization that would have been recognized had the impairment loss not been recognized.

3.5 Inventories

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

Net realizable 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 re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item.

NOTES TO THE FINANCIAL STATEMENTS CONTD

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 amortized cost, as detailed further on, and any gains or losses arising therefrom are recognized as "Financing income (cost)" in profit or loss under the amortized cost method. This category includes the trade and other receivables.

Trade and other receivables

Trade and other receivables are recognized at amortized cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analyzing 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 de-recognition under IAS 39 continue to be recognized 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 recognized.

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 recognized at amortized 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.

NOTES TO THE FINANCIAL STATEMENTS CONTD
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

De-recognition 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 de-recognized 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 recognize 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 de-recognized 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 amounts is recognized 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 recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS CONTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.8 Income taxes

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

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and their carrying amount in the statement of financial position.

Deferred tax assets and liabilities are recognized when the company holds their recovery to be probable.

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

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

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

3.9 Provisions for risks and charges

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The increase in the provision due to discounting is recognized 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 recognized 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 recognized 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 recognized 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 recognized when the investors' right to receive payable arises in line with local ruling Legislation.

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 judgments and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- a) determine amortization and depreciation (see the "Property, plant and equipment" paragraph of the "Accounting Policies" section)
- b) recognize impairment losses
- c) recognize employee benefits (see the "Employee benefits" paragraph of the "Accounting Policies" section)
- d) recognize taxes (see the "Income taxes" paragraph of the "Accounting policies" section)
- e) recognize 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.

NOTES TO THE FINANCIAL STATEMENTS CONTD

CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION

4. Critical accounting judgment 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 judgments, 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 recognized 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 judgment 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, judgment 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 judgment by management on the ultimate recoverability of amounts receivable.

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018 N	2017 N
5. Turnover		
Industrial Cleaning and Decontamination	134,780,008	101,255,889
Equipment supply	-	12,767,300
E-Waste	-	800,000
Incineration	24,736,851	12,630,035
Thermal Desorption Unit	314,634,796	165,166,607
Waste Treatment and Disposal	226,647,098	372,282,112
	<u>700,798,753</u>	<u>664,901,943</u>
6. Cost of sales		
Waste disposal	132,739,750	214,992,550
Hiring of equipment	83,400,711	48,859,586
Purchases	-	9,200,999
Diesel and lubricants	4,968,465	6,229,400
Repairs and Maintenance	12,616,649	12,778,482
Consumables	49,310,646	67,536,205
Depreciation	26,872,375	17,375,398
Direct wages	15,432,441	3,905,035
Community relations and security	34,414,956	50,987,856
Compliance	9,097,757	12,368,722
Other direct costs	2,867,508	7,269,881
	<u>371,721,258</u>	<u>451,504,114</u>
7. Other income		
Equipment rental	17,198,000	-
Interest received	52,534	21,687
Sale of secondary products	5,339,250	3,087,500
Foreign exchange gains (note 15)	-	18,207,938
Sundry income	53,628	50,000
	<u>22,643,412</u>	<u>21,367,125</u>
8. Staff costs		
Salaries and allowances	60,182,532	54,374,037
Employer's pension contribution	5,522,064	5,000,500
Staff welfare	1,988,444	2,390,250
Performance Bonus	989,387	-
Medical expenses	5,377,703	2,746,633
	<u>74,060,130</u>	<u>64,511,420</u>
9. Depreciation and impairment loss		
Depreciation	5,852,221	5,581,657

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018 N	2017 N
10. Administrative expenses		
Directors' remuneration	12,913,200	12,913,300
Directors' allowances and expenses	8,016,097	7,029,963
Directors' fees	2,250,000	650,000
Transport and travelling expenses	3,522,059	7,640,165
Legal and professional fees	6,775,709	18,455,136
Electricity	1,419,288	1,222,219
Fuel and diesel	8,943,269	6,530,862
Licenses and levies	484,455	352,000
Donation & Gift	640,000	250,000
Repairs and maintenance	5,685,040	2,914,375
Printing and stationery	1,128,020	1,194,640
Insurance	4,609,178	2,407,707
Telephone and postage	1,124,523	536,060
Entertainment	839,530	860,710
Internet expenses	2,277,804	2,114,127
Bank charges	2,224,584	2,332,733
Training expenses	392,000	1,038,443
Local content tax	5,856,015	3,337,963
Subscription	902,300	374,400
Meal expenses	2,404,200	2,359,875
Corporate social responsibility	12,559,000	3,145,000
Advertisement	715,784	10,000
Bad debt written off	7,188,072	-
Audit fees	2,500,000	2,500,000
Balances written off	-	279,957
Office and general expenses	2,531,321	2,280,600
	<u>97,901,448</u>	<u>82,730,235</u>
11. Other expenses		
Loss on sale of asset	(3,071,528)	-
Motor vehicle written off	(716,875)	-
Realized foreign exchange losses	(9,898,344)	-
	<u>(13,686,747)</u>	<u>-</u>
12. Results from operating activities is stated after taking into account the undernoted items;		
Director's remuneration:		
- Fees	2,250,000	650,000
- Others	20,929,297	19,943,263
Depreciation and impairment loss	32,724,596	22,957,055
Auditors' Fees	2,500,000	2,500,000

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

13. 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.

	2018	2017
	N	N
Other financial charges	2,913,939	5,818,000
Interest on loans	11,191,963	2,657,187
	<u>14,105,902</u>	<u>8,475,187</u>

14. Taxation

14.1 Income tax expense

Company income tax	15,117,272	6,813,361
Education tax	3,665,349	1,932,316
	<u>18,782,621</u>	<u>8,745,677</u>

Deferred tax (note 14.3)	25,101,531	(17,257,632)
	<u>43,884,152</u>	<u>(8,511,955)</u>

14.2 Movement in current tax liabilities

At 1 January	12,992,056	29,172,189
Payments during the year	(1,932,316)	(4,507,759)
Tax charge for the year	18,782,621	8,745,677
Withholding tax credit notes applied	(9,200,444)	(20,418,051)
	<u>20,641,917</u>	<u>12,992,056</u>

14.3 Deferred tax liabilities

At 1 January	29,276,182	46,533,814
Movement in the year	25,101,531	(17,257,632)
	<u>54,377,713</u>	<u>29,276,182</u>

15. Foreign currency translation difference

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

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

16. Property, plant and equipment

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

	Cost/valuation N	Depreciation and impairment loss N	Carrying amount N
Land and Building	185,592,565	9,401,754	176,190,811
Plant and machinery	541,211,124	68,663,901	472,547,223
Furniture and fittings	5,528,500	3,524,162	2,004,338
Office & HSE equipment	9,586,210	4,495,131	5,091,079
	<u>741,918,399</u>	<u>86,084,948</u>	<u>655,833,451</u>

	Land and Building	Plant and Machinery	Capital Work-in- Progress (note 16.4)	Motor Vehicles	Furniture and Fittings	Office & HSE Equipment	Total
	N	N	N	N	N	N	N
16.1 Cost/valuation							
At 1 January 2018	149,333,285	431,579,459	139,491,035	2,694,000	3,906,000	7,396,560	734,400,339
Adjustments (note 25.1)	-	(1,200,000)	(3,000,000)	-	-	-	(4,200,000)
Additions in the year	1,626,565	14,559,525	-	-	1,622,500	2,189,650	19,998,240
Transfer	34,632,715	101,858,320	(136,491,035)	-	-	-	-
Write-off	-	-	-	(2,694,000)	-	-	(2,694,000)
Disposals	-	(5,586,180)	-	-	-	-	(5,586,180)
At 31 December 2018	<u>185,592,565</u>	<u>541,211,124</u>	<u>-</u>	<u>-</u>	<u>5,528,500</u>	<u>9,586,210</u>	<u>741,918,399</u>
16.2 Depreciation and impairment loss							
At 1 January 2018	6,475,689	42,756,177	-	1,640,375	2,584,297	2,845,590	56,302,128
Adjustments (note 25.1)	-	(150,000)	-	-	-	-	(150,000)
Charge for the year	2,926,065	26,872,375	-	336,750	939,865	1,649,541	32,724,596
Write-off	-	-	-	(1,977,125)	-	-	(1,977,125)
Disposals	-	(814,651)	-	-	-	-	(814,651)
At 31 December 2018	<u>9,401,754</u>	<u>68,663,901</u>	<u>-</u>	<u>-</u>	<u>3,524,162</u>	<u>4,495,131</u>	<u>86,084,948</u>
Carrying amount							
At 31 December 2018	<u>176,190,811</u>	<u>472,547,223</u>	<u>-</u>	<u>-</u>	<u>2,004,338</u>	<u>5,091,079</u>	<u>655,833,451</u>
At 31 December 2017	<u>142,857,596</u>	<u>388,823,282</u>	<u>139,491,035</u>	<u>1,053,625</u>	<u>1,321,703</u>	<u>4,550,970</u>	<u>678,098,211</u>

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

16.3 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.

16.4 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.

	2018	2017
	N	N
Incinerator and E-Waste Plant Buildings	34,632,715	34,632,715
E-Waste Plant	36,723,693	36,723,693
Incinerator Plant	40,457,970	40,457,970
Vacuum Pump Bull's-eye	-	75,826,638
Rotor car	24,676,657	24,676,657
Transformer	3,000,000	3,000,000
Transfer	(139,491,035)	(75,826,638)
	<u>-</u>	<u>139,491,035</u>

17. Inventories

Diesel	1,180,219	2,889,328
QHSE Consumables	699,208	-
Stationeries	257,190	-
Technical/Electrical items	1,571,750	-
	<u>3,708,367</u>	<u>2,889,328</u>

The value of inventories recognized as an expense during the year was N20.11 million (2017: N16.45 million).

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

	2018	2017
	N	N
18. Trade and other receivables		
Trade receivables (note 18.1)	280,541,407	381,805,368
Staff loan and advances	2,487,532	1,301,667
Other debit balance (note 18.2)	4,207,331	-
	<u>287,236,270</u>	<u>383,107,035</u>
18.1 Trade receivables	287,798,773	381,874,662
Less: Provision for bad and doubtful debts	<u>(7,257,366)</u>	<u>(69,294)</u>
	<u>280,541,407</u>	<u>381,805,368</u>

18.2 Other debit balance

The company in February 2018 entered into a joint venture agreement with a local company in Uganda with a view to tendering for waste management contracts in Total Uganda. This was followed up by the incorporation of a company (The Initiates Uganda Limited) in November 2018.

The balance represents expenses incurred so far on this venture.

19. Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank as at year end.

	2018	2017
	N	N
Cash in hand	125,395	40,250
Cash at bank	78,929,873	1,300,787
	<u>79,055,268</u>	<u>1,341,037</u>
20. Current tax assets	<u>97,218,003</u>	<u>75,477,891</u>
This represents withholding tax receivable as at year end.		

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018	2017
	N	N
21. Other current assets		
Prepaid expenses	6,432,901	2,861,171
Advance to third party	-	-
	<u>6,432,901</u>	<u>2,861,171</u>
22. Share capital		
Authorized: (note 22.1)		
900,000,000 ordinary shares of N0.50 each	<u>450,000,000</u>	<u>450,000,000</u>
Issued and fully paid: (note 22.2)		
889,981,552 ordinary shares of N0.50 each	<u>444,990,776</u>	<u>444,990,776</u>

22.1 Authorized share capital

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

22.2 Paid up share capital

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

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

	2018 N	2017 N
23. Share premium		
At 1 January	17,780,000	17,780,000
Additional share premium	-	-
At 31 December	17,780,000	17,780,000

24. Revaluation Reserve

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.

	2018 N	2017 N
At 1 January	83,410,528	83,410,528
Adjustments	(1,200,000)	-
At 31 December	82,210,528	83,410,528
25. Retained earnings		
At 1 January	169,621,532	152,938,913
Prior Year Adjustments (note 25.1)	(61,383,246)	(16,091,944)
Performance Bonus (note 25.2)	-	(6,000,000)
Dividend paid	(35,599,262)	(26,699,446)
Profit for the year	102,230,307	81,978,410
	174,869,331	186,125,933
Other comprehensive income:		
Foreign currency translation difference	(11,249,990)	(16,504,401)
At 31 December	163,619,341	169,621,532

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

25.1 Prior Year Adjustments

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

	2018 N	2017 N
Adjustment in trade and other payables	827,992	4,380,240
Adjustment in Bank	23,989	-
Adjustments in revenue and cost of sales	(58,455,594)	-
Adjustment in VAT and Withholding Tax Liabilities	(200,000)	(13,326,046)
Adjustments of prior year transactions paid in the current year	(729,633)	(7,146,138)
Adjustment in property, plant and equipment	(2,850,000)	-
	<u>(61,383,246)</u>	<u>(16,091,944)</u>

25.2 Performance Bonus

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

	2018 N	2017 N
26. Trade and other payables		
Trade payables	140,812,003	150,235,794
Dividend payable (note 26.1)	1,459,333	526,676
Other payables	74,515	110,200
Accruals (note 26.2)	48,586,598	124,804,939
	<u>190,932,449</u>	<u>275,677,609</u>

26.1 Dividend payable

At 1 January	526,676	803,641
Unclaimed dividends	932,657	-
Prior Year Dividends approved during the year (note 26.1.1)	35,599,262	26,699,446
Payments made during the year	(35,599,262)	(26,976,411)
At 31 December	<u>1,459,333</u>	<u>526,676</u>

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

26.1.1 Cash Dividend

At the 19th Annual General Meeting held on 27 July 2018, 4 kobo per ordinary share was declared out of the profit for the year ended 31 December 2017, to be paid to Shareholders whose names were in the register as at 6 July 2018.

		2018	2017
		N	N
26.2	Accruals		
	Accrued Directors' Fees	65,000	650,000
	Accrued Directors' Allowances	-	392,000
	Accrued interest on loan	3,791,025	6,483,879
	Accrued Audit Fees	2,500,000	2,500,000
	Accrued Professional Fees	1,500,000	2,167,905
	Provision for cost: NPDC & SPDC Projects	3,326,550	107,802,085
	Provision for waste treatment cost:	32,702,161	-
	Accrued direct wages	240,794	804,345
	Accrued security and community expenses	897,822	3,884,291
	Accrued expenses (hire of crane for SPDC job)	2,547,500	-
	Accrued staff salaries	5,809	99,884
	Accrued performance bonus	1,009,937	20,550
		48,586,598	124,804,939
		48,586,598	124,804,939
27.	Other current tax liabilities		
	Pay As You Earn	4,688	1,237,568
	Withholding tax payable	5,063,551	14,656,078
	Value Added Tax - Suppliers	3,772,983	1,219,119
	Value Added Tax - Customers	25,972,066	30,243,580
		34,813,288	47,356,345
		34,813,288	47,356,345

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018 N	2017 N
28. Employees' benefits		
Defined contribution plans (note 28.1)	118,248	2,669,645

28.1 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.

	2018 N	2017 N
At 1 January	2,669,645	21,661
Provision for the year	10,489,374	9,223,599
Payments made during the year	(13,040,771)	(6,575,615)
At 31 December	118,248	2,669,645

29. Short term borrowings

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 (Vacuum Pump Bull's-eye), and this facility has a tenor of 180 days with interest rate of 29% per annum. In 2018, the existing loan was restructured and N45.0 million was obtained, a contract finance facility of N120.0 Million was also obtained from Wema Bank Plc. to execute the contract awarded by Shell Petroleum Development Company. This facility has a tenor of 6 months with 3 milestone repayment and also with interest rate of 29% per annum.

	2018 N	2017 N
Guaranty Trust Bank Plc. (note 29.1)	-	-
Wema Bank Plc. (note 29.2)	120,000,000	60,000,000
	120,000,000	60,000,000

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018 N	2017 N
29.1 Invoice Discounting Facility from GTB Plc.		
At 1 January	-	11,000,000
Invoice Discounting Facility in the year	-	94,193,410
Repayments in the year	-	(105,193,410)
At 31 December	<u>-</u>	<u>-</u>
29.2 Loan facility from Wema Bank Plc		
At 1 January	60,000,000	-
Loan in the year	165,000,000	70,000,000
Repayments in the year	<u>(105,000,000)</u>	<u>(10,000,000)</u>
At 31 December	<u>120,000,000</u>	<u>60,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

	2018	2017
30. Reconciliation of profit to net cash provided by operating activities:	N	N
Profit after taxation	102,230,307	81,978,410
Adjustment to reconcile profit to net cash provided by operating activities;		
Depreciation	32,724,596	22,957,055
Interest received	(52,534)	(21,687)
Exchange rate difference	(11,249,990)	(16,504,401)
Interest on loans	14,105,902	8,475,187
Loss on sale of property, plant and equipment	3,071,528	-
Motor vehicle written off	716,875	-
Prior year adjustments	(58,533,245)	(25,364,177)
Changes in assets and liabilities		
Increase in inventories	(819,039)	(2,020,458)
Decrease/(increase) in trade and other receivables	95,870,765	(207,870,423)
Increase in current tax assets	(21,740,112)	(1,283,966)
(Increase)/decrease in other current assets	(3,571,730)	10,686,518
Increase/(decrease) in non-current liabilities	25,101,531	(17,257,632)
(Decrease)/increase in trade and other payables	(85,677,817)	228,101,168
(Decrease)/increase in employees benefits	(2,551,397)	2,647,984
Increase/(decrease) in current tax liabilities	7,649,861	(16,180,133)
(Decrease)/increase in other current tax liabilities	(12,543,057)	21,513,500
Net adjustments	(17,497,863)	7,878,535
Net cash provided by operating activities	84,732,444	89,856,945

NOTES TO THE FINANCIAL STATEMENTS CONTD
YEAR ENDED 31 DECEMBER 2018

	2018	2017
	N	N
31. Information regarding directors and employees		
31.1. Directors		
Directors' emoluments comprises:		
Fees	2,250,000	650,000
Others	20,929,297	19,943,263
	<u>23,179,297</u>	<u>20,593,263</u>
The number of directors with gross emoluments within		
	Number	Number
Below N3,000,000	-	-
N3,000,001 - N7,000,000	-	-
N7,000,001 and above	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
31.2 Employees	Number	Number
Average numbers of persons employed during the year:		
Management	10	3
Senior Staff	16	28
Junior Staff	26	22
	<u>52</u>	<u>53</u>
Aggregate payroll costs	N	N
Salaries and allowances	<u>74,060,130</u>	<u>64,511,420</u>
The number of employees in Nigeria with gross emoluments within the bands stated were:	Number	Number
N100,000 - N500,000	18	12
N500,001 - N1,000,000	12	20
N1,000,001 - N1,500,000	9	6
N1,500,001 and above	<u>13</u>	<u>15</u>
	<u>52</u>	<u>53</u>

NOTES TO THE FINANCIAL STATEMENTS CONTD

YEAR ENDED 31 DECEMBER 2018

32. Guarantees and other financial commitments

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

33. 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.

34. Contingent liabilities

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

35. Capital commitments

There were no capital commitments at 31 December 2018.

36. Reclassification of Balances.

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

37. 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 2018 and on the total comprehensive income for the year ended on that date which have not been adequately provided for or recognized.

38. Earnings per Share

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

	2018 N	2017 N
Profit attributable to ordinary shareholders (in naira)	<u>102,230,307</u>	<u>81,978,410</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>11</u>	<u>9</u>
Diluted earnings per 50 kobo share	<u>11</u>	<u>9</u>

STATEMENT OF VALUE ADDED

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2018

	2018		2017	
	N	%	N	%
Turnover	700,798,753		664,901,943	
Other income	<u>22,643,412</u>		<u>21,367,125</u>	
	723,442,165		686,269,068	
Less: Bought in materials and services				
Imported	68,293,750		105,590,999	
Local	<u>413,499,220</u>		<u>436,247,540</u>	
	<u>241,649,195</u>	100	<u>144,430,529</u>	100
Value added				
Applied as follows:				
To pay employees' salaries wages and other benefits	74,060,130	31	64,511,420	45
To pay Government taxation	18,782,621	8	8,745,677	6
To provide for enhancement of assets and expansion:				
- deferred tax	25,101,531	10	(17,257,632)	(12)
- depreciation of fixed assets	32,724,596	13	22,957,055	16
- retained in the business	<u>90,980,317</u>	38	<u>65,474,009</u>	45
	<u>241,649,195</u>	100	<u>144,430,529</u>	100

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

FIVE YEARS FINANCIAL SUMMARY

	31 December				
	2018	2017	2016	2015	2014
	N	N	N	N	N
Assets employed					
Non-current Assets	655,833,451	678,098,211	587,311,661	510,297,266	396,615,765
Other non-current assets	-	-	-	10,000,000	6,778,298
Current Assets	473,650,809	465,676,462	271,955,506	218,027,195	288,667,790
Total Assets	1,129,484,260	1,143,774,673	859,267,167	738,324,461	692,061,853
Equity					
Issued capital	444,990,776	444,990,776	444,990,776	444,990,776	341,490,777
Share premium	17,780,000	17,780,000	17,780,000	17,780,000	17,280,000
Revaluation reserve	82,210,528	83,410,528	83,410,528	83,410,528	45,909,136
Retained earnings	163,619,341	169,621,532	152,938,913	33,869,063	94,800,809
Other component of equity	-	-	-	-	-
	708,600,645	715,802,836	699,120,217	580,050,367	499,480,722
Liabilities					
Non-current liabilities	54,377,713	29,276,182	46,533,814	8,268,457	-
Current liabilities	366,505,902	398,695,655	113,613,136	150,005,637	192,581,131
Total liabilities and equity	1,129,484,260	1,143,774,673	859,267,167	738,324,461	692,061,853
Turnover	700,798,753	664,901,943	648,144,614	345,766,927	611,828,467
Profit before taxation	146,114,459	73,466,455	203,183,451	60,051,096	132,655,217
Taxation	(43,884,152)	8,511,955	(65,052,877)	(22,883,903)	(36,485,715)
Profit after taxation	102,230,307	81,978,410	138,130,574	37,167,193	96,169,502
Other Comprehensive income					
Foreign currency translation difference	(11,249,990)	(16,504,401)	(2,507,724)	-	13,606,283
Revaluation surplus on property, plant and equipment	-	-	-	37,501,392	-
Other comprehensive income for the year	(11,249,990)	(16,504,401)	(2,507,724)	37,501,392	13,606,283
Total comprehensive income for the year	90,980,317	65,474,009	135,622,850	74,668,585	109,775,785
Basic earnings per share (kobo)	11	9	16	4	28
Diluted earnings per share (kobo)	11	9	16	4	11
Net assets per share (kobo)	80	80	79	65	146

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 2018.

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 31ST DEC, 2018

Shareholders with 5% and above:

SN	NAME	ADDRESS	HOLDINGS	%
1	OZOHEREBE GORDON	4,Ntein street, Akpajo-Elеме(2nd market) P/Harcourt, Rivers State.	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 Port Harcourt Rivers	190,695,237	21.43%
4	DVCF OIL & GAS PLC	Fifth floor, 94, Broad street, Lagos.	336,845,517	37.85%
			651,562,318	73.21%

Share Capital History of the Company from inception to 31ST December, 2018:

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
2018	-----	900,000,000	889,981,552	889,981,552	CASH	196

SHAREHOLDERS INFORMATION



Affix
Current
Passport

(to be stamped by banks)
Write your name at the back of
your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

The Registrar,

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

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	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
W: 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

PROXY FORM FOR THE YEAR ENDED 31ST DECEMBER. 2018



ANNUAL GENERAL MEETING OF THE INITIATES PLC

To be held at Best Premier Hotel & Resort, Aba Expressway, KM 16, Opposite Inlets, Port Harcourt, Rivers State.

I/WE (Name of Shareholder)

Being a member of The Initiates Plc. Hereby appoint

Ofor 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 25th day of October 2019 or at any adjourned date thereof.

Dated thisday of2019

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, Apcl 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**, and

PROF.E.A.ALIKOR

Resolution	For	Against
1. To receive and consider the Audited Financial Statement as at Dece.31 st 2018, the report of the Directors, the Audit Committee, the Auditors Report therein.		
2. To re-elect Directors		
3. To declare dividend to shareholders		
4. To re-appoint the Auditors		
5. To authorize the Directors to fix the Remuneration of Auditors.		
6. To appoint/re-appoint members of the Audit Committee		
Special Business:		
7. To consider and approve the remuneration Of Directors		
8. To increase the authorized share capital of the Company from N900million (Nine hundred Million Naira) to N3Billion (Three Billion Naira) divided into 6Billion (six billion) ordinary shares of N0:50each.		
9. To alter the Memorandum and Articles of Association of the Company to read "The authorized share capital of the Company is N3,000,000,000(Three Billion Naira) divided into 6,000,000,000 ordinary shares of N0.50each		

ADMISSION FORM FOR THE YEAR ENDED DECEMBER 31ST,2018



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, KM16, 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 ODEJOB I

Company Secretary

The INITIATES PLC

Annual General Meeting holding on the 25th day of October, 2019 at Best Premier Hotel & Resort, Aba Expressway, KM16, 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)