



# ANNUAL REPORT 2022/23



**ALPHA FIRE  
SERVICES PLC**



# **ALPHA FIRE SERVICES PLC**

*DECADES OF EXCELLENCE IN FIRE FIGHTING SINCE 1989*

# ▶ CONTENTS

|                            |    |
|----------------------------|----|
| Our Approach to Reporting  | 01 |
| Financial Highlights       | 03 |
| Alpha Fire Services PLC    | 04 |
| Vision, Mission, Objective | 04 |
| Milestones and Awards      | 05 |
| Our Portfolio              | 06 |
| Our Services               | 08 |
| Our Regional Presence      | 09 |

|                              |    |
|------------------------------|----|
| Chairman's Message           | 10 |
| Director Operations' Message | 12 |
| Board of Directors           | 14 |
| Board of Directors' Profiles | 15 |

|   |    |
|---|----|
| Stakeholder Engagement  | 17 |
| Management Discussion and Analysis                                    | 21 |
| Human Capital Review  | 25 |
| Corporate Governance  | 29 |
| Risk Management   | 32 |
| Audit Committee Report  | 34 |
| Related Party Transactions Review Committee Report                    | 35 |
| Annual Report of the Board of Directors on the Affairs of the Company | 36 |

|                                      |    |
|--------------------------------------|----|
| Independent Auditor's Report         | 39 |
| Statement of Financial Position      | 45 |
| Statement of Comprehensive Income    | 46 |
| Statement of Changes in Equity       | 47 |
| Statement of Cash Flows              | 48 |
| Notes to the Financial Statements    | 49 |
| Shareholder and Investor Information | 64 |
| Five-year Summary                    | 65 |
| Notice of the Annual General Meeting | 67 |
| Form of Proxy                        | 69 |
| Instruction for Proxy                | 70 |



# ▶ OUR APPROACH TO REPORTING

We are pleased to present our Annual Report for the financial year ended 31 March 2023 providing an overview of our strategies, value creation, performance and impacts.

This is the second integrated Annual Report of Alpha Fire Services PLC and it is compiled in accordance with the required guidelines and frameworks.

The Annual Report gives a general view of the company's accomplishments in meeting both its financial and non-financial requirements. With the aim of ensuring sustainable growth for the company as well as the country, AFS has adhered to corporate governance best practices, and ensured transparency and accountability towards all its stakeholders.

The Financial Statements for the year, the Board of Directors' Report, and other statutory requirements are all included in this report.

Additionally, it presents management discussions and analysis as well as a descriptive outline of operational performance.



## ▶ Report Profile

### Reporting period:

Financial year began 01st April 2022 and ended 31st March 2023

### Period of the most recent report:

Financial year began 01st April and ended 31st March 2022

### Frequency:

Annual

## ▶ Reporting Concepts

### Stakeholder Relationship

Includes a section portraying the nature and quality of our engagements with key stakeholders. Refer to pages 17-20.



### Conciseness

All pertinent and essential information is provided precisely and concisely in this report.



### Reliability and Completeness

The report presents a balanced and accurate depiction of all material information, free from significant errors. Both financial and non-financial information have been thoroughly examined by external auditors.



### Consistency and Comparability

Relevant comparable information from the last year is provided where applicable.



## ▶ Reporting Guidelines and Scope

By adhering to the following guidelines and frameworks, Alpha Fire Services PLC ensures trustworthiness and improvements in reporting.

### FINANCIAL REPORTING

- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting Standards

### CORPORATE GOVERNANCE

- Companies Act No. 7 of 2007
- Listing Requirements of CSE
- Code of Best Practice on Corporate Governance

## ▶ Assurance

In order to ensure credibility and that there are no material misstatements, a combined assurance approach has been followed. Internal evaluations of the whole reporting process and its quality were conducted in accordance with the directions of the Senior Management and the Board of Directors.

The accuracy of all financial reporting has been confirmed by external and independent auditors, M/s KPMG Chartered Accountants.

## ▶ Responsibility of the Board

It is the ultimate responsibility of Alpha Fire Services PLC's Board of Directors to ensure the integrity of the Annual Report.

The Board promises that all pertinent issues are covered and fairly reflected. The Board does not accept alternations to the information presented in the report after it has been published.

## ▶ Queries

We welcome your suggestions and feedback on this report. Please direct them to:

**Address:** No 28, Suleiman Terrace, Colombo-05.

**Tel:** 011 250 8888

**E-mail:** info@alphafire.lk

# ▶ FINANCIAL HIGHLIGHTS

| For the year ended 31 <sup>st</sup><br>March    | 2023<br>Rs. | 2022<br>Rs. | Change<br>% |
|---|-------------|-------------|-------------|
| <b>Financial Performance (Rs.)</b>              |             |             |             |
| Revenue   | 289,663,882 | 233,880,358 | 24%         |
| Gross Profits                                   | 79,557,175  | 52,473,920  | 52%         |
| Interest Income                                 | 2,649,685   | 1,277,431   | 107%        |
| Interest Expense                                | 12,778,380  | 6,903,976   | 85%         |
| Profit Before Tax                               | 15,204,846  | 1,769,287   | 759%        |
| Profit After Tax                                | 13,979,605  | 1,016,836   | 1275%       |
| Income Tax Expense                              | (1,225,241) | (752,451)   | 63%         |
| <b>Financial position at the year-end (Rs.)</b> |             |             |             |
| Total Equity                                    | 74,385,956  | 35,605,675  | 109%        |
| Total Assets                                    | 253,291,662 | 179,210,672 | 41%         |
| Total Liabilities                               | 178,905,705 | 143,604,997 | 25%         |
| Total Debt                                      | 85,125,955  | 56,475,493  | 51%         |
| Debt/Equity                                     | 1.14        | 1.59        | -28%        |
| Debt/Total Assets                               | 0.34        | 0.32        | 7%          |
| Current ratio                                   | 1.05        | 0.97        | 8%          |
| <b>Profitability Ratios</b>                     |             |             |             |
| Gross Profit Ratio %                            | 27.5%       | 22.4%       | 25%         |
| Operational Profit Ratio %                      | 8.7%        | 3.2%        | 175%        |
| EBITDA %  | 9.5%        | 4.2%        | 128%        |
| Net Profit Ratio                                | 4.8%        | 0.4%        | 1010%       |
| Return on Assets (%)                            | 5.52%       | 0.57%       | 873%        |
| Return On Average<br>Shareholder's Fund (%)     | 18.79%      | 2.86%       | 558%        |
| <b>Gearing Ratios</b>                           |             |             |             |
| Equity: Interest Bearing<br>Liabilities (Times) | 1.14        | 1.59        | -28%        |
| Debt: Equity Ratio (Times)                      | 2.41        | 4.03        | -40%        |
| Quick Assets Ratio (Times)                      | 0.58        | 0.35        | 67%         |

# ▶ ALPHA FIRE SERVICES PLC



Alpha Fire Services PLC initiated its journey in the fire business industry for a 'Safer World' in Bahrain and Sri Lanka in 1989. In 2007, it was registered as a Private Limited Liability Company on its way to becoming an established industry leader and the preferred choice for fire protection in Sri Lanka.

The company counts over 33 years of excellence strengthened by the quality standards it maintains, the qualified and skilled staff, and its adoption of the latest advanced machinery and techniques. AFS complies with CIDA EM1 (ICTAD) status, possesses ISO 9001:2015 certification and is also a member of the National Fire Protection Association (NFPA). The contribution from a total of 54 employees, including a team of qualified and trained engineers and technical staff, has supported the company's performance over the years. Moreover, the modern workshop facility located in Pannipitiya is equipped with the latest technologies and periodically upgraded to cater to industrial-level fire safety requirements.

## CIDA EM1 (ICTAD) Status



*EM1 Grade on Fire Detection and Protection System is the highest grading provided by CIDA (ICTAD).*

## ISO 9001:2015 Certification



*This certification covers the provision of supply and installation of fire equipment and systems, upgrading of existing fire systems, maintenance services and fire training.*

## VISION

To be the customer's first choice of fire risk management, offering a comprehensive and unique portfolio of products and services, aiming at saving lives and protecting property from fire at all times.

## MISSION

To constantly upgrade and introduce new innovations, so as to ensure our valued customers can benefit from the latest technologies.

To contribute to a safer world guided by innovative technology.

To create value for our clients, employees, suppliers and shareholders.

## OBJECTIVE

Doing the right thing right the first time.

# ▶ MILESTONES

1989

Alpha Fire Services was founded in Bahrain and Sri Lanka

2003

AFS was legally incorporated

2020

The company received the ISO Certificate

2022

- AFS listed in Colombo Stock Exchange

2023

- The company reached Rs. 250 Mn in revenue
- Rs. 50 Mn Capital infusion by Rights Issue

# ▶ AWARDS

AFS won an Award of Merit at the Architect 2023 Trade Exhibition for Most Innovative and Informative Trade Stall.



# ▶ OUR PORTFOLIO

## Fire Alarm Systems



- « A range of fire alarm systems provides automatic detection and warning during a fire emergency.
- « UL, FM and LPCB certified.\*

## Fire Blanket



- « Provides easily accessible and controlled supply of water for fire extinguishing.
- « compact package in convenient quick release PVC containers.

## Fire Hose Reel Systems



- « Fire hose reel system consist of pumps, pipes and supply of water.
- « Comes with a unique ball valve shut-off device, plastic or solid brass hose reel nozzle and mounting brackets.

## Fire Extinguishers



- « Ideal for fire points at any premises, fire extinguishers are the first line of defense against fires.

## Fire Hydrant Systems



- « Compact fire hydrant systems designed to fight fire of high proportions, in every class of risks.

## Fire Doors & Frames



- « Cold rolled galvanized steel doors and steel-mixed wooden doors are strong, stable and durable.
- « Fire door assemblies are produced and tested as per international standards.

\*Awarded by globally recognised third-party product certification companies: Underwriter Laboratories (UL), FM Global (FM), Loss Prevention Certification Board (LPCB).

# ▶ OUR PORTFOLIO

## Fire Flex Systems



- « Excellent system designed for enclosed areas to extinguish fires within 15 seconds.
- « UL certified.\*

## Foam Bladder Tanks



- « Easily operable without external power or pump only flowing water.

## Kitchen Hood Fire Suppression



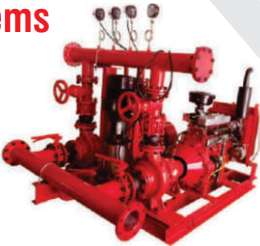
- « A nano mist system used in kitchen hood fire suppression has low water usage and contains smoke scrubbing qualities.
- « LPCB/CE certified hood.\*

## Sprinkler Systems



- « Uses an active fire protection methodology.

## Fire Pump Systems



- « Diesel engine and electric motor driven, high quality pumps
- « Fully compliant with UL/FM standards.\*

## Fire Suppression Systems



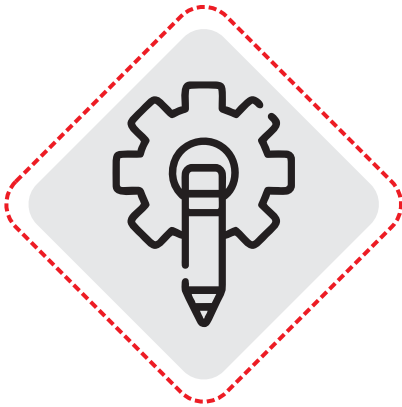
- « Designed to a unique technology, this fire suppression system extinguishes fire with no harm to people and the surrounding.

\*Awarded by globally recognised third-party product certification companies: Underwriter Laboratories (UL), FM Global (FM), Loss Prevention Certification Board (LPCB).

# ▶ OUR SERVICES

Alpha Fire Services PLC considers the safety of its clients with utmost importance and attends to safety practices with urgency. The company offers product-handling guidance, post-purchase maintenance, upgrades, and customization for client requirements.

All equipment and systems designed by Alpha Fire Services PLC are compatible with safety standards, and long-term customer satisfaction is ensured with its after-sales customer service.



## Designing

Complying with local and international standards and regulations, AFS designs fire protection and detection, suppression systems and centralized liquid petroleum gas systems.



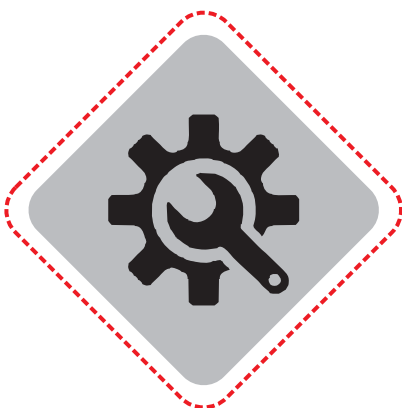
## Installation

AFS installs fire safety equipment and systems following a thorough inspection by its well-experienced technical team at the premises and the surrounding conditions.



## Commissioning

Through the commissioning of the installed fire protection systems, AFS confirms that the interconnected fire systems function as per design specifications and operational guidelines in compliance with local and international regulations and standards.



## Maintenance

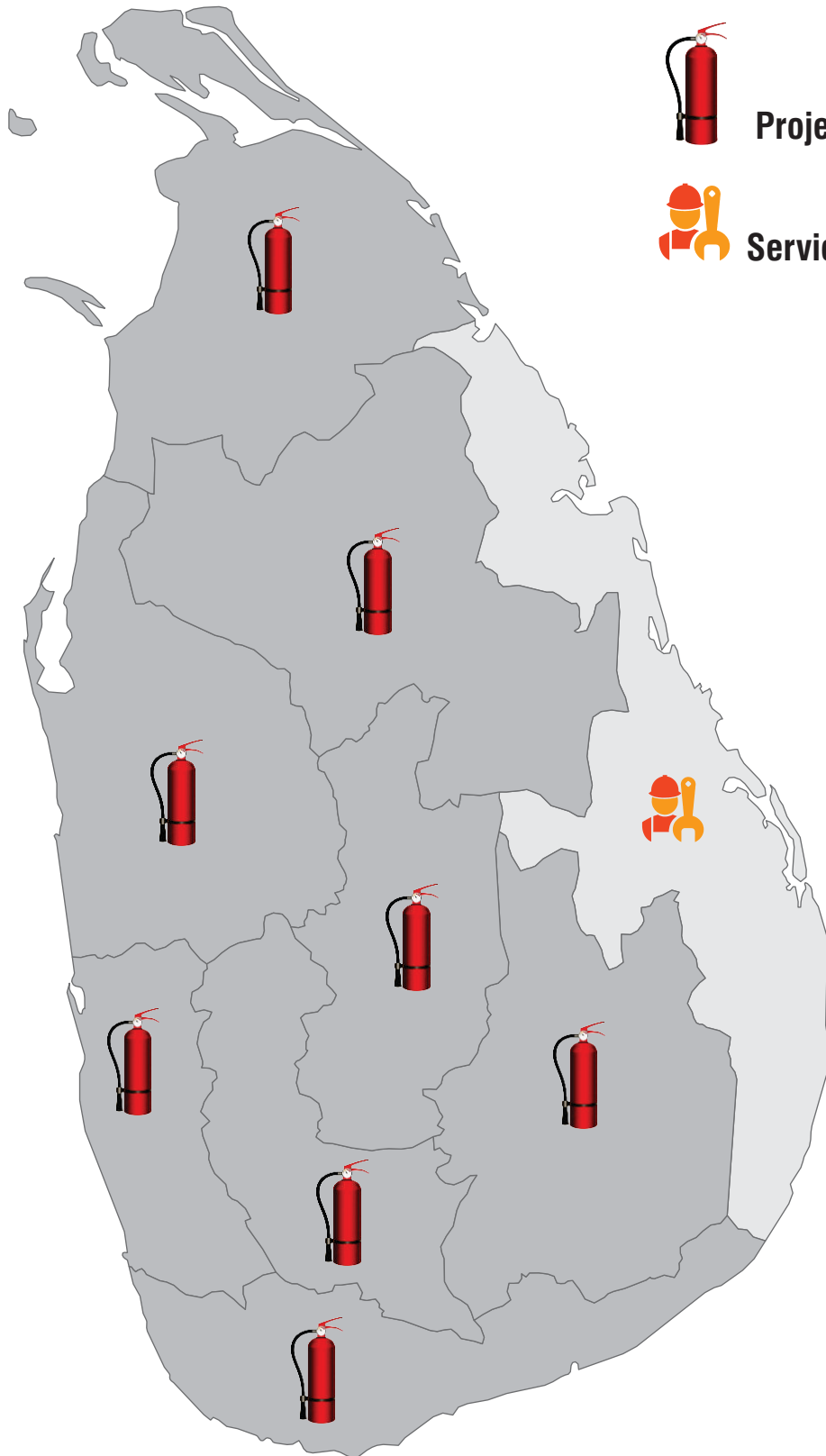
AFS provides islandwide maintenance and upgrade services for all types of fire equipment and systems.



## Training

AFS conducts training and demonstrations on fire safety, the use of various types of fire equipment and rescue instructions to be followed during a fire emergency.

# ▶ OUR REGIONAL PRESENCE



**Projects and Services**



**Services**

# Our Leadership



# ▶ CHAIRMAN'S MESSAGE



Dear Shareholders,

The year under review presented a number of challenges and opportunities, thrusting Alpha Fire Services PLC to alter its business strategies and direction. I am pleased to inform you that despite the challenges that arose from uncertainties in the operating environment, the company reached a commendable 52 per cent growth at Rs. 79 Mn gross profit compared to Rs. 52 Mn recorded during the last financial year.

The record turnover was a significant achievement for the company during a year that was challenging, testimony to Alpha Fire Service PLC's resilience and prudent strategic foresight. Alpha Fire Services PLC also infused capital by issuing rights to its shareholders towards the end of the financial year. This was successfully concluded in June 2023 and generated Rs. 50 Mn in capital, indicating strong investor confidence in the company.

## **INDUSTRY OVERVIEW**

The fire safety equipment industry plays an important role in saving lives and ensuring the safety of property through efficient detection of initial signs of fire such as smoke, as well as managing fires.

Fire safety is an essential part of day-to-day protection especially since fire risk is unpredictable.

Fire safety equipment is therefore becoming a basic requirement in all constructions. As a result, contractors and property developers are required to exercise an excellent level of due diligence to ensure that buildings are fitted with the necessary fire safety systems and equipment in order to obtain the Certificate of Compliance according to the regulatory requirements.

Currently, the fire regulation in Sri Lanka contained under the Construction Industry Development Authority (CIDA) Act No. 33 of 2014, provides the minimum requirements for fire protection design and construction of new buildings, and specifies the procedures for the renovation of existing buildings throughout Sri Lanka.

## **YEAR IN BRIEF**

During the year under review, Alpha Fire Services PLC recorded an admirable performance reflecting the company's dynamism and resilience. The company's revenue grew 24 per cent at Rs. 289 Mn compare with Rs. 233 Mn reported last year, despite the challenges in the economy, constraints in the supply chain,

and curtailing of essential functions for three months due to fuel supply issues. The company takes pride in its unwavering commitment to ensuring customer satisfaction regardless of difficulties in the operating environment.

As a result, the company has maintained the quality of its products and service in addition to sustaining a 100 per cent project completion rate, which has strengthened our loyal customer base, that has renewed contracts with Alpha Fire Services PLC continuously. The strategic management of customer relationships and contracts ensured the company was able to procure essential imported materials, and maintain adequate stock to continue its day-to-day business activities.

Additionally, the company continued its focus on environmental sustainability across operations, and adhered to the necessary regulations including statutory environmental guidelines. As a result, the company encouraged clients to return used fire extinguishers and undertook the refurbishment of fire extinguishers at our workshop. Any scrap material was handed over to approved recycle partners.

### **PROTECTING OUR HUMAN RESOURCE**

The employees are among the most important assets of the company and ensuring the quality of the work environment has been a priority for Alpha Fire Services PLC. Thereby we recognized the challenges faced by the employees and the interest of seeking greener pastures abroad. Various measures were taken to alleviate the economic pressure experienced by employees including timely salary increments and incentives.

Alpha Fire Services PLC regularly motivated its employees through increased interactions to improve their mindsets. Employees were also given on-the-job training where required. During the fuel crisis, the company provided transport for staff. Further, by paying attention to the health and well-being of employees has resulted in higher turnover rate and employee satisfaction.

### **LOOKING FORWARD**

Undeterred by the challenges experienced during the year, Alpha Fire Services PLC endeavours to move forward with optimism and hope.

We look forward to enjoying industry leadership as a leading provider of fire safety solutions to the household segment.

In an increasingly demanding society, ensuring fire safety for the household segment is yet to be desired as a norm in Sri Lanka.

Alpha Fire Services PLC has recognized the potential for this segment for the fire safety equipment industry and sets to change its landscape by introducing tailor-made packages to households specializing in fire safety solutions for the kitchen, gas leak detectors, smoke detectors, fire alarms, and fire extinguishers.

The company plans to establish itself in the international market in the coming year, with the intention of venturing into the Maldivian market initially to establish a subsidiary providing fire safety solutions to the island rich in tourism projects. Furthermore, business opportunities in the Middle East will be explored for international market expansion to provide outsourced fire safety system solutions.

### **ACKNOWLEDGEMENT**

First and foremost, I am grateful to God for safeguarding Alpha Fire Services PLC during the concluded financial year and for bestowing countless blessings upon us, that have propelled our growth and prosperity.

I appreciate the Board of Directors for their valuable guidance and insights to achieve the company's goals during the year. I thank our shareholders who have exhibited confidence in our company and have offered support for the continuation of our business operations. I acknowledge the services of our banking partners that have played an instrumental role in supporting our business endeavors. Furthermore, I thank the fire brigade for supporting us in obtaining approvals and fire consultants who worked closely with us.

Our dedicated staff deserves a special mention, without whom our success would not have been possible in the 2022/23 financial year. Finally, I thank our esteemed customers who have placed their trust in Alpha Fire Services PLC and entrusted us with ensuring their safety from fire hazards, I look forward to continuing our partnerships in the future.



**Vijith Perera**

*Attorney-at-Law,  
Chairman*

# ▶ DIRECTOR OPERATIONS' MESSAGE



Dear Shareholders,

The fire safety equipment industry encountered formidable economic and industrial challenges during the financial year ended 31 March 2023. The year was fraught with challenges such as political instability, fuel shortage, and the volatile dollar exchange rate.

However, the operations of Alpha Fire Services PLC remained uninterrupted, which exhibited remarkable resilience and fortitude to ensure safety and security to its valued clientele across all three business verticals: importing and manufacturing equipment, installation of new systems, and maintenance of existing systems.

Alpha Fire Services PLC is the only listed fire safety company with the EM1 grade by Construction Industry Development Authority (CIDA). Due to adherence to technical standards, the company received many new projects including suppression system for server rooms in the last financial year.

Though many MEP companies also offer fire-related services, Alpha Fire Services PLC solely specializes in fire protection and detection systems.

## **PERFORMANCE**

Alpha Fire Services PLC achieved a revenue of Rs. 289 Mn during the 2022/23 FY, compared to Rs. 233 Mn in the 2021/22 FY. A gross profit of Rs. 79 Mn was recorded for the financial year under review compared to Rs. 52 Mn the last year, recording a YoY growth of 52 per cent for the 2022/23 financial year.

The comprehensive range of services that the company provided amidst the country's crises was the key reason for this performance. Unlike its competitors, Alpha Fire Services PLC is involved in every aspect of the process, from supplying and installing fire safety systems to servicing and refurbishing, for continuous maintenance of all systems which enabled it to gain a competitive edge.

During the financial year 2022/23, the company took strategic action to prioritize the deployment of its own dedicated team of engineers and technicians for critical maintenance work.

This ensured the highest level of expertise, professionalism and reliability. Moreover, the company's lower overhead costs allowed it to offer competitive prices to clients.

## **CHALLENGES**

The growth of the fire safety industry recorded a slow pace during the last financial year. Freight rates rose significantly while suppliers sought extended lead times compared to previous arrangements. Therefore, new construction projects in both the government and private sectors were halted, leading to a decreased demand for new fire safety system installations. Some projects that had already established contractual agreements were also stalled due to the uncertainty in the local economy.

The increasing prices of raw materials and delays in imports challenged cost-effective production and the effective supply of services. Other challenges included longer lead times, extended project durations and delays in receiving timely payments from clients. The fuel crisis in the country affected regular employee attendance, resulting in the company incurring extra costs for providing transport facilities.

## **STRATEGY**

The main strategic objective of the company during the last financial year was to ensure sustained performance and continued profitability. It also prioritized cost covering over profit generation. Additionally, Alpha Fire Services PLC established a favorable dividend policy and has concluded the rights issue of Rs.50 Mn in June 2023 that enhanced the value of its shares. Although the company did not pursue an initial public offering last financial year, it concluded the issuance of rights.

Given the constraints the industry faced during the financial year 2022/23, Alpha Fire Services PLC secured consistent imports for its projects, which contributed to its overall performance. Despite these challenges, Alpha Fire Services PLC's astute management navigated the company through a number of operational difficulties and continued operations. Alpha Fire Services PLC overcame the limitations in transportation resulting from the fuel crisis in Sri Lanka by facilitating the sharing of motorcycles among employees and providing fuel. The strategic management of inventory ensured the availability of adequate stock for six months, to cater to the demand despite the financial crisis experienced during the financial year 2022/23. The company also negotiated with clients to accommodate longer lead times and extend project durations.

During the last financial year, Alpha Fire Services PLC exclusively designed and developed aluminium fire cabinets with the ability to withstand corrosion. The company plans to improve its production facilities and has

confirmed its plans to initiate the establishment of an in-house manufacturing division for products such as fire cabinets and fire doors. The company also plans to open an extinguisher servicing center in Kandy to serve the Central, Eastern and Northern provinces and expand its manufacturing capabilities in this new location.

## **FUTURE OUTLOOK**

The stringent implementation of regulations is necessary for the growth and success of the fire safety industry. Thorough audits must be conducted regularly to ensure buildings and constructions meet the minimum safety standards.

The gradual easing of severe economic conditions coupled with the improvement in the tourism sector resulted in the slow recovery of the construction sector during the year under review. The restart of halted development projects and the implementation of new projects complying with the necessary regulations are expected to benefit the fire safety equipment industry through increased demand for fire safety equipment. Additionally, the company awaits further moderation of interest rates to facilitate its investments.

Alpha Fire Services PLC anticipates the strengthening of its service standards and the expansion of its presence across the island by establishing service centers in several strategic locations. Accordingly, Anuradhapura and the southern region are being evaluated as possible locations for new centers. In addition to expanding its local presence, Alpha Fire Services PLC also plans to extend its presence internationally. Preliminary discussions were concluded with relevant stakeholders to expand Alpha Fire Services PLC's business to the Maldivian market.

## **ACKNOWLEDGEMENT**

I extend my gratitude to the Board of Directors for their astute leadership and invaluable guidance during a tumultuous year. I thank the entire staff at Alpha Fire Services PLC for their dedication and strong determination. I also recognize the support of our clients, suppliers, the Fire Department, and banks, for their continuous partnerships. Lastly, I express my gratitude to the company's shareholders who have placed their confidence in the performance of Alpha Fire Services PLC.



**Malindra Fernando**  
*Director-Operations*

# ▶ BOARD OF DIRECTORS



From Left to Right: **Malindra Fernando** (Director Operations), **Samud Gunasekera** (Non-Independent Executive Director), **Vijith Perera**, Attorney-at-Law, (Chairman), **Kapila Liyanagamage**, Attorney-at-Law (Independent Non-Executive Director), and **Ranil De Silva** (Independent Non-Executive Director). **Deanna Marise Ryde** (Co-Founder & Independent Non-Executive Director) in absentia.

# ▶ BOARD OF DIRECTORS' PROFILES



**Vijith Perera**

*Attorney-at-Law, Chairman*

Mr. Perera serves as the Chairman of Alpha Fire Services PLC. He holds a BA in Economics degree from the University of California, Berkley, USA, and is an Attorney-at-Law from Sri Lanka Law College. He is also Founder Director of Amtek Engineering (Pvt) Ltd, Ultrakleen (Pvt) Ltd and Ultrakil Pest Management Co (Pvt) Ltd. With his vast experience in Management, Mr. Perera serves on the board of several business establishments.



**Malindra Fernando**

*Director Operations*

Mr. Fernando serves as the Director of operations at Alpha Fire Services PLC and is the Founder Director of Amtek Engineering (Pvt) Ltd. With decades of experience in the business management industry, Mr. Fernando serves as a board director in several business ventures in facilities management, engineering and service sectors. He has played an active role in the infrastructure development in Sri Lanka as a consultant for numerous international contractors and investors in project management and implementation.



**Deanna Marise Ryde**  
*Co-Founder & Director*

Ms. Ryde is the Co-Founder and Executive Director of Alpha Fire Services W.L.L. Bahrain, 1996–2014, and retired Executive Director of Alpha Safety & Security Holdings BSC. She has over two decades of experience in office management, human resources management, marketing, and planning. She conceptualized the Alpha Fire logo and branding of the company and its subsidiaries. Ms. Ryde identified and developed business systems and procedures, set up offices, equipment and infrastructure as required, recruited and trained staff and managed the day-to-day operations of the business at the executive level.



**Samud Gunasekera**  
*MBA(IND) MSLIM(SL) MCPM(SL) P.Mkt(SL)*  
*Non-Independent Executive Director*

Mr. Gunasekera serves as a Non-Independent Executive Director of Alpha Fire Services PLC and is a top-level marketer with over 20 years of corporate experience. A specialist in engineering products, solutions and services, he has vast experience in project sales, fire engineering and contracting. He is a life member of the Sri Lanka Institute of Marketing.



**Kapila Liyanagamage**  
*Attorney-at-Law*  
*Independent Non-Executive Director*

Mr. Liyanagamage is an Independent Non-Executive Director of Alpha Fire Services PLC. He also serves at the Supreme Court of Sri Lanka with over 20 years of experience in Civil and Commercial Law. He holds a Master's degree in Law of International Trade from the University of Wales. He has served as the Legal Consultant of the Sri Lanka Ports Authority (2004–2015) and a Director of the National Savings Bank (2005–2008).



**Ranil De Silva**  
*Independent Non-Executive Director*

Mr. Silva serves as an Independent Non-Executive Director of Alpha Fire Services PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom, Associate Member of the Institute of Chartered Accountants of Sri Lanka, and Member of the Chartered Institute of Marketing, United Kingdom. He was the Joint Managing Director of Aitken Spence Hotels (2017–2019) and Managing Director of Hemas Hotels (Serendib Leisure) (2010–2016). He also served as Group CEO of DCSL Group (Melstacorp PLC) (2008–2010) and Director/CEO of Comfort Wear (Pvt) Ltd (2006–2008) (Brandix Group Company). Mr. Silva was the Head of Finance and Controlling (Arabian Gulf)-Sika Gulf BSC, Bahrain-(1995–2002 and 2004–2006), Head of Finance & IT of Sathosa Retail Ltd (2003–2004) and Senior Manager of Ernst & Young, Colombo and Kuwait (1984–1994).

# Management Discussion and Analysis



# ▶ STAKEHOLDER ENGAGEMENT



Collaborating with stakeholders has been an essential step of Alpha Fire Services PLC in ensuring the uninterrupted supply of services throughout the years. The quick adaptability and the strength of long-term partnerships have enabled Alpha Fire Services PLC to continue to add value in its engagements with relevant stakeholders, in an operating environment affected by considerable constrictions in the economy.



## ▶ Employees

Employees play an important role in ensuring that the services provided by Alpha Fire Services PLC comply with the necessary safety standards and applicable regulations.

They also bear the responsibility of guaranteeing the smooth functioning of administrative processes of the company.

| Concern                   | Response   |
|---------------------------|--|
| Remuneration and benefits | Recognizing the challenges faced by the employees due to tightening economic conditions, the company continued its incentive schemes, conducted salary revisions, and reinstated the bonus scheme during the year under review.  |
| Health and safety         | The company paid special attention to the health of its employees and continued to take steps to make sure employees engaged in risky operations were adequately taken care of. Accordingly, the mandatory health insurance scheme for technicians was renewed for the year, complying with the required regulatory standards. |

Additionally, PPE kits were provided along with refreshers on the importance of ensuring personal safety when engaging in technical operations.

**Training and development**

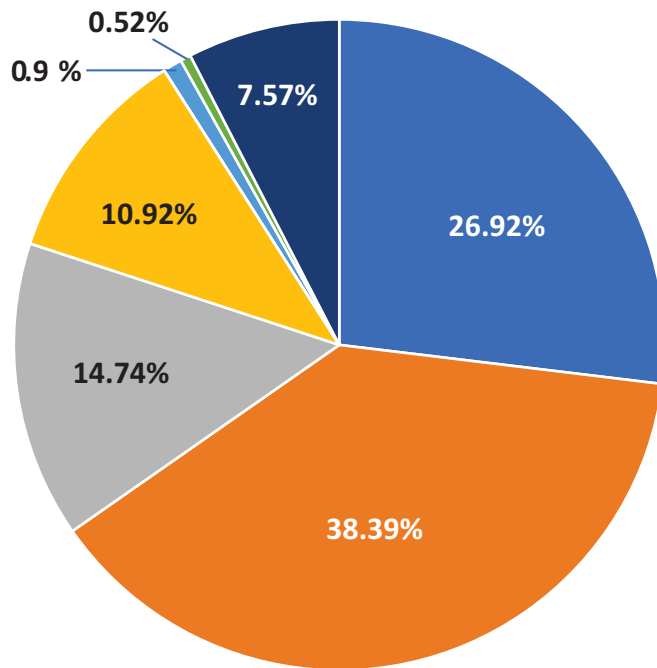
Employees were encouraged to follow self-development activities and practices. The company continued its annual performance appraisals to ensure the optimum performance of employees, as well as to recognize and acknowledge the progress made by employees.

The company also directed employees to engage in external training programmes to keep abreast with the latest safety practices in the fire safety equipment industry.

**▶ Customers**

The continued demand and trust expressed by both B2B and B2C customers for the products and services offered by Alpha Fire Services PLC has greatly contributed to its success over the years. The company caters to both private and public contract customers, most of whom are repeat customers.

**Customer Segment by Percentage**



- BOI factories and manufacturing facilities
- The construction sector (private)
- Government buildings/ The construction sector (public)
- Private buildings and apartment complexes
- Tourism sector buildings (hotels, villas)
- Domestic sector
- Banks/ Financial Institutes

| Concern                       | Response   |
|-------------------------------|--|
| Reliability of service        | Alpha Fire Services PLC upheld its commitment to customers through continuous adherence to its project undertakings. With a resilient never-say-no attitude, the company has always completed and delivered all the projects it has undertaken, thereby adding value and further strengthening the relationship of trust with its customers. |
| Scope of service              | The end-to-end fire safety equipment services provided by the company allow customers to receive consultations, choose the most suitable fire safety equipment or system, and entrust the company with its installation.   |
| After sales service           | Alpha Fire Services PLC offers regular testing, upgrades as necessary, and extended warranties.  |
| Communications with customers | The company regularly utilizes print and digital media in addition to taking part in various trade fairs, and consumer exhibitions to introduce new technology and products to its customers. During the year under review, the company took part in a trade fair to strengthen its reach to customers.                                      |
| Ease of payment               | The challenging economic conditions resulted in the suspension of a number of construction projects within the country and delays in payments. The long-term relationships established with customers were instrumental in negotiating flexible payment schemes in a methodical manner that was beneficial to all the parties.               |

## ► Suppliers

The timely supply of goods and materials by suppliers has, in turn, enabled the company to deliver its services to customers according to a planned schedule.

| Concern              | Response  |
|----------------------|---|
| Long-term contracts  | Alpha Fire Services PLC continued its efforts to maintain long-standing relationships with trusted suppliers by engaging in strategies that have allowed for greater flexibility in operations. |
| Prompt payments      | The company ensured prompt payments to all its suppliers despite the challenges in the economy.   |
| Uninterrupted supply | The company maintained a varied supplier base and continued to maintain a cordial relationship with each supplier.  |

## ► Regulators

The fire safety equipment industry is based on products made to ensure safety and prevent risk to life. Therefore, regulators and policymakers play an important role in the industry while proper safety standards are essential in ensuring the growth of the industry.

| Concern   | Response  |
|---|---|
| Compliance with regulations and statutory obligations | The company maintained relationships with regulatory bodies to ensure its services and products were regularly tested to meet the required standards. |

▶ **Other**

A number of other stakeholders affected the functions of the company during the year under review. These include shareholders, government entities, and the community at large.

▶ **Shareholders**

With the listing of the company as a public entity, the contribution of shareholders is expected to enable it to grow the working capital to further enhance operations.

| Concern                | Response  |
|------------------------|---|
| Rights of shareholders | The company began its rights issue to shareholders during the year under review and has been considering the possibility of an IPO in the future. |

▶ **Government**

As the governing body of Sri Lanka, all companies registered within the territory are expected to comply with the regulations of the Government of Sri Lanka.

| Concern                         | Response  |
|---------------------------------|---|
| Contributions to the government | The company is regularly in contact with public sector organizations to provide fire safety equipment to government constructions, and to contribute valuable input to relevant policies regarding fire and safety. |

▶ **Community**

The operation of all business activities not only contributes to the development of economies but to the expansion of communities that benefit from conducive economic conditions.

| Concern                  | Response   |
|--------------------------|--|
| Safeguarding communities | The risk and damage caused by accidental fires is widespread and may affect not just the building in which the fire arose, but constructions in the vicinity. Therefore, the company understands the social obligation it has to society at large and takes strict measures to ensure that all its fire safety equipment and systems are fully functional and free from any dysfunction. |

# ▶ MANAGEMENT DISCUSSION AND ANALYSIS



## Operating Environment

The financial year ended 31 March 2023 was one of the most challenging years in the history of Sri Lanka.

Both foreseen and unforeseen challenges in the political and social spheres combined with severe economic conditions resulted in a contraction of the economy affecting all industries.

The decline in official foreign reserves led to a sharp depreciation of the Sri Lankan rupee which resulted in increased interest rates.

The forex crisis resulted in considerable delays in the importation of essentials such as medicine, gas and fuel. High inflation, the sudden spike in the cost of living and an acute energy crisis led to social unrest and instability.

## ▶ Global Economy

The global economy recorded a slowdown from **3.4%** in 2022 to **2.9%** in 2023, according to the World Economic Outlook (WEO) update of the IMF issued in January 2023.

The overall contraction in economies resulted from tightening monetary policies of banks worldwide in an attempt to control inflation, which skyrocketed to a multi-decade high following prolonged price pressures resulting from the easing of monetary policies followed by the pandemic, key commodity shortages, capacity limits, and supply chain disruptions.

Amidst the challenging environment, the global fire safety equipment market grew from USD 42.47 Bn in 2022 to USD 45.75 Bn in 2023 at a compound annual growth rate (CAGR) of **7.7%**.

The growth was fueled by the increase in demand for fire safety systems as constructions recommenced post-pandemic, and due to the enhancement of existing technologies.

Despite the growth in the industry, it was also affected by adverse conditions in the global economy such as the surge in commodity prices due to sanctions imposed as a result of geopolitical tensions, and supply chain disruptions which caused inflation affecting markets across the globe.

However, the outlook for the global fire safety equipment market is that of growth with a CAGR of **6.67%** expected to reach USD 91.03 Bn by 2028. The key factors predicted to drive the growth in the market for fire safety systems includes rising awareness about fire safety, rapid urbanization, and industrialization.

The highest CAGR of **9.2%** over the forecast period from 2023 to 2028 is expected to register from the Asia Pacific region. The relatively high rate of development in the region will likely be propelled by countries such as India, China, and Japan embarking on increased construction activities.

The overall global fire safety equipment market is expected to grow supported by infrastructure development activities and the implementation of stricter safety regulations.

Additionally, advancements in technology such as wireless sensor networks function with increased sensitivity and respond quicker to fire-related emergencies, which has also significantly contributed to the increase in the demand for adopting wireless technology in fire detection across the globe.

### ▶ Domestic Economy

The intense economic crisis and the shortage of foreign exchange led to uncertainty which affected the business ecosystem within Sri Lanka.

Operations across all key sectors including the fire safety equipment industry were affected due to unprecedented power outages, fuel shortages, scarcity of raw materials, increased cost of production, and price hikes in both the local and international markets. As a result, economic stability in the country diminished towards the latter half of the financial year.

The country recorded a negative GDP growth rate of **7.8%** during the year under review, with a steady rise in inflation to unprecedented high levels. The constrictions in the domestic economy created challenges in sourcing.

Banks were reluctant to open LCs to facilitate the continuous importation of material required for the fire safety equipment industry. The high inflation rate affected the prices of goods which necessitated product pricing revisions. Additionally, the sharp rise in market interest rates resulted in a substantial decline in private sector credit.

### ▶ Sector Review

The performance of the construction industry is closely linked to the performance of the fire safety equipment industry. The increase in regulated constructions increases the demand for fire safety equipment and systems.

During the year under review, although the construction industry in Sri Lanka registered a contraction of **20.9%**, it also contributed **7.7%** to the GDP. Imports of building materials also recorded a substantial decline of **35.8%** compared to **4.7%** growth during the last year. However, a growth of **5.5%** is expected in the sector from 2023 to 2026 with the positive impact anticipated from investment growth and favourable government policies.

Additionally, political and social unrest resulted in a dip in the tourism sector which affected many planned infrastructure projects. The fire safety equipment industry was affected due to the lack of construction projects.

## Financial Performance

Alpha Fire Services PLC recorded a revenue of Rs. 289 Mn for the financial year ended 31 March 2023, a **24%** increase compared to Rs. 233 Mn recorded the last year. The satisfactory performance of the company was driven by the strategic steps taken to mitigate the effects of

the challenging operating environment which resulted in escalated costs in operations and sourcing. The topline contributions were dominated by the revenue generated from project installations and the expedited completion of major projects already underway.

These accounted for Rs. 217 Mn or **75%** of the total revenue generated from installation projects while services and maintenance contributed Rs. 43 Mn, **15%** of revenue.

### ▶ Profitability

The company recorded a gross profit of Rs. 79 Mn, a **52%** increase from Rs. 52 Mn recorded during the last financial year. The revision in contract pricing contributed to the increase in gross profits which impacted the bottom line of Alpha Fire Services PLC during the year.

The continuous negotiations with customers to effect revisions to contract prices was a part of the company's low-cost operating strategy aligning with its lean cost management structure.

The partnerships with cooperative customers enabled the company to record an increase in its gross profit while ensuring the delivery of quality services to its customers.

Increased energy costs, operational expenditure, and interruptions in the supply chain due to the forex crisis were the major operational challenge faced by the company during the year, which affected its profit margins.

Additionally, the increase in interest costs during the year resulted in an **85%** rise in interest expenses. The working capital loans borrowed from banks added to the financial costs of the company.

|         | 2023<br>Rs. | 2022<br>Rs. | %   |
|---------|-------------|-------------|-----|
| Revenue | 289,663,882 | 233,880,358 | 24% |

|                   | 2023<br>Rs. | 2022<br>Rs. | %     |
|-------------------|-------------|-------------|-------|
| Gross Profit      | 79,557,175  | 52,473,920  | 52%   |
| Profit Before Tax | 15,204,846  | 1,769,287   | 759%  |
| Profit After Tax  | 13,979,605  | 1,016,836   | 1275% |

### ► Assets and Liabilities

During the year under review, total assets of the company increased by **41%** to Rs. 253 Mn from Rs. 179 Mn the last year. Revaluation of property, plant and equipment contributed Rs. 35 Mn to the total increase in the value of assets. The total liabilities also recorded an increase of **25%** from Rs. 143 Mn to 178 Mn during the year. The company's total debt was increased by **51%** from Rs. 56 Mn to Rs. 85 Mn. Working capital loans and short-term loans were the key factors contributing to the increased debt percentage. Significant liabilities of the company included both long-term and short-term loans. This included and low-interest, long-term bank borrowings amounting to Rs. 29.6 Mn as of 31 March 2023, for working capital and property loans. Additional liabilities included trade payables amounting to Rs. 57 Mn.

The company adopted stringent practices to manage the challenges arising from its liabilities including introducing procedures to ensure advance payments and utilizing revolving loan facilities as and when required. Being a listed company, Alpha Fire Services PLC took steps to manage the debt-to-equity ratio through a rights issue which commenced at the end of the 2022/23 financial year and concluded in June 2023, resulting in an infusion of Rs. 50.8 Mn from its shareholders.

### ► The Way Ahead

Alpha Fire Services PLC maintains a positive outlook for the upcoming financial year. With the gradual recovery of the economy and restart of paused construction projects, the company expects the demand for fire safety systems to increase.

Additionally, the high compliance requirement from the regulatory authority to have fire safety systems is also expected to contribute to increased demand and drive the performance of the company during the upcoming financial year.

The company expects a downward trend in interest rates which will result in cost savings on interest and add to the bottom line. Additionally, the infusion of Rs. 50.8 Mn capital by rights issue is also expected to impact cost savings on interest.

However, the company also anticipates the effects of increased taxation despite its categorization as an SME. The Social Security Contribution Levy (SSCL) implemented by the government of Sri Lanka, starting 1st October 2022 is expected to impact a number of businesses

|                   | 2023<br>Rs. | 2022<br>Rs. | %    |
|-------------------|-------------|-------------|------|
| Total Assets      | 253,291,662 | 179,210,672 | 41%  |
| Total Liabilities | 178,905,705 | 143,604,997 | 25%  |
| Total Debt        | 85,125,955  | 56,475,493  | 51%  |
| Debt/Equity       | 1.14        | 1.59        | -28% |
| Debt/Total Assets | 0.34        | 0.32        | 7%   |
| Current Ratio     | 1.05        | 0.97        | 8%   |

across a variety of industries including the fire safety equipment industry.

Additionally, the infusion of shareholder funds through the rights issue is also expected to place the company in a comparatively favourable position in terms of managing working capital and borrowings, with a lowered debt-to-equity ratio for the next financial year.

## Strategy

Alpha Fire Services PLC has adopted foresightful strategic measures to ensure the provision of a continuous, reliable and trustworthy service despite the challenges in the operating environment. The flexibility to adapt as necessary to external circumstances and the resilience to remain steadfast bears testament to Alpha Fire Services PLC's uninterrupted operations during the last 30 years. Its strategies include the following:

### ► Marketing and Communication

The company follows thorough marketing strategies to retain its repeat clients as well as to build new partnerships. Its marketing and communication strategy involves the utilization of both traditional print media and innovative digital media. These advertising efforts are aimed at retaining and inviting both B2B and B2C customers.

Additionally, the company regularly takes part in trade fairs, exhibitions and other industry related activities to strengthen its partnerships, to promote new products as well as to add value to existing clients.

### ► Comprehensive Service Structure

Alpha Fire Services PLC stands apart in the fire safety equipment industry

due to being the only company offering end-to-end fire safety solutions.

The company not only supplies fire safety equipment, but handles importation and manufacturing of equipment for the industry. Additionally, the installation of new projects and systems, maintenance and testing of existing fire safety systems is also undertaken. The comprehensive service provided by Alpha Fire Services PLC has resulted in the establishment of long-term mutually beneficial partnerships based on a foundation of trust.

### ► Expansion Plans

With the aim of further improving efficiencies and service standards, Alpha Fire Services PLC plans to establish new offices and manufacturing facilities islandwide. During the year under review, the company initiated the construction of an office in Kandy with the expectation of improving the services provided to the northern regions of the country. Planned constructions in Anuradhapura, and the southern region are also expected to enhance the supply of services.

As a part of its ambitious development and expansion plans, the company aims to expand internationally. During the financial year, preliminary negotiations with relevant stakeholders were completed for Alpha Fire Services PLC to expand into the Maldives.

### ► Product Development

The company plans to extend its product portfolio through strategic steps to establish engineering subsidiaries. The diversification into engineering is expected to complement the already established product and service offerings.

### ► Training of Staff

The staff including the technicians play an utmost important role in ensuring the success of the company. As a result, Alpha Fire Services PLC plans to continue staff trainings, certification programmes and continue the provision of insurance schemes to technicians, and incentives to relevant staff.

## Future Outlook

Given the magnitude of the uncertainties, the slowdown in the global economy, and the contraction in the domestic economy are expected to moderate gradually during the next financial year supported by strict structural reforms by the government and other policymakers.

Accordingly, adjustment to domestic tax structures, and tightened monetary policies by banks to control inflationary pressure are among the expected measures to drive sustainable growth over the next financial year.

With the gradual recovery of the economy, the Sri Lankan construction industry is also expected to register an annual average growth of 10% from 2023 to 2026, supported by investments in transport, housing, and renewable energy projects, coupled with government policies to promote manufacturing and exports.

The favourable outlook for the overall economy and the sector is expected to further promote the growth of the fire safety equipment industry during the next financial year.

# ▶ HUMAN CAPITAL REVIEW



Alpha Fire Services PLC stands as more than a fire prevention entity; it represents a collective of devoted professionals driven by the pursuit of a safer world. Reflecting on the preceding year, the company's Human Resource Review uncovers a resolute commitment to creating exceptional value for its employees.

Subsequent sections of this review provide a deep dive into the crux of the company's HR initiatives, casting a spotlight on areas such as talent acquisition, development programmes, performance management, safety protocols, diversity initiatives and more.

## ▶ Key Highlights

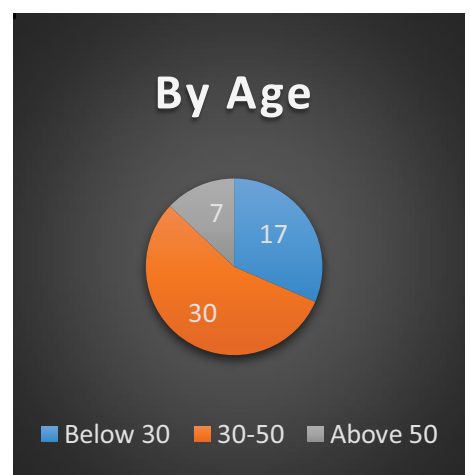
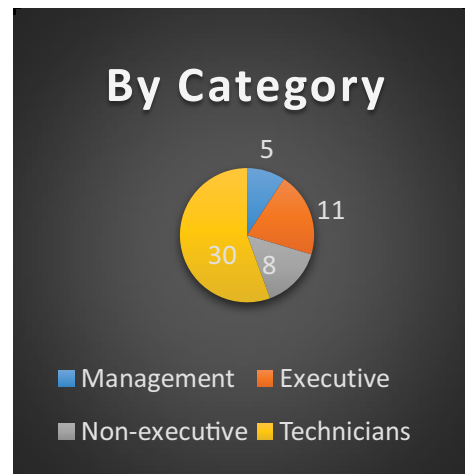
|                |     |
|----------------|-----|
| New Recruits   | 09  |
| Retention Rate | 89% |

|                              |            |
|------------------------------|------------|
| Revenue per Employee         | Rs.5.3 Mn  |
| Net Profit per Employee      | Rs.258,000 |
| Injuries - First Aid Cases   | Nil        |
| Total Training Hours         | 25         |
| Total Investment in Training | Rs.42,000  |

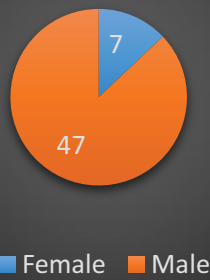
## ▶ Team Profile

Alpha Fire Services PLC takes pride in its diverse team profile, showcasing a range of talents.

With a total strength of 54 individuals, the team embodies a harmonious blend of backgrounds and skills, each member contributing their unique expertise to the collective success.



## By Gender



The team's diversity is palpable across distinct categories. The largest segment, comprising 56%, is the technicians, who form the backbone of our technical expertise, ensuring exceptional service delivery. The team's age distribution ensures a well-rounded blend of experiences. A substantial 31% of our team falls below 30, infusing youthful energy and fresh ideas. Gender diversity underscores the organization's commitment to inclusivity.

Collectively, the team profile exemplifies the company's dedication to fostering an environment defined by collaboration and cohesion.

### ▶ Strategic HR Management Approach

Alpha Fire Services adopts a strategic HR management approach that is underpinned by a well-defined policy framework. The organization's commitment to employee well-being, professional development and ethical conduct is at the heart of this approach.

**Comprehensive HR Policy:** The company's HR management operates within a specific policy framework that provides clear direction for actions and decisions. This framework ensures fairness, transparency and consistency across all stages of the employee journey, from recruitment to performance evaluation.

**Ethical Code:** The company adheres to a code of ethics and conduct that highlights honesty, integrity and respect in all interactions with employees, stakeholders and the community. This code shapes a trustworthy and professional work environment.

### ▶ Talent Acquisition and Recruitment

The process of talent acquisition and recruitment occupies a central role in shaping the organization's team composition and fortifying its overall strength.

**Strategic sourcing:** The company's approach to talent acquisition goes beyond the ordinary. Prospective candidates whose skills and values align with the company's mission are actively sought.

**Holistic evaluation:** The recruitment process extends beyond assessing mere technical competencies. While technical expertise is important, personal attributes, cultural alignment and a commitment to continuous learning are equally valued.

**Collaborative selection:** The recruitment process involves a collective effort of departmental managers, HR professionals and potential team members.

This ensures that every member possesses the required skills and aligns with the company's core values and objectives.

**Empowering growth:** For Alpha Fire Services PLC, recruitment signifies more than just filling positions-it's about fostering growth.

The organization is steadfast in offering employees opportunities for skill enrichment and personal growth.

### ▶ Employee Development and Training

The company's emphasis on employee development and training underscores its dedication to sustaining a proficient workforce equipped to meet the industry's evolving demands.

**Comprehensive training initiatives:** Training programmes are conducted with the aim to equip employees with the tools necessary for success in their respective roles.

**Ongoing learning:** Recognizing the industry's rapid evolution, Alpha Fire Services PLC prioritizes the concept of constant learning. By staying updated on state-of-the-art technologies, industry standards and emerging developments, employees remain at the forefront of their field.

In the financial year under review, notable steps were taken to enhance the team's proficiency. Engineers and executive technicians underwent specialized training in ISO 9001:2015 Quality Management System, a certification that underscores the organization's dedication to upholding the highest standards of quality and excellence. Additionally, training was undertaken for the CIDA Certificate EM 01, further augmenting the team's expertise and knowledge base.

### ▶ Health and Safety Initiatives

Alpha Fire Services PLC places employee well-being at the forefront of its operations through a spectrum of health and safety initiatives.

The organization's commitment to ensuring a secure and nurturing environment is evident in its proactive measures to safeguard the physical and mental health of its valued workforce.

**Robust safety measures:** The organization employs rigorous safety protocols, ensuring that all employees can perform their roles confidently within a secure framework.

**Training and preparedness:** Regular training sessions equip employees with the skills to respond adeptly to potential hazards, enhancing their ability to navigate challenging situations.

**Prioritizing mental wellness:** The company extends its safety initiatives to encompass the mental wellness of its employees. Recognizing the demands of their roles, the organization provides resources and support systems that address stressors and promote mental resilience.

**Continuous upgrades in safe-guarding practices:** Regular assessments and updates ensure that measures align with emerging industry trends, reinforcing the organization's commitment to providing the best possible protection for its employees.

The safety of employees remains paramount, especially for those working on sites. The company ensures that technicians are equipped with Personal Protective Equipment (PPE) safety kits, bolstering their safety and security as they carry out their responsibilities.

### ▶ **Employee Engagement and Recognition**

The company is dedicated to nurturing an engaged and motivated workforce through a robust framework of employee engagement and recognition programmes.

**Open communication channels:** Alpha Fire Services PLC actively cultivates an atmosphere of open

communication, providing employees with platforms to voice their ideas, concerns and suggestions.

**Continual feedback:** Regular surveys and feedback mechanisms allow the organization to fine-tune its engagement strategies, ensuring that they align with employee needs and aspirations.

### ▶ **Employee Retention**

Alpha Fire Services PLC is dedicated to cultivating a steadfast and loyal workforce through a range of effective retention strategies.

**Competitive compensation:** By offering fair and attractive salaries, the company strives to create a sense of financial security and value among its employees, reinforcing their commitment to the organization.

**Work-life balance:** By nurturing an environment where employees can maintain equilibrium between their personal and professional lives, the organization enhances job satisfaction and encourages longevity.

**Effective leadership:** Alpha Fire Services PLC believes that effective leadership is integral to retention. Managers and supervisors play a pivotal role in shaping the employee experience.

Due to the prevailing country situation, the company recognizes the challenge posed by a heightened turnover rate. With individuals increasingly relocating abroad, particularly among the young technician demographic seeking opportunities abroad, the organization has taken dedicated measures to address this unique circumstance and reinforce its commitment to retention.

● **Revised Salary Structure:** To ensure the retention of our skilled technicians, the company has made a strategic adjustment to its salary structure. The organization has revised salaries to align with market rates, providing a compelling reason for these valued young professionals to remain a part of the team.

● **Innovative Incentive Schemes:** Understanding the need for motivation in retaining talent, the company has introduced innovative incentive schemes. These schemes not only reward outstanding performance but also foster a sense of accomplishment and recognition among employees, further motivating them to contribute their best to the company.

### ▶ **Employee Benefits**

The organization recognizes that a contented workforce is a cornerstone of success, and thus, places a great emphasis on providing benefits that cater to their diverse needs.

**Health and medical coverage:** Alpha Fire Services PLC extends robust health and medical package, ensuring that employees have access to quality healthcare services.

**Flexible work arrangements:** Understanding the significance of maintaining a harmonious work-life balance, the company offers flexible work arrangements.

In a testament to its commitment, the company disbursed performance bonuses during the financial year 2022/23. This gesture provides a tangible recognition of employees' efforts during a challenging time. The company recognizes the varying needs of its workforce and extends insurance schemes that cater to the specific requirements of technicians working on sites.

This includes comprehensive health insurance coverage that ensures their well-being and provides peace of mind in the face of potential challenges.

## ▶ Diversity and Inclusion

Alpha Fire Services PLC firmly recognizes that a harmonious and inclusive workforce, comprised of individuals representing diverse backgrounds, perspectives and experiences, is integral to driving innovation and sustaining long-term success.

**Diverse recruitment:** Alpha Fire Services PLC is committed to a recruitment process that ensures equal opportunities for all candidates, irrespective of their background.

**Inclusive work environment:** The organization creates an inclusive work environment where every employee is treated with respect and dignity.

By fostering an atmosphere of open communication and collaboration, Alpha Fire Services PLC ensures that diverse voices are heard, valued and integrated into decision-making processes.

**Prominent gender parity:** The organization acknowledges the unique nature of its industry, where a significant portion of its employees are male technicians due to the demands of the fire services sector.

This has naturally led to a higher representation of male employees compared to females, with 7 female employees and 47 male employees in total.

Despite the sector's gender distribution, the company remains committed to providing a supportive environment for all its employees to thrive.

**Diversity-enriched leadership:** The company recognizes the importance of diversity in leadership positions.

It is committed to ensuring representation across all levels, empowering employees from various backgrounds to assume leadership roles and contribute to the Company's growth.

**Equal opportunities:** Alpha Fire Services PLC ensures that all employees, regardless of their background, have equal access to professional growth opportunities, mentorship and advancement.

## ▶ Future HR Initiatives

Alpha Fire Services PLC has outlined a series of forward-looking initiatives that align with its broader goals and aspirations.

**Expansion and recruitment:** With an eye toward expanding its service line, the company recognizes the need for a strengthened workforce.

The organization plans to recruit new technicians who will play a pivotal role in facilitating the expanded service offerings. Additionally, the company aims to nurture the skills and capabilities of its employees, positioning them to excel in delivering exceptional service experiences.

**Revenue enhancement strategy:** To elevate revenue from its service line, Alpha Fire Services PLC has formulated a comprehensive strategy.

The company is dedicated to increasing its market share by providing top-notch services.

The company aims to bolster the service line's value proposition through tailored training programmes, thereby driving revenue growth.

By proactively addressing staffing needs, strategizing for revenue enhancement and nurturing the development of its service line, the organization is poised to realize its vision of becoming an industry leader for its exceptional services and thriving workforce.

# ▶ CORPORATE GOVERNANCE



The fire service industry has long been regarded as a cornerstone of public safety, entrusted with the critical task of safeguarding lives and property.

In its commitment to excellence and accountability, Alpha Fire Services PLC recognizes that effective corporate governance serves as the foundation upon which its operational integrity and ethical conduct are built.

This section of the Annual Report provides insight into Alpha Fire Services PLC's steadfast dedication to maintaining a robust corporate governance framework, fostering transparency and upholding the highest standards of responsible management.

## ▶ Governance Structure

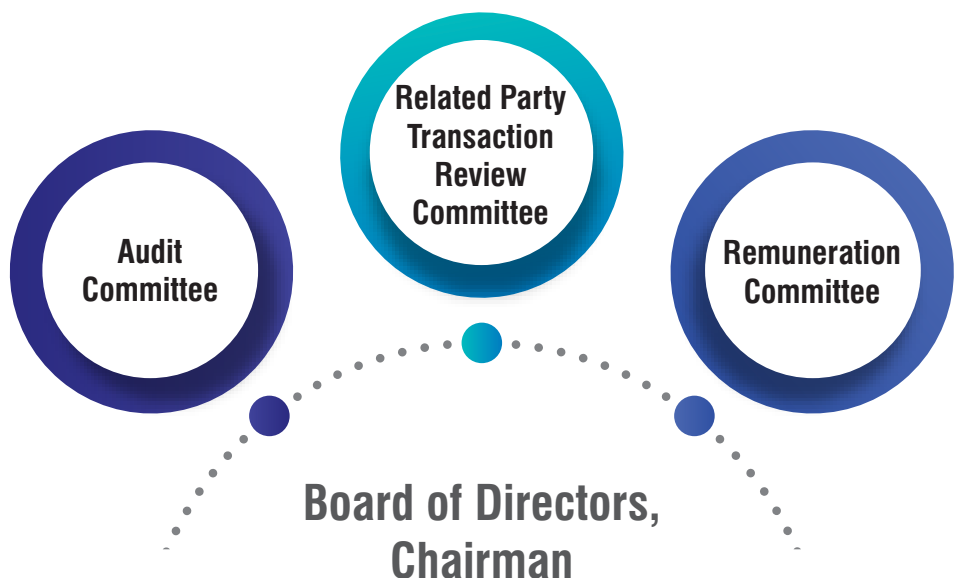
At Alpha Fire Services PLC, the governance structure is designed to

uphold the principles of transparency, accountability and effective oversight.

The Board of Directors has established a robust framework by appointing three dedicated committees that contribute significantly to the company's corporate governance practices.

## ▶ Board of Directors

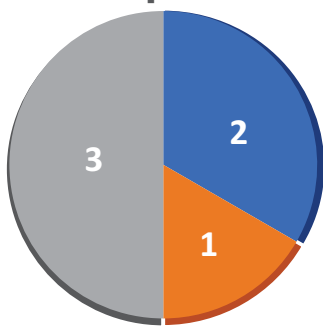
The Board of Directors at Alpha Fire Services PLC is a diverse and experienced group of individuals who collectively bring a wealth of knowledge and expertise to guide the company's strategic direction and oversee its operations.



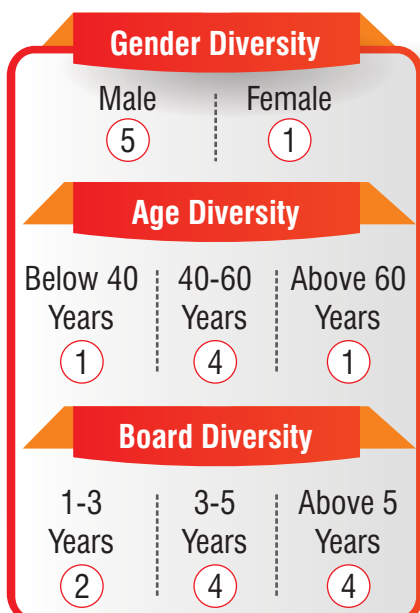
The Board is composed of six directors, each selected for their unique skills, industry insights and leadership capabilities. The composition reflects a balanced blend of executives from within the fire service sector, as well as professionals with backgrounds in finance, operations, legal and other relevant domains. Out of the six directors, two are independent directors. This substantial presence of independent directors underscores the dedication to fostering an objective and impartial governance environment.

In accordance with the listing rules of the CSE, the composition of the Board is as follows:

## Board Composition



- Independent Executive Directors
- Non-Independent Executive Director
- Independent Non-Executive Director



| Type                                | Names of Directors   |
|-------------------------------------|--|
| Independent Executive Directors     | Mr. Vijith Perera<br>Mr. Malindra Fernando                               |
| Non-Independent Executive Directors | Mr. Samud Gunasekera   |
| Independent Non-Executive Directors | Mrs. Deanna Marise Ryde<br>Mr. Kapila Liyanagamage<br>Mr. Ranil De Silva |

## Roles and Responsibilities of the Board of Directors

Vijith Perera – *Chairman and is responsible for overall operations of the company*

Malindra Fernando – *Responsible for technical aspects and operations of the company*

Samud Gunasekera – *Responsible for sales and marketing*

Ranil De Silva – *Chairman of Audit Committee and is involved in the review of quarterly financial statements*

Kapila Liyanagamage – *Chairman of Related Party Committee to review the related party transactions*

## Board Committees

At Alpha Fire Services PLC, unwavering commitment to robust corporate governance is exemplified by the establishment of three pivotal board committees. Each committee operates with a defined focus, working collaboratively to address key facets of the operations and decisions. Their collective expertise ensures that the company's governance practices are aligned with the highest industry standards, fostering an environment of integrity and responsible leadership. Below is a detailed overview of the composition and mandate of these essential committees:

| Committee Name                             | Composition   | Mandate and Responsibilities  |
|--|---|---|
| Audit Committee                            | Two Independent Non-Executive Directors<br>- Mr. Ranil De Silva<br>- Mr. Kapila Liyanagamage  | Ensuring the integrity of the company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter.<br>Setting out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders. |
| Related Party Transaction Review Committee | Two Independent Non-Executive Directors and One Non-Independent Executive Director<br>- Mr. Kapila Liyanagamage<br>- Mr. Ranil De Silva<br>- Mr. Samud Gunasekara | Ensuring that the interests of the shareholders are taken into account when entering into related party transaction.<br>Providing certain measures to prevent Directors, Chairman or substantial shareholders from taking advantage of their position.  |

### ► Attendance at Meetings

The number of meetings of the Board, Audit Committee, and Related Party Transactions Review Committee and individual attendance by members are as follows:

| Name of Director        | Attendance |                 |  |
|-------------------------|------------|-----------------|--|
|                         | Board      | Audit Committee | Related Party Transaction Review Committee |
| Mr. Vijith Perera       | 4          | N/A             | N/A  |
| Mr. Malindra Fernando   | 4          | N/A             | N/A  |
| Mr. Samud Gunasekera    | 4          | N/A             | 3/3  |
| Mrs. Deanna Marise Ryde | 4          | N/A             | N/A  |
| Mr. Kapila Liyanagamage | 4          | 3/3             | 3/3  |
| Mr. Ranil De Silva      | 4          | 3/3             | 3/3  |

### ► Code of Ethics and Conduct

The Alpha Fire Services PLC Code of Ethics elucidates principles that delineate acceptable business and personal behaviour, ensuring alignment with the highest standards of integrity and equitable practices. With a focus on maintaining reputation and ethical clarity, this code serves as a compass for all members of the company, including leadership.

The Company Code of Ethics and Conduct covers a range of topics and guidelines to promote ethical behaviour and responsible conduct within the organization. It addresses issues relating to:

- Conflict of interest
- Gifts and entertainment
- Relationships with suppliers
- Self-dealing
- Non-personal conflicts
- Disciplinary action and suspension

# ▶ RISK MANAGEMENT

As the business scope of Alpha Fire Services PLC is based on the provision of fire safety services, several risk factors have an impact on the business activities of the company.

However, the company maintains its strengths and values against all risks including risks from projects as well as industrial, social, environmental, and economic challenges.

Our company considers periodic discussions, enhanced supervision, and evaluation of pivotal risk indicators of utmost importance to establishing a profitable and value-generating business framework. The annual risk management procedure conducted by Alpha Fire Services PLC encompasses engaging with crucial stakeholders, identifying risks and their consequences, and formulating proactive, investigative, and mitigating strategies.

*The risk factors about which the company focuses on are,*

People risk

Market risk

Supply chain risk

Financial risk

Business continuity risk

| Risk              | Impact of Risk  | Strategic Approach   | Risk Rating |     |      |
|-------------------|---|--|-------------|-----|------|
|                   |   |  | Low         | Med | High |
| People risk       | Shortage of skilled technicians as qualified and experienced workers seek employment abroad to mitigate increased cost of living.   | Retain experienced staff through continuous provision of high-level training and workshops, attractive remuneration and other benefits.  | ✓           |     |      |
| Market risk       | High competition in the specialized fire and safety equipment industry as smaller companies quote lower pricing on their contracts.   | Ensure the supply of a reliable service and maintenance of the high service standards the company is recognized for.   | ✓           |     |      |
| Supply chain risk | Fuel crisis, import restrictions, and forex crisis resulting in shipping delays, and increased prices of raw material, and transportation impacting the operations of the business due to inefficiencies in the supply chain. | Diversification of suppliers to ensure continuous supply and maintaining customer relationships through negotiations to facilitate flexible operations, despite challenges in the operating environment. |             |     | ✓    |

| Risk                     | Impact of Risk   | Strategic Approach   | Risk Rating |     |      |
|--------------------------|--|--|-------------|-----|------|
|                          |  |  | Low         | Med | High |
| Financial risk           | High inflation rate in Sri Lanka resulted in the sharp increment in the prices of raw material and commodities. This impacted the demand for construction and safety as consumers prioritized meeting their basic needs. | Strategic management of expenses through warehousing, and negotiations with customers and suppliers to revise and maintain mutually beneficial pricing.  |             |     | ✓    |
| Business continuity risk | Threat of discontinuity in the SME/ niche business environment due to the limited number of key persons and suppliers in the industry.   | Maintain relationships with all stakeholders in the industry, ensure the supply of a reliable service and completion of all contracted projects to build customer trust and stress the importance of fire safety systems in construction projects. |             |     | ✓    |

# ▶ AUDIT COMMITTEE REPORT

The role of the Audit Committee is to provide oversight in relation to financial reporting, internal controls and risk management, compliance with legal and regulatory requirements and external audit related affairs of the company as per the Board approved Audit Committee Charter.

## ▶ Composition of the Audit Committee

The Audit Committee comprises two Independent Non-Executive Directors. The Chairman of the Audit Committee is a Chartered Accountant.

The Board Secretary functions as the secretary to the Audit Committee.

## ▶ Meetings

The Committee met three times during the financial year under review since it is the first year following listing.

The attendance of the members at these meetings is as follows:

| Name of Board Committee Member | Meetings |
|--------------------------------|----------|
| Mr. Ranil De Silva (Chairman)  | 3/3      |
| Mr. Kapila Liyanagamage        | 3/3      |

Managing Director, Executive Director and Head of Finance as well as the external auditors were present at discussions on invitation where appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

## TASKS OF THE AUDIT COMMITTEE

### ▶ Financial Reporting System

The Committee reviewed the financial reporting system adopted by the company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards.

The practice included obtaining statements of compliance from Head of Finance and the Directors.

The Committee reviewed and recommended to the Board for approval of the quarterly and annual Financial Statements prior to their release.

The Committee, in its evaluation of the financial reporting system also reviewed the adequacy of management information reports provided to its members.

### ▶ Statutory Audits

The Financial Statements were audited by M/S KPMG Chartered Accountants.

The audit findings issued by the external auditors and actions taken by the management in response to issues raised by external auditors were also examined.

The Committee discussed the effectiveness of the internal controls in place and recommended remedial actions where necessary.

### ▶ Support to the Committee

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

### ▶ Conclusion

The Audit Committee is satisfied that the company's financial reporting system accounting policies and operational controls provide reasonable assurance that the affairs of the company are satisfactory.

**Ranil de Silva**  
Chairman – Audit Committee  
23 August 2023

# ▶ RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



The Related Party Transactions Review Committee acts in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

## ▶ Composition of the Committee

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Non-Independent Executive Director. The Committee met three times during the financial year as the financial year under review is the first year after listing.

The attendance of the members at these meetings is as follows:

## ▶ The Duties of the Committee

To review all proposed related party transactions of the company with the related companies and seek any information the Committee requires from the management with regard to any transaction entered into with a related party.

Obtain knowledge on proposed related party transactions where necessary including, obtaining appropriate professional and expert advice from suitably qualified persons.

To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction. To monitor that all related party transactions of the company are transacted on normal commercial terms and an arm length transaction.

## ▶ Conclusion

The Committee has reviewed the related party transactions of the company with its related companies and communicated the same to the Board. The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the management.

| Name of Board Committee Member      | Meetings |
|-------------------------------------|----------|
| Mr. Kapila Liyanagamage (Chairman ) | 3/3      |
| Mr. Ranil De Silva                  | 3/3      |
| Mr. Samud Gunasekara                | 3/3      |

**Kapila Liyanagamage**  
Chairman ± Related Party  
Transactions Review Committee  
23 August 2023

# ▶ ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY



## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Alpha Fire Services PLC have pleasure in presenting the Annual Report together with the Audited Financial Statements of the company for the year ended 31 March 2023.

This Annual Report contains information on the affairs of the company as required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best practices.

The Financial Statements were reviewed and approved by the Board of Directors on 23 August 2023.

### ▶ General

Alpha Fire Services PLC was incorporated in Sri Lanka on May 07, 2003 and re-registered on October 16, 2007 as a Private Limited Liability Company under the provisions of Companies Act No. 7 of 2007.

The legal form of the company was changed from Limited Company to Public Listed Company under provision of the Section 8 of the Companies Act No. 07 of 2007 on July 04, 2022.

### ▶ Principal Activities

The principal activities of the company include the supply, installation, commission and maintenance of fire alarm systems, fire hydrant systems, fire hose reel systems, sprinkler systems, fire flex systems, fire suppression systems, fire doors, kitchen hood fire suppression systems, fire extinguishers and gas lines.

The company also designs and consults on installation of fire systems as per local fire authority and NFPA standards and conducts fire trainings.

## ▶ Review of Operations

An analysis of the operations of the company during the financial year under review is given in the Chairman's Review on pages 10 to 11 and the Management Discussion on pages 21 to 24.

## ▶ Financial Statements

The financial statements appearing in this report have been prepared by the Sri Lanka Accounting Standards for SMEs, issued by the Institute of Chartered Accountants of Sri Lanka.

The company operates in compliance with the requirements of the Companies Act No.07 of 2007 and the listing rules of the Colombo Stock Exchange.

In addition to all the relevant legal and regulatory frameworks and charters, Alpha Fire Services PLC also endorses and/or subscribes to the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Financial Statement duly signed by the Head of Finance and two of the Directors of the Company on behalf of the Board and Audited Financial Statement forms an integral part of the Annual Report. The complete Financial Statements are given on pages 45 to 63.

## ▶ Auditors' Report

Messrs. KPMG, the Auditors of the company carried out the audit on the Financial Statements for the year under review.

The Report of the Auditors on the Financial Statements of the company is given on pages 39 to 44.

## ▶ Accounting Policies

The accounting policies adopted by the company in the preparation of financial statements are given on pages 49 to 53.

## ▶ Going Concern

The Board is satisfied that the company has adequate resources to continue its operations into the foreseeable future.

Therefore, the company has adopted the going concern basis in preparing the Financial Statements.

## ▶ Directors

The names of the Directors who held office as at 31 March 2023 and their brief profiles appear on pages 15 to 16.

## ▶ Directors' Interests in Contracts or Proposed Contracts and Interest Register

The company maintains a Directors' Interest Register in compliance with Section 192 (2) of the Companies Act No. 07 of 2007.

## ▶ Directors' Remuneration

The Directors' remuneration is disclosed in Note 22.1 to the Financial Statements on page 59.

## ▶ Stated Capital

The stated capital of the Company as at 31 March 2023 was Rs. 25,569,560 comprising 2,760,000 ordinary shares.

The company announced a Rights Issue to the Stock Exchange on 27 March 2023, to issue 4,830,000 ordinary voting shares based on the basis of Seven (07) new ordinary

voting shares for every Four (04) ordinary voting shares, at a consideration of Rs. 10.53 per share to raise a total sum of up to Rs. 50,859,900 in order to meet working capital requirements for the growth of the business and to repay a part of the high cost debt.

The Company concluded the rights issue in June 2023 which was fully subscribed by both existing and new shareholders.

## ▶ Corporate Governance

The Board has placed a high degree of importance in conforming to sound corporate governance practices and is committed to the highest standards of governance in accordance with the Code of Best Practice on Corporate Governance and the Listing Rules of the CSE.

The Directors are of the view that the company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

The report on Corporate Governance is given on pages 29 to 31 of the Annual Report.

## ▶ Delegation to Board Members

The Board has delegated certain functions and duties to Sub Committees that comprise of Board members. The functions and duties of each Sub Committee namely, the Audit Committee, and the Related Party Transactions Review Committee are detailed in the respective reports. The Board is also encouraged to seek independent professional advice.

## ▶ Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial State-

-ments, which reflect a true and fair view of the state of affairs of the company.

### ▶ **Auditors**

Messrs KPMG, Chartered Accountants served as the Auditors during the year under review. A total amount of Rs 875,000 is payable by the company to Messrs KMPG for the services rendered during the year under review.

The Audit Committee has reviewed the effectiveness and the relationship of the Auditor and as far as the Directors are aware, the Auditors do not have any relationships or interest in the Company.

Messrs. KPMG have expressed their willingness to continue in office.

A resolution to re-appoint the Auditors and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

### ▶ **Employment Policy**

The company has a non-discriminatory employment policy and provides career opportunities irrespective of gender, race and religion.

As at 31 March 2023, 54 persons were in employment. There were no material issues pertaining to employees and industrial relations during the financial year.

### ▶ **Property and Equipment**

Details and movements of property and equipment are given under Note 2 to the Financial Statements on page 54.

### ▶ **Material Foreseeable Risk Factors**

As part of the governance process, the Board continuously reviews and evaluates the internal controls and risks of the company and takes

necessary measures required to mitigate risk. Risk management objectives and policies are set out on pages 32 to 33.

### ▶ **Audit Committee**

The Audit Committee comprises two Independent Non-Executive Directors.

The Report of the Audit Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

### ▶ **Annual General Meeting**

The Annual General Meeting of the company will be held on 26 September 2023.

The Notice of the Annual General Meeting appears on page 67 of the Annual Report.

*For and on behalf of the Board,*

**Vijith Perera**

Chairman / Managing Director

**Malindra Fernando**

Director

**F. Shama Ismail**

Company Secretary

23 August 2023

# Financial Statements



# ▶ INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : www.kpmg.com/lk

## To the Shareholders of Alpha Fire Services PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Alpha Fire Services PLC (“the Company”), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 45 to 63 of the Annual Report.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs).

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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 judgment, were of most significance in our audit of the Company financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,  
Ms. F.R. Ziyad FCMA (UK), FTII

| <b>Revenue recognition</b>  |  |
|---|--|
| <b>Refer Note 1.3 and Note 16 to the financial statements</b>   |  |
| <b>Risk Description</b>   | <b>Our Response</b>  |
| <p>The Company recorded revenues of Rs. 289,663,882/-for year ended 31March 2023 which included project-based revenue amounting to 217,195,000/-.</p> <p>Revenue recognition and measurement on project-basedrevenue is complex because it is based on management estimates of;</p> <ul style="list-style-type: none"> <li>· The stage of completion of the project;</li> <li>· Total project revenue and cost;</li> <li>· The probability of customer approval of the variation and claims; and</li> <li>· Project completion date.</li> </ul> <p>This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p> | <ul style="list-style-type: none"> <li>• Understanding the nature of the revenue contracts entered by the Company and evaluate the design and operating effectiveness of relevant controls over the revenue recognition.</li> <li>• Assessing management's estimate of total contract revenue and contract costs and recalculated the stage of completion based on actual costs incurred to date for a sample of transaction.</li> <li>• Checking the start and end dates of projects to supporting evidence for a sample of revenue recognized on a time basis.</li> <li>• Performing retrospective analysis of incomplete projects at the year end. We compared the estimated projects completion dates with the actual completion dates post year end to assess the allocation of revenue between periods.</li> <li>• Assessing the adequacy of the disclosures to the financial statements.</li> </ul> |

| <b>Carrying value of Inventory</b>   |  |
|--|--|
| <b>Refer Note 1.3 and Note 3 to the financial statements</b>   |  |
| <b>Risk Description</b>  | <b>Our Response</b>  |
| <p>The Inventory balance comprise of raw consumables and work in progress, amounting to Rs. 73,978,714/- as at 31 March 2023 which forms a significant part of the Company's current assets.</p> <p>Carrying value of inventories is identified as a Key Audit matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgments and assumptions exercised by the management.</p> | <ul style="list-style-type: none"> <li>• Obtaining an understanding of an assessing the design, implementation and operating effectiveness of management's key internal controls over the supply chain and testing selected key controls over recognition and measurement of inventory and inventory provisioning.</li> <li>• On sample basis, testing the net realizable value by comparing the actual cost with relevant market data.</li> <li>• Attending stock counts as at the year-end. In addition, assessed the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, and expired stocks that are written off in a timely manner and evaluating the results of the other counts performed by the management throughout the period to assess the existence of inventory. Gaining an understanding of the movements in the inventory for the year and assess the adequacy of the provision for non-moving and slow-moving inventory.</li> <li>• Assessing whether the Company's accounting policies had been consistently applied and the adequacy of the Company's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.</li> </ul> |

| <b>Valuation of Property, plant and equipment</b>   |   |
|---|---|
| <b>Refer Note 1.3 and Note 2 to the financial statements</b>  |   |
| <b>Risk Description</b>   | <b>Our Response</b>   |
| <p>The revalued amount of the Company's property, plant and equipment as at 31 March 2023 was Rs. 60,449,600/- and the revaluation gain derived from property, plant and equipment for the year ended 31 March 2023 was Rs. 35,429,537/-.</p> <p>The fair value of the Company's Property, plant and equipment was determined by independent external valuer engaged by the Company.</p> <p>We identified assessing the valuation of property, plant and equipment as a key audit matter because of the significance of property, plant and equipment to the Company and because the valuation of property, plant and equipment can be inherently subjective and requires the exercise of significant judgement and estimation, in particular in determining the appropriate valuation methodology, capitalisation and discount rates and market rents, which increases the risk of error or management bias.</p> | <ul style="list-style-type: none"> <li>• Assessing the objectivity, independence, competency, and qualifications of the external Valuer engaged by the Company.</li> <li>• Obtaining and inspecting the valuation report prepared by the Valuer engaged by the management with the assistance of our own internal property valuation specialist.</li> <li>• Assessment of key assumptions applied by the external Valuers in deriving the fair value of assets and comparing the same with evidence of current market values.</li> <li>• Assessing the adequacy of disclosures made in relation to the fair value of assets in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used in the estimates.</li> </ul> |



## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but 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.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with SLFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 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 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 of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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 not 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 control.
- 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 a going concern.
- 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.

We communicate with those charged with governance 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.

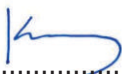
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are 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**

As required by section 163(2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.



.....  
CHARTERED ACCOUNTANTS  
Colombo, Sri Lanka  
29 August 2023

# ALPHA FIRE SERVICE PLC

## STATEMENT OF FINANCIAL POSITION

| As at 31 March,                      |      | 2023               | 2022               |
|--------------------------------------|------|--------------------|--------------------|
|                                      | Note | Rs.                | Rs.                |
| <b>Assets</b>                        |      |                    |                    |
| <b>Non-current assets</b>            |      |                    |                    |
| Property, plant & equipment          | 2    | 60,449,600         | 27,291,799         |
| Term deposits                        |      | 29,086,992         | 27,718,677         |
| <b>Total non-current assets</b>      |      | <b>89,536,592</b>  | <b>55,010,476</b>  |
| <b>Current assets</b>                |      |                    |                    |
| Inventories                          | 3    | 73,978,714         | 79,404,129         |
| Trade and other receivables          | 4    | 78,893,320         | 36,293,932         |
| Cash margin account                  |      | 4,140,451          | 1,565,636          |
| Cash and cash equivalents            | 5    | 6,742,585          | 6,936,499          |
| <b>Total current assets</b>          |      | <b>163,755,070</b> | <b>124,200,196</b> |
| <b>Total assets</b>                  |      | <b>253,291,662</b> | <b>179,210,672</b> |
| <b>Equity and liabilities</b>        |      |                    |                    |
| <b>Equity</b>                        |      |                    |                    |
| Stated capital                       | 6    | 25,569,560         | 25,569,560         |
| Revaluation reserve                  |      | 26,335,143         | 1,534,467          |
| Retained earnings                    |      | 22,481,253         | 8,501,648          |
| <b>Total equity</b>                  |      | <b>74,385,956</b>  | <b>35,605,675</b>  |
| <b>Non-current liabilities</b>       |      |                    |                    |
| Retirement benefits obligation       | 7    | 3,553,750          | 3,790,250          |
| Lease liabilities                    | 8    | -                  | 111,379            |
| Bank borrowings                      | 9    | 10,827,583         | 10,722,208         |
| Deferred tax liabilities             | 10   | 9,262,606          | 390,386            |
| <b>Total non-current liabilities</b> |      | <b>23,643,939</b>  | <b>15,014,223</b>  |
| <b>Current Liabilities</b>           |      |                    |                    |
| Lease liabilities                    | 8    | 409,403            | 1,673,892          |
| Bank borrowings                      | 9    | 19,833,341         | 8,217,341          |
| Amount due to related parties        | 11   | 12,598,136         | 26,653,104         |
| Loan from related parties            | 12   | 10,000,000         | 5,000,000          |
| Short term bank borrowings           | 13   | 29,840,616         | 9,539,292          |
| Trade and other payables             | 14   | 55,418,797         | 50,634,925         |
| Income tax payable                   | 15   | 2,946,463          | 660,839            |
| Bank overdrafts                      | 5    | 24,215,011         | 26,211,381         |
| <b>Total current liabilities</b>     |      | <b>155,261,767</b> | <b>128,590,774</b> |
| <b>Total liabilities</b>             |      | <b>178,905,706</b> | <b>143,604,997</b> |
| <b>Total equity and liabilities</b>  |      | <b>253,291,662</b> | <b>179,210,672</b> |

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.



Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with SLFRS for SMEs.

Approved and signed on behalf of the Board of Directors:



Vijith Perera

Chairman / Managing Director

23 August 2023  
Colombo



Malindra Fernando  
Director

# ALPHA FIRE SERVICE PLC

## STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 March,                                |           | 2023              | 2022              |
|---|-----------|-------------------|-------------------|
|   | Note      | <u>Rs.</u>        | <u>Rs.</u>        |
| Revenue   | <b>16</b> | 289,663,882       | 233,880,358       |
| Cost of sales   | <b>17</b> | (210,106,707)     | (181,406,438)     |
| <b>Gross profit</b>   |           | <b>79,557,175</b> | <b>52,473,920</b> |
| Other income  |           | 859,970           | -                 |
| Administrative expenses                                     |           | (37,320,093)      | (38,327,471)      |
| Selling and distribution expenses                           |           | (17,763,511)      | (6,750,617)       |
| <b>Profit from operations</b>                               | <b>18</b> | <b>25,333,541</b> | <b>7,395,832</b>  |
| Finance income  |           | 2,649,685         | 1,277,431         |
| Finance expenses  | <b>19</b> | (12,778,380)      | (6,903,976)       |
| Net finance expenses  |           | (10,128,695)      | (5,626,545)       |
| <b>Profit before taxation</b>                               |           | <b>15,204,846</b> | <b>1,769,287</b>  |
| Income tax expenses   | <b>21</b> | (1,225,241)       | (752,451)         |
| <b>Profit after taxation</b>                                |           | <b>13,979,605</b> | <b>1,016,836</b>  |
| <b>Other comprehensive income</b>                           |           |                   |                   |
| <b>Items that will not be re-classified to profit/ loss</b> |           |                   |                   |
| Revaluation on property, plant and equipment                |           | 35,429,537        | -                 |
| Tax on revaluation  |           | (10,628,861)      | -                 |
| Other comprehensive income for the year                     |           | <b>24,800,676</b> | -                 |
| <b>Total comprehensive income</b>                           |           | <b>38,780,281</b> | <b>1,016,836</b>  |
| <b>Earning per share (Rs.)</b>                              | <b>20</b> | <b>5.07</b>       | <b>0.37</b>       |

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

# ALPHA FIRE SERVICE PLC

## STATEMENT OF CHANGES IN EQUITY

| For the year ended 31 March,                   | Stated capital    | Revaluation reserve | Retained earnings | Total             |
|--|-------------------|---------------------|-------------------|-------------------|
|  | <u>Rs.</u>        | <u>Rs.</u>          | <u>Rs.</u>        | <u>Rs.</u>        |
| <b>Balance as at 01 April 2021</b>             | <b>7,122,200</b>  | <b>1,534,467</b>    | <b>25,932,172</b> | <b>34,588,839</b> |
| Capitalization of reserve                      | 18,447,360        | -                   | (18,447,360)      | -                 |
| <b>Total comprehensive income for the year</b> |                   |                     |                   |                   |
| Profit for the year                            | -                 | -                   | 1,016,836         | 1,016,836         |
| <b>Balance as at 31 March 2022</b>             | <b>25,569,560</b> | <b>1,534,467</b>    | <b>8,501,648</b>  | <b>35,605,675</b> |
| <b>Total comprehensive income for the year</b> |                   |                     |                   |                   |
| Profit for the year                            | -                 | -                   | 13,979,605        | 13,979,605        |
| Other comprehensive income for the period      | -                 | 24,800,676          | -                 | 24,800,676        |
| <b>Balance as at 31 March 2023</b>             | <b>25,569,560</b> | <b>26,335,143</b>   | <b>22,481,253</b> | <b>74,385,956</b> |

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

# ALPHA FIRE SERVICE PLC

## STATEMENT OF CASH FLOWS

| <i>For the year ended 31 March,</i>                                  |             | <b>2023</b>         | <b>2022</b>         |
|--|-------------|---------------------|---------------------|
|  | <b>Note</b> | <b><u>Rs.</u></b>   | <b><u>Rs.</u></b>   |
| <b>Cash flows from operating activities</b>                          |             |                     |                     |
| Profit before taxation   |             | 15,204,846          | 1,769,287           |
| <b>Adjustments for:</b>  |             |                     |                     |
| Depreciation of property plant and equipment                         | <b>2</b>    | 2,230,307           | 2,365,140           |
| Gratuity   | <b>7</b>    | 192,250             | 1,057,200           |
| Revaluation deficit on property, plant and equipment                 |             | 386,397             | -                   |
| Profit on disposal of property, plant and equipment                  |             | (750,000)           | -                   |
| Provision for Inventory  |             | 3,912,518           | -                   |
| Assets Written off   |             | 281,664             | -                   |
| Interest income  |             | (2,649,685)         | (1,277,431)         |
| Loan interest  |             | 7,625,549           | 3,522,887           |
| Lease interest   |             | 235,246             | 477,248             |
| <b>Operating profit before changes in working capital</b>            |             | <b>26,669,093</b>   | <b>7,914,331</b>    |
| <b>Changes in working capital</b>                                    |             |                     |                     |
| Increase/ (decrease) in inventories                                  | <b>3</b>    | 1,512,897           | 24,952,675          |
| Increase/ (decrease) in trade and other receivables                  |             | (42,881,053)        | (7,483,900)         |
| Increase/ (decrease) in amount due to related parties                |             | (14,054,968)        | 8,319,715           |
| Increase/ (decrease) in trade and other payables                     |             | 4,783,872           | (16,988,887)        |
| <b>Cash (used in) / generated from operations</b>                    |             | <b>(23,970,160)</b> | <b>16,713,935</b>   |
| Income tax paid  |             | (696,258)           | (1,284,427)         |
| WHT paid   |             | -                   | (226,800)           |
| Gratuity paid  | <b>7</b>    | (428,750)           | (87,500)            |
| <b>Net cash flow (used in) / generated from operating activities</b> |             | <b>(25,095,168)</b> | <b>15,115,208</b>   |
| <b>Cash flows from investing activities</b>                          |             |                     |                     |
| Acquisition of property, plant and equipment                         | <b>2</b>    | (344,967)           | (466,401)           |
| Proceeds on disposal of property, plant and equipment                |             | 750,000             | -                   |
| Interest income  |             | 120,427             | 81,266              |
| Investment in cash margin  |             | (2,574,815)         | (1,267,813)         |
| Withdrawal of fixed deposits   |             | 1,136,438           | -                   |
| <b>Net cash flow used in investing activities</b>                    |             | <b>(912,918)</b>    | <b>(1,652,948)</b>  |
| <b>Cash flows from financing activities</b>                          |             |                     |                     |
| Long term loan received  |             | 25,000,000          | 10,000,000          |
| Long term loan paid  |             | (13,278,625)        | (10,305,785)        |
| Short term loan (paid) / received                                    |             | 20,301,324          | (13,797,063)        |
| Loan interest paid   |             | (7,449,430)         | (3,522,887)         |
| Lease rental paid  |             | (1,762,728)         | (2,661,103)         |
| Loan from related parties  |             | 5,000,000           | 5,000,000           |
| <b>Net cash flow (used in)/generated from financing activities</b>   |             | <b>27,810,541</b>   | <b>(15,286,838)</b> |
| <b>Net changes in cash and cash equivalents during the year</b>      |             | <b>1,802,456</b>    | <b>(1,824,578)</b>  |
| Cash and cash equivalents at beginning of the year                   |             | (19,274,882)        | (17,450,304)        |
| <b>Cash and cash equivalents at end of the year</b>                  | <b>5</b>    | <b>(17,472,426)</b> | <b>(19,274,882)</b> |

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

## **1. ACCOUNTING POLICIES**

### **1.1 REPORTING ENTITY**

Alpha Fire Services PLC, (“the Company”) is a public listed company incorporated in Sri Lanka, under the companies Act No.07 of 2007 and domiciled in Sri Lanka. The registered office of the company is located at No, 487/5, Old Kottawa Road, Pannipitiya. The Company has listed on the Empower Board of Colombo Stock Exchange on 07 June 2022.

#### **(a) Principal activities and nature of operations**

The principal activities of the Alpha Fire Services PLC is to provide fire protection services.

### **1.2 BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The financial statements of the Company comprise statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes comprising other explanatory information. These statements have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (“SLFRS for SMEs”) issued by the Institute of Chartered Accountants of Sri Lanka. The Company is allowed by the Colombo Stock Exchange to follow SME Standards for three consecutive financial periods to prepare financial statements from the date of listing as per the section 1.1 A of the extraordinary gazette of the Colombo Stock Exchange.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except property, plant equipment. No adjustments have been made for inflationary factors in the financial statements.

#### **(c) Going concern**

The Directors have made an assessment of the company’s ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or cease trading. Therefore, the going concern basis is used in the preparation of financial statements. Based on available information, the management has assessed the prevailing uncertain and volatile macro-economic environment and its impact on the Company and the appropriateness of the use of the going concern basis. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

#### **(d) Functional and presentation currency**

These financial statements are presented in Sri Lankan Rupees, which is the Company’s functional and presentation currency.

#### **(e) Use of estimates and judgements**

The preparation of financial statements in conformity with SLFRS for SMEs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only the financial year, or in the period of the revision and future periods if the revision affects both current and future financial years.

## **1.2 BASIS OF PREPARATION (CONTINUED)**

### **i. Inventory valuation**

Inventories are measured at cost or net realizable value whichever is lower after making due allowance for obsolete and slow moving items.

### **ii. Useful lives and residual values appropriate for property, plant and equipment**

The Company tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined by the company.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operation.

## **1.3 SIGNIFICANT ACCOUNTING POLICIES**

### **Changes in accounting policies**

The Company has changed the accounting policy from cost model to revaluation model for measuring its property, plant and equipment. The company has adopted the revaluation model effective from 31 March 2023.

Gains resulted from revaluation property, plant and equipment amounting to Rs.35,429,537 is recorded under revaluation reserve.

### **(a) Property, plant and equipment**

#### **(i) Recognition and measurement**

Property, plant and equipment are measured at fair value less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are measured at fair value less accumulated depreciation and impairment charged subsequent to the date of the revaluation. Where Property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### **(ii) Depreciation**

Depreciation is recognised in the statement of income and expenditure on a straight-line method over of each part of an item of property, plant and equipment.

| <b>Years</b>        |     |
|---------------------|-----|
| Building            | 20  |
| Machinery           | 5-7 |
| Tools and Equipment | 2-4 |

### **1.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

|                        |       |
|------------------------|-------|
| Office Equipment       | 2-7   |
| Computers              | 2-6   |
| Furniture and Fittings | 2-10  |
| Motor Vehicles         | 5-8   |
| Containers             | 20-21 |

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is provided from the date the assets are available for use up to the date of disposal.

#### **(iii) Impairment**

At each reporting date, property, plant and equipment, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### **(b) Inventories**

Finished goods are valued at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis.

Work-in-progress are measured at cost incurred up-to the reporting date. Cost comprises of consumables, amounts paid to sub-contractors, labor costs, overheads and other related costs.

#### **(c) Trade and other receivables**

Sales are made on the basis of normal credit terms, and the receivables do not bear interest, where credit is extended beyond normal credit terms. Trade and other receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

#### **(d) Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, deposits held at call with bank.

The cash flow statement has been prepared using the indirect method. For the purpose of cash flow statement, cash and cash equivalents consists of deposits at banks net of outstanding bank overdrafts.

#### **(e) Trade Payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

#### **(f) Bank borrowings and overdraft**

Bank borrowings and overdraft are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Obligations payable at the demand of the creditors or within one year of the reporting date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the statement of financial position.

### **1.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(g) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

#### **(h) Employee benefit**

##### **i. Defined benefit plan**

Gratuity is a defined benefit plan. The Company is not liable to pay gratuity in terms of the relevant statute since the number of employees is less than 15. However as the company intends to pay gratuity to its employees in accordance with the Gratuity Act No.12 of 1983, a provision is carried forward in the statement of financial position, equivalent to an amount calculated based on the project unit credit basis using simplifications specified by the Section 28.

The provision is not externally funded, nor has it been valued by an actuary. This item is grouped under noncurrent liabilities in the statement of financial position.

##### **ii. Defined contribution plan**

Contributions to defined contribution plans are recognized as an expense in statement of profit or loss as incurred. The Company contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

#### **(i) Revenue recognition**

Revenue is recognized to the extent that the economic benefits will flow to the Company and revenue can be reliably measured.

##### **i. Project Income**

Project income is recognized as revenue by reference to the stage of completion of project at the given date where the outcome of the completion jobs can be reliably determined and agreed with the customers. Reliable estimation of the outcome requires reliable estimates of the stage of completion and collectability of progress invoice.

##### **ii. Sale of Goods**

Revenue from the sale of goods is recognized in the statement of comprehensive income when the significant risk and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

##### **iii. Rendering of Services**

Revenue of a transaction involving the rendering of services are recognized when the outcome of such transaction can be estimated reliably, and it is probable that economic benefits associated with the transaction will flow to the Company.

### **1.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **iv. Dividend**

Dividend income is recognised when the Company's right to receive payment has been established. It is included in other income.

#### **(j) Expenditure**

All expenditure related to the period have been charged on accrual basis to the statement of income and expenditure in arriving at the Company's profit for the year. Expenditures are presented by function.

#### **(k) Management fee**

Management Fee is charged by the management company M/S Amtek Engineering (Pvt) Ltd for a fixed monthly fee of Rs.600,000 managing the business operation of the company.

#### **(l) Taxation**

##### **i. Income taxation**

The provision for income tax is based on the elements of income and expenditure reported in the financial statements as adjusted for disallowable items and computed in accordance with the provisions of the Inland Revenue (Amendment) Act, No.10 of 2021.

##### **ii. Deferred taxation**

Deferred taxation is provided using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

The deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

#### **(m) Comparative information**

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

#### **(n) Events occurring after the reporting date**

All material events after the reporting date and before signing of accounts have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

#### **(o) Commitment and contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they are remote (*Note 25*)

#### **(p) Related party disclosures**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in the Accounting Standard.

Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) have been classified as Key Management Personnel of the Company (*Note 22*).

# ALPHA FIRE SERVICE PLC

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

### 2 Property, plant and equipment

|                                | Land       | Buildings | Machinery   | Tools and Equipment | Office Equipment | Computers   | Furniture and Fittings | Motor Vehicles (Leased) | Containers | Total        |
|--------------------------------|------------|-----------|-------------|---------------------|------------------|-------------|------------------------|-------------------------|------------|--------------|
|                                | Rs.        | Rs.       | Rs.         | Rs.                 | Rs.              | Rs.         | Rs.                    | Rs.                     | Rs.        | Rs.          |
| <b>Revalued Amount</b>         |            |           |             |                     |                  |             |                        |                         |            |              |
| Balance as at 01 April 2021    | 18,878,600 | 1,069,066 | 3,759,693   | 4,297,454           | 765,155          | 3,417,708   | 989,946                | 13,049,408              | 780,000    | 47,007,030   |
| Additions                      | -          | -         | -           | 175,940             | -                | 290,461     | -                      | -                       | -          | 466,402      |
| Balance as at 31 March 2022    | 18,878,600 | 1,069,066 | 3,759,693   | 4,473,394           | 765,155          | 3,708,169   | 989,946                | 13,049,408              | 780,000    | 47,473,432   |
| Additions                      | -          | -         | -           | 47,967              | -                | 297,000     | -                      | -                       | -          | 344,967      |
| Disposal                       | -          | -         | -           | -                   | -                | -           | -                      | (2,157,592)             | -          | (2,157,592)  |
| Adjustment for Revaluation     | -          | (587,985) | (2,554,896) | (4,092,240)         | (765,155)        | (3,227,510) | (930,558)              | (7,784,003)             | (312,000)  | (20,254,347) |
| Revaluation Surplus/( Deficit) | 20,021,400 | 1,167,919 | (386,397)   | 2,406,479           | 52,100           | 387,141     | 1,110,312              | 9,112,187               | 1,172,000  | 35,043,140   |
| Balance as at 31 March 2023    | 38,900,000 | 1,649,000 | 818,400     | 2,835,600           | 52,100           | 1,164,800   | 1,169,700              | 12,220,000              | 1,640,000  | 60,449,600   |

### Accumulated Depreciation

|                             |   |           |             |             |           |             |           |             |           |              |
|-----------------------------|---|-----------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|--------------|
| Balance as at 01 April 2021 | - | 481,079   | 1,851,331   | 3,361,600   | 724,373   | 2,608,948   | 809,066   | 7,824,095   | 156,000   | 17,816,492   |
| Charge for the Year         | - | 53,453    | 371,103     | 415,643     | 31,974    | 284,400     | 71,817    | 1,058,750   | 78,000    | 2,365,140    |
| Balance as at 31 March 2022 | - | 534,532   | 2,222,434   | 3,777,243   | 756,347   | 2,893,348   | 880,883   | 8,882,845   | 234,000   | 20,181,632   |
| Disposal                    | - | -         | -           | -           | -         | -           | -         | (2,157,592) | -         | (2,157,592)  |
| Charge for the Year         | - | 53,453    | 332,462     | 314,997     | 8,808     | 334,162     | 49,675    | 1,058,750   | 78,000    | 2,230,307    |
| Adjustment for Revaluation  | - | (587,985) | (2,554,896) | (4,092,240) | (765,155) | (3,227,510) | (930,558) | (7,784,003) | (312,000) | (20,254,347) |
| Balance as at 31 March 2023 | - | -         | -           | -           | -         | -           | -         | -           | -         | -            |

|                        | 2023                             |                                     | 2022              |
|------------------------|----------------------------------|-------------------------------------|-------------------|
|                        | Carrying value after revaluation | Carrying value prior to revaluation | Carrying values   |
|                        | Rs.                              | Rs.                                 | Rs.               |
| Land                   | 38,900,000                       | 18,878,600                          | 18,878,600        |
| Buildings              | 1,649,000                        | 481,081                             | 534,534           |
| Machinery              | 818,400                          | 1,204,797                           | 1,537,259         |
| Tools and equipment    | 2,835,600                        | 429,121                             | 696,151           |
| Office equipment       | 52,100                           | -                                   | 8,808             |
| Computers              | 1,164,800                        | 777,659                             | 814,821           |
| Furniture and fittings | 1,169,700                        | 59,388                              | 109,063           |
| Motor vehicles         | 12,220,000                       | 3,107,813                           | 4,166,563         |
| Containers             | 1,640,000                        | 468,000                             | 546,000           |
|                        | <b>60,449,600</b>                | <b>25,406,460</b>                   | <b>27,291,799</b> |

Property plant and equipment consist Rs 38,900,000/- worth of assets are pledged as security .

### 2.1 Method of valuation of property, plant and equipment

The Property, plant and equipment of the Company were revalued as at 31 March 2023. The results of such revaluations was incorporated in these financial statements effective from 31 March 2023. Fair value of the property, plant and equipment was ascertained by an independent valuation carried out by Sampath P. Dayaratne, FRICS.

All revaluations are based on market values and based on the aforesaid valuations

| Location    | Revaluation Date | Land Extent (Perches) | Fair Value as at 31 March 2023 |           |                     |                               |
|-------------|------------------|-----------------------|--------------------------------|-----------|---------------------|-------------------------------|
|             |                  |                       | Rs.                            |           |                     |                               |
|             |                  |                       | Land                           | Building  | Number of Buildings | Level of Fair value Hierarchy |
| Polgasowita | 31 March 2023    | 38.9                  | 38,900,000                     | 1,649,000 | 3                   | Level 3                       |

### Valuation technique and unobservable inputs

#### Valuation techniques

##### Land

Market comparison for most recent sales evidences

Rs.1Mn

Price per perch for Land

##### Buildings

Rs.2,600

Price per square fact, Depreciation rate

Cost estimation prepared based on current market prices of construction materials. Current usage, maintenance also was analysed

#### Other class of assets

This gives the current market price of an identical or closely identical assets providing a similar output. Current market value decided from market study and comparison of most recent sales took place.

**ALPHA FIRE SERVICE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March,

|  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
|  | <b>Rs.</b>          | <b>Rs.</b>          |
| <b>3 Inventories</b>   |                     |                     |
| Consumables  | 59,883,605          | 38,783,647          |
| Work in progress   | 19,334,068          | 41,946,923          |
| (-) Provision for inventory (Note 3.1)   | (5,238,959)         | (1,326,441)         |
|  | <b>73,978,714</b>   | <b>79,404,129</b>   |
| <b>3.1 Balance as at 01 April</b>  | 1,326,441           | 374,000             |
| Charge for the year  | 3,912,518           | 952,441             |
| <b>Closing balance</b>   | <b>5,238,959</b>    | <b>1,326,441</b>    |
| <b>4 Trade and other receivables</b>   |                     |                     |
| Trade receivables (Note 4.1)   | 47,094,471          | 25,342,865          |
| Refundable deposits  | 400,000             | 302,661             |
| Staff receivables  | 233,830             | 1,654,705           |
| Advance  | 31,165,019          | 8,993,701           |
|  | <b>78,893,320</b>   | <b>36,293,932</b>   |
| <b>4.1 Trade receivables</b>   |                     |                     |
| Trade receivables  | 48,461,095          | 31,159,744          |
| Provision for bad and doubtful debt (Note 4.1.1)   | (1,366,624)         | (5,816,879)         |
|  | <b>47,094,471</b>   | <b>25,342,866</b>   |
| <b>4.1.1 Balance as at 01 April</b>  | 5,816,879           | 5,816,879           |
| Write-off during the year  | (4,450,255)         | -                   |
| <b>Closing balance</b>   | <b>1,366,624</b>    | <b>5,816,879</b>    |
| <b>5 Cash and cash equivalents</b>   |                     |                     |
| <b>Favourable balances</b>   |                     |                     |
| Cash at bank   | 6,217,158           | 6,413,026           |
| Cash in hand   | 525,427             | 523,473             |
|  | <b>6,742,585</b>    | <b>6,936,499</b>    |
| <b>Unfavourable balances</b>   |                     |                     |
| Bank overdrafts  | 24,215,011          | 26,211,381          |
| <b>Cash and cash equivalents for the purpose of cash flow statement</b>  | <b>(17,472,426)</b> | <b>(19,274,882)</b> |
| Overdraft facility is the cash backed facility against term deposit and temporary overdraft facility. Interest on overdraft facility is charged rate of term deposit plus 2.5% |                     |                     |
| <b>6 Stated capital</b>  |                     |                     |
| <b>Issued and fully paid</b>   |                     |                     |
| 2,760,000 Ordinary Shares  | 25,569,560          | 25,569,560          |
|  | <b>25,569,560</b>   | <b>25,569,560</b>   |

|                               | Quantity         |                  | Share Value       |                   |
|-------------------------------|------------------|------------------|-------------------|-------------------|
|                               | <b>2023</b>      | <b>2022</b>      | <b>2023</b>       | <b>2022</b>       |
|                               | <b>Nos'</b>      | <b>Nos'</b>      | <b>Rs.</b>        | <b>Rs.</b>        |
| <b>Balance as at 01 April</b> | 2,760,000        | 12,000           | 25,569,560        | 25,569,560        |
| Issued during the year        | -                | 6,400            | -                 | -                 |
| Share issued before split     | -                | 18,400           | -                 | -                 |
| Share split 1:150             | -                | 2,760,000        | -                 | -                 |
| <b>Closing balance</b>        | <b>2,760,000</b> | <b>2,760,000</b> | <b>25,569,560</b> | <b>25,569,560</b> |

No of rights attached to ordinary voting shares are 4,830,000.

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
|   | <b>Rs.</b>       | <b>Rs.</b>       |
| <b>7 Retirement benefits obligation</b>     |                  |                  |
| <b>Balance as at 01 April</b>               | 3,790,250        | 2,820,550        |
| Expenses recognized in comprehensive income | 192,250          | 1,057,200        |
| Payments made during the year               | (428,750)        | (87,500)         |
| <b>Closing balance</b>                      | <b>3,553,750</b> | <b>3,790,250</b> |

**ALPHA FIRE SERVICE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March,

|  | <b>2023</b>       | <b>2022</b>       |
|--|-------------------|-------------------|
|  | <b><u>Rs.</u></b> | <b><u>Rs.</u></b> |
| <b>8 Lease liabilities</b>               |                   |                   |
| <b>Hatton National Bank</b>              |                   |                   |
| Lease rental liabilities - Motor vehicle | 209,083           | 975,717           |
| Future interest                          | (4,531)           | (80,787)          |
|  | <b>204,552</b>    | <b>894,930</b>    |
| <br>                                     |                   |                   |
| Lease rental liabilities - Motor vehicle | 209,391           | 977,261           |
| Future interest                          | (4,540)           | (86,920)          |
|  | <b>204,851</b>    | <b>890,341</b>    |
|  | <b>409,403</b>    | <b>1,785,271</b>  |
| Payable within one year                  | 409,403           | 1,673,892         |
| Payable after one year                   | -                 | 111,379           |
| <br>                                     |                   |                   |
| <b>9 Bank borrowings</b>                 |                   |                   |
| Hatton National Bank                     | 5,833,325         | 8,717,329         |
| People's Bank                            | 24,827,599        | 10,222,220        |
|  | <b>30,660,924</b> | <b>18,939,549</b> |
| Payable within one year                  | 19,833,341        | 8,217,341         |
| Payable after one year                   | 10,827,583        | 10,722,208        |
| <br>                                     |                   |                   |
| <b>Balance as at 01 April</b>            | <b>18,939,549</b> | <b>19,245,333</b> |
| Loan obtained during the year            | 25,000,000        | 10,000,000        |
| Repayment made during the year           | (13,278,625)      | (10,305,784)      |
| <b>Closing balance</b>                   | <b>30,660,924</b> | <b>18,939,549</b> |

Loan obtained from Hatton National Bank PLC is repayable in five years at fixed interest rate of 9% and loans obtained from peoples bank are repayable in three years at AWPLR+1% and 4.78%

**10 Deferred tax liabilities**

|   |                  |                |
|---|------------------|----------------|
| Opening balance as at beginning of the year | 390,386          | 327,330        |
| Recognized in Profit or Loss                | (2,202,795)      | -              |
| Impact of rate difference                   | 446,154          | -              |
| Recognized in OCI                           | 10,628,861       | 63,056         |
| Closing balance as at the year end          | <b>9,262,606</b> | <b>390,386</b> |

The deferred tax liability is recognized on temporary differences are as follows:

|  | <b>2023</b>                  |                         | <b>2022</b>                  |                         |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
|  | <b><u>Rs.</u></b>            | <b><u>Rs.</u></b>       | <b><u>Rs.</u></b>            | <b><u>Rs.</u></b>       |
|  | <b>Temporary differences</b> | <b>Tax effect @ 30%</b> | <b>Temporary differences</b> | <b>Tax effect @ 14%</b> |
| On property, plant and equipment       | 5,605,149                    | 1,681,545               | 5,044,252                    | 706,195                 |
| Revaluation Reserve                    | 35,429,537                   | 10,628,861              | 1,534,467                    | 214,826                 |
| On retirement benefit obligation       | (3,553,750)                  | (1,066,125)             | (3,790,250)                  | (530,635)               |
| On Provision for Inventory             | (5,238,959)                  | (1,571,688)             | -                            | -                       |
| On Provision for bad and doubtful debt | (1,366,624)                  | (409,987)               | -                            | -                       |
|  | <b>30,875,353</b>            | <b>9,262,606</b>        | <b>2,788,469</b>             | <b>390,386</b>          |

**ALPHA FIRE SERVICE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023,

|   | <b>2023</b>        | <b>2022</b>        |
|---|--------------------|--------------------|
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>11 Amount due to related parties</b>   |                    |                    |
| Amtek Engineering (Pvt) Ltd - Current account   | 262,563            | 2,235,583          |
| Amtek Engineering (Pvt) Ltd - Management fee  | 10,744,999         | 17,866,999         |
| Data One Solutions (Pvt) Ltd  | 569,160            | 5,044,108          |
| Mr. Frank Anthony Ryde  | 1,021,414          | 1,506,414          |
|   | <b>12,598,136</b>  | <b>26,653,104</b>  |
| <p>Amounts due to related parties is repayable on demand and no interest is charged.<br/>           Management Fee is charged by Amtek Engineering (Pvt) Ltd, a holding company for managing the business operation of the company.</p> |                    |                    |
| <b>12 Loan from related parties</b>   |                    |                    |
| Amtek Engineering (Pvt) Ltd   | 10,000,000         | 5,000,000          |
|   | <b>10,000,000</b>  | <b>5,000,000</b>   |
| <p>Loan received from Amtek Engineering is repayable on demand and no interest is charged.</p>  |                    |                    |
| <b>13 Short term bank borrowings</b>  |                    |                    |
| Hatton National Bank PLC  | 29,840,616         | 9,539,292          |
|   | <b>29,840,616</b>  | <b>9,539,292</b>   |
| <p>Short-term borrowings are repayable in three months at AWPLR+2.5%</p>  |                    |                    |
| <b>14 Trade and other payables</b>  |                    |                    |
| Trade payables  | 28,559,388         | 22,317,497         |
| Other payable   | 26,859,409         | 28,317,428         |
|   | <b>55,418,797</b>  | <b>50,634,925</b>  |
| <b>15 Income tax payable</b>  |                    |                    |
| Balance as at beginning of the year   | 660,839            | 1,482,671          |
| Provision for the year  | 2,981,882          | 689,395            |
| Withholding tax   | -                  | (226,800)          |
| Payments made during the year   | (696,258)          | (1,284,427)        |
| Closing balance as at end of the year   | <b>2,946,463</b>   | <b>660,839</b>     |
| <b>16 Revenue</b>   |                    |                    |
| Project income  | 217,195,000        | 187,984,854        |
| Services  | 43,194,845         | 32,340,908         |
| Ex -Bond sales  | 29,274,037         | 13,554,596         |
|   | <b>289,663,882</b> | <b>233,880,358</b> |
| <b>17 Cost of sales</b>   |                    |                    |
| Opening stocks  | 38,812,078         | 50,794,427         |
| Opening work in progress  | 41,946,923         | 53,936,377         |
| Purchases   | 121,344,314        | 88,107,806         |
|   | <b>202,103,315</b> | <b>192,838,610</b> |
| Closing stocks  | (59,883,605)       | (38,812,078)       |
| <b>Cost of goods consumed</b>   | <b>142,219,710</b> | <b>154,026,532</b> |
| Direct expenses   | 87,221,065         | 69,326,829         |
|   | <b>229,440,775</b> | <b>223,353,361</b> |
| Less: Work in progress  | (19,334,068)       | (41,946,923)       |
|   | <b>210,106,707</b> | <b>181,406,438</b> |

**ALPHA FIRE SERVICE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023,

|   | <b>2023</b>       | <b>2022</b>      |
|---|-------------------|------------------|
|   | <b>Rs.</b>        | <b>Rs.</b>       |
| <b>18 Profit from operations</b>  |                   |                  |
| Profit/ (Loss) from operations is stated after charging all expenses including the following: |                   |                  |
| Audit fees  | 875,000           | 700,000          |
| Depreciation  | 2,230,307         | 2,365,140        |
| Salaries and wages  | 42,504,959        | 37,601,984       |
| Defined contribution plan costs - EPF and ETF   | 2,681,973         | 2,430,591        |
| Revaluation loss  | 386,397           | -                |
| <b>19 Finance expenses</b>  |                   |                  |
| Interest on bank overdrafts   | 2,188,956         | 1,293,572        |
| Loan interest   | 7,625,549         | 3,522,887        |
| Lease interest  | 235,246           | 477,247          |
| Bank charges  | 2,728,629         | 1,610,270        |
|   | <b>12,778,380</b> | <b>6,903,976</b> |

**20 Earning per share**

Basic earnings per share is calculated by dividing the profit attributable to the equity holders by the weighted average number of ordinary shares in issue during the reporting period.

|   |             |             |
|---|-------------|-------------|
| Net profit attributable to equity holders (Rs.) | 13,979,605  | 1,016,836   |
| Weighted average number of shares in issue      | 2,760,000   | 2,760,000   |
| <b>Earnings Per Share (Rs.)</b>                 | <b>5.07</b> | <b>0.37</b> |

**21 Income tax expenses**

|                                     |                  |                |
|-------------------------------------|------------------|----------------|
| Income tax for the year (Note 21.1) | 2,981,882        | 689,395        |
| Deferred tax for the year (Note 10) | (1,756,641)      | 63,056         |
|                                     | <b>1,225,241</b> | <b>752,451</b> |

The Inland Revenue (amendment) Act No 45 of 2022 was certified by the Speaker on 19th December 2022. The standard rate of income tax has been increased to 30% w.e.f. 1st Oct 2022. The increase in income tax rate to 30% in mid-year has resulted in two tax rates being applicable for the year of assessment 2022/23. The Company has computed the current tax payable on a pro rata basis for the year of assessment 2022/23.

**21.1 A reconciliation between current tax expense/ income and the product of accounting profit:**

|   |                   |                  |
|---|-------------------|------------------|
| Accounting profit before tax              | 15,204,846        | 1,769,287        |
| Less: other source of income              | (2,649,685)       | (1,277,431)      |
| Aggregate disallowed expenses             | 5,785,632         | 5,029,215        |
| Aggregate allowed expenses                | (8,038,669)       | (2,786,708)      |
| <b>Statutory income from the business</b> | <b>10,302,124</b> | <b>2,734,363</b> |
| <b>Income from other sources</b>          |                   |                  |
| Interest income                           | <b>2,649,685</b>  | <b>1,277,431</b> |
| <b>Total statutory income</b>             | <b>12,951,809</b> | <b>4,011,794</b> |
| Income tax expense at special rate of 14% | 721,149           | 382,811          |
| Income tax expense at 30%                 | 1,545,319         | -                |
| Income tax expense at special rate of 24% | 317,962           | 306,584          |
| Tax on balance taxable income at 30%      | 397,453           | -                |
| <b>Total</b>                              | <b>2,981,882</b>  | <b>689,395</b>   |

For the year ended 31 March 2023,

**22 Transactions with related parties**

| Nature of the relationship   | Transaction                  | Transaction during the year |             | Closing balance payable |             |
|--|------------------------------|-----------------------------|-------------|-------------------------|-------------|
|  |                              | 2023<br>Rs.                 | 2022<br>Rs. | 2023<br>Rs.             | 2022<br>Rs. |
| Shareholder company and common Directors - Amtek Engineering (Pvt) Ltd | Office expense reimbursement | 1,620,000                   | 1,620,000   | 262,563                 | 2,235,583   |
|  | Management fee               | 7,200,000                   | 12,049,271  | 10,744,999              | 17,866,999  |
|  | Loan Settled                 | 2,008,452                   | -           | -                       | -           |
|  | Loan Received                | 5,000,000                   | 5,000,000   | 10,000,000              | 5,000,000   |
| Dataone Solutions (Pvt) Ltd - Common Directors                         | Loan Settled                 | 4,474,948                   | -           | 569,160                 | 5,044,108   |
|  | Loan Received                | -                           | 5,044,108   | -                       | -           |
|  | Support Service              | 1,043,000                   | 918,000     | -                       | -           |
|  | Purchases                    | 6,319,808                   | -           | -                       | -           |
|  | Payment Made                 | 6,319,808                   | -           | -                       | -           |
| Alumart Engineering ( Pvt) Ltd - Common Directors                      | Purchases                    | 860,200                     | -           | -                       | -           |
|  | Payment Made                 | 860,200                     | -           | -                       | -           |
| Central Industries PLC -Common Director                                | Purchases                    | -                           | 10,534,360  | -                       | -           |
|  | Payments Made                | -                           | 11,263,289  | -                       | (1,854)     |
| Estate of Frank Anthony Ryde   |                              | -                           | -           | 1,021,414               | 1,506,414   |
| Mrs.Deanna Ryde  | Rent                         | 480,000                     | 480,000     | 120,000                 | -           |

**22.1 Transactions with key management personnel**

The Board of the Directors of the Company are the members of the key management personnel of the company. Compensation paid to key management personnel of the company is as follows.

| Transaction  | Transaction during the year |             | Closing balance (payable)/<br>receivable |
|--------------|-----------------------------|-------------|--|
|              | 2023<br>Rs.                 | 2022<br>Rs. | 2023<br>Rs.                              |
| Director fee | 520,000                     | -           | -  |

**22.2 Guarantees given**

| Nature of the relationship          | Security   |
|-------------------------------------|--|
| Amtek Engineering (Private) Limited | Corporate Guarantees of Rs.65 Mn                             |
| <b>Directors</b>                    |  |
| Mr. Vijith Perera                   | Joint and several personal guarantees amounting to Rs. 75 Mn |
| Mr. Malindra Fernando               |  |
| Mr.Samud Gunasekara                 |  |

As at 31 March,

**23 Securities pledged**

| Nature of liability         | Loan/ facility amount | Assets pledged                                      | Carrying amount of assets pledged |             |
|-----------------------------|-----------------------|---|-----------------------------------|-------------|
|                             |                       |   | 2023<br>Rs.                       | 2022<br>Rs. |
| Import loan and LC facility | 30,000,000            | Stock in trade                                      | 59,883,605                        | 38,783,647  |
|                             |                       | Land  | 38,900,000                        | 18,878,600  |
|                             |                       | Trade receivable                                    | 47,094,471                        | 25,342,865  |
| Permanent overdraft         | 13,200,000            | Fixed deposit                                       | 29,086,992                        | 27,718,677  |
| Letter of guarantee         | 40,000,000            | Personal and Corporate guarantees, Land             | 38,900,000                        | 18,878,600  |
| Property loan               | 10,000,000            | Land  | 38,900,000                        | 18,878,600  |
| Working capital loan        | 16,000,000            | Personal and Corporate guarantees and Fixed Deposit | 2,427,321                         | 2,247,793   |

**24 Litigation and claims**

There are no litigations or claims against the Company as at the reporting date which require adjustments or disclosures in the financial statements.

**25 Commitment and contingencies**

The Company does not have any other significant contingent liabilities outstanding as at the reporting date which require adjustments to or disclosure in the financial statements.

**26 Events occurring after the reporting date**

There were no material events other than stated below occurring after the reporting date which require adjustments to or disclosures in the financial statements.

The Company has announced Rights Issue to the Stock Exchange on 27 March 2023, issuing 4,830,000 ordinary voting shares based on issuing Seven (07) new ordinary voting shares for every Four (04) ordinary voting shares, at a consideration of Rs. 10.53 per share to raise a total sum of up to Rs. 50,859,900 to meet the working capital requirement and to repay the debts of the Company. The Company has concluded the rights issue in June 2023 and the rights issue was fully subscribed.

**27 Directors' responsibility**

The directors are responsible for the preparation and presentation of these financial statements in accordance with SLFRS for SMEs.

**28 Financial instruments - risk management**

The Company has exposure to the following risks from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

**28.1 Risk management framework**

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

**28.1.1 Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fail to meet contractual obligations. Credit risk arises principally from the Company's receivables from customers.

**28.1.2 Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

As at 31 March,

**28.2 Financial instruments - Fair values and risk management**

**28.2.1 Exposure to credit risk (continued)**

|                             | <b>2023</b>       | <b>2022</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b><u>Rs.</u></b> | <b><u>Rs.</u></b> |
| Trade and other receivables | 78,893,320        | 36,293,932        |
| Cash at bank                | 6,217,158         | 6,413,026         |
| Term deposits               | 29,086,992        | 27,718,677        |
| Cash margin                 | 4,140,451         | 1,565,636         |

**28.2.2 Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The Company is closely monitoring the economic environment in the country and is taking actions to limit its exposure to customers in the country experiencing particular economic volatility.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of counterparty is as follows:

|                   | <b>2023</b>       | <b>2022</b>       |
|-------------------|-------------------|-------------------|
|                   | <b><u>Rs.</u></b> | <b><u>Rs.</u></b> |
| Trade receivables | 47,094,471        | 25,342,865        |
| Deposits          | 400,000           | 302,661           |
| Staff receivables | 233,830           | 1,654,705         |

**28.2.3 Cash and Cash Equivalents**

The Company held cash and cash equivalents of Rs. 39,444,601 as at 31 March 2023 (Rs. 35,697,339 as at 31 March 2022) and these balances are with licensed Commercial Banks of Sri Lanka, which represents its maximum credit exposure on these asset.

**Respective credit ratings of banks which Company's deposit and balances held are as follows:**

Hatton National Bank PLC – AA-(lka)

People's Bank- AA+ (lka)

Seylan Bank PLC – A-(lka)

**28.2.4 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity issues can have an adverse impact on ongoing operations as well as investment decisions of the Company. In order to minimize the risk, the Company regularly reviews its liquidity position and reports to the Board. Future cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from trade receivables, outflows from trade payables and imports are closely monitored by the Company.

|                      |                       | <b>2023</b>       |                    | <b>2022</b>       |                    |
|----------------------|-----------------------|-------------------|--------------------|-------------------|--------------------|
|                      |                       | <b><u>Rs.</u></b> | <b><u>Rs.</u></b>  | <b><u>Rs.</u></b> | <b><u>Rs.</u></b>  |
|                      |                       | <b>Facility</b>   | <b>Utilization</b> | <b>Facility</b>   | <b>Utilization</b> |
|                      |                       | <b>Amounts</b>    |                    | <b>Amounts</b>    |                    |
| Hatton National Bank | Short term bank loans | 30,000,000        | 29,840,616         | 30,000,000        | 9,539,292          |
|                      | Loan term bank loans  | 10,000,000        | 5,833,325          | 10,000,000        | 8,717,329          |
|                      | Bank overdraft        | 16,200,000        | 24,215,011         | 13,200,000        | 26,211,381         |
| People's Bank        | Loan term bank loans  | 41,000,000        | 24,827,599         | 16,000,000        | 10,222,220         |

As at 31 March,

### 28.2.5 Maturity Analysis

The maturity profile of the Company's financial liabilities based on contractual cashflows is stated below.

|                            | <u>Rs.</u>            | <u>Rs.</u>                    | <u>Rs.</u>                | <u>Rs.</u>         | <u>Rs.</u>                 |
|----------------------------|-----------------------|-------------------------------|---------------------------|--------------------|----------------------------|
| <b>As at 31 March 2023</b> | <b>Carrying Value</b> | <b>Contractual Cash Flows</b> | <b>Less than 3 Months</b> | <b>3-12 Months</b> | <b>More than 12 Months</b> |
| Bank borrowings            | 30,660,924            | 33,085,646                    | 8,742,688                 | 15,055,542         | 9,287,417                  |
| Lease liabilities          | 409,403               | 418,782                       | 418,782                   | -                  | -                          |
| Related parties dues       | 12,598,136            | 12,598,136                    | -                         | 11,576,722         | 1,021,414                  |
| Loan from related parties  | 10,000,000            | 10,000,000                    | 10,000,000                | -                  | -                          |
| Short term borrowing       | 29,840,616            | 31,332,647                    | 31,332,647                | -                  | -                          |
| Other payables             | 58,365,260            | 58,365,260                    | 58,365,260                | -                  | -                          |
| Bank overdrafts            | 24,215,011            | 24,618,595                    | 24,618,595                | -                  | -                          |
|                            | <b>166,089,350</b>    | <b>170,419,066</b>            | <b>133,477,972</b>        | <b>26,632,263</b>  | <b>10,308,831</b>          |

|                            | <u>Rs.</u>            | <u>Rs.</u>                    | <u>Rs.</u>                | <u>Rs.</u>         | <u>Rs.</u>                 |
|----------------------------|-----------------------|-------------------------------|---------------------------|--------------------|----------------------------|
| <b>As at 31 March 2022</b> | <b>Carrying Value</b> | <b>Contractual Cash Flows</b> | <b>Less than 3 Months</b> | <b>3-12 Months</b> | <b>More than 12 Months</b> |
| Bank borrowings            | 18,939,549            | 22,611,185                    | 2,977,414                 | 7,042,029          | 12,591,742                 |
| Lease liabilities          | 1,785,271             | 2,092,365                     | 418,473                   | 1,255,419          | 418,473                    |
| Related parties dues       | 31,653,104            | 31,653,104                    | 8,786,106                 | 22,866,999         | -                          |
| Short term borrowing       | 9,539,292             | 10,494,617                    | 10,494,617                | -                  | -                          |
| Other payables             | 51,295,764            | 51,295,764                    | 28,978,267                | 22,317,497         | -                          |
| Bank overdrafts            | 26,211,381            | 26,899,430                    | 26,899,430                | -                  | -                          |
|                            | <b>139,424,361</b>    | <b>145,046,465</b>            | <b>78,554,307</b>         | <b>53,481,944</b>  | <b>13,010,215</b>          |

### 28.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### 28.4 Currency risk

The Company is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities, primarily USD and GBP. The currencies in which these transactions primarily are denominated are GBP and USD.

The following significant exchange rates were applied during the year:

|                 | <b>Average Rate</b> |             |
|-----------------|---------------------|-------------|
|                 | <b>2023</b>         | <b>2022</b> |
| As at 31 March, |                     |             |
| USD             | 330.06              | 299.00      |
| GBP             | 407.42              | 392.53      |

The Company is exposed to changes in currency rates on purchase is stated below.

|                 | <b>Profit/ Loss</b> |                     |
|-----------------|---------------------|---------------------|
|                 | <b>10% Increase</b> | <b>10% Decrease</b> |
| As at 31 March, |                     |                     |
| USD             | (341,233)           | 341,233             |
| GBP             | (163,738)           | 163,738             |
|                 | <b>(504,971)</b>    | <b>504,971</b>      |

As at 31 March,

**28.5 Interest rate risk**

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

As at 31 March,

**Variable rate instruments**

Financial liabilities

Short term bank borrowings

Bank overdrafts

|  | <b>2023</b>              | <b>2022</b>              |
|--|--------------------------|--------------------------|
|  | <b><u>Rs.</u></b>        | <b><u>Rs.</u></b>        |
|  | 29,840,616               | 9,539,292                |
|  | 24,215,011               | 26,211,381               |
|  | <b><u>54,055,627</u></b> | <b><u>35,750,673</u></b> |

**Sensitivity Analysis for Variable Rate Instruments**

The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates

|                   | <b>Profit/ Loss</b> |                 |
|-------------------|---------------------|-----------------|
|                   | <b>100 bp</b>       | <b>100bp</b>    |
|                   | <b>Increase</b>     | <b>Decrease</b> |
| As at 31st March, |                     |                 |
| Interest Expenses | 540,556             | (540,556)       |

# ▶ SHAREHOLDER AND INVESTOR INFORMATION

## Shareholders Information

The issued ordinary shares of the company is 2,760,000 and 2,083,800 are listed on Colombo Stock Exchange

|                           | 31 March 2023 | 31 March 2022 |
|---------------------------|---------------|---------------|
| Number of Ordinary Shares | 2,760,000     | 2,760,000     |

### The shareholders of the Company as at 31 March 2023

| Name                          | No of Shares     | % Shareholding |
|-------------------------------|------------------|----------------|
| Mr. Vijith Perera             | 800,400          | 29.00%         |
| Estate of Late Mr. Frank Ryde | 676,200          | 24.50%         |
| Mr. Malindra Fernando         | 576,082          | 20.87%         |
| Amtek Engineering (Pvt) Ltd   | 429,439          | 15.56%         |
| Mr. Samud Gunasekera          | 277,778          | 10.06%         |
| Others                        | 101              | 0.00%          |
| <b>Total</b>                  | <b>2,760,000</b> | <b>100%</b>    |

| Public Holding of Shares                       |    |
|--|----|
| Shares held by the public                      | 0% |
| Total Number of shareholders in Public Holding | 2  |

| Directors' Shareholding as at 31 March 2023 | No of Shares |
|---|--------------|
| Mr. Vijith Perera                           | 800,400      |
| Mr. Malindra Fernando                       | 576,082      |
| Mrs. Deanna Marise Ryde                     | Nil          |
| Mr. Samud Gunasekera                        | 277,778      |
| Mr. Kapila Liyanagamage                     | Nil          |
| Mr. Ranil De Silva                          | Nil          |

| Share Price       | Three Months Ended |
|-------------------|--------------------|
|                   | (Rs.)              |
| Highest Price     | 12.20              |
| Lowest Price      | 11.70              |
| Last Traded Price | 12.20              |

# ▶ FIVE-YEAR SUMMARY

## ALPHA FIRE SERVICE PLC

### STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 March,                         | 2023<br>Rs.        | 2022<br>Rs.        | 2021<br>Rs.        | 2020<br>Rs.        | 2019<br>Rs.        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenue</b>                                       | <b>289,663,882</b> | <b>233,880,358</b> | <b>184,964,494</b> | <b>184,273,338</b> | <b>185,606,015</b> |
| Cost of sales  | (210,106,707)      | (181,406,438)      | (129,798,334)      | (114,061,478)      | (119,318,581)      |
| <b>Gross profit</b>                                  | <b>79,557,175</b>  | <b>52,473,920</b>  | <b>55,166,160</b>  | <b>70,211,860</b>  | <b>66,287,434</b>  |
| Other income   | 859,970            | -                  | -                  | 12,790             | 25,971             |
| Administrative expenses                              | (37,320,094)       | (38,327,471)       | (38,413,902)       | (49,395,473)       | (45,830,111)       |
| Selling and distribution expenses                    | (17,763,511)       | (6,750,617)        | (9,550,951)        | (12,836,504)       | (7,179,690)        |
| <b>Profit from operations</b>                        | <b>25,333,540</b>  | <b>7,395,832</b>   | <b>7,201,307</b>   | <b>7,992,673</b>   | <b>13,303,605</b>  |
| Finance Income                                       | 2,649,685          | 1,277,431          | 2,574,580          | 2,562,287          | 1,006,531          |
| Finance expenses                                     | (12,778,380)       | (6,903,976)        | (5,161,948)        | (4,410,194)        | (2,740,548)        |
| <b>Profit before taxation</b>                        | <b>15,204,845</b>  | <b>1,769,287</b>   | <b>4,613,939</b>   | <b>6,144,766</b>   | <b>11,569,588</b>  |
| Income tax expense                                   | (1,225,241)        | (752,451)          | (1,112,742)        | (2,330,884)        | (278,450)          |
| <b>Profit after taxation</b>                         | <b>13,979,604</b>  | <b>1,016,836</b>   | <b>3,501,197</b>   | <b>3,813,882</b>   | <b>11,291,138</b>  |
| <b>Other comprehensive income</b>                    |                    |                    |                    |                    |                    |
| Revaluation Reserve on Property, plant and equipment | 35,429,537         | -                  | -                  | -                  | -                  |
| Tax on Revaluation                                   | (10,628,861)       |                    |                    |                    |                    |
| Other Comprehensive Income for the year              | <b>24,800,676</b>  |                    |                    |                    |                    |
| <b>Total comprehensive income</b>                    | <b>38,780,280</b>  | <b>1,016,836</b>   | <b>3,501,197</b>   | <b>3,813,882</b>   | <b>11,291,138</b>  |
| Earning per share (Rs.)                              | <b>5.07</b>        | <b>0.37</b>        | <b>292</b>         | <b>318</b>         | <b>941</b>         |

# ALPHA FIRE SERVICE PLC

## STATEMENT OF FINANCIAL POSITION

| As at 31 March,                         | 2023<br>Rs.        | 2022<br>Rs.        | 2021<br>Rs.        | 2020<br>Rs.        | 2019<br>Rs.        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>                           |                    |                    |                    |                    |                    |
| <b>Non-current assets</b>               |                    |                    |                    |                    |                    |
| Property, plant and equipment           | 60,449,600         | 27,291,799         | 29,190,538         | 12,375,794         | 12,864,793         |
| Fixed deposits                          | 29,086,992         | 27,718,677         | 26,522,512         | 29,260,595         | 15,640,690         |
| <b>Total non-current assets</b>         | <b>89,536,592</b>  | <b>55,010,476</b>  | <b>55,713,050</b>  | <b>41,636,389</b>  | <b>28,505,483</b>  |
| <b>Current assets</b>                   |                    |                    |                    |                    |                    |
| Inventories                             | 73,978,714         | 79,404,129         | 104,356,804        | 84,572,541         | 64,633,098         |
| Trade and other receivables             | 78,893,320         | 36,293,932         | 28,810,033         | 35,591,627         | 26,101,401         |
| Cash margin account                     | 4,140,451          | 1,565,636          | 297,822            | 4,705,020          | 455,445            |
| Cash and cash equivalents               | 6,742,585          | 6,936,499          | 2,117,920          | 1,163,780          | 1,002,202          |
| <b>Total current assets</b>             | <b>163,755,070</b> | <b>124,200,196</b> | <b>135,582,579</b> | <b>126,032,968</b> | <b>92,192,146</b>  |
| <b>Total assets</b>                     | <b>253,291,662</b> | <b>179,210,672</b> | <b>191,295,629</b> | <b>167,669,357</b> | <b>120,697,629</b> |
| <b>Equity and liabilities</b>           |                    |                    |                    |                    |                    |
| <b>Equity</b>                           |                    |                    |                    |                    |                    |
| Stated capital                          | 25,569,560         | 25,569,560         | 7,122,200          | 7,122,200          | 7,122,200          |
| Revaluation reserves                    | 26,335,143         | 1,534,467          | 1,534,467          | 1,534,467          | 1,534,467          |
| Retained earnings                       | 22,481,253         | 8,501,648          | 25,932,173         | 23,630,975         | 21,437,094         |
| <b>Total equity</b>                     | <b>74,385,956</b>  | <b>35,605,675</b>  | <b>34,588,840</b>  | <b>32,287,642</b>  | <b>30,093,761</b>  |
| <b>Non-current liabilities</b>          |                    |                    |                    |                    |                    |
| -                                       | -                  | -                  | -                  | -                  | -                  |
| Employee benefits                       | 3,553,750          | 3,790,250          | 2,820,550          | 2,152,625          | 1,281,800          |
| Lease creditor                          | -                  | 111,379            | 1,446,276          | 3,669,513          | 4,865,238          |
| Deferred tax liabilities                | 9,262,606          | 390,386            | 327,330            | 498,329            | -                  |
| Interest bearing borrowing              | 10,827,583         | 10,722,208         | 19,245,333         | -                  | -                  |
| <b>Total non-current liabilities</b>    | <b>23,643,939</b>  | <b>15,014,223</b>  | <b>23,839,489</b>  | <b>6,320,467</b>   | <b>6,147,038</b>   |
| <b>Current liabilities</b>              |                    |                    |                    |                    |                    |
| Lease creditor                          | 409,403            | 1,673,892          | 2,522,850          | 1,860,512          | 1,338,050          |
| Interest bearing borrowing              | 49,673,957         | 17,756,633         | 23,336,354         | 13,783,431         | 7,877,649          |
| Trade and other payables                | 55,418,797         | 50,634,925         | 67,623,812         | 77,006,438         | 29,238,133         |
| Amount due to related party             | 22,598,136         | 31,653,104         | 18,333,389         | 15,938,475         | 22,027,422         |
| Income tax payable                      | 2,946,463          | 660,839            | 1,482,671          | 1,193,727          | 858,541            |
| Bank overdraft                          | 24,215,011         | 26,211,381         | 19,568,224         | 19,278,665         | 23,117,037         |
| <b>Total current liabilities</b>        | <b>155,261,767</b> | <b>128,590,774</b> | <b>132,867,301</b> | <b>129,061,248</b> | <b>84,456,832</b>  |
| <b>Total liabilities</b>                | <b>178,905,706</b> | <b>143,604,997</b> | <b>156,706,790</b> | <b>135,381,715</b> | <b>90,603,870</b>  |
| <b>Total equity and liabilities</b>     | <b>253,291,662</b> | <b>179,210,672</b> | <b>191,295,629</b> | <b>167,669,357</b> | <b>120,697,629</b> |
| <b>Net Assets Value Per Share (Rs.)</b> | <b>26.95</b>       | <b>12.90</b>       | <b>2,882.40</b>    | <b>2,690.64</b>    | <b>2,507.81</b>    |

# ▶ NOTICE OF THE ANNUAL GENERAL MEETING

## Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Second (2<sup>nd</sup>) Annual General Meeting (Post Listing) of **ALPHA FIRE SERVICES PLC** will be held at the 80 Club, No:25 Independence Avenue Colombo 07 on Tuesday 26<sup>th</sup> September 2023 at 3.00 p.m for the following purposes :

1. To receive and consider the Report of the Directors for the year ended 31<sup>st</sup> March 2023

---

2. To receive and consider the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2023 together with the Auditors' Report thereon

---


3. To re-elect DEANNA MARISE RYDE who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association as a Director of the Company.

---

4. To re-elect DEVAKA TERENCE RANIL DE SILVA who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association as a Director of the Company.

---

5. To authorize the Directors to determine the remuneration of the Auditors, Messers K.P.M.G. Ford Rhodes who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No.07 of 2007.



By order of the Board  
**F. Shama Ismail**  
Company Secretary

23 August 2023  
Colombo

- 1) In the interest of protecting public health and facilitating compliance with the Health and Safety guidelines issued by the Government of Sri Lanka, the Annual General Meeting of Alpha Fire Services PLC will also be a virtual meeting for participants joining in person or proxy and through audio, video and or audio visual means in the manner specified below:

### I. Attendance of the Chairman and the Board of Directors

The Chairman/Managing Director, Board of Directors certain Key Management Personnel, Shareholders the Company Secretary, and the External Auditors will be present together at the designated venue On 26<sup>th</sup> September 2023 at 3.00. p.m.

### II Shareholder Participation

- a. The Shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
- b. The Shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting either physically or through audio or audio visual means.
- c. The shareholders who wish to participate at the meeting online will be able to join the meeting through audio or audio visual means. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if any, by perfecting **Annexure II** to the circular to shareholders and forward same to Company Secretary via [shama@virtualmng.lk](mailto:shama@virtualmng.lk) to reach the Secretary **not less than five (05) days before the date of the meeting** so that the meeting login information could be forwarded to the e.mail address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.
- d. To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Form of Proxy should be sent to reach the Company Secretary via [shama@virtualmng.lk](mailto:shama@virtualmng.lk) Or by post to the Commercial Office of the Company Alpha Fire Services PLC No: 28m, Sulaiman Terrace, Colombo 05, **not less than forty – eight (48) hours before the time fixed for the meeting.**

### III Shareholder's queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretary, via e.mail to [shama@virtualmng.lk](mailto:shama@virtualmng.lk) or post to the Commercial Office of the Company, Alpha Fire Services PLC, No:28, Sulaiman Avenue, Colombo 05 Sri Lanka **not less than Five (05) days before the date of the meeting**. This is in order to enable the Company Secretary to compile the queries and forward same to the attention of the Board of Directors so that same could be addressed at the meeting.

2. The Annual Report of the Company for the year 2022/2023 will be available for perusal of the Company website <https://alphafire.lk/> and the Colombo Stock Exchange website on [www.cse.lk](http://www.cse.lk)

# ▶ FORM OF PROXY

|          |  |
|----------|--|
| Folio No |  |
|----------|--|

## Form of Proxy

(Please write your Folio Number)

I/We.....of.....being a member /members of **Alpha Fire Services PLC** hereby appoint.....of..... whom failing.

- |                                  |                |
|----------------------------------|----------------|
| SANJAY VIJITH ANTHONY PERERA     | or failing him |
| MALINDRA CHRISTOPHER FERNANDO    | or failing him |
| DEANNA MARISE RYDE               | or failing her |
| AGAMPODI SAMUD ISHARA GUNASEKARA | or failing him |
| DEVAKA TERENCE RANIL DE SILVA    | or failing him |
| KAPILA LIYANAGAMAGE              | or failing him |

as my/our proxy to represent me/us and speak/ vote on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 26<sup>th</sup> September 2023 at 3.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I/We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

Please delete the inappropriate words

- |   | For                      | Against                  |
|---|--------------------------|--------------------------|
| 1) To receive and consider the Report of the Directors for the year ended 31 <sup>st</sup> March 2023 together with the Auditors' Report thereon  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) To receive and consider the Financial Statements of the Company for the year ended 31 <sup>st</sup> March 2023 together with the Auditors' Report thereon  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) To re-elect DEANNA MARISE RYDE who retires by rotation at the Annual General Meeting in terms of Article 84of the Articles of Association as a Director of the Company.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) To re-elect DEVAKA TERENCE RANIL DE SILVA who retires by rotation at the Annual General Meeting in terms of Article 91 of the Articles of Association as a Director of the Company.                                  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5) To authorize the Directors to determine the remuneration of the Auditors, Messrs K P M G Ford Rhodes who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No.07 of 2007. | <input type="checkbox"/> | <input type="checkbox"/> |

Signed on this .....day of .....Two Thousand and TwentyThree.

.....  
Signature/s

# ▶ INSTRUCTION FOR PROXY

## Instructions for Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association.
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretary via e-mail to [shama@virtualmng.lk](mailto:shama@virtualmng.lk) or by post to the registered address of the Company, Alpha Fire Services PLC No: 28 Sulaiman Terrace Colombo 05 , Sri Lanka **not less than forty eight (48) hours before the time fixed for the meeting.**

**Please provide the following details (mandatory):**

NIC/PP/Company Registration No. of the Shareholder/s : .....

Folio No : .....

E.mail address of the Shareholder/(s) or proxy holder (other than a Director appointed as proxy) :

.....

Mobile No :

.....

Fixed Line :

.....

