



EMBODIMENT OF STRENGTH

**HELA APPAREL HOLDINGS PLC
AND ITS SUBSIDIARIES**

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023



HELA APPAREL HOLDINGS PLC

GROUP CEO'S REVIEW

The fourth quarter of FY 2022/23 marked the close of a challenging year for the Hela Apparel Holdings Group. While revenue of Rs. 20.5 Bn in the fourth quarter represented a 40.6% increase on the same period of the previous year, this primarily reflected the depreciation of the Sri Lankan Rupee during the comparison period. In US Dollar terms, quarterly revenue declined by 9.6% year-on-year. Nonetheless, this was a markedly smaller drop in US Dollar revenue than experienced during the third quarter as consumer demand in the Group's key markets proved relatively resilient.

The tentative stabilisation in demand conditions during the fourth quarter and proactive cost control measures contributed to an improvement in profit margins. Gross profit margins increased to 13.5%, compared to 10.0% in the third quarter, as capacity utilisation rates improved across the Group's manufacturing facilities. An increase in operating profit margins was further supported by greater optimisation of distribution and administration expenses, and the Group posted an operating profit of Rs. 910 Mn in the fourth quarter. However, elevated finance costs driven by the ongoing rise in global US Dollar interest rates acted as a significant drag on profitability. Income tax expenses also remained elevated on account of a notable deferred tax charge arising from the increase in Sri Lanka's corporate income tax rates during the year. As a result, the Group recorded a post-tax loss of Rs. 257 Mn in the fourth quarter.

For the full year ended 31st March 2023, the Group's revenue increased by 69.3% to Rs. 95.1 Bn. That said, the significant deterioration in market conditions during H2 eroded accumulated profits and the Group closed the year with a post-tax loss of Rs. 1,038 Mn.

Despite this, the Group's balance sheet remained in a robust position with the Net-Debt-to-Equity ratio closing FY 2022/23 at 1.6, compared to 1.8 at the same point of the previous year, supported by improvements in the working capital cycle.

The challenging operating environment is expected to persist into the first half of FY 2023/24. While consumer spending in the Group's key markets in Europe and North America is proving more robust than expected, inflationary pressures remain elevated and there is potential for further hikes in global interest rates as major central banks seek to ensure a sustainable reduction in price pressures.

In this context, we will continue to focus on proactively bolstering our customer's partnerships based on our long-term value propositions as a leading ethical and multi-country apparel supply chain solution provider. The strategically-aligned diversity of our customer base across multiple product types, market segments, and distribution channels is also expected to be an asset as we navigate this period of uncertainty.

At the same time, we will remain agile to the evolving operating environment and consider additional proactive steps to manage costs and ensure a return to profitability. A number of initiatives taken during FY 2022/23 that focused on process improvements, digital systems, and supply chain management are also expected to support margins in the coming quarters. Most notably the implementation of SAP S/4HANA across the Group will play an important role in strengthening our ability to rapidly respond to evolving market conditions.

Furthermore, we continue to look towards new partnership opportunities across the apparel value chain to enhance our value offering and deliver increased value to our shareholders.



Dilanka Jinadasa
Group CEO

Visit our website at www.helaapparel.com

Note: We advise readers of the interim condensed financial statements to take note of the forward looking statements disclosure on the final page.

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Three months ended 31 March		Three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from contracts with customers	20,521,778	14,593,552	-	-
Cost of sales	(17,754,214)	(11,685,354)	-	-
Gross profit	2,767,564	2,908,198	-	-
Distribution expenses	(741,253)	(616,135)	-	-
Administrative expenses	(1,929,215)	(1,846,480)	(3,985)	(40,325)
Net impairment loss on financial assets	-	-	-	-
Other income	120,644	(14,817)	-	-
Other gains / (losses) - net	693,068	72,444	(362)	(1,386,140)
Operating profit / (loss)	910,808	503,210	(4,347)	(1,426,465)
Finance income	14,129	26,711	-	32,599
Finance costs	(945,587)	(496,960)	-	(17)
Finance (costs) / income - net	(931,458)	(470,249)	(2)	32,582
Share of profit / (loss) of equity accounted investee, net of tax	(22,462)	(68,738)	-	-
Profit / (loss) before income tax	(43,112)	(35,777)	(4,349)	(1,393,883)
Income tax expense	(213,753)	(224,902)	-	(7,820)
Profit / (loss) for the period	(256,865)	(260,679)	(4,349)	(1,401,703)
Profit / (loss) is attributable to:				
Equity holders of the parent	(356,860)	(289,032)	(4,349)	(1,401,703)
Non-controlling interests	99,993	28,353	-	-
Profit / (loss) for the period	(256,865)	(260,679)	(4,349)	(1,401,703)
Basic earnings / (loss) per share	(0.27)	(0.22)	(0.00)	(1.08)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Three months ended 31 March		Three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit / (loss) for the period	(256,865)	(260,679)	(4,349)	(1,401,703)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(1,116,690)	4,230,504	(763,481)	2,319,672
Gain on revaluation of land and buildings	729,645	28,050	-	-
Deferred income tax impact relating to revaluation	-	(5,808)	-	-
Remeasurements of post-employment benefit obligations	-	63,537	-	-
Deferred income tax impact relating to remeasurements of post-employment benefit obligations	-	(7,485)	-	-
Other comprehensive income for the period, net of tax	(387,045)	4,308,798	(763,481)	2,319,672
Total comprehensive income for the period	(643,910)	4,048,119	(767,830)	917,969

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023 (Unaudited)	2022 (Audited)	2023 (Unaudited)	2022 (Audited)
Revenue from contracts with customers	95,100,191	56,179,623	-	-
Cost of sales	(82,478,499)	(47,367,814)	-	-
Gross profit	12,621,692	8,811,809	-	-
Distribution expenses	(4,502,803)	(1,450,910)	-	-
Administrative expenses	(6,620,203)	(5,230,583)	(12,069)	(59,420)
Net impairment loss on financial assets	-	(132,718)	-	-
Other income	518,612	93,286	-	-
Other gains / (losses) - net	854,769	401,679	(802,589)	(1,386,314)
Operating profit / (loss)	2,872,067	2,492,563	(814,658)	(1,445,734)
Finance income	44,371	46,515	2,840	32,584
Finance costs	(3,420,497)	(1,382,780)	-	(44)
Finance (costs) / income - net	(3,376,126)	(1,336,265)	2,840	32,540
Share of loss of equity accounted investee, net of tax	(85,548)	(91,516)	-	-
Profit / (loss) before income tax	(589,607)	1,064,782	(811,818)	(1,413,194)
Income tax expense	(447,973)	(248,471)	(710)	(7,820)
Profit / (loss) for the period	(1,037,580)	816,311	(812,528)	(1,421,014)
Profit / (loss) is attributable to:				
Equity holders of the parent	(1,243,107)	819,690	(812,528)	(1,421,014)
Non-controlling interests	205,528	(3,379)	-	-
Profit / (loss) for the period	(1,037,580)	816,311	(812,528)	(1,421,014)
Basic earnings / (loss) per share	(0.95)	0.63	(0.62)	(1.09)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023 (Unaudited)	2022 (Audited)	2023 (Unaudited)	2022 (Audited)
Profit / (loss) for the period	(1,037,580)	816,311	(812,528)	(1,421,014)
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
Currency translation differences	1,501,991	4,321,396	692,169	2,344,386
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Gain on revaluation of land and buildings	729,645	28,050	-	-
Deferred income tax impact relating to revaluation	(9,939)	(5,808)	-	-
Remeasurements of post-employment benefit obligations	-	63,537	-	-
Deferred income tax impact relating to remeasurements of post-employment benefit obligations	-	(7,485)	-	-
Other comprehensive income for the period, net of tax	2,221,697	4,399,690	692,169	2,344,386
Total comprehensive income for the period	1,184,117	5,216,001	(120,359)	923,372

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	31 March 2023 (Unaudited)	31 March 2022 (Audited)	31 March 2023 (Unaudited)	31 March 2022 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	7,363,289	5,927,969	-	-
Investment property	559,700	450,000	-	-
Right-of-use assets	1,188,514	740,821	-	-
Intangible assets	12,023,405	10,914,668	-	-
Capital work-in-progress	1,643,956	626,633	-	-
Investment in subsidiaries	-	-	6,853,540	1,904,031
Investments in equity accounted investees	271,974	320,407	-	-
Deferred tax assets	71,756	182,650	-	-
Other receivables	-	332	-	-
Total non-current assets	23,122,594	19,163,480	6,853,540	1,904,031
Current assets				
Inventories	14,105,256	12,970,239	-	-
Trade receivables	9,227,548	11,927,722	-	-
Other receivables	3,494,626	2,656,861	-	3,928,174
Other assets	1,627,265	2,018,930	(1)	-
Income tax receivables	-	11,465	-	-
Cash and cash equivalents	4,038,917	5,244,151	8,804	1,115,481
Total current assets	32,493,612	34,829,368	8,803	5,043,655
Total assets	55,616,206	53,992,848	6,862,343	6,947,686
EQUITY				
Stated capital	5,720,075	5,696,037	5,720,075	5,696,037
Retained earnings / (accumulated losses)	1,072,559	2,315,666	(2,266,146)	(1,453,618)
Other reserves	892,840	141,032	137,110	114,949
Exchange equalisation reserve	6,329,156	4,827,165	3,237,480	2,545,308
Capital and reserves attributable to the equity holders of the parent	14,014,630	12,979,900	6,828,519	6,902,677
Non-controlling interests	356,050	150,522	-	-
Total equity	14,370,680	13,130,422	6,828,519	6,902,677
LIABILITIES				
Non-current liabilities				
Borrowings	2,032,101	2,574,365	-	-
Deferred tax liabilities	853,834	575,488	-	-
Lease liabilities	304,027	350,258	-	-
Employee benefit obligations	536,102	426,417	-	-
Total non-current liabilities	3,726,064	3,926,528	-	-

CONDENSED STATEMENT OF FINANCIAL POSITION (CONTD)

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	31 March 2023 (Unaudited)	31 March 2022 (Audited)	31 March 2023 (Unaudited)	31 March 2022 (Audited)
Current liabilities				
Trade and other payables	11,668,003	10,774,815	33,234	33,800
Lease liabilities	341,521	433,857	-	-
Income tax liabilities	7,389	38,305	590	11,207
Borrowings	25,502,550	25,688,921	-	2
Total current liabilities	37,519,463	36,935,898	33,824	45,009
Total liabilities	41,245,527	40,862,426	33,824	45,009
Total equity and liabilities	55,616,206	53,992,848	6,862,343	6,947,686
Net assets per share	10.70	9.96	5.21	5.30

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

Sgd.
Group Chief Financial Officer
Date: 30th May 2023

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board of Directors.

Sgd.
Director
Date: 30th May 2023

Sgd.
Director
Date: 30th May 2023

CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees Thousand)

Group	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Stated capital	Retained earnings	Other reserves	Exchange equalization reserve			
Balance at 1 April 2021	1,723,899	1,313,835	86,065	505,769	3,629,568	340,116	3,969,682
Profit for the year	-	819,690	-	-	819,690	(3,379)	816,311
Other comprehensive income	-	56,052	22,242	4,321,396	4,399,690	-	4,399,690
Total comprehensive income for the year	-	875,742	22,242	4,321,396	5,219,380	(3,379)	5,216,001
Issue of shares	3,972,138	-	-	-	3,972,138	-	3,972,138
Employee Share Ownership Scheme (ESOS) - Value of employee services	-	-	32,725	-	32,725	-	32,725
Non controlling Interest on business combination	-	126,089	-	-	126,089	(186,213)	(60,124)
Balance at 31 March 2022	5,696,037	2,315,666	141,032	4,827,165	12,979,900	150,522	13,130,422
Balance at 1 April 2022	5,696,037	2,315,666	141,032	4,827,165	12,979,900	150,522	13,130,422
Profit / (loss) for the Period	-	(1,243,107)	-	-	(1,243,107)	205,528	(1,037,579)
Other comprehensive income	-	-	-	1,501,991	1,501,991	-	1,501,991
Total comprehensive income for the year	-	(1,243,107)	-	1,501,991	258,884	205,528	464,412
Employee Share Ownership Scheme (ESOS) - Value of employee services	-	-	46,201	-	46,201	-	46,201
Gain on revaluation of land and buildings	-	-	729,645	-	729,645	-	729,645
Issue of shares to employees under the ESOS	24,038	-	(24,038)	-	-	-	-
Balance at 31 March 2023	5,720,075	1,072,559	892,840	6,329,156	14,014,630	356,050	14,370,680

CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees Thousand)

Company	Stated capital	Share based payments/Other Reserves	Retained earnings / (accumulated losses)	Exchange equalization reserve	Total
Balance at 1 April 2021	1,723,899	82,222	(32,604)	200,923	1,974,440
Loss for the year	-	-	(1,421,014)	-	(1,421,014)
Other comprehensive income	-	-	-	2,344,386	2,344,386
Total comprehensive income for the year	-	-	(1,421,014)	2,344,386	923,372
Employee Share Ownership Scheme (ESOS) - Value of employee services	-	32,725	-	-	32,725
Issue of shares	3,972,138	-	-	-	3,972,138
Balance at 31 March 2022	5,696,037	114,947	(1,453,618)	2,545,309	6,902,675
Balance at 1 April 2022	5,696,037	114,947	(1,453,618)	2,545,311	6,902,677
Loss for the year	-	-	(812,528)	-	(812,528)
Other comprehensive income	-	-	-	692,169	692,169
Total comprehensive income for the year	-	-	(812,528)	692,169	(120,359)
Employee Share Ownership Scheme (ESOS) - Value of employee services	-	46,201	-	-	46,201
Issue of shares to employees under the ESOS	24,038	(24,038)	-	-	-
Balance at 31 March 2023	5,720,075	137,110	(2,266,146)	3,237,480	6,828,519

CONDENSED STATEMENT OF CASH FLOWS

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023 (Unaudited)	2022 (Audited)	2023 (Unaudited)	2022 (Audited)
Profit / (loss) before income tax from continuing operations	(589,607)	1,064,782	(811,818)	(1,413,194)
Adjustments for:				
Depreciation and amortization	869,701	826,324	-	961
Net interest expenses	3,376,215	1,336,265	(2,840)	(32,539)
Retirement benefits obligations provision	176,486	109,475	-	-
Loss on sale of property, plant and equipment	-	(226)	-	-
Fair value adjustment to investment property	74,269	43,226	-	-
Provision for impairment of debtors	-	132,718	-	-
Share based payment expenses	46,201	32,725	-	-
Share of loss from joint ventures	(85,548)	91,516	-	-
Changes in working capital				
- (Increase) / decrease in inventories	102,456	(3,334,387)	-	-
- (Increase) / decrease in trade receivables	4,238,008	(4,305,550)	-	(1,967,571)
- Increase / (decrease) in trade and other payables	(139,910)	1,113,568	(566)	21,215
- (Increase) / decrease in other assets and other receivables	(3,985)	-	(1,021,335)	-
Cash (used in) / generated from operations	8,064,286	(2,889,564)	(1,836,559)	(3,391,128)
Retirement benefits obligations paid	(73,278)	(47,574)	-	-
Income tax paid	(37,423)	(24,244)	(12,424)	(30)
Interest paid	(3,420,497)	(1,467,462)	-	(44)
Net cash (outflow) / inflow from operating activities	4,533,088	(4,428,844)	(1,848,983)	(3,391,202)
Cash flows from investing activities				
Net movement of property, plant and equipment and intangible assets	(2,305,021)	(1,010,014)	-	-
Purchase of investment properties	-	(14,129)	-	-
Expenses incurred on capital work-in-progress	(1,038,997)	(646,519)	-	-
Interest received	44,371	46,515	2,840	32,584
Investments made in subsidiaries	-	(311,622)	-	-
Non controlling interest on business combination	-	(60,124)	-	-
Net cash (outflow) / inflow from investing activities	(3,299,647)	(1,995,893)	2,840	32,584
Cash flows from financing activities				
Proceeds from share issue	21,803	4,135,230	21,803	4,135,230
Principal elements of lease payments	(519,759)	(234,799)	-	-
Net borrowings	(3,690,258)	3,739,453	-	-
Net cash inflow / (outflow) from financing activities	(4,188,214)	7,639,884	21,803	4,135,230
Net increase / (decrease) in cash and cash equivalents	(2,954,773)	1,215,147	(1,824,340)	776,612
Cash and cash equivalents at beginning of the period	5,244,151	1,801,305	1,115,481	1,673
Currency translation differences	1,749,539	2,227,699	717,662	337,196
Cash and cash equivalents at end of the period	4,038,917	5,244,151	8,803	1,115,481

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(All amounts are shown in Sri Lankan Rupees Thousand unless otherwise stated)

1 Operating segments

(i) Description of segments and principal activities

The Group's internal organisation and management is structured based on segments which are determined based on the Group's geographical spread of operations, similarity in nature, process, risks and returns. The geographical analysis of turnover and profits is based on location of customers and assets respectively. The group has now organised its business units into two reportable operating segments based on their geographical spread as follows:

(ii) Summarised statement of comprehensive income

	Sri Lankan Region		African Region		Consolidated	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2023	2022	2023	2022	2023	2022
Revenue	18,041,726	13,421,865	2,480,051	1,171,687	20,521,778	14,593,552
Gross profit	2,404,010	2,804,137	363,555	104,061	2,767,564	2,908,198
Operating expenses	(2,293,647)	(2,333,803)	(376,821)	(128,812)	(2,670,468)	(2,462,615)
Operating profit / (loss)	890,104	504,614	20,704	(1,404)	910,808	503,210
Net finance cost	(757,007)	(410,534)	(174,451)	(59,715)	(931,458)	(470,249)
Profit before taxation	110,634	25,342	(153,746)	(61,119)	(43,112)	(35,777)
Income tax charge / (credit)	(213,753)	(224,902)	-	-	(213,753)	(224,902)
Profit / (loss) for the year	(103,119)	(199,560)	(153,746)	(61,119)	(256,865)	(260,679)

(iii) Summarised statement of financial position

	Sri Lankan Region		African Region		Consolidated	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
ASSETS						
Non-current assets	20,034,432	16,803,215	3,088,162	2,360,265	23,122,594	19,163,480
Current assets	21,063,581	20,573,221	11,430,031	14,256,147	32,493,612	34,829,368
Total assets	41,098,013	37,376,436	14,518,193	16,616,412	55,616,206	53,992,848
LIABILITIES						
Non-current liabilities	3,420,700	3,333,969	305,364	592,559	3,726,064	3,926,528
Current liabilities	25,474,905	18,568,425	12,044,558	18,367,473	37,519,463	36,935,898
Total liabilities	28,895,605	21,902,394	12,349,922	18,960,032	41,245,527	40,862,426

2 General information

Hela Apparel Holdings PLC is engaged in providing consultancy and support services to group companies. The Group is engaged in the manufacture of apparel for export markets and in providing front-end services to foreign customers. The Company is a public limited liability company incorporated on 11 October 2018 and listed on the Colombo Stock Exchange on 7 February 2022. It is domiciled in Sri Lanka and bears the registration number PQ00205151 under the Companies Act No.07 of 2007. The address of the registered office and the principal place of the business is, No 35 Balapokuna Road, Colombo 06, Sri Lanka.

3 Basis of preparation

The condensed interim financial statements for the period ended 31 March 2023 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.

4 Accounting policies

Accounting policies adopted are consistent with those used in the consolidated financial statements of Hela Apparel Holdings PLC for the year ended 31 March 2022.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

5 Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The Company consults with legal counsel (lawyers) on matters related to litigation and other experts both within and outside the Company with respect to the matters in the ordinary course of business.

The following are the corporate guarantees provided by the Company and its subsidiaries as of 31 March 2023:

Liability due by	Guarantee or contingent liability taken on behalf of	Financial institution	Nature of the liability	Value
Hela Clothing (Private) Limited	Hela Investment Holdings Limited	Bank of Ceylon	Corporate Guarantee - USD	7,000,000
			Corporate Guarantee - USD	11,306,500
	Foundation Garments (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	13,942,500
		Commercial Bank of Ceylon PLC	Corporate Guarantee - USD	3,000,000
		Peoples Bank PLC	Corporate Guarantee - USD	6,500,000
		Peoples Bank PLC	Corporate Guarantee - LKR	917,431
Hela Apparel Holdings PLC	Hela Clothing (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	3,000,000
			Corporate Guarantee - USD	9,824,000
	Hela Clothing (Private) Limited	National Development Bank PLC	Corporate Guarantee - USD	4,200,000
		Commercial Bank of Ceylon PLC	Corporate Guarantee - USD	1,000,000
Foundation Garments (Private) Limited	Hela Investment Holdings Limited	National Development Bank PLC	Corporate Guarantee - USD	1,000,000
		Bank of Ceylon	Corporate Guarantee - USD	10,000,000
	Hela Clothing (Private) Limited	Commercial Bank of Ceylon PLC	Corporate Guarantee - USD	4,800,000
		Hatton National Bank PLC	Corporate Guarantee - USD	456,000

6 Financial commitments

The Group entered into a master service agreement with Attune Lanka (Private) Limited on 02 June 2021 to implement the SAP S/4HANA Fashion ERP system. Further, an End User License Agreement and a SAP Delivery Support Agreement were entered into with SAP India (Private) Limited on 28 May 2021.

7 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future.

In determining the basis of preparing the Financial Statements for the period ended 31 March 2023, based on available information, the management has assessed the existing and anticipated effects of the prevailing economic conditions in Sri Lanka on the Group and the appropriateness of the use of the going concern basis.

To counter the effects of both events, the Group has evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios relating to expected revenue streams, cost management, and the ability to defer non-essential capital expenditure. The Group's current reserves and financing facilities are sufficient to ensure the continuation of the business and the management believes that additional cost savings and cash conservation measures where needed will secure the Group's ability to continue as a going concern.

The Management has also assessed any specific impacts arising from the prevailing economic conditions in Sri Lanka on the operations and financial position of the business. Since the Group earns its revenues in US dollars from production and export of apparel to markets in the US and Europe and has a significant portion of its manufacturing operations located outside of Sri Lanka, it is the management's view that the Group is not significantly exposed to the prevailing economic conditions in Sri Lanka in a manner that would impact its ability to continue as a going concern.

Furthermore, the Management is not aware of any other material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

8 Investments in joint ventures

	2023 (LKR' 000)
Balance at 01 April 2022	320,407
Acquisition	-
Share of (loss) / profit	(85,548)
Exchange equalization reserve	37,115
Balance at 31 March 2023	271,974

Nature of investment in joint ventures;

Name of entity	Place of business /country of incorporation	Level of ownership
Sumbiri Intimate Apparel Private Limited	Ethiopia	Indirect
Safeguard Workwear EPZ Limited	Kenya	Direct

Hela Investment Holdings Limited, an indirect subsidiary of the Company, has acquired 27% shareholding of Sumbiri Intimate Apparel Private Limited Company ("the JV company") as at 31 March 2023. Foundation Garments (Private) Limited (Indirect Subsidiary) jointly operates and manages the JV company with the other shareholders. According to the joint venture agreement, Hela Investment Holdings Limited is to increase the investment in share capital of the JV company up to 50%. Sumbiri Intimate Apparel (Private) Limited is identified as a joint venture investment based on the joint control clauses in the JV agreement.

Hela Apparel Holdings PLC holds 50% shareholding of Safeguard Workwear EPZ Limited ("the JV company") as at 31 March 2023. The Group jointly operates and manages the JV company with the other shareholders. According to the joint venture agreement, Safeguard Workwear EPZ Limited is identified as a joint venture investment based on the joint control clauses in the JV agreement.

9 Comparatives

Comparative figures, where necessary, have been adjusted to conform with the changes in presentation in the current period.

10 Seasonal or cyclical factors affecting the Group

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

11 Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates and assumptions used in prior financial periods that may have a material effect in the current quarter and for the financial period to date.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the sources of estimates are consistent with the audited financial statements for the year ended 31 March 2022.

12 Stated capital

	Company			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Number of shares	Number of shares	Value (LKR' 000)	Value (LKR' 000)
Ordinary Voting Shares	1,309,955,933	1,303,117,944	5,720,075	5,696,037

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

12 Stated capital (Contd.)

Movement in ordinary shares:

	Number of shares	Value (LKR' 000)
Balance at 01 April 2021	10,000,431	1,723,899
Share issue (prior to share capital restructure)	395	2
Cancellation of existing shares due to share capital restructure	(10,000,826)	(1,723,901)
Share capital restructure to Ordinary Voting Shares	1,005,409,973	1,723,901
Share issues (Ordinary Voting Shares)	297,707,971	4,006,636
Transaction costs	-	(34,500)
Balance at 31 March 2022	1,303,117,944	5,696,037
Balance at 1 April 2022	1,303,117,944	5,696,037
Share issue related to Employee Share Ownership Plan	6,837,989	24,038
Balance at 31 March 2023	1,309,955,933	5,720,075

Pursuant to the share capital reorganization on 02 September 2021, all multiple classes of issued shares (A1, A2, A3, A4 Preference Shares and B and C ordinary shares) were converted into a single class of ordinary voting shares.

13 Earnings per share

The diluted earnings per share is the same as the basic earnings per share.

14 Net Assets per share

Net assets as at a particular financial period ended divided by the number of shares in issue as at the current period end.

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Net assets as of period end (LKR '000)	14,014,630	12,979,900	6,828,519	6,902,677
Number of shares as of period end	1,309,955,933	1,303,117,944	1,309,955,933	1,303,117,944
Net assets per share (Rs.)	10.70	9.96	5.21	5.30

15 Other reserves

The following table shows a breakdown and the movements in these reserves during the period.

	Revaluation reserve	Share based payment reserve	Total
	(LKR'000)	(LKR'000)	(LKR'000)
Balance at 1 April 2022	26,085	114,947	141,032
Gain on revaluation of land and buildings	729,645		729,645
Employee Share Ownership Scheme (ESOS) - value of employee services		46,201	46,201
Issue of shares to employees under the ESOS	-	(24,038)	(24,038)
Balance at 31 March 2023	755,730	137,110	892,840

16 Effect of changes in composition of the Group

There has not been a change in the composition of the Group which was disclosed in the audited financial statements for the year ended 31 March 2022 and interim financial statements for the quarter ended 31st December 2022.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

17 Events after reporting period

There has not been any significant events after the reporting period.

18 Presentation currency

Transactions measured in US Dollars are translated to Sri Lankan Rupees based on the Sri Lanka Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

- (a) Assets and Liabilities presented including comparatives are translated at the closing rate existed at the date of each balance sheet presented.
- (b) Income and expense items for all periods presented (i.e. including comparatives) are translated at the period average exchange rate applicable for respective periods.
- (c) Share capital is translated at the exchange rate existing at the date of transaction.
- (d) All resulting exchange differences are recognized in equity under exchange equalization reserves.

19 Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. The Group has trade receivables, trade payables and borrowings as financial instruments. The fair values are not materially different to their carrying amounts, since the interest receivable or payable is either close to the current market rates or the instruments are short-term in nature.

20 Market Price Per Share

	2023	2022
Market Value of Shares		
Last Trading Price on 31 March (LKR)	8.00	12.90
Highest Price During the Quarter Ended 31 March (LKR)	9.90	22.00
Lowest Price During the Quarter Ended 31 March (LKR)	7.90	12.50
Market Capitalisation on 31 March (LKR '000)	10,479,647	16,810,221
Ratios		
Net Asset Per Share of the Group on 31 March (LKR)	10.70	9.96
Share Trading		
No. of Transactions During the Quarter Ended 31 March	5,419	33,646
No. of Shares Traded During the Quarter Ended 31 March	26,621,415	115,641,164
Value of Shares Traded During the Quarter Ended 31 March (LKR '000)	240,798,513	2,051,977
Number of Shares	1,309,955,933	1,303,117,944

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

21 Public Holdings as at 31 March 2023

Public Holding as at 31 March	2023	2022
Issued Share Capital (No. of Shares)	1,309,955,933	1,303,117,944
Public Holding as a % of Issued Share Capital	22.65%	20.13%
Total Number of Shareholders	14,438	16,445
Number of Shareholders representing the Public Holding	14,418	16,421

Minimum Public Holding Requirement as per Listing Rules 7.14.1

	Float Adjusted Market Capitalization - (LKR)	Public Holding Percentage	No of Shareholders
Minimum Public Holding as at 31 March 2023	2,373,640,151	22.65%	14,418

The Company complies with the Minimum Public Holding required of the Main Board as per Option 5 of Section 7.14.1 (a) of the CSE Listing Rules

22 Shareholder Information

List of 20 Major Shareholders as at 31 March 2023	2023	
	No. of Shares	%
1 Lesing Hela Limited	614,256,956	46.89
2 Tars Investments Lanka (Pvt) Ltd.	235,638,162	17.99
3 Mr. P.L.D. Jinadasa	137,276,656	10.48
4 David Pieris Holdings (Private) Limited	30,674,576	2.34
5 Mr. D.E.H. Mcvey	30,598,973	2.34
6 Citibank Newyork S/A Norges Bank Account 2	28,146,929	2.15
7 Mr. H.H. Abdulhusein	19,100,000	1.46
8 Hatton National Bank PLC/Sri Dhama Rajendram Arudpragasam	16,191,671	1.24
9 Deutsche Bank AG as Trustee To Assetline Income Plus Growth Fund	7,027,589	0.54
10 Akbar Brothers Pvt Ltd A/C No 1	6,000,000	0.46
11 Union Assurance PLC - Universal Life Fund	5,575,358	0.43
12 Mr. R.S.P. Amaratunga	5,007,961	0.38
13 Mr. D.M. Beruwalage	4,361,600	0.33
14 Mr. A.R. Rasiah	4,273,743	0.33
15 Magna Wealth (Pvt) Ltd.	4,240,485	0.32
16 DFCC Bank PLC A/C NO.02	4,000,000	0.31
17 Mr. W.A.R. Gunawardhana	3,546,155	0.27
18 California Link (Private) Ltd	3,050,572	0.23
19 Bank of Ceylon A/C Ceybank Unit Trust	2,945,200	0.22
20 Mr. Y.C. Samarajeewa	2,867,137	0.22
	1,164,779,723	88.93

Directors' Shareholding as at 31 December 2023	2023	2022
	No. of Shares	No. of Shares
Directors' Direct Shareholding		
Mr. P.L.D. Jinadasa (Group CEO)	137,276,656	135,932,066
Mr. A.R. Rasiah (Chairman)	4,273,743	4,273,743
Ms. T.S. Peries	57,400	57,400
	141,607,799	140,263,209

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars Thousand)

	Group		Company	
	Three months ended 31 March		Three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from contracts with customers	56,644	62,682	-	-
Cost of sales	(49,005)	(49,775)	-	-
Gross profit	7,639	12,907	-	-
Distribution expenses	(2,046)	(2,808)	-	-
Administrative expenses	(5,325)	(8,268)	(11)	(192)
Other income	333	(90)	-	-
Other gains / (losses) - net	1,913	932	(1)	(6,644)
Operating profit / (loss)	2,514	2,673	(12)	(6,836)
Finance income	39	127	-	156
Finance costs	(2,610)	(2,212)	-	-
Finance (costs) / income - net	(2,571)	(2,085)	-	156
Share of profit / (loss) of equity accounted investee, net of tax	(62)	(325)	-	-
Profit / (loss) before income tax	(119)	263	(12)	(6,680)
Income tax expense	(590)	(1,072)	-	-
Profit / (loss) for the period	(709)	(809)	(12)	(6,680)
Profit / (loss) is attributable to:				
Equity holders of the parent	(985)	(950)	(12)	(6,680)
Non-controlling interests	276	141	-	-
Profit / (loss) for the period	(709)	(809)	(12)	(6,680)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars Thousand)

	Group		Company	
	<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) for the period	(709)	(809)	(12)	(6,680)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(396)	14		
Gain on revaluation of land and buildings	2,055	134		
Deferred income tax impact relating to revaluation		(28)		
Remeasurements of post-employment benefit obligations		305		
Deferred income tax impact relating to remeasurements of post-employment benefit obligations		(36)		
Other comprehensive income for the period, net of tax	1,659	389	-	-
Total comprehensive income for the period	950	(420)	(12)	(6,680)

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars Thousand)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023 (Unaudited)	2022 (Audited)	2023 (Unaudited)	2022 (Audited)
Revenue from contracts with customers	267,910	269,269	-	-
Cost of sales	(232,353)	(227,034)	-	-
Gross profit	35,557	42,235	-	-
Distribution expenses	(12,685)	(6,954)	-	-
Administrative expenses	(18,650)	(25,070)	(34)	(285)
Net impairment loss on financial assets	-	(636)	-	-
Other income	1,461	447	-	-
Other gains / (losses) - net	2,408	1,925	(2,261)	(6,645)
Operating profit / (loss)	8,091	11,947	(2,295)	(6,930)
Finance income	125	223	8	156
Finance costs	(9,636)	(6,628)	-	-
Finance (costs) / income - net	(9,511)	(6,405)	8	156
Share of loss of equity accounted investee, net of tax	(241)	(439)	-	-
Profit / (loss) before income tax	(1,661)	5,103	(2,287)	(6,774)
Income tax expense	(1,262)	(1,191)	(2)	(37)
Profit / (loss) for the period	(2,923)	3,912	(2,289)	(6,811)
Profit / (loss) is attributable to:				
Equity holders of the parent	(3,502)	3,928	(2,289)	(6,811)
Non-controlling interests	579	(16)	-	-
Profit / (loss) for the period	(2,923)	3,912	(2,289)	(6,811)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars Thousand)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023 (Unaudited)	2022 (Audited)	2023 (Unaudited)	2022 (Audited)
Profit / (loss) for the period	(2,923)	3,912	(2,289)	(6,811)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	82	5	-	-
Gain on revaluation of land and buildings	2,055	134	-	-
Deferred income tax impact relating to revaluation	(28)	(28)	-	-
Remeasurements of post-employment benefit obligati	-	305	-	-
Deferred income tax impact relating to remeasurements of post-employment benefit obligations	-	(36)	-	-
Other comprehensive income for the period, net of tax	2,109	380	-	-
Total comprehensive income for the period	(814)	4,292	(2,289)	(6,811)

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars Thousand)

	Group		Company	
	31 March 2023 (Unaudited)	31 March 2022 (Audited)	31 March 2023 (Unaudited)	31 March 2022 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	22,498	19,826	-	-
Investment property	1,710	1,505	-	-
Right-of-use assets	3,631	2,478	-	-
Intangible assets	36,737	36,504	-	-
Capital work-in-progress	5,023	2,096	-	-
Investment in subsidiaries	-	-	20,941	6,368
Investments in equity accounted investees	831	1,072	-	-
Deferred tax assets	219	611	-	-
Total non-current assets	70,649	64,092	20,941	6,368
Current assets				
Inventories	43,098	43,379	-	-
Trade receivables	28,194	39,892	-	-
Other receivables	10,678	8,887	-	13,138
Other assets	4,972	6,752	(0)	-
Income tax receivables	-	38	-	-
Cash and cash equivalents	12,341	17,539	27	3,731
Total current assets	99,283	116,488	27	16,869
Total assets	169,932	180,580	20,968	23,237
EQUITY				
Stated capital	29,548	29,481	29,548	29,481
Retained earnings / (accumulated losses)	8,242	11,743	(9,279)	(6,990)
Other reserves	3,489	721	596	594
Exchange equalisation reserve	1,051	969	-	-
Capital and reserves attributable to owners of the Company	42,330	42,914	20,865	23,085
Non-controlling interests	1,580	1,001	-	-
Total equity	43,910	43,915	20,865	23,085
LIABILITIES				
Non-current liabilities				
Borrowings	6,209	8,610	-	-
Deferred tax liabilities	2,609	1,925	-	-
Lease liabilities	929	1,171	-	-
Employee benefit obligations	1,638	1,426	-	-
Total non-current liabilities	11,385	13,132	-	-
Current liabilities				
Trade and other payables	35,651	36,037	102	115
Lease liabilities	1,043	1,451	-	-
Income tax liabilities	23	128	2	37
Borrowings	77,921	85,916	-	-
Total current liabilities	114,638	123,532	104	152
Total liabilities	126,023	136,664	104	152
Total equity and liabilities	169,932	180,580	20,968	23,237

CORPORATE INFORMATION

NAME OF COMPANY

Hela Apparel Holdings PLC

LEGAL FORM

Public Limited Liability Company
Incorporated under the Companies Act No.7 of 2007

DATE OF INCORPORATION

11 October 2018

COMPANY REGISTRATION NUMBER

PQ00205151

ACCOUNTING YEAR END

31 March

PRINCIPAL ACTIVITY OF THE COMPANY

Providing consultancy and support services to group companies.

REGISTERED OFFICE

No. 35, Balapokuna Road, Colombo 06, Sri Lanka.

WEBSITE

www.helaclimbing.com

SECRETARIES

Ms. Janseni Devi Kuhanesan
No. 47/ 12A, Sri Gnanendra Road, Ratmalana.

AUDITORS

PricewaterhouseCoopers
No. 100, Braybrooke Place, Colombo 02, Sri Lanka.

COMPANY REGISTRARS

SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road, Colombo 03, Sri Lanka.

PRINCIPAL ACTIVITIES OF THE GROUP

Manufacture of apparel for export markets and provision of front-end services to foreign customers

DIRECTORS

A R Rasiah
P L D Jinadasa
G P Gunawardana
T S Peries
P Schleiffer
A J Alderton
S R Khan
S Doron

DIRECT SUBSIDIARY

Hela Clothing (Private) Limited

INDIRECT SUBSIDIARIES

Foundation Garments (Private) Limited
F D N Sourcing (Private) Limited
Jinadasa Bennett (Private) Limited
Foundation Bennett (Private) Limited
Alpha Textiles (Private) Limited
Hela Investment Holdings Limited
Hela Indochine Apparel Private Limited Company
Hela Intimates EPZ Limited
Hela USA, Inc.
Hela Clothing Egypt SAE

JOINT VENTURES

Sumbiri Intimate Apparel Private Limited Company
Safeguard Workwear EPZ Limited

BANKERS

Absa Bank Kenya PLC
Bank of Ceylon
Commercial Bank of Ceylon PLC
Commercial Bank of Ethiopia
DFCC Bank PLC
Equity Bank Kenya Limited
Hatton National Bank PLC
National Bank of Egypt
National Development Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Standard Chartered Bank PLC
Qatar National Bank

FORWARD LOOKING STATEMENTS DISCLOSURE

These interim condensed financial statements contain certain forward-looking statements, which are provided for the purpose of presenting information about the management's current expectations and plans. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, and may include words such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying forward looking statements. As such, all statements pertaining to the expected financial position, business strategy, plans and prospects of the Hela Group are classified as forward-looking statements.

Such forward looking statements are based upon the management's current reasonable expectations and assumptions, and are subject to known and unknown risks, uncertainties and other factors including, but not limited to, regulatory changes in the sectors in which the Group operates and its ability to respond to them, the Group's ability to successfully adapt to technological changes, exposure to market risks, exchange rate volatility,

general economic and fiscal policies in the countries that the Group operates in, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Group. Other specific risks are noted in Section 3.6.1. of the Prospectus for the Initial Public Offering of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by forward looking statements herein. Given the risks and uncertainties that may cause the Group's actual future results, performance or achievements to materially differ from that expected, expressed or implied by forward looking statements in these financial statements, investors are advised not to place sole reliance on such statements. The Company also undertakes no obligations to update forward looking statements if circumstances or management assessments changes as a result of such factors, except as required by applicable laws and regulations.

