



EMBODIMENT OF STRENGTH

**HELA APPAREL HOLDINGS PLC
AND ITS SUBSIDIARIES**

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023



HELA APPAREL HOLDINGS PLC

GROUP CEO'S REVIEW

The first quarter of FY 2023/24 marked the continuation of a challenging operating environment for the Hela Apparel Holdings Group. Revenue of Rs. 17.0 Bn represented a 30.6% decrease on the same period of the previous year, driven by a 26.4% decline in the Group's underlying US Dollar-denominated sales and the appreciation of the Sri Lankan rupee. Consumer spending in the Group's key markets remained under significant pressure from elevated inflation and interest rates, with the uncertainty on the timing of a potential recovery being reflected in cautious procurement decisions across the apparel industry.

The sharp drop in sales during the quarter impacted the Group's profitability significantly. Gross profit margins contracted to 6.1% in the first quarter, an 830bp year-on-year reduction, as capacity utilisation rates decreased across most of the Group's manufacturing facilities. A rise in administrative expenses, which was partly driven by an increase in costs related to the implementation of SAP S/4HANA, further eroded operating profit margins. Finance costs also rose year-on-year due to elevated US dollar interest rates. As a result, while the drop in earnings resulted in a significant positive deferred income tax expense, the Group recorded a post-tax loss of Rs. 1.9 Bn.

From a balance sheet perspective, the Net-Debt-to-Equity ratio edged up to 2.1, compared to 2.0 at the same point of the previous year, partly reflecting the long-term financing agreements entered with Norfund and Aavishkaar Capital. The funds will be used to support Hela's strategic investment initiatives in Africa and demonstrates the confidence of these stakeholders in the medium-term outlook for the business.

That said, the short-term demand outlook remains highly challenging and the timing of a meaningful recovery continues to be uncertain. In response, we have launched a comprehensive Group-wide strategy entitled Project 180° to drive a sustainable return to profitability based on conservative demand expectations. This focuses on four major pillars: (i) Cost & Capacity Rationalisation - all areas of the business are being assessed for cost optimisation; (ii) Operational Excellence - we will continue our journey to ensure the highest levels of productivity, supported by our new Digital Core underpinned by SAP S/4HANA; (iii) Incomparable Product & Services - proactively responding to our customer needs with innovative solutions has never been more important and we will

continue to focus on this as a critical strength of the organisation; and (iv) Strategic Investments - in a rapidly changing market environment, we will continue to pursue strategic investments across the apparel value chain to build long-term shareholder value.

These actions are expected to support improvements in profitability in future quarters and will lay the groundwork for further upside as demand conditions recover. The management team remains confident in the underlying strengths of the Group's value proposition and is focused on fully realising these strengths to deliver value to our shareholders.



Dilanka Jinadasa
Group CEO

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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 30 June		Three months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from contracts with customers	16,992,389	24,468,492	-	-
Cost of sales	(15,947,784)	(20,951,470)	-	-
Gross profit	1,044,605	3,517,022	-	-
Distribution expenses	(571,032)	(1,003,011)	-	-
Administrative expenses	(1,976,087)	(1,517,584)	(2,425)	(3,211)
Other income	13,837	32,520	-	-
Other gains / (losses) - net	266,897	58,717	-	(742,247)
Operating profit / (loss)	(1,221,780)	1,087,664	(2,425)	(745,458)
Finance income	9,403	4,890	27	2,722
Finance costs	(1,008,081)	(674,492)	(2)	(56)
Finance (costs) / income - net	(998,679)	(669,602)	25	2,666
Share of profit / (loss) of equity accounted investee, net of tax	(44,617)	(8,054)	-	-
Profit / (loss) before income tax	(2,265,075)	410,008	(2,400)	(742,792)
Income tax expense	312,855	(56,419)	-	(649)
Profit / (loss) for the period	(1,952,220)	353,589	(2,400)	(743,441)
Profit / (loss) is attributable to:				
Equity holders of the parent	(1,956,643)	251,597	(2,400)	(743,441)
Non-controlling interests	4,423	101,992	-	-
Profit / (loss) for the period	(1,952,220)	353,589	(2,400)	(743,441)
Basic earnings / (loss) per share	(1.49)	0.19	(0.00)	(0.57)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit / (loss) for the period	(1,952,220)	353,589	(2,400)	(743,441)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(1,973,362)	2,772,360	(662,593)	1,347,956
Other comprehensive income for the period, net of tax	(1,973,362)	2,772,360	(662,593)	1,347,956
Total comprehensive income for the period	(3,925,582)	3,125,949	(664,993)	604,515

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lankan Rupees Thousand)

	Group			Company		
	30 June 2023 (Unaudited)	31 March 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 March 2023 (Unaudited)	30 June 2022 (Unaudited)
ASSETS						
Non-current assets						
Property, plant and equipment	6,842,200	7,363,289	7,251,837	-	-	-
Investment property	505,379	559,700	541,623	-	-	-
Right-of-use assets	903,163	1,188,514	875,170	-	-	-
Intangible assets	10,791,500	12,023,405	13,769,389	-	-	-
Capital work-in-progress	1,491,711	1,643,956	-	-	-	-
Investment in subsidiaries	-	-	-	6,189,512	6,853,540	2,297,812
Investments in equity accounted investees	203,696	271,974	376,226	-	-	-
Deferred tax assets	388,999	71,756	219,397	-	-	-
Other receivables	-	-	399	-	-	-
Total non-current assets	21,126,647	23,122,594	23,034,041	6,189,512	6,853,540	2,297,812
Current assets						
Inventories	11,338,611	14,105,256	14,789,295	-	-	-
Trade receivables	9,413,453	9,227,548	17,562,348	-	-	-
Other receivables	3,274,235	3,494,626	4,375,751	-	-	5,223,450
Other assets	1,367,747	1,627,265	2,235,419	1,601	(1)	1,490
Income tax receivables	-	-	9,488	-	-	-
Cash and cash equivalents	4,402,711	4,038,917	4,008,115	14,770	8,803	26,271
Total current assets	29,796,757	32,493,612	42,980,416	16,371	8,802	5,251,211
Total assets	50,923,404	55,616,206	66,014,457	6,205,883	6,862,342	7,549,023
EQUITY						
Stated capital	5,720,075	5,720,075	5,696,037	5,720,075	5,720,075	5,696,037
Retained earnings / (accumulated losses)	(884,084)	1,072,559	2,567,263	(2,268,546)	(2,266,146)	(2,197,059)
Other reserves	893,980	892,840	146,700	138,250	137,110	120,615
Exchange equalisation reserve	4,355,794	6,329,156	7,599,525	2,574,887	3,237,480	3,893,267
Capital and reserves attributable to the equity holders of the parent	10,085,765	14,014,630	16,009,525	6,164,666	6,828,519	7,512,861
Non-controlling interests	360,473	356,050	252,514	-	-	-
Total equity	10,446,238	14,370,680	16,262,039	6,164,666	6,828,519	7,512,861
LIABILITIES						
Non-current liabilities						
Borrowings	2,380,480	2,032,101	2,594,148	-	-	-
Deferred tax liabilities	697,948	853,834	697,877	-	-	-
Lease liabilities	185,947	304,027	807,385	-	-	-
Employee benefit obligations	492,146	536,102	739,364	-	-	-
Total non-current liabilities	3,756,520	3,726,064	4,838,774	-	-	-
Current liabilities						
Trade and other payables	12,313,170	11,668,002	11,169,763	41,217	33,233	35,464
Lease liabilities	451,602	341,521	123,900	-	-	-
Income tax liabilities	-	7,389	66,245	-	590	699
Borrowings	23,955,874	25,502,550	33,553,736	-	-	-
Total current liabilities	36,720,646	37,519,462	44,913,644	41,217	33,823	36,163
Total liabilities	40,477,166	41,245,526	49,752,418	41,217	33,823	36,163
Total equity and liabilities	50,923,404	55,616,206	66,014,457	6,205,883	6,862,342	7,549,023
Net assets per share	7.70	10.75	12.29	4.71	5.24	5.77

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: 10th August 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: 10th August 2023

Sgd.
Director
Date: 10th August 2023

CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees Thousand)

Group	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Stated capital	Retained earnings	Other reserves	Exchange equalization reserve	Total		
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
Balance at 1 April 2023	5,720,075	1,072,559	892,840	6,329,156	14,014,630	356,050	14,370,680
Profit / (loss) for the Period	-	(1,956,643)	-	-	(1,956,643)	4,423	(1,952,220)
Other comprehensive income	-	-	-	(1,973,362)	(1,973,362)	-	(1,973,362)
Total comprehensive income for the year	-	(1,956,643)	-	(1,973,362)	(3,930,005)	4,423	(3,925,582)
Employee Share Ownership Scheme (ESOS) - Value of employee services		-	1,140	-	1,140		1,140
Balance at 30 June 2023	5,720,075	(884,084)	893,980	4,355,794	10,085,765	360,473	10,446,238

CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees Thousand)

Company	Stated capital	Other Reserves	Retained earnings / (accumulated losses)	Exchange equalization reserve	Total
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
Revaluation of land and buildings	-	-	-	-	-
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
Balance at 1 April 2023	5,720,075	137,110	(2,266,146)	3,237,480	6,828,519
Loss for the year	-	-	(2,400)	-	(2,400)
Other comprehensive income	-	-	-	(662,593)	(662,593)
Total comprehensive income for the year	-	-	(2,400)	(662,593)	(664,993)
Employee Share Ownership Scheme (ESOS) - Value of employee services	-	1,140	-	-	1,140
Balance at 30 June 2023	5,720,075	138,250	(2,268,546)	2,574,887	6,164,666

CONDENSED STATEMENT OF CASH FLOW

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit / (loss) before income tax from continuing operations	(2,265,075)	410,008	(2,400)	(742,792)
Adjustments for:				
Depreciation and amortization	137,529	240,579	-	-
Net interest expenses	998,679	669,602	-	(2,666)
Retirement benefits obligations provision	3,990	311,897	-	-
Share based payment expenses	1,140	5,668	-	-
Share of loss from joint ventures	44,617	8,054	-	-
Changes in working capital				
- (Increase) / decrease in inventories	2,766,645	762,376	-	-
- (Increase) / decrease in trade receivables	(185,905)	(2,974,370)	-	-
- Increase / (decrease) in trade and other payables	645,167	(1,668,696)	7,983	(4,844)
- (Increase) / decrease in other receivables	220,391	(1,092,808)	-	(459,665)
- (Increase) / decrease in other assets	259,518	180,516	(1,602)	395,164
Cash (used in) / generated from operations	2,626,695	(3,147,174)	3,980	(814,803)
Retirement benefits obligations paid	478,208	(102,110)	-	-
Net movement in property, plant and equipment	(2,175,874)	236,039	-	-
Income tax paid	-	(28,486)	-	(7,340)
Interest paid	(1,008,081)	(674,492)	-	(56)
Net cash (outflow) / inflow from operating activities	(79,051)	(3,716,223)	3,980	(822,199)
Cash flows from investing activities				
Interest received	9,403	4,890	-	2,722
Net cash (outflow) / inflow from investing activities	9,403	4,890	-	2,722
Cash flows from financing activities				
Principal elements of lease payments	(35,475)	-	-	-
Net borrowings	(1,198,298)	1,979,804	-	-
Net cash inflow / (outflow) from financing activities	(1,233,773)	1,979,804	-	-
Net increase / (decrease) in cash and cash equivalents	(1,303,422)	(1,731,529)	3,980	(819,477)
Cash and cash equivalents at beginning of the period	4,008,115	5,244,151	26,271	1,115,481
Currency translation differences	1,698,017	901,247	(15,481)	(269,733)
Cash and cash equivalents at end of the period	4,402,711	4,008,115	14,770	26,271

NOTES TO THE 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 30 June		Three months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022	2023	2022
Revenue	15,191,374	20,994,789	1,801,015	3,473,703	16,992,389	24,468,492
Gross profit	849,510	2,890,442	195,095	626,580	1,044,605	3,517,022
Operating expenses	(2,188,143)	(2,302,076)	(358,976)	(218,519)	(2,547,119)	(2,520,595)
Operating profit / (loss)	(1,087,678)	648,302	(134,102)	439,362	(1,221,780)	1,087,664
Net finance cost	(874,726)	(558,491)	(123,952)	(111,111)	(998,678)	(669,602)
Profit before taxation	(2,007,022)	81,758	(258,053)	328,250	(2,265,075)	410,008
Income tax charge / (credit)	312,855	(56,419)	-	-	312,855	(56,419)
Profit / (loss) for the year	(1,694,167)	25,339	(258,053)	328,250	(1,952,220)	353,589

(iii) Summarised statement of financial position

	Sri Lankan Region		African Region		Consolidated	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
ASSETS						
Non-current assets	20,318,066	21,914,212	808,581	1,119,829	21,126,647	23,034,041
Current assets	23,359,616	33,432,155	6,437,141	9,548,261	29,796,757	42,980,416
Total assets	43,677,682	55,346,367	7,245,722	10,668,090	50,923,404	66,014,457
LIABILITIES						
Non-current liabilities	2,664,534	4,471,957	1,091,986	366,817	3,756,520	4,838,774
Current liabilities	33,055,146	26,558,608	3,665,500	10,377,290	36,720,646	36,935,898
Total liabilities	35,719,680	31,030,565	4,757,486	10,744,107	40,477,166	41,774,672

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 30 June 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 THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 30 June 2023:

<i>Liability Due By</i>	<i>Guarantee or Contingent Liability Taken on Behalf of</i>	<i>Financial Institution</i>	<i>Nature of the Liability</i>	<i>Amount (Mn)</i>
Foundation Garments (Private) Limited	Hela Investment Holdings Limited	National Development Bank PLC	Corporate Guarantee - USD	1.00
		Bank of Ceylon	Corporate Guarantee - USD	10.00
	Hela Clothing (Private) Limited	Commercial Bank of Ceylon PLC	Corporate Guarantee - USD	4.80
		Hatton National Bank PLC	Corporate Guarantee - USD	0.46
		DFCC Bank PLC	Corporate Guarantee - USD	4.00
Foundation Garments (Private) Limited and Hela Intimates EPZ	Hela Investment Holdings Limited	ESG First Fund Holding	Corporate Guarantee - USD	5.45
Hela Apparel Holdings PLC	Foundation Garments (Private) Limited	National Development Bank PLC	Corporate Guarantee - USD	9.82
	Hela Clothing (Private) Limited	National Development Bank PLC	Corporate Guarantee - LKR	1,260.00
		Commercial Bank	Corporate Guarantee - USD	1.00
		DFCC Bank PLC	Corporate Guarantee - LKR	1,200.00
		Hatton National Bank PLC	Corporate Guarantee - LKR	1,200.00
Foundation Garments (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	3.00	
Hela Clothing (Private) Limited	Foundation Garments (Private) Limited	Bank of Ceylon	Corporate Guarantee - USD	35.73
	Hela Investment Holdings Limited	Bank of Ceylon	Corporate Guarantee - USD	7.50
	Foundation Garments (Private) Limited	Sampath Bank	Corporate Guarantee - USD	1.00
		DFCC Bank PLC	Corporate Guarantee - USD	16.00
Hela Clothing (Private) Limited and Hela Apparel Holdings PLC	Foundation Garments (Private) Limited	Peoples Bank	Corporate Guarantee - USD	6.50
			Corporate Guarantee - LKR	300.00

6 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 30 June 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 THE CONDENSED INTERIM FINANCIAL STATEMENTS

7 Investments in joint ventures

	2023 (LKR' 000)
Balance at 01 April 2023	271,974
Acquisition	-
Share of (loss) / profit	(44,617)
Exchange equalization reserve	(23,661)
Balance at 30 June 2023	203,696

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 30 June 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 30 June 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.

8 Comparatives

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

9 Seasonal or cyclical factors affecting the Group;

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

10 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.

11 Stated capital

	Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 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 THE CONDENSED INTERIM FINANCIAL STATEMENTS

11 Stated capital (Contd.)

Movement in ordinary shares:

	Number of shares	Value (LKR' 000)
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
Balance at 1 April 2023	1,309,955,933	5,720,075
Balance at 30 June 2023	1,309,955,933	5,720,075

12 Earnings per share

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

13 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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net assets as of period end (LKR '000)	10,085,765	16,009,525	6,164,666	7,512,860
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.)	7.70	12.29	4.71	5.77

14 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 2023	755,730	137,110	892,840
Employee Share Ownership Scheme (ESOS) - value of employee services	-	1,140	1,140
Balance at 30 June 2023	755,730	138,250	893,980

15 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 March 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

16 Events after reporting period

On 1st August 2023, 7,425,627 ordinary voting shares were issued under the Share Ownership Plan and accordingly the Stated Capital of the Company increased to Rs. 5,746,178,507/- consisting of 1,317,381,560 ordinary voting shares.

17 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.

18 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.

19 Market Price Per Share

	2023	2022
Market Value of Shares		
Last Trading Price on 28 June (LKR)	6.80	10.50
Highest Price During the Quarter Ended 30 June (LKR)	8.30	15.30
Lowest Price During the Quarter Ended 30 June (LKR)	5.70	10.40
Market Capitalisation on 28 June	8,907,700,344	13,682,738
Ratios		
Net Asset Per Share of the Group on 30 June (LKR)	7.70	12.29
Share Trading		
No. of Transactions During the Quarter Ended 30 June	4,786	6,212
No. of Shares Traded During the Quarter Ended 30 June	13,419,198	33,116,623
Value of Shares Traded During the Quarter Ended 30 June	88,920,905	414,467,174
Number of Shares	1,309,955,933	1,303,117,944

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

20 Public Holdings as at 30 June 2023

Public Holding as at 30 June	2023	2022
Issued Share Capital (No. of Shares)	1,309,955,933	1,303,117,944
Public Holding as a % of Issued Share Capital	22.59%	20.08%
Total Number of Shareholders	14,265	15,612
Number of Shareholders representing the Public Holding	14,247	15,589

Minimum Public Holding Requirement as per Listing Rules 7.14.1

	Float Adjusted Market Capitalization - (LKR)	Public Holding Percentage	No. of Public Shareholders
Minimum Public Holding as at 30 June 2023	2,012,249,508	22.59%	14,247

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

21 Shareholder Information

List of 20 Major Shareholders as at 30 June 2023	No. of Shares	%
1 Lesing Hela Limited	614,256,956	46.89
2 Tars Investments Lanka Pvt Ltd	235,599,259	17.99
3 Mr. P.L.D. Jinadasa	138,431,300	10.57
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 - A/c No. 02	28,146,929	2.15
7 Mr. H.H. Abdulhusein	19,300,000	1.47
8 Hatton National Bank Plc/Sri Dhaman Rajendram Arudpragasam	17,044,184	1.30
9 Magna Wealth (Pvt) Ltd	7,274,340	0.56
10 Deutsche Bank Ag As Trustee To Assetline Income Plus Growth Fund	7,027,589	0.54
11 Akbar Brothers Pvt Ltd - A/c No. 01	6,000,000	0.46
12 Union Assurance PLC-Universal Life Fund	5,575,358	0.43
13 Mr. R.S.P. Amaratunga	5,007,961	0.38
14 Mr. D.M. Beruwalage	4,361,600	0.33
15 Mr. A.R. Rasiah	4,273,743	0.33
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 Bank of Ceylon A/C Ceybank Unit Trust	2,945,200	0.22
19 Mr. P.S.V. Fernando	2,861,355	0.22
20 Union Assurance PLC-Traditional Life Participating Fund	2,399,181	0.18
	1,169,324,659	89.28

Directors' Shareholding as at 30 June	2023 No. of Shares	2022 No. of Shares
Directors' Direct Shareholding		
Mr. P.L.D. Jinadasa (Group CEO)	138,431,300	136,533,656
Mr. A.R. Rasiah (Chairman)	4,273,743	4,273,743
Ms. T.S. Peries	57,400	57,400
	142,762,443	140,864,799

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars Thousand)

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	53,975	73,287	-	-
Cost of sales	(50,657)	(62,753)	-	-
Gross profit	3,318	10,534	-	-
Distribution expenses	(1,814)	(3,004)	-	-
Administrative expenses	(6,276)	(4,545)	(7)	(10)
Other income	44	97	-	-
Other gains / (losses) - net	848	176	-	(2,223)
Operating profit / (loss)	(3,880)	3,258	(7)	(2,233)
Finance income	30	15	-	8
Finance costs	(3,202)	(2,020)	-	-
Finance (costs) / income - net	(3,173)	(2,005)	-	8
Share of profit / (loss) of equity accounted investee, net of tax	(142)	(24)	-	-
Profit / (loss) before income tax	(7,196)	1,229	(7)	(2,225)
Income tax expense	994	(169)	-	(2)
Profit / (loss) for the period	(6,202)	1,060	(7)	(2,227)
Profit / (loss) is attributable to:				
Equity holders of the parent	(6,216)	754	(7)	(2,227)
Non-controlling interests	14	306	-	-
Profit / (loss) for the period	(6,202)	1,060	(7)	(2,227)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars Thousand)

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) for the period	(6,202)	1,060	(7)	(2,227)
Other comprehensive income:				
Currency translation differences	(2,489)	197	-	-
Other comprehensive income for the period, net of tax	(2,489)	197	-	-
Total comprehensive income for the period	(8,691)	1,257	(7)	(2,227)

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars Thousand)

	Group			Company		
	30 June 2023 (Unaudited)	31 March 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 March 2023 (Unaudited)	30 June 2022 (Unaudited)
ASSETS						
Non-current assets						
Property, plant and equipment	23,153	22,498	20,151	-	-	-
Investment property	1,710	1,710	1,505	-	-	-
Right-of-use assets	3,056	3,631	2,432	-	-	-
Intangible assets	36,517	36,737	38,261	-	-	-
Capital work-in-progress	5,048	5,023	-	-	-	-
Investment in subsidiaries	-	-	-	20,944	20,944	6,385
Investments in equity accounted investees	689	831	1,045	-	-	-
Deferred tax assets	1,316	219	610	-	-	-
Total non-current assets	71,488	70,649	64,004	20,944	20,944	6,385
Current assets						
Inventories	38,368	43,098	41,095	-	-	-
Trade receivables	31,854	28,194	48,801	-	-	-
Other receivables	11,080	10,678	12,159	-	-	14,514
Other assets	4,628	4,972	6,212	5	-	4
Income tax receivables	-	-	25	-	-	-
Cash and cash equivalents	14,898	12,341	11,137	50	27	73
Total current assets	100,828	99,283	119,429	55	27	14,591
Total assets	172,316	169,932	183,433	20,999	20,971	20,976
EQUITY						
Stated capital	29,548	29,548	29,481	29,548	29,548	29,481
Retained earnings / (accumulated losses)	2,026	8,242	12,497	(9,287)	(9,279)	(9,216)
Other reserves	3,620	3,489	738	600	596	611
Exchange equalisation reserve	(1,438)	1,051	1,165	-	-	-
Capital and reserves attributable to owners of the Company	33,755	42,330	43,881	20,859	20,865	20,876
Non-controlling interests	1,593	1,580	1,306	-	-	-
Total equity	35,349	43,910	45,187	20,859	20,865	20,876
LIABILITIES						
Non-current liabilities						
Borrowings	8,055	6,209	7,208	-	-	-
Deferred tax liabilities	2,362	2,609	1,939	-	-	-
Lease liabilities	629	929	2,243	-	-	-
Employee benefit obligations	1,665	1,638	2,054	-	-	-
Total non-current liabilities	12,711	11,385	13,444	-	-	-
Current liabilities						
Trade and other payables	41,666	35,650	31,039	139	102	98
Lease liabilities	1,528	1,043	344	-	-	-
Income tax liabilities	-	23	184	-	4	2
Borrowings	81,063	77,921	93,235	-	-	-
Total current liabilities	124,257	114,637	124,802	139	106	100
Total liabilities	136,968	126,022	138,246	139	106	100
Total equity and liabilities	172,316	169,932	183,433	20,999	20,971	20,976

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.helaclothing.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
Afrasia Bank Limited

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.

