



EMBODIMENT OF STRENGTH

**HELA APPAREL HOLDINGS PLC
AND ITS SUBSIDIARIES**

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022



HELA APPAREL HOLDINGS PLC

GROUP CEO'S REVIEW

The Hela Apparel Holdings Group navigated an exceptionally challenging operating environment in the third quarter of FY 2022/23. While revenue of Rs. 21.8 Bn represented a 44.8% increase compared to the same period of the previous year, this entirely reflected the depreciation of the Sri Lankan rupee during this interval. In US Dollar terms, revenue decreased by 19.7% year-on-year underpinned by a marked downturn in consumer demand across the Group's key markets, as well as elevated inventory levels among major apparel brands. As a result, the Group recorded a post-tax loss of Rs. 1.7 Bn in the third quarter.

Despite proactive cost reduction measures taken during the quarter, the drop in sales was a significant contributor to the contraction in profit margins. Gross profits margins, in particular, reduced by 370 basis points year-on-year to 10.0% as capacity utilisation rates decreased across the Group's manufacturing facilities. A significant increase in finance costs, driven by the rise in global US Dollar borrowing rates was a further drag on profitability during the third quarter. Income tax expenses also rose on account of a higher deferred tax change

reflecting the increase in Sri Lanka's corporate income tax rates.

That said, the Group's balance sheet remained in robust position and the Net-Debt-to-Equity ratio stood at 1.8 at the close of the third quarter, compared to 3.8 at the same point of the previous year.

Looking ahead, there are tentative signs of a stabilisation in economic conditions in the Group's key markets. Declining inflation rates and the ongoing strength of labour markets in Europe and North America, in particular, suggest a more resilient outlook for consumer spending in these economies. Nonetheless, the durability of the improvement in global economic conditions remains uncertain and performance is expected to vary across markets. In this context, we will continue to focus on consolidating our attractive value proposition as a leading ethical apparel supply chain solution provider, to take advantage of the emerging opportunities as the recovery in demand solidifies. Further leveraging our competitive global manufacturing footprint and strategic customer relationships will be a central aspect of this strategy.

At the same time, we will remain agile to the evolving operating environment and consider additional proactive steps to manage costs and rationalise capacity in order to drive a return to profitability in the short term. The positive impact of previous cost reduction measures, as well the management team's focus on improving operational excellence and the implementation of SAP S/4HANA, are also expected to materialise in the coming quarters.

Furthermore, as we navigate this volatile period, we continue to look towards new opportunities to enhance our value offering and deliver increased value to our shareholders.



Dilanka Jinadasa
Group CEO

Visit our website at www.helaclimbing.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 December		Three months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	21,750,692	15,021,451	-	-
Cost of sales	(19,575,934)	(12,956,905)	-	-
Gross profit	2,174,758	2,064,546	-	-
Distribution expenses	(1,119,599)	(274,221)	-	-
Administrative expenses	(1,582,061)	(1,095,360)	(3,418)	(3,777)
Other income	146,426	53,622	23	-
Other gains / (losses) - net	(48,170)	28,840	(7)	(28)
Operating profit / (loss)	(428,646)	777,427	(3,402)	(3,805)
Finance income	17,419	2,469	-	6
Finance costs	(1,090,771)	(323,912)	(2)	(14)
Finance (costs) / income - net	(1,073,352)	(321,443)	(2)	(8)
Share of profit / (loss) of equity accounted investee, net of tax	(58,229)	7,465	-	-
Profit / (loss) before income tax	(1,560,227)	463,449	(3,404)	(3,813)
Income tax expense	(128,035)	(11,335)	-	-
Profit / (loss) for the period	(1,688,262)	452,114	(3,404)	(3,813)
Profit / (loss) is attributable to:				
Equity holders of the parent	(1,683,825)	452,196	(3,404)	(3,813)
Non-controlling interests	(4,437)	(82)	-	-
Profit / (loss) for the period	(1,688,262)	452,114	(3,404)	(3,813)
Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the parent				
Basic / diluted earnings / (loss) per share	(1.29)	0.44	(0.00)	(0.00)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Three months ended 31 December 2022 (Unaudited)	2021 (Unaudited)	Three months ended 31 December 2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	(1,688,262)	452,114	(3,404)	(3,813)
Other comprehensive income: <i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(352,068)	46,618	15,446	28,266
Remeasurement of deferred tax due to increase in tax rate on revaluation	(10,287)	-	-	-
Other comprehensive income for the period, net of tax	(362,355)	46,618	15,446	28,266
Total comprehensive income for the period	(2,050,617)	498,732	12,042	24,453

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Nine months ended 31 December 2022 (Unaudited)	2021 (Unaudited)	Nine months ended 31 December 2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	74,478,793	41,386,797	-	-
Cost of sales	(64,636,869)	(35,584,825)	-	-
Gross profit	9,841,924	5,801,972	-	-
Distribution expenses	(3,750,800)	(895,951)	-	-
Administrative expenses	(4,697,183)	(3,139,958)	(8,059)	(7,120)
Other income	397,523	107,590	2,874	12
Other gains / (losses) - net	174,475	122,679	(796,980)	(173)
Operating profit / (loss)	1,965,939	1,996,332	(802,165)	(7,281)
Finance income	30,434	5,839	44	6
Finance costs	(2,476,922)	(1,001,199)	(63)	(61)
Finance (costs) / income - net	(2,446,488)	(995,360)	(19)	(55)
Share of loss of equity accounted investee, net of tax	(63,009)	(22,669)	-	-
Profit / (loss) before income tax	(543,558)	978,303	(802,184)	(7,336)
Income tax expense	(236,693)	(33,775)	-	-
Profit / (loss) for the period	(780,251)	944,528	(802,184)	(7,336)
Profit / (loss) is attributable to:				
Equity holders of the parent	(886,879)	976,109	(802,184)	(7,336)
Non-controlling interests	106,628	(31,581)	-	-
Profit / (loss) for the period	(780,251)	944,528	(802,184)	(7,336)
Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the parent				
Basic / diluted earnings / (loss) per share	(0.60)	0.91	(0.61)	(0.01)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Nine months ended 31 December		Nine months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	(780,251)	944,528	(802,184)	(7,336)
Other comprehensive income: <i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	2,618,681	63,520	1,455,650	37,811
Remeasurement of deferred tax due to increase in tax rate on revaluation	(9,987)	-	-	-
Other comprehensive income for the period,	2,608,694	63,520	1,455,650	37,811
Total comprehensive income for the period	1,828,443	1,008,048	653,466	30,475

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lankan Rupees Thousand)

	Group			Company		
	31 December 2022	31 December 2021	31 March 2022	31 December 2022	31 December 2021	31 March 2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	8,524,733	3,798,307	5,927,969	-	-	-
Investment property	546,481	345,945	450,000	-	-	-
Right-of-use assets	793,032	571,169	740,821	-	-	-
Intangible assets	13,237,901	7,376,171	11,541,301	-	234	-
Investment in subsidiaries	-	-	-	6,287,976	1,254,945	1,904,031
Investments in equity accounted investees	324,257	194,278	320,407	-	-	-
Deferred tax assets	708,791	124,271	182,650	-	-	-
Other receivables	-	224	332	-	-	-
Other assets	-	57,584	-	-	-	-
Total non-current assets	24,135,195	12,467,949	19,163,480	6,287,976	1,255,179	1,904,031
Current assets						
Inventories	14,260,419	7,572,793	12,970,239	-	-	-
Trade receivables	12,956,491	9,619,107	11,927,722	-	-	-
Other receivables	1,909,232	1,122,294	2,656,861	1,309,738	754,844	3,928,174
Other assets	1,582,434	1,702,729	2,018,930	-	-	-
Income tax receivables	7,262	6,158	11,465	-	6,005	-
Cash and cash equivalents	5,113,315	2,679,190	5,244,151	9,441	4,893	1,115,481
Total current assets	35,829,153	22,702,271	34,829,368	1,319,179	765,742	5,043,655
Total assets	59,964,348	35,170,220	53,992,848	7,607,155	2,020,921	6,947,686
EQUITY						
Stated capital	5,720,075	1,723,902	5,696,037	5,720,075	1,723,902	5,696,037
Retained earnings / (accumulated losses)	1,418,800	2,415,286	2,315,666	(2,255,802)	97,952	(1,453,618)
Other reserves	135,326	101,796	141,032	109,241	(39,940)	114,947
Exchange equalisation reserve	7,445,846	569,289	4,827,165	4,000,961	238,734	2,545,311
Capital and reserves attributable to the equity holders of the parent	14,720,047	4,810,273	12,979,900	7,574,475	2,020,648	6,902,677
Non-controlling interests	257,150	123,392	150,522	-	-	-
Total equity	14,977,197	4,933,665	13,130,422	7,574,475	2,020,648	6,902,677
LIABILITIES						
Non-current liabilities						
Borrowings	2,256,366	3,455,090	2,574,365	-	-	-
Deferred tax liabilities	1,481,489	189,080	575,488	-	-	-
Lease liabilities	998,189	556,799	350,258	-	-	-
Employee benefit obligations	592,596	510,483	426,417	-	-	-
Total non-current liabilities	5,328,640	4,711,452	3,926,528	-	-	-

CONDENSED STATEMENT OF FINANCIAL POSITION (CONTD)

(All amounts in Sri Lankan Rupees Thousand)

	Group			Company		
	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)	31 March 2022 (Audited)	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)	31 March 2022 (Audited)
Current liabilities						
Trade and other payables	9,792,350	7,347,533	10,774,815	32,680	273	33,800
Lease liabilities	162,310	75,005	433,857	-	-	-
Income tax liabilities	5,810	11,511	38,305	-	-	11,207
Borrowings	29,698,041	18,091,054	25,688,921	-	-	2
Total current liabilities	39,658,511	25,525,103	36,935,898	32,680	273	45,009
Total liabilities	44,987,151	30,236,555	40,862,426	32,680	273	45,009
Total equity and liabilities	59,964,348	35,170,220	53,992,848	7,607,155	2,020,921	6,947,686
Net assets per share	11.24	4.64	9.96	5.78	1.95	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: 14th February 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: 14th February 2023

Sgd.
Director
Date: 14th February 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	86,066	505,769	3,629,569	340,116	3,969,685
Profit for the year	-	976,109	-	-	976,109	(31,581)	944,528
Other comprehensive income	-	-	-	63,520	63,520	-	63,520
Total comprehensive income for the year	-	976,109	-	63,520	1,039,629	(31,581)	1,008,048
Issue of shares	3	-	-	-	3	-	3
Employee Share Ownership Scheme (ESOS) - value of employee services	-	-	15,730	-	15,730	-	15,730
Non controlling Interest on business combination	-	125,342	-	-	125,342	(185,143)	(59,801)
Share issue	-	-	-	-	-	-	-
Balance at 31 December 2021	1,723,902	2,415,286	101,796	569,289	4,810,273	123,392	4,933,665
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	-	(886,879)	-	-	(886,879)	106,628	(780,251)
Other comprehensive income	-	(9,987)	-	2,618,681	2,608,694	-	2,608,694
Total comprehensive income for the year	-	(896,866)	-	2,618,681	1,721,815	106,628	1,828,443
Employee Share Ownership Scheme (ESOS) - value of employee services	-	-	18,332	-	18,332	-	18,332
Issue of shares to employees under the ESOS	24,038	-	(24,038)	-	-	-	-
Balance at 31 December 2022	5,720,075	1,418,800	135,326	7,445,846	14,720,047	257,150	14,977,197

CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees Thousand)

Company	Stated capital	Share based payments	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	-	-	(7,336)	-	(7,336)
Other comprehensive income	-	-	-	37,811	37,811
Total comprehensive income for the year	-	-	(7,336)	37,811	30,475
Employee Share Ownership Scheme (ESOS) - value of employee services	-	15,730	-	-	15,730
Issue of shares	3	-	-	-	3
Balance at 31 December 2021	1,723,902	97,952	(39,940)	238,734	2,020,648
Balance at 1 April 2022	5,696,037	114,947	(1,453,618)	2,545,311	6,902,677
Loss for the year	-	-	(802,184)	-	(802,184)
Other comprehensive income	-	-	-	1,455,650	1,455,650
Total comprehensive income for the year	-	-	(802,184)	1,455,650	653,466
Employee Share Ownership Scheme (ESOS) - value of employee services	-	18,332	-	-	18
Issue of shares to employees under the ESOS	24,038	(24,038)	-	-	-
Balance at 31 December 2022	5,720,075	109,241	(2,255,802)	4,000,961	7,556,161

CONDENSED STATEMENT OF CASH FLOWS

(All amounts in Sri Lankan Rupees Thousand)

	Group		Company	
	Nine months ended 31		Nine months ended 31	
	December		December	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) before income tax from continuing operations	(543,558)	978,303	(802,184)	(7,336)
<i>Adjustments for:</i>				
Depreciation and amortization	595,433	358,402	-	801
Net interest expenses	2,446,600	995,473	(2,820)	-
Retirement benefits obligations provision	99,415	98,566	-	-
Loss on sale of property, plant and equipment	-	(126,012)	-	-
Fair value adjustment to investment property	-	200	-	-
Share of loss from joint Ventures	63,009	23,640	-	23,640
Exchange difference	95	(22,638)	-	-
<i>Changes in working capital</i>				
- (Increase) / decrease in inventories	1,447,513	(2,019,994)	-	-
- (Increase) / decrease in trade receivables	1,484,176	(4,214,882)	-	-
- Increase / (decrease) in trade and other payables	(3,197,149)	1,135,308	(8,813)	(2,003)
- (Increase) / decrease Other receivables	1,279,000	(195,128)	3,360,020	(5,810)
- (Increase) / decrease Other assets	843,971	(646,687)	-	(6,010)
Cash (used in) / generated from operations	4,518,506	(3,635,449)	2,546,203	3,282
Retirement benefits obligations paid	(26,793)	(56,758)	-	-
Income tax paid	(22,915)	(41,952)	-	-
Interest paid	(2,476,918)	(1,761,975)	-	-
Net cash (outflow) / inflow from operating activities	1,991,881	(5,496,134)	2,546,203	3,282
Cash flows from investing activities				
Net movement of property, plant and equipment and intangible assets	(1,023,412)	(872,174)	-	-
Interest received	30,318	10,224	2,820	-
Investments made in joint venture	-	(479,449)	-	-
Investments made in subsidiaries	-	-	(3,859,916)	-
Non controlling interest on business combination	-	(105,761)	-	-
Net cash (outflow) / inflow from investing activities	(993,094)	(1,447,160)	(3,857,096)	-
Cash flows from financing activities				
Principal elements of lease payments	(33,491)	-	-	-
Net borrowings	(2,299,945)	10,741,065	(13,044)	(1,058)
Net cash inflow / (outflow) from financing activities	(2,333,435)	10,741,065	(13,044)	(1,058)
Net increase/ (decrease) in cash and cash equivalents	(1,334,649)	3,797,772	(1,323,937)	2,224
Cash and cash equivalents at beginning of the period	5,244,151	1,896,513	1,115,481	2,174
Currency translation differences	1,203,813	(3,015,095)	217,897	495
Cash and cash equivalents at end of the Period	5,113,315	2,679,190	9,441	4,893

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, are similar in nature and process and where the risks and returns are similar. The operating segments represent the business structure. 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		Three months ended 31		Three months ended 31	
	December		December		December	
	2022	2021	2022	2021	2022	2021
Revenue	17,864,484	12,155,928	3,886,208	2,865,523	21,750,692	15,021,451
Gross profit	2,636,295	2,060,721	(461,537)	3,825	2,174,758	2,064,546
Operating expenses	(2,457,637)	(1,267,521)	(244,023)	(102,060)	(2,701,660)	(1,369,581)
Operating profit / (loss)	2,645,354	2,249,166	(679,415)	(252,834)	1,965,939	1,996,332
Net finance cost	(884,162)	(270,916)	(189,190)	(50,527)	(1,073,352)	(321,443)
Profit before taxation	(633,521)	759,160	(926,706)	(295,711)	(1,560,227)	463,449
Income tax charge / (credit)	(128,035)	(11,335)	-	-	(128,035)	(11,335)
Profit / (loss) for the year	(761,556)	747,825	(926,706)	(295,711)	(1,688,262)	452,114

(iii) Summarised statement of financial position

	Sri Lankan Region		African Region		Consolidated	
	31 December	31 December	31 December	31 December	31 December	31 December
	2022	2021	2022	2021	2022	2021
ASSETS						
Non-current assets	21,123,238	10,904,273	3,011,957	1,401,461	24,135,195	12,467,949
Current assets	19,220,222	19,068,504	16,608,931	2,097,697	35,829,153	22,702,271
Total assets	40,343,460	29,972,777	19,620,888	3,499,158	59,964,348	35,170,220
LIABILITIES						
Non-current liabilities	4,990,415	512,348	338,225	2,263,709	5,328,640	4,711,452
Current liabilities	21,819,018	23,413,811	17,839,493	2,845,231	39,658,511	25,525,103
Total liabilities	26,809,433	23,926,159	18,177,718	5,108,940	44,987,151	30,236,555

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 December 2022 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 as of 31 December 2022.

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	11,298,493
	Foundation Garment (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	13,942,480
		Peoples Bank PLC	Corporate Guarantee - USD	6,500,000
		Sampath Bank PLC	Corporate Guarantee - USD	2,000,000
Hela Apparel Holdings PLC	Foundation Garment (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	3,000,000
		Commercial Bank of Ceylon	Corporate Guarantee - USD	1,000,000
		National Development Bank PLC	Corporate Guarantee - USD	9,824,000
	Hela Clothing (Private) Limited	National Development Bank PLC	Corporate Guarantee - USD	4,200,000
	Foundation Garment (Private) Limited	Peoples Bank PLC	Corporate Guarantee - LKR	300,000,000
Foundation Garment (Private) Limited	Hela Investment Holdings Limited	National Development Bank	Corporate Guarantee - USD	1,000,000
		Bank of Ceylon	Corporate Guarantee - USD	10,000,000
	Hela Clothing (Private) Limited	Commercial Bank of Ceylon	Corporate Guarantee - USD	5,800,000
		Hatton National Bank PLC	Corporate Guarantee - USD	456,000
Hela Investment Holdings Limited	Hela Intimates EPZ Limited	Equity Bank Kenya	Corporate Guarantee - USD	1,000,000

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 Delivered Support Agreement were entered into with SAP India (Private) Limited on 28 May 2021. The total cost of the implementation and the licensing amounts to LKR 436,419,353 (USD 2,183,544).

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 December 2022, based on available information, the management has assessed the existing and anticipated effects of both the COVID-19 pandemic and 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

	2022 (LKR' 000)
At 1 April 2022	320,407
Acquisition	-
Share of (loss) / profit	(63,009)
Exchange equalization reserve	66,859
At 31 December 2022	324,257

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 2022. 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 2022. 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 disclosure note;

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 uncertainty are consistent with the audited financial statements for the year ended 31 March 2022.

12 Stated capital

	Company			
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Number of shares	Number of shares	Value (LKR' 000)	Value (LKR' 000)
Ordinary Voting Shares	1,309,955,933	1,036,008,946	5,720,075	1,723,902

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

12 Stated capital (Contd.)

(i) Movement in ordinary shares:

	Number of shares	Value (LKR' 000)
Opening balance 1 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)	-
Share capital restructure to Ordinary Voting Shares	1,005,409,973	-
Share issues (Ordinary Voting Shares)	30,598,973	1
Balance 31 December 2021	1,036,008,946	1,723,902
Opening balance 1 April 2022	1,303,117,944	5,696,037
Share issue related to Employee Share Ownership Plan	6,837,989	24,038
Balance 31 December 2022	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 December 2022	31 December 2021	31 December 2022	31 December 2021
Net assets as of period end (LKR '000)	14,720,047	4,810,273	7,574,475	2,020,648
Number of shares as of period end	1,309,955,933	1,036,008,946	1,309,955,933	1,036,008,946
Net assets per share (Rs.)	11.24	4.64	5.78	1.95

15 Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the period.

	Revaluation reserve (LKR'000)	Share based payment reserve (LKR'000)	Total (LKR'000)
Balance at 1 April 2022	26,085	114,947	141,032
Total comprehensive income for the year			
Employee Share Ownership Scheme (ESOS) - value of employee services	-	18,332	18,332
Issue of shares to employees under the ESOS	-	(24,038)	(24,038)
Balance at 31 December 2022	26,085	109,241	135,326

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 30 September 2022.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

17 Events after reporting period

There has not been any significant events after 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/payable is either close to the current market rates or the instruments are short-term in nature.

20 Market Price Per Share

	2022	2021
Market Value of Shares		
Closing Price on 31 December (LKR)	8.50	-
Highest Price During the Quarter Ended 31 December (LKR)	12.00	-
Lowest Price During the Quarter Ended 31 December (LKR)	8.30	-
Market Capitalisation on 31 December (LKR 000')	11,134,625,431	-
Ratios		
Net Asset Per Share of the Group on 31 December (LKR)	11.24	-
Price Earnings Ratio - Annualized	-	-
Share Trading		
No of Transactions During the Quarter Ended 31 December 2022	5,024	-
No of Shares Traded During the Quarter Ended 31 December 2022	7,309,547	-
Value of Shares Traded During the Quarter Ended 31 December 2022 (LKR 000')	71,886,854	-
Number of Shares	1,309,955,933	-

Notes: The Company was listed on the Colombo Stock Exchange on 7 February 2022. Comparative figures have therefore not been included for 2021.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTD)

21 Public Holdings as at 31 December 2022

Public Holding as at 31 December	2022	2021
Issued Share Capital (No. of Shares)	1,309,955,933	-
Public Holding as a % of Issued Share Capital	22.71%	-
Total Number of Shareholders	14,687	-
Number of Shareholders representing the Public Holding	14,667	-

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 December 2022	2,528,673,435	22.71	14,667

The Company complies with the Minimum Public Holding required of the Main Board as per Option 4 of Section 7.14.1 (i) (a) of the CSE Listing Rules.

22 Shareholder Information

List of 20 Major Shareholders as at 31 December 2022	2022	
	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	22,323,770	1.70
7 Mr. H.H. Abdulhusein	19,000,000	1.45
8 Hatton National Bank PLC/Sri Dhaman 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 Janashakthi Insurance PLC- Shareholders	5,333,334	0.41
12 Mr. W.M.S.R. Peiris	5,255,743	0.40
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 Magna Wealth (Pvt) Ltd.	3,888,905	0.30
18 Mr. W.A.R Gunawardhana	3,546,155	0.27
19 California Link (Private)LTD	3,050,572	0.23
20 Union Assurance PLC- Universal Life Fund	2,960,165	0.23
	1,160,666,531	88.62

Directors' Shareholding as at 31 December 2022	2022	2021
	No. of Shares	No. of Shares
Directors' Direct Shareholding		
Mr. P.L.D. Jinadasa (Group CEO)	137,276,656	133,656,266
Mr. A.R. Rasiah (Chairman)	4,273,743	4,273,743
Ms. T.S. Peries	57,400	-
	141,607,799	-

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars Thousand)

	Group		Company	
	Three months ended 31 December 2022 (Unaudited)	2021 (Unaudited)	Three months ended 31 December 2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	59,898	74,622	-	-
Cost of sales	(53,909)	(64,366)	-	-
Gross profit	5,989	10,256	-	-
Distribution expenses	(3,083)	(1,362)	-	-
Administrative expenses	(4,357)	(5,441)	(9)	(19)
Other income	403	266	-	-
Other gains / (losses) - net	(133)	143	-	-
Operating profit / (loss)	(1,181)	3,862	(9)	(19)
Finance income	48	12	-	-
Finance costs	(3,004)	(1,609)	-	-
Finance (costs) / income - net	(2,956)	(1,597)	-	-
Share of profit / (loss) of equity accounted investee, net of tax	(160)	37	-	-
Profit / (loss) before income tax	(4,297)	2,302	(9)	(19)
Income tax expense	(353)	(56)	-	-
Profit / (loss) for the period	(4,650)	2,246	(9)	(19)
Profit / (loss) is attributable to:				
Equity holders of the parent	(4,638)	2,246	(9)	(19)
Non-controlling interests	(12)	-	-	-
Profit/ (loss) for the period	(4,650)	2,246	(9)	(19)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars Thousand)

	Group		Company	
	Three months ended 31 December		Three months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	(4,650)	2,246	(9)	(19)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(824)	(58)	-	-
Remeasurement of deferred tax due to increase in tax rate on revaluation	(28)	-	-	-
Other comprehensive income for the period, net of tax	(852)	(58)	-	-
Total comprehensive income for the period	(5,502)	2,188	(9)	(19)

CONDENSED STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars Thousand)

	Group		Company	
	Nine months ended 31 December		Nine months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	211,266	206,586	-	-
Cost of sales	(183,348)	(177,625)	-	-
Gross profit	27,918	28,961	-	-
Distribution expenses	(10,639)	(4,472)	-	-
Administrative expenses	(13,324)	(15,673)	(23)	(36)
Other income	1,128	537	-	-
Other gains / (losses) - net	495	612	(2,261)	(1)
Operating profit / (loss)	5,578	9,965	(2,284)	(37)
Finance income	86	29	8	-
Finance costs	(7,026)	(4,998)	-	-
Finance (costs) / income - net	(6,940)	(4,969)	8	-
Share of loss of equity accounted investee, net of tax	(179)	(113)	-	-
Profit / (loss) before income tax	(1,541)	4,883	(2,276)	(37)
Income tax expense	(671)	(169)	-	-
Profit / (loss) for the period	(2,212)	4,714	(2,276)	(37)
Profit / (loss) is attributable to:				
Equity holders of the parent	(2,514)	4,872	(2,276)	(37)
Non-controlling interests	302	(158)	-	-
Profit/ (loss) for the period	(2,212)	4,714	(2,276)	(37)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars Thousand)

	Group		Company	
	Nine months ended 31 December		Nine months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	(2,212)	4,714	(2,276)	(37)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	(478)	(58)	-	-
Remeasurement of deferred tax due to increase in tax rate on revaluation	(28)	-	-	-
Other comprehensive income for the period, net of tax	(506)	(58)	-	-
Total comprehensive income for the period	(2,718)	4,656	(2,276)	(37)

CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars Thousand)

	Group			Company		
	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)	31 March 2022 (Audited)	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)	31 March 2022 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	23,477	18,799	19,826	-	-	-
Investment property	1,505	1,712	1,505	-	-	-
Right-of-use assets	2,184	2,827	2,478	-	-	-
Intangible assets	36,457	36,507	38,600	-	1	-
Investment in subsidiaries	-	-	-	17,317	6,211	6,368
Investments in equity accounted investees	893	962	1,072	-	-	-
Deferred tax assets	1,952	615	611	-	-	-
Other receivables	-	1	1	-	-	-
Other assets	-	285	-	-	-	-
Total non-current assets	66,468	61,708	64,093	17,317	6,212	6,368
Current assets						
Inventories	39,273	37,480	43,379	-	-	-
Trade receivables	35,682	47,608	39,892	-	-	-
Other receivables	5,258	5,555	8,886	3,607	3,736	13,138
Other assets	4,358	8,427	6,752	-	30	-
Income tax receivables	20	30	38	-	-	-
Cash and cash equivalents	14,082	13,260	17,539	26	24	3,731
Total current assets	98,673	112,360	116,486	3,633	3,790	16,869
Total assets	165,141	174,068	180,579	20,950	10,002	23,237
EQUITY						
Stated capital	29,548	9,661	29,481	29,548	9,661	29,481
Retained earnings / (accumulated losses)	9,201	12,418	11,743	(9,267)	(215)	(6,990)
Other reserves	706	575	721	579	555	594
Exchange equalisation reserve	488	904	969	-	-	-
Capital and reserves attributable to owners of the Company	39,943	23,558	42,914	20,860	10,001	23,085
Non-controlling interests	1,304	859	1,001	-	-	-
Total equity	41,247	24,417	43,915	20,860	10,001	23,085
LIABILITIES						
Non-current liabilities						
Borrowings	6,214	17,100	8,610	-	-	-
Deferred tax liabilities	4,080	936	1,925	-	-	-
Lease liabilities	2,749	2,756	1,171	-	-	-
Employee benefit obligations	1,632	2,527	1,426	-	-	-
Total non-current liabilities	14,675	23,319	13,132	-	-	-
Current liabilities						
Trade and other payables	26,968	36,365	36,037	90	1	115
Lease liabilities	447	371	1,451	-	-	-
Income tax liabilities	16	57	128	-	-	37
Borrowings	81,788	89,539	85,916	-	-	-
Total current liabilities	109,219	126,332	123,532	90	1	152
Total liabilities	123,894	149,651	136,664	90	1	152
Total equity and liabilities	165,141	174,068	180,579	20,950	10,002	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

35, Balapokuna Road, Colombo 06, Sri Lanka.

WEBSITE

www.helaapparel.com

MAJOR SHAREHOLDERS

Lesing Hela Limited
Tars Investment Lanka (Private) Limited
P L D Jinadasa

SECRETARIES

P W Corporate Secretarial (Private) Limited
(Resigned with effect from 1st February 2023)

Ms. Janseni Devi Kuhanesan (Appointed with effect from 1st February 2023)

AUDITORS

PricewaterhouseCoopers
100, Braybrooke Place, Colombo 02, Sri Lanka.

COMPANY REGISTRARS

SSP Corporate Services (Pvt) Ltd
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 (appointed with effect from 5th October 2022)
S Doron (appointed with effect from 5th October 2022)

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 Textile (Private) Limited
Hela Investment Holdings Limited
Hela Indochine Apparel Private Limited Company
Hela Intimates EPZ Limited
Hela USA, Inc.

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.



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