

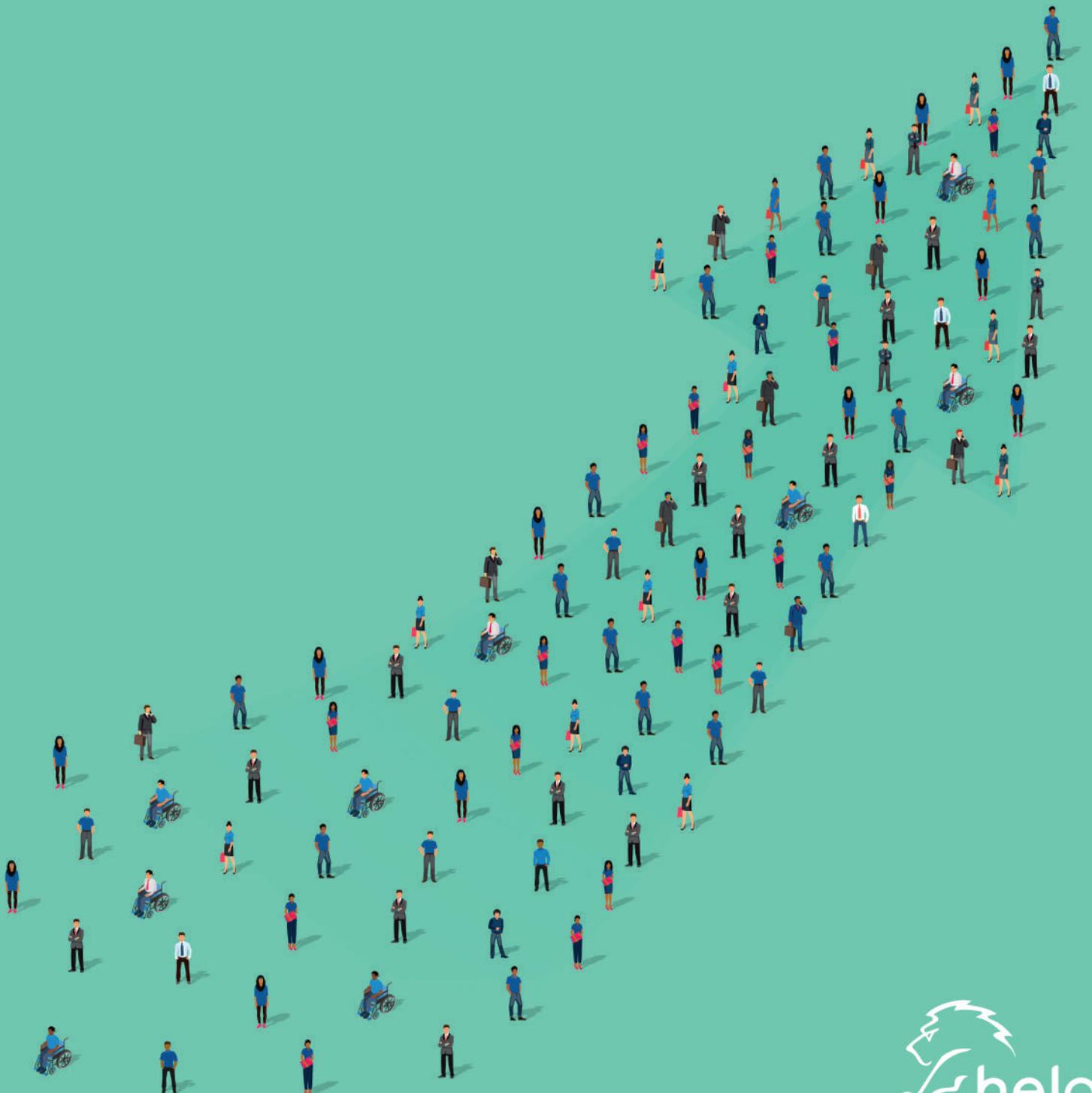
HELA APPAREL HOLDINGS PLC

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

# pioneering

PARTNERSHIPS



# GROUP CEO'S REVIEW

The Hela Apparel Holdings Group continued to navigate a volatile global operating environment during the second quarter of FY 2023/24. Revenue of Rs.17.2 Bn represented a 39.0% decrease compared to the same period of the previous year, driven by a 31.3% decline in the Group's underlying US Dollar-denominated sales and the appreciation of the Sri Lankan Rupee. This reflects the ongoing weakness in the performance of major apparel brands in the Group's key markets, which has persisted despite some resilience in overall consumer demand. That said, on a quarter-on-quarter basis, it is notable that the Group's revenue was largely stable in the second quarter.

Gross profit margins also demonstrated a limited improvement on a quarterly basis, rising by 200bp to 8.2% in the second quarter. This was supported by improved capacity utilisation rates across the Group's manufacturing facilities, underpinned by measures taken in previous quarters to rationalise capacity in order to match the reduced level of demand. However, gross margins remain below normalised levels and profitability was further eroded by a marked rise in administration expenses, partly as a result of the rupee appreciation and one-off costs arising from capacity

rationalisation measures taken during the quarter. Finance costs also rose year-on-year, driven by elevated US dollar interest rates. As a result, the Group recorded a post-tax loss of Rs. 2.6 Bn.

From a balance sheet perspective, the Net-Debt-to-Equity ratio stood at 3.7 at the end of the second quarter, compared to 2.1 at the close of the previous quarter. This was driven by a reduction in the Group's retained earnings, as well as the drawdown of the long-term financing facilities entered with Norfund and Aavishkaar Capital during the first half of the financial year. Nonetheless, the short-term debt burden has reduced and the Group's cash position remained stable in the second quarter.

Looking ahead and in the context of the uncertain timing of the recovery in the apparel sector, the Group has made significant progress in the implementation of its Project 180° strategy, which is expected to be reflected in an improved performance over the coming quarters. In particular, significant additional cost and capacity reduction measures were implemented across the organisation during the second quarter, including the transition of the Kenyan manufacturing facility (the Group's largest) from a double to single shift operation.

The management also continues to drive the remaining pillars of the strategy, which focus on maintaining operational excellence, supported by the Group's recent implementation of the SAP S/4HANA ERP system, and strengthening its attractive customer value proposition. The success of these pillars are demonstrated by the continued on boarding of new high profile customers to the Group's portfolio.

The management team is confident that the steps taken under Project 180° have placed the Hela Group in a more resilient position and the benefits will be demonstrated in the coming quarters. Nonetheless, we remain ready to implement further measures to ensure we deliver improved 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.

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of profit or loss

(All amounts in Sri Lankan Rupees Thousand ('000))

	Group		Company	
	Three months ended 30 September		Three months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from contracts with customers	17,171,910	28,156,456	-	-
Cost of sales	(15,768,014)	(23,425,399)	-	-
<b>Gross profit</b>	<b>1,403,896</b>	<b>4,731,057</b>	<b>-</b>	<b>-</b>
Distribution costs	(663,466)	(1,641,523)	-	-
Administrative costs	(2,972,478)	(2,216,656)	(2,467)	(1,381)
Other income	64,003	226,093	27	22
Other gains / (losses) - net	40,210	162,886	-	(13,531)
<b>Operating profit / (loss)</b>	<b>(2,127,835)</b>	<b>1,261,857</b>	<b>(2,440)</b>	<b>(14,890)</b>
Finance income	6,173	8,552	-	-
Finance costs	(907,205)	(721,931)	(2)	(3)
Finance (costs) / income - net	(901,032)	(713,379)	(2)	(3)
Share of loss of equity accounted investee, net of tax	739	2,072	-	-
<b>Profit / (loss) before income tax</b>	<b>(3,028,128)</b>	<b>550,550</b>	<b>(2,442)</b>	<b>(14,893)</b>
Income tax expense	431,254	(54,029)	-	-
<b>Profit / (loss) for the period</b>	<b>(2,596,874)</b>	<b>496,521</b>	<b>(2,442)</b>	<b>(14,893)</b>
Profit / (loss) is attributable to:				
Owners of the Company	(2,648,163)	493,206	(2,442)	(14,893)
Non-controlling interests	51,289	3,315	-	-
<b>Profit / (loss) for the period</b>	<b>(2,596,874)</b>	<b>496,521</b>	<b>(2,442)</b>	<b>(14,893)</b>
<b>Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the Company</b>				
Basic / diluted earnings / (loss) per share	(2.01)	0.38	(0.00)	(0.01)

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of comprehensive income

(All amounts in Sri Lankan Rupees Thousand ('000))

	Group		Company	
	Three months ended 30 September		Three months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
<b>Profit / (loss) for the period</b>	<b>(2,596,874)</b>	496,521	<b>(2,442)</b>	(14,893)
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	<b>1,125,783</b>	193,389	<b>325,703</b>	103,938
<b>Other comprehensive income for the period,</b>	<b>1,125,783</b>	193,389	<b>325,703</b>	103,938
<b>Total comprehensive income for the period</b>	<b>(1,471,091)</b>	689,910	<b>323,261</b>	89,045

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of profit or loss

(All amounts in Sri Lankan Rupees Thousand ('000))

	Group		Company	
	Six months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	34,165,284	52,560,870	-	-
Cost of sales	(31,719,694)	(44,143,637)	-	-
<b>Gross profit</b>	<b>2,445,590</b>	<b>8,417,233</b>	-	-
Distribution costs	(1,233,794)	(2,623,839)	-	-
Administrative costs	(4,940,357)	(3,916,551)	(4,874)	(4,650)
Other income	77,414	251,532	-	2,853
Other gains / (losses) - net	309,081	217,916	24	(784,999)
<b>Operating profit / (loss)</b>	<b>(3,342,066)</b>	<b>2,346,291</b>	<b>(4,850)</b>	<b>(786,796)</b>
Finance income	15,606	13,320	47	-
Finance costs	(1,916,296)	(1,396,666)	-	(81)
Finance (costs) / income - net	(1,900,690)	(1,383,346)	47	(81)
Share of loss of equity accounted investee, net of tax	(44,271)	(6,381)	-	-
<b>Profit / (loss) before income tax</b>	<b>(5,287,027)</b>	<b>956,564</b>	<b>(4,803)</b>	<b>(786,877)</b>
Income tax expense	743,146	(110,704)	-	(675)
<b>Profit / (loss) for the period</b>	<b>(4,543,881)</b>	<b>845,860</b>	<b>(4,803)</b>	<b>(787,552)</b>
Profit / (loss) is attributable to:				
Owners of the Company	(4,599,194)	736,591	(4,803)	(787,552)
Non-controlling interests	55,313	109,269	-	-
<b>Profit / (loss) for the period</b>	<b>(4,543,881)</b>	<b>845,860</b>	<b>(4,803)</b>	<b>(787,552)</b>
<b>Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the Company</b>				
Basic / diluted earnings / (loss) per share	(3.49)	0.56	(0.00)	(0.17)

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of comprehensive income

(All amounts in Sri Lankan Rupees Thousand ('000))

	<b>Group</b>		<b>Company</b>	
	<b>Six months ended 30 September</b>		<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit / (loss) for the period</b>	<b>(4,543,881)</b>	845,860	<b>(4,803)</b>	(787,552)
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	<b>(212,864)</b>	2,970,749	<b>(59,263)</b>	1,440,204
<b>Other comprehensive income for the period,</b>	<b>(212,864)</b>	2,970,749	<b>(59,263)</b>	1,440,204
<b>Total comprehensive income for the period</b>	<b>(4,756,745)</b>	3,816,609	<b>(64,066)</b>	652,652

**Condensed statement of financial position**
*(All amounts in Sri Lankan Rupees Thousand ('000))*

	<b>Group</b>			<b>Company</b>		
	<b>30 September 2023</b>	30 September 2022	31 March 2023	<b>30 September 2023</b>	30 September 2022	31 March 2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	8,927,977	7,856,999	9,001,940	-	-	-
Investment property	554,847	546,171	559,700	-	-	-
Right-of-use assets	2,655,913	1,037,427	2,742,171	-	-	-
Intangible assets	11,843,305	13,466,562	11,957,563	-	-	-
Investment in subsidiaries	-	-	-	6,796,615	6,278,019	6,853,540
Investments accounted for using the equity method	241,102	380,165	288,325	-	-	-
Deferred tax assets	1,966,983	175,445	1,128,036	-	-	-
Other financial assets at amortised cost	195	-	196	-	-	-
<b>Total non-current assets</b>	<b>26,190,322</b>	<b>23,462,769</b>	<b>25,677,931</b>	<b>6,796,615</b>	<b>6,278,019</b>	<b>6,853,540</b>
<b>Current assets</b>						
Inventories	7,113,269	17,007,450	11,761,008	-	-	-
Trade and other receivables	10,362,751	17,139,371	9,844,991	986	1,307,221	14,701
Other assets	4,248,120	1,662,525	3,708,927	-	598	-
Income tax receivables	304,177	7,430	49,378	-	-	-
Derivative financial instruments	-	-	439,129	-	-	-
Other financial assets at amortised cost	174,263	-	310,550	-	-	-
Cash and cash equivalents	3,688,860	6,843,095	3,906,000	14,754	14,911	8,804
<b>Total current assets</b>	<b>25,891,440</b>	<b>42,659,871</b>	<b>30,019,983</b>	<b>15,740</b>	<b>1,322,730</b>	<b>23,505</b>
<b>Total assets</b>	<b>52,081,762</b>	<b>66,122,640</b>	<b>55,697,914</b>	<b>6,812,355</b>	<b>7,600,749</b>	<b>6,877,045</b>
<b>EQUITY</b>						
Stated capital	5,780,679	5,754,575	5,754,575	5,780,679	5,754,575	5,754,575
Retained earnings / (accumulated losses)	(6,133,682)	3,017,757	801,331	(2,305,642)	(2,275,670)	115,012
Other reserves	777,677	128,784	6,120,591	91,358	102,699	3,259,771
Exchange equalisation reserve	5,907,727	7,797,914	(1,534,488)	3,200,508	3,985,515	(2,300,839)
<b>Capital and reserves attributable to owners of the Company</b>	<b>6,332,401</b>	<b>16,699,030</b>	<b>11,142,009</b>	<b>6,766,903</b>	<b>7,567,119</b>	<b>6,828,519</b>
Non-controlling interests	371,704	259,791	316,391	-	-	-
<b>Total equity</b>	<b>6,704,105</b>	<b>16,958,821</b>	<b>11,458,400</b>	<b>6,766,903</b>	<b>7,567,119</b>	<b>6,828,519</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	4,493,085	2,359,856	1,804,131	-	-	-
Deferred tax liabilities	1,544,120	711,013	1,613,979	-	-	-
Lease liabilities	2,208,835	952,941	2,134,142	-	-	-
Employee benefit obligations	546,592	575,584	536,101	-	-	-
<b>Total non-current liabilities</b>	<b>8,792,632</b>	<b>4,599,394</b>	<b>6,088,353</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Trade and other payables	12,115,867	12,167,078	12,106,756	45,452	33,089	47,935
Lease liabilities	493,711	162,178	648,353	-	-	-
Income tax liabilities	172,036	68,190	24,231	-	541	590
Borrowings	23,803,411	32,166,979	25,371,821	-	-	1
<b>Total current liabilities</b>	<b>36,585,025</b>	<b>44,564,425</b>	<b>38,151,161</b>	<b>45,452</b>	<b>33,630</b>	<b>48,526</b>
<b>Total liabilities</b>	<b>45,377,657</b>	<b>49,163,819</b>	<b>44,239,514</b>	<b>45,452</b>	<b>33,630</b>	<b>48,526</b>
<b>Total equity and liabilities</b>	<b>52,081,762</b>	<b>66,122,640</b>	<b>55,697,914</b>	<b>6,812,355</b>	<b>7,600,749</b>	<b>6,877,045</b>
Net assets per share	4.81	12.75	8.51	5.14	5.78	5.21

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: 09th November 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: 09th November 2023

Sgd.

Director

Date: 09th November 2023

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of changes in equity

(All amounts in Sri Lankan Rupees Thousand ('000))

#### Group

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Stated capital	Retained earnings	Other reserves	Exchange equalization reserve			
<b>Balance at 1 April 2022</b>	5,730,537	2,281,166	141,032	4,827,165	12,979,900	150,522	13,130,422
Profit for the year	-	736,591	-	-	736,591	109,269	845,860
Other comprehensive income	-	-	-	2,970,749	2,970,749	-	2,970,749
<b>Total comprehensive income for the year</b>	-	736,591	-	2,970,749	3,707,340	109,269	3,816,609
Employee share option plan - value of employee services	-	-	11,790	-	11,790	-	11,790
Issue of shares under Employees Share Ownership Plan	24,038	-	(24,038)	-	-	-	-
<b>Balance at 30 September 2022</b>	5,754,575	3,017,757	128,784	7,797,914	16,699,030	259,791	16,958,821
<b>Balance at 1 April 2023</b>	5,754,575	(1,534,488)	801,331	6,120,591	11,142,009	316,391	11,458,400
Profit/ (loss) for the Period	-	(4,599,194)	-	-	(4,599,194)	55,313	(4,543,881)
Other comprehensive income	-	-	-	(212,864)	(212,864)	-	(212,864)
<b>Total comprehensive income for the year</b>	-	(4,599,194)	-	(212,864)	(4,812,058)	55,313	(4,756,745)
Employee share option plan - value of employee services	-	-	2,450	-	2,450	-	2,450
Issue of shares under Employees Share Ownership Plan	26,104	-	(26,104)	-	-	-	-
<b>Balance at 30 September 2023</b>	5,780,679	(6,133,682)	777,677	5,907,727	6,332,401	371,704	6,704,105

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of changes in equity

(All amounts in Sri Lankan Rupees Thousand ('000))

Company

	Stated capital	Share based payments	Retained earnings /(accumulated losses)	Exchange equalization reserve	Total
<b>Balance at 1 April 2022</b>	5,730,537	114,947	(1,488,118)	2,545,311	6,902,677
Loss for the year	-	-	(787,552)	-	(787,552)
Other comprehensive income	-	-	-	1,440,204	1,440,204
<b>Total comprehensive income for the year</b>	-	-	(787,552)	1,440,204	652,652
Issue of shares under Employees Share Ownership Plan	-	11,790	-	-	11,790
Employee share option plan - value of employee services	24,038	(24,038)	-	-	-
<b>Balance at 30 September 2022</b>	5,754,575	102,699	(2,275,670)	3,985,515	7,567,119
<b>Balance at 1 April 2023</b>	5,754,575	115,012	(2,300,839)	3,259,771	6,828,519
Loss for the year	-	-	(4,803)	-	(4,803)
Other comprehensive income	-	-	-	(59,263)	(59,263)
<b>Total comprehensive income for the year</b>	-	-	(4,803)	(59,263)	(64,066)
Employee share option plan	-	2,450	-	-	2,450
Issue of shares under Employees Share Ownership Scheme	26,104	(26,104)	-	-	-
<b>Balance at 30 September 2023</b>	5,780,679	91,358	(2,305,642)	3,200,508	6,766,903

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Condensed statement of cash flows

(All amounts in Sri Lankan Rupees Thousand ('000))

	<b>Group</b>		<b>Company</b>	
	<b>Six months ended 30</b>		<b>Six months ended 30</b>	
	<b>September</b>		<b>September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit / (loss) before income tax from continuing operations	<b>(5,287,027)</b>	956,564	<b>(4,803)</b>	(786,877)
<b>Adjustments for:</b>				
Depreciation and amortization	<b>269,752</b>	248,322	-	-
Net interest expenses	<b>1,900,691</b>	1,383,402	<b>(47)</b>	-
Retirement benefits obligations provision	<b>50,193</b>	82,499	-	-
Share based payment expenses	<b>2,450</b>	11,790	-	-
Share of loss from joint Ventures	<b>43,772</b>	6,250	-	-
<b>Changes in working capital</b>				
- (Increase) / decrease in inventories	<b>4,449,124</b>	(1,210,476)	-	-
- (Increase) / decrease in trade and other receivables	<b>(875,639)</b>	1,449,741	<b>(13,299)</b>	3,310,580
- Increase / (decrease) in trade and other payables	<b>355,970</b>	(871,918)	<b>(2,025)</b>	(7,639)
<b>Cash (used in) / generated from operations</b>	<b>909,286</b>	2,056,174	<b>(20,174)</b>	2,516,064
Retirement benefits obligations paid	<b>(35,375)</b>	(26,941)	-	-
Income tax paid	<b>(247,150)</b>	(27,432)	-	-
Interest paid	<b>(1,916,296)</b>	(1,396,597)	-	-
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(1,289,535)</b>	605,204	<b>(20,174)</b>	2,516,064
<b>Cash flows from investing activities</b>				
Net movement of property, plant and equipment and intangible assets	<b>(43,885)</b>	(363,953)	-	-
Interest received	<b>8,718</b>	13,195	<b>47</b>	-
Investments made in joint ventures	-	-	-	(3,784,214)
Investments made in subsidiaries	-	-	<b>(25,168)</b>	-
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(35,167)</b>	(350,758)	<b>(25,121)</b>	(3,784,214)
<b>Cash flows from financing activities</b>				
Principal elements of lease payments	<b>(457,314)</b>	(24,307)	-	-
Net borrowings	<b>1,327,356</b>	213,899	-	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>870,042</b>	189,592	-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(454,660)</b>	444,038	<b>(45,295)</b>	(1,268,150)
Cash and cash equivalents at beginning of the period	<b>3,906,000</b>	5,244,151	<b>8,804</b>	1,115,481
Currency translation differences	<b>237,520</b>	1,154,906	<b>51,245</b>	167,580
<b>Cash and cash equivalents at end of the Period</b>	<b>3,688,860</b>	6,843,095	<b>14,754</b>	14,911

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Notes to the financial statements

(All amounts are shown in Sri Lankan Rupees Thousand ('000) 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	
	2023	2022	2023	2022	2023	2022
Revenue	15,600,829	27,099,720	1,571,081	1,056,736	17,171,910	28,156,456
Gross profit	1,212,414	4,353,264	191,482	377,792	1,403,896	4,731,057
Operating expenses	(3,944,044)	(3,366,099)	308,101	(492,080)	(3,635,944)	(3,858,179)
Operating (loss)/ profit	(2,056,521)	763,640	(71,314)	498,217	(2,127,835)	1,261,857
Net finance cost	(738,380)	(592,059)	(162,652)	(121,320)	(901,032)	(713,379)
Profit before taxation	(2,794,162)	173,653	(233,966)	376,897	(3,028,128)	550,550
Income tax credit/ (charge)	431,254	(54,029)	-	-	431,254	(54,029)
(Loss)/ profit for the year	(2,362,908)	119,624	(233,966)	376,897	(2,596,874)	496,521

##### (iii) Summarised statement of financial position

	Sri Lankan Region		African Region		Consolidated	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Non-current assets	24,498,331	20,450,812	1,691,991	3,011,957	26,190,322	23,462,769
Current assets	19,799,929	26,050,940	6,091,511	16,608,931	25,891,440	42,659,871
<b>Total assets</b>	<b>44,298,260</b>	<b>46,501,752</b>	<b>7,783,502</b>	<b>19,620,888</b>	<b>52,081,762</b>	<b>66,122,640</b>
<b>LIABILITIES</b>						
Non-current liabilities	5,491,893	4,261,169	3,300,739	338,225	8,792,632	4,599,394
Current liabilities	33,427,459	26,724,932	3,157,566	17,839,493	36,585,025	44,564,425
<b>Total liabilities</b>	<b>38,919,352</b>	<b>30,986,101</b>	<b>6,458,305</b>	<b>18,177,718</b>	<b>45,377,657</b>	<b>49,163,819</b>

#### 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 September 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 2023.

#### 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 2023.

**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 September 2023.

Liability Due by	Guarantee or contingent liability taken on behalf of	Financial Institution	Nature of the liability	Amount (Mn)	
Foundation Garments	Hela Investment Holdings	NDB	Corporate Guarantee - USD	324,448	
		BOC	Corporate Guarantee - USD	1,297,791	
	Hela Clothing	Commercial Bank	Corporate Guarantee - USD	1,946,687	
		HNB	Corporate Guarantee - USD	1,557,349	
		DFCC	Corporate Guarantee - USD	147,948	
		NTB	Corporate Guarantee - USD	1,297,791	
	Hela Clothing Egypt	NTB	Corporate Guarantee - USD	2,433,359	
NDB	Corporate Guarantee - USD	324,448			
Foundation Garments and Hela Intimater EPZ	Hela Investment Holdings	ESG First Fund Holding	Corporate Guarantee - USD	1,622,239	
		Norfund	Corporate Guarantee - USD	4,542,269	
Hela Apparel Holdings	Foundation Garments	NDB	Corporate Guarantee - USD	3,187,375	
		DFCC	Corporate Guarantee - USD	973,343	
	Hela Clothing	DFCC	Corporate Guarantee - USD	1,200,000	
		NDB	Corporate Guarantee - USD	1,260,000	
		Commercial Bank	Corporate Guarantee - USD	324,448	
		HNB	Corporate Guarantee - USD	1,005,788	
		NTB	Corporate Guarantee - USD	2,500,000	
Hela Clothing	Foundation Garments	Sampath Bank	Corporate Guarantee - USD	324,448	
		Commercial Bank	Corporate Guarantee - USD	973,343	
		DFCC	Corporate Guarantee - USD		259,558
					46,227
					973,343
					973,343
					2,271,135
					973,343
		BOC	Corporate Guarantee - USD		3,406,702
					74,623
	Hela Invertment Holdings	BOC	Corporate Guarantee - USD		25,000
				973,343	
				973,343	
Hela Clothing and Hela Apparel Holdings	Foundation Garments	Peopler Bank	Corporate Guarantee - USD		324,448
					2,108,911
				300,000	

**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 quarter ended 30 September 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.

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Notes to the condensed interim financial statements

#### 7 Investments in joint ventures

	<b>2023</b>
	<b>(LKR' 000)</b>
At 1 April 2023	288,325
Acquisition	-
Share of (loss) / profit	(44,271)
Exchange equalization reserve	(2,952)
<b>At 30 September 2023</b>	<b>241,102</b>

#### Nature of investment in joint ventures;

<b>Name of entity</b>	<b>Place of business /country of incorporation</b>	<b>Level of ownership</b>
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 September 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 September 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 uncertainty are consistent with the audited financial statements for the year ended 31 March 2023.

#### 11 Stated capital

	<b>Company</b>			
	<b>30 September 2023</b>	30 September 2022	<b>30 September 2023</b>	30 September 2022
	<b>Number of shares</b>	Number of shares	<b>Value (LKR' 000)</b>	Value (LKR' 000)
Ordinary Voting Shares	<b>1,317,381,560</b>	1,309,955,933	<b>5,780,679</b>	5,754,575
	<b>1,317,381,560</b>	1,309,955,933	<b>5,780,679</b>	5,754,575

Notes to the condensed interim financial statements

11 Stated capital (Contd.)

(i) Movement in ordinary shares:

	Number of shares	Value (LKR' 000)
Opening balance 1 April 2022	1,303,117,944	5,730,537
Share issue related to Employee Share Ownership Plan	6,837,989	24,038
<b>Balance 30 September 2022</b>	<b>1,309,955,933</b>	<b>5,754,575</b>
Opening balance 1 April 2023	<b>1,309,955,933</b>	<b>5,754,575</b>
Share issue related to Employee Share Ownership Plan	<b>7,425,627</b>	<b>26,104</b>
<b>Balance 30 September 2023</b>	<b>1,317,381,560</b>	<b>5,780,679</b>

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 September 2023	30 September 2022	30 September 2023	30 September 2022
Net assets as of period end (LKR '000)	6,332,401	16,699,030	6,766,903	7,567,119
Number of shares as of period end	1,317,381,560	1,309,955,933	1,317,381,560	1,309,955,933
Net assets per share (Rs.)	4.81	12.75	5.14	5.78

14 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)	Other reserves (LKR'000)	Total (LKR'000)
Balance at 1 April 2023	655,794	115,012	30,525	801,331
Employees Share Ownership Scheme	-	2,450	-	2,450
Issue of shares under Employees Share Ownership Scheme	-	(26,104)	-	(26,104)
<b>Balance at 30 September 2023</b>	<b>655,794</b>	<b>91,358</b>	<b>30,525</b>	<b>777,677</b>

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Notes to the condensed interim financial statements

#### 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 2023 and interim financial statements for the quarter ended 30 June 2023.

#### 16 Events after reporting period

There has not been any significant events after reporting period.

#### 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/payable is either close to the current market rates or the instruments are short-term in nature.

#### 19 Market Price Per Share

	2023	2022
<b>Market Value of Shares</b>		
Last trading price on 30 September (LKR)	6.40	12.00
Highest Price During the Quarter Ended 30 September (LKR)	8.60	14.40
Lowest Price During the Quarter Ended 30 September (LKR)	5.90	9.80
Market Capitalisation on 30 September (LKR 000')	8,431,241,984	15,719,471,196
<b>Ratios</b>		
Net Asset Per Share of the Group on 30 September (LKR)	4.81	12.75
<b>Share Trading</b>		
No of Transactions During the Quarter Ended 30 September 2023	8,684	6,212
No of Shares Traded During the Quarter Ended 30 September 2023	56,069,351	33,116,623
Value of Shares Traded During the Quarter Ended 30 September 2023 (LKR 000')	385,879,294	414,467,174
Number of Shares	1,317,381,560	1,309,955,933

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Notes to the condensed interim financial statements

#### 20 Public Holdings as at 30 September 2023

<i>Public Holding as at 30 September</i>	<b>2023</b>	<b>2022</b>
Issued Share Capital (No. of Shares)	1,317,381,560	1,309,955,933
Public Holding as a % of Issued Share Capital	22.65%	20.04%
Total Number of Shareholders	14,199	14,960
Number of Shareholders representing the Public Holding	14,181	14,939

#### **Minimum Public Holding Requirement as per Listing Rules 7.13.1**

	<b>Float Adjusted Market Capitalization - (LKR)</b>	<b>Public Holding Percentage</b>	<b>No of Shareholders</b>
Minimum Public Holding as at 30 September 2023	1,909,676,309	22.65%	14,181

The Company complies with the Minimum Public Holding required of the Main Board as per Option 5 of Section 7.13.1 (a) of the CSE Listing Rules

#### 21 Shareholder Information

<i>List of 20 Major Shareholders as at 30 September 2023</i>	<b>2023</b>	
	<b>No. of Shares</b>	<b>%</b>
1 Lesing Hela Limited	614,256,956	46.63
2 Tars Investments Lanka (Pvt) Ltd.	235,599,259	17.88
3 Mr. P.L.D. Jinadasa	138,931,300	10.55
4 David Pieris Holdings (Private) Limited	30,674,576	2.33
5 Mr. D.E.H. Mcvey	30,598,973	2.32
6 Citibank Newyork S/A Norges Bank Account 2	28,116,708	2.13
7 Hatton National Bank PLC/Sri Dhaman Rajendram Arudpragasam	16,260,071	1.23
8 Deutsche Bank AG as Trustee To Assetline Income Plus Growth Fund	10,027,589	0.76
9 Magna Wealth (Pvt) Ltd.	9,624,340	0.73
10 Mr. R.S.P. Amaratunga	5,007,961	0.38
11 Union Assurance Plc-Universal Life Fund	4,523,246	0.34
12 Mr. D.M. Beruwalage	4,361,600	0.33
13 Mr. P.S.V. Fernando	4,303,743	0.33
14 Mr. A.R. Rasiah	4,273,743	0.32
15 DFCC Bank PLC A/C NO.02	4,000,000	0.30
16 Mrs. W.T.S.G. De Silva	3,205,306	0.24
17 MR. Y.C. Samarajeewa	3,108,308	0.24
18 Bank of Ceylon A/C Ceybank Unit Trust	2,945,200	0.22
19 W.A.R Gunawardhana	2,831,355	0.21
20 Seylan Bank Plc/Senthilverl Holdings (Pvt) Ltd	2,625,013	0.20
	<b>1,155,275,247</b>	<b>87.67</b>

<i>Directors' Shareholding as at 30th September 2023</i>	<b>2023</b>	<b>2022</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>Directors' Direct Shareholding</b>		
Mr. P.L.D. Jinadasa (Group CEO)	<b>138,931,300</b>	137,276,656
Mr. A.R. Rasiah (Chairman)	<b>4,273,743</b>	4,273,743
Ms. T.S. Peries	<b>57,400</b>	57,400
	<b>143,262,443</b>	141,607,799

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Statement of profit or loss

(all amounts in US Dollars Thousand ('000))

	<i>Group</i>		<i>Company</i>	
	<i>Three months ended 30</i>		<i>Three months ended 30</i>	
	<i>September</i>		<i>September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers	53,615	78,080	-	-
Cost of sales	(49,231)	(64,961)	-	-
<b>Gross profit</b>	<b>4,384</b>	<b>13,119</b>	<b>-</b>	<b>-</b>
Distribution costs	(2,071)	(4,552)	-	-
Administrative costs	(9,281)	(6,147)	(8)	(4)
Other income	200	627	-	-
Other gains / (losses) - net	126	452	-	(38)
<b>Operating profit / (loss)</b>	<b>(6,642)</b>	<b>3,499</b>	<b>(8)</b>	<b>(42)</b>
Finance income	19	24	-	-
Finance costs	(2,833)	(2,002)	-	-
Finance (costs) / income - net	(2,814)	(1,978)	-	-
Share of loss of equity accounted investee, net of tax	2	6	-	-
<b>Profit/(loss) before income tax</b>	<b>(9,454)</b>	<b>1,527</b>	<b>(8)</b>	<b>(42)</b>
Income tax expense	1,346	(150)	-	-
<b>Profit/(loss) for the period</b>	<b>(8,108)</b>	<b>1,377</b>	<b>(8)</b>	<b>(42)</b>
Profit / (loss) is attributable to:				
Owners of the Company	(8,268)	1,368	(8)	(42)
Non-controlling interests	160	9	-	-
<b>Profit/ (loss) for the period</b>	<b>(8,108)</b>	<b>1,377</b>	<b>(8)</b>	<b>(42)</b>

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Statement of comprehensive income

(all amounts in US Dollars Thousand ('000))

	<i>Group</i>		<i>Company</i>	
	<i>Three months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Profit / (loss) for the period</i>	<b>(8,108)</b>	1,377	<b>(8)</b>	(42)
<i>Other comprehensive income:</i>				
<i>Items that will be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	<b>2,443</b>	150	-	-
<i>Other comprehensive income for the period, net of tax</i>	<b>2,443</b>	150	-	-
<i>Total comprehensive income for the period</i>	<b>(5,665)</b>	1,527	<b>(8)</b>	(42)

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Statement of profit or loss

(all amounts in US Dollars Thousand ('000))

	<i>Group</i>		<i>Company</i>	
	<i>Six months ended 30 September</i>		<i>Six months ended 30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers	107,590	151,368	-	-
Cost of sales	(99,889)	(127,127)	-	-
<b>Gross profit</b>	<b>7,701</b>	<b>24,241</b>	<b>-</b>	<b>-</b>
Distribution costs	(3,885)	(7,556)	-	-
Administrative costs	(15,558)	(11,278)	(15)	(13)
Other income	244	724	-	8
Other gains / (losses) - net	973	628	-	(2,261)
<b>Operating profit / (loss)</b>	<b>(10,525)</b>	<b>6,759</b>	<b>(15)</b>	<b>(2,266)</b>
Finance income	49	38	-	-
Finance costs	(6,035)	(4,022)	-	-
Finance (costs) / income - net	(5,986)	(3,984)	-	-
Share of loss of equity accounted investee, net of tax	(139)	(18)	-	-
<b>Profit / (loss) before income tax</b>	<b>(16,650)</b>	<b>2,757</b>	<b>(15)</b>	<b>(2,266)</b>
Income tax expense	2,340	(319)	-	(2)
<b>Profit / (loss) for the period</b>	<b>(14,310)</b>	<b>2,438</b>	<b>(15)</b>	<b>(2,268)</b>
Profit / (loss) is attributable to:				
Owners of the Company	(14,484)	2,123	(15)	(2,268)
Non-controlling interests	174	315	-	-
<b>Profit / (loss) for the period</b>	<b>(14,310)</b>	<b>2,438</b>	<b>(15)</b>	<b>(2,268)</b>

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Statement of comprehensive income

(all amounts in US Dollars Thousand ('000))

	<b>Group</b>		<b>Company</b>	
	<b>Six months ended 30 September</b>		<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit / (loss) for the period</b>	<b>(14,310)</b>	2,438	<b>(15)</b>	(2,268)
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operation	<b>(46)</b>	347	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(46)</b>	347	-	-
<b>Total comprehensive income for the period</b>	<b>(14,356)</b>	2,785	<b>(15)</b>	(2,268)

## HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

### Statement of financial position

(all amounts in US Dollars Thousand ('000))

	Group			Company		
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	31 March 2023 (Audited)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	31 March 2023 (Audited)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	27,517	21,651	27,505	-	-	-
Investment property	1,710	1,505	1,710	-	-	-
Right-of-use assets	8,186	2,859	8,379	-	-	-
Intangible assets	36,503	37,108	36,536	-	-	-
Investment in subsidiaries	-	-	-	20,948	17,300	20,941
Investments accounted for using the equity method	743	1,048	881	-	-	-
Deferred tax assets	6,063	483	3,447	-	-	-
Other financial assets at amortised cost	1	-	1	-	-	-
<b>Total non-current assets</b>	<b>80,723</b>	<b>64,654</b>	<b>78,459</b>	<b>20,948</b>	<b>17,300</b>	<b>20,941</b>
<b>Current assets</b>						
Inventories	21,924	46,865	35,935	-	-	-
Trade and other receivables	31,940	47,229	30,081	3	3,602	45
Other assets	13,093	4,581	11,332	-	2	-
Income tax receivables	938	20	151	-	-	-
Derivative financial instruments	-	-	1,342	-	-	-
Other financial assets at amortised cost	537	-	949	-	-	-
Cash and cash equivalents	11,370	18,857	11,935	45	41	27
<b>Total current assets</b>	<b>79,802</b>	<b>117,552</b>	<b>91,725</b>	<b>48</b>	<b>3,645</b>	<b>72</b>
<b>Total assets</b>	<b>160,525</b>	<b>182,206</b>	<b>170,184</b>	<b>20,996</b>	<b>20,945</b>	<b>21,013</b>
<b>EQUITY</b>						
Stated capital	29,742	29,663	29,663	29,742	29,663	29,663
Retained earnings / (accumulated losses)	(14,071)	13,749	412	(9,410)	(9,373)	(9,395)
Other reserves	2,511	689	2,583	524	562	596
Exchange equalisation reserve	839	1,316	885	-	-	-
<b>Capital and reserves attributable to owners of the Company</b>	<b>19,021</b>	<b>45,417</b>	<b>33,543</b>	<b>20,856</b>	<b>20,852</b>	<b>20,864</b>
Non-controlling interests	1,642	1,315	1,468	-	-	-
<b>Total equity</b>	<b>20,663</b>	<b>46,732</b>	<b>35,011</b>	<b>20,856</b>	<b>20,852</b>	<b>20,864</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	13,848	6,503	5,512	-	-	-
Deferred tax liabilities	4,759	1,959	4,931	-	-	-
Lease liabilities	6,808	2,626	6,521	-	-	-
Employee benefit obligations	1,685	1,586	1,638	-	-	-
<b>Total non-current liabilities</b>	<b>27,100</b>	<b>12,674</b>	<b>18,602</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Trade and other payables	37,344	33,527	36,991	140	92	147
Lease liabilities	1,522	447	1,981	-	-	-
Income tax liabilities	530	188	77	-	1	2
Borrowings	73,366	88,638	77,522	-	-	-
<b>Total current liabilities</b>	<b>112,762</b>	<b>122,800</b>	<b>116,571</b>	<b>140</b>	<b>93</b>	<b>149</b>
<b>Total liabilities</b>	<b>139,862</b>	<b>135,474</b>	<b>135,173</b>	<b>140</b>	<b>93</b>	<b>149</b>
<b>Total equity and liabilities</b>	<b>160,525</b>	<b>182,206</b>	<b>170,184</b>	<b>20,996</b>	<b>20,945</b>	<b>21,013</b>

# 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](http://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.

