



HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 June 2022**

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

CHAIRMAN'S REVIEW

Despite a challenging operating environment, I'm pleased to share that the Hela Group recorded a strong performance in the first quarter of FY 2022/23. Revenue increased by 114% year-on-year to Rs. 24.5 Bn and, while partly driven by the depreciation in the Sri Lankan Rupee during the quarter, underlying US Dollar-denominated revenue also rose by 28%. This reflects both the continuation of strong consumer demand conditions in our key markets and the ramp up of our newly-established manufacturing operations in Egypt.

In addition, profitability improved significantly with the Group recording a Profit-After-Tax (PAT) of Rs. 354 Mn in the first quarter. This is compared to PAT of Rs. 58 Mn during the same period of the previous year, with the improvement driven by both revenue growth and margin improvements.

This performance is reflective of the management's focus on margin improvement, as well as the positive impact of the exchange rate depreciation on local overheads, which helped to absorb the continued external cost pressures. In particular, cotton prices hovered near a decade high for the majority of the quarter and freight charges remained elevated. The persistence of global supply chain disruptions also contributed to the significant increase in distribution costs, while the deterioration of economic conditions in Sri Lanka made the quarter a particularly challenging one with immense volatility.

Given the Group's US Dollar-denominated assets and liabilities, the currency depreciation contributed to some significant movements on the balance sheet. However, key liquidity ratios remained largely stable and the full utilisation of the remainder of the Company's IPO proceeds in the settlement of debt contributed to a reduction in long-term borrowings in US dollar terms.

Looking ahead, the softening of demand conditions in Hela's key markets in Europe and North America, compared to the recent exceptional levels, is being reflected in the Group's order book for the second half of the financial year. A more significant slowdown due to further increases in global inflation and interest rates also remains a risk. Nonetheless, the new customer relationships established over the past year and the continued ramp-up of operations in Egypt are expected to ensure revenue remains resilient. In addition, the slowdown in the global economy is contributing to a reduction in external cost pressures and the management intends to capitalise on this as part of its margin improvement strategy.

Within this context, we remain focused on navigating the volatile operating environment by continuing the implementation of the Group's comprehensive margin improvement strategy, while delivering further innovative supply chain solutions to our customers. We will also continue to proactively seek opportunities to improve our value proposition.

A. R. Rasiah
Chairman

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Note: We advise readers of these 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 June		Three months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	24,468,492	11,443,118	-	-
Cost of sales	(20,951,470)	(9,857,520)	-	-
Gross profit	3,517,022	1,585,598	-	-
Distribution costs	(1,003,011)	(293,724)	-	-
Administrative costs	(1,517,584)	(935,669)	(3,211)	(1,566)
Other income	32,520	21,011	-	6
Other gains / (losses) - net	58,717	25,781	(742,247)	(107)
Operating profit / (loss)	1,087,664	402,997	(745,458)	(1,667)
Finance income	4,890	1,629	2,722	-
Finance costs	(674,492)	(314,962)	(56)	(38)
Finance (costs) / income - net	(669,602)	(313,333)	2,666	(38)
Share of loss of equity accounted investee, net of tax	(8,054)	(20,488)	-	-
Profit / (loss) before income tax	410,008	69,176	(742,792)	(1,705)
Income tax expense	(56,419)	(11,257)	(649)	-
Profit / (loss) for the period	353,589	57,919	(743,441)	(1,705)
Profit / (loss) is attributable to:				
Owners of the Company	251,597	64,684	(743,441)	(1,705)
Non-controlling interests	101,992	(6,765)	-	-
Profit / (loss) for the period	353,589	57,919	(743,441)	(1,705)
Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the Company				
Basic / diluted earnings / (loss) per share	0.19	6.47	(0.57)	(0.17)

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 June		Three months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	353,589	57,919	(743,441)	(1,705)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Currency translation differences	2,772,360	39,609	1,347,956	20,797
Other comprehensive income for the period, net of tax	2,772,360	39,609	1,347,956	20,797
Total comprehensive income for the period	3,125,949	97,528	604,515	19,092

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Condensed statement of financial position

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

	Group			Company		
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	31 March 2022 (Audited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	31 March 2022 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	7,251,837	3,678,249	5,927,969	-	-	-
Investment property	541,623	344,388	450,000	-	-	-
Right-of-use assets	875,170	568,599	740,821	-	-	-
Intangible assets	13,769,389	7,344,017	11,541,301	-	695	-
Investment in subsidiaries	-	-	-	2,297,812	1,257,185	1,904,031
Investments accounted for using the equity method	376,226	176,426	320,407	-	-	-
Deferred tax assets	219,397	293,436	182,650	-	-	-
Other receivables	399	223	332	-	-	-
Total non-current assets	23,034,041	12,405,338	19,163,480	2,297,812	1,257,880	1,904,031
Current assets						
Inventories	14,789,295	6,400,790	12,970,239	-	-	-
Trade receivables	17,562,348	6,277,075	11,927,722	-	-	-
Other receivables	4,375,751	1,453,305	2,656,861	5,223,450	743,757	3,928,174
Other assets	2,235,419	807,684	2,018,930	1,490	-	-
Income tax receivables	9,488	6,130	11,465	-	-	-
Cash and cash equivalents	4,008,115	1,991,717	5,244,151	26,271	2,260	1,115,481
Total current assets	42,980,416	16,936,701	34,829,368	5,251,211	746,017	5,043,655
Total assets	66,014,457	29,342,039	53,992,848	7,549,023	2,003,897	6,947,686
EQUITY						
Stated capital	5,696,037	1,723,900	5,696,037	5,696,037	1,723,900	5,696,037
Retained earnings / (accumulated losses)	2,567,263	1,503,861	2,315,666	(2,197,059)	(34,308)	(1,453,618)
Other reserves	146,700	93,953	141,032	120,615	90,109	114,947
Exchange equalisation reserve	7,599,525	545,378	4,827,165	3,893,267	221,719	2,545,311
Capital and reserves attributable to owners of the Company	16,009,525	3,867,092	12,979,900	7,512,860	2,001,420	6,902,677
Non-controlling interests	252,514	148,207	150,522	-	-	-
Total equity	16,262,039	4,015,299	13,130,422	7,512,860	2,001,420	6,902,677
LIABILITIES						
Non-current liabilities						
Borrowings	2,594,148	2,082,644	2,574,365	-	-	-
Deferred tax liabilities	697,877	359,120	575,488	-	-	-
Lease liabilities	807,385	554,293	350,258	-	-	-
Employee benefit obligations	739,364	465,513	426,417	-	-	-
Total non-current liabilities	4,838,774	3,461,570	3,926,528	-	-	-
Current liabilities						
Trade and other payables	11,169,763	6,577,017	10,774,815	35,464	2,477	33,800
Lease liabilities	123,900	74,668	433,857	-	-	-
Income tax liabilities	66,245	11,491	38,305	699	-	11,207
Borrowings	33,553,736	15,201,994	25,688,921	-	-	2
Total current liabilities	44,913,644	21,865,170	36,935,898	36,163	2,477	45,009
Total liabilities	49,752,418	25,326,740	40,862,426	36,163	2,477	45,009
Total equity and liabilities	66,014,457	29,342,039	53,992,848	7,549,023	2,003,897	6,947,686
Net assets per share	12.29	386.69	9.96	5.77	200.13	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: 15 August 2022

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: 15 August 2022

Sgd.
Director
Date: 15 August 2022

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						
	Stated capital	Retained earnings	Other reserves	Exchange equalization reserve	Total	Non-controlling interests	Total equity
Balance at 1 April 2021	1,723,899	1,313,835	86,065	505,769	3,629,568	340,116	3,969,684
Profit for the year	-	64,684	-	-	64,684	(6,765)	57,918
Other comprehensive income	-	-	-	39,609	39,609	-	39,609
Total comprehensive income for the year	-	64,684	-	39,609	104,293	(6,765)	97,527
Issue of shares	1	-	-	-	1	-	1
Issue of shares to employees under the ESOP** - value of employee services	-	-	7,887	-	7,887	-	7,887
NCl on business combination	-	125,342	-	-	125,342	(185,144)	(59,801)
Balance at 30 June 2021	1,723,900	1,503,861	93,952	545,378	3,867,091	148,207	4,015,298
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	-	251,597	-	-	251,597	101,992	353,589
Other comprehensive income	-	-	-	2,772,360	2,772,360	-	2,772,360
Total comprehensive income for the year	-	251,597	-	2,772,360	3,023,957	101,992	3,125,949
Issue of shares to employees under the ESOP** - value of employee services	-	-	5,668	-	5,668	-	5,668
Balance at 30 June 2022	5,696,037	2,567,263	146,700	7,599,525	16,009,525	252,514	16,262,039

** ESOP : Employee Share Option Scheme

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
Balance at 1 April 2021	1,723,899	82,222	(32,604)	200,923	1,974,440
Loss for the year	-	-	(1,705)	-	(1,705)
Other comprehensive income	-	-	-	20,797	20,797
Total comprehensive income for the year	-	-	(1,705)	20,797	19,092
Issue of shares	1	-	-	-	1
Issue of shares to employees under the ESOP** - value of employee services	-	7,887	-	-	7,887
Balance at 30 June 2021	1,723,900	90,109	(34,309)	221,720	2,001,420
Balance at 1 April 2022	5,696,037	114,947	(1,453,618)	2,545,311	6,902,677
Loss for the year	-	-	(743,441)	-	(743,441)
Other comprehensive income	-	-	-	1,347,956	1,347,956
Total comprehensive income for the year	-	-	(743,441)	1,347,956	604,515
Issue of shares to employees under the ESOP** - value of employee services	-	5,668	-	-	5,668
Balance at 30 June 2022	5,696,037	120,615	(2,197,059)	3,893,267	7,512,860

** ESOP : Employee Share Option Scheme

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Condensed statement of cash flows

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

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) before income tax from continuing operations	410,008	69,173	(742,792)	(1,705)
Adjustments for:				
Depreciation and amortization	240,579	126,239	-	288
Net interest expenses	669,602	314,962	(2,666)	(38)
Retirement benefits obligations provision	311,897	33,274	-	-
Share based payment expenses	5,668	7,817	-	-
Share of loss from joint Ventures	8,054	20,488	-	-
Exchange difference	66,324	4,311	(5,173)	-
Changes in working capital				
- (Increase) / decrease in inventories	762,376	(882,226)	-	-
- (Increase) / decrease in trade receivables	(2,974,370)	(924,647)	-	-
- Increase / (decrease) in trade and other payables	(1,668,696)	398,703	(4,844)	164
- (Increase) / decrease Other receivables	(1,092,808)	(527,190)	(459,665)	1,876
- (Increase) / decrease Other assets	180,516	235,931	395,164	-
Cash (used in) / generated from operations	(3,080,850)	(1,123,165)	(819,976)	585
Retirement benefits obligations paid	(102,110)	(9,484)	-	-
Income tax paid	(28,486)	(1,678)	(7,340)	-
Interest paid	(674,492)	(208,764)	(56)	(27)
Net cash (outflow) / inflow from operating activities	(3,885,938)	(1,343,091)	(827,372)	558
Cash flows from investing activities				
Net movement of property, plant and equipment and intangible assets	(236,039)	(158,919)	-	-
Interest received	4,890	1,375	2,722	6
Investments made in joint venture	-	(215,820)	-	-
NCI on business combination	-	(59,801)	-	-
Net cash (outflow) / inflow from investing activities	(231,149)	(433,165)	2,722	6
Cash flows from financing activities				
Proceeds from borrowings	22,356,765	10,922,611	-	-
Repayment of borrowings	(20,376,961)	(9,071,817)	-	(502)
Net cash inflow / (outflow) from financing activities	1,979,804	1,850,794	-	(502)
Net increase/ (decrease) in cash and cash equivalents	(2,137,283)	74,538	(824,650)	62
Cash and cash equivalents at beginning of the period	5,244,151	1,896,513	1,115,481	2,174
Currency translation differences	901,247	20,666	(264,560)	24
Cash and cash equivalents at end of the Period	4,008,115	1,991,717	26,271	2,260

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the condensed interim financial statements

1 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.

2 Basis of preparation

The condensed interim financial statements for the period ended 30 June 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.

3 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.

4 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 statement of financial position date.

Liability Due by	Guarantee or contingent liability	Financial Institution	Nature of the liability	Value	
Hela Clothing (Private) Limited	Hela Investment Holdings Limited	Bank of Ceylon	Corporate Guarantee - USD	10,000,000	
			Corporate Guarantee - USD	14,000,000	
	Foundation Garment (Private) Limited	DFCC Bank PLC	Corporate Guarantee - USD	13,920,000	
		Peoples Bank PLC	Corporate Guarantee - USD	5,000,000	
Hela Apparel Holdings PLC	Foundation Garment (Private) Limited	Bank of Ceylon	Corporate Guarantee - USD	2,300,000	
		DFCC Bank PLC	Corporate Guarantee - USD	3,000,000	
		Hatton National Bank PLC	Corporate Guarantee - LKR	600,000,000	
	Hela Clothing (Private) Limited	National Development Bank PLC		Corporate Guarantee - USD	9,800,000
				Corporate Guarantee - USD	4,200,000
		Peoples Bank PLC	Corporate Guarantee - LKR	300,000,000	
Foundation Garment (Private) Limited	Hela Investment Holdings Limited	National Development Bank PLC	Corporate Guarantee - USD	1,000,000	
		Bank of Ceylon	Corporate Guarantee - USD	10,000,000	
	Hela Clothing (Private) Limited	Commercial Bank of Ceylon PLC		Corporate Guarantee - USD	4,800,000
				Corporate Guarantee - USD	1,000,000

5 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).

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 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.

7 Investments in joint ventures

	2022 (LKR' 000)
At 1 April 2022	320,407
Acquisition	-
Share of (loss) / profit	(8,054)
Exchange equalization reserve	63,873
At 30 June 2022	376,226

Nature of investment in joint ventures;

Name of entity	Place of business /country of incorporation	Level of ownership
Sumbiri Intimate Apparel Private Limited Company	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.

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Notes to the condensed interim financial statements

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 disclosure note;

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 2022.

11 Stated capital

	Company			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Number of shares	Number of shares	Value (LKR' 000)	Value (LKR' 000)
A1 Preference Shares	-	3,200,000	-	544,203
A2 Preference Shares	-	2,500,000	-	425,477
A3 Preference Shares	-	700,000	-	119,176
A4 Preference Shares	-	3,600,000	-	635,040
B Ordinary Shares	-	338	-	1
C Ordinary Shares	-	260	-	3
Ordinary Voting Shares	1,303,117,944	-	5,696,037	-
	1,303,117,944	10,000,598	5,696,037	1,723,900
	1,303,117,944	10,000,598	5,696,037	1,723,900

(i) Movement in ordinary shares:

	Number of shares	Value (LKR' 000)
Opening balance 1 April 2021	10,000,431	1,723,899
Issue of B Ordinary Shares	167	1
Balance 30 June 2021	10,000,598	1,723,900
Opening balance 1 April 2022	1,303,117,944	5,696,037
Balance 30 June 2022	1,303,117,944	5,696,037

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.

(ii) The major shareholders of the Company are as mentioned below:

Shareholder name	Number of shares	Value (LKR' 000)
Lesing Hela Limited	614,256,956	1,104,367
Tars Investments Lanka (Private) Limited	235,638,162	432,971
P. L. D. Jinadasa	136,533,656	231,423
Other shareholders	316,689,170	3,927,276
	1,303,117,944	5,696,037
Total share capital	1,303,117,944	5,696,037

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Notes to the condensed interim financial statements

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 2022	30 June 2021	30 June 2022	30 June 2021
Net assets as of period end (LKR '000)	16,009,525	3,867,092	7,512,860	2,001,420
Number of shares as of period end	1,303,117,944	10,000,598	1,303,117,944	10,000,598
Net assets per share (Rs.)	12.29	386.69	5.77	200.13

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 year.

	Revaluation reserve (LKR'000)	Share based payment reserve (LKR'000)	Total (LKR'000)
Balance at 1 April 2022	26,085	114,947	141,032
ESOP - value of employee services	-	5,668	5,668
Balance at 30 June 2022	26,085	120,615	146,700

15 Effect of changes in composition of the Group

- (a) Hela Investment Holdings (Private) Limited, which was incorporated in Sri Lanka on 16 March 2017, has been struck off the Companies Registry with effect from 11 May 2022.

Other than disclosed above, 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.

16 Events after reporting period

- (a) 6,837,989 ordinary voting shares underlying the existing grant from the Employee Share Ownership Plan (ESOP) were vested and issued to the grantees on 1st August 2022

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:

- Assets and Liabilities presented including comparatives are translated at the closing rate existed at the date of each balance sheet presented.
- Income and expense items for all periods presented (i.e. including comparatives) are translated at an annual/quarter average exchange rate applicable for respective years.
- Share capital is translated at the exchange rate existing at the date of transaction.
- 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.

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the condensed interim financial statements

19 Market Price Per Share

	2022	2021
Market Value of Shares		
Closing Price on 30 June (LKR)	10.50	-
Highest Price During the Quarter Ended 30 June (LKR)	15.30	-
Lowest Price During the Quarter Ended 30 June (LKR)	10.40	-
Market Capitalisation on 30 June (LKR 000')	13,682,738	-
Ratios		
Net Asset Per Share of the Group on 30 June (LKR)	12.29	-
Price Earnings Ratio - Annualized	13.60	-
Share Trading		
No of Transactions During the Quarter Ended 30 June 2022	6,212	-
No of Shares Traded During the Quarter Ended 30 June 2022	33,116,623	-
Value of Shares Traded During the Quarter Ended 30 June 2022 (LKR 000')	414,467,174	-
Number of Shares	1,303,117,944	-

Notes: The Company was listed on the Colombo Stock Exchange on 7 February 2022. Comparative figures have therefore not been included for 2021. Price Earnings Ratio is based on the closing share price on 30 June 2022.

20 Public Holdings as at 30 June 2022

Public Holding as at 30 June	2022	2021
Issued Share Capital (No. of Shares)	1,303,117,944	-
Public Holding as a % of Issued Share Capital	20.08%	-
Total Number of Shareholders	15,612	-
Number of Shareholders representing the Public Holding	15,589	-

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 30 June 2022	2,747,493,873	20.08	15,589

The Company complies with the Minimum Public Holding required of the Main Board as per Option 3 of Section 7.14.1 (a) of the CSE Listing Rules

21 Shareholder Information

List of 20 Major Shareholders as at 30 June 2022	2022	
	No. of Shares	%
1 Lesing Hela Limited	614,256,956	47.14
2 Tars Investments Lanka (Pvt) Ltd.	235,638,162	18.08
3 Mr. P.L.D. Jinadasa	136,533,656	10.48
4 Mr. D.E.H. Mcvey	30,598,973	2.35
5 Citibank Newyork S/A Norges Bank Account 2	22,323,770	1.71
6 Mr. H.H. Abdulhusein	18,900,000	1.45
7 Hatton National Bank PLC/Sri Dhaman Rajendram Arudpragasam	16,028,412	1.23
8 Deutsche Bank AG as Trustee To Assetline Income Plus Growth Fund	7,027,589	0.54
9 Union Assurance PLC- Universal Life Fund	6,842,730	0.53
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 David Pieris Holdings (Private) Limited	4,127,200	0.32
17 DFCC Bank PLC A/C NO.02	3,800,000	0.29
18 DFCC Bank PLC/J N Lanka Holdings Company (Pvt) Ltd.	3,766,600	0.29
19 Magna Wealth (Pvt) Ltd.	3,372,100	0.26
20 Union Assurance PLC- Traditional Life Participating Fund	3,014,094	0.23
	1,136,462,623	87.21

Directors' Shareholding as at 30th June 2022	2022	2021
	No. of Shares	No. of Shares
Directors' Direct Shareholding		
Mr. P.L.D. Jinadasa (Group CEO)	136,533,656	-
Mr. A.R. Rasiah (Chairman)	4,273,743	-
Ms. T.S. Peries	57,400	-
Ms. A. Nanayakkara	619,100	-
	141,483,899	-

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the condensed interim financial statements

22 Utilization of funds raised by the Initial Public Offering of the Company as at 30 June 2022

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated upon the receipt of proceeds in LKR (A)	As a % of Total proceeds	Amount utilised in the objective in LKR (B)	% of utilised against allocation (B/A)	Clarification if not fully utilised including where the funds are invested
1.2.1	Fabric Mill Investment	999,761,063	2nd Quarter FY23	999,761,063	25%	0	0%	Fully utilised as at 30-June-2022
1.2.2	Funding the Implementation of a New Enterprise Resource Planning (ERP) System	596,266,801	2nd Quarter FY23	596,266,801	15%	95,291,245	16%	
1.2.3	Investment into Subsidiaries of the Group	2,410,607,106	4th Quarter FY22 – 3rd Quarter FY23	2,410,607,106	60%	3,911,343,725	162%	
Total		4,006,634,970		4,006,634,970	100%	4,006,634,970	100%	

* Please refer to the corporate disclosure dated 27th May for further information regarding the deviation in the use of proceeds from the objectives stated in above table.

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Statement of profit or loss

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

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	73,287	57,406	-	-
Cost of sales	(62,753)	(49,452)	-	-
Gross profit	10,534	7,954	-	-
Distribution costs	(3,004)	(1,473)	-	-
Administrative costs	(4,545)	(4,694)	(10)	(8)
Other income	97	105	-	-
Other gains / (losses) - net	176	129	(2,223)	(1)
Operating profit / (loss)	3,258	2,021	(2,233)	(9)
Finance income	15	8	8	-
Finance costs	(2,020)	(1,580)	-	-
Finance (costs) / income - net	(2,005)	(1,572)	8	-
Share of loss of equity accounted investee, net of tax	(24)	(103)	-	-
Profit / (loss) before income tax	1,229	346	(2,225)	(9)
Income tax expense	(169)	(56)	(2)	-
Profit / (loss) for the period	1,060	290	(2,227)	(9)
Profit / (loss) is attributable to:				
Owners of the Company	754	324	(2,227)	(9)
Non-controlling interests	306	(34)	-	-
Profit/ (loss) for the period	1,060	290	(2,227)	(9)

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES**Statement of comprehensive income**

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

	Group		Company	
	Three months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) for the period	1,060	290	(2,227)	(9)
Other comprehensive income:				
<i>Items that will be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	197	(11)	-	-
Other comprehensive income for the period, net of tax	197	(11)	-	-
Total comprehensive income for the period	1,257	279	(2,227)	(9)

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Statement of financial position

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

	Group			Company		
	30 June 2022	30 June 2021	31 March 2022	30 June 2022	30 June 2021	31 March 2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	20,151	18,287	19,826	-	-	-
Investment property	1,505	1,712	1,505	-	-	-
Right-of-use assets	2,432	2,827	2,478	-	-	-
Intangible assets	38,261	36,512	38,600	-	3	-
Investment in subsidiaries	-	-	-	6,385	6,250	6,368
Investments accounted for using the equity method	1,045	877	1,072	-	-	-
Deferred tax assets	610	1,459	611	-	-	-
Other receivables	1	1	1	-	-	-
Total non-current assets	64,005	61,675	64,093	6,385	6,253	6,368
Current assets						
Inventories	41,095	31,823	43,379	-	-	-
Trade receivables	48,801	31,208	39,892	-	-	-
Other receivables	12,159	7,225	8,885	14,514	3,698	13,137
Other assets	6,212	4,016	6,752	4	-	-
Income tax receivables	25	30	38	-	-	-
Cash and cash equivalents	11,137	9,902	17,539	73	11	3,731
Total current assets	119,429	84,204	116,485	14,591	3,709	16,868
Total assets	183,434	145,879	180,578	20,976	9,962	23,236
EQUITY						
Stated capital	29,481	9,661	29,481	29,481	9,661	29,481
Retained earnings / (accumulated losses)	12,497	7,870	11,743	(9,216)	(187)	(6,990)
Other reserves	738	497	721	611	477	594
Exchange equalisation reserve	1,165	952	969	-	-	-
Capital and reserves attributable to owners of the Company	43,881	18,980	42,914	20,876	9,951	23,085
Non-controlling interests	1,306	983	1,001	-	-	-
Total equity	45,187	19,963	43,915	20,876	9,951	23,085
LIABILITIES						
Non-current liabilities						
Borrowings	7,208	10,354	8,610	-	-	-
Deferred tax liabilities	1,939	1,785	1,925	-	-	-
Lease liabilities	2,243	2,756	1,171	-	-	-
Employee benefit obligations	2,054	2,314	1,426	-	-	-
Total non-current liabilities	13,444	17,209	13,132	-	-	-
Current liabilities						
Trade and other payables	31,039	32,699	36,036	98	11	114
Lease liabilities	344	371	1,451	-	-	-
Income tax liabilities	184	57	128	2	-	37
Borrowings	93,236	75,580	85,916	-	-	-
Total current liabilities	124,803	108,707	123,531	100	11	151
Total liabilities	138,247	125,916	136,663	100	11	151
Total equity and liabilities	183,434	145,879	180,578	20,976	9,962	23,236

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

Corporate information

Name of Company

Hela Apparel Holdings PLC

Principal Activities of the Group

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

Legal Form

Public Limited liability company incorporated under the Companies Act No. 7 of 2007

Directors

A R Rasiah
P L D Jinadasa
G P Gunawardana
A Nanayakkara
T S Peries
P Schleiffer
A J Alderton
S R Khan (Alternate to A J Alderton)

Date of Incorporation

11 October 2018

Company Registration Number

PQ00205151

Audit Committee

G P Gunawardana
A Nanayakkara
T S Peries
P Schleiffer
A J Alderton

Accounting Year End

31 March

Remuneration Committee

A Nanayakkara
A J Alderton
G P Gunawardana

Principal Activity of the Company

Providing consultancy and support services to group companies.

Related Parties Transaction Review Committee

T S Peries
A J Alderton
A Nanayakkara

Registered Office

35, Balapokuna Road,
Colombo 06,
Sri Lanka.

Nomination Committee

A R Rasiah
A J Alderton
P Schleiffer
T S Peries

Website

www.helaclothing.com

Major Shareholders

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

Direct Subsidiary

Hela Clothing (Private) Limited

Secretaries

P W Corporate Secretarial (Private) Limited
3/17, Kynsey Road,
Colombo 08,
Sri Lanka.

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.
Hela Clothing Egypt SAE

Auditors

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

Company Registrars

SSP Corporate Services (Pvt) Ltd
101, Inner Flower Road,
Colombo 03,
Sri Lanka.

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

Bankers (Contd.)

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

HELA APPAREL HOLDINGS PLC AND ITS SUBSIDIARIES

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.