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TOP FORM INTERNATIONAL LIMITED
黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

The Board of Directors of Top Form International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

		For the six months ended 31 December	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**719,870**	682,566
Cost of sales		**(576,048)**	(532,200)
Gross profit		**143,822**	150,366
Other income		**6,745**	8,400
Selling and distribution expenses		**(32,548)**	(29,915)
General and administrative expenses		**(92,334)**	(87,809)
Provision and impairment losses	*4*	**(21,951)**	–
Other expenses	*5*	**(9,219)**	–
Finance costs		**(103)**	(231)
(Loss) profit before taxation	*6*	**(5,588)**	40,811
Income tax expense	*7*	**(5,035)**	(7,458)
(Loss) profit for the period		**(10,623)**	33,353

* *For identification purpose only*

		For the six months ended 31 December	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Attributable to:			
Equity holders of the Company		**(10,457)**	36,134
Minority interests		**(166)**	(2,781)
		(10,623)	33,353
Dividend paid	*8*	**–**	32,289
Interim dividend	*8*	**–**	16,128
(Loss) earnings per share	*9*		
Basic		**(1.0 cent)**	3.4 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	At 31 December 2008 (Unaudited) HK$'000	At 30 June 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**163,816**	171,627
Prepaid lease payments		**1,909**	1,965
Prepaid rental payments		**5,453**	6,113
Interest in an associate		**–**	–
Deferred tax assets		**3,690**	4,030
		174,868	183,735
Current assets			
Inventories		**230,300**	230,210
Debtors, deposits and prepayments	*10*	**192,121**	189,381
Bills receivable	*11*	**22,162**	16,255
Prepaid lease payments		**112**	112
Bank balances and cash		**200,110**	211,659
		644,805	647,617
Current liabilities			
Creditors and accrued charges	*12*	**150,108**	133,769
Taxation		**91,436**	102,567
Bank borrowings and other liabilities			
– due within one year		**4,277**	5,018
Obligations under finance leases			
– due within one year		**121**	165
		245,942	241,519
Net current assets		**398,863**	406,098
Total assets less current liabilities		**573,731**	589,833

	At 31 December 2008 (Unaudited) *HK$'000*	At 30 June 2008 (Audited) *HK$'000*
Non-current liabilities		
Bank borrowings and other liabilities		
– due after one year	**–**	23
Obligations under finance leases		
– due after one year	**192**	262
Retirement benefit obligations	**5,646**	5,762
Deferred tax liabilities	**4,267**	6,933
	10,105	12,980
	563,626	576,853
Capital and reserves		
Share capital	**107,519**	107,519
Reserves	**438,076**	450,899
Equity attributable to equity holders of the Company	**545,595**	558,418
Minority interests	**18,031**	18,435
	563,626	576,853

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2008.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting year beginning 1 July 2008. The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[5]

[1] *Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2009*

[3] *Effective for annual periods beginning on or after 1 July 2009*

[4] *Effective for annual periods beginning on or after 1 October 2008*

[5] *Effective for transfer on or after 1 July 2009*

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For management reporting purposes, the Group's operations are currently organised into manufacturing business and brand business. Segment information in respect of these activities is as follows:

Business segments

Six months ended 31 December 2008

	Manufacturing business *HK$'000*	**Brand business** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
Revenue				
External sales	**709,130**	**10,740**	**–**	**719,870**
Inter-segment sales *(note 1)*	**3,561**	**–**	**(3,561)**	**–**
Total sales	**712,691**	**10,740**	**(3,561)**	**719,870**
Results				
Segment results *(note 2)*	**36,206**	**(27,144)**	**–**	**9,062**
Unallocated corporate expenses *(note 3)*				**(16,325)**
Interest income				**1,778**
Finance costs				**(103)**
Loss before taxation				**(5,588)**
Income tax expense				**(5,035)**
Loss for the period				**(10,623)**

Six months ended 31 December 2007

	Manufacturing business HK$'000	Brand business HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue				
External sales	673,183	9,383	–	682,566
Inter-segment sales *(note 1)*	3,913	–	(3,913)	–
Total sales	677,096	9,383	(3,913)	682,566
Results				
Segment results	48,891	(3,716)	–	45,175
Unallocated corporate expenses				(8,362)
Interest income				4,229
Finance costs				(231)
Profit before taxation				40,811
Income tax expense				(7,458)
Profit for the period				33,353

Notes:

1. Inter-segment sales are charged at prevailing market rates.

2. Included in the segment results of brand business is the provision and impairment losses of approximately HK$21,951,000. Details are set out in note 4.

3. The amount included professional fees and other expenses amounting to approximately HK$9,219,000. Details are set out in note 5.

Geographical segments

The Group's manufacturing operations are principally located in the People's Republic of China ("PRC") and Thailand. Brand business is principally carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of origin of the goods:

Six months ended 31 December

	Revenue by geographical market	
	2008	2007
	HK$'000	*HK$'000*
United States of America and Canada	**496,718**	432,610
Europe	**166,197**	183,910
Australia and New Zealand	**22,294**	38,915
Asia (excluding Hong Kong)	**27,590**	21,170
Hong Kong	**7,071**	5,664
South Africa	**–**	297
	719,870	682,566

4. PROVISION AND IMPAIRMENT LOSSES

Following the decision made to exit the brand business, a provision and impairment losses of HK$21,951,000 have been recognised during the period. The nature of provision and impairment losses are as follows:

	(Unaudited)
	HK$'000
Impairment losses recognised in respect of inventories	16,109
Provision for exit costs	5,240
Impairment losses recognised in respect of property, plant and equipment	602
	21,951

5. OTHER EXPENSES

On 26 July 2008, Top Form (B.V.I.) Limited, a wholly-owned subsidiary of the Company, entered into a conditional share acquisition agreement ("Share Acquisition Agreement") to acquire the entire issued share capital of Ace Style Intimate Apparel Limited, Elkhorn Enterprise Limited, Tavistock Spring (H.K.) Limited and Carina Apparel Inc. (the "Vendors") from Ace Style International Limited.

On 24 November 2008, the Vendors, the Company and the subsidiary entered into an agreement to terminate the Share Acquisition Agreement with effect from the same date.

As a result, professional fees and other expenses amounting to HK$9,219,000, relating to this aborted acquisition were charged to the income statement during the period.

6. (LOSS) PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**12,055**	16,238
Amortisation of prepaid lease payments	**56**	56
Cost of textile quota entitlements	**2,178**	5,879
Loss on disposal of property, plant and equipment	**526**	175
and after crediting:		
Quota income	**2,127**	2,001
Interest income	**1,778**	4,229

7. INCOME TAX EXPENSE

	For the six months ended 31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**4,611**	4,430
Other jurisdictions	**2,776**	4,485
	7,387	8,915
(Over)under provision in prior year		
Hong Kong Profits Tax	**(26)**	6,409
Taxation in other jurisdictions	**–**	(585)
	(26)	5,824
Deferred tax:		
Credit for the period	**(2,326)**	(7,281)
	5,035	7,458

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the six months ended 31 December 2008 (six months ended 31 December 2007: 17.5%).

During the year ended 30 June 2008, the Hong Kong Inland Revenue Department (the "IRD") initiated a tax audit on certain subsidiaries of the Company for the years of assessment from 2001/02 to 2006/07. The IRD has requested information and documents of certain subsidiaries of the Group for the purpose of the tax audit. As the tax audit is still at the fact finding stage, the scope and outcome cannot be ascertained at the current stage. No additional provision for Hong Kong Profits Tax is considered necessary at this stage.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 20% for the six months ended 31 December 2008 (six months ended 31 December 2007: 17%) calculated at the rates prevailing in the relevant jurisdictions.

The Group has recognised deferred tax assets in relation to the unused tax losses of a subsidiary.

8. DIVIDENDS

	For the six months ended 31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend paid:		
2007 final dividend paid:		
HK$0.03 per share on 1,076,298,125 shares	**–**	32,289
Dividend proposed:		
Interim dividend *(Note)*	**–**	16,128

Note: No interim dividend (six months ended 31 December 2007: HK$0.015 per share on 1,075,188,125 shares) has been declared by the directors of the Company.

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the six months ended 31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss) profit attributable to the equity holders of the Company for the purpose of basic (loss) earnings per share	**(10,457)**	36,134

	Number of shares	
Number of ordinary shares for the purpose of basic (loss) earnings per share	**1,075,188,125**	1,076,079,158

No diluted (loss) earnings per share has been presented because there are no potential dilutive ordinary shares for both periods.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance are trade debtors of HK$164,500,000 (at 30 June 2008: HK$154,872,000). The Group allows an average credit period of 30 days to its trade customers.

An aged analysis of trade debtors at the balance sheet date is as follows:

	At 31 December	At 30 June
	2008	2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 – 30 days	**159,165**	150,617
31 – 60 days	**3,676**	3,261
61 – 90 days	**1,080**	911
Over 90 days	**579**	83
	164,500	154,872

11. BILLS RECEIVABLE

Included in the balance is an amount of HK$22,162,000 (at 30 June 2008: HK$14,156,000) aged within 30 days, with no balance (at 30 June 2008: HK$2,099,000) aged within 31 to 60 days.

12. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK$65,934,000 (at 30 June 2008: HK$71,225,000).

An aged analysis of trade creditors at the balance sheet date is as follows:

	At 31 December 2008 (Unaudited) ***HK$'000***	At 30 June 2008 (Audited) *HK$'000*
0 – 30 days	**60,553**	60,365
31 – 60 days	**4,244**	7,603
61 – 90 days	**858**	1,624
Over 90 days	**279**	1,633
	65,934	71,225

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2008, the Group recorded a loss after taxation of HK$10.6 million compared with a profit of HK$33.4 million in the same period last year. Whilst sales revenue increased to HK$719.9 million in the current period compared to HK$682.6 million in the corresponding period last year, representing a 5% increase, the earnings attributable to our core OEM manufacturing business were not sufficient to nullify the effect of the impairment provisions we made as a result of our decision to close down our Brand business together with the write-off of professional fees incurred in an aborted acquisition.

As a consequence of the above, a Profit Warning was announced on 5 February 2009.

During the period sales attributable to our core OEM business amounted to 24.4 million units of brassieres compared to 25.1 million units in the corresponding period last year. Our first quarter accounted for 12.3 million units (2008:12.2 million units) and our second quarter 12.1 million units (2008:12.9 million units). The third and fourth quarters of fiscal 2008 accounted for 11.2 and 13.1 million units respectively.

Gross margins came under pressure due to the worsening economic downturn and the continued deterioration in the manufacturing environment.

In response to these pressures we have continued our efforts to improve the structure of our facilities.

During the period 65% of our sales were to the US market compared to 59% in our first half last year. The EU accounted for 23%, (27% in the corresponding period last year) and the rest of the world 12% (14% in the same period last year).

The system of joint import surveillance which tracked the issue of export licenses for exports from China to the EU expired at the end of calendar 2008 and has not been extended. The quota agreement with the US expired at the end of calendar 2008. Usage did not reach maximum agreed levels in that year and these are currently no quota arrangements in place.

Revenue for the period in our Brand business was HK$10.7 million compared to HK$9.4 million in the corresponding period last year. Trading losses for the period totalled HK$5.2 million. As at 31 December 2008 we maintained 20 sales counters in department stores in Shenzhen and one in Chengdu. In addition we operated one Marguerite Lee shop in Hong Kong.

The strategic development of this business segment has been closely monitored by the Board and senior management. In view of the performance and prospects of the segment, taking into account the need to safeguard resources in the current economic climate, a decision has been taken to exit the Brand business. Our plan is to totally exit the business within the current financial year. Impairment and other related provisions amounting to HK$22 million have been made as at 31 December 2008.

On 24 November 2008, it was announced that a subsidiary within the Group would not be proceeding with the acquisition contemplated in a Share Acquisition Agreement dated 26 July 2008 and announced on 30 July 2008. On 24 November 2008, the Vendors (as defined in the Share Acquisition Agreement), the Company and the subsidiary entered into an agreement to terminate the Share Acquisition Agreement with effect from the same date. As a consequence of this decision the Group profit and loss account was charged with professional fees relating to the aborted transaction. These would otherwise have been capitalized as a component of the cost of acquisition.

The financial position of the Group remains healthy with shareholders funds standing at HK$545.6 million at 31 December 2008. Credit facilities available to the Group amounted to HK$150 million of which HK$4.3 million had been utilized.

Capital expenditure for the period amounted to HK$6.8 million compared with HK$10.8 million in the corresponding period last year.

Your Board of Directors, having considered the need to conserve cash in the current and anticipated adverse business climate for the foreseeable future, has decided that it would be imprudent to pay an interim dividend. An interim dividend of HK$0.015 per share was paid last year.

There has been some stabilization in the operating environment in the region as a result of governmental initiatives in China aiming to help its industries in the global economic crisis, including a freeze on minimum wage levels and an increase in the tax rebate on imported materials for processing and exports of textile and garment products. The currency appreciation of the PRC Rmb and Thai Baht against the US Dollar has eased during the period.

The global financial turmoil, however, is having a severe knock-on effect on the Group's markets and there are no signs of this abating in the coming months, but rather worsening. The effects are seen in the shrinking demand. Customers are either delaying current purchases or cutting back on future production needs for 2009.

The difficult decisions which we have taken during the first six months of the fiscal year have severely impacted the results of the Group. We remain confident, however, that the actions we are taking will see us emerge stronger at the end of these uncertain times.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 31 December 2008.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 31 December 2008 (six months ended 31 December 2007: HK$0.015 per share).

AUDIT COMMITTEE

The Audit Committee comprises Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, all of whom are Independent Non-executive Directors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

The Company's unaudited interim financial report for the six months ended 31 December 2008 has been reviewed by the Audit Committee and Messrs. Deloitte Touche Tohmatsu, auditor of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2008, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except for the following deviations:

Code Provisions A.4.1 and A.4.2

Code A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the Company's Bye-laws.

Code A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office provided that notwithstanding anything herein, the Chairman and the Group Managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. In the opinion of the Board, it is important for the stability and growth of the Company that there is, and is seen to be, continuity of leadership in the roles of Chairman and Group Managing Director and, in consequence, the Board is of the view that both should not be subject to retirement by rotation or hold office for a limited term at the present time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Based on specific enquiry of all its Directors, the Company considers that the Directors complied with the required standards set out in the Model Code throughout the period under review.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

EMPLOYEES

As at 31 December 2008, the Group has approximately 11,505 employees (30 June 2008: approximately 12,836 employees). The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and a share option scheme to its employees.

On behalf of the Board
Top Form International Limited
Fung Wai Yiu
Chairman

Hong Kong, 20 February 2009

As at the date of this announcement, the Board comprises Mr. Fung Wai Yiu and Mr. Wong Chung Chong, Eddie as executive directors, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive directors, Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive directors.