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 2011

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 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2011

		For the six months ended 31 December	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**570,880**	748,583
Cost of sales		**(477,134)**	(591,302)
Gross profit		**93,746**	157,281
Other income and gains		**3,227**	9,894
Selling and distribution expenses		**(18,953)**	(11,838)
General and administrative expenses		**(87,147)**	(86,041)
Other expenses	*4*	**–**	(7,421)
Finance costs		**(7)**	(12)
(Loss) profit before taxation	*5*	**(9,134)**	61,863
Income tax expense	*6*	**(554)**	(11,824)
(Loss) profit for the period		**(9,688)**	50,039

* *For identification purpose only*

		For the six months ended 31 December	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
(Loss) profit for the period attributable to:			
Owners of the Company		**(10,138)**	47,001
Non-controlling interests		**450**	3,038
		(9,688)	50,039
(Loss) earnings per share	*8*		
Basic		**(0.9) cents**	4.4 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

	For the six months ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit for the period	**(9,688)**	50,039
Other comprehensive (expense) income		
Exchange differences arising on translation of foreign operations	**(3,315)**	1,584
Total comprehensive (expense) income for the period	**(13,003)**	51,623
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(13,702)**	47,911
Non-controlling interests	**699**	3,712
	(13,003)	51,623

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2011

	Notes	At 31 December 2011 (Unaudited) HK$'000	At 30 June 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**160,972**	150,128
Prepaid lease payments		**1,743**	1,767
Prepaid rental payments		**5,660**	6,510
Interest in an associate		**–**	–
Deferred tax assets		**2,196**	529
		170,571	158,934
Current assets			
Inventories		**208,140**	181,521
Debtors and other receivables	*9*	**143,303**	132,743
Bills receivable	*10*	**25,113**	17,231
Prepaid lease payments		**48**	48
Tax recoverable		**4,458**	–
Bank balances and cash		**128,842**	222,773
		509,904	554,316
Current liabilities			
Creditors and accrued charges	*11*	**131,949**	107,443
Taxation		**1,780**	15,945
Bank borrowings and other liabilities			
– due within one year		**–**	2,555
Obligations under finance leases			
– due within one year		**–**	11
		133,729	125,954
Net current assets		**376,175**	428,362
Total assets less current liabilities		**546,746**	587,296

	At 31 December 2011 (Unaudited) *HK$'000*	At 30 June 2011 (Audited) *HK$'000*
Non-current liabilities		
Retirement benefit obligations	**2,002**	2,002
Deferred tax liabilities	**3,169**	3,836
	5,171	5,838
Net assets	**541,575**	581,458
Capital and reserves		
Share capital	**107,519**	107,519
Reserves	**414,914**	455,496
Equity attributable to owners of the Company	**522,433**	563,015
Non-controlling interests	**19,142**	18,443
Total equity	**541,575**	581,458

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2011

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 and method of computation 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 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010 in relation to amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC) – Int 13
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfer to Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement

The application of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] *Effective for annual periods beginning on or after 1 January 2013.*

[2] *Effective for annual periods beginning on or after 1 January 2015.*

[3] *Effective for annual periods beginning on or after 1 January 2012.*

[4] *Effective for annual periods beginning on or after 1 July 2012.*

[5] *Effective for annual periods beginning on or after 1 January 2014.*

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group's executive directors, being the Group's chief operating decision makers, review the operations on a plant by plant basis. No discrete financial information is available for each plant and the Group's executive directors review financial information on a consolidated basis. The Group has therefore only one operating segment, namely manufacturing and sale of ladies' intimate apparel, for the six months ended 31 December 2011 and 31 December 2010.

The accounting policies of the financial information reviewed by executive directors are the same as the Group's accounting policies. Segment revenue is the consolidated revenue of the Group. Segment profit is the consolidated profit after tax.

All the Group's segment assets and liabilities are under the manufacturing business as at 31 December 2011 and 30 June 2011.

4. OTHER EXPENSES

During the six months ended 31 December 2010 a decision was made to cease manufacturing operations in the plant in the Republic of the Philippines resulting in severance payments and other costs amounting to approximately HK$7,421,000 being recognised in the condensed consolidated income statement during the six months ended 31 December 2010. The nature of expense was as follows:

	For the six months ended 31 December 2010
	HK$'000
	(Unaudited)
Severance payments to employees	**10,478**
Reversal of retirement benefit obligations previously recognised	**(4,168)**
Impairment losses recognised in respect of property, plant and equipment	**59**
Other costs	**1,052**
	7,421

5. (LOSS) PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**14,329**	14,379
Amortisation of prepaid lease payments	**24**	24
Loss (gain) on disposal of property, plant and equipment	**61**	(301)
Exchange loss (gain), net	**3,532**	(7,363)
Interest income	**(613)**	(369)

6. INCOME TAX EXPENSE

	For the six months ended 31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**1,156**	8,646
Other jurisdictions	**1,732**	3,210
	2,888	11,856
Deferred tax:		
Credit for the period	**(2,334)**	(32)
	554	11,824

Hong Kong Profits Tax rate used is 16.5% for the six months ended 31 December 2011 (six months ended 31 December 2010: 16.5%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group has recognised deferred tax assets in relation to the unused tax losses of subsidiaries and deferred tax liabilities in relation to accelerated tax depreciation.

7. DIVIDENDS

	For the six months ended 31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
2011 final dividend paid: HK$0.025 per share (2010: 2010 final dividend of HK$0.025 per share) on 1,075,188,125 shares	**26,880**	26,880
Dividend declared:		
Interim dividend *(Note)*	**10,752**	16,128

Note: Subsequent to the end of the interim reporting period, an interim dividend of HK$0.01 per share (six months ended 31 December 2010: HK$0.015 per share) has been declared by the directors of the Company for the six months ended 31 December 2011.

8. (LOSS) EARNINGS PER SHARE

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

	For the six months ended 31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss) profit for the period attributable to the owners of the Company for the purpose of basic (loss) earnings per share	**(10,138)**	47,001
	Number of shares	
Number of ordinary shares for the purpose of basic (loss) earnings per share	**1,075,188,125**	1,075,188,125

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

9. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK$123,308,000 (at 30 June 2011: HK$110,799,000). The Group allows an average credit period of 30 days to its trade customers.

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

	At 31 December 2011 (Unaudited)	At 30 June 2011 (Audited)
	HK$'000	*HK$'000*
0 – 30 days	**116,820**	107,674
31 – 60 days	**5,233**	2,669
61 – 90 days	**877**	35
Over 90 days	**378**	421
	123,308	110,799

10. BILLS RECEIVABLE

As at 31 December 2011 and 30 June 2011, all bills receivable are aged within 30 days. The Group does not hold any collateral over these balances.

11. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK$72,978,000 (at 30 June 2011: HK$45,495,000).

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

	At 31 December 2011 (Unaudited)	At 30 June 2011 (Audited)
	HK$'000	*HK$'000*
0 – 30 days	**66,883**	43,748
31 – 60 days	**4,785**	1,502
61 – 90 days	**374**	223
Over 90 days	**936**	22
	72,978	45,495

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2011, the Group recorded a loss after taxation of HK$9.7 million compared with a profit of HK$50 million in the corresponding period last year. As a consequence of the above, a profit warning was announced on 12 January 2012.

During the period, in monetary terms, 57% of our sales were to the US market compared to 65% in the corresponding period last year. The EU accounted for 27% (20% in the corresponding period last year) and the rest of the world accounted for 16% (15% in the same period last year).

Unit sales for the current period were 16.6 million units compared to 23.5 million in the first half of last fiscal year. The reduced level of sales reflects continued deterioration in all markets leading, inter alia, to a number of cancelled orders and capacity bookings in the 2nd quarter. The loss of sales, associated provisions against inventory which, together with ongoing labour cost increases in the PRC, adversely impacted the gross profit margin.

China accounted for 54% of our global capacity. In November, sparked by a dispute between a worker and a production manager, the workforce of our Shenzhen plant staged a labour strike which ended after three working days upon satisfactory legal and administrative actions taken by the Company to resolve matters with the workforce.

Thailand during the six months accounted for 46% of our global capacity. Despite the months long flood that brought much of the manufacturing and business activities in the country to a halt, the Group's production facilities located in the highlands near the western border of the country were not disrupted, save for the extra logistics costs resulting from routing our cargos around the flooded parts of the country. In the meantime, the expansion of our Thailand operations was completed on plan in terms of structure and headcount. We have taken delivery of and started operations in the new factory building which, together with the old plant, represents a 100% increase in floor space. The expansion, however, encountered some operational issues which led to delays in shipments and impacted sales.

Following our strategic plan to migrate part of the high cost production in China to low cost regions outside of China, the Group in September secured a long term lease of factory premises in Phnom Penh, Cambodia. In November, we started training of about 150 new sewing operators and recruitments are on-going depending on production needs. This new operation, when matured, could accommodate up to 1,200 sewing operators and ultimately add around 20% output to our current capacity.

Corporate expenditure for the period amounted to HK$7.2 million compared to HK$7.4 million in the corresponding period last year and capital expenditure was HK$26 million, primarily related to the development of the Cambodian plant.

The financial position of the Group remains healthy with shareholders' funds standing at HK$522 million as at 31 December, 2011. Credit facilities available to the Group amounted to HK$150 million.

Your Board of Directors has resolved to pay an interim dividend of HK$0.01 per share. An interim dividend of HK$0.015 per share was paid last year.

We are prudent in our business outlook and do not expect an upturn in the business environment or financial performance in the near future. We will continue looking for low cost production growth opportunities outside China which will necessarily lead to contingent costs and will likely impact margins in the short term. Our Cambodian plant is positively viewed by our customers.

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 2011.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK$0.01 per share for the six months ended 31 December 2011 (six months ended 31 December 2010: HK$0.015 per share). Shareholders whose names appear on the register of members of the Company on Monday, 19 March 2012 will be entitled to the interim dividend which will be paid on Monday, 26 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 March 2012 to Monday, 19 March 2012, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 14 March 2012.

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 2011 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 2011, 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 Provision 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 Provision 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 but not less than 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 2011, the Group had approximately 8,222 employees (30 June 2011: approximately 8,316 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 contributions and a share option scheme to its employees.

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

Hong Kong, 23 February 2012

As at the date of this announcement, the Board comprises Mr. Fung Wai Yiu, Mr. Wong Chung Chong, Eddie, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin as executive directors; Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive directors; and 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.