



TOP FORM INTERNATIONAL LIMITED

TOP FORM INTERNATIONAL LIMITED ANNOUNCED FY2012 ANNUAL RESULTS (Stock Code: 333)

Highlights

- Manufacturing sales revenues amounted to HK\$1,132 million in FY2012, with 32.4 million pieces of brassiere products sold
- Weak export demand and operational issues, together with costs relating to the closure of manufacturing operations in the Shenzhen plant, led to full year net loss of HK\$61.2 million after tax
- The Board of Directors do not recommend a final dividend.
- Group to focus on building productivity of new South-East Asian plant and cost efficiency of plants to overcome current and future challenges

Hong Kong, September 7, 2012 – Top Form International Limited (“TFI” or “the Group”; Stock Code: 333), a leading brassiere manufacturing company, announced on September 6, 2012 its annual results for the year ended June 30, 2012.

TFI recorded sales revenue of HK\$1,132 million over the fiscal year, down 15.5% compared to the previous fiscal year. The Group recorded a net loss after taxation of HK\$61.2 million, compared with a net profit of HK\$56.7 million in the 2011 fiscal year. The loss per share for FY2012 was HK5.6 cents compared to a previous profit per share of HK5.1 cents.

The fall in revenue was mostly attributable to weakening demand in the Group’s primary export markets, particularly Europe where consumer spending continues to be weighed down by the debt crisis. In addition, the Group also experienced high one-off costs following its decision to end manufacturing operations in Shenzhen, as well as teething problems related to the expansion of its regional Thailand plant.

During the year, exports to the US accounted for 54% of total sales revenue, compared to 64% in the previous year, while exports to the EU accounted for 28% of total sales revenue, compared to 21% last year. Exports to the rest of the world accounted for 18%, compared to 15% last year.

The financial position of the Group remains strong, with shareholders’ funds standing at HK\$498 million, as at June 30, 2012, compared with HK\$563 million at the end of the previous year. The Group’s bank balances and cash amounted to HK\$146 million at 30 June 2012. Credit facilities available to the Group amounted to HK\$150 million, while gearing remains at an insignificant level.

During the year, the Group continued to experience escalating labour costs in Mainland China, which resulted in its recent decision to end manufacturing activities in Shenzhen. The Group’s Thailand facility also encountered unforeseen challenges, most notably the temporary operational issues that arose during the facility’s expansion.

The Group secured a long term lease of factory premises in Phnom Penh, Cambodia which, when fully developed, will allow it to maintain low-cost production and growth opportunities.

Looking forward, while the Group doesn’t expect a business upturn in the foreseeable future, it will direct its focus on the less price-sensitive segment of its business, and will work to increase the productivity of its operations outside of China and improving cost efficiencies across the business.

In view of the current business climate, as well as the Group’s cash position and reinvestment needs, the Board of Directors decided not to propose a final dividend, which when taken together with an interim dividend of HK\$0.01 per share, represents an aggregate distribution of HK\$0.01 per share for the fiscal year.



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Mr Willie Fung, Chairman of TFI, commented, “Despite the difficult macro-economic environment, we are confident that the steps we are taking now to expand our operations in Cambodia and Thailand will once again allow the OEM business to make a positive contribution to the Group’s performance. In particular, we are happy to see our expansion in Thailand, which experienced a setback in the start up stage, has returned to normal operation and continues to increase its output. With much of the teething problems from the transition now behind us, we will continue to work to restore our low-cost production capacity and bring TFI back to profitability.”

- End -

About Top Form International Limited

Top Form International Limited (Stock Code: 333) is a leading brassiere manufacturing company. Its principal subsidiaries are engaged in the design, manufacture and distribution of ladies’ intimate apparel, principally brassieres. Its customers are located in the United States, Europe and Asia. The Company’s manufacturing facilities are located in Thailand, Mainland China and Cambodia. Further information is available at www.topformbras.com.

For further information, please contact:

College Hill

Matthew Schultz

Vinita Wan

Tel: +852 3791 2032

Tel: +852 3791 2930

Email: matthew.schultz@collegehill.com

Email: vinita.wan@collegehill.com



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Consolidated income statement

(For the year ended 30 June 2012)

	2012 HK\$'000	2011 HK\$'000
Revenue	1,132,391	1,339,798
Cost of sales	(963,910)	(1,080,724)
Gross profit	168,481	259,074
Other income and gains	6,500	11,134
Selling and distribution expenses	(43,358)	(22,260)
General and administrative expenses	(170,014)	(168,814)
Other expenses	(22,428)	(7,441)
Finance costs	(373)	(32)
(Loss) profit before taxation	(61,192)	71,661
Income tax credit (expense)	28	(14,955)
(Loss) profit for the year	(61,164)	56,706
Attributable to:		
Owners of the Company	(60,028)	55,241
Non-controlling interests	(1,136)	1,465
	(61,164)	56,706
(Loss) earnings per share		
Basic	HK(5.6) cents	HK5.1 cents



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Consolidated balance sheet

(At 30 June 2012)

	2012	2011
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	153,654	150,128
Prepaid lease payments	1,719	1,767
Investment properties	49,294	-
Prepaid rental payments	5,008	6,510
Interest in an associate	-	-
Deferred tax assets	4,422	529
	214,097	158,934
Current assets		
Inventories	170,253	181,521
Debtors and other receivables	116,572	132,743
Bills receivable	30,960	17,231
Prepaid lease payments	48	48
Tax recoverable	4,224	-
Bank balances and cash	145,665	222,773
	467,722	554,316
Current liabilities		
Creditors and accrued charges	145,683	107,443
Taxation	2,242	15,945
Bank borrowings and other liabilities - due within one year	-	2,555
Obligations under finance leases - due within one year	-	11
	147,925	125,954
Net current assets	319,797	428,362
Total assets less current liabilities	533,894	587,296
Non-current liabilities		
Retirement benefit obligations	3,033	2,002
Deferred tax liabilities	15,614	3,836
	18,647	5,838
Net assets	515,247	581,458



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	2012	2011
	HK\$'000	HK\$'000
Capital and Reserves		
Share capital	107,519	107,519
Reserves	390,307	455,496
Equity attributable to owners of the Company	<u>497,826</u>	<u>563,015</u>
Non-controlling interests	<u>17,421</u>	<u>18,443</u>
Total equity	<u>515,247</u>	<u>581,458</u>