

**TAI PING CARPETS INTERNATIONAL LTD:
THE AGONY WITHOUT THE ECSTASY**

Considering that the company is 55 years old and that it has been listed on The Stock Exchange of Hongkong Ltd since 1973, one cannot give it very high marks – for anything.

The company to which **TARGET** () is referring is Tai Ping Carpets International Ltd () (Code: 146, Main Board, The Stock Exchange of Hongkong Ltd).

As the Company's name implies, Tai Ping Carpets is in the business of manufacturing what it describes as '*Asia's premier carpet ... a leader in the international custom carpet industry ...*'.

Whether or not the above description is accurate, **TARGET** cannot comment, but about the Company's fortunes over the past 6 Financial Years, there is much about which to comment.

Last Monday, at about 6:33 pm, Tai Ping Carpets released its Interim Announcement for the 6 months, ended June 30, 2011.

The following **TARGET** table contains the highlights of this Interim Report:

	Six Months, Ended June 30		
	2011	2010	
	All Figures Are Denominated In \$HK'000 (except where otherwise specified)		Percentage Increase/(Decrease)*
Revenue	589,818	508,723	15.94
Cost of Sales	(360,642)	(295,288)	22.13
Gross Profit	229,176	213,435	7.36
Gross Profit Margin *	38.86 percent	41.96 percent	(7.39)
Operating Loss	(33,632)	(39,722)	(15.33)
Loss Attributable To Shareholders	(31,883)	(45,879)	(30.51)
Net Profit Margin*	5.41 percent	9.02 percent	(40.02)

Net Worth	939,930	1,002,504	(6.24)
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*These are **TARGET**'s calculations

Aside from the fact that there has been a material drop in the Gross Profit Margin and the Net Profit Margin, this medium notes, also, that the Cost of Sales as a percentage of Revenue rose in the first half of the Current Financial Year by about 5.34 percent, to 61.14 percent, compared with the like period in 2010.

Mr James H. Kaplan (), Chief Executive Officer of Tai Ping Carpets, stated at Page 3 of the Interim Report:

'After significant increases in the prior year, factory operating expenses remained well under control. Labour costs in the People's Republic of China ("PRC") continued to increase and labour shortages in the Pearl River Delta continue, but pressures have eased somewhat and our retention rates are high. Both our factories in Nanhai and Bangkok managed to improve their operating results, through cost containment and productivity improvements.

'We continue to manage our operating expenses carefully. Operating expenses totaled HK\$227 million, an increase of 6% from the same period in the prior year.'

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