

NAM TAI ELECTRONICS INC

Form 6-K

February 09, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of: February, 2010**

**Commission File Number: 001-31583**

**NAM TAI ELECTRONICS, INC.**

(Translation of registrant's name into English)

**Gushu Industrial Estate, Xixiang**

**Baoan, Shenzhen**

**People's Republic of China**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_.

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**SIGNATURES**

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**NAM TAI ELECTRONICS, INC.****Q4 2009 Sales down 44.5%, Gross profit margin at 10.8%****2009 Sales down 34.5%, Gross profit margin at 9.9%**

SHENZHEN, PRC February 8, 2010 Nam Tai Electronics, Inc. ( Nam Tai or the Company ) (NYSE Symbol: NTE) today announced its unaudited results for the fourth quarter and year ended December 31, 2009.

**KEY HIGHLIGHTS**

(In thousands of US Dollars, except per share data, percentages and as otherwise stated)

	Quarterly Results			Year Results		
	Q4 2009	Q4 2008	YoY(%)	12M 2009	12M 2008	YoY(%)
Net sales	\$93,735	\$169,021	(44.5)	\$408,137	\$622,852	(34.5)
Gross profit	\$10,162	\$14,648	(30.6)	\$40,320	\$70,678	(43.0)
<i>% of sales</i>	10.8%	8.7%		9.9%	11.3%	
Operating income (loss)	\$692	\$(14,455)	*	\$388	\$6,386	(93.9)
<i>% of sales</i>	0.7%	(8.6%)		0.1%	1.0%	
<i>per share (diluted)</i>	\$0.02	\$(0.32)	*	\$0.01	\$0.14	(92.9)
Net income						
(loss) attributable to						
Nam Tai shareholders <sup>(a)</sup>	\$416	\$(14,447)	*	\$1,652	\$30,635	(94.6)
<i>% of sales</i>	0.4%	(8.5%)		0.4%	4.9%	
Basic earnings (loss) per						
share	\$0.01	\$(0.32)	*	\$0.04	\$0.68	(94.1)
Diluted earnings						
(loss) per share	\$0.01	\$(0.32)	*	\$0.04	\$0.68	(94.1)
Weighted average						
number of shares ( '000)						
Basic	44,804	44,804		44,804	44,804	
Diluted	44,820	44,804		44,810	44,806	

Note:

(a) For the twelve months ended December 31, 2008, net income included \$20.2 million of gain on disposal of J.I.C. Technology Company Limited ( JIC ).

\* Percentage change is not presented if either the latest period or prior period contains a loss.

In addition to disclosing results determined in accordance with accounting principles generally accepted in the United States ( US GAAP ) as set forth in the table above, management utilizes a measure of operating income / (loss), net income / (loss) and earnings (loss) per share on a non-GAAP basis that excludes certain income and expenses to better assess operating performance. Those non-GAAP financial measures exclude certain items, such as share-based compensation expenses and infrequent or unusual items such as gain on sale of shares of a subsidiary, employee severance benefits in PRC subsidiaries and other income recovered from Tele-Art Inc. (in liquidation). By disclosing the non-GAAP information, management intends to provide investors with additional information to analyze the Company's performance, core results and underlying trends. Non-GAAP information is not determined using US GAAP; therefore, the information is not necessarily comparable to other companies and

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should not be used to compare the Company's performance over different periods. Non-GAAP information should not be viewed as a substitute for, or superior to, net income/(loss) or other financial data prepared in accordance with US GAAP as measures of our operating results or liquidity. Users of this financial information should consider the types of events and transactions for which adjustments have been made. See the table below for a reconciliation of non-GAAP amounts to amounts reported under US GAAP.

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(In millions of US Dollars, except for per share (diluted) and numbers of shares)

	Three months ended December 31,				Year ended December 31,			
	2009		2008		2009		2008	
	per share		per share		per share		per share	
	millions	(diluted)	millions	(diluted)	millions	(diluted)	millions	(diluted)
<b>GAAP Operating Income (Loss)</b>	<b>\$ 0.7</b>	<b>\$ 0.02</b>	<b>\$ (14.4)</b>	<b>\$ (0.32)</b>	<b>\$ 0.4</b>	<b>\$ 0.01</b>	<b>\$ 6.4</b>	<b>\$ 0.14</b>
Add back:								
<i>Share-based compensation expenses<sup>(a)</sup></i>					0.1		1.2	0.03
<i>Professional expenses in relation to privatization of NTEEP</i>					0.9	0.02		
<i>Employee severance benefits in PRC subsidiaries<sup>(b)</sup></i>			0.6	0.01	5.1	0.11	0.6	0.01
<i>Impairment loss on goodwill</i>			17.3	0.39			17.3	0.39
<b>Non-GAAP Operating Income</b>	<b>\$ 0.7</b>	<b>\$ 0.02</b>	<b>\$ 3.5</b>	<b>\$ 0.08</b>	<b>\$ 6.5</b>	<b>\$ 0.14</b>	<b>\$ 25.5</b>	<b>\$ 0.57</b>
<b>GAAP Net Income (Loss) attributable to Nam Tai shareholders</b>	<b>\$ 0.4</b>	<b>\$ 0.01</b>	<b>\$ (14.4)</b>	<b>\$ (0.32)</b>	<b>\$ 1.7</b>	<b>\$ 0.04</b>	<b>\$ 30.6</b>	<b>\$ 0.68</b>
Add back/(Less):								
<i>Share-based compensation expenses<sup>(a)</sup></i>					0.1		1.2	0.03
<i>Professional expenses in relation to privatization of NTEEP</i>					0.9	0.02		
<i>Employee severance benefits in PRC subsidiaries (after deducting tax and sharing with noncontrolling interest)<sup>(b)</sup></i>			0.6	0.01	3.2	0.07	0.6	0.01
<i>Impairment loss on goodwill</i>			17.3	0.39			17.3	0.39
<i>Gain on sale of subsidiary shares<sup>(c)</sup></i>							(20.2)	(0.45)
<i>Other income recovered from Tele-Art Inc. (in liquidation)<sup>(d)</sup></i>							(2.9)	(0.07)
<b>Non-GAAP Net Income attributable to Nam Tai shareholders</b>	<b>\$ 0.4</b>	<b>\$ 0.01</b>	<b>\$ 3.5</b>	<b>\$ 0.08</b>	<b>\$ 5.9</b>	<b>\$ 0.13</b>	<b>\$ 26.6</b>	<b>\$ 0.59</b>
Weighted average number of shares diluted ( 000)	44,820		44,804		44,810		44,806	

Note:

(a) The share-based compensation expenses included approximately \$0.1 million

*attributable to options to purchase 75,000 shares granted in the second quarter of 2009 (\$0.2 million for year 2008 to directors in accordance with the Company's practice of making annual option grants to its directors upon their election for the ensuing year and approximately \$1.0 million principally attributable to options to purchase approximately 20 million shares granted by the Company's former Hong Kong Stock Exchange-listed subsidiary, Nam Tai Electronic & Electrical Products Limited (NTEEP) (Stock Code : 2633)), to certain of its executive directors and employees in the first quarter of 2008. In December 2008, NTEEP repurchased and cancelled all of its outstanding 17,440,000 options from the option holders at a total consideration of approximately*



*\$42,000.*

*Accordingly, Nam  
Tai recorded no  
share-based  
compensation  
expense*

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*(relating to NTEEP)  
during the three months  
ended December 31,  
2009.*

- (b) The expense represents employee benefit and severance arrangements in accordance with the PRC statutory severance requirements.*
- (c) On March 4, 2008, Nam Tai completed the sale of its entire equity interest of Namtek business in JIC, a Hong Kong Stock Exchange listed subsidiary (Stock Code: 00987), to an independent third party. In this transaction, Nam Tai sold 572,594,978 shares of JIC, representing 74.99% of its outstanding share capital for cash of approximately \$51 million, which resulted in a gain on disposal of approximately \$20 million.*
- (d) A total amount of approximately \$2.9 million of other income in the Company's financial statements for the second quarter of 2008. This amount represents Nam Tai's share of proceeds realized from the disposal for the account of Tele-Art, Inc.'s liquidator of 477,319 Nam Tai shares owned by Tele-Art, Inc. (in*

liquidation)( Tele-Art )  
and was paid in  
settlement of amounts  
previously funded by  
Nam Tai in connection  
with Tele-Art s  
liquidation and in partial  
satisfaction of judgments  
in favor of Nam Tai  
against Tele-Art.

## SUPPLEMENTARY INFORMATION (UNAUDITED) IN THE FOURTH QUARTER OF 2009

### 1. Quarterly Sales Breakdown

(In thousands of US Dollars, except percentage information)

Quarter	2009	2008	YoY(%)	YoY(%)
			(Quarterly)	(Quarterly accumulated)
1 <sup>st</sup> Quarter	102,150	147,129	(30.6)	(30.6)
2 <sup>nd</sup> Quarter	101,836	146,168	(30.3)	(30.5)
3 <sup>rd</sup> Quarter	110,416	160,534	(31.2)	(30.7)
4 <sup>th</sup> Quarter	93,735	169,021	(44.5)	(34.5)
Total	408,137	622,852		

### 2. Breakdown of Net Sales by Product Segment (as a percentage of Total Net Sales)

Segments	2009		2008	
	Q4 (%)	YTD (%)	Q4 (%)	YTD (%)
Consumer Electronic and Communication Products ( CECP )	27	28	37	44
Telecommunication Component Assembly ( TCA )	54	55	54	44
Liquid Crystal Display Products ( LCDP )	19	17	9	12
	100	100	100	100

### 3. Key Highlights of Financial Position

	As at December 31,	
	2009	2008
Cash on hand <sup>(a)</sup>	\$195.6	\$237.0
	million	million
Ratio of cash <sup>(a)</sup> to current liabilities	2.56	1.66
Current ratio	3.59	2.67
Ratio of total assets to total liabilities	5.21	3.58
Return on Nam Tai shareholders' equity	0.5%	9.4%
Ratio of total liabilities to total equity <sup>(b)</sup>	0.24	0.39
Debtors turnover	52 days	61 days
Inventory turnover	16 days	18 days
Average payable period	59 days	65 days

Note: (a) Includes  
cash  
equivalents.

*(b)Ratio for  
2008 has been  
restated in  
order to  
conform this  
year s basis of  
calculation.*

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**OPERATIONS REVIEW**

The business environment in Nam Tai's product sectors remains difficult and extremely competitive. Sales in the fourth quarter of 2009 were \$93.7 million, a decrease of 44.5% as compared to sales of \$169.0 million in the same quarter of 2008. Sales in our CECP segment and TCA segment dropped by 59.3% and 45.0% respectively and LCDP segment increased by 17.9%, during the fourth quarter of 2009, as compared to same period in 2008. Sales in our CECP segment declined significantly mainly because of the continuing effect from the global economic downturn. The weak demand in the market for our consumer products adversely affected sales of all of our end-user products such as mobile phone accessories, which principally represented sales of our headsets containing Bluetooth®<sup>1</sup> wireless technology, educational products, optical products and home entertainment devices. Sales in our TCA segment also declined as a consequence of the decline in sales of TCA.

The Company's gross profit margin in the fourth quarter of 2009 was 10.8% as compared to 8.7% in the fourth quarter of 2008. Gross profit in the fourth quarter of 2009 was \$10.2 million, a decrease of 30.6%, as compared to \$14.6 million in the fourth quarter of 2008, primarily resulting from the decrease in sales.

Net income attributable to Nam Tai shareholders in the fourth quarter of 2009 was \$0.4 million, as compared to net loss of \$14.5 million in same quarter of 2008, mainly due to impairment loss on goodwill \$17.3 million in 2008. Basic and diluted earnings per share in the fourth quarter of 2009 were \$0.01 per share, as compared to basic and diluted loss per share of \$0.32 in the fourth quarter of 2008.

For the twelve months ended December 31, 2009, our net sales were \$408.1 million, a decrease of 34.5% as compared to \$622.9 million in the same period last year. The Company's gross profit margin was 9.9% as compared to 11.3% in the same period of 2008. Gross profit was \$40.3 million, a decrease of 43.0%, as compared to \$70.7 million in the same period last year. We reported an operating income for the twelve months of 2009 of \$0.4 million, compared to operating income of \$6.4 million in the same period last year. Our net income attributable to Nam Tai shareholders for the twelve months ended December 31, 2009 was \$1.7 million, or \$0.04 per share (diluted), as compared to net income attributable to Nam Tai shareholders of \$30.6 million, or \$0.68 per share (diluted), in the same period last year.

**Non-GAAP Financial Information**

Non-GAAP operating income for the fourth quarter of 2009 was \$0.7 million, or \$0.02 per share (diluted), compared to non-GAAP operating income of \$3.5 million, or \$0.08 per share (diluted), in the fourth quarter of 2008.

Non-GAAP net income attributable to Nam Tai shareholders for the fourth quarter of 2009 decreased to \$0.4 million or \$0.01 per share (diluted), compared to income of \$3.5 million, or \$0.08 per share (diluted), in the fourth quarter of 2008.

**Liquidity and Financial Resources**

Despite current economic conditions, Nam Tai's financial position as at December 31, 2009 remained strong with \$195.6 million cash on hand. Net cash provided by operating activities in the fourth quarter was \$15.6 million. During the fourth quarter, the Company made capital expenditure of \$7.9 million.

Nam Tai's cash on hand has been invested in term deposits with HSBC and China Construction Bank. The Company continues to exercise rigorous corporate governance and control policies and is not involved in trading of any debt securities or financial derivative products.

(1) The Bluetooth® word mark and logo are owned by the Bluetooth SIG, Inc. and any use of such mark by Nam Tai is under license.



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**EXPANSION PROJECTS**

During the fourth quarter of 2009, we expended approximately \$8 million mainly on our ongoing expansion project of FPC manufacturing plant in Wuxi near the east coast of China, approximately 80 miles northwest of Shanghai. Upon the completion of construction of the plant in the second quarter 2009, manufacturing equipments and human resources were being established. In the fourth quarter of 2009, the plant spent time and effort to build samples for customers in applications of automotive and telecommunications. Small volume of mass manufacturing is expected to be scheduled in the first quarter of 2010. Continuously, there will be more samples to be built for more customers and higher volume of mass manufacturing will be commencing in the coming quarters.

**PRIVATIZATION OF NTEEP**

The compulsory acquisition of Nam Tai Electronic & Electrical Products Limited ( NTEEP ) by the Company was completed on November 12, 2009. Withdrawal of listing of the shares of NTEEP on the Stock Exchange of Hong Kong also took place with effect from November 13, 2009. As a result, NTEEP has become a wholly-owned subsidiary of the Company.

**COMPANY OUTLOOK**

The business in 2009 was not satisfactory. The global financial crisis which continues from 2009 will affect the businesses of the Company in 2010. It is believed that the business of our CECF segment continue to drop in 2010. The Company will establish careful negotiations with customers on business terms to reduce further risks. Such uncertainty hinders the growth and so the business outlook for the Company in 2010 remains tough.

While it is believed that sales of optical products and educational products will remain weak, the demand for LCM and FPC products is expected to increase. Nevertheless, the growth for the year 2010 will be limited. The Company will concentrate on the development and manufacture of FPC products in the future.

In the coming quarters, the Company will focus on re-organization while achieving improvement in management which utilizes effective risk control system and strong company governance policies. Where necessary, new management executives will be recruited.

**UPDATE ON TAX DISPUTE WITH HONG KONG INLAND REVENUE DEPARTMENT**

Regarding the tax disputes of the 3 inactive or dormant subsidiaries of the Company, Nam Tai Trading Company Limited, Nam Tai Group Management Limited and Nam Tai Telecom (Hong Kong) Company Limited, the Company has been co-operating with the Inland Revenue Department of Hong Kong ( IRD ) all along in supplying them with all the information we believe is necessary to resolve the disputes.

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However, IRD does not accept our explanations that it was necessary for these 3 subsidiaries to perform their individual functions for the whole Nam Tai group and therefore the management fees paid by the Company to support and finance all the necessary overhead expenses of these subsidiaries (not located in Hong Kong) to contribute to the businesses representing the administration and finance departmental functions for the whole group under the corporate structure at that time were not regarded as necessary expenses by IRD.

Since it is believed that it will be difficult for these subsidiaries to continue co-operating with IRD in the future, if the Company discontinues to finance these subsidiaries, they will be forced to liquidate in due course. As these subsidiaries do not conduct any business and have been inactive or dormant for quite some time, and own either limited book-value assets or no assets, it is believed that there should be no impact on the Company's overall performance.

**DIVIDEND**

After serious consideration of the financial situations of the Company, the board has determined to continue to suspend dividend payments in 2010.

**PROPOSED SCHEDULE OF (I) RELEASE OF RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR 2010; AND (II) ANNUAL SHAREHOLDERS MEETING ( ASM )**

<b>Quarter</b>	<b>Date of release</b>
1Q 2010	May 3, 2010 (Mon)
2Q 2010	Aug 2, 2010 (Mon)
3Q 2010	Nov 1, 2010 (Mon)
4Q 2010	Feb 21, 2011 (Mon)

**Date of meeting**

**ASM** Jun 4, 2010 (Fri)

**FORWARD-LOOKING STATEMENTS AND FACTORS THAT COULD CAUSE OUR SHARE PRICE TO DECLINE**

*Express or implied statements in this press release, such as management's assessment of the strength of Nam Tai's financial condition and cash position, our belief regarding the benefits and cost reductions to be realized upon completion of the privatization of NTEEP, the expectations on sales upon completion of construction of the plant in the Wuxi factory and the beginning of the mass manufacturing, an increase for demand for LCM and FPC products and concentration on the development and manufacture of FPC products in the future, the negotiations with customers on business terms to reduce further risks and the benefits which may achieve upon the re-organization of the management and recruitment of new management executives, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by the use of words like believes, intends, expects, seeks, plans or planned, may, will, should or anticipates, or the negative equivalents of those words or comparable terminology, and involve risks and uncertainties. Such statements are based on current expectations and assumptions and reflect management's views with respect to future events and may not actually occur during the periods indicated or at all and are not a guarantee of Nam Tai's future performance. These forward-looking statements are, by their nature, subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements in this press release. These risks and*



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*uncertainties include whether the completion of construction of the Wuxi factory and the beginning of the mass manufacturing, an increase for demand for LCM and FPC products and concentration on the development and manufacture of FPC products in the future will have a material effect on sales and justify the funds expended in the process; whether the negotiations with customers on business terms are able to reduce further risks; whether the re-organization of the management and recruitment of new management executives can achieve the benefits desired; whether Nam Tai's completion of the privatization of NTEEP will provide Nam Tai with meaningful benefits; whether Nam Tai's decision to eliminate the declaration of dividends during 2010 (or beyond should conditions warrant) will be able to maintain the financial position of the Company; and whether the 3 inactive or dormant subsidiaries of the Company will have no impact on the Company's overall performance. Product orders and Nam Tai's operating results, available cash, cash flows, operating results and levels of capital expenditures may be adversely affected by numerous factors including adverse global economic conditions generally and the continuing uncertainties and fears regarding the world's and nations' economies; Nam Tai's dependence on a few large customers; intense competition in the electronics manufacturing services, or EMS, industry in which the Company participates, particularly in markets that place constant pressure on the Company to reduce unit prices; continuing competitive pressures that adversely affect its profit margins; its operating results fluctuating and lacking predictability; risks relating to its doing business in the PRC such as arising from changes in governmental policies, trade regulation, currency exchange rates, particularly from the appreciation of the renminbi to the U.S. dollar which has occurred since June 2005, and inflation in the PRC and elsewhere globally; the timing and amount of significant orders from customers; Nam Tai's success at attracting new customers; delays in product development and related product release schedules; obsolete inventory or product returns; warranty and other claims on products; technological shifts; the availability of competitive products of comparable quality at prices below Nam Tai's prices; maturing product life cycles of the products manufactured by Nam Tai; concessions Nam Tai may make on product sale terms and conditions; successful implementation of operating cost structures that align with revenue; the financial condition of Nam Tai's customers and vendors; the availability and increasing costs of materials and other components needed to manufacture Nam Tai's products; potential shortages of materials or skilled labor needed to complete its planned expansion project in Wuxi; unforeseen engineering problems, work stoppages, weather interference, flood, earthquake or other acts of God, delays in obtaining or failure to obtain necessary permits from regulatory authorities needed for completion of its planned new Wuxi facility or to continue existing operations; unanticipated cost increases; risks of expanding into a new area of the PRC where Nam Tai has not yet conducted business, the success or failure of Nam Tai's efforts to return property acquired from the Wuxi government for the construction of the second factory and potential consequences to Nam Tai from terminating its second Wuxi expansion project; diversion of management's attention to a new factory in Wuxi and to other business concerns; the impact of legislative actions, higher insurance costs and potential new accounting pronouncements; a worsening of relations between the PRC and the United States; the effects of terrorist activity and armed conflict that cause disruptions in general economic activity and changes in Nam Tai's operations and security arrangements; the effects of travel restrictions and quarantines associated with major health problems, such as Severe Acute Respiratory Syndrome, Bird Flu or recent outbreaks of swine flu, on general economic activity; or other changes in general economic conditions, including an exacerbation of the current global economic weaknesses that continue to adversely affect, or further reduce, demand for Nam Tai's products. In addition, factors, among others, that could cause the market price of our shares to decline in the future could include further decreases in our revenues from those we reported in earlier periods, our operating results or those of our competitors or customers to meet the expectations of public market analysts and investors who follow the EMS, industry, or one or more of the factors discussed in*

*Item 3. Key Information – Risk Factors* in our Annual Report on Form 20-F for the year ended December 31, 2008 as filed on March 13, 2009 with the Securities and Exchange Commission.

*For further information regarding risks and uncertainties associated with Nam Tai's business, operating results or financial condition, please refer to the Operating and Financial Review and*

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*Prospects, Management's Discussion and Analysis of Results of Operations and Financial Condition and Risk Factors sections of Nam Tai's SEC filings, including, but not limited to, its annual reports on Form 20-F and Reports on Form 6-K containing releases of Nam Tai's quarterly financial results, copies of which may be obtained from Nam Tai's website at <http://www.namtai.com> or from the SEC's EDGAR website at <http://www.sec.gov>.*

*All information in this press release is as of February 8, 2010 in Shenzhen of the People's Republic of China. Nam Tai does not undertake any duty, and should not be expected, to update any forward-looking statement to conform the statement to actual results or changes in Nam Tai's expectations.*

**ABOUT NAM TAI ELECTRONICS, INC.**

We are an electronics manufacturing and design services provider to a select group of the world's leading OEMs of telecommunications and consumer electronic products. Through our electronics manufacturing services operations, we manufacture electronic components and subassemblies, including LCD panels, LCD modules, RF modules, DAB modules, FPC subassemblies and image-sensor modules and PCBAs for headsets containing Bluetooth® wireless technology. These components are used in numerous electronic products, including mobile phones, laptop computers, digital cameras, electronic toys, handheld video game devices, and entertainment devices. We also manufacture finished products, including mobile phone accessories, home entertainment products and educational products. We assist our OEM customers in the design and development of their products and furnish full turnkey manufacturing services that utilize advanced manufacturing processes and production technologies.

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NAM TAI ELECTRONICS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS<sup>(2)</sup>

FOR THE PERIODS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of US Dollars except share and per share data)

	Unaudited Three months ended December 31		Unaudited Year ended December 31	
	2009	2008	2009	2008
Net sales	<b>\$93,735</b>	\$ 169,021	<b>\$408,137</b>	\$ 622,852
Cost of sales	<b>83,573</b>	154,373	<b>367,817</b>	552,174
Gross profit	<b>10,162</b>	14,648	<b>40,320</b>	70,678
Costs and expenses				
General and administrative expenses <sup>(3)</sup>	<b>6,848</b>	6,865	<b>28,393</b>	29,112
Selling expenses	<b>1,174</b>	1,877	<b>5,266</b>	6,945
Research and development expenses	<b>1,448</b>	3,016	<b>6,273</b>	10,890
Impairment loss on goodwill		17,345		17,345
	<b>9,470</b>	29,103	<b>39,932</b>	64,292
Operating Income (loss)	<b>692</b>	(14,455)	<b>388</b>	6,386
Other (expenses) income, net	<b>(181)</b>	(303)	<b>(256)</b>	6,428
Gain on sales of shares of a subsidiary				20,206
Interest income	<b>153</b>	1,409	<b>818</b>	6,282
Interest expense		(110)	<b>(202)</b>	(356)
Income (loss) before income tax	<b>664</b>	(13,459)	<b>748</b>	38,946
Income tax expenses	<b>(254)</b>	(1,025)	<b>(1,283)</b>	(2,877)
Net income (loss)	<b>410</b>	(14,484)	<b>(535)</b>	36,069
Less: Net income (loss) attributable to the non-controlling interest	<b>6</b>	37	<b>2,187</b>	(5,434)
Net income (loss) attributable to Nam Tai shareholders	<b>\$ 416</b>	\$ (14,447)	<b>\$ 1,652</b>	\$ 30,635
Earnings (loss) per share (attributable to Nam Tai shareholders)				
Basic	<b>\$ 0.01</b>	\$ (0.32)	<b>\$ 0.04</b>	\$ 0.68

Diluted	\$ 0.01	\$ (0.32)	\$ 0.04	\$ 0.68
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Weighted average number of shares ( 000)				
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Basic	<b>44,804</b>	44,804	<b>44,804</b>	44,804
Diluted	<b>44,820</b>	44,804	<b>44,810</b>	44,806

(2) On January 1, 2009, Nam Tai adopted Accounting Standards Codification 810-10-65-1 Transition Related to FASB Statements No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, and No. 164, Not-for-Profit Entities: Mergers and Acquisitions the provisions of which, among others, requires that minority interests be renamed noncontrolling interests and that a company present a consolidated net income (loss) measure that includes the amount attributable to such noncontrolling interests for all

periods presented. The provisions of this accounting standard will cease to be applicable once Nam Tai reports its results following completion of the privatization of NTEEP.

- (3) Item of employee severance benefits has been re-grouped into general and administrative expenses which are separately listed with selling expenses for this quarter's presentation. As compared to last three quarters presentation, selling, general and administrative expenses are listed as single line item.

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NAM TAI ELECTRONICS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

(In Thousands of US Dollars)

	Unaudited <i>December 31</i> 2009	Audited <i>December 31</i> 2008
		<i>(Note)</i>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	<b>\$195,625</b>	\$237,017
Accounts receivable, net	<b>57,911</b>	104,150
Entrusted loan receivable (Note 1)		8,199
Inventories	<b>16,054</b>	27,300
Prepaid expenses and other receivables	<b>3,079</b>	4,148
Deferred tax assets - current	<b>1,460</b>	1,232
 Total current assets	 <b>274,129</b>	 382,046
 Property, plant and equipment, net	 <b>108,110</b>	 108,067
Land use right	<b>13,296</b>	13,593
Deposits for property, plant and equipment	<b>32</b>	2,937
Goodwill	<b>2,951</b>	2,951
Deferred tax assets-non current	<b>4,486</b>	3,547
Other assets	<b>920</b>	920
 Total assets	 <b>\$403,924</b>	 \$514,061

**LIABILITIES AND SHAREHOLDERS EQUITY**

Current liabilities:		
Entrusted loan payable (Note 1)	\$	\$ 8,199
Notes payable	<b>691</b>	
Accounts payable	<b>58,667</b>	98,125
Accrued expenses and other payables	<b>16,397</b>	25,967
Dividend payable		9,857
Income tax payable	<b>656</b>	861
 Total current liabilities	 <b>76,411</b>	 143,009
 Deferred tax liabilities	 <b>1,103</b>	 740
 Total liabilities	 <b>77,514</b>	 143,749

**EQUITY**

Nam Tai shareholders' equity:		
Common shares	<b>448</b>	448
Additional paid-in capital	<b>285,264</b>	282,767
Retained earnings	<b>40,706</b>	39,054
Accumulated other comprehensive loss (Note 2)	<b>(8)</b>	(8)
Total Nam Tai shareholders' equity	<b>326,410</b>	322,261
Non-controlling interest (NTEEP)		48,051
Total equity	<b>326,410</b>	370,312
Total liabilities and shareholders' equity	<b>\$403,924</b>	\$514,061

*Note: Information extracted from the audited financial statements included in the 2008 Form 20-F of the Company filed with the Securities and Exchange Commission on March 13, 2009.*

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NAM TAI ELECTRONICS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED DECEMBER 31 2009 AND 2008

(In Thousands of US Dollars)

	Unaudited Three months ended December 31		Unaudited Year ended December 31	
	2009	2008	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss)	\$ 416	\$ (14,447)	\$ 1,652	\$ 30,635
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization of property, plant and equipment and land use right	6,669	5,464	23,116	22,208
Net loss (gain) on disposal of property, plant and equipment	1,657	(18)	1,248	(13)
Impairment loss on goodwill		17,345		17,345
Dividend withheld				(305)
Gain on sales of subsidiaries shares				(20,206)
Deferred income taxes	(393)	150	(804)	(793)
Share-based compensation expenses		22	67	1,228
Unrealized exchange gain	(37)	(817)	(39)	(4,757)
Non-controlling interests	(6)	(37)	(2,187)	5,434
<i>Changes in current assets and liabilities:</i>				
Decrease (increase) in accounts receivable	14,454	20,418	46,239	(8,499)
(Increase) decrease in inventories	(1,046)	7,372	11,246	5,056
(Increase) decrease in prepaid expenses and other receivables	(595)	(328)	1,069	1,574
Decrease in income taxes recoverable				5,439
Increase (decrease) in notes payable	83		691	(4,580)
Decrease in accounts payable	(5,316)	(21,388)	(39,458)	(9,201)
Decrease in accrued expenses and other payables	(149)	(2,014)	(4,132)	(4,233)
(Decrease) increase in income tax payable	(97)	(67)	(205)	459
Total adjustments	15,224	26,102	36,851	6,156
Net cash provided by operating activities	\$ 15,640	\$ 11,655	\$ 38,503	\$ 36,791



**CASH FLOWS FROM INVESTING  
ACTIVITIES**

Net cash inflow from disposal of subsidiaries	\$	\$	\$	\$ 6,671
Purchase of property, plant and equipment	<b>(8,763)</b>	(13,938)	<b>(30,420)</b>	(27,407)
Decrease (increase) in deposits for purchase of property, plant and equipment	<b>878</b>	(2,382)	<b>2,905</b>	(2,606)
Decrease in other assets		299		299
Increase in prepayment for land use right				(663)
Decrease (increase) in entrusted loan receivable			<b>8,199</b>	(8,166)
Acquisition of additional shares in subsidiaries	<b>(1,736)</b>		<b>(43,434)</b>	(2,906)
Proceeds from disposal of property, plant and equipment	<b>12</b>	24	<b>872</b>	55
Net cash (used in) investing activities	\$ <b>(9,609)</b>	\$ (15,997)	\$ <b>(61,878)</b>	\$ (34,723)

**CASH FLOWS FROM FINANCING  
ACTIVITIES**

Cash dividends paid	\$	\$ (9,856)	\$ <b>(9,857)</b>	\$ (47,675)
Payment on repurchase of share option		(110)		(110)
Proceeds from entrusted loan			<b>(8,199)</b>	8,166
Repayment of bank loans				(2,648)
Net cash used in financing activities	\$	\$ (9,966)	\$ <b>(18,056)</b>	\$ (42,267))
Net increase (decrease) in cash and cash equivalents	<b>6,031</b>	(14,308)	<b>(41,431)</b>	(40,199)
Cash and cash equivalents at beginning of period	<b>189,557</b>	250,508	<b>237,017</b>	272,459
Effect of exchange rate changes on cash and cash equivalents	<b>37</b>	817	<b>39</b>	4,757
Cash and cash equivalents at end of period	<b>\$195,625</b>	\$237,017	<b>\$195,625</b>	\$237,017

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NAM TAI ELECTRONICS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED DECEMBER 31, 2009 AND 2008

*(In Thousands of US Dollars)*

1. The entrusted loan represented the loan arrangement between two subsidiaries, Namtai Electronic (Shenzhen) Co. Ltd. (the entrusting party ) and Jetup Electronic (Shenzhen) Co. Ltd. (the borrower ), via HSBC Bank (China) Company Limited, Shenzhen Branch (the lender ). The entrusted loan was repaid in July 2009.
2. Accumulated other comprehensive income represents foreign currency translation adjustments. The comprehensive (loss) income attributable to Nam Tai shareholders of the Company was \$996 and \$30,635 for the twelve months ended December 31, 2009 and December 31, 2008, respectively.
3. Business segment information The Company operates primarily in three segments, the Consumer Electronic and Communication Products ( CECP ) segment, Telecommunication Component Assembly ( TCA ) segment, and the LCD Products ( LCDP ) segment.

	Unaudited <i>Three months ended December 31</i>		Unaudited <i>Year ended December 31</i>	
	2009	2008	2009	2008
<b>NET SALES :</b>				
- CECP	\$ 25,328	\$ 62,303	\$ 116,063	\$ 271,365
- TCA	50,150	91,238	222,959	274,953
- LCDP	18,257	15,480	69,115	76,534
 Total net sales	 \$ 93,735	 \$ 169,021	 \$ 408,137	 \$ 622,852
 <b>NET INCOME :</b>				
- CECP	\$ 2,110	\$ 5,887	\$ 6,710	\$ 27,359
- TCA	(1,188)	15	(2,144)	3,671
- LCDP	1,116	(20,320)	1,571	(20,735)
- Corporate	(1,622)	(29)	(4,485)	20,340
 Total net income (loss) attributable to Nam Tai shareholders	 \$ 416	 \$ (14,447)	 \$ 1,652	 \$ 30,635

Unaudited <i>Dec. 31,</i> 2009	Audited <i>Dec. 31,</i> 2008
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**IDENTIFIABLE ASSETS BY SEGMENT:**

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- CECF	\$112,058	\$189,889
- TCA	141,734	164,516
- LCDP	42,153	42,977
- Corporate	107,979	116,679
Total assets	\$403,924	\$514,061

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NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED DECEMBER 31, 2009 AND 2008

*(In Thousands of US Dollars)*

4. A summary of the net sales, net income and long-lived assets by geographic areas is as follows:

	Unaudited <i>Three months ended</i> <i>December 31</i>		Unaudited <i>Year ended</i> <i>December 31</i>	
	2009	2008	2009	2008
<b>NET SALES FROM OPERATIONS</b>				
<b>WITHIN:</b>				
- PRC, excluding Hong Kong and Macao:				
Unaffiliated customers	\$93,735	\$169,021	\$408,137	\$622,852
Intercompany sales		5	19	141
- Intercompany eliminations		(5)	(19)	(141)
Total net sales	\$93,735	\$169,021	\$408,137	\$622,852
<b>NET INCOME (LOSS) FROM</b>				
<b>OPERATIONS WITHIN:</b>				
- PRC, excluding Hong Kong and Macao	\$ 2,098	\$ (17,083)	\$ 5,533	\$ (4,542)
- Hong Kong & Macao	(1,682)	2,636	(3,881)	35,177
Total net income (loss) attributable to Nam Tai shareholders	\$ 416	\$ (14,447)	\$ 1,652	\$ 30,635
			Unaudited <i>Dec. 31,</i> 2009	Audited <i>Dec. 31,</i> 2008
<b>LONG-LIVED ASSETS WITHIN:</b>				
- PRC, excluding Hong Kong and Macao			\$121,286	\$121,475
- Hong Kong and Macao			120	185
Total long-lived assets			\$121,406	\$121,660

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NAM TAI ELECTRONICS, INC.**

Date February 9, 2010

By: /s/ M. K. Koo

Name: M. K. Koo

Title: Executive Chairman and  
Chief Financial Officer