

REPRESENTED BY PAN PACIFIC I.R. LTD.
 1790 - 999 WEST HASTINGS STREET
 VANCOUVER, BC, CANADA V6C 2W2
 TEL: (604) 669-7800 FAX: (604) 669-7816
 TOLL FREE TEL/FAX: 1-800-661-8831

CONTACT: Lorne Waldman
 President
 E-MAIL: shareholder@namtai.com
 WEB: www.namtai.com

NAM TAI ELECTRONICS, INC.
Record Sales for 3Q 2005, Sales Up 50%, Guidance Exceeded

VANCOUVER, CANADA -- October 31, 2005 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NYSE Symbol: NTE) is pleased to announce its unaudited results for the third quarter ended September 30, 2005.

KEY HIGHLIGHTS

(In thousands of US Dollars, except as otherwise stated)

	Quarterly Results			Nine Months Results		
	3Q 2005	3Q 2004	YoY(%)	9M 2005	9M 2004	YoY(%)
Net Sales	207,859	137,986	50.6	550,059	381,085	44.3
Gross Profit	25,328	20,519	23.4	67,580	57,090	18.4
<i>% of sales</i>	<i>12.2%</i>	<i>14.9%</i>		<i>12.3%</i>	<i>15.0%</i>	
Operating Income ^(a)	14,068	12,752	10.3	38,124	33,098	15.2
<i>% of sales</i>	<i>6.8%</i>	<i>9.2%</i>		<i>6.9%</i>	<i>8.7%</i>	
<i>per share (diluted)</i>	<i>\$0.33</i>	<i>\$0.30</i>	<i>10.0</i>	<i>\$0.89</i>	<i>\$0.78</i>	<i>14.1</i>
Net Income ^(b)	18,803	18,936	(0.7)	38,606	109,350	(64.7)
<i>% of sales</i>	<i>9.0%</i>	<i>13.7%</i>		<i>7.0%</i>	<i>28.7%</i>	
Basic earnings per share	\$0.44	\$0.44	0.0	\$0.90	\$2.58	(65.1)
Diluted earnings per share	\$0.43	\$0.44	(2.3)	\$0.90	\$2.57	(65.0)
Weighted average number of shares ('000)						
Basic	42,983	42,982		42,799	42,440	
Diluted	43,249	43,019		43,046	42,486	

Note:

(a) The following expense is included in operating income in the third quarter of 2005:

- \$0.96 million severance expenses in relation to the restructuring of Hong Kong subsidiaries.

(b) The following other income/expenses items are included in net income in the third quarter of 2005:

- \$3.6 million gain from the disposal of the Company's entire stake in its investment in an affiliated company – Alpha Star Investments Limited ("Alpha Star").
- \$2.3 million gain from the partial disposal of the Company's interest in its subsidiary, Nam Tai Electronic & Electrical Products Limited.
- \$1.4 million realized loss on the partial disposal of marketable securities in TCL Communication Technology Holdings Limited ("TCL Communication").

After adjusting for the above items, the Company's pro-forma Operating Income and pro-forma Operating Income per share (diluted), pro-forma Net Income and pro-forma Earnings Per Share (diluted) for the third quarter of 2005 would have been \$15.1 million and \$0.35, \$15.3 million and \$0.35, respectively, compared to pro-forma Operating Income of \$12.8 million or \$0.30 per share (diluted) and pro-forma Net Income of \$10.2 million or \$0.24 per share (diluted) for the third quarter of 2004.

	<i>(USD Million)</i>	<i>(EPS Diluted USD)</i>
<i>GAAP- based Operating Income</i>	14.1	0.33
<i>Add: severance expenses in relation to the restructuring of Hong Kong subsidiaries</i>	1.0	0.02
<i>Pro-forma Operating Income</i>	15.1	0.35
<i>GAAP- based Net Income</i>	18.8	0.43
<i>Add:</i>		
<i>– severance expenses in relation to the restructuring of Hong Kong subsidiaries</i>	1.0	0.02
<i>– gain from disposal of the Company’s entire stake in its investment in an affiliated company – Alpha Star</i>	(3.6)	(0.08)
<i>– gain from the partial disposal of the Company’s interest in its subsidiary, Nam Tai Electronic & Electrical Products Limited</i>	(2.3)	(0.05)
<i>– realized losses on the partial disposal of marketable securities in TCL Communication</i>	1.4	0.03
<i>Sub-total</i>	(3.5)	(0.08)
<i>Pro-forma Net Income</i>	15.3	0.35

Following its strong performance in the second quarter of 2005, Nam Tai once again achieved another outstanding quarter in the third quarter of 2005. Sales growth in the third quarter of 2005 reached its highest level in a quarter in the Company’s history and exceeded the Company’s third quarter upper sales guidance of \$180 million. Sales for the first nine months of 2005 exceeded the sales for the entire year of 2004. This growth in sales was attributable mainly to the growth of the Company’s key component sub-assemblies business.

During the third quarter of 2005, the Company was able to maintain its gross profit margin at 12.2% despite persistently high oil prices. As a result, the diluted pro-forma operating income increased to \$0.35 per share, surpassing the third quarter upper guidance of \$0.32 per share. More importantly, the diluted pro-forma earnings per share surged 45.8% to \$0.35 per share, as compared with \$0.24 per share in the third quarter of 2004, which also exceeded the 2005 third quarter upper guidance of \$0.27 per share.

“We are very pleased to see the continuous growth in our sales results and four consecutive quarters of record breaking quarterly sales, which have corroborated the effectiveness of our focusing efforts on the key components sub-assemblies business,” said Mr. Joseph Li, Chief Executive Officer of Nam Tai. “We are encouraged by the Company’s satisfactory performance in the third quarter. With our sales in the previous three quarters already exceeding our sales for the entire year of 2004, we are confident of outperforming the target of 30%-35% sales growth in 2005.”

Restructuring of Hong Kong Subsidiaries

To align with the Company’s China-focused operations, Nam Tai has restructured its Hong Kong subsidiaries to keep a minimal workforce in Hong Kong in order to support the subsidiaries which are listed in The Stock Exchange of Hong Kong Limited, and to resolve outstanding legal proceedings and tax matters in Hong Kong. To achieve a more favorable and competitive cost structure, the Company has relocated from the approximately 25,000 square feet of office space at Shun Tak Centre (“Shun Tak office”) to the approximately 3,400 square feet office space at One Exchange Square in the Central district in Hong Kong. Currently, the Shun Tak office is up for sale. During the third quarter of 2005,

the lay-off of the relevant staff pursuant to the restructuring plan was completed and incurred \$0.96 million in severance expenses. Such charge was included in the General and Administrative (“G&A”) expenses for the third quarter of 2005. Moreover, any future gain from the disposal of the Shun Tak office will also be included in operating income upon completion of the transaction.

Proposed Privatization of its two Hong Kong Subsidiaries

Following the restructuring of its Hong Kong subsidiaries, the Company intends to privatize two of its subsidiaries which are listed in Hong Kong, Nam Tai Electronic & Electrical Products Limited (“NTEEP”) and J.I.C. Technology Company Limited (“JIC”), in which the Company holds approximately 69.5% and 71.6% of the issued share capital, respectively, by means of two conditional general cash offers. The proposed privatizations are conditional upon the Company being able to acquire and/or purchase not less than 90% of the respective public shares of NTEEP and JIC by December 5, 2005 (unless extended by the Company). The privatizations will enable the Company to simplify, and avoid any confusion with respect to its group structure and can also bring forth the unification of disparity in respective P/E ratios of the Company and those of its subsidiaries. In addition, the minority interest of Nam Tai’s investment in NTEEP and JIC will be eliminated. Most importantly, the privatizations will enable the Company (and all subsidiaries) to fully utilize its excess cash on hand, and to centralize and strengthen its management team, which the Company believes will benefit its shareholders. There is no assurance whether the proposed privatizations will be successful or not.

Company Outlook

The Company is very pleased that The People’s Government of Baoan District, Shenzhen, PRC has committed to reserve a new piece of land of approximately 1.3 million square feet for Nam Tai’s future expansion. The Company plans to build a new factory which is more than double the size of the existing facilities. The construction of the new factory will be completed in the next five years. Management believes that its aggressive and consistent investments for the future in manufacturing facilities will fully support and prepare itself for Nam Tai’s continuous growth, which it has done throughout the history of the Company’s operation.

We are pleased to report that we are on track to exceed the 2005 sales growth guidance of 30 to 35%. Looking into the fourth quarter of 2005, we are confident that our growth momentum will be sustained. In light of the expected increase in market competition in the fourth quarter of 2005, the gross profit margin of one of our subsidiary, NTEEP, is expected to drop significantly. The Company anticipates that Nam Tai’s gross profit margin in the fourth quarter will be adversely affected to approximately 10%-10.6%. Nevertheless, the Company believes that an overall gross margin of reaching approximately 12% for 2005 will be maintained. With the expected continuous growth in business in the coming future, the Company is also confident that its growth in earnings will be sustained. The Company is pleased to give its projection for the fourth quarter of 2005 based on market information and current order situation as follows:

(In millions of US Dollars, except for earnings per share)

	4Q 2005 (Estimated)	4Q 2004 (Actual)	4Q 2005 (Estimated) vs. 4Q 2004 (Actual)	3Q 2005 (Actual)	4Q 2005 (Estimated) vs. 3Q 2005 (Actual)
Sales	\$190-\$200	\$153	24%-31%	\$208	(9)%-(4)%
Gross Profit Margin	10.0%-10.6%	12.7%		12.2%	
Operating Income per Share (diluted) ^{(a) (b)}	\$0.26-\$0.28	\$0.24	8%-17%	\$0.35	(26)%-(20)%
Pro-forma Earnings per Share (diluted) ^{(a) (b)(c)}	\$0.22-\$0.24	\$0.24	(8)%-0%	\$0.35	(37)%-(31)%

Note:

- (a) The operating income and pro-forma earnings per share estimate and comparative figures for prior periods exclude certain income and expenses to better assess operating performance.
- (b) The diluted operating income per share and diluted pro-forma earnings per share will be affected by any future changes in total number of outstanding shares and options.
- (c) The pro-forma earnings per share estimate is calculated with a current minority interest of approximately 30.5% in NTEEP and approximately 28.4% in JIC. Minority interest may fluctuate within and between quarters. However, upon successful completion of the proposed privatizations, the minority interest should be eliminated.

Update on investments of the Company

TCL Corporation ("TCL Corp.") and TCL Communication

The Company currently has direct investments in TCL Communication, a company listed on the Hong Kong Stock Exchange, and indirect investments (via NTEEP) in TCL Corp., a company listed on the Shenzhen Stock Exchange and the indirect holding company of TCL Communication. The balance of the fair value of TCL Communication and TCL Corp. in the books of the Company as at end September 2005 was US\$4.5 million and US\$11.7 million (before minority interest) respectively.

Based on the latest announcement of TCL Corp. and TCL Communication, published immediately prior to the date of this news release, losses of TCL Corp. in the third quarter of 2005 continued to aggravate resulting in a significant increase of approximately 470% and 1400% in operating loss and net loss respectively as compared to the same period last year and TCL Communication also further suffered substantial operating loss of approximately US\$60 million in the third quarter of 2005. As a result of the poor performance of both companies, the Company will adopt its usual approach to seriously consider the impairment on such investments periodically and will seek the advice of an independent financial adviser on the amount of impairment loss to be made, if any, in the fourth quarter 2005. Any impairment loss to be made will have no impact on the cash flow and will not affect the operating income of the Company.

Alpha Star

In addition, the Company disposed of its entire stake in Alpha Star in the third quarter of 2005. The total sales proceeds of this disposal were US\$6.5 million as compared to the balance of the book value of US\$2.9 million (after taking into account the cumulative impairment) resulting in a gain of US\$3.6 million.

Compliance with Sarbanes-Oxley Act

The Company is working towards full compliance with the relevant sections of the Sarbanes-Oxley Act as scheduled.

Supplementary Information (Unaudited) for the Third Quarter of 2005

1. Quarterly Sales Breakdown
(In Thousands of US Dollars)

Quarter	2005	2004	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1 st Quarter	156,923	95,435	64.4	64.4
2 nd Quarter	185,277	147,664	25.5	40.8
3 rd Quarter	207,859	137,986	50.6	44.3
4 th Quarter		152,776		
Total	550,059	533,861		

2. Net Sales Breakdown by Product Segment

Segment	2005		2004	
	3Q (%)	YTD (%)	3Q (%)	YTD (%)
Consumer Electronics and Communication Products :				
- Consumer Electronics and Communication Products ^(a)	21%	23%	34%	32%
- Software Development Services ^{(c) (e)}	1%	1%	1%	1%
Telecom. Components Assembly ^(b)	70%	68%	55%	57%
Parts & Components:				
- LCD Panels ^(d)	8%	8%	10%	10%
	100%	100%	100%	100%

Note:

(a) Represents the sales of NTEEP and its subsidiaries (excluding Namtek and its subsidiaries).

(b) Represents the sales of Zastron Precision-Tech Limited and its subsidiaries.

(c) Represents the sales of Namtek Software Development Company Limited ("Namtek") and its subsidiaries.

(d) Represents the sales of JIC and its subsidiaries.

(e) Namtek was injected into NTEEP on May 17, 2005 and became a 100% wholly owned subsidiary of NTEEP. Sales in relation to Software Development Services of Namtek was therefore included in the product segment of Consumer Electronics and Communication Products from the second quarter of 2005 and the comparative figures have been restated.

3. Key Highlight of Financial Position

	As at September 30		As at December 31
	2005	2004	2004
Cash on Hand	\$190.4 million	\$135.0 million	\$160.6 million
Marketable Securities	\$16.2 million	\$64.1 million	\$41.9 million
Cash/Current Liabilities	1.28	1.61	1.38
Current Ratio	2.49	3.70	2.87
Total Assets/Total Liabilities	3.27	4.91	3.79
Return on Equity	16.8%	54.8%	25.6%
Total Liabilities/Equity	0.50	0.28	0.40
Debtors Turnover	60 days	54 days	62 days
Inventory Turnover	20 days	24 days	18 days
Average Payable Period	61 days	49 days	72 days

With \$20.6 million of net cash provided by operating activities in the third quarter of 2005, the Company continues to maintain a strong financial position even after the payment of \$16.2 million dividends during the third quarter of 2005. Moreover, the Company's other financial ratios remain healthy.

Third Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, October 31, 2005 at 10:00 a.m. Eastern Time** for analysts to discuss the third quarter results with management. Shareholders, media, and interested investors may listen to the live conference call over the Internet by going to www.namtai.com and clicking on the conference call link or over the phone by dialing (651) 291-0618 just prior to its start time. Users will be asked to register with the conference call operator.

Dividends

The record date for the fourth quarter dividend of \$0.33 per share is December 31, 2005 and the payment date is January 21, 2006. Regarding the dividends for 2006, the Company will continue to follow the dividend policy announced in early 2005. The details of dividends for 2006 will be announced in the fourth quarter results of 2005.

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 sub-assemblies, including LCD panels, LCD modules, RF modules, FPC sub-assemblies and image sensors modules. These components are used in numerous electronic products, including cellular phones, laptop computers, digital cameras, copiers, fax machines, electronic toys, handheld video game devices and microwave ovens. We also manufacture finished products, including cellular phones, palm-sized PCs, personal digital assistants, electronic dictionaries, calculators, digital camera accessories and Bluetooth™ wireless headset accessory for use with cellular phones.

Nam Tai has two Hong Kong listed subsidiaries, NTEEP and JIC and their Third Quarter Results were announced earlier today in Hong Kong. Interested investors may go to the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk to obtain the information. The stock codes of NTEEP and JIC on The Stock Exchange of Hong Kong Limited are 2633 and 987, respectively. Investors are reminded to exercise caution when assessing such information and not to deal with the shares of the Company based solely on reliance of such information. The results of NTEEP and JIC only represent a part of the results of the Company and there are GAAP differences in the financial statements of NTEEP and JIC when compared with the financial statements of the Company. Furthermore, different subsidiaries of the Company may have different peak seasons during a year.

Pro-forma Information

In addition to disclosing results determined in accordance with accounting principles generally accepted in the United States (US GAAP), Nam Tai also discloses pro-forma results of operations that exclude certain items. By disclosing this pro-forma information, management intends to provide investors with additional information to further analyze the Company's performance, core results and underlying trends. Management utilizes a measure of net income and earnings per share on a pro-forma basis that

excludes certain income/charges to better assess operating performance. Earnings guidance is provided only on a pro-forma basis due to the inherent difficulty in forecasting such income/charges. Consistent with industry practice, management has historically applied these pro-forma measures when discussing earnings or earnings guidance and intends to continue doing so.

Pro-forma information is not determined using US GAAP; therefore, the information is not necessarily comparable to other companies and should not be used to compare the Company's performance over different periods. Pro-forma information should not be viewed as a substitute for, or superior to, net income or other data prepared in accordance with US GAAP as measures of our profitability or liquidity. Users of this financial information should consider the types of events and transactions for which adjustments have been made. See the tables in the press release for a reconciliation of pro-forma amounts to amounts reported under US GAAP.

Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of U.S. federal securities laws. Nam Tai intends that these statements be covered by the safe harbors created under these laws. These forward-looking statements are, by their nature, subject to risks, uncertainties and other factors that could cause the actual results to differ materially from future results expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company's projected sales, projected gross profit margin, projected operating income per share (diluted) and projected pro-forma earnings per share (diluted) for the fourth quarter of 2005, plans relating to the proposal privatization of two subsidiaries and expansion of the Company's business and the ability of the Company to finance investments and business expansions through internal resources in the foreseeable future. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of our future performance. There are important factors that could cause the actual results to differ materially from the information set forth in these forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements which only speak as of the date of this press release. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this news release might not occur the way we expect, or at all. Nam Tai does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. These factors include, without limitation, lower than expected sales in the fourth quarter of 2005, unexpected changes to the Company's cash position, general economic, market and business conditions and other factors beyond the Company's control.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2005 AND 2004
(In Thousands of US Dollars except share data)

	Unaudited Three months ended September 30		Unaudited Nine months ended September 30	
	2005	2004	2005	2004
Net sales – related parties	\$ 31	\$ 9,592	\$ 6,174	\$ 28,921
Net sales – third parties	207,828	128,394	543,885	352,164
Total net sales	207,859	137,986	550,059	381,085
Cost of sales	182,531	117,467	482,479	323,995
Gross profit	25,328	20,519	67,580	57,090
Costs and expenses				
Selling, general and administrative expenses	9,359	6,453	24,399	20,379
Research and development expenses	1,901	1,314	5,057	3,613
	11,260	7,767	29,456	23,992
Operating income	14,068	12,752	38,124	33,098
Other income (expenses) – net	2,231	15,885	(63)	17,828
Gain on partial disposal of subsidiaries	2,295	-	10,095	71,071
Gain on disposal of investment in an affiliated company	3,631	-	3,631	-
Impairment loss on marketable securities	-	-	(6,525)	-
Realized loss on marketable securities	(1,421)	-	(1,421)	-
Interest income	1,014	339	2,474	587
Interest expense	(118)	(76)	(302)	(127)
Income before income taxes and minority interests	21,700	28,900	46,013	122,457
Income taxes	(174)	(1,130)	(511)	(1,719)
Income before minority interests and equity in loss of an affiliated company	21,526	27,770	45,502	120,738
Minority interests	(2,679)	(1,902)	(6,710)	(4,582)
Income after minority interests	18,847	25,868	38,792	116,156
Equity in loss of an affiliated company	(44)	(6,932)	(186)	(6,806)
Net income	\$ 18,803	\$ 18,936	\$ 38,606	\$ 109,350
Net income per share				
Basic	\$ 0.44	\$ 0.44	\$ 0.90	\$ 2.58
Diluted	\$ 0.43	\$ 0.44	\$ 0.90	\$ 2.57
Weighted average number of shares ('000')				
Basic	42,983	42,982	42,799	42,440
Diluted	43,249	43,019	43,046	42,486

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2005 AND DECEMBER 31, 2004
(In Thousands of US Dollars)

	Unaudited September 30, 2005	Audited December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 190,421	\$ 160,649
Marketable securities	16,245	41,906
Accounts receivable, net	119,684	90,362
Amount due from a related party	-	66
Inventories	35,036	23,096
Prepaid expenses and other receivables	1,620	12,087
Income taxes recoverable	8,941	6,566
Total current assets	371,947	334,732
Investment in an affiliated company	-	3,049
Property, plant and equipment, at cost	179,443	158,147
Less: accumulated depreciation and amortization	(72,083)	(60,706)
	107,360	97,441
Deposits for property, plant and equipment	1,143	7,701
Intangible assets	17,063	16,290
Other assets	1,260	1,260
Total assets	\$ 498,773	\$ 460,473
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 3,693	\$ 2,080
Long term bank loan – current portion	4,994	2,875
Accounts payable	106,549	89,570
Accrued expenses and other payables	19,521	16,661
Dividend payable	14,297	5,120
Income taxes payable	205	183
Total current liabilities	149,259	116,489
Long-term bank loan – non-current portion	3,287	5,163
Total liabilities	152,546	121,652
Minority interests	40,013	33,768
Shareholders' equity:		
Common shares	433	426
Additional paid-in capital	254,677	241,756
Retained earnings	52,428	56,324
Accumulated other comprehensive (loss) income (Note 1)	(1,324)	6,547
Total shareholders' equity	306,214	305,053
Total liabilities and shareholders' equity	\$ 498,773	\$ 460,473

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2005 AND 2004
(In Thousands of US Dollars)

	Unaudited Three months ended September 30		Unaudited Nine months ended September 30	
	2005	2004	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 18,803	\$ 18,936	\$ 38,606	\$ 109,350
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization of property, plant and equipment	4,391	3,482	12,483	10,187
Amortization of intangible assets	414	23	460	70
Net (gain) loss on disposal of property, plant and equipment	(680)	19	(650)	(29)
Gain on partial disposal of subsidiaries	(2,295)	-	(10,095)	(71,071)
Loss on disposal of long term investment	-	67	-	67
Gain on disposal of investment in an affiliated company	(3,631)	-	(3,631)	-
Impairment loss on marketable securities	-	-	6,525	-
Realized loss on marketable securities	1,421	-	1,421	-
Equity in loss of an affiliated company	44	6,932	186	6,806
Exchange differences	(1,032)	-	105	-
Dividend income	-	(15,913)	-	(15,913)
Minority interests	2,679	1,902	6,710	4,582
Changes in current assets and liabilities, net of effects of acquisition and disposal:				
(Increase) Decrease in accounts receivable	(25,694)	33,565	(29,322)	(11,741)
Decrease in amount due from a related party	-	1,685	66	2,707
(Increase) Decrease in inventories	(9,360)	10,362	(11,940)	(1,217)
Decrease in prepaid expenses and other receivables	856	696	248	2,076
Increase in income taxes recoverable	(1,004)	(532)	(2,375)	(1,854)
(Decrease) Increase in notes payable	(246)	(3,432)	1,613	1,859
Increase (Decrease) in accounts payable	33,794	(27,253)	16,979	852
Increase (Decrease) in accrued expenses and other payables	2,255	(699)	2,860	1,065
(Decrease) Increase in amount due to a related party	(159)	288	-	288
Increase in income taxes payable	40	375	22	664
Total adjustments	1,793	11,567	(8,335)	(70,602)
Net cash provided by operating activities	\$ 20,596	\$ 30,503	\$ 30,271	\$ 38,748
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of long term investment	\$ -	\$ -	\$ -	\$ (25,084)
Purchase of property, plant and equipment	(4,637)	(11,350)	(23,507)	(24,215)
Deposit for purchase of property, plant & equipment	726	(3,548)	6,558	(7,110)
Proceeds from disposal of property, plant and equipment	1,732	38	1,780	3,048
Proceeds from disposal of long term investment	-	5,224	-	5,224
Proceeds from disposal of marketable securities	7,579	-	7,579	-
Proceeds from disposal of investment in an affiliated company	6,494	-	6,494	-
Proceeds from partial disposal of subsidiaries	5,163	-	25,218	92,767
Net cash provided by (used in) investing activities	\$ 17,057	\$ (9,636)	\$ 24,122	\$ 44,630
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	\$ (16,166)	\$ (6,629)	\$ (37,687)	\$ (14,294)
Repayment of bank loans	(769)	(4,206)	(2,257)	(4,769)
Proceeds from bank loans	1,700	3,600	2,500	8,800
Proceeds from shares issued on exercise of options	11,926	-	12,928	72
Net cash used in financing activities	\$ (3,309)	\$ (7,235)	\$ (24,516)	\$ (10,191)
Net increase in cash and cash equivalents	34,344	13,632	29,877	73,187
Cash and cash equivalents at beginning of period	155,045	121,382	160,649	61,827
Effect of exchange rate changes on cash and cash equivalents	1,032	-	(105)	-
Cash and cash equivalents at end of period	\$ 190,421	\$ 135,014	\$ 190,421	\$ 135,014

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED SEPTEMBER 30, 2005 AND 2004

(In Thousands of US Dollars)

1. Accumulated other comprehensive (loss) income represents foreign currency translation adjustments and unrealized loss on marketable securities. The comprehensive income of the Company was \$37,284 (including an unrealized loss on marketable securities of \$1,322 in relation to TCL Com. and TCL Corp.) and \$77,889 for the nine months ended September 30, 2005 and September 30, 2004, respectively.
2. Business segment information – The Company operates primarily in three segments, the Consumer Electronics and Communication Products (“CECP”) segment, Telecom. Components Assembly (“TCA”) segment, and the LCD Panels (“LCDP”) segment.

	Unaudited <i>Three months ended</i> <i>September 30</i>		Unaudited <i>Nine months ended</i> <i>September 30</i>	
	2005	2004	2005	2004
NET SALES:				
- CECP	\$ 46,629	\$ 48,001	\$ 128,325	\$ 124,920
- TCA	145,045	76,208	377,572	218,676
- LCDP	16,185	13,777	44,162	37,489
Total net sales	<u>\$ 207,859</u>	<u>\$ 137,986</u>	<u>\$ 550,059</u>	<u>\$ 381,085</u>
NET INCOME:				
- CECP	\$ 5,828	\$ 5,338	\$ 14,375	\$ 15,697
- TCA	11,899	12,478	21,435	91,198
- LCDP	1,076	1,120	2,796	2,455
Total net income	<u>\$ 18,803</u>	<u>\$ 18,936</u>	<u>\$ 38,606</u>	<u>\$ 109,350</u>

	Unaudited <i>Sept. 30,</i> 2005	Audited <i>Dec. 31,</i> 2004
IDENTIFIABLE ASSETS BY SEGMENT:		
- CECP	\$ 144,399	\$ 134,473
- TCA	297,324	274,664
- LCDP	57,050	51,336
Total assets	<u>\$ 498,773</u>	<u>\$ 460,473</u>

3. The following is a summary of the net sales, net income and long-lived assets by geographical area. Geographical area is determined by the place of delivery, as requested by the customer, and does not necessarily represent the geographical location of our customers, or the ultimate destination of products :

	Unaudited <i>Three months ended</i> <i>September 30</i>		Unaudited <i>Nine months ended</i> <i>September 30</i>	
	2005	2004	2005	2004
NET SALES FROM OPERATIONS WITHIN:				
- Hong Kong and Macao				
Unaffiliated customers	\$ 16,185	\$ 13,777	\$ 44,162	\$ 37,489
Inter-companies sales	96	204	522	450
- PRC, excluding Hong Kong and Macao				
Unaffiliated customers	191,643	114,617	499,723	314,675
Related party	31	9,592	6,174	28,921
Inter-companies sales	-	-	-	4,393
- Inter-companies eliminations	(96)	(204)	(522)	(4,843)
Total net sales	<u>\$ 207,859</u>	<u>\$ 137,986</u>	<u>\$ 550,059</u>	<u>\$ 381,085</u>
NET INCOME WITHIN:				
- PRC, excluding Hong Kong and Macao	\$ 9,638	\$ 9,584	\$ 23,813	\$ 25,982
- Macao	7,391	4,932	21,662	10,619
- Hong Kong	1,774	4,420	(6,869)	72,749
Total net income	<u>\$ 18,803</u>	<u>\$ 18,936</u>	<u>\$ 38,606</u>	<u>\$ 109,350</u>
			Unaudited <i>Sept. 30,</i> 2005	Audited <i>Dec. 31,</i> 2004
LONG-LIVED ASSETS WITHIN:				
- PRC, excluding Hong Kong and Macao			\$ 96,053	\$ 84,453
- Macao			104	134
- Hong Kong			11,203	12,854
Total long-lived assets			<u>\$ 107,360</u>	<u>\$ 97,441</u>