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**NAM TAI ELECTRONICS, INC.**  
**Q1 2006 Net Sales up 33%, Operating Income up 30%**

VANCOUVER, CANADA -- May 15, 2006 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NYSE Symbol: NTE) announced today its unaudited results for the first quarter ended March 31, 2006.

**KEY HIGHLIGHTS**

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

	<b>Quarterly Results (Unaudited)</b>		
	<b>Q1/06</b>	<b>Q1/05</b>	<b>YoY(%)</b>
Net sales	208,358	156,923	32.8
Gross Profit	21,114	18,417	14.6
<i>% of sales</i>	10.1%	11.7%	-
Operating Income	12,604	9,679	30.2
<i>% of sales</i>	6.0%	6.2%	-
<i>per share(diluted)</i>	<i>0.29</i>	<i>0.23</i>	<i>26.1</i>
Net Income <sup>(a)</sup>	12,465	13,806	(9.7)
<i>% of sales</i>	6.0%	8.8%	-
Basic earnings per share	\$0.29	\$0.32	(9.4)
Diluted earnings per share	\$0.29	\$0.32	(9.4)
Weighted average number of shares ('000')			
<i>Basic</i>	43,538	42,675	-
<i>Diluted</i>	43,641	42,898	-

Notes:

(a) With effect from January 1, 2006, the Company adopted the Statement of Financial Accounting Standards No. 123 (Revised) - "Share-Based Payment" issued by the Financial Accounting Standards Board. The Company has applied the modified-prospective transition method in recording stock-based compensation expenses in respect of stock options granted prior to, and any remaining unvested options as of January 1, 2006 and stock options granted on or after January 1, 2006. During the first quarter of 2006, the Company recorded \$79,000 in stock-based compensation expenses in respect of non-vested pre-IPO stock options granted by its Hong Kong listed subsidiary, Nam Tai Electronic & Electrical Products Limited ("NTEEP"), to the employees of NTEEP upon NTEEP's listing in April 2004.

## GAAP to Non-GAAP Reconciliation

*(In millions of US Dollars, except for earnings per share (“EPS”))*

	Three months ended March 31,			
	2006		2005	
	million	EPS \$	million	EPS \$
GAAP Net Income	12.4	0.29	13.8	0.32
Add back/(Less):				
– realized gains on sale of a subsidiary’s shares	-	-	(5.9)	(0.14)
Non-GAAP Net Income	12.4	0.29	7.9	0.18

Please see page 5 for a detailed discussion of management’s use of non-GAAP information.

Consistent with its strong performance in 2005, Nam Tai is pleased to announce that it once again achieved outstanding results in the first quarter of 2006. Net sales increased by 32.8% from \$157 million in the first quarter of 2005 to \$208 million in the first quarter of 2006, which exceeded Nam Tai’s first quarter guidance for 2006. Capitalizing on the benefits from the restructuring of its Hong Kong operations in 2005, the Company was successful in reducing its selling, general and administrative expenses as well as research and development expenses as a percentage of sales to 4.1% in the first quarter of 2006 as compared to 5.6% in the same period last year. As a result, the Company’s diluted operating income per share increased by 26.1% from \$0.23 in the first quarter of 2005 to \$0.29 in the first quarter of 2006, and surpassed its first quarter guidance for 2006 by 26.1%. The GAAP diluted earnings per share decreased by 9.4% from \$0.32 in the first quarter of 2005 to \$0.29 in the first quarter of 2006 mainly due to a gain on sale of a subsidiary’s share for \$5.9 million in the first quarter of 2005. Most importantly, Nam Tai continued to outperform its industry peers by achieving industry leading gross profit margins of 10.1% and operating profit margins of 6.0% in the first quarter of 2006.

The non-GAAP diluted earnings per share increased by 61.1% to \$0.29 in the first quarter of 2006 as compared with \$0.18 in the same period last year, and surpassed its first quarter guidance for 2006 significantly by 31.8%. *(Please refer to the reconciliation of GAAP operating income to non-GAAP operating income, and GAAP net income and earnings per share to non-GAAP net income and earnings per share and non-GAAP information in page 5.)*

Such strong results in the first quarter of 2006 was still attributable to the Company’s fast growing and high-tech key component subassemblies of telecommunication products, which continued to outperform its other business segments.

Nam Tai is very pleased to see that its business growth strategy of gaining market share and achieving earnings growth has proven to be highly successful, resulting in its financial performance repeatedly surpassing its expectation.

### Company Outlook

With the sales of global high-tech telecommunication products rising continuously, the Company believes the demand for high-tech key component subassemblies will continue to be strong. As a result, the Company expects that its key component subassemblies business will continue to be its major growth driver. As the Company executes its expansion plans, which will enable it to capture the continuous growth opportunities, the Company remains bullish on its long term growth momentum.

To strengthen its core key component subassemblies business, Nam Tai will further expand its flexible printed circuit (“FPC”) business by moving upstream to commence FPC unit manufacturing. The Company believes that this strategic move of enhancing the vertical integration of its FPC business will bring more growth opportunities to the Company. The trial production of FPC unit manufacturing is expected to commence at the end of the third quarter of 2006.

In addition to its investment in the vertical integration of its FPC business, the Company has also made progress on its new factory expansion plan. The Company has entered into an official agreement with the Guangming Hi-Tech Industrial Park, Shenzhen, PRC, for the purchase of approximately 1.3 million square feet of land. Completion of the land transfer is expected to occur in or before the autumn of 2006.

With various development and expansion plans in place, Nam Tai remains positive towards its future outlook, and believes that it is on track to create substantial returns for its shareholders.

Going forward, driven by the number of new products in the pipeline, the Company believes that its growth will continue in the second quarter of 2006 and extend at a faster pace into the third and fourth quarters of 2006. Overall, the Company’s outlook for the full year of 2006 remains positive. Based on current market conditions and its current order situation, the Company is pleased to provide its projection for the second quarter of 2006 excluding approximately \$9.0 million realized gain on disposal of assets held for sale in April 2006 as follows:

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

	2Q 2006 (Estimated)	2Q 2005 (Actual)	1Q 2006 (Actual)
Sales	\$210-\$220	\$185	\$208
Non-GAAP Operating Income per Share (diluted) <sup>(a)(b)</sup>	\$0.28-\$0.29	\$0.33	\$0.29
Non-GAAP Earnings per Share (diluted) <sup>(a)(b)(c)</sup>	\$0.28-\$0.30	\$0.28	\$0.29

Notes:

- (a) The non-GAAP operating income per share and non-GAAP earnings per share estimate and comparative figures for prior periods may exclude certain income and expenses for management to better assess operating performance (see page 5 for non-GAAP information).
- (b) The non-GAAP diluted operating income per share and non-GAAP diluted earnings per share will be affected by any future changes in total number of outstanding shares and stock options.
- (c) The non-GAAP diluted earnings per share estimate is calculated based on a current minority interest of approximately 30.5% in NTEEP and approximately 25.1% in J.I.C. Technology Company Limited. Minority interest may fluctuate within and between quarters.

### Mergent International Dividend Achievers™

Nam Tai has recently been selected as one of companies to be included on Mergent International Dividend Achievers™ list. This year, only 15% of international common stocks and ADRs traded on the major US exchanges met the stringent inclusion criteria. The Company is pleased to be included in the Mergent International Dividend Achievers™ list. Its 13th year record of increasing dividends reflects both the Company’s long term growth record and its continuing commitment to its shareholders.

### Sarbanes–Oxley Act

The Company is working towards full compliance with the relevant sections of the Sarbanes-Oxley Act in accordance with the timetable set out by the relevant regulations.

## Supplementary Information (Unaudited) for the First Quarter of 2006

### 1. Quarterly Sales Breakdown (In thousands of US Dollars)

Quarter	2006	2005	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1 <sup>st</sup> Quarter	208,358	156,923	32.8	32.8
2 <sup>nd</sup> Quarter	-	185,277	-	-
3 <sup>rd</sup> Quarter	-	207,859	-	-
4 <sup>th</sup> Quarter	-	247,178	-	-
Total	208,358	797,237		

### 2. Net Sales Breakdown by Product Segment

Segment	2006		2005	
	1Q (%)	YTD (%)	1Q (%)	YTD (%)
Consumer Electronics and Communication Products:				
- Consumer Electronics and Communication Products	16%	16%	27%	27%
- Software Development Services	1%	1%	1%	1%
Telecom. Components Assembly	77%	77%	64%	64%
Parts & Components:				
- LCD Panels	6%	6%	8%	8%
	100%	100%	100%	100%

### 3. Key Highlight of Financial Position

	As at March 31,		As at December 31,
	2006	2005	2005
Cash on Hand	\$211.3 million	\$164.5 million	\$213.8 million
Marketable Securities	\$13.3 million	\$40.3 million	\$13.3 million
Cash/Current Liabilities	1.36	1.47	1.30
Current Ratio	2.48	2.96	2.42
Total Assets/Total Liabilities	3.23	3.95	3.10
Return on Equity	16.1%	18.1%	16.7%
Total Liabilities/Equity	0.51	0.38	0.54
Debtors Turnover	51 days	56 days	58 days
Inventory Turnover	13 days	14 days	16 days
Average Payable Period	54 days	52 days	63 days

With \$17.4 million of net cash provided by operating activities in the first quarter of 2006, the Company continues to maintain a strong financial position even after the capital expenditures and payment of \$14.4 million in dividends for the fourth quarter of 2005 during the first quarter of 2006. Moreover, the Company's other financial ratios remain healthy.

## First Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, May 15, 2006 at 10:00 a.m. EDT** for analysts to discuss the first quarter results with management. Shareholders, media, and interested investors are invited to listen to the live conference over the internet by going to [www.namtai.com](http://www.namtai.com) and clicking on the conference call link (under events) or over the phone by dialing **(612) 288-0318** just prior to its start time.

## Dividends

The record date for the second quarter dividend of \$0.38 per share is June 30, 2006 and the payment date will be on or before July 21, 2006.

## Annual General Meeting

The Company will hold its Annual Shareholders' Meeting at 11:30 a.m. (EDT) on Friday, June 9, 2006 at The Peninsula New York, Tribeca Room, 3rd Floor, 700 Fifth Avenue at 55th Street, New York, NY. The record date for voting is April 21, 2006.

## 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, DAB modules, FPC sub-assemblies, image sensors modules and PCBA for Bluetooth<sup>TM</sup> headsets. These components are used in numerous electronic products, including cellular phones, laptop computers, digital cameras, electronic toys, handheld video game devices, entertainment devices and microwave ovens. We also manufacture finished products, including cellular phones in semi-knocked down ("SKD"), form, mobile phone accessories and educational products.

Nam Tai has two Hong Kong listed subsidiaries, Nam Tai Electronic & Electrical Products Limited ("NTEEP") and J.I.C. Technology Company Limited ("JIC"). Interested investors may go to the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) to obtain the information. The stock code 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 a different peak season during a year.

## Non-GAAP Information

In addition to disclosing results determined in accordance with accounting principles generally accepted in the United States ("US GAAP"), management utilizes a measure of net income and earnings per share on a non-GAAP basis that excludes certain income/expenses to better assess operating performance. Those non-GAAP financial measures excludes certain items, such as stock-based compensation expenses, restructuring costs, realized gain or loss on the disposal of marketable securities, investments

or interests in subsidiaries, impairment loss on marketable securities or goodwill, or other infrequent or unusual items. By disclosing this non-GAAP information, management intends to provide investors with additional information to further 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 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 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 table in the press release on pages 1 and 2 for a reconciliation of non-GAAP 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 non-GAAP operating income per share (diluted) and projected non-GAAP earnings per share (diluted) for the second quarter of 2006, and plans relating to the expansion of the Company's business. 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 second quarter 2006 sales, 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.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005  
(In Thousands of US Dollars except share and per share data)

	Unaudited Three months ended March 31	
	2006	2005
Net sales – related parties	\$ -	\$ 5,105
Net sales – third parties	208,358	151,818
Total net sales	208,358	156,923
Cost of sales	187,244	138,506
Gross profit	21,114	18,417
Costs and expenses		
Selling, general and administrative expenses	6,574	7,257
Research and development expenses	1,936	1,481
	8,510	8,738
Operating income	12,604	9,679
Other expenses - net	(207)	(442)
Gain on sale of a subsidiary's shares	-	5,870
Interest income	1,756	673
Interest expense	(157)	(82)
Income before income taxes and minority interests	13,996	15,698
Income taxes	(79)	(141)
Income before minority interests	13,917	15,557
Minority interests	(1,452)	(1,751)
Net income	\$ 12,465	\$ 13,806
Earnings per share		
Basic	\$ 0.29	\$ 0.32
Diluted	\$ 0.29	\$ 0.32
Weighted average number of shares ('000')		
Basic	43,538	42,675
Diluted	43,641	42,898

NAM TAI ELECTRONICS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2006 AND DECEMBER 31, 2005

(In Thousands of US Dollars)

	Unaudited March 31 2006	Audited December 31 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 211,273	\$ 213,843
Marketable securities	13,330	13,330
Accounts receivable, net	115,556	125,662
Inventories	27,013	31,744
Prepaid expenses and other receivables	3,352	1,490
Income taxes recoverable	3,354	2,671
Assets held for sale	10,912	10,912
Total current assets	384,790	399,652
Property, plant and equipment, net	96,323	97,926
Land use right	2,726	2,815
Deposits for property, plant and equipment	5,369	1,250
Goodwill	18,476	17,068
Other assets	1,134	1,300
Total assets	\$ 508,818	\$ 520,011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 4,285	\$ 4,813
Short-term bank loans	3,640	2,275
Long-term bank loans – current portion	2,031	2,312
Accounts payable	110,110	121,608
Accrued expenses and other payables	18,169	19,447
Dividend payable	16,580	14,357
Income taxes payable	166	166
Total current liabilities	154,981	164,978
Long-term bank loans – non-current portion	2,413	2,850
Total liabilities	157,394	167,828
Minority interests	42,556	41,792
Shareholders' equity:		
Common shares	436	435
Additional paid-in capital	260,685	258,167
Retained earnings	46,656	50,771
Accumulated other comprehensive income (Note 1)	1,091	1,018
Total shareholders' equity	308,868	310,391
Total liabilities and shareholders' equity	\$ 508,818	\$ 520,011

Note: Information extracted from the audited financial statements included in the 2005 Form 20-F of the Company filed on March 15, 2006.



NAM TAI ELECTRONICS, INC.  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**  
*(In Thousands of US Dollars)*

	Unaudited Three months ended March 31	
	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 12,465	\$ 13,806
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization of property, plant and equipment and land use right	4,729	3,844
Amortization of intangible assets	-	23
Net gain on disposal of property, plant and equipment	(143)	(29)
Stock option expenses	79	-
Gain on sale of a subsidiary's shares	-	(5,870)
Minority interests	1,452	1,751
Changes in current assets and liabilities :		
Decrease (increase) in accounts receivable	10,106	(3,338)
Decrease in amount due from a related party	-	66
Decrease in inventories	4,731	1,552
Increase in prepaid expenses and other receivables	(1,862)	(991)
Increase in income taxes recoverable	(683)	(558)
(Decrease) increase in notes payable	(528)	1,078
Decrease in accounts payable	(11,498)	(14,268)
Decrease in accrued expenses and other payables	(1,278)	(1,988)
Increase in amount due to a related party	-	1,116
Decrease in income taxes payable	-	(12)
Others	(193)	-
Total adjustments	4,912	(17,624)
Net cash provided by (used in) operating activities	<u>\$ 17,377</u>	<u>\$ (3,818)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	\$ (2,969)	\$ (11,328)
(Increase) decrease in deposits for property, plant and equipment	(4,119)	3,044
Acquisition of additional shares in a subsidiary	(2,120)	-
Proceed from sale of a subsidiary's shares	-	20,055
Decrease in other assets	166	-
Proceeds from disposal of property, plant and equipment	148	38
Net cash (used in) provided by investing activities	<u>\$ (8,894)</u>	<u>\$ 11,809</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	\$ (14,357)	\$ (5,120)
Proceeds from bank loans	1,652	800
Repayment of bank loans	(1,005)	(719)
Proceeds from shares issued on exercise of options	2,464	945
Net cash used in financing activities	<u>\$ (11,246)</u>	<u>\$ (4,094)</u>
Net (decrease) increase in cash and cash equivalents	(2,763)	3,897
Cash and cash equivalents at beginning of period	213,843	160,649
Effect of exchange rate changes on cash and cash equivalents	193	-
Cash and cash equivalents at end of period	<u>\$ 211,273</u>	<u>\$ 164,546</u>

NAM TAI ELECTRONICS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED MARCH 31, 2006 AND 2005

(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments and unrealized gain (loss) on marketable securities. The comprehensive income of the Company was \$12,538 and \$11,847 for the three months ended March 31, 2006 and March 31, 2005, 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 Three months ended March 31	
	2006	2005
<b>NET SALES :</b>		
- CECP	\$ 35,170	\$ 43,290
- TCA	160,570	101,360
- LCDP	12,618	12,273
Total net sales	\$ 208,358	\$ 156,923
<b>NET INCOME :</b>		
- CECP	\$ 2,831	\$ 4,356
- TCA	8,902	4,565
- LCDP	543	609
- Corporate	189	4,276
Total net income	\$ 12,465	\$ 13,806
	Unaudited	Audited
	March 31,	Dec. 31,
	2006	2005
<b>IDENTIFIABLE ASSETS BY SEGMENT:</b>		
- CECP	\$ 148,142	\$ 148,173
- TCA	158,933	170,624
- LCDP	58,844	57,736
- Corporate	142,899	143,478
Total assets	\$ 508,818	\$ 520,011

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>March 31</i>	
	2006	2005
<b>NET SALES FROM OPERATIONS WITHIN:</b>		
- Hong Kong and Macao:		
Unaffiliated customers	\$ -	\$ 12,273
Intercompany sales	-	186
- PRC, excluding Hong Kong and Macao:		
Unaffiliated customers	208,358	139,545
Related party	-	5,105
Intercompany sales	159	-
- Intercompany eliminations	<u>(159)</u>	<u>(186)</u>
Total net sales	<u>\$ 208,358</u>	<u>\$ 156,923</u>
<b>NET INCOME WITHIN:</b>		
- PRC, excluding Hong Kong & Macao	\$ 4,461	\$ 5,023
- Macao	9,943	5,514
- Hong Kong	<u>(1,939)</u>	<u>3,269</u>
Total net income	<u>\$ 12,465</u>	<u>\$ 13,806</u>
	Unaudited	Audited
	<i>March 31,</i>	<i>Dec. 31,</i>
	2006	2005
<b>LONG-LIVED ASSETS WITHIN :</b>		
- PRC, excluding Hong Kong & Macao	\$ 98,604	\$ 100,372
- Macao	77	88
- Hong Kong	<u>368</u>	<u>281</u>
Total long-lived assets	<u>\$ 99,049</u>	<u>\$ 100,741</u>