NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

INTERIM REPORT
2009

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. KOO Ming Kown (Chairman and Chief Financial Officer)
Ms. WONG Kuen Ling, Karene (President & Chief Executive Officer)

Independent Non-executive Directors
Mr. CHAN Tit Hee, Charles
Mr. LEUNG Wai Hung
Mr. LAI Kin Ki

COMPANY SECRETARY
Mr. WONG Long Kee

AUDITOR
Moore Stephens
Certified Public Accountants

PRINCIPAL BANKER
The Hong Kong and Shanghai Banking Corporation Limited

WEB SITE
http://www.namtaieep.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG OFFICE
Units 5811-12, 58th Floor, The Center
99 Queen's Road Center
Central, Hong Kong

PRC OFFICES
Namtai Electronic (Shenzhen) Co., Ltd &
Zastron Electronic (Shenzhen) Co., Ltd
Gushu Industrial Estate
Xixiang, Baoan
Shenzhen, People's Republic of China

Jetup Electronic (Shenzhen) Co., Ltd
Sanyidui Industrial Zone, Zhoushi Road
Jiuwei Community, Xixiang Street, Bao'an District
Shenzhen, The People's Republic of China

JAPAN OFFICE

6/F, Sakura-Masamune Higashi-Nihonbashi Building, 3-12-12
Nigashi-Nihonbashi, Chuo-Ku,
Tokyo, Japan

UNAUDITED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Nam Tai Electronic & Electrical Products Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 together with comparative figures for the corresponding periods of last year as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June**	
		2009	2008
		US$'000	US$'000
		(Unaudited)	(Unaudited)
Revenue		**203,986**	293,006
Cost of sales		**(185,075)**	(250,990)
Gross profit		**18,911**	42,016
Interest income		**384**	1,885
Other income		**(105)**	4,820
Employee severance benefits		**(5,058)**	-
Selling and distribution costs		**(3,411)**	(4,274)
Administrative expenses		**(9,002)**	(12,895)
Research and development expenses		**(3,490)**	(4,999)
Finance costs		**(5,787)**	(6,207)
(Loss)/profit before tax	5	**(7,558)**	20,346
Income tax expense	6	**(609)**	(1,981)
(Loss)/profit for the period		**(8,167)**	18,365
Other comprehensive income for the period, net of income tax		**-**	-
Total comprehensive income for the period		**(8,167)**	18,365
(Loss)/profit attributable to :			
Equity shareholders of the Company		**(8,167)**	18,365
Total comprehensive income and expense attributable to :			
Equity shareholders of the Company		**(8,167)**	18,365
Dividends	7	**-**	22,606
(Loss)/earnings per share:	8		
- Basic		**(0.93) US cent**	2.08 US cents
- Diluted		**N/A**	2.08 US cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2009**	At 31 December 2008
		US$'000	US$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		**137,609**	137,015
Prepaid lease payments		**15,318**	15,489
Goodwill		**74,437**	74,437
Deposits paid for the acquisition of equipment		**2,802**	2,936
Other assets		**320**	320
Deferred tax assets		**1,141**	868
Intangible assets		**3,610**	4,325
		235,237	235,390
Current assets			
Inventories		**16,224**	27,300
Trade and other receivables	10	**68,016**	108,180
Prepaid lease payments		**344**	344
Entrusted loan receivable	11	**8,199**	8,199
Bank balances and cash		**98,961**	129,349
		191,744	273,372
Currents liabilities			
Trade and other payables	12	**79,487**	121,063
Amount due to ultimate holding company		**5,567**	12,146
Taxation payable		**530**	850
Entrusted loan payable	11	**8,199**	8,199
Unsecured bank borrowings – due within one year		**628**	-
Loan from ultimate holding company – due within one year		**25,953**	51,905
		120,364	194,163
Net current assets		**71,380**	79,209
Total assets less current liabilities		**306,617**	314,599
Non-current liabilities			
Loan from ultimate holding company – due after one year		**259,525**	259,525
Deferred tax liabilities		**5,824**	5,639
		265,349	265,164
Net assets		**41,268**	49,435
Capital and reserves			
Share capital	13	**1,131**	1,131
Reserves		**40,137**	48,304
Total equity		**41,268**	49,435

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Equity-settled share-based payment reserve US$'000	Statutory reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2008 (Audited)	1,131	81,198	2,829	1,177	13,109	104,938	204,382
Dividend paid	-	-	-	-	-	(22,606)	(22,606)
Transfer to retained profits	-	-	-	(65)	-	65	-
Share option expense	-	-	-	917	-	-	917
Total comprehensive income for the period (Restated)(Note 3)	-	-	-	-	-	18,365	18,365
At 30 June 2008 (Unaudited)	1,131	81,198	2,829	2,029	13,109	100,762	201,058
At 1 January 2009 (Audited)	1,131	81,198	2,829	-	13,109	(48,832)	49,435
Total comprehensive expense for the period	-	-	-	-	-	(8,167)	(8,167)
At 30 June 2009 (Unaudited)	1,131	81,198	2,829	-	13,109	(56,999)	41,268

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**20,228**	31,415
Net cash used in investing activities	**(12,941)**	(15,377)
Net cash used in financing activities	**(37,675)**	(19,066)
Net decrease in cash and cash equivalents	**(30,388)**	(3,028)
Cash and cash equivalents at beginning of the period	**129,349**	154,236
Cash and cash equivalents at end of the period, represented by bank balances and cash	**98,961**	151,208

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2009

1. BASIS OF PRESENTATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2003. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 28 April 2004. Its ultimate holding company is Nam Tai Electronics, Inc. ("NTE Inc."), a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the manufacturing and marketing of consumer electronics and communications products, telecommunication component assembly and Liquid Crystal Display ("LCD") products, parts and components.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The functional currency of the Company is the United States dollars and accordingly the condensed consolidated financial information is presented in United States dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments which are measured at fair values.

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the annual reporting period beginning on or after 1 January 2009.

HKAS 1 (Revised) – Presentation of Financial Statements
HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The adoption of the new and revised standards, amendments and interpretations did not have any significant impact on the accounting policies, financial position or performance of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective, in this unaudited condensed consolidated interim financial information.

3. RESTATEMENT OF CERTAIN 2008 COMPARATIVE AMOUNTS

The provisionally estimated fair values of assets acquired and liabilities assumed on acquisition of Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup") and Zastron Precision-Tech Limited and its subsidiaries (the "Zastron Group", hereinafter together with the acquisition of Jetup collectively referred to as the "Acquisition") as at 31 December 2007 were used for the preparation of the 2007 annual financial statements. The fair value assessment was completed after 30 June 2008, and pursuant to HKFRS 3, certain comparative amounts for the six months ended 30 June 2008 have been restated to reflect the resulting effect on the income statement upon finalisation of the fair value of assets acquired and liabilities from the Acquisition.

The effect of the above reassessed fair value is summarised below:

Condensed consolidated income statement for the six months ended 30 June 2008

	US$'000
Decrease in amortisation of intangible assets included in selling and distribution costs	1,338
Increase in income tax expense	(55)
Increase in profit for the period	1,283
Increase in earnings per share	0.15 US cent

4. SEGMENT INFORMATION

The Group has three operating divisions, namely, Consumer Electronic and Communication Products ("CECP"), Telecommunication Component Assembly ("TCA"), and the LCD Products ("LCDP"), for the purposes of resource allocation and assessment of performance.

The Group's reportable segments under HKFRS 8 are therefore CECP, TCA and LCDP and the principal activities of each reportable segment are as follows:

- CECP - manufacturing and marketing of consumer electronic and communication products, assembling such as mobile phone accessories, home entertainment devices, educational products and optical devices;

- TCA - manufacturing and marketing of telecommunication component assembly such as telecom LCD modules, telecom FPC subassemblies and FPC boards; and

- LCDP - manufacturing and marketing of LCD products, parts and components.

Segment assets include all tangible, intangible assets and current assets of the individual segment. Segment liabilities include trade and other payables, taxation payables, unsecured bank borrowings entrusted loan payable and deferred tax liabilities of the individual segments.

4. SEGMENT INFORMATION – continued

(a) Segment revenues and results

Six months ended 30 June 2009 (unaudited)

	CECP US$'000	TCA US$'000	LCDP US$'000	Elimination US$'000 (Note)	Segment total US$'000
Revenue - third parties	62,573	110,967	30,446	-	203,986
Revenue - inter-segment	-	-	15	(15)	-
	62,573	110,967	30,461	(15)	203,986
Cost of sales	(52,738)	(105,317)	(28,438)	(41)	(186,534)
Gross profit	9,835	5,650	2,023	(56)	17,452
Interest income	337	44	3	-	384
Other income (expense)	(116)	(38)	45	4	(105)
Employee severance benefits	(1,690)	(2,108)	(1,260)	-	(5,058)
Selling and distribution costs	(1,139)	(823)	(741)	-	(2,703)
Administrative expenses	(3,122)	(4,248)	(1,605)	52	(8,923)
Research and development expenditure	(1,863)	(1,145)	(482)	-	(3,490)
Finance costs	-	-	(220)	-	(220)
Profit (loss) before tax	2,242	(2,668)	(2,237)	-	(2,663)
Income tax (expense) credit	(738)	43	58	-	(637)
Profit (loss) for the period	1,504	(2,625)	(2,179)	-	(3,300)

Note: Being elimination of inter-segment sales and other transactions which are charged at terms agreed by both parties.

The amounts presented for reportable segments reconciled to the consolidated total are as follows:

		Adjustments			
	Segments total US$'000	Note 1 US$'000	Note 2 US$'000	Note 3 US$'000	Total US$'000
Revenue - third parties	203,986	-	-	-	203,986
Revenue - inter-segment	-	-	-	-	-
	203,986	-	-	-	203,986
Cost of sales	(186,534)	-	1,459	-	(185,075)
Gross profit	17,452	-	1,459	-	18,911
Interest income	384	-	-	-	384
Other income	(105)	-	-	-	(105)
Employee severance benefits	(5,058)				(5,058)
Selling and distribution costs	(2,703)	-	-	(708)	(3,411)
Administrative expenses	(8,923)	-	(79)	-	(9,002)
Research and development expenditure	(3,490)	-	-	-	(3,490)
Finance costs	(220)	(5,567)	-	-	(5,787)
Profit (loss) before tax	(2,663)	(5,567)	1,380	(708)	(7,558)
Income tax (expense) credit	(637)	-	28	-	(609)
Profit (loss) for the period	(3,300)	(5,567)	1,408	(708)	(8,167)

4. SEGMENT INFORMATION – continued

Note 1: Being accrued interest on loan from ultimate holding company.
Note 2: Being reassessment on the estimation of the useful life of the property, plant and equipment arising from Acquisition.
Note 3: Being amortisation of intangible assets arising from Acquisition.

Six months ended 30 June 2008 (unaudited)

	CECP US$'000	TCA US$'000	LCDP US$'000	Elimination US$'000 (Note)	Segment total US$'000
Revenue - third parties	142,887	111,158	38,961	-	293,006
Revenue - inter-segment	-	-	117	(117)	-
	142,887	111,158	39,078	(117)	293,006
Cost of sales	(115,627)	(101,714)	(35,670)	56	(252,955)
Gross profit	27,260	9,444	3,408	(61)	40,051
Interest income	1,360	509	16	-	1,885
Other income (expense)	3,954	1,178	(17)	(295)	4,820
Selling and distribution costs	(1,747)	(751)	(791)	-	(3,289)
Administrative expenses	(6,414)	(4,811)	(2,164)	360	(13,029)
Research and development expenditure	(2,653)	(1,621)	(737)	(4)	(5,015)
Finance costs	-	-	(134)	-	(134)
Profit (loss) before tax	21,760	3,948	(419)	-	25,289
Income tax (expense) credit	(2,155)	181	346		(1,628)
Profit (loss) for the period	19,605	4,129	(73)	-	23,661

Note: Being elimination of inter-segment sales and other transactions which are charged at terms agreed by both parties.

The amounts presented for reportable segments reconciled to the consolidated total are as follows:

		Adjustments			
	Segments total US$'000	Note 1 US$'000	Note 2 US$'000	Note 3 US$'000	Total US$'000
Revenue - third parties	293,006	-	-	-	293,006
Revenue - inter-segment	-	-	-	-	-
	293,006	-	-	-	293,006
Cost of sales	(252,955)	-	1,965	-	(250,990)
Gross profit	40,051	-	1,965	-	42,016
Interest income	1,885	-	-	-	1,885
Other income	4,820	-	-	-	4,820
Selling and distribution costs	(3,289)	-	-	(985)	(4,274)
Administrative expenses	(13,029)	-	134	-	(12,895)
Research and development expenditure	(5,015)	-	16	-	(4,999)
Finance costs	(134)	(6,073)	-	-	(6,207)
Profit (loss) before tax	25,289	(6,073)	2,115	(985)	20,346
Income tax (expense) credit	(1,628)	-	(353)	-	(1,981)
Profit (loss) for the period	23,661	(6,073)	1,762	(985)	18,365

4. SEGMENT INFORMATION - continued

Note 1: Being accrued interest on loan from ultimate holding company.
Note 2: Being reassessment on the estimation of the useful life of the property, plant and equipment arising from Acquisition.
Note 3: Being amortisation of intangible assets arising from Acquisition.

(b) Segment assets and liabilities

At 30 June 2009

	CECP	TCA	LCDP	Elimination	Segment Total
	US$'000	US$'000	US$'000	US$'000 (Note)	US$'000
Non-current assets	44,775	68,630	15,156	-	128,561
Current assets	91,467	68,812	23,220	8,199	191,698
Current liabilities	23,812	45,067	11,766	8,199	88,844
Non-current liabilities	856	-	-	-	856

Note: Being elimination of certain inter-segment entrusted loan balances which the Group had a legally enforceable right to set off the recognized amounts and intend to settle on a net basis.

At 31 December 2008

	CECP	TCA	LCDP	Elimination	Segment Total
	US$'000	US$'000	US$'000	US$'000 (Note)	US$'000
Non-current assets	47,907	64,408	17,450	-	129,765
Current assets	158,170	100,039	25,527	(10,410)	273,326
Current liabilities	39,962	80,546	20,014	(10,410)	130,112
Non-current liabilities	740	-	-	-	740

Note: Being elimination of certain inter-segment entrusted loan balances which the Group had a legally enforceable right to set off the recognized amounts and intend to settle on a net basis.

For the purposes of monitoring segment performance and allocating resources between segment, the Chief Executive Officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to operating segments other than goodwill, the change in fair value of assets and related deferred tax liabilities arising from the Acquisition and accrued interest on the loan from ultimate holding company. These differences between this financial information and the consolidated total are described below.

The amounts presented for operating segments assets and liabilities reconciled to the condensed consolidated statement of financial position are as follows:

4. SEGMENT INFORMATION - continued

At 30 June 2009

		Adjustments				
	Segments total	*Note1*	*Note2*	*Note3*	*Note4*	**Consolidated total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets	128,561	-	110,490	-	(3,814)	235,237
Current assets	191,698	-	46	-	-	191,744
Current liabilities	88,844	5,567	-	25,953	-	120,364
Non-current liabilities	856	-	8,782	259,525	(3,814)	265,349

Notes:

1. Being accrued interest on loan from ultimate holding company.
2. Being adjustments for goodwill, fair value of property, plant and equipment and intangible assets, net of impairment loss recognized, arising from Acquisition.
3. Being loan from ultimate holding company arising from the Acquisition.
4. Being reclassification adjustment to offset certain deferred tax assets and liabilities for the purpose of balance sheet presentation.

At 31 December 2008

		Adjustments				
	Segments total	*Note1*	*Note2*	*Note3*	*Note4*	**Consolidated total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets	129,765	-	109,536	-	(3,911)	235,390
Current assets	273,326	-	46	-	-	273,372
Current liabilities	130,112	12,146	-	51,905	-	194,163
Non-current liabilities	740	-	8,810	259,525	(3,911)	265,164

Notes:

1. Being accrued interest on loan from ultimate holding company.
2. Being adjustments for goodwill, fair value of property, plant and equipment and intangible assets, net of impairment loss recognized, arising from Acquisition.
3. Being loan from ultimate holding company arising from the Acquisition.
4. Being reclassification adjustment to offset certain deferred tax assets and liabilities for the purpose of balance sheet presentation.

5. (LOSS)/PROFIT BEFORE TAX

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**8,591**	8,571
Amortisation of prepaid lease payments	**171**	171
Amortisation of intangible assets	**715**	998
Less: Depreciation and amortisation included in research and development expenditure	**(192)**	(193)
	9,285	9,547
Staff costs	**17,007**	24,926
Less: Staff costs included in research and development expenditure	**(2,958)**	(4,149)
	14,049	20,777

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
	(Unaudited)	(Unaudited)
The charge comprises:		
The PRC enterprise income tax	651	1,869
Deferred tax (credit)/expense	(42)	112
Net income tax	609	1,981

The PRC subsidiaries of the Group in Shenzhen are subject to tax rate of 18%, 20%, 22%, 24% and 25% for the year ended 31 December 2008 and ending 2009, 2010, 2011, 2012 onwards, respectively, under the new Law of the People's Republic of China ("PRC") on Enterprise Income Tax effective 1 January 2008.

Taxation arising in PRC is recognised based on management's best estimate of weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 20% (2008: 18%) for the six months ended 30 June 2009.

The subsidiaries of the Company incorporated in Macao are exempted from Macao Complementary Tax in accordance with the Macao Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for both periods.

7. DIVIDENDS

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Final paid – Nil (2008: 2.56 US cents per share)	**-**	22,606

The directors of the Company do not recommend the payment of an interim dividend for 2009.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the profit for the period attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to equity holders of the Company	**(8,167)**	18,365
	'000	'000
Number of ordinary shares for the purpose of basic and diluted earnings per share(Note)	**881,671**	881,671

Note: During each of the six months ended 30 June 2009 and 30 June 2008, the exercise of the share option is not considered in calculating the diluted earnings per share because they will not result in a decrease in earnings per share. Share options which were not dilutive in 2009 and 2008 may affect earnings per share in future periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group spent approximately US$9.60 million (for the six months ended 30 June 2008: approximately US$2.95 million) on the construction of its new office and factory located in the PRC and approximately US$4.80 million (for the six months ended 30 June 2008: approximately US$4.43 million) on the acquisition of plant and equipment, in order to increase and upgrade the Group's manufacturing capabilities.

During each of the six months ended 30 June 2009 and 2008, there was no material disposal of property, plant and equipment for the Group.

10. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit periods normally ranging from 30 to 60 days.

The following is an aged analysis of trade receivables at the balance sheet dates:

	30 June 2009 US$'000 (Unaudited)	31 December 2008 US$'000 (Audited)
Trade receivables		
Up to 30 days	**40,345**	45,808
31 – 60 days	**14,827**	34,410
Over 60 days	**10,605**	23,932
	65,777	104,150

11. ENTRUSTED LOAN RECEIVABLE/ PAYABLE

During the six months ended 30 June 2008, two of the PRC subsidiaries of the Company, NTSZ and Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup"), entered into an entrusted loan arrangement in the amount of RMB56,000,000 (equivalent to US$8,199,000) with a bank, in which NTSZ acts as the entrusting party, the bank acts as the lender and Jetup acts as the borrower (the "Entrusted Loan"). The Entrusted Loan receivable and payable cannot be set off and bears interest of 5% per annum and is repayable within one year. The Entrusted Loan is used to finance the operation and working capital needs of Jetup. The entrusted loan was repaid in July 2009.

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet dates:

	30 June 2009 US$'000 (Unaudited)	31 December 2008 US$'000 (Audited)
Trade payables		
Up to 30 days	**35,603**	42,978
31 – 60 days	**18,664**	33,172
Over 60 days	**8,981**	21,974
	63,248	98,124

13. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2009	31 December 2008	**30 June 2009**	31 December 2008
			HK$'000	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning and end of the period/ year	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid:				
At beginning and end of the period/year	**881,670,588**	881,670,588	**8,817**	8,817
			US$'000	US$'000
Shown in the condensed consolidated financial statements			**1,131**	1,131

14. COMMITMENTS

	30 June 2009	31 December 2008
	US$'000	US$'000
	(Unaudited)	(Audited)
Capital expenditure in respect of acquisition of property, plant and equipment:		
- contracted for but not provided in the condensed consolidated financial statements	**10,444**	21,456
- authorized but not contracted for in the condensed consolidated financial statements	**14,593**	11,615
	25,037	33,071
Other commitments contracted for but not provided in the consolidated financial statements	**124**	-
	25,161	33,071

15. RELATED PARTY TRANSACTIONS

During the period, the Group has the following significant transactions with related parties:

Related parties	Nature of transactions	Six months ended 30 June 2009 US$'000 (unaudited)	2008 US$'000 (unaudited)
Ultimate holding company	Interest expense	**5,567**	6,073
Directors	Remuneration	**94**	1,314

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

For the six months ended 30 June 2009, sales of the Group decreased by approximately 30.4% from US$293.0 million to US$204.0 million when compared with the same period last year. Profit (loss) attributable to the equity holders of the Company for the interim period of year 2009 decreased by approximately 144.5% as compared with the same period last year.

As expected when we announced our results for the first quarter of 2009, the second quarter of 2009 was difficult for the Company's operations continued to suffer from the effects of the global economic recession. Unless economic conditions recover sooner than we currently anticipate, we continue to expect no significant improvement in demand, particularly for our products or components for the end-user consumer markets, until the summer of 2010 at the earliest.

Capital Expenditure

During the six months ended 30 June 2009, the Group spent approximately US$9.60million on the construction of its new office and factory located in the PRC and approximately US$4.80 million on the acquisition of plant and equipment, in order to increase and upgrade the Group's manufacturing capabilities. Such investments are financed by internal cash resources.

Liquidity, Financial Resources and Financial Ratios

With US$20.23 million of net cash generated from operating activities in the first half of 2009, the Group continued to maintain a strong liquidity position. As at 30 June 2009, the Group had 11.22 US cents (31 December 2008: 14.67 US cents) of cash per share and 4.68 US cents (31 December 2008: 5.61 US cents) of net asset per share based on 881,670,588 shares (31 December 2008: 881,670,588 shares). The Group had, as at 30 June 2009, a cash to current liabilities ratio of 0.82 (31 December 2008: 0.67), a current ratio of 1.59 (31 December 2008: 1.41). A total assets to total liabilities ratio of 1.11 (31 December 2008: 1.11), and approximately US$98.96 million (31 December 2008: US$129.35 million) of bank balances and cash.

As at the end of the period under review, it also had an external debt of US$294.3 million, including an unsecured loan of US$285.5 million borrowed from NTEI as a result of the Acquisition, a bank borrowing of US$0.6 million, and an entrusted loan arrangement with a bank of US$8.2 million between the Company's two PRC subsidiaries.

15. RELATED PARTY TRANSACTIONS - continued

The gearing ratio was 7.13 (31 December 2008: 6.47). The Group recorded debtors turnover and average payable period of approximately 58 days and 62 days respectively for the six months ended 30 June 2009 (approximately 61 days and 65 days respectively for the year ended 31 December 2008) based on the amount of trade debtors/ creditors as at the relevant period end divided by sales/cost of sales of the same period and multiplied by 181 days for the six months ended 30 June 2009 (366 days for the year ended 31 December 2008).

The Group recorded inventory turnover of approximately 16 days for the six months ended 30 June 2009 (approximately 18 days for the year ended 31 December 2008) based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 181 days for the six months ended 30 June 2009 (366 days for the year ended 31 December 2008).

Foreign Exchange Exposure

Since most business transactions conducted by the Group and payments made to suppliers are either in Hong Kong Dollars, United States Dollars or Renminbi, the use of financial instruments for hedging purposes is not considered to be necessary.

Employees and Remuneration Policy

Up to 30 June 2009, the Group had a total of 5,025 dynamic and talented employees, among which 84 were marketing staff and 496 were research and development staff. All staff was dedicated to maintaining and advancing the quality and reliability of our operations. Total staff cost for the period was approximately US$17.0 million.

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management are reviewed by the Remuneration Committee.

PRIVATIZATION OF THE COMPANY

As mentioned in the announcement of the Company dated 22 July 2009, Nam Tai Electronics, Inc. (“NTEI”) intends to exercise the compulsory rights to acquire the shares of the Company not already owned by NTEI, and a notice of such compulsory acquisition (“Compulsory Acquisition Notice”) of the remaining shares are expected to be dispatched on or around 9 October 2009 to shareholders holding the remaining shares.

After Compulsory Acquisition Notice is issued, shareholders who wish to voluntarily transfer their remaining shares to NTEI can do so by following the instructions and forwarding the duly completed documents as mentioned in the Compulsory Acquisition Notice to Computershare Hong Kong Investor Services Limited, at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong during the stipulated period for processing. Details of which will be mentioned in the Compulsory Acquisition Notice to be dispatched on or around 9 October 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Save and except mentioned herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2009.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

As at 30 June 2009, the interests of the directors and chief executives of the Company in the shares and share options of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

(a) Common shares of US$0.01 each in Nam Tai Electronics, Inc. (" NTEI")

Name of Director	Nature of Interest	Number of shares held	Percentage of the issued share capital of the associated corporation
Mr. Koo Ming Kown	Personal (Note 1)	5,242,786	11.70%
Ms. Wong Kuen Ling, Karene	Personal	37,100	0.08%

Long positions – continued

(b) Share options granted by NTEI

Name of Director	Number of share options held	Number of underlying shares of the associated corporation
Mr. Koo Ming Kown	15,000	15,000

Note:
(1) The common shares are held jointly by Mr. Koo and his spouse, Ms. Cho Sui Sin.

Other than as disclosed above, neither the director nor the chief executive, nor any of their associates, had any interest or short position in any share, underlying share or debenture of the Company or any of its associated corporations as at 30 June 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Long positions of the substantial shareholder in the shares of the Company

Name of substantial shareholder	Number of ordinary shares beneficially held	Percentage of the issued share capital of the Company
NTEI	872,819,850	98.996%

Other than as disclosed above, the Company has not been notified of any other relevant interest or short position in the issued share capital of the Company as at 30 June 2009.

SHARE OPTION SCHEMES

The Company operates 2 option schemes: a Pre-IPO share option scheme and a share option scheme adopted on 8 April 2004 (the "Scheme"). As at 30 June 2009, no share options under these 2 schemes remain outstanding.

CORPORATE GOVERNANCE

The Board has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"). Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code for any part of the period ended 30 June 2009.

The Company has also taken effective measures to ensure that it is in compliance with the code provisions and as far as reasonably practicable the recommended best practices of the Code on Corporate Governance Practices (the "Corporate Governance Code"). In the opinion of the Board, the Company has also fully complied with the code provisions and a majority of the recommended best practice of the Corporate Governance Code throughout the accounting period ended 30 June 2009.

Audit Committee

As at 30 June 2009, the Audit Committee comprised three Independent Non-executive Directors, Mr. Chan Tit Hee, Charles, Mr. Lai Kin Ki and Mr. Leung Wai Hung. Mr. Chan is the chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Group's unaudited financial statements for the six months ended 30 June 2009 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

As at the date of this interim report, the Executive Directors of the Company are Mr. Koo Ming Kown (Chairman and Chief Financial Officer) and Ms. Wong Kuen Ling, Karene (President & Chief Executive Officer), and the Independent Non-Executive Directors are Mr. Chan Tit Hee, Charles, Mr. Lai Kin Ki and Mr. Leung Wai Hung.

By Order of the Board
Nam Tai Electronic & Electrical Products Limited
Wong Long Kee
Company Secretary

Hong Kong, 3 August 2009