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NAM TAI ELECTRONICS INC
Form 6-K
August 13, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of July 2003

Commission File Number: 0-16673

Nam Tai Electronics, Inc.

(Exact name of registrant as specified in charter)

British Virgin Islands

(Jurisdiction of organization)

116 Main Street, Road Town, Tortola, British Virgin Islands

(Address of principal executive offices)

Registrant's telephone number, international: +852-2341-0273

Indicate by check mark whether the registrant files or will file annual reports under cover 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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This Form 6-K consists of the following:

1. Press release of Nam Tai Electronics, Inc., dated July 25, 2003, announcing its financial results for the second quarter of its 2003 fiscal year.

| | |
|---|---|
| NAM TAI ELECTRONICS, INC. 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 | SECOND QUARTER NEWS RELEASE CONTACT: Lorne Waldman President E-MAIL: shareholder@namtai.com WEB: www.namtai.com |
|---|---|

NAM TAI ELECTRONICS, INC.

Q2 Net Income Up 200% to \$11.5 Million vs. \$3.8 Million, EPS \$0.31 vs. \$0.12

VANCOUVER, CANADA -- July 25, 2003 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NYSE Symbol: NTE; CBOE Symbol: QNA) today announced unaudited results for the second quarter ended June 30, 2003.

KEY HIGHLIGHTS

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

| | Quarterly Results | | | Half |
|---------------------------|-------------------|--------|--------|--------|
| | 2Q2003 | 2Q2002 | YoY(%) | 2H2003 |
| Net sales | 116.7 | 52.3 | 123.1 | 204.7 |
| Income from operations | 10.9 | 7.0 | 55.8 | 19.8 |
| per share(diluted) | \$0.30 | \$0.22 | 36.4 | \$0.54 |
| Net income | 11.5 | 3.8 | 200.5 | 21.7 |
| % of sales | 9.8% | 7.3% | | 10.6% |
| Basic earnings per share | \$0.32 | \$0.12 | 166.7 | \$0.60 |
| Diluted earning per share | \$0.31 | \$0.12 | 158.3 | \$0.59 |

(Note: All share and earnings per share data have been adjusted for the 3 for 1 stock split effect)

Nam Tai's growth this quarter was mainly due to an increase in the sales of telecommunication components assemblies.

The Company continues to maintain a strong financial position, with approximately \$69.6 million of cash on hand.

Supplementary Information (Unaudited) for the Second Quarter of 2003

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

| Quarter | 2002 | 2003 | YoY(%) (Quarterly) | YoY(%) (Quarterly accumulated) |
|-------------|------------|---------|-----------------------|-----------------------------------|
| 1st Quarter | (a) 51,217 | 87,981 | 71.8% | 71.8% |
| 2nd Quarter | (a) 52,311 | 116,714 | 123.1% | 97.7% |
| 3rd Quarter | 56,872 | | | |
| 4th Quarter | 75,616 | | | |
| Total | 236,016 | 204,695 | | |

Note (a):

Sales of battery packs for the first and second quarter of 2002 were \$5,096K and \$2,753K respectively. Upon disposal of BPC on April 30, 2002, revenue from battery packs was no longer included in the total sales.

2. Net Sales Breakdown by Product Segment

| Segment | 2003 | | 2nd |
|---------------------------------|-------------|------|-----|
| | 2nd Quarter | YTD | (%) |
| | (%) | (%) | 2nd |
| Assembling: | | | |
| - LCD Consumer Products | 29% | 34% | |
| - Telecom. Components Assembly | 61% | 55% | |
| - Software Development Services | 1% | 1% | |
| Parts & Components : | | | |
| - LCD Panels | 7% | 7% | |
| - Transformers | 2% | 3% | |
| | 100% | 100% | |

Note: In June 2003, we sold our transformers operation to a third party.

Assembling included finished goods and modules, together with Software Development Services collectively termed as Consumer Electronic Products ("CEP"), while parts and components including LCD panels and transformers are termed ("LPT") for business segment classification.

3. Financial Position

(unaudited)

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As at June 30

| | 2003 | 2002 |
|--------------------------------|----------------|----------------|
| Cash on Hand | \$69.6 million | \$55.2 million |
| Cash/Current Liabilities | 1.00 | 1.28 |
| Current Ratio | 2.39 | 2.73 |
| Total Assets/Total Liabilities | 4.14 | 4.03 |
| Debtors Turnover | 60 days | 79 days |
| Inventory Turnover | 16 times | 12 times |

*Adjusted for the 3 for 1 stock split effective June 30, 2003.

Second Quarter Results Analyst Conference Call

The Company will hold a conference call on Monday, July 28, 2003 at 10:00 a.m. Eastern Time for analysts to discuss the second 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/news/news.htm and clicking on the conference call link or over the phone by dialing (612) 288-0329 just prior to its start time. Callers will be asked to register with the conference call operator.

Dividends

The record date for the third quarter dividend of \$0.05 per share is September 30, 2003 and the payment date is October 21, 2003.

About Nam Tai Electronics, Inc.

We are an electronics manufacturing and design services provider to original equipment manufacturers of telecommunications and consumer electronic products. Through the electronics manufacturing services operations, we manufacture electronic components and subassemblies, including LCD panels, LCD modules, and radio frequency 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 and digital camera accessories for use with cellular phones. Further information is available at www.namtai.com.

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

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forward-looking statements are 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. There are important factors that could cause actual results to differ materially from the information set forth in these forward-looking statements. Many of these factors are beyond Nam Tai's ability to control or predict. 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. 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.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

FOR THE PERIODS ENDED JUNE 30, 2003 AND 2002
(In Thousands of US Dollars except share data)

| | Note | Unaudited Three months ended June 30 | |
|---|-----------|--|----------|
| | | 2003 | 2002 |
| ----- | | | |
| Net sales - related parties | | \$ 8,834 | \$ 2,753 |
| Net sales - third parties | | 107,880 | 49,558 |
| ----- | | | |
| Total net sales | | 116,714 | 52,311 |
| Cost of sales | (1) | 98,393 | 40,375 |
| ----- | | | |
| Gross profit | (1) | 18,321 | 11,936 |
| Costs and expenses | | | |
| Selling, general and administrative expenses | | 6,490 | 4,273 |
| Research and development expenses | | 927 | 663 |
| ----- | | | |
| | | 7,417 | 4,936 |
| ----- | | | |
| Income from operations | (1) | 10,904 | 7,000 |
| Interest income | | 191 | 189 |
| Other income (loss) - net | (2) | 915 | (3,824) |
| Equity in income of affiliated companies | | 137 | 969 |
| ----- | | | |
| Income before income taxes and minority interests | | 12,147 | 4,334 |
| Income tax expense | | (475) | (452) |
| ----- | | | |
| Income before minority interests | | 11,672 | 3,882 |
| Minority interests | | (178) | (57) |
| ----- | | | |
| Net income | (1) & (2) | \$ 11,494 | \$ 3,825 |
| ===== | | | |

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| | | | |
|---|-----------|---------|---------|
| Net income per share | | | |
| Basic | (2) & (3) | \$ 0.32 | \$ 0.12 |
| | | ===== | ===== |
| Diluted | (2) & (3) | \$ 0.31 | \$ 0.12 |
| | | ===== | ===== |
| Weighted average number of shares ('000') | | | |
| Basic | (3) | 36,431 | 31,321 |
| Diluted | (3) | 36,906 | 32,111 |

Note:

- (1) The cost of sales for the second quarter of 2002 included a reversal of a \$2.0 million provision for slowing moving raw materials. Excluding the reversal, the adjusted gross margin for the second quarter of 2002 would have been \$9,936 or 19.0% of net sales, adjusted income from operations would have been \$5,000 or 9.6% of net sales, adjusted net income would have been \$1,825 or 3.5% of net sales.
- (2) Result for the second quarter of 2002, as previously announced, were adjusted for the reallocation and release of \$1.5 million unamortized goodwill due to JIC reverse merger from fourth quarter to second quarter.
- (3) All share and earnings per share data have been adjusted to give effect to the 3 for 1 stock split of June 30, 2003.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS

AS AT JUNE 30, 2003 AND DECEMBER 31, 2002
(In Thousands of US Dollars)

| | Unaudited June 30 2003 | Audited December 31 2002 |
|--|------------------------------|--------------------------------|
| ----- | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 69,633 | \$ 82,477 |
| Accounts receivable, net | 61,484 | 50,944 |
| Amount due from a related party | 5,383 | - |
| Inventories, net | 21,289 | 19,200 |
| Prepaid expenses and other receivables | 5,515 | 1,867 |
| Income taxes recoverable | 3,291 | 855 |
| | ----- | ----- |
| Total current assets | 166,595 | 155,343 |
| Investments in affiliated companies | 10,212 | - |
| Convertible notes | 5,128 | 5,128 |
| Long term investment | 16,366 | 15,982 |
| Property, plant and equipment, at cost | 122,044 | 116,583 |

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| | | |
|---|------------|------------|
| Less: accumulated depreciation and amortization | (44,931) | (40,669) |
| | 77,113 | 75,914 |
| Intangible assets | 21,061 | 21,308 |
| Other assets | 1,411 | 1,411 |
| Total assets | \$ 297,886 | \$ 275,086 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable | \$ 1,301 | \$ 985 |
| Long term bank loans - current portion | 1,125 | 13,985 |
| Accounts payable | 51,481 | 38,714 |
| Accrued expenses and other payables | 12,822 | 12,609 |
| Dividend payable | 1,826 | 1,442 |
| Income taxes payable | 1,028 | 200 |
| Total current liabilities | 69,583 | 67,935 |
| Long-term bank loans - non-current portion | 2,250 | 2,812 |
| Deferred income taxes | 87 | 112 |
| Total liabilities | 71,920 | 70,859 |
| Minority interests | 2,932 | 2,099 |
| Shareholders' equity: ** | | |
| Common shares | 365 | 360 |
| Additional paid-in capital | 150,597 | 147,754 |
| Retained earnings | 72,074 | 54,016 |
| Accumulated other comprehensive loss (Note 1) | (2) | (2) |
| Total shareholders' equity | 223,034 | 202,128 |
| Total liabilities and shareholders' equity | \$ 297,886 | \$ 275,086 |

**Shareholders' equity for June 30, 2003 and December 31, 2002 were adjusted for the 3 for 1 stock split effective June 30, 2003.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED JUNE 30, 2003 AND 2002
(In Thousands of US Dollars)

| | Unaudited Three months ended June 30 | |
|---|--|----------|
| | 2003 | 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 11,494 | \$ 3,825 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,011 | 2,507 |

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| | | | |
|--|------------|------------|----|
| Amortization of advisors' warrants and options | - | 10 | |
| Net loss (gain) on disposal of property, plant and equipment | 50 | 76 | |
| Gain on disposal of intangible assets | - | (60) | |
| Realized gain on marketable securities | - | - | |
| Gain on disposal of a subsidiary | (2,133) | (17) | |
| Loss on partial disposal of subsidiaries | 151 | - | |
| Loss on reverse merger of subsidiaries | - | 2,655 | |
| Compensation expenses | - | - | |
| Equity in income of affiliated companies | (137) | (969) | |
| Dividend income from affiliated companies | - | 32 | |
| Loss on partial disposal of investment in affiliated companies | - | 469 | |
| Minority interests | 178 | 57 | |
| Deferred income taxes | (25) | - | |
| Changes in current assets and liabilities, net of effects of acquisition and disposal: | | | |
| Proceeds from marketable securities | - | - | |
| (Increase) decrease in accounts receivable | (4,316) | 84 | |
| Increase in amount due from a related party | (4,577) | - | |
| Decrease (increase) in inventories | 10,102 | (3,436) | |
| Decrease (increase) in prepaid expenses and other receivables | 1,476 | 207 | |
| (Increase) decrease in income taxes recoverable | (2,339) | 80 | |
| (Decrease) increase in notes payable | (729) | (512) | |
| (Decrease) increase in accounts payable | (1,579) | 12,729 | |
| Increase (decrease) in accrued expenses and other payables | 2,197 | (616) | |
| Decrease in amount due to a related party | - | (2,975) | |
| Increase in income taxes payable | 464 | 237 | |
| | | | |
| Total adjustments | 1,794 | 10,558 | |
| Net cash provided by operating activities | \$ 13,288 | \$ 14,383 | \$ |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of long term investment | \$ - | \$ (11) | \$ |
| Purchase of property, plant and equipment | (5,839) | (2,667) | |
| Proceeds from disposal of property, plant and equipment | 251 | 10 | |
| Proceeds from disposal of intangible assets | - | 800 | |
| Proceeds (cash outflow) from disposal of a subsidiary | 2,386 | (1,277) | |
| Proceeds from partial disposal of subsidiaries | 293 | - | |
| Acquisition of affiliated companies | - | - | |
| Net cash used in investing activities | \$ (2,909) | \$ (3,145) | \$ |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Share buy-back program | \$ - | \$ - | \$ |
| Dividends paid | (2,380) | (1,213) | |
| Repayment of bank loans | (281) | (535) | |
| Proceeds from bank loans | - | 4,500 | |

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| | | | | | |
|---|----|---------|----|--------|----|
| Proceeds from shares issued on exercise of options and warrants | | 801 | | 3,522 | |
| Net cash (used in) provided by financing activities | \$ | (1,860) | \$ | 6,274 | \$ |
| Foreign currency translation adjustments | | - | | 14 | |
| Net increase (decrease) in cash and cash equivalents | | 8,519 | | 17,526 | |
| Cash and cash equivalents at beginning of period | | 61,114 | | 37,628 | |
| Cash and cash equivalents at end of period | \$ | 69,633 | \$ | 55,154 | \$ |

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED JUNE 30, 2003 AND 2002
(In Thousands of US Dollars)

- Accumulated other comprehensive income represents foreign currency translation adjustments. The comprehensive income of the Company was \$21,704 and \$7,983 for the six months ended June 30, 2003 and June 30, 2002, respectively.
- Business segment information - The Company operates primarily in two segments, the Consumer Electronic Products ("CEP") segment and the LCD Panels and Transformers ("LPT") segment.

| | Unaudited Three months ended June 30 | | Unaudited Six months ended June 30 | |
|------------------|--|-----------|--|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| NET SALES: | | | | |
| - CEP | \$ 105,478 | \$ 43,361 | \$ 183,059 | \$ 83,000 |
| - LPT | 11,236 | 8,950 | 21,636 | 1,000 |
| Total net sales | \$ 116,714 | \$ 52,311 | \$ 204,695 | \$ 84,000 |
| NET INCOME: | | | | |
| - CEP | \$ 9,962 | \$ 4,137 | \$ 19,994 | \$ 1,000 |
| - LPT | 1,532 | (312) | 1,710 | |
| Total net income | \$ 11,494 | \$ 3,825 | \$ 21,704 | \$ 1,000 |

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| | Unaudited June 30, 2003 | Aud Dec. 3 |
|---------------------------------|----------------------------|---------------|
| IDENTIFIABLE ASSETS BY SEGMENT: | | |
| - CEP | \$ 247,761 | \$ |
| - LPT | 50,125 | |
| | <hr/> | |
| Total assets | \$ 297,886 | \$ |
| | <hr/> | |

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

| | Unaudited Three months ended June 30 | | Unaudited Six months ended June 30 | |
|------------------------------------|--|-----------|--|-------|
| | 2003 | 2002 | 2003 | 2002 |
| NET SALES FROM OPERATIONS WITHIN: | | | | |
| - Hong Kong: | | | | |
| Unaffiliated customers | \$ 106,842 | \$ 48,482 | \$ 191,228 | \$ 9 |
| Related party | 8,834 | - | 11,765 | |
| Inter-companies sales | 234 | 447 | 389 | |
| - PRC, excluding Hong Kong: | | | | |
| Unaffiliated customers | 1,038 | 1,076 | 1,702 | |
| Related party | - | 2,753 | - | |
| Inter-companies sales | 101,272 | 37,594 | 175,227 | 7 |
| - Inter-companies eliminations | (101,506) | (38,041) | (175,616) | (7 |
| | <hr/> | | | |
| Total net sales | \$ 116,714 | \$ 52,311 | \$ 204,695 | \$ 10 |
| | <hr/> | | | |
| NET INCOME FROM OPERATIONS WITHIN: | | | | |
| - PRC, excluding Hong Kong | \$ 9,496 | \$ 7,186 | \$ 18,043 | \$ |
| - Hong Kong | 1,998 | (3,361) | 3,661 | (|
| | <hr/> | | | |
| Total net income | \$ 11,494 | \$ 3,825 | \$ 21,704 | \$ |
| | <hr/> | | | |

| | Unaudited June 30, 2003 | Aud Dec. 3 |
|----------------------------|----------------------------|---------------|
| LONG-LIVED ASSETS WITHIN: | | |
| - PRC, excluding Hong Kong | \$ 58,761 | \$ |
| - Hong Kong | 18,352 | |
| | <hr/> | |

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Total long-lived assets

\$ 77,113 \$

=====

SIGNATURE

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: August 13, 2003

By: /s/ M.K. Koo

Name: M. K. Koo

Title: Chief Financial Officer and Director