
**QUARTERLY REPORT FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30,
2017**

GLOBAL A&T ELECTRONICS LTD

November 14, 2017

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CERTAIN DEFINITIONS AND CONVENTIONS

In this report, unless otherwise indicated, all references to "our company," "we," "our," "us" or "group" refer to Global A&T Electronics Ltd., a company incorporated under the laws of the Cayman Islands, and its consolidated subsidiaries, and all references to "Global A&T Electronics" are to Global A&T Electronics Ltd., on a standalone basis.

All references to "USG" refer to United Test and Assembly Center Ltd, all references to "UHK" refer to UTAC Hong Kong Limited, all references to "UTC" refer to UTAC (Taiwan) Corporation, all references to "UTL" refer to UTAC Thai Limited, all references to "UTH" refer to UTAC Thai Holdings Limited, all references to "UTAC Cayman" refer to UTAC Cayman Ltd and all references to "UHQ" refer to UTAC Headquarters Pte. Ltd.

References to:

- "indenture" are to the indenture dated February 7, 2013, as amended and supplemented from time to time, entered into among Global A&T Electronics, the subsidiary guarantors and Citicorp International Limited, as trustee and security agent;
- "senior secured notes" are to the 10% Senior Secured Notes due 2019, issued on February 7, 2013 and on September 30, 2013, pursuant to the terms of the indenture; and
- "subsidiary guarantors" are to certain subsidiaries of Global A&T Electronics, being for the time being: USG, UHK, UTC, UTAC Cayman, UTH, UTL and UHQ.

When we refer to "Singapore dollars" and "S\$" in this document, we are referring to Singapore dollars, the legal currency of Singapore. When we refer to "U.S. dollars," "dollars," "\$" and "US\$" in this document, we are referring to United States dollars, the legal currency of the United States. Certain amounts and percentages have been rounded to the first place after the decimal point; consequently, certain figures may add up to be more or less than the total amount and certain percentages may add up to be more or less than 100% due to rounding. In particular and without limitation, amounts expressed in millions contained in the discussions under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" have been rounded to a single decimal place for the convenience of readers.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate by reference into this quarterly report, Global A&T Electronics' annual report for the year ended December 31, 2016, dated April 7, 2017, Global A&T Electronics' quarterly report for the three months ended March 31, 2017, dated April 20, 2017, and Global A&T Electronics' quarterly report for the three months and six months ended June 30, 2017, dated August 1, 2017. Any document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such document should not create any implication that there has been no change in our affairs since such date. The information incorporated by reference is considered to be part of this quarterly report. Information in this quarterly report supersedes any information incorporated by reference that was delivered to you prior to the date of this quarterly report. In other words, in the case of a conflict or inconsistency between information contained in this quarterly report and any information incorporated by reference into this quarterly report, you should rely on the information contained in the document that was delivered to you later.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This quarterly report includes statements that are, or may be deemed to be, "forward-looking statements" within the meaning of U.S. securities laws. The terms "anticipates," "expects," "may," "will," "should" and other similar expressions identify forward-looking statements. These statements appear in a number of places throughout this quarterly report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the semiconductor industry may differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report. Important factors that could cause those differences include, but are not limited to:

- our history of substantial losses;
- our significant indebtedness affecting our operations, and our ability to repay or refinance our indebtedness as it falls due;
- the cyclical nature of the semiconductor industry;
- our reliance on certain major customers;
- our ability to manage our geographically diverse manufacturing facilities and expand our business;
- increased competition from other companies and our ability to maintain and increase our market share;
- pending litigation by certain holders of our senior secured notes, litigation relating to our intellectual property and other potential legal liabilities;
- our ability to successfully develop new technologies;
- our ability to acquire equipment and supplies necessary to meet our business needs;
- our ability to generate sufficient cash to meet our capital expenditure requirements;
- our ability to hire and maintain qualified personnel;
- fires, natural disasters, acts of terrorism and other developments outside our control;
- the political stability of our local region; and
- general local and global economic conditions.

Forward-looking statements include, but are not limited to, statements regarding our strategy and future plans, future business condition and financial results, our capital expenditure plans, our expansion plans, technological upgrades, investment in research and development, future market demand, future regulatory or other developments in our industry. Please see "Risk Factors" for a further discussion of certain factors that may cause actual results to differ materially from those indicated by our forward-looking statements.

MATERIAL RECENT DEVELOPMENTS SINCE SEPTEMBER 30, 2017

Restructuring update

As announced on 2 November 2017, the Company has entered into a Global Settlement, Forbearance, and Restructuring Support Agreement (ñRSAò) that is supported by approximately 85% of all of its noteholders. The Company has as of 13 November obtained approximately 95% support for the RSA.

The RSA requires the Company to solicit votes from all holders of Initial Notes and Additional Notes, which is expected to commence by November 20, 2017, and to thereafter implement the restructuring through court supervised proceedings in the Southern District of New York. The Company expects to obtain an order from the Court confirming the plan of reorganisation by no later than 31 December 2017.

During the implementation of the restructuring transaction; there will not be any impact to customers and suppliers. The agreement when implemented will reduce the Company's approximately \$1.12 billion debt to a total of \$665 million and reduce its annual debt service by nearly half, to approximately \$56.5 million. It will also consolidate UMS and GATE into one company, leading to a company with revenue of approximately \$850M and strengthened capital structure.

Other than as disclosed above and elsewhere in this quarterly report, there have been no material developments in our business since September 30, 2017.

RISK FACTORS

Other than as disclosed elsewhere in this quarterly report, there have been no material changes to the risk factors previously disclosed under the heading "Risk Factors" in our annual report for the year ended December 31, 2016 and our quarterly report for the three months ended March 31, 2017 and the three months and six months ended June 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations in conjunction with our unaudited consolidated condensed interim financial information as of and for the three months and nine months ended September 30, 2017, and the related notes thereto, included elsewhere in this quarterly report.

This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" in our annual report for the year ended December 31, 2016, our quarterly report for the three months ended March 31, 2017 and the three months and six months ended June 30, 2017 and elsewhere in this quarterly report. See "Cautionary Statement Regarding Forward-looking Information." Our unaudited consolidated condensed interim financial information are reported in U.S. dollars and have been prepared in accordance with Singapore Financial Reporting Standards, or SFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries.

Overview

We are a leading independent provider of semiconductor assembly and test services for a broad range of integrated circuits with diversified uses, including in communications devices (such as smartphones, Bluetooth and WiFi), consumer devices, computing devices, automotive applications and industrial and medical applications. We provide assembly and test services primarily for three key semiconductor product categories, namely, analog, mixed-signal and logic, and memory.

Our customers are primarily fabless companies, integrated device manufacturers and wafer foundries. Our expertise in assembly and test services accumulated through years of engineering experience has allowed us to develop long-standing and well-established relationships with our customers, many of whom are leaders in their respective product categories.

The table below shows, for the periods indicated, the amount and percentage of our sales attributable to each of our assembly services and test services:

	Three Months ended September 30,				Nine Months ended September 30,			
	2016		2017		2016		2017	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
Service type								
Assembly	122.8	68.3%	132.1	71.4%	348.6	69.1%	372.3	71.5%
Test	57.0	31.7%	52.8	28.6%	155.7	30.9%	148.3	28.5%
Total	179.8	100.0%	184.9	100.0%	504.3	100.0%	520.6	100.0%

The following table sets forth our sales by product category as a percentage of sales, which has been prepared based on our management's determination of the product categories that are served by our customers:

	Three Months ended September 30,				Nine Months ended September 30,			
	2016		2017		2016		2017	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
Service type								
Analog	86.4	48.1%	96.2	52.0%	232.6	46.1%	275.7	53.0%
Mixed-signal and logic	75.4	41.9%	73.4	39.7%	220.3	43.7%	196.5	37.7%
Memory	18.0	10.0%	15.3	8.3%	51.4	10.2%	48.4	9.3%
Total	179.8	100.0%	184.9	100.0%	504.3	100.0%	520.6	100.0%

Sales from our analog product category increased 18.5% to \$275.7 million in the nine months ended September 30, 2017 from \$232.6 million in the nine months ended September 30, 2016 primarily due to increased demand from existing analog customers, primarily in UTL.

Sales from our mixed-signal and logic product category decreased 10.8% to \$196.5 million in the nine months ended September 30, 2017 from \$220.3 million in the nine months ended September 30, 2016 primarily due to a decrease in sales to handset customers in China.

Sales from our memory product category remained fairly consistent in the nine months ended September 30, 2016 and 2017 and were \$51.4 million and \$48.4 million for the respective periods.

We have a diversified customer base on the basis of geographical distribution. We account for geographical distribution of our sales based on the countries in which our customers are headquartered, which we classify into five regions: United States, Japan, Asia (excluding Japan), Europe and Others. The table below sets forth the geographic distribution of our sales:

Service type	Three Months ended September 30,				Nine Months ended September 30,			
	2016		2017		2016		2017	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
United States.....	115.0	63.9%	121.3	65.6%	310.7	61.6%	337.7	64.9%
Asia (excluding Japan).....	33.6	18.7%	23.7	12.8%	112.4	22.3%	77.4	14.9%
Europe.....	22.6	12.6%	28.8	15.6%	59.6	11.8%	78.4	15.0%
Japan.....	7.5	4.2%	10.2	5.5%	18.5	3.7%	24.8	4.8%
Others.....	1.1	0.6%	0.9	0.5%	3.1	0.6%	2.3	0.4%
Total.....	179.8	100.0%	184.9	100.0%	504.3	100.0%	520.6	100.0%

Sales from our customers headquartered in United States increased in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 in line with higher analog sales to integrated device manufacturers headquartered in the United States. Our sales to customers headquartered in Asia (excluding Japan) decreased primarily due to lower sales to China handset customers.

Results of Operations

	Three Months ended September 30,				Nine Months ended September 30,			
	2016		2017		2016		2017	
	Amount	Percentage of sales	Amount	Percentage of sales	Amount	Percentage of sales	Amount	Percentage of sales
	(\$ in millions, except percentages)							
Sales.....	179.8	100.0%	184.9	100.0%	504.3	100.0%	520.6	100.0%
Cost of sales.....	(148.1)	(82.4%)	(147.4)	(79.7%)	(433.8)	(86.0%)	(426.8)	(82.0%)
Gross profit	31.7	17.6%	37.5	20.3%	70.5	14.0%	93.8	18.0%
Other income	1.5	0.8%	7.8	4.2%	4.5	0.9%	14.7	2.8%
Other gains/(losses) ð net	(0.3)	(0.2%)	(0.6)	(0.3%)	(1.2)	(0.2%)	*	0.0%
Expenses:								
Selling, general and administrative.....	(16.9)	(9.4%)	(27.0)	(14.6%)	(49.7)	(9.9%)	(61.2)	(11.8%)
Research and development ..	(3.4)	(1.9%)	(4.0)	(2.2%)	(9.4)	(1.9%)	(11.6)	(2.2%)
Finance.....	(31.9)	(17.7%)	(30.2)	(16.3%)	(93.1)	(18.5%)	(90.4)	(17.4%)
Others	(0.1)	(0.1%)	(2.8)	(1.5%)	(20.2)	(4.0%)	(10.6)	(2.0%)
Loss before tax	(19.4)	(10.8%)	(19.3)	(10.4%)	(98.6)	(19.6%)	(65.3)	(12.5%)
Income tax (expense) / credit ...	(1.3)	(0.7%)	(0.7)	(0.4%)	(1.8)	(0.4%)	*	0.0%
Loss after tax	(20.7)	(11.5%)	(20.0)	(10.8%)	(100.4)	(19.9%)	(65.3)	(12.5%)
Non-controlling interests	0.3	0.2%	0.1	0.1%	0.5	0.1%	0.4	0.1%
Loss after non-controlling interest	(21.0)	(11.7%)	(20.1)	(10.9%)	(100.9)	(20.0%)	(65.7)	(12.6%)

*Denotes amount less than \$1,000

Three months ended September 30, 2017 compared to three months ended September 30, 2016

Sales. Sales increased 2.8% to \$184.9 million in the three months ended September 30, 2017 from \$179.8 million in the three months ended September 30, 2016.

Our assembly services sales increased 7.6% to \$132.1 million in the three months ended September 30, 2017 from \$122.8 million in the three months ended September 30, 2016 primarily due to an increase in sales from our analog product category and mixed-signal and logic product category, offset by a decrease in sales from memory product category.

Our test services sales decreased 7.4% to \$52.8 million in the three months ended September 30, 2017 from \$57.0 million in the three months ended September 30, 2016 primarily due to a decrease in sales from our mixed-signal and logic product category and memory product category, offset by an increase in sales from analog product category.

Cost of sales. Cost of sales decreased 0.5% to \$147.4 million in the three months ended September 30, 2017 from \$148.1 million in the three months ended September 30, 2016 primarily due to lower material costs of our inventory that we wrote down to their net realizable value in 2016 due to USC closure, a shift in product mix within assembly packages, lower depreciation expense and lower cost of utilities, offset by higher operating supplies/tooling due to UTL capacity ramp up.

As a result of the factors described in the preceding paragraph, our cost of sales as a percentage of sales decreased to 79.7% in the three months ended September 30, 2017 compared to 82.4% in the three months ended September 30, 2016.

Gross profit. Gross profit increased 18.3% to \$37.5 million in the three months ended September 30, 2017 from \$31.7 million in the three months ended September 30, 2016. Gross profit as a percentage of sales, or gross profit margin, was 20.3% in the three months ended September 30, 2017 compared to 17.6% in the three months ended September 30, 2016. The increase in our gross profit and gross profit margin were primarily due to higher assembly sales and lower cost of sales due to lower material costs of our inventory that we wrote down to their net realizable value in 2016 due to USC closure, a shift in product mix within assembly packages, lower depreciation expense, offset by higher operating supplies/tooling due to UTL capacity ramp up.

Other income. Other income increased to \$7.8 million in the three months ended September 30, 2017 from \$1.5 million in the three months ended September 30, 2016 primarily due to reversal of impairment of fixed assets and reversal of provision for onerous contract.

Other gains/(losses) - net. Other losses ĩ net increased to \$0.6 million in the three months ended September 30, 2017 compared to other losses ĩ net of \$0.3 million in the three months ended September 30, 2016, primarily due to increase in foreign exchange loss.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to \$27.0 million in the three months ended September 30, 2017 from \$16.9 million in the three months ended September 30, 2016 primarily due to higher costs associated with corporate actions, offset by lower depreciation expense due to impairment recognized in 2016.

Research and development expenses. Research and development expenses increased to \$4.0 million in the three months ended September 30, 2017 from \$3.4 million in the three months ended September 30, 2016 primarily due to higher depreciation expense related to plant and equipment used for research and development purposes.

Finance expenses. Finance expenses were \$30.2 million in the three months ended September 30, 2017 and \$31.9 million in the three months ended September 30, 2016. Finance expenses primarily relate to the interest charges on our long term borrowings, which were fairly consistent during the two periods.

Other expenses. Other expenses were \$2.8 million in the three months ended September 30, 2017 compared to \$0.1 million in the three months ended September 30, 2016. The increase was primarily related to USC closure where we incurred \$1.9 million loss on disposal of inventories and inventories scrap and \$0.5 million compensation to employees in the three months ended September 30, 2016.

Loss before tax. Our loss before tax is consistent at \$19.3 million for the three months ended September 30, 2017 compared to \$19.4 million for the three months ended September 30, 2016.

Income tax expense. Our income tax expense was \$0.7 million for the three months ended September 30, 2017 compared to \$1.3 million for the three months ended September 30, 2016.

Non-controlling interests. Non-controlling interests were \$0.1 million in the three months ended September 30, 2017 compared to \$0.3 million in the three months ended September 30, 2016.

Nine months ended September 30, 2017 compared to nine months ended September 30, 2016

Sales. Sales increased 3.2% to \$520.6 million in the nine months ended September 30, 2017 from \$504.3 million in the nine months ended September 30, 2016.

Our assembly services sales increased 6.8% to \$372.3 million in the nine months ended September 30, 2017 from \$348.6 million in the nine months ended September 30, 2016 primarily due to an increase in sales from our analog product category, offset by a decrease in sales from mixed-signal and logic product category and memory product category.

Our test services sales decreased 4.8% to \$148.3 million in the nine months ended September 30, 2017 from \$155.7 million in the nine months ended September 30, 2016 primarily due to a decrease in sales from our mixed-signal and logic product category, offset by an increase in sales from analog product category and memory product category.

Cost of sales. Cost of sales decreased 1.6% to \$426.8 million in the nine months ended September 30, 2017 from \$433.8 million in the nine months ended September 30, 2016 principally due to lower material costs of our inventory that we wrote down to their net realizable value in 2016 due to USC closure, a shift in product mix within our analog and mixed-signal and logic product categories, lower depreciation expense and lower cost of utilities, offset by higher operating supplies/tooling due to UTL capacity ramp up.

As a result of the factors described in the preceding paragraph, our cost of sales as a percentage of sales decreased to 82.0% in the nine months ended September 30, 2017 compared to 86.0% in the nine months ended September 30, 2016.

Gross profit. Gross profit increased 33.0% to \$93.8 million in the nine months ended September 30, 2017 from \$70.5 million in the nine months ended September 30, 2016. Gross profit margin was 18.0% in the nine months ended September 30, 2017 compared to 14.0% in the nine months ended September 30, 2016. The increases in our gross profit and gross profit margin were primarily due to higher assembly sales and lower cost of sales due to lower material costs of our inventory that we wrote down to their net realizable value in 2016 due to USC closure, a shift in product mix within our analog and mixed-signal and logic product categories, lower depreciation expense and lower cost of utilities, offset by higher operating supplies/tooling due to UTL capacity ramp up.

Other income. Other income increased to \$14.7 million in the nine months ended September 30, 2017 from \$4.5 million in the nine months ended September 30, 2016 primarily due to reversal of impairment of fixed assets and reversal of provision for onerous contract.

Other gains/(losses) - net. We had other gains i net of \$0.02 million in the nine months ended September 30, 2017 compared to other losses i net of \$1.2 million in the nine months ended September 30, 2016. The increase in other gains was primarily due to gain on disposal of property, plant and equipment.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to \$61.2 million in the nine months ended September 30, 2017 from \$49.7 million in the nine months ended September 30, 2016 primarily due higher costs associated with corporate actions, offset by lower depreciation expense due to impairment recognized in 2016.

Research and development expenses. Research and development expenses increased to \$11.6 million in the nine months ended September 30, 2017 from \$9.4 million in the nine months ended September 30, 2016 primarily due to higher depreciation expense related to plant and equipment used for research and development purposes.

Finance expenses. Finance expenses were \$90.4 million in the nine months ended September 30, 2017 and \$93.1 million in the nine months ended September 30, 2016. Finance expenses primarily relate to the interest charges on our long term borrowings, which were fairly consistent during the two periods.

Other expenses. Other expenses decreased to \$10.6 million in the nine months ended September 30, 2017 compared to \$20.2 million in the nine months ended September 30, 2016. The decrease was primarily due to a non-recurring charge of \$16.8 million representing the discounted present value of an \$18.0 million settlement fee in respect of litigation between UTC and Tessera, which we incurred in the nine months ended September 30, 2016. Our other expenses in the nine months ended September 30, 2017 were primarily related to compensation for employees of \$6.6 million and loss on disposal of inventories and inventories scrap of \$1.9 million relating to the closure of USC.

Loss before tax. Our loss before tax was \$65.3 million in the nine months ended September 30, 2017 compared to a loss before tax of \$98.6 million in the nine months ended September 30, 2016.

Income tax (expense)/ credit. Our income tax expense was \$0.04 million in the nine months ended September 30, 2017 compared to income tax expense of \$1.8 million in the nine months ended September 30, 2016.

Non-controlling interests. Non-controlling interests were \$0.4 million in the nine months ended September 30, 2017 compared to \$0.5 million in the nine months ended September 30, 2016.

Non-SFRS Measures

EBITDA and adjusted EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation.

We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. We define EBITDA as loss after tax adjusted for (i) income tax expense; (ii) finance expenses; and (iii) depreciation and amortization, which represent depreciation of property, plant and equipment and amortization of intangible assets.

We have included adjusted EBITDA because we believe it is a more indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. We define adjusted EBITDA as EBITDA adjusted for extraordinary items including, for the periods under review, (i) restructuring costs; (ii) fair value gain on derivative financial instruments; (iii) gain on disposal of non-current asset held for sale; (iv) impairment loss / (reversal of impairment) on property, plant and equipment; (v) legal and professional fees related to corporate activities, (vi) settlement fee to Tessera, (vii) UTC settlement with Tessera and (viii) impairment and provisions / (reversal of impairment and provisions) related to the closure of our Shanghai production facility.

EBITDA and adjusted EBITDA are not measures of financial performance or liquidity under SFRS or U.S. GAAP and should not be considered as alternatives to total profit, operating profit or any other performance measures derived in accordance with SFRS or U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity.

The following table reconciles our loss after tax to EBITDA and adjusted EBITDA, in each case, for the periods indicated:

	Three Months ended September 30,		Nine Months ended September 30,	
	2016	2017	2016	2017
	(\$ in millions)			
Loss after tax	(20.7)	(20.0)	(100.4)	(65.3)
Add/(deduct):				
Income tax expense	1.3	0.7	1.8	-
Finance expenses	31.9	30.1	93.1	90.1
Depreciation of property, plant and equipment	27.5	27.0	82.5	78.8
Amortization of intangible assets	4.0	2.6	11.9	7.9
EBITDA	44.0	40.4	88.9	111.5
Add/(deduct):				
Restructuring costs	0.1	-	3.1	0.5
Fair value gain on derivative financial instruments	-	-	-	(0.4)
Gain on disposal of non-current assets held-for-sale	*	-	(0.5)	-
Impairment loss / (reversal of impairment) on property, plant and equipment	-	1.5	-	-
Legal and professional fees related to corporate activities	-	9.9	-	14.5
Settlement fee to Tessera ⁽¹⁾	-	-	0.1	-
UTC Settlement with Tessera ⁽²⁾	-	-	16.8	-
Impairment and provisions / (reversal of impairment and provisions) relating to Shanghai production facility closure	-	(5.4)	-	(2.6)
Adjusted EBITDA	44.1	46.4	108.4	123.5

* Denotes amount less than \$1,000

Note:

- (1) On February 19, 2016, we announced that USG would pay \$3.1 million related to the settlement of an audit dispute regarding a packaging technology license agreement with Tessera. We made a \$3.0 million provision in the year ended December 31, 2015 for this dispute based on initial findings by Tessera's auditors.
- (2) Relates to UTC settlement with Tessera in the amount of \$18.0 million at a discounted present value of \$16.8 million.

Liquidity and Capital Resources

Our operations are capital intensive. We have funded our operations and growth primarily through a mixture of short-term and long-term loans and cash flows from operations. As of September 30, 2017, our primary sources of liquidity included cash and bank deposits of \$67.5 million, our undrawn facilities of \$5.3 million and unutilized bank guarantee facilities of \$0.7 million.

After taking into account the expected cash to be provided by operations, the financial resources currently available to us and discussions with certain holders of the senior secured notes regarding a restructuring of the Company's obligations under the senior secured notes, the Company elected to exercise a 30-day grace period with respect to the \$56 million cash coupon payment due on August 1, 2017. During the 30-day grace period, we engaged in discussions with Noteholders regarding the terms of potential consensual restructuring. Those efforts culminated in the execution of the Restructuring Support Agreement on November 2, 2017, the terms of which are described in greater detail in a press release, dated as of November 2, 2017, which press release is incorporated by reference into this Form 10Q.

More specifically, the proposed restructuring's material economic terms under the Restructuring Support Agreement, which terms will be effectuated through a prepackaged proceeding under title 11 of the United States Code in the Southern District of New York, contemplate the following:

- On the effective date, the Company's equityowner, UTAC Holdings Ltd. ("UTAC"), will contribute UTAC Manufacturing Services Pte. Ltd. ("UMS") to the reorganized Company or otherwise cause that entity to guarantee the New Secured Notes (as defined below).
- The holders of the Notes issued in February 2013 (the "Initial Notes") will receive approximately \$540 million of the principal amount of the first lien senior secured notes issued by the Company (the "New Secured Notes"). The notes will bear interest at 8.5% per year, have a 5-year tenor, and start accruing interest as of January 1, 2018 (unless the transaction closes earlier, in which case the notes will accrue interest as of closing).
- In addition, the holders of the Initial Notes represented by Lowenstein Sandler LLP in litigation pending before the Supreme Court of the State of New York (the "2014 N.Y. Action") as of September 10, 2017, will receive approximately \$15 million of additional New Secured Notes and approximately \$5 million in cash.
- Further, the other holders of the Initial Notes will receive approximately \$5 million of additional New Secured Notes and approximately \$5 million in cash.
- Holders of the Notes issued in September 2013 (the "Additional Notes") will receive in the aggregate approximately \$110 million in New Secured Notes and 31% of the common equity of UTAC, which equity interests will be subject to dilution by UTAC's management equity incentive plan. Of that approximately \$110 million of New Secured Notes, a holder of Additional Notes that is an affiliate of one of the Company's equity sponsors (the "Affiliate Noteholder") has agreed that the Company will distribute \$5 million of the New Secured Notes that would otherwise be distributed on the effective date to the Affiliate Noteholder to the other holders of Initial Notes as set forth above. In addition, the unaffiliated holders of Additional Notes, in their capacity as shareholders of UTAC, will receive certain minority shareholder protections.
- The consummation of the restructuring, including the contribution of the UMS business, will be subject to dismissal with prejudice of both the 2014 and 2017 New York litigation proceedings regarding the 2013 exchange transaction and approval of releases of, and an injunction with respect to, any and all claims and causes of action asserted by all third parties against GATE and its equity sponsors and each of their respective affiliates, whether in connection with the foregoing or otherwise.

The following table sets forth our consolidated cash flows with respect to operating activities, investing activities and financing activities for the periods indicated.

	Three Months ended September 30,		Nine Months ended September 30,	
	2016	2017	2016	2017
	(\$ in millions)			
Net cash provided by operating activities	32.9	12.4	78.3	68.7
Net cash used in investing activities.....	(16.4)	(17.6)	(50.4)	(53.1)
Net cash used in financing activities	(56.7)	(0.1)	(115.8)	(56.7)
Net decrease in cash and cash equivalents	(40.2)	(5.3)	(87.9)	(41.1)
Cash and cash equivalents at beginning of financial period	136.2	72.8	183.9	108.6
Cash and cash equivalents at end of financial period	<u>96.0</u>	<u>67.5</u>	<u>96.0</u>	<u>67.5</u>

Three months ended September 30, 2017 compared to three months ended September 30, 2016

Cash Flows from Operating Activities

We generated \$12.4 million in net cash from our operating activities for the three months ended September 30, 2017, a decrease from \$32.9 million for the three months ended September 30, 2016. Our cash flows generated from operating activities for the three months ended September 30, 2017 are calculated by adjusting our loss after tax of \$20.0 million by (i) non-cash and other items, including \$27.0 million of depreciation of property, plant and equipment, \$30.1 million of finance expense, \$2.6 million of amortization of intangible assets and \$0.7 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended September 30, 2017 included primarily a decrease in cash of \$4.6 million from trade and other receivables, a decrease in cash of \$5.3 million from inventories and a decrease in cash of \$14.2 million from trade and other payables. In the three months ended September 30, 2017, we made cash payments of \$1.3 million in respect of income tax expense.

We generated \$32.9 million in net cash from our operating activities for the three months ended September 30, 2016, a decrease from \$41.9 million for the three months ended September 30, 2015. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$20.7 million by (i) non-cash and other items, such as \$27.5 million of depreciation of property, plant and equipment, \$31.9 million in finance expenses, \$4.0 million of amortization of intangible assets, \$1.3 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended September 30, 2016 included primarily a decrease in cash of \$3.7 million resulting from an increase in trade and other receivables, a decrease in cash of \$2.4 million resulting from an increase in inventories and a decrease in cash of \$1.4 million resulting from a decrease in trade and other payables. In the three months ended September 30, 2016, we made cash payments of \$3.6 million in respect of income tax expense.

Cash Flows from Investing Activities

Net cash used in investing activities was \$17.6 million during the three months ended September 30, 2017. The principal component of the cash outflow was \$22.8 million used for purchases of property, plant and equipment, which was partially offset by \$5.2 million of proceeds from the disposal of property, plant and equipment.

Net cash used in investing activities was \$16.4 million during the three months ended September 30, 2016. The principal component of the cash outflow was \$17.2 million used for purchases of property, plant and equipment, which was partially offset by \$0.9 million of proceeds from the disposal of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities during the three months ended September 30, 2017 was \$0.1 million, which is the repayment of finance lease liabilities.

Net cash used in financing activities during the three months ended September 30, 2016 was \$56.7 million, which principally included \$56.6 million in interest payments.

Nine months ended September 30, 2017 compared to nine months ended September 30, 2016

Cash Flows from Operating Activities

We generated \$68.7 million in net cash from our operating activities for the nine months ended September 30, 2017, a decrease from \$78.3 million for the nine months ended September 30, 2016. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$65.2 million by (i) non-cash and other items, such as \$78.8 million of depreciation of property, plant and equipment, \$90.4 million of finance expenses, \$7.9 million of amortization of intangible assets and (ii) changes in working capital described below.

Working capital sources of cash in the nine months ended September 30, 2017 primarily included a decrease in cash of \$9.3 million resulting from an increase in trade and other receivables and inventories and a decrease in cash of \$21.8 million resulting from a decrease in trade and other payables. In the nine months ended September 30, 2017, we made cash payments of \$3.7 million in respect of income tax expense.

We generated \$78.3 million in net cash from our operating activities for the nine months ended September 30, 2016, a decrease from \$118.2 million for the nine months ended September 30, 2015. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$100.3 million by (i) non-cash and other items, such as \$82.5 million of depreciation of property, plant and equipment, \$93.1 million of finance expenses, \$11.9 million of amortization of intangible assets, the one-time payment of a \$16.8 million settlement fee to Tessera and \$1.8 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the nine months ended September 30, 2016 primarily included a decrease in cash of \$6.9 million resulting from an increase in inventories and a decrease in cash of \$7.1 million resulting from a decrease in trade and other payables. In the nine months ended September 30, 2016, we made cash payments of \$10.1 million in respect of income tax expense.

Cash Flows from Investing Activities

Net cash used in investing activities was \$53.1 million during the nine months ended September 30, 2017. The principal component of the cash outflow was \$61.8 million used for purchases of property, plant and equipment, which were partially offset by \$8.3 million from proceeds from disposal of property, plant and equipment.

Net cash used in investing activities was \$50.4 million during the nine months ended September 30, 2016. The principal component of the cash outflow was \$59.0 million used for purchases of property, plant and equipment, which were partially offset by \$7.7 million from proceeds from disposal of property, plant and equipment and \$1.0 million from proceeds from disposal of a non-current asset held-for-sale.

Cash Flows from Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2017 was \$56.7 million, which primarily included \$56.4 million of interest payments and \$0.3 million of repayment of finance lease.

Net cash used in financing activities during the nine months ended September 30, 2016 was \$115.8 million, which primarily included \$114.1 million of interest payments and \$1.5 million of dividends paid to minority shareholders of UTL.

Capital Expenditures

We had cash outflows in respect of capital expenditures, or cash capital expenditures, of \$61.8 million for the nine months ended September 30, 2017 compared to \$60.2 million for the nine months ended September 30, 2016. For the nine months ended September 30, 2017, our cash capital expenditure related mainly to assembly and test capacity expansion in Singapore and Thailand. We currently expect cash capital expenditure for 2017 to be lower than 2016.

We plan our capital expenditure based on the expected sales and seek to invest only when we believe there are opportunities to generate certain expected returns on investment. We expect to fund our budgeted capital expenditure through existing cash, cash generated from operations and asset sales. We periodically review our budgeted capital expenditure during the financial year. We may adjust our capital expenditures based on market conditions, the progress of our expansion plans and cash flow from operations.

Total Borrowings

As of September 30, 2017, the total amount outstanding under our long-term and short-term borrowings was \$1,116.5 million (after deducting unamortized loan facility and related issuance costs).

Long-Term Borrowings

The following table sets out certain details relating to our long-term borrowings (without including finance leases):

Facility	Borrower/ Issuer	Amount outstanding as of September 30, 2017	Total committed amount (\$ in millions)	Interest rate	Maturity
Senior secured notes	Global A&T Electronics	1,127.3 ⁽¹⁾	1,127.3	10.0%	February 2019

Notes:

- (1) This amount represented the total indebtedness outstanding under the senior secured notes as of September 30, 2017, without deducting unamortized loan facility and related issuance costs of \$10.8 million.

On May 9, 2017, S&P Global Ratings lowered its long-term corporate credit rating on Global A&T Electronics from ñCCC+ð to ñCCC-ð and its long-term issue rating on the senior secured notes from ñCCC+ð to ñCCC-ð.

Sales from our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$14.1 million, or 8.3%, of our total sales for the nine months ended September 30, 2017. Assets of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$23.1 million, or 1.8%, of our total assets as of September 30, 2017. Liabilities of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$11.5 million, or 0.9%, of our total liabilities as of September 30, 2017.

Sales from our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$37.4 million, or 7.4%, of our total sales for the nine months ended September 30, 2016, assets accounted for approximately \$71.3 million, or 5.2%, of our total assets, and liabilities accounted for approximately \$14.7 million, or 1.1%, of our total liabilities, in each case as of September 30, 2016.

Short-Term Borrowings

Our short-term borrowings comprise primarily of revolving credit facilities and trade financing facilities.

UTL currently has a revolving credit facility of up to 175.0 million Thai Baht (approximate \$5.3 million as of September 30, 2017) with Siam Commercial Bank Public Company Limited, or Siam Commercial Bank, which may be utilized for working capital purposes. As of September 30, 2017, this facility has not been utilized.

UTL also currently has bank guarantee facilities for an aggregate of up to 85.0 million Thai Baht (approximate \$2.6 million as of September 30, 2017) with Siam Commercial Bank, which may be utilized for working capital purposes. As of September 30, 2017, guarantees of an aggregate amount of 61.3 million Thai Baht (approximate \$1.8 million as of September 30, 2017) have been issued under these facilities.

UTC had a letter of credit facility of an amount of \$7.0 million with Ta Chong Bank that expired on August 31, 2017. A new facility of \$0.3 million was issued by the same bank and fully utilized as of September 30, 2017.

Finance leases

We have leased certain plant and equipment under finance leases. As of September 30, 2017, our total finance lease obligations were \$0.6 million. Lease terms generally range from one to four years with options to purchase at the end of the lease term. Lease terms generally do not contain restrictions concerning dividends, additional debts or further leasing and do not provide for contingent rents. The liabilities under the leases are secured on the plant and equipment, which are the subject of the finance lease contracts.

Off-balance Sheet Arrangements

As of September 30, 2017, other than disclosed in elsewhere of this document, we do not have other off-balance sheet arrangements.

Contingent Liabilities

From time to time, we are subject to claims that arise in the normal course of business. These claims may include allegations of infringement of intellectual property rights of others, environmental liability, labor, products, as well as other claims of liability.

Complaints filed by certain noteholders

In February 2014, a complaint was filed in the Supreme Court of the State of New York, New York County, by certain holders of our senior secured notes, alleging certain claims in relation to the issuance of the \$502.3 million in aggregate principal amount of senior secured notes on September 30, 2013. As described in greater detail in the press release dated as of November 2, 2017, on that date, the Company entered into the Restructuring Support Agreement. On March 31, 2017, a complaint was filed in the Supreme Court of the State of New York, New York County, by certain holders of our senior secured notes, alleging claims which appear similar to the claims asserted by other holders of our senior secured notes in the complaint filed in the New York State Supreme Court in February 2014. The plaintiffs in both the 2014 and 2017 proceedings have signed the Restructuring Support Agreement, pursuant to which the parties have agreed to consensual resolve this matter. If the transactions contemplated by the Restructuring Support Agreement are not consummated, we may face a material and adverse effect on our business, financial condition and results of operations.

Suit filed by Amkor Technology

On April 4, 2014, Amkor Technology, Inc., or Amkor, filed a complaint against Global A&T Electronics and certain of its subsidiaries in the Superior Court of Arizona. The suit relates to patent licenses between Amkor and certain of Global A&T Electronics's subsidiaries. We filed a motion to dismiss Amkor's complaint on August 12, 2014 and on January 5, 2015, the court dismissed seven out of the nine claims made by Amkor in the complaint. On February 13, 2015, Amkor filed an amended complaint in which it reasserted the two claims that were not dismissed and one of the claims that had been dismissed. The remaining three claims made by Amkor relate to the payment of royalties by one of our subsidiaries, a claim that certain alleged events triggered a right for Amkor to seek the purchase of certain patents belonging to ASAT Limited (now known as UHK) and a breach of an implied covenant of good faith and fair dealing. On March 24, 2015, we filed a motion to dismiss the claims against UHK (formerly ASAT Limited) and an answer to the other claims. In addition, on July 28, 2015, we filed a motion for partial summary judgment against Amkor's royalty claim against UTL on the basis that UTL ceased to be covered by the royalty-bearing license when it ceased to be a subsidiary of USG in September 2010. On December 20, 2016, the court granted our motion for partial summary judgment, ruling that UTL ceased to be covered by the agreement between USG and Amkor, or the USG-Amkor Agreement, in September 2010. The court therefore ruled that UTL's products are not subject to contractual royalties under the USG-Amkor Agreement. The court further ruled that Amkor cannot assert a claim against UTL for breach of the implied covenant of good faith and fair dealing under the USG-Amkor Agreement, because UTL is not a party to that agreement, and also that Amkor cannot use a claim under the UHK-Amkor Cross-License to collect royalties from UTL and accordingly no royalties are owed under that license for products made by UTL. With respect to our motion to dismiss the claims against UHK, the court granted our motion with respect to Amkor's claim that UHK had transferred or assigned the UHK-Amkor Cross-License to UTL and Amkor's claim that UHK had breached the confidentiality obligations under the UHK-Amkor Cross-License, and accordingly it dismissed those claims with prejudice. The court declined to dismiss Amkor's claims that certain alleged events triggered a right for Amkor to seek the purchase of certain patents belonging to UHK. In October 2017, the parties entered into a settlement agreement under which all claims will be dismissed with prejudice, and each party will receive a release of all claims that were brought or could have been brought in the lawsuit relating to the license agreements. Under the settlement agreement, the suit will be terminated and the defendants will have no further obligations to Amkor. In accordance with the settlement, the suit was dismissed with prejudice on November 1, 2017.

Critical Accounting Policies

Our critical accounting policies are disclosed in our annual report for the year ended December 31, 2016. During the nine months ended September 30, 2017, there have been no significant changes in our critical accounting policies.

Recent Accounting Pronouncements under SFRS

New Accounting Standards and SFRS Interpretations Effective 2017

Certain new standards, amendments and interpretations to existing standards that have been published, and are relevant for Global A&T Electronics's accounting periods beginning on or after January 1, 2017 or later periods and which Global A&T Electronics has not already adopted. We anticipate that the adoption of these Financial Reporting Standards, or FRS, International Financial Reporting Standards and amendments to the FRS in the future periods will not have a material impact on the financial statements of the Global A&T Electronics in the period of their initial adoption.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various financial market risks in our ordinary course business transactions, primarily from interest rate movements on non-current variable rate borrowings and exchange rate movements. For details of quantitative and qualitative disclosures about market risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk" in our annual report for the year ended December 31, 2016.

UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

1Global A&T Electronics Ltd. Unaudited Consolidated Condensed Interim Financial Information for the nine months ended September 30, 2017

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME

For the three-month and nine-month period ended September 30, 2017

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2016	2017	2016	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Sales	179,834	184,860	504,305	520,562
Cost of sales	(148,050)	(147,403)	(433,764)	(426,762)
Gross profit	31,784	37,457	70,541	93,800
Other income	1,491	7,813	4,537	14,663
Other gains/(losses) i net.....	(268)	(579)	(1,202)	17
Expenses				
- Selling, general and administrative.	(16,904)	(27,030)	(49,714)	(61,151)
- Research and development.....	(3,436)	(3,952)	(9,411)	(11,587)
- Finance.....	(31,884)	(30,191)	(93,074)	(90,372)
- Others.....	(116)	(2,829)	(20,151)	(10,570)
Loss before income tax	(19,333)	(19,311)	(98,474)	(65,200)
Income tax expense.....	(1,337)	(725)	(1,836)	(40)
Loss after tax.....	(20,670)	(20,036)	(100,310)	(65,240)
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Financial assets, available-for-sale				
- Fair value gains	-	-	-	(2)
Cash flow hedges				
- Fair value losses	(21)	1	(21)	44
- Reclassification	-	(2)	-	(2)
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurements on post-employment benefit obligation	11	(27)	27	28
Other comprehensive (loss)/income, net of tax.....	(10)	(28)	6	68
Total comprehensive loss.....	(20,680)	(20,064)	(100,304)	(65,172)
(Loss)/profit attributable to:				
Equity holders of the Company.....	(20,961)	(20,111)	(100,776)	(65,608)
Non-controlling interests	291	75	466	368
	(20,670)	(20,036)	(100,310)	(65,240)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company.....	(20,971)	(20,140)	(100,771)	(65,540)
Non-controlling interests	291	76	467	368
	(20,680)	(20,064)	(100,304)	(65,172)

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at September 30, 2017

	December 31, 2016 US\$'000	September 30, 2017 US\$'000
ASSETS		
Current assets		
Cash and bank deposits	108,634	67,510
Trade and other receivables.....	125,795	121,138
Inventories.....	43,086	52,387
Other assets	7,578	16,199
	<u>285,093</u>	<u>257,234</u>
Non-current assets held-for-sale	297	-
	<u>285,390</u>	<u>257,234</u>
Non-current assets		
Other assets	2,130	817
Deferred income tax assets.....	3,082	4,043
Available-for-sale financial assets	983	983
Property, plant and equipment.....	410,100	391,528
Goodwill	643,405	643,405
Intangible assets	18,596	11,250
	<u>1,078,296</u>	<u>1,052,026</u>
Total assets	<u>1,363,686</u>	<u>1,309,260</u>
LIABILITIES		
Current liabilities		
Trade and other payables.....	162,494	174,970
Current income tax liabilities	2,105	1,900
Deferred income.....	56	48
Borrowings	257	283
Provisions	8,307	3,488
Derivative financial instruments.....	57	-
	<u>173,276</u>	<u>180,689</u>
Non-current liabilities		
Trade and other payables.....	5,176	1,583
Borrowings	1,111,414	1,116,856
Deferred income tax liabilities.....	9,339	8,387
Long term benefit obligations	22,149	24,585
	<u>1,148,078</u>	<u>1,151,411</u>
Total liabilities	<u>1,321,354</u>	<u>1,332,100</u>
NET ASSETS	<u>42,332</u>	<u>(22,840)</u>
EQUITY		
Capital and reserves attributable to the equity holder of the Company		
Share capital.....	*	*
Capital contribution	698,000	698,000
Other reserves	(7,354)	(7,286)
Accumulated losses	(652,709)	(718,317)
	<u>37,397</u>	<u>(27,603)</u>
Non-controlling interests.....	4,395	4,763
Total equity	<u>42,332</u>	<u>(22,840)</u>

* Denotes amount less than \$1,000

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months ended September 30, 2017

	Attributable to equity holder of the Company					Non-	Total
	Share	Capital	Other	Accumulated	Total	controlling	equity
	capital	contribution	reserves	losses		interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at January 1, 2017.....	*	698,000	(7,354)	(652,709)	37,937	4,395	42,332
Dividend to non-controlling interests	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	68	(65,608)	(65,540)	368	(65,172)
As at September 30, 2017..	*	698,000	(7,286)	(718,317)	(27,603)	4,763	(22,840)
 As at January 1, 2016.....	 *	 698,000	 (6,446)	 (510,698)	 180,856	 5,356	 186,212
Dividend to non-controlling interests	-	-	-	-	-	(1,485)	(1,485)
Total comprehensive income/(loss) for the period	-	-	5	(100,776)	(100,771)	467	(100,304)
As at September 30, 2016..	*	698,000	(6,441)	(611,474)	80,085	4,338	84,423

* Denotes amount less than \$1,000

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three-month and nine-month period ended September 30, 2017

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2016	2017	2016	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss after tax.....	(20,670)	(20,036)	(100,310)	(65,240)
Adjustments for:				
- Income tax expense.....	1,337	723	1,836	39
- Depreciation of property, plant and equipment	27,514	27,031	82,463	78,834
- Amortization of intangible assets	3,966	2,597	11,928	7,857
- Net gain on disposal of property, plant and equipment.....	(506)	(210)	(1,178)	(2,014)
- Net gain on disposal of non-current asset held-for-sale	(48)	-	(542)	(543)
- Dividend income.....	(40)	-	(40)	(70)
- Reversal of impairment loss on property, plant and equipment	-	(3,418)	-	(4,879)
- Settlement with Tessera.....	-	-	16,757	-
- Finance expenses	31,884	30,191	93,074	90,372
- Interest income.....	(76)	(74)	(456)	(266)
- Government grant income.....	(144)	(88)	(982)	(611)
Change in working capital:				
- Trade and other receivables.....	(3,707)	(4,598)	(497)	5,192
- Inventories	(2,377)	(5,311)	(6,875)	(9,302)
- Other assets	259	105	35	(7,628)
- Trade and other payables.....	(1,352)	(14,161)	(7,073)	(21,826)
- Long term benefit obligations.....	810	818	(206)	2,434
- Currency translation difference.....	(536)	59	(427)	(621)
Government grant received.....	123	86	852	603
Income tax paid	(3,598)	(1,331)	(10,078)	(3,671)
Net cash provided by operating activities.....	32,839	12,383	78,281	68,660
Cash flows from investing activities				
Payment for acquisition of property, plant and equipment.....	(17,239)	(22,840)	(58,971)	(61,785)
Payment for acquisition of intangible assets	(281)	-	(1,219)	-
Proceeds from disposal of property, plant and equipment.....	870	5,190	7,651	8,266
Proceeds from disposal of non-current assets held-for-sale	48	-	994	-
Proceeds from disposal of intangible assets	-	-	707	-
Distributions received from available-for-sale financial assets	-	-	-	-
Increase in amounts due to intercompany	-	-	-	-
Dividend received.....	40	-	40	70
Interest received.....	160	65	427	319
Net cash used in investing activities.....	(16,402)	(17,585)	(50,371)	(53,130)
Cash flows from financing activities				
Repayment of finance lease liabilities.....	(97)	(84)	(269)	(291)
Interest paid.....	(56,594)	-	(114,078)	(56,363)
Dividend paid to non-controlling interests	-	-	(1,485)	-
Net cash used in financing activities.....	(56,691)	(84)	(115,832)	(56,654)
Net decrease in cash and cash equivalents	(40,254)	(5,286)	(87,922)	(41,124)
Cash and cash equivalents at the beginning of the financial period.....	136,232	72,796	183,900	108,634
Cash and cash equivalents at the end of the financial period .	95,978	67,510	95,978	67,510
Cash and cash equivalents in the Group's financial position	95,978	67,510	95,978	67,510
Less: Cash subject to restrictions	-	-	-	-
Cash and cash equivalents in consolidated cash flows	95,978	67,510	95,978	67,510

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the three months and nine months ended September 30, 2017

1. Interim financial information

The consolidated condensed financial information and related disclosures as of September 30, 2017 and for the nine months ended September 30, 2017 are unaudited. The consolidated statement of financial position as of December 31, 2016 was derived from the audited financial statements, but does not include all the disclosures required to be prepared in accordance with SFRS.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with SFRS have been condensed or omitted for the purposes of the interim financial information. In the opinion of the management of Global A&T Electronics Ltd, the accompanying unaudited consolidated condensed financial information contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial information included therein. This financial data should be read in conjunction with the audited consolidated financial statements of Global A&T Electronics Ltd for the financial year ended December 31, 2016, issued by the Board of Directors dated April 7, 2017.

The results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for the full financial year.

2. Sales

Sales increased to \$520.6 million for the nine months ended September 30, 2017 from \$504.3 million for the nine months ended September 30, 2016. Breakdowns of sales by service type and product category are as follows:

Service type	Nine months ended September 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Assembly.....	348,625	69.1%	372,224	71.5%
Test	155,680	30.9%	148,338	28.5%
Total.....	504,305	100.0%	520,562	100.0%

Product category	Nine months ended September 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Analog	232,573	46.1%	275,631	52.9%
Mixed-Signal and Logic.....	220,300	43.7%	196,517	37.8%
Memory	51,432	10.2%	48,414	9.3%
Total	504,305	100.0%	520,562	100.0%

Sales increased to \$184.9 million for the three months ended September 30, 2017 from \$179.8 million for the three months ended September 30, 2016. Breakdowns of sales by service type and product category are as follows:

Service type	Three months ended September 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Assembly.....	122,831	68.3%	132,067	71.4%
Test	57,003	31.7%	52,793	28.6%
Total.....	179,834	100.0%	184,860	100.0%

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For the three months and nine months ended September 30, 2017

Product category	Three months ended September 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Analog	86,445	48.1%	96,164	52.0%
Mixed-Signal and Logic.....	75,398	41.9%	73,388	39.7%
Memory	17,991	10.0%	15,408	8.3%
Total.....	179,834	100.0%	184,860	100.0%

3. Cost of sales

Cost of sales consists principally of direct materials and direct labor, indirect labor, indirect materials (being ancillary materials and other supplies used in the assembly and test process), utilities, equipment maintenance, operating supplies and tooling, and depreciation and general expenses incurred in maintaining our facilities.

4. Cash and bank deposits

	As at December 31, 2016	As at September 30, 2017
Cash and bank deposits		
	<i>(in thousands of U.S. dollars)</i>	
Cash at bank and on hand	62,599	59,174
Short-term bank deposits	46,035	8,336
Total.....	108,634	67,510

At the balance sheet date, the carrying amounts of cash and cash equivalents approximated their fair values.

5. Trade and other receivables

	As at December 31, 2016	As at September 30, 2017
Trade and other receivables		
	<i>(in thousands of U.S. dollars)</i>	
<i>Current</i>		
Trade receivables i non-related parties.....	118,899	106,007
Trade receivables i related corporation	87	-
Less: Allowance for impairment of receivables - non-related parties	(77)	(38)
	118,909	105,969
<i>Non-trade receivables</i>		
- non-related parties	4,325	8,685
- immediate holding corporation.....	1,528	1,882
- related corporation.....	1,033	4,602
Total.....	125,795	121,138

Amount due from an immediate holding corporation and a related corporation are unsecured, non-interest bearing and repayable on demand. Trade and other receivables decreased to \$121.1 million as at September 30, 2017 from \$125.8 million as at December 31, 2016 mainly due to receipt in the first quarter of financial year 2017 of proceeds from the disposal of property, plant and equipment during the fourth quarter of financial year 2016.

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For the three months and nine months ended September 30, 2017

6. Trade and other payables

	As at December 31, 2016	As at September 30, 2017
Trade and other payables		
	<i>(in thousands of U.S. dollars)</i>	
<i>Current</i>		
Trade payables to non-related parties		
- Purchase of property, plant and equipment.....	15,051	14,061
- Other purchases	45,609	37,433
	60,660	51,494
Other payables to non-related parties.....	5,210	5,292
Accrued interest payable	46,969	75,150
Other accrual for operating expenses	36,296	34,388
Deposits and advances from customers	7,359	4,646
Deferred payment on legal settlement to a third party	6,000	4,000
Total for current portion.....	162,494	174,970
<i>Non-current</i>		
Deferred payment on legal settlement to a third party	5,176	1,583
Total trade and other payables	167,670	176,553

Trade and other payables increased to \$176.6 million as at September 30, 2017 from \$167.7 million as at December 31, 2016 mainly due to increase in accrued interest payable.

7. Intangible assets

Intangible assets decreased by \$7.3 million to \$11.3 million as at September 30, 2017 from \$18.6 million as at December 31, 2016. The decrease was primarily due to amortization for the period of \$7.9 million, which was partially offset by addition of \$0.5 million of intangible assets for the period.

8. Property, Plant and Equipment

Property, plant and equipment decreased to \$391.5 million as at September 30, 2017 from \$410.1 million as at December 31, 2016. The decrease was primarily due to depreciation charge of \$78.8 million, which was partially offset by addition of \$59.6 million of property, plant and equipment for the period.

9. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognized in the financial statements are analyzed as follows:

	As at December 31, 2016	As at September 30, 2017
Capital commitments		
	<i>(in thousands of U.S. dollars)</i>	
Property, plant and equipment.....	14,107	16,381

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10. Contingencies

From time to time, we are subject to claims that arise in the normal course of business. These claims may include allegations of infringement of intellectual property rights of others.

We assess the likelihood of an adverse judgment or outcome for these matters, as well as the range of potential losses. A determination of the reserves required, if any, is made after careful analysis. The required reserves may change in the future due to new developments impacting the probability of a loss, the estimate of such loss, and the probability of recovery of such loss from third parties.

11. Segment Information

Nine months ended	Assembly	Test	Total
September 30, 2017	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	365,734	148,278	514,012
Sales to related corporation	6,520	30	6,550
Segment sales	372,254	148,308	520,562
Segment gross profit	63,742	30,058	93,800
September 30, 2016			
Sales to external parties	347,693	155,639	503,332
Sales to related corporation	931	42	973
Segment sales	348,624	155,681	504,305
Segment gross profit	37,290	33,251	70,541
Three months ended	Assembly	Test	Total
September 30, 2017	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	127,892	52,764	180,656
Sales to related corporation	4,175	29	4,204
Segment sales	132,067	52,793	184,860
Segment gross profit	24,540	12,917	37,457
September 30, 2016			
Sales to external parties	122,213	56,997	179,210
Sales to related corporation	617	7	624
Segment sales	122,830	57,004	179,834
Segment gross profit	15,953	15,831	31,784

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Reconciliation

A reconciliation of segment gross profit to loss before income tax is as follows:

	Nine months ended September 30,	
	2016	2017
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments.....	70,541	93,800
Other income	4,537	14,663
Other gains/(losses) i net.....	(1,202)	17
Selling, general and administrative expenses	(49,714)	(61,151)
Research and development costs	(9,411)	(11,587)
Finance costs.....	(93,074)	(90,372)
Other expenses.....	(20,151)	(10,570)
Loss before income tax	<u>(98,474)</u>	<u>(65,200)</u>

	Three months ended September 30,	
	2016	2017
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments.....	31,784	37,457
Other income	1,491	7,813
Other losses i net.....	(268)	(579)
Selling, general and administrative expenses	(16,904)	(27,030)
Research and development costs	(3,436)	(3,952)
Finance costs.....	(31,884)	(30,191)
Other expenses.....	(116)	(2,829)
Loss before income tax	<u>(19,333)</u>	<u>(19,311)</u>