
QUARTERLY REPORT FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017

GLOBAL A&T ELECTRONICS LTD

August 1, 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's annual report for the year ended December 31, 2016, dated April 7, 2017 and its quarterly report for the three months ended March 31, 2017, dated April 20, 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 JUNE 30, 2017

Changes to the Board of Directors of Global A&T Electronics

On June 30, 2017, Mr. Steven Joseph Schneider resigned with immediate effect from the board of directors of Global A&T Electronics. On July 25, 2017, Mr. Dominic Picone and Mr. Eugene Davis were appointed to the board of directors of Global A&T Electronics. Mr. Eugene Davis will serve as an independent director on the board.

Mr. Picone is a principal and the head of financial services of Asia (excluding India) at TPG Capital and is currently based in Singapore. Since joining the firm in 2005, he has been based in Asia with responsibility for investments in the Asia Pacific region. Mr. Picone holds a Bachelor of Commerce in Finance with honors and a Bachelor of Laws from the University of Melbourne. Mr. Picone has been appointed to our board of directors, through Global A&T Holdings, as an appointee of TPG Capital.

Mr. Davis is Chairman and Chief Executive Officer of Pirinate Consulting Group, LLC, a privately held consulting firm specializing in turnaround management, merger and acquisition consulting and hostile and friendly takeovers, proxy contests and strategic planning advisory services for domestic and international public and private business entities. Since forming Pirinate in 1997, Mr. Davis has advised, managed, sold, liquidated and served as a Chief Executive Officer, Chief Restructuring Officer, Director, Committee Chairman and Chairman of the Board of a number of businesses operating in diverse sectors such as telecommunications, automotive, manufacturing, high-technology, medical technologies, metals, energy, financial services, consumer products and services, import-export, mining and transportation and logistics. Mr. Davis holds a bachelor's degree from Columbia College, a master of international affairs degree (MIA) in international law and organization from the School of International Affairs of Columbia University, and a Juris Doctorate from Columbia University School of Law.

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

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 six months ended June 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 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 June 30,				Six Months ended June 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	117.6	70.3%	122.2	71.8%	225.8	69.6%	240.2	71.5%
Test	49.8	29.7%	48.1	28.2%	98.7	30.4%	95.5	28.5%
Total.....	167.4	100.0%	170.3	100.0%	324.5	100.0%	335.7	100.0%

Our sales mix by assembly and test services for the six and three months ended June 30, 2017 increased compared to the six and three months ended June 30, 2016 primarily due to an increase in sales from our analog product category.

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 June 30,				Six Months ended June 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.....	78.0	46.6%	91.7	53.9%	146.1	45.0%	179.5	53.5%
Mixed-signal and logic	72.5	43.3%	62.1	36.5%	144.9	44.7%	123.1	36.7%
Memory.....	16.9	10.1%	16.5	9.7%	33.4	10.3%	33.1	9.9%
Total.....	167.4	100.0%	170.3	100.0%	324.5	100.0%	335.7	100.0%

Sales from our analog product category increased 22.8% to \$179.5 million in the six months ended June 30, 2017 from \$146.1 million in the six months ended June 30, 2016 primarily due to increased demand from existing analog customers, primarily in UTL.

Sales from our mixed-signal and logic product category decreased 15.0% to \$123.1 million in the six months ended June 30, 2017 from \$144.9 million in the six months ended June 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 six months ended June 30, 2016 and 2017 and were \$33.4 million and \$33.1 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 June 30,				Six Months ended June 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.....	102.7	61.4%	109.8	64.5%	195.7	60.3%	216.5	64.5%
Asia (excluding Japan).....	38.1	22.8%	24.6	14.5%	78.9	24.3%	53.8	16.0%
Europe.....	20.0	11.9%	26.7	15.7%	37.0	11.4%	49.6	14.8%
Japan.....	5.5	3.3%	8.4	4.9%	10.9	3.4%	14.6	4.3%
Others.....	1.0	0.6%	0.8	0.4%	1.9	0.6%	1.2	0.4%
Total.....	167.4	100.0%	170.3	100.0%	324.5	100.0%	335.7	100.0%

Sales from our customers headquartered in United States increased in the six months ended June 30, 2017 compared to the six months ended June 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 June 30,				Six Months ended June 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.....	167.4	100.0%	170.3	100.0%	324.5	100.0%	335.7	100.0%
Cost of sales.....	(147.2)	(87.9%)	(142.7)	(83.8%)	(285.7)	(88.0%)	(279.4)	(83.2%)
Gross profit	20.2	12.1%	27.6	16.2%	38.8	12.0%	56.3	16.8%
Other income	1.9	1.1%	4.9	2.9%	3.0	0.9%	6.9	2.0%
Other gains/(losses) ÷ net	0.1	0.1%	1.7	1.0%	(0.9)	(0.3%)	0.6	0.2%
Expenses:								
Selling, general and								
administrative.....	(16.0)	(9.6%)	(18.1)	(10.7%)	(32.8)	(10.1%)	(34.1)	(10.2%)
Research and development ..	(3.1)	(1.9%)	(3.7)	(2.2%)	(6.0)	(1.8%)	(7.6)	(2.3%)
Finance.....	(30.9)	(18.5%)	(30.4)	(17.9%)	(61.2)	(18.9%)	(60.2)	(17.9%)
Others	(17.5)	(10.5%)	(0.6)	(0.4%)	(20.0)	(6.2%)	(7.7)	(2.3%)
Loss before tax	(45.3)	(27.1%)	(18.7)	(11.0%)	(79.1)	(24.4%)	(45.9)	(13.7%)
Income tax (expense) / credit ...	(0.2)	(0.1%)	(0.2)	(0.1%)	(0.5)	(0.2%)	0.7	0.2%
Loss after tax	(45.5)	(27.2%)	(18.9)	(11.1%)	(79.6)	(24.5%)	(45.2)	(13.5%)
Non-controlling interests	0.1	0.1%	0.2	0.1%	0.2	0.1%	0.3	0.1%
Loss after non-controlling interest	(45.6)	(27.2%)	(19.1)	(11.2%)	(79.8)	(24.6%)	(45.5)	(13.6%)

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

Sales. Sales increased 1.7% to \$170.3 million in the three months ended June 30, 2017 from \$167.4 million in the three months ended June 30, 2016.

Our test services sales decreased 3.5% to \$48.1 million in the three months ended June 30, 2017 from \$49.8 million in the three months ended June 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.

Our assembly services sales increased 3.9% to \$122.2 million in the three months ended June 30, 2017 from \$117.6 million in the three months ended June 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.

Cost of sales. Cost of sales decreased 3.1% to \$142.7 million in the three months ended June 30, 2017 from \$147.2 million in the three months ended June 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 our analog and mixed-signal and logic product categories, lower depreciation expense, 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 83.8% in the three months ended June 30, 2017 compared to 87.9% in the three months ended June 30, 2016.

Gross profit. Gross profit increased 36.5% to \$27.6 million in the three months ended June 30, 2017 from \$20.2 million in the three months ended June 30, 2016. Gross profit as a percentage of sales, or gross profit margin, was 16.2% in the three months ended June 30, 2017 compared to 12.1% in the three months ended June 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 our analog and mixed-signal and logic product categories, lower depreciation expense, offset by higher operating supplies/tooling due to UTL capacity ramp up.

Other income. Other income increased to \$4.9 million in the three months ended June 30, 2017 from \$1.9 million in the three months ended June 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 \$1.7 million in the three months ended June 30, 2017 compared to other gains i net of \$0.1 million in the three months ended June 30, 2016. The increase was primarily due to gain on disposal of property, plant and equipment and asset held for sales.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to \$18.1 million in the three months ended June 30, 2017 from \$16.0 million in the three months ended June 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 \$3.7 million in the three months ended June 30, 2017 from \$3.1 million in the three months ended June 30, 2016 primarily due to higher depreciation expense related to plant and equipment used for research and development purposes.

Finance expenses. Finance expenses were \$30.4 million in the three months ended June 30, 2017 and \$30.9 million in the three months ended June 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 \$0.6 million in the three months ended June 30, 2017 compared to \$17.5 million in the three months ended June 30, 2016. The decrease was primarily related 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, Inc., or Tessera, which we incurred in the three months ended June 30, 2016.

Loss before tax. Our loss before tax was \$18.7 million in the three months ended June 30, 2017 compared to a loss before tax of \$45.3 million in the three months ended June 30, 2016.

Income tax expense. Our income tax expense is consistent at \$0.2 million in the three months ended June 30, 2017 and the three months ended June 30, 2016.

Non-controlling interests. Non-controlling interests were \$0.2 million in the three months ended June 30, 2017 compared to \$0.1 million in the three months ended June 30, 2016.

Six months ended June 30, 2017 compared to six months ended June 30, 2016

Sales. Sales increased 3.5% to \$335.7 million in the six months ended June 30, 2017 from \$324.5 million in the six months ended June 30, 2016.

Our test services sales decreased 3.2% to \$95.5 million in the six months ended June 30, 2017 from \$98.7 million in the six months ended June 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.

Our assembly services sales increased 6.4% to \$240.2 million in the six months ended June 30, 2017 from \$225.8 million in the six months ended June 30, 2016 primarily due 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.

Cost of sales. Cost of sales decreased 2.2% to \$279.4 million in the six months ended June 30, 2017 from \$285.7 million in the six months ended June 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 83.2% in the six months ended June 30, 2017 compared to 88.1% in the six months ended June 30, 2016.

Gross profit. Gross profit increased 45.4% to \$56.3 million in the six months ended June 30, 2017 from \$38.8 million in the six months ended June 30, 2016. Gross profit margin was 16.8% in the six months ended June 30, 2017 compared to 11.9% in the six months ended June 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 \$6.9 million in the six months ended June 30, 2017 from \$3.0 million in the six months ended June 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- net of \$0.6 million in the six months ended June 30, 2017 compared to other losses ĩ net of \$0.9 million in the six months ended June 30, 2016. The increase in other gains was primarily due to gain on disposal of property, plant and equipment and asset held for sales.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to \$34.1 million in the six months ended June 30, 2017 from \$32.8 million in the six months ended June 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 \$7.6 million in the six months ended June 30, 2017 from \$6.0 million in the six months ended June 30, 2016 primarily due to higher research and development personnel and higher depreciation expenses higher depreciation expense related to plant and equipment used for research and development purposes.

Finance expenses. Finance expenses were \$60.2 million in the six months ended June 30, 2017 and \$61.2 million in the six months ended June 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 \$7.7 million in the six months ended June 30, 2017 compared to \$20.0 million in the six months ended June 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 Tessler and restructuring expenses of \$3.0 million, which we incurred in the six months ended June 30, 2016. Our other expenses in the six months ended June 30, 2017 were primarily related to provision for severance costs of \$5.4 million relating to the closure of USC.

Loss before tax. Our loss before tax was \$45.9 million in the six months ended June 30, 2017 compared to a loss before tax of \$79.1 million in the six months ended June 30, 2016.

Income tax (expense)/ credit. Our income tax credit was \$0.7 million in the six months ended June 30, 2017 compared to income tax expense of \$0.5 million in the six months ended June 30, 2016 because our income tax credit on movement of temporary difference for the six months ended June 30, 2017 was greater than our income tax provision for the same period.

Non-controlling interests. Non-controlling interests were \$0.3 million in the six months ended June 30, 2017 compared to \$0.2 million in the six months ended June 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/ (credit); (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 Tessler and (vii) 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 June 30,		Six Months ended June 30,	
	2016	2017	2016	2017
	(\$ in millions)			
Loss after tax	(45.5)	(18.9)	(79.6)	(45.2)
Add/(deduct):				
Income tax expense / (credit)	0.2	0.2	0.5	(0.7)
Finance expenses	30.9	30.3	61.2	60.0
Depreciation of property, plant and equipment	27.4	26.0	54.9	51.8
Amortization of intangible assets	4.0	2.6	8.0	5.3
EBITDA	17.0	40.3	45.0	71.2
Add/(deduct):				
Restructuring costs	0.6	0.3	3.0	0.5
Fair value gain on derivative financial instruments	-	-	-	(0.2)
Gain on disposal of non-current assets held-for-sale	(0.1)	-	(0.5)	-
Impairment loss / (reversal of impairment) on property, plant and equipment	-	(1.5)	-	(1.5)
Legal and professional fees related to corporate activities	-	3.3	-	4.6
Settlement fee to Tessera	16.8	-	16.8	-
Impairment and provisions / (reversal of impairment and provisions) relating to Shanghai production facility closure	-	(2.7)	-	2.8
Adjusted EBITDA	34.3	39.7	64.3	77.4

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 June 30, 2017, our primary sources of liquidity included cash equivalents of \$72.8 million, our undrawn facilities of \$11.5 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 has elected to exercise a 30-day grace period with respect to the \$56 million cash coupon payment due on August 1, 2017. The Company will not be making the payment of the coupon on August 1, 2017 and expects to utilize the 30-day period to continue discussions with its noteholders on a plan to address the Company's capital structure. The Company can elect to make the payment due under the Notes at any time during the grace period, and the Company will continue to evaluate a range of options for managing its liquidity during that time.

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 June 30,		Six Months ended June 30,	
	2016	2017	2016	2017
	(\$ in millions)			
Net cash provided by operating activities	16.2	11.9	45.4	56.3
Net cash used in investing activities.....	(14.1)	(16.4)	(34.0)	(35.5)
Net cash used in financing activities	(0.8)	(0.1)	(59.1)	(56.6)
Net increase/(decrease) in cash and cash equivalents	1.3	(4.6)	(47.7)	(35.8)
Cash and cash equivalents at beginning of financial period	134.9	77.4	183.9	108.6
Cash and cash equivalents at end of financial period	136.2	72.8	136.2	72.8

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

Cash Flows from Operating Activities

We generated \$11.9 million in net cash from our operating activities for the three months ended June 30, 2017, a decrease from \$16.2 million for the three months ended June 30, 2016. Our cash flows generated from operating activities for the three months ended June 30, 2017 are calculated by adjusting our loss after tax of \$18.9 million by (i) non-cash and other items, including \$26.0 million of depreciation of property, plant and equipment, \$30.3 million of finance expense, \$2.6 million of amortization of intangible assets and \$0.2 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended June 30, 2017 included primarily a decrease in cash of \$4.8 million from trade and other receivables, a decrease in cash of \$3.1 million from inventories and a decrease in cash of \$7.5 million from trade and other payables. In the three months ended June 30, 2017, we made cash payments of \$2.3 million in respect of income tax expense.

We generated \$16.2 million in net cash from our operating activities for the three months ended June 30, 2016, a decrease from \$36.3 million for the three months ended June 30, 2015. Our cash flows generated from operating activities for the three months ended June 30, 2016 are calculated by adjusting our loss after tax of \$45.5 million by (i) non-cash and other items, such as \$27.4 million of depreciation of property, plant and equipment, \$30.9 million of finance expense, \$4.0 million of amortization of intangible assets, the \$16.8 million settlement fee to Tessera and \$0.2 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended June 30, 2016 included primarily a decrease in cash of \$2.7 million from trade and other receivables, a decrease in cash of \$3.5 million from inventories and a decrease in cash of \$3.8 million from trade and other payables. In the three months ended June 30, 2016, we made cash payments of \$6.4 million in respect of income tax expense.

Cash Flows from Investing Activities

Net cash used in investing activities was \$16.4 million during the three months ended June 30, 2017. The principal component of the cash outflow was \$19.4 million used for purchases of property, plant and equipment, which was partially offset by \$2.8 million of proceeds from the disposal of property, plant and equipment.

Net cash used in investing activities was \$14.1 million during the three months ended June 30, 2016. The principal component of the cash outflow was \$16.2 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 June 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 June 30, 2016 was \$0.7 million, which principally included \$0.6 million in interest payments and \$0.1 million of dividends paid to minority shareholders of UTL.

Six months ended June 30, 2016 compared to six months ended June 30, 2015

Cash Flows from Operating Activities

We generated \$56.3 million in net cash from our operating activities for the six months ended June 30, 2017, an increase from \$45.4 million for the six months ended June 30, 2016. Our cash flows generated from operating activities for the six months ended June 30, 2017 are calculated by adjusting our loss after tax of \$45.2 million by (i) non-cash and other items, including \$51.8 million of depreciation of property, plant and equipment, \$60.0 million of finance expense, \$5.3 million of amortization of intangible assets and \$0.7 million in income tax benefit, and (ii) changes in working capital described below.

Working capital sources of cash in the six months ended June 30, 2017 included primarily an increase in cash of \$9.8 million from trade and other receivables, which was offset by a decrease in cash of \$4.0 million from inventories and a decrease in cash of \$7.7 million from trade and other payables. In the six months ended June 30, 2017, we made cash payments of \$2.3 million in respect of income tax expense.

We generated \$45.4 million in net cash from our operating activities for the six months ended June 30, 2016, a decrease from \$76.3 million for the six months ended June 30, 2015. Our cash flows generated from operating activities for the six months ended June 30, 2016 are calculated by adjusting our loss after tax of \$79.6 million by (i) non-cash and other items, such as \$54.9 million of depreciation of property, plant and equipment, \$61.2 million of finance expense, \$8.0 million of amortization of intangible assets, the one-time payment of a \$16.8 million settlement fee to Tessera and \$0.5 million in income tax expense, and (ii) changes in working capital described below.

Working capital sources of cash in the six months ended June 30, 2016 included primarily an increase in cash of \$3.3 million from trade and other receivables, which was offset by a decrease in cash of \$4.5 million from inventories and a decrease in cash of \$5.7 million from trade and other payables. In the six months ended June 30, 2016, we made cash payments of \$6.5 million in respect of income tax expense.

Cash Flows from Investing Activities

Net cash used in investing activities was \$35.5 million during the six months ended June 30, 2017. The principal component of the cash outflow was \$38.9 million used for purchases of property, plant and equipment, which was partially offset by \$3.1 million from proceeds from disposal of property, plant and equipment.

Net cash used in investing activities was \$34.0 million during the six months ended June 30, 2016. The principal component of the cash outflow was \$41.7 million used for purchases of property, plant and equipment, which was partially offset by \$6.8 million from proceeds from disposal of property, plant and equipment and \$0.9 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 six months ended June 30, 2017 was \$56.6 million, which principally included \$56.4 million in interest payment and \$0.2 million in repayment of finance lease liabilities.

Net cash used in financing activities during the six months ended June 30, 2016 was \$59.1 million, which principally included \$57.5 million in interest payment and \$1.5 million in dividends paid to minority shareholders of UTL.

Capital Expenditures

We had cash outflows in respect of capital expenditures, or cash capital expenditures, of \$38.9 million for the six months ended June 30, 2017 compared to \$42.7 million for the six months ended June 30, 2016. For the six months ended June 30, 2017, our cash capital expenditure related mainly to assembly and test capacity expansion. Subject to market conditions and our financial performance in 2017, we currently expect cash capital expenditure for 2017 to be higher 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 June 30, 2017, the total amount outstanding under our long-term and short-term borrowings was \$1,115.2 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 June 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 June 30, 2017, without deducting unamortized loan facility and related issuance costs of \$12.7 million.

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

Sales of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$12.6 million, or 7.4%, of our total sales for the six months ended June 30, 2017. Assets of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$37.1 million, or 2.8%, of our total assets as of June 30, 2017. Liabilities of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$18.3 million, or 1.4%, of our total liabilities as of June 30, 2017.

Sales of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$31.9 million, or 9.8%, of our total sales for the six months ended June 30, 2016. Assets of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$84.2 million, or 5.9%, of our total assets as of June 30, 2016. Liabilities of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$20.4 million, or 1.5%, of our total liabilities as of June 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 \$5.2 million as of June 30, 2017) with Siam Commercial Bank Public Company Limited, or Siam Commercial Bank, which may be utilized for working capital purposes. As of June 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 \$2.5 million as of June 30, 2017) with Siam Commercial Bank, which may be utilized for working capital purposes. As of June 30, 2017, guarantees of an aggregate amount of 60.5 million Thai Baht (approximate \$1.8 million as of June 30, 2017) have been issued under these facilities.

UTC has a letter of credit facility of an amount of \$7.0 million with Ta Chong Bank, which has an undrawn balance of \$6.4 million as of June 30, 2017.

Finance leases

We have leased certain plant and equipment under finance leases. As of June 30, 2017, our total finance lease obligations were \$0.5 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 June 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. The plaintiffs allege that the September 30, 2013 exchange transaction caused an event of default under the indenture and seek monetary damages and other relief, including an injunction "unwinding" the September 30, 2013 transaction and/or "subordinating the liens" securing the senior secured notes issued on September 30, 2013 to the liens on those senior secured notes issued on February 7, 2013. On July 14, 2015, the court granted Global A&T Electronics's motion to dismiss and dismissed the February 2014 complaint in its entirety. On July 21, 2015, certain plaintiffs appealed the court's decision to the Appellate Division of the Supreme Court of the State of New York. On May 3, 2016, the Appellate Division reinstated certain of the noteholders's claims against Global A&T Electronics's for breach of the indenture and the intercreditor agreement in connection with the September 30, 2013 exchange transaction. On October 7, 2016, certain noteholders filed an amended complaint that asserted the claims reinstated by the Appellate Division. On October 31, 2016, Global A&T Electronics filed a motion to dismiss that complaint based on standing grounds. On May 9, 2017, the motion to dismiss was denied. We intend to appeal the decision to the Appellate Division. On May 22, 2017, the plaintiffs filed a motion for partial summary judgment on certain claims and on July 21, 2017, Global A&T Electronics filed a reply in opposition. A hearing in respect of the plaintiffs's motion for partial summary judgment has been scheduled for August 23, 2017. We continue to be of the view that the September 30, 2013 exchange transaction fully complied with the intercreditor agreement and the indenture and will vigorously oppose the noteholders's claims. Any adverse ruling from this litigation could have a material and adverse effect on our business, financial condition and results of operations.

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. On July 11, 2017, Global A&T Electronics filed a motion to dismiss that complaint based on standing grounds. We believe that the claims alleged are without merit and intend to vigorously defend our interests in this suit.

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, and the action is ongoing with respect to this claim. We will continue to vigorously defend our interests in this suit. Any adverse ruling from this litigation could have a material and adverse effect on our business, financial condition and results of operations.

Critical Accounting Policies

Our critical accounting policies are disclosed in our annual report for the year ended December 31, 2016. During the six months ended June 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 six months ended June 30, 2017

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

For the three-month and six-month period ended June 30, 2017

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2017	2016	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Sales	167,437	170,284	324,471	335,702
Cost of sales	(147,209)	(142,678)	(285,714)	(279,359)
Gross profit	20,228	27,606	38,757	56,343
Other income	1,896	4,867	3,046	6,850
Other gains/(losses) i net.....	133	1,717	(934)	596
Expenses				
- Selling, general and administrative.	(16,028)	(18,138)	(32,810)	(34,121)
- Research and development.....	(3,065)	(3,685)	(5,975)	(7,635)
- Finance.....	(30,945)	(30,435)	(61,190)	(60,181)
- Others.....	(17,506)	(641)	(20,035)	(7,741)
Loss before income tax	(45,287)	(18,709)	(79,141)	(45,889)
Income tax expense.....	(239)	(185)	(499)	685
Loss after tax.....	(45,526)	(18,894)	(79,640)	(45,204)
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)	-	(2)
Cash flow hedges				
- Fair value losses	-	-	-	43
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurements on post-employment benefit obligation	1	43	16	55
Other comprehensive (loss)/income, net of tax.....	1	41	16	96
Total comprehensive loss.....	(45,525)	(18,853)	(79,624)	(45,108)
(Loss)/profit attributable to:				
Equity holders of the Company.....	(45,647)	(19,087)	(79,815)	(45,497)
Non-controlling interests	121	193	175	293
	(45,526)	(18,894)	(79,640)	(45,204)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company.....	(45,646)	(19,045)	(79,800)	(45,400)
Non-controlling interests	121	192	176	292
	(45,525)	(18,853)	(79,624)	(45,108)

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

	December 31, 2016 US\$'000	June 30, 2017 US\$'000
ASSETS		
Current assets		
Cash and bank deposits	108,634	72,796
Trade and other receivables.....	125,795	117,046
Inventories.....	43,086	47,076
Other assets	7,578	15,407
	<u>285,093</u>	<u>252,325</u>
Non-current assets held-for-sale	297	-
	<u>285,390</u>	<u>252,325</u>
Non-current assets		
Other assets	2,130	1,760
Deferred income tax assets.....	3,082	4,109
Available-for-sale financial assets	983	983
Property, plant and equipment.....	410,100	403,139
Goodwill	643,405	643,405
Intangible assets	18,596	13,837
	<u>1,078,296</u>	<u>1,067,233</u>
Total assets	<u>1,363,686</u>	<u>1,319,558</u>
LIABILITIES		
Current liabilities		
Trade and other payables.....	162,494	161,181
Current income tax liabilities	2,105	2,477
Deferred income.....	56	51
Borrowings	257	235
Provisions	8,307	9,806
Derivative financial instruments.....	57	-
	<u>173,276</u>	<u>173,750</u>
Non-current liabilities		
Trade and other payables.....	5,176	1,447
Borrowings	1,111,414	1,114,925
Deferred income tax liabilities.....	9,339	8,446
Long term benefit obligations	22,149	23,766
	<u>1,148,078</u>	<u>1,148,584</u>
Total liabilities	<u>1,321,354</u>	<u>1,322,334</u>
NET ASSETS	<u>42,332</u>	<u>(2,776)</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)	(7,258)
Accumulated losses	(652,709)	(698,205)
	<u>37,397</u>	<u>(7,463)</u>
Non-controlling interests.....	4,395	4,687
Total equity	<u>42,332</u>	<u>(2,776)</u>

* Denotes amount less than \$1,000

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at June 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	-	-	96	(45,496)	(45,400)	292	(45,108)
As at June 30, 2017	<u>*</u>	<u>698,000</u>	<u>(7,258)</u>	<u>(698,205)</u>	<u>(7,463)</u>	<u>4,687</u>	<u>(2,776)</u>
 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	-	-	15	(79,815)	(79,800)	176	(79,624)
As at June 30, 2016	<u>*</u>	<u>698,000</u>	<u>(6,431)</u>	<u>(590,513)</u>	<u>101,056</u>	<u>4,047</u>	<u>105,103</u>

* 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 six-month period ended June 30, 2017

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2017	2016	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss after tax.....	(45,526)	(18,894)	(79,640)	(45,204)
Adjustments for:				
- Income tax expense.....	239	186	499	(684)
- Depreciation of property, plant and equipment	27,361	26,035	54,949	51,803
- Amortization of intangible assets	3,969	2,633	7,962	5,260
- Net gain on disposal of property, plant and equipment.....	(662)	(2,354)	(672)	(1,804)
- Net gain on disposal of non-current asset held-for-sale	(101)	-	(494)	(543)
- Dividend income.....	-	(70)	-	(70)
- Reversal of impairment loss on property, plant and equipment	-	(1,461)	-	(1,461)
- Settlement with Tessera.....	16,757	-	16,757	-
- Finance expenses	30,945	30,435	61,190	60,181
- Interest income.....	(136)	(88)	(380)	(192)
- Government grant income.....	(773)	(434)	(838)	(523)
Change in working capital:				
- Trade and other receivables.....	(2,737)	(4,763)	3,297	9,797
- Inventories	(3,507)	(3,064)	(4,498)	(3,991)
- Other assets	136	(7,380)	(311)	(7,741)
- Trade and other payables.....	(3,834)	(7,547)	(5,721)	(7,664)
- Long term benefit obligations.....	(378)	643	(1,016)	1,616
- Currency translation difference.....	160	(134)	109	(680)
Government grant received.....	667	431	729	517
Income tax paid	(6,382)	(2,302)	(6,480)	(2,340)
Net cash provided by operating activities.....	16,198	11,872	45,442	56,277
Cash flows from investing activities				
Payment for acquisition of property, plant and equipment.....	(16,181)	(19,364)	(41,732)	(38,945)
Payment for acquisition of intangible assets	-	-	(938)	-
Proceeds from disposal of property, plant and equipment.....	873	2,835	6,755	3,076
Proceeds from disposal of non-current assets held-for-sale	314	-	946	-
Proceeds from disposal of intangible assets	733	-	733	-
Dividend received.....	-	70	-	70
Interest received.....	120	90	267	254
Net cash used in investing activities.....	(14,141)	(16,369)	(33,969)	(35,545)
Cash flows from financing activities				
Repayment of finance lease liabilities.....	(74)	(118)	(172)	(207)
Interest paid.....	(569)	-	(57,484)	(56,363)
Dividend paid to non-controlling interests	(114)	-	(1,485)	-
Net cash used in financing activities.....	(757)	(118)	(59,141)	(56,570)
Net increase/(decrease) in cash and cash equivalents.....	1,300	(4,615)	(47,668)	(35,838)
Cash and cash equivalents at the beginning of the financial period.....	134,932	77,411	183,900	108,634
Cash and cash equivalents at the end of the financial period .	136,232	72,796	136,232	72,796

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2017	2016	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and cash equivalents in the Group's financial position	136,232	72,796	136,232	72,796
Less: Cash subject to restrictions	-	-	-	-
Cash and cash equivalents in consolidated cash flows	136,232	72,796	136,232	72,796

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

For the three months and six months ended June 30, 2017

1. Interim financial information

The consolidated condensed financial information and related disclosures as of June 30, 2017 and for the six months ended June 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 \$335.7 million for the six months ended June 30, 2017 from \$324.5 million for the six months ended June 30, 2016. Breakdowns of sales by service type and product category are as follows:

Service type	Six months ended June 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Assembly.....	225,794	69.6%	240,186	71.5%
Test	98,677	30.4%	95,516	28.5%
Total.....	324,471	100.0%	335,702	100.0%

Product category	Six months ended June 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Analog	146,127	45.0%	179,466	53.4%
Mixed-Signal and Logic.....	144,902	44.7%	123,130	36.7%
Memory.....	33,442	10.3%	33,106	9.9%
Total.....	324,471	100.0%	335,702	100.0%

Sales increased to \$170.3 million for the three months ended June 30, 2017 from \$167.4 million for the three months ended June 30, 2016. Breakdowns of sales by service type and product category are as follows:

Service type	Three months ended June 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Assembly.....	117,640	70.3%	122,234	71.8%
Test	49,797	29.7%	48,050	28.2%
Total.....	167,437	100.0%	170,284	100.0%

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For the three months and six months ended June 30, 2017

Product category	Three months ended June 30,			
	2016		2017	
	(in thousands of U.S. dollars, except percentages)			
Analog	78,024	46.6%	91,734	53.9%
Mixed-Signal and Logic.....	72,519	43.3%	62,095	36.5%
Memory	16,894	10.1%	16,455	9.6%
Total.....	167,437	100.0%	170,284	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 June 30, 2017
Cash and bank deposits	<i>(in thousands of U.S. dollars)</i>	
Cash at bank and on hand	62,599	67,760
Short-term bank deposits	46,035	5,036
Total.....	108,634	72,796

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 June 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	103,997
Trade receivables i related corporation	87	-
Less: Allowance for impairment of receivables - non-related parties	(77)	(77)
	118,909	103,920
<i>Non-trade receivables</i>		
- non-related parties	4,325	7,688
- immediate holding corporation.....	1,528	1,890
- related corporation.....	1,033	3,548
Total.....	125,795	117,046

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 \$117.0 million as at June 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 six months ended June 30, 2017

6. Trade and other payables

	As at December 31, 2016	As at June 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	21,633
- Other purchases	45,609	44,323
	60,660	65,956
Other payables to non-related parties.....	5,210	4,774
Accrued interest payable	46,969	46,969
Other accrual for operating expenses	36,296	31,967
Deposits and advances from customers	7,359	7,515
Deferred payment on legal settlement to a third party	6,000	4,000
Total for current portion.....	162,494	161,181
<i>Non-current</i>		
Deferred payment on legal settlement to a third party	5,176	1,447
Total trade and other payable.....	167,670	162,628

Trade and other payables decreased to \$162.6 million as at June 30, 2017 from \$167.7 million as at December 31, 2016 mainly due to decrease in other accrual for operating expenses.

7. Intangible assets

Intangible assets decreased by \$4.8 million to \$13.8 million as at June 30, 2017 from \$18.6 million as at December 31, 2016. The decrease was primarily due to amortization for the period of \$5.3 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 \$403.1 million as at June 30, 2017 from \$410.1 million as at December 31, 2016. The decrease was primarily due to depreciation charge of \$51.8 million, which was partially offset by addition of \$43.8 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 June 30, 2017
Capital commitments	<i>(in thousands of U.S. dollars)</i>	
Property, plant and equipment.....	14,107	42,914

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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

Six months ended	Assembly	Test	Total
June 30, 2017	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	237,842	95,514	333,356
Sales to related corporation	2,344	2	2,346
Segment sales	240,186	95,516	335,702
Segment gross profit	39,203	17,140	56,343
June 30, 2016			
Sales to external parties	225,480	98,642	324,122
Sales to related corporation	314	35	349
Segment sales	225,794	98,677	324,471
Segment gross profit	21,337	17,420	38,757
Three months ended	Assembly	Test	Total
June 30, 2017	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	120,613	47,961	168,574
Sales to related corporation	1,621	89	1,710
Segment sales	122,234	48,050	170,284
Segment gross profit	19,711	7,895	27,606
June 30, 2016			
Sales to external parties	117,326	49,762	167,088
Sales to related corporation	314	35	349
Segment sales	117,640	49,797	167,437
Segment gross profit	11,388	8,840	20,228

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Reconciliation

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

	Six months ended June 30,	
	2016	2017
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments.....	38,757	56,343
Other income	3,046	6,850
Other gains/(losses) i net.....	(934)	596
Selling, general and administrative expenses	(32,810)	(34,121)
Research and development costs	(5,975)	(7,635)
Finance costs.....	(61,190)	(60,181)
Other expenses.....	(20,035)	(7,741)
Loss before income tax	<u>(79,141)</u>	<u>(45,889)</u>

	Three months ended June 30,	
	2016	2017
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments.....	20,228	27,606
Other income	1,896	4,867
Other gains i net.....	133	1,717
Selling, general and administrative expenses	(16,028)	(18,138)
Research and development costs	(3,065)	(3,685)
Finance costs.....	(30,945)	(30,435)
Other expenses.....	(17,506)	(641)
Loss before income tax	<u>(45,287)</u>	<u>(18,709)</u>