

---

**QUARTERLY REPORT FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2016**

**GLOBAL A&T ELECTRONICS LTD**

August 12, 2016

## TABLE OF CONTENTS

|                                                                                                | <b><u>Page</u></b> |
|------------------------------------------------------------------------------------------------|--------------------|
| CERTAIN DEFINITIONS AND CONVENTIONS .....                                                      | 2                  |
| INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE .....                                          | 3                  |
| CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION.....                                | 4                  |
| MATERIAL RECENT DEVELOPMENTS SINCE JUNE 30, 2016 .....                                         | 5                  |
| RISK FACTORS .....                                                                             | 6                  |
| MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF<br>OPERATIONS ..... | 7                  |
| UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION .....                           | 18                 |

## 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 (formerly known as ASAT Ltd.), 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 revolving credit facility” are to the revolving credit facility extended to Global A&T Electronics under the senior revolving credit facility agreement;
- “senior revolving credit facility agreement” are to the credit agreement dated February 7, 2013, as amended and supplemented from time to time, entered into among Global A&T Electronics, JPMorgan Chase Bank, N.A., as administrative agent, syndication agent and documentation agent, Citicorp International Limited, as security agent, Bank of America, N.A., Credit Suisse AG, Singapore Branch, JP Morgan Chase Bank N.A. acting through its Singapore Branch and UBS AG, Hong Kong Branch, as joint mandated lead arrangers and joint bookrunners;
- “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, 2015, dated April 19, 2016 and its quarterly report for the three months ended March 31, 2016, dated May 3, 2016. 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:

- the cyclical nature of the semiconductor industry;
- our reliance on certain major customers;
- our history of substantial losses;
- our ability to manage our geographically diverse manufacturing facilities and expand our business;
- our significant indebtedness affecting our operations, and our ability to repay or refinance our indebtedness as it falls due;
- 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, 2016**

We have terminated the senior revolving credit facility agreement in respect of our \$125.0 million senior revolving credit facility with effect from August 5, 2016. We did not draw on the senior revolving credit facility between February 3, 2013 when it was obtained and August 5, 2016 when it was terminated. Please refer to Liquidity and Capital Resources disclosure in the Management's Discussion and Analysis of Financial Condition and Result of Operations for our liquidity and capital resources as of June 30, 2016.

Other than as disclosed above and elsewhere in this quarterly report, there have been no material developments in our business since June 30, 2016.

## **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, 2015 and our quarterly report for the three months ended March 31, 2016.

## 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, 2016, 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, 2015, our quarterly report for the three months ended March 31, 2016 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:

| Service type       | Three Months ended June 30,   |                        |                               |                        | Six Months ended June 30,     |                        |                               |                        |
|--------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
|                    | 2015                          |                        | 2016                          |                        | 2015                          |                        | 2016                          |                        |
|                    | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales |
| Assembly.....      | 106.3                         | 63.7%                  | 117.6                         | 70.3%                  | 218.2                         | 64.3%                  | 225.8                         | 69.6%                  |
| Test .....         | 60.6                          | 36.3%                  | 49.8                          | 29.7%                  | 120.9                         | 35.7%                  | 98.7                          | 30.4%                  |
| <b>Total .....</b> | <b>166.8</b>                  | <b>100.0%</b>          | <b>167.4</b>                  | <b>100.0%</b>          | <b>339.1</b>                  | <b>100.0%</b>          | <b>324.5</b>                  | <b>100.0%</b>          |

Our sales mix by assembly and test services for the six and three months ended June 30, 2016 increased compared to the six and three months ended June 2015 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:

| Service type                | Three Months ended June 30,   |                        |                               |                        | Six Months ended June 30,     |                        |                               |                        |
|-----------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
|                             | 2015                          |                        | 2016                          |                        | 2015                          |                        | 2016                          |                        |
|                             | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales |
| Analog.....                 | 69.8                          | 41.8%                  | 78.0                          | 46.6%                  | 140.3                         | 41.4%                  | 146.1                         | 45.0%                  |
| Mixed-signal and logic..... | 77.3                          | 46.3%                  | 72.5                          | 43.3%                  | 160.3                         | 47.3%                  | 144.9                         | 44.7%                  |
| Memory.....                 | 19.8                          | 11.8%                  | 16.9                          | 10.1%                  | 38.5                          | 11.4%                  | 33.4                          | 10.3%                  |
| <b>Total .....</b>          | <b>166.8</b>                  | <b>100.0%</b>          | <b>167.4</b>                  | <b>100.0%</b>          | <b>339.1</b>                  | <b>100.0%</b>          | <b>324.5</b>                  | <b>100.0%</b>          |

Sales from our analog product category increased 4.1% to \$146.1 million in the six months ended June 30, 2016 from \$140.3 million in the six months ended June 30, 2015 primarily due to increased sales demands from existing and new customers.

Sales from our mixed-signal and logic product category decreased 9.6% to \$144.9 million in the six months ended June 30, 2016 from \$160.3 million in the six months ended June 30, 2015 primarily due to price erosion and weak demand in key semiconductor markets, in particular the mobile communications market.

Sales from our memory product category decreased 13.2% to \$33.4 million in the six months ended June 30, 2016 from \$38.5 million in the six months ended June 30, 2015 due to continued weakness among our DRAM and NAND customers.

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,     |                        |                               |                        |
|------------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
|                              | 2015                          |                        | 2016                          |                        | 2015                          |                        | 2016                          |                        |
|                              | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales | Amount<br>(\$ in<br>millions) | Percentage<br>of sales |
| United States .....          | 105.6                         | 63.3%                  | 102.7                         | 61.4%                  | 215.4                         | 63.5%                  | 195.7                         | 60.3%                  |
| Asia (excluding Japan) ..... | 36.1                          | 21.6%                  | 38.1                          | 22.8%                  | 74.1                          | 21.8%                  | 78.9                          | 24.3%                  |
| Europe .....                 | 18.6                          | 11.1%                  | 20.0                          | 11.9%                  | 36.7                          | 10.8%                  | 37.0                          | 11.4%                  |
| Japan .....                  | 5.6                           | 3.3%                   | 5.5                           | 3.3%                   | 11.0                          | 3.3%                   | 10.9                          | 3.4%                   |
| Others .....                 | 1.0                           | 0.6%                   | 1.0                           | 0.6%                   | 1.8                           | 0.5%                   | 1.9                           | 0.6%                   |
| <b>Total .....</b>           | <b>166.8</b>                  | <b>100.0%</b>          | <b>167.4</b>                  | <b>100.0%</b>          | <b>339.1</b>                  | <b>100.0%</b>          | <b>324.5</b>                  | <b>100.0%</b>          |

Sales from our customers headquartered in United States decreased in the six months ended June 30, 2016 compared to the six months ended June 30, 2015 primarily due to weak demand in PC and handset end-markets. Our sales to customers' headquartered in Asia (excluding Japan) increased due to strong demand from mobile handset customers in China.

## Results of Operations

|                                           | Three Months ended June 30,          |                        |         |                        | Six Months ended June 30, |                        |         |                        |
|-------------------------------------------|--------------------------------------|------------------------|---------|------------------------|---------------------------|------------------------|---------|------------------------|
|                                           | 2015                                 |                        | 2016    |                        | 2015                      |                        | 2016    |                        |
|                                           | Amount                               | Percentage<br>of sales | Amount  | Percentage<br>of sales | Amount                    | Percentage<br>of sales | Amount  | Percentage<br>of sales |
|                                           | (\$ in millions, except percentages) |                        |         |                        |                           |                        |         |                        |
| Sales .....                               | 166.8                                | 100.0%                 | 167.4   | 100.0%                 | 339.1                     | 100.0%                 | 324.5   | 100.0%                 |
| Cost of sales .....                       | (143.3)                              | (85.9%)                | (147.2) | (87.9%)                | (285.9)                   | (84.3%)                | (285.7) | (88.0%)                |
| Gross profit .....                        | 23.5                                 | 14.1%                  | 20.2    | 12.1%                  | 53.1                      | 15.7%                  | 38.8    | 12.0%                  |
| Other income .....                        | 1.0                                  | 0.6%                   | 1.9     | 1.1%                   | 2.7                       | 0.8%                   | 3.0     | 0.9%                   |
| Other gains/(losses) — net .....          | 0.2                                  | 0.1%                   | 0.1     | 0.1%                   | 0.8                       | 0.2%                   | (0.9)   | (0.3%)                 |
| Expenses:                                 |                                      |                        |         |                        |                           |                        |         |                        |
| Selling, general and administrative ..... | (17.4)                               | (10.4%)                | (16.0)  | (9.6%)                 | (35.2)                    | (10.4%)                | (32.8)  | (10.1%)                |
| Research and development .....            | (2.1)                                | (1.3%)                 | (3.1)   | (1.9%)                 | (4.2)                     | (1.2%)                 | (6.0)   | (1.8%)                 |
| Finance .....                             | (30.8)                               | (18.5%)                | (30.9)  | (18.5%)                | (60.8)                    | (17.9%)                | (61.2)  | (18.9%)                |
| Others .....                              | (3.9)                                | (2.3%)                 | (17.5)  | (10.5%)                | (4.3)                     | (1.3%)                 | (20.0)  | (6.2%)                 |
| Loss before tax .....                     | (29.3)                               | (17.6%)                | (45.3)  | (27.1%)                | (47.8)                    | (14.1%)                | (79.1)  | (24.4%)                |
| Income tax expense .....                  | (4.4)                                | (2.6%)                 | (0.2)   | (0.1%)                 | (6.3)                     | (1.9%)                 | (0.5)   | (0.2%)                 |
| Loss after tax .....                      | (33.7)                               | (20.2%)                | (45.5)  | (27.2%)                | (54.0)                    | (15.9%)                | (79.6)  | (24.5%)                |
| Non-controlling interests .....           | 0.5                                  | 0.3%                   | 0.1     | 0.1%                   | 0.8                       | 0.2%                   | 0.2     | 0.1%                   |
| Loss after non-controlling interest ..... | (34.2)                               | (20.5%)                | (45.6)  | (27.2%)                | (54.8)                    | (16.2%)                | (79.8)  | (24.6%)                |

***Three months ended June 30, 2016 compared to three months ended June 30, 2015***

*Sales.* Sales increased 0.4% to \$167.4 million in the three months ended June 30, 2016 from \$166.8 million in the three months ended June 30, 2015.

Our test services sales decreased 17.8% to \$49.8 million in the three months ended June 30, 2016 from \$60.6 million in the three months ended June 30, 2015 primarily due to the decrease in sales from our mixed-signal and logic product category and memory product category.

Our assembly services sales increased 10.6% to \$117.6 million in the three months ended June 30, 2016 from \$106.3 million in the three months ended June 30, 2015 primarily due to the increase in sales from our analog product category.

*Cost of sales.* Cost of sales increased 2.7% to \$147.2 million in the three months ended June 30, 2016 from \$143.3 million in the three months ended June 30, 2015 principally due to higher material costs as assembly services constituted a higher proportion of our sales for the period, which were partially offset by lower depreciation expenses and costs of utilities.

As a result of the factors described in the preceding paragraph, our cost of sales as a percentage of sales increased to 87.9% in the three months ended June 30, 2016 compared to 85.9% in the three months ended June 30, 2015.

*Gross profit.* Gross profit decreased 14.0% to \$20.2 million in the three months ended June 30, 2016 from \$23.5 million in the three months ended June 30, 2015. Gross profit as a percentage of sales, or gross profit margin, was 12.1% in the three months ended June 30, 2016 compared to 14.1% in the three months ended June 30, 2015. The decreases in our gross profit and gross profit margin were primarily due to price erosion and higher material costs as assembly services constituted a higher proportion of our sales for the period, which was partially offset by lower depreciation and costs of utilities.

*Other income.* Other income increased to \$1.9 million in the three months ended June 30, 2016 from \$1.0 million in the three months ended June 30, 2015 primarily due to an increase in government grant income.

*Other gains/(losses) - net.* Other gains – net were \$0.1 million and \$0.2 million in the three months ended June 30, 2016 and 2015, respectively, which were fairly consistent during the two periods.

*Selling, general and administrative expenses.* Selling, general and administrative expenses decreased to \$16.0 million in the three months ended June 30, 2016 from \$17.4 million in the three months ended June 30, 2015 primarily due to lower legal and professional expenses and lower costs associated with corporate actions.

*Research and development expenses.* Research and development expenses increased to \$3.1 million in the three months ended June 30, 2016 from \$2.1 million in the three months ended June 30, 2015 primarily due to additional research and development personnel and higher depreciation expenses.

*Finance expenses.* Finance expenses were \$30.9 million and \$30.8 million in the three months ended June 30, 2016 and 2015, respectively. These related to the interest charges on our long term borrowings which were fairly consistent during the two periods.

*Other expenses.* Other expenses were \$17.5 million in the three months ended June 30, 2016 primarily due to a 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. Other expenses were \$3.9 million in the three months ended June 30, 2015 primarily due to a provision of \$3.0 million we recorded in relation to initial audit findings by Tessera appointed auditors pursuant to a technology license agreement dated February 28, 2010 between Tessera and USG.

*Loss before tax.* Our loss before tax was \$45.3 million in the three months ended June 30, 2016 compared to a loss before tax of \$29.3 million in the three months ended June 30, 2015.

*Income tax expense.* Our income tax expense was \$0.2 million in the three months ended June 30, 2016 compared to \$4.4 million in the three months ended June 30, 2015. The decrease was primarily as a result of capital gains tax on patent transfers from Thailand and Taiwan entities to UHQ in the three months ended June 30, 2015.

*Non-controlling interests.* Non-controlling interests were \$0.1 million in the three months ended June 30, 2016 compared to \$0.5 million in the three months ended June 30, 2015.

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

*Sales.* Sales decreased 4.3% to \$324.5 million in the six months ended June 30, 2016 from \$339.1 million in the six months ended June 30, 2015.

Our test services sales decreased 18.4% to \$98.7 million in the six months ended June 30, 2016 from \$120.9 million in the six months ended June 30, 2015 primarily due to decreases in sales from our mixed-signal and logic product category and memory product category.

Our assembly services sales increased 3.5% to \$225.8 million in the six months ended June 30, 2016 from \$218.2 million in the six months ended June 30, 2015 primarily due to an increase in sales from our analog product category.

*Cost of sales.* Cost of sales decreased 0.1% to \$285.7 million in the six months ended June 30, 2016 from \$285.9 million in the six months ended June 30, 2015 principally due to lower sales, depreciation expenses and costs of utilities, which were partially offset by higher material costs as assembly services constituted a higher proportion of our sales for the period.

As a result of the factors described in the preceding paragraph, our cost of sales as a percentage of sales increased to 88.0% in the six months ended June 30, 2016 compared to 84.3% in the six months ended June 30, 2015.

*Gross profit.* Gross profit decreased 26.9% to \$38.8 million in the six months ended June 30, 2016 from \$53.1 million in the six months ended June 30, 2015. Gross profit margin was 12.0% in the six months ended June 30, 2016 compared to 15.7% in the six months ended June 30, 2015. The decreases in our gross profit and gross profit margin were primarily due to price erosion and higher material costs as assembly services constituted a higher percentage of our sales for the period, which was partially offset by lower depreciation expenses and costs of utilities.

*Other income.* Other income increased to \$3.0 million in the six months ended June 30, 2016 from \$2.7 million in the six months ended June 30, 2015 which were fairly consistent during the two periods.

*Other gains/(losses) - net.* Other losses - net was \$0.9 million in the six months ended June 30, 2016 compared to other gains - net of \$0.8 million in the six months ended June 30, 2015 primarily due to the depreciation of the U.S. dollar against the Thai Baht in the six months ended June 30, 2016.

*Selling, general and administrative expenses.* Selling, general and administrative expenses decreased to \$32.8 million in the six months ended June 30, 2016 from \$35.2 million in the six months ended June 30, 2015 primarily due to lower legal and professional expenses and lower costs associated with corporate actions.

*Research and development expenses.* Research and development expenses increased to \$6.0 million in the six months ended June 30, 2016 from \$4.2 million in the six months ended June 30, 2015 primarily due to additional research and development personnel and higher depreciation expenses.

*Finance expenses.* Finance expenses were \$61.2 million in the six months ended June 30, 2016 compared to \$60.8 million in the six months ended June 30, 2015. These related to the interest charges on our long term borrowings which were fairly consistent during the two periods.

*Other expenses.* Other expenses increased to \$20.0 million in the six months ended June 30, 2016 compared to \$4.3 million in the six months ended June 30, 2015 primarily due to a 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 and restructuring expenses of \$3.0 million. Our other expenses in the six months ended June 30, 2015 were primarily due

to a provision of \$3.0 million we recorded in relation to initial audit findings by Tessera's appointed auditors pursuant to a technology license agreement dated February 28, 2010 between Tessera and USG.

*Loss before tax.* Our loss before tax was \$79.1 million in the six months ended June 30, 2016 compared to a loss before tax of \$47.8 million in the six months ended June 30, 2015.

*Income tax expense.* Our income tax expense was \$0.5 million in the six months ended June 30, 2016 compared to \$6.3 million in the six months ended June 30, 2015. The decrease was primarily as a result of capital gains tax on patent transfers from Thailand and Taiwan entities to UHQ in the three months ended June 30, 2015.

*Non-controlling interests.* Non-controlling interests were \$0.2 million in the six months ended June 30, 2016 compared to \$0.8 million in the six months ended June 30, 2015.

### **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) gain on disposal of non-current asset held-for-sale; (ii) impairment loss of non-current assets held-for-sale; (iii) restructuring costs; (iv) settlement fee to Tessera; and (v) legal and professional fees which relate to corporate activities.

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:

|                                                            | <b>Three Months ended<br/>June 30,</b> |               | <b>Six Months ended<br/>June 30,</b> |               |
|------------------------------------------------------------|----------------------------------------|---------------|--------------------------------------|---------------|
|                                                            | <b>2015</b>                            | <b>2016</b>   | <b>2015</b>                          | <b>2016</b>   |
|                                                            | <b>(\$ in millions)</b>                |               |                                      |               |
| <b>Loss after tax</b> .....                                | <b>(33.7)</b>                          | <b>(45.5)</b> | <b>(54.0)</b>                        | <b>(79.6)</b> |
| Add/(deduct):                                              |                                        |               |                                      |               |
| Income tax expense .....                                   | 4.4                                    | 0.2           | 6.3                                  | 0.5           |
| Finance expenses .....                                     | 30.8                                   | 30.9          | 60.8                                 | 61.2          |
| Depreciation of property, plant and equipment .....        | 29.7                                   | 27.4          | 59.8                                 | 54.9          |
| Amortization of intangible assets .....                    | 3.9                                    | 4.0           | 7.9                                  | 8.0           |
| <b>EBITDA</b> .....                                        | <b>35.0</b>                            | <b>17.0</b>   | <b>80.8</b>                          | <b>45.0</b>   |
| Add/(deduct):                                              |                                        |               |                                      |               |
| Restructuring costs .....                                  | 0.2                                    | 0.6           | 0.6                                  | 3.0           |
| Impairment loss of non-current assets held-for-sale .....  | 0.7                                    | —             | 0.7                                  | —             |
| Gain on disposal of non-current assets held-for-sale ..... | —                                      | (0.1)         | (0.9)                                | (0.5)         |
| Settlement fee to Tessera <sup>(1)</sup> .....             | 3.0                                    | —             | 3.0                                  | —             |
| UTC Settlement with Tessera <sup>(2)</sup> .....           | —                                      | 16.8          | —                                    | 16.8          |

|                                   |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Legal and professional fees ..... | 1.4         | –           | 3.0         | –           |
| <b>Adjusted EBITDA .....</b>      | <b>40.3</b> | <b>34.3</b> | <b>87.2</b> | <b>64.3</b> |

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 June 30, 2016, our primary sources of liquidity included cash equivalents of \$136.2 million, our undrawn facilities of \$11.2 million and unutilized bank guarantee facilities of \$0.8 million.

We believe that after taking into account the expected cash to be provided by operations, the financial resources currently available to us, and certain corporate actions which we intend to take in the next 12 months, we have sufficient liquidity for our present and anticipated working capital needs, our debt service obligations, and other cash requirements, for at least the next 12 months.

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

|                                                                  | <b>Three Months ended<br/>June 30,</b> |             | <b>Six Months<br/>ended June 30,</b> |             |
|------------------------------------------------------------------|----------------------------------------|-------------|--------------------------------------|-------------|
|                                                                  | <b>2015</b>                            | <b>2016</b> | <b>2015</b>                          | <b>2016</b> |
|                                                                  | <b>(\$ in millions)</b>                |             |                                      |             |
| Net cash provided by operating activities .....                  | 36.3                                   | 16.2        | 76.3                                 | 45.4        |
| Net cash used in investing activities .....                      | (12.2)                                 | (14.1)      | (44.3)                               | (34.0)      |
| Net cash used in financing activities .....                      | (0.7)                                  | (0.8)       | (58.4)                               | (59.1)      |
| Net increase/(decrease) in cash and cash equivalents .....       | 23.4                                   | 1.3         | (26.4)                               | (47.7)      |
| Cash and cash equivalents at beginning of financial period ..... | 191.4                                  | 134.9       | 241.3                                | 183.9       |
| Cash and cash equivalents at end of financial period .....       | 214.8 <sup>(1)</sup>                   | 136.2       | 214.8 <sup>(1)</sup>                 | 136.2       |

Note:

- (1) The differences in the figures between cash and bank deposits and the cash and cash equivalents at the end of financial periods as set out in the unaudited financial information disclosed elsewhere in this quarterly report are due to cash subject to restrictions.

### *Three months ended June 30, 2016 compared to three months ended June 30, 2015*

#### *Cash Flows from Operating Activities*

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 an increase in trade and other receivables, \$3.5 million decrease in cash as a result of increase in inventories and \$3.8 million decrease in cash from a decrease in 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.

We generated \$36.3 million in net cash from our operating activities for the three months ended June 30, 2015. Our cash flows generated from operating activities for the three months ended June 30, 2015 are calculated by adjusting our loss after tax of \$33.7 million by (i) non-cash and other items, such as \$29.7 million of depreciation of property, plant and equipment, \$30.8 million of finance expense, \$3.9 million of amortization of intangible assets, \$4.4 million in income tax expense, \$3.0 million in provision for Tessera's initial audit findings pursuant to the technology license agreement and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended June 30, 2015 included primarily an increase in cash of \$2.0 million from decrease in trade and other receivables, \$1.5 million increase in cash as a result of the increase in trade and other payables and a \$2.4 million increase in cash resulting from a decrease in inventories, which were partially offset by a \$0.8 million decrease in cash resulting from an increase other assets. In the three months ended June 30, 2015, we made cash payments of \$6.7 million in respect of income tax expense.

#### *Cash Flows from Investing Activities*

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.

Net cash used in investing activities was \$12.2 million during the three months ended June 30, 2015. The principal component of the cash outflow was \$24.2 million used for the purchases of property, plant and equipment, which was partially offset by \$12.1 million repayment of loan (in respect of principal and interest) from Global A&T Electronics Ltd's parent company, UTAC Holdings Ltd.

#### *Cash Flows from Financing Activities*

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.

Net cash used in financing activities during the three months ended June 30, 2015 was \$0.7 million, which principally included \$0.6 million in interest payments.

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

#### *Cash Flows from Operating Activities*

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 a decrease in trade and other receivables, which was offset by a decrease in cash of \$4.5 million from an increase in inventories and a decrease in cash of \$5.7 million from a decrease in 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.

We generated \$76.3 million in net cash from our operating activities for the six months ended June 30, 2015. Our cash flows generated from operating activities for the six months ended June 30, 2015 are calculated by adjusting our loss after tax of \$54.0 million by (i) non-cash and other items, such as \$59.8 million of depreciation of property, plant and equipment, \$60.8 million of finance expense, \$7.9 million of amortization of intangible assets and \$0.9 million of gain on disposal of non-current asset held-for-sale, \$6.3 million in income tax expenses, \$3.0 million in provision for Tessera's initial audit findings pursuant to the technology license agreement and (ii) changes in working capital described below.

Working capital sources of cash in the six months ended June 30, 2015 included primarily an increase in cash of \$2.1 million from a decrease in trade and other receivables and \$2.0 million increase in cash resulting from a decrease in inventories, which was partially offset by a decrease in cash of \$3.1 million from decrease in trade and other payables. In the six months ended June 30, 2015, we made cash payments of \$6.9 million in respect of income tax expense.

#### *Cash Flows from Investing Activities*

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.

Net cash used in investing activities was \$44.3 million during the six months ended June 30, 2015. The principal component of the cash outflow was \$58.2 million used for purchases of property, plant and equipment, which was partially offset by \$12.1 million repayment of loan (in respect of principal and interest) from Global A&T Electronics' parent company, UTAC Holdings Ltd.

#### *Cash Flows from Financing Activities*

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.

Net cash used in financing activities during the six months ended June 30, 2015 was \$58.4 million, which principally included \$57.5 million in interest payments and \$0.7 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 \$42.7 million for the six months ended June 30, 2016 compared to \$58.7 million for the six months ended June 30, 2015. For the six months ended June 30, 2016, our cash capital expenditure related mainly to commitments made in financial year 2015 for the purchase of test and assembly equipment, comprising 50% of cash expenditure for assembly, 28% for testing equipment and the remainder for infrastructure and capability improvements. We expect cash capital expenditure for 2016 to be in the region of approximate \$90.0 million to \$100.0 million.

We plan our capital expenditure based on the expected sales and seek to invest only when we believe there are opportunities to general certain expected returns on investment. We expect to fund our budgeted capital expenditure through existing cash, cash generated from operations, and possible asset sales. We periodically review our budgeted capital expenditure during the 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, 2016, the total amount outstanding under our long-term and short-term borrowings was \$1,108.2 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 (excluding finance leases):

| <b>Facility</b>            | <b>Borrower/<br/>Issuer</b> | <b>Amount<br/>outstanding as<br/>of June 30, 2016</b> | <b>Total<br/>committed<br/>amount<br/>(\$ in millions)</b> | <b>Interest rate</b> | <b>Maturity</b> |
|----------------------------|-----------------------------|-------------------------------------------------------|------------------------------------------------------------|----------------------|-----------------|
| Senior secured notes ..... | Global A&T<br>Electronics   | 1,127.3 <sup>(1)</sup>                                | 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, 2016, without deducting unamortized loan facility and related issuance costs of \$19.6 million.

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. 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, in each case as of June 30, 2016.

Sales of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$18.0 million, or 5.3%, of our total sales for the six months ended June 30, 2015, and assets accounted for approximately \$82.6 million, or 5.3%, of our total assets, and liabilities accounted for approximately \$11.7 million, or 0.9%, of our total liabilities, in each case as of June 30, 2015.

### ***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 \$4.9 million as of June 30, 2016) with Siam Commercial Bank Public Company Limited, which may be utilized for working capital purposes. As of June 30, 2016, this facility has not been utilized.

UTL also currently has bank guarantee facilities for an aggregate of up to 85.1 million Thai Baht (approximate \$2.4 million as of June 30, 2016) with Siam Commercial Bank Public Company Limited and Krung Thai Bank Public Company Limited, which may be utilized for working capital purposes. As of June 30, 2016, guarantees of an aggregate amount of 57.1 million Thai Baht (approximate \$1.6 million as of June 30, 2016) 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 \$6.2 million as of June 30, 2016.

### ***Finance leases***

We have leased certain plant and equipment under finance leases. As of June 30, 2016, our total finance lease obligations were \$0.4 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, 2016, we had no 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.

### ***Complaint 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 purported holders of Global A&T Electronics' 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 claims asserted included alleged breaches of Global A&T Electronics' intercreditor agreement and indenture,

fraudulent inducement and fraud with respect to certain plaintiffs' purported purchases of the senior secured notes. The complaint sought monetary damages and declaratory relief, including a declaration that the issuance of the senior secured notes caused an event of default under the indenture. On July 14, 2015, the court granted Global A&T Electronics' 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' claims against Global A&T Electronics' for breach of the indenture and the intercreditor agreement in connection with the September 30, 2013 exchange transaction. On June 2, 2016, Global A&T Electronics' filed a motion requesting reconsideration of the Appellate Division's decision, and in the alternative, requested permission to appeal the decision to the New York Court of Appeals. 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' claims.

### ***Litigation with Tessera***

On September 30, 2010, Tessera filed a complaint against UTC in the United States District Court of the Northern District of California. The suit related to a contractual dispute about whether UTC's patent license agreement with Tessera obligates it to continue paying royalties to Tessera. Tessera's complaint sought a judicial determination and declaration that UTC remains contractually obligated to pay royalties to Tessera, an account of unpaid royalties and an award of damages in an amount to be determined at trial, plus interest on damages, costs, disbursements and attorneys' fees. UTC filed a motion to dismiss the complaint in March 2011, which the Court granted. Tessera filed an amended complaint in April 2012, and UTC filed its answer in May 2012. After completing discovery, the parties filed competing motions for partial summary judgment concerning the proper interpretation of the license agreement. In an order dated March 31, 2014, the court granted UTC's motion and denied Tessera's motion, thereby adopting UTC's proposed interpretation of the license agreement. As a result, in order to be entitled to royalties under the patent license agreement, Tessera would need to show that one or more of its patents cover UTC's products. Tessera subsequently identified patents that it alleged cover UTC's packages. The parties then conducted fact and expert discovery concerning Tessera's claims and submitted summary judgment motions concerning the claims and defenses. In a mandatory settlement conference held on April 20, 2016, the parties reached a settlement that entails, among other terms, dismissal of the lawsuit with prejudice and a payment by UTC of a total of \$18 million over a period of approximately three years. In accordance with the settlement, UTC made its first scheduled payment in June 2016, and the suit was dismissed with prejudice on June 17, 2016.

### ***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' 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. Amkor's amended complaint also confirmed that it was not seeking to reassert the other dismissed claims, but had reserved the right to appeal the dismissal of those claims. 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 September 11, 2015, the court issued an order providing for limited discovery on the issues raised by our motion for partial summary judgment, which has been completed. The case has recently been assigned to a new judge, and the parties were instructed to submit a list of pending motions by August 15, 2016. We will continue to vigorously defend their interests in this suit. The case is ongoing. 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, 2015. During the six months ended June 30, 2016, there have been no significant changes in our critical accounting policies.

## **Recent Accounting Pronouncements under SFRS**

### ***New Accounting Standards and SFRS Interpretations Effective 2016***

Certain new standards, amendments and interpretations to existing standards that have been published, and are relevant for Global A&T Electronics' accounting periods beginning on or after January 1, 2016 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, 2015.

**UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**

1..... Global A&T Electronics Ltd. Unaudited Consolidated Condensed Interim Financial Information for the six months ended June 30, 2016

**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, 2016*

|                                                                       | Three-month period<br>ended June 30, |                  | Six-month period<br>ended June 30, |                  |
|-----------------------------------------------------------------------|--------------------------------------|------------------|------------------------------------|------------------|
|                                                                       | 2015<br>US\$'000                     | 2016<br>US\$'000 | 2015<br>US\$'000                   | 2016<br>US\$'000 |
| Sales                                                                 | 166,827                              | 167,437          | 339,065                            | 324,471          |
| Cost of sales                                                         | (143,300)                            | (147,209)        | (285,924)                          | (285,714)        |
| Gross profit                                                          | 23,527                               | 20,228           | 53,141                             | 38,757           |
| Other income                                                          | 1,039                                | 1,896            | 2,738                              | 3,046            |
| Other gains/(losses) – net                                            | 174                                  | 133              | 831                                | (934)            |
| Expenses                                                              |                                      |                  |                                    |                  |
| - Selling, general and administrative                                 | (17,383)                             | (16,028)         | (35,198)                           | (32,810)         |
| - Research and development                                            | (2,076)                              | (3,065)          | (4,187)                            | (5,975)          |
| - Finance                                                             | (30,753)                             | (30,945)         | (60,816)                           | (61,190)         |
| - Others                                                              | (3,876)                              | (17,506)         | (4,263)                            | (20,035)         |
| Loss before income tax                                                | (29,348)                             | (45,287)         | (47,754)                           | (79,141)         |
| Income tax expense                                                    | (4,395)                              | (239)            | (6,266)                            | (499)            |
| <b>Loss after tax</b>                                                 | <b>(33,743)</b>                      | <b>(45,526)</b>  | <b>(54,020)</b>                    | <b>(79,640)</b>  |
| <b>Other comprehensive (loss)/income:</b>                             |                                      |                  |                                    |                  |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |                                      |                  |                                    |                  |
| Cash flow hedges                                                      |                                      |                  |                                    |                  |
| - Fair value losses                                                   | (243)                                | –                | (243)                              | –                |
| - Reclassification                                                    | 73                                   | –                | 73                                 | –                |
| <i>Items that will not be reclassified to profit or loss:</i>         |                                      |                  |                                    |                  |
| Post-employment benefit obligation, net of tax                        | (232)                                | 1                | (259)                              | 16               |
| <b>Other comprehensive (loss)/income, net of tax</b>                  | <b>(402)</b>                         | <b>1</b>         | <b>(429)</b>                       | <b>16</b>        |
| <b>Total comprehensive loss</b>                                       | <b>(34,145)</b>                      | <b>(45,525)</b>  | <b>(54,449)</b>                    | <b>(79,624)</b>  |
| <b>(Loss)/profit attributable to:</b>                                 |                                      |                  |                                    |                  |
| Equity holders of the Company                                         | (34,209)                             | (45,647)         | (54,815)                           | (79,815)         |
| Non-controlling interests                                             | 466                                  | 121              | 795                                | 175              |
|                                                                       | <b>(33,743)</b>                      | <b>(45,526)</b>  | <b>(54,020)</b>                    | <b>(79,640)</b>  |
| <b>Total comprehensive (loss)/income attributable to:</b>             |                                      |                  |                                    |                  |
| <b>to:</b>                                                            |                                      |                  |                                    |                  |
| Equity holders of the Company                                         | (34,603)                             | (45,646)         | (55,235)                           | (79,800)         |
| Non-controlling interests                                             | 458                                  | 121              | 786                                | 176              |
|                                                                       | <b>(34,145)</b>                      | <b>(45,525)</b>  | <b>(54,449)</b>                    | <b>(79,624)</b>  |

**GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
*As at June 30, 2016*

|                                                                              | <b>December 31,<br/>2015</b> | <b>June 30,<br/>2016</b> |
|------------------------------------------------------------------------------|------------------------------|--------------------------|
|                                                                              | <b>US\$'000</b>              | <b>US\$'000</b>          |
| <b>ASSETS</b>                                                                |                              |                          |
| <b>Current assets</b>                                                        |                              |                          |
| Cash and bank deposits                                                       | 183,900                      | 136,232                  |
| Derivative financial instrument                                              | —                            | 91                       |
| Trade and other receivables                                                  | 122,352                      | 113,166                  |
| Inventories                                                                  | 39,003                       | 43,501                   |
| Other assets                                                                 | 6,374                        | 8,040                    |
|                                                                              | <u>351,629</u>               | <u>301,030</u>           |
| Non-current assets held-for-sale                                             | 452                          | —                        |
|                                                                              | <u>352,081</u>               | <u>301,030</u>           |
| <b>Non-current assets</b>                                                    |                              |                          |
| Other assets                                                                 | 5,220                        | 3,392                    |
| Deferred income tax assets                                                   | 310                          | 289                      |
| Available-for-sale financial assets                                          | 985                          | 985                      |
| Property, plant and equipment                                                | 464,529                      | 448,840                  |
| Goodwill                                                                     | 643,405                      | 643,405                  |
| Intangible assets                                                            | 39,320                       | 30,617                   |
|                                                                              | <u>1,153,769</u>             | <u>1,127,528</u>         |
| <b>Total assets</b>                                                          | <u>1,505,850</u>             | <u>1,428,558</u>         |
| <b>LIABILITIES</b>                                                           |                              |                          |
| <b>Current liabilities</b>                                                   |                              |                          |
| Trade and other payables                                                     | 172,090                      | 178,153                  |
| Derivative financial instrument                                              | —                            | 4                        |
| Current income tax liabilities                                               | 8,731                        | 4,143                    |
| Deferred income                                                              | 217                          | 108                      |
| Borrowings                                                                   | 288                          | 201                      |
| Provisions                                                                   | 3,000                        | —                        |
|                                                                              | <u>184,326</u>               | <u>182,609</u>           |
| <b>Non-current liabilities</b>                                               |                              |                          |
| Trade and other payables                                                     | —                            | 4,789                    |
| Borrowings                                                                   | 1,104,833                    | 1,107,950                |
| Deferred income tax liabilities                                              | 9,155                        | 7,801                    |
| Long term benefit obligations                                                | 21,324                       | 20,306                   |
|                                                                              | <u>1,135,312</u>             | <u>1,140,846</u>         |
| <b>Total liabilities</b>                                                     | <u>1,319,638</u>             | <u>1,323,455</u>         |
| <b>NET ASSETS</b>                                                            | <u>186,212</u>               | <u>105,103</u>           |
| <b>EQUITY</b>                                                                |                              |                          |
| <b>Capital and reserves attributable to the equity holder of the Company</b> |                              |                          |
| Share capital                                                                | *                            | *                        |
| Capital contribution                                                         | 698,000                      | 698,000                  |
| Other reserves                                                               | (6,446)                      | (6,431)                  |
| Accumulated losses                                                           | (510,698)                    | (590,513)                |
|                                                                              | <u>180,856</u>               | <u>101,056</u>           |
| Non-controlling interests                                                    | 5,356                        | 4,047                    |
| <b>Total equity</b>                                                          | <u>186,212</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 FINANCIAL POSITION**  
*As at June 30, 2016*

|                                                        | ← Attributable to equity holder of the Company → |                         |                   |                       |                | Non-                    |                 |
|--------------------------------------------------------|--------------------------------------------------|-------------------------|-------------------|-----------------------|----------------|-------------------------|-----------------|
|                                                        | Share<br>capital                                 | Capital<br>contribution | Other<br>reserves | Accumulated<br>losses | Total          | controlling<br>interest | Total<br>equity |
|                                                        | US\$'000                                         | US\$'000                | US\$'000          | US\$'000              | US\$'000       | US\$'000                | US\$'000        |
| <b>As at January 1, 2016</b>                           | *                                                | 698,000                 | (6,446)           | (510,698)             | 180,856        | 5,356                   | 186,212         |
| Dividend to non-controlling<br>interests               | —                                                | —                       | —                 | —                     | —              | (1,485)                 | (1,485)         |
| Total comprehensive<br>income/(loss) for the<br>period | —                                                | —                       | 15                | (79,815)              | (79,800)       | 176                     | (79,624)        |
| <b>As at June 30, 2016</b>                             | <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>  |
| <br><b>As at January 1, 2015</b>                       | <br>*                                            | <br>698,000             | <br>(5,876)       | <br>(392,174)         | <br>299,950    | <br>4,275               | <br>304,225     |
| Reclassification                                       | —                                                | —                       | (6)               | 6                     | —              | —                       | —               |
| Total comprehensive (loss)/<br>income for the period   | —                                                | —                       | (420)             | (54,815)              | (55,235)       | 786                     | (54,449)        |
| <b>As at June 30, 2015</b>                             | <u>*</u>                                         | <u>698,000</u>          | <u>(6,302)</u>    | <u>(446,983)</u>      | <u>244,715</u> | <u>5,061</u>            | <u>249,776</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, 2016*

|                                                                                           | <b>Three-month period<br/>ended June 30,</b> |                 | <b>Six-month period<br/>ended June 30,</b> |                 |
|-------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|--------------------------------------------|-----------------|
|                                                                                           | <b>2015</b>                                  | <b>2016</b>     | <b>2015</b>                                | <b>2016</b>     |
|                                                                                           | <b>US\$'000</b>                              | <b>US\$'000</b> | <b>US\$'000</b>                            | <b>US\$'000</b> |
| <b>Cash flows from operating activities</b>                                               |                                              |                 |                                            |                 |
| Loss after tax                                                                            | (33,743)                                     | (45,526)        | (54,020)                                   | (79,640)        |
| Adjustments for:                                                                          |                                              |                 |                                            |                 |
| - Income tax expense                                                                      | 4,395                                        | 239             | 6,266                                      | 499             |
| - Depreciation of property, plant and equipment                                           | 29,656                                       | 27,361          | 59,813                                     | 54,949          |
| - Amortization of intangible assets                                                       | 3,947                                        | 3,969           | 7,930                                      | 7,962           |
| - Net loss/(gain) on disposal of property, plant and equipment                            | 105                                          | (662)           | 6                                          | (672)           |
| - Net gain on disposal of non-current asset held-for-sale                                 | –                                            | (101)           | (938)                                      | (494)           |
| - Impairment loss of non-current assets held-for-sale                                     | 705                                          | –               | 705                                        | –               |
| - Provision Tessera's initial audit findings pursuant to the technology license agreement | 3,000                                        | –               | 3,000                                      | –               |
| - Settlement with Tessera                                                                 | –                                            | 16,757          | –                                          | 16,757          |
| - Finance expenses                                                                        | 30,753                                       | 30,945          | 60,816                                     | 61,190          |
| - Interest income                                                                         | (206)                                        | (136)           | (727)                                      | (380)           |
| - Government grant income                                                                 | (24)                                         | (773)           | (43)                                       | (838)           |
| - Fair value loss/(gain) on derivative financial instruments                              | 92                                           | (87)            | 92                                         | (87)            |
| Change in working capital:                                                                |                                              |                 |                                            |                 |
| - Derivative financial instruments                                                        | (52)                                         | –               | (52)                                       | –               |
| - Trade and other receivables                                                             | 2,010                                        | (2,737)         | 2,051                                      | 3,297           |
| - Inventories                                                                             | 2,401                                        | (3,507)         | 2,009                                      | (4,498)         |
| - Other assets                                                                            | (751)                                        | 223             | (67)                                       | (224)           |
| - Trade and other payables                                                                | 1,521                                        | (3,834)         | (3,111)                                    | (5,721)         |
| - Long term benefit obligations                                                           | (914)                                        | (378)           | (657)                                      | (1,016)         |
| - Currency translation difference                                                         | 165                                          | 160             | 154                                        | 109             |
| Government grant received                                                                 | 6                                            | 667             | 6                                          | 729             |
| Income tax paid                                                                           | (6,725)                                      | (6,382)         | (6,930)                                    | (6,480)         |
| <b>Net cash provided by operating activities</b>                                          | <b>36,341</b>                                | <b>16,198</b>   | <b>76,303</b>                              | <b>45,442</b>   |
| <b>Cash flows from investing activities</b>                                               |                                              |                 |                                            |                 |
| Purchase of property, plant and equipment                                                 | (24,176)                                     | (16,181)        | (58,155)                                   | (41,732)        |
| Purchase of intangible assets                                                             | (577)                                        | –               | (579)                                      | (938)           |
| Repayment of loan immediate holding company                                               | 12,084                                       | –               | 12,084                                     | –               |
| Investment in short term bank deposits – restricted cash                                  | –                                            | –               | (47)                                       | –               |
| Proceeds from disposal of property, plant and equipment                                   | 2                                            | 873             | 149                                        | 6,755           |
| Proceeds from disposal of non-current assets held-for-sale                                | –                                            | 314             | 1,967                                      | 946             |
| Proceeds from disposal of intangible assets                                               | –                                            | 733             | –                                          | 733             |
| Increase in amounts due to intercompany                                                   | 301                                          | –               | (116)                                      | –               |
| Interest received                                                                         | 136                                          | 120             | 368                                        | 267             |
| <b>Net cash used in investing activities</b>                                              | <b>(12,230)</b>                              | <b>(14,141)</b> | <b>(44,329)</b>                            | <b>(33,969)</b> |
| <b>Cash flows from financing activities</b>                                               |                                              |                 |                                            |                 |
| Repayment of finance lease liabilities                                                    | (143)                                        | (74)            | (230)                                      | (172)           |
| Interest paid                                                                             | (560)                                        | (569)           | (57,482)                                   | (57,484)        |
| Dividend paid to non-controlling interests                                                | –                                            | (114)           | (696)                                      | (1,485)         |
| <b>Net cash used in financing activities</b>                                              | <b>(703)</b>                                 | <b>(757)</b>    | <b>(58,408)</b>                            | <b>(59,141)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                               | <b>23,408</b>                                | <b>1,300</b>    | <b>(26,434)</b>                            | <b>(47,668)</b> |
| Cash and cash equivalents at the beginning of the financial period                        | 191,411                                      | 134,932         | 241,253                                    | 183,900         |
| <b>Cash and cash equivalents at the end of the financial period</b>                       | <b>214,819</b>                               | <b>136,232</b>  | <b>214,819</b>                             | <b>136,232</b>  |

**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, 2016*

|                                                                 | <b>Three-month period<br/>ended June 30,</b> |                 | <b>Six-month period<br/>ended June 30,</b> |                 |
|-----------------------------------------------------------------|----------------------------------------------|-----------------|--------------------------------------------|-----------------|
|                                                                 | <b>2015</b>                                  | <b>2016</b>     | <b>2015</b>                                | <b>2016</b>     |
|                                                                 | <b>US\$'000</b>                              | <b>US\$'000</b> | <b>US\$'000</b>                            | <b>US\$'000</b> |
| <b>Cash and bank deposits as per Group's financial position</b> | <b>214,866</b>                               | <b>136,232</b>  | <b>214,866</b>                             | <b>136,232</b>  |
| Less: Cash subject to restrictions                              | (47)                                         | —               | (47)                                       | —               |
| <b>Cash and cash equivalents in consolidated cash flows</b>     | <b>214,819</b>                               | <b>136,232</b>  | <b>214,819</b>                             | <b>136,232</b>  |

**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, 2016*

**1. Interim financial information**

The consolidated condensed financial information and related disclosures as of June 30, 2016 and for the six months ended June 30, 2016 are unaudited. The consolidated statement of financial position as of December 31, 2015 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, 2015, issued by the Board of Directors dated April 19, 2016.

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 decreased to \$324.5 million for the six months ended June 30, 2016 from \$339.1 million for the six months ended June 30, 2015. Breakdowns of sales by service type and product category are as follows:

| Service type | Six months ended June 30,                          |        |         |        |
|--------------|----------------------------------------------------|--------|---------|--------|
|              | 2015                                               |        | 2016    |        |
|              | (in thousands of U.S. dollars, except percentages) |        |         |        |
|              |                                                    |        |         |        |
| Assembly     | 218,168                                            | 64.3%  | 225,794 | 69.6%  |
| Test         | 120,897                                            | 35.7%  | 98,677  | 30.4%  |
| Total        | 339,065                                            | 100.0% | 324,471 | 100.0% |

| Product category       | Six months ended June 30,                          |        |         |        |
|------------------------|----------------------------------------------------|--------|---------|--------|
|                        | 2015                                               |        | 2016    |        |
|                        | (in thousands of U.S. dollars, except percentages) |        |         |        |
|                        |                                                    |        |         |        |
| Analog                 | 140,299                                            | 41.4%  | 146,128 | 45.0%  |
| Mixed-Signal and Logic | 160,252                                            | 47.3%  | 144,902 | 44.7%  |
| Memory                 | 38,514                                             | 11.4%  | 33,442  | 10.3%  |
| Total                  | 339,065                                            | 100.0% | 324,472 | 100.0% |

Sales increased to \$167.4 million for the three months ended June 30, 2016 from \$166.8 million for the three months ended June 30, 2015. Breakdowns of sales by service type and product category are as follows:

| Service type | Three months ended June 30,                        |        |         |        |
|--------------|----------------------------------------------------|--------|---------|--------|
|              | 2015                                               |        | 2016    |        |
|              | (in thousands of U.S. dollars, except percentages) |        |         |        |
| Assembly     | 106,261                                            | 63.7%  | 117,640 | 70.3%  |
| Test         | 60,566                                             | 36.3%  | 49,797  | 29.7%  |
| Total        | 166,827                                            | 100.0% | 167,437 | 100.0% |

**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, 2016*

| Product category       | Three months ended June 30,                        |        |         |        |
|------------------------|----------------------------------------------------|--------|---------|--------|
|                        | 2015                                               |        | 2016    |        |
|                        | (in thousands of U.S. dollars, except percentages) |        |         |        |
| Analog                 | 69,790                                             | 41.8%  | 78,024  | 46.6%  |
| Mixed-Signal and Logic | 77,269                                             | 46.3%  | 72,519  | 43.3%  |
| Memory                 | 19,768                                             | 11.8%  | 16,894  | 10.1%  |
| Total                  | 166,827                                            | 100.0% | 167,437 | 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**

| Cash and bank deposits   | As at December<br>31, 2015            | As at June 30,<br>2016 |
|--------------------------|---------------------------------------|------------------------|
|                          | <i>(in thousands of U.S. dollars)</i> |                        |
| Cash at bank and on hand | 157,090                               | 84,197                 |
| Short-term bank deposits | 26,810                                | 52,035                 |
| <b>Total</b>             | <b>183,900</b>                        | <b>136,232</b>         |

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

**5. Trade and other receivables**

| Trade and other receivables                                         | As at December<br>31, 2015            | As at June 30,<br>2016 |
|---------------------------------------------------------------------|---------------------------------------|------------------------|
|                                                                     | <i>(in thousands of U.S. dollars)</i> |                        |
| <i>Current</i>                                                      |                                       |                        |
| Trade receivables – non-related parties                             | 110,841                               | 105,788                |
| Trade receivables – related corporation                             | –                                     | 173                    |
| Less: Allowance for impairment of receivables - non-related parties | (82)                                  | (78)                   |
|                                                                     | <b>110,759</b>                        | <b>105,883</b>         |
| <i>Non-trade receivables</i>                                        |                                       |                        |
| - non-related parties                                               | 7,608                                 | 4,336                  |
| - immediate holding corporation                                     | 1,321                                 | 1,530                  |
| - related corporation                                               | 2,664                                 | 1,417                  |
| <b>Total</b>                                                        | <b>122,352</b>                        | <b>113,166</b>         |

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 \$113.2 million as at June 30, 2016 from \$122.4 million as at December 31, 2015 mainly due to the receipt in the first quarter of financial year 2016 of proceeds from the disposal of property, plant and equipment during the fourth quarter of financial year 2015.

**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, 2016*

**6. Trade and other payables**

| Trade and other payables                    | As at December<br>31, 2015            | As at June 30,<br>2016 |
|---------------------------------------------|---------------------------------------|------------------------|
|                                             | <i>(in thousands of U.S. dollars)</i> |                        |
| <i>Current</i>                              |                                       |                        |
| Trade payables to non-related parties       |                                       |                        |
| - Purchase of property, plant and equipment | 32,280                                | 30,002                 |
| - Development of intangible assets          | 938                                   | –                      |
| - Other purchases                           | 49,039                                | 54,159                 |
|                                             | 82,257                                | 84,161                 |
| Other payables – non-related parties        | 8,299                                 | 11,867                 |
| Accrued interest payable                    | 46,969                                | 46,969                 |
| Other accrual for operating expenses        | 32,803                                | 33,226                 |
| Deposits and advances from customers        | 1,762                                 | 1,930                  |
|                                             | 172,090                               | 178,153                |
| <i>Non-current</i>                          |                                       |                        |
| Other payables – non-related party          | –                                     | 4,789                  |
|                                             | –                                     | 4,789                  |
| Total trade and other payables              | 172,090                               | 182,942                |

Trade and other payables increased to \$182.9 million as at June 30, 2016 from \$172.1 million as at December 31, 2015 mainly due to an accrued legal settlement fee with Tessera of \$10.8 million which was payable over a period of approximately three years.

**7. Intangible assets**

Intangible assets decreased by to \$30.6 million as at June 30, 2016 from \$39.3 million as at December 31, 2015, primarily due to amortization charge of \$8.0 million for the six months ended June 30, 2016.

**8. Property, Plant and Equipment**

Property, plant and equipment decreased to \$448.8 million as at June 30, 2016 from \$464.5 million as at December 31, 2015. The decrease was primarily due to depreciation charges of \$54.9 million for the six months ended June 30, 2016, which was partially offset by the addition of property, plant and equipment of \$39.4 million for the six months ended June 30, 2016.

**9. Capital commitments**

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

| Capital commitments           | As at December<br>31, 2015            | As at June 30,<br>2016 |
|-------------------------------|---------------------------------------|------------------------|
|                               | <i>(in thousands of U.S. dollars)</i> |                        |
| Property, plant and equipment | 18,095                                | 13,264                 |

**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, 2016*

**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**

| <b>Six months ended</b>                  | <b>Assembly</b>                       | <b>Test</b> | <b>Total</b> |
|------------------------------------------|---------------------------------------|-------------|--------------|
| <b>June 30, 2016</b>                     | <i>(in thousands of U.S. dollars)</i> |             |              |
| 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       |
| <b>June 30, 2015</b>                     |                                       |             |              |
| Segment sales/sales to external parties  | 218,168                               | 120,897     | 339,065      |
| Segment gross profit                     | 21,066                                | 32,075      | 53,141       |
| <b>Three months ended</b>                | <b>Assembly</b>                       | <b>Test</b> | <b>Total</b> |
| <b>June 30, 2016</b>                     | <i>(in thousands of U.S. dollars)</i> |             |              |
| 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       |
| <b>June 30, 2015</b>                     |                                       |             |              |
| Segment sales/ Sales to external parties | 106,261                               | 60,566      | 166,827      |
| Segment gross profit                     | 9,159                                 | 14,368      | 23,527       |

**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, 2016*

**Reconciliation**

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

|                                              | <b>Six months ended June 30,</b>      | <b>2015</b> | <b>2016</b>     |
|----------------------------------------------|---------------------------------------|-------------|-----------------|
|                                              | <i>(in thousands of U.S. dollars)</i> |             |                 |
| Segment gross profit of reportable segments  | 53,141                                |             | 38,757          |
| Other income                                 | 2,738                                 |             | 3,046           |
| Other gains/(losses) - net                   | 831                                   |             | (934)           |
| Selling, general and administrative expenses | (35,198)                              |             | (32,810)        |
| Research and development costs               | (4,187)                               |             | (5,975)         |
| Finance costs                                | (60,816)                              |             | (61,190)        |
| Other expenses                               | (4,263)                               |             | (20,035)        |
| Loss before income tax                       | <u>(47,754)</u>                       |             | <u>(79,141)</u> |

|                                              | <b>Three months ended June 30,</b>    | <b>2015</b> | <b>2016</b>     |
|----------------------------------------------|---------------------------------------|-------------|-----------------|
|                                              | <i>(in thousands of U.S. dollars)</i> |             |                 |
| Segment gross profit of reportable segments  | 23,527                                |             | 20,228          |
| Other income                                 | 1,039                                 |             | 1,896           |
| Other gains - net                            | 174                                   |             | 133             |
| Selling, general and administrative expenses | (17,383)                              |             | (16,028)        |
| Research and development costs               | (2,076)                               |             | (3,065)         |
| Finance costs                                | (30,753)                              |             | (30,945)        |
| Other expenses                               | (3,876)                               |             | (17,506)        |
| Loss before income tax                       | <u>(29,348)</u>                       |             | <u>(45,287)</u> |