
**QUARTERLY REPORT FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30,
2016**

GLOBAL A&T ELECTRONICS LTD

November 7, 2016

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CERTAIN DEFINITIONS AND CONVENTIONS

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

All references to “USG” refer to United Test and Assembly Center Ltd, all references to “UHK” refer to UTAC Hong Kong Limited (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 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, Global A&T Electronics' quarterly report for the three months ended March 31, 2016, dated May 3, 2016, and Global A&T Electronics' quarterly report for the three months and six months ended June 30, 2016, dated August 12, 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 and future regulatory or other developments in our industry. Please see “Risk Factors” for a further discussion of certain factors that may cause actual results to differ materially from those indicated by our forward-looking statements.

MATERIAL RECENT DEVELOPMENTS SINCE SEPTEMBER 30, 2016

Other than as disclosed elsewhere in this quarterly report, there have been no material developments in our business since September 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 reports for the three months ended March 31, 2016 and the three months and six months ended June 30, 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 nine months ended September 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 reports for the three months ended March 31, 2016 and the three months and six months ended June 30, 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:

	Three Months ended September 30,				Nine Months ended September 30,			
	2015		2016		2015		2016	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
Service type								
Assembly.....	108.1	64.7%	122.8	68.3%	326.3	64.5%	348.6	69.1%
Test	59.0	35.3%	57.0	31.7%	179.9	35.5%	155.7	30.9%
Total	167.1	100.0%	179.8	100.0%	506.2	100.0%	504.3	100.0%

Assembly services comprised a greater share of our sales mix for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 primarily due to a decrease in sales attributable to test services as a result of decreased sales from our mixed-signal and logic product category and memory product category, which was partially offset by an increase in sales from our analog product category.

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

	Three Months ended September 30,				Nine Months ended September 30,			
	2015		2016		2015		2016	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
Product category								
Analog.....	66.3	39.6%	86.4	48.1%	206.6	40.8%	232.6	46.1%
Mixed-signal and logic.....	78.0	46.7%	75.4	41.9%	238.3	47.1%	220.3	43.7%
Memory.....	22.8	13.7%	18.0	10.0%	61.4	12.1%	51.4	10.2%
Total	167.1	100.0%	179.8	100.0%	506.2	100.0%	504.3	100.0%

Sales from our analog product category increased 12.6% to \$232.6 million in the nine months ended September 30, 2016 from \$206.6 million in the nine months ended September 30, 2015, primarily due to higher orders from existing and new customers. Sales from our analog product category increased 30.3% to \$86.4 million in the three months ended September 30, 2016 from \$66.3 million in the three months ended September 30, 2015, primarily for the same reasons.

Sales from our mixed-signal and logic product category decreased 7.6% to \$220.3 million in the nine months ended September 30, 2016 from \$238.3 million in the nine months ended September 30, 2015 primarily due to sale price erosion and weak demand from smartphone-related customers. Sales from our mixed-signal and logic product category decreased 3.3% to \$75.4 million in the three months ended September 30, 2016 from \$78.0 million in the three months ended September 30, 2015 primarily for the same reasons.

Sales from our memory product category decreased 16.3% to \$51.4 million in the nine months ended September 30, 2016 from \$61.4 million in the nine months ended September 30, 2015 as we placed greater emphasis on sales and marketing in our other product categories. Sales from our memory product category decreased 21.1% to \$18.0 million in the three months ended September 30, 2016 from \$22.8 million in the three months ended September 30, 2015 primarily for the same reasons.

We have a diversified customer base on the basis of geographical distribution. We account for the 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 geographical distribution of our sales:

Geographical region	Three Months ended September 30,				Nine Months ended September 30,			
	2015		2016		2015		2016	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
United States	103.4	61.9%	115.0	63.9%	318.9	63.0%	310.7	61.6%
Asia (excluding Japan)	40.3	24.1%	33.6	18.7%	114.4	22.6%	112.4	22.3%
Europe	17.3	10.3%	22.6	12.6%	54.0	10.7%	59.6	11.8%
Japan	4.3	2.6%	7.5	4.2%	15.4	3.0%	18.5	3.7%
Others	1.8	1.1%	1.1	0.6%	3.5	0.7%	3.1	0.6%
Total	167.1	100.0%	179.8	100.0%	506.2	100.0%	504.3	100.0%

Sales from our customers headquartered in United States decreased in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Results of Operations

	Three Months ended September 30,				Nine Months ended September 30,			
	2015		2016		2015		2016	
	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales	Amount (\$ in millions)	Percentage of sales
Sales	167.1	100.0%	179.8	100.0%	506.2	100.0%	504.3	100.0%
Cost of sales	(140.5)	(84.1%)	(148.1)	(82.4%)	(426.4)	(84.2%)	(433.8)	(86.0%)
Gross profit	26.6	15.9%	31.8	17.7%	79.7	15.7%	70.5	14.0%
Other income	1.1	0.7%	1.5	0.8%	3.9	0.8%	4.5	0.9%
Other gains/(losses) — net	0.9	0.5%	(0.3)	(0.2%)	1.7	0.3%	(1.2)	(0.2%)
Expenses:								
Selling, general and administrative	(19.7)	(11.8%)	(16.9)	(9.4%)	(54.9)	(10.8%)	(49.7)	(9.9%)
Research and development	(2.7)	(1.6%)	(3.4)	(1.9%)	(6.9)	(1.4%)	(9.4)	(1.9%)
Finance	(30.5)	(18.3%)	(31.9)	(17.7%)	(91.3)	(18.0%)	(93.1)	(18.5%)
Others	(0.4)	(0.2%)	(0.1)	(0.1%)	(4.7)	(0.9%)	(20.2)	(4.0%)
Loss before tax	(24.7)	(14.8%)	(19.3)	(10.7%)	(72.4)	(14.3%)	(98.5)	(19.5%)
Income tax expense	(5.1)	(3.1%)	(1.3)	(0.7%)	(11.4)	(2.3%)	(1.8)	(0.4%)
Loss after tax	(29.7)	(17.8%)	(20.7)	(11.5%)	(83.8)	(16.6%)	(100.3)	(19.9%)

Non-controlling interests.....	0.2	0.1%	0.3	0.2%	1.0	0.2%	0.5	0.1%
Loss after non-controlling interest...	(29.9)	(17.9%)	(21.0)	(11.7%)	(84.8)	(16.8%)	(100.8)	(20.0%)

Three months ended September 30, 2016 compared to three months ended September 30, 2015

Sales. Sales increased 7.6% to \$179.8 million in the three months ended September 30, 2016 from \$167.1 million in the three months ended September 30, 2015 due to increased sales attributable to our assembly services, which was partially offset by decreased sales attributable to our test services.

Our test services sales decreased 3.4% to \$57.0 million in the three months ended September 30, 2016 from \$59.0 million in the three months ended September 30, 2015 primarily due to a decrease in sales from our memory product category, which was partially offset by an increase in sales from our analog product category.

Our assembly services sales increased 13.6% to \$122.8 million in the three months ended September 30, 2016 from \$108.1 million in the three months ended September 30, 2015 primarily due to an increase in sales from our analog product category, which was partially offset by the decrease in sales from our mixed-signal and logic product category.

Cost of sales. Cost of sales increased 5.4% to \$148.1 million in the three months ended September 30, 2016 from \$140.5 million in the three months ended September 30, 2015 primarily due to increased sales and higher non-recurring engineering costs, which was partially offset by lower depreciation expenses and lower costs of utilities.

Our cost of sales as a percentage of sales decreased to 82.4% in the three months ended September 30, 2016 compared to 84.1% in the three months ended September 30, 2015 primarily due to our assembly sales increasing at a greater rate than material costs associated with assembly services as well as lower depreciation expenses and costs of utilities, which were partially offset by sales price erosion.

Gross profit. Gross profit increased 19.5% to \$31.8 million in the three months ended September 30, 2016 from \$26.6 million in the three months ended September 30, 2015. Gross profit as a percentage of sales, or gross profit margin, was 17.7% in the three months ended September 30, 2016 compared to 15.9% in the three months ended September 30, 2015. The increases in our gross profit and gross profit margin were primarily due to our assembly sales increasing at a greater rate than material costs associated with assembly services, lower depreciation expenses and lower costs of utilities, which were partially offset by price erosion.

Other income. Other income increased 36.4% to \$1.5 million in the three months ended September 30, 2016 from \$1.1 million in the three months ended September 30, 2015 primarily due to an increase in sales of scrap.

Other gains/(losses) - net. Other losses – net were \$0.3 million in the three months ended September 30, 2016 as compared to other gains – net of \$0.9 million in the three months ended September 30, 2015 primarily due to the depreciation of the U.S. dollar against the Thai Baht and New Taiwan dollar in the three months ended September 30, 2016.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased to \$16.9 million in the three months ended September 30, 2016 from \$19.7 million in the three months ended September 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 \$3.4 million in the three months ended September 30, 2016 from \$2.7 million in the three months ended September 30, 2015 primarily due to additional research and development personnel and higher depreciation expenses.

Finance expenses. Finance expenses increased to \$31.9 million in the three months ended September 30, 2016 from \$30.5 million in the three months ended September 30, 2015 primarily due to an acceleration of facilities fees of \$1.5 million that we charged to profit and loss in the three months ended September 30, 2016 as we terminated our senior revolving credit facility.

Other expenses. Other expenses remained fairly constant at \$0.1 million in the three months ended September 30, 2016 compared to \$0.4 million in the three months ended September 30, 2015.

Loss before tax. Our loss before tax was \$19.3 million in the three months ended September 30, 2016 compared to a loss before tax of \$24.7 million in the three months ended September 30, 2015.

Income tax expense. Our income tax expense was \$1.3 million in the three months ended September 30, 2016 compared to \$5.1 million in the three months ended September 30, 2015. The decrease was primarily as a result of additional tax provision for our subsidiary in China in the three months ended September 30, 2015.

Non-controlling interests. Non-controlling interests were \$0.3 million in the three months ended September 30, 2016 compared to \$0.2 million in the three months ended September 30, 2015.

Nine months ended September 30, 2016 compared to nine months ended September 30, 2015

Sales. Sales decreased 0.4% to \$504.3 million in the nine months ended September 30, 2016 from \$506.2 million in the nine months ended September 30, 2015 as although we had increased sales attributable to our assembly services, this was offset by decreased sales attributable to our test services.

Our test services sales decreased 13.5% to \$155.7 million in the nine months ended September 30, 2016 from \$179.9 million in the nine months ended September 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 6.8% to \$348.6 million in the nine months ended September 30, 2016 from \$326.3 million in the nine months ended September 30, 2015 primarily due to an increase in sales from our analog product category.

Cost of sales. Cost of sales increased 1.7% to \$433.8 million in the nine months ended September 30, 2016 from \$426.4 million in the nine months ended September 30, 2015 primarily due to higher material costs as assembly services constituted a higher proportion of our sales and higher non-recurring engineering costs, which were partially offset by lower depreciation expenses, lower costs of utilities and cost control initiatives.

As a result of the factors described in the preceding paragraph and sales price erosion, our cost of sales as a percentage of sales increased to 86.0% in the nine months ended September 30, 2016 compared to 84.2% in the nine months ended September 30, 2015.

Gross profit. Gross profit decreased 11.5% to \$70.5 million in the nine months ended September 30, 2016 from \$79.7 million in the nine months ended September 30, 2015. Gross profit margin was 14.0% in the nine months ended September 30, 2016 compared to 15.7% in the nine months ended September 30, 2015. The decreases in our gross profit and gross profit margin were primarily due to sale price erosion and higher material costs as assembly services constituted a higher proportion of our sales, which was partially offset by lower depreciation expenses, lower costs of utilities and cost control initiatives.

Other income. Other income increased to \$4.5 million in the nine months ended September 30, 2016 from \$3.9 million in the nine months ended September 30, 2015 primarily due to an increase in government grant income.

Other gains/(losses) - net. Other losses - net were \$1.2 million in the nine months ended September 30, 2016 as compared to other gains – net of \$1.7 million in the nine months ended September 30, 2015 primarily due to the depreciation of the U.S. dollar against the Thai Baht and New Taiwan dollar in the nine months ended September 30, 2016.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased to \$49.7 million in the nine months ended September 30, 2016 from \$54.9 million in the nine months ended September 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 \$9.4 million in the nine months ended September 30, 2016 from \$6.9 million in the nine months ended September 30, 2015 primarily due to additional research and development personnel and higher depreciation expenses.

Finance expenses. Finance expenses increased to \$93.1 million in the nine months ended September 30, 2016 from \$91.3 million in the nine months ended September 30, 2015 primarily due to an acceleration of facilities fees of \$1.5 million that we charged to profit and loss in the three months ended September 30, 2016 as we terminated our senior revolving credit facility.

Other expenses. Other expenses increased to \$20.2 million in the nine months ended September 30, 2016 from \$4.7 million in the nine months ended September 30, 2015, primarily due to a charge of \$16.8 million representing the discounted present value of the \$18.0 million settlement fee in respect of litigation between UTC and Tessera and restructuring expenses of \$3.1 million.

Loss before tax. Our loss before tax was \$98.5 million in the nine months ended September 30, 2016 compared to a loss before tax of \$72.4 million in the nine months ended September 30, 2015.

Income tax expense. Our income tax expense was \$1.8 million in the nine months ended September 30, 2016 compared to \$11.4 million in the nine months ended September 30, 2015. The decrease was primarily as a result of a one-off non-recurring capital gains tax on patent transfers from Thailand and Taiwan entities to UHQ provided for in the nine months ended September 30, 2015.

Non-controlling interests. Non-controlling interests were \$0.5 million in the nine months ended September 30, 2016 and \$1.0 million in the nine months ended September 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:

	Three Months ended September 30,		Nine Months ended September 30,	
	2015	2016	2015	2016
	(\$ in millions)			
Loss after tax	(29.7)	(20.7)	(83.8)	(100.3)
Add/(deduct):				
Income tax expense	5.1	1.3	11.4	1.8
Finance expenses	30.5	31.9	91.3	93.1
Depreciation of property, plant and equipment	30.1	27.5	89.9	82.5
Amortization of intangible assets	3.6	4.0	11.5	11.9
EBITDA	39.5	44.0	120.3	89.0

Add/(deduct):

Restructuring costs	0.3	0.1	0.9	3.1
Impairment loss on non-current assets held-for-sale	–	–	0.7	–
Gain on disposal of non-current assets held-for-sale	*	*	(1.0)	(0.5)
Settlement fee to Tessera ⁽¹⁾	–	–	3.0	0.1
UTC Settlement with Tessera ⁽²⁾	–	–	–	16.8
Legal and professional fees	1.5	–	4.5	–
Adjusted EBITDA	41.2	44.0	128.5	108.4

* Denotes amount less than \$1,000

Note:

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

Liquidity and Capital Resources

Our operations are capital intensive. We have funded our operations and growth primarily through a mixture of short and long-term loans and cash flows from operations. As of September 30, 2016, our primary sources of liquidity included cash and bank deposits of \$96.0 million, our undrawn credit facilities of \$11.3 million and unutilized bank guarantee facilities of \$0.8 million.

We are reviewing various measures to improve our operating performance and liquidity. We believe that after taking into account the expected cash to be provided by operations, the financial resources currently available to us, and contingent on certain corporate actions including but not limited to sales of non-strategic assets, we will have sufficient liquidity for our present and anticipated working capital needs, our debt service obligations, and other cash requirements, for 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.

	Three Months ended September 30,		Nine Months ended September 30,	
	2015	2016	2015	2016
	(\$ in millions)			
Net cash provided by operating activities	41.9	32.8	118.2	78.3
Net cash used in investing activities	(23.2)	(16.4)	(67.5)	(50.4)
Net cash used in financing activities	(57.0)	(56.7)	(115.4)	(115.8)
Net decrease in cash and cash equivalents	(38.2)	(40.3)	(64.7)	(87.9)
Cash and cash equivalents at beginning of financial period ..	214.8	136.2	241.3	183.9
Cash and cash equivalents at end of financial period	176.6 ⁽¹⁾	96.0	176.6 ⁽¹⁾	96.0

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 September 30, 2016 compared to three months ended September 30, 2015

Cash Flows from Operating Activities

We generated \$32.8 million in net cash from our operating activities for the three months ended September 30, 2016, a decrease from \$41.9 million for the three months ended September 30, 2015. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$20.7 million by (i) non-cash and other items,

such as \$27.5 million of depreciation of property, plant and equipment, \$31.9 million in finance expenses, \$4.0 million of amortization of intangible assets, \$1.3 million in income tax expense and (ii) changes in working capital described below.

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

We generated \$41.9 million in net cash from our operating activities for the three months ended September 30, 2015. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$29.7 million by (i) non-cash and other items, such as \$30.1 million of depreciation of property, plant and equipment, \$30.5 million in finance expenses, \$3.6 million of amortization of intangible assets, \$5.1 million in income tax expense and (ii) changes in working capital described below.

Working capital sources of cash in the three months ended September 30, 2015 included primarily an increase in cash of \$12.8 million resulting from an increase in trade and other payables which were partially offset by a decrease in cash of \$1.9 million resulting from an increase in trade and other receivables, a decrease in cash of \$0.9 million resulting from a decrease in derivative financial instruments and a decrease in cash of \$0.6 million resulting from an increase in inventories. In the three months ended September 30, 2015, we made cash payments of \$6.4 million in respect of income tax expenses.

Cash Flows from Investing Activities

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

Net cash used in investing activities was \$23.2 million during the three months ended September 30, 2015. The principal component of the cash outflow was \$19.9 million and \$3.7 million used for payments related to the purchases of property, plant and equipment and intangible assets, respectively.

Cash Flows from Financing Activities

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

Net cash used in financing activities during the three months ended September 30, 2015 was \$57.0 million, which principally included \$56.9 million in interest payments.

Nine months ended September 30, 2016 compared to nine months ended September 30, 2015

Cash Flows from Operating Activities

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

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

We generated \$118.2 million in net cash from our operating activities for the nine months ended September 30, 2015. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of \$83.8 million by (i) non-cash and other items, such as \$89.9 million of depreciation of property, plant and equipment, \$91.3 million in finance expenses, \$11.5 million of amortization of intangible assets and \$1.0 million of gain on disposal of non-current assets held-for-sales, \$11.4 million in income tax expense, \$3.0 million in provision for potential litigation of 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 nine months ended September 30, 2015 primarily included an increase in cash of \$9.7 million resulting from an increase in trade and other payables and an increase in cash of \$1.4 million resulting from a decrease in inventories, which were partially offset by a decrease in cash of \$0.9 million resulting from an increase in derivative financial instruments and a decrease in cash of \$1.0 million resulting from a decrease in long term benefit obligations. In the nine months ended September 30, 2015, we made cash payments of \$13.3 million in respect of income tax expenses.

Cash Flows from Investing Activities

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

Net cash used in investing activities was \$67.5 million during the nine months ended September 30, 2015. The principal component of the cash outflow was \$78.0 million and \$4.3 million used for payments related to the purchases of property, plant and equipment and intangible assets respectively, 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 nine months ended September 30, 2016 was \$115.8 million, which primarily included \$114.1 million of interest payments and \$1.5 million of dividends paid to minority shareholders of UTL.

Net cash used in financing activities during the nine months ended September 30, 2015 was \$115.4 million, which primarily included \$114.4 million of interest payments and \$0.7 million of dividends paid to minority shareholders of UTL.

Capital Expenditures

We had cash outflows in respect of capital expenditures, or cash capital expenditures, of \$60.2 million for the nine months ended September 30, 2016 compared to \$82.3 million for the nine months ended September 30, 2015. Approximately 70% of our cash capital expenditures of \$60.2 million for the nine months ended September 30, 2016 were for the payment of property, plant and equipment that were purchased in 2015. We expect cash capital expenditure for 2016 to be in the region of approximately \$90.0 million.

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

Total Borrowings

As of September 30, 2016, the total amount outstanding under our long-term and short-term borrowings was \$1,110.0 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):

Facility	Borrower/ Issuer	Amount outstanding as of September 30, 2016	Total committed amount (\$ in millions)	Interest rate	Maturity
Senior secured notes	Global A&T Electronics	1,127.3 ⁽¹⁾	1,127.3	10.0%	February 2019

Notes:

(1) This amount represented the total indebtedness outstanding under the senior secured notes as of September 30, 2016, without deducting unamortized loan facility and related issuance costs of \$17.9 million.

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

Sales of our subsidiaries (who are not guarantors of the senior secured notes) accounted for approximately \$29.2 million, or 5.8%, of our total sales for the nine months ended September 30, 2015, and assets accounted for approximately \$88.2 million, or 5.8%, of our total assets, and liabilities accounted for approximately \$19.5 million, or 1.5%, of our total liabilities, in each case as of September 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 (approximately \$5.0 million as of September 30, 2016) with Siam Commercial Bank Public Company Limited, or Siam Commercial Bank, which may be utilized for working capital purposes. As of September 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 (approximately \$2.4 million as of September 30, 2016) provided by Siam Commercial Bank and Krung Thai Bank Public Company Limited, which may be utilized for working capital purposes. As of September 30, 2016, guarantees of an aggregate amount of 57.3 million Thai Baht (approximately \$1.6 million as of September 30, 2016) have been issued under these facilities.

UTC has a letter of credit facility in the amount of \$7.0 million with Ta Chong Bank, which has an undrawn balance of \$6.2 million as of September 30, 2016.

Finance leases

We have leased certain plant and equipment under finance leases. As of September 30, 2016, our total finance lease obligations were \$0.6 million. Lease terms generally range from one to four years with options to purchase at the end of the lease term. Lease terms generally do not contain restrictions concerning dividends, additional debts or further leasing and do not provide for contingent rents. The liabilities under the leases are secured on the plant and equipment, which are the subject of the finance lease contracts.

Off-balance Sheet Arrangements

As of September 30, 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. On September 27, 2016, the Appellate Division granted Global A&T Electronics' motion for reconsideration but declined to reconsider its decision and denied Global A&T Electronics' motion for permission to appeal its decision to the Court of Appeals. On October 7, 2016, certain noteholders filed an amended complaint against Global A&T Electronics. On October 31, 2016, Global A&T Electronics filed a motion to dismiss the amended complaint. 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 continue to vigorously oppose the noteholders' claims.

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 oral argument on our motion to dismiss and our motion for partial summary judgment was heard on October 24, 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 nine months ended September 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 nine months ended September 30, 2016

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

For the three and nine months ended September 30, 2016

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Sales	167,102	179,834	506,167	504,305
Cost of sales	(140,508)	(148,050)	(426,432)	(433,764)
Gross profit	26,594	31,784	79,735	70,541
Other income	1,118	1,491	3,856	4,537
Other gains/(losses) – net	862	(268)	1,693	(1,202)
Expenses				
Selling, general and administrative	(19,681)	(16,904)	(54,879)	(49,714)
Research and development	(2,674)	(3,436)	(6,861)	(9,411)
Finance	(30,484)	(31,884)	(91,300)	(93,074)
Others	(387)	(116)	(4,650)	(20,151)
Loss before tax	(24,652)	(19,333)	(72,406)	(98,474)
Income tax expense	(5,092)	(1,337)	(11,358)	(1,836)
Loss after tax	(29,744)	(20,670)	(83,764)	(100,310)
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Cash flow hedges				
- Fair value losses	(3,143)	(21)	(3,386)	(21)
- Reclassification	821	–	894	–
<i>Items that will not be reclassified to profit or loss:</i>				
Post-employment benefit obligation, net of tax	(23)	11	(282)	27
Other comprehensive (loss)/income, net of tax	(2,345)	(10)	(2,774)	6
Total comprehensive loss	(32,089)	(20,680)	(86,538)	(100,304)
(Loss)/profit attributable to:				
Equity holders of the Company	(29,939)	(20,961)	(84,754)	(100,776)
Non-controlling interests	195	291	990	466
	(29,744)	(20,670)	(83,764)	(100,310)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(32,244)	(20,971)	(87,479)	(100,771)
Non-controlling interests	155	291	941	467
	(32,089)	(20,680)	(86,538)	(100,304)

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

As at September 30, 2016

	December 31, 2015	September 30, 2016
	US\$'000	US\$'000
ASSETS		
Current assets		
Cash and bank deposits	183,900	95,978
Derivative financial instrument	–	72
Trade and other receivables	122,352	116,660
Inventories	39,003	45,151
Other assets	6,374	6,989
	<u>351,629</u>	<u>264,850</u>
Non-current assets held-for-sale	452	–
	<u>352,081</u>	<u>264,850</u>
Non-current assets		
Other assets	5,220	2,493
Deferred income tax assets	310	524
Available-for-sale financial assets	985	985
Property, plant and equipment	464,529	440,337
Goodwill	643,405	643,405
Intangible assets	39,320	26,966
	<u>1,153,769</u>	<u>1,114,710</u>
Total assets	<u>1,505,850</u>	<u>1,379,560</u>
LIABILITIES		
Current liabilities		
Trade and other payables	172,090	148,952
Derivative financial instrument	–	35
Current income tax liabilities	8,731	3,113
Deferred income	217	87
Borrowings	288	282
Provision	3,000	–
	<u>184,326</u>	<u>152,469</u>
Non-current liabilities		
Trade and other payables	–	4,982
Borrowings	1,104,833	1,109,732
Deferred income tax liabilities	9,155	6,837
Long term benefit obligations	21,324	21,117
	<u>1,135,312</u>	<u>1,142,668</u>
Total liabilities	<u>1,319,638</u>	<u>1,295,137</u>
NET ASSETS	<u>186,212</u>	<u>84,423</u>
EQUITY		
Capital and reserves attributable to the equity holder of the Company		
Share capital	*	*
Capital contribution	698,000	698,000
Other reserves	(6,446)	(6,441)
Accumulated losses	(510,698)	(611,474)
	<u>180,856</u>	<u>80,085</u>
Non-controlling interests	5,356	4,338
Total equity	<u>186,212</u>	<u>84,423</u>

* Denotes amount less than \$1,000

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months ended September 30, 2016

	← Attributable to equity holder of the Company →						
	Share capital	Capital contribution	Other reserves	Accumulated losses	Total	Non- controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at January 1, 2016	*	698,000	(6,446)	(510,698)	180,856	5,356	186,212
Dividends to non-controlling interests	—	—	—	—	—	(1,485)	(1,485)
Total comprehensive income/(loss) for the period	—	—	5	(100,776)	(100,771)	467	(100,304)
As at September 30, 2016	*	698,000	(6,441)	(611,474)	80,085	4,338	84,423
 As at January 1, 2015	 *	 698,000	 (5,876)	 (392,174)	 299,950	 4,275	 304,225
Reclassification	—	—	(6)	6	—	—	—
Total comprehensive (loss)/income for the period	—	—	(2,725)	(84,754)	(87,479)	941	(86,538)
As at September 30, 2015	*	698,000	(8,607)	(476,922)	212,471	5,216	217,687

* 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 and nine months ended September 30, 2016

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss after tax	(29,744)	(20,670)	(83,764)	(100,310)
Adjustments for:				
- Income tax expense	5,092	1,337	11,358	1,836
- Depreciation of property, plant and equipment	30,068	27,514	89,881	82,463
- Amortization of intangible assets	3,603	3,966	11,533	11,928
- Net gain on disposal of property, plant and equipment	(322)	(506)	(316)	(1,178)
- Net gain on disposal of non-current assets held-for-sale	(41)	(48)	(979)	(542)
- Impairment loss of non-current assets held-for-sale	-	-	705	-
- Provision for Tessera's initial audit findings pursuant to the technology license agreement	-	-	3,000	-
- Settlement with Tessera	-	-	-	16,757
- Finance expenses	30,484	31,884	91,300	93,074
- Interest income	(132)	(76)	(859)	(456)
- Government grant income	(81)	(144)	(124)	(982)
- Dividend income	-	(40)	-	(40)
- Fair value loss/(gain) on derivative financial instruments	66	(124)	103	(211)
	38,993	43,093	121,838	102,339
Change in working capital:				
- Derivative financial instruments	(895)	153	(891)	153
- Trade and other receivables	(1,878)	(3,736)	173	(439)
- Inventories	(632)	(2,377)	1,377	(6,875)
- Other assets	168	259	101	35
- Trade and other payables	12,793	(1,352)	9,682	(7,073)
- Long term benefit obligations	(290)	810	(985)	(206)
- Currency translation difference	(80)	(536)	111	(427)
Government grant received	64	123	70	852
Income tax paid	(6,358)	(3,598)	(13,288)	(10,078)
Net cash provided by operating activities	41,885	32,839	118,188	78,281
Cash flows from investing activities				
Purchase of property, plant and equipment	(19,890)	(17,239)	(78,045)	(58,971)
Purchase of intangible assets	(3,724)	(281)	(4,303)	(1,219)
Repayment of loan from immediate holding company	-	-	12,084	-
Investment in short term bank deposits – restricted cash	-	-	(47)	-
Proceeds from disposal of property, plant and equipment	458	870	607	7,651
Proceeds from disposal of non-current assets held-for-sales	62	48	2,029	994
Proceeds from disposal of intangible assets	-	-	-	707
Distributions received from available-for-sale financial assets	55	-	55	-
Increase in amounts due to intercompany	(247)	-	(363)	-
Dividend income	-	40	-	40
Interest received	130	160	498	427
Net cash used in investing activities	(23,156)	(16,402)	(67,485)	(50,371)
Cash flows from financing activities				
Repayment of finance lease liabilities	(77)	(97)	(307)	(269)
Interest paid	(56,892)	(56,594)	(114,374)	(114,078)
Dividend paid to non-controlling interests	-	-	(696)	(1,485)
Net cash used in financing activities	(56,969)	(56,691)	(115,377)	(115,832)

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

For the three and nine months ended September 30, 2016

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Net decrease in cash and cash deposits	(38,240)	(40,254)	(64,674)	(87,922)
Cash and cash deposits at the beginning of the financial period	214,819	136,232	241,253	183,900
Cash and cash deposits at the end of the financial period	176,579	95,978	176,579	95,978
Cash and cash deposits as per Group's financial position	176,626	95,978	176,626	95,978
Less: Cash subject to restrictions	(47)	–	(47)	–
Cash and cash deposits as per consolidated condensed interim statement of cash flows	176,579	95,978	176,579	95,978

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

For the three and nine months ended September 30, 2016

1. Interim financial information

The consolidated condensed financial information and related disclosures as at September 30, 2016 and for the nine months ended September 30, 2016 are unaudited. The consolidated statement of financial position as at 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 \$504.3 million for the nine months ended September 30, 2016 from \$506.2 million for the nine months ended September 30, 2015. The breakdown of sales by service type and product category type are as follows:

Service type	Nine months ended September 30,			
	2015		2016	
	(in thousands of U.S. dollars, except percentages)			
	Assembly	326,294	64.5%	348,625
Test	179,873	35.5%	155,680	30.9%
Total	506,167	100.0%	504,305	100.0%

Product category	Nine months ended September 30,			
	2015		2016	
	(in thousands of U.S. dollars, except percentages)			
	Analog	206,559	40.8%	232,573
Mixed-Signal and Logic	238,254	47.1%	220,300	43.7%
Memory	61,354	12.1%	51,432	10.2%
Total	506,167	100.0%	504,305	100.0%

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

For the three and nine months ended September 30, 2016

Sales increased to \$179.8 million for the three months ended September 30, 2016 from \$167.1 million for the three months ended September 30, 2015. The breakdown of sales by service type and product category type are as follows:

Service type	Three months ended September 30,			
	2015		2016	
	(in thousands of U.S. dollars, except percentages)			
	Assembly	108,126	64.7%	122,831
Test	58,976	35.3%	57,003	31.7%
Total	167,102	100.0%	179,834	100.0%

Product category	Three months ended September 30,			
	2015		2016	
	(in thousands of U.S. dollars, except percentages)			
	Analog	66,260	39.6%	86,445
Mixed-Signal and Logic	78,002	46.7%	75,398	41.9%
Memory	22,840	13.7%	17,991	10.0%
Total	167,102	100.0%	179,834	100.0%

3. Cost of sales

Cost of sales includes consists principally of direct materials, direct and 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 cash deposits

	As at December 31, 2015	As at September 30, 2016
Cash and cash deposits	<i>(in thousands of U.S. dollars)</i>	
Cash at bank and on hand	157,090	89,943
Short-term bank deposits	26,810	6,035
Total	183,900	95,978

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

For the three and nine months ended September 30, 2016

5. Trade and other receivables

	As at December 31, 2015	As at September 30, 2016
Trade and other receivables	<i>(in thousands of U.S. dollars)</i>	
<i>Current</i>		
Trade receivables – non-related parties	110,841	108,936
Trade receivables – related corporation	–	1,306
Less: Allowance for impairment of receivables - non-related parties	(82)	(78)
	<u>110,759</u>	<u>110,164</u>
<i>Non-trade receivables</i>		
- non-related parties	7,608	4,858
- immediate holding corporation	1,321	1,531
- related corporation	2,664	107
Total	<u>122,352</u>	<u>116,660</u>

Amounts due from an immediate holding corporation are unsecured, non-interest bearing and repayable on demand. Trade and other receivables decreased to \$116.7 million as at September 30, 2016 from \$122.4 million as at December 31, 2015 primarily due to the receipt in the first quarter of financial year 2016 for the proceeds from the disposal of property, plant and equipment made in the fourth quarter of financial year 2015.

6. Trade and other payables

	As at December 31, 2015	As at September 30, 2016
Trade and other payables	<i>(in thousands of U.S. dollars)</i>	
<i>Current</i>		
Trade payables to non-related parties		
- Purchase of property, plant and equipment	32,280	30,334
- Development of intangible assets	938	–
- Other purchases	49,039	48,350
	<u>82,257</u>	<u>78,684</u>
Other payables – non-related parties	8,299	11,060
Accrued interest payable	46,969	18,788
Other accrual for operating expenses	32,803	38,760
Deposits and advances from customers	1,762	1,660
	<u>172,090</u>	<u>148,952</u>
<i>Non-current</i>		
Other payables – non-related party	–	4,982
	<u>–</u>	<u>4,982</u>
Total trade and other payables	<u>172,090</u>	<u>153,934</u>

Trade and other payables decreased to \$153.9 million as at September 30, 2016 from \$172.1 million as at December 31, 2015 mainly due to an accrued legal settlement fee with Tessera of \$11.0 million which was payable over a period of approximately three years and repayment of accrued interest payable due in August 1, 2016.

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7. Intangibles assets

Intangible assets decreased by \$12.4 million to \$27.0 million as at September 30, 2016 from \$39.3 million as at December 31, 2015 primarily due to amortization charge of \$11.9 million for the nine months ended September 30, 2016.

8. Property, plant and equipment

Property, plant and equipment decreased by \$24.2 million to \$440.3 million as at September 30, 2016 from \$464.5 million as at December 31, 2015. The decrease was primarily due to depreciation charges of \$82.5 million for the nine months ended September 30, 2016, which was partially offset by the addition of property, plant and equipment of \$58.6 million for the nine months ended September 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 31, 2015	As at September 30, 2016
	<i>(in thousands of U.S. dollars)</i>	
Property, plant and equipment	18,095	12,291

10. Contingencies

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

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

11. Segment information

Nine months ended	Assembly	Test	Total
September 30, 2016	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	347,693	155,639	503,332
Sales to related corporation	931	42	973
Segments sales	348,624	155,681	504,305
Segment gross profit	37,290	33,251	70,541
September 30, 2015			
Segment sales/ Sales to external parties	326,294	179,873	506,167
Segment gross profit	33,839	45,896	79,735

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11. Segment information

Three months ended	Assembly	Test	Total
September 30, 2016	<i>(in thousands of U.S. dollars)</i>		
Sales to external parties	122,213	56,997	179,210
Sales to related corporation	617	7	624
Segments sales	122,830	57,004	179,834
Segment gross profit	15,953	15,831	31,784
September 30, 2015			
Segment sales/ Sales to external parties	108,126	58,976	167,102
Segment gross profit	12,773	13,821	26,594

Reconciliation

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

	Nine months ended September 30,	
	2015	2016
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments	79,735	70,541
Other income	3,856	4,537
Other gains/(losses) – net	1,693	(1,202)
Selling, general and administrative expenses	(54,879)	(49,714)
Research and development costs	(6,861)	(9,411)
Finance costs	(91,300)	(93,074)
Other expenses	(4,650)	(20,151)
Loss before income tax	(72,406)	(98,474)

	Three months ended September 30,	
	2015	2016
	<i>(in thousands of U.S. dollars)</i>	
Segment gross profit of reportable segments	26,594	31,784
Other income	1,118	1,491
Other gains/(losses) – net	862	(268)
Selling, general and administrative expenses	(19,681)	(16,904)
Research and development costs	(2,674)	(3,436)
Finance costs	(30,484)	(31,884)
Other expenses	(387)	(116)
Loss before income tax	(24,652)	(19,333)