QUARTERLY REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2014

GLOBAL A&T ELECTRONICS LTD

May 14, 2014

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CERTAIN DEFINITIONS AND CONVENTIONS

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

All references to “USG” refer to United Test and Assembly Center Ltd. All references to “UHK” refer to UTAC Hong Kong Limited. All references to “UTC” refer to UTAC (Taiwan) Corporation, all references to “UTL” refer to UTAC Thai Limited, all references to “UDG” refer to UTAC Dongguan Ltd, all references to “UTH” refer to UTAC Thai Holdings Limited and all references to “UCD Cayman” refer to UCD Cayman Ltd.

References to:

- “Indenture” are to the indenture dated February 7, 2013, as amended and supplemented from time to time, entered into among GATE, the Subsidiary Guarantors and Citicorp International Limited, as trustee and security agent;

- “Senior Revolving Credit Facility” are to the revolving credit facility extended to GATE 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 GATE, 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” or “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 GATE, being for the time being: USG, UHK, UTC, UTAC Cayman, UTH and UTL.

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, GATE's annual report for the year ended December 31, 2013, dated April 17, 2014. 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 cyclicality of the semiconductor industry;
- increased competition from other companies and our ability to retain and increase our market share;
- our reliance on certain major customers;
- our ability to generate growth and profitability;
- our ability to develop new technologies successfully;
- 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 repay or refinance our indebtedness as it falls due;

- 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 MARCH 31, 2014

Suit filed by Amkor Technology

On April 4, 2014, Amkor Technology, Inc. ("Amkor") filed a complaint against GATE and certain of its subsidiaries in the Superior Court of Arizona. The suit relates to patent licenses between Amkor and certain of GATE's subsidiaries. We are evaluating the claims and our potential counterclaims against Amkor and we intend to vigorously defend our interests in this suit.

Disposal of USG's facility

On May 8, 2014, as part of the company's to consolidate the Singapore operations into one facility, USG had entered into an agreement to dispose one of its facilities at 2 Ang Mo Kio Street 63, Singapore 569111, for an aggregate consideration of S$61.0 million plus goods and services tax. The completion of the sale is expected in the third quarter of 2014.

Nepes Pte. Ltd.

On May 14, 2014, USG disposed its entire interest (comprising approximately 19% of the total issued share capital of Nepes Pte. Ltd ("NPL")) in NPL, which had been loss-making, at a nominal consideration.

Other than as disclosed elsewhere in this quarterly report, there have been no material developments in GATE's business since March 31, 2014.

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, 2013.

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 financial statements as of and for the three months ended March 31, 2014, 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, 2013 and elsewhere in this quarterly report. See "Cautionary Statement Regarding Forward-looking Information." Our consolidated financial statements are reported in U.S. dollars and have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS"), which may differ in certain significant respects from generally accepted accounting principles in other countries.

Overview

We are a leading provider of semiconductor test and assembly services. We are headquartered in Singapore, with production facilities located in China, Singapore, Taiwan and Thailand. In China, our facilities are located in Dongguan and Shanghai. We focus on the test and assembly of mixed signal and logic products ("MSLP"), analog and memory ICs, all of which are used primarily in the communications and consumer, and computing end-markets. Our customers consist primarily of fabless companies, IDMs and wafer foundries.

In the first quarter of 2014, we had sales of $160.7 million, of which MSLP, analog and memory product segments accounted for 46.3%, 41.3% and 12.4%, respectively, while test and assembly services accounted for 34.2% and 65.8%, respectively.

We provide a comprehensive range of semiconductor test and assembly services. We classify our operations and sales by service type: test and assembly. The table below shows, for the periods indicated, the amount and percentage of our total sales attributable to each of our major service types:

	Three months ended March 31			
	2013		2014	
	($ in millions, except percentages)			
Service type	**Amount**	**Percentage of sales**	**Amount**	**Percentage of sales**
Test	62.8	31.2%	54.9	34.2%
Assembly	138.2	68.8%	105.8	65.8%
Total	**201.0**	**100.0%**	**160.7**	**100.0%**

We offer test and assembly services and have focused on expanding our assembly business to offer customers more turnkey solutions. Our test and assembly services are priced based on prevailing market prices, taking into account raw material, labor and overhead costs, including depreciation. The unit price charged for assembly services is generally higher than that for test services as a result of the significantly higher raw material content used in assembly services. On the other hand, while the capital expenditure required for test services may be high, they generally have higher gross margins than assembly services, as they have minimal raw material content.

Our sales from our assembly business as a percentage of our total sales decreased from 68.8% for the three months ended March 31, 2013 to 65.8% for the three months ended March 31, 2014, due to the phasing out of low margin products from our Singapore facility and weakness in demand from a key customer in the memory segment. In comparison, our sales from our test business as a percentage of our total sales increased from 31.2% for the three months ended March 31, 2013 to 34.2% for the three months ended March 31, 2014 due to the offering to our customers additional full turnkey services.

In addition to the classification of our operations by service type, we also classify our operations and sales by the type of semiconductor device: MSLP, analog and memory. The table below shows, for the periods indicated, our composition of sales by type of IC as a percentage of total sales:

	Three Months ended March 31			
	2013		**2014**	
	($ in millions, except percentages)			
Product type	**Amount**	**Percentage of sales**	**Amount**	**Percentage of sales**
MSLP	91.3	45.4%	74.4	46.3%
Analog	74.4	37.0%	66.3	41.3%
Memory	35.2	17.6%	20.0	12.4%
Total	**201.0**	**100.0%**	**160.7**	**100.0%**

Based on our unaudited internal management accounts, which reflect an allocation of all sales for each of our customers by the type of semiconductor that we believe is their primary manufacturing focus, our sales breakdowns by product type for the three months ended March 31, 2013 and 2014 were 45.4% and 46.3% in MSLP, 37.0% and 41.3% in analog products, and 17.6% and 12.4% in memory products, respectively. Our sales mix changed between these two periods primarily due to the phasing out of low margin products from our Singapore facility and weakness in demand from a key customer in the memory segment.

We have a diversified customer base on the basis of geographical distribution. We account for the geographical distribution of our sales in terms of three regions based on the countries in which our customers are headquartered — the United States, Asia and Europe.

	Three Months ended March 31			
	2013		**2014**	
	($ in millions, except percentages)			
Geographical region	**Amount**	**Percentage of sales**	**Amount**	**Percentage of sales**
United States	117.3	58.4%	106.7	66.4%
Asia	63.8	31.8%	33.5	20.8%
Europe	19.0	9.4%	16.8	10.5%

	Three Months ended March 31			
	2013		2014	
	($ in millions, except percentages)			
Geographical region	Amount	Percentage of sales	Amount	Percentage of sales
Others	0.9	0.4%	3.7	2.3%
Total	**201.0**	**100.0%**	**160.7**	**100.0%**

Sales in the United States, Asia and Europe decreased in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, mainly due to the phasing out of low margin products from our Singapore facility and weakness in demand from a key customer in the memory segment.

Results of Operations

	Three Months ended March 31			
	2013		2014	
	($ in millions, except percentages)			
Sales	201.0	100.0%	160.7	100.0%
Cost of sales	(172.6)	(85.9%)	(140.6)	(87.5%)
Gross profit	28.4	14.1%	20.1	12.5%
Other income — net	2.4	1.2%	1.3	0.8%
Expenses:				
Selling, general and administrative	(15.9)	(7.9%)	(15.7)	(9.8%)
Research and development	(2.9)	(1.5%)	(2.8)	(1.7%)
Finance	(29.6)	(14.7%)	(30.0)	(18.7%)
Others	(2.7)	(1.3%)	(2.9)	(1.8%)
Share of profit/(loss) of associated companies	(0.2)	(0.1%)	-	-
Profit/(loss) before tax	(20.5)	(10.2%)	(30.0)	(18.7%)
Income tax expense	(2.2)	(1.1%)	(1.2)	(0.7%)
Profit/(loss) after tax	(22.8)	(11.3%)	(31.2)	(19.4%)
Minority interests	(0.4)	(0.2%)	(0.4)	(0.2%)
Profit / (loss) after minority interest	(23.1)	(11.5%)	(31.6)	(19.7%)

Three months ended March 31, 2014 compared to three months ended March 31, 2013

Sales. Sales decreased 20.0% to $160.7 million in the three months ended March 31, 2014 from $201.0 million in the three months ended March 31, 2013, primarily due to the phasing out of low margin products from our Singapore facility and weakness in demand from a key customer in the memory segment.

Our test services sales decreased 12.6% to $54.9 million in the three months ended March 31, 2014 from $62.8 million in the three months ended March 31, 2013 and our assembly services sales decreased 23.4% to $105.8 million in the three months ended March 31, 2014 from $138.2 million in the three months ended March 31, 2013 as a result of weakness in demand from a key customer in the memory segment and the phasing out of low margin products from our Singapore facility, which is a full turnkey business. The decrease was offset by an increase in test services as we offered additional full turnkey services.

Sales from our MSLP, analog and memory businesses decreased 18.5%, 10.9% and 43.2%, respectively, to $74.4 million, $66.3 million and $20.0 million in the three months ended March 31, 2014, from $91.3 million, $74.4 million and $35.2 million in the three months ended March 31, 2013, as a result of weakness in demand from a key customer in the memory segment and the phasing out of low margin products from our Singapore facility. We experienced stiff competition in our analog business, but have since regained market share.

Cost of sales. Cost of sales decreased 18.5% to $140.6 million in the three months ended March 31, 2014 from $172.6 million in the three months ended March 31, 2013, principally due to lower sales and cost savings from on-going cost control and restructuring initiatives. Our cost of sales as a percentage of sales increased to 87.5% in the three months ended March 31, 2014 compared to 85.9% in the three months ended March 31, 2013, due to lower sales as fixed costs were spread over fewer sales.

Gross profit. Gross profit decreased 29.2% to $20.1 million in the three months ended March 31, 2014 from $28.4 million in the three months ended March 31, 2013. Gross profit as a percentage of sales was 12.5% in the three months ended March 31, 2014 compared to 14.1% in the three months ended March 31, 2013. The decrease in our gross margin was primarily due to lower sales.

Other income, net. Other income, net in the three months ended March 31, 2014 decreased to $1.3 million compared to $2.4 million in the three months ended March 31, 2013 primarily due to a foreign exchange loss of $0.6 million in the three months ended March 31, 2014 as compared to a foreign exchange gain of $0.5 million in the comparative period.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased 1.3% to $15.7 million in the three months ended March 31, 2014 from $15.9 million in the three months ended March 31, 2013, due to our restructuring initiatives.

Research and development expenses. Research and development expenses decreased 3.4% to $2.8 million in the three months ended March 31, 2014 from $2.9 million in the three months ended March 31, 2013 primarily due to our restructuring initiatives.

Finance expenses. Finance expenses were $30.0 million in the three months ended March, 2014 compared to $29.6 million in the three months ended March 31, 2013. These relate to the interest charges on our long term borrowings which were fairly consistent in the two comparative periods.

Other expenses. Other expenses were $2.9 million in the three months ended March 31, 2014, compared to $2.7 million in the three months ended March 31, 2013. This increase is primarily due to an increase in the expenses incurred in respect of our on-going cost initiatives.

Share of loss of associated companies. In the three months ended March 31, 2014, our share of loss of associated companies was nil compared to our share of loss of associated companies of $0.2 million in the three months ended March 31, 2013 due to our investment in the associated company having been fully written down to nil as a result of lossess incurred in the relevant associated company.

Loss before tax. Our loss before tax was $30.0 million in the three months ended March 31, 2014 compared to a loss before tax of $20.5 million in the three months ended March 31, 2013.

Income tax expense. Our consolidated income tax expense was $1.2 million in the three months ended March 31, 2014 compared to income tax expenses of $2.2 million in the three months ended March 31, 2013, primarily as a result of lower income tax accrued in a foreign jurisdiction where no taxable profits are expected.

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 March 31, 2014, our primary sources of liquidity included cash and cash equivalents of $191.8 million and GATE's remaining undrawn credit facilities of $125.0 million under the Senior Revolving Credit Facility.

We believe that after taking into account the expected cash to be generated from operations and the financial resources currently available to us, we have sufficient liquidity for our present and anticipated working capital needs, our debt service obligations, and for other cash requirements, for the 12 months following the date of this report.

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 March 31	
	2013	2014
	($ in millions)	
Net cash provided by operating activities	50.6	41.4
Net cash used in investing activities	(13.7)	(18.7)
Net cash provided by/(used in) financing activities	(31.8)	(48.7)
Net increase/(decrease) in cash and cash equivalents	5.1	(26.0)
Cash and cash equivalents at beginning of financial year/ period	201.2	217.8
Cash and cash equivalents at end of financial year/period	206.3	191.8

Cash Flows from Operating Activities

Net cash provided by operating activities was $41.4 million for the three months ended March 31, 2014, and was $50.6 million for the corresponding period in 2013. The difference of $9.2 million was primarily due to lower receipts from customers as a result of lower sales partially offset by lower payments for operating expenses.

Cash Flows from Investing Activities

Net cash used in investing activities was $18.7 million during the three months ended March 31, 2014. The principal component of the cash outflow was $19.2 million used for the acquisition of property, plant and equipment, which was partially offset by receipt of interest income.

Net cash used in investing activities was $13.7 million during the three months ended March 31, 2013. The principal component of the cash outflow was $14.3 million used for the acquisition of property, plant and equipment, which was partially offset by proceeds from the disposal of certain equipment.

Cash Flows from Financing Activities

Net cash used in financing activities during the three months ended March 31, 2014 was $48.7 million, which principally included $48.7 million in interest payment.

Net cash used in financing activities during the three months ended March 31, 2013 was $31.8 million. Net cash used in financing activities principally included $14.2 million in interest payment, $624.5 million in repayment of borrowings, $0.5 million in dividends paid to non-controlling interest and $0.1 million in repayment of finance lease obligations under our finance leases, offset by proceeds from the Senior Secured Notes (after deducting transaction costs) of $607.5 million.

Capital Expenditures

Capital expenditures represent purchases of property, plant and equipment in any given period, excluding those we acquired through a business combination. We had capital expenditure of $19.2 million for the three months ended March 31, 2014 compared to $14.3 million for the same period in 2013. For the three months ended March 31, 2014, our capital expenditure related mainly to expansion in our wafer level chip scale packaging and our MSLP testing capability. Our capital expenditure for the three months ended March 31, 2013 related mainly to expansion in our analog assembly capacity, memory product testing capacity and our mixed-signal and logic product assembly and testing capacity. We expect our cash capital expenditure for 2014 to be approximately $100.0 million.

Total Borrowings

As of March 31, 2014, the total amounts outstanding under our long-term and short-term borrowings were $1,094.9 million, after deducting unamortized charges, the details of which are set out below.

Long-Term Borrowings

The following table sets out certain details relating to our long-term borrowings:

Facility	Borrower/ Issuer	Amount outstanding as of March 31, 2014	Total committed amount	Interest rate	Maturity
			($ in millions)		
Senior Secured Notes.........	GATE	1,094.4[(1)]	1,127.3	10.0%	February 2019
Senior Revolving Credit Facility...........................	GATE	-	125.0	LIBOR + applicable margin[(2)]	February 7, 2018 or earlier[(2)]

Notes:

(1) This amount represented the indebtedness under the Senior Secured Notes after deducting unamortized loan facility and related charges of $32.9 million as of March 31, 2014. The total indebtedness outstanding under the Senior Secured Notes without deducting unamortized loan facility and related charges was $1,127.3 million.

(2) See "Description of Indebtedness and Other Material Contracts —Senior Revolving Credit Facility Agreement" in our annual report for the year ended December 31, 2013 for details of the applicable margin and maturity date.

Short-Term Borrowings

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

UTL currently has a revolving credit facility of up to 175.0 million Thai Baht with The Siam Commercial Bank Public Company Limited ("SCBPCL"), which may be utilized for working capital purposes. As of March 31, 2014, this facility has not been utilized.

UTL also currently has bank guarantee facilities for an aggregate of up to 121 million Thai Baht provided by SCBPCL, Bangkok Bank Public Company Limited ("BBL") and Krung Thai Bank Public Company Limited ("KTB"), pursuant to which UTL may instruct either of these banks to issue bank guarantee(s) for the payment of custom duties and certain other operating expenses. The fees payable for the issuance of the bank guarantees are 1.25% per annum for SCBPCL and BBL, and 2.0% per annum for KTB. As of March 31, 2014 guarantees of an aggregate amount of 73 million Thai Baht have been issued under these facilities. These facilities are reviewed and renewed on an annual basis. In deciding whether to renew the facilities, the relevant banks assess the financial position of UTL annually by comparing it with other similar companies in the same industry.

UTC has a letter of credit facility of an amount of $7.0 million with Ta Chong Bank, which has an undrawn balance of $6.0 million as of March 31, 2014.

Finance leases

We have leased certain plant and equipment under finance leases. As of March 31, 2014, our total finance lease obligations were $0.5 million. Lease terms generally range from two to five 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 March 31, 2014, there were no off-balance sheet arrangements.

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, environmental liability, labor, products, as well as other claims of liability.

Litigation with Tessera

On September 30, 2010, Tessera, Inc. ("Tessera") filed a complaint against UTC in the United States District Court of the Northern District of California. The suit relates to a contractual dispute about whether UTC's patent license agreement with Tessera obligates it to continue paying royalties to Tessera. Tessera's complaint seeks a judicial determination and declaration that UTC remains contractually obligated to pay royalties to Tessera, an accounting and restitution, 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 on March 16, 2011. On March 28, 2012, the court granted UTC's motion to dismiss with leave for Tessera to file an amended complaint by April 19, 2012. Tessera filed an amended complaint on April 19, 2012, and UTC filed its response on May 17, 2012. UTC, in its response, denies Tessera's claims and asserts counterclaims for declaratory relief relating to the appropriate interpretation of the patent license agreement. 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. The court also scheduled a case management conference for May 9, 2014. The case is ongoing.

Litigation with a shareholder of UTL

On March 22, 2000, a minority shareholder of UTL, Mrs. Yuwanit Pisanthanakun, filed a complaint in the Southern Bangkok Civil Court against UTL and five of its directors (one of whom continues to be an existing director). The plaintiff challenged the validity of a board meeting held on December 16, 1999 and various shareholder meetings approving the appointments of new directors, amendments of UTL's Articles of Association, and allocation of additional shares as a part of a capital increase and debt restructuring of UTL that took place in early 2000.

On December 29, 2005, the Southern Bangkok Civil Court dismissed the plaintiff's claim. The plaintiff's appeal to the Appeals Court on March 14, 2006 was also dismissed on November 10, 2008. Both Thai courts found that the board and shareholders' meetings challenged by the plaintiff were held in accordance with UTL's Articles of Association and that the relevant resolutions were properly passed and should not be revoked. The plaintiff appealed further to the Supreme Court of Thailand on April 27, 2009 and the parties have since made their submissions. The judgment of the Supreme Court of Thailand is pending.

UTL has obtained judgments in its favor in the Court of First Instance and the Court of Appeal, and believes that it has meritorious defenses to the plaintiff's appeal to the Supreme Court of Thailand.

Suit filed by Amkor Technology

On April 4, 2014, Amkor Technology, Inc. ("Amkor") filed a complaint against GATE and certain of its subsidiaries in the Superior Court of Arizona. The suit relates to patent licenses between Amkor and certain of GATE's subsidiaries. We are evaluating the claims and our potential counterclaims against Amkor and we intend to vigorously defend our interests in this suit.

Critical Accounting Policies

Our critical accounting policies are disclosed in our annual report for the year ended December 31, 2013. During the three months ended March 31, 2014, there have been no significant changes in our critical accounting policies.

Recent Accounting Pronouncements under SFRS

New Accounting Standards and SFRS Interpretations Effective 2014

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended December 31, 2013 except for the adoption of the following standards which are effective for annual period beginning on and after January 1, 2014:

- FRS 27 (revised 2011) — Separate Financial Statements (effective for annual periods beginning on or after January 1, 2014)
- FRS 110 — Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2013)
- FRS 112 — Disclosure of Interests in Other Entities (effective for annual periods beginning on or after January 1, 2013)

We anticipate that the adoption of the above FRSs and amendments to FRS will not have a material impact on our financial statements 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, 2013.

FINANCIAL STATEMENTS

1 .... GATE Unaudited Financial Statements for the three months ended March 31, 2014, prepared in accordance with Singapore Financial Reporting Standards

2 .... Condensed Notes to GATE Unaudited Financial Statements for the three months ended March 31, 2014

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

For the three months ended March 31, 2014

	Three months ended March 31, 2013	2014
	US$'000	US$'000
Sales	200,980	160,676
Cost of sales	(172,580)	(140,631)
Gross profit	28,400	20,045
Other gains/(losses) – net	2,421	1,312
Expenses		
Selling, general and administrative expenses	(15,862)	(15,718)
Research and development costs	(2,926)	(2,824)
Finance costs	(29,627)	(29,970)
Other operating expenses	(2,765)	(2,862)
Share of loss of associated companies	(189)	-
Profit before income tax	(20,548)	(30,017)
Income tax (expense)/credit	(2,204)	(1,198)
Total Profit / (Loss)	**(22,752)**	**(31,215)**
Other comprehensive income:		
Cash flow hedges		
- Fair value gains	647	21
- Reclassification	(421)	-
Currency translation differences arising from consolidation	-	-
Share option reserve	-	(8)
Post employment benefit obligation, net of tax	-	(17)
Other comprehensive income, net of tax	**226**	**(4)**
Total comprehensive income	**(22,526)**	**(31,219)**
Profit/(Loss) attributable to:		
Equity holders of the Company	(23,132)	(31,598)
Minority interests	380	383
	(22,752)	**(31,215)**
Total comprehensive income attributable to:		
Equity holders of the Company	(22,951)	(31,616)
Minority interests	425	397
	(22,526)	**(31,219)**

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at March 31, 2014

	Group	
	Dec 31, 2013	**Mar 31, 2014**
	US$'000	**US$'000**
ASSETS		
Current assets		
Cash and cash equivalents	217,855	191,797
Derivative financial instruments	217	88
Trade and other receivables	106,747	101,633
Inventories	33,548	34,858
Other current assets	10,368	7,974
	368,735	336,350
Assets classified as held-for-sale	--	13,566
	368,735	349,916
Non-current assets		
Other non-current assets	9,808	9,550
Deferred income tax assets	2,501	2,505
Financial assets, available-for-sale	1,383	1,383
Property, plant and equipment	536,157	517,880
Intangible assets	708,745	704,742
	1,258,594	1,236,060
Total assets	1,627,329	1,585,976
LIABILITIES		
Current liabilities		
Trade and other payables	132,213	120,838
Provisions	2,000	2,000
Derivative financial instruments	1,034	811
Borrowings	188	209
Current income tax liabilities	4,976	6,778
	140,411	130,636
Non-current liabilities		
Borrowings	1,093,674	1,094,680
Deferred income	168	144
Long term benefit obligations	21,841	21,325
Deferred income tax liabilities	9,439	8,614
	1,125,122	1,124,763

	Group	
	Dec 31, 2013	Mar 31, 2014
	US$'000	US$'000
Total liabilities	1,265,533	1,255,399
NET ASSETS	361,796	330,577
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital		
Capital contribution	698,000	698,000
Other reserves	(6,736)	(6,754)
Retained earnings/(Accumulated losses)	(334,898)	(366,496)
	356,366	324,750
Minority interest	5,430	5,827
Total equity	361,796	330,577

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

As at March 31, 2014

		← Attributable to equity holder of the Company →						
	Note	**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**
Opening amount as at January 1, 2014		-	698,000	(6,736)	(334,898)	356,366	5,430	361,796
Dividend paid to non-controlling interest		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	(18)	(31,598)	(31,616)	397	(31,219)
Balance as at March 31, 2014		**-**	**698,000**	**(6,754)**	**(366,496)**	**324,750**	**5,827**	**330,577**
Opening amount as at January 1, 2013		-	698,000	515	(255,141)	443,374	5,965	449,339
Dividend paid to non-controlling interest		-	-	-	-	-	(526)	(526)
Total comprehensive income for the period		-	-	181	(23,132)	(22,951)	425	(22,526)
Balance as at March 31, 2013		-	698,000	696	(278,273)	420,423	5,864	426,287

GLOBAL A&T ELECTRONICS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three months ended March 31, 2014

	Three months ended 31 March	
	2013	**2014**
	US$'000	**US$'000**
Cash flows from operating activities		
Net profit	(22,752)	(31,215)
Adjustments for:		
- Tax	2,204	1,198
- Depreciation of property, plant and equipment	39,603	34,408
- Amortisation of intangible assets	4,169	4,063
- Net (gain)/loss on disposal of property, plant and equipment	(28)	52
- Write-off of property, plant and equipment	-	11
- Interest expense	29,627	29,970
- Interest income	(204)	(464)
- Government grant income	(130)	(26)
- Fair value loss/(gain) on derivative financial instruments	(1)	-
- Share of (gain)/loss of associated companies	189	-
Operating cash flow before working capital changes	52,677	37,997
Change in operating assets and liabilities,		
- Derivative financial instruments	(416)	(73)
- Trade and other receivables	808	5,114
- Inventories	4,170	(1,310)
- Other current assets	3,249	2,261
- Trade and other payables	(9,947)	(1,873)
- Retirement benefit obligations	401	(533)
- Currency translation difference	-	97
Cash generated from operations	50,942	41,680
Government grant received	281	4
Income tax paid	(672)	(329)
Net cash provided by operating activities	50,551	41,355
Cash flows from investing activities		
Purchases of property, plant and equipment	(14,344)	(19,180)
Purchases of intangible assets	(99)	(60)
Proceeds from disposal of property, plant and equipment	654	87
Proceed/(Purchase) from/(of) sale of financial assets, at fair value	3	-
Interest received	128	464

	Three months ended 31 March	
	2013	2014
	US$'000	US$'000
Net cash used in investing activities	(13,658)	(18,689)
Cash flows from financing activities		
Proceeds from borrowings	607,500	-
Repayment of borrowings	(624,511)	-
Repayment of finance lease liabilities	(110)	(49)
Interest paid	(14,145)	(48,675)
Dividend paid to a non-controlling interest	(526)	-
Net cash used in financing activities	(31,792)	(48,724)
Net increase/(decrease) in cash and cash equivalents	5,101	(26,058)
Cash and cash equivalents at the beginning of the financial period	201,219	217,806
Cash and cash equivalents at the end of the financial period	206,320	191,748
Cash and cash equivalents in the Group's balance sheet	206,320	191,797
Less: Cash subject to restrictions	-	(49)
Cash and cash equivalents in consolidated cash flow statement	206,320	191,748
Net cash provided by (used in):		
Operating activities	50,551	41,355
Investing activities	(13,658)	(18,689)
Financing activities	(31,792)	(48,724)
Total	5,101	(26,058)

1. Interim financial statements

The Consolidated Financial Statements and related disclosures as of March 31, 2013 and 2014 and for the three months ended March 31, 2013 and 2014 are unaudited. The December 31, 2013 consolidated statement of financial position 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 statements. In the opinion of the management of GATE, the accompanying unaudited condensed consolidated financial statements 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 and related notes thereto for the year ended December 31, 2013.

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 $160.7 million for the three months ended March 31, 2014 from $201.0 million for the three months ended March 31, 2013. Breakdowns of sales by service and product types are as follows:

	Group			
	Three months ended March 31,			
Sales	2013		2014	
	(in thousands of U.S. dollars, except percentages)			
Test	62,754	31.2%	54,859	34.2%
Assembly	138,226	68.8%	105,817	65.8%
Total	200,980	100%	160,676	100%

	Group			
	Three months ended March 31,			
Sales	2013		2014	
	(in thousands of U.S. dollars, except percentages)			
Memory	35,242	17.5%	20,005	12.4%
Mixed-Signal and Logic	91,314	45.4%	74,372	46.3%
Analog	74,424	37.0%	66,299	41.3%
Total	200,980	100%	160,676	100%

3. Cost of sales

Cost of sales includes cost of materials, depreciation and overhead and labor. Cost of sales decreased to $140.6 million for the three months ended March 31, 2014 compared to $172.6 million for the three months ended March 31, 2013.

4. Cash and cash equivalents

	Group	
Cash and Cash Equivalents	As at December 31, 2013	As at March 31, 2014
	(in thousands of U.S. dollars)	
Cash at bank and on hand	135,535	117,666
Short-term bank deposits	82,320	74,131
Total	217,855	191,797

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

5. Trade and other receivables

	Group	
Trade and Other Receivables	As at December 31, 2013	As at March 31, 2014
	(in thousands of U.S. dollars)	
Trade receivables – third parties	97,936	93,853
Less: Allowance for impairment of receivables - non-related parties	(402)	(166)
	97,534	93,687
Receivables from third parties - non-trade	9,213	7,946
Total	106,747	101,633

Trade and other receivables decreased to $101.6 million as at March 31, 2014 from $106.7 million as at December 31, 2013 in line with the decrease in sales.

6. Trade and other payables

	Group	
Trade and Other Payables	As at December 31, 2013	As at March 31, 2014
	(in thousands of U.S. dollars)	
Payables for purchase of property, plant and equipment	15,465	26,070
Payables for other purchase	38,578	37,671
Advances from customers	726	1,450
Deposits received	1,005	1,005
Accrued interest payable	39,398	19,135
Other accrual for operating expenses	32,925	31,824
Other payables	4,116	3,683
Total	132,213	120,838

Trade and other payables decreased to $120.8 million as at March 31, 2014 from $132.2 million as at December 31, 2013 mainly due to repayment of interest due in the three months ended March 31, 2014, partially offset by higher balance due to fixed asset vendors.

7. Intangibles

Intangible assets decreased by $4.0 million to $704.7 million as at March 31, 2014 from $708.7 million as at December 31, 2013, mainly due to amortization charges for the three months ended March 31, 2014.

8. Property, Plant and Equipment

Property, plant and equipment decreased by $18.3 million to $517.9 million as at March 31, 2014 from $536.2 million as at December 31, 2013.

9. Capital commitments

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

	Group	
	As at December 31, 2014	As at March 31, 2014
Capital Commitments	*(in thousands of U.S. dollars)*	
Property, plant and equipment	17,431	23,434

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

Three months ended	Assembly	Test	Group
March 31, 2014		(*in thousands of U.S. dollars*)	
Segment sales/ Sales to external parties	105,817	54,859	160,676
March 31, 2013			
Segment sales/ Sales to external parties	138,226	62,754	200,980

Reconciliation

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

	Group	
	Three months ended March 31,	
	2013	2014
	(in thousands of U.S. dollars)	
Segment gross profit of reportable segments	28,400	20,045
Other gains/ (losses) - net	2,421	1,312
Selling, general and administrative expenses	(15,862)	(15,718)
Research and development costs	(2,926)	(2,824)
Finance costs	(29,627)	(29,970)
Other operating expenses	(2,765)	(2,862)
Share of loss of associated companies	(189)	-
Loss before income tax	(20,548)	(30,017)