QUARTERLY REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2018

UTAC HOLDINGS LTD.

May 3, 2018

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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 UTAC Holdings Ltd., a company incorporated in Singapore, and its consolidated subsidiaries, and all references to “UTAC Holdings” are to UTAC Holdings Ltd., on a standalone basis.

All references to “GATE” refer to Global A&T Electronics Ltd., all references to “USG1” 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 “USC” refer to UTAC (Shanghai) Co., Ltd., 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, all references to “UHQ” refer to UTAC Headquarters Pte. Ltd., all references to “UMS” refer to UTAC Manufacturing Services Pte. Ltd., all references to “UMS Holdings” refer to UTAC Manufacturing Services Holdings Pte. Ltd., all references to “UMS HK” refer to UTAC Manufacturing Services Limited, all references to “UID” refer to PT UTAC Manufacturing Services Indonesia, all references to “USG2” refer to UTAC Manufacturing Services Singapore Pte. Ltd., all references to “UGGS” refer to UTAC Group Global Sales Ltd., all references to “UTAC Japan” refer to UTAC Japan Co. Ltd. and all references to “UGS America” refer to UGS America Sales, Inc.

References to:

- “2019 Indenture” are to the indenture dated February 7, 2013, as amended and supplemented from time to time, entered into among GATE, the GATE subsidiary guarantors and Citicorp International Limited, as trustee and security agent;

- “2023 Indenture” are to the indenture dated January 12, 2018, as amended and supplemented from time to time, entered into among GATE as issuer, UTAC Holdings, the Original subsidiary guarantors and Wilmington Savings Fund Society FSB as trustee and security agent;

- “2019 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 2019 Indenture;

- “2023 Notes” are to the 8.50% Senior Secured Notes due 2023, issued on January 12, 2018, pursuant to the terms of the 2023 Indenture;

- “GATE subsidiary guarantors” are to certain subsidiaries of GATE, being for the time being: USG, UHK, UTC, UTAC Cayman, UTH, UTL and UHQ; and

- “Original subsidiary guarantors” are to certain subsidiaries of UTAC Holdings, being for the time being: UHK, UID, UMS, UMS HK, USG1, USG2, UMS Holdings, UTAC Cayman, UTAC Japan, UHQ, UTC, UGS America and UGGS.

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, UTAC Holdings' annual report for the year ended December 31, 2017, dated May 3, 2018. 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.

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.

MATERIAL RECENT DEVELOPMENTS SINCE MARCH 31, 2018

UTAC announced the appointment of Mr. Ken Rizvi as Chief Financial Officer with effect from June 1, 2018. Ken will succeed our interim CFO, Shawn Kelly who will remain as VP Finance of the Group. Ken has more than 20 years of experience in the technology industry with senior leadership roles at Micron, ON Semiconductor and Isola. Ken joins us from Isola where he served as its Chief Financial Officer overseeing both the finance and IT organizations. Prior to Isola, Ken held senior finance positions with Micron and ON Semiconductor. He also served as an associate at Technology Crossover Ventures, a leading private equity and venture capital firm focused on growth technology companies, and as an investment banker at Morgan Stanley.

Other than as disclosed elsewhere in this quarterly report, there have been no material developments in our business since March 31, 2018.

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 ended March 31, 2018 and the related notes thereto included elsewhere in this quarterly report.

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 mobile, Bluetooth and WiFi), consumer devices, computing devices, automotive applications and industrial and medical applications. We provide assembly and test services primarily for five key semiconductor product categories, namely, analog, mixed-signal and logic, memory, others and liquidated damages.

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 March 31,			
	2017		2018	
Service type	**Amount ($ in millions)**	**Percentage of sales**	**Amount ($ in millions)**	**Percentage of sales**
Assembly	143.7	68.2%	136.6	68.1%
Test	60.6	28.8%	58.3	29.0%
Others	6.4	3.0%	5.8	2.9%
Total	**210.7**	**100.0%**	**200.7**	**100.0%**

The following table sets forth the composition of 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 March 31,			
	2017		2018	
Product category	**Amount ($ in millions)**	**Percentage of sales**	**Amount ($ in millions)**	**Percentage of sales**
Analog	91.6	43.4%	95.6	47.7%
Mixed-signal and logic	74.8	35.5%	66.7	33.2%
Memory	20.0	9.5%	15.9	7.9%
Others	17.9	8.5%	16.7	8.3%
Liquidated damages	6.4	3.1%	5.8	2.9%
Total	**210.7**	**100.0%**	**200.7**	**100.0%**

Sales from our analog product category increased by 4.4% to $95.6 million for the three months ended March 31, 2018 from $91.6 million for the three months ended March 31, 2017, primarily due to continued demand from our customers in power and automotive related packages and our investment in 2017 towards expanding our production capacity of such packages which allowed us to meet our customers' demand in these areas.

Sales from our mixed-signal and logic product category decreased by 10.8% to $66.7 million for the three months ended March 31, 2018 from $74.8 million for the three months ended March 31, 2017. This is mainly attributable to weaker demand from mobile customers.

Sales from our memory product category decreased by 20.5% to $15.9 million for the three months ended March 31, 2018 from $20.0 million for the three months ended March 31, 2017, due to our exit from certain lower-margin memory business in the first quarter of 2018.

Sales from our other product categories decreased by 6.7% to $16.7 million for the three months ended March 31, 2018 from $17.9 million for the three months ended March 31, 2017, mainly due to lower demand from our customers in the consumer electronics industry.

Sales from our liquidated damages decreased by 9.4% to $5.8 million for the three months ended March 31, 2018 from $6.4 million for the three months ended March 31, 2017, primarily due to higher loading from our customer under our contract manufacture agreement with them.

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

	Three months ended March 31,			
	2017		2018	
Geographical region	**Amount ($ in millions)**	**Percentage of sales**	**Amount ($ in millions)**	**Percentage of sales**
United States	109.6	52.0%	99.2	49.5%
Japan	48.5	23.0%	55.3	27.6%
Europe	22.9	10.9%	27.8	13.8%
Asia (excluding Japan)	29.2	13.9%	16.6	8.2%
Others	0.5	0.2%	1.8	0.9%
Total	**210.7**	**100.0%**	**200.7**	**100.0%**

Sales from our customers in the United States decreased to $99.2 million for the three months ended March 31, 2018 compared to $109.6 million for the three months ended March 31, 2017. This decrease was primarily due to a decrease in sales of our mixed signal and logic product category. Our sales in Asia (excluding Japan) decreased to $16.6 million for the three months ended March 31, 2018 from $29.2 million for the three months ended March 31, 2017, primarily due to the closure of our Shanghai facility and lower sales from our mobile customers.

Results of Operations

	Three months ended March 31,			
	2017		2018	
	($ in millions, except percentages)			
Sales	210.7	100%	200.7	100%
Cost of sales	(163.7)	(77.7%)	(160.3)	(79.9%)
Gross profit	47.0	22.3%	40.4	20.1%
Other income	2.5	1.2%	248.7	123.9%
Other losses — net	(1.0)	(0.5%)	(1.7)	(0.8%)
Expenses:				
Selling, general and administrative	(19.6)	(9.3%)	(32.6)	(16.2%)
Research and development	(4.5)	(2.1%)	(4.0)	(2.0%)
Finance	(30.8)	(14.6%)	(14.2)	(7.1%)
Others	(7.1)	(3.4%)	(2.8)	(1.4%)
Loss before tax	(13.5)	(6.4%)	233.8	116.5%
Income tax (expense)/ credit	(0.5)	(0.2%)	1.1	0.5%
Loss after tax	(14.0)	(6.6%)	234.9	117.0%
Non-controlling interest	0.1	0.1%	-	-
Loss after non-controlling interest	(14.1)	(6.7%)	234.9	117.0%

Three months ended March 31, 2018 compared to three months ended March 31, 2017

Sales. Sales decreased by 4.7% to $200.7 million for the three months ended March 31, 2018 from $210.7 million for the three months ended March 31, 2017.

Our assembly service sales decreased by 4.9% to $136.6 million for the three months ended March 31, 2018 from $143.7 million for the three months ended March 31, 2017, primarily due to a decrease in sales of our mixed-signal and logic products, memory products and other products, offset by an increase in sales of our analog products. Our test services sales decreased by 3.8% to $58.3 million for the three months ended March 31, 2018 from $60.6 million for the three months ended March 31, 2017, primarily due to a decrease in sales of our mixed-signal and logic products, memory products, analog and other products.

We have implemented the new Singapore Financial Reporting Standards 115 (FRS 115) using the modified retrospective approach which recognizes revenue from services completed but not billed. This resulted in a one-time increase of $3.80 million in revenue for the three months ended March 31, 2018.

Cost of sales. Cost of sales decreased by 2.1% to $160.3 million for the three months ended March 31, 2018 from $163.7 million for the three months ended March 31, 2017. The decrease was primarily attributable to a decrease in sales, the closure of USC which contributed to lower material costs and lower depreciation expenses, offset by a weakened U.S. dollar which increased our costs of purchases, higher costs of utilities due to increased rates and higher non-recurring engineering costs. Our cost of sales as a percentage of sales increased to 79.9% for the three months ended March 31, 2018 compared to 77.7% for the three months ended March 31, 2017.

Gross profit. Gross profit decreased by 14.0% to $40.4 million for the three months ended March 31, 2018 from $47.0 million for the three months ended March 31, 2017. Gross profit as a percentage of sales, or gross profit margin, was 20.1% for the three months ended March 31, 2018 compared to 22.3% for the three months ended March 31, 2017. The decreases in our gross profit and gross profit margin were primarily due to decreased sales, a weakened U.S. dollar which increased our costs of purchases, higher costs of utilities due to increased rates, offset by lower depreciation expenses.

Other income. Other income increased to $248.7 million for the three months ended March 31, 2018 from $2.5 million for the three months ended March 31, 2017, primarily due to a one-off gain from our debt restructuring of $143.4 million and the reversal of accrued interests under the 2019 Notes of $103.3 million.

Other losses - net. Other losses – net increased to $1.7 million for the three months ended March 31, 2018 from $1.0 million for the three months ended March 31, 2017, primarily due to an increase in foreign currency losses.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by 66.3% to $32.6 million for the three months ended March 31, 2018 from $19.6 million for the three months ended March 31, 2017 primarily due to higher legal and professional expenses and severance fees in connection with a workforce reduction exercise in the first quarter of 2018.

Research and development expenses. Research and development expenses decreased 11.1% to $4.0 million for the three months ended March 31, 2018 from $4.5 million for the three months ended March 31, 2017, primarily due to lower depreciation expense related to plant and equipment used for research and development purposes.

Finance expenses. Finance expenses were $14.2 million for the three months ended March 31, 2018 compared to $30.8 million for the three months ended March 31, 2017. The decrease was primarily attributable to lower interest expenses in relation to our long-term borrowings as a result of the restructuring of the 2019 Notes, which reduced the annual interest payment obligations by approximately 50%.

Other expenses. Other expenses were $2.8 million for the three months ended March 31, 2018 compared to $7.1 million for the three months ended March 31, 2017. The decrease was primarily due to the severance costs of $5.4 million relating to the closure of USC which we incurred during the three month ended March 31, 2017.

Loss before tax. Our profit before tax was $233.8 million for the three months ended March 31, 2018 compared to a loss before tax of $13.5 million for the three months ended March 31, 2017.

Income tax (expense)/ credit. Our income tax credit was $1.1 million for the three months ended March 31, 2018 compared to income tax expense of $0.5 million for the three months ended March 31, 2017, primarily due to overprovision of income tax in the prior quarter.

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 profit/(loss) after tax adjusted for (i) income tax expense; (ii) finance expenses/(income); 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) debt restructuring costs; (ii) gain on debt restructuring; (iii) severance expenditure; and (iv) other one-time expenditure and gain, such as expenditure incurred due to and/or gain derived from the closure of USC.

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 March 31,	
	2017	2018
	($ in millions)	
Profit/(Loss) after tax	**(14.0)**	**234.9**
Add/(deduct):		
Income tax expense/(credit)	0.5	(1.1)
Finance expenses/(income)	30.3	(89.6)
Depreciation of property, plant and equipment	27.8	25.4
Amortization of intangible assets	2.9	1.2
EBITDA	**47.5**	**170.8**
Add/(deduct):		
Debt restructuring costs	0.7	14.2
Debt restructuring gain	-	(143.4)
Severance expenditure	0.2	2.1
USC closure	6.0	0.9
Adjusted EBITDA	**54.4**	**44.6**

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, 2018, our primary sources of liquidity included cash and bank deposits of $215.5 million and our undrawn credit facilities of $5.6 million and unutilized bank guarantee facilities of $0.7 million.

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,	
	2017	2018
	($ in millions)	
Net cash provided by operating activities	60.5	31.7
Net cash used in investing activities	(3.6)	(10.6)
Net cash used in financing activities	(77.0)	9.8
Net decrease in cash and cash equivalents	(20.1)	30.9
Cash and cash equivalents at beginning of financial period	217.2	184.6
Restricted cash	18.3	-
Cash and cash equivalents at end of financial period	**215.4**	**215.5**

Cash Flows from Operating Activities

We generated $31.7 million in net cash from our operating activities for the three months ended March 31, 2018. Our cash flows generated from operating activities are calculated by adjusting our profit after tax of $234.9 million by (i) non-cash and other items, such as $25.4 million of depreciation of property, plant and equipment, $1.2 million of amortization of intangible assets, $14.2 million in finance expense, $103.8 million in interest income, $1.1 million in income tax credit and $143.4 million in debt restructuring gain, and (ii) changes in working capital described below.

Working capital sources of cash for the three months ended March 31, 2018 included primarily a $16.5 million decrease in cash from our trade and other payables, which was offset by the increase in cash from trade and other receivables of $14.1 million, other assets of $1.7 million, inventories of $5.0 million and long-term benefit obligation of $0.5 million.

We generated $60.5 million in net cash from our operating activities for the three months ended March 31, 2017. Our cash flows generated from operating activities are calculated by adjusting our loss after tax of $14.0 million by (i) non-cash and other items, such as $27.8 million of depreciation of property, plant and equipment, $2.9 million of amortization of intangible assets, $30.8 million in finance expense, $0.5 million in interest income and $0.5 million of income tax expenses, and (ii) changes in working capital described below.

Working capital sources of cash for the three months ended March 31, 2017 included primarily a $2.3 million decrease in cash from our trade and other payables, inventories of $1.6 million and other assets of $0.7 million, which was offset by the increase in cash from trade and other receivables of $17.3 million and long-term benefit obligation of $1.1 million.

Cash Flows from Investing Activities

Net cash used in investing activities was $10.6 million during the three months ended March 31, 2018. The principal component of the cash outflow was $11.2 million used for purchases of property, plant and equipment, which was partially offset by proceeds of $0.2 million from the disposal of property, plant and equipment and the receipt of interest income of $0.4 million.

Net cash used in investing activities was $3.6 million during the three months ended March 31, 2017. Cash flows from investing activities consisted primarily of $20.6 million used for the purchases of property, plant and equipment, which were partially offset by proceeds of $0.2 million from the disposal of our plant and equipment, a decrease in restricted cash of $16.3 million and the receipt of interest income of $0.5 million.

Cash Flows from Financing Activities

Net cash generated from financing activities during the three months ended March 31, 2018 was $9.8 million, which mainly due to a decrease of $10.0 million in depository trust account offset by $0.2 million repayment of finance lease liabilities.

Net cash used in financing activities during the three months ended March 31, 2017 was $77.0 million, which principally included $56.7 million in interest payments, $20.0 million in repayment of loans and other borrowings and $0.2 million in repayment of finance lease liabilities.

Capital Expenditures

We had cash outflows in respect of capital expenditures, or cash capital expenditures, of $11.2 million for the three months ended March 31, 2018 compared to $20.6 million for the three months ended March 31, 2017.

Our capital expenditures of $11.2 million for the three months ended March 31, 2018 primarily related to assembly and test capacity expansion. All of our capital expenditures were allocated to purchase commitments from 2017. Subject to market conditions and our financial performance in 2018, we expect our cash capital expenditure for 2018 to be around $95.0 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 March 31, 2018, the total amount outstanding under our long-term and short-term borrowings was $664.2 million (after deducting unamortized loan facility and related issuance costs).

On November 2, 2017, GATE and its subsidiaries entered into a global settlement, forbearance and restructuring and support agreement (the "**RSA**") with the holders of the 2019 Notes which provides the restructuring of the terms of the 2019 Notes together with its Joint Chapter 11 Plan of Reorganization (the "**Chapter 11 Plan**"). The Chapter 11 Plan was entered with the United States Bankruptcy Court for the Southern District of New York on December 22, 2017 and was confirmed by the Court on January 3, 2018 and became effective on January 12, 2018. Pursuant to the Chapter 11 Plan, the 2019 Notes were cancelled and delisted from the SGX-ST.

On January 12, 2018, GATE issued $665 million in aggregate principal amount of 8.5% senior secured notes due 2023 pursuant to an indenture dated January 12, 2018 entered into among GATE, UTAC Holdings, the Original subsidiary guarantors and Wilmington Savings Fund Society, FSB, as trustee and security agent, in exchange for the cancellation of GATE's 2019 Notes. The holders of the 2019 Notes received the 2023 Notes and certain holders of the 2019 Notes also received some shares in the share capital of UTAC Holdings. For further details about the RSA, the Chapter 11 Plan or the changes to our borrowings, see "*Material Recent Developments since December 31, 2017*" and "*Description of Certain Indebtedness*" of our annual report for the year ended December 31, 2017.

Long-Term Borrowings

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

Facility	Borrower/ Issuer	Amount outstanding as of March 31, 2018	Total committed amount	Interest rate	Maturity
			($ in millions)		
2023 Notes............................	Global A&T Electronics	665.0(1)	665.0	8.5%	January 2023

Notes:

(1) This amount represented the total indebtedness outstanding under the 2023 Notes as of March 31, 2018, without deducting unamortized loan facility and related issuance costs of $0.8 million.

Sales of our subsidiaries (who are not guarantors of the 2023 Notes) accounted for approximately $0.1 million, or 0.1%, of our total sales for the three months ended March 31, 2018, and assets accounted for approximately $13.9 million, or 0.9%, of our total assets, and liabilities accounted for approximately $3.1 million, or 0.4%, of our total liabilities, in each case as of March 31, 2018. Sales and assets of our non-subsidiary guarantors as a percentage of our total sales and assets declined to 0.1% and 0.4%, respectively, in 2017 from 3.6% and 2.7%, respectively, in 2016, primarily due to the closure of USC.

Short-Term Borrowings

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

UTL has a revolving credit facility of up to 175.0 million Thai Baht (approximately $5.6 million as of March 31, 2018) with Siam Commercial Bank Public Company Limited, or Siam Commercial Bank, which may be utilized for working capital purposes. As of March 31, 2018, this facility has not been utilized.

UTL also has bank guarantee facilities for an aggregate of up to 85.0 million Thai Baht (approximately $2.7 million as of March 31, 2018) provided by Siam Commercial Bank, which may be utilized for working capital purposes. As of March 31, 2018, guarantees of an aggregate amount of 65.6 million Thai Baht (approximately $2.1 million) have been issued under these facilities.

Finance leases

We have leased certain plant and equipment under finance leases. As of March 31, 2018, our total finance lease obligations were $0.7 million. Lease terms generally range from one 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, 2018, other than disclosed in elsewhere of this document, we do not have other off-balance sheet arrangements.

Contingent Liabilities

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

Critical Accounting Policies

Our critical accounting policies are disclosed in our annual report for the year ended December 31, 2017. During the three months ended March 31, 2018, there have been no significant changes in our critical accounting policies.

Recent Accounting Pronouncements under SFRS

New Accounting Standards and SFRS Interpretations Effective 2018

Certain new standards, amendments and interpretations to existing standards that have been published, and are relevant for UTAC Holdings' accounting periods beginning on or after January 1, 2018 or later periods and which UTAC Holdings 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 UTAC Holdings in the period of their initial adoption. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Accounting Pronouncements under SFRS"* in our annual report for the year ended December 31, 2017.

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, 2017.

UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

1 .... UTAC Holdings Ltd. Unaudited Consolidated Condensed Interim Financial Information for the three months ended March 31, 2018

UTAC HOLDINGS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31, 2018

	Three months ended March 31,	
	2017	**2018**
	US$'000	**US$'000**
Sales	210,651	200,671
Cost of sales	(163,672)	(160,340)
Gross profit	46,979	40,331
Other income	2,475	248,710
Other loss – net	(1,013)	(1,685)
Expenses		
Selling, general and administrative	(19,574)	(32,604)
Research and development	(4,480)	(3,958)
Finance	(30,782)	(14,197)
Other	(7,130)	(2,773)
Profit/(Loss) before tax	(13,525)	233,824
Income tax expense	(528)	1,077
Profit/(Loss) after tax	**(14,053)**	**234,901**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
- Fair value gains	37	(2)
Increase in capital from restructuring	–	310,000
Others	–	(65)
Items that will not be reclassified to profit or loss:		
Remeasurements on post-employment benefit obligation	11	23
Other comprehensive income, net of tax	**48**	**309,956**
Total comprehensive income/(loss)	**(14,005)**	**544,857**
Profit/(Loss) attributable to:		
Equity holders of the Company	(14,153)	234,868
Non-controlling interests	100	33
	(14,053)	**234,901**
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	(14,106)	544,825
Non-controlling interests	101	32
	(14,005)	**544,857**

UTAC HOLDINGS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As of March 31, 2018

	December 31, 2017	March 31, 2018
	US$'000	**US$'000**
ASSETS		
Current assets		
Cash and bank deposits	184,606	215,509
Trade and other receivables	133,126	119,571
Inventories	53,023	48,037
Other assets	27,390	15,254
	398,145	**398,371**
Non-current assets held-for-sale	-	-
	398,145	**398,371**
Non-current assets		
Other assets	2,942	2,864
Deferred income tax assets	5,237	4,560
Available-for-sale financial assets	978	978
Property, plant and equipment	441,803	433,993
Goodwill	643,405	643,405
Intangible assets	17,752	16,561
	1,112,117	**1,102,361**
Total assets	**1,510,262**	**1,500,732**
LIABILITIES		
Current liabilities		
Trade and other payables	222,416	124,555
Current income tax liabilities	7,155	7,543
Deferred income	15	14
Borrowings	325	335
Provisions	1,494	641
	231,405	**133,088**
Non-current liabilities		
Trade and other payables	1,719	1,776
Borrowings	1,118,775	664,556
Deferred income tax liabilities	13,085	10,706
Long-term benefit obligations	28,912	29,383
	1,162,491	**706,421**
Total liabilities	**1,393,896**	**839,509**
NET ASSETS	**116,366**	**661,223**
EQUITY		
Capital and reserves attributable to the equity holder of the Company		
Share capital	510,884	510,884
Capital contribution	187,116	187,116
Other reserves	(8,355)	301,602
Accumulated losses	(578,417)	(343,549)
	111,228	**656,053**
Non-controlling interests	5,138	5,170
Total equity	**116,366**	**661,233**

* Denotes amount less than US$1,000

UTAC HOLDINGS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended March 31, 2018

	← Attributable to equity holder of the Company →						
	Share capital	Capital contribution	Other reserves	Accumulated income/(losses)	Total	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As of January 1, 2018	**510,884**	**187,116**	**(8,355)**	**(578,417)**	**111,228**	**5,138**	**116,366**
Total comprehensive income/(loss) for the period	–	–	309,957	234,868	544,825	32	544,857
As of March 31, 2018	**510,884**	**187,116**	**301,602**	**(343,549)**	**656,053**	**5,170**	**661,223**
As of January 1, 2017	**510,884**	**187,116**	**(7,428)**	**(508,228)**	**182,344**	**4,395**	**186,739**
Total comprehensive income/(loss) for the period	–	–	47	(14,153)	(14,106)	101	(14,005)
As of March 31, 2017	**510,884**	**187,116**	**(7,381)**	**(522,381)**	**168,238**	**4,496**	**172,734**

UTAC HOLDINGS LTD. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three months ended March 31, 2018

	Three months ended March 31,	
	2017	**2018**
	US$'000	**US$'000**
Cash flows from operating activities		
Profit/(Loss) after tax	(14,053)	234,901
Adjustments for:		
- Income tax expense	528	(1,077)
- Depreciation of property, plant and equipment	27,773	25,420
- Amortization of intangible assets	2,866	1,234
- Net gain on disposal of property, plant and equipment and non-current asset held for sale	2	(54)
- Impairment loss on property, plant and equipment	-	8
- Finance expense	30,782	14,197
- Interest income	(462)	(103,760)
- Government grant income	(163)	(263)
- Debt restructuring gain	-	(143,406)
	47,273	27,200
Change in working capital		
- Trade and other receivables	17,379	14,094
- Inventories	(1,612)	4,986
- Other assets	(718)	1,683
- Trade and other payables	(2,315)	(16,485)
- Long-term benefit obligations	1,095	462
- Currency translation difference	(548)	38
Government grant received	160	261
Income tax paid	(187)	(485)
Net cash provided by operating activities	**60,527**	**31,754**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(20,619)	(11,195)
Payment for acquisition of intangible assets	-	(27)
Proceeds from disposal of property, plant and equipment and non-current assets held for sale	241	159
Net decrease in restricted cash	16,260	-
Interest received	499	418
Net cash used in investing activities	**(3,619)**	**(10,645)**
Cash flows from financing activities		
Repayment of loans and borrowings	(20,000)	-
Repayment of finance lease liabilities	(230)	(206)
Net decrease in depository trust account[1]	-	10,000
Interest paid	(56,727)	-
Net cash provided by/(used in) financing activities	**(76,957)**	**9,794**
Net increase/(decrease) in cash and cash equivalents	(20,049)	30,903
Cash and cash equivalents at the beginning of the financial period	217,176	184,606
Cash and cash equivalents at the end of the financial period (excluding restricted cash)	**197,127**	**215,509**
Restricted cash	18,251	**-**
Cash and cash equivalents at the end of the financial period	**215,378**	**215,509**
Net cash provided by/(used in):		
Operating activities	60,527	41,754
Investing activities	(3,619)	(10,645)
Financing activities	(76,957)	(206)
Total	**(20,049)**	**30,903**

[1] Deposit placed in accordance with the Restructuring Support Agreement.

1. Basis of preparation

The consolidated financial information and related disclosures as of March 31, 2017 and 2018 for the three months ended March 31, 2017 and 2018 are unaudited. The December 31, 2017 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 information. Intercompany accounts and transactions have been eliminated. The preparation of these consolidated financial information and related notes requires our management to make estimates and assumptions that affect the amounts reported in this consolidated financial information. Actual results could differ materially from those estimates. The unaudited consolidated condensed financial information should be read in conjunction with the audited consolidated financial statements and related notes thereto for the financial year ended December 31, 2017.

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

2. Sales

Sales increased to $200.7 million for the three months ended March 31, 2018 from $210.7 million for the three months ended March 31, 2017. Breakdowns of sales by service type and product category are as follows:

	Three months ended March 31,			
Service type	**2017**		**2018**	
	(in thousands of U.S. dollars, except percentages)			
Assembly	143,573	68.2%	136,591	68.1%
Test	60,638	28.8%	58,299	29.0%
Others	6,440	3.0%	5,781	2.9%
Total	**210,651**	**100%**	**200,671**	**100%**

	Three months ended March 31,			
Product category	**2017**		**2018**	
	(in thousands of U.S. dollars, except percentages)			
Analog	91,462	43.4%	95,619	47.7%
Mixed-signal and logic	74,795	35.5%	66,685	33.2%
Memory	20,038	9.5%	15,869	7.9%
Others	17,916	8.5%	16,717	8.3%
Liquidated damages	6,440	3.1%	5,781	2.9%
Total	**210,651**	**100%**	**200,671**	**100%**

3. Cost of sales

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

Cost of sales decreased to $160.3 million for the three months ended March 31, 2018 from $163.7 million for the three months ended March 31, 2017.

4. Cash and bank deposits

Cash and bank deposits	As of December 31, 2017	As of March 31, 2018
	(in thousands of U.S. dollars)	
Cash at bank and on hand	90,259	87,037
Short-term bank deposits	94,347	128,472
Total	**184,606**	**215,509**

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

5. Trade and other receivables

Trade and other receivables	As of December 31, 2017	As of March 31, 2018
	(in thousands of U.S. dollars)	
Current		
Trade receivables – non-related parties	126,383	112,744
Trade receivables – related corporation	-	-
Less: Allowance for impairment of receivables - non-related parties	(25)	(25)
	126,358	112,719
Non-trade receivables		
- non-related parties	6,764	6,848
- immediate holding corporation	4	4
Total	**133,126**	**119,571**

Amount due from immediate holding corporation are unsecured, non-interest bearing and repayable on demand.

6. Trade and other payables

Trade and other payables	As of December 31, 2017	As of March 31, 2018
	(in thousands of U.S. dollars)	
Trade payables to non-related parties		
- Purchase of property, plant and equipment	7,693	14,007
- Other purchases	39,102	39,463
	46,795	53,470
Other payables – non-related parties	17,891	12,836
Accrued interest payable	103,332	14,131
Other accrual for operating expenses	51,865	41,651
Deposits and advances from customers	2,533	2,467
Total for current portion	**222,416**	**124,555**
Non-current		
Deferred payment on legal settlement to a third party	1,719	1,776

6. Trade and other payables (continued)

Trade and other payables decreased to $126.3 million as of March 31, 2018 from $224.1 million as of December 31, 2017 mainly due to reversal of accrued interest payable in January 2017.

7. Intangibles assets

Intangible assets decreased by $1.2 million to $16.6 million as of March 31, 2018 from $17.8 million as of December 31, 2017, mainly due to amortization for the period of $1.2 million.

8. Property, Plant and Equipment

Property, plant and equipment increased by $7.8 million to $434.0 million as of March 31, 2018 from $441.8 million as of December 31, 2017. The increase was primarily due to depreciation charge of $25.4 million partially offset by the addition of $17.8 million of property, plant and equipment for the period.

9. Capital commitments

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

Capital Commitments	As of December 31, 2017	As of March 31, 2018
	(in thousands of U.S. dollars)	
Property, plant and equipment	13,404	16,200

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	Others	Total
March 31, 2018		(in thousands of U.S. dollars)		
Segment sales/ Sales to external parties	136,891	57,998	5,782	200,671
Segment gross profit	21,150	13,399	5,782	40,331
March 31, 2017				
Segment sales/ Sales to external parties	142,830	61,358	6,463	210,651
Segment gross profit	24,743	15,798	6,438	46,979

The decrease in segment gross profit is aligned with a decrease in segment sales.

Reconciliation

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

	Three months ended March 31,	
	2017	**2018**
	(in thousands of U.S. dollars)	
Segment gross profit of reportable segments	46,979	40,331
Other income	2,475	248,710
Other loss – net	(1,013)	(1,685)
Selling, general and administrative expenses	(19,574)	(32,604)
Research and development costs	(4,480)	(3,958)
Finance costs	(30,782)	(14,197)
Other expenses	(7,130)	(2,773)
Profit/(Loss) before income tax	**(13,525)**	**233,824**