

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Silergy Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Silergy Corp. and its subsidiaries as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the six months ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of Silergy Corp. and its subsidiaries as of June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 13, 2018

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 3,411,644	25	\$ 2,914,172	24	\$ 2,916,985	26
Financial assets at fair value through profit or loss - current	1,322	-	1,076	-	1,068	-
Financial assets at amortized cost - current	1,844,464	13	-	-	-	-
Debt investments with no active market - current	-	-	1,234,205	10	500,502	4
Accounts receivable, net	732,563	5	583,440	5	664,227	6
Other receivables	115,262	1	64,143	-	56,906	-
Inventories	1,626,142	12	1,643,851	14	1,569,543	14
Prepayments	71,470	1	64,174	1	58,603	1
Total current assets	<u>7,802,867</u>	<u>57</u>	<u>6,505,061</u>	<u>54</u>	<u>5,767,834</u>	<u>51</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current	372,661	3	-	-	-	-
Financial assets measured at cost - non-current	-	-	247,894	2	156,756	1
Debt investment with no active market - non-current	-	-	29,760	-	30,420	-
Investments accounted for using equity method	623,372	5	624,913	5	615,700	6
Property, plant and equipment	1,001,554	7	698,094	6	511,310	5
Goodwill	2,439,903	18	2,387,267	20	2,442,556	22
Other intangible assets	1,269,099	9	1,312,100	11	1,429,038	13
Deferred tax assets	32,649	-	45,121	-	38,168	-
Refundable deposits	40,979	-	92,295	1	27,502	-
Net defined benefit assets - non-current	1,548	-	1,518	-	887	-
Long-term prepayments	57,036	1	147,435	1	245,759	2
Total non-current assets	<u>5,838,801</u>	<u>43</u>	<u>5,586,397</u>	<u>46</u>	<u>5,498,096</u>	<u>49</u>
TOTAL	<u>\$ 13,641,668</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 11,265,930</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$ 683,597	5	\$ 416,735	4	\$ 481,440	4
Other payables	798,871	6	355,193	3	623,997	6
Current tax liabilities	13,636	-	16,740	-	17,319	-
Other current liabilities	28,731	-	11,977	-	6,478	-
Total current liabilities	<u>1,524,835</u>	<u>11</u>	<u>800,645</u>	<u>7</u>	<u>1,129,234</u>	<u>10</u>
NON-CURRENT LIABILITIES						
Bonds payable	623,846	5	670,404	6	988,349	9
Deferred tax liabilities	164	-	164	-	59	-
Guarantee deposits	6,233	-	735	-	-	-
Other payables - non-current	41,121	-	49,104	-	59,319	-
Total non-current liabilities	<u>671,364</u>	<u>5</u>	<u>720,407</u>	<u>6</u>	<u>1,047,727</u>	<u>9</u>
Total liabilities	<u>2,196,199</u>	<u>16</u>	<u>1,521,052</u>	<u>13</u>	<u>2,176,961</u>	<u>19</u>
EQUITY						
Common shares	886,932	6	877,326	7	861,402	8
Capital surplus	5,407,112	40	5,140,803	43	4,520,853	40
Retained earnings						
Legal reserve	580,995	4	400,194	3	400,194	4
Special reserve	363,370	3	-	-	-	-
Unappropriated earnings	4,397,180	32	4,573,721	38	3,631,907	32
Total retained earnings	<u>5,341,545</u>	<u>39</u>	<u>4,973,915</u>	<u>41</u>	<u>4,032,101</u>	<u>36</u>
Other equity						
Exchange differences on translating foreign operations	(158,019)	(1)	(363,370)	(3)	(279,471)	(3)
Unearned employee benefits	(32,101)	-	(58,268)	(1)	(45,916)	-
Total other equity	<u>(190,120)</u>	<u>(1)</u>	<u>(421,638)</u>	<u>(4)</u>	<u>(325,387)</u>	<u>(3)</u>
Total equity	<u>11,445,469</u>	<u>84</u>	<u>10,570,406</u>	<u>87</u>	<u>9,088,969</u>	<u>81</u>
TOTAL	<u>\$ 13,641,668</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 11,265,930</u>	<u>100</u>

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,424,588	100	\$ 2,184,607	100	\$ 4,603,505	100	\$ 4,015,173	100
OPERATING COSTS	<u>1,330,239</u>	<u>55</u>	<u>1,124,583</u>	<u>51</u>	<u>2,498,319</u>	<u>54</u>	<u>2,073,959</u>	<u>51</u>
GROSS PROFIT	<u>1,094,349</u>	<u>45</u>	<u>1,060,024</u>	<u>49</u>	<u>2,105,186</u>	<u>46</u>	<u>1,941,214</u>	<u>49</u>
OPERATING EXPENSES								
Selling and marketing expenses	156,048	6	146,234	7	309,417	7	288,761	7
General and administrative expenses	117,749	5	98,802	4	232,572	5	222,759	6
Research and development expenses	344,842	14	302,415	14	649,238	14	560,597	14
(Reversal of) expected credit loss	<u>779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>619,418</u>	<u>25</u>	<u>547,451</u>	<u>25</u>	<u>1,189,931</u>	<u>26</u>	<u>1,072,117</u>	<u>27</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,509</u>	<u>-</u>	<u>4,262</u>	<u>-</u>	<u>8,943</u>	<u>-</u>	<u>8,621</u>	<u>-</u>
OPERATING INCOME	<u>479,440</u>	<u>20</u>	<u>516,835</u>	<u>24</u>	<u>924,198</u>	<u>20</u>	<u>877,718</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	13,283	-	6,258	-	23,567	-	12,082	-
Other income	16,603	1	6,533	-	28,167	1	16,942	-
Foreign exchange gain (loss), net	25,414	1	(3,718)	-	8,416	-	(4,393)	-
Interest expenses	(3,261)	-	(4,856)	-	(6,469)	-	(12,683)	-
Gain on disposal of associates	845	-	-	-	845	-	-	-
Gain (loss) on financial assets at fair value through profit or loss	(7,723)	-	743	-	(7,511)	-	10,361	-
Share of gain (loss) of associates	(9,930)	(1)	847	-	(20,323)	(1)	(1,405)	-
Miscellaneous expenses	<u>(714)</u>	<u>-</u>	<u>(5,066)</u>	<u>-</u>	<u>(1,559)</u>	<u>-</u>	<u>(5,460)</u>	<u>-</u>
Total non-operating income and expenses	<u>34,517</u>	<u>1</u>	<u>741</u>	<u>-</u>	<u>25,133</u>	<u>-</u>	<u>15,444</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	513,957	21	517,576	24	949,331	20	893,162	22
INCOME TAX EXPENSE	<u>(36,404)</u>	<u>(1)</u>	<u>(14,755)</u>	<u>(1)</u>	<u>(60,474)</u>	<u>(1)</u>	<u>(26,455)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>477,553</u>	<u>20</u>	<u>502,821</u>	<u>23</u>	<u>888,857</u>	<u>19</u>	<u>866,707</u>	<u>21</u>
OTHER COMPREHENSIVE INCOME (LOSS)								

(Continued)

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising from translation to the presentation currency	520,143	21	49,733	2	274,824	6	(448,693)	(11)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(216,326)	(9)	43,005	2	(62,044)	(1)	62,790	2
Share of the other comprehensive gain (loss) of associates accounted for using equity method	(31,442)	(1)	11,169	1	(7,429)	-	14,484	-
Other comprehensive income (loss) for the period, net of income tax	272,375	11	103,907	5	205,351	5	(371,419)	(9)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 749,928</u>	<u>31</u>	<u>\$ 606,728</u>	<u>28</u>	<u>\$ 1,094,208</u>	<u>24</u>	<u>\$ 495,288</u>	<u>12</u>
EARNINGS PER SHARE								
Basic	<u>\$ 5.45</u>		<u>\$ 5.90</u>		<u>\$ 10.17</u>		<u>\$ 10.26</u>	
Diluted	<u>\$ 5.22</u>		<u>\$ 5.57</u>		<u>\$ 9.71</u>		<u>\$ 9.64</u>	

(Concluded)

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Other Equity		Total Equity	
	Common Shares		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total		
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					Total
BALANCE AT JANUARY 1, 2017	84,023	\$ 840,232	\$ 3,763,742	\$ 253,228	\$ -	\$ 3,332,282	\$ 3,585,510	\$ 91,948	\$ (86,672)	\$ 5,276	\$ 8,194,760
Appropriation of 2016 earnings											
Legal reserve	-	-	-	146,966	-	(146,966)	-	-	-	-	-
Cash dividends distribute by Silergy Corp.	-	-	-	-	-	(420,116)	(420,116)	-	-	-	(420,116)
Recognition of employee share options by Silergy Corp.	-	-	63,943	-	-	-	-	-	-	-	63,943
Convertible bonds converted to common shares	1,863	18,628	665,626	-	-	-	-	-	-	-	684,254
Net profit for the six months ended June 30, 2017	-	-	-	-	-	866,707	866,707	-	-	-	866,707
Other comprehensive loss for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	(371,419)	-	(371,419)	(371,419)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	866,707	866,707	(371,419)	-	(371,419)	495,288
Issue of common shares under employee share options	206	2,059	2,697	-	-	-	-	-	-	-	4,756
Recognition of restricted employee shares issued by Silergy Corp.	48	483	24,845	-	-	-	-	-	40,756	40,756	66,084
BALANCE AT JUNE 30, 2017	<u>86,140</u>	<u>\$ 861,402</u>	<u>\$ 4,520,853</u>	<u>\$ 400,194</u>	<u>\$ -</u>	<u>\$ 3,631,907</u>	<u>\$ 4,032,101</u>	<u>\$ (279,471)</u>	<u>\$ (45,916)</u>	<u>\$ (325,387)</u>	<u>\$ 9,088,969</u>
BALANCE AT JANUARY 1, 2018	87,733	\$ 877,326	\$ 5,140,803	\$ 400,194	\$ -	\$ 4,573,721	\$ 4,973,915	\$ (363,370)	\$ (58,268)	\$ (421,638)	\$ 10,570,406
Effect of retrospective application	-	-	-	-	-	5,169	5,169	-	-	-	5,169
BALANCE AT JANUARY 1, 2018 AS RESTATED	87,733	877,326	5,140,803	400,194	-	4,578,890	4,979,084	(363,370)	(58,268)	(421,638)	10,575,575
Appropriation of 2017 earnings											
Legal reserve	-	-	-	180,801	-	(180,801)	-	-	-	-	-
Special reserve	-	-	-	-	363,370	(363,370)	-	-	-	-	-
Cash dividends distribute by Silergy Corp.	-	-	-	-	-	(526,396)	(526,396)	-	-	-	(526,396)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	3,025	-	-	-	-	-	-	-	3,025
Recognition of employee share options by Silergy Corp.	-	-	98,303	-	-	-	-	-	-	-	98,303
Convertible bonds converted to common shares	185	1,849	66,775	-	-	-	-	-	-	-	68,624
Net profit for the six months ended June 30, 2018	-	-	-	-	-	888,857	888,857	-	-	-	888,857
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	205,351	-	205,351	205,351
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	888,857	888,857	205,351	-	205,351	1,094,208
Issue of common shares under employee share options	730	7,302	70,707	-	-	-	-	-	-	-	78,009
Recognition of restricted employee shares issued by Silergy Corp.	45	455	27,499	-	-	-	-	-	26,167	26,167	54,121
BALANCE AT JUNE 30, 2018	<u>88,693</u>	<u>\$ 886,932</u>	<u>\$ 5,407,112</u>	<u>\$ 580,995</u>	<u>\$ 363,370</u>	<u>\$ 4,397,180</u>	<u>\$ 5,341,545</u>	<u>\$ (158,019)</u>	<u>\$ (32,101)</u>	<u>\$ (190,120)</u>	<u>\$ 11,445,469</u>

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 949,331	\$ 893,162
Adjustments for:		
Reversal of expected credit loss	(1,296)	-
Impairment loss recognized on accounts receivable	-	1,334
Net loss (gain) on financial instruments at fair value through profit or loss	7,511	(10,361)
Depreciation expenses	21,105	16,433
Amortization expenses	90,070	109,410
Interest income	(23,567)	(12,082)
Interest expenses	6,469	12,683
Compensation cost of employee share options	98,303	63,943
Compensation cost of restricted employee shares	54,121	66,084
Share of loss of associates	20,323	1,405
Loss on disposal of property, plant and equipment	19	4
Property, plant and equipment transferred to expenses	-	23
Gains on disposal of intangible assets	(8,962)	(8,625)
Write-down of inventories	73,796	32,292
Unrealized loss (gain) on foreign currency exchange	(7,093)	1,280
Changes in operating assets and liabilities		
Increase in accounts receivable	(140,551)	(84,365)
Decrease (increase) in other receivables	(20,681)	10,075
Increase in inventories	(61,670)	(273,659)
Increase in prepayments	(7,605)	(5,205)
Increase in defined benefit assets - non-current	(30)	(58)
Increase in accounts payable	266,626	21,209
Decrease in other payables	(83,138)	(101,957)
Increase in other current liabilities	16,754	1,269
Cash generated from operations	1,249,835	734,294
Interest received	17,033	11,717
Income tax paid	(67,522)	(40,590)
Net cash generated from operating activities	<u>1,199,346</u>	<u>705,421</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(610,259)	-
Proceeds from sale of debt investments with no active market	-	167,347
Purchase of financial assets measured at cost	-	(13,695)
Net cash outflow on business combinations	-	(40,952)
Purchase of financial assets at fair value through profit or loss	(94,882)	-

(Continued)

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	2017
Acquisition of property, plant and equipment	(217,320)	(152,338)
Increase in long-term prepayments	(9,624)	(147,120)
Payments for intangible assets	(27,652)	(38,471)
Proceeds from disposal of property, plant and equipment	1	-
Decrease in refundable deposits	<u>51,316</u>	<u>504</u>
Net cash used in investing activities	<u>(908,420)</u>	<u>(224,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in guarantee deposits	5,498	(9,001)
Cash dividends paid	-	(10,296)
Proceeds from exercise of employee share options	<u>78,009</u>	<u>4,756</u>
Net cash generated from (used in) financing activities	<u>83,507</u>	<u>(14,541)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>123,039</u>	<u>(228,696)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	497,472	237,459
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,914,172</u>	<u>2,679,526</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,411,644</u>	<u>\$ 2,916,985</u>

(Concluded)