

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 September 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the nine 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 September 30, 2018 and 2017, its consolidated financial performance for the three months ended September 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 13, 2018

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,442,767	18	\$ 2,914,172	24	\$ 2,317,261	20
Financial assets at fair value through profit or loss - current	1,068	-	1,076	-	1,103	-
Financial assets at amortized cost - current	2,007,583	15	-	-	-	-
Debt investments with no active market - current	-	-	1,234,205	10	1,240,511	11
Accounts receivable, net	796,668	6	583,440	5	739,572	6
Other receivables	112,072	1	64,143	-	18,774	-
Inventories	1,607,061	12	1,643,851	14	1,620,664	14
Prepayments	70,640	1	64,174	1	63,994	1
Total current assets	<u>7,037,859</u>	<u>53</u>	<u>6,505,061</u>	<u>54</u>	<u>6,001,879</u>	<u>52</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current	920,552	7	-	-	-	-
Financial assets measured at cost - non-current	-	-	247,894	2	157,908	2
Debt investment with no active market - non-current	-	-	29,760	-	30,260	-
Investments accounted for using equity method	595,865	4	624,913	5	626,089	6
Property, plant and equipment	1,013,706	8	698,094	6	545,348	5
Goodwill	2,444,791	18	2,387,267	20	2,430,525	21
Other intangible assets	1,229,748	9	1,312,100	11	1,374,838	12
Deferred tax assets	33,041	-	45,121	-	39,036	-
Refundable deposits	39,677	-	92,295	1	32,935	-
Net defined benefit assets - non-current	1,562	-	1,518	-	903	-
Long-term prepayments	61,879	1	147,435	1	252,961	2
Total non-current assets	<u>6,340,821</u>	<u>47</u>	<u>5,586,397</u>	<u>46</u>	<u>5,490,803</u>	<u>48</u>
TOTAL	<u>\$ 13,378,680</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 11,492,682</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes and accounts payable	\$ 423,155	3	\$ 416,735	4	\$ 367,725	3
Other payables	350,103	3	355,193	3	314,675	3
Current tax liabilities	3,202	-	16,740	-	80	-
Long-term liabilities - current portion	405,282	3	-	-	-	-
Other current liabilities	14,542	-	11,977	-	49,408	-
Total current liabilities	<u>1,196,284</u>	<u>9</u>	<u>800,645</u>	<u>7</u>	<u>731,888</u>	<u>6</u>
NON-CURRENT LIABILITIES						
Bonds payable	-	-	670,404	6	683,983	6
Deferred tax liabilities	164	-	164	-	59	-
Guarantee deposits	5,850	-	735	-	684	-
Other payables - non-current	36,630	-	49,104	-	54,468	1
Total non-current liabilities	<u>42,644</u>	<u>-</u>	<u>720,407</u>	<u>6</u>	<u>739,194</u>	<u>7</u>
Total liabilities	<u>1,238,928</u>	<u>9</u>	<u>1,521,052</u>	<u>13</u>	<u>1,471,082</u>	<u>13</u>
EQUITY						
Common shares	894,233	7	877,326	7	873,905	7
Capital surplus	5,717,522	43	5,140,803	43	5,036,097	44
Retained earnings						
Legal reserve	580,995	4	400,194	3	400,194	3
Special reserve	363,370	3	-	-	-	-
Unappropriated earnings	4,951,787	37	4,573,721	38	4,095,327	36
Total retained earnings	<u>5,896,152</u>	<u>44</u>	<u>4,973,915</u>	<u>41</u>	<u>4,495,521</u>	<u>39</u>
Other equity						
Exchange differences on translating foreign operations	(319,356)	(3)	(363,370)	(3)	(254,190)	(2)
Unearned employee benefits	(48,799)	-	(58,268)	(1)	(129,733)	(1)
Total other equity	<u>(368,155)</u>	<u>(3)</u>	<u>(421,638)</u>	<u>(4)</u>	<u>(383,923)</u>	<u>(3)</u>
Total equity	<u>12,139,752</u>	<u>91</u>	<u>10,570,406</u>	<u>87</u>	<u>10,021,600</u>	<u>87</u>
TOTAL	<u>\$ 13,378,680</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 11,492,682</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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,538,324	100	\$ 2,282,365	100	\$ 7,141,829	100	\$ 6,297,538	100
OPERATING COSTS	<u>1,333,335</u>	<u>53</u>	<u>1,197,401</u>	<u>53</u>	<u>3,831,654</u>	<u>54</u>	<u>3,271,360</u>	<u>52</u>
GROSS PROFIT	<u>1,204,989</u>	<u>47</u>	<u>1,084,964</u>	<u>47</u>	<u>3,310,175</u>	<u>46</u>	<u>3,026,178</u>	<u>48</u>
OPERATING EXPENSES								
Selling and marketing expenses	154,992	6	168,011	7	464,409	6	456,772	7
General and administrative expenses	118,176	4	108,783	5	350,748	5	331,542	5
Research and development expenses	375,303	15	302,752	13	1,024,541	14	863,349	14
Expected credit loss	<u>2,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>651,332</u>	<u>25</u>	<u>579,546</u>	<u>25</u>	<u>1,841,263</u>	<u>25</u>	<u>1,651,663</u>	<u>26</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,260</u>	<u>-</u>	<u>4,383</u>	<u>-</u>	<u>13,203</u>	<u>-</u>	<u>13,004</u>	<u>-</u>
OPERATING INCOME	<u>557,917</u>	<u>22</u>	<u>509,801</u>	<u>22</u>	<u>1,482,115</u>	<u>21</u>	<u>1,387,519</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	15,985	1	6,856	-	39,552	-	18,938	-
Other income	12,693	-	12,856	1	40,860	-	29,798	1
Foreign exchange gain (loss), net	23,620	1	(43,075)	(2)	32,036	-	(47,468)	(1)
Interest expenses	(3,032)	-	(4,582)	-	(9,501)	-	(17,265)	-
Gain on disposal of associates	-	-	-	-	845	-	-	-
Gain (loss) on financial assets at fair value through profit or loss	(13,246)	(1)	521	-	(20,757)	-	10,882	-
Share of loss of associates	(9,475)	-	(3,420)	-	(29,798)	-	(4,825)	-
Miscellaneous expenses	<u>(785)</u>	<u>-</u>	<u>(1,216)</u>	<u>-</u>	<u>(2,344)</u>	<u>-</u>	<u>(6,676)</u>	<u>-</u>
Total non-operating income and expenses	<u>25,760</u>	<u>1</u>	<u>(32,060)</u>	<u>(1)</u>	<u>50,893</u>	<u>-</u>	<u>(16,616)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	583,677	23	477,741	21	1,533,008	21	1,370,903	22
INCOME TAX EXPENSE	<u>(29,070)</u>	<u>(1)</u>	<u>(14,321)</u>	<u>(1)</u>	<u>(89,544)</u>	<u>(1)</u>	<u>(40,776)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>554,607</u>	<u>22</u>	<u>463,420</u>	<u>20</u>	<u>1,443,464</u>	<u>20</u>	<u>1,330,127</u>	<u>21</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising from translation to the presentation currency	22,088	1	(47,240)	(2)	296,912	4	(495,933)	(8)

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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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(160,045)	(7)	59,828	3	(222,089)	(3)	122,618	2
Share of the other comprehensive gain (loss) of associates accounted for using equity method	<u>(23,380)</u>	<u>(1)</u>	<u>12,693</u>	<u>-</u>	<u>(30,809)</u>	<u>-</u>	<u>27,177</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(161,337)</u>	<u>(7)</u>	<u>25,281</u>	<u>1</u>	<u>44,014</u>	<u>1</u>	<u>(346,138)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 393,270</u>	<u>15</u>	<u>\$ 488,701</u>	<u>21</u>	<u>\$ 1,487,478</u>	<u>21</u>	<u>\$ 983,989</u>	<u>16</u>
EARNINGS PER SHARE								
Basic	<u>\$ 6.29</u>		<u>\$ 5.41</u>		<u>\$16.47</u>		<u>\$15.67</u>	
Diluted	<u>\$ 6.04</u>		<u>\$ 5.12</u>		<u>\$15.72</u>		<u>\$14.74</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 the 2016 earnings											
Legal reserve	-	-	-	146,966	-	(146,966)	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(420,116)	(420,116)	-	-	-	(420,116)
Recognition of employee share options by Silergy Corp.	-	-	102,151	-	-	-	-	-	-	-	102,151
Convertible bonds converted to common shares	2,695	26,947	958,960	-	-	-	-	-	-	-	985,907
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	1,330,127	1,330,127	-	-	-	1,330,127
Other comprehensive loss for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	-	(346,138)	-	(346,138)	(346,138)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	1,330,127	1,330,127	(346,138)	-	(346,138)	983,989
Issue of common shares under employee share options	387	3,868	48,394	-	-	-	-	-	-	-	52,262
Recognition of restricted employee shares issued by Silergy Corp.	286	2,858	162,850	-	-	-	-	-	(43,061)	(43,061)	122,647
BALANCE AT SEPTEMBER 30, 2017	87,391	\$ 873,905	\$ 5,036,097	\$ 400,194	\$ -	\$ 4,095,327	\$ 4,495,521	\$ (254,190)	\$ (129,733)	\$ (383,923)	\$ 10,021,600
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.	-	-	149,899	-	-	-	-	-	-	-	149,899
Convertible bonds converted to common shares	778	7,780	282,476	-	-	-	-	-	-	-	290,256
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	1,443,464	1,443,464	-	-	-	1,443,464
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	-	44,014	-	44,014	44,014
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	1,443,464	1,443,464	44,014	-	44,014	1,487,478
Issue of common shares under employee share options	805	8,057	80,583	-	-	-	-	-	-	-	88,640
Recognition of restricted employee shares issued by Silergy Corp.	107	1,070	60,736	-	-	-	-	-	9,469	9,469	71,275
BALANCE AT SEPTEMBER 30, 2018	89,423	\$ 894,233	\$ 5,717,522	\$ 580,995	\$ 363,370	\$ 4,951,787	\$ 5,896,152	\$ (319,356)	\$ (48,799)	\$ (368,155)	\$ 12,139,752

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 Nine Months Ended	
	September 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,533,008	\$ 1,370,903
Adjustments for:		
Expected credit loss recognized	1,565	-
Impairment loss recognized on accounts receivable	-	2,740
Net loss (gain) on financial instruments at fair value through profit or loss	20,757	(10,882)
Depreciation expenses	33,228	25,334
Amortization expenses	136,519	156,267
Interest income	(39,552)	(18,938)
Interest expenses	9,501	17,265
Compensation cost of employee share options	149,899	102,151
Compensation cost of restricted employee shares	71,275	122,647
Share of loss of associates	29,798	4,825
Loss on disposal of property, plant and equipment	113	5
Property, plant and equipment transferred to expenses	-	23
Gains on disposal of intangible assets	(13,316)	(13,009)
Write-down of inventories	126,505	37,156
Unrealized loss (gain) on foreign currency exchange	3,721	(1,301)
Changes in operating assets and liabilities		
Increase in accounts receivable	(218,623)	(158,325)
Decrease (increase) in other receivables	(10,582)	20,754
Increase in inventories	(89,653)	(331,000)
Increase in prepayments	(6,231)	(10,596)
Increase in defined benefit assets - non-current	(44)	(74)
Increase (decrease) in accounts payable	6,494	(92,691)
Increase (decrease) in other payables	(5,550)	9,942
Increase in other current liabilities	<u>2,565</u>	<u>44,199</u>
Cash generated from operations	1,741,397	1,277,395
Interest received	30,665	16,837
Income tax paid	<u>(107,405)</u>	<u>(42,850)</u>
Net cash generated from operating activities	<u>1,664,657</u>	<u>1,251,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(773,378)	-
Purchase of debt investments with no active market	-	(572,662)
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	(670,624)	-

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

	For the Nine Months Ended September 30	
	2018	2017
Acquisition of property, plant and equipment	(275,658)	(188,659)
Increase in long-term prepayments	(16,158)	(150,559)
Payments for intangible assets	(36,941)	(42,997)
Proceeds from disposal of property, plant and equipment	1	-
Decrease (increase) in refundable deposits	<u>52,618</u>	<u>(4,929)</u>
Net cash used in investing activities	<u>(1,720,140)</u>	<u>(1,014,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in guarantee deposits	5,115	(8,317)
Cash dividends paid	(526,396)	(431,421)
Proceeds from exercise of employee share options	<u>88,640</u>	<u>52,262</u>
Net cash used in financing activities	<u>(432,641)</u>	<u>(387,476)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>16,719</u>	<u>(211,718)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(471,405)	(362,265)
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>\$ 2,442,767</u>	<u>\$ 2,317,261</u>

(Concluded)