TRANSCEND INFORMATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2014 AND 2013

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR14000011

To the Board of Directors and Stockholders of Transcend Information, Inc.

We have reviewed the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries as of March 31, 2014 and 2013 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

May 7, 2014
Taipei, Taiwan
Republic of China

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)
(The consolidated balance sheets as of March 31, 2014 and 2013 are reviewed, not audited)

			March 31, 2014		December 31, 2013		March 31, 2013	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 10,757,242	44	$ 11,639,505	48	$ 10,248,560	42
1110	Current financial assets at fair value through profit or loss		-	-	-	-	10,069	-
1147	Current bond investments without active market	6(2)	564,158	2	123,698	1	485,211	2
1150	Notes receivable, net		3,562	-	4,158	-	9,056	-
1170	Accounts receivable, net	6(3)	2,750,479	11	2,732,001	11	2,660,777	11
1180	Accounts receivable due from related parties, net	7	-	-	-	-	120,127	-
1200	Other receivables		274,232	1	254,528	1	209,572	1
1210	Other receivables - related parties	7	10,457	-	-	-	-	-
130X	Inventories, net	6(4)	5,974,014	24	5,075,939	21	6,280,958	26
1470	Other current assets		18,183	-	36,311	-	55,141	-
11XX	**Current Assets**		20,352,327	82	19,866,140	82	20,079,471	82
	Non-current assets							
1523	Available-for-sale financial assets-non-current	6(5)	299,624	1	264,422	1	546,279	2
1550	Investments accounted for using equity method	6(6)	221,092	1	221,255	1	-	-
1600	Property, plant and equipment	6(7) and 8	3,279,621	13	3,330,875	14	3,459,643	14
1760	Investment property, net	6(8)	301,587	1	303,232	1	306,963	1
1840	Deferred tax assets		96,262	1	78,915	-	77,296	-
1900	Other non-current assets	6(9) and 8	218,853	1	183,691	1	158,286	1
15XX	**Non-current Assets**		4,417,039	18	4,382,390	18	4,548,467	18
1XXX	**Total Assets**		$ 24,769,366	100	$ 24,248,530	100	$ 24,627,938	100

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)
(The consolidated balance sheets as of March 31, 2014 and 2013 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%	March 31, 2013 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	$ 593,500	2	$ 579,040	2	$ 158,600	1
2150	Notes payable		11	-	1,215	-	3,737	-
2170	Accounts payable		2,141,199	9	2,669,584	11	2,808,344	12
2180	Accounts payable to related parties	7	40,717	-	45,801	-	42,410	-
2200	Other payables		384,602	2	393,810	2	496,354	2
2230	Current tax liabilities		348,144	1	239,967	1	318,956	1
2300	Other current liabilities		35,936	-	50,013	-	39,554	-
21XX	**Current Liabilities**		3,544,109	14	3,979,430	16	3,867,955	16
	Non-current liabilities							
2570	Deferred tax liabilities		397,188	2	395,542	2	344,600	1
2600	Other non-current liabilities		54,622	-	49,349	-	58,215	-
25XX	**Non-current Liabilities**		451,810	2	444,891	2	402,815	1
2XXX	**Total Liabilities**		3,995,919	16	4,424,321	18	4,270,770	17
	Share capital	6(12)						
3110	Common stock		4,307,617	18	4,307,617	18	4,307,617	18
	Capital surplus	6(13)						
3200	Capital surplus		4,799,075	19	4,799,075	20	5,014,456	20
	Retained earnings	6(14)						
3310	Legal reserve		2,733,339	11	2,733,339	11	2,448,801	10
3350	Unappropriated retained earnings		8,875,858	36	7,975,047	33	8,509,457	35
	Other equity interest	6(16)						
3400	Other equity interest		57,558	-	9,131	-	76,837	-
31XX	**Total equity attributable to owners of parent**		20,773,447	84	19,824,209	82	20,357,168	83
3XXX	**Total Equity**		20,773,447	84	19,824,209	82	20,357,168	83
	Commitments and contingent liabilities	9						
	Total Liabilities and Equity		$ 24,769,366	100	$ 24,248,530	100	$ 24,627,938	100

The accompanying notes are an integral part of these consolidated financial statements.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan Dollars, except earnings per share amounts)
(Unaudited)

	Items	Notes	Three months ended March 31 2014 AMOUNT	2014 %	2013 AMOUNT	2013 %
4000	**Operating Revenue**	6(17) and 7	$ 6,794,611	100	$ 7,051,129	100
5000	**Operating Costs**	6(4) and 7	(5,467,852)	(81)	(5,747,113)	(82)
5900	**Gross Profit**		1,326,759	19	1,304,016	18
	Operating Expenses	6(20)				
6100	Sales and marketing expenses		(281,855)	(4)	(245,003)	(3)
6200	General and administrative expenses		(91,112)	(1)	(94,523)	(1)
6300	Research and development expenses		(45,938)	(1)	(42,818)	(1)
6000	**Total operating expenses**		(418,905)	(6)	(382,344)	(5)
6900	**Operating Profit**		907,854	13	921,672	13
	Non-operating Income and Expenses					
7010	Other income	6(18)	42,665	1	25,967	-
7020	Other gains and losses	6(19)	74,539	1	54,338	1
7050	Finance costs		(2,666)	-	(5)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)	(163)	-	-	-
7000	**Total non-operating income and expenses**		114,375	2	80,300	1
7900	**Profit before Income Tax**		1,022,229	15	1,001,972	14
7950	Income tax expense	6(21)	(121,418)	(2)	(132,327)	(2)
8200	**Profit for the period**		$ 900,811	13	$ 869,645	12
	Other Comprehensive Income					
8310	Foreign exchange translation differences for foreign operations		$ 15,934	-	$ 77,280	1
8325	Unrealized gain on available-for-sale financial assets	6(5)	35,202	1	128,962	2
8399	Income tax on other comprehensive income	6(21)	(2,709)	-	(13,138)	-
8300	**Other comprehensive income for period**		$ 48,427	1	$ 193,104	3
8500	**Total comprehensive income**		$ 949,238	14	$ 1,062,749	15
	Net Profit attributable to:					
8610	Owners of parent		$ 900,811	13	$ 869,645	12
	Comprehensive Income attributable to:					
8710	Owners of parent		$ 949,238	14	$ 1,062,749	15
	Earnings Per Share	6(22)				
9750	**Basic earnings per share**		$	2.09	$	2.02
9850	**Diluted earnings per share**		$	2.09	$	2.01

The accompanying notes are an integral part of these consolidated financial statements.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Unaudited)

		Equity attributable to owners of the parent								
			Capital Surplus			Retained Earnings		Other equity interest		
	Notes	Common stock	Additional paid-in capital	Donated assets received	Premium from merger	Legal reserve	Unappropriated retained earnings	Foreign exchange translation differences for foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
For the three-month period ended March 31, 2013										
Balance at January 1, 2013		$ 4,307,617	$ 4,975,222	$ 4,106	$ 35,128	$ 2,448,801	$ 7,639,812	($ 95,549)	($ 20,718)	$ 19,294,419
Net income for the period		-	-	-	-	-	869,645	-	-	869,645
Other comprehensive income for the period	6(16)	-	-	-	-	-	-	64,142	128,962	193,104
Balance at March 31, 2013		$ 4,307,617	$ 4,975,222	$ 4,106	$ 35,128	$ 2,448,801	$ 8,509,457	($ 31,407)	$ 108,244	$ 20,357,168
For the three-month period ended March 31, 2014										
Balance at January 1, 2014		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 2,733,339	$ 7,975,047	$ 27,764	($ 18,633)	$ 19,824,209
Net income for the period		-	-	-	-	-	900,811	-	-	900,811
Other comprehensive income for the period	6(16)	-	-	-	-	-	-	13,225	35,202	48,427
Balance at March 31, 2014		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 2,733,339	$ 8,875,858	$ 40,989	$ 16,569	$ 20,773,447

The accompanying notes are an integral part of these consolidated financial statements.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan Dollars)
(Unaudited)

	Notes	For the three-month periods ended March 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 1,022,229	$ 1,001,972
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Gain on disposal of financial assets	6(2)	(2,432)	(4,936)
Share of loss of associates and joint ventures accounted for using equity method	6(6)	163	-
Provision for bad debt expense	6(3)	-	314
Loss (gain) on market price decline (recovery) of inventory	6(4)	19,852	(29,789)
Depreciation expense	6(20)	59,742	58,993
Interest income	6(18)	(38,584)	(22,320)
Gains on disposal of property, plant and equipment		(855)	(1,970)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Net gain on financial assets at fair value through profit or loss		-	(10,069)
Notes and accounts receivable		(19,925)	(199,440)
Other receivables		(11,538)	58,633
Other receivables - related parties		(10,457)	-
Inventories		(917,927)	(28,839)
Other current assets		18,128	3,757
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(534,673)	(472,448)
Other payables		(6,845)	28,152
Other current liabilities		(14,077)	(23)
Other non-current liabilities		5,273	(1,652)
Cash (used in) provided by generated from operations		(431,926)	380,335
Interest received		30,418	32,396
Interest paid		(2,363)	-
Income tax paid		(31,651)	(50,097)
Net cash (used in) provided by operating activities		(435,522)	362,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in bond investments without active markets		(436,329)	(10,211)
Acquisition of property, plant and equipment	6(7)	(36,854)	(18,412)
Proceeds from disposal of property, plant and equipment	6(7)	42,298	4,024
Increase in other non-current assets		(35,162)	(320)
Net cash used in investing activities		(466,047)	(24,919)
Effect of foreign exchange rate changes		19,306	38,602
(Decrease) increase in cash and cash equivalents		(882,263)	376,317
Cash and cash equivalents at beginning of period		11,639,505	9,872,243
Cash and cash equivalents at end of period		$ 10,757,242	$ 10,248,560

The accompanying notes are an integral part of these consolidated financial statements.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(Unaudited)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and the sale of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 7, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)

New Standards, Interpretations and Amendments	IASB Effective Date
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, 'Disclosure of interests in other entitles'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

For the above items, the Group is assessing their impact on the consolidated financial statements and will disclose the affected amounts accordingly.

(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	IASB Effective Date
IFRS 9, 'Financial instruments'	Not yet been decided
IFRIC 14, 'Regulatory deferral accounts'	January 1, 2014
Services related contributions fromemployees or third parties (admendments to IAS 19R)	July 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation that are set out below, the rest of the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2013. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

B. The consolidated financial statements as of and for the three-month period ended March 31, 2014 should be read together with those as of and for the year ended December 31, 2013.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Available-for-sale financial assets measured at fair value.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:
Basis for preparation of these consolidated financial statements is the same as that for preparation of the consolidated financial statements as of and for the year ended December 31, 2013.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2014	December 31, 2013	March 31, 2013	Description
Transcend Taiwan	Saffire Investment Ltd. (Saffire)	Investment holding company	100	100	100	-
〃	Transcend Japan Inc. (Transcend Japan)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Information UK Limited (Transcend UK)	Wholesaler of computer memory modules and peripheral products	-	-	100	Note 2
〃	Transcend Information Inc. (Transcend USA)	Wholesaler of computer memory modules and peripheral products	100	100	100	Note 1
〃	Transcend Korea Inc. (Transcend Korea)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holding company	100	100	100	-
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Information Trading GmbH, Hamburg (Transcend Germany)	Wholesaler of computer memory modules and peripheral products	100	100	100	Note 1
〃	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacturing, processing and sale of computer software and hardware, peripheral equipment and other computer components	100	100	100	-
〃	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesaler of computer memory modules, peripheral equipment and other computer components	100	100	100	-
〃	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Wholesaler of computer memory modules and peripheral products	100	100	100	-

Note 1:The financial statements of Transcend USA and Transcend Germany as of and for the year ended December 31, 2013 was audited by other independent accountants.

Note 2: Transcend UK is in the process of liquidation for the purpose of reorganization for the Group's operational requirments. The investment funds were repatriated in September, 2013.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment for subsidiaries with difference balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately and cannot be leased separately under finance lease, the property is classified as investment property only if the own-use portion accounts of the property is not material.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for using equity method based on the present value of expected future cash flows from the investee, and analyzes the reasonableness of related assumptions.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of March 31, 2014, the Group recognised deferred tax assets amounting to $96,262.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory comsumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2014, the carrying amount of inventories was $5,974,014.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2014	December 31, 2013	March 31, 2013
Cash on hand and petty cash	$ 852	$ 736	$ 891
Checking accounts and demand deposits	4,447,962	5,608,593	3,845,261
Time deposits	6,308,428	5,985,468	6,402,408
Cash equivalents - Bond with repurchase agreement	-	44,708	-
Total	$ 10,757,242	$ 11,639,505	$ 10,248,560

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Cash and cash equivalents pledged as collateral had been reclassified as 'other non-current assets' in the amounts of $3,050, $2,981 and $2,983, as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively. Please refer to Note 8.

C. As of December 31, 2013, the bond with repurchase agreement recognized as cash equivalents is a 30-day highly-liquid investment with annual interest rate of 1.50%.

(2) Current bond investments without active markets

Items	March 31, 2014	December 31, 2013	March 31, 2013
Current items：			
Funds-bonds	$ -	$ 49,185	$ 485,211
Bond with repurchase agreement	564,158	74,513	-
	$ 564,158	$ 123,698	$ 485,211

A. The counterparties of the Group's funds investments, namely Industrial and Commercial Bank of China, Bank of China, China Construction Bank and Shanghai Pudong Development Bank, are well-known banks in the People's Republic of China. The bond with repurchase agreements is sold by Yuanta Asset Management Limited. The maximum exposure to credit risk at balance sheet date is the carrying amount of bond investments without active markets.

B. The Group recognised gain on disposal of financial assets of $2,432 and $4,936 in profit or loss for the three-month periods ended March 31, 2014 and 2013, respectively.

C. No bond investments without active market were pledged to others.

(3) Accounts receivable

	March 31, 2014	December 31, 2013	March 31, 2013
Accounts receivable	$ 2,799,844	$ 2,779,323	$ 2,693,513
Less: Allowance for bad debts	(49,365)	(47,322)	(32,736)
	$ 2,750,479	$ 2,732,001	$ 2,660,777

A.The Group has insured credit insurance that covers accounts receivable of its major customers. Should bad debt occur, the Group will receive 90% of the losses resulting from non-payment.

B.The ageing analysis of accounts receivable that were past due but not impaired is as follows：

	March 31, 2014	December 31, 2013	March 31, 2013
Up to 30 days	$ 508,116	$ 656,958	$ 176,278
31 to 90 days	38,820	20,339	20,177
91 to 180 days	4,596	1,775	16,707
	$ 551,532	$ 679,072	$ 213,162

The above ageing analysis was based on past due date.

C.Movement analysis of financial assets that were impaired is as follows:

(a)As of March 31, 2014, December 31, 2013, and March 31, 2013, the Group's accounts receivable that were impaired amounted to $49,365, $47,322 and $32,736, respectively.

(b)Movements on the Group provision for impairment of accounts receivable are as follows:

	2014	2013
	Individual provision	Individual provision
At January 1	$ 47,322	$ 57,267
Provision for impairment	-	314
Write-offs during the period	-	(24,845)
Net exchange differences	2,043	-
At March 31	$ 49,365	$ 32,736

D.The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	March 31, 2014	December 31, 2013	March 31, 2013
Group 1	$ 649,371	$ 682,540	$ 941,370
Group 2	1,549,576	1,370,389	1,506,245
	$ 2,198,947	$ 2,052,929	$ 2,447,615

Group 1:Customers with credit line under $20,000, including a comprehensive consideration of revenues, capital, and operational performance.

Group 2:Customers with credit line over $20,000, including a comprehensive consideration of revenues, capital, and operational performance.

E.The Group's maximum exposure to credit risk as of March 31, 2014, December 31, 2013 and March 31, 2013 was the carrying amount of every class of receivables less 90% of insurance claims.

F.The Group does not hold any collateral as security.

(4) Inventories

	March 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,832,992	($ 48,166)	$ 3,784,826
Work in progress	796,362	(9,663)	786,699
Finished goods	1,441,486	(38,997)	1,402,489
Total	$ 6,070,840	($ 96,826)	$ 5,974,014

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,581,990	($ 24,610)	$ 2,557,380
Work in progress	1,057,654	(7,210)	1,050,444
Finished goods	1,513,269	(45,154)	1,468,115
Total	$ 5,152,913	($ 76,974)	$ 5,075,939

	March 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,946,613	($ 34,532)	$ 2,912,081
Work in progress	1,329,996	(9,332)	1,320,664
Finished goods	2,061,202	(12,989)	2,048,213
Total	$ 6,337,811	($ 56,853)	$ 6,280,958

A.Expense and loss incurred on inventories for the three-month periods ended March 31, 2014 and 2013 were as follows:

	For the three-month periods March 31	
	2014	2013
Cost of inventories sold	$ 5,448,000	$ 5,776,902
(Reversal of) inventory write-down	19,852	(29,789)
	$ 5,467,852	$ 5,747,113

The reversal of inventory write-down for the three-month period ended March 31, 2013 was caused by the price recovery of certain finished goods affecting the allowance of valuation loss on certain raw materials and work-in-process goods.

B.No inventories were pledged to others.

(5) Non-current available-for-sale financial assets

Items	March 31, 2014	December 31, 2013	March 31, 2013
Non-current items：			
Listed stocks	$ 281,930	$ 281,930	$ 436,910
Others	31,125	31,125	31,125
Subtotal	313,055	313,055	468,035
Valuation adjustments of available-for-sale financial assets	16,569	(18,633)	108,244
Accumulated impairment	(30,000)	(30,000)	(30,000)
Total	$ 299,624	$ 264,422	$ 546,279

A. The Group recognised $35,202 and $128,962 in other comprehensive income for fair value change for the three-month periods ended March 31, 2014 and 2013, respectively.

B. Skyviia Corp., one of the Group's equity investments, experienced an unexpected poor business performance in 2012. On November 29, 2012, the stockholders at the extraordinary stockholders' meeting adopted a resolution to dissolve and liquidate Skyviia Corp. The Group assessed full impairment on the investment and recognized impairment loss of $30,000 for the year ended December 31, 2012.

C. Equity investment in Taiwan IC Packaging Corporation was initially recognized as available-for-sale financial assets. On June 17, 2013, as resolved by the Board of Directors and the shareholders' meeting, the Group and Group's Chairman of the Board were elected as a director and the Chairman of the Board of Taiwan IC Packaging Corporation, respectively. Pursuant to the above, the Group gained significance influence on Taiwan IC Packaging Corporation. The Group, in accordance with IAS and IFRS, reclassified the investment to investment accounted for using equity method for the amount of $251,658. Please refer to Note 6(6).

D. No available-for-sale financial assets were pledged to others.

(6) Investments accounted for using equity method

A.Details are as follows:

	March 31, 2014		December 31, 2013	
Investee Company	Percentage of ownership	Book value	Percentage of ownership	Book value
Taiwan IC Packaging Corp.	13.55	$ 221,092	13.55	$ 221,255

B.Associates – Entity controlled by the Group's key management

The financial information of the Company's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
March 31, 2014					
Taiwan IC Packaging Corp.	$ 2,966,278	$ 428,223	$ 497,409	($ 9,155)	13.55%
December 31, 2013					
Taiwan IC Packaging Corp.	$ 3,051,768	$ 504,558	$ 2,249,714	($ 405,554)	13.55%

C.Share of loss of investments accounted for using the equity method are as follows:

	For the three-month periods ended March 31	
Investee Company	2014	2013
Taiwan IC Packaging Corp.	($ 163)	$ -

D.The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was $467,400 and $291,100 as of March 31, 2014 and December 31, 2013, respectively.

E.The investment loss for the year ended December 31, 2013 was recognised based on the financial statements of the investee company which was audited by other independent accountants.

F.The investment in Taiwan IC Packaging Corporation was reclassified from the non-current available-for-sale financial assets. Please refer to Note 6(5)C.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Office Equipment	Others	Total
At January 1, 2014							
Cost	$ 729,847	$ 2,780,284	$ 863,765	$ 12,411	$ 53,981	$ 71,969	$ 4,512,257
Accumulated depreciation	-	(648,599)	(431,096)	(9,238)	(39,088)	(53,361)	(1,181,382)
	$ 729,847	$ 2,131,685	$ 432,669	$ 3,173	$ 14,893	$ 18,608	$ 3,330,875
2014							
Opening net book amount	$ 729,847	$ 2,131,685	$ 432,669	$ 3,173	$ 14,893	$ 18,608	$ 3,330,875
Additions	-	424	33,558	691	-	1,836	36,509
Disposals	-	-	(41,366)	(52)	(2)	(23)	(41,443)
Depreciation charge	-	(29,973)	(25,093)	(346)	(961)	(1,403)	(57,776)
Net exchange differences	5,975	5,019	409	10	42	1	11,456
Closing net book amount	$ 735,822	$ 2,107,155	$ 400,177	$ 3,476	$ 13,972	$ 19,019	$ 3,279,621
At March 31, 2014							
Cost	$ 735,822	$ 2,788,026	$ 814,837	$ 10,137	$ 54,442	$ 73,343	$ 4,476,607
Accumulated depreciation	-	(680,871)	(414,660)	(6,661)	(40,470)	(54,324)	(1,196,986)
	$ 735,822	$ 2,107,155	$ 400,177	$ 3,476	$ 13,972	$ 19,019	$ 3,279,621

	Land	Buildings	Machinery	Vehicles	Office Equipment	Others	Total
At January 1, 2013							
Cost	$ 748,603	$ 2,722,444	$ 814,401	$ 17,820	$ 52,365	$ 66,298	$ 4,421,931
Accumulated depreciation	-	(517,899)	(330,516)	(12,575)	(35,873)	(51,177)	(948,040)
	$ 748,603	$ 2,204,545	$ 483,885	$ 5,245	$ 16,492	$ 15,121	$ 3,473,891
2013							
Opening net book amount	$ 748,603	$ 2,204,545	$ 483,885	$ 5,245	$ 16,492	$ 15,122	$ 3,473,892
Additions	-	1,307	16,895	-	53	157	18,412
Disposals	-	-	(1,689)	-	-	(365)	(2,054)
Depreciation charge	-	(29,335)	(24,116)	(594)	(1,429)	(1,142)	(56,616)
Net exchange differences	(6,455)	24,582	7,430	89	32	331	26,009
Closing net book amount	$ 742,148	$ 2,201,099	$ 482,405	$ 4,740	$ 15,148	$ 14,103	$ 3,459,643
At March 31, 2013							
Cost	$ 742,148	$ 2,755,151	$ 840,795	$ 18,057	$ 52,047	$ 65,488	$ 4,473,686
Accumulated depreciation	-	(554,052)	(358,390)	(13,317)	(36,899)	(51,385)	(1,014,043)
	$ 742,148	$ 2,201,099	$ 482,405	$ 4,740	$ 15,148	$ 14,103	$ 3,459,643

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Investment property

	Land	Buildings	Total
At January 1, 2014			
Cost	$ 137,037	$ 232,509	$ 369,546
Accumulated depreciation and impairment	-	(66,314)	(66,314)
	$ 137,037	$ 166,195	$ 303,232
2014			
Opening net book amount	$ 137,037	$ 166,195	$ 303,232
Additions	-	345	345
Depreciation charge	-	(1,966)	(1,966)
Net exchange differences	-	(24)	(24)
Closing net book amount	$ 137,037	$ 164,550	$ 301,587
At March 31, 2014			
Cost	$ 137,037	$ 232,810	$ 369,847
Accumulated depreciation and impairment	-	(68,260)	(68,260)
	$ 137,037	$ 164,550	$ 301,587

	Land	Buildings	Total
At January 1, 2013			
Cost	$ 137,037	$ 226,931	$ 363,968
Accumulated depreciation and impairment	-	(57,696)	(57,696)
	$ 137,037	$ 169,235	$ 306,272
2013			
Opening net book amount	$ 137,037	$ 169,235	$ 306,272
Depreciation charge	-	(2,377)	(2,377)
Net exchange differences	-	3,068	3,068
Closing net book amount	$ 137,037	$ 169,926	$ 306,963
At March 31, 2013			
Cost	$ 137,037	$ 229,999	$ 367,036
Accumulated depreciation and impairment	-	(60,073)	(60,073)
	$ 137,037	$ 169,926	$ 306,963

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	For the three-month periods ended March 31,	
	2014	2013
Rental income from investment property	$ 4,081	$ 3,647
Direct operating expenses arising from investment property that generated rental income in the period	$ 1,966	$ 2,167
Direct operating expenses arising from investment property that did not generate rental income in the period	$ 211	$ 211

B. The fair value of the investment property held by the Group was $1,194,023, $1,027,201 and $839,517 as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively, which was based on the transaction prices of similar properties in the same area.

(9) Other non-current assets

	March 31, 2014	December 31, 2013	March 31, 2013
Long-term prepaid rents	$ 115,898	$ 116,669	$ 115,980
Guarantee deposits paid	64,810	34,581	33,517
Others	38,145	32,441	8,789
	$ 218,853	$ 183,691	$ 158,286

In May, 2005, the Group signed a land-use right contract with the People's Republic of China for the use of land with term of 50 years. All rentals had been paid on the contract date. The Group recognised rental expenses of $711 and $678 for the three-month periods ended March 31, 2014 and 2013, respectively.

(10) Short-term borrowings

Type of borrowings	March 31, 2014	Interest rate	Collateral
Bank secured borrowings	$ 298,600	0.65%	Transcend Japan's Land and Buildings
Bank unsecured borrowings	294,900	2.70%	-
	$ 593,500		

Type of borrowings	December 31, 2013	Interest rate	Collateral
Bank secured borrowings	$ 283,900	0.65%	Transcend Japan's Land and Buildings
Bank unsecured borrowings	295,140	2.46%	-
	$ 579,040		

Type of borrowings	March 31, 2013	Interest rate	Collateral
Bank secured borrowings	$ 158,600	0.91%	Transcend Japan's Land and Buildings

(11) Pensions

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)For the aforementioned pension plan, the Group recognised pension costs of $350 and $417 for the three-month periods ended March 31, 2014 and 2013, respectively.

(c)Expected contributions to the defined benefit pension plans of the Group within one year from March 31, 2014 amounts to $2,978.

B.(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The Group's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 22%. Other than the monthly contributions, the Group has no further obligations.

(c)Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have a defined contribution plan. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.

(d)The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2014 and 2013 were $10,614 and $10,100, respectively.

(12) Share capital

As of March 31, 2014, the Company's authorized capital was $5,000,000, consisting of 500,000 thousand shares of ordinary stock (including 25 thousand shares reserved for employee stock options), and the paid-in capital was $4,307,617 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is distributable earnings. When distributing earnings, the Company shall appropriate 0.2% of the total distributable amount as the directors' and supervisors' remuneration. Bonus distributed to the employees shall account for at least 1% of the total distributable earnings. The remainder to be appropriated shall be resolved by stockholders at the stockholders' meeting, and cash dividends shall account for at least 5% of the total dividends distributed.

B. The Company distributes dividends taking into consideration the Company's economic environment and growth phases, future demands of funds, long-term financial planning, and the cash flows that the stockholders desire. Cash dividends shall account for at least 5% of the total dividend distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. For the three-month periods ended March 31, 2014 and 2013, employees' bonus was accrued at \$8,107 and \$26,634, respectively, which was based on a certain percentage prescribed by the Company's Articles of Incorporation of net profit after taking into account the legal reserve and other factors (under the Company's Articles of Incorporation, bonus distributed to the employees shall account for at least 1% and 3% of total distributable earnings the three-month periods ended March 31, 2014 and 2013, respectively.)

The difference between the actual appropriations of employees' bonus for the year ended December 31, 2012 and the amount recognized in the 2012 financial statements was \$6,650, and the difference had been adjusted in the comprehensive income for the year ended December 31, 2013. The actual appropriation of directors' and supervisors' remuneration was in agreement with the amount approved at the shareholders' meeting.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The appropriation of earnings and distribution of capital reserve of year 2013 and 2012 had been resolved at the Board of Directors and stockholders' meeting on March 19, 2014 and June 13, 2013, respectively. Details are summarized below:

	2013		2012	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 319,896		$ 284,538	
Cash dividends	2,886,103	$ 6.7	2,584,571	$ 6.0
Cash distribution from capital reserve	-	-	215,381	0.5
Total	$ 3,205,999		$ 3,084,490	

	2013	2012
Directors' and supervisors' remuneration	$ 5,192	$ 5,166
Employees' cash bonus	25,962	85,361
	$ 31,154	$ 90,527

The above appropriation of earnings of 2013 and legal reserve has to be resolved at the shareholders' meeting of 2014.

(15) Share-based payment-employee compensation plan

A.The Company's share-based payment transactions were set forth below:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	2007.10.15	4,536	6 years	2 years' service

B.The fair value of stock options granted on October 15, 2007 is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Employee stock options	2007.10.15	$ 120	$ 120	39.68%	4.375 years	0%	2.61%	$ 43.32

C.The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		March 31, 2013	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2007.10.15	2013.10.15	1,160	$ 107.8

D.Detail of the employee stock options are set forth below:

	For the three-month periods ended March 31,			
	2014		2013	
	No. of shares (in thousands)	Weighted-average exercise price (in dollars)	No. of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	$ -	$ -	$ 1,192	$ 107.8
Options expired	-	-	(32)	107.8
Options outstanding at end of period	-	-	1,160	107.8
Options exercisable at end of period	-	-	1,160	107.8

E.The Company has no expense incurred on share-based payment transactions for the three-month periods ended March 31, 2014 and 2013.

(16) Other equity items

	Unrealised gain or loss on available-for-sale financial assets	Foreign exchange translation differences for foreign operations	Total
At January 1, 2014	($ 18,633)	$ 27,764	$ 9,131
Change in unrealized gains or losses for available-for-sale financial assets	35,202	-	35,202
Foreign exchange translation differences for foreign operations	-	15,934	15,934
Effect from income tax	-	(2,709)	(2,709)
At March 31, 2014	$ 16,569	$ 40,989	$ 57,558

	Unrealised gain or loss on available-for-sale financial assets	Foreign exchange translation differences for foreign operations	Total
At January 1, 2013	($ 20,718)	($ 95,549)	($ 116,267)
Change in unrealized gains or losses for available-for-sale financial assets	128,962	-	128,962
Foreign exchange translation differences for foreign operations	-	77,280	77,280
Effect from income tax	-	(13,138)	(13,138)
At March 31, 2013	$ 108,244	($ 31,407)	$ 76,837

(17) Operating revenue

	For the three-month periods ended March 31,	
	2014	2013
Sales revenue	$ 6,794,611	$ 7,051,129

(18) Other income

	For the three-month periods ended March 31,	
	2014	2013
Interest income	$ 38,584	$ 22,320
Rental revenue	4,081	3,647
Total	$ 42,665	$ 25,967

(19) Other gains and losses

	For the three-month periods ended March 31,	
	2014	2013
Net gain on financial assets at fair value through profit or loss	$ -	$ 25,236
Gain on disposal of financial assets	2,432	4,936
Gain on disposal of property, plant and equipment	855	1,970
Net currency exchange gain	69,260	18,326
Others	1,992	3,870
Total	$ 74,539	$ 54,338

(20) Expenses by nature

	For the three-month periods endeds March 31,	
	2014	2013
Wages and salaries	$ 395,756	$ 343,277
Labor and health insurance fees	39,992	34,192
Pension costs	10,964	10,517
Other personnel expenses	15,514	15,223
Depreciation on property, plant and equipment (including investment property)	59,742	58,993

(21) Income tax

A. Income tax expense

(a)Components of income tax expense:

	For the three-month periods ended March 31,	
	2014	2013
Current tax:		
Current tax on profits for the period	$ 139,412	$ 115,320
Prior year income tax underestimated	416	4,938
Total current tax	139,828	120,258
Deferred tax:		
Origination and reversal of temporary differences	(18,410)	12,069
Total deferred tax	(18,410)	12,069
Income tax expense	$ 121,418	$ 132,327

(b)The income tax relating to components of other comprehensive income is as follows:

	For the three-month periods ended March 31,	
	2014	2013
Foreign exchange translation differences for foreign operations	$ 2,709	$ 13,138

B. As of March 31, 2014, the Company's income tax returns through 2011 have been assessed and approved by the National Taxation Bureau of Taipei, Ministry of Finance, except for 2009.

C. Unappropriated retained earnings:

	March 31, 2014	December 31, 2013	March 31, 2013
Earnings generated in and before 1997	$ 121,097	$ 121,097	$ 121,097
Earnings generated in and after 1998	8,754,761	7,853,950	8,388,360
	$ 8,875,858	$ 7,975,047	$ 8,509,457

D. As of March 31, 2014, December 31, 2013 and March 31, 2013, the balance of the imputation tax credit account was $1,028,929, $1,028,831 and $1,133,035, respectively. The creditable tax rate was 17.75% for 2012 and is estimated to be 15.89% for 2013.

(22) Earnings per share

	For the three-month period ended March 31, 2014		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of parent	$ 900,811	430,762	$ 2.09
Diluted earnings per share			
Profit attributable to owners of parent	$ 900,811	430,762	
Dilutive potential ordinary shares :			
Employees' bonus	-	676	
Profit attributable to owners of parent plus assumed conversion of as dilutive potential ordinary shares	$ 900,811	431,438	$ 2.09

	For the three-month period ended March 31, 2013		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of parent	$ 869,645	430,762	$ 2.02
Diluted earnings per share			
Profit attributable to owners of parent	$ 869,645	430,762	
Dilutive potential ordinary shares :			
Employees' bonus	-	1,442	
Profit attributable to owners of parent plus assumed conversion of as dilutive potential ordinary shares	$ 869,645	432,204	$ 2.01

(23) Operating leases

A. The Group leases land and buildings to others under operating lease agreements. Rental revenue of $4,081 and $3,647 were recognised for these leases in profit or loss for the three-month periods ended March 31, 2014 and 2013, respectively. The leases for buildings have terms expiring between 2014 and 2016, and all these lease agreements are not renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Not later than one year	$ 9,439	$ 10,059	$ 15,475
Later than one year but not later than five years	15,435	17,640	24,255
	$ 24,874	$ 27,699	$ 39,730

B.On April 8, 2009, the Company signed a land lease contract with its major stockholders, Won Chin and Cheng Chuan, to build a new plant on the leased land. The lease has a term of 10 years from April 10, 2009 to April 9, 2019. The annual rental payment is $35,633 (exclusive of tax), which was determined based on the average rent of land near the leased land shown in the appraisal report issued by CCIS Real Estate Joint Appraisers Firm. Rent was paid on the contract date and become payable on the same date each following year until the end of the lease. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Not later than one year	$ 37,415	$ 37,415	$ 37,415
Later than one year but not later than five years	149,659	149,659	149,659
Later than five years	3,118	12,472	37,415
	$ 190,192	$ 199,546	$ 224,489

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A.Sales

	For the three-month periods ended March 31,	
	2014	2013
Sales of goods－Entity controlled by the Group's key management	$ -	$ 190,306

The sales prices charged to related parties are almost equivalent to those charged to third parties. The credit term to Transcend H.K. and C-Tech Corporation is 120 days and 15 days after monthly billings, respectively. The credit term to third parties is 30 to 60 days after monthly billings.

B.Purchases of goods

	For the three-month periods ended March 31,	
	2014	2013
Purchases of goods－Entity controlled by the Group's key management	$ 57,209	$ 15,797

The purchase prices charged by related parties are almost equivalent to those charged by third parties. The credit term from Taiwan IC Packaging Corporation is 30 days after monthly billings. The credit term from third parties is 30 to 45 days after monthly billings.

C.Accounts receivable

	March 31, 2014	December 31, 2013	March 31, 2013
Receivables from related parties－Entity controlled by the key management	$ -	$ -	$ 120,127

The receivables from related parties arise mainly from sales transactions. The credit term to Transcend H.K. and C-Tech Corporation is 120 days and 15 days after monthly billings, respectively. The receivables are unsecured and bear no interest. There are no provisions held against receivables from related parties.

D.Accounts payable

	March 31, 2014	December 31, 2013	March 31, 2013
Payables to related parties－Entity controlled by the key management	$ 40,717	$ 45,801	$ 42,410

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

E.Property transactions

Disposal of property, plant and equipment:

	For the three-month periods ended March 31, 2014		
	Disposal proceeds	Gain (loss) on disposal	Other receivables
Entity controlled by the key management	$ 10,457	$ -	$ 10,457

The Group had no property transactions as of March 31, 2013.

F.Lease contracts

On April 8, 2009, the Company signed a land lease contract with its major stockholders, Won Chin and Cheng Chuan, to build a new plant on the leased land. Please refer to Note 6(23).

(2) Compensation of key management

	For the three-month periods ended March 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 23,972	$ 20,124

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Nature of assets	March 31, 2014	December 31, 2013	March 31, 2013	Pledge purpose
Property, plant and equipment	$ 985,510	$ 979,500	$ 1,007,123	Long-term and short-term loans
Other non-current assets				
Time deposit	3,050	2,981	2,983	Patent deposit
	$ 988,560	$ 982,481	$ 1,010,106	

9. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2014, in addition to the significant commitments and contingent liabilities mentioned in Note 13(1)B and the lease contract described in Note 6(23), the Group had unused letters of credit for purchases of merchandise inventory amounting to $50,000.

10. SIGNIFICANT CATASTROPHE

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Capital risk management

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2013 for the related information.

(2) Financial instruments

A.Fair value information of financial instruments

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2013 for the related information.

B.Financial risk management policies

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2013 for the related information.

C. Significant financial risks and degrees of financial risks

There is no significant change except the following information. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2013 for the related information.

Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR, GBP and RMB, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2014					
	Foreign Currency		Foreign Currency Amount	Exchange Rate		Book Value
Financial assets	USD:NTD	$	78,246	30.4950	$	2,386,112
	RMB:NTD		591,593	4.9150		2,907,680
	USD:RMB		43,739	6.2035		271,335
	JPY:NTD		2,779,093	0.2986		829,837
	EUR:NTD		11,339	41.8700		474,764
Financial liabilities	USD:NTD	$	101,583	30.4950	$	3,097,774
	RMB:NTD		60,000	4.9150		294,900

	December 31, 2013					
	Foreign Currency		Foreign Currency Amount	Exchange Rate		Book Value
Financial assets	USD:NTD	$	100,687	29.8050	$	3,000,976
	JPY:NTD		459,499	4.9190		2,260,276
	USD:RMB		43,645	6.0592		264,454
	JPY:NTD		2,512,345	0.2839		713,255
	EUR:NTD		12,084	41.0900		496,532
Financial liabilities	USD:NTD	$	119,640	29.8050	$	3,565,870
	RMB:NTD		60,000	4.9190		295,140

	March 31, 2013					
	Foreign Currency		Foreign Currency Amount	Exchange Rate		Book Value
Financial assets	USD:NTD	$	69,484	29.8250	$	2,072,360
	JPY:NTD		2,885,012	0.3172		915,126
	GBP:NTD		833	45.3200		37,752
	EUR:NTD		13,217	38.2300		505,286
	USD:JPY		2,998	94.0259		281,890
Financial liabilities	USD:NTD	$	77,882	29.8250	$	2,322,831
	USD:RMB		4,263	6.2097		26,472

Sensitivity analyses relating to foreign exchange rate risks are primarily for financial reporting period end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will increase or decrease by $7,117 and $2,505 for the three-month periods ended March 31, 2014 and 2013, respectively.

(3) Fair value estimation

A.The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1:Quoted prices in active markets for identical assets or liabilities.

Level 2:Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3:Inputs for the assets or liabilities that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at March 31, 2014, December 31, 2013 and March 31, 2013:

March 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Non-current available-for-sale financial assets	$ 298,499	$ -	$ 1,125	$ 299,624

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Non-current available-for-sale financial assets	$ 263,297	$ -	$ 1,125	$ 264,422

March 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Non-current available-for-sale financial assets	$ 545,154	$ -	$ 1,125	$ 546,279
Current financial assets at fair value through profit or loss	-	10,069	-	10,069
	$ 545,154	$ 10,069	$ 1,125	$ 556,348

B.The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm‘s length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments classified as available-for-sale financial assets.

C.The fair value of financial instruments not traded in an active market (such as the derivate instruments which traded in GTSM) is base on the cost of investment.

D.If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/guarantee amount as of March 31, 2014 (Note 4)	Outstanding endorsement/guarantee amount as of March 31, 2014 (Note 4)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 6)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor (Note 2)											
0	Transcend Taiwan	Transcend Japan Inc.	b	$ 4,154,689	$ 447,900	$ 447,900	$ 298,600	-	2	$ 8,309,378	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows

(a)The Company is ‘0’.

(b)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(a)Having business relationship.

(b)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(c)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(d)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(e)Mutual guarantee of the trade as required by the construction contract.

(f)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Not exceeding 20% of the Company’s net asset value. ($20,773,447*20%=$4,154,689)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of March 31, 2014 is JPY$1,500,000.

Note 5: The actual amount of endorsement drawn down is JPY$1,000,000.

Note 6: Not exceeding 40% of the Company’s net asset value. ($20,773,447*40%=$8,309,378)

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

C. Holding of marketable securities as of March 31, 2014 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2014 Number of shares or units	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note4)
Transcend Taiwan	Stocks							
	Alcor Micro Corp.	-	Non-current available-for-sale financial assets	6,220,933	$ 235,463	8	$ 235,463	-
	Hitron Tech. Inc.	-	〃	3,060,017	63,036	1	63,036	-
	Skyviia Corp.	-	〃	259,812	-	2	-	-
	Dramexchange Tech Inc.	-	〃	60,816	1,125	1	1,125	-
					$ 299,624			
	Bonds							
	Bond with repurchase agreement	-	Current bond investment without active market	-	$ 564,158	-	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 'Financial instruments: recognition and measurement'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

D.Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None.

E.Acquisition of real estate exceeding NT$300 million or 20% of paid-in capital or more: None.

F.Disposal of real estate exceeding NT$300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of the Company' paid-in capital or more:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Transcend Taiwan	Transcend Japan Inc.	The Company's subsidiary	Sales	$ 873,827	13	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	$ 780,126	25	-
〃	Transcend Information Europe B.V.	Subsidiary of Memhiro	〃	705,263	11	〃	〃	〃	318,953	10	-
〃	Transcend Information, Inc.	The Company's subsidiary	〃	211,769	3	〃	〃	〃	166,770	5	-
〃	Transcend Information Trading GmbH, Hamburg	Subsidiary of Memhiro	〃	210,511	3	〃	〃	〃	85,047	3	-
〃	Transcend Korea Inc.	The Company's subsidiary	〃	175,126	3	60 days after monthly billings	〃	〃	43,740	1	-
〃	Transcend Information (H.K.) Ltd.	Subsidiary of Memhiro	〃	144,491	2	120 days after monthly billings	〃	〃	73,773	2	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH, Hamburg	Together with Transcend Information Europe B.V. are controlled by parent company	〃	191,979	25	30 days after receipt of goods	〃	7 to 60 days after receipt of goods to third parties	47,255	17	-
Transcend Taiwan	Transcend Shanghai	Subsidiary of Memhiro	(Purchases)	(176,492)	3	60 days after receipt of goods	Note 1	7 to 30 days after receipt of goods to third parties	(1,321,738)	39	-

Note 1:The purchase transactions between Transcend Taiwan and Transcend Shanghai were attributed to processing of supplied materials. No other similar transactions can be used for comparison.
Note 2:The Company's sales to subsidiaries were equivalent to subsidiaries's purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

H.Receivables from related parties exceeding NT$100 million or 20% of the Company's paid-in capital or more:

					Overdue receivables			
Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2014	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Transcend Taiwan	Transcend Japan Inc.	Subsidiary of the Company	$ 780,126	4.86	$ -	-	$ 245,221	$ -
〃	Transcend Information Europe B.V.	Subsidiary of Memhiro	318,953	8.63	-	-	183,349	-
〃	Transcend Information Inc.	Subsidiary of the Company	166,770	4.48	-	-	65,317	-
Transcend Shanghai	Transcend Taiwan	Parent company	1,321,738	4.85	-	-	392,851	-

I.Derivative financial instruments undertaken during the three-month periods ended March 31, 2014: None.

J.Significant inter-company transactions during the three-month period ended March 31, 2014:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Transcend Taiwan	Transcend Japan Inc.	a	Sales	$ 873,827	There is no significant difference in unit price from those to third parties.	13%
〃	〃	Transcend Information Europe B. V.	〃	〃	705,263	〃	10%
〃	〃	Transcend Information, Inc.	〃	〃	211,769	〃	3%
〃	〃	Transcend Information Trading GmbH, Hamburg	〃	〃	210,511	〃	3%
〃	〃	Transcend Korea Inc.	〃	〃	175,126	〃	3%
〃	〃	Transcend Information (H.K.) Ltd	〃	〃	144,491	〃	2%
〃	〃	Transtech Trading (Shanghai) Co., Ltd.	〃	〃	89,989	〃	1%
〃	〃	Transcend Information (Shanghai), Ltd.	〃	Purchases	176,492	Processing with supplied materials. No other similar transactions can be used for comparison.	3%
〃	〃	Transcend Japan Inc.	〃	Accounts Receivable	780,126	120 days after monthly billings	3%
〃	〃	Transcend Information Europe B. V.	〃	〃	318,953	〃	1%
〃	〃	Transcend Information (Shanghai), Ltd.	〃	Accounts Payable	1,321,738	60 days after receipt of goods	5%
1	Transcend Information Europe B. V.	Transcend Information Trading GmbH, Hamburg	c	Sales	191,979	There is no significant difference in unit price from those to third parties.	3%

Note 1: Transaction information between parent company and subsidiaries should be noted in the first column, the number is written as below:

(a) Parent company: 0

(b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(2) Information on investees (not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance at March 31, 2014	Initial investment amount: Balance at December 31, 2013	Shares held at March 31, 2014: No. of Shares (in units)	Shares held at March 31, 2014: Ownership (%)	Shares held at March 31, 2014: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2014	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2014 (Note 1)	Footnote
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investments holding company	$ 1,202,418	$ 1,202,418	36,600,000	100	$ 3,281,352	($ 3,901)	($ 3,901)	Note 2
	Transcend Japan Inc.	Japan	Wholesaler of computer memory modules and peripheral products	89,103	89,103	6,400	100	107,110	(13,384)	(13,384)	Note 2
	Transcend Information, Inc.	United States of America	Wholesaler of computer memory modules and peripheral products	38,592	38,592	625,000	100	96,145	(16,133)	(16,133)	Note 2
	Transcend Korea Inc.	Korea	Wholesaler of computer memory modules and peripheral products	6,132	6,132	40,000	100	22,634	(2,268)	(2,268)	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	251,658	251,658	41,000,000	13.55	221,092	(9,155)	(163)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investments holding company	1,156,920	1,156,920	55,132,000	100	3,291,765	(8,739)	(8,739)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V	Netherlands	Wholesaler of computer memory modules and peripheral products	1,693	1,693	100	100	164,904	(17,484)	(17,485)	Note 4

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Investor	Investee	Location	Main business activities	Initial investment amount: Balance at March 31, 2014	Initial investment amount: Balance at December 31, 2013	Shares held at March 31, 2014: No. of Shares (in units)	Shares held at March 31, 2014: Ownership (%)	Shares held at March 31, 2014: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2014	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2014 (Note 1)	Footnote
Memhiro Pte Ltd.	Transcend Information Trading GmbH, Hamburg	Germany	Wholesaler of computer memory modules and peripheral products	2,288	2,288	-	100	79,186	4,990	4,990	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesaler of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	1,923	(6,423)	(6,423)	Note 4

Note 1：The Company does not directly recognize the investment income (loss) except for the subsidiaries directly held.

Note 2：Subsidiaries of the Company.

Note 3：Subsidiary of Saffire.

Note 4：Subsidiaries of Memhiro. .

Note 5：Please refer to Note 6 (6).

(3) Information on investments in Mainland China

A.Basic information：

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2014	Net income investee as of March 31, 2014	Ownership held by the Company (direct and indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2014 （Note 2）	Book value of investments in Mainland China as of March 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacturer and seller of computer memory modules, storage products and disks	$ 1,134,178	(2)	$ 1,134,178	-	-	$ 1,134,178	$ 15,738	100	$ 15,635	$ 3,014,723	-	-
Transtech Trading (Shanghai) Co., Ltd.	Manufacturer and seller of computer memory modules, storage products and disks. Wholesaler and agent of computer memory modules and Peripheral products. Retailer of computer components	16,310	(2)	16,310	-	-	16,310	(5,387)	100	(5,387)	8,432	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2014	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Transcend Information (Shanghai), Ltd.	$ 1,134,178	$ 1,134,178	$ -
Transtech Trading (Shanghai) Co., Ltd.	16,310	16,310	-
	$ 1,150,488	$ 1,150,488	$ 12,464,068

Note 1：Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the invested in Mainland China.

(3) Others.

Note 2：The financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3：The numbers in this table are expressed in New Taiwan Dollars.

B.Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry, allocating resources and assessing performance of the Group as a whole, and has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the three-month periods ended March 31,	
	2014	2013
Segment revenue	$ 6,794,611	$ 7,051,129
Segment income	$ 900,811	$ 869,645

(3) Reconciliation for segment income (loss)

None.