TRANSCEND INFORMATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR14001518

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

We have audited the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 4(3)B, we did not audit the financial statements of certain subsidiaries for the year ended December 31, 2013, which statements reflect total assets of NT$547,456 thousand, constituting 2 percent of the consolidated total assets, as of December 31, 2013, and total revenues of NT$2,748,290 thousand, constituting 11 percent of the consolidated total operating revenue, for the year then ended. Furthermore, we did not audit the financial statements of equity investments accounted for under the equity method. The investment loss from these equity investments amounted to NT$30,403 thousand for the year ended December 31, 2013. As of December 31, 2013, the equity investment accounted for using the equity method was NT$221,255 thousand. The financial statements of these subsidiaries and equity investments were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Transcend Information, Inc. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Transcend Information, Inc. (not presented herein) as of and for the years ended December 31, 2014 and 2013, and have expressed an unqualified and modified unqualified opinion on such financial statements, respectively.

PricewaterhouseCoopers, Taiwan

March 12, 2015
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)

Assets	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 11,565,344	44	$ 11,639,505	48
Current financial assets at fair value through profit or loss	6(2)	53,545	-	-	-
Current bond investments without active market	6(3)	637,025	3	123,698	1
Notes receivable, net		-	-	4,158	-
Accounts receivable, net	6(4)	2,993,131	11	2,732,001	11
Other receivables		283,316	1	254,528	1
Inventories, net	6(5)	6,364,987	24	5,075,939	21
Other current assets		44,515	-	36,311	-
Current Assets		21,941,863	83	19,866,140	82
Non-current assets					
Available-for-sale financial assets-non-current	6(6)	232,639	1	264,422	1
Investments accounted for using equity method	6(7)	332,593	1	221,255	1
Property, plant and equipment	6(8), 7 and 8	3,160,974	12	3,330,875	14
Investment property, net	6(9)	298,614	1	303,232	1
Deferred tax assets	6(22)	92,319	1	78,915	-
Other non-current assets	6(10) and 8	234,238	1	183,691	1
Non-current Assets		4,351,377	17	4,382,390	18
Total Assets		$ 26,293,240	100	$ 24,248,530	100

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Current liabilities					
Short-term borrowings	6(11)	$ 903,300	4	$ 579,040	2
Notes payable		8	-	1,215	-
Accounts payable		3,202,531	12	2,669,584	11
Accounts payable to related parties	7	74,185	-	45,801	-
Other payables		475,052	2	393,810	2
Current tax liabilities	6(22)	319,927	1	239,967	1
Other current liabilities		60,063	-	50,013	-
Current Liabilities		5,035,066	19	3,979,430	16
Non-current liabilities					
Deferred tax liabilities	6(22)	485,378	2	395,542	2
Other non-current liabilities	6(12)	54,191	-	49,349	-
Non-current Liabilities		539,569	2	444,891	2
Total Liabilities		5,574,635	21	4,424,321	18
Share capital	6(13)				
Common stock		4,307,617	16	4,307,617	18
Capital surplus	6(14)				
Capital surplus		4,799,075	18	4,799,075	20
Retained earnings	6(15)				
Legal reserve		3,053,235	12	2,733,339	11
Unappropriated retained earnings		8,504,167	32	7,975,047	33
Other equity interest	6(17)				
Other equity interest		54,511	1	9,131	-
Total equity attributable to owners of parent		20,718,605	79	19,824,209	82
Total Equity		20,718,605	79	19,824,209	82
Commitments and contingent liabilities	9				
Significant subsequent event	11				
Total Liabilities and Equity		$ 26,293,240	100	$ 24,248,530	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 12, 2015.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan Dollars, except Earnings Per Share)

		Year ended December 31			
		2014		2013	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating Revenue	6(18) and 7	$ 27,219,495	100	$ 26,122,390	100
Operating Costs	6(5) and 7	(21,678,630)	(80)	(21,201,143)	(81)
Gross Profit		5,540,865	20	4,921,247	19
Operating Expenses	6(21)				
Sales and marketing expenses		(1,180,034)	(4)	(1,020,315)	(4)
General and administrative expenses		(439,532)	(1)	(392,338)	(1)
Research and development expenses		(174,011)	(1)	(157,028)	(1)
Total operating expenses		(1,793,577)	(6)	(1,569,681)	(6)
Operating Profit		3,747,288	14	3,351,566	13
Non-operating Income and Expenses					
Other income	6(19)	193,524	1	130,645	-
Other gains and losses	6(20)	460,021	1	292,236	1
Finance costs		(8,209)	-	(5,900)	-
Share of gain (loss) of associates and joint ventures accounted for under equity method	6(7)	8,330	-	(30,403)	-
Total non-operating income and expenses		653,666	2	386,578	1
Profit before Income Tax		4,400,954	16	3,738,144	14
Income tax expense	6(22)	(665,749)	(2)	(539,187)	(2)
Profit for the Year		$ 3,735,205	14	$ 3,198,957	12
Other Comprehensive Income					
Cumulative translation differences for foreign operations	6(17)	$ 92,968	-	$ 148,571	1
Unrealized (loss) gain on available-for-sale financial assets	6(6)	(31,783)	-	2,085	-
Actuarial (loss) gain on defined benefit plan	6(12)	(86)	-	5,387	-
Income tax on other comprehensive income	6(17)(22)	(15,805)	-	(25,258)	-
Other Comprehensive Income for the Year		$ 45,294	-	$ 130,785	1
Total Comprehensive Income		$ 3,780,499	14	$ 3,329,742	13
Net Profit attributable to:					
Owners of parent		$ 3,735,205	14	$ 3,198,957	12
Comprehensive Income attributable to:					
Owners of parent		$ 3,780,499	14	$ 3,329,742	13
Earnings Per Share	6(23)				
Basic earnings per share		$	8.67	$	7.43
Diluted earnings per share		$	8.66	$	7.41

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 12, 2015.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent								
			Capital Reserves			Retained Earnings		Other equity interest		
	Notes	Common stock	Additional paid-in capital	Capital surplus, donated assets received	Capital surplus, net assets from merger	Legal reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
For the year ended December 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
Appropriations of 2012 earnings	6(15)									
Legal reserve		-	-	-	-	284,538	(284,538)	-	-	-
Cash dividends		-	-	-	-	-	(2,584,571)	-	-	(2,584,571)
Change in capital reserve										
Cash distribution of capital reserve		-	(215,381)	-	-	-	-	-	-	(215,381)
Net income for the year		-	-	-	-	-	3,198,957	-	-	3,198,957
Other comprehensive income for the year	6(17)	-	-	-	-	-	5,387	123,313	2,085	130,785
Balance at December 31, 2013		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 2,733,339	$ 7,975,047	$ 27,764	($ 18,633)	$ 19,824,209
For the year ended December 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
Appropriations of 2013 earnings	6(15)									
Legal reserve		-	-	-	-	319,896	(319,896)	-	-	-
Cash dividends		-	-	-	-	-	(2,886,103)	-	-	(2,886,103)
Net income for the year		-	-	-	-	-	3,735,205	-	-	3,735,205
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	(86)	77,163	(31,783)	45,294
Balance at December 31, 2014		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 3,053,235	$ 8,504,167	$ 104,927	($ 50,416)	$ 20,718,605

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 12, 2015.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 4,400,954	$ 3,738,144
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Net gains on financial assets at fair value through profit or loss	6(2)(20)	(53,545)	(29,979)
Gain on disposal of financial assets	6(3)(20)	(13,023)	(112,397)
Share of (gain) loss of associates and joint ventures accounted for using equity method	6(7)	(8,330)	30,403
Provision for bad debt expense	6(4)	13,200	14,900
Loss (gain) on market price decline (recovery) of inventory	6(5)	50,009	(9,668)
Depreciation	6(21)	236,547	238,147
Interest income	6(19)	(176,359)	(115,182)
Interest expense		8,209	-
Dividend income	6(20)	(13,781)	(15,074)
Loss (gain) on disposal of property, plant and equipment	6(20)	1,800	(1,916)
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		-	29,979
Notes and accounts receivable		(270,451)	(160,225)
Other receivables		(23,247)	39,086
Inventories		(1,339,057)	1,156,059
Other current assets		(8,204)	1,708
Net changes in liabilities relating to operating activities			
Notes and accounts payable		560,124	(610,339)
Other payables		81,242	(67,664)
Other current liabilities		10,050	10,436
Other non-current liabilities		4,756	(5,131)
Cash generated from operations		3,460,894	4,131,287
Cash dividends received		13,781	15,074
Interest received		170,818	99,849
Interest paid		(8,209)	(6,728)
Income tax paid		(525,162)	(498,742)
Net cash provided by operating activities		3,112,122	3,740,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of bond investments without active markets		364,425	388,276
Acquisition of bond investments without active markets		(862,978)	-
Acquisition of property, plant and equipment	6(8)	(23,399)	(54,858)
Proceeds from disposal of property, plant and equipment	6(8)	9,939	7,780
Increase in investments accounted for using equity method	6(7)	(103,008)	-
Increase in other non-current assets		(70,658)	(6,402)
Net cash (used in) provided by investing activities		(685,679)	334,796
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		343,560	447,390
Payment of cash dividends	6(15)	(2,886,103)	(2,799,952)
Net cash used in financing activities		(2,542,543)	(2,352,562)
Effect of foreign exchange rate changes		41,939	44,288
(Decrease) increase in cash and cash equivalents		(74,161)	1,767,262
Cash and cash equivalents at beginning of year		11,639,505	9,872,243
Cash and cash equivalents at end of year		$ 11,565,344	$ 11,639,505

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 12, 2015.

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

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 March 12, 2015.

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 and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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)
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. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will adjust its presentation of the statement of comprehensive income.

B.IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

Based on the Group's assessment, the significant effects of applying the 2013 version of IFRSs to its consolidated financial statements are presentation and disclosure methods.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
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
Improvements to IFRSs 2012-2014	January 1, 2016

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c)Liabilities on cash-settled share-based payment arrangements measured at fair value.

(d)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:

(a)All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B.Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d)All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B.Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c)All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A.Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Receivables

A.Accounts receivable

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discount is insignificant, they are measured subsequently at original invoice amount.

B.Bond investments without active market

(a)Bond investments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

i. Not designated on initial recognition as at fair value through profit or loss;

ii. Not designated on initial recognition as available-for-sale;

iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(b)On a regular way purchase or sale basis, bond investments without active market are recognised and derecognised using trade date accounting.

(c)Bond investments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(8) Financial assets at fair value through profit or loss

A.Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B.On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C.Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(9) <u>Inventories</u>

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(10) <u>Available-for-sale financial assets</u>

A.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B.On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C.Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(11) <u>Impairment of financial assets</u>

A.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C.When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Bond investments without active market

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b)Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset’s acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from ‘other comprehensive income’ to ‘profit or loss’. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A.The contractual rights to receive cash flows from the financial asset expire.

B.The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C.The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Investments accounted for using equity method / associates

A.Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.

B.The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C.When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D.Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E.When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

F.In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(14) Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B.Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C.Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

D.The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	2~55 years
Machinery and equipment	2~10 years
Transportation equipment	3~5 years
Office equipment and miscellaneous equipment	3~5 years

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(16) Operating lease

Payments made under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

(17) Long-term prepaid rents

Long-term prepaid rents include premium paid for land use right of Transcend Shanghai and are amortized over the term of granted period of 50 years using the straight-line method.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(21) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

C.Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B.The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D.Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E.A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

The Group manufactures and sells computer software and hardware, peripheral equipment and other computer components. Revenue is measured at the fair value of the consideration received or receivable taking into account of returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Board who makes strategic decisions.

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; and 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 income tax assets

Deferred income 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 income 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 income tax assets.

As of December 31, 2014, the Group recognised deferred income tax assets amounting to $92,319.

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 December 31, 2014, the carrying amount of inventories was $6,364,987.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand and petty cash	$ 1,523	$ 736
Checking accounts and demand deposits	2,245,438	5,608,593
Time deposits	8,925,923	5,985,468
Cash equivalents -		
Bond with repurchase agreement	392,460	44,708
Total	$ 11,565,344	$ 11,639,505

A.The Group transacts 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 amount of $2,981 as of December 31, 2013. Please refer to Note 8 for details. As of December 31, 2014, the Group had no cash and cash equivalents pledged to others.

C.As of December 31, 2014 and 2013, the bond with repurchase agreement recognized as cash equivalents is 30-day highly-liquid investments with annual interest rate of 1.50%.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2014	December 31, 2013
Current item :		
Financial assets held for trading		
Non-hedging derivatives	$ 53,545	$ -

A.The Group recognized net gain of $104,559 and $29,979 on financial assets held for trading for the years ended December 31, 2014 and 2013, respectively.

B.The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2014		
Derivative Instruments	Contract Amount (Notional Principal)		Contract Period
Current items:			
Forward foreign exchange contracts	EUR	16,000	November 6, 2014 to April 20, 2015
〃	〃	4,200	November 25, 2014 to April 23, 2015
〃	〃	5,200	November 25, 2014 to May 18, 2015
〃	〃	3,900	December 10, 2014 to June 8, 2015
〃	JPY	1,910,000	November 10, 2014 to April 27, 2015
〃	〃	800,000	December 10, 2014 to June 8, 2015

The Group entered into forward foreign exchange contracts to buy USD (sell EUR and JPY) to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C.The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Current bond investments without active markets

Items	December 31, 2014		December 31, 2013	
Current items：				
Funds-bonds	$	51,500	$	49,185
Bond with repurchase agreement		585,525		74,513
	$	637,025	$	123,698

A.The counterparties of the Group's fund investments, namely Industrial and Commercial Bank of China, Bank of China, China Construction Bank, Shanghai Pudong Development Bank and Fubon Bank (China) Co, Ltd., 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 $13,023 and $15,719 in profit or loss for the years ended December 31, 2014 and 2013, respectively.

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

(4) Accounts receivable

	December 31, 2014		December 31, 2013	
Accounts receivable	$	3,026,355	$	2,779,323
Less: Allowance for bad debts	(	33,224)	(	47,322)
	$	2,993,131	$	2,732,001

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：

	December 31, 2014		December 31, 2013	
Up to 30 days	$	620,543	$	656,958
31 to 90 days		19,446		20,339
91 to 180 days		1,037		1,775
	$	641,026	$	679,072

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 December 31, 2014 and 2013, the Group's accounts receivable that were impaired amounted to $33,224 and $47,322, 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	13,200	14,900
Write-offs during the year	(27,577)	(24,845)
Net exchange differences	279	-
At December 31	$ 33,224	$ 47,322

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:

	December 31, 2014	December 31, 2013
Group 1	$ 905,678	$ 682,540
Group 2	1,446,427	1,370,389
	$ 2,352,105	$ 2,052,929

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 December 31, 2014 and 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.

(5) Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,864,256	($ 85,740)	$ 3,778,516
Work in progress	856,658	(14,430)	842,228
Finished goods	1,771,056	(26,813)	1,744,243
Total	$ 6,491,970	($ 126,983)	$ 6,364,987

	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

A.The cost of inventories recognized as expense:

	For the years ended December 31,	
	2014	2013
Cost of inventories sold	$ 21,628,621	$ 21,210,811
Loss on (gain on reversal of) inventory write-down	50,009	(9,668)
	$ 21,678,630	$ 21,201,143

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

B.No inventories were pledged to others.

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

Items	December 31, 2014	December 31, 2013
Non-current items：		
Listed stocks	$ 281,930	$ 281,930
Others	31,125	31,125
Subtotal	313,055	313,055
Valuation adjustments of available-for-sale financial assets	(50,416)	(18,633)
Accumulated impairment	(30,000)	(30,000)
Total	$ 232,639	$ 264,422

A.The Group recognized ($31,783) and $2,085 in other comprehensive (loss) income for fair value change for the years ended December 31, 2014 and 2013, respectively.

B.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 IFRS, reclassified the investment to investment accounted for using equity method for the amount of $251,658. Please refer to Note 6(7) for details.

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

(7) Investments accounted for using equity method

A.Details are as follows:

Investee Company	December 31, 2014 Percentage of ownership	December 31, 2014 Book value	December 31, 2013 Percentage of ownership	December 31, 2013 Book value
Taiwan IC Packaging Corp.	12.88	$ 332,593	13.55	$ 221,255

Taiwan IC Packaging Corporation issued new shares in September 2014. The Group subscribed for 10,843 thousands of new shares, increasing the book value of investments accounted for using equity method by $103,008. The percentage of ownership decreased to 12.88% after the subscription.

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

	Assets	Liabilities	Revenue	Profit (Loss)	% interest held
December 31, 2014					
Taiwan IC Packaging Corp.	$ 4,042,285	$ 477,923	$ 2,218,278	$ 56,285	12.88%
December 31, 2013					
Taiwan IC Packaging Corp.	$ 3,051,768	$ 504,558	$ 2,249,714	($ 405,554)	13.55%

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

Investee Company	For the years ended December 31, 2014	For the years ended December 31, 2013
Taiwan IC Packaging Corp.	$ 8,330	($ 30,403)

D.The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was $521,022 and $291,100 as of December 31, 2014 and 2013, respectively.

E.The investment loss for the year ended December 31, 2013 was recognized 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(6)B for details.

(8) 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(including transfer)	-	2,705	28,736	1,624	2,241	8,113	43,419
Disposals	-	-	(8,875)	(190)	(908)	(1,766)	(11,739)
Depreciation charge	-	(117,237)	(100,845)	(1,435)	(4,131)	(5,061)	(228,709)
Net exchange differences	(5,644)	27,351	5,023	110	(124)	412	27,128
Closing net book amount	$ 724,203	$ 2,044,504	$ 356,708	$ 3,282	$ 11,971	$ 20,306	$ 3,160,974
At December 31, 2014							
Cost	$ 724,203	$ 2,774,759	$ 824,587	$ 9,402	$ 48,271	$ 64,797	$ 4,446,019
Accumulated depreciation	-	(730,255)	(467,879)	(6,120)	(36,300)	(44,491)	(1,285,045)
	$ 724,203	$ 2,044,504	$ 356,708	$ 3,282	$ 11,971	$ 20,306	$ 3,160,974

	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	$ 15,121	$ 3,473,891
Additions(including transfer)	-	4,189	39,381	-	3,109	9,735	56,414
Disposals	-	-	(4,644)	(167)	(237)	(815)	(5,863)
Depreciation charge	-	(118,452)	(99,097)	(2,049)	(4,716)	(6,139)	(230,453)
Net exchange differences	(18,756)	41,403	13,144	144	245	706	36,886
Closing net book amount	$ 729,847	$ 2,131,685	$ 432,669	$ 3,173	$ 14,893	$ 18,608	$ 3,330,875
At December 31, 2013							
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

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

(9) 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	-	(7,838)	(7,838)
Net exchange differences	-	2,875	2,875
Closing net book amount	$ 137,037	$ 161,577	$ 298,614
At December 31, 2014			
Cost	$ 137,037	$ 236,633	$ 373,670
Accumulated depreciation and impairment	-	(75,056)	(75,056)
	$ 137,037	$ 161,577	$ 298,614

	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	-	(7,694)	(7,694)
Net exchange differences	-	4,654	4,654
Closing net book amount	$ 137,037	$ 166,195	$ 303,232
At December 31, 2013			
Cost	$ 137,037	$ 232,509	$ 369,546
Accumulated depreciation and impairment	-	(66,314)	(66,314)
	$ 137,037	$ 166,195	$ 303,232

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

	For the years ended December 31,	
	2014	2013
Rental income from investment property	$ 17,165	$ 15,463
Direct operating expenses arising from investment property that generated rental income in the year	$ 6,940	$ 6,849
Direct operating expenses arising from investment property that did not generate rental income in the year	$ 898	$ 845

B.The fair value of the investment property held by the Group was $1,829,038 and $1,027,201 as of December 31, 2014 and 2013, respectively, which was based on the transaction prices of similar properties in the same area.

C.No investment property was pledged to others.

(10) Other non-current assets

	December 31, 2014	December 31, 2013
Long-term prepaid rents	$ 117,884	$ 116,669
Guarantee deposits paid	67,592	34,581
Others	48,762	32,441
	$ 234,238	$ 183,691

In May 2005, the Group signed a land-use right contract with the People's Republic of China for the use of land with a term of 50 years. All rentals had been paid on the contract date. The Group recognized rental expenses of $2,819 and $2,766 for the years ended December 31, 2014 and 2013, respectively.

(11) Short-term borrowings

Type of borrowings	December 31, 2014	Interest rate	Collateral
Bank borrowings:			
Secured	$ 396,900	0.63~0.64%	Transcend Japan's Land and Buildings
Unsecured	506,400	0.93~0.95%	-
	$ 903,300		

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

(12) 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)The amounts recognized in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	$ 50,576	$ 55,354
Fair value of plan assets	(27,307)	(31,206)
Net liability in the balance sheet	$ 23,269	$ 24,148

(c)Changes in present value of funded obligations are as follows:

	2014	2013
Present value of funded obligations		
At January 1	$ 55,354	$ 72,645
Current service cost	857	1,355
Interest cost	1,104	1,086
Actuarial loss (profit)	220	(5,673)
Benefits paid	(2,316)	(3,256)
Curtailment and settlement	(4,643)	(10,803)
At December 31	$ 50,576	$ 55,354

(d)Changes in fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets		
At January 1	$ 31,206	$ 43,205
Expected return on plan assets	641	772
Actuarial profit (loss)	134	(286)
Contributions	2,693	2,808
Benefits paid	(2,316)	(3,256)
Settlement	(5,051)	(12,037)
At December 31	$ 27,307	$ 31,206

(e)Amounts of expenses recognized in statements of comprehensive income are as follows:

	2014	2013
Current service cost	$ 857	$ 1,355
Interest cost	1,104	1,086
Expected return on plan assets	(641)	(772)
Curtailment or settlement loss	409	1,235
Current pension costs	$ 1,729	$ 2,904

Details of cost and expenses recognized in comprehensive income statements are as follows:

	2014	2013
Cost of sales	$ 998	$ 1,394
Selling expenses	463	803
General and administrative expenses	112	299
Research and development expenses	156	408
	$ 1,729	$ 2,904

(f)Amounts recognized under other comprehensive (loss) income are as follows:

	2014	2013
Recognition for current year	($ 86)	$ 5,387
Accumulated amount	$ 24,618	$ 24,704

(g)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The Company's actual return of plan assets was $774 and $486 for the years ended December 31, 2014 and 2013, respectively.

(h)The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	2.00%	2.00%
Expected return on plan assets	1.75%	1.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(i)Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value defined benefit obligations	$ 50,576	$ 55,354	$ 72,645
Fair value of plan assets	(27,307)	(31,206)	(43,205)
Deficit in the plan	$ 23,269	$ 24,148	$ 29,440
Experience adjustments on plan liabilities	$ 285	$ 1,070	($ 23,199)
Experience adjustments on plan assets	$ 134	($ 286)	($ 534)

(j)Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 amounts to $1,097.

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 years ended December 31, 2014 and 2013 were $45,243 and $41,561, respectively.

(13) Share capital

As of December 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). The paid-in capital was $4,307,617 with a par value of $10 (in dollars) per share, and consisting of 430,762 thousand shares of ordinary stock outstanding. All proceeds from shares issued have been collected.

(14) 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.

(15) 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 years ended December 31, 2014 and 2013, employees' bonus was accrued at $33,620 and $58,849, 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% of total distributable earnings for the years ended December 31, 2014 and 2013, respectively.)

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.(a)The appropriation of earnings and distribution of capital reserve of years 2013 and 2012 had been resolved at the stockholders' meeting on June 12, 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 2013 and 2012 earnings as resolved by the shareholders was in agreement with those amounts recognized in the 2013 and 2012 financial statements.

(b)The appropriation of earnings for the year of 2014 was proposed by the Board of Directors on March 12, 2015. Details are summarized below:

	2014	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 373,521	
Cash dividends	3,359,941	$ 7.8
Total	$ 3,733,462	

Note:

	2014
Directors' and supervisors' remuneration	$ 6,049
Employees' cash bonus	30,243
	$ 36,292

The above appropriation of earnings of 2014 and legal reserve has yet to be resolved by the shareholders as of March 12, 2015.

(16) Share-based payment-employee compensation plan

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

Type of arrangement	Grant date	Expiry date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	2007.10.15	2013.10.5	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.Detail of the employee stock options are set forth below:

	For the years ended December 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	-	-	(1,192)	107.8
Options outstanding at end of period	-	-	-	-
Options exercisable at end of period	-	-	-	-

As of December 31, 2014 and 2013, the Company has no options outstanding.

D.The Company has no expense incurred on share-based payment transactions for the years ended December 31, 2014 and 2013.

(17) Other equity items

	Unrealised gain or loss on available-for-sale financial assets	Cumulative 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	(31,783)	-	(31,783)
Cumulative translation differences for foreign operations	-	92,968	92,968
Effect from income tax	-	(15,805)	(15,805)
At December 31, 2014	($ 50,416)	$ 104,927	$ 54,511

	Unrealised gain or loss on available-for-sale financial assets	Cumulative 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	2,085	-	2,085
Cumulative translation differences for foreign operations	-	148,571	148,571
Effect from income tax	-	(25,258)	(25,258)
At December 31, 2013	($ 18,633)	$ 27,764	$ 9,131

(18) Operating revenue

	For the years ended December 31,	
	2014	2013
Sales revenue	$ 27,219,495	$ 26,122,390

(19) Other income

	For the years ended December 31,	
	2014	2013
Interest income	$ 176,359	$ 115,182
Rental revenue	17,165	15,463
Total	$ 193,524	$ 130,645

(20) Other gains and losses

	For the years ended December 31,	
	2014	2013
Net gain on financial assets at fair value through profit or loss	$ 104,559	$ 29,979
Gain on disposal of financial assets	13,023	112,397
(Loss) gain on disposal of property, plant and equipment	(1,800)	1,916
Net currency exchange gain	304,389	93,261
Dividend income	13,781	15,074
Others	26,069	39,609
Total	$ 460,021	$ 292,236

(21) Expenses by nature

	For the years ended December 31,	
	2014	2013
Wages and salaries	$ 1,561,989	$ 1,323,077
Labor and health insurance fees	177,181	142,567
Pension costs	46,972	44,465
Other personnel expenses	62,362	69,216
Depreciation on property, plant and equipment (including investment property)	236,547	238,147

(22) Income tax

A.Income tax expense

(a)Components of income tax expense:

	For the years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the year	$ 572,765	$ 476,410
Prior year income tax underestimated	32,357	13,505
Total current tax	605,122	489,915
Deferred tax:		
Origination and reversal of temporary differences	60,627	49,272
Total deferred tax	60,627	49,272
Income tax expense	$ 665,749	$ 539,187

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

	For the years ended December 31,	
	2014	2013
Cumulative translation differences for foreign operations	$ 15,805	$ 25,258

B.Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2014	2013
Tax calculated based on profit before tax and statutory tax rate	$ 770,780	$ 690,396
Effects from items disallowed by tax regulation	(156,067)	(182,348)
Effect from investment tax credit	-	(17,270)
Prior year income tax underestimated	32,357	13,505
Effect from Alternative Minimum Tax	18,679	34,904
Income tax expense	$ 665,749	$ 539,187

C.Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	For the year ended December 31, 2014			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax liabilities				
Over provision of allowance for doubtful accounts	$ 9,400	$ 3,040	$ -	$ 12,440
Amount of pension recognized over amount contributed	7,738	(240)	-	7,498
Unused compensated absences	4,082	2,613	-	6,695
Unrealised sales discounts and allowances	13,549	4,095	-	17,644
Unrealised gross margin	23,929	(6,071)	-	17,858
Unrealised loss on market price decline and obsolete and slow-moving inventory	13,133	8,504	-	21,637
Others	7,084	1,463	-	8,547
Total	$ 78,915	$ 13,404	$ -	$ 92,319
Deferred tax liabilities			-	
Unrealised exchange gain	($ 1,340)	($ 44,182)	$ -	($ 45,522)
Valuation gain on financial assets	-	(4,153)	-	(4,153)
Unrealised gain on disposal of financial assets	(16,435)	-	-	(16,435)
Cumulative translation differences for foreign operations differences	(41,064)	-	(15,805)	(56,869)
Net gain on investments accounted for using equity method	(336,331)	(25,725)	-	(362,056)
Others	(372)	29	-	(343)
Total	($ 395,542)	($ 74,031)	($ 15,805)	($ 485,378)

	For the year ended December 31, 2013			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax assets				
Over provision of allowance for doubtful accounts	$ 7,437	$ 1,963	$ -	$ 9,400
Amount of pension recognised over amount contributed	7,845	(107)	-	7,738
Unused compensated absences	1,411	2,671	-	4,082
Unrealised sales discounts and allowances	9,096	4,453	-	13,549
Unrealised gross margin	22,224	1,705	-	23,929
Unrealised loss on market price decline and obsolete and slow-moving inventory	14,775	(1,642)	-	13,133
Unrealised exchange loss	8,569	(8,569)	-	-
Others	12,957	(5,873)	-	7,084
Total	$ 84,314	($ 5,399)	$ -	$ 78,915
Deferred tax liabilities				
Unrealised exchange gain	$ -	($ 1,340)	$ -	($ 1,340)
Unrealised gain on disposal of financial assets	-	(16,435)	-	(16,435)
Cumulative translation differences for foreign operations differences	(15,806)	-	(25,258)	(41,064)
Net gain on investments accounted for using equity method	(310,605)	(25,726)	-	(336,331)
Others	-	(372)	-	(372)
Total	($ 326,411)	($ 43,873)	($ 25,258)	($ 395,542)

D.The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2014	December 31, 2013
Deductible temporary differences	$ 73,173	$ 73,173

E.The investment plan of the Company to increase capital to expand business of "manufacturing of computers, electronic products and optical products, printing and reproduction of recorded media, and computer system designing services" qualified for "The Guidelines for the Calculation of Exempt Income for the Five-year Profit-seeking Enterprise Income Tax Exemption by Manufacturing Industries and their Related Technical Services Industries Increasing New Investment from July 1, 2008 to December 31, 2009", which indicates the Company is entitled to operating income tax exemption for 5 consecutive years (ending December 2016).

F.As of December 31, 2014, the Company's income tax returns through 2012 have been assessed and approved by the National Taxation Bureau of Taipei, Ministry of Finance.

G.Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and before 1997	$ 121,097	$ 121,097
Earnings generated in and after 1998	8,383,070	7,853,950
	$ 8,504,167	$ 7,975,047

H.As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $971,495 and $1,028,831, respectively. The creditable tax rate was 15.89% for 2013 and is estimated to be 14.82% for 2014.

(23) Earnings per share

	For the year ended December 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	$ 3,735,205	430,762	$ 8.67
Diluted earnings per share			
Profit attributable to owners of parent	$ 3,735,205	430,762	
Dilutive potential ordinary shares :			
Employees' bonus	-	445	
Profit attributable to owners of parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,735,205	431,207	$ 8.66

	For the year ended December 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	$ 3,198,957	430,762	$ 7.43
Diluted earnings per share			
Profit attributable to owners of parent	$ 3,198,957	430,762	
Dilutive potential ordinary shares :			
Employees' bonus	-	982	
Profit attributable to owners of parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,198,957	431,744	$ 7.41

(24) Operating leases

A.The Group leases land and buildings to others under operating lease agreements. Rental revenue of $17,165 and $15,463 were recognized for these leases in profit or loss for the years ended December 31, 2014 and 2013, respectively. The leases for buildings have terms expiring between 2016 and 2017, 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:

	December 31, 2014	December 31, 2013
Not later than one year	$ 19,085	$ 10,059
Later than one year but not later than five years	24,218	17,640
	$ 43,303	$ 27,699

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 becomes 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:

	December 31, 2014	December 31, 2013
Not later than one year	$ 37,415	$ 37,415
Later than one year but not later than five years	124,716	149,659
Later than five years	-	12,472
	$ 162,131	$ 199,546

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A.Sales

	For the years ended December 31,	
	2014	2013
Sales of goods－Entity controlled by the Group's key management	$ -	$ 240,688

The sales prices charged to related parties are almost equivalent to those charged to third parties. The credit term to Transcend H.K. is 120 days. The credit term to third parties is 30 to 60 days after monthly billings.

B.Purchases of goods

	For the years ended December 31,	
	2014	2013
Purchases of goods－Investments accounted for using equity method	$ 368,841	$ 164,227

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 payable

	December 31, 2014	December 31, 2013
Payables to related parties－Investments accounted for using equity method	$ 74,185	$ 45,801

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.

D.Property transactions

Disposal of property, plant and equipment:

For the year ended December 31, 2014, the Group sold property, plant and equipment to Taiwan IC Packaging Corporation, the investment accounted for using equity method, at book value of $10,497. In addition to the above disposal transactions, the Group made purchases of property, plant, and equipment on behalf of Taiwan IC Packaging Corporation in the amount of $3,874. As of December 31, 2014, all receivables were collected.

The Group had no property transactions for the year ended December 31, 2013.

E.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(24) for details.

(2) Compensation of key management

	For the years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 97,163	$ 92,151

8. PLEDGED ASSETS

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

	Book value		
Nature of assets	December 31, 2014	December 31, 2013	Pledge purpose
Property, plant and equipment	$ 957,822	$ 979,500	Long-term and short-term loans
Other non-current assets			
Time deposit	-	2,981	Patent deposit
	$ 957,822	$ 982,481	

9. COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2014, except for the provision of endorsements and guarantees mentioned in Note 13(1)B and the lease contract described in Notes 6(24) and 7(1)E, there are no other commitments and contingent liabilities.

10. SIGNIFICANT CATASTROPHE

None.

11. SIGNIFICANT SUBSEQUENT EVENT

Please refer to Note 6(15)F(b).

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not desirable and not necessary.

(2) Financial instruments

A.Fair value information of financial instruments

The carrying amount of financial instruments which are not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, current bond investment without active market and other financial assets (presented as "other non-current asset'')) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B.Financial risk management policies

(a) The Group's risk management objective is to identify and analyze all the possible risks (including market risk, credit risk, liquidity risk and cash flow interest rate risk) by examining the impact of the macroeconomic conditions, industrial developments, market competition and the Group's business development plans so as to maintain the best risk position and adequate liquidity position and centralize the management of all market risks.

(b) For the purpose of managing assets, liabilities, revenue and expenditures effectively and control foreign exchange risk, the Group uses forward foreign exchange contracts and options as their hedging strategy.

C.Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. 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:

	December 31, 2014			
	Foreign Currency	Foreign Currency Amount	Exchange Rate	Book Value
Financial assets	USD:NTD	$ 331,867	31.6500	$ 10,503,591
	JPY:NTD	1,090,586	0.2646	288,569
	EUR:NTD	16,468	38.4700	633,524
	RMB:NTD	353,396	5.0920	1,799,492
	USD:RMB	51,329	6.2156	1,624,554
Financial liabilities	USD:NTD	138,173	31.6500	4,373,175
	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	2,512,345	0.2839	713,255
	EUR:NTD	12,084	41.0900	496,532
	RMB:NTD	459,499	4.9190	2,260,276
	USD:RMB	43,645	6.0592	264,454
Financial liabilities	USD:NTD	119,640	29.8050	3,565,870
	RMB:NTD	60,000	4.9190	295,140

iii. 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 $77,550 and $7,359 for the years ended December 31, 2014 and 2013, respectively.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2014 and 2013 would have increased/decreased by $2,326 and $2,644, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's principal interest-bearing assets are cash and cash equivalents, current bond investment without active market and short-term borrowings. Cash and cash equivalents are due within twelve months. Current bond investment without active market and short-term borrowings are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.

ii. The Group has not used any financial instruments to hedge its interest rate risk.

(b)Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties for the years ended December 31, 2014 and 2013.

(c)Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. The Group treasury invests surplus cash in interest bearing current accounts, time deposits, current bond investment without active market, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2014 and 2013, the Group held money market position of $12,202,369 and $11,763,203, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date, and all financial liabilities are due within one year.

(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 December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Current financial assets at fair value through profit or loss	$ -	$ 53,545	$ -	$ 53,545
Non-current available-for-sale financial assets	$ 231,514	$ -	$ 1,125	$ 232,639

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

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 derivative instruments which are traded in GTSM) is based on the cost of the investment.

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

E.Forward foreign exchange contracts' resulting fair value estimates are included in level 2.

F.The financial instruments of Level 3 had no changes for the years ended December 31, 2014 and 2013.

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 December 31, 2014 (Note 4)	Outstanding endorsement/guarantee amount as of December 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.	2	$ 4,143,721	$ 529,200	$ 529,200	$ 396,900	-	2	$ 8,287,442	Y	-	-	-

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. ($20,718,605*20%=$4,143,721)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of December 31, 2014 is JPY$2,000,000 .

Note 5: The actual amount of endorsement drawn down is JPY$1,500,000.

Note 6: Not exceeding 40% of the Company’s net asset value. ($20,718,605*40%=$8,287,442)

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 December 31, 2014 (not including subsidiaries, associates and joint ventures):

				As of December 31, 2014				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares or units	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Transcend Taiwan	Stocks							
	Alcor Micro Corp.	-	Non-current available-for-sale financial assets	6,220,933	$ 180,718	8	$ 180,718	-
	Hitron Tech. Inc.	-	〃	3,060,017	50,796	1	50,796	-
	Skyviia Corp.	-	〃	259,812	-	2	-	-
	Dramexchange Tech Inc.	-	〃	60,816	1,125	1	1,125	-
					$ 232,639			
	Bonds							
	Yuanta Asset Management Limited - bond with repurchase agreement rated as investment-grade bonds by S&P	-	Current bond investment without active market	-	$ 585,525	-	-	-
Transcend Shanghai	Finance products							
	Yuedeying financial planning No.14100028, Financial products of Fubon Bank （China） Co., Ltd.	-	Current bond investment without active market	-	$ 51,500	-	-	-

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	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	$ 2,708,036	10	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	$ 239,733	8	-
〃	Transcend Information Europe B.V.	Subsidiary of Memhiro	〃	2,651,317	10	〃	〃	〃	385,201	13	-
〃	Transcend Information, Inc.	The Company's subsidiary	〃	833,335	3	〃	〃	〃	208,945	7	-
〃	Transcend Information Trading GmbH, Hamburg	Subsidiary of Memhiro	〃	1,071,561	4	〃	〃	〃	100,394	3	-
〃	Transcend Korea Inc.	The Company's subsidiary	〃	754,321	3	60 days after monthly billings	〃	〃	44,382	2	-
〃	Transtech Shanghai	Subsidiary of Memhiro	〃	458,288	2	120 days after monthly billings	〃	〃	103,901	4	-
〃	Transcend Information (H.K.) Ltd.	Subsidiary of Memhiro	〃	567,378	2	〃	〃	〃	95,734	3	-
〃	Transcend Shanghai	Subsidiary of Memhiro	〃	256,358	1	〃	〃	〃	-	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH, Hamburg	Together with Transcend Information Europe B.V. are controlled by parent company	〃	677,224	24	30 days after receipt of goods	〃	7 to 60 days after receipt of goods to third parties	41,330	13	-
Transcend Shanghai	Transtech Shanghai	Together with Transcend Shanghai are controlled by parent company	〃	257,198	5	60 days after monthly billings	〃	30 to 60 days after monthly billings to third parties	55,537	5	-
Transcend Taiwan	Transcend Shanghai	Subsidiary of Memhiro	(Purchases)	(808,631)	(4)	60 days after receipt of goods	Note 1	7 to 30 days after receipt of goods to third parties	(1,605,323)	(41)	-
〃	Taiwan IC Packaging Corp.	Associates accounted for using the equity method	〃	(368,841)	(1)	30 days after monthly billings	No significant difference	30 to 45 days after monthly billings to third parties	(74,185)	(2)	-

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:

Creditor	Counterparty	Relationship with the counterparty	Balance at December 31, 2014	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Taiwan	Transcend Information Europe B.V.	Subsidiary of Memhiro	$ 385,201	$ 7.36	$ -	-	$ 385,201	$ -
〃	Transcend Japan Inc.	Subsidiary of the Company	239,733	6.04	-	-	239,733	-
〃	Transcend Information Inc.	Subsidiary of the Company	208,945	3.97	-	-	181,586	-
〃	Transcend Information Trading GmbH, Hamburg	Subsidiary of Memhiro	100,394	13.31	-	-	100,394	-
Transcend Shanghai	Transcend Taiwan	Parent company	1,605,323	5.11	-	-	557,237	-

I. Derivative financial instruments undertaken during the year ended December 31, 2014: Please refer to Note 6(2).
J.Significant inter-company transactions during the year ended December 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.	1	Sales	$ 2,708,036	There is no significant difference in unit price from those to third parties.	10%
〃	〃	Transcend Information Europe B. V.	〃	〃	2,651,317	〃	10%
〃	〃	Transcend Information Trading GmbH, Hamburg	〃	〃	1,071,561	〃	4%
〃	〃	Transcend Information, Inc.	〃	〃	833,335	〃	3%
〃	〃	Transcend Korea Inc.	〃	〃	754,321	〃	3%
〃	〃	Transcend Information (H.K.) Ltd	〃	〃	567,378	〃	2%
〃	〃	Transtech Trading (Shanghai) Co., Ltd.	〃	〃	458,288	〃	2%
〃	〃	Transcend Information (Shanghai), Ltd.	〃	Purchases	808,631	Processing with supplied materials. No other similar transactions can be used for comparison.	4%
〃	〃	Transcend Information Europe B. V.	〃	Accounts Receivable	385,201	120 days after monthly billings	1%
〃	〃	Transcend Information (Shanghai), Ltd.	〃	Accounts Payable	1,605,323	60 days after receipt of goods	6%
1	Transcend Information Europe B. V.	Transcend Information Trading GmbH, Hamburg	3	Sales	677,224	There is no significant difference in unit price from those to third parties.	2%

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 December 31, 2014	Initial investment amount: Balance at December 31, 2013	Shares held at December 31, 2014: No. of Shares (in units)	Shares held at December 31, 2014: Ownership (%)	Shares held at December 31, 2014: Book value	Net profit (loss) of the investee for the year ended December 31, 2014	Investment income(loss) recognised by the Company for the year ended December 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	$ 3,423,984	$ 96,489	$ 89,469	Note 2
	Transcend Japan Inc.	Japan	Wholesaler of computer memory modules and peripheral products	89,103	89,103	6,400	100	183,679	35,351	35,351	Note 2
	Transcend Information, Inc.	United States of America	Wholesaler of computer memory modules and peripheral products	38,592	38,592	625,000	100	117,188	10,698	10,698	Note 2
	Transcend Korea Inc.	Korea	Wholesaler of computer memory modules and peripheral products	6,132	6,132	40,000	100	30,533	7,477	7,477	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	251,658	51,842,975	12.88	332,593	56,285	8,330	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investments holding company	1,156,920	1,156,920	55,132,000	100	3,488,704	96,514	96,514	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	182,807	15,812	15,815	Note 4
	Transcend Information Trading GmbH, Hamburg	Germany	Wholesaler of computer memory modules and peripheral products	2,288	2,288	-	100	59,543	(8,990)	(8,990)	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	8,328	(369)	(369)	Note 4

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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 (7).

(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 year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee as of December 31, 2014	Ownership held by the Company (direct and indirect)	Investment income recognized by the Company for the year ended December 31, 2014 （Note 2）	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 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	$ 90,007	100	$ 89,741	$ 3,199,913	-	-
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	546	100	546	14,827	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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	$ 12,431,163

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 (Memhiro Pte Ltd.), which then 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 years ended December 31,	
	2014	2013
Segment revenue	$ 27,219,495	$ 26,122,390
Segment income	$ 3,735,205	$ 3,198,957

(3) Reconciliation for segment income (loss)

None.

(4) Information on products and services

Not applicable as revenues from external customers are derived primarily from the sale of products.

(5) Geographical information

Geographical information for the years ended December 31, 2014 and 2013 is as follows:

	For the years ended and as of December 31,			
	2014		2013	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 4,751,076	$ 2,102,410	$ 3,853,004	$ 2,093,746
Asia	10,143,998	1,496,542	9,145,221	1,627,345
America	2,545,259	61,867	2,160,047	59,554
Europe	8,520,270	33,007	9,750,399	37,153
Others	1,258,892	-	1,213,719	-
Total	$ 27,219,495	$ 3,693,826	$ 26,122,390	$ 3,817,798

(6) Major customers information

There is no sale to a single customer constituting more than 10% of the Group's consolidated net sales for the years ended December 31, 2014 and 2013.