

**TRANSCEND INFORMATION, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2016 AND 2015**

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR16000087

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

We have reviewed the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries as of March 31, 2016 and 2015 and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

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資誠

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

PricewaterhouseCoopers, Taiwan

April 28, 2016

Taipei, Taiwan

Republic of China

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

Assets	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 11,714,641	48	\$ 11,195,368	46	\$ 10,816,047	43
Current financial assets at fair value	6(2)						
through profit or loss		-	-	15,768	-	92,710	-
Current bond investments without	6(3)						
active market		1,014,960	4	897,180	4	630,679	3
Notes receivable, net		610	-	959	-	5,126	-
Accounts receivable, net	6(4)	2,540,857	10	3,203,340	13	2,775,812	11
Accounts receivable- related parties,	7						
net		9,273	-	9,347	-	-	-
Other receivables		165,935	1	129,031	1	231,840	1
Inventories, net	6(5)	5,256,951	21	4,513,756	19	6,120,689	25
Other current assets		37,249	-	52,486	-	40,057	-
Current Assets		<u>20,740,476</u>	<u>84</u>	<u>20,017,235</u>	<u>83</u>	<u>20,712,960</u>	<u>83</u>
Non-current assets							
Available-for-sale financial	6(6)						
assets-non-current		185,306	1	184,304	1	223,624	1
Investments accounted for using	6(7)						
equity method		309,163	1	317,555	1	334,366	1
Property, plant and equipment, net	6(8), 7 and						
	8	2,944,926	12	2,995,091	13	3,100,919	12
Investment property, net	6(9)	288,268	1	290,581	1	295,892	1
Deferred tax assets		90,845	-	72,777	-	117,288	1
Other non-current assets	6(10)	182,401	1	185,706	1	197,028	1
Non-current Assets		<u>4,000,909</u>	<u>16</u>	<u>4,046,014</u>	<u>17</u>	<u>4,269,117</u>	<u>17</u>
Total Assets		<u>\$ 24,741,385</u>	<u>100</u>	<u>\$ 24,063,249</u>	<u>100</u>	<u>\$ 24,982,077</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(11)	\$ 429,450	2	\$ 901,425	4	\$ 478,240	2
Financial liabilities at fair value	6(2)						
through profit or loss - current		11,501	-	13	-	-	-
Accounts payable		2,066,795	8	1,589,112	7	1,619,528	7
Accounts payable - related parties	7	75,412	-	58,560	-	82,964	-
Other payables		350,846	2	366,932	2	354,474	1
Current tax liabilities		372,948	2	280,861	1	434,723	2
Other current liabilities		26,623	-	36,092	-	7,082	-
Current Liabilities		<u>3,333,575</u>	<u>14</u>	<u>3,232,995</u>	<u>14</u>	<u>2,977,011</u>	<u>12</u>
Non-current liabilities							
Deferred tax liabilities		193,172	1	259,348	1	444,537	2
Other non-current liabilities	6(12)	82,672	-	68,825	-	71,179	-
Non-current Liabilities		<u>275,844</u>	<u>1</u>	<u>328,173</u>	<u>1</u>	<u>515,716</u>	<u>2</u>
Total Liabilities		<u>3,609,419</u>	<u>15</u>	<u>3,561,168</u>	<u>15</u>	<u>3,492,727</u>	<u>14</u>
Share capital							
Common stock	6(13)	4,307,617	17	4,307,617	18	4,307,617	17
Capital surplus							
Capital surplus	6(14)	4,799,075	19	4,799,075	20	4,799,075	19
Retained earnings							
Legal reserve	6(15)	3,426,756	14	3,426,756	14	3,053,235	12
Unappropriated retained earnings		8,613,378	35	7,990,324	33	9,340,018	38
Other equity interest							
Other equity interest	6(16)	(14,860)	-	(21,691)	-	(10,595)	-
Total equity attributable to owners of parent		<u>21,131,966</u>	<u>85</u>	<u>20,502,081</u>	<u>85</u>	<u>21,489,350</u>	<u>86</u>
Total Equity		<u>21,131,966</u>	<u>85</u>	<u>20,502,081</u>	<u>85</u>	<u>21,489,350</u>	<u>86</u>
Significant contingent liabilities and unrecognized contract commitments							
Total Liabilities and Equity		<u>\$ 24,741,385</u>	<u>100</u>	<u>\$ 24,063,249</u>	<u>100</u>	<u>\$ 24,982,077</u>	<u>100</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2016		2015(Restated)	
		AMOUNT	%	AMOUNT	%
Operating Revenue	6(17) and 7	\$ 5,648,007	100	\$ 6,131,745	100
Operating Costs	6(5) and 7	(4,392,614)	(78)	(4,827,011)	(79)
Gross Profit		<u>1,255,393</u>	<u>22</u>	<u>1,304,734</u>	<u>21</u>
Operating Expenses	6(20)				
Sales and marketing expenses		(293,849)	(5)	(280,885)	(5)
General and administrative expenses		(84,872)	(1)	(61,563)	(1)
Research and development expenses		(38,773)	(1)	(33,947)	-
Total operating expenses		<u>(417,494)</u>	<u>(7)</u>	<u>(376,395)</u>	<u>(6)</u>
Operating Profit		<u>837,899</u>	<u>15</u>	<u>928,339</u>	<u>15</u>
Non-operating Income and Expenses					
Other income	6(18)	36,856	-	51,372	1
Other gains and losses	6(19)	(179,233)	(3)	(38,264)	-
Finance costs		(1,278)	-	(1,816)	-
Share of (loss) gain of associates and joint ventures accounted for under equity method	6(7)	(8,048)	-	1,773	-
Total non-operating income and expenses		<u>(151,703)</u>	<u>(3)</u>	<u>13,065</u>	<u>1</u>
Profit before Income Tax		<u>686,196</u>	<u>12</u>	<u>941,404</u>	<u>16</u>
Income tax expense	6(21)	(62,798)	(1)	(105,553)	(2)
Profit for the Period		<u>\$ 623,398</u>	<u>11</u>	<u>\$ 835,851</u>	<u>14</u>
Other Comprehensive Income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(\$ 344)	-	\$ -	-
Components of other comprehensive income that will be reclassified to profit or loss					
Cumulative translation differences for foreign operations	6(16)	7,023	-	(67,579)	(1)
Unrealized gain (loss) on available-for-sale financial assets	6(6)	1,002	-	(9,015)	-
Income tax on other comprehensive income	6(16)(21)	(1,194)	-	11,488	-
Total Comprehensive Income		<u>\$ 629,885</u>	<u>11</u>	<u>\$ 770,745</u>	<u>13</u>
Net Profit attributable to:					
Owners of parent		<u>\$ 623,398</u>	<u>11</u>	<u>\$ 835,851</u>	<u>14</u>
Comprehensive Income attributable to:					
Owners of parent		<u>\$ 629,885</u>	<u>11</u>	<u>\$ 770,745</u>	<u>13</u>
Earnings Per Share	6(22)				
Basic earnings per share		<u>\$ 1.45</u>	<u>\$ 1.94</u>		
Diluted earnings per share		<u>\$ 1.45</u>	<u>\$ 1.94</u>		

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent									
	Common stock	Capital surplus			Retained earnings		Other equity interest			Total equity
		Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Unappropriated retained earnings	Currency translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets		
<u>Three months ended March 31, 2015</u>										
	\$ 4,307,617	\$ 4,759,841	\$ 4,106	\$ 35,128	\$ 3,053,235	\$ 8,504,167	\$ 104,927	(\$ 50,416)	\$ 20,718,605	
	-	-	-	-	-	835,851	-	-	835,851	
6(6)(16)	-	-	-	-	-	-	(56,091)	(9,015)	(65,106)	
	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 3,053,235</u>	<u>\$ 9,340,018</u>	<u>\$ 48,836</u>	<u>(\$ 59,431)</u>	<u>\$ 21,489,350</u>	
<u>Three months ended March 31, 2016</u>										
	\$ 4,307,617	\$ 4,759,841	\$ 4,106	\$ 35,128	\$ 3,426,756	\$ 7,990,324	\$ 77,060	(\$ 98,751)	\$ 20,502,081	
	-	-	-	-	-	623,398	-	-	623,398	
6(6)(16)	-	-	-	-	-	(344)	5,829	1,002	6,487	
	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 3,426,756</u>	<u>\$ 8,613,378</u>	<u>\$ 82,889</u>	<u>(\$ 97,749)</u>	<u>\$ 21,131,966</u>	

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

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

	Notes	Three months ended March 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 686,196	\$ 941,404
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(19)	15,768	(39,165)
Loss (gain) on disposal of financial assets	6(3)(19)	7,100	(3,259)
Share of loss (gain) of associates and joint ventures accounted for using equity method	6(7)	8,048	(1,773)
Net loss on financial liabilities at fair value through profit or loss	6(2)(19)	11,488	-
Depreciation	6(20)	59,402	60,055
Interest income	6(18)	(32,153)	(46,619)
Interest expense		1,278	1,816
Loss on disposal of property, plant and equipment	6(19)	86	1
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		349	(5,126)
Accounts receivable		662,871	218,131
Accounts receivable - related parties		74	-
Other receivables		(31,444)	41,897
Inventories		(743,195)	244,298
Other current assets		15,237	4,458
Changes in operating liabilities			
Notes payable		-	(8)
Accounts payable		477,683	(1,583,003)
Accounts payable - related parties		16,852	8,779
Other payables		(16,086)	(120,578)
Other current liabilities		(9,469)	(52,981)
Other non-current liabilities		13,847	16,988
Cash inflow (outflow) generated from operations		1,143,932	(314,685)
Interest received		26,693	56,198
Interest paid		(1,278)	(1,816)
Income tax paid		(56,149)	(45,079)
Net cash flows from (used in) operating activities		1,113,198	(305,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of bond investments without active markets		780,569	556,530
Acquisition of bond investments without active markets		(902,834)	(547,400)
Acquisition of property, plant and equipment (including investment property)	6(8)	(9,075)	(15,616)
Proceeds from disposal of property, plant and equipment	6(8)	-	30
Decrease in other non-current assets		3,305	37,210
Net cash flows (used in) from investing activities		(128,035)	30,754
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(492,375)	(418,760)
Net cash flows used in financing activities		(492,375)	(418,760)
Effect of exchange rate changes on cash and cash equivalents		26,485	(55,909)
Net increase (decrease) in cash and cash equivalents		519,273	(749,297)
Cash and cash equivalents at beginning of period		11,195,368	11,565,344
Cash and cash equivalents at end of period		\$ 11,714,641	\$ 10,816,047

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2016.

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

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
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)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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, 2018
Clarification to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
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
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

Except for the compliance statement, basis of preparation, basis of consolidation and additional descriptions that are set out below, the rest of the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2015. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the FSC.
- B. The consolidated financial statements as of and for the three months ended March 31, 2016 should be read together with the consolidated financial statements as of and for the year ended December 31, 2015.

(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 (loss).
 - (b) Available-for-sale financial assets measured at fair value.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2015.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2016	December 31, 2015	March 31, 2015	
Transcend Taiwan	Saffire Investment Ltd. (Saffire)	Investment holding company	100	100	100	-
"	Transcend Japan Inc. (Transcend Japan)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
"	Transcend Information Inc. (Transcend USA)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
"	Transcend Korea Inc. (Transcend Korea)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holding company	100	100	100	-
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
"	Transcend Information Trading GmbH, Hamburg (Transcend Germany)	Wholesaler of computer memory modules and peripheral products	100	100	100	-
"	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacturing, processing and sale of computer software and hardware, peripheral equipment	100	100	100	-
"	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesaler of computer memory modules, peripheral equipment and other computer components	100	100	100	-
"	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Wholesaler of computer memory modules and peripheral products	100	100	100	-

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

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

There was no significant change during this period. Please refer to Note 5 to the consolidated financial statements as of and for the year ended December 31, 2015 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Cash on hand and petty cash	\$ 1,008	\$ 1,399	\$ 1,157
Checking accounts and demand deposits	1,088,639	765,955	1,235,349
Time deposits	10,223,331	10,019,978	9,191,421
Cash equivalents -			
Bond with repurchase agreement	401,663	408,036	388,120
Total	<u>\$ 11,714,641</u>	<u>\$ 11,195,368</u>	<u>\$ 10,816,047</u>

- 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.
- B. The Group has no cash and cash equivalents pledged to others.
- C. As of March 31, 2016, December 31, 2015 and March 31, 2015, 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/liabilities at fair value through profit or loss

<u>Items</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current item :			
Financial assets held for trading			
Non-hedging derivatives	\$ -	\$ 15,768	\$ 92,710
Financial liabilities held for trading			
Non-hedging derivatives	(\$ 11,501)	(\$ 13)	\$ -

- A. The Group recognized net (loss) gain of (\$24,048) and \$120,541 on financial assets/liabilities held for trading for the three months ended March 31, 2016 and 2015, respectively.
- B. The non-hedging derivative transactions and contract information are as follows:

(Unit: in thousand dollars)

<u>Derivative financial liabilities</u>	<u>March 31, 2016</u>	
	<u>Contract Amount (Notional Principal)</u>	<u>Contract Period</u>
Current items:		
Forward foreign exchange contracts	EUR 9,000	December 4, 2015 to May 31, 2016
"	HKD 16,000	January 22, 2016 to July 18, 2016

(Unit: in thousand dollars)

December 31, 2015

Derivative financial assets	Contract Amount (Notional Principal)	Contract Period
Current items:		
Forward foreign exchange contracts	EUR 800	July 8, 2015 to January 4, 2016
"	" 5,800	August 25, 2015 to February 8, 2016
"	" 16,000	December 4, 2015 to May 31, 2016
"	JPY 1,000,000	August 26, 2015 to February 16, 2016

Derivative financial liabilities	Contract Amount (Notional Principal)	Contract Period
Current items:		
Forward foreign exchange contracts	HKD 6,000	September 4, 2015 to February 1, 2016

(Unit: in thousand dollars)

March 31, 2015

Derivative financial assets	Contract Amount (Notional Principal)	Contract Period
Current items:		
Forward foreign exchange contracts	EUR 3,000	November 6, 2014 to April 20, 2015
"	" 1,200	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
"	" 4,200	January 27, 2015 to July 20, 2015
"	" 5,600	February 3, 2015 to July 27, 2015
"	" 5,000	March 13, 2015 to September 8, 2015
"	" 1,000	March 13, 2015 to May 28, 2015
"	" 6,500	March 19, 2015 to September 14, 2015
"	" 1,000	March 19, 2015 to May 28, 2015
"	JPY 460,000	November 10, 2014 to April 27, 2015
"	" 800,000	December 10, 2014 to June 8, 2015
"	" 875,000	March 19, 2015 to September 14, 2015
"	" 875,000	March 25, 2015 to September 14, 2015

The Group entered into forward foreign exchange contracts to buy USD (sell EUR, JPY and HKD) 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

<u>Items</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current items :			
Funds-bonds	\$ 86,466	\$ 289,263	\$ 51,629
Bond with repurchase agreement	928,494	607,917	579,050
	<u>\$ 1,014,960</u>	<u>\$ 897,180</u>	<u>\$ 630,679</u>

- A. The Group's fund-bonds are from Fubon Bank (China) Co, Ltd., Bank of China and Industrial and Commercial Bank of China which are well-known banks in Mainland China. The Group's bonds with repurchase agreement are from Yuanta Asset Management Limited.
- B. The Group recognized gain on disposal of financial assets of \$4,566 and \$3,259 in profit or loss for the three months ended March 31, 2016 and 2015, respectively.
- C. No bond investments without active market were pledged to others.

(4) Accounts receivable

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Accounts receivable	\$ 2,571,999	\$ 3,234,920	\$ 2,808,175
Less: Allowance for bad debts	(31,142)	(31,580)	(32,363)
	<u>\$ 2,540,857</u>	<u>\$ 3,203,340</u>	<u>\$ 2,775,812</u>

- 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:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Up to 30 days	\$ 389,860	\$ 494,992	\$ 328,804
31 to 90 days	11,214	14,396	36,034
91 to 180 days	6,086	-	2,141
Over 181 days	809	95	-
	<u>\$ 407,969</u>	<u>\$ 509,483</u>	<u>\$ 366,979</u>

The above ageing analysis was based on past due date.

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

- (a) As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's accounts receivable that were impaired amounted to \$31,142, \$31,580 and \$32,363, respectively.

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

	2016		2015	
	<u>Individual provision</u>		<u>Individual provision</u>	
At January 1	\$	31,580	\$	33,224
Provision for impairment		6		-
Reversal of impairment	(56)	(-
Write-offs during the period		-	(49)
Net exchange differences	(388)	(812)
At March 31	\$	<u>31,142</u>	\$	<u>32,363</u>

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:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Group 1	\$ 796,362	\$ 1,042,437	\$ 1,106,878
Group 2	<u>1,336,526</u>	<u>1,651,420</u>	<u>1,301,955</u>
	<u>\$ 2,132,888</u>	<u>\$ 2,693,857</u>	<u>\$ 2,408,833</u>

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

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

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

(5) Inventories

	<u>March 31, 2016</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
	Raw materials	\$ 2,866,081	(\$ 41,544)
Work in process	1,219,914	(15,897)	1,204,017
Finished goods	<u>1,251,510</u>	<u>(23,113)</u>	<u>1,228,397</u>
Total	<u>\$ 5,337,505</u>	<u>(\$ 80,554)</u>	<u>\$ 5,256,951</u>

	<u>December 31, 2015</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
	Raw materials	\$ 2,248,645	(\$ 37,532)
Work in process	1,005,839	(7,184)	998,655
Finished goods	<u>1,330,171</u>	<u>(26,183)</u>	<u>1,303,988</u>
Total	<u>\$ 4,584,655</u>	<u>(\$ 70,899)</u>	<u>\$ 4,513,756</u>

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,334,822	(\$ 58,887)	\$ 3,275,935
Work in process	1,270,232	(5,466)	1,264,766
Finished goods	1,616,965	(36,977)	1,579,988
Total	\$ 6,222,019	(\$ 101,330)	\$ 6,120,689

A. The cost of inventories recognized as expense:

	Three months ended March 31,	
	2016	2015
Cost of inventories sold	\$ 4,382,959	\$ 4,852,661
Loss on (gain on reversal of) inventory write-down	9,655	(25,650)
	\$ 4,392,614	\$ 4,827,011

The reversal of inventory write-down in the first quarter of 2015 was due to the Group's disposal of slow-moving inventory.

B. No inventories were pledged to others.

(6) Available-for-sale financial assets - non-current

Items	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items :			
Listed stocks	\$ 281,930	\$ 281,930	\$ 281,930
Others	31,125	31,125	31,125
Subtotal	313,055	313,055	313,055
Valuation adjustments of available-for-sale financial	(97,749)	(98,751)	(59,431)
Accumulated impairment	(30,000)	(30,000)	(30,000)
Total	\$ 185,306	\$ 184,304	\$ 223,624

A. The Group recognized \$1,002 and (\$9,015) in other comprehensive income (loss) for fair value change for the three months ended March 31, 2016 and 2015, respectively.

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

(7) Investments accounted for using equity method

Investee Company	March 31, 2016	December 31, 2015	March 31, 2015
Taiwan IC Packaging Corp.	\$ 309,163	\$ 317,555	\$ 334,366

A. The basic information of the associate that is material to the Group is as follows:

Associates name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		March 31, 2016	December 31, 2015	March 31, 2015		
Taiwan IC Packaging Corp.	Taiwan	12.88%	12.88%	12.88%	Packaging of semi-conductors	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheets

	Taiwan IC Packaging Corp.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 2,094,674	\$ 2,185,495	\$ 2,435,594
Non-current assets	1,755,260	1,721,692	1,581,870
Current liabilities	(390,191)	(376,768)	(375,530)
Non-current liabilities	(42,567)	(52,011)	(63,810)
Total net assets	\$ 3,417,176	\$ 3,478,408	\$ 3,578,124
Share in associate's net assets	\$ 440,141	\$ 448,027	\$ 460,871
Net equity differences	(130,978)	(130,472)	(126,505)
	\$ 309,163	\$ 317,555	\$ 334,366

Statements of comprehensive income

	Taiwan IC Packaging Corp.	
	Three months ended March 31,	
	2016	2015
Revenue	\$ 448,819	\$ 527,163
(Loss) income for the period from continuing operations	(\$ 68,361)	\$ 15,081
Total comprehensive (loss) income	(\$ 68,361)	\$ 15,081
Dividends received from associates	\$ -	\$ -

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

Investee Company	Three months ended March 31,	
	2016	2015
Taiwan IC Packaging Corp.	(\$ 8,048)	\$ 1,773

D. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$367,048, \$414,225 and \$588,418 as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2016</u>							
Cost	\$ 728,131	\$ 2,774,915	\$ 847,161	\$ 7,452	\$ 46,682	\$ 66,614	\$ 4,470,955
Accumulated depreciation	-	(836,426)	(556,193)	(5,512)	(32,701)	(45,032)	(1,475,864)
	<u>\$ 728,131</u>	<u>\$ 1,938,489</u>	<u>\$ 290,968</u>	<u>\$ 1,940</u>	<u>\$ 13,981</u>	<u>\$ 21,582</u>	<u>\$ 2,995,091</u>
<u>2016</u>							
Opening net book amount	\$ 728,131	\$ 1,938,489	\$ 290,968	\$ 1,940	\$ 13,981	\$ 21,582	\$ 2,995,091
Additions (including transfers)	-	-	9,075	-	-	-	9,075
Disposals	-	(4)	(2)	-	(60)	(20)	(86)
Depreciation charge	-	(29,708)	(25,088)	(243)	(1,126)	(1,263)	(57,428)
Net exchange differences	4,505	(1,038)	(5,213)	(13)	69	(36)	(1,726)
Closing net book amount	<u>\$ 732,636</u>	<u>\$ 1,907,739</u>	<u>\$ 269,740</u>	<u>\$ 1,684</u>	<u>\$ 12,864</u>	<u>\$ 20,263</u>	<u>\$ 2,944,926</u>
<u>At March 31, 2016</u>							
Cost	\$ 732,636	\$ 2,769,125	\$ 742,473	\$ 7,396	\$ 46,323	\$ 64,985	\$ 4,362,938
Accumulated depreciation	-	(861,386)	(472,733)	(5,712)	(33,459)	(44,722)	(1,418,012)
	<u>\$ 732,636</u>	<u>\$ 1,907,739</u>	<u>\$ 269,740</u>	<u>\$ 1,684</u>	<u>\$ 12,864</u>	<u>\$ 20,263</u>	<u>\$ 2,944,926</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2015</u>							
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)
	<u>\$ 724,203</u>	<u>\$ 2,044,504</u>	<u>\$ 356,708</u>	<u>\$ 3,282</u>	<u>\$ 11,971</u>	<u>\$ 20,306</u>	<u>\$ 3,160,974</u>
<u>2015</u>							
Opening net book amount	\$ 724,203	\$ 2,044,504	\$ 356,708	\$ 3,282	\$ 11,971	\$ 20,306	\$ 3,160,974
Additions (including transfers)	-	1,000	11,028	-	133	3,456	15,617
Disposals	-	-	(16)	-	-	(15)	(31)
Depreciation charge	-	(29,156)	(26,330)	(301)	(946)	(1,370)	(58,103)
Net exchange differences	(1,830)	(13,791)	(1,314)	(27)	(468)	(108)	(17,538)
Closing net book amount	<u>\$ 722,373</u>	<u>\$ 2,002,557</u>	<u>\$ 340,076</u>	<u>\$ 2,954</u>	<u>\$ 10,690</u>	<u>\$ 22,269</u>	<u>\$ 3,100,919</u>
<u>At March 31, 2015</u>							
Cost	\$ 722,373	\$ 2,753,990	\$ 830,615	\$ 9,325	\$ 47,364	\$ 66,208	\$ 4,429,875
Accumulated depreciation	-	(751,433)	(490,539)	(6,371)	(36,674)	(43,939)	(1,328,956)
	<u>\$ 722,373</u>	<u>\$ 2,002,557</u>	<u>\$ 340,076</u>	<u>\$ 2,954</u>	<u>\$ 10,690</u>	<u>\$ 22,269</u>	<u>\$ 3,100,919</u>

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

(9) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2016</u>			
Cost	\$ 137,037	\$ 233,860	\$ 370,897
Accumulated depreciation and impairment	-	(80,316)	(80,316)
	<u>\$ 137,037</u>	<u>\$ 153,544</u>	<u>\$ 290,581</u>
<u>2016</u>			
Opening net book amount	\$ 137,037	\$ 153,544	\$ 290,581
Depreciation charge	-	(1,974)	(1,974)
Net exchange differences	-	(339)	(339)
Closing net book amount	<u>\$ 137,037</u>	<u>\$ 151,231</u>	<u>\$ 288,268</u>
<u>At March 31, 2016</u>			
Cost	\$ 137,037	\$ 233,354	\$ 370,391
Accumulated depreciation and impairment	-	(82,123)	(82,123)
	<u>\$ 137,037</u>	<u>\$ 151,231</u>	<u>\$ 288,268</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 137,037	\$ 236,633	\$ 373,670
Accumulated depreciation and impairment	-	(75,056)	(75,056)
	<u>\$ 137,037</u>	<u>\$ 161,577</u>	<u>\$ 298,614</u>
<u>2015</u>			
Opening net book amount	\$ 137,037	\$ 161,577	\$ 298,614
Depreciation charge	-	(1,952)	(1,952)
Net exchange differences	-	(770)	(770)
Closing net book amount	<u>\$ 137,037</u>	<u>\$ 158,855</u>	<u>\$ 295,892</u>
<u>At March 31, 2015</u>			
Cost	\$ 137,037	\$ 234,141	\$ 371,178
Accumulated depreciation and impairment	-	(75,286)	(75,286)
	<u>\$ 137,037</u>	<u>\$ 158,855</u>	<u>\$ 295,892</u>

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

	Three months ended March 31,	
	2016	2015
Rental income from investment property	\$ 4,703	\$ 4,753
Direct operating expenses arising from investment property that generated rental income	\$ 1,761	\$ 1,726
Direct operating expenses arising from investment property that did not generate rental income	\$ 213	\$ 226

B. The fair value of the investment property held by the Group was \$1,601,827, \$1,496,157 and \$1,875,451 as of March 31, 2016, December 31, 2015 and March 31, 2015, 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

	March 31, 2016	December 31, 2015	March 31, 2015
Long-term prepaid rents	\$ 111,559	\$ 112,799	\$ 116,051
Guarantee deposits paid	36,720	36,793	36,780
Others	34,122	36,114	44,197
	<u>\$ 182,401</u>	<u>\$ 185,706</u>	<u>\$ 197,028</u>

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 \$726 and \$724 for the three months ended March 31, 2016 and 2015, respectively.

(11) Short-term borrowings

Type of borrowings	March 31, 2016	Interest rate	Collateral
Bank borrowings:			
Secured	<u>\$ 429,450</u>	0.33-0.63%	Transcend Japan's Land and Buildings
Type of borrowings	December 31, 2015	Interest rate	Collateral
Bank borrowings:			
Secured	\$ 409,050	0.38-0.65%	Transcend Japan's Land and Buildings
Unsecured	<u>492,375</u>	0.90%	-
	<u>\$ 901,425</u>		

<u>Type of borrowings</u>	<u>March 31, 2015</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings:			
Secured	\$ 390,600	0.63-0.64%	Transcend Japan's Land and Buildings
Unsecured	<u>87,640</u>	0.92%	-
	<u>\$ 478,240</u>		

(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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$234 and \$274 for the three months ended March 31, 2016 and 2015, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2017 amounts to \$2,274.
- 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 China 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 defined contribution plans. 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 Company for the three months ended March 31, 2016 and 2015 were \$8,353 and \$11,974, respectively.

(13) Share capital

As of March 31, 2016, 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, 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 to 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 to be appropriated as resolved by stockholders at the stockholders' meeting.
- 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 flow needs of stockholders. 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. The appropriation of earnings of year 2015 has been proposed by the Board of Directors on March 10, 2016 and appropriation of earnings of year 2014 has been resolved at the shareholders' meeting on June 12, 2015. Details are summarized below:

	Years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 322,190		\$ 373,521	
Special reserve	21,691		-	
Cash dividends	2,929,179	\$ 6.8	3,359,941	\$ 7.8
Total	<u>\$ 3,273,060</u>		<u>\$ 3,733,462</u>	
			<u>Year ended December 31, 2014</u>	
Directors' remuneration			\$	6,049
Employees' cash bonus				30,243
			\$	<u>36,292</u>

The above appropriation of earnings of 2015 and legal reserve has yet to be resolved at the shareholders' meeting of 2016. These consolidated financial statements do not reflect the dividends payable.

F. For the information relating to employees' compensation (bonuses) and directors' remuneration, please refer to Note 6(20).

(16) Other equity items

	Unrealized gain or loss on available-for-sale financial assets	Cumulative translation differences for foreign operations	Total
At January 1, 2016	(\$ 98,751)	\$ 77,060	(\$ 21,691)
Change in unrealized gains or losses for available-for-sale financial assets	1,002	-	1,002
Cumulative translation differences for foreign operations	-	7,023	7,023
Effect from income tax	-	(1,194)	(1,194)
At March 31, 2016	<u>(\$ 97,749)</u>	<u>\$ 82,889</u>	<u>(\$ 14,860)</u>

	Unrealized gain or loss on available-for-sale financial assets	Cumulative translation differences for foreign operations	Total
At January 1, 2015	(\$ 50,416)	\$ 104,927	\$ 54,511
Change in unrealized gains or losses for available-for-sale financial assets	(9,015)	-	(9,015)
Cumulative translation differences for foreign operations	-	(67,579)	(67,579)
Effect from income tax	-	11,488	11,488
At March 31, 2015	<u>(\$ 59,431)</u>	<u>\$ 48,836</u>	<u>(\$ 10,595)</u>

(17) Operating revenue

	Three months ended March 31,	
	2016	2015
Sales revenue	<u>\$ 5,648,007</u>	<u>\$ 6,131,745</u>

(18) Other income

	Three months ended March 31,	
	2016	2015
Interest income	\$ 32,153	\$ 46,619
Rental income	4,703	4,753
Total	<u>\$ 36,856</u>	<u>\$ 51,372</u>

(19) Other gains and losses

	Three months ended March 31,	
	2016	2015
Net (loss) gain on financial assets at fair value through profit or loss	(\$ 12,560)	\$ 120,541
Net loss on financial liabilities at fair value through profit or loss	(11,488)	-
Gain on disposal of financial assets	4,566	3,259
Loss on disposal of property, plant and equipment	(86)	(1)
Net currency exchange loss	(176,574)	(166,904)
Others	16,909	4,841
Total	<u>(\$ 179,233)</u>	<u>(\$ 38,264)</u>

(20) Expenses by nature

	Three months ended March 31,	
	2016	2015
Wages and salaries	\$ 371,239	\$ 354,227
Labor and health insurance fees	39,181	37,810
Pension costs	8,587	12,248
Other personnel expenses	18,513	16,169
Depreciation on property, plant and equipment (including investment property)	59,402	60,055

- A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute at least 1% of the total distributable earnings as the employees' bonus and at most 0.2% as the directors' remuneration. However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on March 10, 2016. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.
- B. For the three months ended March 31, 2016 and 2015, employees' compensation and directors' and supervisors' remuneration was accrued at \$7,806 and \$7,523, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration of 2016 were estimated and accrued based on 1% and 0.2%, respectively, of current profit condition.

The difference between employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors and the amount recognised in the 2015 financial statements by \$494 will be adjusted in the profit or loss of 2016. The employees' compensation and directors' and supervisors' remuneration have yet to be paid.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2016	2015
Current tax:		
Current tax on profits for the period	\$ 147,881	\$ 157,116
Prior year income tax underestimation	355	2,759
Total current tax	<u>148,236</u>	<u>159,875</u>
Deferred tax:		
Origination and reversal of temporary differences	(85,438)	(54,322)
Total deferred tax	<u>(85,438)</u>	<u>(54,322)</u>
Income tax expense	<u>\$ 62,798</u>	<u>\$ 105,553</u>

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

	Three months ended March 31,	
	2016	2015
Cumulative translation differences for foreign operations	\$ 1,194	(\$ 11,488)

B. The investment plan of the Company to increase capital to expand the 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).

C. As of March 31, 2016, the Company’s income tax returns through 2013 have been assessed and approved by the National Taxation Bureau of Taipei, Ministry of Finance.

D. Unappropriated retained earnings:

	March 31, 2016	December 31, 2015	March 31, 2015
Earnings generated in and before 1997	\$ 121,097	\$ 121,097	\$ 121,097
Earnings generated in and after 1998	8,492,281	7,869,227	9,218,921
	<u>\$ 8,613,378</u>	<u>\$ 7,990,324</u>	<u>\$ 9,340,018</u>

E. As of March 31, 2016, December 31, 2015 and March 31, 2015, the balance of the imputation tax credit account was \$928,556, \$928,556 and \$988,601, respectively. The creditable tax rate was 14.82% for 2014 and is estimated to be 15.22% for 2015.

(22) Earnings per share

Three months ended March 31, 2016			
	<u>Profit after tax</u>	<u>Weighted-average outstanding common shares (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to owners of parent	<u>\$ 623,398</u>	<u>430,762</u>	<u>\$ 1.45</u>
<u>Diluted earnings per share</u>			
Profit attributable to owners of parent	\$ 623,398	430,762	
Dilutive potential ordinary shares :			
Employees' remuneration	<u>-</u>	<u>428</u>	
Profit attributable to owners of parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 623,398</u>	<u>431,190</u>	<u>\$ 1.45</u>

Three months ended March 31, 2015			
	<u>Profit after tax</u>	<u>Weighted-average outstanding common shares (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to owners of parent	<u>\$ 835,851</u>	<u>430,762</u>	<u>\$ 1.94</u>
<u>Diluted earnings per share</u>			
Profit attributable to owners of parent	\$ 835,851	430,762	
Dilutive potential ordinary shares :			
Employees' bonus	<u>-</u>	<u>340</u>	
Profit attributable to owners of parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 835,851</u>	<u>431,102</u>	<u>\$ 1.94</u>

(23) Operating leases

- A. The Group leases land and buildings to others under operating lease agreements. Rental revenue of \$4,703 and \$4,753 were recognized for these leases in profit or loss for the three months ended March 31, 2016 and 2015, 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:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Not later than one year	\$ 16,777	\$ 19,075	\$ 18,989
Later than one year but not later than five years	<u>2,506</u>	<u>5,035</u>	<u>19,326</u>
	<u>\$ 19,283</u>	<u>\$ 24,110</u>	<u>\$ 38,315</u>

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. For the three months ended March 31, 2016 and 2015, the rental expense was both \$8,908. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Not later than one year	\$ 37,415	\$ 37,415	\$ 37,415
Later than one year but not later than five years	<u>77,948</u>	<u>87,301</u>	<u>115,362</u>
	<u>\$ 115,363</u>	<u>\$ 124,716</u>	<u>\$ 152,777</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Operating revenue:

	<u>Three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Sales		
Investments accounted for using equity method	\$ 794	\$ -
Other related parties	<u>38,533</u>	<u>-</u>
	<u>\$ 39,327</u>	<u>\$ -</u>

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation and Hitron Tech. Inc. are both 30 days after the arrival date of shipment. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases:

	Three months ended March 31,	
	2016	2015
Purchase of goods		
Investments accounted for using equity method	\$ 89,152	\$ 119,895
Other related parties	17,024	-
	<u>\$ 106,176</u>	<u>\$ 119,895</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The credit term from Taiwan IC Packaging Corporation and Alcor Micro Corporation are both 30 days after monthly billings. The credit term from third parties is 30 to 45 days after monthly billings.

C. Accounts receivable

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable			
Investments accounted for using equity method	\$ 6	\$ -	\$ -
Other related parties	9,267	9,347	-
	<u>\$ 9,273</u>	<u>\$ 9,347</u>	<u>\$ -</u>

The receivables from related parties arise mainly from sales transactions. The credit term to Taiwan IC Packaging Corporation and Hitron Tech. Inc. are both 30 days after the arrival date of shipment. The receivables are unsecured and bear no interest. There are no provisions for receivables from related parties.

D. Accounts payable

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts payable			
Investments accounted for using equity method	\$ 60,615	\$ 58,560	\$ 82,964
Other related parties	14,797	-	-
	<u>\$ 75,412</u>	<u>\$ 58,560</u>	<u>\$ 82,964</u>

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

E. Lease contracts

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

(2) Compensation of key management

	Three months ended March 31,	
	2016	2015
Salaries and other short-term employee benefits	\$ 8,098	\$ 23,675

8. PLEDGED ASSETS

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

Nature of assets	Book value			Pledge purpose
	March 31, 2016	December 31, 2015	March 31, 2015	
Property, plant and equipment	\$ 163,853	\$ 156,561	\$ 150,907	Long-term and short-term loans

9. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2016, except for the provision of endorsements and guarantees mentioned in Note 13(1) B and the lease contract described in Notes 6(23) and 7, there are no other commitments and contingent liabilities.

10. SIGNIFICANT CATASTROPHE

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Capital risk management

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015 for the related information.

(2) Financial instruments

A. Fair value information of financial instruments

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015 for the related information.

B. Financial risk management policies

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015 for the related information.

C. Significant financial risks and degrees of financial risks

There is no significant change except the following information. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015 for the related information.

Foreign exchange risk

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

March 31, 2016				
	Foreign Currency	Foreign Currency Amount	Exchange Rate	Book Value
Financial assets	USD : NTD	\$ 393,232	32.1850	\$ 12,656,172
	JPY : NTD	248,945	0.2863	71,273
	EUR : NTD	4,826	36.5100	176,197
	GBP : NTD	266	46.1700	12,281
Financial liabilities	USD : NTD	\$ 52,280	32.1850	\$ 1,682,632
	USD : RMB	2,036	6.4730	65,529
December 31, 2015				
	Foreign Currency	Foreign Currency Amount	Exchange Rate	Book Value
Financial assets	USD:NTD	\$ 379,299	32.8250	\$ 12,450,490
	JPY:NTD	190,272	0.2727	51,887
	EUR:NTD	7,393	35.8800	265,261
	GBP:NTD	195	48.6700	9,491
Financial liabilities	USD:NTD	\$ 48,231	32.8250	\$ 1,583,183
	USD:RMB	2,486	6.5703	81,603
March 31, 2015				
	Foreign Currency	Foreign Currency Amount	Exchange Rate	Book Value
Financial assets	USD:NTD	\$ 336,643	31.3000	\$ 10,536,926
	JPY:NTD	1,259,929	0.2604	328,086
	EUR:NTD	10,576	33.6500	355,882
	RMB:NTD	176,049	5.0440	887,991
	USD:RMB	93,248	6.2054	2,918,666
Financial liabilities	USD:NTD	\$ 98,311	31.3000	\$ 3,077,134

The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2016 and 2015, amounted to \$176,574 and \$166,904, respectively.

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 \$109,735 and \$74,598 for the three months ended March 31, 2016 and 2015, respectively.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(9).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in certain equity instruments is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2016, December 31, 2015 and March 31, 2015 is as follows:

March 31, 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	<u>\$ 184,181</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 185,306</u>
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 11,501)</u>	<u>\$ -</u>	<u>(\$ 11,501)</u>
December 31, 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	<u>\$ 183,179</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 184,304</u>
Financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ 15,768</u>	<u>\$ -</u>	<u>\$ 15,768</u>
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 13)</u>	<u>\$ -</u>	<u>(\$ 13)</u>

March 31, 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	<u>\$ 222,499</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 223,624</u>
Financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ 92,710</u>	<u>\$ -</u>	<u>\$ 92,710</u>

- D. 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.
- E. Forward foreign exchange contracts' resulting fair value estimates are included in level 2.
- F. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- G. The financial instruments of Level 3 had no changes for the three months ended March 31, 2016 and 2015.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: 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:

	Three months ended March 31,	
	2016	2015
Segment revenue	\$ 5,648,007	\$ 6,131,754
Segment income	\$ 623,398	\$ 835,851

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Transcend Information, Inc.
Provision of endorsements and guarantees to others
Three months ended March 31, 2016

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2016 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2016 (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 subsidiary company to (Note 7)	Provision of endorsements/ guarantees by parent subsidiary to company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Transcend Taiwan	Transcend Japan Inc.	2	\$ 4,226,393	\$ 572,600	\$ 572,600	\$ 429,450	-	2	\$ 8,452,786	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; fill in the number of category each case belongs to:

(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. (\$21,131,966*20%=\$4,226,393)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of March 31, 2016 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. (\$21,131,966*40%=\$8,452,786)

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

Transcend Information, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Three months ended March 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2016				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Stocks							
	Alcor Micro Corp.	Related parties	Non-current available-for-sale financial assets	6,220,933	\$ 120,686	8	\$ 120,686	-
	Hitron Tech. Inc.	"	"	3,060,017	63,495	1	63,495	-
	Skyviia Corp.	-	"	259,812	-	2	-	-
	Dramexchange Tech Inc.	-	"	60,816	1,125	1	1,125	-
					<u>\$ 185,306</u>			
	Bonds							
	Yuanta Asset Management Limited - bond with repurchase agreement rated as investment-grade bonds by S&P	-	Current bond investment without active market		\$ 606,644	-	-	-
	Yuanta Securities (Hong Kong)-bond with repurchase agreement	-	"		321,850	-	-	-
					<u>\$ 928,494</u>			
Transcend Shanghai	Finance products							
	Structured deposits financial products of Bank of China	-	Current bond investment without active market		\$ 86,466	-	-	-

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.

Transcend Information, Inc.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Three months ended March 31, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote	
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Transcend Taiwan	Transcend Japan Inc.	The Company's subsidiary	Sales	\$ 570,944	10	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 558,330	20	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	472,379	8	"	"	"	129,223	5	-
"	Transcend Information, Inc.	The Company's subsidiary	"	271,158	5	"	"	"	207,868	7	-
"	Transtech Shanghai	Subsidiary of Memhiro	"	195,403	4	120 days after monthly billings	"	"	244,560	9	-
"	Transcend Korea Inc.	The Company's subsidiary	"	195,383	4	60 days after monthly billings	"	"	51,213	2	-
"	Transcend Information Trading GmbH, Hamburg	Subsidiary of Memhiro	"	106,911	2	"	"	"	9,475	-	-
"	Transcend Information (H.K) Ltd.	Subsidiary of Memhiro	"	106,292	2	"	"	"	76,948	3	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH, Hamburg	Together with Transcend Information Europe B.V. are controlled by parent company	"	139,497	27	30 days after receipt of goods	"	7 to 60 days after receipt of goods to third parties	23,641	14	-
Transcend Taiwan	Transcend Shanghai	Subsidiary of Memhiro	(Purchases)	(126,474)	(2)	60 days after receipt of goods	Note 1	7 to 30 days after receipt of goods to third parties	(447,422)	18	-

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' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Three months ended March 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Taiwan	Transcend Japan Inc.	Subsidiary of the Company	\$ 558,330	2.80	\$ -	-	\$ 143,204	\$ -
"	Transtech Shanghai	Subsidiary of Memhiro	244,560	1.64	-	-	38,189	-
"	Transcend Information Inc.	Subsidiary of the Company	207,868	3.05	-	-	57,552	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	129,223	7.61	-	-	95,963	-
Transcend Shanghai	Transcend Taiwan	Parent company	447,422	8.36	-	-	25,939	-

Transcend Information, Inc.
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2016

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Transcend Taiwan	Transcend Japan Inc.	1	Sales	\$ 570,944	There is no significant difference in unit price from those to third parties.	10%
"	"	Transcend Information Europe B. V.	"	"	472,379	"	8%
"	"	Transcend Information, Inc.	"	"	271,158	"	5%
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	"	195,403	"	3%
"	"	Transcend Korea Inc.	"	"	195,383	"	3%
"	"	Transcend Information Trading GmbH, Hamburg	"	"	106,911	"	2%
"	"	Transcend Information(H.K) Ltd.	"	"	106,292	"	2%
"	"	Transcend Information (Shanghai), Ltd.	"	Purchases		Processing with supplied materials. No other similar transactions can be used for comparison	
"	"		"		126,474		2%
"	"	Transcend Japan Inc.	"	Accounts receivable	558,330	120 days after monthly billings	2%
"	"	Transcend Information Europe B.V.	"	"	129,223	"	1%
"	"	Transcend Information Inc.	"	"	207,868	"	1%
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	"	244,560	"	1%
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts payable	447,422	60 days after receipt of goods	2%
2	Transcend Information Europe B. V.	Transcend Information Trading GmbH, Hamburg	3	Sales	139,497	There is no significant difference in unit price from those to third parties.	2%

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (a) Parent company is "0".
- (b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (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 year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Transcend Information, Inc.
Information on investees
Three months ended March 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2016			Net profit (loss) of the investee for the three months ended March 31, 2016	Investment income (loss) recognized by the Company for the three months ended March 31, 2016 (Note 1)	Footnote
				Balance as at March 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investments holding company	\$ 1,202,418	\$ 1,202,418	36,600,000	100	\$ 1,868,315	(\$ 51,208)	(\$ 25,838)	Note 2
	Transcend Japan Inc.	Japan	Wholesaler of computer memory modules and peripheral products	89,103	89,103	6,400	100	181,665	(7,992)	(7,992)	Note 2
	Transcend Information, Inc.	United States of America	Wholesaler of computer memory modules and peripheral products	38,592	38,592	625,000	100	131,725	(4,376)	(4,376)	Note 2
	Transcend Korea Inc.	Korea	Wholesaler of computer memory modules and peripheral products	6,132	6,132	40,000	100	34,904	(5,562)	(5,562)	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	354,666	51,842,975	12.88	309,163	(68,361)	(8,048)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investments holding company	1,156,920	1,156,920	55,132,000	100	1,920,859	(51,249)	(51,249)	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	200,150	4,587	4,587	Note 4
	Transcend Information Trading GmbH, Hamburg	Germany	Wholesaler of computer memory modules and peripheral products	2,288	2,288	-	100	61,028	(22,996)	(22,996)	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	4,763	(4,129)	(4,129)	Note 4

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

Note 2: Subsidiaries of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiaries of Memhiro.

Note 5: Please refer to Note 6 (7).

Transcend Information, Inc.
Information on investments in Mainland China
Three months ended March 31, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee as of March 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three months ended March 31, 2016 (Note 2)	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	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	\$ 11,110	100	\$ 11,207	\$ 1,615,836	\$ 1,464,028	0
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	(8,859)	100	(8,859)	15,632	-	0

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	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	\$ 1,267,180

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (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 reviewed and attested by R.O.C. parent company's CPA.

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