

  
**Transcend Information, Inc.**  
**2014 ANNUAL REGULAR SHAREHOLDERS' MEETING Minutes**  
(Translation)

Time: 9:00 a.m., June 12, 2014

Place: Transcend Information, Inc. (No. 70, XingZhong Rd., NeiHu Dist., Taipei 114, Taiwan)

Total share represented by shareholders present in person or by proxy are 351,748,577 shares, which is 81.65% of the total 430,761,675 outstanding shares.

Attended Directors: Shu,Chong-Wan, the chairman of Board of Directors

Attended Independent Directors: Dr. Wang, Yi-Xin, the convener of Audit Committee

Attendees: Wang, Huei-Shyang, the independent auditors of the Pricewaterhouse Coopers

Li, Dan, the layer of World Patent & Trademark Office

Chairman: Shu,Chong-Wan



Recorder: Lu, Chihyuan



Call meeting to order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Remarks: (Omitted)

#### I. Report Items

- (1) The business conditions of 2013 (Please refer to Attachment I)
- (2) Audit Committee's review report (Please refer to Attachment II)
- (3) The status of endorsements and guarantees

#### **Explanatory Notes:**

The Company provided a guarantee for Transcend Japan Inc. to apply for the credit limit on bank financing of JPY 1,000,000 thousand and 500,000 thousand on May 1, 2013 and September 13, 2013 respectively, pursuant to the Company's "Procedures for Endorsement and Guarantee", the highest amount of guarantee was TWD 7,929,684 thousand.

- (4) The making of the "Ethical Corporate Management Best Practice Principles"

#### **Explanatory Notes:**

- a. In order to foster the corporate culture of ethical management and sound development, the Company set up "Ethical Corporate Management Best Practice Principles" in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the Company's practical operation.
- b. Please refer to Attachment III: the content of the "Ethical Corporate Management Best Practice Principles".

## II. Proposed Items

### (1) Adoption of 2013 Business Report and Financial Statements (Proposed by the Board of Directors)

#### **Explanatory Notes:**

- a. The separate financial statement and consolidated financial statement of the Company for the year of 2013 have been audited by independent auditors, Huei-Shyang Wang and Mr. Chien- Hung Chou, of the Pricewaterhouse Coopers. The Business Report, Independent Auditors' Report and Financial Statements are hereby also attached. (Please refer to Attachment I, Attachment IV and V)
- b. It is submitted for ratification.

#### **Resolution:**

The proposal is approved as proposed without demur by the present shareholders.

### (2) Adoption of the proposal for distribution of 2013 earnings (Proposed by the Board of Directors)

#### **Explanatory Notes:**

- a. For appropriations of 2013 earnings, the Company will distribute cash dividend of NTD 2,886,103,223 from the available retained earnings of 2013 after setting aside legal reserve and distributing employees' profit sharing.
- b. Please refer to the 2013 estimated earnings distribution table as below.
- c. Cash dividends will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record.
- d. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- e. It is submitted for ratification.

#### **Resolution:**

The proposal is approved as proposed without demur by the present shareholders.

**This English version is a translation based on the original Chinese version.  
Where any discrepancy arises between the two versions, the Chinese version shall prevail.**

**Transcend Information, Inc.**  
**The Chart of 2013 Earnings Distribution**  
**For the year ended December 31, 2013**  
**(Expresses in thousands of New Taiwan dollars)**

Item	Amount	Remarks
Unappropriated retained earnings at beginning	4,690,448,698	
<b>Add:</b> Reconciliation of adopting IFRSs for the first-time	80,254,325	
Adjusted unappropriated retained earnings at beginning	4,770,703,023	
<b>Add:</b> Adjustment on unappropriated earnings for 2013	5,387,815	
Adjusted unappropriated retained earnings	4,776,090,838	
<b>Add:</b> Net income for 2013	3,198,955,983	
<b>Less:</b> Legal reserve (10%)	319,895,598	
Retained earnings available for appropriation as of December 31, 2013	7,655,151,223	
<b>Less:</b> Items of distribution - Cash dividend to shareholders	2,886,103,223	Cash dividend (NT \$6.7 per share)
Unappropriated retained earnings at end	4,769,048,000	
<b>Note</b>		
Directors' and supervisors' remuneration	5,192,385	
Employees' bonus	25,961,917	

Note: Regarding the abovementioned amount of profits resolved to be distributed, there is no material difference between the resolved employees' bonus and the estimated figures for 2013. The remuneration for directors and supervisors would be NTD 5,192,385 calculated in accordance with "Articles of Incorporation", but was not recognized in 2013 financial statements. After the actual distributed amounts being resolved by the shareholders' meeting, the difference between the resolved amounts and the 2013 estimates will be recognized in the statement of income in 2014.

Director: Shu, Chung-won

Manager: Shu, Chung-cheng

Accounting: Lu, Chihyuan

### III. Discussion Items

#### Discussion Item (1)

**Subject:** Proposal to release the Directors from non-competition restrictions. (Proposed by the Board of Directors)

**Explanatory Notes:**

- a. Because the director(s) of the Company may involve in investment or operation of other companies with the same or similar business scope and assume the office of director(s), the Company, pursuant to Article 209 of Company Act, proposes to release the Directors from non-competition restrictions under the premise that no harm to the Company's interest.
- b. The proposed list:  
Director: Shu, Chung-cheng to be the representative of a juristic-person director of Taiwan IC Packaging Corporation.
- c. It is submitted for approval.

**Resolution:**

The proposal is approved as proposed without demur by the present shareholders.

#### Discussion Item (2)

**Subject:** Approval of the Amendment to “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

**Explanatory Notes:**

- a. The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.
- b. Please refer to Attachment VI: the comparison table for the “Procedures for Acquisition or Disposal of Assets” before and after revision.
- c. It is submitted for approval.

**Resolution:**

The proposal is approved as proposed without demur by the present shareholders.

### Discussion Item (3)

**Subject:** Approval of the Amendment to “Articles of Incorporation” (Proposed by the Board of Directors)

**Explanatory Notes:**

- a. To improve corporation government and to carry out Shareholder Activism, the Company proposes to amend the “Articles of Incorporation” to adopt candidate nomination system for the election of directors pursuant to Article 192-1 of the Company Act, and to include the use of an electronic voting system by shareholders pursuant to Article 177-1 of the Company Act.
- b. Please refer to Attachment VII: the comparison table for “Articles of Incorporation” before and after revision.
- c. It is submitted for approval.

(At the meeting, the present shareholder number 35 proposed that the original proposal omits to amend the amendment date. For completeness of the Articles of Incorporation, he suggested to amend and add the word of Articles 24 ”The 25th amendment was made on June 13, 2013 and the 26th amendment was made on June 12, 2014.”)

**Resolution:**

The proposal was amended accordingly and approved without demur by the present shareholders.

### Discussion Item (4)

**Subject:** Approval of the Amendment to “Procedures for Election of Directors” (Proposed by the Board of Directors)

**Explanatory Notes:**

- a. The Company proposes to amend the “Procedures for Election of Directors” to comply with amendment to “Articles of Incorporation” regarding the adoption of a candidate nomination system for the election of directors.
- b. Please refer to page 37 for Attachment VIII: the comparison table for the “Procedures for Election of Directors” before and after revision.
- c. It is submitted for approval.

**Resolution:**

The proposal is approved as proposed without demur by the present shareholders.

IV. Special Motions

V. Meeting Adjourned

**TRANSCEND INFORMATION INC.  
BUSINESS REPORT**

While economics of Europe, Japan and USA became better in 2013, IT industry in Taiwan was facing a growth crisis due to currency appreciation and decreased demand for PCs, which were gradually replaced with mobile devices. Flash and DRAM markets also acted differently. While an accidental fire at SK Hynix' plant in China pushed up DRAM prices, NAND flash faced price decrease since the demand was far lower than supply. In order to avoid being affected by price changes of raw materials, Transcend chose to put emphasis on production efficiency, inventory management, long-term branding management, and customer services.

In 2013, Transcend successfully sustained growth in the shrinking PC market with 8.5% growth in net margin. Consolidated revenue totaled NT\$26.12 billion. Consolidated gross profit totaled NT\$4.92 billion. Gross profit rate is 18.8 percent. Operating income totaled 3.35 billion. Income before tax totaled 3.74 billion. Net income totaled 3.2 billion. Earnings per share (EPS) is NT\$ 7.43 calculated at the weighted average of outstanding share capital amounting to 4.3 billion.

To expand our market share and strengthen our brand penetration, we kept developing more innovative products in consumer electronics and industrial applications. Last year, we expanded our product lineup to car video recorders. With confidence in industrial markets, we expanded our industrial R&D and sales teams, and participated in at least ten international industrial exhibitions to get a better understanding of the global industrial markets. We believe that SSD market is poised for strong growth in 2014, thus we will build up a more complete SSD product lineup and develop diverse models to meet our customers' needs.

For 7th consecutive year, Transcend was honored with Interbrand's Best Taiwan Global Brands. Known as a fair company with reasonable pay and a good work/life balance, Transcend triumphed over 34 competitors to win the award for Best Companies to Work For last year, which was held by the Department of Labor of the Taipei City Government. Transcend sees itself as a company that has a responsibility to the public, its shareholders and the world it trades in. Therefore, we have sponsored young athletes in high schools and colleges for three years. By sponsoring basketball games, volleyball games, cheerleading tournaments, football games, etc., we aim to provide the youth with a better environment where they can pursue their dreams and future careers.

Lastly, I sincerely thank all of our shareholders, customers, suppliers and employees, for your continued support and for the confidence that you have placed in us.

Director: Shu Chongwan

Manager : Shu Chongzheng

Chief of Accounting : Lu, Chihyuan

Audit Report of Audit Committee

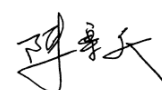
The Board of Directors has prepared the Company's 2013 Business Report, Financial Statements and Earnings Distribution Proposal. Transcend Corporation's Financial Statements have been audited and certified by Mr. Huei-Shyang Wang and Mr. Chien- Hung Chou, the CPA of the Pricewaterhouse Coopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of Transcend Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

The audit Committee of Transcend Corporation

Independent Director: Wang, Yi-Shin



Independent Director: Chen, Le-Min



Independent Director: Chen, Yi-Liang



March 19, 2014



**TRANSCEND INFORMATION INC.**

**ETHICAL CORPORATE MANAGEMENT BEST PRACTICE PRINCIPLES**

**Article 1**

To foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, Transcend Information Inc. (the "Company") promulgated The Ethical Corporate Management Best Practice Principles ("Principles").

In accordance with the Principles, ethical corporate management best practice principles applicable to the Company's business groups and subsidiaries.

**Article 2**

When engaging in commercial activities, directors, audit committee, managers or employees of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other interested parties.

**Article 3**

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

**Article 4**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

**Article 5**

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control

and management mechanism so as to create an operational environment for sustainable development.

#### Article 6

The Company are advised to, in accordance with the operational philosophies and policies prescribed in the preceding article, establish in this ethical corporate management best practice principle comprehensive programs to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.

When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

#### Article 7

The prevention program established by the Company shall at least include preventive measures against the following:

- A. Offering and acceptance of bribes.
- B. Illegal political donations.
- C. Improper charitable donations or sponsorship.
- D. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

#### Article 8

The Company and respective business group shall clearly specify ethical corporate management policies in their external documents. The board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

#### Article 9

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of unethical conduct, if any.

It is advisable not to have any dealings with persons who have any records of unethical conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in unethical conduct, the Company may at any time terminate or cancel the contracts.

#### Article 10

When conducting business, the Company and their directors, audit committee, managers and employees, shall not directly or indirectly offer, promise to offer, request or accept any improper

benefits, unless the laws of the territories where the companies operate permit so.

#### Article 11

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, audit committee, managers and employees, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### Article 12

When making or offering donations and sponsorship, the Company and their directors, audit committee, managers and employees shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### Article 13

The Company and their directors, audit committee, managers and employees shall not directly or indirectly offer or accept any improper benefits to establish business relationship or influence commercial transactions.

#### Article 14

The board of directors of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company are advised to form a dedicated unit to be in charge of establishing and enforcing the ethical corporate management policies and prevention program and reporting to the board of directors on a regular basis.

#### Article 15

The Company and their directors, audit committee, managers and employees shall comply with laws and regulations and the prevention program when conducting business.

#### Article 16

For preventing conflicts of interests, the Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests

of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, audit committee and managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### Article 17

To lower the risk of being involved in an unethical conduct for business activities, the Company shall establish effective accounting systems and internal control systems, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal auditors of the Company shall periodically examine the company's compliance with the foregoing and prepare audit reports and submit the same to the board of directors.

#### Article 18

The Company shall have in place a formal channel for receiving reports on unethical conduct and keep the reporter's identity and content of the report confidential.

#### Article 19

The Company shall disclose the status of the enforcement of their own ethical corporate management best practice principles on their company websites, annual reports and prospectuses.

#### Article 20

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, audit committee, managers and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

#### Article 21

The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be sent to the audit committee and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

**Attachment IV**

**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

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

We have audited the accompanying separate balance sheets of Transcend Information, Inc. as of December 31, 2013, December 31, 2012, and January 1, 2012 and the related separate statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2013 and 2012. These separate financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these separate financial statements based on our audits. The financial statements of equity investments accounted for under the equity method, Transcend Information Inc. and Transcend Information Trading GmbH, Hamburg, and the associate, Taiwan IC Packaging Corp., were audit by other auditors, whose reports thereon were furnished to us. Our opinion, insofar as it relates to the amounts of investment income/loss and the information of investee company as disclosed in Note 13, were solely based on the reports of other auditors. The share of profit or loss of associates and equity investments accounted for under equity method solely based on the reports of other auditors were (NT\$8,128) thousand and NT\$29,633 for the year ended December 31, 2013 and 2012, constituting 0.2% and 1% of the respective income before income tax. The equity investments accounted for under the equity method in above companies were NT\$412,683 thousands, NT\$ 161,999 thousands and NT\$137,022 thousands, constituting 1.7 percent, 0.7 percent, and 0.6 percent of total assets.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the separate financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Transcend Information, Inc. as of December 31, 2013, December 31, 2012, and January 1, 2012, and the results of their operations and their cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

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March 19, 2014

Taipei, Taiwan

Republic of China

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The accompanying separate 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 separate 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**  
**SEPARATE BALANCE SHEETS**  
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 10,988,389	44	\$ 9,096,189	38	\$ 8,936,277	40
1147	Current bond investment	6(2)						
	without active market		74,513	-	-	-	-	-
1150	Notes receivable, net		4,158	-	9,987	-	7,780	-
1170	Accounts receivable, net	6(3)	1,330,522	5	1,353,882	6	1,311,199	6
1180	Accounts receivable due from	7(1)						
	related parties, net		1,427,950	6	1,754,028	7	2,065,030	3
1200	Other receivables		237,508	1	253,596	1	328,047	2
130X	Inventory, net	6(4)	4,713,168	19	5,620,642	24	3,896,571	17
1470	Other current assets		13,127	-	36,314	-	23,442	-
11XX	<b>Current Assets</b>		<u>18,789,335</u>	<u>75</u>	<u>18,124,638</u>	<u>76</u>	<u>16,568,346</u>	<u>74</u>
<b>Non-current assets</b>								
1523	Non-current available-for-sale	6(5)						
	financial assets		264,422	1	417,317	2	457,748	2
1550	Investments accounted for	6(6)						
	using equity method		3,747,410	15	3,217,680	13	3,071,327	14
1600	Property, plant and equipment	6(7),7						
		and 8	1,838,184	8	1,919,956	8	1,932,607	9
1760	Investment property, net	6(8)	217,580	1	220,573	1	223,736	1
1840	Deferred tax assets	6(20)	58,347	-	59,702	-	55,256	-
1900	Other non-current assets	8	37,980	-	21,281	-	42,133	-
15XX	<b>Non-current assets</b>		<u>6,163,923</u>	<u>25</u>	<u>5,856,509</u>	<u>19</u>	<u>5,782,807</u>	<u>26</u>
1XXX	<b>Total assets</b>		<u>\$ 24,953,258</u>	<u>100</u>	<u>\$ 23,981,147</u>	<u>100</u>	<u>\$ 22,351,153</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(9)	\$ 295,140	2	\$ -	-	\$ -	-
2150	Notes payable		1,215	-	3,607	-	167	-
2170	Accounts payable		2,571,3024	10	3,162,845	13	1,476,701	6
2180	Accounts payable to related parties	7(1)	1,334,222	6	637,908	3	871,209	4
2200	Other payables		283,266	1	325,962	1	424,329	2
2230	Current tax liabilities	6(20)	218,886	1	197,010	1	415,170	2
2300	Other current liabilities		4,615	-	1,977	-	4,210	-
21XX	<b>Current Liabilities</b>		<u>4,708,646</u>	<u>19</u>	<u>4,329,309</u>	<u>18</u>	<u>3,191,786</u>	<u>14</u>
<b>Non-current liabilities</b>								
2570	Deferred tax liabilities	6(20)	395,256	2	326,411	2	304,878	2
2600	Other non-current liabilities	6(10)	25,147	-	31,008	-	52,552	-
25XX	<b>Non-current liabilities</b>		<u>420,403</u>	<u>2</u>	<u>386,278</u>	<u>1</u>	<u>388,678</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>5,129,049</u>	<u>21</u>	<u>4,686,728</u>	<u>20</u>	<u>3,549,216</u>	<u>16</u>
<b>Share capital</b>								
		6(11)						
3110	Common stock		4,307,617	17	4,307,617	18	4,307,617	19
<b>Capital surplus</b>								
		6(12)						
3200	Capital surplus		4,799,075	19	5,014,456	21	5,014,456	22
<b>Retained earnings</b>								
		6(13)						
3310	Legal reserve		2,733,339	11	2,448,801	10	2,162,186	10
3350	Unappropriated retained earnings		7,975,047	32	7,639,812	32	7,327,965	33
<b>Other equity interest</b>								
		6(15)						
3400	Other equity interest		9,131	-	(116,267)	-	(10,287)	-
3XXX	<b>Total equity</b>		<u>19,824,209</u>	<u>79</u>	<u>19,294,419</u>	<u>80</u>	<u>18,801,937</u>	<u>84</u>
<b>Significant contingent liabilities and unrecongnised contract commitments</b>								
<b>Significant events after the balance sheet date</b>								
	<b>Total liabilities and equity</b>		<u>\$ 24,953,258</u>	<u>100</u>	<u>\$ 23,981,147</u>	<u>100</u>	<u>\$ 22,351,153</u>	<u>100</u>

The accompanying notes are an integral part of these separate financial statements.  
See report of independent accountants dated March 19, 2014.



**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(Expressed in thousands of New Taiwan Dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2013		2012	
		AMOUNT	%	AMOUNT	%
4000 <b>Operating Revenue</b>	6(16) and 7	\$ 25,087,848	100	\$ 25,382,153	100
5000 <b>Operating Costs</b>	6(4) and 7	( 21,072,049)	( 84)	( 21,502,817)	( 85)
5900 <b>Gross Profit</b>		<u>4,015,799</u>	<u>19</u>	<u>3,879,336</u>	<u>15</u>
Unrealized gain from intercompany transaction		( 87,889)	-	( 73,138)	-
Realized gain from intercompany transaction		<u>73,138</u>	<u>-</u>	<u>90,833</u>	<u>-</u>
<b>Gross Profit, net</b>		<u>4,001,048</u>	<u>16</u>	<u>3,897,031</u>	<u>15</u>
<b>Operating Expenses</b>	6(19)				
6100 Sales and marketing expenses		( 483,665)	( 2)	( 413,681)	( 2)
6200 General and administrative expenses		( 204,448)	( 1)	( 207,636)	( 1)
6300 Research and development expenses		( 156,948)	-	( 145,155)	-
6000 <b>Total operating expenses</b>		( 845,061)	( 3)	( 766,472)	( 3)
6900 <b>Operating Income</b>		<u>3,155,987</u>	<u>13</u>	<u>3,130,559</u>	<u>12</u>
<b>Non-operating Income and Expenses</b>					
7010 Other income	6(17) and 7	109,250	-	96,178	-
7020 Other gains and losses	6(18)	242,556	1	( 110,447)	-
7050 Finance costs		( 1,003)	-	( 13)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	<u>154,029</u>	<u>1</u>	<u>241,922</u>	<u>1</u>
7000 <b>Total non-operating income and expenses</b>		<u>504,832</u>	<u>2</u>	<u>227,640</u>	<u>1</u>
7900 <b>Income before income tax</b>		<u>3,660,819</u>	<u>15</u>	<u>3,358,199</u>	<u>13</u>
7950 Income tax expense	6(20)	( 461,862)	( 2)	( 409,864)	( 2)
8200 <b>Net income</b>		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
<b>Other comprehensive income</b>					
8310 Foreign exchange translation differences for foreign operations		\$ 148,571	-	( \$ 115,143)	-
8325 Unrealized gain (loss) on available-for-sale financial assets	6(5)	2,085	-	( 10,431)	-
8360 Actuarial gain on defined benefit plan	6(10)	5,387	-	19,317	-
8399 Income tax on other comprehensive income	6(20)	( 25,258)	-	19,594	-
8500 <b>Total comprehensive income</b>		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
<b>Net income attributable to:</b>					
<b>Basic earnings per share</b>	6(21)				
9750 <b>Basic earnings per share</b>		\$	7.43	\$	6.84
9850 <b>Diluted earnings per share</b>		\$	7.41	\$	6.83

The accompanying notes are an integral part of these separate financial statements.  
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES  
SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent								
	Capital Reserves				Retained Earnings		Other equity interest		Total equity
	Common stock	Additional paid-in capital	Capital surplus from donated assets	Capital surplus from merger	Legal reserve	Unappropriated earnings	Foreign exchange translation differences for foreign operations	Unrealized gain or loss on available-for-sale financial assets	
<u>For the year ended December 31, 2012</u>									
Balance at January 1, 2012	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,162,186	\$ 7,327,965	\$ -	(\$ 10,287)	\$ 18,801,937
Appropriations of 2011 earnings									
Legal reserve	-	-	-	-	286,615	( 286,615 )	-	-	-
Cash dividends	-	-	-	-	-	( 2,369,190 )	-	-	( 2,369,190 )
Net income for the year	-	-	-	-	-	2,948,335	-	-	2,948,335
Other comprehensive income for the year	-	-	-	-	-	19,317	( 95,549 )	( 10,431 )	( 86,663 )
Balance at December 31, 2012	<u>\$ 4,307,617</u>	<u>\$ 4,975,222</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,448,801</u>	<u>\$ 7,639,812</u>	<u>(\$ 95,549)</u>	<u>(\$ 20,718)</u>	<u>\$ 19,294,419</u>
<u>For the year ended December 31, 2013</u>									
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									
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	-	-	-	-	-	5,387	123,313	2,085	130,785
Balance at December 31, 2013	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,733,339</u>	<u>\$ 7,975,047</u>	<u>\$ 27,764</u>	<u>(\$ 18,633)</u>	<u>\$ 19,824,209</u>

The accompanying notes are an integral part of these separate financial statements.  
See report of independent accountants dated March 19, 2014.

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
(Expressed in thousands of New Taiwan Dollars)

	2013	2012
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax for the year	\$ 3,660,819	\$ 3,358,199
Adjustments to reconcile income before tax to net cash provided by operating activities:		
Income and expenses having no effect on cash flows		
Unrealized gain from intercompany transaction	87,889	73,138
Realized gain from intercompany transaction	( 73,138 )	( 90,833 )
Net gains on valuation of financial assets at fair value through profit or loss	( 29,979 )	-
Gain on disposal of financial assets	( 97,125 )	-
Loss on disposal of equity investment accounted for using equity method	323	-
Share of loss of associates and joint ventures accounted for using equity method	( 154,029 )	( 241,922 )
Provision for (Reversal of) bad debt expense	13,325	( 981 )
Loss (gain) on market price decline (recovery) of inventory	( 9,673 )	16,403
Depreciation expense	120,042	117,109
Interest income	( 100,837 )	( 87,767 )
Dividend income	( 15,074 )	( 24,584 )
Impairment loss on financial assets	-	30,000
Gains on disposal of property, plant, and equipment	( 1,974 )	( 156 )
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	29,979	-
Notes and accounts receivable	341,942 )	267,093
Other receivables	20,366	85,750
Inventories	917,147	( 1,740,474 )
Other current assets	2,308	( 12,872 )
Net changes in liabilities relating to operating activities		
Notes and accounts payable	102,379 )	1,456,283
Other payables	( 36,305 )	( 75,040 )
Other current liabilities	2,638	( 2,233 )
Other non-current liabilities	( 1,670 )	( 23,423 )
Cash generated from operations	4,779,353	3,103,690
Cash dividend received	15,074	24,584
Interest received	96,559	76,468
Interest paid	( 1,004 )	( 13 )
Income tax paid	( 395,044 )	( 595,341 )
Net cash provided by operating activities	4,494,938	2,609,388
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Increase in bond investments without active markets	( 74,066 )	-
Disposal of equity investment accounted for using equity method	5,263	-
Acquisition of property, plant, and equipment	( 32,612 )	( 73,715 )
Disposal of property, plant, and equipment	2,438	353
Decrease (increase) in other non-current assets	1,051	( 6,924 )
Net cash used in investing activities	( 97,926 )	( 80,286 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Short-term loans	295,140	-
Payment of cash dividends (including cash distribution of capital reserve)	( 2,799,952 )	( 2,369,190 )
Net cash used in financing activities	( 2,504,812 )	( 2,369,190 )
Increase in cash and cash equivalents	1,892,200	159,912
Cash and cash equivalents at beginning of year	9,096,189	8,936,277
Cash and cash equivalents at end of year	\$ 10,988,389	\$ 9,096,189

The accompanying notes are an integral part of these separate financial statements.  
See report of independent accountants dated March 19, 2014.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13000270

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, 2013, December 31, 2012, and January 1, 2012 and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2013 and 2012. 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, which statements reflect total assets of NT\$547,456 thousand, NT\$636,489 thousand, and NT\$684,112 thousand, constituting 2 percent, 3 percent, and 3 percent of the consolidated total assets, as of December 31, 2013, December 31, 2012, and January 1, 2012, respectively, and total revenues of NT\$2,748,290 thousand and NT\$2,958,740 thousand, both constituting 11 percent of the consolidated total operating revenue, for the years ended December 31, 2013 and 2012, respectively. Furthermore, we did not audit the financial statements of equity investments accounted for under the equity method. The investment loss from these equity investments amounting to NT\$30,403 thousand for the year ended December 31, 2013, and the information of investee company as disclosed in Note 13 were solely based on the reports of other auditors. As of December 31, 2013, the equity investment accounted for under the equity method was NT\$221,255 thousand.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, 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, 2013, December 31, 2012, and January 1, 2012, and the results of their operations and their cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "International Financial Reporting Standards", "International Accounting Standards", "International Financial Reporting Interpretations Committee", and "Standing Interpretations Committee" as endorsed by the Financial Supervisory Commission.

We have also audited the separate financial statements of Transcend Information, Inc. as of and for the years ended December 31, 2013 and 2012, and have issued a modified unqualified opinion.

March 19, 2014

Taipei, Taiwan

Republic of China

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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, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 11,639,505	48	\$ 9,872,243	41	\$ 9,708,263	44
1147	Current bond investment	6(2)						
	without active market		123,698	1	470,064	2	96,140	-
1150	Notes receivable, net		4,158	-	9,987	-	7,780	-
1170	Accounts receivable, net	6(3)	2,732,001	11	2,418,600	10	2,430,418	11
1180	Accounts receivable due from	7(1)						
	related parties, net		-	-	162,247	1	108,774	1
1200	Other receivables		254,528	1	278,281	1	331,478	2
130X	Inventory, net	6(4)	5,075,939	21	6,222,330	26	4,502,324	20
1470	Other current assets		36,311	-	58,898	-	47,386	-
11XX	<b>Current Assets</b>		<u>19,866,140</u>	<u>82</u>	<u>19,492,650</u>	<u>81</u>	<u>17,232,563</u>	<u>78</u>
<b>Non-current assets</b>								
1523	Non-current available-for-sale	6(5)						
	financial assets		264,422	1	417,317	2	457,748	2
1550	Investments accounted for	6(6)						
	using equity method		221,255	1	-	-	-	-
1600	Property, plant and equipment	6(7) and 8	3,330,875	14	3,473,891	15	3,708,190	17
1760	Investment property, net	6(8)	303,232	1	306,272	1	316,818	2
1840	Deferred tax assets	6(21)	78,915	-	84,314	-	76,064	-
1900	Other non-current assets	6(9) and 8	183,691	1	157,966	1	188,862	1
15XX	<b>Non-current assets</b>		<u>4,382,390</u>	<u>18</u>	<u>4,439,760</u>	<u>19</u>	<u>4,747,682</u>	<u>22</u>
1XXX	<b>Total assets</b>		<u>\$ 24,248,530</u>	<u>100</u>	<u>\$ 23,932,410</u>	<u>100</u>	<u>\$ 21,980,245</u>	<u>100</u>

(Continued)

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

	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Liabilities and Equity</b>								
<b>Current liabilities</b>								
2100	Short-term loans	6(10)	\$ 579,040	2	\$ 168,200	1	\$ -	-
2150	Notes payable		1,215	-	3,608	-	167	-
2170	Accounts payable		2,669,584	11	3,323,331	14	1,713,204	8
2180	Accounts payable to related parties	7(1)	45,801	-	-	-	-	-
2200	Other payables		393,810	2	468,202	2	589,310	2
2230	Current tax liabilities	6(21)	239,967	1	248,795	1	427,409	2
2300	Other current liabilities		50,013	-	39,577	-	59,540	-
21XX	<b>Current Liabilities</b>		<u>3,979,430</u>	<u>16</u>	<u>4,251,713</u>	<u>18</u>	<u>2,789,630</u>	<u>12</u>
<b>Non-current liabilities</b>								
2570	Deferred tax liabilities	6(21)	395,542	2	326,411	1	304,878	2
2600	Other non-current liabilities	6(11)	49,349	-	59,867	-	83,800	-
25XX	<b>Non-current liabilities</b>		<u>444,891</u>	<u>2</u>	<u>386,278</u>	<u>1</u>	<u>388,678</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>4,424,321</u>	<u>18</u>	<u>4,637,991</u>	<u>19</u>	<u>3,178,308</u>	<u>14</u>
<b>Share capital</b>								
3110	Common stock	6(12)	4,307,617	18	4,307,617	18	4,307,617	20
<b>Capital surplus</b>								
3200	Capital surplus	6(13)	4,799,075	20	5,014,456	21	5,014,456	23
<b>Retained earnings</b>								
3310	Legal reserve	6(14)	2,733,339	11	2,448,801	10	2,162,186	10
3350	Unappropriated retained earnings		7,975,047	33	7,639,812	32	7,327,965	33
<b>Other equity interest</b>								
3400	Other equity interest	6(16)	9,131	-	(116,267)	-	(10,287)	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>19,824,209</u>	<u>82</u>	<u>19,294,419</u>	<u>81</u>	<u>18,801,937</u>	<u>86</u>
3XXX	<b>Total equity</b>		<u>19,824,209</u>	<u>82</u>	<u>19,294,419</u>	<u>81</u>	<u>18,801,937</u>	<u>86</u>
<b>Significant contingent liabilities and unrecongnised contract commitments</b>								
<b>Significant events after the balance sheet date</b>								
<b>Total liabilities and equity</b>			<u>\$ 24,248,530</u>	<u>100</u>	<u>\$ 23,932,410</u>	<u>100</u>	<u>\$ 21,980,245</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 19, 2014.

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(Expressed in thousands of New Taiwan Dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2013		2012	
		AMOUNT	%	AMOUNT	%
4000 <b>Operating Revenue</b>	6(17) and 7	\$ 26,122,390	100	\$ 26,215,961	100
5000 <b>Operating Costs</b>	6(4) and 7	( 21,201,143)	( 81)	( 21,268,979)	( 81)
5900 <b>Gross Profit</b>		<u>4,921,247</u>	<u>19</u>	<u>4,946,982</u>	<u>19</u>
<b>Operating Expenses</b>	6(20)				
6100 Sales and marketing expenses		( 1,020,315)	( 4)	( 982,033)	( 4)
6200 General and administrative expenses		( 392,338)	( 1)	( 399,418)	( 1)
6300 Research and development expenses		( 157,028)	( 1)	( 145,155)	( 1)
6000 <b>Total operating expenses</b>		<u>( 1,569,681)</u>	<u>( 6)</u>	<u>( 1,526,606)</u>	<u>( 6)</u>
6900 <b>Operating Income</b>		<u>3,351,566</u>	<u>13</u>	<u>3,420,376</u>	<u>13</u>
<b>Non-operating Income and Expenses</b>					
7010 Other income	6(18)	130,645	-	109,938	-
7020 Other gains and losses	6(19)	292,236	1	( 78,559)	-
7050 Finance costs		( 5,900)	-	( 1,581)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	( 30,403)	-	-	-
7000 <b>Total non-operating income and expenses</b>		<u>386,578</u>	<u>1</u>	<u>29,798</u>	<u>-</u>
7900 <b>Income before income tax</b>		<u>3,738,144</u>	<u>14</u>	<u>3,450,174</u>	<u>13</u>
7950 Income tax expense	6(21)	( 539,187)	( 2)	( 501,839)	( 2)
8200 <b>Net income</b>		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
<b>Other comprehensive income</b>					
8310 Foreign exchange translation differences for foreign operations		\$ 148,571	1	(\$ 115,143)	-
8325 Unrealized gain (loss) on available-for-sale financial assets	6(5)	2,085	-	( 10,431)	-
8360 Actuarial gain on defined benefit plan	6(11)	5,387	-	19,317	-
8399 Income tax on other comprehensive income	6(21)	( 25,258)	-	19,594	-
8500 <b>Total comprehensive income</b>		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
<b>Net income attributable to:</b>					
8610 Owners of parent		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
<b>Comprehensive income attributable to:</b>					
8710 Owners of parent		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
<b>Basic earnings per share</b>	6(22)				
9750 <b>Basic earnings per share</b>		<u>\$</u>	<u>7.43</u>	<u>\$</u>	<u>6.84</u>
9850 <b>Diluted earnings per share</b>		<u>\$</u>	<u>7.41</u>	<u>\$</u>	<u>6.83</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 19, 2014.



TRANSCEND INFORMATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent								
	Capital Reserves				Retained Earnings		Other equity interest		Total equity
	Common stock	Additional paid-in capital	Capital surplus from donated assets	Capital surplus from merger	Legal reserve	Unappropriated earnings	Foreign exchange translation differences for foreign operations	Unrealized gain or loss on available-for-sale financial assets	
<u>For the year ended December 31, 2012</u>									
Balance at January 1, 2012	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,162,186	\$ 7,327,965	\$ -	(\$ 10,287)	\$ 18,801,937
Appropriations of 2011 earnings									
Legal reserve	-	-	-	-	286,615	( 286,615 )	-	-	-
Cash dividends	-	-	-	-	-	( 2,369,190 )	-	-	( 2,369,190 )
Net income for the year	-	-	-	-	-	2,948,335	-	-	2,948,335
Other comprehensive income for the year	-	-	-	-	-	19,317	( 95,549 )	( 10,431 )	( 86,663 )
Balance at December 31, 2012	<u>\$ 4,307,617</u>	<u>\$ 4,975,222</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,448,801</u>	<u>\$ 7,639,812</u>	<u>(\$ 95,549)</u>	<u>(\$ 20,718)</u>	<u>\$ 19,294,419</u>
<u>For the year ended December 31, 2013</u>									
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									
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	-	-	-	-	-	5,387	123,313	2,085	130,785
Balance at December 31, 2013	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,733,339</u>	<u>\$ 7,975,047</u>	<u>\$ 27,764</u>	<u>(\$ 18,633)</u>	<u>\$ 19,824,209</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 19, 2014.

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
(Expressed in thousands of New Taiwan Dollars)

	2013	2012
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Consolidated profit before tax for the year	\$ 3,738,144	\$ 3,450,174
Adjustments to reconcile income before tax to net cash provided by operating activities:		
Income and expenses having no effect on cash flows		
Net gains on valuation of financial assets at fair value through profit or loss	( 29,979 )	-
Gain on disposal of financial assets	( 112,397 )	( 27,973 )
Share of loss of associates and joint ventures accounted for using equity method	30,403	-
Provision for bad debt expense	14,900	10,673
Loss (gain) on market price decline (recovery) of inventory	( 9,668 )	16,395
Depreciation expense	238,147	237,463
Amortization expense	2,238	2,956
Interest income	( 115,182 )	( 95,494 )
Impairment loss on financial assets	-	30,000
Gains on disposal of property, plant, and equipment	( 1,916 )	( 746 )
Dividend income	( 15,074 )	( 24,584 )
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	29,979	-
Notes and accounts receivable	( 160,225 )	( 54,535 )
Other receivables	39,086	66,651
Inventories	1,156,059	( 1,736,401 )
Other current assets	1,708	( 11,512 )
Net changes in liabilities relating to operating activities		
Notes and accounts payable	( 610,339 )	1,613,568
Other payables	( 67,664 )	( 120,355 )
Other current liabilities	10,436	( 19,963 )
Other non-current liabilities	( 5,131 )	( 4,616 )
Cash generated from operations	4,133,525	3,331,701
Cash dividend received	15,074	24,584
Interest received	99,849	82,040
Interest paid	( 6,728 )	( 753 )
Income tax paid	( 498,742 )	( 653,223 )
Net cash provided by operating activities	3,742,978	2,784,349
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Decrease (increase) in bond investments without active markets	388,276	( 350,943 )
Acquisition of property, plant, and equipment	( 54,858 )	( 48,915 )
Disposal of property, plant, and equipment	7,780	3,579
Decrease (increase) in other non-current assets	( 8,640 )	( 990 )
Net cash provided by (used in) investing activities	332,558	( 397,269 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Short-term loans	447,390	168,200
Payment of cash dividends (including cash distribution of capital reserve)	( 2,799,952 )	( 2,369,190 )
Net cash used in financing activities	( 2,352,562 )	( 2,200,990 )
Effect of foreign exchange rate changes	44,288	( 22,110 )
Increase in cash and cash equivalents	1,767,262	163,980
Cash and cash equivalents at beginning of year	9,872,243	9,708,263
Cash and cash equivalents at end of year	\$ 11,639,505	\$ 9,872,243

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 19, 2014.

## TRANSCEND INFORMATION INC.

## COMPARISON TABLE FOR THE “PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS

After the revision	Before the revision	Explanation
<p>Article 3 : Scope of assets (omitting)</p> <p>2. Real property (including <u>land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</u> (omitting)</p>	<p>Article 3 : Scope of assets (omitting)</p> <p>2. Real property (including <u>construction enterprise inventory) and other fixed assets.</u> (omitting)</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 4 : Definitions of Term (omitting)</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3. Related party <u>and Subsidiary</u>: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment.</u></p>	<p>Article 4 : Definitions of Term (omitting)</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. <u>Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>other fixed assets</u>.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
<p>Article 10 : In acquiring or disposing of real property or <u>equipment</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of</p>	<p>Article 10 : In acquiring or disposing of real property or <u>other fixed assets</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by <u>the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> </ol> </li> </ol>	<p>occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by <u>the Accounting Research and Development Foundation</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the</li> </ol> </li> </ol>	
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<p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 12 : The procedures for Related Party Transactions (omitting)</p> <p>2. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the</p>	<p>Article 12 : The procedures for Related Party Transactions (omitting)</p> <p>2. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>related party, or through engaging the related party to develop the real property, either on the Company's own land or on rented land.</p> <p>3. Appraisal and Operating procedures When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds,</u> the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(omitting)</p> <p>For acquisition or disposition of <u>equipment</u> between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal.</p> <p>(omitting)</p>	<p>development contract with the related party.</p> <p>3. Appraisal and Operating procedures When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(omitting)</p> <p>For acquisition or disposition of <u>machinery equipment</u> between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal.</p> <p>(omitting)</p>	
<p>Article 13 : The procedures for acquisition or disposition of memberships and intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets and the</p>	<p>Article 13 : The procedures for acquisition or disposition of memberships and intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets and</p>	<p>The Company proposes to amend the "Procedures for Acquisition or Disposal of Assets" to comply with amendment to "Regulations Governing Acquisition or Disposal of Assets by Public</p>

<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 15 : The procedures for acquisition or disposition of Derivatives (omitting) 6. Internal Control G. A company shall report to the <u>latest</u> meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with this procedures for engaging in derivatives trading.</p>	<p>Article 15 : The procedures for acquisition or disposition of Derivatives (omitting) 6. Internal Control G. A company shall report to the meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with this procedures for engaging in derivatives trading.</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 19 : Information Disclosure Procedures 1. Projects that shall be declared or Report Standard A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of</p>	<p>Article 19 : Information Disclosure Procedures 1. Projects that shall be declared or Report Standard A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>



<p><u>government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</u></p> <p>(omitting)</p> <p>D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of securities by a securities firm, either in the primary market in accordance with relevant regulations.</u></p> <p>(3) <u>Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</u></p> <p>(4) Where the type of asset acquired or disposed is <u>equipment</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(omitting)</p>	<p>trading of <u>government bonds or bonds under repurchase and resale agreements.</u></p> <p>(omitting)</p> <p>D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>(3) <u>Trading of bonds under repurchase/resale agreements.</u></p> <p>(4) Where the type of asset acquired or disposed is <u>machinery equipment</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(omitting)</p>	
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## TRANSCEND INFORMATION INC.

## COMPARISON TABLE FOR THE “ARTICLES OF INCORPORATION

After the revision	Before the revision	Explanation
<p><b>Section III - Shareholders’ meetings</b> Article 12 : Except as provided in the Company Law of the Republic of China, shareholders’ meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. <u>Pursuant to Article 177-1 of the Company Act, the shareholders may vote via written form or an electronic voting system, and the manner or voting shall be clearly stated in each meeting notice.</u></p>	<p><b>Section III - Shareholders’ meetings</b> Article 12 : Except as provided in the Company Law of the Republic of China, shareholders’ meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.</p>	<p>To carry out Shareholder Activism, the Company proposes to amend the “Articles of Incorporation” to include the use of an electronic voting system by shareholders pursuant to Article 177-1 of the Company Act.</p>
<p>Article 13-1 : To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. <u>A candidate nomination system shall be adopted, and the shareholders meeting shall elect all directors (including independent directors) from among the those listed on the slate of director candidates.</u> The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.</p>	<p>Article 13-1 : To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. <u>A candidate nomination system shall be adopted, and the shareholders meeting shall elect independent directors from among the those listed on the slate of independent director candidates.</u> The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.</p>	<p>To improve corporation government, the Company proposed to amend the “Articles of Incorporation” to adopt a candidate nomination system for the election of directors pursuant to Article 192-1 of the Company Act.</p>

<p>Article 24 :</p> <p>These Articles of Incorporation were adopted on August 23, 1989.</p> <p>The first amendment was made on January 28, 1991.</p> <p>The second amendment was made on May 25, 1992.</p> <p>The third amendment was made on September 1, 1992.</p> <p>The fourth amendment was made on July 30, 1994.</p> <p>The fifth amendment was made on June 8, 1995.</p> <p>The sixth amendment was made on July 8, 1997.</p> <p>The seventh amendment was made on August 15, 1997.</p> <p>The eighth amendment was made on September 12, 1997.</p> <p>The ninth amendment was made on June 20, 1998.</p> <p>The 10th amendment was made on September 15, 1998.</p> <p>The 11th amendment was made on June 12, 1999.</p> <p>The 12th amendment was made on April 15, 2000.</p> <p>The 13th amendment was made on April 9, 2001.</p> <p>The 14th amendment was made on June 10, 2002.</p> <p>The 15th amendment was made on June 3, 2003.</p> <p>The 16th amendment was made on June 11, 2004.</p> <p>The 17th amendment was made on June 13, 2005.</p> <p>The 18th amendment was made on June 14, 2006.</p>	<p>Article 24 :</p> <p>These Articles of Incorporation were adopted on August 23, 1989.</p> <p>The first amendment was made on January 28, 1991.</p> <p>The second amendment was made on May 25, 1992.</p> <p>The third amendment was made on September 1, 1992.</p> <p>The fourth amendment was made on July 30, 1994.</p> <p>The fifth amendment was made on June 8, 1995.</p> <p>The sixth amendment was made on July 8, 1997.</p> <p>The seventh amendment was made on August 15, 1997.</p> <p>The eighth amendment was made on September 12, 1997.</p> <p>The ninth amendment was made on June 20, 1998.</p> <p>The 10th amendment was made on September 15, 1998.</p> <p>The 11th amendment was made on June 12, 1999.</p> <p>The 12th amendment was made on April 15, 2000.</p> <p>The 13th amendment was made on April 9, 2001.</p> <p>The 14th amendment was made on June 10, 2002.</p> <p>The 15th amendment was made on June 3, 2003.</p> <p>The 16th amendment was made on June 11, 2004.</p> <p>The 17th amendment was made on June 13, 2005.</p> <p>The 18th amendment was made on June 14, 2006.</p>	
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The 19th amendment was made on June 11, 2007.	The 19th amendment was made on June 11, 2007.	
The 20th amendment was made on June 13, 2008.	The 20th amendment was made on June 13, 2008.	
The 21th amendment was made on June 16, 2009.	The 21th amendment was made on June 16, 2009.	
The 22th amendment was made on June 17, 2010.	The 22th amendment was made on June 17, 2010.	
The 23th amendment was made on June 10, 2011.	The 23th amendment was made on June 10, 2011.	
The 24th amendment was made on January 5, 2012.	The 24th amendment was made on January 5, 2012.	
The 25th amendment was made on June 13, 2013.		
The 26th amendment was made on June 12, 2014.		

## TRANSCEND INFORMATION INC.

## COMPARISON TABLE FOR THE "PROCEDURES FOR ELECTION OF DIRECTOR

After the revision	Before the revision	Explanation
<p>Article 1 : The directors of this Company shall be elected in accordance with the rules specified herein and <u>all directors (including independent directors)</u> shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.</p>	<p>Article 1 : The directors of this Company shall be elected in accordance with the rules specified herein. This Company' s <u>independent directors</u> shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.</p>	<p>The Company proposes to amend the "Procedures for Election of Directors" to comply with amendment to "Articles of Incorporation".</p>