

**DIMERCO EXPRESS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019**

**Address: 11F, No. 160, Sec. 6, Min Chuan East Road, Taipei,
Taiwan, R.O.C.**

Telephone: (02)2796-3660

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~29
(7) Related-party transactions	29
(8) Pledged assets	30
(9) Commitments and contingencies	30~31
(10) Losses Due to Major Disasters	31
(11) Subsequent Events	31
(12) Other	31
(13) Other disclosures	
(a) Information on significant transactions	32~34
(b) Information on investees	34~35
(c) Information on investment in mainland China	35
(d) Major shareholders	35
(14) Segment information	36

Independent Auditors' Review Report

To the Board of Directors of
Dimerco Express Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Dimerco Express Corporation and its subsidiaries as of June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, as well as the changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,262,493 thousand and \$1,630,358 thousand, constituting 20% and 32% of consolidated total assets; and the total liabilities amounting to \$334,778 thousand and \$561,698 thousand, constituting 9% and 20% of the consolidated total liabilities at June 30, 2020 and 2019, respectively; as well as the total comprehensive income (loss) amounting to \$10,762 thousand, \$56,920 thousand, \$(11,455) thousand and \$85,556 thousand, constituting 3%, 39%, (2)% and 33% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(c), the other equity accounted investments of the Group in its investee companies of \$206,588 thousand and \$23,897 thousand at June 30, 2020 and 2019, respectively, and its equity in net earnings on these investee companies of \$4,427 thousand, \$0 thousand, \$4,427 thousand and \$338 thousand for the three months and six months ended June 30, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Dimerco Express Corporation and its subsidiaries as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, as well as its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Dimerco Air Forwarders (HK) Ltd., subsidiaries of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Dimerco Air Forwarders (HK) Ltd., is based solely on the review report of another auditor. The financial statements of Dimerco Air Forwarders (HK) Ltd. reflect total assets amounting to \$379,250 thousand and \$479,048 thousand, constituting 6% and 10% of consolidated total assets at June 30, 2020 and 2019, respectively, and total revenues amounting to \$400,271 thousand, \$283,808 thousand, \$658,008 thousand and \$588,557 thousand, constituting 6%, 7%, 6% and 7% of consolidated total revenues for the three months and six months ended June 30, 2020 and 2019.

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2020 and 2019

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31, and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2020		December 31, 2019		June 30, 2019			Liabilities and Equity	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 2,392,645	38	1,714,775	33	1,722,577	34	2100	Short-term borrowings (notes 6(d), (g) and 8)	\$ 732,592	12	709,592	14	628,025	12
1150 Notes receivable, net (note 6(b))	7,432	-	5,226	-	8,390	-	2150	Notes payable	31,908	1	27,137	-	30,070	1
1170 Accounts receivable, net (note 6(b))	2,398,219	39	2,257,507	43	2,017,820	40	2170	Accounts payable	1,948,204	31	1,631,085	31	1,457,499	30
1470 Other current assets (note 8)	119,976	2	97,979	2	134,960	3	2216	Dividends payable (note 6(k))	173,550	3	2,287	-	190,934	4
Total current assets	4,918,272	79	4,075,487	78	3,883,747	77	2230	Income tax payable	147,209	2	28,913	1	42,511	1
Non-current assets:							2280	Current lease liabilities (note 6(h))	158,985	3	160,677	3	172,370	3
1517 Financial assets at fair value through other comprehensive income							2399	Other current liabilities (note 6(n))	300,173	5	237,482	5	170,453	3
— non-current	444	-	447	-	5,535	-		Total current liabilities	3,492,621	57	2,797,173	54	2,691,862	54
1551 Investments accounted for using the equity method (note 6(c))	206,588	3	20,092	-	23,897	-		Non-Current liabilities:						
1600 Property, plant and equipment (notes 6(d), 8 and 9)	580,883	9	608,305	11	629,858	13	2570	Deferred income tax liabilities	435	-	439	-	343	-
1755 Right-of-use assets (note 6(e))	340,550	6	344,911	7	341,623	7	2580	Non-current lease liabilities (note 6(h))	146,417	2	145,918	3	122,789	2
1805 Goodwill (note 6(f))	33,777	1	34,179	1	26,850	1	2640	Net defined benefit liabilities	24,009	-	24,016	-	45,450	1
1840 Deferred income tax assets	33,158	1	32,957	1	39,394	1	2670	Other non-current liabilities	12,561	-	14,497	-	8,306	-
1920 Refundable deposits	77,697	1	84,205	2	73,140	1		Total non-current liabilities	183,422	2	184,870	3	176,888	3
1990 Other non-current assets (notes 6(b), 8 and 9)	6,786	-	7,936	-	7,892	-		Total liabilities	3,676,043	59	2,982,043	57	2,868,750	57
Total non-current assets	1,279,883	21	1,133,032	22	1,148,189	23		Equity attributable to owners of parent (note 6(k)):						
							3100	Common stock	1,260,000	20	1,260,000	24	1,260,000	25
							3200	Capital surplus	19,362	-	19,362	-	19,362	-
							33xx	Retained earnings:						
							3310	Legal reserve	394,064	6	353,700	7	353,700	7
							3320	Special reserve	182,174	3	182,174	4	182,174	4
							3350	Unappropriated retained earnings	842,036	14	484,841	9	285,918	6
									1,418,274	23	1,020,715	20	821,792	17
							34xx	Other equity:						
							3410	Foreign currency translation differences for foreign operations	(282,224)	(4)	(167,315)	(3)	(43,607)	(1)
								Total equity attributable to owners of parent	2,415,412	39	2,132,762	41	2,057,547	41
							36xx	Non-controlling interests	106,700	2	93,714	2	105,639	2
								Total equity	2,522,112	41	2,226,476	43	2,163,186	43
Total assets	\$ 6,198,155	100	5,208,519	100	5,031,936	100	2-3xxx	Total liabilities and equity	\$ 6,198,155	100	5,208,519	100	5,031,936	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	<u>For the three months ended June 30</u>				<u>For the six months ended June 30</u>				
	<u>2020</u>		<u>2019</u>		<u>2020</u>		<u>2019</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Operating revenue (note 6(m))								
	\$ 7,035,287	100	4,219,855	100	11,188,381	100	8,321,067	100	
5000	Operating costs								
	<u>5,794,967</u>	<u>82</u>	<u>3,478,494</u>	<u>83</u>	<u>9,285,480</u>	<u>83</u>	<u>6,915,103</u>	<u>83</u>	
5900	Gross profit from operations								
	<u>1,240,320</u>	<u>18</u>	<u>741,361</u>	<u>17</u>	<u>1,902,901</u>	<u>17</u>	<u>1,405,964</u>	<u>17</u>	
6000	Operating expenses (notes 6(b), (d), (e), (h), (i), (n) and 7):								
6100	Selling expenses	169,184	2	173,596	4	336,776	3	343,458	4
6200	Administrative expenses	459,827	7	391,911	9	842,749	8	774,462	10
6450	Expected credit losses	<u>18,770</u>	-	<u>14,138</u>	-	<u>24,402</u>	-	<u>26,840</u>	-
	Total operating expenses	<u>647,781</u>	<u>9</u>	<u>579,645</u>	<u>13</u>	<u>1,203,927</u>	<u>11</u>	<u>1,144,760</u>	<u>14</u>
6900	Net operating income								
	<u>592,539</u>	<u>9</u>	<u>161,716</u>	<u>4</u>	<u>698,974</u>	<u>6</u>	<u>261,204</u>	<u>3</u>	
7000	Non-operating income and expenses (notes 6(c), (h) and (o)):								
7100	Interest income	1,855	-	1,766	-	2,373	-	3,108	-
7010	Other income	17,710	-	543	-	20,165	-	2,786	-
7020	Other gains and losses	(9,239)	-	4,456	-	10,661	-	(3,161)	-
7050	Finance costs	(4,909)	-	(5,204)	-	(7,974)	-	(8,924)	-
7060	Share of profit of associates accounted for using the equity method	<u>4,427</u>	-	<u>-</u>	-	<u>4,427</u>	-	<u>338</u>	-
	Total non-operating income and expenses	<u>9,844</u>	-	<u>1,561</u>	-	<u>29,652</u>	-	<u>(5,853)</u>	-
7900	Profit from continuing operations before tax								
	602,383	9	163,277	4	728,626	6	255,351	3	
7950	Less: Income tax expenses (note 6(j))								
	<u>120,139</u>	<u>2</u>	<u>29,756</u>	<u>1</u>	<u>145,730</u>	<u>1</u>	<u>42,882</u>	<u>1</u>	
	Net income								
	<u>482,244</u>	<u>7</u>	<u>133,521</u>	<u>3</u>	<u>582,896</u>	<u>5</u>	<u>212,469</u>	<u>2</u>	
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(108,054)	(2)	13,799	-	(115,900)	(1)	50,117	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(108,054)</u>	<u>(2)</u>	<u>13,799</u>	-	<u>(115,900)</u>	<u>(1)</u>	<u>50,117</u>	<u>1</u>
8300	Other comprehensive income								
	<u>(108,054)</u>	<u>(2)</u>	<u>13,799</u>	-	<u>(115,900)</u>	<u>(1)</u>	<u>50,117</u>	<u>1</u>	
8500	Total comprehensive income (loss)								
	<u>\$ 374,190</u>	<u>5</u>	<u>147,320</u>	<u>3</u>	<u>466,996</u>	<u>4</u>	<u>262,586</u>	<u>3</u>	
	Profit attributable to:								
8610	Owners of parent	\$ 471,484	7	131,607	3	568,919	5	205,525	2
8620	Non-controlling interests	<u>10,760</u>	-	<u>1,914</u>	-	<u>13,977</u>	-	<u>6,944</u>	-
	Total comprehensive income (loss) attributable to:	<u>\$ 482,244</u>	<u>7</u>	<u>133,521</u>	<u>3</u>	<u>582,896</u>	<u>5</u>	<u>212,469</u>	<u>2</u>
8710	Owners of parent	\$ 362,548	5	143,923	3	454,010	4	249,358	3
8720	Non-controlling interests	<u>11,642</u>	-	<u>3,397</u>	-	<u>12,986</u>	-	<u>13,228</u>	-
	Total comprehensive income (loss) attributable to:	<u>\$ 374,190</u>	<u>5</u>	<u>147,320</u>	<u>3</u>	<u>466,996</u>	<u>4</u>	<u>262,586</u>	<u>3</u>
	Earnings per share (NT dollars) (note 6(l))								
9750	Basic earnings per share	<u>\$ 3.74</u>		<u>1.04</u>		<u>4.52</u>		<u>1.63</u>	
9850	Diluted earnings per share	<u>\$ 3.70</u>		<u>1.04</u>		<u>4.44</u>		<u>1.61</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Total			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance at January 1, 2019	\$ 1,260,000	19,362	327,398	182,174	295,695	805,267	(87,440)	(87,440)	1,997,189	92,411	2,089,600
Appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	26,302	-	(26,302)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(189,000)	(189,000)	-	-	(189,000)	-	(189,000)
Net income	-	-	-	-	205,525	205,525	-	-	205,525	6,944	212,469
Other comprehensive income	-	-	-	-	-	-	43,833	43,833	43,833	6,284	50,117
Total comprehensive income	-	-	-	-	205,525	205,525	43,833	43,833	249,358	13,228	262,586
Balance at June 30, 2019	\$ 1,260,000	19,362	353,700	182,174	285,918	821,792	(43,607)	(43,607)	2,057,547	105,639	2,163,186
Balance at January 1, 2020	\$ 1,260,000	19,362	353,700	182,174	484,841	1,020,715	(167,315)	(167,315)	2,132,762	93,714	2,226,476
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	40,364	-	(40,364)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(171,360)	(171,360)	-	-	(171,360)	-	(171,360)
Net income	-	-	-	-	568,919	568,919	-	-	568,919	13,977	582,896
Other comprehensive income	-	-	-	-	-	-	(114,909)	(114,909)	(114,909)	(991)	(115,900)
Total comprehensive income	-	-	-	-	568,919	568,919	(114,909)	(114,909)	454,010	12,986	466,996
Balance at June 30, 2020	\$ 1,260,000	19,362	394,064	182,174	842,036	1,418,274	(282,224)	(282,224)	2,415,412	106,700	2,522,112

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from operating activities:		
Net income before tax	\$ 728,626	255,351
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	115,170	113,790
Amortization expense	111	94
Expected credit losses	24,401	26,840
Interest expense	7,974	8,924
Interest income	(2,373)	(3,108)
Share of profit of associates accounted for using the equity method	(4,427)	(338)
Gain (loss) on disposal of property, plant and equipment	128	(1,301)
Unrealized foreign exchange loss (gain)	22,954	(7,009)
Total adjustments to reconcile profit and loss	<u>163,938</u>	<u>137,892</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(2,206)	4,159
Accounts receivable	(165,113)	340,134
Other current assets	(21,997)	(17,556)
Total changes in operating assets, net	<u>(189,316)</u>	<u>326,737</u>
Net changes in operating liabilities:		
Notes payable	4,771	(3,962)
Accounts payable	317,119	(122,635)
Other current liabilities	62,691	15,656
Net defined benefit liabilities	(7)	(1,995)
Total changes in operating liabilities, net	<u>384,574</u>	<u>(112,936)</u>
Total changes in operating assets and liabilities, net	<u>195,258</u>	<u>213,801</u>
Total adjustments	<u>359,196</u>	<u>351,693</u>
Cash inflow generated from operations	1,087,822	607,044
Interest received	2,373	3,108
Interest paid	(7,974)	(8,924)
Income taxes paid	(27,434)	(27,653)
Net cash provided by operating activities	<u>1,054,787</u>	<u>573,575</u>
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	(183,547)	-
Acquisition of property, plant and equipment	(3,207)	(19,055)
Proceeds from disposal of property, plant and equipment	72	4,626
Decrease (increase) in refundable deposits	6,508	(839)
Decrease (increase) in other non-current assets	1,039	(341)
Net cash used in investing activities	<u>(179,135)</u>	<u>(15,609)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	37,000	277,025
Decrease in short-term borrowings	(14,000)	(289,025)
Payment of lease liabilities	(102,849)	(90,764)
(Decrease) increase in other non-current liabilities	(1,936)	2,361
Cash dividends paid	(97)	-
Net cash used in financing activities	<u>(81,882)</u>	<u>(100,403)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(115,900)</u>	<u>50,117</u>
Net increase in cash and cash equivalents	677,870	507,680
Cash and cash equivalents at beginning of period	<u>1,714,775</u>	<u>1,214,897</u>
Cash and cash equivalents at end of period	<u>\$ 2,392,645</u>	<u>1,722,577</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

DIMERCO EXPRESS CORPORATION (DIMITW or the Company) (originally named Dimerco Express (Taiwan) Corporation, changed in June 2012) was incorporated in August 1985 as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise DIMITW and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the business of air freight forwarding, ocean freight forwarding, and customs brokerage service, and related investing activities.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were reported to the Board of Directors and issued on August 10, 2020.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of consolidation

The principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2019.

Subsidiaries included in the consolidated financial statements are as follows:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Primary business</u>	<u>Shareholding</u>			<u>Remarks</u>
			<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>	
The Company	Dimerco International Logistic Corp. (DIL)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Express Holding Co., Ltd. (Holding)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Freight System Corporation (DFSTW)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 2
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	86.11 %	86.11 %	86.11 %	Note 2

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
The Company	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DFSTW	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	60.00 %	
DIL	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global logistics service	99.99 %	99.99 %	99.99 %	
DIL	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	13.89 %	13.89 %	13.89 %	Note 2
DIL	Dimerco Express (U.K.) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	37.50 %	Note 2
DIL	Dimerco Express (U.S.A.) Corp. (DIMUS)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIL	Global Marketing System Co., Ltd. (GMS)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 2
DIMHK	Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DIMHK	Dimerco Zhonging Int'l Express Co., Ltd. (ZJDCN)	Global logistics service	75.00 %	75.00 %	75.00 %	
DIMHK	Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	Global logistics service	75.00 %	75.00 %	75.00 %	Note 2
FSCHK	Dimerco Express (U.K.) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	62.50 %	Note 2
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	60.01 %	Note 2
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
GMS	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Logistics Sdn Bhd. (DILMY)	Global logistics service	49.00 %	49.00 %	49.00 %	Notes 1 and 2
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	48.99 %	Notes 1 and 2
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	39.99 %	Note 2

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2020	December 31, 2019	June 30, 2019	
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Diversified Freight System Ltd. (DFSHK)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 2
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	100.00 %	Note 2
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	60.00 %	60.00 %	60.00 %	Note 2
DIMMY	Danau Muhibbah	Real estate investment	100.00 %	100.00 %	100.00 %	Note 2
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	39.99 %	Notes 1 and 2

Note 1: The Group owns less than 50% of the subsidiaries' voting stock, but the Group has control over the subsidiaries' financial and operating policies through agreement with other investors. Therefore, the Group includes the subsidiaries in the consolidated financial statements.

Note 2: It is a non-significant subsidiary, and its financial statements have not been reviewed.

In January 2019, DILHK was incorporated and fully owned by GMS; therefore, became a subsidiary of the Group.

In June 2019, GMS participated in the capital increase of Diversified International Logistics Service Company Ltd., with the amount of CNY1,000 thousand.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time event.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Government grants

The Group recognizes an unconditional government grant on profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(e) Income tax

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as current tax expense.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the interim consolidated financial statements is in conformity with IAS 34 “Interim Financial Reporting” endorsed by FSC. The standard requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2019.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand	\$ 4,479	4,406	4,278
Checking accounts and savings deposits	2,200,175	1,595,240	1,533,432
Time deposits	<u>187,991</u>	<u>115,129</u>	<u>184,867</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 2,392,645</u>	<u>1,714,775</u>	<u>1,722,577</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(p) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes and accounts receivable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes receivable	\$ 7,432	5,226	8,390
Accounts receivable	2,480,392	2,315,563	2,105,304
Overdue receivable	3,120	2,835	3,780
Less: allowance for doubtful accounts – accounts receivable	82,173	58,056	87,484
allowance for doubtful accounts – overdue receivable	3,120	2,835	3,780
	<u>\$ 2,405,651</u>	<u>2,262,733</u>	<u>2,026,210</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	<u>June 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,760,302	0%	-
1 to 30 days past due	678,903	6%	40,618
31 to 60 days past due	37,176	81%	30,112
61 to 90 days past due	3,171	100%	3,171
91 to 365 days past due	2,158	100%	2,158
More than 365 days	9,234	100%	9,234
	<u>\$ 2,490,944</u>		<u>85,293</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 2,198,919	0%	-
1 to 30 days past due	74,099	35%	25,794
31 to 60 days past due	28,889	50%	14,445
61 to 90 days past due	5,327	80%	4,262
91 to 365 days past due	2,505	100%	2,505
More than 365 days	13,885	100%	13,885
	<u>\$ 2,323,624</u>		<u>60,891</u>

	June 30, 2019		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 1,547,664	0%	-
1 to 30 days past due	508,520	9%	50,187
31 to 60 days past due	30,382	44%	13,368
61 to 90 days past due	10,451	69%	7,253
91 to 365 days past due	20,457	100%	20,456
	<u>\$ 2,117,474</u>		<u>91,264</u>

The movement in the allowance for accounts receivable and notes receivables were as follows:

	For the six months ended June 30	
	2020	2019
Balance at January 1	\$ 60,891	64,424
Impairment losses recognized	24,402	26,840
Balance at June 30	<u>\$ 85,293</u>	<u>91,264</u>

(c) Investments accounted for using the equity method

A summary of the Group's investments accounted for using the equity method at the reporting date is as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Associates	<u>\$ 206,588</u>	<u>20,092</u>	<u>23,897</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

The details of significant associate were as follows:

Name of associate	Existing relationship with the Group	Main operating location / country of registration	Proportion of equity and voting rights June 30, 2020
ITG Air & Sea GmbH	Globalar and ocean freight forwarder	Germany	25.00 %

A summary of the financial information of the significant associate is as follows:

1) Summary of financial information of ITG Air & Sea GmbH

The Group acquired 25% of the shares of ITG Air & Sea GmbH (hereinafter referred as ITG GmbH) for \$183,547 thousand (EUR5,458 thousand) in cash in 2020, and therefore the group has significant influence on ITG GmbH.

	June 30, 2020		
Current assets	\$ 678,602		
Non-current assets	77,821		
Current liabilities	(485,479)		
Non-current liabilities	(47,685)		
Net assets	<u>\$ 223,259</u>		
The Group's share of net assets	<u>\$ 55,815</u>		
		For the three months ended June 30, 2020	For the six months ended June 30, 2020
Revenue	\$ 506,430	<u>506,430</u>	<u>1,043,314</u>
Profit from continuing operations	\$ 9,957	<u>9,957</u>	<u>10,812</u>
Other comprehensive income	-	<u>-</u>	<u>-</u>
Profit and total comprehensive income	<u>\$ 9,957</u>	<u>9,957</u>	<u>10,812</u>
The Group's share of profit and total comprehensive income	<u>\$ 2,489</u>	<u>2,489</u>	<u>2,703</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2020
Beginning balance of the equity of the associate attributable to the Group	\$ -
Total comprehensive income (loss) of the associate attributable to the Group	2,703
Acquisition of associate	183,547
Exchange difference	(744)
Ending balance of the equity of the associate attributable to the Group	\$ 185,506

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amount of individually insignificant associates' equity	\$ 21,082	20,092	23,897

- (ii) Collateral

As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any investment accounted for using the equity method as collaterals for its loans

- (iii) The unreviewed financial statements of investments accounted for using the equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

- (d) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost or deemed cost:							
Balance at January 1, 2020	\$ 184,645	542,760	36,978	154,022	60,618	59,108	1,038,131
Additions	-	-	-	1,608	1,015	584	3,207
Disposals	-	-	-	(3,740)	-	(1,641)	(5,381)
Effect of changes in exchange rates	(541)	(13,867)	(946)	(2,032)	(2,609)	(3,140)	(23,135)
Balance at June 30, 2020	\$ 184,104	528,893	36,032	149,858	59,024	54,911	1,012,822
Balance at January 1, 2019	\$ 185,251	552,607	36,825	158,379	62,456	62,350	1,057,868
Additions	-	-	4,288	8,089	2,745	3,933	19,055
Disposals	-	-	(2,923)	(601)	(80)	(3,202)	(6,806)
Effect of changes in exchange rates	273	6,340	547	1,883	983	800	10,826
Balance at June 30, 2019	\$ 185,524	558,947	38,737	167,750	66,104	63,881	1,080,943

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation and impairment loss:							
Balance at January 1, 2020	\$ -	182,197	24,369	129,927	43,147	50,186	429,826
Depreciation	-	7,317	1,748	5,323	3,557	1,869	19,814
Disposal	-	-	-	(3,540)	-	(1,641)	(5,181)
Effect of changes in exchange rates	-	(4,247)	(683)	(2,664)	(2,288)	(2,638)	(12,520)
Balance at June 30, 2020	<u>\$ -</u>	<u>185,267</u>	<u>25,434</u>	<u>129,046</u>	<u>44,416</u>	<u>47,776</u>	<u>431,939</u>
Balance at January 1, 2019	\$ -	170,818	27,721	133,854	42,920	53,407	428,720
Depreciation	-	7,635	1,655	5,666	3,325	2,320	20,601
Disposal	-	-	(2,923)	(558)	-	-	(3,481)
Effect of changes in exchange rates	-	1,707	436	1,637	750	715	5,245
Balance at June 30, 2019	<u>\$ -</u>	<u>180,160</u>	<u>26,889</u>	<u>140,599</u>	<u>46,995</u>	<u>56,442</u>	<u>451,085</u>
Carrying value:							
January 1, 2020	<u>\$ 184,645</u>	<u>360,563</u>	<u>12,609</u>	<u>24,095</u>	<u>17,471</u>	<u>8,922</u>	<u>608,305</u>
June 30, 2020	<u>\$ 184,104</u>	<u>343,626</u>	<u>10,598</u>	<u>20,812</u>	<u>14,608</u>	<u>7,135</u>	<u>580,883</u>
June 30, 2019	<u>\$ 185,524</u>	<u>378,787</u>	<u>11,848</u>	<u>27,151</u>	<u>19,109</u>	<u>7,439</u>	<u>629,858</u>
January 1, 2019	<u>\$ 185,251</u>	<u>381,789</u>	<u>9,104</u>	<u>24,525</u>	<u>19,536</u>	<u>8,943</u>	<u>629,148</u>

As of June 30, 2020, December 31 and June 30, 2019, the property, plant and equipment of the Group had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

(e) Right-of-use assets

The Group leases its assets including land-use right, Offices, Warehouse, Transportation equipment and other equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 47,005	372,617	38,006	70,124	527,752
Additions	-	96,801	3,376	11,837	112,014
Lease modification	-	(38,513)	(4,247)	-	(42,760)
Effect of changes in exchange rates	(891)	(10,818)	(1,449)	(3,144)	(16,302)
Balance at June 30, 2020	<u>\$ 46,114</u>	<u>420,087</u>	<u>35,686</u>	<u>78,817</u>	<u>580,704</u>
Balance at January 1, 2019	\$ 48,002	367,336	5,755	2,952	424,045
Effect of changes in exchange rates	450	278	4	60	792
Balance at June 30, 2019	<u>\$ 48,452</u>	<u>367,614</u>	<u>5,759</u>	<u>12,892</u>	<u>434,717</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	\$ 1,307	135,907	15,103	30,524	182,841
Depreciation	328	70,115	8,102	16,811	95,356
Lease modification	-	(29,415)	(2,986)	-	(32,401)
Effect of changes in exchange rates	289	(3,961)	(618)	(1,352)	(5,642)
Balance at June 30, 2020	<u>\$ 1,924</u>	<u>172,646</u>	<u>19,601</u>	<u>45,983</u>	<u>240,154</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation	674	90,102	1,291	1,122	93,189
Effect of changes in exchange rates	-	(99)	-	4	(95)
Balance at June 30, 2019	<u>\$ 674</u>	<u>90,003</u>	<u>1,291</u>	<u>1,126</u>	<u>93,094</u>
Carrying amounts:					
January 1, 2020	<u>\$ 45,698</u>	<u>236,710</u>	<u>22,903</u>	<u>39,600</u>	<u>344,911</u>
June 30, 2020	<u>\$ 44,190</u>	<u>247,441</u>	<u>16,085</u>	<u>32,834</u>	<u>340,550</u>
June 30, 2019	<u>\$ 47,778</u>	<u>277,611</u>	<u>4,468</u>	<u>11,766</u>	<u>341,623</u>
January 1, 2019	<u>\$ 48,002</u>	<u>367,336</u>	<u>5,755</u>	<u>2,952</u>	<u>424,045</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Goodwill

	Goodwill
Balance at January 1, 2020	\$ 34,179
Effect of changes in exchange rates	(402)
Balance at June 30, 2020	\$ 33,777
Balance at January 1, 2019	\$ 26,844
Effect of changes in exchange rates	6
Balance at June 30, 2019	\$ 26,850

(g) Short-term borrowings

The details, terms and clauses of the Group's short-term borrowings were as follows:

(i) Short-term borrowings

	June 30, 2020		
	Interest rate	Maturity	Amount
	(%)	year	\$
Unsecured bank loans	0.65~1.03	2020	\$ 732,592
	December 31, 2019		
	Interest rate	Maturity	Amount
	(%)	year	\$
Unsecured bank loans	0.65~1.05	2020	\$ 709,592
	June 30, 2019		
	Interest rate	Maturity	Amount
	(%)	year	\$
Unsecured bank loans	0.95~1.07	2019	\$ 628,025

As of June 30, 2020, December 31 and June 30, 2019, the unused credit facilities of the Group's short-term borrowings amounted to \$307,268 thousand, \$341,668 thousand and \$244,218 thousand, respectively.

Please refer to note 6(p) for the information on the interest rate, foreign currency, and liquidity risk.

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(ii) Long-term borrowings

As of June 30, 2020, December 31 and June 30, 2019, the unused credit facilities of the Group's long-term borrowings amounted to \$150,000 thousand, \$0 thousand and \$150,000 thousand, respectively.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(h) Lease liabilities

The Group's lease liabilities were as follow:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Current	\$ <u>158,985</u>	<u>160,677</u>	<u>172,370</u>
Non-current	\$ <u>146,417</u>	<u>145,918</u>	<u>122,789</u>

For the maturity analysis, please refer to note 6(p).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>2,774</u>	<u>2,876</u>	<u>5,151</u>	<u>5,506</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>12,698</u>	<u>11,000</u>	<u>19,231</u>	<u>19,796</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>127,231</u>	<u>116,066</u>

(i) Employee benefits

(i) Defined benefit plans

Since there were no significant market fluctuations, curtailments, reimbursement and settlement, or other material one-time events since prior fiscal year, the pension cost for the interim periods was measured according to the actuarial report as of December 31, 2019 and 2018.

The expenses recognized in profit or loss for the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating expenses	\$ <u>811</u>	<u>865</u>	<u>1,638</u>	<u>1,741</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

For the three months and six months ended June 30, 2020 and 2019, the pension costs under the defined contribution method were \$7,906 thousand, \$8,077 thousand, \$15,479 thousand and \$16,320 thousand, respectively.

(j) Income tax

Income tax expense in the interim consolidated report was measured and disclosed in accordance with the estimated average annual effective income tax rate applied to the profit before tax.

The components of income tax expense were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax expense				
Current period	\$ 110,651	27,780	136,242	39,933
Undistributed earnings additional tax	9,636	1,785	9,636	1,785
Adjustment for prior periods	(148)	191	(148)	1,164
Income tax expense from continuing operations	<u>\$ 120,139</u>	<u>29,756</u>	<u>145,730</u>	<u>42,882</u>

The tax returns of DIMTW have been examined by the tax authorities through 2017.

(k) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in capital and other equity during the six months ended June 30, 2020 and 2019. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2019, for related information.

Earnings distribution for 2018 and 2017 was decided by the resolution adopted, at the general meeting of shareholders held on June 10, 2019, and June 8, 2018, respectively, was as follows:

	<u>2019</u>	<u>2018</u>
Dividends distributed to common shareholders:		
Cash	<u>\$ 171,360</u>	<u>189,000</u>

The related information can be obtained from the Market Observation Post System.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the six months ended June 30, 2020 and 2019, was as follows:

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
	Unit: thousand shares			
Net income attributable to ordinary shareholders of the Company	\$ <u>471,484</u>	<u>131,607</u>	<u>568,919</u>	<u>205,525</u>
Weighted-average number of ordinary shares	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>
Basic earnings per share (in NT dollars)	\$ <u>3.74</u>	<u>1.04</u>	<u>4.52</u>	<u>1.63</u>

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
	Net income attributable to ordinary shareholders of the Company	\$ <u>471,484</u>	<u>131,607</u>	<u>568,919</u>
Weighted-average number of ordinary shares (basic)	126,000	126,000	126,000	126,000
Impact of potential common shares				
Effect of employee stock bonus	<u>1,300</u>	<u>828</u>	<u>2,080</u>	<u>1,287</u>
Weighted-average number of ordinary shares (diluted)	<u>127,300</u>	<u>126,828</u>	<u>128,080</u>	<u>127,287</u>
Diluted earnings per share (in NT dollars)	\$ <u>3.70</u>	<u>1.04</u>	<u>4.44</u>	<u>1.61</u>

(m) Revenue from contracts with customers

	For the three months ended June 30, 2020			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 4,272,558	601,339	43,010	4,916,907
Ocean freight forwarding	996,755	685,519	49,918	1,732,192
Others	<u>237,273</u>	<u>145,681</u>	<u>3,234</u>	<u>386,188</u>
	<u>\$ 5,506,586</u>	<u>1,432,539</u>	<u>96,162</u>	<u>7,035,287</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30, 2019			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 1,830,192	322,824	55,952	2,208,968
Ocean freight forwarding	978,560	668,587	54,982	1,702,129
Others	<u>273,874</u>	<u>22,114</u>	<u>12,770</u>	<u>308,758</u>
	<u>\$ 3,082,626</u>	<u>1,013,525</u>	<u>123,704</u>	<u>4,219,855</u>
	For the six months ended June 30, 2020			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 6,103,362	1,041,633	86,618	7,231,613
Ocean freight forwarding	1,921,290	1,294,718	92,157	3,308,165
Others	<u>357,580</u>	<u>263,346</u>	<u>27,677</u>	<u>648,603</u>
	<u>\$ 8,382,232</u>	<u>2,599,697</u>	<u>206,452</u>	<u>11,188,381</u>
	For the six months ended June 30, 2019			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 3,597,941	641,628	107,032	4,346,601
Ocean freight forwarding	1,966,678	1,309,683	115,462	3,391,823
Others	<u>419,947</u>	<u>137,280</u>	<u>25,416</u>	<u>582,643</u>
	<u>\$ 5,984,566</u>	<u>2,088,591</u>	<u>247,910</u>	<u>8,321,067</u>

(n) Employee compensation and directors' and supervisors' remuneration

In accordance with the Company's articles, DIMTW should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' and supervisors' remuneration when it has realized profit for the year. Such profit means profit before income tax without deducting the employees' compensation and directors' and supervisors' remuneration. However, if the Company has accumulated deficits (including adjustments to unappropriated earnings), the profit should be reserved to offset the deficit. The amount of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The payment for director and supervisors' remuneration is must be in the form of cash.

The employees' compensation, and directors' and supervisors' remuneration were recognized as operating expenses on a specific percentage of the net income. These amounts are calculated by using the Company's net income before tax (without the employees' compensation, and directors' and supervisors' remuneration), multiplied by the percentage specified in the Company's article for each period. For the three months and six months ended June 30, 2020 and 2019, DIMTW recognized its employees' compensation of \$42,434 thousand, \$11,845 thousand, \$51,203 thousand and \$18,497 thousand, respectively, and directors' and supervisors' remuneration of \$12,730 thousand, \$3,553 thousand, \$15,361 thousand and \$5,549 thousand, respectively.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In its financial statements for the years ended December 31, 2019 and 2018, DIMTW accrued employees' compensation amounting to \$36,327 thousand and \$23,672 thousand, respectively, and directors' and supervisors' remuneration amounting to \$10,898 thousand and \$7,102 thousand, respectively, which was identical to the actual distribution. The information mentioned above can be accessed on the Market Observation Post System.

(o) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest income from bank deposits	\$ <u>1,855</u>	<u>1,766</u>	<u>2,373</u>	<u>3,108</u>

(ii) Other income

The details of the Group's other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Government grants	\$ 16,077	-	16,077	-
Other	<u>1,633</u>	<u>543</u>	<u>4,088</u>	<u>2,786</u>
Total other income	<u>\$ 17,710</u>	<u>543</u>	<u>20,165</u>	<u>2,786</u>

(iii) Other gains and losses

The details of the Group's other gain and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Gains (losses) on disposal of property, plant and equipment	\$ (174)	1,404	(128)	1,301
Gains (losses) on foreign exchange	(9,080)	3,232	10,891	(4,234)
Others gains and losses	<u>15</u>	<u>(180)</u>	<u>(102)</u>	<u>(228)</u>
Other gains and losses, net	<u>\$ (9,239)</u>	<u>4,456</u>	<u>10,661</u>	<u>(3,161)</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The details of the Group's finance costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest expense				
Bank loan	\$ 2,135	2,328	2,823	3,418
Lease liabilities	<u>2,774</u>	<u>2,876</u>	<u>5,151</u>	<u>5,506</u>
Net finance cost	<u>\$ 4,909</u>	<u>5,204</u>	<u>7,974</u>	<u>8,924</u>

(p) Financial instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

As of June 30, 2020, December 31 and June 30, 2019, there was no account receivable concentration of credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 732,592	713,210	713,210	-	-	-	-
Notes payable	31,908	31,908	31,908	-	-	-	-
Accounts payable	1,948,204	1,948,204	1,948,204	-	-	-	-
Lease liabilities	305,402	313,952	81,718	81,718	90,228	60,288	-
Dividend payable	173,550	173,550	173,550	-	-	-	-
	<u>\$ 3,191,656</u>	<u>3,180,824</u>	<u>2,948,590</u>	<u>81,718</u>	<u>90,228</u>	<u>60,288</u>	<u>-</u>
December 31, 2019							
Non-derivative financial liabilities							
Short-term loans	\$ 709,592	713,061	713,061	-	-	-	-
Notes payable	27,137	27,137	27,137	-	-	-	-
Accounts payable	1,631,085	1,631,085	1,631,085	-	-	-	-
Lease liabilities	306,595	315,179	83,502	83,502	87,988	60,187	-
Dividend payable	2,287	2,287	2,287	-	-	-	-
	<u>\$ 2,676,696</u>	<u>2,688,749</u>	<u>2,457,072</u>	<u>83,502</u>	<u>87,988</u>	<u>60,187</u>	<u>-</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2019							
Non-derivative financial liabilities							
Short-term borrowings	\$ 628,025	634,462	3,219	631,243	-	-	-
Notes payable	30,070	30,070	30,070	-	-	-	-
Accounts payable	1,457,499	1,421,770	1,421,770	-	-	-	-
Lease liabilities	295,159	-	-	-	-	-	-
Dividend payable	189,000	189,000	189,000	-	-	-	-
	<u>\$ 2,599,753</u>	<u>2,275,302</u>	<u>1,644,059</u>	<u>631,243</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
June 30, 2020			
Financial assets:			
Monetary items:			
USD	\$	15,926	29.493
HKD	\$	11,227	3.805
Financial liabilities:			
Monetary items:			
USD	\$	6,764	29.493
December 31, 2019			
Financial assets:			
Monetary items:			
USD	\$	9,587	30.0630
HKD	\$	6,685	3.8610
EUR	\$	5,606	33.6890
Financial liabilities:			
Monetary items:			
USD	\$	6,545	30.0630

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
June 30, 2019			
Financial assets:			
Monetary items:			
USD	\$ 9,140	30.988	283,230
Financial liabilities:			
Monetary items:			
USD	\$ 5,392	30.988	167,087

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, and trade and other receivables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against the foreign currency as of June 30, 2020 and 2019, would have increased or decreased the net profit by \$9,388 thousand and \$3,484 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(9,080) thousand, \$3,232 thousand, \$10,891 thousand and \$(4,234) thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income would have decreased or increased by \$3,663 thousand and \$3,140 thousand for the six months ended June 30, 2020 and 2019, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	June 30, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ <u>444</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>
	December 31, 2019				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ <u>447</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>447</u>
	June 30, 2019				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ <u>5,535</u>	<u>-</u>	<u>-</u>	<u>5,535</u>	<u>5,535</u>

2) Valuation techniques and assumptions used in fair value determination – Non-derivative financial instruments

If the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee's earnings before tax, interest expense, depreciation, and amortization and the listed (over the counter) company's earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Group reclassified the financial instruments from one level to another as of the reporting date.

4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2020	\$ 447
Effect of changes in exchange rates	(3)
Balance at June 30, 2020	\$ 444
Balance at January 1, 2019	\$ 5,446
Effect of changes in exchange rates	89
Balance at June 30, 2019	\$ 5,535

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> · Multiplier of price-to-earnings ratio (As of June 30, 2019 was 9.49~18.50) · Market illiquidity discount rate (As of June 30, 2019 was 30%) 	<ul style="list-style-type: none"> · the multiplier were higher—higher · the market illiquidity discount were higher—lower

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 6) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

June 30, 2019	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-earnings ratio	5%	\$ 232	(232)
Equity investments without an active market	Liquidity discount	5%	252	(252)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

- (q) Financial risk management

The disclosures of objectives and policies of the Group's financial risk management are the same as those in the note 6(s) to the consolidated financial statements for the year ended December 31, 2019.

- (r) Capital management

The disclosures of objectives, policies and procedures of the Group's capital management are the same as those of the consolidated financial statements for the year ended December 31, 2019. For related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2019.

(7) Related-party transactions

- (a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

- (b) Significant transactions with related parties: none.

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 8,717	10,152	20,191	22,598
Post-employment benefits	202	274	405	548
	<u>\$ 8,919</u>	<u>10,426</u>	<u>20,596</u>	<u>23,146</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 974	1,027	1,055
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for customs	3,000	3,000	3,000
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for the Group's logistics operations	660	660	660
Property, plant and equipment:				
Land	Guarantee for long-term and short-term borrowings and the Group's logistics operations	41,792	41,792	-
Buildings	"	16,779	17,051	-
		<u>\$ 63,205</u>	<u>63,530</u>	<u>4,715</u>

(9) Commitments and contingencies

- (a) The Group provided certificates of deposit, land, and buildings as collateral to the banks for the performance of freight forwarding contracts in 2020 and 2019. As of June 30, 2020, December 31 and June 30, 2019, the guarantees from the banks were \$152,055 thousand, \$147,909 thousand and \$148,092 thousand, respectively, and the used amounts were \$140,371 thousand, \$136,869 thousand and \$118,463 thousand, respectively.
- (b) As of June 30, 2020, December 31 and June 30, 2019, the Group had outstanding letters of credit totaling \$52,055 thousand, \$47,908 thousand and \$48,092 thousand, respectively. As of June 30, 2020, December 31 and June 30, 2019, the guarantees recorded for customs duty were \$9,206 thousand, \$9,483 thousand and \$12,340 thousand, respectively.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) In 2014, a customer of the consolidated subsidiary, DIMHK, has an unclaimed shipment. After notifying the customer and unable to collect the storage fee from the customer in April 2014, DIMHK held an auction and sold the shipment in June 2014. In June 2016, the customer sued DIMHK for selling the shipment without the customer's consent and demanded the compensation of USD1,414 thousand. Shenzhen Qianhai Cooperation Zone People's Court held the first hearing of the case in October 2016. On June 4, 2019, the Court ruled that DIMHK should compensate the customer the amount of CNY 5,600 thousand. However, DIMHK did not agree with the ruling; hence, filed an appeal on June 19, 2019, DIMHK assessed that they will win the case after the appeal.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By function By item	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	12,141	461,533	473,674	19,278	297,043	316,321
Labor and health insurance	266	25,713	25,979	249	40,430	40,679
Pension	349	8,368	8,717	329	8,613	8,942
Directors' remuneration	-	12,730	12,730	-	4,048	4,048
Others	1,194	28,394	29,588	1,339	28,924	30,263
Depreciation	1,186	52,881	54,067	-	57,416	57,416
Amortization	-	52	52	-	53	53

By function By item	Six months ended June 30, 2020			Six months ended June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	21,311	752,001	773,312	29,380	596,626	626,006
Labor and health insurance	617	57,337	57,954	460	81,204	81,664
Pension	699	16,418	17,117	611	17,450	18,061
Directors' remuneration	-	15,361	15,361	-	6,284	6,284
Others	2,490	56,936	59,426	2,205	58,943	61,148
Depreciation	2,449	112,721	115,170	-	113,790	113,790
Amortization	-	111	111	-	94	94

- (b) Seasonality or cyclically of interim operations

The Group's operations were not affected by seasonality or cyclically factors.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans extended to other parties

Unit: thousand dollars

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
													Name	Value		
1	HOLDING	The Company	Accounts receivable from related parties	Yes	27,780	27,780	27,780	-	(2)	-	Operating capital	-	-	-	241,541	966,165
2	FSC	The Company	Accounts receivable from related parties	Yes	119,551	119,551	119,551	-	(2)	-	Operating capital	-	-	-	241,541	966,165
3	DFSTW	The Company	Accounts receivable from related parties	Yes	714	714	714	-	(2)	-	Operating capital	-	-	-	241,541	966,165

Note 1: Purpose of fund financing for the borrower:

- (1) Business between the two parties.
- (2) Funds required for operations.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of financing provided to others cannot exceed 40% of the Company's stockholders' equity, and the maximum financing provided to an individual counterparty cannot exceed 10% of the Company's stockholders' equity.

Note 3: The amounts were eliminated in the consolidated interim financial statements.

(ii) Guarantees and endorsements for other parties

No.	Name of Guarantees	Counter-party of guarantee or endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	DIMSG	3	252,000	27,337	10,980	10,980	10,980	0.45 %	504,000	Y	N	N
0	The Company	DIMVN	3	252,000	9,276	6,164	6,164	6,164	0.26 %	504,000	Y	N	N
0	The Company	DIMIN & DIMVN & DIMTH	3	252,000	624	609	609	609	0.03 %	504,000	Y	N	N
0	The Company	DIMKR	3	252,000	14,841	14,452	14,452	14,452	0.60 %	504,000	Y	N	N

Note 1: Relationship with the Company are listed as below:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of guarantee and endorsement provided to others cannot exceed 40% of the Company's issued capital, while the guarantee and endorsement for an individual counterparty cannot exceed 20% of the Company's issued capital.

(iii) Information regarding securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value (Note 1)	
The Company	Global Sky Express Taiwan Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	10,000	100	1.00 %	100	
The Company	Evergreen Air Cargo Service Corporation	—	Financial assets at fair value through other comprehensive income – non-current	29,000	290	0.02 %	290	
DIMSG	Burwill Holdings Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	22,000	18	-	18	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income – non-current	5,000	36	-	36	

Note 1: Due to lack of quoted prices, the fair value of financial assets carried at cost – non-current are the net equity or book value of the investment as of the financial position date.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Accumulated holding amount of a single security in excess of NT\$300 million or 20% of the paid-in capital: None.
- (v) Acquisition of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.
- (vi) Disposal of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.
- (vii) Sales to or purchases from related parties in excess of NT\$100 million or 20% of DIMTW's issued share capital: None.
- (viii) Receivables from related parties in excess of NT\$100 million or 20% of the paid-in capital

Name of Company	Counter-party	Nature of Relationship	Balance of receivables from related party (note 3)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
FSC	The Company	Subsidiary	167,961 (Note 1)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	- %	-		-	-

Note 1: Loan from the subsidiary of \$119,551 and other receivables of \$48,410.

Note 2: Paid on behalf of DIMTW.

Note 3: The amount was eliminated in the consolidated financial statements.

- (ix) Financial derivative instrument transactions: None.
- (x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3, 4)	Terms of trading	
0	The Company	DIMCN	1	Accounts receivable—related parties	45,818	Negotiated	0.74 %
0	The Company	DIMPH	1	Accounts receivable—related parties	7,501	Negotiated	0.12 %
0	The Company	DIMUS	1	Accounts receivable—related parties	66,358	Negotiated	1.07 %
0	The Company	DIMCN	1	Accounts receivable—related parties	10,916	Negotiated	0.18 %
0	The Company	DIMMY	1	Accounts payable—related parties	12,244	Negotiated	0.20 %
0	The Company	DIMCN	1	Freight revenue—received on behalf	71,358	Negotiated	0.64 %
0	The Company	ZJDCN	1	Freight revenue—received on behalf	28,610	Negotiated	0.26 %
0	The Company	DIMUS	1	Freight revenue—received on behalf	140,462	Negotiated	1.26 %
0	The Company	DIMHK	1	Freight revenue—received on behalf	16,096	Negotiated	0.14 %
0	The Company	DIMMY	1	Freight revenue—received on behalf	7,830	Negotiated	0.07 %
0	The Company	DIMPH	1	Freight revenue—received on behalf	15,451	Negotiated	0.14 %
0	The Company	DIMSG	1	Freight revenue—received on behalf	13,683	Negotiated	0.12 %
0	The Company	DIMCN	1	Freight expense—deduction of freight revenue	(74,546)	Negotiated	0.67 %
0	The Company	DIMKR	1	Freight expense—deduction of freight revenue	(13,136)	Negotiated	0.12 %
0	The Company	DIMUS	1	Freight expense—deduction of freight revenue	(49,687)	Negotiated	0.44 %
0	The Company	DIMHK	1	Freight expense—deduction of freight revenue	(22,798)	Negotiated	0.20 %
0	The Company	ZJDCN	1	Freight expense—deduction of freight revenue	(55,364)	Negotiated	0.49 %
0	The Company	FSC	1	Freight expense—deduction of freight revenue	(29,403)	Negotiated	0.26 %
0	The Company	DFSTW	1	Freight expense—deduction of freight revenue	(13,370)	Negotiated	0.12 %
0	The Company	DIMMY	1	Freight expense—deduction of freight revenue	(20,490)	Negotiated	0.18 %
0	The Company	DIMSG	1	Freight expense—deduction of freight revenue	(11,043)	Negotiated	0.10 %
0	The Company	DIMTH	1	Freight expense—deduction of freight revenue	(8,703)	Negotiated	(0.08)%
1	FSC	The Company	2	Accounts receivable—related parties	167,961	Negotiated	2.71 %
1	FSC	DIL	3	Accounts receivable—related parties	216,717	Negotiated	3.50 %
2	HOLDING	The Company	2	Accounts receivable—related parties	28,316	Negotiated	0.46 %
3	FSCHK	The Company	2	Sales revenue	32,461	Negotiated	0.29 %

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3, 4)	Terms of trading	
3	FSCHK	DIMPH	3	Sales revenue	14,271	Negotiated	0.13 %
3	FSCHK	DIMUS	3	Sales revenue	20,425	Negotiated	0.18 %
3	FSCHK	ZJDCN	3	Sales revenue	122,396	Negotiated	1.09 %
3	FSCHK	DFSCN	3	Sales revenue	26,867	Negotiated	0.24 %
3	FSCHK	DIMCN	3	Sales revenue	26,812	Negotiated	0.24 %
3	FSCHK	DIMHK	3	Sales revenue	53,717	Negotiated	0.48 %
3	FSCHK	DIMMY	3	Sales revenue	8,606	Negotiated	0.08 %
3	FSCHK	DIMSG	3	Sales revenue	18,892	Negotiated	0.17 %
3	FSCHK	DIMTH	3	Sales revenue	7,735	Negotiated	0.07 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents lateral transactions.

Note 3: Only an amount over \$7,000 shall be disclosed.

Note 4: The amount was eliminated in the consolidated financial statements.

(b) Information on investees

The following is the information on investees for the six months ended June 30, 2020 (excluding information on investees in Mainland China):

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses)	Notes
				June 30, 2020	December 31, 2019	Shares	Ratio of shares	Carrying amount			
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	205,980	35,241	35,241	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	942,743	124,048	124,048	
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	108,362	108,362	4,650,000	86 %	397,913	35,316	30,411	
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	2,500,083	324,562	324,562	
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	262,743	(1,612)	(322)	
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	127,270	206,913	31,037	
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder and logistics & warehousing	183,547	-	6,275	25 %	185,506	10,812	2,703	
DFSTW	FSCHK	U.S.A.	Global air and ocean freight forwarder	235	235	7,500	15 %	150,976	206,913	31,037	
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	606,504	129,612	129,612	
DIL	DIMGB	U.K.	Global air and ocean freight forwarder and logistics & warehousing	(5,624)	(5,624)	300,000	37 %	(10,224)	(2,115)	(793)	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	23,904	23,904	750,000	14 %	46,706	35,316	4,905	
DIL	DIMHK	Hong Kong	Logistics & warehousing	427,348	427,348	(Note 1)	99 %	1,858,519	175,571	175,571	
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100 %	(1,422)	15,267	15,267	
GMS	DFSSG	Singapore	Global air and ocean freight forwarder	13,482	13,482	600,000	100 %	15,146	7,192	7,192	
GMS	DIMPH	Philippines	Logistics & warehousing	38,399	38,399	(Note 1)	60 %	48,632	7,245	4,647	
GMS	DILHK	Hong Kong	Global air and ocean freight forwarder	-	-	-	100 %	(9,199)	2,607	2,607	
FSCHK	DIMGB	U.K.	Brokerage service	20,126	20,126	500,000	63 %	(1,179)	(2,115)	(1,322)	
DIMUS	DCBUS	U.S.A.	Settlement center	13,532	13,532	1,000	100 %	35,228	2,244	2,244	
DIMHK	FSC	British Virgin Is.	Trucking service	954	954	(Note 1)	60 %	897	(1,612)	(967)	
DIMHK	DIMVN	Vietnam	Settlement center	2,090	2,090	-	75 %	8,225	1,516	1,137	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	329,569	206,913	72,420	
DIMSG	FSC	British Virgin Is.	Trucking service	318	318	10,000	20 %	299	(1,612)	(322)	
DIMSG	DIMIN	India	Brokerage service	5,303	5,303	960,000	60 %	7,196	(1,500)	(900)	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	97,915	6,774	6,774	
HOLDING	DILMY	Malaysia	Global logistics service	1,592	1,592	186,000	49 %	2,836	(1)	(1)	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	37,290	5,549	2,718	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	33,887	7,245	2,897	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(37,479)	(4,367)	(4,367)	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	52,583	9,550	9,550	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	(Note 1)	100 %	64,658	3,554	3,554	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	(254)	7,886	7,886	

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses)	Notes
				June 30, 2020	December 31, 2019	Shares	Ratio of shares	Carrying amount			
HOLDING	DFSHK	Hong Kong	Ocean freight forwarder	25,393	25,393	71,000	99 %	566,778	94,082	94,072	
HOLDING	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	39,728	838	838	
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	30,571	422	422	
DFSHK	FCHK	Hong Kong	Settlement center	566	566	17,500	35 %	329,569	206,913	72,420	
DIMMY	Danau Muhibbah Sdn. Bhd.	Malaysia	Real estate investment	2,621	2,621	(Note 1)	100 %	(1,259)	-	-	
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	225	90	
DIMSG	Logicentrix India Pvt Ltd.	India	Brokerage service	1,830	1,830	4,000,000	40 %	1,731	194	-	

Note 1: The company was established as a limited company.

Note 2: The amount was eliminated in the consolidated interim financial statements, except for ITG GmbH and Logicentrix India Pvt Ltd..

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: thousand dollars												
Name of investee in Mainland China	Main businesses	Issued capital	Method of investment (Note 1)	Beginning remittance balance-accumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount)		Ending remittance balance-accumulative investment (amount) from Taiwan	Net income (losses) of investee	Direct / indirect shareholdings or investments (% in the Company)	Current investment income and losses (Note 2)	Carrying amount (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount						
ZJD	Global air and ocean freight forwarder	54,928	(2)	26,602 (USD902)	-	-	26,602 (USD902)	46,631	75 %	34,973 (1)	155,949	-
DILSHA	Logistics & warehousing	5,970	(2)	5,899 (USD200)	-	-	5,899 (USD200)	(3,356)	99 %	(3,356) (2)	(18,412)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	51,353	100 %	51,353 (1)	270,482	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	1,312	100 %	1,312 (2)	7,646	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	19,464	100 %	19,464 (1)	157,258	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	407	100 %	407 (2)	16,964	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	6,899	25 %	1,724 (2)	19,351	-
Diversified International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	565	100 %	565 (2)	4,433	-

Note 1: The method of investment is divided into the following three methods:

- (1) Investing directly in Mainland China.
- (2) Through transferring the investment to third-region existing companies then investing in Mainland China. (through Bermuda and British Virgin Islands.).
- (3) Other methods.

Note 2: Expect for Yuhang Int'l Logistics (Dalian) Co., Ltd. the amount was eliminated in the consolidated financial statements.

Note 3: The recognition basic of financial statement of the investment column ws as follows:

- (1) The financial statements were reviewed by an international accounting firm in cooperation with the ROC accounting firm.
- (2) The gain (loss) of the investee were not reviewed and were recognized as investment income (loss) under the equity method.

(ii) Limitation on investment in Mainland China

Unit: thousand dollars			
Company name	Aggregate investment amount remitted from Taiwan to Mainland China at end of period (Note2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	32,501 (USD1,102)	70,783 (USD2,400)	1,449,247

Note 1: It represents 60% of the Company's net equity.

Note 2: USD:NT\$=1:29.493.

(iii) Significant transactions

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

No shareholder holding more than 5%.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

The Group's operating segment information and reconciliation are as follows:

	<u>Asia</u>	<u>American</u>	<u>Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Three months ended June 30, 2020					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 5,506,586	1,432,539	96,162	-	7,035,287
From the parent company and subsidiaries	<u>352,441</u>	<u>-</u>	<u>-</u>	<u>(352,441)</u>	<u>-</u>
Total revenue	<u>\$ 5,859,027</u>	<u>1,432,539</u>	<u>96,162</u>	<u>(352,441)</u>	<u>7,035,287</u>
Segment income	<u>\$ 489,101</u>	<u>106,463</u>	<u>6,819</u>	<u>-</u>	<u>602,383</u>
Three months ended June 30, 2019					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 3,082,626	1,013,525	123,704	-	4,219,855
From the parent company and subsidiaries	<u>74,731</u>	<u>-</u>	<u>-</u>	<u>(74,731)</u>	<u>-</u>
Total revenue	<u>\$ 3,157,357</u>	<u>1,013,525</u>	<u>123,704</u>	<u>(74,731)</u>	<u>4,219,855</u>
Segment income	<u>\$ 91,717</u>	<u>70,741</u>	<u>819</u>	<u>-</u>	<u>163,277</u>
Six months ended June 30, 2020					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 8,382,233	2,599,697	206,451	-	11,188,381
From the parent company and subsidiaries	<u>407,805</u>	<u>-</u>	<u>-</u>	<u>(407,805)</u>	<u>-</u>
Total revenue	<u>\$ 8,790,038</u>	<u>2,599,697</u>	<u>206,451</u>	<u>(407,805)</u>	<u>11,188,381</u>
Segment income	<u>\$ 534,814</u>	<u>185,714</u>	<u>8,098</u>	<u>-</u>	<u>728,626</u>
Six months ended June 30, 2019					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 5,984,566	2,088,591	247,910	-	8,321,067
From the parent company and subsidiaries	<u>136,837</u>	<u>-</u>	<u>-</u>	<u>(136,837)</u>	<u>-</u>
Total revenue	<u>\$ 6,121,403</u>	<u>2,088,591</u>	<u>247,910</u>	<u>(136,837)</u>	<u>8,321,067</u>
Segment income	<u>\$ 148,913</u>	<u>106,489</u>	<u>(51)</u>	<u>-</u>	<u>255,351</u>

The inter-company revenue of \$352,441 thousand, \$74,731 thousand, \$407,805 thousand and \$136,837 thousand for the three months and six months ended June 30, 2020 and 2019, respectively, was eliminated.