

**DIMERCO EXPRESS (TAIWAN) CORPORATION  
AND ITS SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2010 and 2009  
(With Auditors' Report Thereon)**

## Independent Auditors' Review Report

The Board of Directors:

Dimerco Express (Taiwan) Corporation:

We have audited the accompanying consolidated balance sheets of Dimerco Express (Taiwan) Corporation and its subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We have not audited the 2010 and 2009 financial statements for some of the subsidiaries with total assets of \$567,283 and \$610,020 thousand, respectively, constituting 17% of the related consolidated total assets, and with net sales of \$3,068,442 and \$1,941,603 thousand, respectively, constituting 19% and 15%, respectively, of the related consolidated net sales. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Dimerco Express (Taiwan) Corporation and its subsidiaries as of December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Regulations Governing Financial Reporting for Issuers of Stock Certificates, and accounting principles generally accepted in the Republic of China.

KPMG

March 15, 2011

### Note to Reader

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with 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 financial statements are those generally accepted and applied in the Republic of China.

The reviews' report and the accompanying 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 auditors' report and financial statements, the Chinese version shall prevail.

**DIMERCO EXPRESS (TAIWAN) CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2010 and 2009**

(expressed in thousands of New Taiwan dollars)

Assets	2010 Amount	%	2009 Amount	%	Liabilities and Stockholders' Equity	2010 Amount	%	2009 Amount	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
Cash and cash in bank	\$ 994,738	30	936,181	26	Short-term borrowings (notes 6 and 15)	\$ 57,224	2	65,594	2
Financial assets at fair value through profit or loss—current (note 3)	10,374	-	10,840	-	Current portion of long-term debts (notes 7 and 15)	3,213	-	665	-
Notes receivable	9,906	-	5,993	-	Notes payable	10,563	-	13,821	-
Accounts receivable, net of allowance for doubtful accounts of \$167,330 and \$211,286 as of December 31, 2010 and 2009, respectively	1,522,581	45	1,793,471	51	Accounts payable	1,030,222	30	1,361,321	38
Restricted assets (note 15)	9,248	-	49,212	1	Income tax payable (note 9)	39,387	1	13,968	-
Other current assets (note 9)	148,345	4	110,068	3	Other current liabilities (notes 9 and 10)	163,369	5	112,714	4
<b>Total current assets</b>	<u>2,695,192</u>	<u>79</u>	<u>2,905,765</u>	<u>81</u>	<b>Total current liabilities</b>	<u>1,303,978</u>	<u>38</u>	<u>1,568,083</u>	<u>44</u>
<b>Long-term investments (note 4):</b>					<b>Long-term liabilities:</b>				
Long-term equity investments under equity method	-	-	10,444	-	Long-term debts (notes 7 and 15)	194,356	6	146,385	4
Financial assets measured at cost—non-current	448	-	448	-	<b>Other liabilities:</b>				
<b>Total long-term investments, net</b>	<u>448</u>	<u>-</u>	<u>10,892</u>	<u>-</u>	Accrued pension liabilities (note 8)	42,274	1	16,379	1
<b>Property, plant and equipment (notes 5 and 15):</b>					Deferred credits	936	-	936	-
Cost:					Other liabilities	5,908	-	3,108	-
Land	81,328	2	110,362	3	<b>Total other liabilities</b>	<u>49,118</u>	<u>1</u>	<u>20,423</u>	<u>1</u>
Buildings	460,938	14	396,867	11	<b>Total liabilities</b>	<u>1,547,452</u>	<u>45</u>	<u>1,734,891</u>	<u>49</u>
Transportation equipment	72,374	2	77,032	2	<b>Stockholders' equity (notes 8, 9, 10 and 11):</b>				
Office equipment	148,685	4	151,713	4	Common stock, \$10 par value; authorized 138,000 thousand shares in 2010 and 2009; issued 131,000 and 123,000 thousand shares in 2010 and 2009, respectively	1,310,000	38	1,230,000	34
Leasehold improvement	57,194	2	51,394	1	Capital surplus:				
Miscellaneous equipment	64,621	2	71,299	2	Additional paid-in capital	16,071	-	16,071	-
	885,140	26	858,667	23	Treasury stock transactions	4,935	-	4,935	-
Less: accumulated depreciation	(294,373)	(9)	(291,436)	(8)	Gains on sale of property and equipment	28	-	28	-
<b>Net property and equipment</b>	<u>590,767</u>	<u>17</u>	<u>567,231</u>	<u>15</u>		<u>21,034</u>	<u>-</u>	<u>21,034</u>	<u>-</u>
<b>Intangible assets:</b>					Retained earnings:				
Goodwill	20,465	1	20,755	1	Legal reserve	172,004	5	147,632	4
Deferred pension cost (note 8)	9,208	-	1,889	-	Special reserve	5,791	-	5,791	-
Land-use right	55,595	2	62,618	2	Unappropriated earnings	428,468	13	301,328	8
<b>Total intangible assets</b>	<u>85,268</u>	<u>3</u>	<u>85,262</u>	<u>3</u>		<u>606,263</u>	<u>18</u>	<u>454,751</u>	<u>12</u>
<b>Other assets:</b>					Other stockholders' equity				
Refundable deposits (note 15)	16,119	1	15,898	-	Foreign currency translation adjustments	(171,892)	(5)	38,086	1
Deferred charges	815	-	615	-	Net loss not recognized as pension cost	(10,283)	-	(6,676)	-
Deferred income tax assets—non-current (note 9)	7,086	-	5,157	-	Treasury stock	(48,927)	(1)	(8,457)	-
Other assets (note 8)	12,631	-	23,581	1		<u>(231,102)</u>	<u>(6)</u>	<u>22,953</u>	<u>1</u>
	36,651	1	45,251	1	Minority interest	154,679	5	150,772	4
<b>Total assets</b>	<u>\$ 3,408,326</u>	<u>100</u>	<u>3,614,401</u>	<u>100</u>	<b>Total stockholders' equity</b>	1,860,874	55	1,879,510	51
					<b>Commitments and contingent liabilities (notes 7, 14 and 16)</b>				
					<b>Total liabilities and stockholders' equity</b>	<u>\$ 3,408,326</u>	<u>100</u>	<u>3,614,401</u>	<u>100</u>

See accompanying notes to financial statements.

**DIMERCO EXPRESS (TAIWAN) CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Income Statements**

**For the years ended December 31, 2010 and 2009**  
**(expressed in thousands of New Taiwan dollars)**

	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Revenue (note 14)</b>	\$ 16,511,983	100	12,753,059	100
<b>Costs of revenue</b>	<u>14,184,847</u>	<u>86</u>	<u>10,621,104</u>	<u>84</u>
<b>Gross profit</b>	<u>2,327,136</u>	<u>14</u>	<u>2,131,955</u>	<u>16</u>
<b>Operating expenses (notes 10, 11 and 14):</b>				
Selling expenses	599,075	4	554,014	4
Administrative expenses	<u>1,397,843</u>	<u>8</u>	<u>1,292,700</u>	<u>10</u>
	<u>1,996,918</u>	<u>12</u>	<u>1,846,714</u>	<u>14</u>
<b>Operating income</b>	<u>330,218</u>	<u>2</u>	<u>285,241</u>	<u>2</u>
<b>Non-operating income and gain:</b>				
Interest income	3,853	-	5,202	-
Investment income under equity method (note 4)	-	-	4,368	-
Dividend income	43	-	137	-
Gain on disposal of property, plant and equipment, net	12,567	-	-	-
Gain on disposal of investments, net	575	-	776	-
Gain on foreign exchange, net	38,426	-	-	-
Other income	<u>16,983</u>	<u>-</u>	<u>5,476</u>	<u>-</u>
	<u>72,447</u>	<u>-</u>	<u>15,959</u>	<u>-</u>
<b>Non-operating expense and loss:</b>				
Interest expense (note 14)	5,623	-	5,165	-
Loss on disposal of property, plant and equipment, net	-	-	493	-
Loss on foreign exchange, net	-	-	3,907	-
Other losses	<u>5,071</u>	<u>-</u>	<u>5,901</u>	<u>-</u>
	<u>10,694</u>	<u>-</u>	<u>15,466</u>	<u>-</u>
<b>Income before tax</b>	391,971	2	285,734	2
<b>Income tax expenses (note 9)</b>	<u>55,814</u>	<u>-</u>	<u>21,047</u>	<u>-</u>
<b>Comprehensive net income</b>	<u>\$ 336,157</u>	<u>2</u>	<u>264,687</u>	<u>2</u>
Attribution:				
Consolidated net income	\$ 304,176	2	243,717	2
Minority interest income	<u>31,981</u>	<u>-</u>	<u>20,970</u>	<u>-</u>
	<u>\$ 336,157</u>	<u>2</u>	<u>264,687</u>	<u>2</u>
	<b>Before tax</b>	<b>After tax</b>	<b>Before tax</b>	<b>After tax</b>
<b>Earnings per share (expressed in New Taiwan dollars):</b>				
Basic earnings per share (note 12)	<u>\$ 2.45</u>	<u>2.33</u>	<u>1.96</u>	<u>1.88</u>
Diluted earnings per share (note 12)	<u>\$ 2.43</u>	<u>2.32</u>	<u>1.94</u>	<u>1.87</u>

See accompanying notes to financial statements.

**DIMERCO EXPRESS (TAIWAN) CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Statements of Changes in Stockholders' Equity**

**For the years ended December 31, 2010 and 2009**

**(Expressed in thousands of New Taiwan dollars)**

	Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Cumulative foreign currency translation adjustments	Net loss not recognized as pension cost	Treasury stock	Total	Total of parent company's stockholders' equity	Minority interest	Total
<b>Beginning balance January 1, 2009</b>	\$ 1,160,000	17,660	125,508	1,104	223,008	349,620	41,152	(5,791)	(23,286)	12,075	1,539,355	145,359	1,684,714
Comprehensive net income for the year ended December 31, 2009	-	-	-	-	243,717	243,717	-	-	-	-	243,717	20,970	264,687
Appropriation of retained earnings (note 10):													
Legal reserve	-	-	22,124	-	(22,124)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,687	(4,687)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(68,586)	(68,586)	-	-	-	-	(68,586)	-	(68,586)
Increase in capital from unappropriated earnings	70,000	-	-	-	(70,000)	(70,000)	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	(3,066)	-	-	(3,066)	(3,066)	-	(3,066)
Net loss not recognized as pension cost	-	-	-	-	-	-	-	(885)	-	(885)	(885)	-	(885)
Transfer of treasury stock (note 10)	-	3,374	-	-	-	-	-	-	14,829	14,829	18,203	-	18,203
Minority interest	-	-	-	-	-	-	-	-	-	-	-	(15,557)	(15,557)
<b>Balance as of December 31, 2009</b>	<u>1,230,000</u>	<u>21,034</u>	<u>147,632</u>	<u>5,791</u>	<u>301,328</u>	<u>454,751</u>	<u>38,086</u>	<u>(6,676)</u>	<u>(8,457)</u>	<u>22,953</u>	<u>1,728,738</u>	<u>150,772</u>	<u>1,879,510</u>
Comprehensive net income for the year ended December 31, 2010	-	-	-	-	304,176	304,176	-	-	-	-	304,176	31,981	336,157
Appropriation of retained earnings (note 10):													
Legal reserve	-	-	24,372	-	(24,372)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(72,664)	(72,664)	-	-	-	-	(72,664)	-	(72,664)
Increase in capital from unappropriated earnings	80,000	-	-	-	(80,000)	(80,000)	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	(209,978)	-	-	(209,978)	(209,978)	-	(209,978)
Net loss not recognized as pension cost	-	-	-	-	-	-	-	(3,607)	-	(3,607)	(3,607)	-	(3,607)
Purchase of treasury stock (note 10)	-	-	-	-	-	-	-	-	(40,470)	(40,470)	(40,470)	-	(40,470)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	(28,074)	(28,074)
<b>Balance as of December 31, 2010</b>	<u>\$ 1,310,000</u>	<u>21,034</u>	<u>172,004</u>	<u>5,791</u>	<u>428,468</u>	<u>606,263</u>	<u>(171,892)</u>	<u>(10,283)</u>	<u>(48,927)</u>	<u>(231,102)</u>	<u>1,706,195</u>	<u>154,679</u>	<u>1,860,874</u>

Supplemental disclosure:

- Both employee bonuses and remuneration to directors and supervisors amounting to \$15,929 and \$4,779, respectively, were deducted from the 2009 comprehensive net income.
- Both employee bonuses and remuneration to directors and supervisors amounting to \$17,458 and \$5,264, respectively, were deducted from the 2010 comprehensive net income.

See accompanying notes to financial statements.

**DIMERCO EXPRESS (TAIWAN) CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2010 and 2009**  
(Expressed in thousands of New Taiwan dollars)

	2010	2009
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 336,157	264,687
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	56,754	54,600
Amortization	1,557	1,460
Allowance (reversal of allowance) for doubtful accounts	(43,956)	4,924
Investment income under equity method	-	(4,368)
Loss (gain) on disposal of property, plant and equipment	(12,567)	493
Gain on disposal of investment	(575)	-
Deferred income tax expense (benefit)	(16,444)	2,249
<b>Net operating assets and liabilities:</b>		
<b>Net operating assets:</b>		
Notes receivable	(3,913)	4,684
Accounts receivable	339,894	(435,339)
Other current assets	(22,202)	(10,269)
<b>Net operating liabilities:</b>		
Notes payable	(3,258)	(3,022)
Accounts payable	(352,561)	339,423
Income tax payable	25,419	-
Other current liabilities	35,938	(37,434)
Accrued pension liabilities	13,669	(2,112)
<b>Net cash provided by operating activities</b>	<u>353,912</u>	<u>179,976</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	-	(491)
Proceeds from disposal of financial assets at fair value through profit or loss	1,041	-
Acquisition of property, plant and equipment	(139,413)	(138,080)
Proceeds from disposal of property, plant and equipment	44,350	975
Decrease (increase) in refundable deposits	(221)	18,777
Increase in deferred charges	(407)	(682)
Decrease (increase) in restricted assets	39,964	(1,446)
Increase in goodwill	-	(3,152)
Decrease in other assets	12,250	12,738
<b>Net cash used in investing activities</b>	<u>(42,436)</u>	<u>(111,361)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term bank borrowings	(8,370)	(16,523)
Increase in long-term debts	53,454	-
Repayment of long-term debts	(2,935)	(4,434)
Increase (decrease) in other liabilities	2,800	(8,457)
Distribution of cash dividends	(70,127)	(66,669)
Purchase of treasury stock	(40,470)	-
Proceeds from disposal of treasury stock	-	18,203
Decrease in minority interest	(35,221)	(15,557)
<b>Net cash provided by (used in) financing activities</b>	<u>(100,869)</u>	<u>(93,437)</u>
<b>Effects of exchange rate fluctuation</b>	(175,246)	5,475
<b>Adjustment due to transfer of equity interest</b>	23,196	-
<b>Net increase (decrease) in cash and cash in banks</b>	58,557	(19,347)
<b>Cash and cash in banks at beginning of year</b>	936,181	955,528
<b>Cash and cash in banks at end of year</b>	<u>\$ 994,738</u>	<u>936,181</u>
<b>Supplementary disclosures of cash flow information:</b>		
Cash payment of interest	<u>\$ 5,623</u>	<u>3,167</u>
Cash payment of income taxes	<u>\$ 30,395</u>	<u>23,298</u>
<b>Investing and financing activities not affecting cash flows:</b>		
Current portion of long-term debts	<u>\$ 3,213</u>	<u>665</u>
Stock dividends	<u>\$ 80,000</u>	<u>70,000</u>
Foreign currency translation adjustments	<u>\$ 209,978</u>	<u>3,066</u>
Cash dividend payable	<u>\$ 2,537</u>	<u>1,917</u>

See accompanying notes to financial statements.

# DIMERCO EXPRESS (TAIWAN) CORPORATION AND ITS SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

### (1) Organization and Business Scope

Dimerco Express (Taiwan) Corporation (DIMTW) was incorporated in August 1985 as a company limited by shares under the laws of the Republic of China (ROC). DIMTW is primarily engaged in the business of air freight forwarding and customs brokerage service, and related investing activities.

Subsidiaries in which DIMTW directly or indirectly owns 50% or more of their voting stock are summarized below according to their primary business activities.

	Primary business	Investor	Percentage of ownership by DIM/TPE, directly or indirectly, in	
			2010	2009
Dimerco International Logistic Corp. (DIL)	Holding company	DIMTW	100.00	100.00
Dimerco Express Holding Co., Ltd. (Holding)	Holding company	"	100.00	100.00
Diversified Freight System Corporation (DFS)	Global forwarding	"	99.99	99.99
Dimerco Express (Singapore) Pte. Ltd. (DIMSG)	"	"	86.11	86.11
Foreign Settlement Co., Ltd. (FSC)	Settlement center	"	20.00	20.00
	"	DIMGB	20.00	20.00
	"	DIMUS	20.00	20.00
	"	DIMSG	20.00	20.00
	"	DIMHKG	20.00	20.00
Dimerco Air Forwarders (HK) Ltd. (DIMHKG)	Global forwarding	DIL	99.99	99.99
Dimerco Express (Singapore) Pte. Ltd. (DIMSG)	"	"	13.89	13.89
Dimerco Express (U.K.) Ltd. (DIMGB)	"	"	100.00	100.00
Dimerco Express (U.S.A.) Corp. (DIMUS)	"	"	100.00	100.00
Global Marketing System Co., Ltd. (GMS)	"	"	100.00	100.00
Dimerco International Logistics (Shanghai) Co., Ltd. (DILCN)	"	DIMHKG	99.99	99.99
Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	"	"	100.00	100.00
Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	"	"	100.00	100.00
Dimerco Zhongjing Int'l Express Co., Ltd. (ZJD)	"	"	75.00	75.00
Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	"	"	51.00	49.00
Winfull All Ltd. (Winfull)	Real estate investment	"	13.16	13.16
	"	Holding	18.42	18.42
Dimerco Logistics Sdn Bhd. (DILMY)	Global forwarding	"	49.00	49.00
Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	"	"	48.99	48.99
Dimerco Express Phils. Inc. (DIMPH)	"	"	39.99	39.99

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

	Primary business	Investor	Percentage of ownership by DIM/TPE, directly or indirectly, in	
			2010	2009
Worldwide Forwarding Network Pty Ltd. (WFNAU)	Global forwarding	Holding	50.00	50.00
Dimerco Express (Korea) Corp. (DIMKR)	"	"	100.00	100.00
Dimerco Express (Canada) Corp. (DIMCA)	"	"	100.00	100.00
Diversified International Service Logistics System Corporation (DSLSFO)	"	"	100.00	100.00
Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	"	"	49.00	49.00
Dimerco Express Netherlands B.V. (DIMNL)	"	"	100.00	100.00
Diversified Freight System Ltd. (DFSHKG)	"	"	99.99	99.99
Diversified Transportation (HK & China) Co., Ltd. (DTLHKG)	"	"	90.00	90.00
Diversified International Transportation (Shanghai) Co., Ltd.	"	DFSHKG	100.00	100.00
Diversified Transportation (China) Co., Ltd. (DTLSHA)	"	DTLHKG	100.00	100.00

In 2010, DFSSHA issued capital of RMB2,733 thousand. All of the capital increment was purchased by DFSHKG.

In 2010, Holding purchased all newly issued incremental capital of DIMNL amounting to EUR160 thousand.

In 2010, the amount of capital HKD6,230 thousand returned by Winfull was based on the ownership percentage.

In 2010, DIMHKG issued capital of USD1,832 thousand. All of the capital increment was purchased by DIL.

In 2010, DFSHKG issued capital of USD250 thousand. Holding purchased all of the incremental capital.

In December 2010, DIMHKG paid USD2,000 to acquire the outstanding shares of DIMVN from the minority investors. As of December 31, 2010, DIMHK owned 51% DIMVN.

In 2010, DFSSHA increased its capital by RMB2,733 thousand, and all of the incremental capital was purchased by DFSHKG.

In 2010, DTLSHA increased its capital by RMB547 thousand, and all of the increase in capital was purchased by DTLHK.

In 2009, DIMSG issued capital of USD3,300 thousand. All of the capital increment was purchased by DIMITW. As a result, DIMITW owned 86% of DIMSG directly. As of December 31, 2010 and 2009, the Company owned 100% of DIMSG directly and indirectly.

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

In the fourth quarter of 2009, DIMPH issued capital of USD86 thousand. Holding purchased 39.99% of the incremental capital, with no change in the percentage of ownership in DIMPH.

In 2009, Holding acquired 39% of the outstanding shares of DTLHK from minority investors for USD613 thousand. As of December 31, 2010, Holding owned 90% of DTLHK.

As of December 31, 2010 and 2009, the numbers of employees of DIMTW and its subsidiaries (the Company) were 1,805 and 1,698, respectively.

**(2) Summary of Significant Accounting Policies**

The consolidated financial statements of the Company have been prepared in the local currency and in Chinese. These financial statements have been translated into English. The translated information is consistent with the Chinese language financial statements from which it is derived.

The Company prepared the accompanying consolidated financial statements in conformity with the Regulations Governing Financial Reporting for Issuers of Stock Certificates and accounting principles generally accepted in the Republic of China. The preparation of the consolidated financial statements, unless otherwise specified, is based on historical cost.

A summary of significant accounting policies used in preparing such financial statements is as below.

**(a) Basis of consolidated financial statements**

In accordance with Republic of China Statement of Financial Accounting Standards (ROC SFAS) No. 7 "Consolidated Financial Statements", the consolidated financial statements shall include the accounts of all subsidiaries in which DIMTW is able to exercise control over their operations and financial policies. Hence, the reporting entities for both years shall include all subsidiaries listed in note 1. However, DIMVN was not included until 2010. All significant inter-company transactions are eliminated upon consolidation.

**(b) Accounting estimates**

The Company made accounting estimates, valuations and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and contingencies. These estimates were disclosed and evaluated by the Company. However, the actual results could differ from these estimates.

**(c) Foreign currency transactions and translation of foreign currency financial statements**

The entities of the Company record transactions in their respective local currencies. Foreign currency transactions are recorded at exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate prevailing on the balance sheet date. The realized and unrealized exchange gain or loss on settlements of foreign currency-denominated assets and liabilities and adjustments to such assets and liabilities are recorded as non-operating income or expense.

In preparation of the consolidated financial statements, all foreign subsidiaries translate their foreign currency financial statements into DIMTW's reporting currency (New Taiwan dollars). If the local currency is not the functional currency of the subsidiary, the translation requires a remeasurement of the financial statements into the functional currency prior to the translation into DIMTW's reporting currency. Any remeasuring differences are accounted for as exchange gains or losses in the accompanying consolidated statements of income.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

Translation adjustments resulting from the translation of foreign currency financial statements into DIMTW's reporting currency are accounted for as a translation adjustment, a separate component of stockholders' equity. Foreign currency financial statements are translated into New Taiwan dollars according to the following principles:

- i) Assets and liabilities are translated at the current exchange rate prevailing at the balance sheet date.
  - ii) Stockholders' equity is translated at the historical rate with the exception of the beginning retained earnings in New Taiwan dollars, which are brought forward.
  - iii) Dividends are translated at the exchange rate prevailing at the declaration date.
  - iv) Income statement accounts are translated at the average exchange rate of the year involved.
- (d) Classification of current and non-current assets and liabilities

Cash or cash equivalents that are not restricted, and assets held for trading purposes as well as assets held short term and expected to be converted into cash within one year after the balance sheet date are classified as current assets; all other assets are classified as non-current assets. Liabilities to be paid in full within one year after the balance sheet date are classified as current liabilities; all other liabilities are classified as non-current liabilities.

- (e) Asset impairment

The Company has adopted ROC SFAS No. 35 "Impairment of Assets". In accordance with this standard, the Company assesses at each balance sheet date whether there is any indication that an asset other than goodwill (individual asset or cash generating unit) may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

An impairment loss recognized in prior periods is reversed for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

The Company performs an impairment test on the cash-generating unit to which goodwill is allocated on an annual basis and recognizes an impairment loss on the excess of carrying value over the recoverable amount. Recognized impairment loss on goodwill cannot be reversed.

- (f) Financial assets at fair value through profit or loss

The Company adopted ROC SFAS No. 34 "Financial Instruments: Recognition and Measurement". A financial instrument transaction is recognized on the date of transaction. Financial assets at fair value through profit or loss were foreign beneficiary certificates invested in by the Company.

The initially recognized value and subsequent revaluation are both at fair value, with changes in fair value recognized under gain or loss of the current period, where fair value refers to the net value as of the balance sheet date or the closing market price. These financial instruments are acquired principally for the purpose of selling or repurchasing them in the near term.

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

(g) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on consideration of the age of the accounts, the creditworthiness of customers, and the collectibility of receivables.

(h) Long-term investments

Long-term equity investments include investments accounted for by the equity method and investments measured at cost. Investments in companies where the Company lacks significant influence over the investee are stated at cost. Such investments without reliable market prices are measured at cost less impairment loss, which is not reversible. Stock dividends are not recognized as income but treated as increases in the number of shares held. Cost is determined by the weighted-average method when disposing of long-term equity investments. Any difference between cost and disposal proceeds is recognized as disposal gain or loss.

Long-term equity investments are accounted for by the equity method when the Company owns 20% or more of an investee's voting stock or the Company is able to exercise significant influence over the investee's operating and financial policies. Effective January 1, 2006, the difference between the acquisition cost of an investment and the underlying equity in the investee is no longer amortized according to the newly revised ROC SFAS No. 5 "Long-term Investments under Equity Method". Stock dividends are not recognized as income but treated as increases in the number of shares held. Cost is determined by the weighted-average method when disposing of long-term investment.

In accordance with ROC SFAS No. 5 "Long-term Investments under Equity Method" and No. 25 "Business Combinations", the excess of the acquisition cost of an investment over the underlying equity of the investee is recognized as goodwill, while if the acquisition cost is lower than the underlying equity of the investee, the difference should be assigned to non-current assets acquired proportionate to their respective fair value.

When an investee issues new capital stock and the Company fails to subscribe to the new shares on a pro rata basis, the change in net equity in the investee is accounted for as an adjustment to the capital surplus account. When the balance of the related capital surplus from long-term equity investments is not sufficient to be debited, the adjustment is debited to retained earnings.

When an investee incurs losses and the equity in the investee exceeds the carrying value of the investment accounted for by the equity method, if the Company is able to exercise significant influence over the investee, losses exceeding the original equity in the investee are recognized by the Company in full, unless the minority shareholders have obligations to bear the loss incurred. To recognize investment loss, the long-term equity investment is first reduced to zero. The remaining balance is then netted against the accounts receivable from the investee. Any further balance in excess of accounts receivable is recognized as investment credit, recorded in other liabilities.

Unrealized gains or losses from inter-company transactions are deferred. Unrealized gains or losses resulting from depreciable or amortizable assets are deferred and amortized over the estimated useful lives of the assets concerned. Unrealized gains or losses from other assets are recognized when realized.

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

(i) Property, plant and equipment, and related depreciation

Property, plant and equipment are stated at cost. Significant additions, improvements, and replacements related to property and equipment are capitalized, while maintenance and repairs are expensed. Interest expense related to the purchase and construction of property and equipment is capitalized and included in the cost of the related asset.

Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Gains and losses on disposal of property and equipment are recorded in the non-operating section in the accompanying statements of income.

The Company annually re-evaluates the remaining useful life, the depreciation method, and the salvage value of property, plant and equipment. Any changes to the remaining useful life, the depreciation method, and the salvage value are treated as changes in accounting estimates.

Depreciation is provided on a straight-line basis over the following estimated useful lives of property and equipment other than land:

Buildings	4~55 years
Transportation equipment	4~5 years
Office equipment	2~15 years
Leasehold improvement	2~5 years
Miscellaneous equipment	5 years

(j) Goodwill

Goodwill, resulting from the excess of investment cost over the net value of investees and from mergers, is amortized on a straight-line basis over twenty years. In accordance with the revised accounting standard "Long-term Investments under Equity Method", for goodwill amortized over a certain period due to unidentifiable reasons, the remaining unamortized amount shall no longer be amortized effective from January 1, 2006.

(k) Employee pension and severance benefits

DIMTW and DFS have established an employee defined benefit retirement plan providing for lump-sum retirement benefits to employees who meet retirement requirements. The pension payment is calculated based on the number of years of service. In accordance with the requirements of the ROC Labor Standards Law, DIMTW and DFS have made monthly deposits, equal to 3% of the employees' total salaries, with Bank of Taiwan. Payment of retirement benefits to employees is charged to the pension fund.

Starting from July 1, 2005, to comply with the newly enacted Labor Pension Act (the "New Act"), for employees who were covered by the original plan and opted to be subject to the defined contribution pension mechanism under the New Act, the rate of the employer's monthly contribution to an individual labor pension fund account per month shall not be lower than 6% of the worker's monthly wages. DIMTW and DFS provide monthly contributions to the Bureau of Labor Insurance equal to 6% of the worker's monthly wages.

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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DIMTW and DFS have adopted the provisions of ROC SFAS No. 18 "Accounting for Pensions" for their defined benefit pension plan. The end of each fiscal year is used as the measurement date for the actuarial assessment. The amount of the accumulated benefit obligation exceeding pension plan assets is recognized as a minimum pension liability on the balance sheet date. Furthermore, DIMTW and DFS recognize net periodic pension cost, including service cost, interest cost, expected return on plan assets, and unrecognized net transition obligation amortized over six years and twenty-one years, respectively, using the straight-line method.

DIMTW's foreign subsidiaries which adopt defined contribution pension plans deposit the pension fund according to local laws and regulations and recognize it as period expense.

(l) Revenue recognition

Transportation income is recognized when goods are consigned for transportation and transportation fees can be reasonably determined.

(m) Income tax

Since each of the consolidated companies is an independent taxable entity, the taxable income and operating losses of each entity cannot be offset against those of the others. The Company's income tax is estimated based on the net income per financial reporting. Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to be reversed. The income tax effects due to taxable temporary differences are recognized as deferred income tax liabilities. The income tax effects due to deductible temporary differences, utilization of loss carryforwards, and income tax credits are recognized as deferred income tax assets. The realization of the deferred income tax assets is evaluated, and a valuation allowance is recognized accordingly.

Deferred tax assets and liabilities are classified as current or non-current in accordance with the classification of related assets and liabilities. If the deferred tax items are not related to an asset or liability, they are classified according to the period of realization.

DIMTW and DFS charge the 10% surtax on undistributed earnings, which are computed according to the ROC Income Tax Act, to current income tax expense in the year of earnings distribution, following a resolution at the shareholders' meeting.

If the amount of basic income tax is greater than the income tax payable pursuant to the "Income Basic Tax Act", then DIMTW and DFS will recognize the difference as current income tax expenses.

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

Beginning January 1, 2008, the Company adopted ROC SFAS No. 39 "Share-based Payment" and Interpretation (96) 052 issued by the Accounting Research and Development Foundation. Accordingly, the Company estimates the amount of employee bonuses and directors' and supervisors' remuneration and recognizes it as expenses in the preparation of interim and yearly financial statements. Estimation is made in conformity with the articles of incorporation of the Company, and expenses are recorded as costs or operating expenses by their nature. Differences between the amount approved in the shareholders' meeting and the estimation recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the year of distribution.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

(o) Compensatory employee stock option plan

For equity-settled share-based payment transactions, the Company recognizes the compensation cost from issuance of stock options using the fair value method over the vesting period described in the employee stock option plan. Correspondingly, the compensation cost from issuance of stock options would be recognized as capital surplus—employee stock options, under shareholders' equity.

(p) Treasury stock

DIMTW has adopted the provisions of ROC SFAS No. 30 "Accounting for Treasury Stock". Under the cost method, the treasury stock account is debited for the cost of DIMTW's shares purchased. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus—treasury stock; otherwise, the excess of the cost over the price is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the excess of the cost over the price, retained earnings should be debited for the remaining amount. The book value of each share of treasury stock is equal to its weighted-average cost and is calculated by each group according to the reason for purchase.

When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus generated from similar treasury stock transactions.

(q) Earnings per common share

Earnings per share are calculated by dividing net income by the weighted-average number of shares outstanding. Commencing from 2008, an increase in common stock and stockholders' equity through share-based payment transactions as approved by the shareholders' meeting is added to the shares outstanding at the date of the shareholders' meeting.

An increase in common stock which is from appropriation of retained earnings or capital surplus or from distribution of employee bonuses that were approved by the shareholders prior to 2008 is added to the shares outstanding retroactively. The shares outstanding are also adjusted retroactively if the recording date of the appropriation or share-based payment transaction is in a subsequent period.

The employee stock options of the Company are potential stock. If those employee stock options do not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When calculating the diluted earnings per share, the weighted-average number of shares includes the equivalent shares arising from employee stock options, and the incremental shares are assumed to be outstanding at the beginning of the year.

**(3) Financial Assets at Fair Value through Profit or Loss**

As of December 31, 2010 and 2009, the details were as follows:

	2010	2009
Beneficiary certificates—bond fund	\$ <u>10,374</u>	<u>10,840</u>

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(4) Long-term Equity Investments**

## (a) Long-term equity investment under equity method

	Percentage of ownership	2010 Acquisition cost	Ending balance	Percentage of ownership	2009 Acquisition cost	Ending balance
Long-term investment in stock:						
Dimerco Vietfracht (JV) Co., Ltd.	-	\$ <u>-</u>	<u>-</u>	49	<u>1,588</u>	<u>10,444</u>

On December 17, 2010, DIMHK increased its investment in DIMVN to 51% of total shares of DIMVN. DIMVN was included in the reporting entities of the consolidated financial statements since then.

We have not audited the 2010 and 2009 financial statements for some of the entities of the Company with total asset of \$567,283 and \$610,020, respectively, constituting 17% of the related consolidated total assets, and with net sales of \$3,068,442 and \$1,941,603, respectively, constituting 19% and 15%, respectively, of the related consolidated net sales, and total net income amounting to \$45,595 and total net loss amounting to \$7,594, respectively, constituting 14% and 3%, respectively, of the related consolidated net income. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

## (b) Financial assets carried at cost—non-current

	Percentage of ownership	2010 Acquisition cost	Ending balance	Percentage of ownership	2009 Acquisition cost	Ending balance
Cost method:						
Global Sky Express Taiwan Ltd.	1	\$ 100	100	1	100	100
Evergreen Air Cargo Service Corporation	-	290	290	-	290	290
Burwill Holdings Ltd.	-	29	19	-	29	19
Stamford Land	-	<u>23</u>	<u>39</u>	-	<u>23</u>	<u>39</u>
		<u>\$ 442</u>	<u>448</u>		<u>442</u>	<u>448</u>

**(5) Property and Equipment**

DIMHKG and DIMSG, consolidated subsidiaries of DIMTW, purchased offices at costs of USD3,670 thousand and SGD4,656 thousand, respectively (about NTD118,476 and NTD106,510, respectively), using their incremental capital in March 2010 and August 2009. Both DIMHKG and DIMSG were registered as the owners of the offices, which were recorded as buildings.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(6) Short-term Borrowings**

As of December 31, 2010 and 2009, the details of short-term borrowings were as follows:

	<b>2010</b>	<b>2009</b>
Secured loan	\$ 24,606	62,788
Credit loan	<u>32,618</u>	<u>2,806</u>
	<u><u>\$ 57,224</u></u>	<u><u>65,594</u></u>

In 2010 and 2009, the annual interest rates for short-term borrowings ranged from 1.56% to 5.10% and from 1.30% to 5.38%, respectively. All the short-term borrowings are due within one year.

The above short-term borrowings are collateralized by the Company's certificates of deposit, land, and buildings. The details of pledged assets are provided in note 14. As of December 31, 2010 and 2009, the total amount of unused credit facilities (other than the facilities for forwarding guarantee) approximated \$37,974 and \$134,496, respectively.

**(7) Long-term Debts**

As of December 31, 2010 and 2009, the details of long-term debts were as follows:

	<b>2010</b>	<b>2009</b>
Long-term debts	\$ 197,569	147,050
Less: current portion of long-term debts	<u>3,213</u>	<u>665</u>
	<u><u>\$ 194,356</u></u>	<u><u>146,385</u></u>

The repayment schedule for long-term debts was as follows:

<b>Period</b>	<b>Amount</b>
January 1~December 31, 2011	\$ 3,213
January 1~December 31, 2012	<u>194,356</u>
	<u><u>\$ 197,569</u></u>

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(8) Pension**

The following table sets forth the reconciliation between benefit obligation and accrued pension liabilities related to the Company's defined benefit retirement plan as of December 31, 2010 and 2009:

	2010	2009
Benefit obligation:		
Vested benefit obligation	\$ (26,270)	(11,292)
Non-vested benefit obligation	<u>(30,539)</u>	<u>(20,655)</u>
Accumulated benefit obligation	(56,809)	(31,947)
Projected compensation increases	<u>(12,840)</u>	<u>(15,385)</u>
Projected benefit obligation	(69,649)	(47,332)
Fair value of plan assets	<u>16,505</u>	<u>15,568</u>
Funded status	(53,144)	(31,764)
Unrecognized transition obligation	1,490	1,889
Unrecognized prior service costs	7,948	-
Unrealized pension cost	22,223	22,061
Adjustment to recognized minimum liability	<u>(19,491)</u>	<u>(8,565)</u>
Total accrued pension liabilities	<u>\$ (40,974)</u>	<u>(16,379)</u>
Accrued pension liabilities	<u>\$ 42,274</u>	<u>16,379</u>
Prepaid pension cost (under other assets)	<u>\$ 1,300</u>	<u>-</u>
Amount of vested benefit	<u>\$ 29,509</u>	<u>15,288</u>

The components of net pension cost for 2010 and 2009 were as follows:

	2010	2009
Interest costs	1,099	977
Expected return on plan assets	(301)	(104)
Gain on curtailment	1,549	-
Net amortization	<u>15,223</u>	<u>1,011</u>
Net pension cost	<u>\$ 17,570</u>	<u>1,884</u>

The actuarial assumptions used in the above calculations were as follows:

	2010	2009
Discount rate	1.75%	2.25%
Rate of increase in future compensation	2.00%~3.00%	2.50%
Expected long-term rate of return on plan assets	1.75%	2.25%

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

As of December 31, 2010 and 2009, the Company had made adjustments to recognize minimum pension liability. Accordingly, the additional accrued pension cost in excess of the unrecognized net transition obligation was \$10,283 and \$6,676, respectively, classified as net loss not recognized as net pension cost under stockholders' equity, and the remaining balance of \$9,208 and \$1,889, respectively, was classified as deferred pension costs under intangible assets.

The Company recognized pension cost of \$86,028 and \$63,668 in 2010 and 2009, respectively, under the defined contribution plan.

**(9) Income Tax**

Each legal entity included in the consolidated financial statements must file its own income tax return. No consolidated filing is allowed.

DIMTW and DFS were subject to ROC income tax at a maximum rate of 25%. Effective January 1, 2006, the Income Basic Tax Act has been applied to the calculation of the companies' basic income tax. Based on the amendment to the Income Tax Act announced on May 27, 2009, the income tax rate applicable to the companies was reduced to 20% commencing from 2010. However, according to the amended Tax Act released on June 15, 2010, the income tax rate was reduced to a maximum of 17% effective 2010. The income tax of the foreign subsidiaries was calculated according to their respective tax rates. In 2010 and 2009, the applicable tax rates for the foreign subsidiaries ranged from 0% to 35.71%. The components of income tax expense (benefit) for the years ended December 31, 2010 and 2009, were as follows:

	<b>2010</b>	<b>2009</b>
Current income tax expense	\$ 72,258	18,798
Deferred income tax expense	<u>(16,444)</u>	<u>2,249</u>
Income tax expense	<u>\$ 55,814</u>	<u>21,047</u>

The differences between the expected income tax based on the consolidated pre-tax income at the statutory income tax rate and the actual income tax expense reported in the consolidated statements of income were as follows:

	<b>2010</b>	<b>2009</b>
Expected income tax expense	\$ 114,696	85,949
Cash dividend	(7)	(33)
Tax-exempt income	(8,936)	(142)
Effect of change in tax rate	986	1,108
Investment income under equity method	(51,356)	(60,551)
Allowance for deferred income tax assets	2,492	5,334
Adjustments due to tax assessment	10,309	-
10% surtax on undistributed earnings	6,668	6,053
Others	<u>(19,038)</u>	<u>(16,671)</u>
	<u>\$ 55,814</u>	<u>21,047</u>

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

The components of deferred income tax expense (benefit) were as follows:

	2010	2009
Allowance for doubtful accounts	\$ (12,928)	2,169
Accrued pension liabilities	(6,824)	2,137
Loss carryforwards	2,395	(6,695)
Allowance for deferred income tax assets	2,492	5,334
Deferred expense adjustment due to tax assessment	(1,039)	-
Amortization of deferred expenses	(1,263)	-
Unrealized foreign exchange gain	1,645	-
Others	(922)	(696)
Deferred income tax expense	<u>\$ (16,444)</u>	<u>2,249</u>

The deferred income tax assets (liabilities) as of December 31, 2010 and 2009, were as follows:

	2010	2009
Current:		
Deferred income tax assets	\$ 32,804	22,853
Allowance for deferred income tax assets	<u>-</u>	<u>(6,209)</u>
Deferred income tax assets, net	32,804	16,644
Deferred income tax liabilities	<u>(1,645)</u>	<u>-</u>
Net deferred income tax assets—current	<u>\$ 31,159</u>	<u>16,644</u>
Non-current:		
Deferred income tax assets	\$ 16,003	6,636
Allowance for deferred income tax assets	<u>(8,701)</u>	<u>-</u>
Deferred income tax assets, net	7,302	6,636
Deferred income tax liabilities	<u>(216)</u>	<u>(1,479)</u>
Net deferred income tax assets—non-current	<u>\$ 7,086</u>	<u>5,157</u>
Total deferred income tax assets	<u>\$ 48,807</u>	<u>29,489</u>
Total deferred income tax liabilities	<u>\$ 1,861</u>	<u>1,479</u>
Allowance for deferred income tax assets	<u>\$ 8,701</u>	<u>6,209</u>

The aforementioned current deferred income tax assets have been recorded under other current assets.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

As of December 31, 2010 and 2009, the components of deferred income tax assets (liabilities) were as follows:

	<b>2010</b>	<b>2009</b>
Deferred income tax assets:		
Allowance for doubtful accounts	\$ 30,270	17,342
Accrued pension liabilities	11,122	4,298
Loss carryforwards	5,195	7,590
Adjustment of deferred expense due to tax assessment	1,039	-
Others	<u>1,181</u>	<u>259</u>
	<b><u>\$ 48,807</u></b>	<b><u>29,489</u></b>
Deferred income tax liabilities:		
	\$	
Unrealized foreign exchange gain	1,645	-
Depreciation	<u>216</u>	<u>1,479</u>
	<b><u>\$ 1,861</u></b>	<b><u>1,479</u></b>

In accordance with the newly amended ROC Income Tax Act, operating losses of DIMTW and DFS assessed by the local tax authorities can be carried forward for ten consecutive years to reduce taxable income. Furthermore, each subsidiary can carry forward losses in accordance with its local tax laws. As of December 31, 2010, the available operating loss carryforwards of the subsidiaries and the year of expiration were as follows:

(a) USA

	<b>Year</b>	<b>Amount</b>	<b>Year of expiration</b>
	2007	<b><u>\$ 13,405</u></b>	2012

(b) China

	<b>Year</b>	<b>Amount</b>	<b>Year of expiration</b>
	2009	<b><u>\$ 333</u></b>	2011

The ROC income tax authorities have examined DIMTW's and DFS's income tax returns for all years through 2008.

As of December 31, 2010 and 2009, the related imputation tax information of the Company was as follows:

	<b>2010</b>	<b>2009</b>
Imputation credit account balance	<b><u>\$ 3,792</u></b>	<b><u>22</u></b>

The imputation tax credit ratio for year 2010 earnings to be distributed in 2011 is estimated at 3.61%. The actual imputation tax credit ratio for year 2009 earnings distributed in 2010 was 1.92%.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

As of December 31, 2010 and 2009, the components of unappropriated earnings were as follows:

	<b>2010</b>	<b>2009</b>
1997 and before	\$ 1,766	1,766
1998 and after	<u>426,702</u>	<u>299,562</u>
Total	<u><u>\$ 428,468</u></u>	<u><u>301,328</u></u>

**(10) Stockholders' Equity**

(a) Common stock

On June 8, 2010, the annual stockholders' meeting decided to increase DIMITW's capital by \$80,000 through the issuance of 8,000,000 shares of new common stock by transferring unappropriated earnings. The issuance of capital was approved by the Financial Supervisory Commission on July 7, 2010. The date of the capital increase was designated as August 6, 2010, by the board of directors, and the registration of this capital increase has been completed.

On June 26, 2009, the annual stockholders' meeting decided to increase DIMITW's capital by \$70,000 through the issuance of 7,000,000 shares of new common stock by transferring from unappropriated earnings. The issuance of capital was approved by the Financial Supervisory Commission on July 31, 2009. The date of the capital increase was designated as August 29, 2009, by the board of directors, and the registration of this capital increase has been completed.

(b) Treasury stock

According to the decision made by the DIMITW board of directors on November 30, 2010, DIMITW decided to buy back its outstanding shares from December 2010. Also, according to the decision made by the DIMITW board of directors on September 19, 2008, DIMITW decided to buy back its outstanding shares from September 2008. Both aforementioned transactions were under section 28.2 of the Securities and Exchange Act. DIMITW will sell all the treasury stock to its eligible employees within three years of acquisition of the treasury stock. Employees are limited to those who have worked for DIMITW over two years as of the transfer date or have made a contribution to the Company. The transfer price is the average purchase cost plus an interest rate equal to the interest rate on time deposits of Bank of Taiwan. In 2009, 912 thousand shares of treasury stock were sold. All of the transfer was completed by December 4, 2009, and DIMITW recorded \$3,374 under capital surplus—treasury stock transactions. Movement of DIMITW's treasury stock for the years 2010 and 2009 was as follows:

				(Unit: thousand shares)
				2010
Opening shares	Addition	Deduction	Ending shares	
<u>520</u>	<u>1,422</u>	<u>-</u>	<u>1,942</u>	
				2009
Opening shares	Addition	Deduction	Ending shares	
<u>1,432</u>	<u>-</u>	<u>912</u>	<u>520</u>	

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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According to Securities and Exchange Act regulations, the number of shares of treasury stock is not allowed to exceed 10% of the number of shares issued. Moreover, the total value of treasury stock is not allowed to exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. Accordingly, based on the financial statements as of September 30, 2010, and June 30, 2008, the number of shares that DIMTW purchased could not exceed 13,100,000 shares and 10,020,000 shares, respectively, and the total value was not allowed to exceed \$543,597 and \$246,101, respectively. During years 2010 and 2009, DIMTW held a maximum of 1,942 thousand and 1,432 thousand shares, respectively, of treasury stock with a total value of \$48,927 and \$23,286, respectively. Thus the transactions were in compliance with the Securities and Exchange Act.

According to Securities and Exchange Act regulations, treasury stock cannot be pledged. Until the treasury stock is transferred, it does not carry any shareholder rights.

(c) Capital surplus

According to the ROC Company Act, realized capital surplus can be capitalized and transferred to share capital after offsetting accumulated deficit. Capital surplus should not be used for distribution of cash dividends. Realized capital surplus mentioned above includes any amounts donated to DIMTW and the proceeds received in excess of the par value of common stock issued. The amount of capital surplus capitalized each year may not exceed a certain percent of DIMTW's issued share capital. Issuance of new stock from capital surplus of cash subscription in excess of par value of common stock can be made only once per year, and cannot be made in the same year as cash subscription of shares.

(d) Legal reserve

The ROC Company Act stipulates that DIMTW must retain a minimum of 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. Legal reserve can only be used to offset deficits, and cannot be distributed as cash dividends. Up to one-half of legal reserve can be converted to share capital when it reaches an amount equal to one-half of issued share capital.

(e) Special reserve

In accordance with SFB Ruling Jai-Tsai-Chang No. 100116, effective 2000, in addition to the legal reserve retained, DIMTW should provide a special reserve of equal amount for any current-year stockholders' equity contra account from the current year's earnings after tax or prior years' unappropriated earnings. However, the special reserve of equal amounts for prior years' accumulated stockholders' equity contra accounts should only be provided from prior years' unappropriated earnings. If a reversal of stockholders' equity contra account occurs, the reversed portion of the special reserve could be distributed.

(f) Retained earnings

DIMTW's articles of incorporation stipulate that its net earnings from the current year shall be used to pay income tax, offset prior years' deficits, and provide 10% as legal reserve. The remainder, if any, subject to stockholders' approval, may be reserved in a certain amount and distributed. The distribution of remaining earnings should be as dividends, employee bonuses, and directors' and supervisors' remuneration in the ratio of 87%, 10% and 3%, respectively.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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Furthermore, on June 14, 2002, the annual stockholders' meeting decided to entitle qualified employees of the affiliated companies to the aforementioned employee bonuses. In addition, to maintain the stockholders' return on investment, to accommodate the operating cycles, and to strengthen the financial structure of the Company, the following factors were taken into consideration for dividend distribution:

- i) the future expansion needs of the Company;
- ii) maintaining a stable earnings per share level of the Company;
- iii) the cash flows and operating results.

Furthermore, considering that the Company is in a constant growth stage in its business cycle, there will be needs for expansion and working capital in the next few years. However, cash dividends may not be less than 10%.

The board of directors' meeting held on March 31, 2010, approved a resolution to distribute employee bonuses and remuneration to directors and supervisors of \$17,548 and \$5,264, respectively. The employee bonuses and remuneration to directors and supervisors approved by the stockholders' meeting did not differ from those proposed by the board of directors. The related information can be obtained from the Market Observation Post System.

The board of directors' meeting held on April 7, 2009, approved a resolution to distribute employee bonuses and remuneration to directors and supervisors of \$15,929 and \$4,779, respectively. The employee bonuses and remuneration to directors and supervisors approved by the shareholders' meeting did not differ from those proposed by the board of directors. The related information can be obtained from the Market Observation Post System.

In accordance with ROC SFAS No. 39 "Share-based Payment", Ruling (6) No. 0960013218 issued by the Financial Supervisory Commission, and Interpretation (96) 052 issued by the Accounting Research and Development Foundation in Taiwan, the Company estimated and accrued employee bonuses amounting to \$22,167 and \$17,548 for the years 2010 and 2009, respectively. The Company also estimated and accrued directors' and supervisors' remuneration amounting to \$6,650 and \$5,264 for the years 2010 and 2009, respectively. Should the actual distributions differ from these estimates, the difference would be treated as accounting estimates and charged to profit or loss in the following year. The aforementioned employee bonuses and directors' and supervisors' remuneration were estimated as follows:

- i) Tax rate: using the effective tax rate
- ii) Percentage of appropriation: according to DIMTW's articles of incorporation and historical experience, the employee bonuses were accrued at 10% of the distributed earnings; the directors' and supervisors' remuneration was accrued at 3% of the distributed earnings.
- iii) Number of shares to be issued for employee bonuses: based on the closing price as of December 31, 2010 and 2009, and taking the ex-dividend effect into consideration, 731 thousand and 505 thousand shares, respectively, would be issued for employee bonuses.

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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**(11) Employee Stock Option Plan**

In accordance with the employee stock option plan (treasury stock transfer plan) approved on November 28, 2008, the grant date was August 21, 2009. DIMTW adopted the Black-Scholes Model to estimate the fair value of the treasury stock transfer plan. The elements considered were as follows:

Exercise price (NT dollars)	\$	16.46
Expected duration		2 months
Market price of target stock	\$	20.00
Expected volatility of stock price		11.52 %
Expected dividend yield		2.9932 %
Risk-free interest rate		0.77 %

Based on the assumptions above, DIMTW recognized compensation cost at fair value of \$3,192. As of December 31, 2010, the issuance of stock under the employee stock option plans had been completed.

The outstanding stock option rights in 2010 were as follows:

<b>Employee stock options</b>	<b>Units</b>	<b>2010 Exercise price (dollars)</b>
Outstanding balance as of January 1, 2009	-	\$ -
Options granted	912	16.46
Options cancelled	-	-
Options exercised	912	16.46
Options expired	<u>-</u>	-
Outstanding balance as of December 31, 2009	<u>-</u>	-
Exercisable as of December 31, 2009	<u>-</u>	-
Fair market value	<u>\$ -</u>	

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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**(12) Earnings per Share (EPS)**

For the years ended December 31, 2010 and 2009, the computations of basic EPS and diluted EPS of the Company were as follows:

	2010		2009	
	Before income tax	After income tax	Before income tax	After income tax
	(Unit: thousand shares)			
Basic earnings per share:				
Net income	\$ <u>319,483</u>	<u>304,176</u>	<u>253,565</u>	<u>243,717</u>
Weighted-average outstanding common shares	<u>130,379</u>	<u>130,379</u>	<u>129,578</u>	<u>129,578</u>
Basic earnings per share (expressed in New Taiwan dollars)	\$ <u>2.45</u>	<u>2.33</u>	<u>1.96</u>	<u>1.88</u>
Diluted earnings per share:				
Net income	\$ <u>319,483</u>	<u>304,176</u>	<u>253,565</u>	<u>243,717</u>
Weighted-average outstanding common shares	130,379	130,379	129,578	129,578
Impact of potential common shares — Employee bonus	994	994	888	888
Weighted-average outstanding shares in calculating diluted earnings per share	<u>131,373</u>	<u>131,373</u>	<u>130,466</u>	<u>130,466</u>
Diluted earnings per share (expressed in New Taiwan dollars)	\$ <u>2.43</u>	<u>2.32</u>	<u>1.94</u>	<u>1.87</u>

**(13) Financial Instruments****(a) Derivative financial instruments**

As of December 31, 2010 and 2009, there were no unsettled derivative financial instruments.

**(b) Non-derivative financial instruments**

Methods and assumptions in estimating the fair value of financial instruments are as follows:

- i) For short-term financial instruments, book value is used to estimate the fair value of the financial instruments. Since these instruments' future cash inflow or outflow will not be affected by the timing difference, book value provides a reasonable basis in estimating the fair value. This valuation method can be applied to such financial asset accounts as cash and cash in bank, notes and accounts receivable (including related parties), and restricted assets, and to such financial liability accounts as short-term borrowings, notes and accounts payable (including related parties), accrued expenses, and other payables.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

- ii) Investment in trust funds is classified as financial assets at fair value through profit or loss—current. Market value of closed-end funds is determined by the average closing price on the balance sheet date. Market value of open-end funds is determined by the net asset value on the balance sheet date.
  - iii) The financial assets are measured at cost due to no availability of an active market or of reliable fair value.
  - iv) The fair value of long-term debts is calculated by discounting estimated future cash flows. Discount rates applied are based on rates currently available to the Company for debt with similar terms. However, most long-term debt carried fluctuating interest rates; hence the Company adopted fair value as its book value.
- (c) Information on financial risks
- i) Market risk

Market risk represents the potential loss due to the decrease in the value of a financial instrument caused primarily by changes in interest rates or foreign exchange rates. The Company maintains its foreign currency positions within prescribed limits in order to manage market risk. Financial assets or liabilities at fair value through profit or loss are cash in banks and bank loans. However, the impact of the cash flow risk arising from changes in interest rates on financial assets or liabilities is not significant.
  - ii) Credit risk

The Company's notes and accounts receivable (including related parties) and other financial assets are affected by credit risk, so they were estimated at fair value on the balance sheet date.

Concentration of credit risk refers to significant concentrations of credit risk from all financial instruments, whether the risk is from an individual counter-party or groups of counter-parties. Group concentration of credit risk exists if a number of counter-parties are engaged in similar activities or activities in the same region or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The counter-parties of the financial instruments are not concentrated for the Company.
  - iii) Liquidity risk

Liquidity risk represents the potential loss due to the possible inability of the Company to settle its contracts by the expiration date. To manage liquidity risk, the Company maintains its access to money market instruments and other assets with market liquidity to meet the cash requirements. Hence, the Company does not have liquidity risk.
  - iv) Cash flow risk arising from interest rate change

The Company's short-term and long-term borrowings were floating rate liabilities; therefore, a change in market rates would result in a change in the interest rates on short-term and long-term borrowings and the movement of future cash flow. However, the Company's reliance on bank loans is not significant; therefore, the impact of the cash flow risk arising from a change in interest rates is not significant.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(14) Transactions with Related Parties**

## (a) Name and relationship

<b>Name</b>	<b>Relationship</b>
Dimerco Viectfracht (JV) Co., Ltd. (DIMVN) Board of directors, supervisors, president and vice president	Investee of the Company under equity method The major management

## (b) Significant transactions with related parties – guarantees

As of December 31, 2009, the Company had provided forwarding guarantees for DIMVN of USD90,000.

## (c) Key management personnel compensation

Compensation to the directors, supervisors, president, and vice president comprised:

	<b>2010</b>	<b>2009</b>
Salaries	\$ 27,536	28,645
Remuneration	2,880	2,880
Employee bonus	22,167	17,547

Part of the aforementioned compensation is included in the accrual of employee bonuses and directors' and supervisors' remuneration as stated in note 10.

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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**(15) Pledged Assets**

Pledged assets	Purpose	Book Value	
		2010	2009
Restricted certificates of deposit (restricted assets – current)	Short-term borrowings and guarantees from banks for performance of freight forwarding contracts	\$ 9,248	49,212
Restricted certificates of deposit (refundable deposits – non-current)	Guarantee for customs duty recorded	4,621	3,000
Property, plant, and equipment:			
Land	Long-term and short-term borrowings and guarantees from banks for performance of freight forwarding contracts	41,792	62,230
Buildings	"	130,019	38,368
Transportation equipment	"	1,006	397
Leasehold improvement	"	<u>12,741</u>	<u>-</u>
Total		<u>\$ 199,427</u>	<u>153,207</u>

**(16) Commitments and Contingent Liabilities**

- (a) The Company provided certificates of deposit, land, and buildings as collateral to banks for the performance of freight forwarding contracts in 2010 and 2009. As of December 31, 2010 and 2009, guarantees from banks were \$135,195 and \$90,000, respectively, and the used amounts were \$109,631 and \$69,394, respectively.
- (b) As of December 31, 2010 and 2009, the Company had outstanding letters of credit totaling \$9,921 and \$1,100, respectively. As of December 31, 2010 and 2009, the guarantees recorded for customs duty were \$4,954 and \$9,978, respectively.
- (c) As of December 31, 2010, three insurance companies, First Insurance Co., Ltd., Insurance Company of North America, and Taian Insurance Co., Ltd., claimed against DIMTW for damage compensation resulting from payments made to the consignee, ChipMos Technologies Inc. The compensation included \$2,038 and related interest incurred. However, DIMTW claimed that since the consigned products were defective products needing repair, there was no direct evidence to prove that the damage was caused during transportation. The claim is still in process in the Taiwan Taoyuan District Court.

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(17) Significant Subsequent Events**

Pursuant to the resolution approved by the board of directors' meeting held on March 23, 2011, the Company planned to buy back 2,000,000 shares of its common stock in order to sell to its employees with a purchase price ranging from \$17.5 to \$38.9 per share. The total purchase costs were not over \$77,800.

**(18) Others**

## (a) Employment, depreciation, and amortization expenses

A summary of employment, depreciation, and amortization expenses for the years ended December 31, 2010 and 2009, categorized by cost of revenue and operating expenses, is as follows:

	2010			2009		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employment expenses						
Salaries	21,628	802,141	823,769	21,633	924,461	946,094
Labor and health insurance	95	60,872	60,967	142	84,395	84,537
Pension	813	102,785	103,598	468	65,084	65,552
Other employment expenses	729	247,672	248,401	116	276,712	276,828
Depreciation expenses	2,824	53,930	56,754	-	54,600	54,600
Amortization expenses	-	1,557	1,557	-	1,460	1,460

## (b) Reclassification

Certain amounts in the financial statements for the year ended December 31, 2009, have been reclassified to conform with those of the presentation for the year ended December 31, 2010. Such reclassifications have no significant effect on the financial statement presentation.

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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## (c) Other

Significant financial assets and liabilities in foreign currencies:

Unit: thousands

Item	Foreign Currency	2010.12.31 Exchange Rate	NTD	Foreign Currency	2009.12.31 Exchange Rate	NTD
Financial Assets:						
Monetary item:						
USD	<u>16,809</u>	<u>29.09</u>	<u>488,888</u>	<u>13,567</u>	<u>32.03</u>	<u>434,559</u>
CAD	<u>2,294</u>	<u>29.06</u>	<u>66,663</u>	<u>2,139</u>	<u>30.49</u>	<u>65,208</u>
HKD	<u>22,466</u>	<u>3.74</u>	<u>83,978</u>	<u>26,879</u>	<u>4.13</u>	<u>110,976</u>
KRW	<u>2,541,313</u>	<u>0.03</u>	<u>65,312</u>	<u>3,434,494</u>	<u>0.03</u>	<u>99,006</u>
RMB	<u>202,838</u>	<u>4.40</u>	<u>893,195</u>	<u>240,117</u>	<u>4.69</u>	<u>1,126,581</u>
MYR	<u>13,720</u>	<u>9.45</u>	<u>129,694</u>	<u>14,448</u>	<u>9.35</u>	<u>135,129</u>
THB	<u>77,385</u>	<u>0.96</u>	<u>74,653</u>	<u>62,064</u>	<u>0.96</u>	<u>59,637</u>
AUD	<u>2,663</u>	<u>29.46</u>	<u>78,438</u>	<u>2,537</u>	<u>28.82</u>	<u>73,109</u>
Financial Liabilities:						
Monetary item:						
USD	<u>2,769</u>	<u>29.09</u>	<u>80,530</u>	<u>1,446</u>	<u>32.03</u>	<u>46,311</u>
HKD	<u>10,989</u>	<u>3.74</u>	<u>41,075</u>	<u>15,857</u>	<u>4.13</u>	<u>65,466</u>
RMB	<u>43,088</u>	<u>4.40</u>	<u>189,737</u>	<u>68,142</u>	<u>4.69</u>	<u>319,707</u>

**(19) Additional Disclosures**

## (a) Related information on material transactions:

i) Financing provided: None.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
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## ii) Endorsement/guarantee provided:

(Unit: thousands)

No	Guarantor	Guarantee		Maximum endorsement amount for a single company	Highest endorsement balance of the period	Ending endorsement balance of the period	Amount guaranteed by DIMITW's assets	Ratio of accumulated endorsement amount to the net asset value on the most recent financial statements	Maximum endorsement amount
		Name	Relationship						
0	DIMTW	DIMKR	Subsidiary	NT 262,000	NT 10,329 (USD 320)	NT 9,307 (USD 320)	NT 9,307 (USD 320)	2.65	NT 542,000
"	"	DIMSG	Subsidiary	NT 262,000	NT 10,064 (SGD 443)	NT 5,529 (SGD 245)	NT 5,529 (SGD 245)	-	-
"	"	ZJD	Subsidiary	NT 262,000	NT 9,683 (USD 300)	NT 8,726 (USD 300)	NT 8,726 (USD 300)	-	-
"	"	DIMPH	Subsidiary	NT 262,000	NT 194 (USD 6)	NT 175 (USD 6)	NT 175 (USD 6)	-	-
"	"	DIMVN	Investment under equity method	NT 262,000	NT 4,196 (USD 130)	3,781 (USD 130)	3,871 (USD 130)	-	-
"	"	DIMNL	Subsidiary	NT 262,000	NT 3,461 (EUR 75)	NT 2,894 (EUR 75)	NT 2,894 (EUR 75)	-	-
"	"	DIMHKG	Subsidiary	NT 262,000	15,293 (HKD 3,703)	NT 14,814 (HKD 3,963)	14,814 (HKD 3,963)	-	-

Note: Based on the Company's guidelines, the allowable aggregate amount of financing 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) Marketable securities held as of December 31, 2010:

(Unit: thousand dollars)

Name of holder	Category and name of security	Relationship	Account name	December 31, 2010				Maximum investment in 2010	Remarks
				Shares / units (thousand)	Book value	Percentage of ownership (%)	Market value (note)		
DIMTW	Stock: DIL	Subsidiary	Long-term investment	-	974,323	100	974,323	472,313	Eliminated
"	HOLDING	"	"	3,089	686,991	100	686,991	164,845	"
"	DFS	"	"	1,200	47,832	99	47,832	15,444	"
"	FSC	"	"	10	393,002	20	393,002	315	"
"	DIMSG	"	"	4,650	128,540	86	128,540	108,362	
"	Global Sky Express Taiwan Ltd.	-	"	10	100	1	100	100	-
"	Evergreen Air Cargo Service Corporation	-	"	29	290	-	290	290	-
					<u>2,231,078</u>		<u>2,231,078</u>		

Note: Market value of long-term investments is the book value of investment as of the balance sheet date.

## iv) Marketable securities acquired and disposed of at cost or price of at least NT\$100 million or 20% of the paid-in capital: None.

## v) Acquisition of individual real estate at cost of at least NT\$100 million or 20% of the paid-in capital: None.

## vi) Disposal of individual real estate at price of at least NT\$100 million or 20% of the paid-in capital: None.

## vii) Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

(Unit: thousand dollars)

Company name	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Accounts and notes receivable (payable)		Remark
			Purchase (sale)	Amount	% of total purchases (sales)	Payment terms	Unit price	Term	Ending balance	% of total accounts and notes receivable (payable)	
The Company	DIMHKG	Subsidiary	Freight charge	101,982	13	Note	-	Note	(9,947)	(8)	

Note: The freight was charged according to market price. No significant difference in terms and conditions from third-party vendors.

## viii) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

## ix) Derivative financial instrument transactions: None.

## (b) Related information on investee companies:

## i) Name of, location of, and related information on investees:

(Unit: thousands)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2010			Net income (loss) of the investee	Investment gain (loss)	Remarks
				2010.12.31	2009.12.31	Shares (thousand)	Percentage of ownership (%)	Book value			
DIMTW	DFS	Taiwan	Ocean freight forwarding	NTD15,444	NTD15,444	1,200	99	NTD47,832	NTD10,046	NTD10,046	
"	HOLDING	Bermuda	Holding company	NTD 164,845	NTD 164,845	3,089	100	NTD686,991	NTD16,231	NTD16,231	
"	FSC	British Virgin Is.	Settlement center	NTD315	NTD315	10	20	NTD393,002	NTD138,278	NTD138,278	Note 2
"	DIMSG	Singapore	Logistics	NTD 108,362	NTD 108,362	4,650	86	NTD128,540	NTD3,897	NTD3,356	Note 2
"	DIL	British Virgin Is.	Holding company	NTD 472,313	NTD 472,313	-	100	NTD974,323	NTD134,183	NTD134,183	

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**Notes to Consolidated Financial Statements**

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2010			Net income (loss) of the investee	Investment gain (loss)	Remarks
				2010.12.31	2009.12.31	Shares (thousand)	Percentage of ownership (%)	Book value			
DIL	DIMUS	U.S.A.	Logistics	NTD 238,686	NTD 238,686	4,961	100	NTD193,947	NTD15,707	-	
"	DIMGB	U.K.	Ocean and air freight forwarding	NTD (10,261)	NTD (10,261)	100	100	NTD(8,262)	NTD2,237	-	
"	DIMSG	Singapore	Logistics	NTD23,904	NTD23,904	750	14	NTD3,254	NTD3,897	-	
"	DIMHKG	Hong Kong	Logistics	NTD 359,960 (note 5)	NTD 301,648	300	99	NTD476,994	NTD115,605	-	
"	GMS	Hong Kong	-	-	-	-	100	NTD308,391	NTD102	-	
DIMUS	FSC	British Virgin Is.	Settlement center	USD10	USD10	10	20	USD10	USD4,388	-	Note 2
DIMHKG	Dimerco Int'l Logistics Co., Ltd. (Shanghai)	China	Logistics	USD200	USD200	note 1	99	USD284	USD(54)	-	
"	FSC	British Virgin Is.	Settlement center	USD10	USD10	10	20	USD10	USD4,388	-	Note 2
"	Winfull All Ltd.	Hong Kong	Real estate investment	HKD55	HKD875	921	13	USD13	HKD2,650	-	Note 3
"	DIMCN	China	Forwarder	USD2,000	USD2,000	note 1	100	USD3,416	RMB10,057	-	
"	DIMVN	Vietnam	Forwarder	USD51	USD49	-	51	USD381	VND3,192,389	-	
"	ZJD	China	Forwarder	USD1,380	USD1,380	note 1	75	USD2,678	RMB7,808	-	
"	Dimerco Int'l Logistics Co., Ltd. (Shenzhen)	China	Logistics	HKD2,850	HKD2,850	2,850	100	USD732	RMB1,491	-	
DIMSG	FSC	British Virgin Is.	Settlement center	SGD17	SGD17	10	20	SGD17	USD4,388	-	Note 2
DIMGB	FSC	British Virgin Is.	Settlement center	GBP6	GBP6	10	20	GBP6	USD4,388	-	"
HOLDING	DIMMY	Malaysia	Ocean and air freight forwarding	MYR123	MYR123	123	49	USD1,686	MYR781	-	
"	DILMY	"	Global forwarder	MYR186	MYR186	186	49	USD(162)	MYR(26)	-	
"	DIMTH	Thailand	Ocean and air freight forwarding	BAHT7,350	BAHT7,350	735	49	USD684	THB5,879	-	
"	DIMPH	Philippines	"	PHP4,000	PHP2,400	120	40	USD558	PHP4,091	-	
"	WFNAU	Australia	"	AUD30	AUD30	30	50	USD654	AUD123	-	
"	DIMKR	Korea	"	KRW 600,000	KRW 600,000	120	100	USD574	KRW(288,138)	-	
"	DIMCA	Canada	Air freight forwarding	CAD668	CAD668	-	100	USD1,545	CAD89	-	
"	DIMNL	Netherlands	Ocean and air freight forwarding	DEM210 EUR362 NTD13	DEM210 EUR202 NTD13	1	100	USD(2)	EUR102	-	
"	DFSHKG	Hong Kong	Ocean freight forwarding	HKD5,037 (note 5)	HKD3,093	71	99	USD3,381	HKD4,842	-	
"	DTLHKG	Hong Kong	Transportation	HKD8,148	HKD3,399	89	90	USD1,322	HKD84	-	
"	Winfull All Ltd.	Hong Kong	Real estate investment	HKD1,225	HKD1,225	1,289	18	USD18	HKD2,650	-	Note 3
"	DSLSFO	U.S.A.	Logistics	USD500	USD500	50	100	USD522	USD(71)	-	
DFSHKG	DFSSHA	China	Ocean freight forwarding	HKD15,547	HKD12,437	note 1	100	RMB16,818	RMB2,284	-	
DTLHKG	DTLSHA	China	Transportation	HKD7,751	HKD7,130	note 1	100	RMB6,239	RMB(281)	-	
DIMMY	Danau Muhibbah Sdn. Bhd.	Malaysia	Real estate investment	MYR150	MYR150	-	100	MYR150	-	-	

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

Note 2: 100% jointly owned by the Company.

Note 3: 30% jointly owned by subsidiaries of the Company.

Note 4: The inter-company transactions within the Company, such as operating income / expense, payable / receivable, investment / equity and investment gain / loss under equity method, have been eliminated upon consolidation.

Note 5: Registration of the incremental capital had not been completed as of December 31, 2010.

ii) Financing provided:

No	Name of lender	Name of borrower	Financial statement account	Highest balance of financing to other party during the period	Balance as of December 31, 2010	Range of interest rates during the period (%)	Purpose of lending	Account of business transaction	Reason for such short-term financial support	Allowance for bad debt provided	Collateral		Limitation on lending to an individual party	Limitation on aggregate lending
											Name	Value		
1	HOLDING	DIMTW	Account receivable from related parties	28,195 (USD969)	28,195 (USD969)	-	Working capital	-	-	-	-	-	170,620	682,478
2	FSC	DIMTW	"	150,627 (USD4,443)	29,509 (USD1,015)	-	Working capital	-	-	-	-	-	170,620	-
4	DFS	DIMTW	"	NTD 2,935	NTD 1,732	2	Working capital	-	-	-	-	-	170,620	-

Note 1: 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 2: The transactions have been eliminated upon consolidation.

iii) Endorsement/guarantee provided: None.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

## iv) Marketable securities held on December 31, 2010:

(Unit: thousands)

Name of holder	Category and name of security	Relationship with holder	Account name	Balance as of December 31, 2010				Maximum investment in 2010	Remarks
				Shares (thousand)	Book value	Percentage of ownership (%)	Market value (note 1)		
Holding	Stock:								
	DIMMY	Subsidiary	Long-term investment	123	USD 1,686	49	USD 1,686	MYR 123	-
"	DILMY	"	"	186	USD (162)	49	USD (162)	MYR 186	-
"	DIMTH	"	"	735	USD 684	49	USD 684	BATH 7,350	-
"	DIMNL	"	"	1	USD (2)	100	USD (2)	DEL 210 EUR 362 NTD 13	-
"	DIMKR	"	"	120	USD 574	100	USD 574	KRW 600,000	-
"	DFSHKG	"	"	71	USD 3,381	99	USD 3,381	HKD 5,037	-
"	WFNAU	"	"	30	USD 654	50	USD 654	AUD 30	-
"	DIMPH	"	"	120	USD 558	40	USD 558	PHP 4,000	-
"	DIMCA	"	"	-	USD 1,545	100	USD 1,545	CAD 668	-
"	Winfull All Ltd.	"	"	1,289	USD 18	18	USD 18	HKD 77	-
"	DTLHKG	"	"	89	USD 522	90	USD 522	HKD 8,148	-
"	DSLSFO	"	"	50	USD 1,322	100	USD 1,322	USD 500	-
DIL	DIMUS	"	"	4,961	NTD 193,947	100	NTD 193,947	NTD 238,686	-
"	DIMGB	"	"	100	NTD (8,262)	100	NTD (8,262)	NTD (10,261)	-
"	DIMSG	"	"	750	NTD 3,029	14	NTD 3,029	NTD 23,904	-
"	DIMHKG	"	"	300	NTD 476,994	100	NTD 476,994	NTD 359,960	-
"	GMS	"	"	-	NTD 308,391	100	NTD 308,391	NTD -	-
DIMUS	FSC	Subsidiary jointly invested in by the Company	"	10	USD 10	20	USD 10	USD 10	-
DIMHKG	Dimerco Int'l logistics Co., Ltd.	Subsidiary	"	note 2	USD 284	99	USD 284	USD 200	-
"	DIMCN	"	"	"	USD 3,816	100	USD 3,816	USD 2,000	-
"	FSC	Subsidiary jointly invested in by the Company	"	10	USD 10	20	USD 10	USD 10	-
"	Winfull All Ltd.	Subsidiary	"	921	USD 13	13	USD 13	HKD 55	-
"	Dimerco Int'l logistics (Shenzhen) Co., Ltd.	"	"	2,850	USD 732	100	USD 732	USD 2,850	-
"	DIMVN	Investment under equity method	"	-	USD 381	49	USD 381	USD 51	-
"	ZJD	Subsidiary	"	note 2	USD 2,678	75	USD 2,678	USD 1,380	-
DIMGB	FSC	Subsidiary jointly invested in by the Company	"	10	GBP 6	20	GBP 6	GBP 6	-
DIMSG	FSC	Subsidiary jointly invested in by the Company	"	10	SGD 17	20	SGD 17	SGD 17	-
"	Burwill Holdings Ltd.	-	"	22	SGD 1	-	SGD 1	SGD 1	-
"	Stamford Land	-	"	5	SGD 2	-	SGD 2	SGD 2	-
DFSHK	DFSSHA	Subsidiary	"	note 2	RMB 16,818	100	RMB 16,818	HKD 15,547	-
DTLHK	DTLSHA	"	"	note 2	RMB 6,239	100	RMB 6,239	HKD 7,751	-
DIMMY	Danau Muhibbah Sdn. Bhd.	"	"	-	MYR 150	100	MYR 150	MYR 150	-

Note 1: Market value of long-term investments is book value of investment as of the balance sheet date.

Note 2: The company was established as a limited company.

Note 3: The inter-company transactions within the Company, such as operating income / expense, payable / receivable, investment / equity and investment gain / loss under equity method, have been eliminated upon consolidation.

## v) Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: None.

## vi) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital:

(Unit: thousands)

Name of company that purchased or sold	Name of property	Trade date	Amount	Status of payment	Transaction objective	Relationship	Latest transaction information if the counterparty is a related party				Basis of price determination	Usage and purpose of acquisition	Other commitment
							Ownership	Relationship with the buyer	Transfer date	Amount			
DIMHKG	Office	2010.3.31	118,476 (USD3,670)	Paid	Wealthy Star Development Limited	-	-	-	-	-	Market price	Office	-

## vii) Disposal of individual real estate at prices of at least NT\$100 million or 20% of paid-in capital: None.

## viii) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

(Unit: thousands)

Company name	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Payment terms (days)	Unit price	Payment terms	Ending balance of notes and accounts receivable (payable)	Percentage of total notes and accounts receivable (payable)	
DIMHKG	The Company	Subsidiary	Freight revenue	(101,982)	(4)	Note	-	Note	9,947	3	-

Note: The selling price was the market price. There was no significant difference in terms and conditions from third parties.

## ix) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

## x) Derivate financial instrument transactions: None.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

## (c) Information on investments in Mainland China:

## i) Overview of investments:

The investments in Mainland China for year 2010 were as follows:

(Unit: thousands)

Name of investee in Mainland China	Main operational items	Issued capital	Method of investment	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Percentage of direct or indirect investment	Gain (loss) recognized during the period (Note 1)	Book value as of December 31, 2010	Accumulated gain returned to Taiwan at end of period
					Invested amount	Returned amount					
ZJD	Ocean and air freight forwarder	USD 1,840	(Note 1)	USD 902	-	-	USD 902	75	(Note 1)	USD 2,678	-
DILCN	Logistics	USD 200	"	USD 200	-	-	USD 200	99	(Note 1)	USD 284	-
DIMCN	Ocean and air freight forwarder	USD 2,000	"	-	-	-	-	100	(Note 1)	USD 3,416	-
Dimerco Int'l Logistics Co. Ltd. (Shenzhen)	Logistics	HKD 2,850	"	-	-	-	-	100	(Note 1)	USD 732	-
DFSHK	Ocean freight forwarder	HKD 15,547	"	-	-	-	-	100	(Note 1)	RMB16,818	-
DTLHK	Transportation	HKD 7,751	"	-	-	-	-	100	(Note 1)	RMB 6,239	-

Note 1: All the investees located in the PRC were invested in indirectly via subsidiaries. The gain (loss) of the investee of the audited financial statements were recognized as investment income (loss) under equity method.

## ii) Limitation on investments in Mainland China

(Unit: thousands)

Aggregate investment amount remitted from ROC to Mainland China at the end of the period	Investment amount approved	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
32,052 (USD1,102)	69,804 (USD2,400)	1,023,717

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

## iii) The significant direct or indirect transactions of DIMTW with investee companies in Mainland China

- i. For the main business of the Company, the amount the investee companies in Mainland China received on behalf of DIMTW in 2010 and the balance of accounts receivable due from the aforementioned transactions as of December 31, 2010, were as follows:

	2010	December 31, 2010
DIMCN	\$ 23,741	3,394
ZJD	12,431	3,171
DFSCN	5,073	96

- ii. For the main business of the Company, the total amount DIMTW received on behalf of the investee companies in Mainland China and the remaining balance of accounts payable as of December 31, 2010, were as follows:

	2010	December 31, 2010
DIMCN	\$ 89,831	16,129
ZJD	41,979	5,047

- iii. DIMTW provided a guarantee of USD300,000 for ZJD to perform a freight forwarding contract on its behalf in 2010.

## (d) Significant inter-company eliminations among consolidated entities:

For the year ended December 31, 2010:

No. (note 1)	Company name	Name of counter-party	Relationship with the company (note 2)	Transaction details			Percentage of net sales or total assets (%)
				Account name	Amount	Credit period (days)	
0	DIMTW	ZJD	1	Accounts receivable – related parties	3,171	Negotiated	0.09 %
"	"	"	"	Accounts payable – related parties	5,047	"	0.15 %
"	"	DIMUS	"	Accounts receivable – related parties	13,078	"	0.38 %
"	"	"	"	Accounts payable – related parties	28,692	"	0.84 %

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

No. (note 1)	Company name	Name of counter-party	Relationship with the company (note 2)	Transaction details			
				Account name	Amount	Credit period (days)	Percentage of net sales or total assets (%)
0	DIMTW	DIMHKG	1	Accounts receivable — related parties	2,727	Negotiated	0.08 %
"	"	"	"	Accounts payable— related parties	9,947	"	0.29 %
"	"	"	"	Prepayment	29,085	"	0.85 %
"	"	DIMMY	"	Accounts receivable — related parties	1,327	"	0.04 %
"	"	"	"	Accounts payable— related parties	3,179	"	0.09 %
"	"	WFNAU	"	Accounts receivable — related parties	193	"	- %
"	"	"	"	Accounts payable— related parties	33	"	- %
"	"	DILCN	"	Accounts receivable — related parties	2	"	- %
"	"	"	"	Accounts payable— related parties	49	"	- %
"	"	DINNL	"	Accounts receivable — related parties	608	"	0.02 %
"	"	"	"	Accounts payable— related parties	422	"	0.01 %
"	"	DINVN	"	Accounts receivable — related parties	66	"	- %
"	"	"	"	Accounts payable— related parties	228	"	- %
"	"	DIMSG	"	Accounts receivable — related parties	556	"	0.02 %
"	"	"	"	Accounts payable— related parties	5,213	"	0.15 %
"	"	DIMCA	"	Accounts receivable — related parties	53	"	- %
"	"	"	"	Accounts payable— related parties	230	"	- %
"	"	DIMTH	"	Accounts receivable — related parties	2,510	"	0.07 %
"	"	"	"	Accounts payable— related parties	558	"	0.02 %
"	"	DIMPH	"	Accounts receivable — related parties	33	"	- %
"	"	"	"	Accounts payable — related parties	237	"	0.01 %
"	"	DFS	"	Accounts receivable — related parties	67	"	- %
"	"	"	"	Accounts payable— related parties	136	"	- %
"	"	"	"	Other non-current payable— related parties	1,732	"	0.05 %
"	"	"	"	Management fee income	493	"	0.01 %
"	"	"	"	Rent revenue	480	"	0.01 %
"	"	DFSHKG	"	Accounts payable— related parties	4	"	- %
"	"	DIMGB	"	Accounts receivable — related parties	5,099	"	0.15 %
"	"	"	"	Accounts payable — related parties	980	"	0.03 %
"	"	DIMKR	"	Accounts receivable — related parties	509	"	0.01 %
"	"	"	"	Accounts payable— related parties	8,401	"	0.25 %
"	"	FSC	"	Accounts payable— related parties	3,709	"	0.09 %
"	"	"	"	Other non-current payable— related parties	29,509	"	0.87 %
"	"	"	"	Management fee income	22,938	"	0.14 %
"	"	"	"	Prepayment—related parties	165,021	"	4.84 %
"	"	"	"	Other current liabilities	46,536	"	1.37 %

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

No. (note 1)	Company name	Name of counter-party	Relationship with the company (note 2)	Transaction details			Percentage of net sales or total assets (%)
				Account name	Amount	Credit period (days)	
0	DIMTW	Holding	1	Other non-current payable—related parties	28,195	Negotiated	0.83 %
"	"	"	"	Prepayment—related parties	165,348	"	4.85 %
"	"	DIL	"	Management fee income	8,219	"	0.24 %
"	"	DIMCN	2	Accounts receivable—related parties	3,394	"	0.10 %
"	"	"	2	Accounts payable—related parties	16,129	"	0.47 %
"	"	DSLSFO	1	Accounts receivable—related parties	18	"	- %
"	"	SFSCN	"	Accounts receivable—related parties	96	"	- %
"	"	"	"	Accounts payable—related parties	59	"	- %
1	Holding	DIMTW	2	Other receivable—related parties	28,195	"	0.83 %
"	"	"	"	Prepayment	165,348	"	4.85 %
2	FSC	DIMTW	2	Other non-current receivable—related parties	29,509	"	0.87 %
"	"	"	"	Prepayment	165,021	"	4.84 %
"	"	"	"	Revenue	3,023	"	0.02 %
"	"	WFNAU	3	Revenue	831	"	- %
"	"	DIMKR	"	Revenue	2,079	"	0.01 %
"	"	DIMTH	"	Revenue	8,937	"	0.05 %
"	"	DIMPH	"	Revenue	3,600	"	0.02 %
"	"	DIMUS	"	Revenue	23,552	"	0.14 %
"	"	DIMCA	"	Revenue	3,023	"	0.02 %
"	"	DIMGB	"	Revenue	1,258	"	0.01 %
"	"	DILNL	"	Revenue	907	"	0.01 %
"	"	DFSTW	"	Revenue	16,709	"	0.10 %
"	"	DIMMY	"	Revenue	28,531	"	0.17 %
"	"	DIMSG	"	Revenue	4,346	"	0.03 %
"	"	DIMHK	"	Revenue	(10,280)	"	(0.06)%
"	"	DFSHKG	"	Revenue	39,420	"	0.24 %
"	"	ZJD	"	Revenue	36,522	"	0.22 %
"	"	DILCN	"	Revenue	1,302	"	0.01 %
"	"	DIMCN	"	Revenue	18,700	"	0.11 %
"	"	DIMVN	"	Revenue	5,757	"	0.03 %
"	"	DILSZX	"	Revenue	660	"	- %
"	"	DTHKG	"	Revenue	708	"	- %
"	"	DTLCN	"	Revenue	240	"	- %

For the year ended December 31, 2009:

No.	Company name	Name of counter-party	Relationship with the company	Transaction details			Percentage of net sales or total assets (%)
				Account name	Amount	Credit period (days)	
0	DIMTW	ZJD	1	Accounts receivable—related parties	2,741	Negotiated	0.08 %
"	"	"	"	Accounts payable—related parties	3,201	"	0.09 %
"	"	DIMUS	"	Accounts receivable—related parties	8,974	"	0.25 %
"	"	"	"	Accounts payable—related parties	2,795	"	0.08 %
"	"	DIMHKG	"	Accounts receivable—related parties	5,742	"	0.16 %
"	"	"	"	Accounts payable—related parties	10,825	"	0.30 %
"	"	DIMMY	"	Accounts receivable—related parties	782	"	0.02 %
"	"	"	"	Accounts payable—related parties	3,588	"	0.10 %
"	"	WFNAU	"	Accounts receivable—related parties	158	"	- %

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

No.	Company name	Name of counter-party	Relationship with the company	Transaction details			Percentage of net sales or total assets (%)
				Account name	Amount	Credit period (days)	
0	DIMTW	WFNAU	1	Accounts payable – related parties	39	Negotiated	- %
"	"	DILCN	"	Accounts receivable – related parties	3	"	- %
"	"	"	"	Accounts payable – related parties	44	"	- %
"	"	DINNLL	"	Accounts receivable – related parties	1,583	"	0.04 %
"	"	"	"	Accounts payable – related parties	471	"	0.01 %
"	"	DINVN	"	Accounts receivable – related parties	72	"	- %
"	"	"	"	Accounts payable – related parties	243	"	0.01 %
"	"	DIMSG	"	Accounts receivable – related parties	258	"	0.01 %
"	"	"	"	Accounts payable – related parties	2,262	"	0.06 %
"	"	DIMCA	"	Accounts receivable – related parties	235	"	0.01 %
"	"	"	"	Accounts payable – related parties	185	"	- %
"	"	DIMTH	"	Accounts receivable – related parties	807	"	0.02 %
"	"	"	"	Accounts payable – related parties	551	"	0.02 %
"	"	DIMPH	"	Accounts receivable – related parties	8	"	- %
"	"	"	"	Accounts payable – related parties	200	"	0.01 %
"	"	DFS	"	Accounts receivable – related parties	214	"	0.01 %
"	"	"	"	Accounts payable – related parties	83	"	- %
"	"	"	"	Other payable – related parties	2,749	"	0.08 %
"	"	"	"	Prepayment – related parties	(59,881)	"	(1.66)%
"	"	"	"	Management fee income	1,004	"	0.01 %
"	"	"	"	Rent income	480	"	- %
"	"	DFSHK	"	Accounts receivable – related parties	45	"	- %
"	"	"	"	Accounts payable – related parties	203	"	0.01 %
"	"	DIMGB	1	Accounts receivable – related parties	700	"	0.02 %
"	"	"	"	Accounts payable – related parties	827	"	0.02 %
"	"	"	"	Management fee income	1,004	"	0.01 %
"	"	Holding	"	Other payable – related parties	25,277	"	0.70 %
"	"	DIMKR	"	Accounts receivable – related parties	99	"	- %
"	"	"	"	Accounts payable – related parties	1,880	"	0.05 %
"	"	"	"	Management fee income	1,203	"	0.01 %
"	"	FSC	"	Other payable – related parties	150,627	"	4.17 %
"	"	"	"	Management fee income	47,711	"	0.37 %
"	"	Holding	"	Other current liabilities	51,241	"	1.42 %
"	"	Holding	"	Other payable – related parties	25,277	"	0.70 %
"	"	DIL	"	Management fee income	17,097	"	0.13 %
1	Holding	DIMTW	2	Other receivable – related parties	25,277	"	0.70 %

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

No.	Company name	Name of counter-party	Relationship with the company	Transaction details			Percentage of net sales or total assets (%)
				Account name	Amount	Credit period (days)	
2	FSC	DIMTW	2	Other receivable—related parties	150,627	Negotiated	4.17 %
"	"	"	2	Accounts receivable	51,241	"	1.42 %
"	"	WFNAU	3	Revenue	872	"	0.01 %
"	"	DIMKR	"	Revenue	2,505	"	0.02 %
"	"	DIMTH	"	Revenue	3,789	"	0.03 %
"	"	DIMPH	"	Revenue	5,715	"	0.04 %
"	"	DIMUS	"	Revenue	1,040	"	0.01 %
"	"	DIMCA	"	Revenue	3,422	"	0.03 %
"	"	DIMGB	"	Revenue	1,348	"	0.01 %
"	"	DILNL	"	Revenue	1,578	"	0.01 %
"	"	DFSTW	"	Revenue	9,167	"	0.07 %
"	"	DIMMY	"	Revenue	13,811	"	0.11 %
"	"	DIMSG	"	Revenue	4,652	"	0.04 %
"	"	DIMHK	"	Revenue	25,003	"	0.20 %
"	"	DFSHK	"	Revenue	49,061	"	0.38 %
"	"	ZJD	"	Revenue	66,117	"	0.52 %
"	"	DILCN	"	Revenue	2,143	"	0.02 %
"	"	DIMCN	"	Revenue	18,793	"	0.15 %
"	"	DIMVN	"	Revenue	3,999	"	0.03 %
"	"	Holding	"	Other payable—related parties	270,054	"	7.47 %
"	"	GMS	"	Other payable—related parties	283,811	"	7.85 %
"	"	DILSZX	"	Revenue	1,235	"	0.01 %
"	"	DIL	"	Other receivable—related parties	88,783	"	2.46 %
"	"	"	"	Operating expense	9,948	"	0.08 %
"	"	DSLSFO	"	Revenue	712	"	0.01 %
"	"	DTHK	"	Revenue	7,736	"	0.06 %

Note 1: The meanings of numbers are as follows:

1. 0 represents the parent company.
2. 1 represents investee company.

Note 2: The meanings of numbers in the column "Relationship with the company" are as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(20) Segment Information**

## (a) Business segment information

The Company engages mainly in freight forwarding services. It is a single-segment industry.

## (b) Geographic financial information

	2010			Total
	Asia	Americas	Europe	
Geographic revenue	<u>\$ 13,895,689</u>	<u>2,403,207</u>	<u>213,087</u>	<u>16,511,983</u>
Geographic income	<u>\$ 294,599</u>	<u>28,749</u>	<u>6,870</u>	330,218
Interest income				3,853
Interest expense				(5,623)
General income, net				<u>63,523</u>
Income before income tax				<u>\$ 391,971</u>
Identifiable assets	<u>\$ 2,819,165</u>	<u>513,738</u>	<u>54,510</u>	3,387,413
Long-term investments				448
General assets				<u>20,465</u>
Total assets				<u>\$ 3,408,326</u>

	2009			Total
	Domestic / Asia	Americas	Europe	
Geographic revenue	<u>\$ 10,728,100</u>	<u>1,743,185</u>	<u>281,774</u>	<u>12,753,059</u>
Geographic income (loss)	<u>\$ 283,632</u>	<u>4,978</u>	<u>(3,369)</u>	285,241
Investment income				4,368
Interest income				5,202
Interest expense				(5,165)
General income, net				<u>(3,912)</u>
Income before income tax				<u>\$ 285,734</u>
Identifiable assets	<u>\$ 2,974,290</u>	<u>539,182</u>	<u>69,282</u>	3,582,754
Long-term investments				10,892
General assets				<u>20,755</u>
Total assets				<u>\$ 3,614,401</u>

## (c) Information on export sales

There are no domestic or export sales as the principal activities of the Company are those relating to international freight forwarding services.

(Continued)

**Dimerco Express (Taiwan) Corporation and Its Subsidiaries**  
**Notes to Consolidated Financial Statements**

(d) Information on major customers

In 2010 and 2009, no single customer accounted for operating revenue in excess of 10% of the amount stated in the consolidated statements of income.