

INDEPENDENT ASSURANCE REPORT



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TO THE READERS OF THE SUSTAINABILITY REPORT 2009

Introduction

We have been engaged by Diesel & Motor Engineering PLC (Dimo) to review the Sustainability Report 2009 (further referred to as The Report). The Report, including the identification of material issues, is the responsibility of Dimo's management. Our responsibility is to issue an assurance report on The Report.

Context and Scope

In The Report Dimo describes its efforts and progress in relation to Sustainability. Our engagement was designed to provide the readers of The Report with:

- reasonable assurance on whether:
 - the data on financial performance, as specified under Value Added Statement on page 62 of The Report are properly derived from financial records of Dimo for the year ended 31st March 2009;
- limited assurance on whether:
 - the data on Sustainability Indicators for 2009 specified on page 82 are fairly stated;
 - the other information in The Report is fairly stated.

'Fairly stated' means that the reported information properly reflects the information contained in the underlying sources such that it is consistent with the source information. Reasonable assurance is a higher level of assurance than limited assurance, which is reflected in the nature and depth of the work performed.

Standards and Criteria

We conducted our engagement in accordance with the Sri Lanka Auditing Practice Statement (SLAPS 3), applicable to review engagements, and the International Standard on Assurance Engagements (ISAE 3000): *Assurance Engagements other than Audits or Reviews of*

Historical Financial Information, issued by the International Auditing and Assurance Standards Board. Amongst others, these standards require that:

- the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information in The Report;
- when providing limited assurance, which is a lower level than reasonable assurance, a negative form of conclusion is used.

There are no generally accepted standards for reporting sustainability performance. Dimo applies its own internal sustainability reporting criteria, derived from Sustainability Reporting Guidelines of the Global Reporting Initiative and its stakeholder engagement process as detailed on page 57 of the Report.

Considerations and limitations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

To obtain a thorough understanding of the financial results and financial position of Dimo, the reader should consult Dimo's audited Financial Statements for the year ended 31st March 2009, included in the Annual Report from pages 110 to 136.

Work Undertaken and Conclusions

We reviewed the reliability of the data on Sustainability Indicators for 2009 based on reviews of:

- the systems used to generate, aggregate and report these data;
- the data reported by the relevant business units to corporate level;
- the data validation processes at corporate and business level;
- the data trends in discussions with management.

Based on the above, the data for Sustainability Indicators for 2009, specified on page 82 do not appear to be unreliable.

Financial Data

We have reconciled the data on financial performance (Value Added Statement) reported on page 62 of the Report with the financial records of Dimo for the year ended 31st March 2009.

Based on the above, we conclude that the data on financial performance (Value Added Statement) reported on page 62 are properly derived from the financial records of Dimo for the year ended 31st March 2009 for which the independent Auditors issued an unqualified audit opinion dated 22nd May 2009 on page 109 of the Annual Report.

Other Information

We reviewed the other information in The Report, based on:

- an analysis of the systems and processes used to generate this information;
- review of internal documentation and sources;
- interviews with staff for the information;
- our knowledge and understanding of the sector and Dimo's business.

Based on the above, the other information in The Report does not appear to be unfairly stated.

Ford, Rhodes, Thornton & Co.
Chartered Accountants

Colombo
22nd May 2009

New Standards in Precision

Our medical equipment is precision engineered to help in the treatment of complicated and advanced illnesses. In 2008, the Company installed a modern linear accelerator, at a private hospital in Colombo.

The linear accelerator enables a range of advanced treatments including several sophisticated forms of radiation therapy to be administered at new levels of precision. The linear accelerator blends software and hardware into a single integrated solution and ensures that radiation is safe, cost efficient, and applied according to internationally accepted standards.



Karunashantha, Sithira, Mayuri with Sanga

