

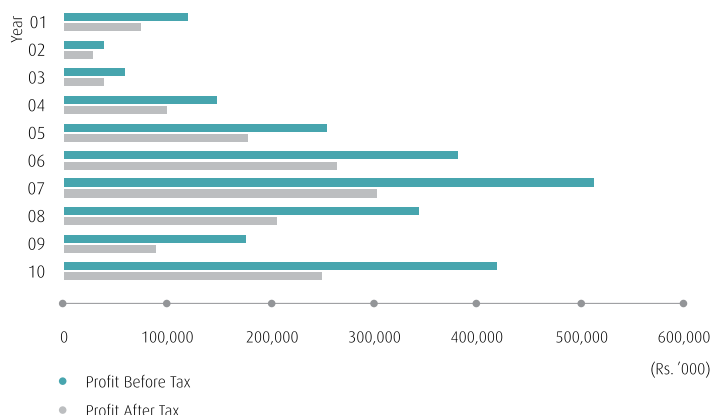
## CHAIRMAN & CEO'S REVIEW

# Life knows no boundaries...

But our minds do. If we listen intently, specially to our innerselves, with a large heart and an open mind... the possibilities are endless



**Profit Before Tax & Profit After Tax**



**At the Top of Our Game**

Every year we have been challenging ourselves, striving to adapt, innovate more creatively and push our performance bar higher and higher. The Dimo team has risen to the challenge and ensured that we delivered even during troubled times. The boundaries of our business are limitless and the gradual easing of local and global conditions now enables us to focus on growing our core business and exploring new opportunities in the non-automobile sectors.

Dimo closed its 71st year on a strong note posting an after tax profit of Rs. 248 mn: a growth of 178% over the previous year's figure of Rs. 89 mn. Pre-tax profit excluding discontinued operations was Rs. 420 mn (2008/09 - Rs. 175 mn) and Group turnover for the year was Rs. 10,531 mn (2008/09 - Rs. 9,188 mn). The dividend for the year is Rs. 7/- (2008/09 - Rs. 3/-) per share, the highest in a decade.

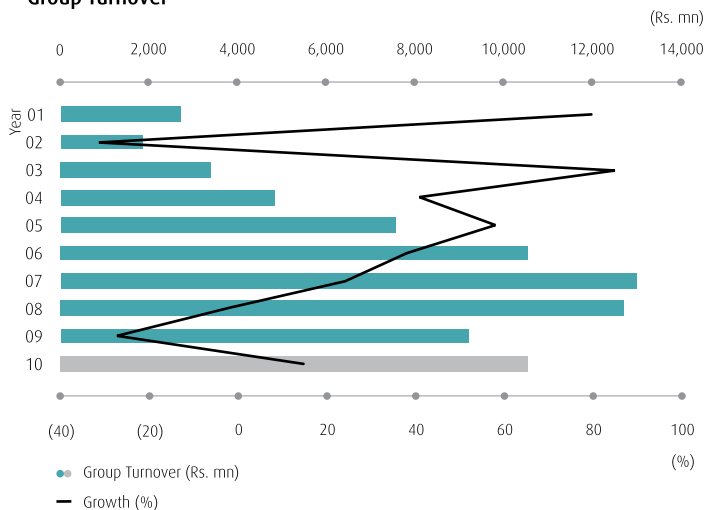
**A New Phase**

The country has entered a new phase with the ending of the war. There has been a steep rise in the overall business confidence and a new burst of energy from every sector. This new positive force should provide the stimulus for the country to shed the legacies of the past and strive towards a new future. Some of the larger macro economic issues such as the high budget deficit, high public sector spending and inequitable growth in certain regions still remain, but overall there is a mood of optimism in the air.

Dimo will continue to grow its core business: the importation and sale of a wide variety of vehicles and vehicle accessories for the domestic market. This is where the Company has made a mark for itself and we intend to grow our stature and market share. Our core business still makes up a large part of our turnover.

At the same time, the Company will pursue its diversification policy. The Company has progressively moved into several new areas and has become the local representative for a wide range of high quality products. Two areas in which we anticipate growth are with regard to building technologies and health care solutions. In the field of health care, a growing consciousness and awareness about health issues, is likely to fuel a demand for health-related products. The Company will closely explore these two areas.

**Group Turnover**



**Strengthening Relationships**

The Company's relationships with the Principals remain strong. We will continue to give priority to enhancing our inter-relationships as part of our business strategy. We are proud to be associated with some of the global giants and be their representative in Sri Lanka over many years.

The relationships with our customers are equally strong. We focus on marketing relationships with the customer and not merely the product. We will continue to view our business in this light.

**Total Solutions**

Our goal at Dimo is to represent the best brands in the world and to provide total solutions for a variety of day-to-day requirements and challenges. From lighting solutions to state-of-the-art electro medical products, from building management systems and power tools to light trucks and high end cars, Dimo now has them all. The broad range of brands and products we market enables our customers to access most of what they need at a single store. We accompany this with renowned after-sales-service across the country.

# We will continue to grow core business whilst pursuing diversification...

## Expanding Our Reach

We continue to expand our dealer network and customer service points. We have set up a presence in the North and the East with a view to providing our services to those segments of the population.

Recently, we opened our second Dimo Automobile Training School, in Jaffna. Residents of the North were deprived of quality technical training facilities for over 30 years as a result of the war. Our new school will enable the youth of the Northern Province to gain access to a high quality training school to hone their automobile skills.

## Sustainable Outcomes

Sustainability at Dimo is not a mere philanthropic concept. Our contribution to sustainable entrepreneurship we see as of utmost necessity to make a positive difference to the society, environment and the economy.

Most of our products are environment friendly and compliant. In our facilities, water resources are managed so as to minimise usage, reduce wastage and recycle wherever possible. We are taking steps to reduce our carbon footprint by optimising the use of fuel, reducing electricity consumption and curtailing activities that produce greenhouse gases.

Presently, we are in the process of developing a storage and transportation solution for farmers. Our objective is to minimise the wastage of vegetables and enable the farmer to maximise the sales of his products and obtain the best returns. The Company has taken up this challenge to make a difference to the lives of the rural farmer.

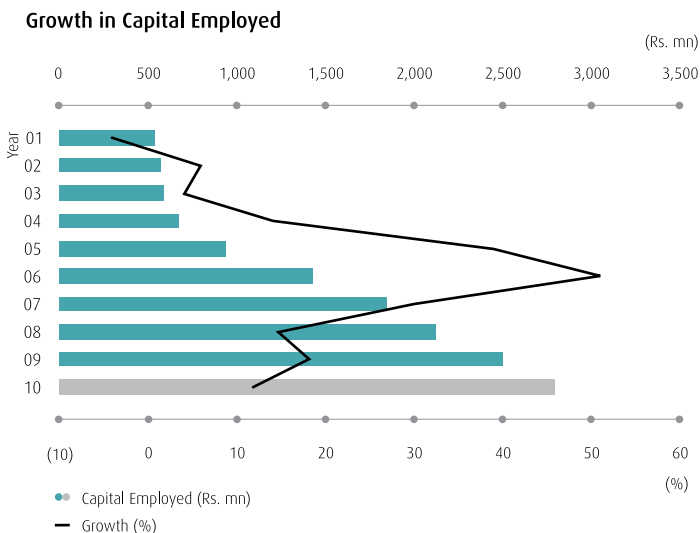
Our future interventions in the area of sustainability are likely to be systemic and aimed at changing processes and structures that produce unsustainable outcomes.

## Fuelling Innovation

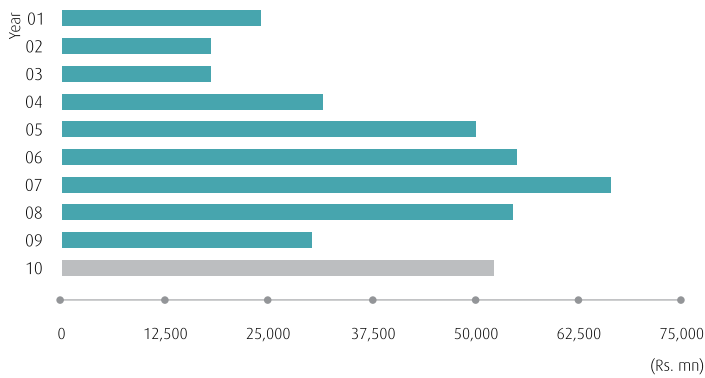
The Company continues to encourage innovation and creativity, within and outside the Company. A few years ago, we entered into a partnership with the University of Peradeniya to support commercially viable concepts which the University Researchers have developed.

We are considering the viability of three proposals that have emerged out of this partnership. We hope that partnerships of this nature will develop relationships between research institutions and the commercial sector to transform innovative ideas to commercial usage.

The Company is on the verge of opening a new state-of-the-art 'Bosch Centre'. This new Centre will act as a 'hospital' for vehicles of all sorts. Vehicle owners will be able to drive in, discuss options with our staff and receive solutions for their different needs in a single store.



### Dividend Paid



### 'Feeling Good'

I am optimistic of the future prospects for Sri Lanka. The world is coming out of a recession and the impact of the global crisis on the country and Asia in general has been limited.

There is new found independence and optimism in the country with the end of the war. This positive climate is likely to stimulate investment and the demand for new products. We are confident this will lead to larger markets for our product range.

Sri Lanka is likely to reap the benefits of the boom that China and India are experiencing. Tourism, tea and rubber sector businesses are likely to grow. The last two quarters of 2009 clearly indicate that the country is on the verge of a take off. A stable Government provides the opportunity for infrastructure development, in turn promising optimistic prospects for Dimo.

A developing economy will stimulate a demand for the products we market. The commercial vehicle market has already shown signs of recovery during the last two quarters and the passenger car market will also revive if the tariffs are reduced.

Public confidence in Dimo remains high. The Company markets world class products accompanied with state-of-the-art after-sales-service. Our passion to ensure the highest levels of customer satisfaction, has increased customer confidence in Dimo over the years.

My warm thanks to all who are part of the Dimo family. They continue to drive the Company with commitment, dynamism and flair. I am grateful to the vibrant Employees' Council for the close spirit of partnership that has evolved.

I thank our principals for the encouragement and advice they have provided and the alliances we have struck. We look forward to more years of fruitful collaboration. To our customers, I say 'thank you' for your patronage. To all my colleagues on the Board, I would like to say a warm 'thank you'. We have established a solid and dynamic team at Dimo and I look forward to leading the Company into a new phase of growth.

**A.R. Pandithage**

Chairman, Managing Director/  
Chief Executive Officer

18th May 2010