ENVIRONMENTAL PERFORMANCE
A CLARION CALL TO ACTION

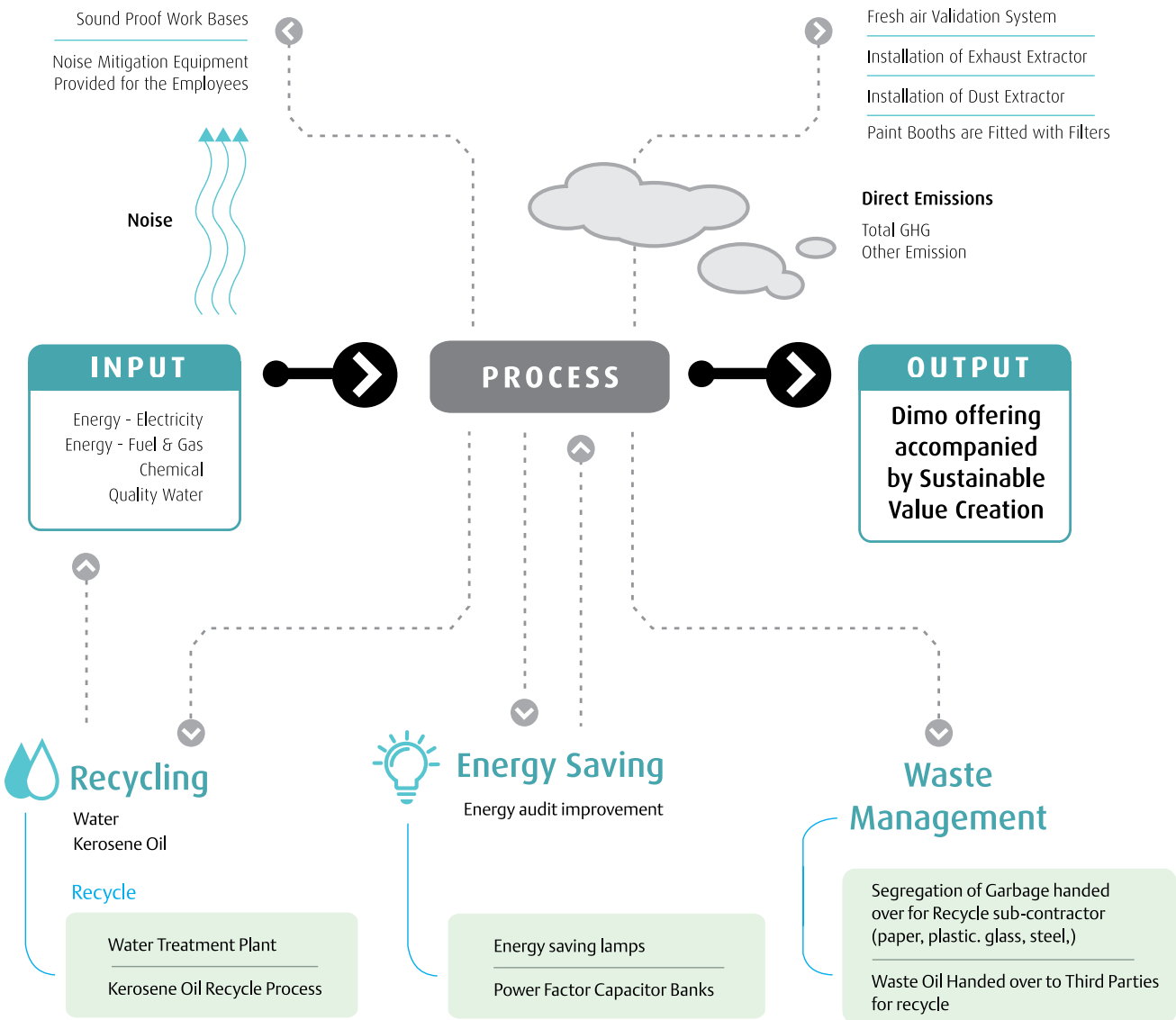
Management Approach

Dimo has in place a very comprehensive and wide ranging environmental management regime that allows it to monitor impacts from business processes and adopt a 'return to nature' ethos across the Group.

The ensuing information presents the practices and processes in place that help identify the key factors that form the basis of our environmental management system and sets the environmental objectives which we monitor closely.

The more thorough and comprehensive the evaluation, the more general awareness spreads across the Group engendering positive action.

Such awareness has yielded more attention to the effects of climate change and what measures are within Dimo's power to achieve, which could contribute to a more responsible stewardship of this critical factor in the environmental sphere.



Environmental Management System (EMS)

Dimo's EMS measures the impact of our operations on key environmental indicators, thereby allowing us to initiate measures to minimise adverse affects.

Our environmental friendly workshop at Siyambalape

It also assists in integrating energy saving processes and technologies within the Company and the reduction of waste.

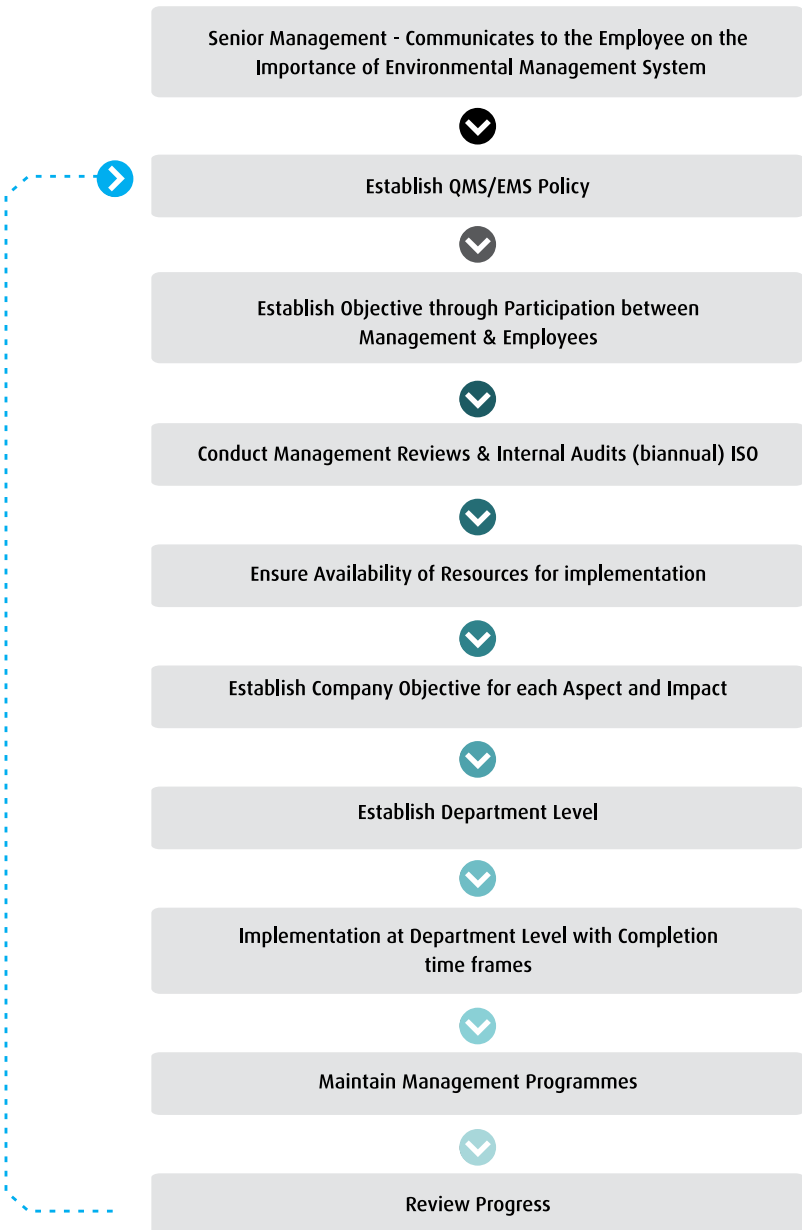
The EMS is guided by the Triple R concept: Reduce, Re-use and Re-cycle.

Dimo's EMS initially obtained ISO:14001 certification in 2005.

Within the scope of its initiatives to nurture and safeguard the physical environment, Dimo concentrates on six strategic areas - Energy and Fuel management, Water management, Noise Emission control, Air Emission control, Waste management and Paper management.

These initiatives are well documented and monitored under the EMS.

Quality/Environment Management System



Materials

Managing Usage of Materials

The Dimo Group primarily represents a portfolio of products of premier international brands. Although we are mainly engaged in importing and trading of products of these brands, we do use materials in certain processes such as vehicle repair and maintenance, accomplishing of projects, installations and after-sales-services to name a few.

Type of Material used	Measurement	Quantity
Paints	Lt	79,699
Diesel	Lt	391,182
Kerosene	Lt	17,919
Lubricants*	Lt	74,478
Petrol	Lt	159,126
No. of Tyres Retreaded	Nos.	7,161

**Lubricants are mainly used for vehicles brought in for service*

Recycling

Dimo espouses the concept of recycling as a saving of valuable resources. Currently, we have the following examples of measures in operation, to recycle input materials:

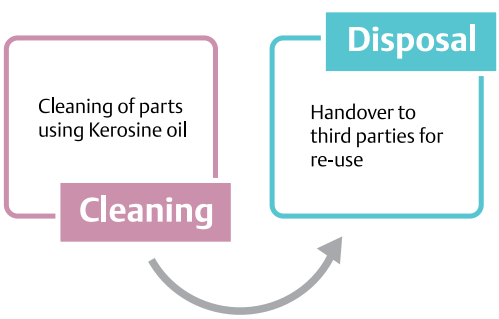
We have a buy back scheme for tyres where we use a certain portion of such items for tyre re-building. During the year under review, we have re-built 7161 tyres in this manner. A total number of 449 tyres were handed over to third party manufacturers who use them as input raw material.

The evolution of a single cycle usage of kerosene to a multi-step process as depicted in our diagrams has significantly improved the recycling of kerosene used by the various departments of Dimo.

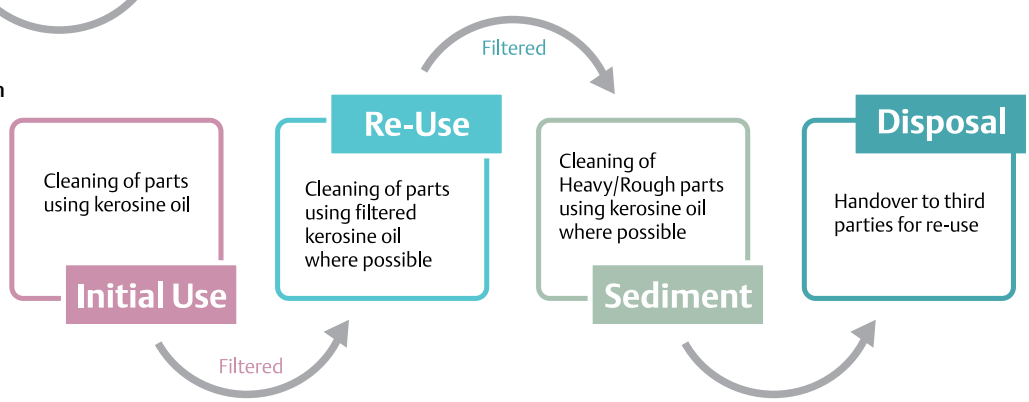
The improved process has allowed the Group to reduce kerosene usage by approximately 20% during the year under review.

Kerosene Oil Recycling Mechanism

Previous Mechanism



Present Mechanism



Energy

Managing the Use of Energy

The Company's main sources of energy are electricity, diesel, petrol & LP gas.

As direct energy consumption, we consume a small amount of LPG, primarily for use in our cafeteria and workshop, while a certain wattage of electricity is generated in-house.

The main source of indirect energy consumption is electricity drawn from the national grid.

Direct & Indirect Energy Consumption

Source	Consumption 2008/09 MJ	Consumption 2009/10 MJ
Diesel for Vehicles	**13,597,460**	13,575,786
Diesel for Generators	**169,329**	161,803
Petrol for Vehicles	**6,355,506**	6,690,286
LP Gas	**220,521**	238,911
Electricity	**5,868,162**	6,093,927
Total	**26,210,978**	26,740,713

- Direct Energy Consumption
- Indirect Energy Consumption

Energy Saved by Conservation and Improved Efficiencies

All initiatives have their roots in the evaluative process and during the year, Dimo conducted several Energy Audits which generated energy savings recommendations in several areas of the Group.

Capacitor banks have been installed in relevant areas for power factor correction.

We employ a 'Green IT' approach within the offices of Dimo, where all computers are programmed to switch to standby mode after 5 minutes in idling mode. All new computer equipment sourced by the Group must conform to low radiation specifications.

Staff are encouraged to follow the 'switch off/turn off when not required' dictum in respect of lighting, computers, water taps and any such items that have a propensity to generate wastage, unless used responsibly.

Air conditioning units are maintained in optimal condition and operate at a pre-determined cooling level of 24C.

Using natural lighting resources is being optimised and new facilities are being specifically designed to maximise this benefit.

Machine operation across the Group's work areas is monitored closely and runs at optimum energy levels.

Initiatives to provide energy-efficient or renewable energy-based products and services

Our marketing efforts have successfully increased sales of DIMO 'Batta' from 1848 units (2008/09) to 2986 units (2009/10). Dimo Batta is the most fuel-efficient Diesel Mini truck in its segment in the Sri Lankan market. Fuel efficiency is one of the main Unique Selling Proposition (USPs) of this product.

Our lighting division offers the service of conducting energy audits for external organisations. During the reporting period, four such energy audits have been conducted and all four parties have implemented the recommendations given by our team, which is a 100% achievement comparing to the 80% achievement in the previous year.

Dimo also created awareness among school/university students through a series of lectures on Mercedes Benz's Blue Efficiency technology. After the event, educational material from Daimler AG was also disseminated.

The Company plans on conducting regular energy audits to ensure that its energy use is at an optimal level and environmentally friendly. Energy efficient lamps are sold at a discounted rate to employees to encourage them to use these lamps at home.

Reducing Indirect Energy Consumption

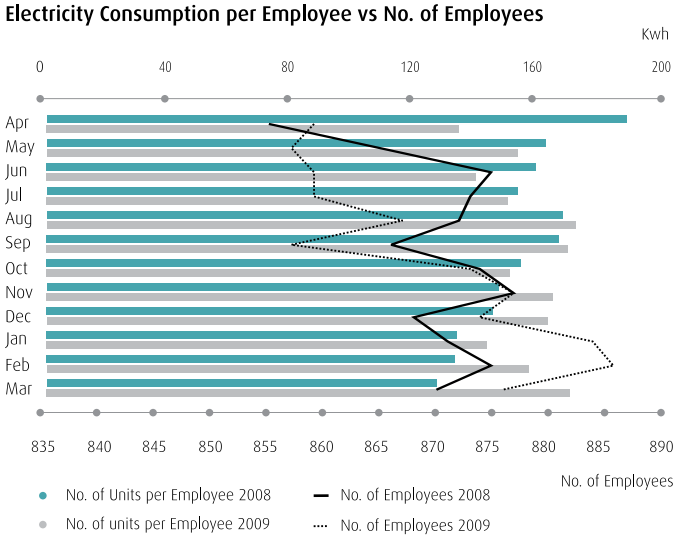
Dimo continues to explore and increasingly integrate the use of alternative and renewable sources of energy. However, at the time of writing, we have to report that conventionally-generated electricity remains our primary source of power.

Energy use is constantly monitored to effect savings on consumption and costs.

The ongoing Fresh Air Validation System continues to generate positive environmental effects, which has enabled to reduce the temperature level, CO2 level and humidity level in the Units Repair workshop area. The chart below depicts the results.

Description	Environmental Effect	
	Before Implementation	After Implementation
Temperature .C	31.42	30.85
Co2 ppm	316	241
Relative humidity %	66	58

Electricity Consumption per Employee vs No. of Employees



Water

Managing the Use of Water

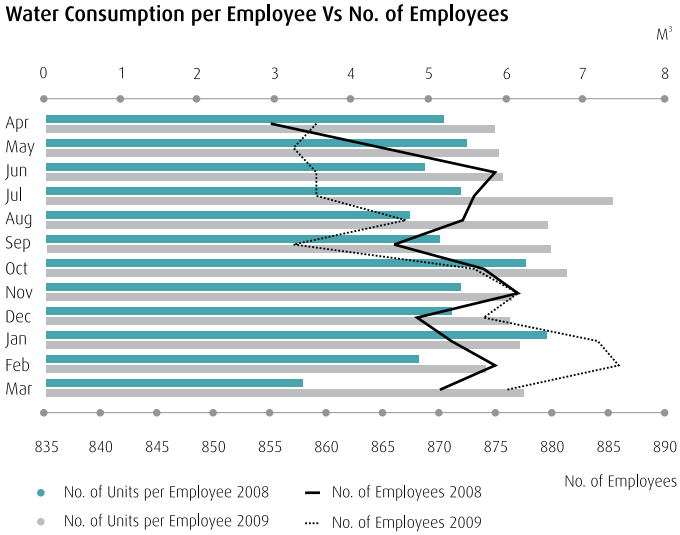
Whilst Dimo's main source of water remains the national supply, ground water sources are being explored and utilised at our Siyambalape workshop and Weliveriya logistics centre.

As the chart appearing below indicates, Dimo successfully recycles 32% of its ground sourced water. Equated against total consumption, this amounts to the recycling of 7% of our total water consumption.

Water Consumed and Recycled/Reused

Description	Water Usage (M³)		Recycled/Reused Water (M³)		Recycled/Reused Percentage (%)	
	2009/10	2008/09	**2009/10**	2008/09	**2009/10**	2008/09
Municipal water	**32,454**	25,666	**–**	–	**–**	–
Ground water	**8,201**	15,897	**2,613**	3991	**32**	2
Total	**40,655**	41,5634	**2,613**	3991	**7**	10

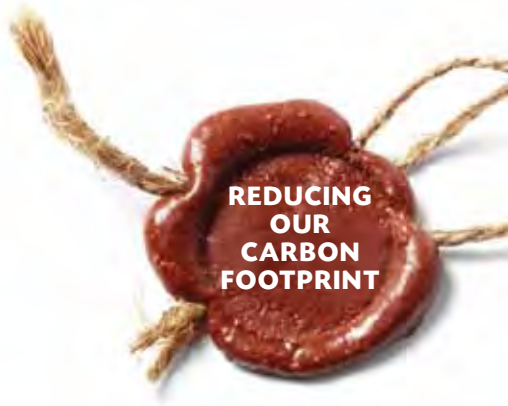
Water Consumption per Employee Vs No. of Employees



Emissions, Effluents and Waste

Dimo is committed to reducing ambient air emissions across all areas of its enterprise.

The ensuing data will lend context to our efforts.



WE

have brought down our total absolute greenhouse gas emissions by 114,013 kgs of CO_2 equivalent over last year. More importantly, our greenhouse gas emissions per earnings* has come down by over 60% from 0.03 kgs last year to 0.01 kgs in the year under review.

As with all corporate activity, Dimo is aware that our operations contribute to global warming. While Sri Lanka is not a high carbon intensive economy country, and not legally bound to reduce emissions according to international standards, the Company has decided that its stature as a leading corporate entity requires it to take concrete steps to reduce carbon emissions.

Last year, we developed a carbon reduction strategy and established processes within the Company to monitor progress. We used Scopes 1 and 2 of the WBCSD/WRI Greenhouse Gas Protocol's Standard to measure our emissions.

The Company started by measuring our direct carbon emissions. The Company's main direct emissions arise from the electricity we purchase; the transport vehicles we use and executive air travel. We have taken these into account plus we have also taken into account fuel used in our standby power generators and in our heaters. Fugitive emmissions by way of replacement of HFC gasses in our air-conditioners were estimated to be less than 50 kgs of CO_2, hence this has been left out of the calculation.

In the year under review, direct greenhouse gas emissions were reduced by 4.1% over the previous year's figure. This is the result of a decrease in electricity consumption and a decrease in the fuel we have used in our transport vehicles. So far the Company has not been able to measure its indirect emissions which fall within Scope 3 of the Greenhouse Gas Protocol's Standard. However, we consider that we have made a first and important step in reducing our Scope 1 and 2 carbon emissions. Our long-term goal is to become carbon neutral.

We have Reduced Our Greenhouse Gas Emmissions by 4.1% over Last Year

		2009/10			2008/09		
Source	Units	**Consumption by type**	**CO_2 emission kg**	**% out of total emissions**	Consumption by type	CO_2 emission Kg	% out of total emissions %
Electricity purchased	kWh	**1,630,474**	**1,108,722**	**43**	1,687,202	1,147,297	42
Diesel for transport vehicles	Litres	**361,360**	**955,183**	**37**	360,784	953,661	35
Petrol for transport vehicles	Litres	**192,214**	**443,381**	**17**	202,339	466,735	17
International air travel	Km	**791,596**	**66,242**	**3**	979,646	114,733	4
LP Gas for heating	Kg	**8,550**	**22,922**	**1**	9,263	24,832	1
Diesel for generators	Litres	**3,088**	**8,163**	**0**	4,300	11,366	0
Total CO_2-e emission	kg CO_2-e		**2,604,612**	**100**		2,718,625	100
CO_2-e per earnings*	kg		**0.01**			0.03	

*CO_2-e per earnings = Total Kg CO_2-e / Profit attributable to shareholders

The Company's operations are based mainly in Sri Lanka and so we have covered our assessment to our head office and the 14 offices, workshops and branches in the island. Our subsidiary groups operate out of the Company's premises. Thus, we have taken the Company as our organisational boundary.

Our greenhouse gas emissions in 2009/10 are estimated to be 2,605 tCO_2-e. (metric tons of CO_2 equivalent). This is made up of 1,488 tCO_2-e and 1,117 tCO_2-e direct emissions relating to scope 1 and scope 2 respectively.

Note: tCO_2-e means metric tons of Carbon Dioxide equivalent. There are six main greenhouse gases that are considered. They are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). The potency of each of them as a greenhouse gas is different. Carbon Dioxide equivalent, states the functionally equivalent amount of these gases, taking carbon dioxide (CO_2) as the reference.

Risks from Ozone Depleting Substances

The business operations of Dimo induce no risk of the release of ozone depleting substances to the environment.

We have a responsible approach to any perceived areas of risk such as the disposal of items such as air conditioning units which we ensure must go through a recycling process.

Managing Noise Emission

Noise emission levels from all of the Company's facilities are strictly controlled to ensure that they conform or even supersede stipulated levels.

In real terms, we are always mindful to ensure that communities within the vicinity of our premises are not subjected to uncomfortable noise levels.

Noise levels are measured by the Environmental Authority.

The Company complies scrupulously with the legal requirements with regard to noise emissions and is taking steps to ensure that its noise emissions are substantially below the legal requirements.

NOx, SOx and other significant air emissions

Monitoring is done annually and complies with tolerance levels regulated by the Environment Authority

Dimo Emission Levels vs Tolerance Levels imposed by Environmental Authorities

Emission Type	SPM		SO_2		NO_2		CO_2	
Tolerance Level	0.35 (mg/m3)		0.12 (mg/m3)		0.15 (mg/m3)		9(ppm)	
Location	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Colombo - 1	**0.10**	0.09	**0.01**	0.01	**0.01**	0.02	**1.00**	1.00
Anuradhpura	**0.08**	0.01	**0.01**	0.01	**0.01**	0.02	**1.00**	1.00
Siyambalape	**0.10**	0.05	**0.01**	0.01	**0.01**	0.01	**1.00**	1.00
Colombo - 2	**0.12**	0.10	**0.01**	0.01	**0.01**	0.01	**1.00**	1.00
Kurunegala	**0.05**	0.05	**0.01**	0.01	**0.01**	0.01	**1.00**	1.00
Matara	**0.07**	0.04	**0.01**	0.01	**0.01**	0.01	**1.00**	1.00
Weliwariya	**0.11**	0.08	**0.02**	0.01	**0.02**	0.02	**1.00**	1.00

Waste Water Management

Dimo appreciates that the quality of water discharged by the Company in the process of its business operations is directly linked to ecological impacts and operational costs.

By progressively improving the quality of discharged water and/or reducing volumes, the Company has the potential to reduce adverse impact on the environment.

Tree plantation project with school children

Unmanaged discharge of effluents with high chemical nutrient loads can have a significant impact on receiving waters.

Dimo has taken several initiatives of responsible stewardship in this regard.

At the outset, it may be prudent to refer to the section on 'Managing the Use of Water' appearing on page 78, which segment also contains a graphical presentation of water used and recycled by the Group.

Water Treatment Plant - Siyambalape

Dimo operates an advanced water treatment and recycling plant at its Siyambalape/Anuradhapura workshop.

A pH testing system has been installed to monitor the acidity levels of the waste water discharged into the sewage system and is periodically checked to ensure that water released to sewage systems conforms to legal limits.

An active oil separator has also been installed at Siyambalape. This separator ensures that water is not contaminated with oil residue when it is released into the physical environment.

So far, the Company has not been measuring the volume of water discharged. However, this will be rectified and the Company hopes to instal a meter to measure volumes discharged during the course of the coming year.

Our 'GO Green Project'

Dimo runs a waste collection system incorporating segregation of waste material as - plastics, solid waste, paper, glass and other materials.

Although the Colombo Municipal Council is not geared to respond to such a system for managing waste, we have responded with our own programme led by a task force - 'GO Green Project Team 3' who have found a solution to this problem.

Water treatment plant at Siyambalape workshop

Our Go Green project segregates garbage and hands it over to a third party for recycling

Under the initiatives taken by this team, waste is now collected from all our premises in a manner that will facilitate recycling. The waste is handed over to different parties who then commence the recycling phase.

Waste food is handed over to a farm to be used as Animal feed.

Dimo has developed this concept to further encourage all employees to make greater contribution towards conservation of scarce resources by the proper discharge and disposal of waste.

As an example of how waste can be minimised in the simplest of settings, all used toner cartridges from our printers are disposed of responsively. The used toner cartridge is collected by our supplier, and sent to the manufacturer. During this financial year, we disposed approximately 137 (61 - 2008/09) cartridges in this manner.

Colour coded containers have been placed in dining areas to segregate food waste from paper waste and polythene/plastics..

Paper Management

The Company's goal is to reduce the amount of paper it uses within the organisation. Wherever possible, the company has introduced procedures for recycling used paper and seeks to use recycled paper for certain applications within its operations.

The Company's paper saving Management System stipulates the following specific measures with regard to the use of paper:

- Conduct of awareness campaigns within the organisation with a view to creating a paperless office
- Conduct of awareness campaigns around the need to reduce excessive printing of e-mails and other documents
- That all e-mails circulated internally carry the message 'Please consider your environmental responsibility before printing this e-mail'
- Mount initiatives to promote the re-use of 'one sided' paper
- Promote the use of recyclable paper bags when selling products to customers at our sales outlets.
- Place colour coded containers in offices to segregate paper from plastics
- Ensure that segregated paper is disposed of to an authorised paper recycler.

Bags made out of recycled paper

Going for a polythene free zone

Helping to keep city clean

Solid waste disposal

Waste Category	Measurement		Method of Disposal
	No. of bins - 175 ltrs (01.04.2009-31.12.2009)	Weight (kgs) (01.01.2010-31.03.2010)	
Organic	514	8,548	Handed over to third party as animal feed
Paper	620	1135	Handed over to third party for recycling
Polythene	232	212.5	Handed over to third party for recycling
Plastic	127	245	

Hazardous waste disposal

Type of Waste	Units	Quantity Disposed	Disposal Method
Toner Cartridges	Nos.	137	Handed over to supplier for recycling
Iron	kg	17,150	Handed over to Iron Vendor
Waste Oil	barrels	200	Handed over to third party for recycling
Tyres	Nos.	449	Handed over to third party for recycling & refuse
Batteries	Nos.	22	Handed over to third party for recycling

* *Waste oil includes - engine oil from serviced vehicles and kerosene oil*

Handling of Chemicals

Chemical spillages at our workshops are virtually non-existent and if any such incidents occur, there are properly documented rules and guidelines in place to respond to the impact of such a spillage.

Employees have been briefed on the proper procedures that must be followed and the training that is given to employees is in line with global safety practices.

Oil suckers are used to minimise oil spillage on the shop floor and oil waste is disposed of to the furnaces of authorised parties.

As stated earlier in this Report, the oil separator in operation at our Siyambalape and H/O workshop ensures that only uncontaminated water free of oil residue is released into sewage disposal systems.

Bio-Diversity

The Company has no operations located within bio-diversity hot spots and thus exerts no impact on this aspect of the environment.

Mitigating Environmental Impacts from Products/Services

The Dimo product portfolio comprises some of the world's No. 1 brands. In many ways, their stance and initiative towards sustainable value creation mirrors our own.

Many of their products which we represent, market and service exhibit exemplary environmental consciousness. This is further discussed in the Product Responsibility section appearing on page 93.

Expenses incurred for maintenance of water treatment plants & water recycling process amounted to Rs. 647,502.90.