

— Regulatory Authorities...Playing by the Rules

Defined...the boundaries of ethical enterprise

Regulatory Authorities

Key Performance Area	Metric	2012/13	2011/12	2010/11	2009/10
Contribution to Exchequer	Tax paid to government (Rs. mn)	2,972	6,062	5,571	1,520

A Forward Looking Note

Substantial amounts of duties/taxes will be paid.

Guiding Philosophy

At the core of the corporate strategy of Dimo is our commitment to play by the rules - in other words, to comply with all statutory and regulatory requirements. Going beyond, the Company seeks best practices to be adopted on a voluntary basis. We believe that institutional integrity is a key component of non-financial capital and is vitally important for the sustainability of our business.

Building Institutional Integrity Capital



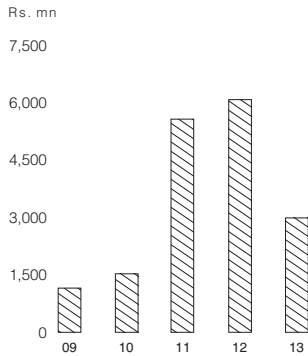
Management Report

DIESEL & MOTOR ENGINEERING PLC
ANNUAL REPORT 2012/13

The Operating Environment...and Trends
Refining our Portfolio...and Reinventing our Future
Financial Value Creation
Delivering Value to Customers...and their Value to Us
Working at Dimo...Enjoyable and Rewarding
Our Business Partners...A Symbiotic Relationship
Regulatory Authorities...Playing by the Rules
Our Community...Live and Let Live
The Environment...Now and for Generations Yet Unborn
Sustainability Performance Objectives in 2012-2013

Regulatory Authorities...Playing by the Rules

Group Revenue to Government



We Work Well Together

Dimo maintains excellent relationships and works closely with all relevant authorities including those from central and Local Government.

The closeness of these relationships allows Dimo to contribute towards legislation and policy formulation which ultimately can have an impact on our customers, employees and business.

For example, we contribute towards the formulation of tax policies through our membership and participation in relevant professional and industry bodies.

We make sure that all employees of the Group are promptly updated on regulatory changes that apply to us. Specialised training on subjects such as taxation, import procedures, changes in Local Government regulations and changes in tariff structures are provided as needed.

We acknowledge that changes to regulatory frameworks can have a significant impact on our performance. We have given due consideration to this fact within our risk management regime, which is discussed on page 70 of this Annual Report.

Dimo maintains an exemplary record of compliance.



Vijitha Bandara

General Manager - Sales and After Services - Commercial Vehicles

Member - Group Management Committee