

—○ Refining our Portfolio...and Reinventing our Future

A Forward Looking Note

Continuous refinement of the portfolio and the resulting improvement in gradually reducing dependence on the auto segment from a risk management perspective will stabilise performance.

Guiding Philosophy

Managing an investment portfolio is essentially about diversification, with the strategic objective of selecting a mix of investment assets that collectively has a lower risk than any individual asset. This is possible as different types of assets often change in value in opposite ways; and so by combining different assets whose returns are not perfectly positively correlated one may reduce the overall risk of the portfolio.

— The Dimo portfolio is skewed towards the vehicles segment, which contributed to more than half of Group gross profit, followed by vehicle parts & service, machinery for construction, agriculture and materials handling, lighting & power tools and electro-mechanical & biomedical engineering.

The concentration on vehicles reflects our origins, as well as our core competencies. We have stuck to our knitting in this important sector of the economy, but have greatly grown our product and service offerings within the sector, in terms of breadth and depth. One may call it an intra-sectoral diversification that further strengthens our position in the sector.

The diversity of our portfolio is an undeniable strength.

We strive each day to optimally manage our portfolio with some obvious benefits to Company and stakeholder alike. In fine tuning and refining the portfolio, Dimo seeks continuous improvement in its financial positioning; in our book, value derived must be accompanied by value delivered. This is how we seek to maximise shareholder value.

Managing the portfolio mix to derive optimal results and returns is a continuous process.

Dimo constantly revisits its portfolio and pursues a pro-active path of differentiation; we look at upgrades to plant and equipment, new product models and constantly developing our service regimes.

We're also exploring more diversification in areas such as building and construction technologies, power solutions, medical equipment, consultancy and advisory services, training academies and marine repairs among others.