# Adding Value in Marketing and Distribution

DCC plc Annual Report 1999

# Corporate Profile

DCC is an Irish based value adding marketing and distribution group with a strong growth record and a focused approach to the management and development of its four divisions:

| | |
|---|---|
| DCC SerCom | is a rapidly developing international division which provides distribution and manufacturing services to the high growth computer sector. |
| DCC Energy | is building on its strong market position in the cash generative liquified petroleum gas distribution business in Ireland and Britain and is the fastest growing oil distribution business in Ireland. |
| DCC Foods | is growing its business in the marketing and distribution of its own branded and third party branded products for higher growth segments of the Irish food trade. |
| DCC Healthcare | is expanding its hospital supply business in Ireland and Britain, expanding internationally in the growing mobility and rehab market and building a vibrant health supplements business in Britain. |

*DCC was founded in 1976 by Jim Flavin, Chief Executive/Deputy Chairman. The Company's shares are listed on the Irish Stock Exchange and the London Stock Exchange. DCC's market capitalisation at 7 May 1999 was €762 million (US$823 million). The Group employs approximately 2,700 people.*

# Contents

# Financial Highlights

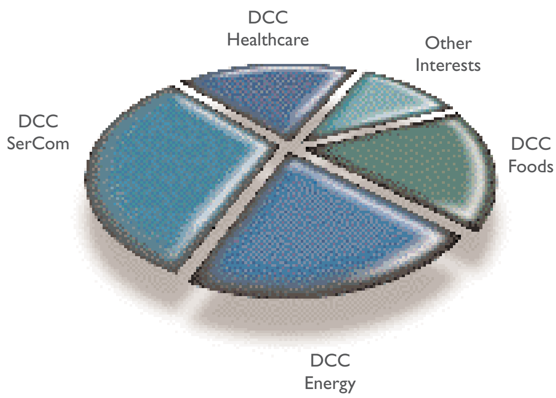
*for the year ended 31 March 1999*

| | | 1999 | 1998 | % change |
|---|---|---|---|---|
| Turnover | | **€1,059.3m** | €892.3m | +18.7% |
| Profit before goodwill amortisation and tax | | **€59.2m** | €46.6m | +27.0% |
| Operating cash flow | | **€65.5m** | €50.8m | +28.9% |
| Adjusted earnings per share* | | **€57.19c** | €45.41c | +25.9% |
| Dividend per share | | **€14.66c** | €12.19c | +20.3% |
| Dividend cover (times) | | **3.9** | 3.7 | |
| Acquisition and development expenditure | | **€93.4m** | €33.4m | |
| Return on capital employed | - excluding goodwill | **36.3%** | 33.6% | |
| | - including goodwill | **21.2%** | 20.0% | |
| Group net (debt)/cash | | **(€20.3m)** | €7.0m | |
| Debt ratio | | **10.4%** | n/a | |

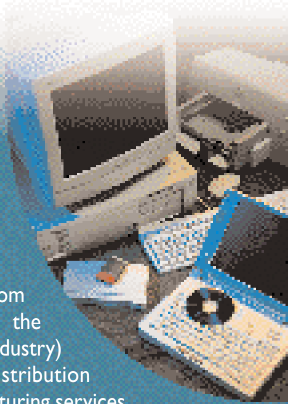
* *adjusted to exclude the effect of goodwill amortisation*

# Operating Profit by Division

| | €'m | % change |
|---|---|---|
| DCC SerCom | 18.3 | +18.2% |
| DCC Energy | 18.2 | +37.8% |
| DCC Foods | 15.0 | +16.1% |
| DCC Healthcare | 9.8 | +36.1% |
| Other Interests | 2.4 | +5.2% |
| | 63.7 | +24.7% |



# The Group at a Glance



DCC SerCom (services to the computer industry) provides distribution and manufacturing services, including localisation, to the international computer industry.

Micro P and Gem in Britain and Sharptext in Ireland market and distribute a broad range of computer hardware and software products to large multiple retailers, computer dealers, value added resellers, computer superstores, mail order catalogues and a variety of other outlets.

SerCom Solutions provides extensive services for the supply chain and manufacturing requirements of computer software and hardware companies including the procurement of components, warehousing, sub-assembly and delivery of product directly to its customers' production lines on a "just-in-time" basis. Its subsidiary ITP translates and adapts software, documentation and on-line help for international computer companies to enable their products to conform to the language and cultures of local markets.

| | 1999 | 1998 | |
|---|---|---|---|
| Turnover | €416.5m | €336.9m | +23.6% |
| Profit | €18.3m | €15.5m | +18.2% |
| Margin | 4.4% | 4.6% | |
| ROCE | 42.8% | 47.6% | |
| Employees | 1,239 | 1,144 | |

DCC Energy is a leading importer, distributor and marketer of liquefied petroleum gas (LPG) and oil products in the Republic of Ireland and Northern Ireland and is a leading independent marketer and distributor of LPG in Britain.

In Ireland, Flogas has marine LPG terminals in Drogheda, Cork and Belfast, while in Britain it operates from terminals in Leicester, Glasgow, Newcastle, Leeds, Newport and London.

Emo Oil has marine oil import terminals in Dublin, New Ross and Belfast and supplies all grades of distillates (heating oils and diesel), fuel oils and petrol for transport, domestic, commercial and industrial uses.

| | 1999 | 1998 | |
|---|---|---|---|
| Turnover | €193.3m | €160.9m | +20.2% |
| Profit | €18.2m | €13.2m | +37.8% |
| Margin | 9.4% | 8.2% | |
| ROCE | 32.5% | 24.2% | |
| Employees | 457 | 412 | |

DCC Foods is principally involved in the marketing and distribution in Ireland of healthfoods, snackfoods, hot and cold beverages, wine and bakery products, and in chilled and frozen food distribution.

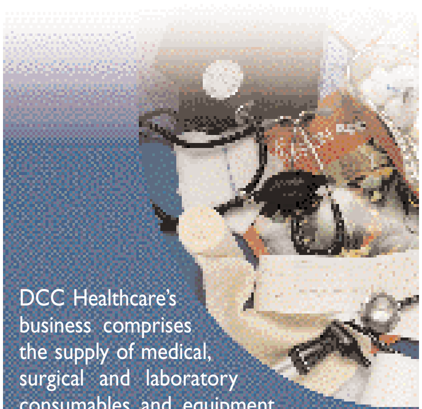
DCC Foods' companies service a broad retail customer base in the grocery, convenience, off-licence, health store and pharmacy sectors. DCC Foods is also developing strongly in the fast growing Irish catering sector, particularly in ground coffee and wine.

DCC is a 10.3% shareholder with board representation in Fyffes plc, the leading fresh produce distribution group in Europe.

| | 1999 | 1998 | |
|---|---|---|---|
| Turnover | €314.2m | €293.3m | +7.1% |
| Profit | €15.0m | €12.9m | +16.1% |
| Margin | 4.8% | 4.4% | |
| ROCE | 32.1% | 31.7% | |
| Employees | 244 | 249 | |

DCC

DCC HEALTHCARE



DCC Healthcare's business comprises the supply of medical, surgical and laboratory consumables and equipment to hospitals, the manufacture and distribution of mobility and rehabilitation products and the manufacture, marketing and distribution of health supplements.

Fannin Healthcare is the largest distributor of medical, surgical and laboratory equipment and consumables to Irish hospitals and has a modest, but growing base in Britain.

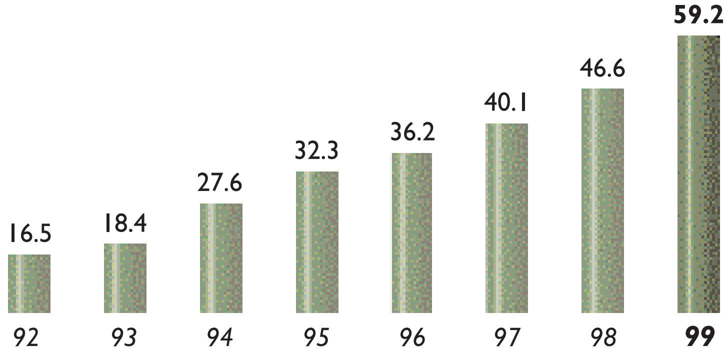
DMA and DSI are focused on the production and distribution of lifestyle enhancing mobility and rehabilitation products for senior citizens in Britain, mainland Europe and America.

Healthilife, EuroCaps and Thompson & Capper manufacture, market and distribute health supplements and other tablets and capsules in Britain and to export markets worldwide.

| | **1999** | 1998 | |
|---|---|---|---|
| Turnover | **€114.8m** | €81.3m | +41.1% |
| Profit | **€9.8m** | €7.2m | +36.1% |
| Margin | **8.5%** | 8.8% | |
| ROCE | **31.8%** | 29.5% | |
| Employees | **724** | 489 | |

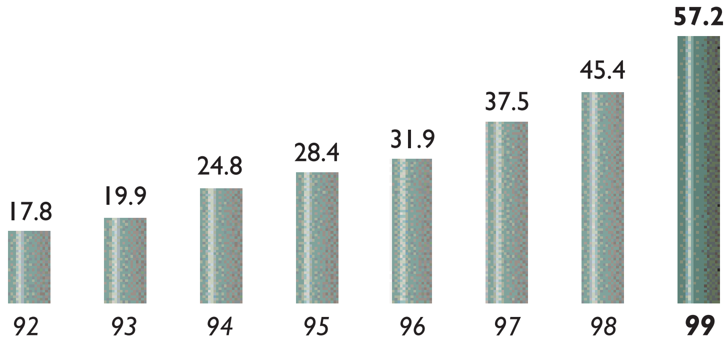
## Profit before goodwill amortisation, net exceptional gains and tax

*Compound Growth = 20.0%* *€'million*



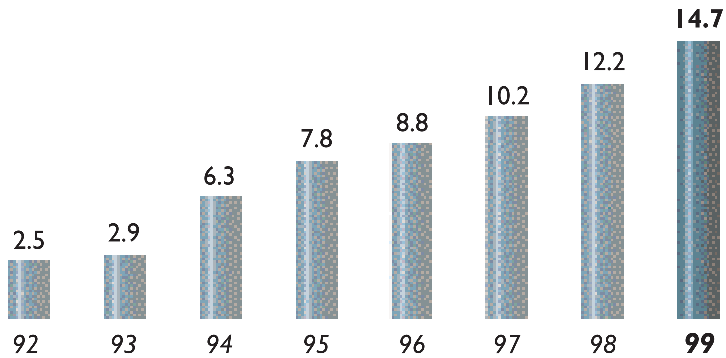

## Adjusted earnings per share

*Compound Growth = 18.1%* *€'cents*




## Dividend per share

*Compound Growth = 28.5%* *€'cents*



# Financial Summary and Key Ratios 1992-1999

## Profit & Loss Account

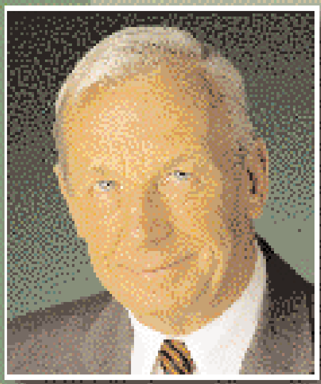
| *Year ended 31 March* | 1992 €'m | 1993 €'m | 1994 €'m | 1995 €'m | 1996 €'m | 1997 €'m | 1998 €'m | **1999 €'m** |
|---|---|---|---|---|---|---|---|---|
| Turnover | 237.7 | 311.7 | 426.1 | 513.9 | 680.1 | 797.0 | 892.3 | **1,059.3** |
| Operating profit* | 11.6 | 13.7 | 27.1 | 32.9 | 37.8 | 44.0 | 51.1 | **63.7** |
| Net interest receivable/(payable) | 4.9 | 4.7 | 0.5 | (0.6) | (1.6) | (3.9) | (4.5) | **(4.5)** |
| Profit on ordinary activities before goodwill amortisation, net exceptional gains and tax | 16.5 | 18.4 | 27.6 | 32.3 | 36.2 | 40.1 | 46.6 | **59.2** |
| Goodwill amortisation | - | - | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | **(1.5)** |
| Net exceptional gains | 2.4 | 0.6 | 0.8 | - | 0.6 | 5.1 | - | **-** |
| Profit before taxation | 18.9 | 19.0 | 28.2 | 32.1 | 36.6 | 45.0 | 46.4 | **57.7** |
| Taxation | (4.5) | (3.6) | (5.6) | (5.5) | (6.5) | (8.4) | (7.5) | **(8.9)** |
| Minority interests | (0.6) | (0.9) | (5.8) | (6.3) | (6.6) | (2.7) | (1.4) | **(0.8)** |
| Profit attributable to Group shareholders | 13.8 | 14.5 | 16.8 | 20.3 | 23.5 | 33.9 | 37.5 | **48.0** |
| Earnings per share | | | | | | | | |
| - Basic (€ cents) | 20.46 | 21.36 | 24.84 | 28.12 | 32.20 | 42.33 | 45.08 | **55.39** |
| - Basic adjusted (€ cents) | 17.83 | 19.87 | 24.84 | 28.44 | 31.93 | 37.50 | 45.41 | **57.19** |
| Dividend per share (€ cents) | 2.54 | 2.92 | 6.35 | 7.82 | 8.76 | 10.16 | 12.19 | **14.66** |
| Dividend cover (times) | 7.0 | 6.8 | 3.9 | 3.6 | 3.6 | 3.7 | 3.7 | **3.9** |
| Interest cover (times) | n/a | n/a | n/a | 57.8 | 23.1 | 11.3 | 11.5 | **14.3** |
| Operating profit / Turnover (%) | 4.9% | 4.4% | 6.4% | 6.4% | 5.6% | 5.5% | 5.7% | **6.0%** |

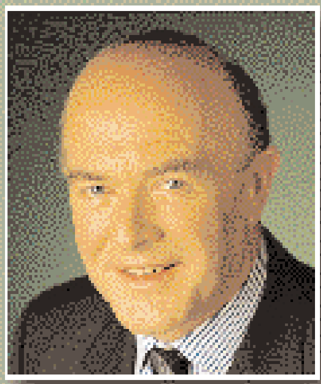
* *before goodwill amortisation*

## Consolidated Balance Sheet

| *At 31 March* | 1992 €'m | 1993 €'m | 1994 €'m | 1995 €'m | 1996 €'m | 1997 €'m | 1998 €'m | **1999 €'m** |
|---|---|---|---|---|---|---|---|---|
| Tangible fixed assets | 1.9 | 33.0 | 87.2 | 86.8 | 86.9 | 89.4 | 98.8 | **106.7** |
| Associated undertakings | 70.7 | 57.6 | 44.0 | 49.3 | 44.4 | 41.9 | 46.5 | **56.9** |
| Goodwill | - | - | - | - | - | - | - | **46.0** |
| | 72.6 | 90.6 | 131.2 | 136.1 | 131.3 | 131.3 | 145.3 | **209.6** |
| Net current assets | 3.8 | 8.0 | 5.1 | 12.4 | 18.7 | 19.1 | 18.2 | **33.3** |
| | 76.4 | 98.6 | 136.3 | 148.5 | 150.0 | 150.4 | 163.5 | **242.9** |
| Shareholders' funds | 120.7 | 113.7 | 104.1 | 118.4 | 102.6 | 122.5 | 154.1 | **195.2** |
| Minority interests | 1.4 | 2.5 | 24.0 | 28.5 | 4.4 | 4.8 | 5.3 | **3.9** |
| Net (cash)/debt | (46.7) | (24.9) | (1.1) | (9.4) | 10.5 | 4.5 | (7.0) | **20.3** |
| Other long term creditors/provisions | 1.0 | 7.3 | 9.3 | 11.0 | 32.5 | 18.6 | 11.1 | **23.5** |
| | 76.4 | 98.6 | 136.3 | 148.5 | 150.0 | 150.4 | 163.5 | **242.9** |
| Capital expenditure | 0.5 | 2.4 | 10.3 | 12.5 | 13.3 | 14.9 | 18.6 | **18.0** |
| Acquisitions | 13.0 | 42.9 | 39.4 | 12.9 | 66.1 | 23.4 | 14.8 | **75.4** |
| Development expenditure | 13.5 | 45.3 | 49.7 | 25.4 | 79.4 | 38.3 | 33.4 | **93.4** |
| Operating cash flow | 6.6 | 12.9 | 32.4 | 33.3 | 34.3 | 43.5 | 50.8 | **65.5** |
| Net cash (debt) / equity (%) | 38.7% | 21.9% | 1.0% | 8.0% | (9.7%) | (3.6%) | 4.6% | **(10.4%)** |
| Return on tangible capital employed (%) | 16.5% | 16.4% | 24.5% | 24.2% | 26.4% | 30.5% | 33.6% | **36.3%** |
| Average no of employees | 177 | 480 | 1,551 | 1,720 | 2,081 | 2,170 | 2,294 | **2,664** |

# Directors





## Alex Spain

*Chairman*

Alex Spain, B Comm, FCA (aged 66), is Non-executive Chairman of DCC. He is also Deputy Chairman of National Irish Bank and is a director of a number of other companies. He was Managing Partner of KPMG in Ireland from 1977 to 1984. He is a former President of the Institute of Chartered Accountants in Ireland and a former Chairman of the Financial Services Industry Association in Ireland. Mr Spain joined the Board and became Chairman in 1976.

## Jim Flavin

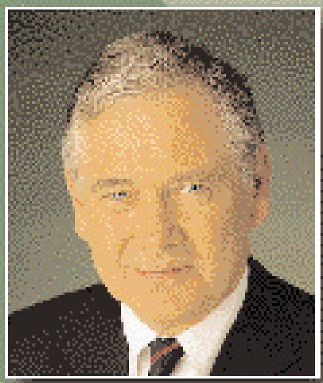
*Chief Executive / Deputy Chairman*

Jim Flavin, B Comm, DPA, FCA (aged 56) founded DCC in 1976 and is Chief Executive and Deputy Chairman. He has extensive experience in the areas of business development and corporate acquisitions. Prior to founding DCC, he worked as head of AIB Bank's venture capital unit. Mr Flavin is also a director of Fyffes plc and Telecom Eireann plc.

## Tony Barry

*Non-executive Director*

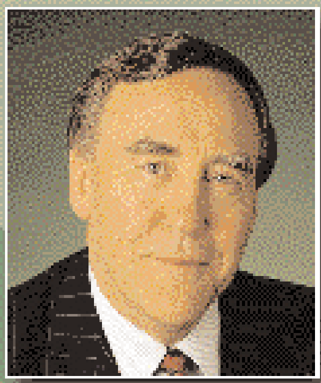
Tony Barry, Chartered Engineer (aged 64), Non-executive Director, is Chairman of CRH plc, having previously been Chief Executive. He is Deputy Governor of the Bank of Ireland and a director of Greencore plc and Ivernia West plc. Mr Barry is the immediate past President of the Irish Business and Employers Confederation. Mr Barry joined the Board in 1995.



## Morgan Crowe

*Executive Director*

Morgan Crowe, Dip Eng, MBA (aged 54), Executive Director, joined DCC in 1976, having previously worked with the Boeing Company in Seattle and with IBM in Dublin. He is Managing Director of DCC Healthcare. Mr Crowe joined the Board in 1979.



## Paddy Gallagher

*Non-executive Director*

Paddy Gallagher, BL, DPA (aged 59), Non-executive Director, is Head of Legal and Pensions Administration at Guinness Ireland Group. He previously worked with Aer Lingus, the Irish national airline, and is a former Chairman of the Irish Association of Pension Funds. Mr Gallagher joined the Board in 1976.

# Chairman's Statement

Alex Spain
*Chairman*

**Results**

The Group achieved strong organic profit growth in the year ended 31 March 1999 which was supplemented by positive contributions from acquisition activity during the year. Profit before goodwill amortisation and taxation increased by 27.0% to €59.2 million. Adjusted earnings per share increased by 25.9% to €57.19 cents. The return on tangible capital employed increased to 36.3% from 33.6% and inclusive of acquisition goodwill the return increased to 21.2% from 20.0%.

**Dividend**

A second interim dividend of €9.264 cents per share was paid on 1 April 1999. This dividend was paid in lieu of a final dividend and represented a 20.0% increase over the final dividend of €7.720 cents per share paid in respect of the previous year.

The total net dividend for the year ended 31 March 1999 of €14.660 cents per share represented a 20.3% increase over the total net dividend of €12.189 cents per share paid in respect of the year ended 31 March 1998. The dividend for the year was covered 3.9 times by adjusted earnings per share (1998: 3.7 times).

**Development**

The year was an active one for acquisitions and development with total expenditure of €93.4 million. Jim Flavin comments further on this in his Chief Executive/Deputy Chairman's Review.

**Financial Strength**

After cash expenditure on acquisitions and development of €76.0 million, net debt at 31 March 1999 amounted to €20.3 million, compared to net cash of €7.0 million at 31 March 1998. Shareholders' funds at 31 March 1999 amounted to €195.2 million (1998: €154.1 million). The Group's modest debt ratio of 10.4% and its well structured capital base give DCC the scope to pursue substantial development activity.

**Presentation of Accounts**

When the Euro was launched on 1 January 1999 the rate of conversion from Irish pounds was fixed at €1 = IR£0.787564. The Group's businesses compete in a global marketplace and are starting to conduct business in Euros. In addition, international investors comprise over a third of the Company's shareholder base and the Irish Stock Exchange now quotes DCC's share price in Euros. Against this background the Board has deemed it appropriate for DCC to adopt the Euro as its reporting currency. All comparative figures have been restated from Irish pounds to Euros. A resolution will be proposed at the 1999 AGM to redenominate the Company's share capital into Euros.

## Year 2000

DCC's Year 2000 compliance programme is now nearing completion. This programme has involved the compilation of an inventory of all IT systems, embedded chip based systems, customers and suppliers, followed by a detailed risk assessment and prioritisation phase. Non-compliant systems have been updated, replaced or retired as appropriate. DCC's Head of Group IT, Donal Murphy, is responsible for the Group's Year 2000 programme supported by a designated member of the senior management team in each of the Group's subsidiaries. Progress against plan is monitored by the Board of Directors.

The Group is working closely with its suppliers and customers to satisfy itself that they too will be Year 2000 compliant. The Group's current priority is on the testing of all critical systems and equipment to ensure compliance and on contingency planning covering the Group's own operations as well as those of important suppliers and customers.

## Corporate Governance

DCC is committed to compliance with best practice in the governance of its business and a statement on the Company's application of the principles set out in the Combined Code on Corporate Governance is set out on pages 26 and 27.

## Management and Employees

DCC's management comprises a powerful blend of entrepreneurial and professional skills with extensive industry knowledge. Business growth and acquisitions continue to expand the Group's employment base. While most of DCC's 2,700 employees are based in Ireland and Britain, the Group's geographic spread now extends to three continents - Europe, the US and Asia. The commitment to excellence of management and employees throughout the Group has been a significant factor in DCC's consistent record of profitable growth.

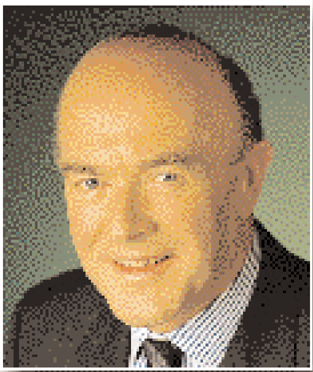
## Outlook

The strong growth which has been achieved across the Group demonstrates the benefits of the Group's focused approach to the management and development of each of its four divisions. DCC places a particular emphasis on organic growth that increases cash generation and generates higher returns on capital employed. In addition, DCC is active in seeking acquisitions that provide synergies and additional scale.

With a proven strategy of broadly based growth, excellent operating businesses and a strong balance sheet, DCC is optimistic about the prospects for the coming year and beyond.

Alex Spain
*Chairman*
*7 May 1999*

# Chief Executive/Deputy Chairman's Review



Jim Flavin
*Chief Executive/*
*Deputy Chairman*

**Growth Record**

DCC's consistent strategy since 1992 has resulted in an accelerating rate of compound growth in adjusted earnings per share as follows:

| | | |
|---|---|---|
| Over the last 7 years | - | 18.1% pa |
| Over the last 5 years | - | 18.2% pa |
| Over the last 3 years | - | 21.4% pa |
| Over the last year | - | 25.9% |

The Group's excellent earnings record has largely been driven by organic growth. This results from a focus on developing DCC's business in market segments where there are opportunities for superior organic growth.

Critically this earnings momentum has been accompanied by continued growth in operating cash flow – up 28.9% in 1999 to €65.5 million – and return on capital employed (including acquisition goodwill), which increased in 1999 to 21.2%. In addition, the Group is in a strong financial position with shareholders' funds of €195.2 million and a net debt / equity ratio of only 10.4% at 31 March 1999.

**Adding Value in Marketing and Distribution**

Approximately 84% of DCC's profits in the year to 31 March 1999 arose from added value marketing and distribution. This is the Group's core competence which is applied throughout our four divisions. Highly motivated telesales operations, excellent management information systems and efficient transport and logistics, together with tight control of working capital, lie at the heart of many of our businesses. Increasingly we seek to propagate best practice in these areas across the Group in our continuing quest for improved returns.

**IT and Electronic Commerce**

There is continuing development of the information technology infrastructure across the Group, to ensure that we leverage technology for maximum competitive advantage. The advent of electronic commerce offers the opportunity to drive real business benefits through service improvement, operational cost reduction, an alternative sales channel and the ability to reach new markets.

Within DCC SerCom we have a strategic focus on electronic commerce with a number of projects in the development phase. This will allow us to do business with the customers and suppliers of DCC SerCom more effectively by streamlining the procurement process and increasing the volume of automated business to business transactions.

## Management Process

DCC's management processes are structured to ensure that the Group's operating management continually strive to deliver volume growth and margin improvement while maintaining tight control of operating costs and working capital. Group and divisional management have particular responsibility for providing strategic direction, specific growth initiatives, management development, acquisitions and financial control. Treasury and tax are managed centrally. Executive management at Board and subsidiary level have material equity interests in the Group.

## Development Strategy

While organic development is at the forefront of our thoughts, we recognise the opportunity to drive further growth through acquisitions. Our preference is for bolt-on acquisitions which offer the potential for integration synergies. DCC also seeks to add value in management development and through improving IT, treasury and financial control systems. We encourage management to stay and contribute to the further development of the DCC Group.

Acquisition expenditure (inclusive of debt and net of cash acquired) during the year amounted to €75.4 million, all of which was bolt-on in nature.

I set out below a summary of DCC's strategy for each of its divisions and further details on the acquisitions undertaken during the year.

### *DCC SerCom*

In DCC SerCom we are providing a broad range of distribution and manufacturing services to the rapidly growing computer hardware and software industry. We are confident that the opportunity to grow this division is significant based on the strong growth of the computer industry worldwide combined with the increasing trend by the industry to out-source distribution and manufacturing activities. During the year, DCC SerCom completed the planned increase in its shareholding in its computer distribution subsidiaries, Micro Peripherals, Sharptext and Gem, from 92.4% to 100%.

The large British market, where its market share is still modest, offers DCC SerCom's distribution business a particular opportunity for substantial growth and expansion into Continental Europe is also planned.

SerCom Solutions' manufacturing activities are strategically well located in Ireland and Scotland, the principal centres for the computer industry in Europe. It has undertaken significant investment in IT and personnel to meet the extensive range of supply chain, manufacturing and localisation services required by its international computer hardware and software customers. SerCom Solutions' strong track record of providing a flexible and reliable service to exacting quality standards leaves it well positioned for growth.

## Chief Executive/Deputy Chairman's Review *Continued*

***DCC Energy***

DCC Energy is building on its strong market position in the cash generative liquefied petroleum gas distribution business in Ireland and Britain and is the fastest growing oil distribution business in Ireland.

DCC Energy completed the acquisition of the fuels business of Burmah Ireland in January 1999. Burmah Ireland sells distillates (heating oils and diesel) into the commercial, industrial and domestic markets, both directly and through distributors, throughout the Republic of Ireland. It also sells petrol and diesel to 130 service stations around the Republic of Ireland. The business of Burmah Ireland is complementary to that of Emo Oil and has significantly increased the scale of DCC Energy's oil distribution activities and provided an entry into the petrol market in Ireland. The integration of Burmah Ireland within Emo Oil has already been completed and the combined business is well placed to generate strong volume growth in the coming year.

***DCC Foods***

DCC Foods is growing its business in the marketing and distribution of its own branded and third party branded products for higher growth segments of the Irish food trade. These products include healthfoods, snackfoods, hot and cold beverages, wine, chilled and frozen foods and, through the Group's recent acquisition of a 50% share of the Kylemore Group, fresh and frozen bakery products. Kylemore Group operates the largest fresh bakery in Ireland, runs the successful Café Kylemore chain of nine restaurants and owns twenty five bread/cake shops around Ireland. The investment in Kylemore provides DCC Foods with a platform to develop into fresh food manufacturing and Kylemore's retail operations provide a new dimension to DCC Foods' growing activities in the catering sector.

DCC Foods has a broad customer base for its products including multiple grocers, symbol groups, independents, pharmacies and the catering sector, which is a particular focus for growth.

***DCC Healthcare***

DCC Healthcare is expanding its hospital supply business in Ireland and Britain, expanding internationally in the growing mobility and rehab market and building a vibrant health supplements business in Britain.

The position of Fannin Healthcare as the market leader in the Irish hospital supply business was strengthened through the acquisition in November 1998 of BM Browne, the leading supplier of laboratory equipment and related consumables to hospital laboratories in Ireland. BM Browne is also a supplier of surgical equipment to Irish hospitals and has a growing business supplying laboratory and surgical equipment to British hospitals. Fannin Healthcare's extensive range of high quality products and its strengths in customer service and

IT will facilitate further growth in Ireland and Britain.

DCC Healthcare continues to build an international business in mobility and rehabilitation. The US marketing and distribution company set up in January 1998 has made good progress. We now plan to strengthen our distribution capabilities in Continental Europe.

The health supplements business in Britain was expanded through the acquisitions of EuroCaps in July 1998 and Thompson & Capper in March 1999. DCC Healthcare's health supplements business now embraces contract manufacture of tablets and hard and soft gel capsules as well as the marketing of branded and private label health supplements.

**Looking Forward**

We are focused on optimising DCC's expertise and strengths in value added marketing and distribution across the four divisions and on shareholder value enhancing acquisition activity.

DCC operates in growth markets and has an immensely strong financial position. We are committed to driving maximum growth from this strong base.

Jim Flavin
*Chief Executive/Deputy Chairman*
*7 May 1999*

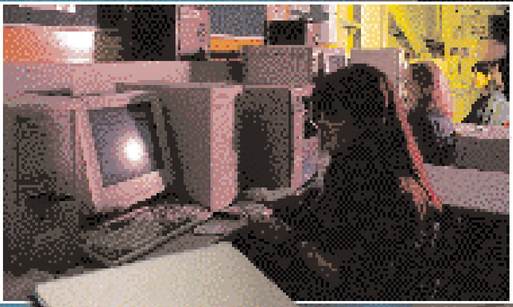
# Divisional Review

DCC SerCom achieved strong growth, led by an excellent performance in its computer distribution businesses - Micro Peripherals and Gem Distribution in Britain and Sharptext in Ireland.

The computer distribution channel continues to grow in importance for products in areas such as networking, storage, printers and consumables. DCC SerCom's focused sales approach is delivering a superior performance for its key suppliers in each of these product categories. Strong volume growth together with efficient logistics and back office functions leveraged off a low cost base enabled the distribution businesses to again improve operating margins. Being well positioned in this large, rapidly growing market in Britain and Ireland, DCC SerCom has significant potential for further strong growth.

DCC SerCom's manufacturing services business had a challenging second half. The high activity levels experienced during the first half by SerCom Solutions (the planned new name for Printech International) fell back in the second six months and localisation results were impacted by the investment required in building a global sales and operational structure. Increasingly SerCom Solutions' customers are seeking partners to take a greater involvement in managing significant aspects of their supply chains such as the procurement of components, warehousing, sub-assembly and delivery of product directly to their production lines on a "just in time" basis. DCC SerCom has been making the necessary investment in IT systems and personnel to augment its capabilities in these areas and to take advantage of the expected growth in demand for outsourced services including internet localisation. While this adds cost in the short term, DCC SerCom is well positioned for future growth in manufacturing services due to its proven skills and flexibility in meeting the exacting standards of its multinational customers.

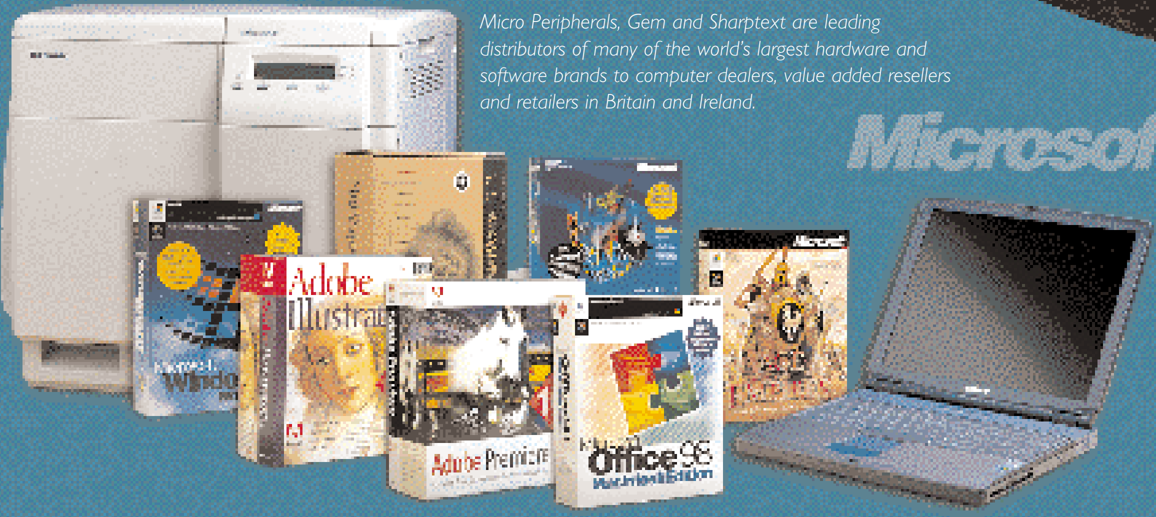
| | | | |
|---|---|---|---|
| **Turnover** | | | |
| | **1999** | **€416.5m** | **+23.6%** |
| | 1998 | €336.9m | |
| **Operating Profit** | | | |
| | **1999** | **€18.3m** | **+18.2%** |
| | 1998 | €15.5m | |
| **Operating Margin** | | | |
| | **1999** | **4.4%** | |
| | 1998 | 4.6% | |
| **Return on Capital Employed** | | | |
| | **1999** | **42.8%** | |
| | 1998 | 47.6% | |

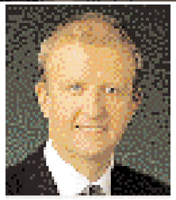


*SerCom Solutions provides a range of supply chain management services, including the production of memory cards (as pictured), to many of the world's leading software and hardware manufacturers, from its modern premises in Dublin and Scotland.*

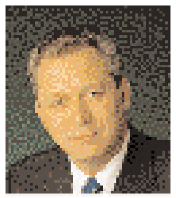
*ITP is a global provider of localisation services for computer software, hardware and internet based applications. ITP employs 200 staff in 11 centres in Europe, the USA and Asia.*

*Micro Peripherals, Gem and Sharptext are leading distributors of many of the world's largest hardware and software brands to computer dealers, value added resellers and retailers in Britain and Ireland.*



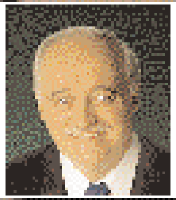



Tommy Breen
*Managing Director*
DCC SerCom



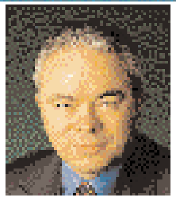
Paul Donnelly
*Managing Director*
Gem Distribution

Kevin Henry
*Joint Managing Director*
SerCom Solutions



David MacDonald
*Chief Executive*
ITP

Gordon McDowell
*Managing Director*
Micro Peripherals



Paul White
*Managing Director*
Sharptext

# Divisional Review

DCC Energy achieved excellent profit growth in the division's LPG business in Ireland and Britain and in oil distribution in Ireland. Strong volume growth, particularly in oil, combined with tight control of operating costs resulted in a further improvement in unit operating margins.

Flogas continued to focus on cylinder and bulk propane sales to the commercial and catering sectors and experienced good volume growth in Britain and the Republic of Ireland. In Britain the company increased the proportion of its cylinder sales directly to end users which will enable it to improve returns in this segment of the market.

Emo Oil achieved exceptional volume growth due to a singular focus on the development of its distillates business (heating oils and diesel). Emo significantly increased the level of its direct sales and improved its geographic coverage in rural areas through distributors which service local commercial, agricultural and domestic customers.

Emo's success in generating superior organic growth, coupled with the acquisition of Burmah, has enabled DCC Energy to double its Republic of Ireland distillate market share during the year to 8%.

The acquisition of Burmah has also provided an entry to the retail petrol/diesel market in the Republic of Ireland, significantly increasing DCC Energy's presence in the faster growing transport fuels business. The integration of Burmah within Emo has been completed and is yielding significant cost savings.

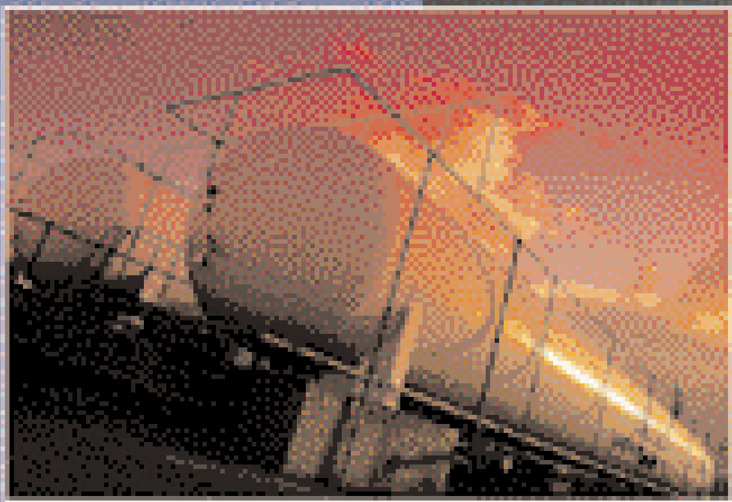
Strong cash generation continues to be a key feature of DCC Energy's business.

| | | |
|---|---|---|
| **Turnover** | | |
| **1999** | **€193.3m** | **+20.2%** |
| 1998 | €160.9m | |
| **Operating Profit** | | |
| **1999** | **€18.2m** | **+37.8%** |
| 1998 | €13.2m | |
| **Operating Margin** | | |
| **1999** | **9.4%** | |
| 1998 | 8.2% | |
| **Return on Capital Employed** | | |
| **1999** | **32.5%** | |
| 1998 | 24.2% | |

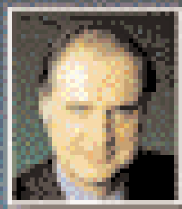
*Emo Oil provides a nationwide oil delivery service to a wide range of commercial, industrial, agricultural and domestic customers.*

Kevin Murray
*Managing Director*
DCC Energy

Sam Chambers
*Managing Director*
DCC Energy (NI)



*In Ireland DCC Energy owns LPG import facilities in Drogheda, Belfast and Cork and owns or has access to oil import facilities nationwide.*



Patrick Kilmartin
*Managing Director*
Flogas Britain

Patrick Mercer
*Managing Director*
Flogas (ROI)

Daniel Murray
*Managing Director*
Emo Oil (ROI)

*Flogas is a leading supplier of LPG in Britain and Ireland.*

DCC

# Divisional Review

DCC FOODS

DCC Foods' concentration on higher growth segments of the Irish food trade continued to generate good organic growth in sales and profits. More people are choosing to eat out, driving growth in the catering sector, while consumers are also demanding a greater variety of health foods and convenience foods. As a leading supplier of branded products in expanding markets such as snackfoods, healthfoods, ground coffee, wine and parbaked breads, DCC Foods is benefiting from these trends.

Kelkin, the market leader in healthfoods in Ireland, had another excellent year, particularly in its major snacks, cereal and soya product categories. Robt. Roberts achieved good growth across its product range including KP snackfoods and margins recovered from the levels of the previous year.

The focus placed by DCC Foods on development in the expanding catering sector resulted in further strong sales growth in ground coffee, wine and catering equipment. The acquisition of a 50% shareholding in the Kylemore bakery and restaurant group offers further opportunities to build on DCC Foods' strengths in the catering sector.

In frozen and chilled foods Allied Foods achieved an improved result. Its skills and experience as a cost efficient provider of logistics services enabled it to win contracts with two major retail groups.

Included in DCC Foods' results for the year is DCC's 10.3% share of Fyffes plc's operating profit for Fyffes' year ended 31 October 1998. Fyffes, which is the leading fresh produce company in Europe, continued to achieve strong growth with operating profit up 12.0% and earnings per share up 21.3%.

| | | | |
|---|---|---|---|
| **Turnover** | | | |
| | **1999** | **€314.2m** | **+7.1%** |
| | 1998 | €293.3m | |
| **Operating Profit** | | | |
| | **1999** | **€15.0m** | **+16.1%** |
| | 1998 | €12.9m | |
| **Operating Margin** | | | |
| | **1999** | **4.8%** | |
| | 1998 | 4.4% | |
| **Return on Capital Employed** | | | |
| | **1999** | **32.1%** | |
| | 1998 | 31.7% | |

DCC


KP, Ireland's number one savoury snack food brand, is brought to the Irish consumer through Robt. Roberts' extensive distribution network.

KELKIN

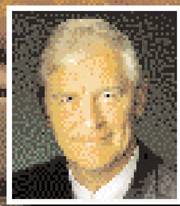
With great coffee and the latest technology in coffee machines Robt. Roberts, coffee specialist, provides the complete catering beverage service to a rapidly growing consumer base.

allied foods

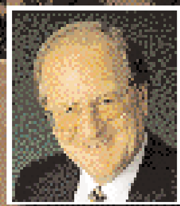
ROBERTS


Kelkin, Ireland's leading healthfoods brand, provides naturally wholesome products as part of a healthy lifestyle.

Kevin Murray
*Managing Director*
DCC Foods



Ken Peare
*Managing Director*
Robt. Roberts



Mitchel Barry
*Chief Executive*
Allied Foods

Brian Hogan
*Managing Director*
Kylemore Group

Bernard Rooney
*Managing Director*
Kelkin

Kylemore

# Divisional Review

## DCC Healthcare

The strong sales growth in DCC Healthcare resulted from good volume increases across the division and successful acquisition activity in hospital supply and health supplements. The start-up mobility and rehab business in the US had a modest impact on operating margin.

The hospital supply business enjoyed improved margins and strong growth, aided by the acquisition of BM Browne and the smooth completion of the first phase of its integration with Fannin. While the full benefits of integration will only be realised during the coming year, significant progress has been made to date including the full integration of the two operations in Britain to produce a stronger base for further growth in that market.

In mobility and rehabilitation, sales growth moderated in DMA due principally to keener competition in the UK market. DCC Healthcare's competitive position in this business was improved recently by a reduction in product costs from Taiwan. The start-up business in the US made a modest profit in its first full year of operation.

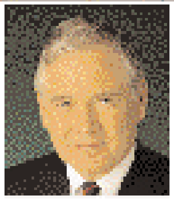
The health supplements business experienced a combination of pricing pressure and increased raw material costs leading to some pressure on margins.

However, substantial progress was made in building a vertically integrated business through the acquisition of the EuroCaps encapsulation business in July 1998 and the Thompson & Capper tabletting business in March 1999, providing a platform for cost effective growth in this area.

| | | | |
|---|---|---|---|
| **Turnover** | | | |
| | **1999** | **€114.8m** | **+41.1%** |
| | 1998 | €81.3m | |
| **Operating Profit** | | | |
| | **1999** | **€9.8m** | **+36.1%** |
| | 1998 | €7.2m | |
| **Operating Margin** | | | |
| | **1999** | **8.5%** | |
| | 1998 | 8.8% | |
| **Return on Capital Employed** | | | |
| | **1999** | **31.8%** | |
| | 1998 | 29.5% | |

Shoprider powerchairs and scooters provide mobility and independence.

DMA

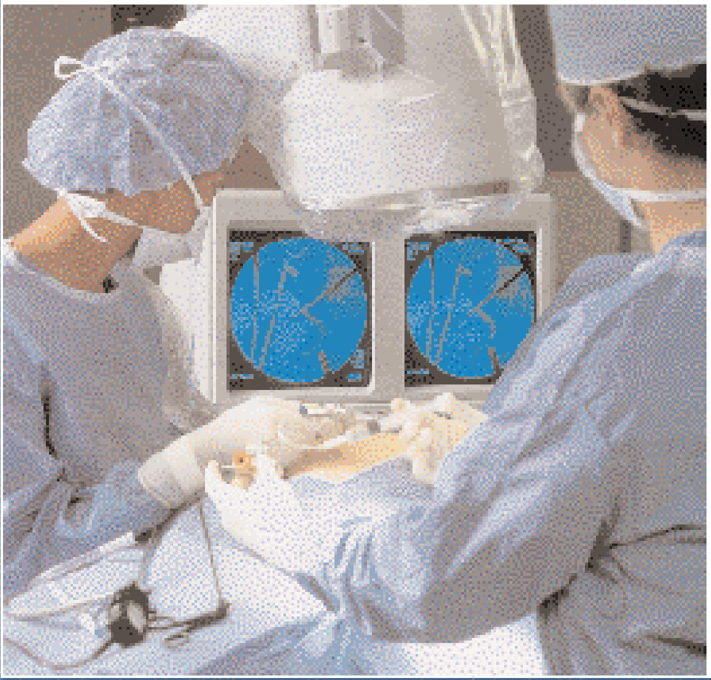


Morgan Crowe
*Managing Director*
DCC Healthcare

Colman O'Keeffe
*Finance Director*
DCC Healthcare

John Dalton
*Chief Executive*
DMA

Peter Woods
*Chief Executive*
Fannin Healthcare



Fannin Healthcare supplies a wide range of high tech medical, surgical and laboratory equipment and consumables to hospitals and laboratories in Britain and Ireland.

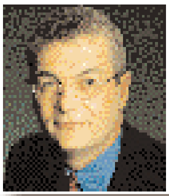
Caring for Life
Fannin Healthcare

Healthilife



The Healthilife Style range, produced in the Group's own encapsulation and tabletting facilities, provides the vitamin and health supplements essential to modern everyday living.

# Financial Review



Fergal O'Dwyer
*Chief Financial Officer*

## Application of Accounting Standards

DCC's financial statements have been prepared on the basis of current guidance issued by the Accounting Standards Board. This guidance includes a number of newly issued Financial Reporting Standards which were applied for the first time by DCC in its financial statements for the year ended 31 March 1999 as follows:

FRS 10 - Goodwill and Intangible Assets
FRS 11 - Impairment of Fixed Assets and Goodwill
FRS 12 - Provisions, Contingent Liabilities and Contingent Assets
FRS 13 - Derivatives and Other Financial Instruments: Disclosures
FRS 14 - Earnings per Share

The adoption of FRS 10 resulted in a change in DCC's accounting policy for goodwill. Previously goodwill arising on subsidiaries acquired up to 31 March 1998 was eliminated from the balance sheet through reserves in the year in which it arose. Goodwill written off to reserves up to 31 March 1998 amounted to €105.8 million. In accordance with FRS10, goodwill arising on the acquisition of subsidiaries from 1 April 1998 is capitalised on the balance sheet and amortised on a straight line basis over its estimated useful economic life. Goodwill arising on the acquisition of subsidiaries in the year ended 31 March 1999 and capitalised in accordance with the new accounting policy amounted to €46.9 million.

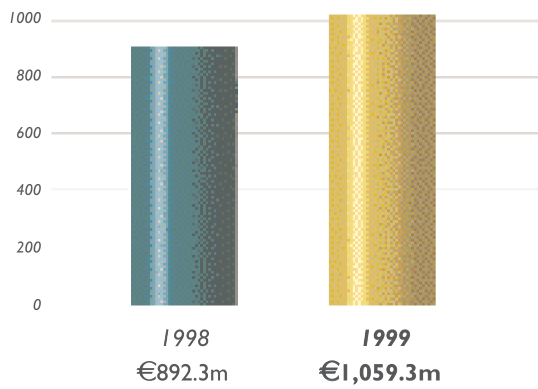
The adoption of FRS 11 and FRS 12 did not give rise to changes in accounting policies or additional disclosure for DCC. In accordance with FRS 13, information on the impact of financial instruments on the Group's risk profile, the effect these risks may have and how these risks are being managed is set out in note 28 to the financial statements on pages 61 to 63. Reflecting the requirements of FRS 14, both basic and fully diluted earnings per share are set out in the profit and loss account on page 40 and the calculation of both is set out in note 14 to the financial statements on page 52.

## Profit and Loss Account

### Turnover

Turnover increased by 18.7% to €1,059.3 million. Acquisitions during the year contributed a quarter of the increase with good volume growth across the Group largely responsible for the rest of the increase. Turnover of subsidiaries increased by 23.8% to €791.7 million and DCC's share of associates' turnover rose by 5.9% to €267.6 million.

Turnover
+18.7%
*€ 'million*

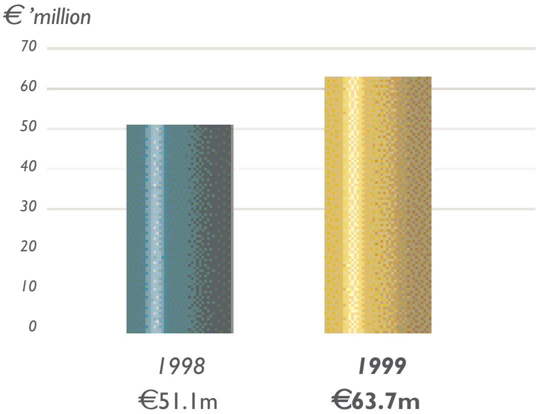


**Operating Profit**

Operating profit before goodwill amortisation increased by 24.7% to €63.7 million. 17.8% of this growth was organic and 6.9% was derived from acquisitions made during the year. Profits of subsidiaries increased by 26.9% to €51.5 million and DCC's share of associates' profits rose by 16.1 % to €12.1 million.

Operating Profit before Goodwill Amortisation

+24.7%




The operating profit of DCC's four divisions and its other interests, together with details of operating margin and return on capital employed, is set out below:

| | €'m | Operating Margin | ROCE (excl goodwill) | ROCE (incl goodwill) |
|---|---|---|---|---|
| DCC SerCom | 18.3 | 4.4% | 42.8% | 25.1% |
| DCC Energy | 18.2 | 9.4% | 32.5% | 17.7% |
| DCC Foods | 15.0 | 4.8% | 32.1% | 24.3% |
| DCC Healthcare | 9.8 | 8.5% | 31.8% | 15.1% |
| Other Interests | 2.4 | 11.6% | 29.2% | 29.2% |
| Total | 63.7 | 6.0% | 36.3% | 21.2% |

Reviews of DCC's divisions are set out on pages 12 to 19.

The Group's principal other interest is its 49% shareholding in Manor Park Homebuilders. Building has commenced at Manor Park's new housing development in Cork - Pembroke Wood - which is being undertaken with a joint venture partner, while the company's major residential development at Clare Hall in Dublin will be completed during 1999. Manor Park's land bank, which principally comprises a 166 acre residential development site in west County Dublin, has been acquired at attractive purchase prices.

The Group's return on tangible capital employed increased to 36.3% (1998: 33.6%), while inclusive of acquisition goodwill the return increased to 21.2% (1998: 20.0%).

**Interest**

The net interest charge was similar to the previous year at €4.5 million. Interest cover was 14.3 times (1998: 11.5 times).

**Profit Before Taxation**

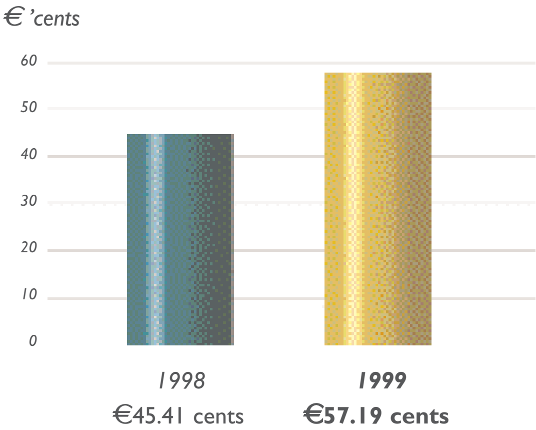
Profit before goodwill amortisation and tax increased by 27.0% to €59.2 million. Overall the Group was a modest net beneficiary of the strength of sterling during the year. After a goodwill charge of €1.5 million, profit before taxation increased by 24.4% to €57.7 million.

**Taxation**

A portion of the Group's profits is earned from manufacturing activities in Ireland which are taxed at a 10% rate. This manufacturing tax rate will continue until the year 2010. The Irish government has indicated a commitment to reduce the standard rate of corporation tax on a phased basis to 12.5% by the year 2003. The tax charge of €8.9 million represents an effective tax rate on profits for the year of 15.0% compared with 16.0% for 1998.

**Earnings per Share**
Basic earnings per share increased by 22.9% to €55.39 cents. Adjusted basic earnings per share increased by 25.9% from €45.41 cents to €57.19 cents.

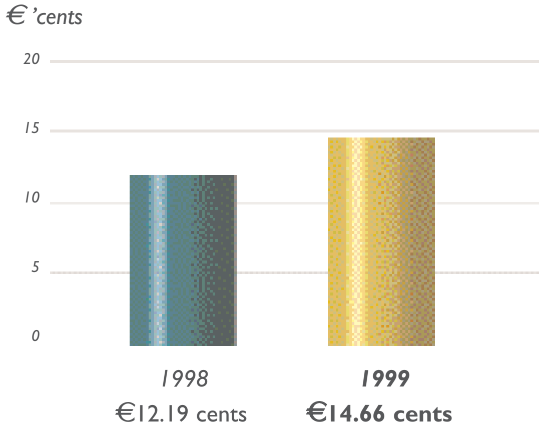
Adjusted Basic Earnings per Share




Adjusted fully diluted earnings per share increased by 27.7% to €56.08 cents. Adjusted earnings per share excludes goodwill amortisation and is considered by the Directors to be a more appropriate long term measure of underlying performance.

**Dividend**
The total net dividend for the year of €14.66 cents represents an increase of 20.3% over the total net dividend of €12.19 cents paid in respect of the previous year. The dividend was covered 3.9 times by adjusted earnings per share (1998: 3.7 times).

Dividend per Share




## Balance Sheet and Funding

**Operating Assets**
Tangible fixed assets employed in the Group of €106.7 million are stated after depreciation for the year of €16.2 million, capital expenditure, net of disposals, of €16.7 million and net translation losses of €2.1 million.

Working capital at 31 March 1999 increased to €53.2 million from €41.0 million in 1998, reflecting acquisition activity and a year of strong sales growth. The level of working capital was equivalent to approximately 17.4 days sales which is a further improvement on the previous year's 18.1 days.

**Shareholders' Funds**
Shareholders' funds at 31 March 1999 increased to €195.2 million principally due to retained earnings of €35.0 million and the issue of share capital. DCC shares with a value of €9.5 million were issued during the year as a result of the exercise of options and the payment up of partly paid shares under employee share incentive schemes and the issue of shares under the Company's scrip dividend scheme.

### Financial Strength and Liquid Resources

Net debt at 31 March 1999 amounted to €20.3 million (1998: net cash of €7.0 million) giving a net debt/equity ratio of 10.4%. Net debt at 31 March 1999 was made up as follows:

| | €'m |
|---|---|
| Cash and term deposits | 311.3 |
| Bank loans and other debt repayable within 1 year | (41.7) |
| Bank loans and other debt repayable after 1 year | (192.3) |
| Unsecured Notes due 2008/11 | (97.6) |
| Total | (20.3) |

As regards liquidity, the Group had cash balances at 31 March 1999 of €311.3 million. In addition, at 31 March 1999 43% of the Group's gross borrowings of €331.6 million matures after five years.

This maturity profile and the Group's cash balances, along with existing sources of finance and operational cash flows, gives DCC a strong, well balanced capital structure to support future growth and development. Notes 24 to 28 of the financial statements on pages 59 to 63 provide details of the maturity and profile of the Group's gross debt.

### Cash Flow

Operating cash flow for the year amounted to €65.5 million, a 28.9% increase over 1998, notwithstanding the funding of sales growth of 23.8% in subsidiary undertakings. After net capital expenditure in cash of €16.8 million and acquisition expenditure in cash of €59.1 million, the Group's net debt at 31 March 1999 amounted to €20.3 million:

| | **1999 €'m** | 1998 €'m |
|---|---|---|
| Operating cash flow | **65.5** | 50.8 |
| Share issues (net) | **8.7** | 1.2 |
| Interest | **(4.1)** | (3.4) |
| Taxation | **(5.8)** | (4.6) |
| Capital expenditure (net) | **(16.8)** | (16.3) |
| Acquisitions | **(59.1)** | (8.6) |
| Dividends | **(10.5)** | (6.8) |
| Other | **(7.9)** | 7.5 |
| Net cash (outflow)/inflow | **(30.0)** | 19.8 |
| Translation adjustment | **2.7** | (8.3) |
| Movement in net (debt)/cash | **(27.3)** | 11.5 |
| Opening net cash/(debt) | **7.0** | (4.5) |
| Closing net (debt)/cash | **(20.3)** | 7.0 |

### Acquisition and Development Expenditure

Acquisition and development expenditure in the year amounted to €93.4 million as follows:-

| | Acquisitions €'m | Capital Expenditure €'m | Total €'m |
|---|---|---|---|
| DCC Healthcare | 42.8 | 2.4 | 45.2 |
| DCC Energy | 17.1 | 7.9 | 25.0 |
| DCC SerCom | 8.3 | 6.2 | 14.5 |
| DCC Foods | 7.2 | 1.5 | 8.7 |
| Total | 75.4 | 18.0 | 93.4 |

Acquisition expenditure (inclusive of debt and net of cash acquired) amounted to €75.4 million as the Group continued its policy of supplementing its strong organic growth with shareholder value enhancing acquisitions. The cash impact in the year was €59.1 million with an amount of €6.6 million payable in 1999/2000 and €9.7 million deferred for future payment. Capital expenditure of €18.0 million included plant, vehicles and computer equipment with no individual significant items.

## Treasury Policy and Management

Treasury policy is reviewed annually by the Board. The principal objective is the minimisation of financial risk at reasonable cost. The Group does not take speculative positions but seeks, where considered appropriate, to hedge underlying trading and asset/liability exposures by using derivative financial instruments (such as interest rate and currency swaps and forward contracts).

The Group Treasury function manages centrally the Group's cash and debt and administers the Group's funding requirements. Divisional and subsidiary management manage trading foreign currency and commodity price exposures and working capital.

### Currency Risk Management

Principal trading foreign currency exposures are to sterling and the US dollar. Trading foreign currency exposures are generally hedged by using forward contracts to cover specific or estimated purchases and receivables.

Approximately half of the Group's profits was earned by subsidiaries based in the sterling area. The Group's policy is, where appropriate, to put in place hedges using forward contracts against sterling and other currencies to minimise the volatility of the Group's earnings arising from fluctuations in exchange rates.

In order to protect shareholders' funds from material variations due to sterling exchange movements, a significant proportion of overseas net sterling assets are hedged where practicable, by taking out equivalent foreign currency borrowings.

### Interest Rate Risk Management

The Group finances its operations through a mixture of retained profit and bank borrowings. The Group borrows in the desired currencies at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Note 28 to the financial statements on pages 61 to 63 includes an analysis of the currency and interest rate composition of the Group's gross debt and cash portfolios after taking currency and interest rate swaps into account.

## Year 2000

Details of the Group's Year 2000 compliance programme are set out in the Chairman's Statement on pages 6 and 7. The incremental capital costs associated with Year 2000 compliance are expected to amount to €1.4 million. The incremental costs (both internal and bought in) to be expensed by the Group in ensuring its systems are Year 2000 compliant are not material and are included within operating costs.

# Corporate Information

**Directors**

Alex Spain* - *Chairman*
Jim Flavin - *Chief Executive / Deputy Chairman*
Tony Barry* - *Senior Independent Director*
Morgan Crowe
Paddy Gallagher*

* *Non-executive*

**Audit Committee**

Alex Spain - *Chairman*
Tony Barry
Paddy Gallagher

**Nomination Committee**

Alex Spain - *Chairman*
Jim Flavin
Tony Barry
Paddy Gallagher

**Remuneration Committee**

Alex Spain - *Chairman*
Tony Barry
Paddy Gallagher

**Chief Financial Officer**

Fergal O'Dwyer

**Secretary**

Michael Scholefield

**Registered and Head Office**

DCC House
Stillorgan
Blackrock
Co Dublin

**Auditors**

PricewaterhouseCoopers
Chartered Accountants
& Registered Auditors
Wilton Place
Dublin 2

**Solicitors**

William Fry
Fitzwilton House
Wilton Place
Dublin 2

**Stockbrokers**

Davy Stockbrokers
49 Dawson Street
Dublin 2

Warburg Dillon Read
2 Finsbury Avenue
London EC2M 2PP

**Bankers**

ABN AMRO Bank
AIB Bank
Bank of Ireland
Irish Intercontinental Bank
National Westminster Bank
Ulster Bank Markets

**Registrars and Transfer Office**

Computershare Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

Donal Murphy
*Head of Group IT*

Michael Scholefield
*Group Secretary and Investor Relations Manager*

Daphne Tease
*Group Treasurer*

Ger Whyte
*Group Internal Auditor*

**The Board of Directors**

**Directors:** The Board of DCC consists of two executive and three non-executive Directors and the roles of Chairman and Chief Executive are separate. The Board has appointed Tony Barry as the senior independent Director. Brief biographies of the Directors are set out underneath their photographs on page 5. All of the Directors bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. Directors are subject to re-election at least every three years.

**Board Procedures:** The Board holds regular meetings (normally at least six per annum) and there is contact between meetings as required in order to progress the Group's business. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. The Board has a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group's business including approval of financial statements, budgets (including capital expenditure), acquisitions and dividends. Certain additional matters are delegated to Board Committees. There is an established procedure for Directors in the furtherance of their duties to take independent professional advice if they consider this necessary. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

**Board Committees:** There are three Board Committees with formal terms of reference: the Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee and the Remuneration Committee comprise the three non-executive Directors. All of the non-executive Directors are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. The Nomination Committee, comprising the non-executive Directors and the Chief Executive/Deputy Chairman, was established on 1 February 1999.

**Directors' Remuneration**

The Board's report on Directors' remuneration is set out on pages 30 to 33.

**Relations with Shareholders**

DCC attaches considerable importance to shareholder communications and has a well-established investor relations function. There is regular dialogue with institutional investors and shareholders as well as presentations after the interim and preliminary results. Results announcements are sent promptly to all shareholders and published on the company's web site at www.dcc.ie. The web site contains additional information for investors which is regularly updated.

At the Company's Annual General Meeting the Group Chief Executive makes a presentation and answers questions on the Group's business and its performance during the prior year.

Arrangements have been made for the 1999 annual report and AGM notice to be sent to shareholders 20 working days before the meeting and for the level of proxy votes cast on each resolution, and the numbers for and against, to be announced at the meeting. The 1999 AGM will be held at 11am in the Conrad International Hotel, Earlsfort Terrace, Dublin 2 on 25 June 1999.

**Accountability and Audit**

The written terms of reference of the Audit Committee deal clearly with its authority and duties which include, inter alia, consideration of the appointment of the external auditors and their fees and review of the scope and results of the work performed by both internal and external auditors.

As permitted by the Irish and London Stock Exchanges, the Company has complied with the Combined Code provisions in respect of internal control by reporting on internal financial controls in accordance with the guidance for Directors on internal control and financial reporting issued in December 1994.

The Directors acknowledge that they are responsible for the Group's system of internal financial control, which is established to provide reasonable assurance of

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

This system can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors have established a number of key procedures designed to provide an effective system of internal financial control, including providing a basis for the Directors to review the effectiveness of the system. The more important of these procedures, which are supported by detailed controls and processes, include

- developing an organisation structure with clearly defined lines of authority and accountability
- a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis
- maintenance of a highly skilled and experienced workforce, particularly at senior management level
- a treasury risk management policy which limits the exposure of the Group in this area
- a formally constituted audit committee which meets with internal and external auditors and reviews the Group's financial reporting and internal financial control systems
- an independent Group internal audit function.

The Directors have reviewed the effectiveness of the Group's system of internal financial control and will continue to do so on a regular basis.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors' responsibility for preparing the financial statements is explained on page 34 and the reporting responsibilities of the auditors are set out in their report on pages 35 and 36.

**Compliance**

DCC has complied, during the year ended 31 March 1999, with all of the Principles of Good Governance and Code of Best Practice ("the Combined Code") derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports, save in respect of the following matters:

*Directors' remuneration:*

Disclosures regarding Directors' remuneration have been drawn up on an aggregate basis in accordance with the Listing Rules of the Irish Stock Exchange.

*Annual General Meeting:*

The 1998 Annual Report and Notice of Annual General Meeting were circulated to shareholders 18 rather than 20 working days before the meeting and details of proxy votes cast on each resolution were not announced at the meeting. As stated above, arrangements have been made to comply with the requirements of the Combined Code in relation to both these matters in respect of the 1999 AGM.

*Senior independent non-executive Director:*

As stated above, the Board has appointed Tony Barry as senior independent non-executive Director. However, this appointment was not effective for the whole of the financial year ended 31 March 1999.

# Report of the Directors

for the year ended 31 March 1999

The Directors present their report and the audited financial statements for the year ended 31 March 1999.

**Principal Activities**

DCC is an industrial group with four focused divisions operating in the computer, energy, food and healthcare sectors. A summary of the Group's activities is set out on pages 2 and 3. Details of the Company's principal subsidiaries are set out on pages 73 to 76. Details of its principal associated undertakings are set out on page 56 in note 17 to the financial statements.

**Results and Business Review**

The profit on ordinary activities before taxation for the year amounted to €57.7 million. Details of the results and appropriations for the year are set out in the consolidated profit and loss account on page 40 and in the related notes. A full review of the Group's performance and development during the year is set out in the Chairman's Statement, the Chief Executive/Deputy Chairman's Review, the Divisional Reviews and the Financial Review on pages 6 to 24.

**Dividends**

An interim dividend of IR4.250p (€5.396 cents) per share with a related tax credit of IR0.503639p (€0.639490 cents) per share was paid on 27 November 1998. A second interim dividend of IR7.296p (€9.264 cents) per share with a related tax credit of IR0.884612p (€1.123226 cents) was paid on 1 April 1999 in lieu of a final dividend for the year. The total net dividend for the year ended 31 March 1999 amounted to IR11.546p (€14.660 cents).

**Share Capital**

Details of ordinary shares issued during the year ended 31 March 1999 are set out in note 32 to the financial statements on page 66.

**Research and Development**

Certain Group companies carry out development work aimed at improving the quality, competitiveness and range of their products. This expenditure is not material in relation to the size of the Group and is written off to the profit and loss account as it is incurred.

**Substantial Shareholdings**

At 7 May 1999, the Company had been advised of the following interests in its issued share capital:

| | No of IR20p Ordinary Shares | % of Issued Share Capital |
|---|---|---|
| Bank of Ireland Nominees Limited* | 14,179,396 | 16.2% |
| FMR Corp and its direct and indirect subsidiaries** | 8,911,152 | 10.2% |
| Allied Irish Banks plc and its subsidiaries*** | 5,664,706 | 6.5% |
| Guinness Ireland Group Pension Scheme* | 4,179,635 | 4.8% |
| Standard Life Assurance Company | 4,020,385 | 4.6% |
| 3i Group plc | 3,620,796 | 4.1% |
| Irish Life Assurance plc | 3,286,790 | 3.8% |
| The Scottish Provident Institution | 3,042,500 | 3.5% |

* *The 16.2% interest of Bank of Ireland Nominees Limited is a non-beneficial interest and includes the 4.8% interest of Guinness Ireland Group Pension Scheme also shown above.*

** *Under Irish and UK law the shares are held by non-beneficial holders.*

*** *Notified as non-beneficial interests.*

Norwich Union Life Insurance Ireland Limited has advised the Company that it holds between 3% and 5% of the Company's issued share capital.

Apart from these holdings, the Company has not been notified of any other interest of 3% or more in its issued ordinary share capital.

# Report of the Directors

for the year ended 31 March 1999

**Directors**

There was no change in the Directors of the Company during the year. The names of the Directors and a short biographical note on each Director appear on page 5. In accordance with Article 80 of the Articles of Association, Jim Flavin and Paddy Gallagher retire by rotation at the 1999 Annual General Meeting and, being eligible, offer themselves for re-appointment. Neither of the retiring Directors has a service contract with the Company or any member of the Group with a notice period in excess of one year or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind. Details of the Directors' interests in the share capital of the Company are set out in the Board's Report on Directors' Remuneration on pages 30 to 33.

**Health and Safety**

It is the policy of the Group to ensure the safety, health and welfare of employees by maintaining a safe place of work. This policy is based on the requirements of the Safety, Health and Welfare at Work Act, 1989. Safety statements have been prepared by each of the relevant companies in the Group and the policies set out in these statements are kept under regular review.

**Auditors**

The auditors, Coopers & Lybrand, who now practise in the name of PricewaterhouseCoopers, will continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

**Alex Spain, Jim Flavin,** *Directors*

DCC House, Stillorgan,
Blackrock, Co Dublin.
7 May 1999

# Report on Directors' Remuneration

**Remuneration Committee**

The Remuneration Committee consists solely of the independent non-executive Directors - Alex Spain (Chairman), Tony Barry and Paddy Gallagher.

The terms of reference for the Remuneration Committee are to determine the remuneration packages of the executive Directors and to approve the grant of share options. The Chief Executive is consulted about remuneration proposals for the other executive Director and the Remuneration Committee is authorised to obtain access to professional advice if deemed desirable.

**Policy on Executive Directors' Remuneration**

The Company's policy on executive Directors' remuneration recognises that employment and remuneration conditions for the Group's senior executives must properly reward and motivate them to perform in the best interest of the shareholders.

The typical elements of the remuneration package for executive Directors are basic salary and benefits, pensions and participation in share incentive arrangements. It is the policy of the Remuneration Committee that share incentive arrangements be offered to all key managers within the Group to encourage identification with shareholders' interests. The share incentive arrangements offered to executive Directors form a significant part of their total remuneration package and form part of a long term policy within the Company to encourage senior management to build, over time, a shareholding in the Company which is material to their net worth. The Remuneration Committee believe this long standing policy has been instrumental in motivating and retaining the quality of senior management required to run a successful business and the achievement of DCC's record of strong growth over many years. Share options are offered on a phased basis and all employees are encouraged to hold their options beyond the earliest exercise date.

Information on share options held by each Director and details of exercise prices and dates are set out on pages 32 and 33.

**Employee Share Schemes**

The DCC plc 1998 Employee Share Option Scheme was approved by shareholders at the 1998 Annual General Meeting. The percentage of share capital which can be issued under the scheme and the individual grant limits comply with guidelines published by the institutional investment associations. The scheme provides for the granting of both basic and second tier options. At 31 March 1999 employees held basic tier options to subscribe for 1,299,000 ordinary shares and second tier options to subscribe for 1,120,000 ordinary shares under this scheme.

The DCC plc 1998 Employee Share Option Scheme replaced the DCC Employee Partly Paid Share Scheme which was terminated in May 1998 due to changes in the taxation treatment of partly paid shares in the Finance Act, 1998. Under the terminated DCC Employee Partly Paid Share Scheme, 210,000 (1998: 2,725,990) shares remain partly paid. Under a terminated 1986 DCC Executive Share Option Scheme, which applied before DCC became a public company, employees hold options to subscribe for 650,000 ordinary shares (1998: 1,287,500 ordinary shares).

**Executive Directors' Salary and Benefits**

The salaries of executive Directors are reviewed annually having regard to personal performance, company performance and competitive market practice. Employment related benefits consist principally of a company car. No fees are payable to executive Directors.

**Non-executive Directors' Remuneration**

The remuneration of the non-executive Directors is determined by the Board. The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board sub-committee duties.

**Pensions**

Pensions for executive Directors are calculated on basic salary only - no benefit elements are included - and aim to provide for two thirds of salary at age 60.

A pension is funded for the Chairman, based on his annual fee, to provide a 1/60th accrual for each year of service.

The table below shows the increase in the accrued pension benefits to which the Directors became entitled during the year ended 31 March 1999 and the transfer value of the increase in accrued benefits:

| | Executive Directors €'000 | Non-executive Chairman €'000 |
|---|---|---|
| Increase in accrued annual pension benefits (excl inflation) during the year | 45 | 2 |
| Accumulated accrued annual pension benefits at year end | 311 | 27 |
| Transfer value equivalent to increase in accrued annual pension benefits at year end | 601 | 27 |

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

**Directors' Service Agreements**

There are no service agreements between any Director of the Company and the Company or any of its subsidiaries with a notice period in excess of one year or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

**Directors' Interests in Contracts**

There were no contracts (other than a service agreement with a notice period of one year) at any stage during the year between the Company or other Group undertaking and any Director of the Company.

| **Directors' Remuneration** | Notes | **1999 €'000** | 1998 €'000 |
|---|---|---|---|
| **Executive Directors** | | | |
| Salary and benefits: | | | |
| Basic salary | | **584** | 509 |
| Benefits | 1 | **49** | 49 |
| | | **633** | 558 |
| Other costs: | | | |
| Pension charge for year | 2 | **167** | 138 |
| Total executive Directors' remuneration | 3 | **800** | 696 |
| *% change on prior year* | | *15.0% increase* | |
| Number of executive Directors | | **2** | 2 |
| **Non-executive Directors** | | | |
| Fees | 4 | **126** | 120 |
| Pension charge for Chairman | 2 | **21** | 19 |
| Total non-executive Directors' remuneration | | **147** | 139 |
| *% change on prior year* | | *5.7% increase* | |
| Number of non-executive Directors | | **3** | 3 |
| **Retired Director** | | | |
| Payment to retired Director | 5 | **15** | 15 |
| **Total Directors' Remuneration** | | **962** | 850 |
| *% change on prior year* | | *13.2% increase* | |

*Notes*
1. Benefits relate principally to use of a company car.
2. The pension charge for each year represents payments made to a pension fund as advised by an independent actuary.
3. There were no performance related emoluments in respect of the two years ended 31 March 1999.
4. Includes Chairman's and Board sub-committee fees.
5. Ex gratia pension paid to a retired non-executive Director.

**Directors' and Company Secretary's Interests**

The interests of the Directors and the Company Secretary (including their respective family interests) in the share capital of DCC plc at 31 March 1999, together with their interests at 31 March 1998, were:

| | No of Ordinary Shares | | |
|---|---|---|---|
| | **Fully paid** | **Partly paid (IR0.2p paid)** | **Under option** |
| **At 31 March 1999** | | | |
| Alex Spain | 15,634 | Nil | Nil |
| Jim Flavin | 2,283,349 | Nil | 625,000 |
| Tony Barry | 7,000 | Nil | Nil |
| Morgan Crowe | 731,339 | Nil | 200,000 |
| Paddy Gallagher | 1,040 | Nil | Nil |
| Michael Scholefield (Secretary) | 153,518 | Nil | 94,500 |
| **At 31 March 1998** | | | |
| Alex Spain | 15,499 | Nil | Nil |
| Jim Flavin | 1,500,000 | 1,077,500 | 350,000 |
| Tony Barry | 7,000 | Nil | Nil |
| Morgan Crowe | 580,175 | 230,990 | 100,000 |
| Paddy Gallagher | 1,040 | Nil | Nil |
| Michael Scholefield (Secretary) | 1,249 | 127,500 | 137,500 |

All of the above interests were beneficially owned. There were no changes in the interests of the Directors and the Company Secretary between 31 March 1999 and 7 May 1999. At 31 March 1999, Jim Flavin had a non-beneficial interest in 2,012 DCC IR20p fully paid ordinary shares (1998: 2,012 shares).

Apart from the interests disclosed above neither the Directors nor the Company Secretary were interested at any time in the year in the share capital or loan stock of the Company or other Group undertakings.

On 21 May 1998 Jim Flavin paid up the outstanding balance of IR£2,397,970 (€3,044,794) on 1,077,500 partly paid shares issued to him under the DCC plc Employee Partly Paid Share Scheme and previous schemes. On the same date Morgan Crowe paid up the outstanding balance of IR£504,298 (€640,326) on 230,990 partly paid shares issued to him under the DCC plc Employee Partly Paid Share Scheme and previous schemes. The market price of DCC shares on 21 May 1998 was IR700p (€889 cents).

**Directors' Share Options**

The following are details of share options granted to Directors under the DCC plc 1998 Employee Share Option Scheme:

| | No of Options | | | | Weighted Average Option Price € cents | Normal Exercise Period |
|---|---|---|---|---|---|---|
| | 31 March 1998 | Granted in year | Exercised in year | 31 March 1999 | | |
| **Jim Flavin** | | | | | | |
| Basic | – | 200,000 | – | 200,000 | 720.6 | June 2001 - Nov 2008 |
| Second Tier | – | 200,000 | – | 200,000 | 720.6 | June 2003 - Nov 2008 |
| **Morgan Crowe** | | | | | | |
| Basic | – | 50,000 | – | 50,000 | 700.4 | June 2001 - Nov 2008 |
| Second Tier | – | 50,000 | – | 50,000 | 700.9 | June 2003 - Nov 2008 |
| | – | 500,000 | – | 500,000 | | |

Basic tier options may not normally be exercised earlier than three years from the date of grant nor second tier options earlier than five years from the date of grant.

Basic tier options may normally only be exercised if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 2%, compound, per annum over the period following the date of grant.

Second tier options may normally only be exercised if the growth in the adjusted earnings per share over the previous five years is such as would place the Company in the top quartile of companies on the ISEQ index in terms of comparison of growth in adjusted earnings per share and if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 10%, compound, per annum in that period.

The following are the details of share options granted to Directors under the terminated 1986 DCC Executive Share Option Scheme which applied before DCC became a public company:

| | No of Options | | | | Option Price € cents | Exercise Period |
|---|---|---|---|---|---|---|
| | 31 March 1998 | Granted in year | Exercised in year | 31 March 1999 | | |
| **Jim Flavin** | 350,000 | – | (125,000) | 225,000 | 253.9 | Feb 1989 - Feb 2001 |
| **Morgan Crowe** | 100,000 | – | – | 100,000 | 253.9 | Feb 1991 - Feb 2001 |
| | 450,000 | – | (125,000) | 325,000 | | |

On 21 May 1998 Jim Flavin exercised options over 125,000 shares at an option price of IR200p (€253.9 cents) per share. The market price of DCC shares on that date was IR700p (€889 cents).

No options lapsed during the year. The market price of DCC shares on 31 March 1999 was €725 cents and the range during the year was €432 cents (IR340p) to €902 cents (IR710p).

# Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out within their report on pages 35 and 36, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by company law to ensure that the Company prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

Following discussions with the auditors, the Directors consider that in preparing the financial statements on pages 37 to 72, which have been prepared on the going concern basis, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed (subject to any explanations or material departures disclosed in the notes to the financial statements).

The Directors are required to take all reasonable steps to secure compliance by the Company with its obligations in relation to the preparation and maintenance of proper books of account and financial statements which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992. The Directors have a general duty to act in the best interests of the Company and must, therefore, take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Report of the Auditors

for the year ended 31 March 1999

**To the Members of DCC plc**
We have audited the financial statements on pages 37 to 72 which have been prepared under the historical cost convention and the accounting policies set out on pages 37 to 39, and the detailed information on Directors' emoluments, pensions and interests in shares, partly paid shares and share options on pages 30 to 33.

**Respective Responsibilities of Directors and Auditors**
The directors are responsible for preparing the Annual Report, including as described on page 34 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 1990, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the balance sheet of the Company is in agreement with the books of account. We also report to you our opinions as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether, at the balance sheet date, there existed a financial situation which may require the Company to hold an extraordinary general meeting because the net assets of the Company, as shown in the balance sheet of the Company, are not more than half of its called up share capital.

We also report to you if, in our opinion, any information required by law or the Irish Listing Rules regarding directors' remuneration or directors' transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on page 27 reflects the Company's compliance with those provisions of the Combined Code on corporate governance specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or internal controls.

**Basis of Opinion**
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Report of the Auditors

for the year ended 31 March 1999

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 March 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1990, and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The balance sheet of the Company at 31 March 1999 is in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 28 and 29 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 43, are more than half of the amount of its called up share capital, and in our opinion, on that basis there did not exist at 31 March 1999 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

**PricewaterhouseCoopers**
Chartered Accountants and Registered Auditors
7 May 1999
Dublin

# Accounting Policies

### Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The currency used in these financial statements is the Euro, denoted by the symbol €.

### Basis of Consolidation

The consolidated financial statements include the Company and all its subsidiaries. Two of the Group's subsidiary undertakings have, for commercial considerations, financial years ending 28 February 1999. In respect of these subsidiary undertakings, audited financial statements for the year ended 28 February 1999, together with interim accounts for March 1999 less interim accounts for March 1998, have been used in preparing the consolidated financial statements.

The results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal.

### Goodwill

Goodwill comprises the excess of consideration paid to acquire new businesses over the fair value of the net assets acquired.

Goodwill arising on the acquisition of subsidiaries pre 1 April 1998 was eliminated from the balance sheet through reserves in the year in which it arose. Goodwill arising on the acquisition of subsidiaries from 1 April 1998 is capitalised on the balance sheet and amortised on a straight line basis over its estimated useful economic life.

In the case of interests acquired by the Group in associated undertakings, goodwill is capitalised as part of their carrying value and amortised over its expected useful economic life. In the case of similar interests acquired by associated undertakings of the Group, the accounting treatment followed in respect of goodwill is that adopted by that associated undertaking.

The useful economic life of capitalised goodwill arising on acquisitions after 1 April 1998 is estimated to equate to 20 years.

### Subsidiaries

Subsidiaries are included in the Company balance sheet at cost less provision for any permanent diminution in value.

### Associated Undertakings

Associated undertakings are companies other than subsidiaries in which the Group holds, on a long-term basis, a participating interest in the voting equity share capital and exercises significant influence.

Associated undertakings are included in the Company balance sheet at cost less provision for any impairment in value. Income from associated undertakings included in the Company profit and loss account comprises dividends received and receivable.

The appropriate share of results of associated undertakings is included in the consolidated profit and loss account using the equity method of accounting. Associated undertakings are stated in the consolidated balance sheet at cost plus the attributable portion of their retained reserves from the date of acquisition, less goodwill amortised. Provision is made, where appropriate, where the directors consider there has been an impairment in value.

### Turnover

Turnover comprises the invoiced value, including excise duty and excluding value added tax, of goods supplied and services rendered.

### Stocks
Stocks are valued at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and in the case of raw materials, bought-in goods and expense stocks, comprises purchase price plus transport and handling costs less trade discounts and subsidies. Cost, in the case of products manufactured by the Group, consists of direct material and labour costs together with the relevant production overheads based on normal levels of activity.

Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs.

Provision is made, where necessary, for slow moving, obsolete and defective stocks.

### Tangible Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis at the rates stated below, which are estimated to reduce the assets to their net realisable values by the end of their expected working lives:

| | **Annual Rate** |
|---|---|
| Freehold and Long Term Leasehold Buildings | 2% |
| Plant and Machinery | 5% - 33⅓% |
| Cylinders | 6⅔% |
| Motor Vehicles | 10% - 33⅓% |
| Fixtures, Fittings and Office Equipment | 10% - 33⅓% |

Land is not depreciated.

### Leased Assets
Tangible fixed assets, acquired under a lease which transfers substantially all of the risks and rewards of ownership to the Group, are capitalised as fixed assets. Amounts payable under such leases (finance leases), net of finance charges, are shown as short, medium or long term lease obligations, as appropriate. Finance charges on finance leases are charged to the profit and loss account over the term of the lease on an actuarial basis.

The annual rentals under operating leases are charged to the profit and loss account as incurred.

### Capital Grants
Capital grants received and receivable by the Group are credited to capital grants and are amortised to the profit and loss account on a straight line basis over the expected useful lives of the assets to which they relate.

### Deferred Taxation
Full provision under the liability method is made for deferred taxation on timing differences to the extent that, in the opinion of the directors, it is probable that a liability will crystallise in the foreseeable future.

Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

**Foreign Currencies**

The 1999 financial statements and the 1998 comparative amounts are presented in Euros. The Euro amounts have been arrived at by converting the underlying Irish Pound figures at the fixed conversion rate of €1 = IR£0.787564.

Assets and liabilities denominated in foreign currencies are translated into Irish Pounds at the exchange rates ruling at the balance sheet date or at contracted rates, where appropriate.

The trading results of overseas subsidiaries are translated into Irish Pounds at the average rate of exchange for the year.

Profits and losses arising on transactions in foreign currencies during the year are included in the profit and loss account at the exchange rate ruling on the date of the transactions.

Exchange differences arising from a re-translation of the opening net investment in subsidiary and associated undertakings are dealt with in retained profits net of differences on related currency borrowings.

**Derivative Financial Instruments**

The Group is a party to derivative financial instruments (derivatives), primarily to manage its exposure to fluctuations in foreign currency exchange rates and interest rates and to manage its exposure to changes in the prices of certain commodity products.

Gains and losses on derivative contracts used to hedge foreign exchange and commodity price trading exposures are recognised in the profit and loss account when the hedged transactions occur.

As part of exchange rate risk management, foreign currency swap agreements are used to convert US dollar borrowings into Sterling borrowings. Gains and losses on these derivatives are deferred and recognised on the maturity of the underlying debt, together with the matching loss or gain on the debt.

Interest rate swap agreements and similar contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contracts.

**Pension Costs**

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Group benefits from the employees' services. The effect of variations from regular cost are spread over the expected average remaining service lives of the members in the schemes. The basis of contributions is determined on the advice of independent qualified actuaries.

# Consolidated Profit and Loss Account

for the year ended 31 March 1999

| | Notes | 1999 €'000 | 1999 €'000 | 1998 €'000 | 1998 €'000 |
|---|---|---|---|---|---|
| **Turnover** | | | | | |
| Subsidiary undertakings | 1 | | **791,706** | | 639,591 |
| Share of turnover of associated undertakings | 1 | | **267,560** | | 252,729 |
| **Total turnover** | 1 | | **1,059,266** | | 892,320 |
| **Turnover - subsidiary undertakings** | | | | | |
| Continuing activities | | | **753,166** | | 638,944 |
| Acquisitions | | | **38,540** | | 647 |
| | | | **791,706** | | 639,591 |
| Cost of sales | 2 | | **(624,760)** | | (503,852) |
| **Gross profit** | 2 | | **166,946** | | 135,739 |
| Net operating costs | 2 | | **(115,414)** | | (95,133) |
| Operating profit - parent and subsidiary undertakings | 2 | | **51,532** | | 40,606 |
| Share of operating profit of associated undertakings | 1 | | **12,129** | | 10,451 |
| **Operating profit before goodwill amortisation** | 1 | | **63,661** | | 51,057 |
| Continuing activities | | **60,149** | | 51,250 | |
| Acquisitions | | **3,512** | | (193) | |
| | | **63,661** | | 51,057 | |
| Goodwill amortisation | 6 | | **(1,557)** | | (278) |
| **Operating profit** | | | **62,104** | | 50,779 |
| Net interest payable and similar charges | | | | | |
| - parent and subsidiary undertakings | 7 | | **(4,364)** | | (4,133) |
| Share of net interest payable and similar charges | | | | | |
| - associated undertakings | 8 | | **(75)** | | (292) |
| **Profit on ordinary activities before taxation** | 9 | | **57,665** | | 46,354 |
| Continuing activities | | **54,021** | | 46,547 | |
| Acquisitions | 3 | **3,644** | | (193) | |
| | | **57,665** | | 46,354 | |
| Taxation | 10 | | **(8,883)** | | (7,467) |
| **Profit after taxation** | | | **48,782** | | 38,887 |
| Minority interests | 11 | | **(802)** | | (1,422) |
| **Profit for the financial year attributable to Group shareholders** | 12 | | **47,980** | | 37,465 |
| Dividends paid | 13 | | **(4,922)** | | (3,790) |
| Dividends proposed | 13 | | **(8,070)** | | (6,476) |
| **Profit retained for the year** | | | **34,988** | | 27,199 |
| **Earnings per ordinary share** | | | | | |
| - basic (cents) | 14 | | **€55.39c** | | €45.08c |
| - fully diluted (cents) | 14 | | **€54.32c** | | €43.60c |
| **Adjusted earnings per ordinary share** | | | | | |
| - basic (cents) | 14 | | **€57.19c** | | €45.41c |
| - fully diluted (cents) | 14 | | **€56.08c** | | €43.92c |

**Alex Spain, Jim Flavin,** *Directors*

The notes on pages 45 to 72 and the accounting policies on pages 37 to 39 form part of these financial statements.
Report of the Auditors pages 35 and 36.

## Statement of Total Recognised Gains and Losses

for the year ended 31 March 1999

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Profit attributable to Group shareholders | **47,980** | 37,465 |
| Other movements on associated company reserves | **(454)** | (767) |
| Exchange adjustments | **(220)** | 1,435 |
| Total recognised gains relating to the year | **47,306** | 38,133 |

## Notes of Historical Cost Profits and Losses

for the year ended 31 March 1999

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year on an historical cost basis and the amounts shown in the consolidated profit and loss account on page 40.

The notes on pages 45 to 72 and the accounting policies on pages 37 to 39 form part of these financial statements.
Report of the Auditors pages 35 and 36.

# Consolidated Balance Sheet

as at 31 March 1999

| | Notes | 1999 €'000 | 1998 €'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Intangible assets - goodwill | 15 | **46,028** | - |
| Tangible fixed assets | 16 | **106,697** | 98,761 |
| Financial assets - associated undertakings | 17 | **56,844** | 46,474 |
| | | **209,569** | 145,235 |
| **Current Assets** | | | |
| Stocks | 19 | **54,133** | 44,204 |
| Debtors | 20 | **150,924** | 117,065 |
| Cash and term deposits | 22 | **311,314** | 289,362 |
| | | **516,371** | 450,631 |
| **Creditors: Amounts falling due within one year** | | | |
| Trade and other creditors | 23 | **152,914** | 128,878 |
| Acquisition creditors | | **10,167** | 3,063 |
| Bank and other debt | 24 | **41,759** | 17,423 |
| Corporation tax | | **10,762** | 7,731 |
| Proposed dividend | 13 | **8,070** | 6,476 |
| | | **223,672** | 163,571 |
| **Net Current Assets** | | **292,699** | 287,060 |
| **Total Assets less Current Liabilities** | | **502,268** | 432,295 |
| **Financed by:** | | | |
| **Creditors: Amounts falling due after more than one year** | | | |
| Bank and other debt | 24 | **192,295** | 163,151 |
| Unsecured Notes due 2008/11 | 24 | **97,557** | 101,754 |
| Acquisition creditors | | **9,868** | 3,722 |
| | | **299,720** | 268,627 |
| **Provisions for Liabilities and Charges** | 29 | **2,244** | 2,569 |
| | | **301,964** | 271,196 |
| **Capital and Reserves** | | | |
| Called up equity share capital | 32 | **22,128** | 21,309 |
| Share premium account | 33 | **120,796** | 112,090 |
| Reserves | 34 | **52,297** | 20,683 |
| **Equity Shareholders' Funds** | 35 | **195,221** | 154,082 |
| Equity minority interests | 36 | **3,902** | 5,295 |
| Capital grants | 37 | **1,181** | 1,722 |
| | | **200,304** | 161,099 |
| | | **502,268** | 432,295 |

**Alex Spain, Jim Flavin,** *Directors*

The notes on pages 45 to 72 and the accounting policies on pages 37 to 39 form part of these financial statements.
Report of the Auditors pages 35 and 36.

# Company Balance Sheet

as at 31 March 1999

| | Notes | 1999 €'000 | 1998 €'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible fixed assets | 16 | **512** | 418 |
| Financial assets | | | |
| - associated undertakings | 17 | **1,233** | 1,233 |
| - subsidiary undertakings | 18 | **67,385** | 57,283 |
| | | **69,130** | 58,934 |
| **Current Assets** | | | |
| Debtors: Amounts falling due within one year | 20 | **2,167** | 1,713 |
| Debtors: Amounts falling due after more than one year | 20 | **212,414** | 195,420 |
| Cash and term deposits | 22 | **1,930** | 3,469 |
| | | **216,511** | 200,602 |
| **Creditors: Amounts falling due within one year** | | | |
| Trade and other creditors | 23 | **1,366** | 1,052 |
| Bank and other debt | 24 | **-** | 2,413 |
| Proposed dividend | 13 | **8,070** | 6,476 |
| | | **9,436** | 9,941 |
| **Net Current Assets** | | **207,075** | 190,661 |
| **Total Assets less Current Liabilities** | | **276,205** | 249,595 |
| **Financed by:** | | | |
| **Creditors: Amounts falling due after more than one year** | | | |
| Bank and other debt | 24 | **886** | 13,580 |
| Amounts owed to subsidiary undertakings | | **87,394** | 55,660 |
| | | **88,280** | 69,240 |
| **Provisions for Liabilities and Charges** | 29 | **4** | 4 |
| | | **88,284** | 69,244 |
| **Capital and Reserves** | | | |
| Called up equity share capital | 32 | **22,128** | 21,309 |
| Share premium account | 33 | **120,796** | 112,090 |
| Profit and loss account | 34 | **44,997** | 46,952 |
| **Equity Shareholders' Funds** | | **187,921** | 180,351 |
| | | **276,205** | 249,595 |

**Alex Spain, Jim Flavin,** *Directors*

The notes on pages 45 to 72 and the accounting policies on pages 37 to 39 form part of these financial statements.
Report of the Auditors pages 35 and 36.

# Consolidated Cash Flow Statement

for the year ended 31 March 1999

| | Notes | 1999 €'000 | 1998 €'000 |
|---|---|---|---|
| **Cash flow from operating activities** | 39 | **65,530** | 50,833 |
| Returns on investments and servicing of finance | 40 | **(4,214)** | (3,643) |
| Taxation paid | | **(5,768)** | (4,577) |
| Capital expenditure | 40 | **(16,816)** | (16,285) |
| Acquisitions and disposals | 40 | **(59,124)** | (8,600) |
| Equity dividends paid | | **(10,527)** | (6,835) |
| **Cash (outflow)/inflow before management of liquid resources and financing** | | **(30,919)** | 10,893 |
| Decrease/(Increase) in liquid resources | 41 | **140,319** | (133,524) |
| Financing | 40 | **29,478** | 127,276 |
| **Increase in cash for the year** | 41 | **138,878** | 4,645 |

# Reconciliation of Net Cash Flow to Movement in Net (Debt) / Cash

for the year ended 31 March 1999

| | Notes | 1999 €'000 | 1998 €'000 |
|---|---|---|---|
| **Increase in cash for the year** | 41 | **138,878** | 4,645 |
| (Decrease)/increase in liquid resources | 41 | **(140,319)** | 133,524 |
| Net loans drawn down | 41 | **(31,260)** | (77,789) |
| Funds paid/(raised) on finance lease arrangements | 41 | **2,693** | (40,567) |
| Changes in net (debt)/cash resulting from cash flow | | **(30,008)** | 19,813 |
| Exchange movements | 41 | **2,677** | (8,313) |
| **Movement in net (debt)/cash in the year** | | **(27,331)** | 11,500 |
| **Net cash /(debt) at start of year** | 41 | **7,034** | (4,466) |
| **Net (debt)/cash at end of year** | 41 | **(20,297)** | 7,034 |

The notes on pages 45 to 72 and the accounting policies on pages 37 to 39 form part of these financial statements.
Report of the Auditors pages 35 and 36.

## 1. Segmental Information

### (a) Segmental Analysis by Class of Business

An analysis by class of business of the Group's turnover, profit before taxation and net assets is set out below:

#### (i) Summary

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Turnover*** | **Profit before Taxation** | **Net Assets** | Turnover | Profit Before Taxation | Net Assets |
| | **€'000** | **€'000** | **€'000** | €'000 | €'000 | €'000 |
| DCC SerCom | **416,513** | **18,311** | **50,636** | 336,931 | 15,491 | 34,923 |
| DCC Energy | **193,305** | **18,213** | **55,740** | 160,880 | 13,213 | 56,332 |
| DCC Foods | **314,179** | **14,984** | **51,198** | 293,304 | 12,909 | 42,174 |
| DCC Healthcare | **114,759** | **9,780** | **34,523** | 81,347 | 7,188 | 29,289 |
| Other Interests | **20,510** | **2,373** | **8,985** | 19,858 | 2,256 | 7,294 |
| | **1,059,266** | **63,661** | **201,082** | 892,320 | 51,057 | 170,012 |
| Goodwill amortisation | **-** | **(1,557)** | **-** | - | (278) | - |
| Interest (net) | **-** | **(4,439)** | **-** | - | (4,425) | - |
| Net (debt)/cash | **-** | **-** | **(20,297)** | - | - | 7,034 |
| Acquisition creditors | **-** | **-** | **(20,035)** | - | - | (6,785) |
| Capitalised goodwill | **-** | **-** | **46,028** | - | - | - |
| Minority interests | **-** | **-** | **(3,902)** | - | - | (5,295) |
| Group unallocated net assets | **-** | **-** | **(7,655)** | - | - | (10,884) |
| | **1,059,266** | **57,665** | **195,221** | 892,320 | 46,354 | 154,082 |

* *Comprises turnover of subsidiary and associated undertakings.*

#### (ii) Turnover

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Subsidiary Undertakings** | **Associated Undertakings** | **Total** | Subsidiary Undertakings | Associated Undertakings | Total |
| | **€'000** | **€'000** | **€'000** | €'000 | €'000 | €'000 |
| DCC SerCom | **416,074** | **439** | **416,513** | 336,065 | 866 | 336,931 |
| DCC Energy | **193,305** | **-** | **193,305** | 160,880 | - | 160,880 |
| DCC Foods | **79,071** | **235,108** | **314,179** | 71,452 | 221,852 | 293,304 |
| DCC Healthcare | **103,256** | **11,503** | **114,759** | 71,194 | 10,153 | 81,347 |
| Other Interests | **-** | **20,510** | **20,510** | - | 19,858 | 19,858 |
| Turnover** | **791,706** | **267,560** | **1,059,266** | 639,591 | 252,729 | 892,320 |

** *Of which acquisitions in the year contributed €42.531 million (1998: €0.647 million).*

## 1. Segmental Information *continued*

### (iii) Profit before Taxation

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Parent and Subsidiary Undertakings €'000** | **Associated Undertakings €'000** | **Total €'000** | Parent and Subsidiary Undertakings €'000 | Associated Undertakings €'000 | Total €'000 |
| DCC SerCom | **18,284** | **27** | **18,311** | 15,369 | 122 | 15,491 |
| DCC Energy | **18,213** | **-** | **18,213** | 13,213 | - | 13,213 |
| DCC Foods | **5,950** | **9,034** | **14,984** | 5,109 | 7,800 | 12,909 |
| DCC Healthcare | **9,085** | **695** | **9,780** | 6,915 | 273 | 7,188 |
| Other Interests | **-** | **2,373** | **2,373** | - | 2,256 | 2,256 |
| Operating profit before goodwill amortisation* | **51,532** | **12,129** | **63,661** | 40,606 | 10,451 | 51,057 |
| Goodwill amortisation | **(830)** | **(727)** | **(1,557)** | - | (278) | (278) |
| Operating profit | **50,702** | **11,402** | **62,104** | 40,606 | 10,173 | 50,779 |
| Interest (net) | **(4,364)** | **(75)** | **(4,439)** | (4,133) | (292) | (4,425) |
| Profit before taxation | **46,338** | **11,327** | **57,665** | 36,473 | 9,881 | 46,354 |

* *Of which acquisitions in the year contributed a profit of €3.512 million (1998: Loss of €0.193 million).*

### (iv) Net Assets

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Parent and Subsidiary Undertakings €'000** | **Associated Undertakings €'000** | **Total €'000** | Parent and Subsidiary Undertakings €'000 | Associated Undertakings €'000 | Total €'000 |
| DCC SerCom | **50,603** | **33** | **50,636** | 34,786 | 137 | 34,923 |
| DCC Energy | **55,740** | **-** | **55,740** | 56,332 | - | 56,332 |
| DCC Foods | **8,875** | **42,323** | **51,198** | 8,361 | 33,813 | 42,174 |
| DCC Healthcare | **29,020** | **5,503** | **34,523** | 24,059 | 5,230 | 29,289 |
| Other Interests | **-** | **8,985** | **8,985** | - | 7,294 | 7,294 |
| | **144,238** | **56,844** | **201,082** | 123,538 | 46,474 | 170,012 |
| Net (debt)/cash | **(20,297)** | **-** | **(20,297)** | 7,034 | - | 7,034 |
| Acquisition creditors | **(20,035)** | **-** | **(20,035)** | (6,785) | - | (6,785) |
| Capitalised goodwill | **46,028** | **-** | **46,028** | - | - | - |
| Minority interests | **(3,902)** | **-** | **(3,902)** | (5,295) | - | (5,295) |
| Group unallocated net assets | **(7,655)** | **-** | **(7,655)** | (10,884) | - | (10,884) |
| Net assets | **138,377** | **56,844** | **195,221** | 107,608 | 46,474 | 154,082 |

### 1. Segmental Information *continued*

**(b) Segmental Analysis by Geographical Area**

An analysis by geographical area of turnover, profit before taxation and net assets is set out below:

**(i) Summary**

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Turnover by Origin €'000** | **Profit before Taxation €'000** | **Net Assets €'000** | Turnover by Origin €'000 | Profit before Taxation €'000 | Net Assets €'000 |
| Ireland | **348,626** | **26,786** | **70,899** | 269,612 | 20,431 | 52,477 |
| Rest of the World | **443,080** | **24,746** | **73,339** | 369,979 | 20,175 | 71,061 |
| | **791,706** | **51,532** | **144,238** | 639,591 | 40,606 | 123,538 |
| Associated undertakings | **267,560** | **12,129** | **56,844** | 252,729 | 10,451 | 46,474 |
| | **1,059,266** | **63,661** | **201,082** | 892,320 | 51,057 | 170,012 |
| Goodwill amortisation | **-** | **(1,557)** | **-** | - | (278) | - |
| Interest (net) | **-** | **(4,439)** | **-** | - | (4,425) | - |
| Net (debt)/cash | **-** | **-** | **(20,297)** | - | - | 7,034 |
| Acquisition creditors | **-** | **-** | **(20,035)** | - | - | (6,785) |
| Capitalised goodwill | **-** | **-** | **46,028** | - | - | - |
| Minority Interests | **-** | **-** | **(3,902)** | - | - | (5,295) |
| Group unallocated net assets | **-** | **-** | **(7,655)** | - | - | (10,884) |
| | **1,059,266** | **57,665** | **195,221** | 892,320 | 46,354 | 154,082 |

**(ii) Turnover by Destination**

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| Ireland | **320,708** | 239,625 |
| United Kingdom | **429,596** | 365,769 |
| Rest of Europe | **15,173** | 12,951 |
| USA | **21,173** | 15,834 |
| Other | **5,056** | 5,412 |
| Share of associated undertakings | **267,560** | 252,729 |
| | **1,059,266** | 892,320 |

## 2. Cost of Sales and Net Operating Costs

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **Continuing Operations €'000** | **Acquisitions €'000** | **Total €'000** | Continuing Operations €'000 | Acquisitions €'000 | Total €'000 |
| **Cost of sales** | **(596,633)** | **(28,127)** | **(624,760)** | (503,384) | (468) | (503,852) |
| **Gross profit** | **156,533** | **10,413** | **166,946** | 135,560 | 179 | 135,739 |
| **Operating costs** | | | | | | |
| Distribution | **(55,697)** | **(3,432)** | **(59,129)** | (49,224) | (152) | (49,376) |
| Administrative | **(53,619)** | **(3,659)** | **(57,278)** | (45,859) | (220) | (46,079) |
| Other operating expenses | **(178)** | **(5)** | **(183)** | (20) | - | (20) |
| | **(109,494)** | **(7,096)** | **(116,590)** | (95,103) | (372) | (95,475) |
| Other operating income | **1,082** | **94** | **1,176** | 342 | - | 342 |
| **Net operating costs** | **(108,412)** | **(7,002)** | **(115,414)** | (94,761) | (372) | (95,133) |
| **Operating profit before goodwill amortisation - parent and subsidiaries** | **48,121** | **3,411** | **51,532** | 40,799 | (193) | 40,606 |

## 3. Acquisitions

The profit or loss on ordinary activities before taxation arising from acquisitions represents the aggregate of net incremental profit or loss resulting from the acquisition of subsidiary and associated undertakings in the relevant financial year.

## 4. Employee Information

The average weekly number of persons (including executive directors) employed by the Group during the year analysed by class of business was:

| | **1999 Number** | 1998 Number |
|---|---|---|
| DCC SerCom | **1,239** | 1,144 |
| DCC Energy | **457** | 412 |
| DCC Foods | **244** | 249 |
| DCC Healthcare | **724** | 489 |
| | **2,664** | 2,294 |

The staff costs for the above were:

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| Wages and salaries | **67,113** | 58,301 |
| Social welfare costs | **6,440** | 5,577 |
| Pension costs | **3,119** | 2,802 |
| | **76,672** | 66,680 |

### 5. Directors' Emoluments and Interests

Directors' emoluments and interests are given in the Report on Directors' Remuneration on pages 30 to 33.

### 6. Goodwill Amortisation

| | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| Amortisation of capitalised goodwill arising on the acquisition of subsidiaries after 1 April 1998 (note 15) | **830** | - |
| Amortisation of goodwill included in the carrying value of associated undertakings (note 17) | **727** | 278 |
| | **1,557** | 278 |

### 7. Net Interest Payable and Similar Charges - Parent and Subsidiary Undertakings

| | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| **Interest receivable and similar income** | | |
| Interest on cash and term deposits | **17,792** | 13,497 |
| Other interest receivable | **259** | 12 |
| | **18,051** | 13,509 |
| **Interest payable and similar charges** | | |
| On bank loans, overdrafts and Unsecured Notes 2008/11 | | |
| - repayable within 5 years, not by instalments | **(8,171)** | (6,934) |
| - repayable within 5 years, by instalments | **(310)** | (283) |
| - repayable wholly or partly in more than 5 years | **(8,293)** | (8,046) |
| On loan notes | | |
| - repayable within 5 years, not by instalments | **(296)** | (504) |
| - repayable wholly or partly in more than 5 years | **(1,663)** | (1,384) |
| On finance leases | **(3,484)** | (222) |
| Notional interest | **(198)** | (269) |
| | **(22,415)** | (17,642) |
| | **(4,364)** | (4,133) |

Where acquisitions involve further payments which are deferred or contingent on levels of performance achieved in the years following acquisition, the profit and loss account is charged with notional interest to eliminate the benefit which the Group is temporarily deriving. The notional interest charge is calculated by reference to the period of deferral, current interest rates and the estimated amount of the likely payments.

### 8. Share of Net Interest Payable and Similar Charges - Associated Undertakings

This comprises the Group's share of the net interest payable and similar charges of its associated undertakings.

## 9. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Auditors' remuneration | **317** | 254 |
| Revenue grants | **(17)** | (95) |
| Amortisation of capital grants | **(366)** | (395) |
| Operating leases | | |
| - land and buildings | **1,938** | 961 |
| - plant and machinery | **48** | 32 |
| - motor vehicles | **700** | 494 |
| Depreciation | | |
| - owned assets | **11,772** | 14,295 |
| - leased assets | **4,404** | 373 |

## 10. Taxation

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Irish Corporation Tax at 31% (1998: 35%) | | |
| - Current | **7,476** | 7,415 |
| - Deferred | **(65)** | (311) |
| - Less: manufacturing relief | **(3,799)** | (4,528) |
| United Kingdom Corporation Tax at 31% | | |
| - Current | **2,881** | 2,632 |
| - Deferred | **(10)** | (609) |
| United States Corporation Tax | **(48)** | (76) |
| Netherlands Corporation Tax | **336** | 265 |
| Other | **67** | 27 |
| (Over)/under provision in respect of prior years | | |
| - Current | **(307)** | 78 |
| - Deferred | **(374)** | - |
| | **6,157** | 4,893 |
| Associated undertakings | **2,726** | 2,574 |
| | **8,883** | 7,467 |

Manufacturing relief is scheduled to expire in the year 2010.

The Irish government has indicated a commitment to reduce the standard rate of corporation tax on a phased basis to 12.5% by the year 2003.

## 11. Minority Interests

| | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| Subsidiary undertakings | **137** | 719 |
| Associated undertakings | **665** | 703 |
| | **802** | 1,422 |

## 12. Profit for the Financial Year Attributable to Group Shareholders

As permitted by Section 3(2) of the Companies (Amendment) Act, 1986, a separate profit and loss account for the holding company has not been included in these financial statements. The profit for the financial year attributable to DCC shareholders dealt with in the financial statements of the holding company amounted to €11,037,000 (1998: €19,968,000).

## 13. Dividends

| | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| Per Ordinary Share | | |
| Interim dividend paid of €5.396 cents per fully paid share (1998: €4.470 cents) | **4,698** | 3,729 |
| Additional dividend | **224** | 61 |
| Total dividend paid | **4,922** | 3,790 |
| Proposed second interim dividend of €9.264 cents per fully paid share | **8,070** | - |
| Proposed final dividend of €7.720 cents per fully paid share | - | 6,476 |
| | **12,992** | 10,266 |

The additional dividend of €224,000 (1998: €61,000) is in respect of shares issued after the date of approval of the relevant accounts but qualifying for receipt of the dividend declared.

### 14. Earnings Per Ordinary Share and Adjusted Earnings per Ordinary Share

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Profit after taxation and minority interests | **47,980** | 37,465 |
| Goodwill amortisation | **1,557** | 278 |
| Adjusted profit after taxation and minority interests | **49,537** | 37,743 |

**Basic earnings per ordinary share**

| | € cents | € cents |
|---|---|---|
| Basic earnings per ordinary share (cents) | **55.39** | 45.08 |
| Goodwill amortisation | **1.80** | 0.33 |
| Adjusted basic earnings per ordinary share (cents) | **57.19** | 45.41 |
| Weighted average number of shares in issue during the year ('000) | **86,621** | 83,111 |

**Fully diluted earnings per ordinary share**

| | € cents | € cents |
|---|---|---|
| Fully diluted earnings per ordinary share (cents) | **54.32** | 43.60 |
| Goodwill amortisation | **1.76** | 0.32 |
| Adjusted fully diluted earnings per ordinary share (cents) | **56.08** | 43.92 |
| Fully diluted weighted average number of ordinary shares ('000) | **88,504** | 85,936 |

The adjusted figures for basic earnings per ordinary share and fully diluted earnings per ordinary share are intended to demonstrate the results of the Group after eliminating the impact of goodwill amortisation.

The weighted average number of ordinary shares used in calculating the fully diluted earnings per share for the year ended 31 March 1999 was 88.504 million (1998: 85.936 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the fully diluted earnings per share amounts is as follows:

| | 1999 '000 | 1998 '000 |
|---|---|---|
| Weighted average number of shares used for the calculation of basic earnings per share amounts | **86,621** | 83,111 |
| Dilutive effect of options and partly paid shares | **917** | 2,325 |
| Dilutive effect of shares potentially issuable under deferred contingent consideration arrangements | **966** | 500 |
| Weighted average number of shares used for the calculation of diluted earnings per share amounts | **88,504** | 85,936 |

The earnings used for the purpose of the fully diluted earnings per share calculations were €48.079 million (1998: €37.465 million) and €49.636 million (1998: €37.743 million) for the purposes of the adjusted diluted earnings per share calculation.

### 15. Intangible Assets - Goodwill

| Group | 1999 €'000 |
|---|---|
| **Arising on the acquisition of subsidiaries:** | |
| At 1 April | - |
| Arising during the year (note 38) | 46,858 |
| Amortised to profit and loss account (note 6) | (830) |
| At 31 March | **46,028** |

### 16. Tangible Fixed Assets

**(a) Group**

| | Freehold & long term leasehold land & buildings €'000 | Plant & machinery & cylinders €'000 | Fixtures, fittings & office equipment €'000 | Motor vehicles €'000 | Total €'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 1998 | 33,159 | 128,662 | 17,495 | 21,279 | 200,595 |
| Acquisitions (note 38) | 8,126 | 6,368 | 2,908 | 373 | 17,775 |
| Additions | 2,007 | 8,709 | 3,130 | 4,168 | 18,014 |
| Reclassifications | - | (184) | 71 | 113 | - |
| Disposals | (47) | (2,438) | (507) | (2,665) | (5,657) |
| Exchange adjustments | (570) | (2,594) | (90) | (427) | (3,681) |
| At 31 March 1999 | **42,675** | **138,523** | **23,007** | **22,841** | **227,046** |
| **Depreciation** | | | | | |
| At 1 April 1998 | 5,286 | 73,731 | 11,754 | 11,063 | 101,834 |
| Acquisitions (note 38) | 1,727 | 4,337 | 2,089 | 143 | 8,296 |
| Charge for year | 881 | 9,405 | 2,773 | 3,117 | 16,176 |
| Disposals | (47) | (1,919) | (432) | (1,961) | (4,359) |
| Reclassifications | - | (142) | 142 | - | - |
| Exchange adjustments | (41) | (1,295) | (38) | (224) | (1,598) |
| At 31 March 1999 | **7,806** | **84,117** | **16,288** | **12,138** | **120,349** |
| **Net Book Value** | | | | | |
| At 31 March 1999 | **34,869** | **54,406** | **6,719** | **10,703** | **106,697** |
| At 31 March 1998 | 27,873 | 54,931 | 5,741 | 10,216 | 98,761 |

The net book value of tangible fixed assets includes an amount of €24,136,000 (1998: €29,125,000) in respect of assets held under finance leases.

## 16. Tangible Fixed Assets *continued*

### (b) Company

| | Fixtures fittings & office equipment €'000 | Motor vehicles €'000 | Total €'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 1998 | 960 | 379 | 1,339 |
| Additions | 48 | 246 | 294 |
| Disposals | (9) | (85) | (94) |
| At 31 March 1999 | **999** | **540** | **1,539** |
| **Depreciation** | | | |
| At 1 April 1998 | 700 | 221 | 921 |
| Charge for year | 110 | 87 | 197 |
| Disposals | (8) | (83) | (91) |
| At 31 March 1999 | **802** | **225** | **1,027** |
| **Net Book Value** | | | |
| At 31 March 1999 | **197** | **315** | **512** |
| At 31 March 1998 | 260 | 158 | 418 |

## 17. Financial Assets - Associated Undertakings

### (a) Group

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| At 1 April | **46,474** | 41,920 |
| Additions | **7,194** | - |
| Retained profits less dividends | **7,175** | 5,887 |
| Other movements in reserves | **(3,154)** | (767) |
| Amortisation of goodwill (note 6) | **(727)** | (278) |
| Acquired as a subsidiary in the year (note 38) | **(118)** | (288) |
| At 31 March | **56,844** | 46,474 |

The principal investment in associated undertakings made by the Group during the year was the acquisition of a 50% shareholding in Sparrowrock Limited, the holding company for the Kylemore group of companies.

## 17. Financial Assets - Associated Undertakings *continued*

The carrying value of associated undertakings is analysed as follows:

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Interest in net assets | **25,615** | 20,826 |
| Goodwill (net of amortisation) | **13,865** | 12,187 |
| Share of post acquisition reserves | **17,364** | 13,461 |
| | **56,844** | 46,474 |

Included in the above are amounts of €28,169,000 (1998: €27,273,000) in respect of a listed associated undertaking which, at 31 March 1999, had a market value of €78,025,000 (1998: €81,804,000).

The Group's aggregate share of its associate undertakings' fixed assets, current assets, liabilities due within one year and liabilities due after more than one year were as follows:

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Fixed assets | **33,455** | 22,540 |
| Current assets | **90,428** | 79,528 |
| Liabilities due within one year | **(59,979)** | (43,038) |
| Liabilities due after more than one year and minority interests | **(20,925)** | (24,743) |

The movement in goodwill of associated undertakings is as follows:

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| **Cost** | | |
| At 1 April | **13,732** | 13,732 |
| Additions | **2,405** | - |
| At 31 March | **16,137** | 13,732 |
| **Amortisation** | | |
| At 1 April | **1,545** | 1,267 |
| Amortisation for the year | **727** | 278 |
| At 31 March | **2,272** | 1,545 |
| **Net Book Value** | | |
| At 31 March | **13,865** | 12,187 |

## 17. Financial Assets - Associated Undertakings *continued*

Details of the Group's principal associated undertakings at 31 March 1999 are set out below. All of these companies are incorporated and operate principally in their country of registration except Fyffes plc, which is incorporated in Ireland and has significant subsidiaries in Ireland, the United Kingdom and Continental Europe.

| Name and Registered Office | Nature of Business | % Shareholding | Relevant Share Capital |
|---|---|---|---|
| **DCC Foods** | | | |
| Fyffes plc,<br>1 Beresford Street,<br>Dublin 7, Ireland. | Distribution of fresh fruit and vegetables. | 10.7%*<br>8.1% | 294,197,490 ordinary shares<br>of IR5p each<br>56,797,295 convertible cumulative<br>preference shares of IR£1 each |

* *If all of the convertible cumulative preference shares of Fyffes plc in issue were converted into ordinary shares, the Group would hold 10.3% of the ordinary shares of Fyffes plc*

| Name and Registered Office | Nature of Business | % Shareholding | Relevant Share Capital |
|---|---|---|---|
| KP (Ireland) Limited,<br>79 Broomhill Road, Tallaght,<br>Dublin 24, Ireland. | Manufacture of snack foods. | 50.0% | 500,000 ordinary shares<br>of IR£1 each |
| Millais Investments Limited,<br>Kinsale Road, Cork, Ireland. | Holding company for Allied Foods Limited, a distributor of frozen and chilled foods. | 50.0% | 1,750,000 "A" ordinary shares<br>of IR10p each<br>1,750,000 "B" ordinary shares<br>of IR10p each<br>1,000,000 "D" ordinary shares<br>of IR10p each<br>916,166 "E" ordinary shares<br>of IR10p each |
| Sparrowrock Limited,<br>DCC House,<br>Stillorgan, Blackrock,<br>Co Dublin, Ireland. | Holding company for the Kylemore group of companies whose principal activity is the baking, wholesaling and retailing of bakery products and the operation of restaurants. | 50.0% | 2,500,000 "A" ordinary shares<br>of IR£1 each<br>2,500,000 "C" ordinary shares<br>of IR£1 each |
| **DCC Healthcare** | | | |
| Merits Health Products Company Limited,<br>9 Road 36,<br>Taichung Industrial Park,<br>Taichung, Taiwan. | Manufacture of mobility aids. | 45.0% | 7,387 capital stock of NT$10,000 each |
| **Other Associated Undertakings** | | | |
| Manor Park Homebuilders Limited,<br>"The Gables", Torquay Road,<br>Dublin 18, Ireland. | Residential house building. | 49.0% | 90,000 ordinary shares of IR£1 each |

### (b) Company

| | **1999**<br>**€'000** | 1998<br>€'000 |
|---|---|---|
| At 31 March | **1,233** | 1,233 |

## 18. Financial Assets - Subsidiary Undertakings

| **Company** | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| At 1 April | **57,283** | 76,677 |
| Additions | **10,209** | 3,122 |
| Disposals | **(107)** | (22,516) |
| At 31 March | **67,385** | 57,283 |

The Group's principal operating subsidiary undertakings and the location of their principal operations and registered office are shown on pages 73 to 76. All of these subsidiaries are wholly owned except Broderick Holdings Limited (82.5%), International Translation and Publishing Limited (90.0%), Virtus Limited (51.0%), EuroCaps Limited (80.0%) where put and call options exist in respect of the remaining 20.0%, and Fannin Limited (75.0%) where put and call options exist in respect of the remaining 25.0%.

The Group's principal overseas holding company subsidiaries are DCC Holdings (UK) Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings BV, a company operating, incorporated and registered in the Netherlands. The registered office of DCC Holdings (UK) Limited is at Days Medical Aids Limited, Litchard Industrial Estate, Bridgend, Mid Glamorgan CF31 2AL, Wales. The registered office of DCC International Holdings BV is Drentestaete, Drentestraat 24, 1083 HK Amsterdam, The Netherlands.

## 19. Stocks

| **Group** | **1999** | 1998 |
|---|---|---|
| | **€'000** | €'000 |
| Raw materials and consumables | **5,407** | 4,680 |
| Work in progress | **552** | 943 |
| Finished goods and goods for resale | **48,174** | 38,581 |
| | **54,133** | 44,204 |

The replacement cost of stocks is not considered to be materially different from the amounts shown above.

### 20. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| **Amounts falling due within one year:** | | | | |
| Trade debtors | **134,074** | 103,938 | **421** | 248 |
| Amounts owed by subsidiary undertakings | **-** | - | **1,064** | 648 |
| Corporation tax recoverable | **850** | 1,006 | **-** | 6 |
| Value added tax recoverable | **729** | 58 | **-** | - |
| Prepayments and accrued income | **9,202** | 9,984 | **667** | 795 |
| Investments | **673** | 673 | **-** | - |
| Other debtors (note 21) | **2,030** | 1,114 | **15** | 16 |
| | **147,558** | 116,773 | **2,167** | 1,713 |
| **Amounts falling due after more than one year:** | | | | |
| Amounts owed by subsidiary undertakings | **-** | - | **212,318** | 195,218 |
| Other debtors (note 21) | **3,366** | 292 | **96** | 202 |
| | **3,366** | 292 | **212,414** | 195,420 |
| | **150,924** | 117,065 | **214,581** | 197,133 |

### 21. Directors' Loan Accounts

Other debtors include €29,000 (1998: €65,000) in respect of house loans to executive Directors as follows:

| | **J Flavin** | **M Crowe** | **Total** |
|---|---|---|---|
| | **€'000** | **€'000** | **€'000** |
| Balance at 1 April 1998 | 32 | 33 | 65 |
| Interest | 1 | 1 | 2 |
| Repayments | (33) | (5) | (38) |
| Balance at 31 March 1999 | **-** | **29** | **29** |
| Maximum amount outstanding during year | 32 | 33 | 65 |

Interest was charged at rates varying from 3% to 5% per annum. No provision is considered necessary in respect of the above loan.

### 22. Cash and Term Deposits

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| Cash in hand and at bank | **201,751** | 32,197 | **128** | 969 |
| Term deposits | **109,563** | 257,165 | **1,802** | 2,500 |
| | **311,314** | 289,362 | **1,930** | 3,469 |

For the purposes of the consolidated cash flow statement, cash in hand and at bank comprises cash on demand. The movements in cash in hand and at bank and term deposits are set out in note 41.

## 23. Trade and Other Creditors

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| **Amounts falling due within one year:** | | | | |
| Trade creditors | **113,183** | 91,407 | **284** | 145 |
| Other creditors and accruals | **21,880** | 17,061 | **933** | 778 |
| PAYE and PRSI | **1,911** | 4,551 | **136** | 104 |
| Value added tax | **9,626** | 9,268 | **13** | 25 |
| Capital grants (note 37) | **245** | 231 | **-** | - |
| Interest payable | **2,035** | 2,614 | **-** | - |
| Amounts due in respect of fixed assets | **714** | 974 | **-** | - |
| Amounts due to associated undertakings | **3,320** | 2,772 | **-** | - |
| | **152,914** | 128,878 | **1,366** | 1,052 |

## 24. Bank and Other Debt

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| Bank loans (note 25) | **164,767** | 102,638 | **-** | 12,634 |
| Loan notes (note 26) | **28,655** | 32,686 | **886** | 3,359 |
| Obligations under finance leases (note 27) | **40,632** | 45,250 | **-** | - |
| | **234,054** | 180,574 | **886** | 15,993 |
| Unsecured Notes due 2008/11 (note 25) | **97,557** | 101,754 | **-** | - |
| | **331,611** | 282,328 | **886** | 15,993 |
| Bank and other loans and leases: | | | | |
| - repayable within one year | **41,759** | 17,423 | **-** | 2,413 |
| - repayable after more than one year | **192,295** | 163,151 | **886** | 13,580 |
| Unsecured Notes due 2008/11 | **97,557** | 101,754 | **-** | - |
| | **331,611** | 282,328 | **886** | 15,993 |

In September 1996 the Group raised US$100 million of senior unsecured notes in a private placement with US institutional investors. Of this amount US$92.5 million is due in 2008 and US$7.5 million is due in 2011. The funds have been swapped to sterling at a margin over LIBOR.

## 25. Bank Loans, Overdrafts and Unsecured Notes due 2008/11

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| Repayable as follows: | | | | |
| In one year or less | **35,730** | 6,061 | **-** | - |
| Between one and two years | **61,054** | 846 | **-** | - |
| Between two and five years | **67,983** | 95,731 | **-** | 12,634 |
| In five years or more | **97,557** | 101,754 | **-** | - |
| | **262,324** | 204,392 | **-** | 12,634 |
| The above amounts are further analysed as follows: | | | | |
| Wholly repayable within one year | **35,730** | 6,061 | **-** | - |
| Repayable by instalments: | | | | |
| - between one and two years | **180** | 846 | **-** | - |
| - between two and five years | **11,208** | 235 | **-** | - |
| Repayable other than by instalments: | | | | |
| - between one and two years | **60,874** | - | **-** | - |
| - between two and five years | **56,775** | 95,496 | **-** | 12,634 |
| - in five years or more | **97,557** | 101,754 | **-** | - |
| | **262,324** | 204,392 | **-** | 12,634 |

## 26. Loan Notes

| | Group | | Company | |
|---|---|---|---|---|
| | **1999** | 1998 | **1999** | 1998 |
| | **€'000** | €'000 | **€'000** | €'000 |
| The loan notes are repayable as follows: | | | | |
| In one year or less | **2,241** | 7,926 | **-** | 2,413 |
| Between one and two years | **69** | 9 | **-** | - |
| Between two and five years | **896** | 834 | **886** | 513 |
| In five years or more | **25,449** | 23,917 | **-** | 433 |
| | **28,655** | 32,686 | **886** | 3,359 |
| Loan notes are further analysed as follows: | | | | |
| Wholly repayable within one year | **2,241** | 7,926 | **-** | 2,413 |
| Repayable by instalments: | | | | |
| - between one and two years | **8** | 9 | **-** | - |
| - between two and five years | **11** | - | **-** | - |
| Repayable other than by instalments: | | | | |
| - between one and two years | **61** | - | **-** | - |
| - between two and five years | **885** | 834 | **886** | 513 |
| - in five years or more | **25,449** | 23,917 | **-** | 433 |
| | **28,655** | 32,686 | **886** | 3,359 |

The above loan notes are unsecured and €28,402,000 (1998: €30,151,000) are supported by bank guarantees. The Company and certain of its subsidiaries have guaranteed the obligations of the relevant banks in respect of the loan notes which are guaranteed by the banks.

## 27. Finance Leases

The net finance lease obligations to which the Group is committed are:

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| In one year or less | **3,788** | 3,436 |
| Between one and two years | **3,784** | 3,623 |
| Between two and five years | **12,862** | 12,813 |
| In five years or more | **20,198** | 25,378 |
| | **36,844** | 41,814 |
| | **40,632** | 45,250 |

## 28. Derivative and Other Financial Instruments

The Group's treasury activities are designed to finance its operations and to reduce or eliminate the financial risks arising from those operations.

A number of the Group's operating and financial costs and revenues are exposed to movements in the financial and commodity markets which are outside the Group's control. In particular, interest rates can fluctuate, affecting the cost of borrowings, and commodity price movements can impact on the cost of certain raw materials purchased.

Furthermore, foreign exchange movements can impact on the cost of products sourced and revenues generated from overseas markets and can also impact on the translation of the results and net operating assets or operating liabilities of the Group's overseas operations save to the extent that they are hedged by borrowings in the same currency. In order to reduce these exposures and to bring both stability and more certainty to the Group's costs and revenues, the Group uses various derivative financial instruments to hedge its position going forward.

All transactions in derivatives (which are mainly interest rate swaps, forward foreign currency and commodity contracts and purchased currency and commodity options) are designed to manage risks without engaging in speculative transactions.

**(a) Fair Values of Financial Liabilities and Financial Assets**

The Group has entered into cross currency and interest rate swaps to manage its exposure to the US dollar liability arising from the issue of Unsecured Notes due 2008/11 in a private placement with US institutional investors (note 24). The fair value of these cross currency and interest rate swaps at 31 March 1999 equated to a loss of €2.714 million. The fair value of the currency and the interest rate swaps has been calculated by discounting future cash flows at prevailing interest rates.

The fair values of the Group's financial liabilities and financial assets are not considered to be materially different to their book values disclosed in paragraph (b) with the exception of the fair value of the Unsecured Notes due 2008/11 which on a fair value basis would show a liability of €94.843 million compared with their book value liability of €97.557 million.

The fair value of foreign currency contracts outstanding at 31 March 1999 equates to a loss of €2.976 million (book value: €nil). At 31 March 1999 the Group did not have any material commodity contracts outstanding.

## 28. Derivative and Other Financial Instruments *continued*

### (b) Interest Rate Risk Profile of Financial Liabilities and Financial Assets

The following table analyses the currency and interest rate composition of the Group's gross debt and cash portfolio, as stated on the balance sheet, after taking cross currency and interest rate swaps into account:

| | **1999 € equivalent** | | | 1998 € equivalent | | |
|---|---|---|---|---|---|---|
| | **Financial Liabilities €'000** | **Financial Assets €'000** | **Net €'000** | Financial Liabilities €'000 | Financial Assets €'000 | Net €'000 |
| € Fixed | **(220)** | **-** | **(220)** | - | - | - |
| € Floating | **(39,445)** | **66,303** | **26,858** | (81,667) | 128,455 | 46,788 |
| € Total | **(39,665)** | **66,303** | **26,638** | (81,667) | 128,455 | 46,788 |
| Stg£ Fixed | **(97,579)** | **91,553** | **(6,026)** | (114,871) | 95,493 | (19,378) |
| Stg£ Floating | **(194,335)** | **150,133** | **(44,202)** | (85,790) | 63,848 | (21,942) |
| Stg£ Total | **(291,914)** | **241,686** | **(50,228)** | (200,661) | 159,341 | (41,320) |
| US$ Fixed | **-** | **-** | **-** | - | - | - |
| US$ Floating | **(32)** | **3,325** | **3,293** | - | 1,566 | 1,566 |
| US$ Total | **(32)** | **3,325** | **3,293** | - | 1,566 | 1,566 |
| Total | **(331,611)** | **311,314** | **(20,297)** | (282,328) | 289,362 | 7,034 |

The Group's acquisition creditors of €20.035 million, as stated on the balance sheet, comprises €16.247 million of € floating rate financial liabilities and €3.788 million of Stg£ floating rate financial liabilities (1998: €6.785 million of Stg£ floating rate financial liabilities) payable as follows:

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| In one year or less | **10,167** | 3,063 |
| In more than one year but not more than two years | **3,268** | 3,722 |
| In more than two years but not more than five years | **6,600** | - |
| | **20,035** | 6,785 |

The Group's floating rate financial liabilities and financial assets primarily bear interest rates based on:

- 1 - 6 month EURIBOR
- 1 month LIBOR
- US$ prime rate

| | **1999 Weighted average interest rate %** | | 1998 Weighted average interest rate % | |
|---|---|---|---|---|
| | **Fixed rate financial liabilities** | **Fixed rate financial assets** | Fixed rate financial liabilities | Fixed rate financial assets |
| € | **7.8%** | **n/a** | n/a | n/a |
| Stg£ | **8.8%** | **8.0%** | 8.6% | 8.0% |

### 28. Derivative and Other Financial Instruments *continued*

| | **1999** Weighted average period for which rate is fixed | | 1998 Weighted average period for which rate is fixed | |
|---|---|---|---|---|
| | **Fixed rate financial liabilities** | **Fixed rate financial assets** | Fixed rate financial liabilities | Fixed rate financial assets |
| € | **1.5 years** | **n/a** | n/a | n/a |
| Stg£ | **9.0 years** | **9.5 years** | 9.0 years | 10.5 years |

The maturity profile of the Group's gross debt is set out in notes 25 to 27 and can be summarised as follows:

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| In one year or less | **41,759** | 17,423 |
| In more than one year but not more than two years | **64,907** | 4,478 |
| In more than two years but not more than five years | **81,741** | 109,378 |
| In more than five years | **143,204** | 151,049 |
| | **331,611** | 282,328 |

**(c) Gains and Losses on Hedges**

The Group enters into forward foreign currency contracts to eliminate the currency exposures that arise on revenue and costs denominated in foreign currencies. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

| | **Gains €'000** | **Losses €'000** | **Total net gains/(losses) €'000** |
|---|---|---|---|
| Unrecognised gains and losses on hedges at 31 March 1998 | 365 | 1,646 | (1,281) |
| Gains and losses arising in previous years that were recognised in 1998/1999 | 365 | 1,316 | (951) |
| Gains and losses arising before 31 March 1998 that were not recognised in 1998/1999 | - | 330 | (330) |
| Gains and losses arising in 1998/1999 that were not recognised in 1998/1999 | 356 | 3,002 | (2,646) |
| Unrecognised gains and losses on hedges at 31 March 1999 | 356 | 3,332 | (2,976) |
| Of which: | | | |
| Gains and losses expected to be recognised in 1999/2000 | 356 | 1,879 | (1,523) |
| Gains and losses expected to be recognised thereafter | - | 1,453 | (1,453) |
| | 356 | 3,332 | (2,976) |

**(d) Currency Exposures**

At 31 March 1999, after taking into account the effects of foreign currency contracts, the Group had no material currency exposures.

**(e) Treasury Policy**

The Group's treasury policy and management of derivatives and of financial instruments is discussed in the Financial Review on page 24.

## 29. Provisions for Liabilities and Charges

### (a) Group

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Deferred taxation (note 30) €'000 | Pensions and similar obligations (note 31) €'000 | Total €'000 | Deferred taxation (note 30) €'000 | Pensions and similar obligations (note 31) €'000 | Total €'000 |
| At 1 April | **2,524** | **45** | **2,569** | 3,407 | 46 | 3,453 |
| Credited to profit and loss account | **(449)** | **(1)** | **(450)** | (920) | (1) | (921) |
| Acquisitions | **147** | **-** | **147** | - | - | - |
| Exchange adjustments | **(22)** | **-** | **(22)** | 37 | - | 37 |
| At 31 March | **2,200** | **44** | **2,244** | 2,524 | 45 | 2,569 |

### (b) Company

| | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Deferred taxation at 31 March (note 30) | **4** | 4 |

## 30. Deferred Taxation

Deferred taxation provided in the financial statements and the full potential liability are as follows:

### (a) Group

| | Amount Provided 1999 €'000 | Amount Provided 1998 €'000 | Full Potential Liability 1999 €'000 | Full Potential Liability 1998 €'000 |
|---|---|---|---|---|
| Tax effect of timing differences due to: | | | | |
| Excess of accelerated capital allowances over depreciation | **2,454** | 2,872 | **2,587** | 3,048 |
| Other short term timing differences | **(254)** | (348) | **(254)** | (348) |
| | **2,200** | 2,524 | **2,333** | 2,700 |

No provision is made for certain potential taxation liabilities amounting to €133,000 (1998: €176,000) arising from accelerated capital allowances as it is considered that the related taxation will not become payable in the foreseeable future.

No provision is made for taxation liabilities which would arise on the distribution of profits retained by overseas subsidiaries as there is no intention in the foreseeable future to remit such profits.

### (b) Company

| **1999** | Amount Provided 1998 **€'000** | Amount Provided **1999** €'000 | Full Potential Liability 1998 **€'000** | Full Potential Liability €'000 |
|---|---|---|---|---|
| Tax effect of timing differences due to: | | | | |
| Excess of accelerated capital allowances over depreciation | **3** | 3 | **3** | 3 |
| Other short term timing differences | **1** | 1 | **1** | 1 |
| | **4** | 4 | **4** | 4 |

**31. Pensions and Similar Obligations**

The Group operates defined benefit and defined contribution pension schemes in the parent and subsidiary undertakings. The pension scheme assets are held in separate trustee administered funds.

Total pension costs for the year amounted to €3,119,000 (1998: €2,802,000) of which €1,331,000 (1998: €1,130,000) was paid in respect of defined contribution schemes.

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. Either the attained age or the accrued benefits method are used to assess pension costs. The most recent actuarial valuations range from 1 May 1996 to 1 January 1998.

The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rates of return on investments and the rates of increase in remuneration and pensions. It was assumed that the rates of return on investments would, on average, exceed annual remuneration increases by 2% and pension increases by 3% per annum.

At the dates of the most recent actuarial valuations, the market value of the assets of the Group's defined benefit schemes totalled €18,837,000 (1998: €13,502,000).

After allowing for expected future increases in earnings and pension payments, the actuarial values of the various schemes' assets were sufficient to cover between 79% and 112% (Group weighted average cover: 99%) of the benefits that had accrued to the members of the individual schemes. The actuarial deficit is being spread over the average remaining service lives of current employees.

At the year end, €48,000 (1998: €31,743) was included in creditors in respect of pension liabilities and €721,000 (1998: €717,000) was included in debtors in respect of pension prepayments.

In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes.

## 32. Called up Equity Share Capital

| Group and Company | 1999 €'000 | 1998 €'000 |
|---|---|---|
| **Authorised** | | |
| 150,000,000 ordinary shares of IR20p each | **38,092** | 38,092 |
| **Issued** | | |
| 87,134,555 ordinary shares of IR20p each, fully paid (1998: 83,882,974 ordinary shares of IR20p each, fully paid) | **22,128** | 21,303 |
| 210,000 ordinary shares of IR20p each, IR0.2p paid (1998: 2,725,990 ordinary shares of IR20p each, IR0.2p paid) | **-** | 6 |
| | **22,128** | 21,309 |

**Movements during year**

| Ordinary shares of IR20p each | No of shares ('000) | €'000 |
|---|---|---|
| At 1 April 1998 | 86,609 | 21,309 |
| Exercise of share options | 638 | 161 |
| Scrip issues | 98 | 26 |
| Payment up of partly paid shares | - | 632 |
| At 31 March 1999 | **87,345** | **22,128** |

Under the DCC plc 1998 Employee Share Option Scheme, employees hold basic options to subscribe for 1,299,000 ordinary shares and second tier options to subscribe for 1,120,000 ordinary shares. The number of shares in respect of which basic tier and second tier options may be granted under this scheme may not exceed 5% of all numbers of shares in issue in each case.

Under the terminated DCC Employee Partly Paid Share Scheme, at 31 March 1999 210,000 (1998: 2,725,990) shares remain partly paid.

Under a terminated 1986 DCC Executive Share Option Scheme, which applied before DCC became a public company, employees hold options exercisable up to February 2001 to subscribe for 650,000 ordinary shares (1998: 1,287,500 ordinary shares) at IR200p (€254 cents) per share.

All shares, whether fully or partly paid, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

## 33. Share Premium Account

| Group and Company | 1999 €'000 | 1998 €'000 |
|---|---|---|
| At 1 April | **112,090** | 103,152 |
| Premium on issue of shares | **8,769** | 9,027 |
| Share issue expenses | **(63)** | (89) |
| At 31 March | **120,796** | 112,090 |

### 34. Reserves

#### (a) Group

| | Profit and loss account €'000 | Goodwill arising on acquisition of subsidiaries €'000 | Associated undertaking reserves €'000 | Other reserves €'000 | Total €'000 |
|---|---|---|---|---|---|
| At 1 April 1998 | 111,978 | (105,812) | 13,461 | 1,056 | 20,683 |
| Profit retained for the year | 27,813 | - | 7,175 | - | 34,988 |
| Reclassification of reserves | (105,694) | 105,812 | (118) | - | - |
| Movement on other reserves | | | | | |
| - associated undertakings | - | - | (3,154) | - | (3,154) |
| Exchange adjustments | (220) | - | - | - | (220) |
| At 31 March 1999 | **33,877** | **-** | **17,364** | **1,056** | **52,297** |

In accordance with the Group's accounting policy, goodwill arising on the acquisition of subsidiaries prior to 1 April 1998, eliminated from the balance sheet through reserves, amounts to €105.812 million. This goodwill will be charged in the profit and loss account should the Group dispose of the businesses to which it relates.

#### (b) Company Profit and Loss Account

| | €'000 |
|---|---|
| At 1 April 1998 | 46,952 |
| Loss retained | (1,955) |
| At 31 March 1999 | **44,997** |

### 35. Reconciliation of Movements in Equity Shareholders' Funds

| Group | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Profit attributable to Group shareholders | **47,980** | 37,465 |
| Dividends | **(12,992)** | (10,266) |
| | **34,988** | 27,199 |
| Movement on associated undertaking reserves | **(3,154)** | (767) |
| Equity share capital issued (net of expenses) | **9,525** | 9,536 |
| Goodwill arising on acquisitions written off to reserves | **-** | (5,805) |
| Exchange adjustments | **(220)** | 1,435 |
| Net movement in shareholders' funds | **41,139** | 31,598 |
| Opening equity shareholders' funds | **154,082** | 122,484 |
| Closing equity shareholders' funds | **195,221** | 154,082 |

## 36. Equity Minority Interests

| Group | 1999 €'000 | 1998 €'000 |
|---|---|---|
| At 1 April | **5,295** | 4,867 |
| Acquisitions (note 38) | **(166)** | 53 |
| Acquisition of minority interest in subsidiary undertakings (note 38) | **(1,289)** | (202) |
| Share of profit for the financial year (note 11) | **137** | 719 |
| Dividends to minority | **(135)** | (251) |
| Exchange and other adjustments | **60** | 109 |
| At 31 March | **3,902** | 5,295 |

## 37. Capital Grants

| Group | 1999 €'000 | 1998 €'000 |
|---|---|---|
| At 1 April | **1,953** | 2,183 |
| Received in year | **14** | 161 |
| Amortisation in year | **(366)** | (395) |
| Exchange and other adjustments | **(175)** | 4 |
| At 31 March | **1,426** | 1,953 |
| Disclosed as due within one year (note 23) | **(245)** | (231) |
| | **1,181** | 1,722 |

## 38. Acquisitions of Subsidiary Undertakings

The principal acquisitions completed during the year were an increase in the Group's interest in Sharptext Limited, Micro Peripherals Limited and Gem Distribution Limited (from 92.4% to 100%), the acquisition of 100% interests in BM Browne Limited, Burmah Castrol (Ireland) Limited (since renamed Classic Fuel & Oil Limited) and Thompson & Capper Limited and an 80% interest in EuroCaps Limited.

## 38. Acquisitions of Subsidiary Undertakings *continued*

A summary of the effect of these acquisitions is as follows:

| | Acquisition of subsidiary undertakings €'000 | Fair value adjustments €'000 | Fair value at acquisition €'000 | Acquisition of minority interest in subsidiaries €'000 | Total €'000 |
|---|---|---|---|---|---|
| Tangible fixed assets | 10,241 | (762) | 9,479 | - | **9,479** |
| Stock and work in progress | 6,022 | (127) | 5,895 | - | **5,895** |
| Debtors | 17,256 | (453) | 16,803 | - | **16,803** |
| Net cash | 3,112 | - | 3,112 | - | **3,112** |
| Creditors | (12,585) | (326) | (12,911) | - | **(12,911)** |
| Tax and deferred tax | (2,223) | - | (2,223) | - | **(2,223)** |
| Minority interests | 166 | - | 166 | 1,289 | **1,455** |
| Net assets acquired | 21,989 | (1,668) | 20,321 | 1,289 | **21,610** |
| Carrying value as an associate | | | (118) | - | **(118)** |
| Goodwill | | | 39,913 | 6,945 | **46,858** |
| Cost | | | 60,116 | 8,234 | **68,350** |
| Satisfied by: | | | | | |
| Cash | | | | | **52,104** |
| Acquisition creditors payable in 1999/2000 | | | | | **6,573** |
| Deferred contingent consideration | | | | | **9,673** |
| | | | | | **68,350** |

Acquisition accounting has been adopted in respect of the above acquisitions. The fair value adjustments relate to fixed assets, stocks, debtors and creditors and the alignment of accounting policies with those of the Group.

An analysis of the net outflow of cash in respect of the acquisition of subsidiary undertakings and the purchase of minority interests in certain subsidiaries is as follows:

| | 1999 €'000 |
|---|---|
| Cost | **68,350** |
| Net cash acquired | **(3,112)** |
| Acquisition creditors payable in 1999/2000 | **(6,573)** |
| Deferred contingent consideration | **(9,673)** |
| Net outflow of cash | **48,992** |
| | |
| Comprised of: | |
| Purchase of subsidiary (net of cash acquired) (note 40 (c)) | **40,758** |
| Purchase of minority interests (note 40 (c)) | **8,234** |
| | **48,992** |

The vendors of BM Browne Limited received shares, representing a 25% shareholding in Fannin Limited (the immediate parent of BM Browne Limited), as part consideration. Put and call options exist over these shares and Fannin Limited is treated as a 100% subsidiary of the Group. The total shown above in respect of the acquisition creditors payable in 1999/2000 includes an amount in respect of a planned exercise of a call option over 7% of the shares in Fannin Limited and an amount payable in respect of the acquisition of Burmah Castrol (Ireland) Limited. The deferred contingent consideration amount set out above represents an estimate of the additional acquisition payments, which are contingent on the future performance of Fannin Limited, payable on the exercise of the put or call options over the remaining 18% of Fannin Limited.

### 38. Acquisitions of Subsidiary Undertakings *continued*

The deferred contingent consideration amounts provided represent those amounts that are reasonably expected to be payable discounted to their present value. Further performance related payments beyond these amounts up to a maximum of €4.4 million may be made up to 2002. The estimation of deferred contingent consideration will be revised as more certain information becomes available with corresponding adjustments being made to goodwill.

### 39. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

| **Group** | **1999 €'000** | 1998 €'000 |
|---|---|---|
| Operating profit | **63,661** | 51,057 |
| Operating profit of associated undertakings | **(12,129)** | (10,451) |
| Dividends received from associated undertakings | **2,268** | 2,276 |
| Depreciation of tangible fixed assets | **16,176** | 14,668 |
| Amortisation of capital grants | **(366)** | (395) |
| Profit on sale of tangible fixed assets | **(146)** | (293) |
| Increase in stocks | **(5,151)** | (8,637) |
| Increase in debtors | **(20,680)** | (10,186) |
| Increase in creditors | **22,479** | 13,775 |
| Other | **(582)** | (981) |
| Cash flow from operating activities | **65,530** | 50,833 |

### 40. Analysis of Cashflows for Headings netted in the Consolidated Cash Flow Statement

| | **1999 €'000** | 1998 €'000 |
|---|---|---|
| **(a) Returns on investments and servicing of finance** | | |
| Interest received and similar receipts | **19,032** | 13,688 |
| Interest paid and similar payments | **(23,112)** | (17,079) |
| Dividends paid to minority interests | **(134)** | (252) |
| Net cash outflow from returns on investments and servicing of finance | **(4,214)** | (3,643) |
| **(b) Capital expenditure** | | |
| Expenditure on tangible fixed assets | **(18,274)** | (19,147) |
| Proceeds on sale of tangible fixed assets | **1,444** | 2,701 |
| Grants received | **14** | 161 |
| Net cash outflow from capital expenditure | **(16,816)** | (16,285) |
| **(c) Acquisitions and disposals** | | |
| Purchase of subsidiary undertakings (net of cash acquired) (note 38) | **(40,758)** | (3,007) |
| Investment in associated undertakings (note 17) | **(7,194)** | - |
| Purchase of minority interests (note 38) | **(8,234)** | (1,875) |
| Payment of deferred consideration/accruals in respect of acquisitions | **(2,938)** | (3,718) |
| Net cash outflow from acquisitions and disposals | **(59,124)** | (8,600) |
| **(d) Financing** | | |
| Issues of share capital (including share premium) | **8,656** | 1,175 |
| Capital element of finance lease payments | **(2,693)** | 40,567 |
| Loans drawn down | **31,260** | 77,789 |
| Other | **(7,745)** | 7,745 |
| Net cash inflow from financing | **29,478** | 127,276 |

### 41. Analysis of Movement in Net Cash/(Debt)

| | At 1 April 1998 €'000 | Cash Flow €'000 | Exchange Movements €'000 | At 31 March 1999 €'000 |
|---|---|---|---|---|
| Cash in hand and at bank | 32,197 | 166,887 | 2,667 | **201,751** |
| Overdrafts | (6,061) | (28,009) | 776 | **(33,294)** |
| | 26,136 | 138,878 | 3,443 | **168,457** |
| Term deposits | 257,165 | (140,319) | (7,283) | **109,563** |
| Bank loans and loan notes | (129,263) | (31,260) | 395 | **(160,128)** |
| Finance leases | (45,250) | 2,693 | 1,925 | **(40,632)** |
| Unsecured Notes due 2008/11 | (101,754) | - | 4,197 | **(97,557)** |
| Total | 7,034 | (30,008) | 2,677 | **(20,297)** |

### 42. Capital Commitments

| Group | 1999 €'000 | 1998 €'000 |
|---|---|---|
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | **7,004** | 1,487 |
| Capital expenditure that has been authorised by the directors but has not yet been contracted for | **11,482** | 6,490 |

### 43. Operating Lease Commitments

At 31 March 1999 the Group had annual commitments under operating leases as follows:-

| | **1999** | | 1998 | |
|---|---|---|---|---|
| | **Land and Buildings €'000** | **Other €'000** | Land and Buildings €'000 | Other €'000 |
| Expiring within one year | **59** | **50** | 102 | 112 |
| Expiring between two and five years | **519** | **425** | 184 | 192 |
| Expiring after five years | **1,352** | **-** | 512 | 142 |
| | **1,930** | **475** | 798 | 446 |

### 44. Contingent Liabilities

#### (a) Bank and Other Loans

The parent undertaking has guaranteed borrowings amounting to €330,057,000 (1998: €265,848,000) in respect of certain subsidiaries.

The parent undertaking and certain subsidiaries have given guarantees in respect of borrowings of €330,943,000 (1998: €281,840,000) by the parent undertaking itself and other group undertakings.

#### (b) Grants

In certain circumstances capital grants amounting to a maximum of €4,797,000 (1998: €4,916,000) and revenue grants amounting to a maximum of €863,000 (1998: €1,169,000) may become repayable.

**44. Contingent Liabilities** *continued*

**(c) Other**

Included in trade creditors and amounts due in respect of tangible fixed assets acquired is an amount of approximately €7,860,000 (1998: €3,492,000) due to creditors who have reserved title to goods supplied. Since the extent to which these creditors are effectively secured at any time depends on a number of conditions, the validity of some of which is not readily determinable, it is not possible to indicate how much of the above amount was effectively secured by reservation of title. However, the amount referred to above is matched in terms of net book value of fixed assets and stocks of raw materials in the possession of the Group which were supplied subject to reservation of title and accordingly the creditors referred to could be regarded as effectively secured to the extent of at least this amount.

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of Flogas Ireland Limited and Alvabay Limited and as a result, these companies have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

**45. Reporting Currency**

The primary currency used in these financial statements is the Euro which is denoted by the symbol €. The exchange rates used in translating sterling balance sheets and profit and loss account amounts were as follows:

| | **1999** | 1998 |
|---|---|---|
| | **€1=Stg£** | €1=Stg£ |
| Balance sheet (closing rate) | **0.666** | 0.639 |
| Profit and loss (average rate) | **0.681** | 0.704 |

**46. Comparative Amounts**

Comparative amounts have been translated to Euros at the fixed translation rate of €1 = IR£0.787564 and have been regrouped and restated, where necessary, on the same basis as those for the current year.

**47. Transactions with Related Parties**

On 7 July 1998 the Company increased to 100% its shareholding in the issued share capital of Sharptext Group Limited and Runsole Limited, the holding companies for DCC's computer distribution subsidiaries - Micro Peripherals, Gem Distribution and Sharptext - by acquiring 7.6% of their issued share capital from Mr Patrick Garvey, a director of these companies. The total value of the consideration amounted to €8.063 million which was satisfied in cash. In addition put and call options are held by management of the computer distribution companies and DCC, exercisable in the year 2000, over shares which may be issued to management, arising from the exercise by them of share options over an effective 4.7% of the equity of these companies.

**48. Approval of Financial Statements**

The financial statements were approved by the Board of Directors on 7 May 1999.

# Group Directory

| Name and Address of Subsidiary | Nature of Business | Telephone/Fax/Email and web site if applicable |
|---|---|---|
| **DCC SerCom** | | |
| DCC SerCom Limited,<br>DCC House,<br>Stillorgan, Blackrock,<br>Co. Dublin, Ireland. | Holding and divisional management company | +353 1 283 1011<br>+353 1 283 1017<br>sercom@dcc.ie<br>www.dcc.ie |
| Micro Peripherals Limited,*<br>Shorten Brook Way,<br>Altham Business Park, Altham,<br>Accrington, Lancashire BB5 5YJ, England. | Computer products distribution | +44 1282 776 776<br>+44 1282 770 001<br>www.microp.co.uk |
| Sharptext Limited,<br>1 Airton Close, Tallaght,<br>Dublin 24, Ireland. | Computer products and office equipment distribution | +353 1 451 6311<br>+353 1 451 6927<br>distribution@sharptext.com<br>www.sharptext.com |
| Gem Distribution Limited,*<br>Lovet Road, The Pinnacles,<br>Harlow, Essex CM19 5TB, England. | Computer products distribution | +44 1279 822 800<br>+44 1279 416 228<br>www.gem.co.uk |
| SerCom Solutions Limited,<br>Cloverhill Industrial Estate,<br>Clondalkin, Dublin 22, Ireland. | Provision of manufacturing services for the computer industry | +353 1 405 6500<br>+353 1 405 6555<br>info@sercomsolutions.ie<br>www.sercomsolutions.com |
| International Translation and Publishing Limited,<br>The Boulevard, Quinsboro Road,<br>Bray, Co. Wicklow, Ireland. | Localisation and translation services for the computer industry | +353 1 205 0200<br>+353 1 282 8395<br>info@itp.ie<br>www.itp.ie |

*All the above companies are incorporated and operate principally in the Republic of Ireland except those indicated with * which are incorporated and operate principally in England and Wales.*

# Group Directory

| Name and Address of Subsidiary | Nature of Business | Telephone/Fax/Email and web site if applicable |
|---|---|---|
| **DCC Energy** | | |
| DCC Energy Limited,<br>DCC House,<br>Stillorgan, Blackrock,<br>Co. Dublin, Ireland. | Holding and divisional management company | +353 1 278 2577<br>+353 1 283 1017<br>energy@dcc.ie<br>www.dcc.ie |
| Flogas Ireland Limited,<br>Dublin Road, Drogheda,<br>Co. Louth, Ireland. | Manufacture and distribution of liquefied petroleum gas | +353 41 983 1041<br>+353 41 983 4652<br>info@flogas.ie<br>www.flogas.ie |
| DCC Energy (NI) Limited,<br>Airport Road West, Sydenham,<br>Belfast BT3 9ED, Northern Ireland. | Distribution of:<br>- Flogas liquefied petroleum gas | +44 1232 732 611<br>+44 1232 732 020 |
| | - Emo oil products | +44 1232 454 555<br>+44 1232 457 371<br>enquiries@emooil.com<br>www.emooil.com |
| Flogas UK Limited,<br>Merrylees,<br>Leicestershire LE9 9FE, England. | Distribution of liquefied petroleum gas | +44 1530 230 352<br>+44 1530 230 253<br>info@flogas.co.uk<br>www.flogas.co.uk |
| Emo Oil Limited,<br>Clonminam Industrial Estate,<br>Portlaoise, Co. Laois, Ireland. | Distribution of oil products | +353 502 74 700<br>+353 502 74 750<br>info@emo.ie |
| Atlas Oil Limited,<br>Clonminam Industrial Estate,<br>Portlaoise, Co. Laois, Ireland. | Environmental services to garages | +353 502 74 747<br>+353 502 74 757<br>info@atlasoil.iol.ie |

*All the above companies are incorporated and operate principally in the Republic of Ireland except Flogas UK Limited which is incorporated and operates principally in England and Wales and DCC Energy (NI) Limited which is incorporated and operates principally in Northern Ireland.*

# Group Directory

| Name and Address of Subsidiary | Nature of Business | Telephone/Fax/Email and web site if applicable |
|---|---|---|
| **DCC Foods** | | |
| DCC Foods Limited,<br>DCC House,<br>Stillorgan, Blackrock,<br>Co. Dublin, Ireland. | Holding and divisional management company | +353 1 283 1011<br>+353 1 283 1017<br>foods@dcc.ie<br>www.dcc.ie |
| Robt. Roberts Limited,<br>79 Broomhill Road, Tallaght,<br>Dublin 24, Ireland. | Marketing and distribution of branded food and beverage products | +353 1 404 7300<br>+353 1 459 9369 |
| Kelkin Limited,<br>Unit 1, Crosslands Industrial Park,<br>Ballymount Cross, Dublin 12, Ireland. | Marketing and distribution of branded healthfood products | +353 1 460 0400<br>+353 1 460 0411<br>kelkin@tinet.ie |
| Broderick Holdings Limited,<br>Broderick Buildings,<br>John F. Kennedy Industrial Estate,<br>Naas Road, Dublin 12, Ireland. | Distribution and service of equipment and consumables to the food processing, retailing and catering industries | +353 1 450 9083<br>+353 1 450 9570<br>broderickbros@tinet.ie |

*All the above companies are incorporated and operate principally in the Republic of Ireland.*

| Name and Address of Subsidiary | Nature of Business | Telephone/Fax/Email and web site if applicable |
|---|---|---|
| **DCC Healthcare** | | |
| DCC Healthcare Limited,<br>DCC House,<br>Stillorgan, Blackrock,<br>Co. Dublin, Ireland. | Holding and divisional management company | +353 1 283 1011<br>+353 1 283 1017<br>healthcare@dcc.ie<br>www.dcc.ie |
| Days Medical Aids Limited,*<br>Litchard Industrial Estate,<br>Bridgend, Mid Glamorgan CF31 2AL,<br>Wales. | Manufacture and distribution of mobility and rehabilitation products | +44 1656 657 495<br>+44 1656 767 178<br>daysmedical@btinternet.com |
| DCC Shoprider Inc.,<br>3635 SW30th Avenue,<br>Fort Lauderdale, Florida 33312, USA. | Distribution of mobility scooters and power chairs | +1 954 797 2955<br>+1 954 797 7081 |
| Fannin Limited,<br>Fannin House,<br>106 Dublin Industrial Estate,<br>Dublin 11, Ireland. | Distribution of healthcare products | +353 1 830 9211<br>+353 1 830 9291<br>fannin@iol.ie |
| Virtus Limited,<br>Adamstown, Lucan,<br>Co. Dublin, Ireland. | Manufacture and distribution of healthcare products | +353 1 628 0571<br>+353 1 628 0572<br>info@virtus.ie |
| Healthilife Limited, *<br>Charlestown House, Otley Road,<br>Baildon, Shipley,<br>West Yorkshire BD17 7JS, England. | Manufacture and distribution of vitamins and food supplements | +44 1274 595 021<br>+44 1274 581 515<br>enquiries@healthilife.com |
| EuroCaps Limited, *<br>Crown Business Park,<br>Dukestown, Tredegar,<br>Gwent NP2 4EF,<br>Wales. | Manufacture and distribution of soft gelatine capsules | +44 1495 308 900<br>+44 1495 308 990<br>enquiries@softgels.co.uk<br>www.softgels.co.uk |
| Thompson & Capper Limited, *<br>Hardwick Road, Astmoor,<br>Runcorn, Cheshire WA7 1PH,<br>England. | Manufacture and sale of tablets and capsules | +44 1928 573 734<br>+44 1928 580 694<br>tablets@t-cuk.u-net.com<br>www.t-cuk.u-net.com |

*All the above companies are incorporated and operate principally in the Republic of Ireland except those indicated with * which are incorporated and operate principally in England and Wales and DCC Shoprider Inc. which is incorporated and operates principally in the United States of America.*

# Shareholder Information

### Shareholder Analysis at 7 May 1999

| | Number of accounts | % of accounts | Number of shares ('000) | % of shares |
|---|---|---|---|---|
| 1 - 1,000 | 1,268 | 50.0% | 677,856 | 0.8% |
| 1,001 - 10,000 | 1,089 | 43.0% | 2,900,840 | 3.4% |
| 10,001 - 50,000 | 84 | 3.3% | 1,946,100 | 2.2% |
| 50,001 - 100,000 | 22 | 0.8% | 1,513,684 | 1.7% |
| 100,001 - 250,000 | 32 | 1.3% | 5,072,875 | 5.8% |
| Over 250,000 | 40 | 1.6% | 75,023,200 | 86.1% |
| Total | 2,535 | 100.0% | 87,134,555 | 100.0% |

### Share Price Data (€ cents)

| | High | Low | 31 March |
|---|---|---|---|
| Year ended 31 March 1999 | 902 | 432 | 725 |
| Year ended 31 March 1998 | 902 | 387 | 825 |

The market capitalisation of DCC plc at 31 March 1999 was €632 million (1998: €692 million) and at 7 May 1999 was €762 million (€8.75 per share).

### Investor Relations

For investor enquiries please contact:
Michael Scholefield,
Investor Relations Manager,
DCC plc, DCC House, Brewery Road,
Stillorgan, Blackrock, Co Dublin.
Tel: + 353 1 283 1011.
Fax: + 353 1 283 1018.
email: investorrelations@dcc.ie

### Web Site

DCC's web site address is www.dcc.ie

### Registrars

Administrative enquiries about the holding of DCC shares should be directed in the first instance to the Company's Registrars at:
Computershare Services (Ireland) Limited,
Heron House, Corrig Road, Dublin 18.
Tel: + 353 1 216 3100
Fax: + 353 1 216 3151

**Amalgamation of Accounts**

Shareholders who receive duplicate sets of company mailings owing to multiple accounts in their name should write to the Company's Registrars at the address on page 77 to have their accounts amalgamated.

**Dividends**

Shareholders will be offered the option of having future dividends paid in Euros, Irish pounds or pounds sterling. Shareholders will also be offered the opportunity of having future dividends paid directly to their bank account.

Due to changes in the taxation of dividends in Ireland, dividends paid after 5 April 1999 will no longer carry a tax credit. In addition, dividends paid to certain shareholders will be paid net of withholding tax, currently at the rate of 24%. Some shareholders will be entitled to an exemption from this witholding tax. As an interim measure, no witholding tax will apply in respect of dividends paid to a person, whether or not the beneficial owner, whose address in the share register is in another Member State of the EU or in a country with which Ireland has concluded a double taxation treaty. This interim measure applies only in respect of dividends paid before 6 April 2000. In addition, provided certain administrative procedures are adhered to, a witholding tax exemption will also apply to Irish resident companies, Revenue approved pension funds, certain residents of other EU Member States or tax treaty countries, companies controlled by residents of other EU Member States or tax treaty countries and companies whose principal class of shares (or those of their parent companies) are regularly traded on a recognised Stock Exchange. There is no witholding tax exemption available for individuals who are tax resident in Ireland.

The Company will write to shareholders to provide further details of all these matters at the time of the next dividend announcement (expected to be in early November 1999.)

**Annual General Meeting**

The Annual General Meeting will be held at the Conrad International Hotel, Earlsfort Terrace, Dublin 2 on Friday 25 June 1999 at 11.00am. The Notice of Meeting together with an explanatory letter from the Chairman and a proxy card accompany this report.

**CREST**

DCC is a member of the CREST share settlement system. Shareholders may continue to hold paper share certificates or hold their shares in electronic form.

**Financial Calendar**

| | |
|---|---|
| Preliminary results announced | 10 May 1999 |
| Annual Report posted | 26 May 1999 |
| Annual General Meeting | 25 June 1999 |
| Interim results announced | early November 1999 |
| Payment date for interim dividend | early January 2000 |

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