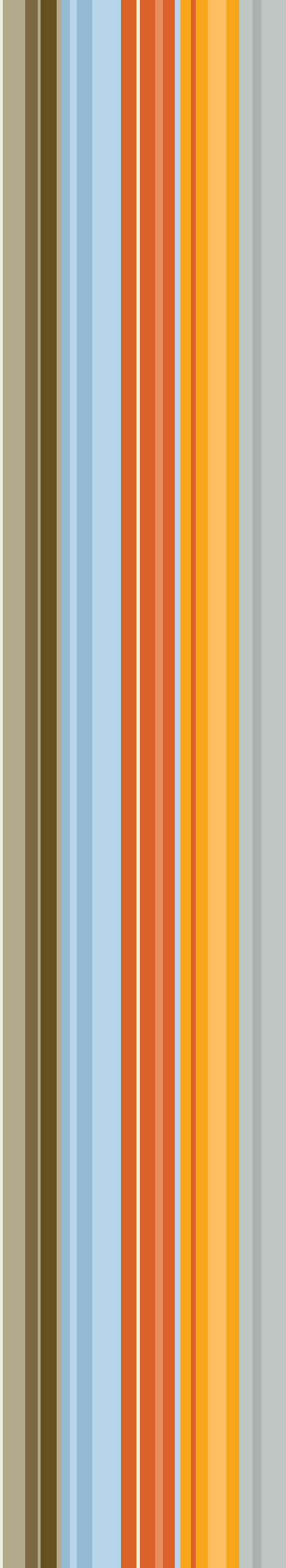


# ANNUAL REPORT & ACCOUNTS 2004



# DCC IS A VALUE ADDED SALES & MARKETING AND SUPPORT SERVICES GROUP.

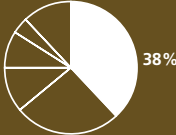
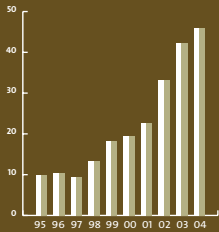

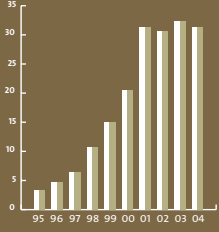

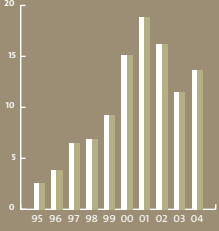

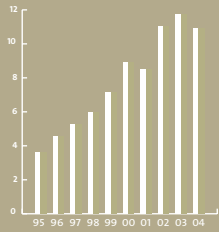

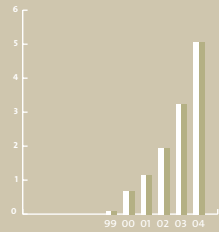
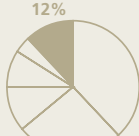
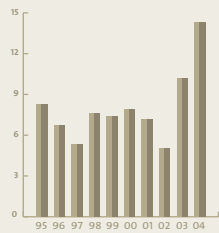
DCC HAS DELIVERED COMPOUND ANNUAL  
GROWTH OF 17.3% IN ADJUSTED EARNINGS  
PER SHARE OVER THE PAST 10 YEARS.

	% change Reported	% change Constant Currency
<b>Sales</b> (continuing activities) <b>€2.2 billion</b>	-2.0%	+2.6%
<b>Operating profit</b> (continuing activities) <b>€120.9 million</b>	+8.8%	+14.1%
<b>Earnings</b> (adjusted earnings per share) <b>121.89 cent</b>	+9.8%	+15.1%
<b>Dividends</b> (dividend per share) <b>32.4 cent</b>	+15.0%	
<b>Cash flow</b> (operating) <b>€151.9 million</b>	+54.3%	
<b>Return on capital employed</b> - excluding goodwill <b>39.8%</b> (42.2%: 2003)		
- including goodwill <b>21.3%</b> (22.0%: 2003)		

GROUP PBIT %

DESCRIPTION

GROWTH RECORD

<p>ENERGY</p>	 <p>38%</p>	<p>DCC MARKETS AND SELLS liquefied petroleum gas and oil products to commercial / industrial, domestic, catering and agricultural customers in Britain and Ireland.</p>	 <p>10 Year CAGR 15.6%</p>
<p>IT DISTRIBUTION</p>	 <p>26%</p>	<p>DCC MARKETS AND SELLS a broad range of computer hardware and software products in Britain, Ireland and Continental Europe to computer resellers, high street retailers, computer superstores, on-line retailers and mail order catalogues.</p>	 <p>10 Year CAGR 29.1%</p>
<p>HEALTHCARE</p>	 <p>11%</p>	<p>DCC MARKETS AND SELLS medical, surgical, laboratory, pharmaceutical, mobility and rehabilitation products to the hospital, community care and laboratory sectors in Ireland and Britain. DCC is also a leading provider of contract services to the nutraceuticals industry in Britain and Continental Europe.</p>	 <p>10 Year CAGR 23.1%</p>
<p>FOOD AND BEVERAGE</p>	 <p>9%</p>	<p>DCC MARKETS AND SELLS food and beverages in Ireland. This includes healthy foods, snackfoods, fresh coffee and wine to a broad range of catering, convenience store, food service and multiple grocer customers.</p>	 <p>10 Year CAGR 15.5%</p>
<p>ENVIRONMENTAL</p>	 <p>4%</p>	<p>DCC Environmental provides specialist waste management services to the industrial/ commercial sectors including the treatment of waste oils, waste chemicals and contaminated soils and the marketing of effluent water treatment chemicals.</p>	 <p>5 Year CAGR 126.3%</p>
<p>OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)</p>	 <p>12%</p>	<p>DCC's other activities principally comprise a 49% shareholding in a leading Irish builder of houses, apartments and related commercial developments and a developing supply chain management business.</p>	 <p>10 Year CAGR 9.0%</p>

## KEY STATS

- No 1 or 2 in most of its markets
- 247,000 customers
- 93 facilities
- 642 vehicles

## GROWTH FOCUS

- Organic market share growth in LPG and oil
- Consolidation opportunities in oil sector
- Acquisitions outside of Britain and Ireland

## STRONG BRANDS

Atlas, Cawoods Oil, Emo, Envirotech, Ergas, Flogas, Fuel Services, Scottish Fuels, Shannon Environmental Services

(All DCC owned)

ENERGY

- Leading player in each of its markets
- No 1 distributor for many brands
- 15,000 customers
- 420,000 consignments annually

- Demand growth in IT returning
- Improving environment for acquisitions
- Broadening product portfolio

Canon, Cisco Systems, Epson, Fujitsu, HP, IBM, Microsoft, Oracle, Samsung Electronics, Sony, StorageTek, Sun Microsystems, Symantec, Tivoli, Xbox, Xerox

IT DISTRIBUTION

- No 1 position in Irish hospital supplies market
- Sole distributor in Ireland for key global brands
- 2 MHRA approved nutraceuticals facilities
- Nutraceuticals export sales grew 38% in last financial year

- Growth in community healthcare
- New specialist pharmaceuticals compounding business
- Pursuing acquisition opportunities in UK hospital supplies sector
- Further organic growth potential in European nutraceuticals

CasaCare\*, Diagnostica, DiaMed, DMA\*, Fannin Healthcare\*, Fresenius, Kabi, Grifols, Molnlycke, Oxoid, Smiths, Stratec Medical

(\*DCC owned)

HEALTHCARE

- No 1 or 2 in key market segments
- Focus on fast growing niches
- 22% of sales are of owned brands
- Over 7,000 customers across Ireland

- Expanding portfolio of strong niche brands
- Demand growth for healthy foods
- Pursuing acquisition opportunities in Britain and Ireland

Bollinger, Brown Brothers, Hipp, Jordans, Kelkin\*, KP, Kylemore, Lemons\*, Phileas Fogg, Robinsons, Robt. Roberts\*, Torres

(\*DCC owned)

FOOD AND BEVERAGE

- 3 EPA/EHS licenced facilities in Ireland
- Leading player in Irish environmental market
- Produced 24 million litres of re-refined oil products last year

- Growing environmental services market
- Positioned to meet demand for skill-based services from industrial customers
- Expansion opportunities in Britain

Atlas, Envirotech, Shannon Environmental Services

(All DCC owned)

ENVIRONMENTAL

- Building c. 600 residential units annually
- Providing supply chain management services to leading global technology companies

- **Building:** Substantial land bank available for future development
- **SCM:** Trend towards outsourcing supply chain solutions

**Building:**  
Manor Park Homebuilders

**Supply chain management:**  
Avid, Canon, IBM, JASC, Lotus, Lucent, Medtronic, MapInfo, Microsoft, Nortel Networks, PalmOne, The MathWorks

OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)

<b>INSIDE FRONT COVER</b>	<b>Group at a Glance</b>
<b>2-13</b>	<b>Board of Directors Management Chairman's Statement Chief Executive's Review</b>
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<b>22</b>	<b>Financial Review</b>
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<b>34</b>	<b>Directors' Report and Financial Statements</b>
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<b>INSIDE BACK COVER</b>	<b>Financial Snapshot Five Year Summary</b>



# BOARD OF DIRECTORS

## **Alex Spain** **Chairman**

Alex Spain, B Comm., FCA (aged 71), is non-executive Chairman of DCC 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.

*Chairman of the Nomination Committee and member of the Remuneration Committee.*

## **Jim Flavin** **Chief Executive/Deputy Chairman**

Jim Flavin, B Comm., DPA, FCA (aged 61), founded DCC in 1976 and is Chief Executive and Deputy Chairman. Prior to founding DCC, he was head of AIB Bank's venture capital unit. Mr Flavin was non-executive Deputy Chairman of eircom plc until its acquisition by Valentia Telecommunications Limited in November 2001.

*Member of the Nomination Committee.*



## **Paddy Gallagher**

Paddy Gallagher, BL, DPA (aged 64), non-executive Director, retired as Head of Legal and Pensions Administration at Guinness Ireland Group in 2000. He previously worked with Aer Lingus, the Irish national airline, and is a former Chairman of the Irish Association of Pension Funds. He is a member of the Committee of Management of Irish Property Unit Trust and is Chairman of the Trustees of the An Post Superannuation Scheme. Mr Gallagher joined the Board in 1976.

*Chairman of the Audit Committee and member of the Nomination Committee.*

## **Maurice Keane**

Maurice Keane, B Comm., M Econ Sc (aged 63), non-executive Director, is a member of the Court of Directors of Bank of Ireland, having been Chief Executive until February 2002. He is a director of Axis Capital Holdings Limited and is Chairman of Bristol & West plc, of BUPA Ireland and of University College Dublin Foundation Limited. Mr Keane joined the Board in 2002.

*Member of the Audit and Nomination Committees. Senior Independent Director.*

## **Kevin Murray**

Kevin Murray, BE, FCA (aged 45), executive Director, joined DCC in 1988, having previously worked with Shell Chemicals in London and Arthur Andersen in Dublin. He is Managing Director of DCC Energy and of DCC Environmental. Mr Murray joined the Board in 2000.



**Tony Barry**

Tony Barry, Chartered Engineer (aged 69), non-executive Director, was a member of the Court of Directors of Bank of Ireland until January 2003 and was Chairman of Greencore Group plc until his retirement in February 2003. He was Chairman of CRH plc from 1994 to May 2000, having previously been Chief Executive. He is a past President of The Irish Business and Employers' Confederation. Mr Barry joined the Board in 1995.

*Chairman of the Remuneration Committee and member of the Nomination Committee.*



**Tommy Breen**

Tommy Breen, B Sc (Econ), FCA (aged 45), executive Director, joined DCC in 1985, having previously worked with KPMG. He is Managing Director of DCC SerCom. Mr Breen joined the Board in 2000.



**Morgan Crowe**

Morgan Crowe, Dip Eng, MBA (aged 59), 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.



**Fergal O'Dwyer**

Fergal O'Dwyer, FCA (aged 44), executive Director, joined DCC in 1989, having previously worked with KPMG in Johannesburg and Price Waterhouse in Dublin. He was appointed Chief Financial Officer in 1994. Mr O'Dwyer joined the Board in 2000.



**Bernard Somers**

Bernard Somers, B Comm, FCA (aged 55), non-executive Director, is a non-executive director of Independent News and Media plc, Irish Continental Group plc and Ardagh plc and is Chairman of eTel Group, a central European telecommunications company. He is a former director of the Central Bank of Ireland. Mr Somers is the founder of Somers & Associates, which has built a substantial practice in corporate restructuring. He has also been an investor in and a director of several start-up companies. Mr Somers joined the Board in 2003.

*Member of the Audit and Remuneration Committees.*

# Senior Group Management

**Jim Flavin**  
Chief Executive/  
Deputy Chairman

**Tommy Breen**  
Managing Director,  
IT

**Morgan Crowe**  
Managing Director,  
Healthcare

**Frank Fenn**  
Managing Director,  
Food and Beverage

**Kevin Murray**  
Managing Director,  
Energy and Environmental

**Fergal O'Dwyer**  
Chief Financial Officer

**Ann Keenan**  
Head of Group Human Resources

**Donal Murphy**  
Head of Group IT

**Colman O'Keeffe**  
Deputy Managing Director,  
Energy

**Michael Scholefield**  
Managing Director,  
Corporate Finance

**Gerard Whyte**  
Group Secretary,  
Compliance Officer,  
Head of Enterprise Risk Management



# Subsidiary Management

## Energy

DCC Energy - Northern Ireland and Scotland  
Emo Oil  
Flogas Ireland  
Flogas UK

Sam Chambers  
Gerry Wilson  
Pat Mercer  
Paddy Kilmartin

Managing Director  
Acting Managing Director  
Managing Director  
Managing Director

## IT Distribution

Distrilogie  
Gem Distribution  
Micro Peripherals  
Sharptext

Patrice Arzillier  
Paul Donnelly  
Anthony Catterson  
Paul White

Managing Director  
Managing Director  
Managing Director  
Managing Director

## Healthcare

Days Medical Aids/CasaCare  
DCC Nutraceuticals  
Fannin Healthcare Group  
Virtus

Barry O'Neill  
Stephen O'Connor  
Andrew O'Connell  
John Leonard

Managing Director  
Managing Director  
Managing Director  
Managing Director

## Food and Beverage

Broderick Bros  
Kelkin  
Robt. Roberts

Fintan Corrigan  
Bernard Rooney  
Ken Peare

Managing Director  
Managing Director  
Managing Director

## Environmental

Atlas Environmental Ireland  
Environmental Technology Manufacturing  
Shannon Environmental Services

Declan Ryan  
John O'Regan  
Declan Ryan

Managing Director  
Managing Director  
Managing Director

## Supply Chain Management

SerCom Solutions

Kevin Henry

Managing Director



“DCC consistently seeks to maximise organic growth opportunities.”



## Chairman's Statement

DCC continued its unbroken record of strong earnings growth in the financial year to 31 March 2004. United Kingdom based subsidiaries generated 50% of the Group's profits and as a consequence the rate of growth in reported profits in euro was held back due to the translation of sterling profits at weaker average sterling exchange rates to the euro over the past year. On a constant currency basis, operating profit grew by 14.1% while adjusted earnings per share grew by 15.1%.

The return on capital employed was excellent at 39.8% on tangible assets and 21.3% on assets inclusive of acquisition goodwill. DCC's business model is focused on generating long term, quality growth in shareholder value. The Group has achieved compound annual growth in adjusted earnings per share of 17.3% over the last ten years, while investing sensibly to support future growth and maintaining a strong financial position.

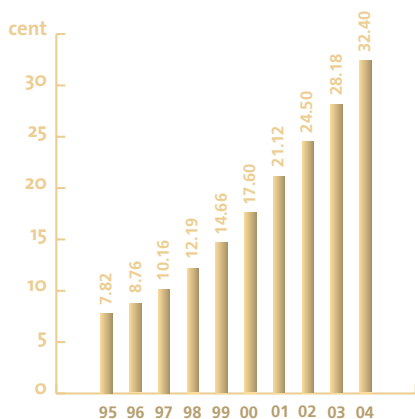
### **Dividend increase of 15%**

The Directors are recommending a final dividend of 20.65 cent per share which, when added to the interim dividend of 11.75 cent per share, gives a total dividend of 32.40 cent per share for the year, a 15% increase over the prior year dividend of 28.175 cent per share. The dividend is covered 3.8 times by adjusted earnings per share (3.9 times: 2003). The final dividend will be paid on 14 July 2004 to shareholders on the register at the close of business on 28 May 2004.

### **Share buybacks**

During the year, DCC bought back 2.3 million of its own shares (2.8% of listed share capital) at an average price per share of €10.70 and a total cost of €25.0 million. DCC has bought back a total of 8.1% of its issued share capital since July 2000 at an average price per share of €9.81 and a total cost of €71.0 million.

DCC may use its strong financial position to buy back more shares in the future.



### Dividend per share

Compound annual growth rate:

5 years 17.2%

10 years 17.7%

### Board changes

Morgan Crowe will retire as Managing Director of DCC Healthcare and from the Board of DCC at the conclusion of the Annual General Meeting on 8 July 2004, following his 60th birthday. Morgan has made an outstanding contribution to DCC since joining in 1976 and, in particular, to the development of DCC's healthcare division. His commitment and ability have been a great asset to DCC. Morgan will become non-executive Deputy Chairman of DCC Healthcare following his retirement and will have some continuing involvement in selected project work. His deep knowledge of the healthcare industry will therefore continue to be available to DCC.

Bernard Somers was co-opted to DCC's Board as a non-executive director on 29 September 2003. Mr Somers is the founder of Somers & Associates which has built a substantial practice in corporate restructuring and he has handled many of the larger restructurings in Ireland. Mr Somers is a non-executive Director of a number of publicly quoted companies and a former director of the Central Bank

of Ireland. He further strengthens the non-executive Director input to the Board.

### Acquisition and development

Acquisition discussions are currently being pursued with a range of companies in the Energy, IT Distribution, Healthcare, Food and Beverage and Environmental sectors. DCC maintained a strong focus on organic development during the year, making solid progress in several key areas which will contribute to the Group's future growth. Development expenditure in the year totalled €39.7 million. Committed acquisition expenditure amounted to €9.2 million (of which €1.6 million was deferred) arising from the acquisition of smaller businesses in the Energy, IT Distribution, Healthcare and Food and Beverage divisions. Capital expenditure was €30.5 million, of which €17.9 million was in the Energy division with the balance incurred across the other divisions.

### Corporate governance

The Board of DCC recognises the importance of high standards of corporate governance. The Board is satisfied that the Group has

effective ongoing processes for identifying, evaluating and managing risks faced by the Group. A detailed statement, set out on pages 34 to 36, describes how DCC has complied with all of the Principles of Good Governance and Code of Best Practice as set out in the 1998 Combined Code on Corporate Governance. The Board has considered the implications of the new Combined Code, published in July 2003, which applies to DCC for the financial year commencing on 1 April 2004 and is implementing appropriate changes and will report on compliance with its provisions in the 2005 Annual Report.

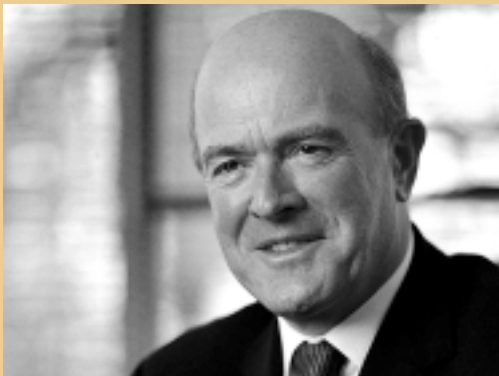
### The future

DCC is commercially and financially well placed to generate ongoing growth both organically and by acquisition.

### Alex Spain

Chairman

14 May 2004



## Chief Executive's Review

Following an excellent second half, in which DCC achieved constant currency growth in operating profit of 18.9% (11.8% on a reported basis), full year constant currency growth was 14.1% (8.8% reported). It is particularly pleasing to note that constant currency operating profit growth in IT Distribution was 15.0% in the second half compared to a decline of 11.6% in the first half. Organic growth was particularly strong, accounting for 90% of the growth in operating profit. DCC generated excellent operating cash flow of €151.9 million and had a net cash position of €62.7 million at the year end having spent €25.0 million buying back 2.8% of the Company's listed shares during the year.

### Shareholder value enhancing strategies

**Organic growth:** DCC consistently seeks to maximise organic growth opportunities. The Group earns a high return on tangible capital employed, which was just under 40% in the past year. Consequently, internally generated capital re-invested in organic growth opportunities drives high returns for DCC shareholders.

There were many examples of organic development throughout the Group during the year, which will enhance future shareholder returns. Within the Energy division we have nurtured the development of an exciting new Environmental Services business, which has emerged to become a division in its own right. This division's reputation for the provision of high quality environmental services to industrial and Government-related clients contributed to its success in winning new business such as soil remediation contracts on a number of Ireland's largest transport infrastructure projects.

DCC's IT Distribution division continued the expansion of its Paris headquartered specialist storage business into a more broadly based IT infrastructure business which includes the sale of servers and relevant software. New agreements with HP and Sun to distribute their servers were important milestones in this regard. In Healthcare, we are establishing a new pharmaceutical compounding unit in Dublin in association with experienced pharmacists. This will enable DCC Healthcare to leverage existing relationships with hospitals for the timely supply of specialist pharmaceuticals in patient-ready formats for treatment in such areas as oncology, pain control and cystic fibrosis. In the Food and Beverage division, an important organic development was a new agreement with KP to market their products in Northern Ireland which will build on DCC's successful marketing of KP products in the Republic of Ireland over many years.

**Bolt-on acquisitions:** DCC has substantial financial capacity to make acquisitions. Great care is needed in making acquisitions to ensure that they will increase shareholder value in the long term. Public companies are often under market pressure to be seen to be acquisitive to help short-term market ratings. However, research over many years has shown that a lot of corporate acquisition activity actually destroys shareholder value – more often than not the seller, rather than the buyer, is the long-term winner.

Larger businesses that are marketed by investment banks through an auction process quite often sell at valuations that are hard to justify for a buyer. In DCC we prefer to concentrate on exclusive one-to-one negotiations with companies that can be acquired and integrated with existing business units in the Group.

Such bolt-on acquisitions generally add scale to existing businesses, deepen the management resource within the business unit, improve supplier relationships and broaden the customer base. Most importantly, these synergies drive higher returns on capital invested.

The past year has been a quiet year for the completion of acquisitions but acquisition search activity has continued at a very high level. The pipeline of potential bolt-on acquisitions is encouraging and we aim to make shareholder value enhancing acquisitions across all divisions in the Group.

**Dividends and share buybacks:**

DCC has maintained a very progressive dividend policy since its flotation on the stock market in 1994. Over that period the dividend has grown at a compound annual growth rate of 17.7% per annum. In addition we have used our strong financial position to buy back DCC shares at attractive prices which has been shareholder value enhancing. Between July 2000 and March 2004,

8.1% of the share capital was bought back at an average price per share of €9.81 and a total cost of €71 million.

**Management development**

Management development is critically important in driving ongoing business success. In DCC it gets constant attention throughout the Group involving the divisional Managing Directors, the Head of Group Human Resources and myself. In the past year I have particularly focused on the development of the senior management team within the Group and a number of changes are being made that will enhance the strength and depth of this team.

A key driver for these changes is a recognition that we must continue to foster, as a core competence within DCC, the ability to manage businesses in diverse markets. The senior management team must have the agility, skill and knowledge to drive growth for DCC in all of its markets. Another trigger for the management changes is the impending retirement of Morgan Crowe from his position as an

executive Director of DCC plc and as Managing Director of DCC Healthcare with effect from 8 July 2004, the date of the forthcoming AGM.

The following changes are currently being implemented:

- Kevin Murray, who since 1996 has been a very successful Managing Director of DCC's Energy division and of DCC's Food and Beverage division, will become Managing Director of DCC's Healthcare division in July and will retain responsibility for DCC's growing Environmental Services division as Managing Director.
- Tommy Breen, having been Managing Director of DCC's IT Distribution division since 1996, where he very effectively led the strong growth and market out-performance of the division in Britain, Ireland and Continental Europe, will become Managing Director of DCC's Energy division in July.



■ Donal Murphy, Head of Group IT since 1998, will become Managing Director of DCC's IT Distribution division in July. He has led the successful development of IT platforms across the DCC Group and has contributed greatly to related operational issues.

■ Frank Fenn has joined DCC as Managing Director of DCC's Food and Beverage division from Diageo, where he was Chief Executive of R&A Bailey & Co since 1998. Frank's experience and track record of success in management and marketing equips him well to lead the strategic and operational development of the Food and Beverage division and to drive the growth of its brands.

DCC's proven ability to manage sales and marketing businesses in diverse sectors has been an important factor in the Group's growth. The senior management

team, together with the highly experienced and committed operating management teams in DCC's subsidiaries, gives the Group the capacity and sectoral focus to exploit its strong commercial and financial position and to drive the creation of long-term shareholder value.

#### **Morgan Crowe**

After I founded DCC in the early part of 1976, at that time as a start-up venture capital company, I set about recruiting a core executive team. DCC got a lucky break when Morgan Crowe applied to join the team. He has been with us for 27 years of distinguished and committed service seeking, at all times, to enhance the interests of DCC shareholders. His intellect, presence and straightforward approach have won him the respect and friendship of everyone he has dealt with in DCC. On a personal level I will miss him, not just for his wise counsel as a senior executive colleague but also as a trusted friend who for 27

years has worked in an office next door to mine. I am glad he has agreed to remain with us as non-executive Deputy Chairman of DCC Healthcare and to continue to work part-time on selected assignments in the development of the healthcare business.

#### **Looking forward**


We will continue to target organic and acquisition growth opportunities, principally in Britain and Ireland, that can earn high returns on capital employed and generate strong cash flows. DCC has the business platforms, the management capacity and the financial strength to pursue ambitious organic and acquisition growth.



#### **Jim Flavin**

Chief Executive/Deputy Chairman  
14 May 2004



A photograph of a man and a woman sitting at a table. The man, on the left, is wearing a white dress shirt and a red tie with white polka dots. He is looking down at a document or folder on the table. The woman, on the right, is wearing a green sweater and is looking towards the man. There are glasses of water on the table. The background is a blurred wooden wall.

“DCC has substantial financial capacity to make acquisitions. Great care is needed in making acquisitions to ensure that they will increase shareholder value in the long term.”

## Operating Review

DCC achieved excellent growth in the profitability of its Energy, Healthcare, Environmental and Homebuilding activities. IT Distribution also achieved excellent growth in the second half of the financial year after a challenging first half. Food and Beverage showed a modest decline.



**Tommy Breen**  
IT



**Morgan Crowe**  
Healthcare



**Frank Fenn**  
Food and Beverage



**Kevin Murray**  
Energy and Environmental

Energy	2004	2003	% change Reported	% change Constant currency
Sales	€841.3m	€845.0m	-0.4%	+4.8%
Operating profit	€45.8m	€42.2m	+8.4%	+16.1%
Return on capital employed				
- excluding goodwill	39.4%	41.2%		
- including goodwill	21.9%	23.1%		

DCC's strong growth in the energy sector continued during the year with operating profit increasing to €45.8 million, a constant currency increase of 16.1%. DCC is now the leading independent marketer of LPG and oil products in Britain and Ireland and delivered 2.1 billion litres of product during the year.

DCC's LPG business performed strongly. LPG sales volumes

increased by 16% benefiting from the inclusion for the full year of sales of the British Gas LPG business acquired in the prior year. The integration of British Gas LPG into DCC's existing LPG business in the UK has been completed and the planned synergies have been obtained. The combined business moved to new headquarters in Syston, Leicestershire in March 2004 and has completed the upgrade to a single IT platform.

These developments will facilitate the achievement of further efficiencies in the coming year.

DCC's oil business performed satisfactorily. The business in Scotland performed strongly while trading in the Republic of Ireland was more challenging. Overall, oil sales volumes were in line with the prior year.

IT Distribution	2004	2003	% change Reported	% change Constant currency
Sales	€859.4m	€894.9m	-4.0%	+2.0%
Operating profit	€31.3m	€32.3m	-3.1%	+3.8%
Operating margin	3.6%	3.6%		
Return on capital employed				
- excluding goodwill	41.9%	54.7%		
- including goodwill	25.5%	30.2%		

Following a challenging first half, excellent constant currency profit growth of 15.0% was achieved in the second half due to strong sales volume growth and good cost control.

DCC's UK hardware distribution business recorded strong sales growth in several key product areas, with particular growth in sales of PC and multi-function office products. An improved second half benefited from a moderation in the rate of product price deflation and strong sales volume growth.

DCC's UK software distribution business had a satisfactory performance notwithstanding the fact that there were no major new product releases by its entertainment software vendors during the year. Lower selling prices of games consoles resulted in an increase in the installed base which should contribute to increased future demand for related software and accessories.

DCC's Irish IT distribution subsidiary had a very good year and delivered strong profit growth despite product price deflation which was particularly severe in the first half.

The business continues to benefit from its position as the leading IT distribution business in Ireland and from its very broad range of suppliers and customers.

DCC's Continental European IT distribution business, Distrilogie, generated excellent profit growth, with improved margins and good cost control. The acquisition of a small French enterprise software distribution business shortly before the year end and its integration with Distrilogie broadened the product base and strengthened DCC's market position as a leading enterprise infrastructure distributor.

Healthcare	2004	2003	% change Reported	% change Constant currency
Sales	€149.0m	€161.6m	-7.8%	-4.8%
Operating profit	€13.6m	€11.4m	+19.1%	+21.2%
Operating margin	9.1%	7.1%		
Return on capital employed				
- excluding goodwill	37.0%	33.6%		
- including goodwill	12.1%	12.4%		

Strong profit growth in DCC's healthcare business resulted from improved profitability in all areas of its activities. Operating margins improved from 7.1% to 9.1% on slightly reduced sales, reflecting good growth in higher margin business and the discontinuation of some activities.

Profit growth was strong in the hospital and community care

business with a particularly strong performance in specialist pharmaceutical products where Technopharm continued its excellent record of rapid growth. A number of exciting organic developments took place including the establishment of a pharmaceutical compounding facility in Ireland, the establishment of a pharma sales division in Britain and the European launch of a new range of mobility and rehabilitation products under DCC's own brands.

Strong organic sales growth drove excellent profit growth in the nutraceuticals business. The upgrading of the licenced packing facility in Cheshire was successfully completed. The business continued to broaden its customer base and achieved particularly good progress in Continental Europe with export sales from the UK growing by 38% to represent 50% of total nutraceuticals sales for the year.

Food and Beverage	2004	2003	% change Reported	% change Constant currency
Sales	€170.7m	€185.2m	-7.8%	-7.1%
Operating profit	€10.9m	€11.8m	-7.5%	-7.9%
Operating margin	6.4%	6.3%		
Return on capital employed				
- excluding goodwill	42.0%	55.8%		
- including goodwill	21.4%	26.3%		

DCC's food and beverage business was impacted by a slowdown in demand across the Irish grocery and food service sectors which contributed to a 7.5% reduction in operating profit. The reported sales figure for 2004 was also impacted by comparison with 2003 due to a contract amounting to €19.7 million in 2003 which changed to a commission based contract in 2004.

Good sales growth was achieved in a number of categories including wine and certain health food segments. DCC expanded its food and beverage business in Northern Ireland through the acquisition of Savoury Foods, which had a well developed van sales force, and DWS, a wine importer and distributor.

Also, building upon its successful track record of marketing KP products in the Republic of Ireland, DCC reached agreement during the year to market KP products in Northern Ireland. DCC now has a sales and distribution reach throughout Ireland in each of the snackfoods, healthy foods, hot and cold beverage and wine segments in which it operates.

Environmental	2004	2003	% change Reported	% change Constant currency
Sales	€24.1m	€19.2m	+25.6%	+28.1%
Operating profit	€5.0m	€3.2m	+56.7%	+63.7%
Operating margin	20.9%	16.8%		
Return on capital employed excluding goodwill	50.8%	38.2%		
including goodwill	19.8%	14.4%		

Excellent growth in all areas of DCC's environmental business continued during the year with constant currency sales increasing by 28.1% (25.6% on a reported basis) to €24.1 million and operating profit increasing by 63.7% (56.7% reported) to €5.0 million.

The environmental industry continues to develop, driven by the increased amount and enforcement of environmental legislation.

Following the acquisitions in recent years of Envirotech and Shannon Environmental Services, DCC has leading positions in a number of environmental market segments in

Ireland. DCC now provides a broad range of services including waste chemical, water and oil treatment, soil remediation and emergency response to industrial and commercial customers from its three Environmental Protection Agency/Environment and Heritage Service licenced sites in Ireland.

Other (Homebuilding and Supply Chain Management)	2004	2003	% change Reported	% change Constant currency
Sales	€153.4m	€136.9m	+12.0%	+12.0%
Operating profit	€14.3m	€10.2m	+40.5%	+40.5%

Manor Park Homebuilders (a 49% owned associate company), which is a leading Irish homebuilding company, contributed operating profit of €15.2 million (€9.6 million: 2003). This excellent growth in profit was driven by an increase in completed house and apartment sales to 607 from 500 in the prior year.

SerCom Solutions, the supply chain management business, generated a small second-half operating profit and reported an operating loss for the year of €0.9 million (operating profit of €0.6 million: 2003).


The business has continued to generate good positive cash flow.

During the second half SerCom Solutions announced that it had entered into a strategic partnership with Kuehne & Nagel, one of the world's leading logistics companies, to combine their respective businesses' capabilities in supply chain management and global logistics solutions.

*Note: All constant currency figures quoted in this report are based on retranslating current year figures at prior year translation rates.*







“DCC has maintained a very progressive dividend policy since its flotation on the stock market in 1994. Over that period the dividend has grown at a compound annual growth rate of 17.7% per annum.”



Fergal O'Dwyer Chief Financial Officer

## Financial Review

A constant focus on maximising returns on capital employed and cash generation underpin DCC's financial strategy.

DCC operates detailed and rigorous operating and financial controls across the Group. Key performance indicators are monitored, often on a daily basis, and operating and financial performance is measured weekly and monthly against targets and prior year.

Results are reported and reviewed promptly, with immediate follow up to exploit opportunities or address weaknesses. Financial discipline is a way of life at DCC.

### Results

Continued strong earnings growth, cash generation and high returns on capital employed were key features of DCC's results for the year ended 31 March 2004. As Table 1 shows,

performance in the more significant second half was particularly strong with constant currency growth in operating profit of 19% compared to growth of 6% in the first half. Turnover grew by 2.6% on a constant currency basis (2.0% decline reported) to €2,198.0 million and operating profit increased by 14.1% on a constant currency basis (8.8% reported) to a record €120.9 million, approximately 90% of which growth

was organic. Since public listing in 1994 approximately two thirds of DCC's growth has been organic.

The Group's operating margin increased to 5.5% from 5.0%; however, it is important to note that this measurement of the overall Group margin is of limited relevance due to the influence of changes in oil product costs on the percentage.

Table 1: Operating profit from continuing activities

	2004						2003						Growth					
	2004			2003			Reported			Constant currency								
	H1 €'m	H2 €'m	FY €'m	H1 €'m	H2 €'m	FY €'m	H1 %	H2 %	FY %	H1 %	H2 %	FY %						
Energy	10.7	35.1	45.8	8.9	33.3	42.2	+21%	+5%	+8%	+25%	+14%	+16%						
IT Distribution	11.6	19.7	31.3	13.6	18.7	32.3	-15%	+5%	-3%	-12%	+15%	+4%						
Healthcare	6.5	7.1	13.6	5.0	6.4	11.4	+29%	+12%	+19%	+29%	+15%	+21%						
Food and Beverage	5.0	5.9	10.9	5.8	6.0	11.8	-14%	-1%	-7%	-14%	-2%	-8%						
Environmental	2.3	2.7	5.0	1.2	2.0	3.2	+88%	+37%	+57%	+88%	+48%	+64%						
Other	5.1	9.2	14.3	5.3	4.9	10.2	-3%	+88%	+41%	-3%	+88%	+41%						
<b>Total - continuing</b>	<b>41.2</b>	<b>79.7</b>	<b>120.9</b>	<b>39.8</b>	<b>71.3</b>	<b>111.1</b>	<b>+3%</b>	<b>+12%</b>	<b>+9%</b>	<b>+6%</b>	<b>+19%</b>	<b>+14%</b>						

All constant currency figures quoted in this report are based on retranslating current year figures at prior year translation rates.

While changes in oil product costs will change percentage operating margins, this has little relevance in the downstream energy market in which DCC Energy operates, where profitability is driven by absolute contribution per litre (or tonne) of product sold and not a percentage margin. Excluding Energy, the Group's operating margin increased from 4.9% to 5.5%.

A detailed operating review is set out on pages 16 to 19.

#### Interest

The net interest charge was €4.8 million, a decrease of €0.2 million on the prior year. Development expenditure of €39.7 million was fully funded by cash flows from operations. Interest cover was 25.2 times (23.0 times: 2003).

Profit before net exceptional items, goodwill amortisation and tax rose by 11.2% on a constant currency basis (6.1% reported) to €116.1 million.

#### Net exceptional items

Operating exceptional items and non-operating net exceptional items in

the year amounted to €8.2 million. Net operating exceptional items of €2.3 million are non-recurring costs incurred on restructuring and redundancy in a drive for improved efficiencies across the Group. Non-operating exceptional costs of €4.8 million were incurred on the termination of operations associated with the Shoprider distribution contract. These costs relating to legal, restructuring and redundancy costs associated with the breach of a contract to supply powered mobility products to DCC's subsidiary Days Medical Aids Limited (DMA) by Pihsiang Machinery Manufacturing Company Limited (a Taiwanese public company) have been recognised in these accounts. However, damages of Stg£10.2 million and an interim cost award of Stg£2.0 million – in total Stg£12.2 million (€18.3 million) – against Pihsiang, its Chairman and major shareholder Mr Donald Wu and his wife and Director Mrs Jenny Wu following a successful London High Court action by DMA have not yet been recognised in the accounts as the amount has not yet been received.

The defendants are in breach of a London High Court order in respect of the non-payment of the damages and the interim cost award. Collection of the amount outstanding and interest accruing thereon at 8% per annum (per Court order) is being vigorously pursued.

The remaining non-operating exceptional costs of €1.1 million primarily related to the termination of SerCom Solutions' operations in Scotland.

#### Taxation

The Group's taxation charge on ordinary activities for the year represents an effective tax rate of 12.5%. The effective tax rate reflects, in part, lower rates of tax in Ireland, including manufacturing relief at 10.0%. The standard rate of corporation tax in Ireland is 12.5% since 1 January 2003. An analysis of the taxation charge is contained in note 11 to the financial statements.

#### Dividend

The total dividend for the year of 32.40 cent per share represents an increase of 15% over the previous year.

The dividend is covered 3.8 times (3.9 times: 2003) by adjusted earnings per share.

#### Return on capital employed

DCC is committed to creating shareholder value through delivering consistent, long term returns in excess of the Company's cost of capital. In the year under review, DCC again generated excellent returns, 39.8% on tangible capital employed and 21.3% on capital employed inclusive of acquisition

goodwill, significantly ahead of DCC's cost of capital of approximately 7.5%. DCC's consistently high returns on capital employed reflect the combination of strong organic growth and the attractive valuations and excellent integration synergies DCC has achieved in its bolt-on acquisitions.

#### Cash flow

DCC focuses on operating cash flow to maximise shareholder value over the long-term. Operating cash flow

is principally used to fund investment in existing operations, complementary bolt-on acquisitions, dividend payments and selective share buybacks. DCC's record of excellent cash generation continued with operating cash flow before exceptional items growing to €151.9 million (as detailed in Table 2), an increase of 54.3%. Working capital decreased by €20.6 million to equate to 11.6 days' sales at 31 March 2004, which compares favourably with 15.4 days' at 31 March 2003.

Table 2: Summary of Cash Flows

	2004 €'m	2003 €'m
<b>Inflows</b>		
<b>Operating cash flow</b>	<b>151.9</b>	<b>98.5</b>
Exceptional costs	(10.7)	(6.0)
	<u>141.2</u>	<u>92.5</u>
Disposal proceeds	-	14.7
Shares issues (net)	1.1	0.2
	<u>142.3</u>	<u>107.4</u>
<b>Outflows</b>		
Capital expenditure (net)	28.1	34.8
Acquisitions	14.3	88.2
Share buyback	25.0	-
Interest and tax paid	8.9	7.8
Dividends paid	24.7	21.3
	<u>101.0</u>	<u>152.1</u>
<b>Net cash inflow/(outflow)</b>	<b>41.3</b>	<b>(44.7)</b>
Translation adjustment	1.3	1.7
<b>Opening net cash</b>	<b>20.1</b>	<b>63.1</b>
<b>Closing net cash</b>	<b>62.7</b>	<b>20.1</b>

Table 3: Working Capital Days

	2004 Days	2003 Days
Stocks	15.8	15.8
Debtors	46.5	48.8
Creditors	<u>(50.7)</u>	<u>(49.2)</u>
<b>Net working capital</b>	<b>11.6</b>	<b>15.4</b>

Table 4: Analysis of Net Cash

	2004 €'m	2003 €'m
Cash and term deposits	320.6	354.0
Bank and other debt repayable within one year	(143.7)	(218.4)
Bank and other debt repayable after more than one year	(16.6)	(21.2)
Unsecured notes due 2008/11	(97.6)	(94.3)
<b>Net cash</b>	<b>62.7</b>	<b>20.1</b>

### Balance sheet

DCC has a very strong balance sheet with shareholders' funds of €469.6 million at 31 March 2004 and net cash of €62.7 million.

The composition of net cash at 31 March 2004 is analysed in Table 4.

Cash and term deposits are analysed in note 22 to the financial statements. An analysis of DCC's debt at 31 March 2004, including currency, interest rates and maturity periods, is shown in notes 23 to 26 to the financial statements.

In April 2004 DCC completed a private placement of debt raising the equivalent of €212.1 million in 10 and 12 year funding (average maturity 10.3 years) which further strengthens the Group's capital structure and its capacity to pursue organic and acquisition growth opportunities in all of its core business areas. The strength of DCC's business model and attractive market conditions at the time of the placement led to the funds being raised on very good terms.

### Treasury policy and management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. This policy is reviewed and approved annually by

the Board. The Group does not take speculative positions but seeks, where considered appropriate, to hedge underlying trading and asset/liability exposures by way of derivative financial instruments (such as interest rate and currency swaps and forward contracts).

DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency and commodity price exposures within approved guidelines. An analysis of the Group's hedging positions is contained in note 27(b) to the financial statements.

### Currency risk management

DCC's reporting currency and that in which its share capital is denominated is the euro. Exposures to other currencies, principally sterling and the US dollar, arise in the course of ordinary trading. Trading-related foreign currency exposures are generally hedged by using forward contracts to cover specific or estimated purchases and receivables. Over half of the Group's operating profits are sterling denominated and, where appropriate, hedges are put in place to minimise the related exchange

rate volatility. However, certain natural hedges also exist within the Group, as a proportion of both the Group's interest payments and purchases by certain of its Irish businesses are sterling denominated.

### Interest rate risk management

The Group borrows at both fixed and floating rates of interest and utilises interest rate swaps to manage its exposure to interest rate fluctuations.

### Credit risk management

DCC transacts with a variety of financial institutions for the purpose of placing deposits and entering into derivative contracts. The Group actively monitors its credit exposure to each counterparty within guidelines approved by the Board.

### Commodity price risk management

Commodity forwards and swaps are frequently used to fully or partly hedge potential price movements in LPG products and oil products to be purchased by the Group's energy businesses in Britain and Ireland. All such contracts are entered into with counterparties approved by the Board and usually for a period not exceeding three months.



A close-up, over-the-shoulder view of a worker wearing a yellow hard hat and a high-visibility yellow vest. The worker is looking towards the right, where a large, cylindrical metal component is visible, secured with ropes. The scene is dimly lit, with a strong yellowish-orange glow from the worker's gear and the environment.

“ We must continue to foster, as a core competence within DCC, the ability to manage businesses in diverse markets.”





## Commitment

DCC's commitment to Corporate Social Responsibility (CSR) benefits both DCC and its key stakeholders – communities, customers, employees, the environment and shareholders. Understanding the needs of all stakeholders strengthens DCC's ability to take advantage of business opportunities and minimise risks to support enduring, sustainable competitive advantage and longer term shareholder value enhancement.

## Progress

Over the past year DCC has made solid progress towards the development of a best-practice framework to underpin the Group's proactive approach to CSR. The framework will embrace each of the following key dimensions of CSR:

- **Marketplace**
- **Environment, Health and Safety**
- **Community**
- **Workplace**

The extent of the progress DCC has made in each of these areas is illustrated on pages 30 and 31.

## Plans

Over the coming year DCC plans to progress its strategy to build continued awareness and understanding of the business implications and benefits of CSR throughout the Group. This is a long-term, evolutionary process, building on progress made to date and developing more effective systems to benchmark and seek continuous improvement in CSR performance as part of the overall measurement of business performance.

## Marketplace

### **Dow Jones STOXX Sustainability Index**

DCC's CSR progress was recognised by the Group's selection for inclusion in the Dow Jones STOXX Sustainability Index (DJSI STOXX) during the year.

This followed DCC's previous inclusion in another key Socially Responsible Investing index, the FTSE4Good. The DJSI STOXX tracks the performance of the top 20% of the companies in the Dow Jones STOXX 600 Index that lead the field in terms of sustainability. Investors are increasingly diversifying their portfolios by investing in companies that set industry-wide best practices with regard to sustainability.

### **Published Accounts Award**

DCC's commitment to best financial reporting practice contributed to the Group's success in winning the Published Accounts Award for large Irish quoted companies during the year. This is the main award for excellence in financial reporting in Ireland, presented annually by the

Leinster Society of Chartered Accountants. In addition to winning the overall award, DCC was shortlisted for the Society's CSR award.

## Environment, Health and Safety

### **Proactive approach to Environmental, Health and Safety management**

All DCC subsidiaries are taking a systematic and proactive approach to Environmental, Health and Safety (EHS) management. Formal risk assessments are carried out on an ongoing basis as a key part of policies and procedures documented in subsidiaries' EHS management systems. Annual EHS objectives are set and EHS programmes then implemented, monitored and reviewed for effectiveness.

A number of subsidiaries are already certified to the ISO14001 standard for their environmental management systems. This is a positive recognition against an external benchmark.

### **Regular Environment, Health and Safety audits**

DCC's Enterprise Risk Management function carries out scheduled EHS audits of all DCC subsidiaries ensuring compliance with applicable legislation, anticipation of future requirements and dissemination of best practice.

### **Respect for the environment**

DCC continuously seeks ways in which to exert a positive influence on the environments in which its businesses operate and to minimise the Group's environmental impact. During the year the Group increased the amount of packaging waste diverted away from scarce landfill facilities to recycling contractors. Many subsidiaries have programmes to recycle bottles, cans and paper products and employees are encouraged to limit the need for recycling by reducing the use of office paper at source through initiatives such as electronic faxing and double sided printing.

## Community

### **Embracing community initiatives**

DCC's commitment to the community is reflected in the Group's involvement in many local causes in the communities in which the Group's subsidiaries operate. These include sporting, social and educational initiatives that are supported through employee volunteerism and fundraising.

## Workplace

### **Pursuing best human resources practice**

People are the key element of DCC's success – their talent, innovation and entrepreneurial flair have been essential ingredients in DCC's consistent strong growth and performance.

DCC is committed to managing its business in a fair and equitable manner and to providing an environment that has at its cornerstone dignity and equality of opportunity for all. The Group is continuously developing progressive employment practices to ensure not just full compliance with legal requirements but to promote best human resources practice.

### **Continuous employee development**

A variety of initiatives recognise the importance to the Group's long-term competitive advantage of continuous training and development of employees. Through the DCC leadership development programme we ensure that development plans are in place, in support of our strategic business objectives, to nurture and develop the potential of tomorrow's business leaders.

### **Strong tradition of communication**

DCC places considerable emphasis on employee communication. Strong traditions of open and regular communication within DCC's businesses are supported through regular newsletters, employee forums (including the DCC European Employee Forum), team briefings, suggestion schemes, employee attitude surveys and the group intranet.

### **Supporting entrepreneurial management**

DCC's business structure affords subsidiary management teams the flexibility to pursue entrepreneurial growth opportunities using their industry knowledge and market awareness. Group management supports these opportunities through the provision of strategic guidance, the promotion of best practice and remuneration structures that reward the talented, energised people who drive business growth.





“The senior management team, together with the highly experienced and committed operating management teams in DCC’s subsidiaries, gives the Group the capacity and sectoral focus to exploit its strong commercial and financial position and to drive the creation of long-term shareholder value.”



## Corporate Governance - continued

### The Board of Directors

#### *Role*

The Board of DCC is responsible for the strategic direction and overall management of the Group and 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.

#### *Composition*

The Board consists of five executive and five non-executive Directors and the roles of the Chairman and Chief Executive are separate. Brief biographies of the Directors are set out on pages 2 and 3. The Board considers all of the non-executive Directors, Mr. Spain, Mr. Barry, Mr. Gallagher, Mr. Keane and Mr. Somers to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. The Board has appointed Maurice Keane as the Senior Independent Director.

All of the Directors bring independent judgement to bear on issues of strategy, risk, performance, resources, key appointments and standards. At least one-third of the Directors retire at each Annual General Meeting and all of the Directors are subject to re-election at least every three years.

#### *Board Procedures*

The Board holds regular meetings and there is contact as required between meetings in order to progress the Group's business. During the year, the Board held seven meetings. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties.

There is an established procedure for Directors to take independent professional advice in the furtherance of their duties 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.

The Board recognises the need for Directors, in particular new Directors, to be aware of their legal responsibilities as directors and, in addition, the Board ensures that Directors are kept up to date on the latest corporate governance guidance and best practice. There is a formal induction process for new non-executive Directors which includes detailed presentations on the Group's operations. The Board also gives consideration as to whether new Directors require other training for their role.

#### *Board Committees*

There are three Board Committees with formal terms of reference: the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee comprises three non-executive Directors and its authority and duties are set out under 'Accountability and Audit' below. The Remuneration Committee comprises three non-executive Directors and its report is set out on pages 39 to 42. The Nomination Committee, which comprises four non-executive Directors and the Chief Executive/Deputy Chairman, is responsible for making recommendations to the Board on all new Board appointments.

### Directors' Remuneration

The Report of the Remuneration Committee is set out on pages 39 to 42.

### 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. All announcements including results announcements are published on the Company's web site at [www.dcc.ie](http://www.dcc.ie) immediately after their release by the Regulatory News Service. The web site contains additional information for investors which is regularly updated.

At the Company's Annual General Meeting, the Chief Executive/Deputy Chairman makes a presentation and answers questions on the Group's business and its performance during the prior year. The chairmen of the Audit, Remuneration and Nomination Committees are also available to answer questions at the Annual General Meeting.

The 2003 Annual Report and Notice of Annual General Meeting were sent to shareholders 22 working days before the meeting and the level of proxy votes cast on each resolution, and the numbers for and against, were announced at the meeting. Similar arrangements have been made for the 2004 Annual Report and Notice of Annual General Meeting. The 2004 Annual General Meeting will be held at 11 a.m. on 8 July 2004 at The Four Seasons Hotel, Simonscourt Road, Ballsbridge, Dublin 4, Ireland.

## Corporate Governance - continued

### Accountability and Audit

#### *Audit Committee*

The written terms of reference of the Audit Committee deal clearly with its authority and duties which include:

- reviewing the half-year and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, the going concern assumption and compliance with accounting standards, Stock Exchange and legal requirements;
- reviewing the scope and results of the work performed by the Enterprise Risk Management function (incorporating Internal Audit);
- reviewing reports from the Risk Committee on internal control;
- reviewing the scope and results of the work performed by the external auditors;
- consideration of the appointment of the external auditors and their fees; and
- reviewing the nature and extent of non-audit services provided by the external auditors.

The Chief Executive/Deputy Chairman, Chief Financial Officer, Head of Enterprise Risk Management and representatives of the external auditors normally attend meetings of the Audit Committee. The Committee meets with the external auditors without executive management present at least once a year.

#### *Internal Control*

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness.

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Turnbull guidance for directors on internal control, *Internal Control: Guidance for Directors on the Combined Code*, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The key risk management and internal control procedures, which are supported by detailed controls and processes, include:

- skilled and experienced Group and divisional management;
- an organisation structure with clearly defined lines of authority and accountability;
- a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis;
- the operation of approved risk management policies (including treasury and IT);
- a Risk Committee, comprising Group senior management, whose main role is to keep under review and report to the Audit Committee of the Board on the principal risks facing the Group, the controls in place to manage those risks and the monitoring procedures;

- an independent Enterprise Risk Management function, which incorporates Internal Audit and Group Environmental, Health and Safety; and
- a formally constituted Audit Committee which reviews the operation of the Risk Committee and the Enterprise Risk Management function, liaises with the external auditors and reviews the Group's internal control systems.

The Board has reviewed the effectiveness of the Group's system of internal control. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls and risk management) and the procedures in place to monitor them.

#### *Going Concern*

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 43 and the reporting responsibilities of the auditors are set out in their report on pages 44 and 45.



## Report of the Directors for the year ended 31 March 2004

The Directors present their report and the audited financial statements for the year ended 31 March 2004.

### Principal Activities

DCC is a value added sales & marketing and support services group focused on the energy, IT, healthcare, food and beverage and environmental markets.

A summary of the Group's activities is set out on pages 16 to 19.

### Subsidiary and Associated Companies

Details of the Company's principal operating subsidiaries are set out on pages 85 to 87. Details of its principal associated undertakings are set out on page 62, in note 18 to the financial statements. A full list of subsidiary and associated undertakings will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

### Results and Business Review

The profit for the financial year attributable to Group shareholders amounted to €84.3 million as set out in the Consolidated Profit and Loss Account on page 48.

The Chairman's Statement on pages 8 and 9, the Chief Executive's Review on pages 10 to 13, the Financial Review on pages 22 to 25 and the Operating Review on pages 16 to 19 contain a review of the development of the Group's business during the year, of the state of affairs of the business at 31 March 2004, of recent events and of likely future developments.

### Dividends

An interim dividend of 11.75 cent per share, amounting to €9.75 million, was paid on 1 December 2003. The Directors recommend the payment of a final dividend of 20.65 cent per share, amounting to €16.82 million. Subject to shareholders' approval at the Annual General Meeting on 8 July 2004, this dividend will be paid on 14 July 2004 to shareholders on the register on 28 May 2004. The total dividend for the year ended 31 March 2004 amounts to 32.40 cent per share, a total of €26.57 million.

The balance of profit attributable to Group shareholders, which is retained in the business, amounts to €57.8 million.

### Share Buybacks and Treasury Shares

The number of shares held in Treasury at the beginning of the year was 4,517,005 (5.12% of the issued share capital) with a nominal value of €1.129 million. The maximum number of shares held in Treasury during the year was 6,790,129 (7.7% of the issued share capital) with a nominal value of €1.698 million.

During the year, the Company purchased 2,305,875 of its own shares (2.62% of the issued share capital) with a nominal value of €0.576 million at a total cost of €24.986 million.

A total of 155,146 shares (0.18% of the issued share capital) with a nominal value of €0.039 million were re-issued during the year at prices ranging from €6.22 to €11.25, consequent to the exercise of share options, leaving a balance of 6,667,734 shares (7.56% of the issued share capital) held in Treasury at 31 March 2004.

### 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.

# Report of the Directors for the year ended 31 March 2004 - continued

## Substantial Shareholdings

The Company has been advised of the following interests in its share capital as at 14 May 2004:

	<u>No. of €0.25 Ordinary Shares</u>	<u>% of Issued Share Capital</u>	<u>% of Listed Share Capital **</u>
Bank of Ireland Asset Management Limited*	9,978,013	11.31%	12.23%
FMR Corp. and Fidelity International Limited and their direct and indirect subsidiaries*	8,554,000	9.70%	10.49%
Schroder Investment Management Limited*	7,760,170	8.80%	9.51%
First State Investment Management (UK) Limited and its associated companies*	2,610,584	2.96%	3.20%
Jim Flavin	2,456,033	2.78%	3.01%

\* Notified as non-beneficial interests.

\*\* Listed Share Capital excludes 6,667,734 shares held as Treasury Shares.

The Company has not been notified of any other interest of 3% or more in its issued share capital.

## Directors

The names of the Directors and a short biographical note on each Director appear on pages 2 and 3.

Bernard Somers was co-opted to the Board on 29 September 2003. In accordance with Article 83(b) of the Articles of Association, he retires at the 2004 Annual General Meeting and being eligible, offers himself for re-election. In accordance with Article 80 of the Articles of Association, Alex Spain, Jim Flavin and Tony Barry retire by rotation at the 2004 Annual General Meeting and, being eligible, offer themselves for re-election. Morgan Crowe will retire from the Board at the conclusion of the Annual General Meeting on 8 July 2004.

None of the retiring Directors has a service contract with the Company or with 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 Report of the Remuneration Committee on pages 39 to 42.

## Health and Safety

It is the policy of the Group to ensure the safety, health and welfare of employees by maintaining a safe working environment and complying with the provisions and requirements of the Safety, Health and Welfare at Work Act, 1989 and all other statutory provisions and codes of practice. Each operating company in the Group has documented and implemented comprehensive safety policies and procedures which are kept under regular review by company management and by the Group Environmental, Health and Safety Function.

## Political Contributions

There were no political contributions which require to be disclosed under the Electoral Act, 1997.

## Events Since the Year End

Senior unsecured loan notes equivalent to €212.1 million were issued on 19 April 2004 in a private placement with US and UK institutional investors as detailed on page 68 in note 27(c) to the financial statements.

## Auditors

The auditors, 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  
14 May 2004

# Report of the Remuneration Committee

## Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors - Tony Barry, Bernard Somers and Alex Spain. The Committee is chaired by Tony Barry.

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

## Remuneration Policy

The Company's remuneration policy recognises that employment and remuneration conditions for the Group's senior executives must properly reward and motivate them to perform in the best interests of the shareholders. In formulating this policy, the Committee has given due regard to the provisions of the June 1998 Combined Code on Corporate Governance.

## Directors' Service Agreements

Other than for the Chief Executive/Deputy Chairman, there are no service agreements between any Director of the Company and the Company or any of its subsidiaries. The Chief Executive/Deputy Chairman's service agreement provides for one year's notice of termination by the Company.

## Directors' Remuneration

### *Executive Directors' Remuneration*

The typical elements of the remuneration package for executive Directors are basic salary, performance related remuneration consisting of performance related annual bonuses and share options, pension benefits and a company car.

### *Salaries*

The salaries of executive Directors are reviewed annually on 1 January having regard to personal performance, Company performance and competitive market practice. No fees are payable to executive Directors.

### *Performance Related Annual Bonuses*

Performance related annual bonuses are payable to the executive Directors. The performance targets, which are reviewed annually, are tailored to the responsibilities of each executive Director and include growth in Group operating profit, growth in divisional operating profit, Group and divisional development and an element related to individual performance and contribution. The bonus potential, as a percentage of basic salary, for each executive Director is reviewed and set annually and in the year ended 31 March 2004 ranged from 30% to 50%.

### *Pension Benefits*

The Company funds pension schemes which, for executive Directors, aim to provide, on the basis of actuarial advice, a pension of two thirds of pensionable salary at normal retirement date. Pensionable salary is calculated as 105% of basic salary and does not include any performance related bonuses or benefits.

### *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 Committee duties.

The Company funded a pension for the Chairman, based on his annual fee. The funding ceased on 31 March 2004.

## Report of the Remuneration Committee - continued

### Directors' Remuneration Details

The table below sets out the details of the remuneration payable in respect of Directors who held office for any part of the financial year.

	Salary and Fees <sup>1</sup>		Bonus		Benefits <sup>2</sup>		Pension Contribution <sup>3</sup>		Total	
	2004 €'000	2003 €'000	2004 €'000	2003 €'000	2004 €'000	2003 €'000	2004 €'000	2003 €'000	2004 €'000	2003 €'000
<b>Executive Directors</b>										
Jim Flavin	734	726	220	36	35	31	155	117	1,144	910
Tommy Breen	314	302	140	79	18	20	86	89	558	490
Morgan Crowe	334	323	167	16	20	21	88	93	609	453
Kevin Murray	314	302	140	119	18	20	86	89	558	530
Fergal O'Dwyer	284	273	130	50	14	15	79	80	507	418
<b>Total for executive Directors</b>	<b>1,980</b>	<b>1,926</b>	<b>797</b>	<b>300</b>	<b>105</b>	<b>107</b>	<b>494</b>	<b>468</b>	<b>3,376</b>	<b>2,801</b>
<b>Non-executive Directors</b>										
Alex Spain	118	111	-	-	-	-	27	28	145	139
Tony Barry	49	46	-	-	-	-	-	-	49	46
Paddy Gallagher	49	46	-	-	-	-	-	-	49	46
Maurice Keane	49	46	-	-	-	-	-	-	49	46
Bernard Somers <sup>4</sup>	24	-	-	-	-	-	-	-	24	-
<b>Total for non-executive Directors</b>	<b>289</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>28</b>	<b>316</b>	<b>277</b>
Pension payment in respect of retired Director									10	14
<b>Total</b>									<b>3,702</b>	<b>3,092</b>

#### Notes

- 1 Fees are payable only to non-executive Directors and include Chairman's and Board Committee fees.
- 2 In the case of the executive Directors, benefits relate principally to the use of a company car.
- 3 Executive Director pension contributions in the year to 31 March 2004 were made to a defined contribution arrangement for Jim Flavin and to a defined benefit scheme for the other executive Directors.
- 4 In respect of the year ended 31 March 2004, remuneration for Bernard Somers is included only for the period from the date of his appointment to the Board, on 29 September 2003, to 31 March 2004.

### Directors' Defined Benefit Pensions

The table below sets out the increase in the accrued pension benefits to which Directors have become entitled during the year ended 31 March 2004 and the transfer value of the increase in accrued benefit, under the Company's defined benefit pension scheme:

	Increase in accrued pension benefit (excl inflation) during the year	Transfer value equivalent to the increase in accrued pension benefit	Accumulated accrued pension benefit at year end
	€'000	€'000	€'000
<b>Executive Directors</b>			
Tommy Breen	10	74	107
Morgan Crowe	11	191	206
Kevin Murray	7	52	92
Fergal O'Dwyer	7	46	77
<b>Total</b>	<b>35</b>	<b>363</b>	<b>482</b>
<b>Non-executive Chairman</b>			
Alex Spain	6	87	65

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer value represents a liability of a pension scheme operated by the Company and not a sum paid to or due to the Director noted.

## Report of the Remuneration Committee - continued

### Share Options

#### *DCC plc 1998 Employee Share Option Scheme*

Executive Directors and other senior executives participate in the DCC plc 1998 Employee Share Option Scheme, which was approved by shareholders in 1998. The Scheme encourages identification with shareholders' interests by enabling management to build, over time, a shareholding in the Company which is material to their net worth.

The percentage of share capital which can be issued under the Scheme, the phasing of the grant of options and the limit on the value of options which may be granted to any individual comply

with guidelines published by the institutional investment associations.

The Scheme provides for the grant of both basic and second tier options, in each case up to a maximum of 5% of the Company's issued share capital.

Basic tier options may not normally be exercised earlier than three years from the date of grant and second tier options not earlier than five years from the date of grant.

Basic tier options may normally be exercised only 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 a period of at least three years following the date of grant.

Second tier options may normally be exercised only if the growth in the adjusted earnings per share over a period of at least 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.

Directors are encouraged to hold their options beyond the earliest exercise date.

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

	<u>At 31 March 2003</u>	<u>Granted in year</u>	<u>At 31 March 2004</u>	<u>Weighted Average Exercise Price €</u>	<u>Normal Exercise Period</u>
<b>Executive Directors</b>					
<b>Jim Flavin</b>					
Basic Tier	350,000	-	350,000	7.8140	June 2001 – Nov 2011
Second Tier	395,000	-	395,000	8.1063	June 2003 – Nov 2012
<b>Tommy Breen</b>					
Basic Tier	165,000	-	165,000	8.4193	June 2001 – Nov 2012
Second Tier	190,000	-	190,000	8.6786	June 2003 – Nov 2012
<b>Morgan Crowe</b>					
Basic Tier	100,000	-	100,000	7.0019	June 2001 – Nov 2009
Second Tier	100,000	-	100,000	7.0045	June 2003 – Nov 2009
<b>Kevin Murray</b>					
Basic Tier	165,000	-	165,000	8.4193	June 2001 – Nov 2012
Second Tier	190,000	-	190,000	8.6786	June 2003 – Nov 2012
<b>Fergal O'Dwyer</b>					
Basic Tier	140,000	-	140,000	8.0878	June 2001 – Nov 2012
Second Tier	165,000	-	165,000	8.4366	June 2003 – Nov 2012

No options were exercised by or allowed to lapse by Directors under the DCC plc 1998 Employee Share Option Scheme during the year.

## Report of the Remuneration Committee - continued

### DCC Sharesave Scheme

The Group established the DCC Sharesave Scheme in 2000. On 15 June 2001, options were granted under the Scheme to those Group employees, including executive Directors, who entered into associated savings contracts. The maximum number of options which could have been granted to any individual under the Scheme at that date, in accordance with relevant legislation and subject to the level and term of the savings contract, was 2,383. The options were granted at an option price of €8.79 per share, which represented a discount of 20% to the market price as permitted by the rules of the Scheme. These options are exercisable between June 2004 and February 2007.

The following are details of the share options granted to executive Directors under the Scheme:

	<b>No. of Ordinary Shares</b>	
	<b>At 31 March 2004 and 2003</b>	
Jim Flavin		2,383
Tommy Breen		2,383
Morgan Crowe		1,372
Kevin Murray		2,383
Fergal O'Dwyer		2,383

The market price of DCC shares on 31 March 2004 was €12.15 and the range during the year was €9.79 to €12.25.

Additional information in relation to the DCC plc 1998 Employee Share Option Scheme and the DCC Sharesave Scheme appears in note 32 on page 75 of the financial statements.

### 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 2004, together with their interests at 31 March 2003, were:

	<b>No. of Ordinary Shares</b>	
	<b>At 31 March 2004</b>	<b>At 31 March 2003</b>
Alex Spain	20,634	20,634
Jim Flavin	2,456,033	2,456,033
Tony Barry	17,000	12,000
Tommy Breen	211,512	211,512
Morgan Crowe	807,640	807,640
Paddy Gallagher	5,040	5,040
Maurice Keane	5,000	5,000
Kevin Murray	212,306	212,306
Fergal O'Dwyer	212,506	212,506
Bernard Somers	-	-*
Gerard Whyte (Secretary)	124,667	124,667

\* at date of appointment - 29 September 2003

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 2004 and 14 May 2004.

Apart from the interests disclosed above, the Directors and the Company Secretary had no interests in the share capital or loan stock of the Company or any other Group undertaking at 31 March 2004.

The Company's Register of Directors Interests (which is open to inspection) contains full details of Directors' shareholdings and share options.

## 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 44 and 45, 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 46 to 80, 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 2003 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.

### Books of Account

The measures taken with regard to keeping proper books of account include the use of systems and procedures appropriate to the business and the employment of competent and reliable persons. The books of account are kept at DCC House, Stillorgan, Blackrock, Co. Dublin.

# Report of the Independent Auditors for the year ended 31 March 2004

## To the Members of DCC plc

We have audited the financial statements on pages 46 to 80 and the detailed information on directors' emoluments, pensions and interests in shares and share options on pages 39 to 42. The financial statements have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on pages 46 and 47.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 43 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, auditing standards issued by the Auditing Practices Board applicable in Ireland and the Listing Rules of the Irish Stock Exchange. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Irish statute comprising the Companies Acts, 1963 to 2003, 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 Company balance sheet is in agreement with the books of account. We also report to you our opinion 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 convene an extraordinary general meeting; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding directors' remuneration and 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. The other information comprises only the directors' report, the chairman's statement, the chief executive's review, the operating review, the corporate social responsibility statement, the financial review and the corporate governance statement.

We review whether the statement on page 36 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

## Basis of audit 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.

## Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2004 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 2003, 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 Company balance sheet is in agreement with the books of account.



## Report of the Independent Auditors - continued

In our opinion, the information given in the Report of the Directors on pages 37 and 38 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 51, 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 2004 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

Dublin

14 May 2004

# 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 Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2003. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

## Basis of Consolidation

The consolidated financial statements include the Company and all its subsidiaries.

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 identifiable net assets acquired.

Goodwill arising on the acquisition of subsidiaries prior to 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 since 1 April 1998 is capitalised on the balance sheet and amortised on a straight line basis over its estimated useful economic life. On disposal of an undertaking acquired prior to 1 April 1998, goodwill eliminated against reserves in respect of

that undertaking is included in the determination of the profit or loss on disposal.

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 the associated undertakings.

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

## Subsidiaries

Subsidiaries are included in the Company balance sheet at cost less provision for any impairment 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 by way of 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 residual level values by the end of their expected working lives:

	<b>Annual Rate</b>
Freehold and long term leasehold buildings	2%
Plant and machinery	5 - 33 $\frac{1}{3}$ %
Cylinders	6 $\frac{2}{3}$ %
Motor vehicles	10 - 33 $\frac{1}{3}$ %
Fixtures, fittings & office equipment	10 - 33 $\frac{1}{3}$ %

Land is not depreciated.

## Accounting Policies - continued

### 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.

### Deferred Consideration

Where acquisitions involve further payments which are deferred or contingent on levels of performance achieved in the years following the acquisition, a discounted deferred acquisition creditor is accrued. Notional interest is charged to the profit and loss account over the relevant period by reference to the period of deferral, current interest rates and the amount of the likely payments.

### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Assets and liabilities denominated in foreign currencies are translated into euro 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 euro 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 the Statement of Total Recognised Gains and Losses 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 euro and sterling borrowings. Gains and losses on these derivatives are deferred and are 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.

### Liquid Resources

Liquid Resources comprise short term deposits which are readily disposable stores of value. These deposits are typically placed on money markets for periods of up to six months.

### 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.

### 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 are determined on the advice of independent qualified actuaries.

The disclosures required under the transitional arrangements of Financial Reporting Standard 17 'Retirement Benefits' are shown in note 31(b).

## Consolidated Profit and Loss Account for the year ended 31 March 2004

	Notes	2004 €'000	2003 €'000
<b>Turnover</b>			
Group turnover	1	2,074,465	2,111,066
Share of turnover of associated undertakings	1	123,500	131,818
<b>Total turnover - continuing activities</b>	1	<b>2,197,965</b>	2,242,884
Discontinued activities		-	29,490
<b>Total turnover</b>		<b>2,197,965</b>	<b>2,272,374</b>
<b>Group turnover</b>			
Continuing activities		2,051,441	2,063,783
Acquisitions		23,024	47,283
Cost of sales	1 2	2,074,465 (1,739,395)	2,111,066 (1,776,929)
<b>Gross profit</b>	2	<b>335,070</b>	334,137
Net operating costs before operating exceptional items and goodwill amortisation	2	(233,395)	(237,514)
<b>Operating profit before operating exceptional items and goodwill amortisation</b>			
- parent and subsidiary undertakings	1	101,675	96,623
Share of operating profit before goodwill amortisation - associated undertakings	1	19,201	17,709
<b>Operating profit before operating exceptional items and goodwill amortisation</b>			
Continuing activities		120,876	114,332
Acquisitions		120,708	105,928
		168	5,165
		120,876	111,093
Discontinued activities		-	3,239
		120,876	114,332
Operating exceptional items	7	(2,288)	(2,898)
Goodwill amortisation	6	(8,282)	(7,340)
<b>Operating profit</b>	2	<b>110,306</b>	104,094
Non-operating net exceptional items	7	(5,897)	(1,756)
Net interest payable and similar charges			
- parent and subsidiary undertakings	8	(3,693)	(3,766)
Share of net interest payable and similar charges - associated undertakings	9	(1,109)	(1,204)
<b>Profit on ordinary activities before taxation</b>	10	<b>99,607</b>	97,368
Taxation	11	(14,509)	(15,311)
<b>Profit after taxation</b>		<b>85,098</b>	82,057
Minority interests	12	(771)	(1,248)
<b>Profit for the financial year attributable to Group shareholders</b>	13	<b>84,327</b>	80,809
Dividends paid	14	(9,748)	(8,542)
Dividends proposed	14	(16,824)	(15,017)
<b>Profit retained for the year</b>	35	<b>57,755</b>	57,250
<b>Earnings per ordinary share - basic (cent)</b>	15	<b>101.98c</b>	96.66c
<b>Earnings per ordinary share - diluted (cent)</b>	15	<b>100.42c</b>	95.50c
<b>Adjusted earnings per ordinary share - basic (cent)</b>	15	<b>121.89c</b>	111.00c
<b>Adjusted earnings per ordinary share - diluted (cent)</b>	15	<b>120.03c</b>	109.67c

Alex Spain, Jim Flavin, Directors

## Statement of Total Recognised Gains and Losses

for the year ended 31 March 2004

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Profit for the financial year	<b>84,327</b>	80,809
Exchange adjustments - associated companies	<b>(210)</b>	(1,761)
Exchange adjustments - subsidiaries	<b>6,652</b>	(17,871)
Total recognised gains for the financial year	<b><u>90,769</u></b>	<u>61,177</u>

## Note of Historical Cost Profits and Losses

for the year ended 31 March 2004

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 48.

## Consolidated Balance Sheet as at 31 March 2004

	Notes	2004 €'000	2003 €'000
<b>Fixed Assets</b>			
Intangible assets - goodwill	16	129,566	132,044
Tangible fixed assets	17	212,252	209,432
Financial assets - associated undertakings	18	53,780	40,330
		<u>395,598</u>	<u>381,806</u>
<b>Current Assets</b>			
Stocks	20	110,577	103,030
Debtors	21	330,385	321,650
Cash and term deposits	22	320,616	353,986
		<u>761,578</u>	<u>778,666</u>
<b>Creditors: Amounts falling due within one year</b>			
Bank and other debt	23	143,732	218,419
Trade and other creditors	28	362,688	334,997
Corporation tax		36,077	29,291
Proposed dividend	14	16,824	15,017
		<u>559,321</u>	<u>597,724</u>
<b>Net Current Assets</b>		<u>202,257</u>	<u>180,942</u>
<b>Total Assets less Current Liabilities</b>		<u>597,855</u>	<u>562,748</u>
<b>Financed by:</b>			
<b>Creditors: Amounts falling due after more than one year</b>			
Bank and other debt	23	16,555	21,250
Unsecured Notes due 2008/11	23	97,612	94,258
Deferred acquisition consideration		6,799	11,887
		<u>120,966</u>	<u>127,395</u>
<b>Provisions for Liabilities and Charges</b>	29	2,084	1,157
		<u>123,050</u>	<u>128,552</u>
<b>Capital and Reserves</b>			
Called up equity share capital	32	22,035	22,035
Share premium account	33	124,438	124,444
Other reserves	34	1,400	1,400
Profit and loss	35	321,739	281,400
<b>Equity Shareholders' Funds</b>	36	469,612	429,279
Equity minority interests	37	4,081	3,632
Capital grants	38	1,112	1,285
		<u>474,805</u>	<u>434,196</u>
		<u>597,855</u>	<u>562,748</u>

Alex Spain, Jim Flavin, Directors

## Company Balance Sheet as at 31 March 2004

	Notes	2004 €'000	2003 €'000
<b>Fixed Assets</b>			
Tangible fixed assets	17	983	1,055
Financial assets			
- associated undertakings	18	1,300	1,300
- subsidiary undertakings	19	145,814	106,653
		<u>148,097</u>	<u>109,008</u>
<b>Current Assets</b>			
Debtors	21	291,088	280,457
Cash and term deposits	22	367	333
		<u>291,455</u>	<u>280,790</u>
<b>Creditors: Amounts falling due within one year</b>			
Bank and other debt	23	-	4,067
Trade and other creditors	28	15,669	6,536
Proposed dividend	14	16,824	15,017
		<u>32,493</u>	<u>25,620</u>
<b>Net Current Assets</b>		<u>258,962</u>	<u>255,170</u>
<b>Total Assets less Current Liabilities</b>		<u>407,059</u>	<u>364,178</u>
<b>Financed by:</b>			
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts owed to subsidiary undertakings		187,711	178,188
Deferred acquisition consideration		2,016	4,350
		<u>189,727</u>	<u>182,538</u>
<b>Provisions for Liabilities and Charges</b>	29	827	552
		<u>190,554</u>	<u>183,090</u>
<b>Capital and Reserves</b>			
Called up equity share capital	32	22,035	22,035
Share premium account	33	124,438	124,444
Other reserves	34	344	344
Profit and loss	35	69,688	34,265
<b>Equity Shareholders' Funds</b>		<u>216,505</u>	<u>181,088</u>
		<u>407,059</u>	<u>364,178</u>

Alex Spain, Jim Flavin, Directors

## Consolidated Cash Flow Statement for the year ended 31 March 2004

	Notes	2004 €'000	2003 €'000
<b>Cash flow from operating activities</b>	40	<b>141,246</b>	92,467
Returns on investments and servicing of finance	41	<b>(3,609)</b>	(4,864)
Taxation paid		<b>(5,295)</b>	(2,923)
Capital expenditure	41	<b>(28,092)</b>	(34,832)
Acquisitions and disposals	41	<b>(14,460)</b>	(73,483)
Equity dividends paid		<b>(24,765)</b>	(21,258)
<b>Cash inflow/(outflow) before management of liquid resources and financing</b>		<b>65,025</b>	(44,893)
Increase in liquid resources	42	<b>(27,105)</b>	(61,222)
Financing	41	<b>(90,239)</b>	143,819
<b>(Decrease)/increase in cash for the year</b>	42	<b>(52,319)</b>	37,704

## Reconciliation of Net Cash Flow to Movement in Net Cash for the year ended 31 March 2004

	Notes	2004 €'000	2003 €'000
<b>(Decrease)/increase in cash for the year</b>	42	<b>(52,319)</b>	37,704
Increase in liquid resources	42	<b>27,105</b>	61,222
Net loans repaid/(drawn down)	42	<b>61,551</b>	(145,836)
Capital element of finance lease payments	42	<b>4,976</b>	2,248
Changes in net cash resulting from cash flow		<b>41,313</b>	(44,662)
Exchange movements	42	<b>1,345</b>	1,648
<b>Net inflow/(outflow) in the year</b>		<b>42,658</b>	(43,014)
<b>Net cash at start of year</b>	42	<b>20,059</b>	63,073
<b>Net cash at end of year</b>	42	<b>62,717</b>	20,059



# Notes to the Financial Statements for the year ended 31 March 2004

## 1. Segmental Information

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

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

#### (i) Summary

	2004			2003		
	Turnover €'000	Profit Before Taxation €'000	Net Assets €'000	Turnover €'000	Profit Before Taxation €'000	Net Assets €'000
Energy	841,344	45,791	105,434	845,032	42,239	127,042
IT Distribution	859,441	31,274	78,949	894,897	32,289	70,503
Healthcare	148,961	13,595	37,129	161,647	11,415	36,407
Food and Beverage	170,665	10,876	27,634	185,159	11,756	24,099
Environmental	24,131	5,044	10,239	19,215	3,219	9,623
Other	153,423	14,296	43,230	136,934	10,175	37,354
<b>Continuing activities</b>	<b>2,197,965</b>	<b>120,876</b>	<b>302,615</b>	<b>2,242,884</b>	<b>111,093</b>	<b>305,028</b>
Discontinued activities		-		29,490	3,239	
Goodwill amortisation		(8,282)			(7,340)	
Net exceptional items (note 7)		(8,185)			(4,654)	
Interest (net)		(4,802)			(4,970)	
Net cash			62,717			20,059
Amounts due in respect of acquisitions			(11,477)			(18,833)
Investments			100			2,370
Capitalised goodwill - subsidiaries			129,566			132,044
Capitalised goodwill - associates			6,996			7,260
Minority interests			(4,081)			(3,632)
Proposed dividend			(16,824)			(15,017)
	<b>2,197,965</b>	<b>99,607</b>	<b>469,612</b>	<b>2,272,374</b>	<b>97,368</b>	<b>429,279</b>

#### (ii) Split between Subsidiary Undertakings and Associated Undertakings

	2004			2003		
	Subsidiary Undertakings €'000	Associated Undertakings €'000	Total €'000	Subsidiary Undertakings €'000	Associated Undertakings €'000	Total €'000
Turnover						
- continuing	2,074,465	123,500	2,197,965	2,111,066	131,818	2,242,884
- discontinued activities	-	-	-	-	29,490	29,490
	<b>2,074,465</b>	<b>123,500</b>	<b>2,197,965</b>	<b>2,111,066</b>	<b>161,308</b>	<b>2,272,374</b>
Operating profit before goodwill amortisation						
- continuing	101,675	19,201	120,876	96,623	14,470	111,093
- discontinued activities	-	-	-	-	3,239	3,239
	<b>101,675</b>	<b>19,201</b>	<b>120,876</b>	<b>96,623</b>	<b>17,709</b>	<b>114,332</b>
Goodwill amortisation	(7,794)	(488)	(8,282)	(6,794)	(546)	(7,340)
Operating profit	93,881	18,713	112,594	89,829	17,163	106,992
Net exceptional items (note 7)	(8,185)	-	(8,185)	(4,492)	(162)	(4,654)
Interest (net)	(3,693)	(1,109)	(4,802)	(3,766)	(1,204)	(4,970)
Profit before taxation	<b>82,003</b>	<b>17,604</b>	<b>99,607</b>	<b>81,571</b>	<b>15,797</b>	<b>97,368</b>
Net assets (including capitalised goodwill)	<b>415,832</b>	<b>53,780</b>	<b>469,612</b>	<b>388,949</b>	<b>40,330</b>	<b>429,279</b>

# Notes to the Financial Statements for the year ended 31 March 2004

## 1. Segmental Information - continued

### (iii) Other

Other, which includes Homebuilding and Supply Chain Management, is analysed as follows:

	2004			2003		
	Turnover €'000	Profit Before Taxation €'000	Net Assets €'000	Turnover €'000	Profit Before Taxation €'000	Net Assets €'000
Homebuilding	65,406	15,188	29,018	47,016	9,588	20,273
Supply Chain Management Services	88,017	(892)	14,212	89,918	587	17,081
	<b>153,423</b>	<b>14,296</b>	<b>43,230</b>	136,934	10,175	37,354

### (iv) Acquisitions

Acquisitions in the year contributed turnover of €23.024 million (2003: €47.283 million), operating profit before goodwill amortisation of €0.168 million (2003: €5.165 million) and profit before taxation of €87,000 (2003: €4.878 million).

### (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

	2004			2003		
	Turnover by Origin €'000	Profit Before Taxation €'000	Net Assets €'000	Turnover by Origin €'000	Profit Before Taxation €'000	Net Assets €'000
Ireland	700,036	39,473	62,414	719,503	38,983	76,037
Rest of the World	1,374,429	62,202	193,417	1,391,563	57,640	195,921
	<b>2,074,465</b>	<b>101,675</b>	<b>255,831</b>	2,111,066	96,623	271,958
Associated undertakings	123,500	19,201	46,784	131,818	14,470	33,070
Continuing activities	2,197,965	120,876	302,615	2,242,884	111,093	305,028
Discontinued activities		-		29,490	3,239	
Goodwill amortisation		(8,282)			(7,340)	
Net exceptional items (note 7)		(8,185)			(4,654)	
Interest (net)		(4,802)			(4,970)	
Net cash			62,717			20,059
Amounts due in respect of acquisitions			(11,477)			(18,833)
Investments			100			2,370
Capitalised goodwill - subsidiaries			129,566			132,044
Capitalised goodwill - associates			6,996			7,260
Minority interests			(4,081)			(3,632)
Proposed dividend			(16,824)			(15,017)
	<b>2,197,965</b>	<b>99,607</b>	<b>469,612</b>	2,272,374	97,368	429,279

#### (ii) Turnover by Destination – Continuing Activities

	2004 €'000	2003 €'000
Ireland	682,055	711,905
United Kingdom	1,226,136	1,222,464
Rest of Europe	153,011	159,750
USA	10,256	13,450
Other	3,007	3,497
Share of associated undertakings	123,500	131,818
	<b>2,197,965</b>	<b>2,242,884</b>

## Notes to the Financial Statements for the year ended 31 March 2004

### 2. Cost of Sales and Net Operating Costs

	2004			2003		
	Continuing Activities €'000	Acquisitions €'000	Total €'000	Continuing Activities €'000	Acquisitions €'000	Total €'000
<b>Cost of sales</b>	<b>(1,718,370)</b>	<b>(21,025)</b>	<b>(1,739,395)</b>	(1,745,385)	(31,544)	(1,776,929)
<b>Gross profit</b>	<b>333,071</b>	<b>1,999</b>	<b>335,070</b>	318,398	15,739	334,137
<b>Operating costs</b>						
Distribution	(120,270)	(1,093)	(121,363)	(113,924)	(6,801)	(120,725)
Administrative	(113,421)	(738)	(114,159)	(117,014)	(3,787)	(120,801)
Other operating expenses	(17)	-	(17)	(78)	-	(78)
	<b>(233,708)</b>	<b>(1,831)</b>	<b>(235,539)</b>	(231,016)	(10,588)	(241,604)
Other operating income	2,144	-	2,144	4,076	14	4,090
	<b>(231,564)</b>	<b>(1,831)</b>	<b>(233,395)</b>	(226,940)	(10,574)	(237,514)
Operating exceptional items	(2,288)	-	(2,288)	(2,898)	-	(2,898)
Goodwill amortisation	(7,720)	(74)	(7,794)	(6,527)	(267)	(6,794)
<b>Net operating costs</b>	<b>(241,572)</b>	<b>(1,905)</b>	<b>(243,477)</b>	(236,365)	(10,841)	(247,206)
Operating profit						
- parent and subsidiaries	91,499	94	91,593	82,033	4,898	86,931
- associated undertakings (note 1(a))	18,713	-	18,713	17,163	-	17,163
	<b>110,212</b>	<b>94</b>	<b>110,306</b>	99,196	4,898	104,094

### 3. Acquisitions

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

### 4. Employee Information

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

	2004 Number	2003 Number
Energy	1,414	1,259
IT Distribution	773	803
Healthcare	685	776
Food and Beverage	350	302
Environmental	141	107
Supply Chain Management Services	405	438
	<b>3,768</b>	<b>3,685</b>

The staff costs for the above were:

	2004 €'000	2003 €'000
Wages and salaries	124,540	125,274
Social welfare costs	13,621	13,239
Pension costs	7,242	6,199
	<b>145,403</b>	<b>144,712</b>

### 5. Directors' Emoluments and Interests

Directors' emoluments and interests are given in the Report of the Remuneration Committee on pages 39 to 42.

## Notes to the Financial Statements for the year ended 31 March 2004

### 6. Goodwill Amortisation

	2004 €'000	2003 €'000
Amortisation of capitalised goodwill arising on the acquisition of subsidiaries after 1 April 1998 (note 16)	7,794	6,794
Amortisation of goodwill included in the carrying value of associated undertakings (note 18)	488	546
	<u>8,282</u>	<u>7,340</u>

### 7. Net Exceptional Items

	2004 €'000	2003 €'000
<b>Operating exceptional items</b>	<u>2,288</u>	<u>2,898</u>
Reorganisation and restructuring costs - subsidiary undertakings	6,343	6,079
Net gains on disposals of interests in subsidiary undertakings and associated undertakings and investments	(446)	(4,323)
<b>Non-operating net exceptional items</b>	<u>5,897</u>	<u>1,756</u>
<b>Net exceptional items</b>	<u>8,185</u>	<u>4,654</u>

Operating exceptional items and non-operating net exceptional items in the year amounted to €8.185 million.

The net operating exceptional items of €2.288 million are non-recurring costs incurred on restructuring and redundancy, in a drive for improved efficiencies across the Group.

Non-operating exceptional costs of €4.827 million were incurred on the termination of operations associated with the Shoprider distribution contract. These costs relating to legal, restructuring and redundancy costs associated with the breach of a contract to supply powered mobility products to DCC's subsidiary Days Medical Aids Limited (DMA) by Pihsiang Machinery Manufacturing Company Limited (a Taiwanese public company) have been recognised in these accounts. However, damages of Stg£10.2 million and an interim cost award of Stg£2.0 million – in total Stg£12.2 million (€18.3 million) – against Pihsiang, its Chairman and major shareholder Mr Donald Wu and his wife and Director Mrs Jenny Wu following a successful London High Court action by DMA have not yet been recognised in the accounts as the amount has not yet been received. The defendants are in breach of a London High Court order in respect of the non-payment of the damages and the interim cost award. Collection of the amount outstanding and interest accruing thereon at 8% per annum (per Court order) is being vigorously pursued.

The remaining non-operating exceptional costs of €1.070 million primarily related to the termination of SerCom Solutions' operations in Scotland.

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

	2004 €'000	2003 €'000
<b>Interest receivable and similar income</b>	<u>8,534</u>	<u>13,358</u>
Interest on cash and term deposits	33	145
Other interest and similar income receivable	<u>8,567</u>	<u>13,503</u>
<b>Interest payable and similar charges</b>		
On bank loans, overdrafts and Unsecured Notes 2008/11		
- repayable within 5 years, not by instalments	(10,454)	(6,424)
- repayable within 5 years, by instalments	-	(28)
- repayable wholly or partly in more than 5 years	(315)	(8,733)
On loan notes		
- repayable within 5 years, not by instalments	(29)	(113)
On finance leases	(1,143)	(1,439)
Other interest	(319)	(412)
	<u>(12,260)</u>	<u>(17,149)</u>
Notional interest on deferred consideration	-	(120)
	<u>(12,260)</u>	<u>(17,269)</u>
	<u>(3,693)</u>	<u>(3,766)</u>

### 9. 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.

## Notes to the Financial Statements for the year ended 31 March 2004

### 10. Profit on Ordinary Activities Before Taxation

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

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Auditors' remuneration - audit fees	<b>804</b>	795
Revenue grants	-	(55)
Amortisation of capital grants	<b>(173)</b>	(285)
Operating leases		
- land and buildings	<b>4,144</b>	3,639
- plant and machinery	<b>138</b>	29
- motor vehicles	<b>2,174</b>	1,183
Depreciation		
- owned assets	<b>25,926</b>	24,986
- leased assets	<b>3,475</b>	4,509

Fees paid to the auditors, PricewaterhouseCoopers, for non-audit services amounted to €1.257 million (2003: €1.028 million).

### 11. Taxation

	<b>2004</b>	2003
	<b>€'000</b>	€'000
<b>Current Tax</b>		
Irish Corporation Tax principally at 12.5% (2003: 15.125%)	<b>5,636</b>	6,516
Less manufacturing relief	<b>(533)</b>	(964)
United Kingdom Corporation Tax at 30%	<b>7,207</b>	6,743
Other overseas tax	<b>339</b>	727
(Over)/under provision in respect of prior years	<b>(619)</b>	2,897
Total current taxation	<b>12,030</b>	15,919
<b>Deferred Tax</b>		
Irish at 12.5%	<b>519</b>	167
United Kingdom at 30%	<b>(1,158)</b>	(2,175)
Other overseas deferred tax	<b>339</b>	-
Under/(over) provision in respect of prior years	<b>67</b>	(3,218)
Total deferred tax	<b>(233)</b>	(5,226)
Total subsidiary undertakings tax charge	<b>11,797</b>	10,693
Associated undertakings	<b>2,712</b>	4,618
	<b>14,509</b>	15,311

Manufacturing relief is scheduled to expire in the year 2010.

	<b>2004</b>	2003
	<b>€'000</b>	€'000
<b>Effective tax rate</b>		
Profit on ordinary activities before taxation	<b>99,607</b>	97,368
Goodwill amortisation (note 6)	<b>8,282</b>	7,340
Net exceptional items (note 7)	<b>8,185</b>	4,654
	<b>116,074</b>	109,362
Taxation as a percentage of profit before goodwill amortisation, net exceptional items and taxation	<b>12.5%</b>	14.0%

The following table relates the applicable Republic of Ireland statutory tax rate to the effective tax rate of the Group:

	<b>2004</b>	2003
	<b>%</b>	%
Irish Corporation Tax rate	<b>12.5</b>	15.1
Manufacturing relief	<b>(0.5)</b>	(1.0)
Higher rates of tax on overseas earnings	<b>11.0</b>	9.5
(Over)/under provision in respect of prior years	<b>(0.6)</b>	3.0
Other timing differences	<b>(0.3)</b>	(5.4)
Adjustments for earnings taxed at lower rates and other	<b>(9.6)</b>	(7.2)
	<b>12.5</b>	14.0

# Notes to the Financial Statements for the year ended 31 March 2004

## 12. Minority Interests

	2004 €'000	2003 €'000
Subsidiary undertakings	341	513
Associated undertakings	430	735
	<u>771</u>	<u>1,248</u>

## 13. 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 €85.853 million (2003: €48.009 million).

## 14. Dividends

	2004 €'000	2003 €'000
Per Ordinary Share		
Interim dividend of 11.75 cent per share (2003: 10.217 cent per share)	9,823	8,542
Dividend attaching to shares bought-back	(75)	-
	<u>9,748</u>	<u>8,542</u>
Proposed final dividend of 20.65 cent per share (2003: 17.958 cent per share)	16,824	15,017
	<u>26,572</u>	<u>23,559</u>

The reduction in the interim dividend paid during the year ended 31 March 2004 of €75,000 relates to the dividend not required to be paid on 644,077 ordinary shares bought back by the Company on 12 November 2003.

## 15. Earnings per Ordinary Share and Adjusted Earnings per Ordinary Share

	2004 €'000	2003 €'000
Profit after taxation and minority interests	84,327	80,809
Net exceptional items (note 7)	8,185	4,654
Goodwill amortisation (note 6)	8,282	7,340
Adjusted profit after taxation and minority interests	<u>100,794</u>	<u>92,803</u>
<b>Basic earnings per ordinary share</b>		
	cent	cent
Basic earnings per ordinary share	101.98	96.66
Net exceptional items (note 7)	9.90	5.57
Goodwill amortisation (note 6)	10.01	8.77
Adjusted basic earnings per ordinary share	<u>121.89</u>	<u>111.00</u>
Weighted average number of shares in issue during the year ('000)	<u>82,690</u>	<u>83,603</u>
<b>Diluted earnings per ordinary share</b>		
	cent	cent
Diluted earnings per ordinary share	100.42	95.50
Net exceptional items (note 7)	9.75	5.50
Goodwill amortisation (note 6)	9.86	8.67
Adjusted diluted earnings per ordinary share	<u>120.03</u>	<u>109.67</u>
Diluted weighted average number of ordinary shares ('000)	<u>83,974</u>	<u>84,617</u>

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

## Notes to the Financial Statements for the year ended 31 March 2004

### 15. Earnings per Ordinary Share and Adjusted Earnings per Ordinary Share - continued

The weighted average number of ordinary shares used in calculating the diluted earnings per share for the year ended 31 March 2004 was 83.974 million (2003: 84.617 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per share amounts is as follows:

	<b>2004</b>	2003
	<b>'000</b>	'000
Weighted average number of shares in issue used for the calculation of basic earnings per share amounts	<b>82,690</b>	83,603
Dilutive effect of options and partly paid shares	<b>1,240</b>	949
Dilutive effect of shares potentially issuable under deferred contingent consideration arrangements	<b>44</b>	65
Weighted average number of shares in issue used for the calculation of diluted earnings per share	<b>83,974</b>	84,617

The earnings used for the purpose of the diluted earnings per share calculations were €84.327 million (2003: €80.809 million) and €100.794 million (2003: €92.803 million) for the purposes of the adjusted diluted earnings per share calculation.

### 16. Intangible Assets - Goodwill

#### Group

The movement in goodwill arising on the acquisition of subsidiaries is as follows:

	<b>2004</b>	2003
	<b>€'000</b>	€'000
<b>Cost</b>		
At 1 April	<b>151,868</b>	131,362
Additions (note 39)	<b>7,881</b>	20,506
Disposals	<b>(265)</b>	-
Other movements	<b>(2,300)</b>	-
At 31 March	<b>157,184</b>	151,868
<b>Amortisation</b>		
At 1 April	<b>19,824</b>	13,030
Amortisation for the year (note 6)	<b>7,794</b>	6,794
At 31 March	<b>27,618</b>	19,824
<b>Net Book Value</b>		
At 31 March	<b>129,566</b>	132,044

# Notes to the Financial Statements for the year ended 31 March 2004

## 17. 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
<b>Cost</b>					
At 1 April 2003	78,177	243,103	44,629	56,329	422,238
Acquisitions (note 39)	-	141	17	588	746
Additions	4,583	12,809	4,860	8,281	30,533
Reclassifications	225	166	(391)	-	-
Disposals	(1,795)	(1,718)	(2,225)	(4,945)	(10,683)
Exchange adjustments	1,086	5,956	720	1,517	9,279
At 31 March 2004	<b>82,276</b>	<b>260,457</b>	<b>47,610</b>	<b>61,770</b>	<b>452,113</b>
<b>Depreciation</b>					
At 1 April 2003	11,917	145,562	26,002	29,325	212,806
Acquisitions (note 39)	-	2	-	7	9
Charge for year	1,607	13,245	6,250	8,299	29,401
Reclassifications	-	131	(131)	-	-
Disposals	(263)	(1,652)	(1,744)	(3,661)	(7,320)
Exchange adjustments	140	3,431	526	868	4,965
At 31 March 2004	<b>13,401</b>	<b>160,719</b>	<b>30,903</b>	<b>34,838</b>	<b>239,861</b>
<b>Net Book Value</b>					
At 31 March 2004	<b>68,875</b>	<b>99,738</b>	<b>16,707</b>	<b>26,932</b>	<b>212,252</b>
At 31 March 2003	66,260	97,541	18,627	27,004	209,432

The net book value of tangible fixed assets includes an amount of €7.121 million (2003: €9.972 million) in respect of assets held under finance leases.

### (b) Company

	Fixtures & fittings & office equipment €'000	Motor vehicles €'000	Total €'000
<b>Cost</b>			
At 1 April 2003	1,607	1,138	2,745
Additions	65	304	369
Disposals	(384)	(272)	(656)
At 31 March 2004	<b>1,288</b>	<b>1,170</b>	<b>2,458</b>
<b>Depreciation</b>			
At 1 April 2003	1,102	588	1,690
Charge for year	162	225	387
Disposals	(351)	(251)	(602)
At 31 March 2004	<b>913</b>	<b>562</b>	<b>1,475</b>
<b>Net Book Value</b>			
At 31 March 2004	<b>375</b>	<b>608</b>	<b>983</b>
At 31 March 2003	505	550	1,055



# Notes to the Financial Statements for the year ended 31 March 2004

## 18. Financial Assets - Associated Undertakings

### (a) Group

	2004 €'000	2003 €'000
At 1 April	40,330	38,976
Additions	484	112
Disposals	-	(7,766)
Retained profits less dividends	13,664	11,315
Exchange adjustments	(210)	(1,761)
Amortisation of goodwill (note 6)	(488)	(546)
At 31 March	<u>53,780</u>	<u>40,330</u>

The carrying value of associated undertakings is analysed as follows:

	2004 €'000	2003 €'000
Interest in net assets	4,739	4,656
Share of post acquisition reserves	<u>42,045</u>	<u>28,414</u>
	46,784	33,070
Goodwill (net of amortisation)	<u>6,996</u>	<u>7,260</u>
	<u>53,780</u>	<u>40,330</u>

At 31 March 2004 the Group's aggregate share of its associated undertakings' fixed assets, current assets, liabilities due within one year and liabilities due after more than one year was as follows:

	2004 €'000	2003 €'000
Fixed assets	13,565	12,738
Current assets	65,732	63,030
Liabilities due within one year	(14,007)	(17,951)
Liabilities due after more than one year and minority interests	<u>(18,506)</u>	<u>(24,747)</u>
	46,784	33,070

The movement in goodwill in associated undertakings is as follows:

	2004 €'000	2003 €'000
<b>Cost</b>		
At 1 April	9,890	10,583
Additions	224	-
Disposals	-	(693)
At 31 March	<u>10,114</u>	<u>9,890</u>
<b>Amortisation</b>		
At 1 April	2,630	2,341
Amortisation for the year	488	546
Disposals	-	(257)
At 31 March	<u>3,118</u>	<u>2,630</u>
<b>Net Book Value</b>		
At 31 March	<u>6,996</u>	<u>7,260</u>

## Notes to the Financial Statements for the year ended 31 March 2004

### 18. Financial Assets - Associated Undertakings - continued

Details of the Group's principal associated undertakings at 31 March 2004 are set out below. All of these companies are incorporated and operate in Ireland.

Name and Registered Office	Nature of Business	% Shareholding
<b>Food</b>		
KP (Ireland) Limited, 79 Broomhill Road, Tallaght, Dublin 24, Ireland.	Manufacture of snack foods.	50.0%
Kylemore Foods Holdings Limited, DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland.	Holding company for the Kylemore group of companies whose principal activities are the operation of restaurants and par bake bread manufacture.	50.0%
Millais Investments Limited, Kinsale Road, Cork, Ireland.	Holding company for Allied Foods Limited, a distributor of frozen and chilled foods.	51.5%*
* The Group holds 50% of the voting share capital of Millais Investments Limited.		
<b>Other Activities</b>		
Manor Park Homebuilders Limited, The Gables, Torquay Road, Foxrock, Dublin 18, Ireland.	Residential homebuilding and property development.	49.0%

#### (b) Company

	2004 €'000	2003 €'000
At 31 March	<u>1,300</u>	<u>1,300</u>

### 19. Financial Assets - Subsidiary Undertakings

#### Company

	2004 €'000	2003 €'000
At 1 April	<b>106,653</b>	101,178
Additions	<b>53,116</b>	5,475
Disposals	<b>(13,955)</b>	-
At 31 March	<u><b>145,814</b></u>	<u>106,653</u>

The Group's principal operating subsidiary undertakings are shown on pages 85 to 87. All of these subsidiaries are wholly owned except Broderick Bros. Limited (88.8%), Virtus Limited (51.0%), Distriologie SA (97.5%) where put and call options exist to acquire the remaining 2.5%, DCC Environmental Limited (94.3%) where put and call options exist to acquire the remaining 5.7% and Fannin Limited (96.6%) where put and call options exist to acquire the remaining 3.4%.

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

## Notes to the Financial Statements for the year ended 31 March 2004

### 20. Stocks

<b>Group</b>	<b>2004</b> €'000	2003 €'000
Raw materials and consumables	<b>3,591</b>	3,951
Work in progress	<b>1,049</b>	916
Finished goods and goods for resale	<b>105,937</b>	98,163
	<b>110,577</b>	103,030

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

### 21. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2004</b> €'000	2003 €'000	<b>2004</b> €'000	2003 €'000
<b>Amounts falling due within one year:</b>				
Trade debtors	<b>290,084</b>	280,153	-	-
Amounts owed by subsidiary undertakings	-	-	<b>2,019</b>	2,050
Corporation tax recoverable	-	-	<b>5</b>	4
Deferred tax asset (note 29)	<b>4,527</b>	3,021	-	-
Value added tax recoverable	<b>1,517</b>	5,109	-	-
Prepayments and accrued income	<b>17,160</b>	14,704	<b>1,390</b>	1,448
Other debtors	<b>1,877</b>	1,163	-	-
	<b>315,165</b>	304,150	<b>3,414</b>	3,502
<b>Amounts falling due after more than one year:</b>				
Amounts owed by subsidiary undertakings	-	-	<b>278,233</b>	268,676
Investments	<b>100</b>	2,370	-	-
Prepayments and other debtors	<b>15,120</b>	15,130	<b>9,441</b>	8,279
	<b>15,220</b>	17,500	<b>287,674</b>	276,955
	<b>330,385</b>	321,650	<b>291,088</b>	280,457

### 22. Cash and Term Deposits

	<b>Group</b>		<b>Company</b>	
	<b>2004</b> €'000	2003 €'000	<b>2004</b> €'000	2003 €'000
Cash in hand and at bank	<b>115,198</b>	181,397	-	-
Term deposits	<b>205,418</b>	172,589	<b>367</b>	333
	<b>320,616</b>	353,986	<b>367</b>	333

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 42.

## Notes to the Financial Statements for the year ended 31 March 2004

### 23. Bank and Other Debt

	Group		Company	
	2004 €'000	2003 €'000	2004 €'000	2003 €'000
Bank loans and overdrafts (note 24)	<b>137,446</b>	211,111	-	3,997
Loan notes (note 25)	<b>827</b>	2,287	-	70
Obligations under finance leases (note 26)	<b>22,014</b>	26,271	-	-
	<b>160,287</b>	239,669	-	4,067
Unsecured Notes due 2008/11 (note 24)	<b>97,612</b>	94,258	-	-
	<b>257,899</b>	333,927	-	4,067
Bank and other loans and leases:				
- repayable within one year	<b>143,732</b>	218,419	-	4,067
- repayable after more than one year	<b>16,555</b>	21,250	-	-
Unsecured Notes due 2008/11	<b>97,612</b>	94,258	-	-
	<b>257,899</b>	333,927	-	4,067

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.

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

	Group		Company	
	2004 €'000	2003 €'000	2004 €'000	2003 €'000
Repayable as follows:				
Within one year	<b>137,446</b>	211,111	-	3,997
Between two and five years	<b>90,291</b>	-	-	-
After five years	<b>7,321</b>	94,258	-	-
	<b>235,058</b>	305,369	-	3,997
The above amounts are further analysed as follows:				
Wholly repayable within one year	<b>137,446</b>	211,111	-	3,997
Repayable other than by instalments:				
- between two and five years	<b>90,291</b>	-	-	-
- after five years	<b>7,321</b>	94,258	-	-
	<b>235,058</b>	305,369	-	3,997

### 25. Loan Notes

	Group		Company	
	2004 €'000	2003 €'000	2004 €'000	2003 €'000
The loan notes are repayable as follows:				
Within one year	<b>827</b>	2,287	-	70

The above loan notes are unsecured and €0.827 million (2003: €2.287 million) 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 in turn guaranteed by the banks.

## Notes to the Financial Statements for the year ended 31 March 2004

### 26. Finance Leases

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

	<b>2004</b> €'000	2003 €'000
Within one year	5,459	5,021
Between one and two years	5,960	5,316
Between two and five years	10,595	15,934
	<u>16,555</u>	<u>21,250</u>
	<u>22,014</u>	<u>26,271</u>

### 27. 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 revenues and costs are exposed to movements in the financial and commodity markets which are outside of 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 or deposits in the same currency. In order to reduce exposures in relation to the Group's revenues and costs, the Group uses various derivative financial instruments to hedge its positions going forward.

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

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

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

	2004 € equivalent			2003 € equivalent		
	Financial Assets €'000	Financial Liabilities €'000	Net €'000	Financial Assets €'000	Financial Liabilities €'000	Net €'000
€ Fixed	-	-	-	-	-	-
€ Floating	67,959	(91,964)	(24,005)	62,534	(11,207)	51,327
€ Total	<u>67,959</u>	<u>(91,964)</u>	<u>(24,005)</u>	<u>62,534</u>	<u>(11,207)</u>	<u>51,327</u>
Stg£ Fixed	91,605	(91,605)	-	88,457	(88,457)	-
Stg£ Floating	153,670	(74,330)	79,340	198,057	(234,242)	(36,185)
Stg£ Total	<u>245,275</u>	<u>(165,935)</u>	<u>79,340</u>	<u>286,514</u>	<u>(322,699)</u>	<u>(36,185)</u>
US\$ Fixed	-	-	-	-	-	-
US\$ Floating	7,382	-	7,382	4,938	(21)	4,917
US\$ Total	<u>7,382</u>	<u>-</u>	<u>7,382</u>	<u>4,938</u>	<u>(21)</u>	<u>4,917</u>
Total	<u>320,616</u>	<u>(257,899)</u>	<u>62,717</u>	<u>353,986</u>	<u>(333,927)</u>	<u>20,059</u>

## Notes to the Financial Statements for the year ended 31 March 2004

### 27. Derivative and Other Financial Instruments - continued

The Group's deferred acquisition consideration of €11.477 million (2003: €18.833 million), as stated on the balance sheet, consists of €9.859 million of € floating rate financial liabilities (2003: €18.833 million of € floating rate financial liabilities) and €1.618 million of Stg£ floating rate financial liabilities (2003: Nil) payable as follows:

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Within one year	<b>4,678</b>	6,946
Between one and two years	<b>3,391</b>	6,507
Between two and five years	<b>3,408</b>	5,380
	<b>11,477</b>	18,833

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

- 1-6 month Euribor
- 1-6 month Sterling Libor
- 0-1 month US\$ Libor

Details of the fixed interest rates and corresponding time periods for the Group's fixed rate financial assets and financial liabilities, after taking interest rate swaps into account, are as follows:

	<b>2004</b>		2003	
	<b>Weighted average interest rate %</b>		Weighted average interest rate %	
	<b>Fixed rate financial assets</b>	<b>Fixed rate financial liabilities</b>	Fixed rate financial assets	Fixed rate financial liabilities
€	n/a	n/a	n/a	n/a
Stg£	<b>8.0%</b>	<b>8.8%</b>	8.0%	8.8%
	<b>2004</b>		2003	
	<b>Weighted average period for which rate is fixed</b>		Weighted average period for which rate is fixed	
	<b>Fixed rate financial assets</b>	<b>Fixed rate financial liabilities</b>	Fixed rate financial assets	Fixed rate financial liabilities
€	n/a	n/a	n/a	n/a
Stg£	<b>4.5 years</b>	<b>4.5 years</b>	5.5 years	5.5 years

The maturity profile of the Group's financial liabilities is set out in notes 24 to 26 and can be summarised as follows:

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Within one year	<b>143,732</b>	218,419
Between one and two years	<b>5,960</b>	5,316
Between two and five years	<b>100,886</b>	15,934
After five years	<b>7,321</b>	94,258
	<b>257,899</b>	333,927

## Notes to the Financial Statements for the year ended 31 March 2004

### 27. Derivative and Other Financial Instruments - continued

#### (b) Gains and Losses on Hedges

The Group enters into forward foreign exchange contracts to eliminate the currency exposures that arise on revenues and costs denominated in foreign currencies. The Group also enters into commodity contracts in order to eliminate the exposure to price movements of oil and LPG. 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:

	2004			2003		
	Gains €'000	Losses €'000	Total €'000	Gains €'000	Losses €'000	Total €'000
At 1 April	6,398	(1,188)	5,210	1,673	(847)	826
Portion recognised in current year	(4,658)	1,161	(3,497)	(1,462)	321	(1,141)
Arising in current year	116	(536)	(420)	6,187	(662)	5,525
At 31 March	1,856	(563)	1,293	6,398	(1,188)	5,210
Of which, expected to be recognised:						
- within one year	1,856	(563)	1,293	4,658	(1,161)	3,497
- after one year	-	-	-	1,740	(27)	1,713
	1,856	(563)	1,293	6,398	(1,188)	5,210

The above table does not include cross currency interest rate swaps where unrecognised gains or losses on the swaps are matched by equal and opposite gains or losses in the fair value of the Unsecured Notes 2008/11 or the Unsecured Notes 2014/16 as described in the accounting policy for derivative financial instruments and detailed in note 27(c).

#### (c) Fair Value of Financial Instruments

The carrying amounts and estimated fair values of the financial assets and financial liabilities of the Group are as follows:

	2004		2003	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
<b>Assets:</b>				
Cash and short term deposits	320,616	320,616	353,986	353,986
<b>Liabilities:</b>				
Deferred acquisition consideration	(11,477)	(11,477)	(18,833)	(18,833)
Short term debt	(143,732)	(143,732)	(218,419)	(218,419)
Medium and long term debt	(16,555)	(16,555)	(21,250)	(21,250)
Unsecured Notes due 2008/11	(97,612)	(97,612)	(94,258)	(94,258)
<b>Derivative financial instruments:</b>				
Commodity swaps	-	12	-	(560)
Forward foreign exchange contracts	-	1,281	-	5,770
Interest rate contracts	-	-	-	-
	51,240	52,533	1,226	6,436

## 27. Derivative and Other Financial Instruments - continued

The following methods and assumptions were used by the Group in estimating its fair value disclosures for financial instruments:

■ Cash, short term deposits and short term debt:

The carrying amount reported in the balance sheet generally approximates to fair value because of the short maturity of these instruments.

■ Deferred acquisition consideration:

The carrying amount reported in the balance sheet generally approximates to fair value because the future amounts payable are discounted back to their present value.

■ Medium and long term debt:

The carrying amount reported in the balance sheet approximates to fair value because interest rates on these instruments frequently reset to short term market rates.

■ Unsecured Notes due 2008/11:

The fair value of the Group's Unsecured Notes due 2008/11 is shown net of the gain or loss on the sterling cross currency interest rate swap used to hedge these loan notes (note 23). At 31 March 2004, the cross currency interest rate swap had a fair value equating to a loss of €1.855 million (2003: gain of €15.323 million) and the fair value of the Unsecured Notes 2008/11 was higher (2003: lower) than the book value by the same amount.

■ Unsecured Notes due 2014/16:

On 19 February 2004, the Group committed to the issuance of US\$200.0 million and Stg£30.0 million senior unsecured notes in a private placement with US and UK institutional investors. Of these amounts, US\$157.0 million and Stg£30.0 million are due in 2014 and US\$43.0 million is due in 2016 (together the "Unsecured Notes 2014/16"). The Unsecured Notes 2014/16 were subsequently issued on 19 April 2004 with funding equivalent to €212.1 million drawn down on that date.

On 19 February 2004, the Group entered into currency and interest rate swaps with the effect that (i) the dollar denominated funds were swapped to euro at a margin over six month Euribor and (ii) the sterling denominated funds were swapped to a margin over six month sterling Libor. At 31 March 2004, the currency and interest rate swaps had a fair value equating to a gain of €2.306 million and the fair value of the Unsecured Notes 2014/16 was lower by the same amount.

■ Commodity and forward foreign exchange contracts:

The fair value of these instruments is based on the estimated replacement cost of equivalent instruments at the balance sheet date.

■ Interest rate contracts:

The fair value of these instruments is based on the estimated replacement cost of equivalent instruments at the balance sheet date. The Group uses interest rate contracts to swap floating rate assets and liabilities into fixed rate assets and liabilities. The fair value of the interest rate contracts attributable to financial assets is offset by the fair value of the interest rate contracts attributable to financial liabilities.

### (d) Undrawn Borrowing Facilities

While the Group had various bank borrowing facilities available at 31 March 2004, it had no undrawn committed bank facilities. As detailed in note 27(c), the Group issued Unsecured Notes 2014/16 on 19 April 2004 pursuant to commitments entered into on 19 February 2004.

### (e) Short Term Debtors and Creditors

Short term debtors and creditors are not included in the above disclosures of financial assets and financial liabilities.

### (f) Currency Exposures

At 31 March 2004, after taking into account the effects of forward foreign exchange contracts, the Group had no material currency exposures in relation to revenues and costs denominated in foreign currencies.

### (g) Treasury Policy

The Group's treasury policy and management of derivatives and financial instruments is discussed in the financial review on pages 22 to 25.



# Notes to the Financial Statements for the year ended 31 March 2004

## 28. Trade and Other Creditors

	Group		Company	
	2004 €'000	2003 €'000	2004 €'000	2003 €'000
<b>Amounts falling due within one year:</b>				
Trade creditors	297,501	265,905	-	72
Other creditors and accruals	35,588	38,308	1,836	1,423
Deferred acquisition consideration	4,678	6,946	1,885	3,924
PAYE and National Insurance	3,799	3,039	268	231
Value added tax	12,951	12,161	619	110
Capital grants (note 38)	129	128	-	-
Interest payable	1,617	1,355	-	-
Amounts due in respect of fixed assets	566	2,117	-	-
Amounts due to subsidiary undertakings	-	-	11,061	776
Amounts due to associated undertakings	5,859	5,038	-	-
	<b>362,688</b>	<b>334,997</b>	<b>15,669</b>	<b>6,536</b>

## 29. Provisions for Liabilities and Charges

### (a) Group

	2004			2003		
	Deferred taxation (note 30) €'000	Pension and similar obligations (note 31) €'000	Total €'000	Deferred taxation (note 30) €'000	Pension and similar obligations (note 31) €'000	Total €'000
At 1 April	(1,875)	11	(1,864)	2,773	43	2,816
Credited to profit and loss account	(233)	-	(233)	(5,226)	(32)	(5,258)
Exchange adjustments and other	(346)	-	(346)	578	-	578
At 31 March	<b>(2,454)</b>	<b>11</b>	<b>(2,443)</b>	<b>(1,875)</b>	<b>11</b>	<b>(1,864)</b>
Disclosed as:						
Deferred tax asset (note 21)	(4,527)	-	(4,527)	(3,021)	-	(3,021)
Provisions for liabilities and charges	2,073	11	2,084	1,146	11	1,157
	<b>(2,454)</b>	<b>11</b>	<b>(2,443)</b>	<b>(1,875)</b>	<b>11</b>	<b>(1,864)</b>

### (b) Company

	2004 €'000	2003 €'000
At 1 April	552	4
Charged to profit and loss account	275	548
At 31 March	<b>827</b>	<b>552</b>

# Notes to the Financial Statements for the year ended 31 March 2004

## 30. Deferred Taxation

The net deferred taxation (asset)/liability provided in the financial statements is analysed as follows:

### (a) Group

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Tax effect of timing differences due to:		
Excess of accelerated capital allowances over depreciation	<b>361</b>	(2,158)
Other short term timing differences	<b>(2,815)</b>	283
	<b>(2,454)</b>	(1,875)

### (b) Company

	<b>2004</b>	2003
	<b>€'000</b>	€'000
Tax effect of timing differences due to:		
Excess of accelerated capital allowances over depreciation	<b>4</b>	4
Other short term timing differences	<b>823</b>	548
	<b>827</b>	552

## 31. Pension and Similar Obligations

The Group has continued to account for pensions in accordance with SSAP 24 and the relevant disclosures are given in note (a) below. Financial Reporting Standard 17 - Retirement Benefits (FRS 17) was issued by the Accounting Standards Board in November 2000 and represents a significant change in the method of accounting for pension costs compared with the previous rules as set out in SSAP 24. Full implementation of the new accounting rules prescribed by FRS 17 has been deferred by the Accounting Standards Board. The Group has elected to avail of transitional provisions outlined in the standard which, for 2004, permit the use of the SSAP 24 regulations for determining pension cost but require the additional disclosure of the impact of the adoption of FRS 17 as at 31 March 2004, as shown in note (b).

### (a) SSAP 24 Disclosures

The Group operates defined benefit and defined contribution 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 €7.242 million (2003: €6.199 million) of which €4.152 million (2003: €3.409 million) was paid in respect of defined benefit 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 projected unit benefits method are used to assess pension costs. The most recent actuarial valuations range from 1 September 2000 to 1 April 2003.

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 €45.350 million (2003: €40.435 million).

After allowing for expected future increases in earnings and pension payments, the actuarial values of the various schemes' assets were sufficient to cover between 68% and 116% (Group weighted average cover: 81%) of the benefits that had accrued to the members of the individual schemes. Any actuarial deficits are being spread over the average remaining service lives of current employees.

At 31 March 2004, €200,000 (2003: €30,000) was included in creditors in respect of pension liabilities and €10.719 million (2003: €8.981 million) 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.

## Notes to the Financial Statements for the year ended 31 March 2004

### 31. Pension and Similar Obligations - continued

#### (b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures

The Group operates eight defined benefit schemes in the Republic of Ireland and three in the UK. Full actuarial valuations were carried out between 1 September 2000 and 1 April 2003 and updated to 31 March 2004 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary.

The main financial assumptions used in the valuations were:

	2004	2003	2002
<b>Irish Schemes</b>			
Rate of increase in salaries	<b>4.00%</b>	4.00%	4.00%
Rate of increase in pensions in payment	<b>2.25% - 5.00%</b>	2.25% - 5.00%	2.00% - 5.00%
Discount rate	<b>5.25%</b>	5.50%	6.00%
Inflation assumption	<b>2.25%</b>	2.25%	2.25%
<b>UK Schemes</b>			
Rate of increase in salaries	<b>3.75%</b>	3.75%	4.00%
Rate of increase in pensions in payment	<b>2.75% - 4.00%</b>	2.25% - 4.00%	2.25% - 4.00%
Discount rate	<b>5.60%</b>	5.25%	6.25%
Inflation assumption	<b>2.75%</b>	2.25%	2.25%

The expected long term rates of return on the assets of the schemes were as follows:

	2004	2003	2002
<b>Irish Schemes</b>			
Equities	<b>7.50%</b>	7.75%	8.50%
Bonds	<b>4.50%</b>	4.75%	5.50%
Property	<b>5.50%</b>	5.75%	7.00%
Cash	<b>3.00%</b>	4.00%	4.00%
<b>UK Schemes</b>			
Equities	<b>7.50%</b>	7.50%	8.50%
Bonds	<b>4.50%</b>	5.00%	5.50%
Property	<b>5.50%</b>	6.00%	7.00%
Cash	<b>3.00%</b>	4.00%	4.00%

## Notes to the Financial Statements for the year ended 31 March 2004

### 31. Pension and Similar Obligations - continued

The market value of the assets of the schemes were as follows:

	2004		
	Rol €'000	UK €'000	Total €'000
Equities	29,020	6,504	35,524
Bonds	7,502	1,161	8,663
Property	2,145	9	2,154
Cash	7,580	159	7,739
Total market value at 31 March 2004	46,247	7,833	54,080
Present value of scheme liabilities	(58,035)	(13,036)	(71,071)
	<b>(11,788)</b>	<b>(5,203)</b>	<b>(16,991)</b>
Related deferred tax asset			2,124
Net pension funding deficit at 31 March 2004			<b>(14,867)</b>

	2003		
	Rol €'000	UK €'000	Total €'000
Equities	19,777	4,633	24,410
Bonds	7,753	998	8,751
Property	2,045	9	2,054
Cash	6,383	167	6,550
Total market value at 31 March 2003	35,958	5,807	41,765
Present value of scheme liabilities	(49,614)	(10,531)	(60,145)
	<b>(13,656)</b>	<b>(4,724)</b>	<b>(18,380)</b>
Related deferred tax asset			2,573
Net pension funding deficit at 31 March 2003			<b>(15,807)</b>

	2002		
	Rol €'000	UK €'000	Total €'000
Equities	26,966	7,061	34,027
Bonds	7,488	848	8,336
Property	2,419	79	2,498
Cash	1,165	364	1,529
Total market value at 31 March 2002	38,038	8,352	46,390
Present value of scheme liabilities	(40,317)	(9,237)	(49,554)
	<b>(2,279)</b>	<b>(885)</b>	<b>(3,164)</b>
Related deferred tax asset			443
Net pension funding deficit at 31 March 2002			<b>(2,721)</b>

## Notes to the Financial Statements for the year ended 31 March 2004

### 31. Pension and Similar Obligations - continued

If FRS 17 had been adopted in the financial statements, the Group's shareholders' funds and profit and loss reserve would be as follows:

	2004		2003		2002	
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Shareholders' Funds</b>						
Group shareholders' funds excluding pension deficit		<b>469,612</b>		429,279		391,430
Net pension funding deficit		<b>(14,867)</b>		(15,807)		(2,721)
Net pension prepayment	<b>(10,538)</b>		(8,951)		(4,104)	
Related deferred tax asset	<b>1,317</b>		1,119		216	
Net pension prepayment		<b>(9,221)</b>		(7,832)		(3,888)
Group shareholders' funds including pension deficit and pension prepayment		<b>445,524</b>		405,640		384,821
<b>Profit and Loss Reserve</b>						
Profit and loss reserve excluding pension deficit		<b>321,739</b>		281,400		243,565
Net pension funding deficit		<b>(14,867)</b>		(15,807)		(2,721)
Net pension prepayment	<b>(10,538)</b>		(8,951)		(4,104)	
Related deferred tax asset	<b>1,317</b>		1,119		216	
Net pension prepayment		<b>(9,221)</b>		(7,832)		(3,888)
Profit and loss reserve including pension deficit and pension prepayment		<b>297,651</b>		257,761		236,956

#### Impact of FRS 17 on reported profit

The following is a pro-forma indication of the impact on the Group profit and loss account if the Group had implemented FRS 17 in full in relation to its defined benefit pension schemes:

	2004			2003		
	SSAP 24 pension expense €'000	Total net pension cost under FRS 17 €'000	Incremental profit impact of FRS 17 €'000	SSAP 24 pension expense €'000	Total net pension cost under FRS 17 €'000	Incremental profit impact of FRS 17 €'000
<b>Impact on Group operating profit</b>						
Pension cost/current service cost	<b>(4,152)</b>	<b>(2,355)</b>	<b>1,797</b>	(3,409)	(2,160)	1,249
Past service cost (benefit enhancements)	-	<b>(30)</b>	<b>(30)</b>	-	(141)	(141)
Total operating charge	<b>(4,152)</b>	<b>(2,385)</b>	<b>1,767</b>	(3,409)	(2,301)	1,108
<b>Impact on other finance income</b>						
Expected return on pension scheme assets	-	<b>2,848</b>	<b>2,848</b>	-	3,643	3,643
Interest on pension scheme liabilities	-	<b>(3,303)</b>	<b>(3,303)</b>	-	(2,971)	(2,971)
Net return	-	<b>(455)</b>	<b>(455)</b>	-	672	672
Total net impact on reported profits	<b>(4,152)</b>	<b>(2,840)</b>	<b>1,312</b>	(3,409)	(1,629)	1,780

# Notes to the Financial Statements for the year ended 31 March 2004

## 31. Pension and Similar Obligations - continued

### Statement of total recognised gains and losses

	2004 €'000	2003 €'000
Actual return less expected return on pension scheme assets	5,362	(13,394)
Experience gains and losses arising on the scheme liabilities	(3,424)	(3,005)
Changes in assumptions underlying the present value of the scheme liabilities	(2,764)	(5,869)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(826)</u>	<u>(22,268)</u>

### Movement in deficit during the year

	2004 €'000	2003 €'000
Deficit in scheme at 1 April	(18,380)	(3,164)
Movement in year:		
Current service cost	(2,355)	(2,160)
Past service cost	(30)	(141)
Contributions paid	5,237	8,275
Other finance (expense)/income	(455)	672
Actuarial loss	(826)	(22,268)
Exchange	(182)	406
Deficit in scheme at 31 March	<u>(16,991)</u>	<u>(18,380)</u>

### Experience gains and losses

	2004 €'000	2003 €'000
Difference between the expected and actual return on scheme assets	5,362	(13,394)
Percentage of scheme assets	10%	(32%)
Experience gains and losses on scheme liabilities	(3,424)	(3,005)
Percentage of the present value of the scheme liabilities	5%	5%
Total recognised in statement of total recognised gains and losses	(826)	(22,268)
Percentage of the present value of the scheme liabilities	<u>1%</u>	<u>37%</u>

## Notes to the Financial Statements for the year ended 31 March 2004

### 32. Called up Equity Share Capital

<b>Group and Company</b>	<b>2004</b>	2003
	<b>€'000</b>	€'000
<b>Authorised</b>		
152,368,568 ordinary shares of €0.25 each	<b>38,092</b>	38,092
<b>Issued</b>		
88,139,404 ordinary shares (including 6,667,734 ordinary shares held as Treasury Shares) of €0.25 each, fully paid (2003: 88,139,404 ordinary shares (including 4,517,005 ordinary shares held as Treasury Shares) of €0.25 each, fully paid)	<b>22,035</b>	22,035
90,000 ordinary shares of €0.25 each, €0.0025 paid (2003: 90,000 ordinary shares of €0.25 each, €0.0025 paid)	-	-
	<b>22,035</b>	22,035
<b>Movements during year</b>		
	<b>No of shares</b>	<b>€'000</b>
Ordinary shares of €0.25 each	<b>('000)</b>	
At 31 March 2004 and 31 March 2003	<b>88,229</b>	<b>22,035</b>

During the year the Group purchased 2,305,875 of its own ordinary shares of €0.25 each at a total cost of €24.986 million. These shares are held as Treasury Shares and they are not included in the calculation of earnings per share from the date they were purchased by the Group.

Under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 2,456,500 ordinary shares and second tier options to subscribe for 2,647,584 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 the total number of shares in issue in each case.

Under the DCC Sharesave Scheme, Group employees hold options to subscribe for 528,746 ordinary shares. These options are exercisable between June 2004 and February 2007.

Under the terminated DCC Employee Partly Paid Share Scheme, at 31 March 2004, 90,000 shares (2003: 90,000 shares) remain partly paid.

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

<b>Group and Company</b>	<b>2004</b>	2003
	<b>€'000</b>	€'000
At 1 April	<b>124,444</b>	124,431
Premium on issue of shares	-	13
Share issue expenses	<b>(6)</b>	-
At 31 March	<b>124,438</b>	124,444

## Notes to the Financial Statements for the year ended 31 March 2004

### 34. Other Reserves

<b>(a) Group</b>	<b>Capital Conversion Reserve Fund €'000</b>	<b>Other Reserves €'000</b>	<b>Total €'000</b>
At 31 March 2004 and 31 March 2003	<u>344</u>	<u>1,056</u>	<u>1,400</u>
<b>(b) Company</b>			<b>Capital Conversion Reserve Fund €'000</b>
At 31 March 2004 and 31 March 2003			<u>344</u>

### 35. Profit and Loss

<b>(a) Group</b>	<b>2004 €'000</b>	<b>2003 €'000</b>
At 1 April	<b>281,400</b>	243,565
Profit retained for the year	<b>57,755</b>	57,250
Share buybacks (inclusive of costs)	<b>(24,986)</b>	-
Re-issue of Treasury Shares (net of expenses)	<b>1,128</b>	217
Exchange adjustments - associated undertakings	<b>(210)</b>	(1,761)
Exchange adjustments - subsidiaries	<b>6,652</b>	(17,871)
At 31 March	<u><b>321,739</b></u>	<u>281,400</u>

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 €100.079 million.

<b>(b) Company</b>	<b>2004 €'000</b>	<b>2003 €'000</b>
At 1 April	<b>34,265</b>	9,598
Profit retained	<b>59,281</b>	24,450
Share buybacks (inclusive of costs)	<b>(24,986)</b>	-
Re-issue of Treasury Shares (net of expenses)	<b>1,128</b>	217
At 31 March	<u><b>69,688</b></u>	<u>34,265</u>

The cost to the Group of €67.133 million to acquire the 6,667,734 shares held in Treasury has been deducted from the Group and Company Profit and Loss Reserves. These shares were acquired at prices ranging from €9.25 to €10.80 each between 28 July 2000 and 27 November 2003.

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

<b>Group</b>	<b>2004 €'000</b>	<b>2003 €'000</b>
Profit for the financial year	<b>84,327</b>	80,809
Dividends	<b>(26,572)</b>	(23,559)
	<u><b>57,755</b></u>	<u>57,250</u>
Equity share capital issued (net of expenses)	<b>1,122</b>	231
Share buybacks (inclusive of costs)	<b>(24,986)</b>	-
Exchange adjustments - associated undertakings	<b>(210)</b>	(1,761)
Exchange adjustments - subsidiaries	<b>6,652</b>	(17,871)
Net movement in shareholders' funds	<u><b>40,333</b></u>	<u>37,849</u>
Opening equity shareholders' funds	<b>429,279</b>	391,430
Closing equity shareholders' funds	<u><b>469,612</b></u>	<u>429,279</u>



## Notes to the Financial Statements for the year ended 31 March 2004

### 37. Equity Minority Interests

<b>Group</b>	<b>2004</b>	2003
	<b>€'000</b>	€'000
At 1 April	<b>3,632</b>	4,010
Acquisition of minority interest in subsidiary undertakings	-	(200)
Share of profit for the financial year (note 12)	<b>341</b>	513
Dividends to minorities	<b>(151)</b>	(764)
Exchange and other adjustments	<b>259</b>	73
At 31 March	<b>4,081</b>	3,632

### 38. Capital Grants

<b>Group</b>	<b>2004</b>	2003
	<b>€'000</b>	€'000
At 1 April	<b>1,413</b>	1,255
Received in year	-	69
Acquisitions	-	380
Amortisation in year	<b>(173)</b>	(285)
Exchange and other adjustments	<b>1</b>	(6)
At 31 March	<b>1,241</b>	1,413
Disclosed as due within one year (note 28)	<b>(129)</b>	(128)
	<b>1,112</b>	1,285

### 39. Acquisitions of Subsidiary Undertakings

The principal acquisitions completed during the year were DWS (a wine and spirits wholesaler), Savoury Foods (a foods distributor), Varcity (IT software distributor) and a number of small oil and LPG distributors.

A summary of the effect of acquisitions is as follows:

	<b>Fair value of subsidiary undertakings at acquisition</b>
	<b>€'000</b>
Tangible fixed assets	<b>737</b>
Stocks	<b>1,512</b>
Debtors	<b>5</b>
Creditors	<b>(1,215)</b>
Net assets acquired	<b>1,039</b>
Goodwill	<b>7,881</b>
Cost	<b>8,920</b>
Satisfied by:	
Cash (note 41(c))	<b>7,302</b>
Deferred consideration	<b>1,618</b>
	<b>8,920</b>

The fair value of the net assets acquired equalled the book value of net assets acquired.

## Notes to the Financial Statements for the year ended 31 March 2004

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

	2004 €'000	2003 €'000
Operating profit before goodwill amortisation	120,876	114,332
Operating profit of associated undertakings	(19,201)	(17,709)
Dividends received from associated undertakings	3,094	1,317
Depreciation of tangible fixed assets	29,401	29,495
Amortisation of capital grants	(173)	(285)
Profit on sale of tangible fixed assets	(879)	(1,285)
(Increase)/decrease in stocks	(3,905)	4,346
(Increase)/decrease in debtors	(539)	2,658
Increase/(decrease) in creditors	25,050	(32,744)
Other	(1,808)	(1,642)
Operating cash flow before exceptional costs	151,916	98,483
Exceptional redundancy and restructuring costs	(10,670)	(6,016)
Cash flow from operating activities	<u>141,246</u>	<u>92,467</u>

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

	2004 €'000	2003 €'000
<b>(a) Returns on investments and servicing of finance</b>		
Interest received and similar receipts	8,540	13,594
Interest paid and similar payments	(11,998)	(17,694)
Dividends paid to minority interests	(151)	(764)
Net cash outflow from returns on investments and servicing of finance	<u>(3,609)</u>	<u>(4,864)</u>
<b>(b) Capital expenditure</b>		
Expenditure on tangible fixed assets	(32,084)	(39,166)
Proceeds on sale of tangible fixed assets	3,992	4,265
Grants received	-	69
Net cash outflow from capital expenditure	<u>(28,092)</u>	<u>(34,832)</u>
<b>(c) Acquisitions and disposals</b>		
Purchase of subsidiary undertakings (net of debt acquired) (note 39)	(7,302)	(79,834)
Investment in associated undertakings (note 18)	(484)	(112)
Purchase of minority interests	-	(320)
Sale of subsidiary	-	1,126
Sale of associated undertakings	-	13,606
Payment of deferred consideration in respect of acquisitions	(6,674)	(7,949)
Net cash outflow from acquisitions and disposals	<u>(14,460)</u>	<u>(73,483)</u>
<b>(d) Financing</b>		
Issues of share capital (including share premium)	1,122	231
Share buybacks	(24,986)	-
Capital element of finance lease payments	(4,976)	(2,248)
Loans (repaid)/drawn down	(61,551)	145,836
Investment by minorities	152	-
Net cash outflow from financing	<u>(90,239)</u>	<u>143,819</u>

# Notes to the Financial Statements for the year ended 31 March 2004

## 42. Analysis of Movement in Net Funds

	At 1 April 2003 €'000	Cash Flow €'000	Exchange Movements €'000	At 31 March 2004 €'000
Cash in hand and at bank	181,397	(68,545)	2,346	<b>115,198</b>
Overdrafts	(64,392)	16,226	(3,619)	<b>(51,785)</b>
	117,005	(52,319)	(1,273)	<b>63,413</b>
Term deposits	172,589	27,105	5,724	<b>205,418</b>
Bank loans and loan notes	(149,006)	61,551	967	<b>(86,488)</b>
Unsecured Notes 2008/11	(94,258)	-	(3,354)	<b>(97,612)</b>
Finance leases	(26,271)	4,976	(719)	<b>(22,014)</b>
Total	<u>20,059</u>	<u>41,313</u>	<u>1,345</u>	<u><b>62,717</b></u>

## 43. Capital Commitments

Group	2004 €'000	2003 €'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>3,732</b>	1,545
Capital expenditure that has been authorised by the Directors but has not yet been contracted for	<b>28,758</b>	21,680

## 44. Operating Lease Commitments

At 31 March 2004 the Group had annual commitments under operating leases expiring as follows:

	2004			2003		
	Land & buildings €'000	Other €'000	Total €'000	Land & buildings €'000	Other €'000	Total €'000
Expiring within one year	436	752	1,188	82	374	456
Expiring between two and five years	1,109	1,743	2,852	556	696	1,252
Expiring after five years	3,331	-	3,331	2,670	-	2,670
	<u>4,876</u>	<u>2,495</u>	<u>7,371</u>	<u>3,308</u>	<u>1,070</u>	<u>4,378</u>

## 45. Contingent Liabilities

### (a) Bank and Other Loans

The Company and certain subsidiaries have given guarantees of up to €256.036 million (2003: €331.115 million) in respect of borrowings by the Company and other Group undertakings.

### (b) Other

Included in trade creditors is an amount of approximately €8.616 million (2003: €9.435 million) 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 Alvalbay Limited, Atlas Oil Refining Company Limited, Classic Fuel & Oil Limited, DCC Healthcare Limited, DCC SerCom Limited, Emo Oil Limited and Flogas Ireland Limited, and, as a result, these companies will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

## Notes to the Financial Statements for the year ended 31 March 2004

### 46. 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:

	<b>2004</b>	2003
	<b>€1=Stg£</b>	€1=Stg£
Balance sheet (closing rate)	<b>0.666</b>	0.690
Profit and loss (average rate)*	<b>0.647</b>	0.593

\* Average exchange rates adjusted for the impact of profit and loss hedges.

### 47. Transactions with Related Parties

On 9 June 2003, the Company acquired 0.3% of the share capital of SerCom Distribution Limited through the acquisition of shares from the management of that company at a cost of €1.012 million. Put and call options exist over the remaining shares exercisable in 2004.

On 8 September 2003, the Company increased its shareholding in Envirotech to 80.0% by acquiring 10.0% of the issued share capital from the minority shareholders in Envirotech. The consideration amounted to €1.108 million and was satisfied in cash. The remaining 20.0% shareholding was transferred as consideration for a 5.7% shareholding in DCC Environmental Limited and is subject to put and call options up to 2005.

The Company increased its shareholding in TechnoPharm to 100.0% through the acquisition of 16.7% of the issued share capital from minority shareholders on 31 October 2003. The total value of the consideration amounted to €4.507 million which was satisfied in cash.

### 48. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 14 May 2004.







“ DCC has the business platforms, the management capacity and the financial strength to pursue ambitious organic and acquisition growth. ”

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## Group Directory

### Energy

<b>DCC Energy Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: energy@dcc.ie www.dcc.ie
<b>DCC Energy Limited</b> Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland	Marketing and distribution of petroleum products	Tel: + 44 28 9073 2611 Fax: + 44 28 9073 2020 email: enquiries@emooil.com www.emooil.com
<b>Emo Oil Limited</b> Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Marketing and distribution of petroleum products	Tel: + 353 502 747 00 Fax: + 353 502 747 75 email: info@emo.ie www.emo.ie
<b>Flogas UK Limited</b> 81 Raynsway, Syston, Leicester LE7 1PF, England	Processing and distribution of liquified petroleum gas	Tel: + 44 116 2649000 Fax: + 44 116 2649001 email: info@flogas.co.uk www.flogas.co.uk
<b>Flogas Ireland Limited</b> Dublin Road, Drogheda, Co. Louth, Ireland	Manufacture and distribution of liquified petroleum gas	Tel: + 353 41 9831 041 Fax: + 353 41 9834 652 email: info@flogas.ie www.flogas.ie
<b>Scottish Fuels</b> Callendar Boulevard, Callendar Business Park, Falkirk FK1 1XR, Scotland	Marketing and distribution of petroleum products	Tel: + 44 1324 408 000 Fax: + 44 1324 408 109 email: info@scottishfuels.net www.scottishfuels.com

### IT Distribution

<b>DCC SerCom Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: sercom@dcc.ie www.dcc.ie
<b>Distrilogie SA</b> 12, Rue des Frères Caudron, 78147 Vélizy Cedex, France	Distribution of computer storage products	Tel: + 33 1 34 58 47 00 Fax: + 33 1 34 58 47 27 email: info@distrilogie.com www.distrilogie.com
<b>Gem Distribution Limited</b> St. George House, Parkway, Harlow Business Park, Harlow, Essex CM19 5QF, England	Distribution of computer software	Tel: + 44 1279 822 800 Fax: + 44 1279 416 228 email: info@gem.co.uk www.gem.co.uk
<b>Micro Peripherals Limited</b> Shorten Brook Way, Altham Business Park, Altham, Accrington, Lancashire BB5 5YJ, England	Distribution of computer products	Tel: + 44 1282 776 776 Fax: + 44 1282 770 001 email: info@micro-p.com www.micro-p.com
<b>SerCom Distribution Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: sercom@dcc.ie www.sercomdistribution.com
<b>Sharptext Limited</b> M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Distribution of computer products and office equipment	Tel: + 353 1 4087 171 Fax: + 353 1 4193 111 email: sharptext@sharptext.com www.sharptext.com

Company Name & Head Office Address

Principal Activity

Tel/Fax/Email/Web

## Healthcare

<b>CasaCare GmbH &amp; Co KG</b> Gewerbestraße 13, 32584 Löhne, Germany	Manufacture and distribution of rehabilitation and mobility products	Tel: + 49 5731 786 50 Fax: + 49 5731 786 520 email: sales@casacare.de www.casacare.de
<b>Days Medical Aids Limited</b> Litchard Industrial Estate, Bridgend, Mid Glamorgan CF31 2AL, Wales	Manufacture and distribution of rehabilitation and mobility products	Tel: + 44 1656 657 495 Fax: + 44 1656 767 178 email: sales@daysmedical.com www.daysmedical.com
<b>DCC Healthcare Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: healthcare@dcc.ie www.dcc.ie
<b>EuroCaps Limited</b> Crown Business Park, Dukestown, Tredegar, Gwent NP22 4EF, Wales	Contract manufacture of soft gel capsule nutraceuticals	Tel: + 44 1495 308 900 Fax: + 44 1495 308 990 email: enquiries@softgels.co.uk www.softgels.co.uk
<b>Fannin Limited</b> Blackthorn Rd., Sandyford Industrial Estate, Foxrock, Dublin 18, Ireland	Distribution of medical and scientific equipment and consumables	Tel: + 353 1 294 4500 Fax: + 353 1 295 3818 email: info@fanninhealthcare.com www.fanninhealthcare.com
<b>TechnoPharm Limited</b> Pharmapark, Chapelizod, Dublin 20, Ireland	Distribution of pharmaceutical products and medical devices	Tel: + 353 1 626 5006 Fax: + 353 1 626 5071 email: info@technopharm.com www.technopharm.com
<b>Thompson and Capper Limited</b> 9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Contract manufacture and packing of tablet and hard gel capsule nutraceuticals	Tel: +44 1928 573734 Fax: +44 1928 580694 email: enquiries@tablets2buy.com www.tablets2buy.com
<b>Virtus Limited</b> Adamstown, Lucan, Co. Dublin, Ireland	Manufacture and distribution of pneumatic healthcare appliances	Tel: + 353 1 628 0571 Fax: + 353 1 628 0572 email: info@virtus.ie www.virtus.ie

Company Name & Head Office Address

Principal Activity

Tel/Fax/Email/Web

## Food and Beverage

<b>Broderick Bros. Limited</b> Cloverhill Industrial Estate, Clondalkin, Dublin 22, Ireland	Manufacture, distribution and service of food equipment	Tel: + 353 1 4291 500 Fax: + 353 1 4509 570 email: info@broderickbros.ie
<b>DCC Foods Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: foods@dcc.ie www.dcc.ie
<b>Kelkin Limited</b> Unit 1, Crosslands Industrial Park, Ballymount Cross, Dublin 12, Ireland	Marketing and distribution of branded healthfood products	Tel: + 353 1 4600 400 Fax: + 353 1 4600 411 email: info@kelkin.ie www.kelkin.ie
<b>Robt. Roberts Limited</b> 79 Broomhill Road, Tallaght, Dublin 24, Ireland	Distribution of food and beverages	Tel: + 353 1 4047 300 Fax: + 353 1 4599 369 email: info@robt-roberts.ie www.robt-roberts.ie

## Environmental

<b>Atlas Environmental Ireland Limited</b> Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Waste treatment / remediation and oil reprocessing	Tel: + 353 502 786 00 Fax: + 353 502 747 57 email: info@atlasireland.ie www.atlasireland.ie
<b>DCC Environmental Limited</b> DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: + 353 1 2799 400 Fax: + 353 1 2831 017 email: environmental@dcc.ie www.dcc.ie
<b>Environmental Technology Manufacturing Limited</b> Ballycurreen Industrial Estate, Kinsale Road, Cork, Ireland	Manufacture and distribution of water treatment chemicals	Tel + 353 21 496 2554 Fax: + 353 21 496 2345 email: info@envirotech.ie www.envirotech.ie
<b>Shannon Environmental Services Limited</b> Smithstown Industrial Estate, Shannon, Co. Clare, Ireland	Waste treatment	Tel: + 353 61 707 400 Fax: + 353 61 707 401 email: info@ses-shannon.ie

## Supply Chain Management

<b>SerCom Solutions Limited</b> Cloverhill Industrial Estate, Clondalkin, Dublin 22, Ireland	Provision of supply chain services	Tel: + 353 1 405 6500 Fax: + 353 1 405 6555 email: sales@sercomsolutions.com www.sercomsolutions.com
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Company Name & Head Office Address	Principal Activity	Tel/Fax/Email/Web
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# Shareholder Information

## Shareholder Analysis at 14 May 2004

Range of shares held	Number of shares*	% of shares	Number of accounts	% of accounts
Over 250,000	66,390,634	81.4	43	1.3
100,001 – 250,000	4,725,247	5.8	30	0.9
10,001 – 100,000	6,019,960	7.4	71	5.1
Less than 10,000	4,425,829	5.4	3,119	92.7
<b>Total</b>	<b>81,561,670</b>	<b>100.0</b>	<b>3,363</b>	<b>100.0</b>

\* Excludes 6,667,734 shares held as Treasury Shares.

Share Price Data – closing prices (€)	High	Low	31 March
Year ended 31 March 2004	12.25	9.79	12.15
Year ended 31 March 2003	13.25	9.10	9.75

The market capitalisation of DCC plc at 31 March 2004 was €991 million (2003: €816 million) and at 14 May 2004 was €1,011 million (€12.40 per share).

### Share Listings

DCC's shares are traded on the Irish Stock Exchange and the London Stock Exchange. DCC's shares are quoted on the official lists of both the Irish Stock Exchange and the UK Listing Authority.

ISIN: IE0002424939

ISE Xetra: DCC

Bloomberg: DCC ID, DCC LN

Reuters: DCC.I, DCC.L

### Website - [www.dcc.ie](http://www.dcc.ie)

DCC's website provides comprehensive corporate and financial information to the investment community and other interested parties. It incorporates a variety of useful features which enable users to access, analyse and download current and archived financial data and annual reports, register for news and other announcements and view interactive audio and slideshow investor presentations.

### Investor Relations

For investor enquiries please contact:

Kieran Conlon,  
Investor Relations Manager,  
DCC plc, DCC House, Brewery Road,  
Stillorgan, Blackrock, Co Dublin, Ireland.  
Tel: + 353 1 2799 400  
Fax: + 353 1 2799 418  
email: [investorrelations@dcc.ie](mailto:investorrelations@dcc.ie)

### Registrar

Administrative enquiries about the holding of DCC shares should be directed in the first instance to the Company's Registrar:

Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.  
Tel: + 353 1 216 3100  
Fax: + 353 1 216 3151  
email: [web.queries@computershare.ie](mailto:web.queries@computershare.ie)

### Annual General Meeting

The Annual General Meeting will be held at The Four Seasons Hotel, Simonscourt Road, Ballsbridge, Dublin 4, Ireland on Thursday 8 July 2004 at 11.00 a.m. The Notice of Meeting together with an explanatory letter from the Chairman and a proxy card accompany this Report.

### Financial Calendar

#### Preliminary results announced

17 May 2004

#### Ex-dividend date for the final dividend

26 May 2004

#### Record date for the final dividend

28 May 2004

#### Annual Report posted

3 June 2004

#### Annual General Meeting

8 July 2004

#### Proposed payment date for final dividend

14 July 2004

#### Interim results announced

early November 2004

#### Payment date for the interim dividend

early December 2004

### Amalgamation of Accounts

Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their names should write to the Company's Registrar to have their accounts amalgamated.

### Dividends

Shareholders are offered the option of having dividends paid in euro or pounds sterling. Shareholders may also elect to receive dividend payments either by cheque or by electronic funds transfer directly into their bank accounts. Shareholders should contact the Company's Registrar for details.

### Dividend Withholding Tax ("DWT")

The Company is obliged to deduct tax at the standard rate of income tax in Ireland (currently 20%), from dividends paid to its shareholders, unless a particular shareholder is entitled to an exemption from DWT and has completed and returned to the Company's Registrar a declaration form claiming entitlement to the particular exemption. Exemption from DWT may be available to shareholders resident in another EU Member State or in a country with which the Republic of Ireland has a double taxation agreement in place and non-individual shareholders resident in Ireland (e.g. companies, pension funds, charities etc.).

An explanatory leaflet entitled "Dividend Withholding Tax – General Information Leaflet" has been published by the Irish Revenue Commissioners and can be obtained by contacting the Company's Registrar at the above address. This leaflet can also be downloaded from the Irish Revenue Commissioners web site at [www.revenue.ie/pdf/dwtinfv3.pdf](http://www.revenue.ie/pdf/dwtinfv3.pdf). Declaration forms for claiming an exemption are available from the Company's Registrar.

### 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.

## Corporate Information

### Solicitors

William Fry Solicitors  
Fitzwilton House  
Wilton Place  
Dublin 2  
Ireland

### Auditors

PricewaterhouseCoopers  
Chartered Accountants  
& Registered Auditors  
George's Quay  
Dublin 2  
Ireland

### Registrar

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

### Stockbrokers

Davy Stockbrokers  
49 Dawson Street  
Dublin 2  
Ireland

Cazenove  
20 Moorgate  
London EC2R 6DA  
England

### Registered and Head Office

DCC House  
Stillorgan  
Blackrock  
Co. Dublin  
Ireland

### Bankers

ABN AMRO Bank  
Allied Irish Banks  
Bank of Ireland  
BNP Paribas  
Deutsche Bank  
IIB Bank  
KBC Bank  
Royal Bank of Scotland  
Ulster Bank

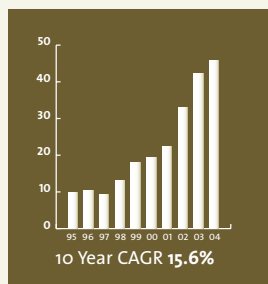
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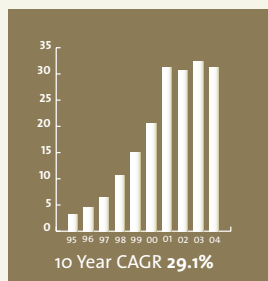
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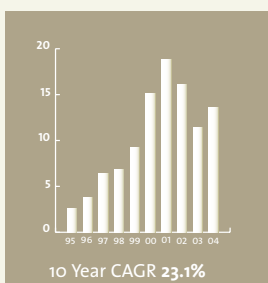
## Operating profit from continuing activities (€'m)



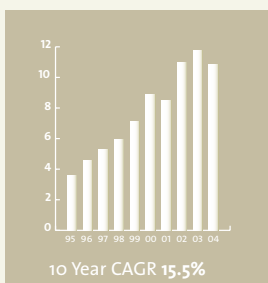
### ENERGY



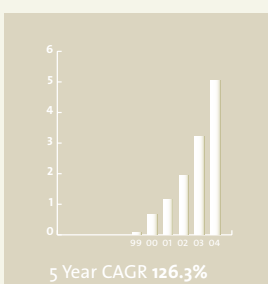
### IT DISTRIBUTION



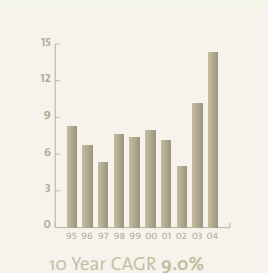
### HEALTHCARE



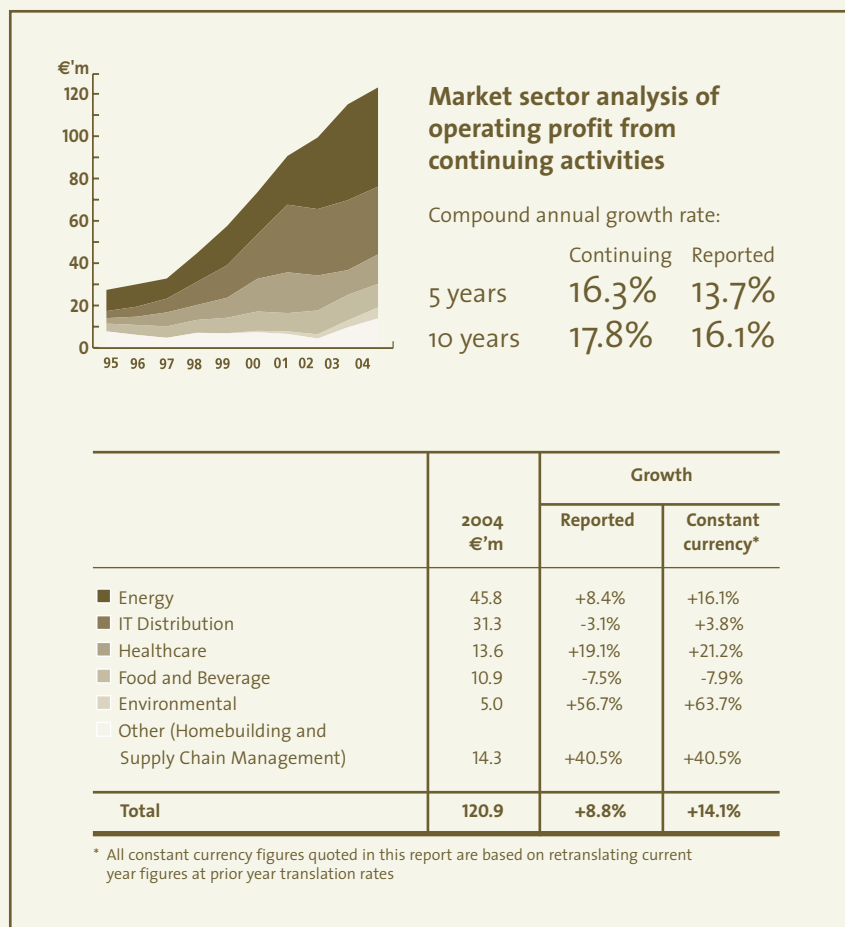
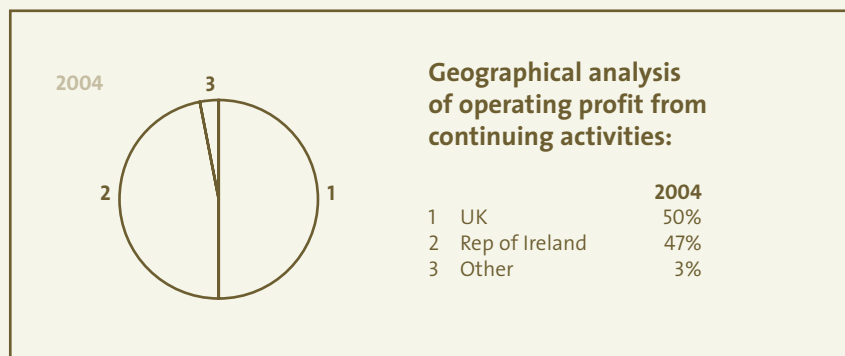
### FOOD AND BEVERAGE



### ENVIRONMENTAL



### OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)





## Financial Snapshot 5 Year Summary

Profit & Loss Account					
Year ended 31 March	2000	2001	2002	2003	2004
	€'m	€'m	€'m	€'m	€'m
Turnover	1,527.0	1,870.1	2,048.9	2,272.4	2,198.0
Operating profit before operating exceptional items	77.7	91.7	102.7	114.3	120.9
Operating exceptional items	-	-	-	(2.9)	(2.3)
Operating profit	77.7	91.7	102.7	111.4	118.6
Net interest payable	(6.4)	(4.4)	(5.0)	(5.0)	(4.8)
Profit on ordinary activities before goodwill amortisation, non-operating net exceptional items and tax	71.3	87.3	97.7	106.4	113.8
Goodwill amortisation	(3.5)	(4.9)	(5.7)	(7.3)	(8.3)
Non-operating net exceptional items	71.4	-	(1.1)	(1.7)	(5.9)
Profit before taxation	139.2	82.4	90.9	97.4	99.6
Taxation	(18.7)	(13.1)	(13.7)	(15.3)	(14.5)
Minority interests	(0.7)	(1.2)	(0.9)	(1.3)	(0.8)
Profit attributable to Group shareholders	119.8	68.1	76.3	80.8	84.3
Earnings per share					
- Basic (cent)	137.39	78.98	90.26	96.66	101.98
- Basic adjusted (cent)	68.80	84.69	98.30	111.00	121.89
Dividend per share (cent)	17.60	21.12	24.50	28.18	32.40
Dividend cover (times)	3.9	4.0	4.0	3.9	3.8
Interest cover (times)	12.1	20.8	20.5	23.0	25.2

Consolidated Balance Sheet					
As at 31 March	2000	2001	2002	2003	2004
	€'m	€'m	€'m	€'m	€'m
Tangible fixed assets	123.1	135.2	159.2	209.4	212.3
Associated undertakings	34.6	38.5	39.0	40.3	53.8
Goodwill	75.6	84.5	118.3	132.1	129.6
	233.3	258.2	316.5	381.8	395.7
Net current assets	30.6	31.1	38.7	45.3	25.3
Net cash	89.2	83.2	63.1	20.1	62.7
	353.1	372.5	418.3	447.2	483.7
Shareholders' funds	329.1	353.7	391.4	429.3	469.6
Minority interests	3.3	3.5	4.0	3.6	4.1
Other long term creditors/provisions	20.7	15.3	22.9	14.3	10.0
	353.1	372.5	418.3	447.2	483.7
Movement in working capital	(15.8)	19.9	(6.9)	25.7	(20.6)
Capital expenditure	29.0	34.1	37.3	40.7	30.5
Acquisitions	39.1	20.2	65.6	80.3	9.2
Development expenditure	52.3	74.2	96.0	146.7	19.1
Operating cash flow	96.3	83.4	120.3	98.5	151.9
Return on tangible capital employed (%)	40.6%	48.1%	46.3%	42.2%	39.8%
Return on total capital employed (%)	20.9%	23.7%	23.1%	22.0%	21.3%
Average number of employees	2,933	3,056	3,361	3,685	3,768

