Annual Report and Accounts 2006

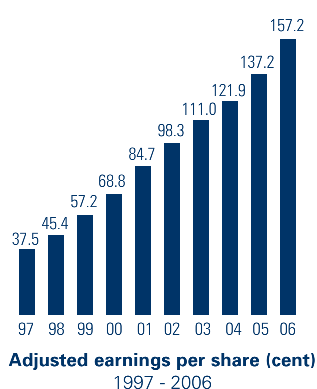
DCC has five core businesses:

- > DCC Energy
- > DCC SerCom
- > DCC Healthcare
- > DCC Food & Beverage
- > DCC Environmental

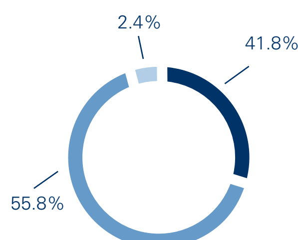
DCC also has a significant associate company investment, a 49% shareholding in Manor Park Homebuilders, a leading Irish house, apartment and commercial building and development company.

In the year to March 2006, DCC achieved profit before tax of €138.8 million on revenue of €3.4 billion.

Over the last 10 years the Group has achieved compound annual growth in adjusted earnings per share of 17.3%.



Adjusted earnings per share (cent)
1997 - 2006



Group operating profit* - geographic split
- UK
- Ireland
- Rest of world

* Excludes share of after tax profit of associates

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DCC is a sales, marketing and business support services group headquartered in Dublin, with operations in Ireland, Britain and Continental Europe. The Group employs 5,400 people across 12 countries and is listed on both the Irish and London Stock Exchanges under Business Support Services.

DCC group at a glance

5 core businesses[1] (managed and controlled subsidiaries and joint ventures)

	Description	Strong brands (*DCC owned)
DCC Energy (45% of Group Operating Profit[2])	DCC Energy markets and sells liquefied petroleum gas (LPG) and oil products for commercial/industrial, transport and domestic use in Britain and Ireland.	Emo Oil*, Ergas*, Flogas*, Fuel Services*, Scottish Fuels*, Shell
DCC SerCom (20% of Group Operating Profit[2])	DCC SerCom comprises two businesses, SerCom Distribution and SerCom Solutions. SerCom Distribution markets and sells a broad range of IT and entertainment products in Ireland, Britain and Continental Europe to computer resellers, high street retailers, computer superstores, online retailers and mail order companies. SerCom Solutions is a provider of outsourced procurement and supply chain management solutions to the IT industry.	*SerCom Distribution* 20th Century Fox, Canon, Cisco Systems, Disney Home Video, Entertainment in Video, Epson, Fujitsu Siemens, HP, IBM, Logitech, Microsoft, Netgear, Oracle, Samsung Electronics, Sony, Sun Microsystems, Symantec, TakeTwo, Xbox 360, Xerox
DCC Healthcare (18% of Group Operating Profit[2])	DCC Healthcare markets and sells healthcare products to the acute care, community care and laboratory sectors in Ireland, Britain, Germany and export markets. DCC's broad product range includes own and third party branded medical, surgical, laboratory, intravenous pharmaceutical, rehabilitation and independent living products. DCC Healthcare is also a leading provider of contract services to the health and beauty industry, principally the nutraceuticals, hair and skin care sectors, in Britain and Continental Europe.	Days Healthcare*, Diagnostica Stago, DiaMed, Fannin*, Fresenius Kabi, Grifols, Molnlycke, Oxoid, Physio-Med*, Smiths, Strider*, Theraband
DCC Food & Beverage (12% of Group Operating Profit[2])	DCC Food & Beverage markets and sells food and beverages in Ireland and wines in Britain. In Ireland, DCC Food & Beverage distributes healthfoods, snackfoods, fresh coffee and tea, soft drinks, wine and other indulgence products to a broad range of food service and retail customers. DCC Food & Beverage is also a leading player in frozen and chilled food distribution in Ireland.	Alpro, Bollinger, Brown Brothers, Dr Oetker, French Connection*, Jordans, Kelkin*, KP, Kylemore, Lemon's*, McVities / Mars Cakes, Phileas Fogg, Robinsons, Robt. Roberts*, Torres, Vitabiotics
DCC Environmental (5% of Group Operating Profit[2])	DCC Environmental provides a broad range of waste management services to the industrial/commercial sectors and local authorities in Britain and Ireland. The recent acquisition of a 50% shareholding in the William Tracey Group of companies, a Scottish based recycling and waste management business, makes DCC Environmental the leader in recycling and waste management in Scotland.	Enva* (Atlas*, Envirotech*, Shannon Environmental Services*), William Tracey

1. DCC also has a significant associate company investment, a 49% shareholding in Manor Park Homebuilders, a leading Irish house, apartment and commercial building and development company.

Market position	Growth focus	Growth record

DCC Energy (45% of Group Operating Profit[2])

Market position

- Strong number 2 in LPG distribution in Britain and Ireland
- Largest independent oil distributor in Britain
- A leading player in oil distribution in Ireland

Growth focus

- Organic growth in both Britain and Ireland
- Supplemented by acquisitions in both LPG and oil
- Particular focus on a consolidation strategy in the highly fragmented British oil market

Growth record

10 Year CAGR 18.4%

DCC SerCom (20% of Group Operating Profit[2])

Market position

- A leading player in each of its markets
- Number 1 distributor for many of the world's leading brands
- A leading Irish headquartered specialist provider of outsourced procurement and supply chain management services

Growth focus

- Organic growth driven by broadening product and vendor portfolios

Growth record

10 Year CAGR 10.4%

DCC Healthcare (18% of Group Operating Profit[2])

Market position

- Number 1 distributor to the acute care sector in Ireland
- A leading distributor of rehabilitation and independent living products in Britain with a growing business in Continental Europe
- A leading supplier of contract services to the nutraceutical and cosmetic industries

Growth focus

- Organic growth opportunities
- Further development of own brands
- Supplemented by acquisitions in Britain and Ireland

Growth record

10 Year CAGR 18.9%

DCC Food & Beverage (12% of Group Operating Profit[2])

Market position

- Number 1 in healthy foods and savoury snacks in Ireland
- No 2 in freshly ground coffee in Ireland
- A leading player in frozen and chilled food distribution in Ireland

Growth focus

- Organic growth through expansion of portfolio of branded indulgent and healthy foods and beverages
- Supplemented by acquisitions of healthy foods, beverage and wine businesses in Britain and Ireland

Growth record

10 Year CAGR 15.1%

DCC Environmental (5% of Group Operating Profit[2])

Market position

- Number 1 hazardous waste treatment business in Ireland
- The leading player in recycling and waste management in Scotland

Growth focus

- Organic growth opportunities arising from increased enforcement of environmental legislation and increasing landfill costs
- Supplemented by acquisitions in Britain and Ireland

Growth record

7 Year CAGR 81.5%

2. Excludes share of after tax profit of associates.

Shell
SCANIA
08705 329 580

customer service

DCC Energy has a fleet of 825 road tankers that delivers an excellent service throughout Britain and Ireland.

board of directors

Alex Spain
Chairman

Alex Spain, B Comm., FCA (aged 73), non-executive Chairman, is a director of a number of other companies. He was Managing Partner of KPMG in Ireland from 1977 to 1984. He is a former President of the Institute of Chartered Accountants in Ireland and a former Chairman of the Financial Services Industry Association in Ireland. Mr. Spain joined the Board and became Chairman in 1976.

Jim Flavin
Chief Executive/Deputy Chairman

Jim Flavin, B Comm., DPA, FCA (aged 63), founded DCC in 1976. Prior to founding DCC, he was head of AIB Bank's venture capital unit. From 1999 to 2001 Mr. Flavin was Deputy Chairman and Senior Independent Director of eircom plc.

Audit Committee	Nomination Committee	Remuneration Committee
Bernard Somers (Chairman)	Alex Spain (Chairman)	Maurice Keane (Chairman)
Róisín Brennan	Michael Buckley	Tony Barry
Paddy Gallagher	Jim Flavin	Róisín Brennan
	Maurice Keane	Michael Buckley
	Bernard Somers	

Tony Barry
Non-executive Director

Tony Barry, Chartered Engineer (aged 71), was Chairman of CRH plc from 1994 to May 2000, having previously been Chief Executive. He was a member of the Court of Directors of Bank of Ireland from 1993 to 2003 and was Deputy Governor from October 1997 to September 2000. He was Chairman of Greencore Group plc up to February 2003. He is a past President of The Irish Business and Employers' Confederation. Mr. Barry joined the Board in 1995.

Tommy Breen
Executive Director

Tommy Breen, B Sc (Econ), FCA (aged 47), joined DCC in 1985, having previously worked with KPMG. He is Managing Director of DCC Energy and DCC Environmental, having previously been Managing Director of DCC SerCom. Mr. Breen joined the Board in 2000.

Róisín Brennan
Non-executive Director

Róisín Brennan, BCL, FCA, MSI (aged 41), is an executive director and Chief Executive designate of IBI Corporate Finance, where she has had extensive experience advising public companies in Ireland, principally in relation to strategy and mergers & acquisitions. Ms. Brennan also served as a non-executive director of the Irish Takeover Panel during 2000/2001. Ms. Brennan joined the Board in 2005.

Michael Buckley
Non-executive Director

Michael Buckley, MA. LPh, MSI (aged 61) was Group Chief Executive of AIB from 2001 to 2005 having served as Managing Director of AIB Capital Markets and AIB Poland. Previously, he was Managing Director of the NCB Group and a senior public servant in Ireland and the EU. He is a non-executive director of M&T Bank Corporation in the USA and advises Irish and international companies. Mr. Buckley joined the Board in 2005 and is the Senior Independent Director.

Paddy Gallagher
Non-executive Director

Paddy Gallagher, BL, DPA (aged 66), 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 Chairman of the Trustees of the An Post Superannuation Schemes and of the Guinness Ireland Group Pension Scheme. Mr. Gallagher joined the Board in 1976.

Maurice Keane
Non-executive Director

Maurice Keane, B Comm., M Econ Sc (aged 65), was a member of the Court of Directors of Bank of Ireland up to February 2005, having been Chief Executive up to February 2002. He is a director of Axis Capital Holdings Limited and is Chairman of BUPA Ireland and of University College Dublin Foundation Limited. He was also Chairman of Bristol & West plc up to February 2005. Mr. Keane joined the Board in 2002.

Kevin Murray
Executive Director

Kevin Murray, BE, FCA (aged 47), joined DCC in 1988. Previously he worked with Shell Chemicals in London and Arthur Andersen in Dublin. He is Managing Director of DCC Healthcare having previously been Managing Director of DCC Environmental, DCC Energy and DCC Food & Beverage. Mr. Murray joined the Board in 2000.

Fergal O'Dwyer
Executive Director

Fergal O'Dwyer, FCA (aged 46), 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
Non-executive Director

Bernard Somers, B Comm., FCA (aged 57), is a non-executive director of Independent News and Media plc, Irish Continental Group plc and South Wharf 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.

senior management
group and divisional

Jim Flavin **Deputy Chairman**	Group Chief Executive
Tommy Breen **Executive Director**	Managing Director DCC Energy and DCC Environmental
Kevin Murray **Executive Director**	Managing Director DCC Healthcare
Fergal O'Dwyer **Executive Director**	Chief Financial Officer
Frank Fenn	Managing Director DCC Food & Beverage
Donal Murphy	Managing Director DCC SerCom
Ann Keenan	Head of Group Human Resources
Colman O'Keeffe	Deputy Managing Director DCC Energy
Peter Quinn	Head of Group IT
Michael Scholefield	Managing Director Corporate Finance
Gerard Whyte	Group Secretary Compliance Officer Head of Enterprise Risk Management

senior management

subsidiaries and joint ventures

DCC Energy

DCC Energy N I	Sam Chambers	Managing Director
Emo Oil	Gerry Wilson	Managing Director
Flogas Ireland	Richard Martin	Managing Director
Flogas UK	Paddy Kilmartin	Managing Director
Fuel Card Group	Ben Jordan	Chief Operations Officer
Scottish Fuels	Tom Howley	Managing Director

DCC SerCom

Distrilogie	Patrice Arzillier	Directeur Général
Gem Distribution	Chris Peacock	Managing Director
Micro Peripherals	Mike Alden	Managing Director
Pilton	Nick Furlong	Managing Director
SerCom Solutions	Kevin Henry	Chief Executive Officer
Sharptext	Paul White	Managing Director

DCC Healthcare

Days Healthcare	Barry O'Neill	Managing Director
DCC Nutraceuticals	Stephen O'Connor	Managing Director
Fannin Healthcare Group	Andrew O'Connell	Managing Director
Laleham Healthcare	Vic Hilliard	Managing Director
Physio-Med Services	John Gregory	Managing Director
Virtus	John Leonard	Managing Director

DCC Food & Beverage

Allied Foods	John Casey	Managing Director
Bottle Green	Jerry Lockspeiser	Managing Director
Broderick Bros	Richard Kieran	Managing Director
Kelkin	Bernard Rooney	Managing Director
* Kylemore Foods Group	Brian Hogan	Managing Director
Robt. Roberts	Ken Peare	Managing Director

DCC Environmental

Atlas Environmental Ireland	Declan Ryan	Managing Director
* William Tracey Group	Michael Tracey	Managing Director

* joint ventures

chairman's statement

"Over the past twelve months the robustness of DCC's balanced business model has again been demonstrated."

Overview

DCC achieved growth in adjusted earnings per share in the year to 31 March 2006 of 14.6% to 157.23 cent. Over the past ten years the business has achieved compound annual growth in adjusted earnings per share of 17.3%.

Dividend increase of 15%

The Directors are recommending a final dividend of 27.31 cent per share which, when added to the interim dividend of 15.54 cent per share, gives a total dividend of 42.85 cent for the year, an increase of 15.0% over the prior year. DCC has grown its dividends at a compound rate of 17.2% over the last ten years and 15.2% over the last five years. The dividend is covered 3.7 times by adjusted earnings per share (3.7 times in 2005). The final dividend will be paid on 14 July 2006 to shareholders on the register at the close of business on 26 May 2006.

Acquisitions and development

Acquisition and development expenditure in the year amounted to €120.8 million, of which €57.9 million related to capital expenditure. DCC's ongoing acquisition search process resulted in the completion of a number of acquisitions at a total committed cost of €62.9 million. The cash impact of acquisitions in the year was €54.7 million.

DCC Energy acquired a number of smaller British oil distributors during the year, as part of the ongoing planned expansion of its British based oil business.

On 13 June 2005, DCC Healthcare expanded its acute and community care business through the acquisition of British based Physio-Med Services, a market-leading supplier of a broad range of physiotherapy and rehabilitation equipment and consumables to physiotherapists, occupational therapists, podiatrists, chiropractors and end users.

On 15 June 2005, DCC SerCom acquired Pilton Company, a leading distributor of DVDs, computer games and other products to the home entertainment market in Ireland, with a developing business in Britain.

On 6 July 2005, DCC SerCom expanded its Continental European operations into Belgium, Holland and Luxembourg through the acquisition of the trade, goodwill and certain assets of AB Computing. This business is complementary to DCC SerCom's operations in France, Spain and Portugal.

In May 2006, DCC Environmental acquired a 50% shareholding in the William Tracey group of companies, Scotland's leading recycling and waste management business. The acquisition increases the scale and technical expertise of DCC Environmental and also achieves the dual objective of expanding into the non-hazardous waste business and entering the British market.

The Group is actively pursuing further acquisition opportunities in all core areas.

Board renewal

The Nomination Committee keeps Board renewal, structure, size and composition under regular review, including the skills, knowledge and experience required. The Committee has particular regard to the leadership needs of the organisation, both executive and non-executive, and therefore gives full consideration to succession planning for the Chairman and Chief Executive. In this regard, I have informed the Committee that this is the last year I will seek re-election to the Board, as I intend to retire as Chairman and from the Board in advance of the Annual General Meeting in 2007.

On the recommendation of the Nomination Committee, the Board co-opted four new non-executive Directors in recent years - Maurice Keane in 2002, Bernard Somers in 2003 and Róisín Brennan and Michael Buckley in September 2005. Róisín is an executive director and Chief Executive designate of IBI Corporate Finance, where she has had extensive experience advising public companies principally in relation to strategy and mergers & acquisitions. Róisín is a member of the Audit Committee and the Remuneration Committee. Michael was formerly Group Chief Executive of Allied Irish Banks plc. Michael is a member of the Nomination Committee and the Remuneration Committee and has been appointed Senior Independent Director.

As previously announced, Mr Kevin Murray, executive Director, is resigning from the Board and from his position as Managing Director of DCC Healthcare on 30 June 2006. Kevin has been with DCC for 18 years and has made a great contribution to the Group. Kevin will leave DCC with the friendship and good wishes of the Board and his colleagues across the Group.

Fyffes’ failed legal action and subsequent appeal

On 21 December 2005, the Irish High Court found in favour of DCC and Others in the case taken against them by Fyffes plc, under Part V of the Irish Companies Act 1990, in relation to the sale of shares by Lotus Green in February 2000. In dismissing Fyffes’ claim against all of the defendants, the Court held that the share sales were entirely lawful and that none of the defendants had any liability arising from the sales of the shares in Fyffes in February 2000.

On 10 February 2006, the Irish High Court decided that Fyffes should pay most of DCC’s costs in relation to its failed legal action against the Group. DCC expects to recoup approximately €8.5 million from Fyffes following this High Court order and, accordingly, has accrued this amount as a credit under exceptional operating costs.

On 7 April 2006, Fyffes announced its intention to lodge an appeal to the Irish Supreme Court seeking to overturn the decision of the Irish High Court in relation to Fyffes’ failed legal action against DCC plc and Others. This appeal will be challenged vigorously and comprehensively and DCC is confident that there are no good grounds of appeal and that the detailed and considered decision of the High Court will be upheld.

Corporate governance

The Board of DCC is committed to maintaining the highest 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 38 to 41, describes how DCC has complied with all of the Principles of Good Governance and Code of Best Practice as set out in the Combined Code on Corporate Governance.

The future

DCC’s balanced business model, its experienced management and its financial strength leave the Group well placed to generate ongoing organic and acquisition growth.

Alex Spain
Chairman
26 May 2006

chief executive's review

"The quality of DCC's businesses is better today, measured in terms of scale, strategic positioning and management skills and know-how, than at any earlier time."

Overview of 2006

The year to 31 March 2006 was another year of double-digit profit growth, resulting in cumulative earnings per share growth of 16.6% per annum since DCC shares were listed on the Irish and London stock exchanges in 1994.

On a constant currency basis, revenues grew by 30.0% to €3.4 billion, while profit before exceptional items, amortisation of intangible assets and tax increased by 16.5% to €142.0 million and adjusted earnings per share for the year was 157.23 cent, growth of 15.5%.

Excellent profit growth was achieved in DCC Energy, DCC Healthcare, DCC Food & Beverage and in DCC's share of associates' profit after tax. DCC SerCom also achieved strong profit growth in the second half after a difficult first half.

DCC's cash generation in the year was strong, with cash generated from Group operations, excluding associates, of €141.9 million, an increase of 23.3% over last year. At 31 March 2006, DCC had net debt of just €32.7 million.

Return on capital employed (ROCE) is the key performance measure in all the businesses of the Group. For the year to March 2006, ROCE (excluding intangible assets) was 43.0% (2005: 44.9%) and ROCE (including intangible assets) was 19.1% (2005: 20.4%).

Business review

DCC's rate of profit growth was stronger in the seasonally more important second half of the year, as set out in the table below.

	Second half		First half	
	€'m	Change	€'m	Change
Operating profit*				
DCC Energy	45.3	+9.8%	10.7	+1.2%
DCC SerCom	17.4	+22.0%	7.6	-37.0%
DCC Healthcare	11.5	+33.8%	10.1	+48.1%
DCC Food & Beverage	8.1	+8.1%	7.4	+37.9%
DCC Environmental	2.7	-0.3%	2.8	+2.6%
Group operating profit	85.0	+14.4%	38.6	+2.9%
Share of associates' profit after tax	19.8	+104.8%	5.7	-20.7%
Net financing costs	(3.9)		(3.2)	
Profit before exceptional items, amortisation of intangibles and tax	100.9	+25.3%	41.1	-3.0%
Adjusted EPS* (cent)	111.89	+24.6%	45.34	-4.4%

*excluding net exceptional items and amortisation of intangible assets

Strategy for continued growth

DCC's strategy has been demonstrably successful in generating excellent shareholder returns. The principal elements of the strategy are:

- To focus on two broad business activities:
  - sales, marketing and distribution
  - business support services;
- To constantly seek to maximise organic growth;
- To constantly seek complementary bolt-on acquisitions;
- A rigorous focus on return on capital employed;
- A rigorous focus on cash generation.

DCC applies a core competence in the management of sales, marketing and distribution businesses across diverse market sectors, i.e. in energy, IT & entertainment products, healthcare and food & beverage.

DCC provides business support services, specifically contract services to the health and beauty market, environmental services and out-sourced procurement and supply-chain management services to the IT industry.

DCC also has a significant associate company investment, a 49% shareholding in Manor Park Homebuilders, a leading Irish house, apartment and commercial building and development company.

DCC's broad business base reduces industry specific risk and provides a range of platforms for growth.

We are alive to the need to regularly review DCC's strategy for growth in a rapidly changing global business environment. We seek to position DCC for consistent and resilient growth that optimises returns for shareholders over the long term. The achievement of long-term growth requires both correct strategic positioning and superior operational effectiveness.

The quality of DCC's businesses is better today, measured in terms of scale, strategic positioning and management skills and know-how, than at any earlier time.

DCC Energy is a resilient, highly cash-generative business, with strong market positions in Ireland and Britain. There is a considerable opportunity to substantially increase the scale of the oil distribution business in Britain.

DCC SerCom, a high-growth business for DCC up to 2001, has been challenged by product price deflation in the IT industry in recent years. However, the business in Britain and Ireland has consistently achieved strong organic sales volume growth, has best-in-class operational metrics and achieves a good return on capital employed. Amelioration in product price deflation should reveal a growing business and renewed profit growth.

DCC Healthcare is a business with considerable growth potential based on a clear strategy to build a European business on the foundation of product knowledge and expertise.

DCC Food & Beverage operates in higher growth, niche areas within the food industry and has demonstrated resilient growth in Ireland.

DCC Environmental is a rapidly developing, newer business area for DCC, with significant growth opportunities, particularly in Britain.

These businesses position DCC for continued growth but, as ever, there will be a relentless focus on excellence in operations in each business area to maintain competitive advantage.

Management changes

Kevin Murray, executive Director and Managing Director of DCC Healthcare, is resigning with effect from 30 June 2006 to pursue involvement in the private company arena in preference to the continuation of a senior management role in a public company. During his 18 years with DCC, Kevin's commitment to the Group has been unstinting and his contribution has been outstanding. Kevin will continue to have some part-time involvement with the Group on selected projects.

A number of senior management changes, to take effect from 1 July 2006, were recently announced:

- Tommy Breen, currently Managing Director of DCC Energy and DCC Environmental, will become DCC's Chief Operating Officer. This will allow me, as Group Chief Executive, to devote additional time to strategic and developmental matters.
- Donal Murphy, currently Managing Director of DCC SerCom, will become Managing Director of DCC Energy and DCC Environmental.
- Niall Ennis, currently Finance and Development Director of DCC SerCom, will become Managing Director of DCC SerCom.
- Conor Costigan, currently Finance and Development Director of DCC Healthcare, will become Managing Director of DCC Healthcare.

The senior management team in DCC, together with the highly experienced and committed operating management teams in subsidiaries, give DCC the management strength and business area focus to drive the Group forward.

Employees

DCC currently employs approximately 5,400 people. We seek to foster a management culture that gives enlightened leadership to employees. We recognise that employees are key to DCC's success and that they can all be ambassadors for the Group.

Corporate and social responsibility

Stakeholders correctly have higher expectations in relation to corporate and social responsibility. Set out on pages 33 to 35 is DCC's corporate and social responsibility statement, which reports on how we relate to our marketplace, our environment, our workplace, our community and on health & safety.

Outlook

DCC has budgeted for continued good operating profit growth from subsidiaries in the current year to 31 March 2007. As announced on 3 April 2006, the share of associates' profit after tax may be materially less in the current year, based on DCC's current expectation of a short term reduction in the profit contribution from its 49% shareholding in Manor Park Homebuilders due to planning delays. Manor Park has a large land bank for housing development and other development projects in the pipeline from which it should earn substantial profits in the future.

Jim Flavin
Chief Executive/Deputy Chairman
12 May 2006

people

We recognise that our employees are key to our success.

IBM
SHARP
TEXT

Tommy Breen
Managing Director
DCC Energy

DCC Energy
business review

DCC Energy markets and sells liquefied petroleum gas (LPG) and oil products for commercial/industrial, transport and domestic uses in Britain and Ireland. In the year to 31 March 2006, DCC Energy sold in excess of 2.9 billion litres of LPG and oil products (2005: 2.5 billion litres). DCC Energy currently employs approximately 1,900 people.

The LPG business has an approximate 22% share of the British market and an approximate 35% share of the Irish market. The business supplies approximately 130,000 customers, using 450 road tankers and other special purpose vehicles from 65 facilities throughout Britain and Ireland.

The oil business has an approximate 7% market share (excluding petrol retailing) in Britain making it the leading independent distributor and has an approximate 11% share of the Irish market. A fleet of 375 road tankers services approximately 215,000 customers from 67 facilities throughout Britain and Ireland.

DCC Energy purchases its LPG and oil from the major oil companies. Product is shipped either directly from the major oil companies' refineries into DCC Energy's own importation facilities or is collected directly from the oil majors' terminals and refineries. DCC's financial strength enables DCC Energy to be a preferred partner of the major oil companies and strong relationships have been built with these suppliers over many years.

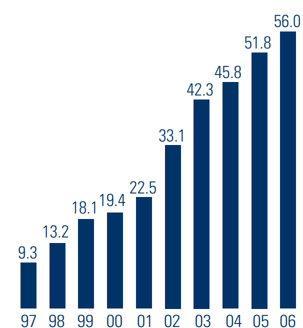
DCC Energy distributes under many strong brands including Emo Oil*, Ergas*, Flogas*, Fuel Services*, Scottish Fuels* and Shell.

**DCC owned brands*

Performance management

DCC has almost 30 years' involvement in the energy distribution business and with this comes a depth of experience and industry knowledge that have enabled DCC to drive superior returns from this business. The performance of the business is constantly monitored through a broad range of key indicators principally focused on sales volume growth, operational and cost efficiencies, cash flow and capital utilisation.

Over the past ten years, DCC Energy has achieved a compound annual growth rate of 18.4% in operating profit.



DCC Energy - operating profit (€m)
1997 - 2006

Performance for the year to 31 March 2006

			Change on prior year	
	2006	2005	**Reported**	**Constant currency**
Revenue	**€1,831.6m**	€1,240.6m	+47.6%	+47.7%
Operating profit	**€56.0m**	€51.8m	+8.0%	+9.4%
Return on capital employed				
- excluding intangible assets	**53.8%**	53.4%		
- including intangible assets	**24.5%**	25.3%		

DCC Energy achieved excellent profit growth in the year. The business delivered 2.9 billion litres of fuel products, a volume increase of 19.0% over the prior year.

The LPG business performed satisfactorily against a challenging background of significantly increasing product costs.

The oil business generated strong growth benefiting from the successful integration of the acquisitions in the prior year of Shell Direct UK and Dyneley Holdings. Both of these acquisitions performed ahead of expectations and have provided the oil business in Britain with a good platform for further growth.

DCC Energy is a highly cash generative business, generating high returns on capital.

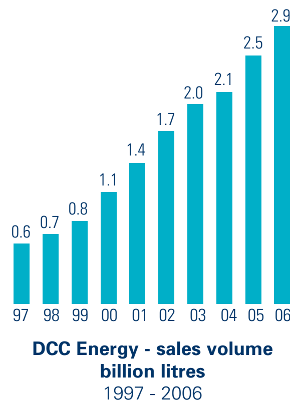
Strategy and development

The Group's strategy for the business is to maximise shareholder value through organic and acquisition growth.

Over the past five years approximately €150 million has been spent on acquisitions.

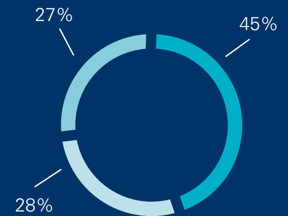
Following the acquisitions of BP's Scottish business in September 2001 and of Shell Direct in November 2004, DCC Energy now has a nationwide oil distribution infrastructure in Britain. This provides an excellent platform from which to grow in the highly fragmented oil distribution industry.

A number of smaller oil distributors were acquired during the year.



DCC Energy - sales volume
billion litres
1997 - 2006

Queen Elizabeth lights the Trafalgar Beacon. Flogas supplied the gas and technical expertise for the beacon.



DCC Energy - product split
- Industrial/Commercial
- Transport
- Domestic

DCC markets and sells significant volumes of transport fuels via a range of branded fuel cards.

Donal Murphy
Managing Director
DCC SerCom

DCC SerCom business review

DCC SerCom comprises two businesses, SerCom Distribution and SerCom Solutions. DCC SerCom currently employs approximately 1,350 people.

SerCom Distribution

SerCom Distribution is a leading European sales, marketing and distribution business for a wide range of IT and entertainment products to a broad customer base including retailers, e-tailers, computer stores, value added resellers and computer dealers.

SerCom Distribution has five business units operating across eight countries:

- The leading British distributor of business and consumer software, computer games and peripherals to the retail channel.
- A leading British distributor of a broad range of IT hardware products to the IT reseller channel.
- Ireland's leading distributor of IT hardware and software products to the reseller channel.
- Ireland's leading distributor of DVDs, computer games and associated accessories to the retail sector.
- A leading distributor of enterprise infrastructure products operating in six Continental European countries.

SerCom Distribution partners with the world's leading IT and entertainment companies and is typically the number one or the number two distributor in the market for the brands that it represents.

SerCom Distribution distributes many strong brands including 20th Century Fox, Canon, Cisco Systems, Disney Home Video, Entertainment in Video, Epson, Fujitsu Siemens, HP, IBM, Logitech, Microsoft, Netgear, Oracle, Samsung Electronics, Sony, Sun Microsystems, Symantec, TakeTwo, Xbox 360 and Xerox.

SerCom Solutions

SerCom Solutions is a leading Irish-headquartered specialist provider of outsourced procurement and supply chain management services. The company has expertise in procurement, sourcing, demand management, consigned stock programmes, contract hardware assembly, customisation, fulfilment, pick & pack and desktop publishing.

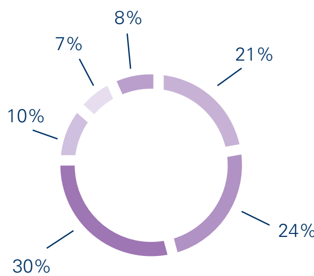
The business operates as a global outsourcing partner to many of the world's leading technology and telecommunications companies including Apple, Canon, Microsoft, Nortel and Thomson Telecom. Increasingly, these companies are entrusting key aspects of their supply chain to SerCom Solutions, in order to achieve cost effective and efficient manufacturing/distribution, shorter lead times to market, reduced cost bases and reduced inventory levels.

Performance management

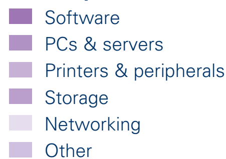
The operational performance metrics of SerCom Distribution are well ahead of industry norms for the IT distribution business.

Through a high turnover of capital employed, leveraging the breadth of products, ensuring that margins are maximised through highly incentivised sales teams and tight control of operating costs and working capital, the business generates an excellent return on capital employed, notwithstanding low operating margins in the industry.

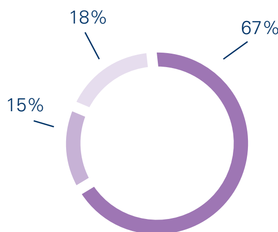
Over the past ten years, DCC SerCom has achieved a compound annual growth rate of 10.4% in operating profit.



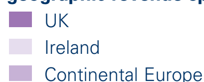
SerCom Distribution - revenue product mix



Software
PCs & servers
Printers & peripherals
Storage
Networking
Other



SerCom Distribution - geographic revenue split



UK
Ireland
Continental Europe

Performance for the year to 31 March 2006

			Change on prior year	
	2006	2005	**Reported**	**Constant currency**
Revenue	**€1,084.6m**	€983.5m	+10.3%	+10.3%
Operating profit	**€25.0m**	€26.3m	-4.9%	-4.0%
Operating margin	**2.3%**	2.7%		
Return on capital employed				
- excluding intangible assets	**24.4%**	30.3%		
- including intangible assets	**14.3%**	18.4%		

After a difficult first half, DCC SerCom's profits grew by 22.0% in the second half.

SerCom Distribution was particularly impacted in the first half by product price deflation, a rapid deterioration in the retail trading environment in Britain and a significant decline in demand in the Continental European enterprise infrastructure market. The business enjoyed a much improved second half, benefiting from strong sales volume growth, an increased focus on consumer digital products, the launch of Xbox 360 and the acquisitions of Pilton Company and AB Computing.

The restructuring of SerCom Solutions, announced in January 2005, was successfully completed in the first half of the year. Since the restructuring, the business has performed strongly and contributed €2.8 million operating profit this year compared to a loss of €1.1 million in the prior year. The business achieved excellent top line growth, with revenue up 19.9% to €126.3 million. During the year, the business strengthened its position with a number of its customers outsourcing further elements of their supply chains to SerCom Solutions.

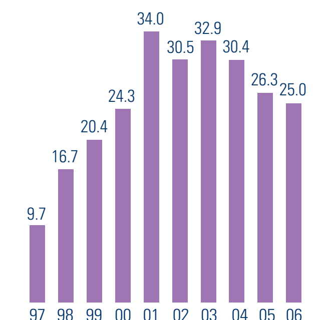
Strategy and development

In July 2005, DCC SerCom significantly strengthened its position in the home entertainment sector with the acquisition of Pilton, the leading distributor of DVDs and computer games to the home entertainment market in Ireland. Pilton has excellent long-standing relationships with some of the world's leading film studios and has deep distribution reach into the Irish retail market, which includes supermarkets, retail chains, rental chains and independent retailers. The business is expanding its presence in the British market by leveraging SerCom Distribution's strong market position for computer games and peripherals in that market.

With its strong market positions, deep distribution reach, excellent management teams and industry leading operating metrics, SerCom Distribution is well positioned to generate renewed profit growth.

The key drivers of growth this year will be:

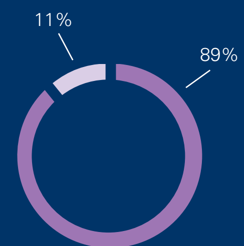
- new generation game consoles
- Far East sourcing at cheaper prices
- expansion in the British DVD market
- new technology, products and operating systems



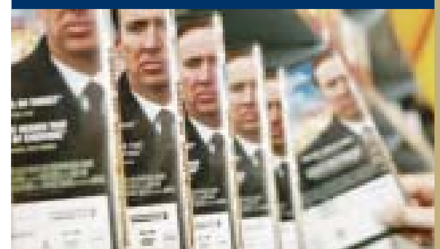
DCC SerCom - operating profit (€m)
1997 - 2006

Microsoft launched its next generation game console, Xbox 360, in December 2005. Gem, a DCC SerCom subsidiary, is the sole distribution partner for the Xbox 360 in the UK.

SerCom Solutions provides a range of supply chain management services including LCD sub-assembly for notebook products



DCC SerCom - operating profit split
SerCom Distribution
SerCom Solutions



DCC's newly acquired subsidiary Pilton is Ireland's leading distributor of DVDs.

Kevin Murray
Managing Director
DCC Healthcare

DCC Healthcare
business review

Approximately 65% of DCC Healthcare's revenue and 55% of its operating profits are derived from marketing and selling a range of healthcare products to the acute and community care sectors in Ireland, Britain and export markets. The remaining 45% of operating profits arise from contract services to the nutraceutical and cosmetic sectors. DCC Healthcare currently employs approximately 900 people.

Sales and marketing of acute and community care products

In Ireland, DCC Healthcare is the leading supplier of third party and own brand products to the acute care sector, selling and marketing a broad range of medical, surgical, laboratory and intravenous pharmaceuticals and related devices through its specialist field sales teams. DCC Healthcare also sells and markets a range of rehabilitation and independent living products in Ireland, Britain, Germany and other markets, principally under its own "Days Healthcare" and "Physio-Med" brands. The acquisition of Physio-Med Services in June 2005 has expanded the range of products sold and broadened the channels to market to include catalogue sales.

DCC Healthcare distributes many strong brands including Days Healthcare*, Diagnostica Stago, DiaMed, Fannin*, Fresenius Kabi, Grifols, Molnlycke, Oxoid, Physio-Med*, Smiths, Strider* and Theraband.

*DCC owned brands

During the year, DCC Healthcare enhanced its distribution capacity and efficiency by moving its operations in Bridgend in Wales and Bad Oeynhausen in Germany to new facilities. Together with premises in Glossop and Reading in England and Dublin and Belfast in Ireland, customers are now serviced from six facilities.

DCC Healthcare has invested further in its sourcing capability in China, with the establishment earlier in the year of a permanent procurement and quality control office in Shenzhen.

The strength of the sourcing capability, the breadth of the product range and the depth of the distribution reach leaves DCC Healthcare's sales and marketing activities well placed for continued growth.

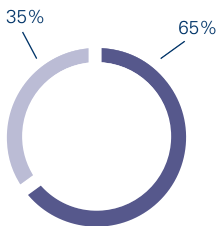
Contract services

DCC is a leading supplier of contract services to the nutraceutical and cosmetic industries. The business has three MHRA licensed facilities in Britain and supplies a broad range of customers, principally brand owners in Britain and Northern Europe. As a result of the increasing use of nutraceuticals in cosmetic products, it was decided to broaden the contract services business into that market through the acquisition of Laleham Healthcare in December 2004. Laleham Healthcare has been successfully integrated into the contract services business, which now provides outsourced product development, manufacturing and packaging to both the nutraceutical and cosmetic markets.

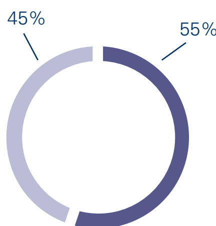
Performance management

The performance of DCC Healthcare's businesses is constantly monitored through a broad range of performance indicators, principally focused on sales growth, margin management, operational and cost efficiencies, cash flow and return on capital employed.

Over the past ten years, DCC Healthcare has achieved a compound annual growth rate of 18.9% in operating profit.



DCC Healthcare - revenue split
Sales & marketing
Contract services



DCC Healthcare - operating profit split
Sales & marketing
Contract services

Performance for the year to 31 March 2006

		2005	Reported	Constant currency
Revenue	**€211.7m**	€162.3m	+30.5%	+30.5%
Operating profit	**€21.6m**	€15.4m	+40.1%	+41.2%
Operating margin	**10.2%**	9.5%		
Return on capital employed				
- excluding intangible assets	**60.5%**	50.3%		
- including intangible assets	**16.7%**	13.6%		

DCC Healthcare achieved excellent revenue and operating profit growth.

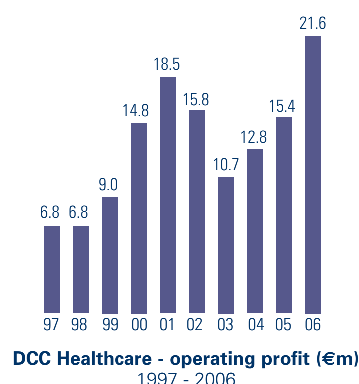
Excellent profit growth was achieved in DCC Healthcare's sales and marketing activities, benefiting from the acquisition of Physio-Med Services in June 2005 and from good organic growth. Particularly good growth was achieved in intravenous pharmaceutical products and related devices and in DCC's own branded rehabilitation and independent living products, which was facilitated by DCC's procurement and quality control office in Shenzhen, China.

DCC's contract services to the health and beauty sector achieved excellent profit growth, benefiting from a first full-year contribution from Laleham Healthcare and from continuing strong organic growth. The business deepened its relationships with existing customers by providing continuing high service levels and support in new product development. Additional business development personnel have been recruited to further accelerate the expansion of its customer base.

Strategy and development

In its sales and marketing activities, DCC Healthcare's strategy is to be a supplier of a broad range of healthcare products, both own brand and third party, to the healthcare industry in Europe and to provide outsourced services to customers where this adds value to the product offering. The business sells to a broad range of customers in the primary, acute and community care sectors using field, telephone and catalogue sales channels. DCC Healthcare supplies the Irish, British and German markets directly while other markets will initially be supplied through distributors. Continued addition of innovative products will enhance the development of the business' portfolio. Through effective sourcing, particularly in the Far East, DCC Healthcare plans to improve the quality and competitiveness of its product offering.

In contract services, DCC Healthcare's strategy is to be the preferred provider of services to the functional health and beauty sector in Europe. The services provided include product development, manufacturing and packaging. The business provides a world-class service to existing customers and uses its responsive product development capability and excellent service levels to attract new business.



DCC Healthcare - operating profit (€m)
1997 - 2006

Fannin, a DCC Healthcare subsidiary, has a specialist field sales force that markets a wide range of medical, surgical, pharmaceutical and laboratory products.

Physio-Med, a DCC Healthcare subsidiary, is Britain's leading supplier of a broad range of physiotherapy and rehabilitation equipment.

Laleham Healthcare, a DCC Healthcare subsidiary, manufactures both health and beauty and pharmaceutical products.

Frank Fenn
Managing Director
DCC Food & Beverage

DCC Food & Beverage business review

DCC Food & Beverage markets and sells a wide range of company owned and agency branded food and beverage products in Ireland and has a developing wine business in Britain. DCC Food & Beverage currently employs approximately 900 people.

The business has a deep distribution reach and offers extensive customer service to the retail and foodservice sectors on the island of Ireland. Customers include multiples, symbol and independent retailers, pharmacies, off licences, cafes and restaurants. In Britain, wines are sold to multiple retailers and wholesale cash and carry.

DCC Food & Beverage operates in a number of niche market segments, principally the health / "better for you" food and beverages, indulgence and chilled & frozen logistics.

Within these sectors, DCC Food & Beverage has a number of leading brands and leading market positions:

- Leader in healthy foods and healthy beverages in Ireland under the company owned Kelkin brand.
- Leader in savoury snacks in Ireland through the KP range of products.
- Number 2 supplier of freshly ground coffee to both the retail and foodservice sectors in Ireland under the Robt. Roberts* brand.
- Market leader in the Irish dilutable beverage sector with Robinsons.
- Strong position in the wine market in both Ireland and Britain with a number of major brands including Torres, Brown Brothers and Bollinger champagne in Ireland and French Connection*, Andrew Peace, Riverview*, Inti* and PKNT in Britain.
- A leading provider of innovative solutions in the design, development and operation of supply chain services in chilled, frozen and ambient foods in Ireland to a number of major retailers and manufacturers.
- A leading supplier of branded vitamins, mineral and supplements to the Irish pharmacy sector under the Kelkin* brand and other brands including Vitabiotics, Lanes and Ortis.
- A leading supplier in the provision of equipment and solutions for the preparation, preservation and presentation of quality food in the Irish market.
- A leading player in the Quick Service Restaurant sector and par-bake bread manufacture through a 50% stake in the Kylemore Group.

*DCC owned brands

Performance management

DCC Food & Beverage's operating performance is managed and monitored through key indicators. These include sales volumes, gross margins, operational cost efficiencies, customer service levels, cash flow and return on capital employed.

Over the past ten years, DCC Food & Beverage has achieved a compound annual growth rate of 15.1% in operating profit.

Performance for the year to 31 March 2006

	2006	2005	Change on prior year: Reported	Change on prior year: Constant currency
Revenue	**€276.9m**	€232.6m	+19.0%	+19.0%
Operating profit	**€15.5m**	€12.8m	+20.6%	+20.9%
Operating margin	**5.6%**	5.5%		
Return on capital employed				
- excluding intangible assets	**55.2%**	57.1%		
- including intangible assets	**18.7%**	21.3%		

DCC Food & Beverage achieved excellent revenue and operating profit growth in the year, benefiting from the acquisition of Bottle Green and the full buyout of Allied Foods in the first half of the prior year and from good organic growth.

The healthfoods business continued to achieve good organic revenue growth. Investment in the Kelkin healthfood brand and new Kelkin product development resulted in a small short-term reduction in its profits. The British based wine business, which enjoyed strong growth in the first half, performed below expectation in the second half. Snackfoods, the Irish wine business, the restaurant operations and the frozen and chilled business all achieved good growth.

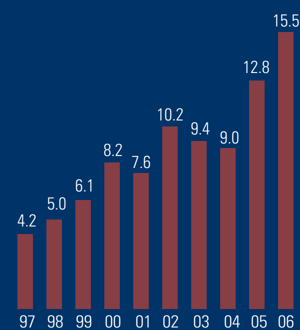
Strategy and development

The Group's strategy is to develop DCC Food & Beverage into a leading business that satisfies consumer and customer needs in the health and indulgence sectors and delivers an above average return on capital. This will be achieved by building organically and by acquisition.

The business continues to increase focus on brands, building on the good progress being made with French Connection (Bottle Green), Robt. Roberts' speciality teas, Lemon's confectionery, Bollinger champagne, Torres wines, KP snacks and Vitabiotics, among others. The marketing investment in the Kelkin brand this year has been significant and the business is well placed to take advantage of the growing healthfoods market.

DCC Food & Beverage aims to deliver acquisitions in Ireland and Britain that will exploit the growing demand for healthy food and beverage products and will assist the development of the wine business.

DCC Food & Beverage provides the complete coffee solution - Robt. Roberts' excellent coffee, premium machinery and a top quality service.



DCC Food & Beverage
- operating profit (€m)
1997 - 2006

DCC has a strong position in the wine market in both Ireland and Britain.

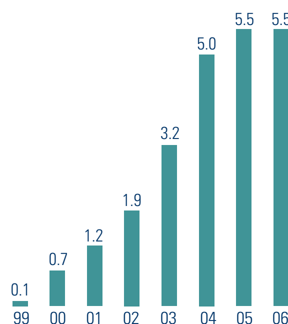
Tommy Breen
Managing Director
DCC Environmental

DCC Environmental
business review

DCC Environmental provides a broad range of waste management services to the industrial/commercial sectors and local authorities in both Britain and Ireland. DCC Environmental currently employs approximately 310 people.

DCC Environmental is the leading hazardous waste treatment business in Ireland. The business operates three Environmental Protection Agency licenced waste facilities in the Republic of Ireland and two Environment & Heritage Service licenced hazardous waste facilities in Northern Ireland. These facilities offer a wide range of services including soil remediation, oil recycling, metal recovery and waste transfer. The business also has a field services team that carries out waste treatment on customers' sites. This team also offers an emergency response function to deal with environmental incidents on a 24 hour basis. DCC Environmental's Irish businesses will operate under a new brand, enva, which is being launched at the end of June 2006.

In May 2006, DCC announced the acquisition of a 50% shareholding in the William Tracey group of companies, Scotland's leading recycling and waste management business. Founded in 1948, William Tracey has a reputation for innovation and creativity in recycling.



DCC Environmental - operating profit (€m)
1999 - 2006

The group operates from six freehold sites in Scotland and carries out a broad range of activities including materials recycling, hazardous waste treatment, landfill and renewable energy generation from landfill gas. The group has an extensive fleet of specialist waste management vehicles that collects waste from industrial and commercial customers for processing. The group also processes waste on behalf of local authorities and other third parties.

Performance management

DCC Environmental is focused on maximising shareholders' returns through organic and acquisition growth. The performance of the business is closely monitored through a range of key indicators including sales volumes, incoming material tonnage, gross margins, cost of treatment, operating profit, cash flow and capital utilisation.

Over the seven years since the business was established, DCC Environmental has achieved a compound annual growth rate of 81.5% in operating profit.

Performance for the year to 31 March 2006

			Change on prior year	
	2006	2005	**Reported**	**Constant currency**
Revenue	**€31.5m**	€25.8m	+22.0%	+22.0%
Operating profit	**€5.5m**	€5.5m	+1.2%	+1.7%
Operating margin	**17.5%**	21.1%		
Return on capital employed				
- excluding intangible assets	**31.8%**	45.7%		
- including intangible assets	**17.4%**	20.7%		

DCC Environmental achieved strong revenue growth in the year. Operating profit growth was held back by tighter margins in some areas of the business.

Strategy and development

DCC's strategy is to build on the recent investment in the William Tracey group of companies to further develop the business in Britain and to expand the business in Ireland into non-hazardous waste management.

Associate Companies

DCC's principal associate is Manor Park Homebuilders, a leading Irish house, apartment and commercial building and development company, in which it holds a 49% shareholding.

Profit contribution for the year to 31 March 2006

			Change on prior year	
	2006	2005	**Reported**	**Constant currency**
Share of associates' profit after tax	**€25.5m**	€16.8m	+51.6%	+51.6%

Manor Park has a large land bank for housing development and other development projects in the pipeline from which it should earn substantial profits in the future.

All the Irish environmental businesses are being re-branded enva.

Segregated recyclables at the Tracey materials recycling facility.

caring

DCC Healthcare supplies a broad range of rehabilitation and independent living products.

financial review

Overview of results/key performance indicators

Revenue grew by 30.0% on a constant currency basis (29.9% reported) to €3,436.3 million and operating profit of subsidiaries and joint ventures increased by 11.6% on a constant currency basis (10.5% reported) to a record €123.6 million (as detailed in Table 1). Most of the growth was from shareholder value enhancing bolt-on acquisitions, as organic profit growth was held back by the very challenging market conditions in DCC SerCom which have prevailed since late 2004. Excluding DCC SerCom, DCC's other core areas of activity performed very well, generating operating profit growth, on a constant currency basis, of 16.4% (15.2% reported) broadly split evenly between organic growth and growth from acquisitions.

The Group's operating margin was 3.6% (4.2%: 2005); 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. 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 DCC Energy, the Group's operating margin was 4.2% compared to 4.3% in the previous year.

A detailed review of the operating performance of each of the Group's divisions in set out on pages 16 to 25.

The profit after tax contribution from associates (mainly the 49% shareholding in Manor Park Homebuilders) increased significantly (51.6%) during the year. This amount was considerably higher than the Group's earlier expectation due to Manor Park Homebuilders earning a significant profit on a transaction that it completed on 31 March 2006 which DCC had expected would more likely arise in the year to 31 March 2007. As announced on 3 April 2006, the Group's share of associates' profit after tax may be materially less in the current year based on DCC's current expectation of a short term reduction in the profit contribution from Manor Park Homebuilders due to planning delays. Manor Park Homebuilders has a large landbank for housing development and has other development projects in the pipeline from which it should earn substantial profits in the future.

The net financing cost was €7.1 million, an increase of €1.4 million on the prior year. Interest cover was 17.6 times (19.6 times: 2005).

Profit before net exceptional items, amortisation of intangible assets and tax rose by 16.5% on a constant currency basis (15.5% reported) to €142.0 million.

Exceptional items gave rise to a net credit of €1.7 million as follows:

	€'m
Costs of legal actions with Fyffes plc and others	(5.2)
Provision for recovery of legal costs from Fyffes plc	8.5
Other	(0.5)
Operating exceptional items	2.8
Foreign exchange losses on intercompany financing loans to 30 September 2005	(1.1)
	1.7

Table 1: Operating profit

	2006			2005			Change: Reported			Change: Constant Currency		
	H1 €'m	H2 €'m	FY €'m	H1 €'m	H2 €'m	FY €'m	H1 %	H2 %	FY %	H1 %	H2 %	FY %
DCC Energy	**10.7**	**45.3**	**56.0**	10.6	41.2	51.8	+1.2%	+9.8%	+8.0%	+6.4%	+10.2%	+9.4%
DCC SerCom	**7.6**	**17.4**	**25.0**	12.0	14.3	26.3	-37.0%	+22.0%	-4.9%	-34.0%	+21.1%	-4.0%
DCC Healthcare	**10.1**	**11.5**	**21.6**	6.8	8.6	15.4	+48.1%	+33.8%	+40.1%	+53.2%	+31.8%	+41.2%
DCC Food & Beverage	**7.4**	**8.1**	**15.5**	5.4	7.4	12.8	+37.9%	+8.1%	+20.6%	+39.9%	+7.1%	+20.9%
DCC Environmental	**2.8**	**2.7**	**5.5**	2.8	2.7	5.5	+2.6%	-0.3%	+1.2%	+4.7%	-1.4%	+1.7%
Total	**38.6**	**85.0**	**123.6**	37.5	74.3	111.8	+2.9%	+14.4%	+10.5%	+6.7%	+14.1%	+11.6%

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

On 21 December 2005, the Irish High Court found in favour of DCC and Others in the case taken against them by Fyffes plc, under Part V of the Irish Companies Act 1990, in relation to the sale of shares by Lotus Green in February 2000. In dismissing Fyffes' claim against all of the defendants, the Court held that the share sales were entirely lawful and that none of the defendants had any liability arising from the sales of the shares in Fyffes in February 2000.

On 10 February 2006, the Irish High Court decided that Fyffes should pay most of DCC's costs in relation to Fyffes' failed legal action against the Group. DCC expects to recoup approximately €8.5 million from Fyffes following this High Court order and, accordingly, has accrued this amount as a credit under exceptional operating costs.

On 29 November 2005, the Hsinchu District Court in Taiwan issued a judgment ordering that the London High Court order obtained by DCC's subsidiary, Days Healthcare, against Pihsiang Machinery Manufacturing Company Limited (a Taiwanese public company), Donald Wu (its chairman and major shareholder) and Jenny Wu (his wife and director) be enforced in Taiwan. Accordingly, as at 31 March 2006, these parties are jointly and severally liable to pay the DCC Group Stg£14.3 million (€20.5 million), including Stg£2.1 million in accrued interest. DCC has not accrued any of this amount due pending the outcome of an appeal by the defendants to the Taiwanese High Court, but has expensed all the litigation costs.

Under Irish GAAP (accounting practices generally accepted in the Republic of Ireland) certain intercompany loans had been treated as part of net investment in foreign operations and foreign exchange gains or losses arising on these loans had been recognised directly in reserves. On transition from Irish GAAP, certain of these loans between fellow subsidiaries do not qualify under IFRS as part of net investment in foreign operations and therefore gains or losses on these loans must be recognised in the Income Statement.

The financial impact of the above is a charge to the Income Statement of €1.145 million for the year ended 31 March 2006 (charge of €4.809 million: 2005) in respect of foreign exchange losses and these amounts are included in exceptional items.

The majority of the intercompany balances which gave rise to these accounting charges (previously taken to reserves) were restructured during the year ended 31 March 2005 and the half year ended 30 September 2005 so as to eliminate accounting volatility from 30 September 2005 onwards.

Taxation

The effective tax rate for the Group, including associates, increased marginally to 12.7% from 12.0%.

Adjusted earnings per share

Adjusted earnings per share increased by 15.5% on a constant currency basis (14.6% reported) to 157.23 cent. DCC has achieved compound annual growth in reported adjusted earnings per share of 13.2% over the last five years and 17.3% over the last ten years.

Dividend

The total dividend for the year of 42.85 cent per share represents an increase of 15% over the previous year. The dividend is covered 3.7 times (3.7 times: 2005) by adjusted earnings per share.

Return on capital employed

A core strength of DCC is the creation of shareholder value through the delivery of consistent, long-term returns in excess of DCC's cost of capital. In the year under review, DCC again achieved excellent returns on capital employed (as detailed in Table 2), generating a return of 43.0% excluding intangible assets and 19.1% including intangible assets (44.9% and 20.4% respectively: 2005). DCC's return on capital employed has remained consistently high through a combination of good organic growth, attractive acquisition valuations and excellent integration synergies.

Table 2: Return on capital employed

	2006		2005	
	ROCE (excl intangible assets)	**ROCE (incl intangible assets)**	ROCE (excl intangible assets)	ROCE (incl intangible assets)
DCC Energy	**53.8%**	**24.5%**	53.4%	25.3%
DCC SerCom	**24.4%**	**14.3%**	30.3%	18.4%
DCC Healthcare	**60.5%**	**16.7%**	50.3%	13.6%
DCC Food & Beverage	**55.2%**	**18.7%**	57.1%	21.3%
DCC Environmental	**31.8%**	**17.4%**	45.7%	20.7%
Group	**43.0%**	**19.1%**	44.9%	20.4%

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

generated from operations of €142.9 million, an increase of 22.8% on the previous year. This cashflow substantially relates to cash generated by DCC's subsidiaries and joint ventures. While cash generation in DCC's associates increased substantially in the year, dividends received by DCC from these associates amounted to just €1.0 million.

Despite a 29.9% (€791.6 million) increase in revenue, working capital increased by just €11.2 million which equates to 9.5 days' revenue at 31 March 2006, and compares favourably to 10.2 days' at 31 March 2005, as detailed in Table 3. A summary of DCC's cashflow is set out in Table 4.

was deferred. The cash impact of acquisitions in the year was €54.7 million when payments of deferred acquisition consideration of €5.6 million are taken into account. Capital expenditure was €57.9 million (inclusive of expenditure of €13.4 million on land and buildings). Net of disposals and capital grants received, net capital expenditure was €45.2 million.

Balance sheet and group financing

DCC has a very strong balance sheet with total equity of €585.4 million at 31 March 2006. The composition of net debt at 31 March 2006 of €32.7 million is analysed in Table 5. An analysis of DCC's cash, debt and financial derivative instrument balances at 31 March 2006, including maturity periods and currency and interest rate profiles, is shown in Notes 27 to 30 to the financial statements.

Table 3: Working capital days

	2006 Days	2005 Days
Stocks	**11.6**	13.9
Debtors	**42.9**	45.7
Creditors	**(45.0)**	(49.4)
	9.5	10.2

Table 4: Summary of cash flows

	2006 €'m	2005 €'m
Inflows		
Cash generated from operations	**142.9**	116.4
Share issues (net)	**3.3**	6.9
Grants received	**1.2**	-
	147.4	123.3
Outflows		
Capital expenditure (net)	**(46.4)**	(35.8)
Acquisitions	**(54.7)**	(81.1)
Share buyback	**-**	(26.7)
Interest and tax paid	**(19.1)**	(12.1)
Dividends paid	**(31.8)**	(27.4)
Net exceptional costs	**(15.4)**	(6.6)
	167.4	189.7
Net cash outflow	**(20.0)**	(66.4)
Translation adjustment and other	**(3.8)**	(4.9)
Opening net (debt)/cash	**(8.9)**	62.4
Closing net debt	**(32.7)**	(8.9)

Acquisition and development expenditure amounted to €120.8 million. DCC's ongoing acquisition programme resulted in a number of acquisitions being completed during the year at a total committed cost of €62.9 million, of which €13.8 million

International Financial Reporting Standards

The results for 2006 have been prepared in accordance with the Group's policies under International Financial Reporting Standards (IFRS). Financial statements for the year ended 31 March 2005, which were prepared in accordance with Irish GAAP, have been restated under IFRS, with the exception of IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement,* with effect from the transition date of 1 April 2004. The Group adopted IAS 32 and IAS 39 with effect from 1 April 2005.

The adoption of IFRS had a limited impact on the 2006 full year results and net assets of the Group. The change to IFRS represents an accounting change only and does not affect the underlying operations or cashflow generation of the Group.

Table 5: Analysis of net debt

	2006 €'m	2005 €'m
Non-current assets:		
Derivative financial instruments	**9.0**	-
Current assets:		
Derivative financial instruments	**0.1**	-
Cash and short term bank deposits	**345.3**	353.3
	345.4	353.3
Non-current liabilities:		
Interest-bearing loans and borrowings	**(6.3)**	(11.6)
Derivative financial instruments	**(27.1)**	-
Unsecured Notes due 2008 to 2016	**(286.5)**	(305.1)
	(319.9)	(316.7)
Current liabilities:		
Interest-bearing loans and borrowings	**(67.1)**	(45.5)
Derivative financial instruments	**(0.1)**	-
	(67.2)	(45.5)
Net debt	**(32.7)**	(8.9)

The principal changes for the Group arising from the introduction of IFRS were as follows:

- IFRS 2 *Share-based Payment* requires expensing the cost of employee and executive rewards under the Group's share schemes through the Group Income Statement using option valuation models. The share based payments charge in the 2006 Group Income Statement is €1.8 million (€1.0 million: 2005).

- Under IFRS 3 *Business Combinations*, goodwill is no longer amortised but must be tested annually for impairment. Under IAS 38, *Intangible Assets* there is a requirement to separately identify and amortise other intangibles acquired. The Group Income Statement for 2006 includes a charge of €5.0 million (€1.3 million: 2005) in respect of the amortisation of intangible assets (mainly comprising customer relationships) associated with acquisitions completed since 1 April 2004.

- Under IAS 12 *Income Taxes*, deferred tax is recognised in respect of all temporary timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. The Group Balance Sheet at 31 March 2006 includes an additional net deferred tax liability of €0.7 million (€1.4 million: 2005). This results primarily from the creation of deferred tax in respect of defined benefit pension liabilities, intangible assets acquired on business combinations, fair value revaluations of assets and liabilities in the balance sheets of businesses acquired and gains on property disposals which were rolled over.

- IAS 19 *Employee Benefits* requires the assets and liabilities of defined benefit pension schemes to be shown on the face of the Group Balance Sheet. Actuarial gains and losses are charged to equity and, as a result, the net deficit of the Group's defined benefit pension schemes is carried in full on the Group Balance Sheet. The Group Balance Sheet at 31 March 2006 includes a net pension scheme liability of €20.7 million (€25.4 million: 2005) after recording actuarial gains of €1.8 million that arose in the year and were credited in the Group's Statement of Recognised Income and Expense.

- Under IAS 21 *The Effects of Changes in Foreign Exchange Rates,* certain intercompany loans, which had been treated under Irish GAAP as part of net investment in foreign operations, do not qualify for such treatment. Accordingly, foreign exchange gains or losses arising on these loans which had been recognised directly in reserves must, on transition from Irish GAAP to IFRS, be recognised in the Group Income Statement. The financial impact of the above is a charge to the Group Income Statement of €1.145 million for the year ended 31 March 2006 (charge of €4.809 million: 2005) in respect of foreign exchange losses and these amounts are included in exceptional items.

Financial risk management

Financial risk management within the Group is governed by policies and guidelines reviewed and approved annually by the Board of Directors. These policies and guidelines primarily cover foreign exchange risk, commodity price risk, credit risk, liquidity risk and interest rate risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. 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 exchange and commodity price exposures within approved policies and guidelines. Further detail in relation to the Group's financial risk management and its derivative financial instrument position is contained in Note 2 and Note 28 respectively to the financial statements.

Foreign exchange 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. The Group generally hedges between 50% and 90% of transactions in each major currency for the subsequent 2 months. The Group also hedges approximately 50% of anticipated transactions in certain subsidiaries, generally for periods up to 6 months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Although over half of the Group's operating profits are sterling denominated, certain natural economic hedges exist within the Group, for example, a proportion of the purchases by certain of its Irish businesses are sterling denominated. The Group did not hedge the remaining retranslation exposure during the financial year ended 31 March 2006.

The Group has investments in sterling operations which are highly cash generative. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in or swapped (utilising currency swaps or cross currency interest rate swaps) into sterling, although this is more than offset by the strong cumulative cash flow generated from the Group's sterling operations.

Commodity price risk management

The Group is exposed to commodity price risk in its LPG and oil distribution businesses. The Group generally hedges approximately 50% of its anticipated LPG commodity price exposure for the subsequent month, with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes. Certain customers occasionally require fixed price oil supply contracts generally for periods of less than six months. In such circumstances, the Group enters into matching forward commodity contracts, not designated as hedges under IAS 39.

All commodity hedging counterparties are approved by the Board.

Credit risk management

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

Interest rate risk and debt/liquidity management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to six months. In addition, the Group maintains significant uncommitted credit lines with its relationship banks. DCC borrows at both fixed and floating rates of interest. It has swapped its fixed rate borrowings to floating interest rates, using interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

corporate & social responsibility

Plans

DCC has a long established practice of ensuring that social and environmental matters are addressed in its business operations and in interactions with all stakeholders.

DCC continues to monitor CSR best practice. Current developments, such as third generation Global Reporting Initiative guidelines for sustainability reporting, have been reviewed and DCC plans to reflect these developments in appropriate corporate policies, objectives and key performance indicators.

Marketplace

Products and services
DCC regards socially and environmentally responsible behaviour as an integral part of good business management. The Group is committed to enhancing the lives of its stakeholders and reflects this in the design, delivery and management of its products and services. In the Healthcare sector, both Days Healthcare and Physio-Med provide rehabilitation and independent living products that assist their customers in leading independent lives. In the Energy sector, Flogas distributes LPG, which is a non-toxic, clean burning, sulphur and smoke free fuel. In the Food & Beverage sector, Kelkin actively promotes "better for you" products, with strictly no additives, preservatives or colourings. DCC Environmental specialises in recycling and waste treatment, helping to provide a cleaner, safer environment for the benefit of all.

Sustainable growth
DCC's commitment to the principles of CSR has been recognised in recent years by the Group's inclusion in a number of CSR indices and ethical funds. In the interests of shareholders and other stakeholders, DCC will strive to achieve further recognition of this commitment by continuing to expand the Group's CSR measurement and benchmarking processes.

Recognition of excellence in financial reporting
DCC's commitment to financial reporting best practice was again recognised during the year when DCC was short-listed as a finalist by the Leinster Society of Chartered Accountants in their annual Published Accounts Awards, the most prestigious award for excellence in financial reporting in Ireland.

Environment, health and safety

DCC is committed to operating in a safe, ethical and responsible manner, safeguarding the health and safety of its employees as well as protecting the environment.

Compliance with environmental, health and safety ('EHS') regulatory requirements is considered a minimum standard for all Group businesses. New legislation, for example the 2005 Safety, Health and Welfare at Work Act in Ireland, is implemented to ensure timely compliance.

Environmental, health and safety management systems
Moving beyond compliance, Group businesses strive to implement best practice in their operations. All the Group's businesses operate comprehensive environmental, health and safety management systems, primarily based on the internationally recognised ISO14001 and OHSAS18001 management system standards. The complexity of the management systems is determined by the nature and scale of the risks at each business location.

Within DCC Environmental, three subsidiaries are formally certified by SGS (an independent accreditation body) to the ISO14001 environmental standard. A case study of the successful implementation by a DCC subsidiary, Atlas Northern Ireland, of the OHSAS18001 health and safety standard in April 2005 is included below. DCC believes that a structured approach to managing EHS risk promotes continuous improvement of EHS performance while recognising that certification is a milestone and not an end in itself.

DCC's businesses continue to invest in their environmental, health and safety management systems with progress regularly reviewed by senior management and by the Group environmental, health and safety function.

Health and Safety Case Study of a DCC subsidiary - Atlas Northern Ireland

Atlas Northern Ireland ('Atlas'), a specialist waste management business, has operated an ISO14001 certified environmental management system since 2001. In 2005, Atlas made the decision to reassess existing health and safety policies and procedures with a view to obtaining certification to the OHSAS18001 health and safety management system standard.

The implementation of the OHSAS18001 system provides a structured and consistent approach to hazard identification and risk management allowing Atlas to proactively identify risks, enhance employee safety standards and improve operational efficiencies.

Following a successful audit by SGS, Atlas received formal OHSAS18001 certification in April 2005, a significant achievement for its health and safety team. Certification by SGS reflects ongoing commitment by Atlas to a policy of compliance and best practice implementation and provides customers and regulatory authorities with assurance and confidence in the professionalism of Atlas' operations.

Employee safety
The safety of the Group's employees continues to be paramount. In so far as is reasonably practical, risks are eliminated, minimised or mitigated to provide safe working conditions. Workplace hazards are formally risk assessed and appropriate control measures (physical and procedural) are implemented. A culture of personal safety awareness is an important element in the prevention of accidents and the importance of individual responsibility for safety is stressed at every level and communicated to employees.

Waste packaging legislation
All Group businesses with obligations under waste packaging legislation are members of group compliance schemes, for example Repak in Ireland and Valpak in the UK. DCC's businesses typically segregate on-site waste packaging, including cardboard, plastics and wood, for collection by authorised recycling contractors.

Community

Committed corporate neighbour
DCC is sensitive to any impact its operations may have on its neighbours and is committed to ensuring that the needs, views and interests of the local communities in which its businesses operate are taken into consideration. This commitment is reflected in well-established practices throughout the Group.

Philanthropic approach
DCC supports a large number of charitable causes and a number of educational initiatives that target disadvantaged students, as well as a number of specific third level education programmes. DCC's businesses and their employees support many local initiatives in education, sports, job creation and general social activities in the communities in which they operate.

Business community
DCC is a very active member of the broader business community, contributing to various industry and professional organisations. Many DCC employees dedicate their own time to the support and development of these organisations.

Workplace

Communication and a high performance culture
DCC employees are the key element of its success – their talent, innovation and entrepreneurial flair have been the essential ingredients in the Group's consistent and strong growth. DCC's decentralised culture empowers local management and staff to use their skills, experience and deep industry knowledge to provide a first class service to customers and to be highly responsive to market needs.

DCC strives for excellence and 'best in class' performance across all its businesses. Business processes and employment practices are regularly reviewed, benchmarked, improved and updated to reflect current legislation. Strong, open and regular communication practices at all levels throughout the Group reflect a culture of empowerment and inclusiveness. As illustrated by the case study on a DCC subsidiary, Flogas UK, DCC's businesses strive to ensure they have excellent employee communication processes, including employee committees, focus groups, newsletters and suggestion schemes.

Employee Communication Case Study of a DCC subsidiary - Flogas UK

Flogas UK ('Flogas'), DCC's largest subsidiary, has grown substantially over the last number of years, mainly through acquisition, and now has 800 employees across 57 depots throughout the UK. Flogas has successfully implemented a structured communication process to maintain the spirit of open participation, communication and high performance that has been central to its success.

A key component of this process is the Flogas employee conference, a highly motivational biannual event for all employees that focuses on strategy and provides a platform to acknowledge the achievements of individuals, depots across the country and the company. During alternate years all employees are invited in smaller groups to communication evenings with a similar focus.

Flogas publishes an in-house employee magazine "People with Energy" on a quarterly basis, keeping everyone informed of events, staff changes and company news.

Flogas has also established a company-wide Employee Relations Council, comprising regional employee representatives who attend quarterly regional meetings and an annual national meeting.

Beyond these formal communication structures, Flogas puts great emphasis on one to one communication between employees to ensure that ideas or concerns are promptly addressed.

Employee diversity
DCC has always fully embraced the value of diversity, recognising the strengths and benefits of a diverse workforce. DCC's employment policies respect and value all employees, with selection and progression based only on skills, experience and performance.

Employee financial participation
DCC values employee dedication and commitment to the business. Through its remuneration, incentive and share option programmes, DCC employees share in the financial success of the business. In 2001, DCC established the DCC Sharesave Scheme, in which all employees in Ireland and the UK were invited to participate. As a result, a significant percentage of employees are now shareholders or option holders in DCC.

Learning organisation
As an organisation, DCC places great emphasis on continuous learning and development and encourages employees to develop and enhance their skills and knowledge. This is done in a variety of ways throughout the Group, including company secondments, training programmes, on the job training and more formal technical, management and executive development courses.

DCC continually reviews and updates performance management practices across its businesses to reflect best practice and to support managers and employees in the development of their business skills and personal effectiveness.

quality

DCC Food & Beverage markets quality food products.

HULA HOOPS
TRIPS TO GERMANY
WITH IAN WRIGHT
A Winter's
JORDANS
Lindt
ST. DALFOUR
FRANCE
40
ROBT ROBERTS
naturally caffeine free
rich in antioxidants
JAMAICA GINGER
CAKE
HEART UK
pomegranate
& blueberry
juice drink
ONLY 99C

corporate governance

The Board of DCC continues to be committed to maintaining the highest standards of corporate governance. The following report describes how DCC has applied the principles set out in Section 1 of the Combined Code on Corporate Governance.

The Board of Directors

Role

The Board of DCC is responsible for the leadership, 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. The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management. There is a clear division of responsibilities between the Chairman and the Chief Executive, which is set out in writing and has been approved by the Board. Certain additional matters are delegated to Board Committees.

Composition

The Board consists of four executive and seven non-executive Directors. Brief biographies of the Directors are set out on pages 6 and 7.

Non-executive Directors are appointed by the Board for an initial term of three years and the expectation is that they will be invited to serve a second three-year term. The Board may also invite non-executive Directors to serve an additional period thereafter. The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Following appointment, Directors are subject to re-election at the next Annual General Meeting. 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. Non-executive Directors who have served on the Board for more than nine years are subject to annual re-election.

All of the Directors bring independent judgement to bear on issues of strategy, risk, performance, resources, key appointments and standards. The Board has recently evaluated the independence of each of its non-executive Directors. In the case of Alex Spain, Tony Barry and Paddy Gallagher, the Board gave due consideration to the fact that they have served on the Board for more than nine years from the date of their first election. The Board has concluded that all of the non-executive Directors are independent of management and free of any relationships which could interfere with the exercise of their independent judgement.

The Board has appointed Michael Buckley as the Senior Independent Director. Mr. Buckley is available to shareholders who have concerns that cannot be addressed through the Chairman or the Chief Executive/Deputy Chairman.

Board procedures

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 full, formal and tailored induction process for new non-executive Directors, which includes detailed presentations on the Group's operations.

Meetings

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 nine meetings. Individual attendance at these meetings is set out in the table on page 40.

Remuneration

Details of remuneration paid to the Directors are set out in the Report of the Remuneration Committee on pages 44 to 47.

Board Committees

Audit Committee

The Audit Committee comprises three non-executive Directors, Bernard Somers (Chairman), Róisín Brennan and Paddy Gallagher. The Board has determined that Bernard Somers is the Committee's financial expert. The Committee met five times during the year. Individual attendance at these meetings is set out in the table on page 40.

The Chief Executive/Deputy Chairman, Chief Financial Officer, Head of Enterprise Risk Management, Group Internal Auditor, other Directors and executives and representatives of the external auditors may be invited to attend all or part of any meeting. The Committee also meets separately with the external auditors and with the Group Internal Auditor without executive management present.

The role and responsibilities of the Audit Committee are set out in its

written terms of reference, which are available on request and on the Company's website www.dcc.ie, and include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the half-year and annual financial statements before submission to the Board;
- considering and making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and approving the audit fee and terms of engagement of the external auditors;
- approving the remuneration of the external auditors, whether fees for audit or non-audit services, and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
- assessing annually the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;
- reviewing the operation and the effectiveness of the Group Internal Audit function;
- reporting to the Board on its annual assessment of the operation of the Group's system of internal control, making any recommendations to the Board thereon and reviewing the Company's statements on internal control and risk management prior to endorsement by the Board; and
- reviewing the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

These responsibilities are discharged through its meetings and receipt of reports from the Risk Committee and the Enterprise Risk Management function (incorporating Group Internal Audit and Group Environmental, Health and Safety).

The Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditors through its annual review of fees paid to the external auditors for audit and non-audit work.The Committee also reviews the safeguards which the external auditors have put in place to ensure their objectivity and independence in accordance with professional and regulatory requirements.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 6 on page 73.

Nomination Committee

The Nomination Committee comprises four non-executive Directors, Alex Spain (Chairman), Michael Buckley, Maurice Keane and Bernard Somers, and the Chief Executive/Deputy Chairman, Jim Flavin. The Committee met three times during the year. Individual attendance at these meetings is set out in the table on page 40.

The role and responsibilities of the Nomination Committee are set out in its written terms of reference, which are available on request and on the Company's website www.dcc.ie. The principal responsibilities of the Committee are to keep Board renewal, structure, size and composition under regular review, including the skills, knowledge and experience required. The Committee has particular regard to the leadership needs of the organisation, both executive and non-executive, and therefore gives full consideration to succession planning for the Chairman and Chief Executive.

On 5 September 2005, upon the recommendation of the Nomination Committee, the Board appointed Róisín Brennan and Michael Buckley to the positions of non-executive Directors. This followed an extensive and rigorous process undertaken by the Nomination Committee which carefully considered the Board's requirements, identified suitable candidates, in terms of quality of individual, age profile, qualification and business background, and made a recommendation to the Board. The Nomination Committee did not consider that the process would have been enhanced by an external search consultancy or open advertising.

Remuneration Committee

The Remuneration Committee comprises four non-executive Directors, Maurice Keane (Chairman), Tony Barry, Róisín Brennan and Michael Buckley and its report is set out on pages 44 to 47. The Committee met four times during the year. Individual attendance at these meetings is set out in the table on page 40.

The role and responsibilities of the Remuneration Committee are set out in its written terms of reference, which are available on request and on the Company's website www.dcc.ie. The principal responsibilities of the Committee are determining the policy for the remuneration of the executive Directors and determining their remuneration packages, determining pension arrangements for the executive Directors and the granting of share options under the DCC plc 1998 Employee Share Option Scheme.

The Chief Executive/Deputy Chairman is consulted about remuneration proposals for the other executive Directors. The Remuneration Committee is authorised to obtain access to professional advice if deemed desirable.

Attendance at Board and Board Committee meetings during the year ended 31 March 2006

Director	Board		Audit Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
Alex Spain	9	9	-	-	3	3	2	2
Jim Flavin	9	9	-	-	3	3	-	-
Tony Barry	9	9	-	-	2	2	4	4
Tommy Breen	9	9	-	-	-	-	-	-
Róisín Brennan	5	5	3	3	-	-	2	2
Michael Buckley	5	5	-	-	1	1	2	2
Paddy Gallagher	9	9	5	5	2	2	-	-
Maurice Keane	9	9	2	2	3	3	2	2
Kevin Murray	9	9	-	-	-	-	-	-
Fergal O'Dwyer	9	8	-	-	-	-	-	-
Bernard Somers	9	9	5	5	1	1	2	2

Column A indicates the number of scheduled meetings held during the period the Director was a member of the Board and/or Committee.

Column B indicates the number of scheduled meetings attended during the period the Director was a member of the Board and/or Committee.

Performance evaluation

The Board undertakes a formal annual evaluation of its own performance and that of each of its principal committees, the Audit, Nomination and Remuneration committees, using the 'Performance Evaluation Guidance' set out in the *Higgs Suggestions for Good Practice*.

The Chairman conducts evaluations of the performance of each non-executive Director on an annual basis and the non-executive Directors evaluate the performance of each executive Director. These evaluations are designed to determine whether each Director continues to contribute effectively and continues to demonstrate commitment to the role.

The non-executive Directors, led by the Senior Independent Director, meet annually without the Chairman present to evaluate his performance, having taken into account the views of the executive Directors.

Board succession planning

The Board, with the assistance of the Nomination Committee, plans for the succession of its Directors, in particular the Chairman and Chief Executive, taking into account the skills, expertise and experience required and the leadership needs of the organisation.

Relations with shareholders

Communications with shareholders are given high priority and DCC has a well-established investor relations function.

The Board is kept informed of the views of shareholders through the executive Directors' attendance at investor presentations and results presentations. Furthermore, relevant feedback from such meetings, investor relations reports and brokers notes are provided to the entire Board on a regular basis.

The Company's web site www.dcc.ie provides the full text of annual and interim reports as well as all press releases. It also incorporates audio and slide show investor presentations.

The Company's Annual General Meeting affords shareholders the opportunity to question the Chairman and the Board. The chairmen of the Audit, Nomination and Remuneration Committees are also available to answer questions at the Annual General Meeting. The Chief Executive/Deputy Chairman makes a presentation at the Annual General Meeting and answers questions on the Group's business and its performance during the prior year. Shareholders can meet with the Chairman or the Senior Independent Director on request.

Notice of the Annual General Meeting, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the Meeting. At the Meeting, after each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for and against.

The 2006 Annual General Meeting will be held at 11 a.m. on 10 July 2006 at The Four Seasons Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

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 revised Turnbull guidance for directors on internal control published in October 2005, *Internal Control: Revised Guidance for Directors on the Combined Code,* the Board confirms that there is an ongoing process for identifying, evaluating and managing any 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 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 Group 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 48 and the reporting responsibilities of the auditors are set out in their report on pages 49 and 50.

Compliance statement

DCC has complied, throughout the year ended 31 March 2006, with the provisions as set out in Section 1 of the Combined Code on Corporate Governance.

report of the directors

for the year ended 31 March 2006

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2006.

Group results

The profit for the financial year attributable to Group shareholders amounted to €123.8 million as set out in the Group Income Statement on page 51.

Dividends

An interim dividend of 15.54 cent per share, amounting to €12.50 million, was paid on 1 December 2005. The Directors recommend the payment of a final dividend of 27.31 cent per share, amounting to €22.04 million. Subject to shareholders' approval at the Annual General Meeting on 10 July 2006, this dividend will be paid on 14 July 2006 to shareholders on the register on 26 May 2006. The total dividend for the year ended 31 March 2006 amounts to 42.85 cent per share, a total of €34.54 million.

The balance of profit attributable to Group shareholders, which is retained in the business, amounts to €92.2 million.

Purchase of shares and treasury shares

The number of shares held in Treasury at the beginning of the year (and the maximum amount held) was 7,873,886 (8.92% of the issued share capital) with a nominal value of €1.968 million.

A total of 363,708 shares (0.41% of the issued share capital) with a nominal value of €0.091 million were re-issued during the year at prices ranging from €6.22 to €12.20 consequent to the exercise of share options under the DCC plc 1998 Employee Share Option Scheme and the DCC Sharesave Scheme 2001, leaving a balance held in Treasury at 31 March 2006 of 7,510,178 shares (8.51% of the issued share capital) with a nominal value of €1.878 million.

At the Company's Annual General Meeting on 5 July 2005, the Company was granted authority to purchase up to 8,822,940 of its own shares (10% of the issued share capital) with a nominal value of €2.206 million. This authority has not been exercised and will expire on 10 July 2006, the date of the next Annual General Meeting of the Company. A special resolution will be proposed at the Annual General Meeting to renew this authority.

Review of activities and events since the year end

The Chairman's Statement on pages 10 to 11, the Chief Executive's Review on pages 12 to 13, the Operating Review on pages 16 to 25 and the Financial Review on pages 28 to 32 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 2006, of recent events and of likely future developments. Information in respect of events since the year end as required by the Companies (Amendment) Act, 1986 is also included in these sections.

Principal risks and uncertainties

Under Section 13 of the Companies (Amendment) Act, 1986 as amended by Statutory Instrument 116 of 2005 - European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005, DCC is required to give a description of the principal risks and uncertainties facing the Company and the Group.

As detailed throughout this Annual Report, DCC's businesses operate in a broad range of business areas. This broad business base means that the Group is not exposed to significant risks connected with any particular industry. DCC has a broad customer base and the profitability of the Group is not dependent on any single customer. Similarly, DCC has a broad supplier base and the Group is committed to ensuring that suppliers continue to choose DCC as the partner of choice, however, no one supplier would be considered material to the Group.

The principal risks and uncertainties faced by the Group's businesses relate to the macro economic environment in Ireland, Britain and Continental Europe. The level of activity in these markets is sensitive to economic conditions generally, including, inter alia, economic growth, interest rates and inflation.

During 2006, the price of a barrel of oil reached record prices on world markets. DCC Energy is the Group's largest profit contributor and constant and rigorous margin management is maintained.

The principal financial risks facing the Group are addressed in the Financial Review under 'Financial Risk Management' on pages 31 to 32.

The Group has a comprehensive system of risk management and internal controls as detailed under 'Internal Control' in the Corporate Governance section of this Report on pages 38 to 41.

Subsidiary, joint venture and associated companies

Details of the Company's principal operating subsidiaries, principal joint ventures and principal associates are set out on pages 113 to 116.

Substantial shareholdings

The Company has been advised of the following interests in its share capital as at 12 May 2006:

	No. of €0.25 ordinary shares	% of issued share capital (including treasury shares)	% of issued share capital (excluding treasury shares)
Bank of Ireland Asset Management Limited *	9,233,951	10.47%	11.44%
FMR Corp. on behalf of certain of its direct and indirect subsidiaries*	8,900,000	10.09%	11.03%
Schroder Investment Management Limited and Schroder Investment Management North America Limited*	7,946,347	9.01%	9.84%
AIM Trimark Investments*	3,177,620	3.60%	3.94%
Jim Flavin	2,456,033	2.78%	3.04%

** Notified as non-beneficial interests*

Directors

The names of the Directors and a short biographical note on each Director appear on pages 6 and 7.

Róisín Brennan and Michael Buckley were co-opted to the Board on 5 September 2005. In accordance with Article 83 (b) of the Articles of Association, both will retire from the Board at the Annual General Meeting on 10 July 2006 and being eligible, offer themselves for re-election.

In accordance with Article 80 of the Articles of Association, Tommy Breen, Fergal O'Dwyer and Bernard Somers retire by rotation at the Meeting and, being eligible, offer themselves for re-election.

In compliance with Provision A.7.2 of the Combined Code on Corporate Governance, Tony Barry, Paddy Gallagher and Alex Spain retire at the Meeting, each having served on the Board for a period in excess of nine years, and, being eligible, offer themselves for re-election.

Kevin Murray will resign from his position as an executive Director of DCC plc with effect from 30 June 2006.

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 44 to 47.

Corporate governance

Statements by the Directors in relation to the Company's appliance of the principles and compliance with the provisions of the Combined Code on Corporate Governance, the Group's system of internal control and the adoption of the going concern basis in preparing the financial statements are set out on pages 38 to 41.

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.

Political contributions

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

Accounting records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Company. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at the Company's registered office, DCC House, Brewery Road, Stillorgan, Blackrock, Co. Dublin, Ireland.

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
12 May 2006

report of the remuneration committee

Remuneration Committee

The Remuneration Committee comprises four independent non-executive Directors, Maurice Keane (Chairman), Tony Barry, Róisín Brennan and Michael Buckley.

The role and responsibilities of the Remuneration Committee are set out in its written terms of reference, which are available on request and on the Company's website www.dcc.ie. The principal responsibilities of the Committee are determining the policy for the remuneration of the executive Directors and determining their remuneration packages, determining pension arrangements for the executive Directors and the granting of share options under the DCC plc 1998 Employee Share Option Scheme.

The Chief Executive/Deputy Chairman is consulted about remuneration proposals for the other executive Directors. 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 Combined Code on Corporate Governance.

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 other taxable benefits (principally the use of 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, in respect of the financial year to 31 March. The performance targets, which are reviewed annually, are tailored to the responsibilities of each executive Director and include growth in Group earnings, divisional performance, Group and divisional development and an element related to individual performance and contribution. The maximum bonus potential, as a percentage of basic salary, for each executive Director is reviewed and set annually and amounted to 65% of basic salary for the year ended 31 March 2006.

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.

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[1]		Bonus		Special bonus[2]	Benefits[3]		Pension contribution[4]		Total	
	2006 €'000	2005 €'000	**2006 €'000**	2005 €'000	**2006 €'000**	**2006 €'000**	2005 €'000	**2006 €'000**	2005 €'000	**2006 €'000**	2005 €'000
Executive Directors											
Jim Flavin	**806**	768	**510**	384	**150**	**38**	37	**121**	115	**1,625**	1,304
Tommy Breen	**346**	329	**218**	175	**-**	**21**	20	**94**	98	**679**	622
Kevin Murray	**346**	329	**218**	175	**-**	**20**	19	**94**	90	**678**	613
Fergal O'Dwyer	**314**	299	**198**	175	**100**	**21**	20	**86**	85	**719**	579
Total for executive Directors	**1,812**	1,725	**1,144**	909	**250**	**100**	96	**395**	388	**3,701**	3,118
Non-executive Directors											
Alex Spain	**142**	130	**-**	-	**-**	**-**	-	**-**	-	**142**	130
Tony Barry	**55**	54	**-**	-	**-**	**-**	-	**-**	-	**55**	54
Róisín Brennan[5]	**35**	-	**-**	-	**-**	**-**	-	**-**	-	**35**	-
Michael Buckley[5]	**33**	-	**-**	-	**-**	**-**	-	**-**	-	**33**	-
Paddy Gallagher	**61**	57	**-**	-	**-**	**-**	-	**-**	-	**61**	57
Maurice Keane	**60**	54	**-**	-	**-**	**-**	-	**-**	-	**60**	54
Bernard Somers	**66**	54	**-**	-	**-**	**-**	-	**-**	-	**66**	54
Total for non-executive Directors	**452**	349	**-**	-	**-**	**-**	-	**-**	-	**452**	349
Pension payment in respect of retired Director										10	10
Total										**4,163**	**3,477**

Notes

1 Fees are payable only to non-executive Directors and include Chairman's and Board Committee fees.

2 Special bonus to Mr. Flavin and Mr. O'Dwyer in recognition of the exceptional demands that had been placed on them during the year arising from the successful defence of the action taken by Fyffes plc against DCC plc and Others.

3 In the case of the executive Directors, benefits relate principally to the use of a company car.

4 Executive Director pension contributions in the year ended 31 March 2006 were made to a defined contribution arrangement for Jim Flavin and to a defined benefit scheme for the other executive Directors.

5 Róisín Brennan and Michael Buckley were appointed to the Board on 5 September 2005.

Directors' defined benefit pensions

The table below sets out the increase in the accrued pension benefits to which executive Directors have become entitled during the year ended 31 March 2006 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[1]	Transfer value equivalent to the increase in accrued pension benefit[2]	Total accrued pension benefit at year end[3]
	€'000	**€'000**	**€'000**
Executive Directors			
Tommy Breen	8	69	131
Kevin Murray	16	161	123
Fergal O'Dwyer	7	55	97
Total	**31**	**285**	**351**

Notes

1 Increases are after adjustment for inflation over the year and reflect additional pensionable service and salary.

2 The transfer value equivalent to the increase in accrued pension benefit has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer values do not represent sums paid to or due to the Directors named, but are the amounts that would transfer to another pension scheme in respect of the increase in accrued pension benefit during the year.

3 Figures represent the total accrued pension payable from normal retirement date, based on pensionable service at 31 March 2006.

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 and the Company Secretary under the DCC plc 1998 Employee Share Option Scheme:

	At 31 March 2005	Granted in year	At 31 March 2006	Weighted average exercise price	Normal exercise period
Executive Directors					
Jim Flavin					
Basic tier	375,000	-	375,000	8.3364	June 2001 – Nov 2014
Second tier	395,000	-	395,000	8.1063	June 2003 – Nov 2012
Tommy Breen					
Basic tier	180,000	10,000	190,000	9.4260	June 2001 – Dec 2015
Second tier	190,000	-	190,000	8.6786	June 2003 – Nov 2012
Kevin Murray					
Basic tier	180,000	10,000	190,000	9.4260	June 2001 – Dec 2015
Second tier	190,000	-	190,000	8.6786	June 2003 – Nov 2012
Fergal O'Dwyer					
Basic tier	155,000	10,000	165,000	9.2972	June 2001 – Dec 2015
Second tier	165,000	-	165,000	8.4366	June 2003 – Nov 2012
Company Secretary					
Gerard Whyte					
Basic tier	75,000	7,500	82,500	10.1307	June 2001 – Dec 2015
Second tier	80,000	-	80,000	8.8716	June 2003 – Nov 2012

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

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 options were granted at an option price of €8.79 per share, which represented a discount of 20% to the then market price as provided for by the rules of the Scheme. These options are exercisable between June 2004 and September 2007. On 10 December 2004, a second grant of options under this Scheme was made to Group employees, not including executive Directors, at an option price of €12.63 per share, which represented a discount of 20% to the then market price. These options are exercisable between December 2007 and March 2011. At 31 March 2006, Group employees held options to subscribe for 884,988 ordinary shares under the DCC Sharesave Scheme.

The following are details of the share options granted to executive Directors and the Company Secretary under the DCC Sharesave Scheme:

Executive Directors	**No. of ordinary shares at 31 March 2006**	**No. of ordinary shares at 31 March 2005**
Jim Flavin	2,383	2,383
Tommy Breen	2,383	2,383
Kevin Murray	2,383	2,383
Fergal O'Dwyer	2,383	2,383
Company Secretary		
Gerard Whyte	2,006	2,006

The market price of DCC shares on 31 March 2006 was €19.20 and the range during the year was €14.92 to €19.65.

Additional information in relation to the DCC plc 1998 Employee Share Option Scheme and the DCC Sharesave Scheme appears in note 10 on pages 75 to 78.

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 2006, together with their interests at 31 March 2005, were:

Directors	**No. of ordinary shares at 31 March 2006**	**No. of ordinary shares at 31 March 2005***
Alex Spain	25,634	25,634
Jim Flavin	2,456,033	2,456,033
Tony Barry	17,000	17,000
Róisín Brennan	-	-
Michael Buckley	10,000	-
Tommy Breen	211,512	211,512
Paddy Gallagher	5,040	5,040
Maurice Keane	5,000	5,000
Kevin Murray	187,306	187,306
Fergal O'Dwyer	212,506	212,506
Bernard Somers	-	-
Company Secretary		
Gerard Whyte	125,353	125,353

*At 5 September 2005 in respect of Róisín Brennan and Michael Buckley, being the date of their appointment.

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 2006 and 12 May 2006.

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 2006.

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

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.

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 49 and 50, 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 responsible for preparing the Annual Report and the financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Acts, 1963 to 2005 and Article 4 of the IAS Regulation.

Irish company law requires the Directors to prepare 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.

In preparing the financial statements of the Group, the Directors are required to:

- select and use suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable IFRS subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with IFRS and comply with the provisions of the Companies Acts, 1963 to 2005 and Article 4 of the IAS Regulation.

The Directors have a general duty to act in the best interests of the Company and must, therefore, take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

report of the independent auditors

for the year ended 31 March 2006

To the Members of DCC plc

We have audited the Group and Parent Company financial statements (the 'financial statements') of DCC plc for the year ended 31 March 2006 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union. We report to you our opinion as to whether the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2005. We also report to you whether the financial statements have been properly prepared in accordance with Irish statute comprising the Companies Act, 1963 to 2005 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are 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 of the Company; 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, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the Financial Reporting Council's 2003 Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, 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 form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Operating and Financial Review, the Corporate Social Responsibility Statement, the Corporate Governance Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 March 2006 and of its profit and cash flows for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2005, of the state of the Parent Company's affairs as at 31 March 2006 and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2005 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which 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.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company Balance Sheet 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 2006 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
12 May 2006

group income statement

for the year ended 31 March 2006

	Note	2006 Pre exceptionals €'000	2006 Exceptionals (note 11) €'000	2006 Total €'000	2005 Pre exceptionals €'000	2005 Exceptionals (note 11) €'000	2005 Total €'000
Revenue	4	**3,436,292**	**-**	**3,436,292**	2,644,728	-	2,644,728
Cost of sales		**(2,992,240)**	**-**	**(2,992,240)**	(2,258,200)	-	(2,258,200)
Gross profit		**444,052**	**-**	**444,052**	386,528	-	386,528
Operating costs	5	**(320,457)**	**2,841**	**(317,616)**	(274,715)	(15,967)	(290,682)
Operating profit before amortisation of intangible assets	4	**123,595**	**2,841**	**126,436**	111,813	(15,967)	95,846
Amortisation of intangible assets	4	**(4,956)**	**-**	**(4,956)**	(1,261)	-	(1,261)
Operating profit		**118,639**	**2,841**	**121,480**	110,552	(15,967)	94,585
Finance costs	12	**(22,947)**	**(1,145)**	**(24,092)**	(23,284)	(4,809)	(28,093)
Finance revenue	12	**15,906**	**-**	**15,906**	17,590	-	17,590
Share of associates' profit after tax	14	**25,474**	**-**	**25,474**	16,807	-	16,807
Profit before tax		**137,072**	**1,696**	**138,768**	121,665	(20,776)	100,889
Income tax expense	15			**(13,479)**			(12,107)
Profit after tax for the financial year				**125,289**			88,782
Profit attributable to:							
Equity holders of the Company				**123,764**			87,760
Minority interest				**1,525**			1,022
				125,289			88,782
Earnings per ordinary share							
Basic	18			**153.92c**			109.68c
Diluted	18			**150.46c**			107.16c

Alex Spain, Jim Flavin, Directors

group statement of recognised income and expense

for the year ended 31 March 2006

	Note	2006 €'000	2005 €'000
Items of income and expense recognised directly within equity:			
Currency translation effects		**(4,779)**	(5,565)
Group defined benefit pension obligations:			
- actuarial gain/(loss)	32	**1,779**	(7,742)
- deferred tax asset	15	**82**	771
Deferred tax on share based payment	15	**25**	25
Gains relating to cash flow hedges (net)		**23**	-
Deferred tax liability on cash flow hedges	15	**(3)**	-
Net expense recognised directly in equity		**(2,873)**	(12,511)
Profit after tax for the financial year		**125,289**	88,782
Total recognised income and expense for the financial year		**122,416**	76,271
Attributable to:			
Equity holders of the Company		**120,891**	75,249
Minority interest		**1,525**	1,022
Total recognised income and expense for the financial year		**122,416**	76,271

group statement of changes in equity

for the year ended 31 March 2006

	Note	2006 €'000	2005 €'000
At 31 March		**492,219**	462,816
Impact of adoption of IAS 32 and 39		**(1,689)**	-
At 1 April		**490,530**	462,816
Issue of share capital		**3,344**	6,858
Share based payment	10	**1,840**	1,003
Share buyback		**-**	(26,762)
Dividends	17	**(31,568)**	(27,212)
Movement in minority interest		**366**	267
Total recognised income and expense for the financial year attributable to equity holders		**120,891**	75,249
At 31 March		**585,403**	492,219

group balance sheet

as at 31 March 2006

	Note	2006 €'000	2005 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**267,494**	254,791
Intangible assets	20	**248,475**	208,053
Investments in associates	21	**76,789**	51,384
Deferred income tax assets	31	**4,596**	6,957
Derivative financial instruments	28	**8,989**	-
		606,343	521,185
Current assets			
Inventories	23	**138,734**	124,049
Trade and other receivables	24	**522,143**	410,190
Derivative financial instruments	28	**144**	-
Cash and cash equivalents	27	**345,280**	353,304
		1,006,301	887,543
Total assets		**1,612,644**	1,408,728
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Equity share capital	36	**22,057**	22,042
Share premium account	37	**124,687**	124,506
Other reserves	38	**1,400**	1,400
Other reserves - share options	38	**3,392**	1,552
Cash flow hedge reserve	38	**20**	-
Foreign currency translation reserve	38	**(10,344)**	(5,565)
Retained earnings	39	**439,477**	343,936
		580,689	487,871
Minority interest	40	**4,714**	4,348
Total equity		**585,403**	492,219
LIABILITIES			
Non-current liabilities			
Borrowings	29	**292,793**	316,644
Derivative financial instruments	28	**27,077**	-
Deferred income tax liabilities	31	**10,718**	9,996
Retirement benefit obligations	32	**20,679**	25,380
Deferred acquisition consideration	33	**18,808**	10,839
Capital grants	35	**1,991**	958
		372,066	363,817
Current liabilities			
Trade and other payables	25	**543,913**	447,717
Current income tax liabilities		**36,697**	37,189
Borrowings	29	**67,151**	45,553
Derivative financial instruments	28	**73**	-
Provisions for liabilities and charges	34	**3,785**	15,149
Deferred acquisition consideration	33	**3,556**	7,084
		655,175	552,692
Total liabilities		**1,027,241**	916,509
Total equity and liabilities		**1,612,644**	1,408,728

Alex Spain, Jim Flavin, Directors

group cash flow statement

for the year ended 31 March 2006

	Note	2006 €'000	2005 €'000
Cash generated from operations	41	**142,922**	116,396
Exceptional items		**(15,377)**	(6,560)
Interest paid		**(20,573)**	(15,627)
Income tax paid		**(12,157)**	(9,289)
Net cash flows from operating activities		**94,815**	84,920
Investing activities			
Inflows			
Proceeds from disposal of fixed assets		**11,223**	7,875
Capital grants received	35	**1,174**	-
Interest received		**13,650**	12,833
		26,047	20,708
Outflows			
Purchase of property, plant and equipment		**(57,652)**	(43,647)
Acquisition of subsidiaries		**(48,625)**	(77,288)
Purchase of minority interests		**(506)**	(905)
Deferred acquisition consideration paid		**(5,580)**	(2,955)
		(112,363)	(124,795)
Net cash flows from investing activities		**(86,316)**	(104,087)
Financing activities			
Inflows			
Proceeds from issue of shares		**3,344**	6,858
Increase in interest-bearing loans and borrowings		**36,624**	213,244
		39,968	220,102
Outflows			
Share buyback		**-**	(26,762)
Repayment of interest-bearing loans and borrowings		**(663)**	(88,918)
Repayment of finance lease liabilities		**(5,973)**	(5,062)
Dividends paid to equity holders of the Company	17	**(31,568)**	(27,212)
Dividends paid to minority interests	40	**(201)**	(176)
		(38,405)	(148,130)
Net cash flows from financing activities		**1,563**	71,972
Change in cash and cash equivalents		**10,062**	52,805
Translation adjustment		**(4,541)**	(10,074)
Cash and cash equivalents at beginning of year		**314,397**	271,666
Cash and cash equivalents at end of year	30	**319,918**	314,397
Cash and cash equivalents consists of:			
Cash and short term bank deposits	27	**345,280**	353,304
Overdrafts	30	**(25,362)**	(38,907)
	30	**319,918**	314,397

company balance sheet

as at 31 March 2006

	Note	2006 €'000	2005 €'000
ASSETS			
Non-current assets			
Investments in associates	21	**1,300**	1,300
Investments in subsidiary undertakings	22	**161,072**	145,814
		162,372	147,114
Current assets			
Trade and other receivables	24	**263,187**	277,799
Cash and cash equivalents	27	**157**	248
		263,344	278,047
Total assets		**425,716**	425,161
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Equity share capital	36	**22,057**	22,042
Share premium account	37	**124,687**	124,506
Other reserves	38	**344**	344
Retained earnings	39	**55,556**	41,128
Total equity		**202,644**	188,020
LIABILITIES			
Non-current liabilities			
Amounts due to subsidiary undertakings		**10,387**	10,387
Deferred acquisition consideration	33	**-**	139
		10,387	10,526
Current liabilities			
Trade and other payables	25	**212,685**	223,791
Deferred acquisition consideration	33	**-**	2,824
		212,685	226,615
Total liabilities		**223,072**	237,141
Total equity and liabilities		**425,716**	425,161

Alex Spain, Jim Flavin, Directors

company statement of changes in equity

for the year ended 31 March 2006

	Note	**2006 €'000**	2005 €'000
At 1 April		**188,020**	234,156
Profit after tax for the financial year	16	**42,848**	980
Issue of share capital		**3,344**	6,858
Share buyback		**-**	(26,762)
Dividends	17	**(31,568)**	(27,212)
At 31 March		**202,644**	188,020

company cash flow statement

for the year ended 31 March 2006

	Note	2006 €'000	2005 €'000
Profit for the year		**(1,651)**	915
Add back non-operating (income)/expense			
- Tax		**1,199**	(53)
- Net finance costs		**(4,168)**	(3,830)
Operating profit		**(4,620)**	(2,968)
Depreciation		**-**	94
Profit on sale of property, plant and equipment		**-**	(15)
Changes in working capital:			
- Trade and other receivables	26	**14,612**	14,420
- Trade and other payables	26	**(11,106)**	32,683
Cash generated from operations		**(1,114)**	44,214
Interest paid		**(907)**	(867)
Income tax (paid)/received		**(1,199)**	53
Net cash flows from operating activities		**(3,220)**	43,400
Investing activities			
Inflows			
Proceeds from disposal of fixed assets		**-**	15
Interest received		**5,075**	4,697
		5,075	4,712
Outflows			
Purchase of property, plant and equipment		**-**	(242)
Deferred acquisition consideration paid		**(2,963)**	(938)
Additional investment in subsidiary undertakings	22	**(15,258)**	-
		(18,221)	(1,180)
Net cash flows from investing activities		**(13,146)**	3,532
Financing activities			
Inflows			
Dividends received		**44,499**	65
Proceeds from issue of shares		**3,344**	6,858
		47,843	6,923
Outflows			
Share buyback		**-**	(26,762)
Dividends paid to equity holders of the Company	17	**(31,568)**	(27,212)
		(31,568)	(53,974)
Net cash flows from financing activities		**16,275**	(47,051)
Change in cash and cash equivalents		**(91)**	(119)
Cash and cash equivalents at beginning of year		**248**	367
Cash and cash equivalents at end of year		**157**	248

notes to the financial statements

1. Summary of significant accounting policies

Statement of compliance
The consolidated financial statements of DCC plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Acts, 1963 to 2005 applicable to companies reporting under IFRS. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Company has availed of the exemption in Section 148(8) of the Companies Act 1963 and section 7(1A) of the Companies (Amendment) Act 1986 not to present its individual Income Statement and related notes that form part of the approved Company financial statements.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2006 are set out below. These policies have been applied consistently with the exception of those accounting policies pertaining to IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* which in accordance with the transitional provisions of IFRS 1 *First-time Adoption of International Financial Reporting Standards* were not applied in the restatement of the 2005 comparatives presented in these financial statements.

These consolidated financial statements are the Group's first financial statements to be prepared in accordance with IFRS. The IFRS adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective at 31 March 2006 together with the early adoption of the Amendment to IAS 19 *Actuarial Gains and Losses, Group Plans and Disclosures.*

Basis of preparation
The consolidated financial statements, which are presented in euro, rounded to the nearest thousand, have been prepared under the historical cost convention, as modified by the measurement at fair value of share options and derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements and in preparing the opening IFRS Balance Sheet as at 1 April 2004 for the purposes of the transition to IFRS reporting with the exception of IAS 32 and IAS 39 which, as noted above, were not applied in the restatement of the 2005 comparatives.

The transition to IFRS is accounted for in accordance with IFRS 1. This standard sets out how to adopt IFRS for the first time and mandates that most standards are to be fully applied retrospectively. There are certain limited exemptions from this requirement. The impact of IFRS on the financial statements for the year ended 31 March 2005 and the significant decisions taken in respect of availing, or otherwise, of the exemptions available on the transition to IFRS are outlined in note 47 to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, relate primarily to accounting for defined benefit pension schemes and goodwill impairment and are documented in the relevant accounting policies below.

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards which are relevant to the Group have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2006 or later periods but which the Group has not early adopted. These include the following:

IFRS 7 *Financial Instruments: Disclosures;*
Amendment to IAS 1 *Capital Disclosures;*
Amendment to IAS21 *Net Investment in a Foreign Operation;*
Amendment to IAS 39 *Cash Flow Hedge Accounting of Forecast Intragroup Transactions;*

1. Summary of significant accounting policies - continued

Amendment to IAS 39 *The Fair Value Option;*
Amendment to IAS 39 *Transition and Initial Recognition of Financial Assets and Financial Liabilities;*
Amendment to IAS 39 and IFRS 4 *Financial Guarantee Contracts;*
IFRIC Interpretation 4 *Determining whether an Arrangement contains a Lease;* and
IFRIC Interpretation 8 *Scope of IFRS 2.*

Adoption of IFRS

The Group and Company are required to determine their IFRS accounting policies and apply them retrospectively to establish their opening balance sheets under IFRS at the date of transition. The transitional impact of the recognition and measurement of IFRS as disclosed in the Restatement of Financial Information under IFRS was published by the Group on 30 September 2005. IFRS 1 *First-time Adoption of International Financial Reporting Standards* allows a number of exemptions on adoption of IFRS for the first time. The date of transition to IFRS for the Group and Company is 1 April 2004.

Standards adopted during the financial year
The Group has adopted the following standards during the financial year ended 31 March 2006 and comparative figures have been amended as required: IAS 1 *Presentation of Financial Statements;* IAS 2 *Inventories*; IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; IAS 10 *Events after the Balance Sheet Date;* IAS 16 *Property, Plant and Equipment;* IAS 17 *Leases*; IAS 21 *The Effects of Changes in Foreign Exchange Rates;* IAS 24 *Related Party Disclosures*; IAS 27 *Consolidated and Separate Financial Statements;* IAS 28 *Investments in Associates*; IAS 31 *Interests in Joint Ventures* and IAS 33 *Earnings per Share.*

As permitted under IFRS1, the Group applied hedge accounting in accordance with Irish GAAP for the year ended 31 March 2005 and adopted IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* from 1 April 2005.

Early adoption
The Group decided to avail of early application of the Amendment to IAS 19 *Actuarial Gains and Losses, Group Plans and Disclosures,* which enables the recognition of actuarial gains and losses through retained income. Accordingly, the revised disclosure requirements inherent in this Amendment have been reflected in the Group financial statements for the year ended 31 March 2006.

Basis of consolidation

Subsidiaries
The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated Income Statement from the date of their acquisition or up to the date of their disposal.

A subsidiary is one where the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group controls the entity.

Joint ventures
In accordance with IAS 31 *Interests in Joint Ventures,* the Group's share of results and net assets of joint ventures, which are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement, are accounted for on the basis of proportionate consolidation from the date on which the contractual agreements stipulating joint control are finalised and are derecognised when joint control ceases. All of the Group's joint ventures are jointly controlled entities within the meaning of IAS 31. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

Associates
Associates 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 has a significant influence.

Associates are included in the Company Balance Sheet at cost less provision for any impairment in value. Income from associates included in the Company Income Statement comprises dividends received and receivable.

The appropriate share of results of associates is included in the Group Income Statement by way of the equity method of accounting. Associates are stated in the Group Balance Sheet at cost plus the attributable portion of their retained reserves from the date of acquisition.

Goodwill attributable to investments in associates is treated in accordance with the accounting policy for goodwill.

1. Summary of significant accounting policies - continued

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition
Revenue comprises the invoiced value, including excise duty and excluding value added tax, of goods supplied and services rendered. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, that it can be reliably measured and that the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when shareholders' rights to receive payment have been established.

Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments. Arising from the Group's internal organisational structure and its system of internal financial reporting, segmentation by business is regarded as being the predominant source and nature of the risks and returns facing the Group and is thus the primary segment. Geographical segmentation is the secondary segment.

Foreign currency translation
Functional and presentation currency
The consolidated financial statements are presented in euro which is the Company's functional and the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Currency translation differences on monetary assets and liabilities are taken to the consolidated Income Statement except where hedge accounting is applied.

Group companies
Results and cash flows of subsidiaries, joint ventures and associates which do not have the euro as their functional currency are translated into euro at average exchange rates for the year, and the related balance sheets are translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of such subsidiaries, joint ventures and associates at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency instruments designated as hedges of such investments.

On disposal of a foreign operation, such cumulative currency translation differences are recognised in the Income Statement as part of the overall gain or loss on disposal. Cumulative currency translation differences arising prior to the transition date have been set to zero for the purposes of ascertaining the gain or loss on disposal of a foreign operation subsequent to 1 April 2004.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, are expressed in the functional currency of the foreign operation and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Exceptional items
The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items.

1. Summary of significant accounting policies - continued

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value level by the end of its useful life:

	Annual rate
Freehold and long term leasehold buildings	2%
Plant and machinery	5 - 33 1/3%
Cylinders	6 2/3%
Motor vehicles	10 - 33 1/3%
Fixtures, fittings & office equipment	10 - 33 1/3%

Land is not depreciated. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

Business combinations
The purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group. The Group has elected to avail of the exemption under IFRS 1 *First-time Adoption of International Financial Reporting Standards* whereby business combinations prior to the transition date of 1 April 2004 are not restated. IFRS 3 *Business Combinations* has been applied with effect from the transition date of 1 April 2004 and goodwill amortisation ceased from that date.

The cost of a business combination is measured as the aggregate of the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable expenses. Where acquisitions involve further payments which are deferred or contingent on levels of performance achieved in the years following the acquisition, the fair value of the deferred component is determined through discounting the amounts payable to their present value. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to assets and liabilities are made within twelve months of the acquisition date and reflected as a restatement of the acquisition balance sheet.

Minority interests
The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against interests of the parent.

Goodwill
Goodwill arising in respect of acquisitions completed prior to 1 April 2004 (being the transition date to IFRS) is included at its carrying amount, which equates to its net book value recorded under previous GAAP. In line with the provisions applicable to a first-time adopter under IFRS the accounting treatment of business combinations undertaken prior to the transition date has not been reconsidered in preparing the opening IFRS Balance Sheet at 1 April 2004 and goodwill amortisation has ceased with effect from the transition date.

Goodwill written off to reserves under Irish GAAP prior to 1 April 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal. Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

1. Summary of significant accounting policies - continued

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill relating to acquisitions from 1 April 2004 and goodwill carried in the Balance Sheet at 1 April 2004 is not amortised. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The carrying amount of goodwill in respect of associates, net of any impairment, is included in investments in associates under the equity method in the Group Balance Sheet.

Goodwill was tested for impairment as at 1 April 2004, the date of transition to IFRS, and no impairment resulted from this exercise.

Goodwill acquired in a business combination is allocated, from the acquisition date, to the respective cash-generating units. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the goodwill impairment tests are undertaken at a consistent time in each annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

Intangible assets (other than goodwill)
Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition.

Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write-off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, definite-lived intangible assets are amortised over periods ranging from three to five years, depending on the nature of the intangible asset.

Leases
Property, plant and equipment, acquired under a lease which transfers substantially all of the risks and rewards of ownership to the Group, are capitalised as property, plant and equipment and are depreciated over their useful lives with any impairment being recognised in the Income Statement. 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 Income Statement over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The annual rentals under operating leases are charged to the Income Statement on a straight-line basis over the lease term.

Inventories
Inventories 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 inventories 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 inventories.

1. Summary of significant accounting policies - continued

Trade and other receivables and payables
Trade and other receivables and payables are stated at cost, which approximates to fair value given the short-dated nature of these assets and liabilities.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Derivative financial instruments - accounting policy for the year ended 31 March 2006
The Group uses derivative financial instruments (principally interest rate, currency and cross currency interest rate swaps and forward foreign exchange and commodity contracts) to hedge its exposure to interest rate and foreign exchange risks and to changes in the prices of certain commodity products arising from operational, financing and investment activities.

Derivative financial instruments are recognised on inception at fair value, being the present value of estimated future cash flows. The method of recognition of gains or losses on subsequent re-measurement of fair value depends on the nature of the item being hedged.

Hedging
For the purposes of hedge accounting, hedges are designated either as fair value hedges (which entail hedging the exposure to movements in the fair value of a recognised asset or liability or a firm commitment that are attributable to hedged risks) or cash flow hedges (which hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset or liability or a highly probable forecast transaction).

Fair value hedge
In the case of fair value hedges which satisfy the conditions for hedge accounting, any gain or loss arising from the re-measurement of the fair value of the hedging instrument is reported in the Income Statement within 'Finance Costs'. In addition, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement within 'Finance Costs'.

If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the Income Statement over the period to maturity.

Cash flow hedge
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity with the ineffective portion being reported in the Income Statement. When a forecast transaction results in the recognition of an asset or a liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise, the associated gains or losses that had previously been recognised in equity are transferred to the Income Statement in the same reporting period as the hedged transaction.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Derivative financial instruments - accounting policy for the year ended 31 March 2005
Gains and losses on derivative contracts used to hedge foreign exchange and commodity price trading exposures were recognised in the Income Statement when the hedged transactions occurred.

Gains and losses on foreign currency swap agreements used to convert US dollar borrowings into euro and sterling borrowings were deferred to be recognised on the maturity of the underlying debt, together with the matching loss or gain on the debt.

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

1. Summary of significant accounting policies - continued

Interest-bearing loans and borrowings
All loans and borrowings are initially recorded at cost being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost employing the effective interest yield method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the Income Statement when the liabilities are derecognised or impaired, as well as through the amortisation process.

Provisions
A provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and announced its main provisions.

Provisions arising on business combinations are only recognised to the extent that they would have qualified for recognition in the financial statements of the acquirer prior to the acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Income tax
Current tax
Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments stemming from prior years.

Deferred tax
Deferred tax is provided using the liability method on all temporary differences at the balance sheet date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the year in which the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the following:
(i) where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and

(ii) where, in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, the timing of the reversal of the temporary difference is subject to control and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items except:
(i) where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and

(ii) where, in respect of deductible temporary differences associated with investment in subsidiaries, joint ventures and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised.

1. Summary of significant accounting policies - continued

Pension and other post employment obligations

The Group operates defined contribution and defined benefit pension schemes.

The costs arising in respect of the Group's defined contribution schemes are charged to the Income Statement in the period in which they are incurred. The Group has no legal or constructive obligation to pay further contributions after payment of fixed contributions.

The Group operates a number of defined benefit pension schemes which require contributions to be made to separately administered funds. The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted.

The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations.

The net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax liabilities or assets as appropriate. The Group has elected to avail of the Amendment to IAS 19 *Employee Benefits* to recognise post transition date actuarial gains and losses immediately in the Statement of Recognised Income and Expense.

When the benefits of a defined benefit plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

Share-based payment transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares.

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. The fair value is determined using a binomial model for the DCC plc 1998 Employee Share Option Scheme and the Black Scholes option valuation model for the DCC Sharesave Scheme. Non-market based vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement with a corresponding credit to Other Reserves - Share Options. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

The proceeds received by the Company on the vesting of share entitlements are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. When the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to shareholders equity.

In line with the transitional arrangements set out in IFRS 2 *Share-based Payment* the recognition and measurement principles of this standard have been applied only in respect of share entitlements granted after 7 November 2002 and which have not vested by 1 January 2005. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

Grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to capital grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

1. Summary of significant accounting policies - continued

Share capital

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders of the Company. Dividends declared after the balance sheet date are disclosed in the dividends note.

2. Financial risk management

Financial risk factors

The Group uses derivative financial instruments (principally interest rate, currency and cross currency interest rate swaps and forward foreign exchange and commodity contracts) to hedge certain risk exposures, as detailed below, arising from operational, financing and investment activities. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

Financial risk management within the Group is governed by policies and guidelines reviewed and approved annually by the Board of Directors. These policies and guidelines primarily cover foreign exchange risk, commodity price risk, credit risk, liquidity risk and interest rate risk. Monitoring of compliance with the policies and guidelines is managed by the Enterprise Risk Management function.

(i) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to sterling and the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The Group generally hedges between 50% and 90% of transactions in each major currency for the subsequent 2 months. The Group also hedges approximately 50% of anticipated transactions in certain subsidiaries generally for periods up to 6 months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

The Group has investments in sterling operations which are highly cash generative. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in or swapped (utilising currency swaps or cross currency interest rate swaps) into sterling, although this is more than offset by the strong cumulative cash flow from the Group's sterling operations.

Price risk

The Group is exposed to commodity price risk in its LPG and oil distribution businesses. The Group generally hedges approximately 50% of its anticipated LPG commodity price exposure for the subsequent month with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Certain customers occasionally require fixed price oil supply contracts generally for periods less than six months. In such circumstances, the Group enters into matching forward commodity contracts, not designated as hedges under IAS 39.

The Group is not exposed to equity securities price risk.

(ii) Credit risk

The Group has no significant concentrations of credit risk. The Group primarily sells to business customers and has policies in place to ensure that customers have an appropriate credit history. Sales, principally comprising home heating fuels, to non-business customers are made in cash, by direct debit or via major credit cards. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

2. Financial risk management - continued

(iii) Liquidity risk
The Group maintains a strong balance sheet with long term debt funding and cash balances with deposit maturities up to six months. In addition, the Group maintains significant uncommitted credit lines with its relationship banks.

(iv) Cash flow and fair value interest rate risk
The Group borrows at both fixed and floating rates of interest. The Group has swapped its fixed rate borrowings to floating interest rates, using interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

The Group also utilises interest rate swaps to swap certain floating rate sterling assets and liabilities into fixed rate sterling assets and liabilities. The notional principal amounts on these swaps offset.

Fair value estimation
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of techniques and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

3. Critical accounting estimates and judgements

The Group's main accounting policies affecting its results of operations and financial condition are set out on pages 58 to 66. Judgements and assumptions have been made by management in applying the Group's accounting policies in certain areas. Actual results may differ from the estimates calculated using these judgements and assumptions. Key sources of estimation uncertainty and critical accounting judgements are as follows:

Goodwill

The Group has capitalised goodwill of €234.7 million at 31 March 2006. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Company uses the present value of future cash flows to determine implied fair value. In calculating the implied fair value, management judgement is required in forecasting cash flows of reporting units, in estimating terminal growth values and in selecting an appropriate discount rate. No impairment resulted from the annual impairment test in 2006.

Post-retirement benefits

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals €88.0 million. The Group also has plan assets totalling €67.3 million giving a net pension liability of €20.7 million for the Group. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contributions from the Group.

4. Segment information

Analysis by business segment and by geography

The Group is analysed into five main business segments: DCC Energy, DCC SerCom, DCC Healthcare, DCC Food & Beverage and DCC Environmental.

> **DCC Energy** markets and sells liquefied petroleum gas and oil products for commercial/industrial, transport and domestic use in Britain and Ireland. DCC Energy also includes a fuel card services business.

> **DCC SerCom** markets and sells a broad range of IT and entertainment products in Britain, Ireland and Continental Europe to computer resellers, high street retailers, computer superstores, on-line retailers and mail order companies. DCC SerCom also includes a supply chain management business.

> **DCC Healthcare** markets and sells medical, surgical, laboratory, intravenous pharmaceutical, rehabilitation and independent living products to the acute care, community care and laboratory sectors in Britain and Ireland. DCC Healthcare is also a leading provider of contract manufacturing services to the health and beauty industry in Europe.

> **DCC Food & Beverage** markets and sells food and beverages in Ireland and wine in Britain. These include healthy foods, snackfoods, fresh coffee and wine to a broad range of catering, convenience store, food service and multiple grocer customers. DCC Food & Beverage is also a leading provider of frozen food distribution in Ireland.

> **DCC Environmental** provides a broad range of waste management services to the industrial/commercial sectors in Britain and Ireland.

Intersegment revenue is not material and thus not subject to separate disclosure.

4. Segment information - continued

The segment results for the year ended 31 March 2006 are as follows:

Income statement items

	Year ended 31 March 2006					
	DCC Energy €'000	**DCC SerCom €'000**	**DCC Healthcare €'000**	**DCC Food & Beverage €'000**	**DCC Environmental €'000**	**Total €'000**
Segment revenue	**1,831,608**	**1,084,606**	**211,701**	**276,917**	**31,460**	**3,436,292**
Operating profit*	**55,965**	**25,015**	**21,636**	**15,467**	**5,512**	**123,595**
Amortisation of intangible assets	**(1,043)**	**(1,580)**	**(1,325)**	**(1,008)**	**-**	**(4,956)**
	54,922	**23,435**	**20,311**	**14,459**	**5,512**	**118,639**
Operating exceptional items (note 11)						**2,841**
Operating profit						**121,480**
Finance costs (including non-operating exceptional items)						**(8,186)**
Share of associates' profit after tax						**25,474**
Profit before income tax						**138,768**
Income tax expense						**(13,479)**
Profit for the year						**125,289**

**Operating profit before amortisation of intangible assets and exceptional items*

	Year ended 31 March 2005					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Segment revenue	1,240,551	983,483	162,279	232,635	25,780	2,644,728
Operating profit*	51,806	26,292	15,441	12,827	5,447	111,813
Amortisation of intangible assets	(260)	-	(355)	(646)	-	(1,261)
	51,546	26,292	15,086	12,181	5,447	110,552
Operating exceptional items (note 11)						(15,967)
Operating profit						94,585
Finance costs (including non-operating exceptional items)						(10,503)
Share of associates' profit after tax						16,807
Profit before income tax						100,889
Income tax expense						(12,107)
Profit for the year						88,782

**Operating profit before amortisation of intangible assets and exceptional items*

4. Segment information - continued

Balance sheet items

	As at 31 March 2006					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Segment assets	483,616	372,834	151,076	128,894	40,426	1,176,846
Reconciliation to total assets as reported in the Group Balance Sheet						
Investment in associates						76,789
Derivative financial instruments (current and non-current)						9,133
Deferred income tax assets						4,596
Cash and cash equivalents						345,280
Total assets as reported in the Group balance sheet						1,612,644
Segment liabilities	278,138	185,090	40,746	59,567	4,836	568,377
Reconciliation to total liabilities as reported in the Group balance sheet						
Interest-bearing loans and borrowings (current and non-current)						359,944
Derivative financial instruments (current and non-current)						27,150
Income tax liabilities (current and deferred)						47,415
Deferred acquisition consideration						22,364
Capital grants						1,991
Total liabilities as reported in the Group balance sheet						1,027,241

Net tangible capital employed

	As at 31 March 2006					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Segment assets	483,616	372,834	151,076	128,894	40,426	1,176,846
Intangible assets	(75,827)	(59,898)	(63,621)	(35,987)	(13,142)	(248,475)
Deferred income tax assets	1,141	-	2,811	644	-	4,596
Assets employed	408,930	312,936	90,266	93,551	27,284	932,967
Segment liabilities	278,138	185,090	40,746	59,567	4,836	568,377
Income tax liabilities (current and deferred)	21,853	8,485	9,866	5,486	1,725	47,415
Capital grants	-	322	1,246	-	423	1,991
Liabilities employed	299,991	193,897	51,858	65,053	6,984	617,783
Net tangible capital employed	108,939	119,039	38,408	28,498	20,300	315,184

4. Segment information - continued

Balance sheet items

	As at 31 March 2005					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Segment assets	430,822	267,739	133,736	130,368	34,418	997,083
Reconciliation to total assets as reported in the Group balance sheet						
Investment in associates						51,384
Deferred income tax assets						6,957
Cash and cash equivalents						353,304
Total assets as reported in the Group Balance Sheet						1,408,728
Segment liabilities	238,862	145,260	39,234	59,902	4,988	488,246
Reconciliation to total liabilities as reported in the Group balance sheet						
Interest-bearing loans and borrowings (current and non-current)						362,197
Income tax liabilities (current and deferred)						47,185
Deferred acquisition consideration						17,923
Capital grants						958
Total liabilities as reported in the Group balance sheet						916,509

Net tangible capital employed

	As at 31 March 2005					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Segment assets	430,822	267,739	133,736	130,368	34,418	997,083
Intangible assets	(71,842)	(27,772)	(56,402)	(39,893)	(12,144)	(208,053)
Deferred income tax assets	1,234	1,067	4,066	411	179	6,957
Assets employed	360,214	241,034	81,400	90,886	22,453	795,987
Segment liabilities	238,862	145,260	39,234	59,902	4,988	488,246
Income tax liabilities (current and deferred)	22,420	9,806	8,940	3,418	2,601	47,185
Capital grants	-	368	114	-	476	958
Liabilities employed	261,282	155,434	48,288	63,320	8,065	536,389
Net tangible capital employed	98,932	85,600	33,112	27,566	14,388	259,598

4. Segment information - continued

Other segment information

	Year ended 31 March 2006					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Capital expenditure	**26,884**	**11,303**	**10,305**	**5,028**	**4,332**	**57,852**
Depreciation	**21,321**	**2,748**	**4,194**	**3,491**	**2,388**	**34,142**
Amortisation of intangible assets	**(1,043)**	**(1,580)**	**(1,325)**	**(1,008)**	**-**	**(4,956)**

	Year ended 31 March 2005					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
Capital expenditure	17,303	11,036	4,427	3,940	6,875	43,581
Depreciation	19,997	4,314	3,302	3,234	2,020	32,867
Amortisation of intangible assets	(260)	-	(355)	(646)	-	(1,261)

Geographical analysis
The following is a geographical analysis of the segment information presented above.

	Year ended 31 March							
	Ireland		UK		Rest of the World		Total	
	2006 €'000	2005 €'000	**2006 €'000**	2005 €'000	**2006 €'000**	2005 €'000	**2006 €'000**	2005 €'000
Income statement items								
Revenue	**995,848**	861,149	**2,259,954**	1,633,374	**180,490**	150,205	**3,436,292**	2,644,728
Operating profit*	**51,683**	40,917	**68,904**	69,719	**3,008**	1,177	**123,595**	111,813
Amortisation of intangible assets	**(1,703)**	(178)	**(3,071)**	(1,083)	**(182)**	-	**(4,956)**	(1,261)
Segment result	**49,980**	40,739	**65,833**	68,636	**2,826**	1,177	**118,639**	110,552
Balance sheet items								
Segment assets	**435,089**	379,156	**670,101**	561,809	**71,656**	56,118	**1,176,846**	997,083
Segment liabilities	**215,994**	204,068	**330,018**	267,806	**22,365**	16,372	**568,377**	488,246
Other segment information								
Capital expenditure	**18,667**	17,723	**38,823**	25,386	**362**	472	**57,852**	43,581
Depreciation	**12,060**	13,516	**21,597**	18,779	**485**	572	**34,142**	32,867

**Operating profit before amortisation of intangible assets and exceptional items*

5. Operating costs

	2006 €'000	2005 €'000
Selling and distribution costs	**168,758**	144,562
Administrative expenses	**157,349**	133,468
Other expenses	**1,931**	1,018
Other income	**(7,581)**	(4,333)
Total operating costs*	**320,457**	274,715

** before operating exceptional items (note 11)*

Other operating expenses and income comprise the following charges/(credits):

	2006 €'000	2005 €'000
Other expenses		
Expensing of employee share options	**1,840**	1,003
Other operating expenses	**91**	15
	1,931	1,018
Other income		
Fair value gains on undesignated derivative financial instruments		
- forward foreign exchange contracts (net)	**(297)**	-
- commodity contracts (net)	**(55)**	-
Other operating income	**(7,229)**	(4,333)
	(7,581)	(4,333)

6. Group operating profit

Group operating profit has been arrived at after charging/(crediting) the following amounts (including the Group's share of joint ventures accounted for on the basis of proportionate consolidation):

	2006 €'000	2005 €'000
Amortisation of capital grants	**(112)**	(155)
Operating lease rentals		
- land and buildings	**5,758**	4,629
- plant and machinery	**265**	160
- motor vehicles	**3,079**	3,359
	9,102	8,148
Audit fees	**1,075**	982
Acquisition related due diligence and litigation support	**166**	809
Tax compliance and advisory services	**1,711**	1,580
	2,952	3,371

7. Directors' emoluments and interests

Directors' emoluments and interests (which are included in operating costs above) are presented in the Report of the Remuneration Committee on pages 44 to 47.

8. Proportionate consolidation of joint ventures

Impact on group income statement

Year ended 31 March Group share of:	**2006** **€'000**	2005 €'000
Revenue	**20,283**	16,801
Cost of sales	**(11,985)**	(9,624)
Gross profit	**8,298**	7,177
Operating costs	**(5,495)**	(5,387)
Operating profit	**2,803**	1,790
Finance costs (net)	**(66)**	(64)
Profit before income tax	**2,737**	1,726
Income tax expense	**(404)**	(288)
Group profit for the financial year	**2,333**	1,438

Impact on group balance sheet

As at 31 March Group share of:		
Non-current assets	**9,597**	8,902
Current assets	**2,983**	9,172
Total assets	**12,580**	18,074
Total equity	**8,077**	13,151
Non-current liabilities	**1,224**	1,332
Current liabilities	**3,279**	3,591
Total liabilities	**4,503**	4,923
Total equity and liabilities	**12,580**	18,074

Impact on group cash flow statement

Year ended 31 March Group share of:		
Net cash flow from operating activities	**2,484**	1,274
Net cash flow from investing activities	**(1,314)**	(1,626)
Net cash flow from financing activities	**(125)**	(2,004)
Net increase/(decrease) in cash and cash equivalents	**1,045**	(2,356)
Cash and cash equivalents at beginning of year	**479**	2,835
Cash and cash equivalents at end of year	**1,524**	479

Reconciliation of cash and cash equivalents to net cash/(debt)

Cash and cash equivalents as above	**1,524**	479
Interest-bearing loans and borrowings (current and non-current)	**(1,055)**	(1,180)
Net cash/(debt) at 31 March	**469**	(701)

Details of the Group's principal joint ventures are shown on page 116.

9. Employment

The average weekly number of persons (including executive Directors and the Group's share of employees of joint ventures, applying proportionate consolidation) employed by the Group during the year analysed by class of business was:

	2006 number	2005 number
DCC Energy	**1,779**	1,733
DCC SerCom	**1,321**	1,284
DCC Healthcare	**929**	742
DCC Food & Beverage	**907**	833
DCC Environmental	**173**	154
	5,109	4,746

The staff costs for the above were:	2006 €'000	2005 €'000
Wages and salaries	**174,860**	157,924
Social welfare costs	**18,033**	16,679
Share based payment expense (note 10)	**1,840**	1,003
Pension costs - defined contribution plans	**4,816**	3,639
Pension costs - defined benefit plans (note 32)	**3,062**	3,421
	202,611	182,666

10. Employee share options

The Group's employee share options are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the Income Statement of €1.840 million (2005: €1.003 million) has been arrived at through applying the binomial model, which is a lattice option-pricing model, for options issued under the DCC plc 1998 Employee Share Option Scheme and the Black Scholes option valuation model for options issued under the DCC Sharesave Scheme 2001.

Impact on income statement

In compliance with the transitional provisions set out in IFRS 2 *Share-based Payment* the Group has elected to implement the measurement requirements of the IFRS in respect of share options that were granted after 7 November 2002 that had not vested as at 1 January 2005, the effective date of the standard.

The total expense is analysed as follows:

Date of grant	Grant price €	Duration of vesting period	Number of options granted	Weighted average fair value €	Expense in income statement 2006 €'000	Expense in income statement 2005 €'000
DCC plc 1998 Employee Share Option Scheme						
12 November 2002	10.38	3 and 5 years	609,500	2.81	**349**	394
22 December 2003	10.70	3 and 5 years	132,000	2.76	**94**	94
18 May 2004	12.75	3 and 5 years	162,500	3.42	**150**	125
9 November 2004	15.65	3 and 5 years	219,500	4.15	**269**	90
15 December 2005	16.70	3 and 5 years	215,000	4.52	**79**	-
					941	703
DCC Sharesave Scheme 2001						
10 December 2004	12.63	3 and 5 years	716,010	4.67	**899**	300
Total expense					**1,840**	1,003

10. Employee share options - continued

Share options

DCC plc 1998 Employee Share Option Scheme
Under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 2,281,244 ordinary shares and second tier options to subscribe for 2,308,000 ordinary shares. The number of shares in respect of which basic tier and second tier options may be granted under this Scheme may not exceed 5% of the total number of shares in issue in each case.

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.

A summary of activity under the DCC plc 1998 Employee Share Option Scheme over the year is as follows:

	2006		2005	
	Average exercise price in € per share	**Options**	Average exercise price in € per share	Options
At 1 April	**9.11**	**4,781,284**	8.52	5,104,084
Granted	**16.70**	**215,000**	14.42	382,000
Exercised	**8.64**	**(354,040)**	7.65	(666,300)
Lapsed	**11.42**	**(53,000)**	9.55	(38,500)
At 31 March	**9.47**	**4,589,244**	9.11	4,781,284
Total exercisable at 31 March	**8.07**	**3,032,744**	7.76	2,994,784

The weighted average fair values assigned to options granted under the DCC plc 1998 Employee Share Option Scheme, which were computed in accordance with the binomial valuation methodology, were as follows:

	3 year €	**5 year €**	**Weighted average €**
Granted during the year ended 31 March 2003	2.66	2.86	2.81
Granted during the year ended 31 March 2004	2.67	2.84	2.76
Granted during the year ended 31 March 2005	3.79	3.93	3.84
Granted during the year ended 31 March 2006	4.52	4.52	4.52

The fair values of options granted under the DCC plc 1998 Employee Share Option Scheme were determined using the following assumptions:

	2006		2005	
	3 year	**5 year**	3 year	5 year
Weighted average exercise price (in €)	**16.70**	**16.70**	14.62	14.04
Risk-free interest rate (%)	**4.40**	**4.40**	3.84	3.92
Dividend yield (%)	**2.50**	**2.50**	2.09	2.14
Expected volatility (%)	**25.0**	**25.0**	25.0	25.0
Expected life in years	**8.0**	**8.0**	8.0	8.0

The expected volatility is based on historic volatility over the past 8 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon government bonds of a term consistent with the assumed option life.

10. Employee share options - continued

Analysis of closing balance – outstanding at end of year

		2006		2005	
Date of grant	**Date of expiry**	**Exercise price in € per share**	**Options**	Exercise price in € per share	Options
26 June 1998	26 June 2008	**8.19**	**468,000**	8.19	537,000
27 July 1998	27 July 2008	**8.13**	**73,000**	8.13	81,000
4 August 1998	4 August 2008	**7.43**	**60,000**	7.43	60,000
6 August 1998	6 August 2008	**7.43**	**29,510**	7.43	57,784
10 November 1998	10 November 2008	**6.22**	**689,000**	6.22	783,500
11 May 1999	11 May 2009	**8.75**	**12,000**	8.75	12,000
9 November 1999	9 November 2009	**7.00**	**847,500**	7.00	867,500
16 May 2000	16 May 2010	**10.65**	**50,000**	10.65	57,500
21 November 2000	21 November 2010	**11.25**	**258,500**	11.25	353,500
15 May 2001	15 May 2011	**-**	**-**	10.95	15,000
13 November 2001	13 November 2011	**10.25**	**815,734**	10.25	835,500
10 June 2002	10 June 2012	**12.20**	**5,000**	12.20	10,000
12 November 2002	12 November 2012	**10.38**	**567,500**	10.38	597,000
22 December 2003	22 December 2013	**10.70**	**132,000**	10.70	132,000
18 May 2004	18 May 2014	**12.75**	**152,000**	12.75	162,500
9 November 2004	9 November 2014	**15.65**	**214,500**	15.65	219,500
15 December 2005	15 December 2015	**16.70**	**215,000**	-	-
Total outstanding at 31 March			**4,589,244**		4,781,284

Analysis of closing balance – exercisable at end of year

		2006		2005	
Date of grant	**Date of expiry**	**Exercise price in € per share**	**Options**	Exercise price in € per share	Options
26 June 1998	26 June 2008	**8.19**	**468,000**	8.19	537,000
27 July 1998	27 July 2008	**8.13**	**73,000**	8.13	81,000
4 August 1998	4 August 2008	**7.43**	**60,000**	7.43	60,000
6 August 1998	6 August 2008	**7.43**	**29,510**	7.43	57,784
10 November 1998	10 November 2008	**6.22**	**689,000**	6.22	783,500
11 May 1999	11 May 2009	**8.75**	**12,000**	8.75	12,000
9 November 1999	9 November 2009	**7.00**	**847,500**	7.00	867,500
16 May 2000	16 May 2010	**10.65**	**50,000**	10.65	25,000
21 November 2000	21 November 2010	**11.25**	**258,500**	11.25	146,500
15 May 2001	15 May 2011	**-**	**-**	10.95	7,500
13 November 2001	13 November 2011	**10.25**	**402,234**	10.25	417,000
12 November 2002	12 November 2012	**10.38**	**143,000**	-	-
Total exercisable at 31 March			**3,032,744**		2,994,784

10. Employee share options - continued

DCC Sharesave Scheme 2001

Under the DCC Sharesave Scheme 2001, Group employees hold options to subscribe for 884,988 ordinary shares. Options are granted at a discount of 20% to the market price as provided for by the rules of the Scheme. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2006		2005	
	Average exercise price in € per share	**Options**	Average exercise price in € per share	Options
At 1 April	**11.53**	**986,912**	8.79	528,746
Granted	**-**	**-**	12.63	716,010
Exercised	**9.23**	**(9,667)**	8.79	(192,548)
Lapsed	**12.35**	**(92,257)**	9.52	(65,296)
At 31 March	**11.47**	**884,988**	11.53	986,912
Total exercisable at 31 March	**-**	**-**	8.79	1,592

Analysis of closing balance – outstanding at end of year

		2006		2005	
Date of grant	**Date of expiry**	**Exercise price in € per share**	**Options**	Exercise price in € per share	Options
15 June 2001	1 September 2005	**-**	**-**	8.79	1,592
15 June 2001	1 September 2007	**8.79**	**268,036**	8.79	281,641
10 December 2004	1 March 2009	**12.63**	**326,352**	12.63	385,817
10 December 2004	1 March 2011	**12.63**	**290,600**	12.63	317,862
Total outstanding at 31 March			**884,988**		986,912

Analysis of closing balance – exercisable at end of year

		2006		2005	
Date of grant	**Date of expiry**	**Exercise price in € per share**	**Options**	Exercise price in € per share	Options
15 June 2001	1 September 2005	**-**	**-**	8.79	1,592
Total exercisable at 31 March			**-**		1,592

The weighted average fair values assigned to options granted under the DCC Sharesave Scheme 2001 which were computed in accordance with the Black Scholes option valuation model were as follows:

	3 year €	**5 year €**	**Weighted average €**
Granted during year ended 31 March 2005	4.43	4.95	4.67

The fair values of options granted under the DCC Sharesave Scheme 2001 were determined using the following assumptions:

	2005	
	3 year	5 year
Exercise price (in €)	12.63	12.63
Risk-free interest rate (%)	4.40	4.40
Dividend yield (%)	2.50	2.50
Expected volatility (%)	25.0	25.0
Expected life in years	3.0	5.0

The expected volatility is based on historic volatility. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon government bonds of a term consistent with the assumed option life.

11. Exceptional items

	2006 €'000	2005 €'000
Costs of legal action with Fyffes plc and others	**(5,147)**	(6,154)
Provision for recovery of legal costs from Fyffes plc	**8,500**	-
Restructuring costs and other	**(512)**	(9,813)
Operating exceptional items	**2,841**	(15,967)
Foreign exchange losses on intercompany financing loans to 30 September 2005	**(1,145)**	(4,809)
	1,696	(20,776)

On 21 December 2005, the Irish High Court found in favour of DCC and Others in the case taken against them by Fyffes plc, under Part V of the Irish Companies Act 1990, in relation to the sale of shares by Lotus Green in February 2000. In dismissing Fyffes' claim against all of the defendants, the Court held that the share sales were entirely lawful and that none of the defendants had any liability arising from the sales of the shares in Fyffes in February 2000.

On 10 February 2006, the Irish High Court decided that Fyffes should pay most of DCC's costs in relation to Fyffes' failed legal action against the Group. DCC expects to recoup approximately €8.5 million from Fyffes following this High Court order and, accordingly, has accrued this amount as a credit under exceptional operating costs.

On 7 April 2006, Fyffes announced its intention to lodge an appeal to the Irish Supreme Court seeking to overturn the decision of the Irish High Court in relation to Fyffes' failed legal action against DCC plc and Others. Fyffes' appeal will be challenged vigorously and comprehensively and DCC is confident that there are no good grounds of appeal and that the detailed and considered decision of the High Court will be upheld.

On 29 November 2005, the Hsinchu District Court in Taiwan issued a judgement ordering that the London High Court order obtained by DCC's subsidiary, Days Healthcare, against Pihsiang Machinery Manufacturing Company Limited (a Taiwanese public company), Donald Wu (its chairman and major shareholder) and Jenny Wu (his wife and director) be enforced in Taiwan. Accordingly, as at 31 March 2006, these parties are jointly and severally liable to pay the DCC Group Stg£14.3 million (€20.5 million), including Stg£2.1 million in accrued interest. DCC has not accrued any of this amount due pending the outcome of an appeal by the Defendants to the Taiwanese High Court, but has expensed all the litigation costs.

Certain intercompany loans had been treated under Irish GAAP as part of net investment in foreign operations and foreign exchange gains or losses arising on these loans had been recognised directly in reserves. On transition from Irish GAAP, certain of these loans between fellow subsidiaries do not qualify under IFRS as part of net investment in foreign operations and therefore gains or losses on these loans must be recognised in the Income Statement.

The financial impact of the above is a charge to the Income Statement of €1.145 million for the year ended 31 March 2006 (2005: charge of €4.809 million) in respect of foreign exchange losses and the amounts are included in exceptional items.

The majority of the intercompany balances which gave rise to these accounting charges (previously taken to reserves) were restructured during the year ended 31 March 2005 and the half year ended 30 September 2005 so as to eliminate accounting volatility from 30 September 2005 onwards.

12. Finance costs and finance revenue

	2006 €'000	2005 €'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes due 2008 to 2016		
- repayable within 5 years, not by instalments	**(11,144)**	(10,585)
- repayable within 5 years, by instalments	**(35)**	-
- repayable wholly or partly in more than 5 years	**(7,618)**	(7,113)
On loan notes		
- repayable within 5 years, not by instalments	**(16)**	(30)
On finance leases	**(845)**	(1,122)
Other interest	**(242)**	(494)
	(19,900)	(19,344)
Other finance costs:		
Interest on defined benefit pension scheme liabilities	**(3,804)**	(3,940)
Unwinding of discount applicable to deferred acquisition consideration	**(298)**	-
Net foreign exchange transaction gains	**297**	-
Mark-to-market of swaps and related debt		
- interest rate swaps designated as fair value hedges*	**(3,644)**	-
- cross currency interest rate swaps designated as fair value hedges*	**3,786**	-
- adjusted hedged fixed rate debt*	**(10,996)**	-
- currency swaps not designated as hedges	**11,569**	-
- interest rate swaps not designated as hedges	**43**	-
	(22,947)	(23,284)
Finance revenue		
Interest on cash and term deposits	**12,381**	14,064
Other interest and similar income receivable	**46**	9
Expected return on defined benefit pension scheme assets	**3,479**	3,517
	15,906	17,590
Net finance cost before exceptional item	**(7,041)**	(5,694)
Net finance cost - exceptional item (note 11)	**(1,145)**	(4,809)

* The Group has adopted fair value hedge accounting under IAS 39 (note 29) in relation to fixed rate debt and related interest rate and cross currency interest rate swaps.

13. Foreign currency

The exchange rates used in translating sterling Balance Sheets and Income Statement amounts were as follows:

	2006 €1=Stg£	2005 €1=Stg£
Balance Sheet (closing rate)	**0.697**	0.689
Income Statement (average rate)*	**0.682**	0.672

* The average exchange rate for the year ended 31 March 2005 has been adjusted for the impact of forward foreign exchange contracts used to hedge sterling profits for that year.

14. Share of associates' profit after tax

The Group's share of associates' profit after tax is equity-accounted and is presented as a single line item in the Group Income Statement. The profit after tax generated by the Group's associates is analysed as follows:

	2006 €'000	2005 €'000
Group share of:		
Revenue	**92,672**	86,796
Profit before finance costs	**30,795**	20,065
Finance costs (net)	**(94)**	(305)
Profit before income tax	**30,701**	19,760
Income tax expense	**(5,227)**	(2,953)
Profit after tax	**25,474**	16,807

15. Income tax expense

(i) Income tax expense recognised in the income statement	**2006 €'000**	2005 €'000
Current taxation		
Irish Corporation Tax at 12.5%	**7,142**	2,582
Less manufacturing relief	**(657)**	(575)
United Kingdom Corporation Tax at 30%	**3,494**	7,538
Other overseas tax	**1,457**	619
Over provision in respect of prior years	**-**	(1,529)
Total current taxation	**11,436**	8,635
Deferred tax		
Irish at 12.5%	**(59)**	253
United Kingdom at 30%	**2,567**	2,182
Other overseas deferred tax	**113**	-
(Over)/under provision in respect of prior years	**(578)**	1,037
Total deferred tax	**2,043**	3,472
Total income tax expense	**13,479**	12,107

(ii) Deferred tax liability/(asset) recognised directly in equity	**2006 €'000**	2005 €'000
Defined benefit pension obligations	**(82)**	(771)
Share based payments	**(25)**	(25)
Cash flow hedges	**3**	-
	(104)	(796)

15. Income tax expense - continued

(iii) Reconciliation of effective tax rate	2006 €'000	2005 €'000
Profit on ordinary activities before taxation	**138,768**	100,889
Share of associates' profit after tax	**(25,474)**	(16,807)
Amortisation of intangible assets	**4,956**	1,261
	118,250	85,343
Total income tax expense	**13,479**	12,107
Deferred tax attaching to amortisation of intangible assets	**595**	-
	14,074	12,107
Taxation as a percentage of profit before share of associates' profit after tax and amortisation of intangible assets	**11.9%**	14.2%
Impact of non-taxable exceptional items	**0.2%**	(2.8%)
Taxation as a percentage of profit before share of associates' profit after tax, amortisation of intangible assets and exceptional items	**12.1%**	11.4%

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

	2006 %	2005 %
Irish corporation tax rate	**12.5**	12.5
Manufacturing relief	**(0.5)**	(0.5)
Effect of earnings taxed at higher rates	**(0.1)**	2.6
Over provision in respect of prior years	**-**	(0.4)
	11.9	14.2

(iv) Factors that may affect future tax rates and other disclosures
The standard rate of corporation tax in Ireland is 12.5%. Manufacturing relief is scheduled to expire in the year 2010.

No provision for tax has been recognised in respect of the unremitted earnings of subsidiaries as there is no commitment to remit earnings. Similarly, no deferred tax assets or liabilities have been recognised in respect of temporary differences associated with investments in subsidiaries.

16. Profit attributable to DCC plc

Profit after taxation for the year attributable to equity shareholders amounting to €42.848 million (2005: €0.980 million) has been accounted for in the financial statements of the Company. In accordance with Section 148(8) of the Companies Act 1963 and Section 7(1A) of the Companies (Amendment) Act 1986, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

17. Dividends

Dividends paid and proposed per Ordinary Share are as follows:	2006 €'000	2005 €'000
Final - paid 23.75 cent per share on 11 July 2005 (paid 20.65 cent per share on 14 July 2004)	**19,073**	16,401
Interim - paid 15.54 cent per share on 1 December 2005 (2005: paid 13.51 cent per share on 1 December 2004)	**12,495**	10,811
	31,568	27,212

The Directors are proposing a final dividend in respect of the year ended 31 March 2006 of 27.31 cent per ordinary share (€22.044 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

18. Earnings per ordinary share

	2006 €'000	2005 €'000
Profit attributable to equity holders of the Company	**123,764**	87,760
Amortisation of intangible assets after tax	**4,361**	1,261
Exceptional items (note 11)	**(1,696)**	20,776
Adjusted profit after taxation and minority interests	**126,429**	109,797

Basic earnings per ordinary share	**2006 cent**	2005 cent
Basic earnings per ordinary share	**153.92c**	109.68c
Amortisation of intangible assets after tax	**5.42c**	1.58c
Exceptional items	**(2.11c)**	25.96c
Adjusted basic earnings per ordinary share	**157.23c**	137.22c
Weighted average number of ordinary shares in issue during the year (thousands)	**80,408**	80,018

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and exceptional items.

Diluted earnings per ordinary share	**2006 cent**	2005 cent
Diluted earnings per ordinary share	**150.46c**	107.16c
Amortisation of intangible assets after tax	**5.30c**	1.54c
Exceptional items	**(2.06c)**	25.37c
Adjusted diluted earnings per ordinary share	**153.70c**	134.07c
Diluted weighted average number of ordinary shares (thousands)	**82,255**	81,898

The earnings used for the purpose of the diluted earnings per share calculations were €123.764 million (2005: €87.760 million) and €126.429 million (2005: €109.797 million) for the purposes of the adjusted diluted earnings per share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per share for the year ended 31 March 2006 was 82.255 million (2005: 81.898 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:

	2006	2005
Weighted average number of ordinary shares in issue	**80,408**	80,018
Dilutive effect of options and partly paid shares	**1,794**	1,798
Dilutive effect of shares potentially issuable under deferred contingent consideration arrangements	**53**	82
Weighted average number of ordinary shares for diluted earnings per share	**82,255**	81,898

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares, share options and shares potentially issuable under deferred contingent consideration arrangements.

Employee share options, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. The shares potentially issuable under deferred contingent consideration arrangements are assumed to have been converted into ordinary shares.

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

19. Property, plant and equipment

Group	Land & buildings €'000	Plant & machinery & cylinders €'000	Fixtures & fittings & office equipment €'000	Motor vehicles €'000	Total €'000
Year ended 31 March 2006					
Opening net book amount	**100,166**	**106,850**	**18,185**	**29,590**	**254,791**
Exchange differences	**(610)**	**(1,073)**	**(334)**	**(319)**	**(2,336)**
Acquisition of subsidiaries (note 45)	**290**	**358**	**479**	**1,610**	**2,737**
Additions	**13,404**	**20,441**	**11,905**	**12,102**	**57,852**
Disposals	**(6,608)**	**(3,049)**	**(624)**	**(1,127)**	**(11,408)**
Depreciation charge	**(2,167)**	**(15,920)**	**(6,646)**	**(9,409)**	**(34,142)**
Reclassifications	**(7,431)**	**(287)**	**7,840**	**(122)**	**-**
Closing net book amount	**97,044**	**107,320**	**30,805**	**32,325**	**267,494**
At 31 March 2006					
Cost	**110,384**	**283,516**	**71,500**	**75,674**	**541,074**
Accumulated depreciation	**(13,340)**	**(176,196)**	**(40,695)**	**(43,349)**	**(273,580)**
Net book amount	**97,044**	**107,320**	**30,805**	**32,325**	**267,494**
Year ended 31 March 2005					
Opening net book amount	72,027	102,331	17,330	26,932	218,620
Exchange differences	(1,136)	(2,242)	(569)	(586)	(4,533)
Acquisition of subsidiaries (note 45)	19,241	8,035	955	5,192	33,423
Additions	13,928	16,256	6,549	6,848	43,581
Disposals	(1,980)	(449)	(1)	(1,003)	(3,433)
Depreciation charge	(1,914)	(17,081)	(6,079)	(7,793)	(32,867)
Closing net book amount	100,166	106,850	18,185	29,590	254,791
At 31 March 2005					
Cost	116,319	286,376	57,730	68,038	528,463
Accumulated depreciation	(16,153)	(179,526)	(39,545)	(38,448)	(273,672)
Net book amount	100,166	106,850	18,185	29,590	254,791
At 1 April 2004					
Cost	86,458	265,918	50,076	61,770	464,222
Accumulated depreciation	(14,431)	(163,587)	(32,746)	(34,838)	(245,602)
Net book amount	72,027	102,331	17,330	26,932	218,620

Assets held under finance leases

The net carrying amount and the depreciation charge during the year in respect of assets held under finance leases and accordingly capitalised in property, plant and equipment are as follows:

	2006 €'000	2005 €'000
Cost	**64,004**	65,085
Accumulated depreciation	**(60,434)**	(60,117)
Net carrying amount	**3,570**	4,968
Depreciation charge for the year	**1,178**	2,404

20. Intangible assets

Group	Goodwill €'000	Customer relationships €'000	Total €'000
Year ended 31 March 2006			
Opening net book amount	**196,720**	**11,333**	**208,053**
Exchange differences	**(841)**	**(45)**	**(886)**
Arising on acquisition (note 45)	**42,157**	**7,450**	**49,607**
Other movements	**(3,343)**	**-**	**(3,343)**
Amortisation charge	**-**	**(4,956)**	**(4,956)**
Closing net book amount	**234,693**	**13,782**	**248,475**
At 31 March 2006			
Cost	**262,311**	**19,999**	**282,310**
Accumulated amortisation	**(27,618)**	**(6,217)**	**(33,835)**
Net book amount	**234,693**	**13,782**	**248,475**
Year ended 31 March 2005			
Opening net book amount	131,446	-	131,446
Arising on acquisition (note 45)	66,977	12,594	79,571
Other movements	(1,703)	-	(1,703)
Amortisation charge	-	(1,261)	(1,261)
Closing net book amount	196,720	11,333	208,053
At 31 March 2005			
Cost	224,338	12,594	236,932
Accumulated amortisation	(27,618)	(1,261)	(28,879)
Net book amount	196,720	11,333	208,053
At 1 April 2004			
Cost	159,064	-	159,064
Accumulated amortisation	(27,618)	-	(27,618)
Net book amount	131,446	-	131,446

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. A summary of the allocation of the carrying value of goodwill by segment is as follows:

	2006 €'000	2005 €'000
DCC Energy	**72,075**	67,035
DCC SerCom	**55,005**	27,708
DCC Healthcare	**61,129**	53,672
DCC Food & Beverage	**33,342**	36,161
DCC Environmental	**13,142**	12,144
	234,693	196,720

Impairment testing of goodwill
Goodwill acquired through business combinations is monitored for impairment by review of the underlying performance of each individual acquisition compared to pre-acquisition objectives and budgets. Goodwill is also tested for impairment by review of profit and cash flow forecasts and budgets.

Goodwill acquired through business combinations has been allocated to cash-generating units (CGUs) for the purpose of impairment testing. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for management purposes and are not larger than the primary and secondary segments determined in accordance with IAS 14 *Segment Reporting*.

20. Intangible assets - continued

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are extracted from a three year plan and specifically exclude future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A terminal value reflecting inflation is applied to the year five cash flows. A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax average cost of capital (6.8%). Applying these techniques, no impairment arose in 2006 (2005: nil).

Key assumptions include management's estimates of future profitability, capital expenditure requirements, working capital investment and tax considerations. Forecasts are generally based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business.

Useful lives of intangible assets
The useful lives of all intangible assets (excluding goodwill) are finite and range from three to five years depending on the nature of the asset.

21. Investments in associates

Group	**2006 €'000**	2005 €'000
At 1 April	**51,384**	42,001
Acquired as a subsidiary (note 45)	**-**	(7,916)
Share of profit less dividends	**26,098**	17,470
Exchange adjustments and other	**(693)**	(171)
At 31 March	**76,789**	51,384

Details of the Group's principal associates are shown on page 116.

Investments in associates at 31 March 2006 includes goodwill of €1.201 million (2005: €1.201 million).

The Group's geographical share of the assets (including goodwill) and liabilities of its associates is as follows:

	Non-current assets €'000	**Current assets €'000**	**Non-current liabilities €'000**	**Current liabilities €'000**	**Net assets €'000**
As at 31 March 2006					
Ireland	**1,681**	**105,044**	**(1,858)**	**(29,760)**	**75,107**
USA	**818**	**2,082**	**-**	**(1,218)**	**1,682**
	2,499	**107,126**	**(1,858)**	**(30,978)**	**76,789**
As at 31 March 2005					
Ireland	2,625	62,015	(13,017)	(2,459)	49,164
USA	786	2,476	-	(1,042)	2,220
	3,411	64,491	(13,017)	(3,501)	51,384

Company	**2006 €'000**	2005 €'000
At 31 March	**1,300**	1,300

22. Investments in subsidiary undertakings

Company	**2006 €'000**	2005 €'000
At 1 April	**145,814**	145,814
Additions	**15,258**	-
At 31 March	**161,072**	145,814

Details of the Group's principal operating subsidiaries are shown on pages 113 to 116. All of these subsidiaries are wholly owned except Broderick Bros. Limited (93.8%), Virtus Limited (51.0%), Laleham Healthcare Limited (80.5%) where put and call options exist to acquire the remaining 19.5%, Physio-Med Services Limited (76.0%) where put and call options exist to acquire the remaining 24.0% and Distrilogie SA (98.36%) where put and call options exist to acquire the remaining 1.64%.

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 Healthcare UK Limited, North Road, Bridgend Industrial Estate, Bridgend, CF31 3TP, Wales. The registered office of DCC International Holdings B.V. is Teleport Boulevard 140, 1043 EJ Amsterdam, The Netherlands.

23. Inventories

Group	**2006 €'000**	2005 €'000
Raw materials	**5,105**	5,935
Work in progress	**1,730**	1,855
Finished goods	**131,899**	116,259
	138,734	124,049

24. Trade and other receivables

Group	**2006 €'000**	2005 €'000
Amounts falling due within one year:		
Trade receivables	**487,231**	378,563
Provision for impairment of trade receivables	**(11,673)**	(11,151)
Prepayments and other debtors	**29,367**	24,505
Value added tax recoverable	**7,458**	9,953
Other debtors	**7,379**	4,560
	519,762	406,430
Amounts falling due after more than one year:		
Prepayments and other debtors	**2,381**	3,760
	522,143	410,190

Company	**2006 €'000**	2005 €'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**261,646**	276,698
Prepayments	**120**	1,021
Value added tax recoverable	**1,421**	80
	263,187	277,799

25. Trade and other payables

Group	**2006 €'000**	2005 €'000
Trade payables	**453,694**	369,234
Other creditors and accruals	**57,707**	50,467
PAYE and National Insurance	**4,589**	5,283
Value added tax	**22,054**	16,774
Capital grants (note 35)	**131**	128
Interest payable	**5,039**	5,332
Amounts due in respect of fixed assets	**699**	499
	543,913	447,717

Company	**2006 €'000**	2005 €'000
Other creditors and accruals	**1,614**	761
PAYE and National Insurance	**-**	11
Amounts due to subsidiary undertakings	**211,071**	223,019
	212,685	223,791

26. Movement in working capital

Group	**Inventories €'000**	**Trade and other receivables €'000**	**Trade and other payables €'000**	**Total €'000**
Year ended 31 March 2006				
At 1 April 2005	**124,049**	**410,190**	**(447,717)**	**86,522**
Translation adjustment	**(905)**	**(3,835)**	**3,582**	**(1,158)**
Arising on acquisition (note 45)	**8,289**	**24,861**	**(20,460)**	**12,690**
Interest accruals and other	**-**	**7,269**	**479**	**7,748**
Increase/(decrease) in working capital (note 41)	**7,301**	**83,658**	**(79,797)**	**11,162**
At 31 March 2006	**138,734**	**522,143**	**(543,913)**	**116,964**
Year ended 31 March 2005				
At 1 April 2004	110,884	316,632	(356,541)	70,975
Translation adjustment	(2,176)	(6,895)	7,347	(1,724)
Arising on acquisition (note 45)	6,827	33,471	(46,936)	(6,638)
Interest accruals and other	-	2,864	(3,633)	(769)
Increase/(decrease) in working capital (note 41)	8,514	64,118	(47,954)	24,678
At 31 March 2005	124,049	410,190	(447,717)	86,522

26. Movement in working capital - continued

Company	Trade and other receivables €'000	Trade and other payables €'000	Total €'000
Year ended 31 March 2006			
At 1 April 2005	**277,799**	**(234,178)**	**43,621**
Increase/(decrease) in working capital	**(14,612)**	**11,106**	**(3,506)**
At 31 March 2006	**263,187**	**(223,072)**	**40,115**
Year ended 31 March 2005			
At 1 April 2004	291,088	(201,495)	89,593
Other	1,131	-	1,131
Increase/(decrease) in working capital	(14,420)	(32,683)	(47,103)
At 31 March 2005	277,799	(234,178)	43,621

27. Cash and cash equivalents

Group	2006 €'000	2005 €'000
Cash at bank and in hand	**105,955**	119,495
Short-term bank deposits	**239,325**	233,809
	345,280	353,304

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term deposits are for periods up to three months and earn interest at the respective short-term deposit rates.

Cash and cash equivalents include the following for the purposes of the Group Cash Flow Statement:

	2006 €'000	2005 €'000
Cash and short-term bank deposits	**345,280**	353,304
Bank overdrafts	**(25,362)**	(38,907)
	319,918	314,397

Bank overdrafts are included within current borrowings (note 29) in the Group Balance Sheet.

Company	2006 €'000	2005 €'000
Cash at bank and in hand	**157**	248

28. Derivative financial instruments

Group	As at 31 March 2006 Assets €'000	Liabilities €'000	Net €'000
Interest rate swaps - fair value hedges	**926**	**(9,167)**	**(8,241)**
Interest rate swaps - not designated as hedges	**6,805**	**(6,921)**	**(116)**
Currency swaps - not designated as hedges	**1,258**	**(3,786)**	**(2,528)**
Cross currency interest rate swaps - fair value hedges	**-**	**(7,203)**	**(7,203)**
Forward foreign exchange contracts - cash flow hedges	**2**	**(24)**	**(22)**
Forward foreign exchange contracts - not designated as hedges	**69**	**(21)**	**48**
Commodity price forward contracts - cash flow hedges	**45**	**-**	**45**
Commodity price forward contracts - not designated as hedges	**28**	**(28)**	**-**
Total	**9,133**	**(27,150)**	**(18,017)**
Less non–current portion			
Interest rate swaps - fair value hedges	**926**	**(9,167)**	**(8,241)**
Interest rate swaps - not designated as hedges	**6,805**	**(6,921)**	**(116)**
Currency swaps - not designated as hedges	**1,258**	**(3,786)**	**(2,528)**
Cross currency interest rate swaps - fair value hedges	**-**	**(7,203)**	**(7,203)**
	8,989	**(27,077)**	**(18,088)**
Current portion	**144**	**(73)**	**71**

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2006 total €210.149 million. At 31 March 2006, the fixed interest rates vary from 5.12% to 5.76% and the floating rates are based on US$ LIBOR and sterling LIBOR.

The Group also utilises interest rate swaps, not designated as fair value hedges under IAS 39, to swap floating rate sterling assets and liabilities into fixed rate sterling assets (8.05%) and fixed rate sterling liabilities (8.1%). The notional principal amounts of these swaps (Stg£61.000 million) offset.

Currency swaps
The Group utilises currency swaps in conjunction with interest rate swaps designated as fair value hedges (as noted above) to swap fixed rate US$ denominated debt into floating rate euro debt. The currency swaps (which swap floating US$ denominated debt based on US$ LIBOR into floating euro denominated debt based on EURIBOR) have notional principal amounts of €167.113 million and are not designated as hedges under IAS 39.

Cross currency interest rate swaps
The Group utilises cross currency interest rate swaps to swap fixed rate (7.82%) US$ denominated debt of US$100.000 million into floating rate sterling debt of Stg£65.000 million. These swaps are designated as fair value hedges under IAS 39.

Forward foreign exchange contracts
The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2006 total €17.638 million. Gains and losses recognised in the cash flow hedge reserve in equity (note 38) at 31 March 2006 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to four months after the balance sheet date.

Commodity price forward contracts
The notional principal amounts of outstanding forward commodity contracts at 31 March 2006 total €2.654 million. The gain recognised in the cash flow hedge reserve in equity (note 38) on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to two months after the balance sheet date.

Adoption of IAS 32 and IAS 39
The Group adopted IAS 32 and IAS 39 from 1 April 2005. Derivative balances at 31 March 2005 were, in accordance with Irish GAAP, disclosed rather than recognised in the financial statements for the year then ended. The fair value loss on derivatives at 31 March 2005 amounted to €29.974 million with €29.816 million of this balance relating to derivatives associated with the Group's Unsecured Notes due 2008 to 2016. Under Irish GAAP at 31 March 2006, the Group's Unsecured Notes due 2008 to 2016 were carried at cost of €305.094 million, not recognising fair value gains (note 29). The movement in the Group's net debt balance during the financial year, including the adoption of IAS 32 and IAS 39, is included in note 30.

29. Borrowings

Group	2006 €'000	2005 €'000
Non-current:		
Bank borrowings	**885**	1,180
Finance leases*	**5,442**	10,370
Unsecured Notes due 2008 to 2016	**286,466**	305,094
	292,793	316,644
Current:		
Bank borrowings	**62,151**	38,907
Finance leases*	**4,801**	5,915
Loan notes	**199**	731
	67,151	45,553
Total borrowings	**359,944**	362,197

**Secured on specific plant and equipment*

The maturity of non-current borrowings is as follows:	2006 €'000	2005 €'000
Between 1 and 2 years	**5,613**	6,074
Between 2 and 5 years	**80,486**	92,803
Over 5 years	**206,694**	217,767
	292,793	316,644

Bank borrowings, finance leases and loan notes
Interest on bank borrowings, finance leases and loan notes is at floating rates set in advance for periods ranging from overnight to less than three months by reference to inter-bank interest rates (EURIBOR, sterling LIBOR and US$ LIBOR) and consequently fair value approximates carrying amounts.

While the Group had various bank borrowing facilities available at 31 March 2006, it had no undrawn committed bank facilities.

Unsecured Notes due 2008 to 2016
The Group's Unsecured Notes due 2008 to 2016 comprise fixed rate debt of US$100.000 million issued in 1996 and maturing in 2008 and 2011 (the '2008/11 Notes') and debt of US$200.000 million and Stg£30.000 million issued in 2004 and maturing in 2014 and 2016 (the '2004/16 Notes').

The 2008/11 Notes have been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR.

The 2004/16 Notes denominated in US$ have been swapped from fixed to floating US$ rates (using interest rate swaps designated as fair value hedges under IAS 39) and further swapped (using currency swaps not designated as hedges under IAS 39) from floating US$ to floating euro rates, repricing semi-annually based on EURIBOR. The 2014/16 Notes denominated in sterling have been swapped from fixed to floating sterling rates (using an interest rate swap designated as a fair value hedge under IAS 39), repricing semi-annually based on sterling LIBOR.

The maturity and interest profile of the Unsecured Notes due 2008 to 2016 is as follows:

	2006	2005
Average maturity	**6.8 years**	7.8 years
Average fixed interest rates*		
- US$ denominated	**6.04%**	6.04%
- sterling denominated	**5.76%**	5.76%
Average floating rate including swaps		
- euro denominated	**2.84%**	2.85%
- sterling denominated	**5.30%**	5.61%

** Issued and repayable at par*

29. Borrowings - continued

Adoption of IAS 32 and IAS 39

Under Irish GAAP at 31 March 2005, the Unsecured Notes due 2008 to 2016 were carried at cost of €305.094 million, not recognising fair value gains. Similarly, at 31 March 2005, the fair value loss of €29.816 million on the related interest rate, currency and cross currency interest rate swaps was disclosed rather than recognised in the financial statements.

The Group adopted IAS 32 and IAS 39 from 1 April 2005. The Group has recognised at 31 March 2006 a net fair value loss of €17.972 million on these swaps. The interest rate and cross currency interest rate swaps have been designated as fair value hedges under IAS 39 and the gains attributable to these hedged risks have been adjusted against the Unsecured Notes due 2008 to 2016 and reflected in the Income Statement. A reconciliation of the movement in the balance on the Unsecured Notes due 2008 to 2016 and in the balance on derivatives is included in note 30.

The fair value at 31 March 2006 of the Unsecured Notes due 2008 to 2016 approximates their fair value adjusted amortised cost of €286.466 million (the amount at which they are carried at 31 March 2006 as above). The equivalent approximate fair value at 31 March 2005 was €277.039 million.

30. Analysis of net debt

Reconciliation of opening to closing net debt

The reconciliation of opening to closing net debt for the year ended 31 March 2006 is as follows:

Group	**At 1 April 2005 €'000**	**Transition adjustment €'000**	**Cash flow €'000**	**Mark-to-market €'000**	**Translation adjustment €'000**	**At 31 March 2006 €'000**
Cash and short term bank deposits	**353,304**	**-**	**(4,357)**	**-**	**(3,667)**	**345,280**
Overdrafts	**(38,907)**	**-**	**14,419**	**-**	**(874)**	**(25,362)**
Cash and cash equivalents	**314,397**	**-**	**10,062**	**-**	**(4,541)**	**319,918**
Bank loans and loan notes	**(1,911)**	**-**	**(35,961)**	**-**	**(1)**	**(37,873)**
Finance leases	**(16,285)**	**-**	**5,973**	**-**	**69**	**(10,243)**
Unsecured Notes due 2008 to 2016	**(305,094)**	**28,055**	**-**	**(10,996)**	**1,569**	**(286,466)**
Derivative financial instruments (net)	**-**	**(29,974)**	**-**	**11,824**	**133**	**(18,017)**
Group net debt (including share of net (debt)/cash in joint ventures)	**(8,893)**	**(1,919)**	**(19,926)**	**828**	**(2,771)**	**(32,681)**
Group net debt (excluding share of net (debt)/cash in joint ventures)	**(8,192)**	**(1,919)**	**(21,096)**	**828**	**(2,771)**	**(33,150)**

The reconciliation of opening to closing net cash/(debt) for the year ended 31 March 2005 is as follows:

Group	At 1 April 2004 €'000	Cash flow €'000	Translation adjustment €'000	At 31 March 2005 €'000
Cash and short term bank deposits	323,466	39,019	(9,181)	353,304
Overdrafts	(51,800)	13,786	(893)	(38,907)
Cash and cash equivalents	271,666	52,805	(10,074)	314,397
Bank loans and loan notes	(89,672)	87,738	23	(1,911)
Finance leases	(22,014)	5,062	667	(16,285)
Unsecured Notes due 2008 to 2016	(97,612)	(212,064)	4,582	(305,094)
Group net cash/(debt) (including share of net debt in joint ventures)	62,368	(66,459)	(4,802)	(8,893)
Group net cash/(debt) (excluding share of net debt in joint ventures)	62,717	(66,107)	(4,802)	(8,192)

30. Analysis of net debt - continued

Currency profile

The currency profile of net debt at 31 March 2006 is as follows:

	Euro €'000	**Sterling €'000**	**US Dollar €'000**	**Total €'000**
Cash and cash equivalents	**61,530**	**276,216**	**7,534**	**345,280**
Borrowings	**(196,083)**	**(162,568)**	**(1,293)**	**(359,944)**
Derivatives	**(11,685)**	**(6,388)**	**56**	**(18,017)**
	(146,238)	**107,260**	**6,297**	**(32,681)**

The currency profile of net debt at 31 March 2005 is as follows:

	Euro €'000	Sterling €'000	US Dollar €'000	Total €'000
Cash and cash equivalents	90,941	256,693	5,670	353,304
Borrowings	(171,786)	(190,405)	(6)	(362,197)
	(80,845)	66,288	5,664	(8,893)

Interest rate profile
Cash and cash equivalents at 31 March 2006 and 31 March 2005 have maturity periods up to three months (note 27).

Bank borrowings and finance leases are at floating interest rates for periods less than three months while the Group's Unsecured Notes due 2008 to 2016 have been swapped to floating rates which reset on a quarterly or semi-annual basis (note 29).

The Group also utilises interest rate swaps to swap floating rate sterling assets and liabilities into fixed sterling rate assets (8.05%) and fixed rate sterling liabilities (8.1%). The notional principal amounts of these swaps (Stg£61.000 million) offset.

31. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Group	**2006 €'000**	2005 €'000
Deferred income tax assets (deductible temporary differences):		
Deficits on Group defined benefit pension obligations	**3,940**	3,046
Employee share options	**382**	191
Other deductible temporary differences	**274**	3,720
	4,596	6,957
Deferred income tax liabilities (taxable temporary differences):		
Excess of accelerated capital allowances over depreciation and fair value adjustments arising on acquisition	**10,473**	9,751
Rolled-over capital gains	**245**	245
	10,718	9,996

The gross movement on the deferred income tax account is as follows:	**2006 €'000**	2005 €'000
At 1 April	**3,039**	(4,312)
Exchange differences	**44**	73
Deferred tax on adoption of IAS 32 and 39	**(230)**	-
Acquisition of subsidiary (note 45)	**1,330**	4,602
Income Statement charge (note 15)	**2,043**	3,472
Tax charged to equity (note 15)	**(104)**	(796)
At 31 March	**6,122**	3,039

32. Retirement benefit obligations

Group

The Group operates eight defined benefit pension schemes in the Republic of Ireland and three in the UK. The projected unit credit method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

The Group has elected to avail of early implementation of the Amendment to IAS 19 *Actuarial Gains and Losses, Group Plans and Disclosures* which enables the recognition of actuarial gains and losses and the associated movement in the deferred tax asset in retained income via the Statement of Recognised Income and Expense.

Full actuarial valuations were carried out between 31 December 2002 and 1 April 2005. 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. Actuarial valuations have been updated to 31 March 2006 for International Accounting Standard 19 by a qualified actuary.

The principal actuarial assumptions used were as follows:

Republic of Ireland Schemes	**2006**	2005
Rate of increase in salaries	**3.50% - 4.00%**	3.50% - 4.00%
Rate of increase in pensions in payment	**2.25% - 3.00%**	2.25% - 5.00%
Discount rate	**4.00% - 4.70%**	4.00% - 4.80%
Inflation assumption	**2.25%**	2.25%

UK schemes	**2006**	2005
Rate of increase in salaries	**3.75%**	3.75%
Rate of increase in pensions in payment	**2.75% - 4.00%**	2.75% - 4.00%
Discount rate	**4.70%**	5.25%
Inflation assumption	**2.75%**	2.75%

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

Republic of Ireland schemes	**2006**	2005
Equities	**7.40%**	7.20%
Bonds	**3.50%**	3.70%
Property	**6.30%**	5.20%
Cash	**3.00%**	2.40%

UK schemes	**2006**	2005
Equities	**7.90%**	8.10%
Bonds	**4.00%**	4.60%
Property	**6.80%**	6.10%
Cash	**3.50%**	3.50%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in both geographic regions. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2006	2005
Male	**19.5**	19.5
Female	**22.5**	22.5

The Group does not operate any post-employment medical benefit schemes.

32. Retirement benefit obligations - continued

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

	2006 ROI €'000	**2006** UK €'000	**2006** Total €'000
Equities	**40,747**	**8,951**	**49,698**
Bonds	**10,109**	**2,404**	**12,513**
Property	**2,540**	**293**	**2,833**
Cash	**1,897**	**353**	**2,250**
Total market value at 31 March 2006	**55,293**	**12,001**	**67,294**
Present value of scheme liabilities	**(67,755)**	**(20,218)**	**(87,973)**
Net pension liability at 31 March 2006	**(12,462)**	**(8,217)**	**(20,679)**

	2005 ROI €'000	2005 UK €'000	2005 Total €'000
Equities	31,811	7,150	38,961
Bonds	9,854	1,389	11,243
Property	1,996	7	2,003
Cash	1,900	552	2,452
Total market value at 31 March 2005	45,561	9,098	54,659
Present value of scheme liabilities	(64,581)	(15,458)	(80,039)
Net pension liability at 31 March 2005	(19,020)	(6,360)	(25,380)

The total expense charged to the Group Income Statement in respect of defined benefit pension schemes is as follows:	**2006 €'000**	2005 €'000
Current service cost	**3,308**	3,029
Past service cost	**-**	392
Gain on settlement	**(246)**	-
Total, included in staff costs (note 9)	**3,062**	3,421
Interest cost	**(3,804)**	(3,940)
Expected return on plan assets	**3,479**	3,517
Total, included in finance costs (note 12)	**(325)**	(423)

The actuarial gain/(loss) recognised in the Statement of Recognised Income and Expense is as follows:	**2006 €'000**	2005 €'000
Actual return less expected return on pension scheme assets	**8,697**	1,277
Experience gains and losses arising on the scheme liabilities	**(383)**	(1,598)
Changes in assumptions underlying the present value of the scheme liabilities	**(6,535)**	(7,421)
Total, included in the Statement of Recognised Income and Expense	**1,779**	(7,742)

The movement in the fair value of plan assets is as follows:	**2006 €'000**	2005 €'000
At 1 April	**54,659**	53,907
Acquired on business combinations	**-**	4,112
Actual return on plan assets	**12,176**	4,794
Contributions by employers	**6,190**	4,998
Contributions by members	**428**	399
Benefits paid	**(6,017)**	(13,278)
Exchange	**(142)**	(273)
At 31 March	**67,294**	54,659

32. Retirement benefit obligations - continued

The movement in the present value of defined benefit obligations is as follows:	**2006 €'000**	2005 €'000
At 1 April	**80,039**	71,071
Acquired on business combinations	**-**	5,924
Current service cost	**3,308**	3,421
Interest cost	**3,804**	3,940
Actuarial loss	**6,918**	9,019
Contributions by members	**428**	399
Benefits paid	**(6,017)**	(13,278)
Settlements	**(246)**	-
Exchange	**(261)**	(457)
At 31 March	**87,973**	80,039

Experience gains and losses:	**2006 €'000**	2005 €'000
Difference between the expected and actual return on scheme assets	**8,697**	1,277
As a percentage of scheme assets	**12.9%**	2.3%
Experience gains and losses on scheme liabilities	**(383)**	(1,598)
As a percentage of the present value of the scheme liabilities	**0.4%**	2.0%
Total recognised in Statement of Recognised Income and Expense	**1,779**	(7,742)
As a percentage of the present value of the scheme liabilities	**(2.0%)**	9.7%

33. Deferred acquisition consideration

Group

The Group's deferred acquisition consideration of €22.364 million (2005: €17.923 million) as stated on the Balance Sheet consists of €12.193 million of € floating rate financial liabilities (2005: €7.708 million) and €10.171 million of Stg£ floating rate financial liabilities (2005: €10.215 million) payable as follows:

	2006 €'000	2005 €'000
Within one year	**3,556**	7,084
Between one and two years	**9,838**	2,375
Between two and five years	**8,970**	8,464
	22,364	17,923
Analysed as:		
Non-current liabilities	**18,808**	10,839
Current liabilities	**3,556**	7,084
	22,364	17,923

Company	**2006 €'000**	2005 €'000
Within one year	**-**	2,824
Between one and two years	**-**	139
	-	2,963

34. Provisions for liabilities and charges

Group	2006 €'000	2005 €'000
Current liabilities		
Rationalisation and redundancy	**-**	8,616
Insurance and other	**3,785**	6,533
	3,785	15,149

Rationalisation and redundancy
These provisions were fully utilised during the year. The provisions related to irrevocable commitments under various rationalisation and redundancy programmes throughout the Group.

Insurance and other
The insurance provision relates to employers liability and public and products liability and reflects the excess not recoverable from insurers arising from claims against Group companies. A significant element of the provision is subject to external assessments. Other provisions relate to fair value provisions arising from business combinations.

35. Capital grants

Group	2006 €'000	2005 €'000
At 1 April	**1,086**	1,241
Amortisation in year	**(112)**	(155)
Received in year	**1,174**	-
Exchange and other adjustments	**(26)**	-
At 31 March	**2,122**	1,086
Disclosed as due within one year (note 25)	**(131)**	(128)
	1,991	958

36. Equity share capital

Group and Company	2006 €'000	2005 €'000
Authorised		
152,368,568 ordinary shares of €0.25 each	**38,092**	38,092
Issued		
88,229,404 ordinary shares (including 7,510,178 ordinary shares held as Treasury Shares) of €0.25 each, fully paid (2005: 88,169,404 ordinary shares (including 7,873,886 ordinary shares held as Treasury Shares) of €0.25 each, fully paid)	**22,057**	22,042
Nil ordinary shares of €0.25 each, €0.0025 paid (2005: 60,000 ordinary shares of €0.25 each, €0.0025 paid)	**-**	-
	22,057	22,042

Movements during the year Ordinary shares of €0.25 each	**No. of shares '000**	**€'000**
At 1 April 2005	**88,229**	**22,042**
Payment up of partly paid shares	**-**	**15**
At 31 March 2006	**88,229**	**22,057**

36. Equity share capital - continued

As at 31 March 2006, the total authorised number of ordinary shares is 152,368,568 shares (2005: 152,368,568 shares) with a par value of €0.25 per share (2005: €0.25 per share).

During the year the Company reissued 363,708 Treasury Shares for a total consideration of €3.148 million.

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.

Details of share options granted under the Company's share option schemes and the terms attaching thereto are provided in note 10 to the financial statements and in the Report of the Remuneration Committee on pages 44 to 47.

37. Share premium account

Group and Company	**2006 €'000**	2005 €'000
At 1 April	**124,506**	124,438
Premium on issue of shares	**181**	68
At 31 March	**124,687**	124,506

38. Other reserves

Group	**Share options €'000**	**Cash flow hedge reserve €'000**	**Foreign currency translation reserve €'000**	**Other reserves €'000**	**Total €'000**
At 1 April 2004	549	-	-	1,400	1,949
Currency translation	-	-	(5,565)	-	(5,565)
Share based payment	1,003	-	-	-	1,003
At 31 March 2005	1,552	-	(5,565)	1,400	(2,613)
Currency translation	**-**	**-**	**(4,779)**	**-**	**(4,779)**
Cash flow hedges					
- fair value gains in year	**-**	**451**	**-**	**-**	**451**
- tax on fair value gains	**-**	**(85)**	**-**	**-**	**(85)**
- transfers to net profit	**-**	**(447)**	**-**	**-**	**(447)**
- tax on transfers to net profit	**-**	**101**	**-**	**-**	**101**
Share based payment	**1,840**	**-**	**-**	**-**	**1,840**
At 31 March 2006	**3,392**	**20**	**(10,344)**	**1,400**	**(5,532)**

Company	**Other reserves €'000**
At 31 March 2006 and 31 March 2005	**344**

39. Retained earnings

Group	2006 €'000	2005 €'000
At 31 March	**343,936**	310,313
Impact of adoption of IAS 32 and 39	**(1,689)**	-
At 1 April	**342,247**	310,313
Net income recognised in Income Statement	**123,764**	87,760
Net income recognised directly in equity		
- actuarial gain/(loss) on Group defined benefit pension schemes	**1,779**	(7,742)
- deferred tax asset on actuarial loss	**82**	771
Deferred tax on employee share options	**25**	25
Share buyback (inclusive of costs)	**-**	(26,762)
Re-issue of Treasury Shares (net of expenses)	**3,148**	6,783
Dividends	**(31,568)**	(27,212)
At 31 March	**439,477**	343,936

Company	2006 €'000	2005 €'000
At 1 April	**41,128**	87,339
Profit/(loss) retained for the year	**11,280**	(26,232)
Share buyback (inclusive of costs)	**-**	(26,762)
Re-issue of Treasury Shares (net of expenses)	**3,148**	6,783
At 31 March	**55,556**	41,128

The cost to the Group and the Company of €83.965 million to acquire the 7,510,178 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €9.25 to €12.80 each (average €10.48) between 28 July 2000 and 17 May 2004.

40. Minority interest

Group	2006 €'000	2005 €'000
At 1 April	**4,348**	4,081
Arising on acquisition (note 45)	**24**	(130)
Share of profit for the financial year (less attributable to associates)	**548**	573
Dividends to minorities	**(201)**	(176)
Exchange and other adjustments	**(5)**	-
At 31 March	**4,714**	4,348

41. Cash generated from operations

Group	2006 €'000	2005 €'000
Profit for the financial year	**125,289**	88,782
Add back non-operating (income)/expense		
- Tax (note 15)	**13,479**	12,107
- Share of profit from associates (note 14)	**(25,474)**	(16,807)
- Exceptional items (note 11)	**(1,696)**	20,776
- Net finance costs (note 12)	**7,041**	5,694
Operating profit	**118,639**	110,552
- Share-based payments expense (note 10)	**1,840**	1,003
- Depreciation (note 19)	**34,142**	32,867
- Amortisation (note 20)	**4,956**	1,261
- Profit on sale of property, plant and equipment	**(1,295)**	(2,050)
- Amortisation of capital grants (note 35)	**(112)**	(155)
- Dividends received from associates	**1,028**	1,354
- Other	**(5,114)**	(3,758)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
- Inventories (note 26)	**(7,301)**	(8,514)
- Trade and other receivables (note 26)	**(83,658)**	(64,118)
- Trade and other payables (note 26)	**79,797**	47,954
Cash generated from operations	**142,922**	116,396

42. Contingencies

Guarantees

The Company and certain subsidiaries have given guarantees of €458.619 million (2005: €343.247 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings. It is not anticipated that any material liabilities will arise from these contingent liabilities.

Other

Included in trade payables is an amount of approximately €10.514 million (2005: €6.128 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 the following subsidiaries; Alvabay Limited, Atlas Oil Refining Company Limited, Classic Fuel & Oil Limited, DCC Business Expansion Fund Limited, DCC Corporate Partners Limited, DCC Energy Limited, DCC Financial Services Holdings Limited, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Limited, DCC SerCom Limited, Emo Oil Limited, Flogas Ireland Limited, SerCom Property Limited, Shannon Environmental Holdings Limited, Sharptext Limited and TechnoPharm Limited. As a result, these companies will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

43. Capital expenditure commitments

Group	2006 €'000	2005 €'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**3,876**	10,897
Capital expenditure that has been authorised by the Directors but has not yet been contracted for	**44,866**	35,212
	48,742	46,109

44. Commitments under operating and finance leases

Group

Operating leases
Future minimum rentals payable under non-cancellable operating leases at 31 March are as follows:

	2006 €'000	2005 €'000
Within one year	**945**	1,011
After one year but not more than five years	**7,668**	7,098
More than five years	**63,537**	64,738
	72,150	72,847

The Group leases a number of properties under operating leases. The leases typically run for a period of 15 to 25 years. Rents are generally reviewed every five years.

During the year ended 31 March 2006 €9.102 million (2005: €8.148 million) was recognised as an expense in the Income Statement in respect of operating leases.

Finance leases
Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2006		2005	
	Minimum payments €'000	**Present value of payments €'000**	Minimum payments €'000	Present value of payments €'000
Within one year	**5,292**	**4,801**	6,646	5,915
After one year but not more than five years	**5,756**	**5,442**	11,156	10,370
	11,048	**10,243**	17,802	16,285
Less: amounts allocated to future finance costs	**(805)**	**-**	(1,517)	-
Present value of minimum lease payments	**10,243**	**10,243**	16,285	16,285

45. Business combinations

The principal acquisitions completed by the Group during the year, together with percentages acquired were as follows:
- Physio-Med Services Limited (76%): a supplier of physiotherapy and related products, acquired on 13 June 2005. Put and call options exist to acquire the remaining 24%;
- Pilton Company (100%): a distributor of DVD's, computer games and other products, acquired on 15 June 2005; and
- AB Computing (100%): a value added distributor of IT infrastructure solutions headquartered in Belgium, acquired on 6 July 2005.

In addition, a number of small oil and LPG distributors were acquired during the year.

45. Business combinations - continued

Identifiable net assets acquired (excluding net cash acquired) were as follows:

	2006 €'000	2005 €'000
Assets		
Non-current assets		
Property, plant and equipment (note 19)	**2,737**	33,423
Intangible assets - goodwill (note 20)	**42,157**	66,977
Intangible assets - other intangible assets (note 20)	**7,450**	12,594
Investments in associates (note 21)	**-**	(7,916)
Total non-current assets	**52,344**	105,078
Current assets		
Inventories (note 26)	**8,289**	6,827
Trade and other receivables (note 26)	**24,861**	33,471
Total current assets	**33,150**	40,298
Equity		
Minority interest (note 40)	**(24)**	130
Total equity	**(24)**	130
Liabilities		
Non-current liabilities		
Deferred income tax liabilities (note 31)	**(1,330)**	(4,602)
Retirement benefit obligations	**-**	(1,812)
Total non-current liabilities	**(1,330)**	(6,414)
Current liabilities		
Trade and other payables (note 26)	**(20,460)**	(46,936)
Current income tax liabilities	**(701)**	(2,853)
Total current liabilities	**(21,161)**	(49,789)
Total consideration (enterprise value)	**62,979**	89,303
Satisfied by:		
Cash	**62,669**	94,721
Cash acquired	**(13,538)**	(16,528)
Net cash outflow	**49,131**	78,193
Deferred and contingent acquisition consideration	**13,848**	11,110
Total consideration	**62,979**	89,303

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired determined in accordance with IFRS before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

	Book value €'000	Fair value adjustments €'000	Fair value €'000
Non-current assets (excluding goodwill)	**2,737**	**7,450**	**10,187**
Current assets	**33,843**	**(693)**	**33,150**
Non-current liabilities and minority interest	**(273)**	**(1,081)**	**(1,354)**
Current liabilities	**(21,161)**	**-**	**(21,161)**
Identifiable net assets acquired	**15,146**	**5,676**	**20,822**
Goodwill arising on acquisition	**47,833**	**(5,676)**	**42,157**
Total consideration (enterprise value)	**62,979**	**-**	**62,979**

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2007 Annual Report as stipulated by IFRS 3.

45. Business combinations - continued

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2006 €'000	2005 €'000
Revenue	**119,348**	312,253
Cost of sales	**(98,771)**	(271,174)
Gross profit	**20,577**	41,079
Operating costs	**(12,456)**	(33,658)
Group operating profit	**8,121**	7,421
Finance costs (net)	**49**	(209)
Share of associates' profit after tax	**-**	(1,529)
Profit before tax	**8,170**	5,683
Income tax expense	**(1,487)**	(1,725)
Group profit for the financial year	**6,683**	3,958

46. Related party transactions

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* relate to the existence of subsidiaries, joint ventures and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in more detail below:

Group

Subsidiaries, joint ventures and associates

The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint ventures and associates as documented in the accounting policies on pages 58 to 66. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 113 to 116 of this Annual Report.

Transactions are entered into in the normal course of business on an arm's length basis.

Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries and joint ventures are eliminated in the preparation of the consolidated financial statements.

On 21 October 2005, the Group increased its shareholding to 100.0% in Fannin Limited by acquiring the remaining 3.4% of the issued share capital from the minority shareholder. The consideration amounted to €3.000 million and was settled in cash.

On 2 September 2005, the Group increased its shareholding to 100.0% in DCC Environmental by acquiring the remaining 2.85% of the issued share capital from the minority shareholder. The consideration amounted to €1.094 million and was settled in cash.

Compensation of key management personnel

For the purposes of the disclosure requirements under IAS 24, the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. Full disclosure in relation to the compensation entitlements of the Board of Directors is provided in the Report of the Remuneration Committee on pages 44 to 47 of this Annual Report.

Company

Subsidiaries and associates

During the year the Company received €44.499 million (2005:€nil) in dividends from its subsidiaries and €nil (2005: €65,000) in dividends from its associates. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 55, in note 24 'Trade and Other Receivables' and in note 25 'Trade and Other Payables'.

During the year the Company was charged a management fee of €3.705 million (2005: €2.174 million) by its subsidiary, DCC Management Services Limited.

47. Reconciliations from Irish GAAP to IFRS

Up to and including 31 March 2005, the Group prepared its financial statements in accordance with generally accepted accounting practices in Ireland ('Irish GAAP'). Detailed explanations of the adjustments made to the full-year 2005 Group Income Statement and the Balance Sheet as at 31 March 2005 have been provided in the Restatement of Financial Information under IFRS published on 30 September 2005. The following is a summary of the principal changes on transition to IFRS:

Overview
It is a requirement that the first IFRS financial statements include full comparative information for the year ended 31 March 2005. The date of transition to IFRS for all standards, other than IAS 32 and IAS 39, is 1 April 2004, being the start of the comparative period in the Group's first IFRS financial statements. As permitted under IFRS 1, the Group applied hedge accounting in accordance with Irish GAAP for the year ended 31 March 2005 and adopted IAS 32 and IAS 39 from 1 April 2005.

A summary of the effect of IFRS on the Group's and Company's Balance Sheets as at 1 April 2004 and 31 March 2005 as well as on the Group's Income Statement for the year ended 31 March 2005 is set out in the following sections:

(1) Optional exemptions availed of on transition to IFRS
(2) Impact of transition to IFRS
(3) Group Income Statement for the year ended 31 March 2005 - reconciliation from Irish GAAP to IFRS
(4) Group Balance Sheet as at 31 March 2005 - reconciliation from Irish GAAP to IFRS
(5) Group Balance Sheet as at 1 April 2004 - reconciliation from Irish GAAP to IFRS
(6) Company Balance Sheet as at 31 March 2005 - reconciliation from Irish GAAP to IFRS
(7) Company Balance Sheet as at 1 April 2004 - reconciliation from Irish GAAP to IFRS

(1) Optional exemptions availed of on transition to IFRS

IFRS 1 sets out the procedures that the Group must follow when adopting IFRS for the first time as the basis for preparing its consolidated financial statements. This standard permits a number of optional exemptions from the general principle of retrospective restatement and the Group elected, in common with other listed companies, to avail of a number of these exemptions as follows:

(i) Business combinations
Business combinations undertaken prior to the transition date of 1 April 2004 have not been subject to restatement. Goodwill as at the transition date is carried forward at its carrying amount and, together with goodwill arising on business combinations subsequent to the transition date, is subject to annual impairment testing in accordance with IAS 36 *Impairment of Assets*. As required by IFRS 1, an impairment review of goodwill was carried out at the transition date. This review indicated that no impairment provision was required.

(ii) Property, plant & equipment
The Group retained its existing carrying value of occupied properties, plant and equipment at 1 April 2004 as deemed cost, rather than either reverting to historical cost or carrying out a valuation at the date of transition as permitted by IFRS 1.

(iii) Employee benefits
The Group elected to recognise all cumulative actuarial gains and losses applicable to defined benefit pension schemes in the transition balance sheet and adjusted them against retained income.

(iv) Currency translation adjustments
IFRS requires that on disposal of a foreign operation, the cumulative amount of currency translation differences previously recognised directly in reserves for that operation be transferred to the Income Statement as part of the profit or loss on disposal. The Group elected to deem the cumulative currency translation differences applicable to foreign operations to be zero as at the transition date. The cumulative currency translation differences arising after the transition date have been re-classified from retained income to a separate component of equity (termed the 'foreign currency translation reserve') with no net impact on capital and reserves attributable to the Group's equity holders.

(v) IAS 32 / IAS 39
Given the delay encountered in receiving EU approval, the effective date of the revised versions of IAS 32 and IAS 39 was 1 April 2005 and therefore the Group adopted these standards with effect from that date. The Group availed of the exemption under the transition rules of IFRS 1 not to restate the comparative information under IAS 32 and IAS 39. Comparative information on financial instruments for the year ended 31 March 2005 in the financial statements at 31 March 2006 are presented on the existing Irish GAAP basis.

47. Reconciliations from Irish GAAP to IFRS - continued

Other options availed of on transition
In compliance with the transitional arrangements set out in IFRS 2 *Share-based Payment*, this standard was applied in respect of share options granted after 7 November 2002 and not vested before 1 January 2005.

On the introduction of FRS 17 *Retirement Benefits* in 2001, DCC together with the majority of publicly-listed entities, elected to continue to account for its pension obligations under SSAP 24 *Accounting for Pension Costs* and to disclose the impact of FRS 17 in the notes to the financial statements. FRS 17 requires immediate recognition of actuarial gains and losses on defined benefit pension schemes in the Statement of Total Recognised Gains and Losses. The Group elected to avail of early application of the amendment to IAS 19 which enables the recognition of actuarial gains and losses through retained income via the Statement of Changes in Shareholders' Equity.

(2) Impact of transition to IFRS

The adoption of IFRS resulted in the following significant changes to the Group's accounting policies and the financial impact of each as at the date of transition to IFRS is summarised below.

(i) IFRS 2 share-based payment
IFRS 2 Share-based Payment requires the recognition of an expense in the Income Statement representing the fair value at the date of grant of share-based payments (mainly share options in the case of DCC). This expense is recognised over the vesting period of the options. In accordance with the transitional arrangements contained in the standard, only share options granted after 7 November 2002 and not vested before 1 January 2005 are included in the calculations.

The fair value of the share-based payments have been calculated using a binomial model for the DCC plc 1998 Employee Share Option Scheme and Black Scholes for the DCC Sharesave Scheme. The following are the main inputs used in determining the fair value of share options:

- The exercise price which is the market price at the grant date except in the case of the DCC Sharesave Scheme 2001 share options which were issued at a 20% discount to the market price at the date of grant;
- Future share price volatility is based on historical volatility over a period consistent with the expected term of the option;
- The risk free interest rate used is the rate applicable to zero-coupon euro-denominated Government bonds with a remaining term equal to the expected term of the option;
- Expected dividend payments.

An expense of €1.0 million was recognised in the Group Income Statement in respect of the year ended 31 March 2005.

(ii) IFRS 3 business combinations / IAS 38 Intangible assets
The Group availed of the exemption under IFRS 1 enabling non-restatement of business combinations prior to the date of transition to IFRS.

Under IFRS 3, goodwill is no longer amortised but rather is subject to annual impairment testing. At 1 April 2004, the date of transition, the Group had a net goodwill asset of €129.6 million which is carried forward and, together with goodwill arising on subsequent business combinations, is subject to annual impairment testing. Accordingly, the goodwill amortisation charge of €10.1 million for the year ended 31 March 2005 was not charged under IFRS.

Under IAS 38 *Intangible Assets,* there is a requirement to separately identify intangible assets acquired, other than goodwill. Intangible assets (mainly comprising customer relationships) are capitalised and subsequently amortised over their economic lives.

The acquisition balance sheets for business combinations completed in the year ended 31 March 2005 have been restated to recognise intangible assets which resulted in a reduction in the goodwill figure in the acquisition balance sheets. The amortisation charge recognised in respect of intangible assets amounted to €1.3 million for the year ended 31 March 2005. Net intangible assets at 31 March 2005 amounted to €11.3 million.

(iii) IAS 19 Employee benefits
IAS 19 *Employee Benefits* requires the assets and liabilities of defined benefit pension schemes to be recognised on the face of the balance sheet. In accordance with the exemption available under IFRS 1, the Group elected to recognise all cumulative actuarial gains and losses attributable to its defined benefit pension schemes as at the transition date. In addition, in line with the amendment to IAS 19, actuarial gains and losses arising after the date of transition are dealt with in the Statement of Changes in Shareholders' Equity.

47. Reconciliations from Irish GAAP to IFRS - continued

The amounts reflected in the Group's transition Balance Sheet as at 1 April 2004 and the Group's Balance Sheet as at 31 March 2005 are in accordance with the FRS 17 disclosures previously provided in the Annual Reports at 31 March 2004 and 31 March 2005 save for the recording of assets at bid value under IAS 19 as opposed to mid-market value.

Application of IAS 19 resulted in a pre-tax reduction in net assets of €27.7 million as at 1 April 2004 and a pre-tax reduction of €34.3 million as at 31 March 2005. The decrease in the pre-tax charge to the Income Statement arising from the adoption of IAS 19 for the year ended 31 March 2005 was €1.2 million.

(iv) Current and deferred tax
Under Irish GAAP, deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date and which could give rise to an obligation to pay more or less taxation in the future.

Deferred tax under IAS 12 *Income Taxes* is recognised in respect of all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. IAS 12 also required that deferred tax assets and liabilities must be disclosed separately on the balance sheet. IAS 12 results in an overall increase in the net deferred tax liability of the Group. The adjustments made to deferred tax assets and liabilities as at the transition date of 1 April 2004, and reflected in the transition Balance Sheet, principally related to the following issues:

- Under Irish GAAP, deferred tax was not provided on fair value asset adjustments in business combinations if these adjustments did not give rise to timing differences between the tax base and the book value of the assets acquired. The requirement under IAS 12 to provide deferred tax on the differences arising from the assets acquired gave rise to a deferred tax liability of €1.3 million as at the transition date. This liability increased to €1.8 million as at 31 March 2005.
- IAS 12 requires that a deferred tax provision be made for all rolled-over capital gains rather than those expected to crystallise. The IFRS transition balance sheet included a deferred tax liability of €0.2 million in respect of rolled-over capital gains, which did not arise under Irish GAAP.
- The deferred tax impact of defined benefit pension scheme surpluses and deficits accounted for in accordance with IAS 19 *Employee Benefits* resulted in the creation of a deferred tax asset of €2.1 million in the transition balance sheet. The deferred tax liability reduced by €1.3 million as a result of a reversal of the SSAP 24 pension prepayment in the Irish GAAP balance sheet.

A net deferred tax asset of €1.9 million, as set out above, was provided in the transition Balance Sheet.

IAS 12 requires deferred tax to be provided in respect of undistributed profits of overseas subsidiaries unless the parent is able to control the timing of remittances and it is probable that such remittances will not be made in the foreseeable future. As the Group is able to control the timing of remittances from overseas subsidiaries and no such remittances are anticipated in the foreseeable future, no provision has been made for any tax on undistributed profits of overseas subsidiaries. Similarly, no deferred tax assets or liabilities have been recognised in respect of temporary differences associated with investments in subsidiaries.

In addition to the provisions of IAS 12 described above, IAS 1 *Presentation of Financial Statements* requires separate disclosure of deferred tax assets and liabilities on the face of the balance sheet. The Group's restated Balance Sheets therefore contained re-classifications of deferred tax assets previously netted within the Group's overall deferred tax liability; these amounts were €6.7 million and €7.0 million as at the transition date and 31 March 2005 respectively.

(v) Dividend payments
IAS 10 *Events after the Balance Sheet Date,* requires that dividends declared after the balance sheet date should not be recognised as a liability at the balance sheet date as the liability does not represent a present obligation as defined by IAS 37.

Instead, dividends will be recognised in the period in which they are declared and approved. This had the effect of increasing the opening net assets at 1 April 2004 by €16.8 million. The results for the year ended 31 March 2005, as restated under IFRS, include the 2003/2004 final dividend of €16.8 million and the 2004/2005 interim dividend of €10.8 million. The 2004/2005 final dividend of €19.1 million is reflected in the results for the year ended 31 March 2006.

(vi) Exceptional items
Under IFRS, all exceptional items of an operating nature, apart from the results of discontinued operations, are disclosed in the appropriate operating line item before operating profit, with separate disclosure for items which are material by virtue of their size or nature.

This resulted in a reclassification of exceptional items reported by the Group for the year ended 31 March 2005.

47. Reconciliations from Irish GAAP to IFRS - continued

(vii) Joint ventures
Subsequent to the transition to IFRS, the Group undertook a review to ascertain whether certain associates may be more correctly treated as joint ventures. The result of this review was that the Group's 50% shareholdings in Kylemore Foods Holdings Limited and KP (Ireland) Limited are both required under IAS 31 *Interests in Joint Ventures* to be treated as joint ventures.

In accordance with IAS 31, the Group has opted to apply proportionate consolidation in accounting for its interests in joint ventures. Under proportionate consolidation the Income Statements, Balance Sheets and Cash Flow Statements of these entities are included on a line-by-line basis in the consolidated accounts. Comparative amounts have been regrouped and restated where necessary. The reclassification of certain associates as joint ventures has no net effect on total equity, retained earnings or adjusted earnings per share.

(viii) Associates
Under Irish GAAP, the appropriate share of the results of associates (split between sales, operating profit, interest, tax and minority interest) was included in the consolidated Profit and Loss Account by way of the equity method of accounting. Associates were stated in the consolidated Balance Sheet at cost plus the attributable portion of their retained reserves from the date of acquisition less goodwill amortised.

Under IAS 28, a single figure (being profit after tax) for results of associates is disclosed after operating profit. Given the importance of the contributions of associates to the Group, sufficient information will be provided to allow operating profit to be calculated on a basis that is consistent with previous statements.

(ix) Foreign currencies
Under Irish GAAP currency translation differences on foreign currency net investments have been written off to revenue reserves.

Under IAS 21, translation differences are recorded in a separate currency translation reserve. On disposal of a foreign operation, the cumulative translation differences relating to that operation are transferred to the Income Statement as part of the profit or loss on disposal.

The Group availed of the IFRS 1 exemption allowing it to deem all cumulative translation differences that arose up to the transition date to be equal to zero. These translation differences will therefore remain written off against revenue reserves and will no longer be separately disclosed in the notes to the accounts.

IAS 21 provides specific guidance on how the functional currency (i.e. the currency that an entity should use to record its transactions) of a company should be determined and the functional currencies of a small number of group companies have altered as a result of the application of this guidance.

Certain intercompany loans had been treated under Irish GAAP as part of net investment in foreign operations and foreign exchange gains or losses arising on these loans had been recognised directly in reserves. On transition from Irish GAAP, certain of these loans between fellow subsidiaries did not qualify under IFRS as part of net investment in foreign operations and therefore gains or losses on these loans must be recognised in the Income Statement.

The financial impact of the above was a charge to the Income Statement of €4.8 million for the year ended 31 March 2005 in respect of foreign exchange losses previously charged to reserves and the amounts are included in exceptional items.

The majority of the intercompany balances which gave rise to these accounting charges (previously taken to reserves) were eliminated during the year ended 31 March 2005 and the half year ended 30 September 2005 so as to eliminate accounting volatility from 30 September 2005 onwards.

(x) Other
There are a number of other items which are not individually material including accruals for holiday pay which have been reflected in the restatement of financial information under IFRS.

47. Reconciliations from Irish GAAP to IFRS - continued

(3) Group income statement for the year ended 31 March 2005 - reconciliation from Irish GAAP to IFRS

	Previous Irish GAAP €'000	IFRS 2 Share based payment €'000	IAS 19 Employee benefits €'000	IFRS 3 Business combinations €'000	Associates €'000	Joint ventures €'000	IAS 21 €'000	Other €'000	Restated under IFRS €'000
Revenue	**2,627,927**					16,801			**2,644,728**
Cost of sales	**(2,248,576)**					(9,624)			**(2,258,200)**
Gross profit	**379,351**	-	-	-	-	7,177	-	-	**386,528**
Operating cost	**(269,670)**	(1,003)	1,622			(5,387)		(277)	**(274,715)**
Exceptional items - Irish GAAP	**(3,815)**								**(3,815)**
Exceptional items - IFRS	**-**							(12,152)	**(12,152)**
Goodwill amortisation	**(10,089)**			10,089					
Amortisation of intangible assets	**-**			(1,261)					**(1,261)**
Share of associates' operating profit	**21,855**				(20,065)	(1,790)			-
Operating profit	**117,632**	(1,003)	1,622	8,828	(20,065)	-	-	(12,429)	**94,585**
Non operating net exceptional items - Irish GAAP	**(12,152)**							12,152	-
Net finance costs	**(5,576)**		(423)		305				**(5,694)**
Foreign exchange losses on intercompany financing loans*	**-**						(4,809)		**(4,809)**
Share of associates' profit after tax	**-**				16,807				**16,807**
Profit on ordinary activities before taxation	**99,904**	(1,003)	1,199	8,828	(2,953)	-	(4,809)	(277)	**100,889**
Taxation	**(15,115)**	166	(144)		2,953			33	**(12,107)**
Profit for the financial year	**84,789**	(837)	1,055	8,828	-	-	(4,809)	(244)	**88,782**
Attributable to:									
Equity holders of the Company	**83,767**	(837)	1,055	8,828	-	-	(4,809)	(244)	**87,760**
Minority interest	**1,022**								**1,022**
	84,789	(837)	1,055	8,828	-	-	(4,809)	(244)	**88,782**
Basic earnings per share (cent)	**104.69c**	(1.05c)	1.32c	11.03c			(6.01c)	(0.30c)	**109.68c**
Adjusted earnings per share (cent)**	**137.25c**	(1.05c)	1.32c					(0.30c)	**137.22c**

* *treated as an exceptional item*
** *before exceptional items and amortisation*

47. Reconciliations from Irish GAAP to IFRS - continued

(4) Group balance sheet as at 31 March 2005 - reconciliation from Irish GAAP to IFRS

	Previous Irish GAAP €'000	IFRS 2 Share based payment €'000	IAS 19 Employee benefits €'000	IFRS 3 Business combinations €'000	Deferred tax €'000	Joint ventures €'000	Dividend €'000	Reclassifications and other €'000	**Restated under IFRS €'000**
ASSETS									
Non-current assets									
Property, plant and equipment	**247,647**					7,144			**254,791**
Intangible assets - goodwill	**193,762**			(2,848)	3,503	1,758		545	**196,720**
Intangible assets - other	-			11,333					**11,333**
Financial assets	**64,192**			343		(13,151)			**51,384**
Deferred tax assets	**3,720**	191	3,046						**6,957**
	509,321	191	3,046	8,828	3,503	(4,249)	-	545	**521,185**
Current assets									
Inventories	**123,734**					315			**124,049**
Trade and other receivables	**417,814**		(8,910)			1,286			**410,190**
Cash and cash equivalents	**352,399**					905			**353,304**
	893,947	-	(8,910)	-	-	2,506	-	-	**887,543**
Total assets	**1,403,268**	191	(5,864)	8,828	3,503	(1,743)	-	545	**1,408,728**
EQUITY									
Capital and reserves attributable to equity holders									
Share capital	**22,042**								**22,042**
Share premium account	**124,506**								**124,506**
Other reserves	**1,400**								**1,400**
Other reserves - share options	**-**	1,552							**1,552**
Foreign currency translation reserve	**-**							(5,565)	**(5,565)**
Retained earnings	**345,748**	(1,361)	(30,175)	8,828			19,070	1,826	**343,936**
Minority interests	**4,348**								**4,348**
Total equity	**498,044**	191	(30,175)	8,828	-	-	19,070	(3,739)	**492,219**
LIABILITIES									
Non-current liabilities									
Interest-bearing loans and borrowings	**315,464**					1,180			**316,644**
Retirement benefit obligations	**-**		25,380						**25,380**
Deferred income tax liabilities	**5,350**		(1,069)		3,503	152		2,060	**9,996**
Deferred acquisition consideration	**10,839**								**10,839**
Capital grants	**958**								**958**
	332,611	-	24,311	-	3,503	1,332	-	2,060	**363,817**
Current liabilities									
Interest-bearing loans and borrowings	**45,127**					426			**45,553**
Trade and other payables	**464,210**					(3,568)		(12,925)	**447,717**
Current income tax liabilities	**37,122**					67			**37,189**
Provisions for liabilities and charges	**-**							15,149	**15,149**
Deferred acquisition consideration	**7,084**								**7,084**
Proposed dividend	**19,070**						(19,070)		**-**
	572,613	-	-	-	-	(3,075)	(19,070)	2,224	**552,692**
Total liabilities	**905,224**	-	24,311	-	3,503	(1,743)	(19,070)	4,284	**916,509**
Total equity and liabilities	**1,403,268**	191	(5,864)	8,828	3,503	(1,743)	-	545	**1,408,728**
Net debt	**(8,192)**	-	-	-	-	(701)	-	-	**(8,893)**

47. Reconciliations from Irish GAAP to IFRS - continued

(5) Group Balance Sheet as at 1 April 2004 - Reconciliation from Irish GAAP to IFRS

	Previous Irish GAAP €'000	IFRS 2 Share based payment €'000	IAS 19 Employee benefits €'000	Joint ventures €'000	Dividend €'000	Reclassifications and other €'000	**Restated under IFRS €'000**
ASSETS							
Non-current assets							
Property, plant and equipment	**212,252**			6,369			**218,621**
Intangible assets - goodwill	**129,566**			1,758		122	**131,446**
Intangible assets - other	**-**						**-**
Financial assets	**53,780**			(11,657)		(122)	**42,001**
Deferred tax assets	**4,527**		2,146				**6,673**
	400,125	-	2,146	(3,530)	-	-	**398,741**
Current assets							
Inventories	**110,577**			307			**110,884**
Trade and other receivables	**325,858**		(10,538)	1,312			**316,632**
Cash and cash equivalents	**320,616**			2,850			**323,466**
	757,051	-	(10,538)	4,469	-	-	**750,982**
Total assets	**1,157,176**	-	(8,392)	939	-	-	**1,149,723**
EQUITY							
Capital and reserves attributable to equity holders							
Share capital	**22,035**						**22,035**
Share premium account	**124,438**						**124,438**
Other reserves	**1,400**						**1,400**
Other reserves - share options	**-**	549					**549**
Foreign currency translation reserve	**-**						**-**
Retained earnings	**321,739**	(549)	(24,239)		16,824	(3,462)	**310,313**
Minority interests	**4,081**						**4,081**
Total equity	**473,693**	-	(24,239)	-	16,824	(3,462)	**462,816**
LIABILITIES							
Non-current liabilities							
Interest-bearing loans and borrowings	**114,167**			3,184			**117,351**
Retirement benefit obligations	**-**		17,164				**17,164**
Deferred income tax liabilities	**2,073**		(1,317)	90		1,515	**2,361**
Deferred acquisition consideration	**6,799**						**6,799**
Capital grants	**1,112**						**1,112**
	124,151	-	15,847	3,274	-	1,515	**144,787**
Current liabilities							
Interest-bearing loans and borrowings	**143,732**			15			**143,747**
Trade and other payables	**358,021**			(2,422)		942	**356,541**
Current income tax liabilities	**36,077**			72			**36,149**
Provisions for liabilities and charges	-					1,005	**1,005**
Deferred acquisition consideration	**4,678**						**4,678**
Proposed dividend	**16,824**				(16,824)		**-**
	559,332	-	-	(2,335)	(16,824)	1,947	**542,120**
Total liabilities	**683,483**	-	15,847	939	(16,824)	3,462	**686,907**
Total equity and liabilities	**1,157,176**	-	(8,392)	939	-	-	**1,149,723**
Net cash	**62,717**	-	-	(349)	-	-	**62,368**

47. Reconciliations from Irish GAAP to IFRS - continued

(6) Company balance sheet as at 31 March 2005 - reconciliation from Irish GAAP to IFRS

	Irish GAAP 2005 €'000	Effect of transition to to IFRS 2005 €'000	IFRS 2005 €'000
Fixed assets			
Financial assets			
- associated undertakings	1,300	-	1,300
- subsidiary undertakings	145,814	-	145,814
	147,114	-	147,114
Current assets			
Debtors	277,799	-	277,799
Cash and term deposits	248	-	248
	278,047	-	278,047
Creditors: Amounts falling due within one year			
Trade and other creditors	226,615	-	226,615
Proposed dividend	19,070	(19,070)	-
	245,685	(19,070)	226,615
Net current assets	32,362	19,070	51,432
Total assets less current liabilities	179,476	19,070	198,546
Financed by:			
Creditors: Amounts falling due after more than one year			
Amounts owed to subsidiary undertakings	10,387	-	10,387
Deferred acquisition consideration	139	-	139
	10,526	-	10,526
Provisions for liabilities and charges	972	(972)	-
	11,498	(972)	10,526
Capital and reserves			
Called up equity share capital	22,042	-	22,042
Share premium account	124,506	-	124,506
Other reserves	344	-	344
Profit and loss	21,086	20,042	41,128
Equity shareholders' funds	167,978	20,042	188,020
	179,476	19,070	198,546

The only changes to the Company Balance Sheet relate to the exclusion of the closing dividend liability and the write off of a deferred tax liability.

47. Reconciliations from Irish GAAP to IFRS - continued

(7) Company balance sheet as at 1 April 2004 - reconciliation from Irish GAAP to IFRS

	Irish GAAP 1 April 2004 €'000	Effect of transition to to IFRS 1 April 2004 €'000	IFRS 1 April 2004 €'000
Fixed assets			
Tangible fixed assets	983	-	983
Financial assets			
- associated undertakings	1,300	-	1,300
- subsidiary undertakings	145,814	-	145,814
	148,097	-	148,097
Current assets			
Debtors	291,088	-	291,088
Cash and term deposits	367	-	367
	291,455	-	291,455
Creditors: Amounts falling due within one year			
Trade and other creditors	15,669	-	15,669
Proposed dividend	16,824	(16,824)	-
	32,493	(16,824)	15,669
Net current assets	258,962	16,824	275,786
Total assets less current liabilities	407,059	16,824	423,883
Financed by:			
Creditors: Amounts falling due after more than one year			
Amounts owed to subsidiary undertakings	187,711	-	187,711
Deferred acquisition consideration	2,016	-	2,016
	189,727	-	189,727
Provisions for liabilities and charges	827	(827)	-
	190,554	(827)	189,727
Capital and reserves			
Called up equity share capital	22,035	-	22,035
Share premium account	124,438	-	124,438
Other reserves	344	-	344
Profit and loss	69,688	17,651	87,339
Equity shareholders' funds	216,505	17,651	234,156
	407,059	16,824	423,883

The only changes to the Company Balance Sheet relate to the exclusion of the closing dividend liability and the write off of a deferred tax liability.

48. Approval of financial statements

The financial statements were approved by the Board of Directors on 12 May 2006.

group directory

Principal subsidiaries (all 100% owned except for those detailed in note 22 on page 87)

DCC Energy

Company name & address	Principal activity	Contact details
DCC Energy Limited 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
DCC Energy Limited Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland	Sales, marketing and distribution of petroleum products	Tel: +44 28 9073 2611 Fax: +44 28 9073 2020 Email: enquiries@emooil.com www.emooil.com
Emo Oil Limited Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Sales, marketing and distribution of petroleum products	Tel: +353 5786 747 00 Fax: +353 5786 747 75 Email: info@emo.ie www.emo.ie
Emo Oil Limited Tryst House, Glenbervie Business Park, Larbert, Stirlingshire FK5 4RB, Scotland	Sales, marketing and distribution of petroleum products	Tel: +44 1324 408 000 Fax: +44 1324 408 260 Email: info@emooil.co.uk www.emooil.co.uk
Flogas UK Limited 81 Raynsway, Syston, Leicester LE7 1PF, England	Sales, marketing and distribution of liquefied petroleum gas	Tel: +44 116 2649 000 Fax: +44 116 2649 001 Email: enquiries@flogas.co.uk www.flogas.co.uk
Flogas Ireland Limited Dublin Road, Drogheda, Co. Louth, Ireland	Sales, marketing and distribution of liquefied petroleum gas	Tel: +353 41 9831 041 Fax: +353 41 9834 652 Email: info@flogas.ie www.flogas.ie
Fuel Card Group Limited 8 Kerry Hill, Horsforth, Leeds LS18 4AY, England	Sale of motor fuels through fuel cards	Tel: +44 1132 390 490 Fax: +44 1132 098 764 Email: info@fuelcard-group.com www.fuelcard-group.com
Scottish Fuels Tryst House, Glenbervie Business Park, Larbert, Stirlingshire FK5 4RB, Scotland	Sales, marketing and distribution of petroleum products	Tel: +44 8453 008 844 Fax: +44 1324 408 260 Email: info@scottishfuels.co.uk www.scottishfuels.co.uk

DCC SerCom

Company name & address	Principal activity	Contact details
SerCom Distribution Limited 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
Distrilogie SA 12 rue des Frères Caudron, 78147 Vélizy Cedex, France	Distribution of enterprise infrastructure products	Tel: +33 1 34 58 47 00 Fax: +33 1 34 58 47 27 Email: info@distrilogie.com www.distrilogie.com
Gem Distribution Limited St. George House, Parkway, Harlow Business Park, Harlow, Essex CM19 5QF, England	Sales, marketing and distribution of computer software	Tel: +44 1279 822 800 Fax: +44 1279 416 228 Email: info@gem.co.uk www.gem.co.uk
Micro Peripherals Limited Shorten Brook Way, Altham Business Park, Altham, Accrington, Lancashire BB5 5YJ, England	Sales, marketing and distribution of computer products	Tel: +44 1282 776 776 Fax: +44 1282 770 001 Email: enquiries@micro-p.com www.micro-p.com
Pilton Company Limited Unit 2, Loughlinstown Industrial Estate, Ballybrack, Co. Dublin, Ireland	Sales, marketing and distribution of DVDs and computer games and accessories	Tel: +353 1 2826 444 Fax: +353 1 2826 532
SerCom Solutions Limited M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain services	Tel +353 1 4056 500 Fax: +353 1 4056 555 Email:kevin.vaughan@sercomsolutions.com www.sercomsolutions.com
Sharptext Limited M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of computer products	Tel: +353 1 4087 171 Fax: +353 1 4193 111 Email: sharptext@sharptext.com www.sharptext.com

DCC Healthcare

Company name & address	Principal activity	Contact details
DCC Healthcare Limited 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
Days Healthcare GmbH Oberbecksener Str. 68, D-32547 Bad Oeynhausen, Germany	Manufacture, sales, marketing and distribution of mobility & rehabilitation products	Tel: +49 5731 786 50 Fax: +49 5731 786 520 Email: info@dayshealthcare.de www.dayshealthcare.de
Days Healthcare UK Limited North Road, Bridgend Industrial Estate, Bridgend CF31 3TP, Wales	Manufacture, sales, marketing and distribution of mobility & rehabilitation products	Tel: +44 1656 664 700 Fax: +44 1656 664 750 Email: info@dayshealthcare.com www.dayshealthcare.com
EuroCaps Limited Crown Business Park, Dukes Town, Tredegar, Gwent NP22 4EF, Wales	Contract manufacture of soft gel capsule nutraceuticals	Tel: +44 1495 308 900 Fax: +44 1495 308 990 Email: info@softgels.co.uk www.softgels.co.uk

DCC Healthcare - continued

Company name & address	Principal activity	Contact details
Fannin Healthcare Limited Blackthorn Road, Sandyford Industrial Estate, Dublin 18, Ireland	Sales, marketing and distribution of medical and laboratory equipment and consumables	Tel: +353 1 2944 500 Fax: +353 1 2954 777 Email: information@fanninhealthcare.com www.fanninhealthcare.com
Laleham Healthcare Limited Sycamore Park, Mill Lane, Alton, Hampshire GU34 2PR, England	Contract manufacture and packing of nutraceuticals and cosmetics (liquids and creams)	Tel: +44 1420 566 500 Fax: +44 1420 566 566 Email: reception@laleham-healthcare.com www.laleham-healthcare.com
Physio-Med Services Limited 7-23 Glossop Brook Business Park, Surrey Street, Glossop, Derbyshire SK13 7AJ, England	Marketing and distribution of rehabilitation equipment and consumables	Tel: +44 1457 860 444 Fax: +44 1457 860 555 Email: sales@physio-med.com www.physiomedhomecare.co.uk
TechnoPharm Limited Pharmapark, Chapelizod, Dublin 20, Ireland	Sales, marketing and distribution of pharmaceutical products and medical devices	Tel: +353 1 626 5006 Fax: +353 1 626 5071 Email: information@technopharm.com www.technopharm.com
Thompson & Capper Limited 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 573 734 Fax: +44 1928 580 694 Email: enquiries@tablets2buy.com www.tablets2buy.com
Virtus Limited 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

DCC Food & Beverage

Company name & address	Principal activity	Contact details
DCC Food & Beverage Limited 79 Broomhill Road, Tallaght, Dublin 24, Ireland	Holding and divisional management company	Tel: +353 1 4047 300 Fax: +353 1 4599 369 Email: foods@dcc.ie www.dcc.ie
Allied Foods Limited Kinsale Road, Cork, Ireland	Chilled and frozen food distribution	Tel: +353 21 4947 300 Fax: +353 21 4961 488 Email: info@alliedfoods.ie
Bottle Green Limited 19 New Street, Horsforth, Leeds LS18 4BH, England	Sales, marketing and distribution of wine	Tel: +44 113 2054 500 Fax: +44 113 2054 501 Email: info@bottlegreen.com www.bottlegreen.com
Broderick Bros. Limited 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
Kelkin Limited Unit 1, Crosslands Industrial Park, Ballymount Cross, Dublin 12, Ireland	Sales, marketing and distribution of branded healthy food and beverages	Tel: +353 1 4600 400 Fax: +353 1 4600 411 Email: info@kelkin.ie www.kelkin.ie
Robt. Roberts Limited 79 Broomhill Road, Tallaght, Dublin 24, Ireland	Sales, marketing and distribution of food and beverages	Tel: +353 1 4047 300 Fax: +353 1 4599 369 Email: info@robt-roberts.ie www.robt-roberts.ie

DCC Environmental

Company name & address	Principal activity	Contact details
DCC Environmental Limited 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
Atlas Environmental Ireland Limited Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Specialist waste treatment/management services	Tel: +353 5786 786 00 Fax: +353 5786 786 99 Email: info@atlasireland.ie www.atlasireland.ie

Company name & address	Principal activity	% held
Principal Joint Ventures		
KP (Ireland) Limited 79 Broomhill Road,Tallaght, Dublin 24, Ireland	Manufacture of snack foods	50%
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, contract catering and par bake bread manufacture	50%
William Tracey Limited* 49 Burnbrae Road, Linwood, Paisley, Renfrewshire PA3 3BD, Scotland	Recycling and waste management company	50%

*acquired since the year end

Principal associates

Company name & address	Principal activity	% held
Manor Park Homebuilders Limited The Gables, Torquay Road, Foxrock, Dublin 18, Ireland	Residential homebuilding and property development	49%

shareholder information

Share price data

	2006	2005
	€	€
Share price movement during the year		
- High	**19.65**	18.50
- Low	**14.92**	12.10
Share price at 31 March	**19.20**	17.94
Market capitalisation at 31 March	**1,550m**	1,442m
Share price at 12 May	**19.40**	
Market capitalisation at 12 May	**1,566m**	

Shareholder analysis at 12 May 2006

Range of shares held	Number of shares*	% of shares	Number of accounts	% of accounts
Over 250,000	63,939,073	79.2	45	1.6
100,001 – 250,000	6,802,100	8.4	41	1.4
10,001 – 100,000	6,527,247	8.1	188	6.6
Up to 10,000	3,450,806	4.3	2,579	90.4
Total	**80,719,226**	**100.0**	**2,853**	**100.0**

**Excludes 7,510,178 shares held as Treasury Shares.*

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 plc
Bloomberg: DCC ID, DCC LN
Reuters: DCC.I, DCC.L

Website - 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 audio and slideshow investor presentations.

Registrar
All administrative queries about the holding of DCC shares should be addressed 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

Amalgamation of accounts
Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their names may 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 by electronic funds transfer directly into their bank accounts, rather than by cheque. 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 to non-individual shareholders resident in Ireland (e.g. companies, pension funds and charities).

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 website at http://www.revenue.ie/leaflets/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. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Financial calendar
- Preliminary results announced
  15 May 2006
- Ex-dividend date for the final dividend
  24 May 2006
- Record date for the final dividend
  26 May 2006
- Annual Report posted
  7 June 2006
- Annual General Meeting
  10 July 2006
- Proposed payment date for final dividend
  14 July 2006
- Interim results announced
  early November 2006
- Payment date for the interim dividend
  early December 2006

Annual General Meeting
The 2006 Annual General Meeting will be held at The Four Seasons Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Monday 10 July 2006 at 11.00 a.m. The Notice of Meeting together with an explanatory letter from the Chairman and a Form of Proxy accompany this Report.

Electronic proxy voting and CREST voting
Shareholders may lodge a Form of Proxy for the 2006 Annual General Meeting via the internet. Shareholders who wish to submit their proxy in this manner may do so by accessing the Company's Registrar's website at www.computershare.com/ie/voting/dcc and following the instructions which are set out on the Form of Proxy.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to footnote 4 of the Notice of Annual General Meeting for instructions on how to do so.

Investor relations
For investor enquiries please contact:

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corporate information

Auditors

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

Registered and Head Office

DCC House
Stillorgan
Blackrock
Co. Dublin
Ireland

Registrar

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

Solicitors

William Fry
Fitzwilton House
Wilton Place
Dublin 2
Ireland

Stockbrokers

Davy
49 Dawson Street
Dublin 2
Ireland

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA
England

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5 year review

Group income statement

Year ended 31 March	Irish GAAP			IFRS	
	2002 €'m	2003 €'m	2004 €'m	2005 €'m	2006 €'m
Revenue	1,901.4	2,125.4	2,089.4	2,644.7	3,436.3
Operating profit before operating exceptional items and amortisation of intangible assets	91.5	98.8	103.4	111.8	123.6
Operating exceptional items	-	(2.9)	(2.3)	(16.0)	2.8
Amortisation of intangible assets	(5.7)	(7.3)	(8.3)	(1.2)	(4.9)
Operating profit	85.8	88.6	92.8	94.6	121.5
Finance costs (net)	(3.2)	(3.9)	(3.8)	(5.7)	(7.0)
Share of associates' profit after tax	7.1	10.1	14.0	16.8	25.5
Non-operating exceptional items	(1.1)	(1.7)	(5.9)	(4.8)	(1.2)
Profit before tax	88.6	93.1	97.1	100.9	138.8
Income tax expense	(11.4)	(11.0)	(12.0)	(12.1)	(13.5)
Minority interests	(0.9)	(1.3)	(0.8)	(1.0)	(1.5)
Profit attributable to Group shareholders	76.3	80.8	84.3	87.8	123.8
Earnings per share					
- basic (cent)	90.26	96.66	101.98	109.68	153.92
- basic adjusted (cent)	98.30	111.00	121.89	137.22	157.23
Dividend per share	24.50	28.18	32.40	37.26	42.85
Dividend cover (times)	4.0	3.9	3.8	3.7	3.7
Interest cover (times)	28.6	25.3	27.2	19.6	17.6

Group balance sheet

As at 31 March	Irish GAAP		IFRS		
	2002 €'m	2003 €'m	2004 €'m	2005 €'m	2006 €'m
Non-current and current assets					
Property, plant and equipment	159.2	209.4	218.6	254.8	267.5
Intangible assets	118.3	132.1	131.4	208.1	248.5
Investments in associates	39.0	40.3	42.0	51.4	76.8
Cash/derivatives	304.7	354.0	323.5	353.3	354.4
Other assets	447.1	424.7	434.2	541.1	665.4
Total assets	1,068.3	1,160.5	1,149.7	1,408.7	1,612.6
Equity	395.4	432.9	462.8	492.2	585.4
Non-current and current liabilities					
Borrowings/derivatives	241.6	333.9	261.1	362.2	387.1
Retirement benefit obligations	-	-	17.2	25.4	20.7
Other liabilities	431.3	393.7	408.6	528.9	619.4
Total liabilities	672.9	727.6	686.9	916.5	1,027.2
Total equity and liabilities	1,068.3	1,160.5	1,149.7	1,408.7	1,612.6
Net cash/(debt) included above	63.1	20.1	62.4	(8.9)	(32.7)

Group cash flow

Year ended 31 March	Irish GAAP			IFRS	
	2002 €'m	2003 €'m	2004 €'m	2005 €'m	2006 €'m
Operating cash flow	120.3	98.5	151.9	116.4	142.9
Capital expenditure	37.9	39.2	32.1	43.6	57.7
Acquisitions	59.6	88.2	14.5	81.2	54.7

Other information

	Irish GAAP			IFRS	
	2002	2003	2004	2005	2006
Return on tangible capital employed (%)	46.3%	42.2%	39.8%	44.9%	43.0%
Return on total capital employed (%)	23.1%	22.0%	21.3%	20.4%	19.1%
Working capital (days)	11.5	15.4	11.6	10.2	9.5
Average number of employees	3,361	3,685	3,768	4,746	5,109

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