

Annual Report and Accounts 2008



DCC is a procurement, sales, marketing, distribution and business support services group headquartered in Dublin. With international operations across sixteen countries and four continents, DCC employs approximately 7,000 people.

DCC has five divisions - DCC Energy, DCC SerCom, DCC Healthcare, DCC Food & Beverage and DCC Environmental. Within these divisions there are 14 business units, ten of which are engaged in **procurement, sales, marketing and distribution of own-brand and third party branded products** and **four of which provide business support services**:

DCC Energy	DCC SerCom	DCC Healthcare	DCC Food & Beverage	DCC Environmental
<ul style="list-style-type: none"> <li>• Oil</li> <li>• LPG</li> <li>• Fuel cards</li> </ul>	<p><i>SerCom Distribution IT &amp; entertainment products to</i></p> <ul style="list-style-type: none"> <li>• Retailers</li> <li>• Resellers</li> <li>• Enterprise markets</li> </ul>	<ul style="list-style-type: none"> <li>• Acute care products</li> <li>• Mobility &amp; Rehab products</li> </ul>	<ul style="list-style-type: none"> <li>• Healthfoods</li> <li>• Indulgence foods</li> </ul>	
	<p><i>SerCom Solutions</i></p> <ul style="list-style-type: none"> <li>• Outsourced procurement and supply chain management services</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourced solutions to the health &amp; beauty sector</li> </ul>	<ul style="list-style-type: none"> <li>• Chilled and frozen logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Waste management and recycling services</li> </ul>

DCC’s strategy for continuing growth is through:

- **a continued focus on its two broad business activities**
  - procurement, sales, marketing and distribution
  - business support services
- **constant attention to the creation of shareholder value through:**
  - maximising organic growth
  - complementary bolt-on acquisitions
  - focusing on return on capital employed
  - focusing on cash generation

# Highlights

for the year ended 31 March 2008

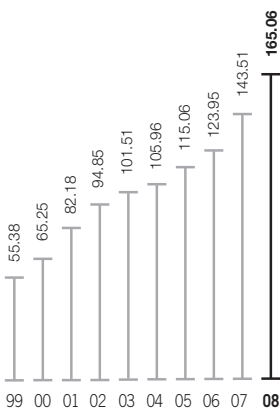
<p>Revenue</p> <p><b>€5,532.0m</b></p> <p>Reported +36.7% Constant Currency +39.9%</p>	<p>Operating profit*</p> <p><b>€167.2m</b></p> <p>Reported +19.3% Constant Currency +21.8%</p>
<p>Adjusted earnings per share*</p> <p><b>165.06 cent</b></p> <p>Reported +15.0% ** Constant Currency +17.4% **</p>	<p>Dividend per share</p> <p><b>56.67 cent</b></p> <p>Reported +15.0%</p>

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

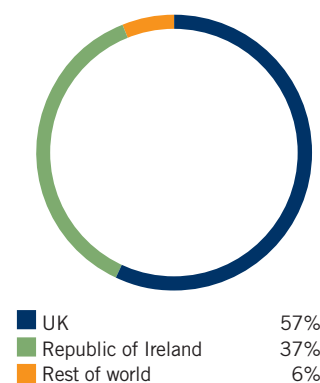
\* excluding net exceptionals and amortisation of intangible assets

\*\* continuing activities (excluding the Manor Park Homebuilders contribution in the prior year)

Adjusted EPS (cent) \*\*  
10 year CAGR 14.0%



Group operating profit  
geographic split



## Contents

Highlights	1
Group at a Glance	2
Board of Directors	4
Senior Management	6
Chairman's Statement	8
Chief Executive's Review	10
Business Review	14
Financial Review	34
Corporate Social Responsibility	40
Report of the Directors	42
Corporate Governance	44
Report on Directors' Remuneration and Interests	50
Statement of Directors' Responsibilities	54
Report of the Independent Auditors	55
Financial Statements	57
Group Directory	111
Shareholder Information	115
Corporate Information	117
Index	118

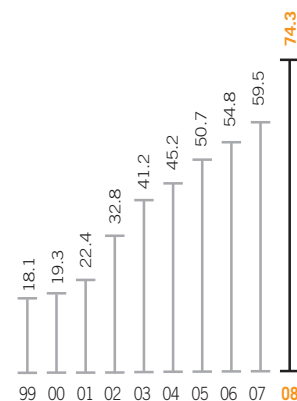
# DCC Group at a Glance

## DCC Energy

DCC Energy is the leading oil and liquefied petroleum gas (LPG) procurement, sales, marketing and distribution business in Britain and Ireland. The oil business sells heating oils, transport fuels and fuel oils to domestic, commercial, agricultural and industrial customers. The LPG business supplies propane and butane in both bulk and cylinders for heating, cooking, transport and industrial processes.

### Operating profit (€m)

10 Year CAGR 18.9%  
5 Year CAGR 12.5%



### Strong brands (DCC owned)

- Oil**  
Scottish Fuels\*, Emo Oil\*, CPL, Shell, Cariton Fuels\*.
- Gas**  
Flogas\*, Ergas\*.
- Fuel card**  
BP, Fastfuel, Esso, Diesel Direct, ReD.

### Market position

- Oil**  
Largest oil distributor in Britain. A leading player in oil distribution in Ireland.
- Gas**  
Strong number 2 in LPG distribution in Britain and Ireland.
- Fuel card**  
A leading player in the fuel card business in Britain.

### Growth strategy

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

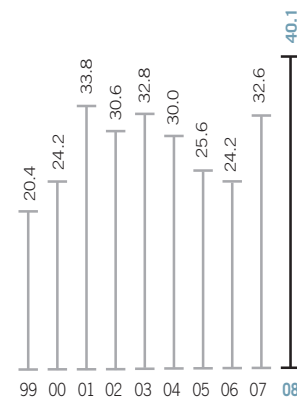
## DCC SerCom

DCC SerCom comprises two businesses, SerCom Distribution and SerCom Solutions.

- SerCom Distribution** markets and sells IT and entertainment products to the Retail, Reseller and Enterprise markets.
- SerCom Solutions** provides outsourced procurement and supply chain management services in Ireland, Poland, China and the USA.

### Operating profit (€m)

10 Year CAGR 9.2%  
5 Year CAGR 4.1%



### Strong brands (DCC owned)

- Retail**  
20th Century Fox, Entertainment in Video, Creative Labs, Disney, EA, Expect\*, Garmin, Linx\*, Logitech, Microsoft, Nintendo, Paramount, Symantec, Take Two, Warner.
- Reseller**  
Acer, Canon, D-Link, Fujitsu Siemens, HP, IBM, Lanovo, Netgear, Samsung, Sharp, Sony.
- Enterprise**  
BP, Fastfuel, Esso, Diesel Direct, ReD.
- Supply chain management**  
SerCom Solutions\*.

### Market positions

- Retail**  
A leading distributor of consumer products to a broad range of retailers, e-tailers and catalogue retailers in Britain, Ireland and France.
- Reseller**  
A leading distributor of IT products to a broad range of resellers and computer dealers in Britain and Ireland.
- Enterprise**  
A leading distributor of enterprise products to value added resellers, large account resellers and independent software vendors in France, Iberia, Benelux, Britain and Ireland.
- Supply chain management**  
A leading provider of outsourced procurement and supply chain management services.

### Growth strategy

- Sercom Distribution**
  - Organic growth driven by expansion of customer and product portfolios with a particular focus on the Retail and Enterprise markets.
- Sercom Solutions**
  - Extending the offering of its world class procurement and sourcing services in the Americas and the Far East, together with extending its existing operations in Poland.

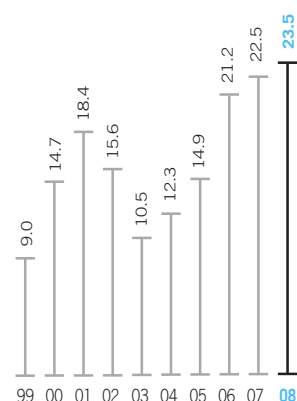
## DCC Healthcare

DCC Healthcare is a broadly based healthcare business with operations encompassing:

- Procurement, sales and marketing of healthcare products and provision of related services into the acute sector in Ireland and Britain;
- Procurement, sales and marketing of rehabilitation products in Britain, Ireland, Germany, Australia, New Zealand and other export markets ;
- Provision of outsourced services to the health and beauty sector in Britain and continental Europe.

### Operating profit (€m)

10 Year CAGR 13.2%  
5 Year CAGR 17.3%



### Strong brands (DCC owned)

- Acute care**  
Cardinal, Diagnostica Stago, Diamed, Ebewe, Fannin\*, Fresenius, Grifols, Molnycke, Oxoid, Smiths Medical, Synthes.
- Health and beauty#**  
Body Shop, Healthspan, Lamberts, Perrigo, Sara Lee, Vitabiotics.
- Mobility & rehab**  
Ausmedic\*, Biofreeze, Days Healthcare\*, Metron\*, Physio-Med\*, Theraband.

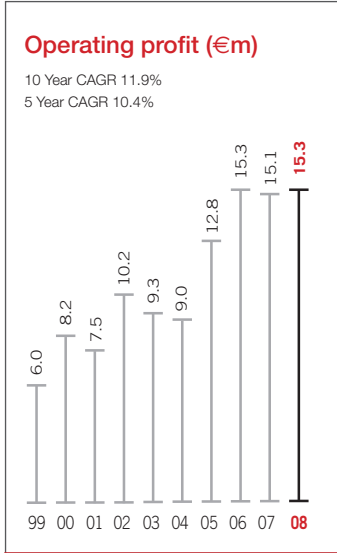
# Customers of DCC Health & Beauty Solutions

### Market position

- Acute care**  
Number 1 in sales and marketing of intravenous pharmaceuticals, medical, surgical and laboratory products in Ireland. A leading provider of value added distribution services to British hospitals and leading brand owners.
- Health and beauty**  
A leading European provider of outsourced solutions to health & beauty companies.
- Mobility & rehab**  
Number 1 in sales and marketing of physiotherapy products in Britain, Australia and New Zealand. A leader in sales and marketing of rehabilitation products in Britain.

### Growth strategy

- Acute care**  
Build a substantial international business providing healthcare products and related value-added services to the acute care sector.
- Health & beauty**  
Expand in European market for outsourced solutions to the health and beauty industry.
- Mobility & rehab**  
Build a substantial international rehabilitation business based on a broad portfolio of own brand products and procurement excellence.
- All**  
Strong organic growth of existing businesses, supplemented by acquisitions, principally in Britain.



## DCC Food & Beverage

DCC Food & Beverage markets and sells a wide range of company owned and agency branded food and beverage products in Ireland and has a wine business in Britain. It is a market leader in a number of niche market segments in healthfoods, indulgence foods and frozen & chilled logistics.

### Strong brands (\*DCC owned)

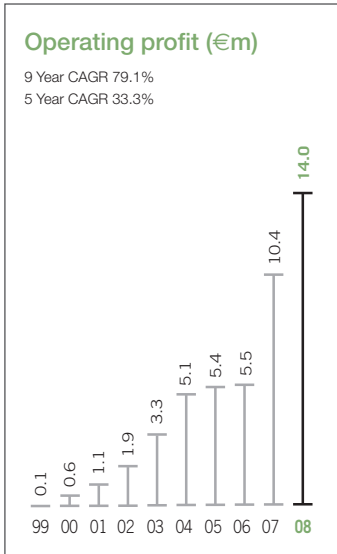
- Healthfood**  
 Alpro, Baxters, Biofreeze, Filippo Berio, Hipp, Kallio, Jordans, Kelkin\*, Oblas, Ortis, Pomegreat, St Dalfour, Vitabiotics, Whole Earth.
- Indulgence**  
 Andrew Peace, Bollinger, Elizabeth Shaw, French Connection\*, Hula Hoops, KP, Lemons\*, McCoys, McVities / Mars Cakes, Phileas Fogg, Ritter, Robert Roberts\*, Sacla, Topps, Torres.
- Logistics/other**  
 Allied Foods\*, Brodericks\*, Kylemore.

### Market position

- Healthfood**  
 Market leading positions in healthy foods in Ireland.
- Indulgence**  
 Number 2 in savoury snacks in Ireland. Number 2 in freshly ground coffee in Ireland.
- Logistics**  
 A leading player in frozen and chilled food distribution in Ireland.

### Growth strategy

- Organic growth through expansion of portfolio of branded health and indulgent foods and beverages.
- Supplemented by acquisitions in Ireland and Britain that will exploit the growing demand for healthy food and beverage products and strengthen other existing market positions.



## DCC Environmental

DCC Environmental provides a broad range of waste management and recycling services to the industrial, commercial, construction and public sectors in Britain and Ireland. Through its 50% shareholding in William Tracey and its subsidiary Wastecycle, DCC Environmental has built a significant position in the British waste management and recycling industry. DCC Environmental's subsidiary, Enva, is the leading hazardous waste treatment business in Ireland.

### Strong brands # (\*DCC owned)

Enva\* Wastecycle\*, Tracey.

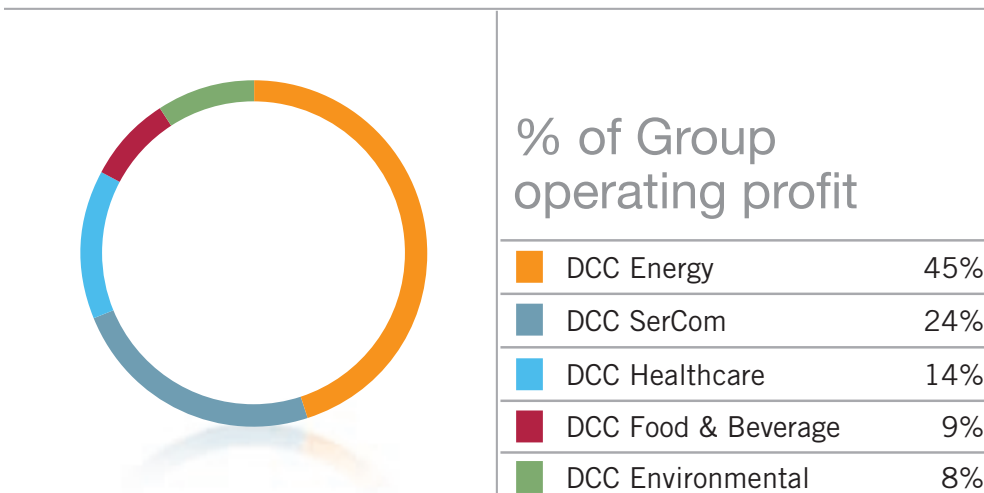
### Market position

- The leading recycling and waste management business in Scotland.
- A leading recycling and waste management company in Nottingham.
- Number 1 hazardous waste treatment business in Ireland.

### Growth strategy

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

# Companies within the Environmental Services division



# Board of Directors



**Michael Buckley**  
Chairman

Michael Buckley MA, LPh, MSI (63) was appointed non-executive Chairman on 27 May 2008. He is also a non-executive director of a number of publicly quoted companies in the UK and in the USA, a senior adviser to a number of privately owned Irish and international companies, an adjunct professor at the Department of Economics in UCC and a board member of Enterprise Ireland. He was Group Chief Executive of Allied Irish Banks plc from 2001 to 2005 having served as Managing Director of AIB Capital Markets and AIB Poland. Previously, he was Managing Director of NCB Group and a senior public servant in Ireland and the EU. Mr. Buckley joined the Board in 2005.



**Tommy Breen**  
Chief Executive

Tommy Breen, B Sc (Econ), FCA, (49) was appointed Chief Executive on 27 May 2008 having been Group Managing Director since July 2007. He was previously Chief Operating Officer having held a number of senior management positions in the Group, including those of Managing Director of DCC's Energy and SerCom divisions. Mr. Breen retains responsibility for DCC Environmental. He joined DCC in 1985, having previously worked with KPMG. Mr. Breen joined the Board in 2000.



**Tony Barry**  
Non-executive Director

Tony Barry, Chartered Engineer, (73) was Chairman of CRH plc from 1994 to 2000, having previously been Chief Executive. He is a former Deputy Governor of the Bank of Ireland and was a member of its Court of Directors. He was Chairman of Greencore Group plc and is a past President of The Irish Business and Employers' Confederation. Mr. Barry joined the Board in 1995.



**Róisín Brennan**  
Non-executive Director

Róisín Brennan, BCL, FCA, MSI, (43) is Executive Chairman of IBI Corporate Finance having been Chief Executive since 2006. 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.



**Jim Flavin**  
Executive Chairman (resigned 27 May 2008)

Jim Flavin, B Comm, DPA, FCA (65) founded DCC and was Executive Chairman from 1 July 2007 until his resignation from the Board and his executive position on 27 May 2008. He had been Chief Executive since the foundation of the Company in 1976. Prior to founding DCC, Mr. Flavin was head of AIB Bank's venture capital unit. From 1999 to 2001, he was Deputy Chairman and Senior Independent Director of eircom plc. Mr. Flavin was the first Chairman of the Irish Venture Capital Association and was a member of the Steering Committee, established by the European Commission, that founded the European Venture Capital Association.



## Paddy Gallagher

Non-executive Director

Paddy Gallagher, BL, DPA, (68) retired as Head of Legal and Pensions Administration at Guinness Ireland Group in 2000. He is Chairman of the Trustees of the An Post Superannuation Schemes and of the Guinness Ireland Group Pension Scheme and is a former Chairman of the Irish Association of Pension Funds. Mr. Gallagher joined the Board in 1976.



## Maurice Keane

Non-executive Director

Maurice Keane, B Comm, M Econ Sc, (67) was a member of the Court of Directors of Bank of Ireland from 1983 to 2005, and Chief Executive from 1998 to 2002. He is a director of Axis Capital Holdings Limited and is a member of the National Pension Reserve Fund Commission. Previously, Mr. Keane was Chairman of BUPA Ireland and of Bristol & West plc. Mr. Keane joined the Board in 2002.



## Fergal O'Dwyer

Executive Director

Fergal O'Dwyer, FCA, (48) has been Chief Financial Officer since 1994. He joined DCC in 1989 having previously worked with KPMG in Johannesburg and Price Waterhouse in Dublin. Mr. O'Dwyer joined the Board in 2000.



## Bernard Somers

Non-executive Director

Bernard Somers, B Comm, FCA, (59) is a non-executive director of Allied Irish Banks plc, Independent News and Media plc and Irish Continental Group plc. 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 and is the Senior Independent Director.



## Alex Spain

Chairman (retired 30 June 2007)

Alex Spain, B Comm, FCA (76) was non-executive Chairman from the foundation of DCC in 1976 until his retirement from the Board on 30 June 2007. He is a director of a number of other companies. He was Managing Partner of KPMG in Ireland from 1977 to 1984. Mr. Spain is a former President of the Institute of Chartered Accountants in Ireland and a former Chairman of the Financial Services Industry Association in Ireland.

**Audit Committee**  
Bernard Somers (Chairman)  
Róisín Brennan  
Maurice Keane

**Nomination Committee**  
Michael Buckley (Chairman)  
Maurice Keane  
Bernard Somers

**Remuneration Committee**  
Maurice Keane (Chairman)  
Róisín Brennan  
Michael Buckley  
Bernard Somers

# Senior Management

group and divisional

Tommy Breen  
Director

Chief Executive

Fergal O'Dwyer  
Director

Chief Financial Officer

Conor Costigan

Managing Director DCC Healthcare

Niall Ennis

Managing Director DCC SerCom

Frank Fenn

Managing Director DCC Food & Beverage

Donal Murphy

Managing Director DCC Energy

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 DCC Corporate Finance

Gerard Whyte  
Group Secretary

Compliance Officer &  
Head of Enterprise Risk Management



# Senior Management

## subsidiaries and joint ventures

### DCC Energy

Oil	GB Oils	Sam Chambers	Managing Director
	Emo Oil	Gerry Wilson	Managing Director
LPG	DCC Energy (NI)	Pat O'Neill	Operations Director
	Flogas UK	Paddy Kilmartin	Managing Director
	Flogas Ireland	Richard Martin	Managing Director
Fuel card	Fuel Card Group	Ben Jordan	Chief Operations Officer

### DCC SerCom

Retail	Gem Distribution	Chris Peacock	Managing Director
	Pilton	Nick Furlong	Managing Director
Reseller	Banque Magnetique	Claude Dupont	Directeur Général
	Micro Peripherals	Mike Alden	Managing Director
Enterprise	Sharptext	Paul White	Managing Director
	Distrilogie	Patrice Arzillier	Directeur Général
Supply chain management	SerCom Solutions	Kevin Henry	Chief Executive Officer

### DCC Healthcare

Acute care	Fannin	Andrew O'Connell	Managing Director
	Squadron Medical	Peter Wyslych	Managing Director
Health & beauty solutions	DCC Health & Beauty Solutions	Stephen O'Connor	Managing Director
	Eurocaps	Adrian Williams	Managing Director
	Laleham	Tim O'Connor	Managing Director
Mobility & rehab	DCC Mobility & Rehab	Graham White	Managing Director
	Ausmedic Australia	Ashley Williams	Managing Director
	Physio Med Services	John Gregory	Managing Director

### DCC Food & Beverage

Health food	Kelkin	Bernard Rooney	Managing Director
Indulgence	Robert Roberts	Tom Gray	Managing Director
	Bottle Green	Jon Eagle	Managing Director
Logistics	Allied Foods	John Casey	Managing Director
Other	Broderick Bros	Richard Kieran	Managing Director
	Kylemore Foods Group *	Brian Hogan	Managing Director

### DCC Environmental

	William Tracey *	Michael Tracey	Managing Director
	Wastecycle	Mike Shearstone	Executive Chairman
	Enva	Declan Ryan	Managing Director

# Chairman's Statement

Michael Buckley  
Chairman



“DCC’s excellent track record of fourteen years’ unbroken profit growth is based on a good mix of organic growth and successful acquisitions. Its strong financial position and experienced management team are the foundations on which we can look forward to a continuation of its robust performance.”

## Board changes

On Jim Flavin’s resignation as Executive Chairman and as a Director of DCC on 27 May 2008, the Board appointed me as non-executive Chairman and appointed Tommy Breen, who had been Group Managing Director since July 2007, as Chief Executive. I want to begin this, my first statement as Chairman, by paying tribute to Jim Flavin for the robust, balanced and growth-oriented company he created and led over a 32 year period. Since I joined the Board, in September 2005, I have been struck by the quality, focus and cohesiveness of the management team he built. At Board level, the six non-executive directors bring considerable and varied experience and independence of judgment to the table.

Two key tasks for me in the coming year will be

- To ensure Board oversight of the strategic review process which has been under way for some time and which will be completed by March 2009. Every company needs to undertake such a review periodically to ensure that it is maximising the growth opportunities available to it and that it is correctly structured to ensure that the market reflects the inherent value of its business lines.
- To ensure as a priority during the current financial year that significant progress is made in the ongoing task of Board renewal, balancing continuity with the need to bring in fresh and relevant experience.

In respect of both these tasks, and in everything else I do as Chairman, it will be my aim to ensure that I hear and listen

to the views of DCC’s shareholders, both domestic and international, a task which I have already begun through a programme of meetings with significant shareholders.

## Results overview

The year to 31 March 2008 was an excellent year of growth and development for DCC. The results reflect strong organic growth and a contribution from successful acquisitions. Highlights of the year include:

- 36.7% growth in revenue to €5.532 billion, driven by strong organic growth, the increase in energy prices and acquisitions.
- Excellent growth in operating profit of 19.3%, maintaining DCC’s unbroken record of profit growth since flotation in 1994. Compound annual growth in operating profits in the 14 years since flotation is 15.5%.
- Adjusted earnings per share from continuing activities (excluding the Manor Park Homebuilders contribution in the prior year) increased by 15.0%.

## Dividend increase

The Directors are recommending a final dividend of 36.12 cent per share which, when added to the interim dividend of 20.55 cent per share, gives a total dividend of 56.67 cent per share for the year, a 15% increase over the prior year dividend of 49.28 cent per share. The dividend is covered 2.9 times by adjusted earnings per share (3.2 times in 2007). It is proposed to pay the final dividend on 24 July 2008 to shareholders on the register at the close of business on 30 May 2008.

## Fyffes case

Issues arising from the Irish Supreme Court decision on the Fyffes case have been a matter of concern during the year. Shareholders will be aware that, on 27 July 2007, the Supreme Court, overturning a decision by the High Court, found that two trading reports, which Jim Flavin had in his possession as a director of Fyffes at the time of the sale of 31,169,493 shares in Fyffes in 2000, were price sensitive. As a result of the Supreme Court decision, DCC was obliged to pay to Fyffes a sum that was to be determined by the High Court, relating to the profits on the sale. As announced on 14 April 2008, a settlement was subsequently agreed with Fyffes and counterparties in respect of all claims, interest and costs for an amount of €41 million. An exceptional charge of €50 million for this amount and DCC’s own costs has been made in these financial statements.

Following announcement of the settlement, the Board was for the first time in a position comprehensively to set out the factors which it had taken into account in deciding to endorse Jim Flavin’s continuation in his three year transitional role as Executive Chairman. It did so in a statement reviewed by the Company’s solicitors, specifically in relation to any reference made in it to the Court judgments, which was included in a Stock Exchange announcement on 20 May 2008. (The statement forms the appendix to the Corporate Governance section of this Annual Report and Accounts).

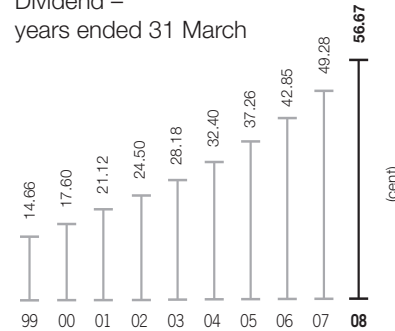
The matters which the Board reviewed and the factors which it took into account in coming to its decision were intrinsically complex and required judgment. The process it undertook was rigorous and in

## Revenue

+36.7%

## Operating profit

+19.3%

Dividend –  
years ended 31 MarchDividend CAGR  
10 yrs 16.6%

accordance with corporate governance standards. Our judgment as experienced business people was exercised with appropriate advice, and in good faith. We based it solely on our assessment of what was in the overall interest of the Company and its shareholders. However, we have always understood that others might come to a different judgment. There has been very substantial Irish media coverage of the case.

Throughout the period since the Irish Supreme Court ruling and the subsequent Board decision, I, as the then Senior Independent Director, had been available to shareholders, both domestic and international, to discuss any issues they had in that context. Feedback from a large majority of shareholders was supportive of the Board position, but discussions with the Irish Association of Investment Managers (IAIM), whose members collectively hold about 15% of the DCC share capital, in the second half of 2007 had resulted in the Association reserving its position.

Some weeks after the announcement of the settlement referred to above, the IAIM informed me that its members disagreed with the Board position. On 22 May 2008, the IAIM issued a statement in which it made it clear that it had reached a different judgment to the Board and in which it said “the IAIM does not consider it appropriate for Mr. Flavin to continue as Executive Chairman of DCC”.

On 26 May 2008, when the Board met to discuss the IAIM statement, Jim Flavin informed it that he was seriously considering resigning. The following day, the Board learned of the intention of the Irish Director of Corporate Enforcement (ODCE) to apply to the High Court for the appointment of Inspectors, under Section 8 of the Companies Act, 1990, to investigate and report on whether certain provisions of the Companies Acts were breached in the transactions relating to the intra-group transfer of the Fyffes shares by DCC in 1995 and their disposal in 2000. When the Board met that day to discuss this development, Jim Flavin informed it that his decision to resign was final, due to the continuing uncertainty arising from the outcome of the Fyffes litigation. A Stock Exchange announcement to that effect was made on the evening of 27 May 2008.

The ODCE application will be heard by the High Court on 19 June 2008.

### Corporate governance and risk management

A detailed statement, set out on pages 44 to 49, describes how DCC has applied the Principles of Good Governance and Code of Best Practice as set out in the Combined Code on Corporate Governance. In line with a number of companies internationally, the Directors have decided, starting with this year’s Annual General Meeting, to adopt the practice that all Directors will present themselves for re-election at each Annual General Meeting.

The Board is satisfied that the Group has effective ongoing processes for identifying, evaluating and managing risks faced by the Group. DCC’s Group Secretary, Gerard Whyte, also heads up DCC’s Enterprise Risk Management function which incorporates Group Internal Audit and Group Environmental Health and Safety. The Board is satisfied that this is a high quality unit which carries out its function in an independent, dedicated and responsible fashion. In addition, the Chief Executive acts as Chairman of an executive Risk Committee, which constantly monitors and addresses Group risks, including issues raised by Enterprise Risk Management.

### Management and staff

A key strength of the DCC Group is the commitment and loyalty of the 7,000 management and staff throughout the sixteen countries in which we operate. On behalf of the Board, I wish to thank them for their commitment and loyalty to DCC and congratulate them on delivering very good results for the year.

### Outlook

There is a less favourable economic backdrop against which to do business in the current financial year. However, we have had a good start. We intend to continue to grow both organically and by acquisition and believe that the climate for making acquisitions will favour companies with strong balance sheets such as DCC.

Michael Buckley  
Chairman  
9 June 2008

# Chief Executive's Review

Tommy Breen  
Chief Executive



“In the year ended 31 March 2008, DCC enjoyed excellent growth in revenue, operating profit and adjusted earnings per share. Operating profit growth, on a constant currency basis, was 21.8%, of which approximately 8% was organic.”

## Results highlights

	€	Change on prior year	
		Reported	Constant currency
Revenue	5,532.0m	+36.7%	+39.9%
Operating profit*	167.2m	+19.3%	+21.8%
Exceptional profit (net)	39.6m		
Profit before tax	181.7m	+12.3%	+14.2%
Adjusted earnings per share*	165.06 cent	+15.0%**	+17.4%**
Dividend per share	56.67 cent	+15.0%	

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

\* excluding net exceptionals and amortisation of intangible assets

\*\* continuing activities (excluding the Manor Park Homebuilders contribution in the prior year)

In the year ended 31 March 2008, DCC enjoyed excellent growth in revenue, operating profit and adjusted earnings per share. Operating profit growth, on a constant currency basis, was 21.8%, of which approximately 8% was organic. The growth momentum achieved in the first half of the year accelerated in the seasonally more significant second half. A summary of the second half and first half operating profit by division is set out hereunder:

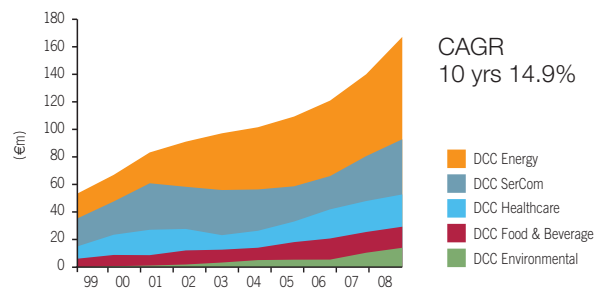
	Second half €'m	Change on prior year		First half €'m	Change on prior year	
		Reported	Constant currency		Reported	Constant currency
Operating profit*						
DCC Energy	59.8	+25.2%	+30.1%	14.5	+23.9%	+22.4%
DCC SerCom	27.6	+24.8%	+27.9%	12.5	+18.8%	+18.0%
DCC Healthcare	13.1	+2.5%	+5.4%	10.4	+6.5%	+5.9%
DCC Food & Beverage	8.3	+7.1%	+7.5%	7.0	-4.3%	-4.4%
DCC Environmental	6.8	+16.7%	+23.8%	7.2	+56.7%	+54.9%
Group operating profit	115.6	+20.1%	+24.1%	51.6	+17.6%	+16.7%

\* excluding net exceptionals and amortisation of intangible assets

Adjusted earnings per share

**+15.0%**

Dividend per share

**+15.0%**Operating profit (continuing) –  
years ended 31 March

## Divisional highlights

Detailed business reviews for each of the five divisions are set out on pages 14 to 33. Some of the highlights of the year include:

- DCC Energy sold 4.3 billion litres of product in the year, an increase of 32.3% on the previous year's 3.2 billion litres. The most significant part of this increase was in the British oil distribution business which started the year as clear market leader and, through strong organic growth and a number of acquisitions, ended the year approximately three times the size of its nearest competitor. The largest acquisitions were those of CPL Petroleum, a large nationwide oil distributor, and Southern Counties Fuels, a regional distributor based in the south of England. DCC Energy's oil distribution business in Britain now has an approximate 10% share of a very fragmented market and has an excellent platform from which to grow.
- DCC SerCom has significantly strengthened its position in European retail consumer electronics distribution through the acquisition of Banque Magnetique, a Paris based company. Banque Magnetique is a leading distributor of consumer electronics and IT peripherals to the French retail market. This acquisition brings DCC SerCom important new supplier relationships, a new customer base and a platform from which to grow its sales of DCC's range of own branded products.

- DCC Healthcare achieved one of its key strategic objectives by creating a platform for growth in the acute care sector in Britain through the acquisition of Squadron Medical, a Derbyshire based company. Squadron provides specialist value added distribution services to British acute care hospitals and to leading healthcare brand owners. Since the year end, DCC has completed the bolt-on acquisition of a complementary Scottish based business. These businesses, which will be integrated over the coming year, provide DCC Healthcare with increased scale and opportunity to build a significant acute care business in Britain.
- DCC Food & Beverage achieved excellent organic growth in sales of its own branded Kelkin products during the year. Kelkin is the leading Irish brand of healthy foods and beverages, selling directly to the grocery sector and has benefited from increased investment in the brand in recent years. Particularly encouraging was the momentum achieved during the year in sales of the Kelkin branded VMS range of products to the pharmacy sector, which had been initially rolled out in 2006.
- In DCC Environmental, both William Tracey (in which DCC has a 50% joint venture shareholding) and Wastecycle enjoyed excellent organic growth. These companies have specialist recycling skills and are benefiting from increased legislation and landfill tax in Britain. New regulations, requiring all waste to be treated prior to disposal to landfill and a doubling of landfill tax between April 2008 and April 2010, provide a positive background for these businesses.

## Exceptional profit

As DCC announced on 19 December 2007, the dividend received from Manor Park Homebuilders and the subsequent sale of the shareholding gave rise to a profit on cost of €180 million and an exceptional profit on carrying value of €94.7 million. This exceptional profit, less the exceptional charge of €50 million for the settlement and costs of the Fyffes action (announced on 14 April 2008) and other net exceptional charges of €5.1 million, resulted in a net exceptional profit before tax in the year of €39.6 million.

# Chief Executive's Review

(continued)

“During the financial year, DCC spent €179.6 million on acquisitions, more than in any previous year. These acquisitions provide new platforms for growth across a number of our businesses.”

## Acquisitions and organic development expenditure

Acquisition and organic development expenditure, including additional working capital investment in the year, amounted to €351.6 million as set out below.

During the financial year, DCC spent €179.6 million on acquisitions, more than in any previous year. These acquisitions provide new platforms for growth across a number of our businesses.

During the year, capital expenditure of €87.6 million was spent on facilities and equipment across the Group to support future growth.

The net increase in working capital in the Group was €84.4 million. The principal increase was in DCC Energy which primarily

resulted from the higher cost of oil. DCC SerCom's working capital levels were reduced by €20.5 million.

Against the background of this significant acquisition and development expenditure, DCC's return on capital employed (including intangible assets) remained strong at 17.5% compared to 17.9% in the prior year.

## Financial strength

At 31 March 2008, DCC had net debt of €123.7 million (€100.5 million: 2007) and total equity of €742.4 million (€687.7 million: 2007). The Group's net debt levels averaged €242 million during the year compared to €232 million in the prior year. DCC continues to be well placed financially to pursue its organic and acquisition growth objectives.

## Acquisitions and organic development expenditure

	Acquisitions	Capex	Working Capital	Total
	€'m	€'m	€'m	€'m
DCC Energy	105.2	38.2	101.6	245.0
DCC SerCom	50.5	3.2	(20.5)	33.2
DCC Healthcare	21.8	15.1	6.3	43.2
DCC Food & Beverage	-	17.1	(5.2)	11.9
DCC Environmental	2.1	14.0	2.2	18.3
Total	179.6	87.6	84.4	351.6

“DCC has had an excellent start to the current financial year and continues to be well positioned both commercially and financially to augment growth through acquisition activity.”

### Strategy review

As previously announced, a reappraisal of DCC's overall strategic direction is being undertaken so that DCC is best positioned for sustainable long-term growth. This process is ongoing and recommendations will be reviewed by the Board at the end of the financial year.

This reappraisal does not imply that DCC's strategy is in some way flawed. Demonstrably, the strategy that DCC has pursued since it went public in 1994 has delivered consistently good results. However, the diversity of DCC's business model, while reducing risk, makes DCC more complex from a management perspective and more difficult to explain to investors.

The highly profitable realisation of value by DCC of its 49% shareholding in Manor Park Homebuilders last December was part of DCC's strategy to redeploy capital into core business activities. Shareholders will be familiar with DCC's market sector based divisions, DCC Energy, DCC SerCom, DCC Healthcare, DCC Food & Beverage and DCC Environmental. Within these five divisions there are fourteen businesses, each with different characteristics such as return on capital, growth records and opportunities, competitors and management expertise.

In the reappraisal of DCC's strategy, the Board will analyse the relative opportunity to create shareholder value from each of these business units. Shareholders should not anticipate any particular change in strategy at this stage. The Board will come to a logical conclusion based on

the completion of the strategy reappraisal process and will continue to be mindful of the fact that the management of diversity is a core competence of DCC. The central objective is to ensure that DCC continues to pursue a strategy which maximises shareholder value on a consistent basis over the long term.

### Corporate social responsibility

DCC recognises its responsibilities to all stakeholders and is fully committed to the management of all aspects of its business to the highest standards to fulfil these responsibilities. This is set out in the Corporate Social Responsibility statement on pages 40 to 41. DCC currently employs approximately 7,000 people in sixteen countries. We encourage a management culture throughout the Group that properly respects the contribution of each employee. I thank them all for their contribution.

### Jim Flavin

On 27 May 2008, Jim Flavin, who founded DCC in 1976, resigned as Executive Chairman. Since its foundation, Jim has led the hugely successful development of DCC with exceptional passion and commitment. I worked closely with Jim for more than twenty two years and was the beneficiary of his inspirational leadership and vision throughout that period. All of my colleagues throughout the Group and I would like to wish Jim and his family every success and happiness in the future.

It is an honour to have been appointed Chief Executive of a company with the track record of success of DCC and I look

forward to continuing to work closely with the exceptional team of people throughout the Group.

On 27 May 2008, Michael Buckley was appointed non-executive Chairman and I was appointed Chief Executive. Michael joined the Board of DCC in 2005 and was Senior Independent Director. We are fortunate to have a person of Michael's skills and experience as Chairman.

### Outlook

DCC is budgeting for strong earnings growth in the range of 12% to 15%, on a constant currency basis, in the current financial year. However, the impact of the translation of the significant proportion of DCC's profits that are sterling based into euro at the approximate current exchange rate of Stg£0.80 = €1 would result in reported earnings growth in the range of 2% to 5%.

DCC has had an excellent start to the current financial year and continues to be well positioned both commercially and financially to augment growth through acquisition activity.

Tommy Breen  
Chief Executive  
9 June 2008

## Business Review

# DCC Energy

DCC Energy is the leading oil and liquefied petroleum gas (LPG) sales, marketing and distribution business in Britain and Ireland. DCC sold 4.36 billion litres of product to c. 500,000 domestic, commercial, industrial and agricultural customers from its extensive network of 194 depots throughout Britain and Ireland.

DCC Energy currently employs approximately 2,700 people.





Revenue  
**€3,420.0m**


Operating profit  
**€74.3m**

	2008	2007	Change on prior year	
			Reported	Constant Currency
Revenue	€3,420.0m	€2,247.9m	+52.1%	+56.5%
Operating profit	€74.3m	€59.5m	+25.0%	+28.6%
Return on capital employed				
- excluding intangible assets	45.8%	49.9%		
- including intangible assets	20.6%	22.7%		



# Business Review

## DCC Energy



DCC sells oil under a portfolio of strong brands including Carlton Fuels, CPL, Emo Oil, Scottish Fuels and Shell.

### Businesses and markets

DCC Energy's oil business supplies heating oils, transport fuels and fuel oils to domestic, commercial, agricultural and industrial customers in Britain and Ireland. DCC is the largest oil distributor in Britain, selling c. 3.2 billion litres of product on a pro forma basis, which gives DCC approximately 10% of the market\*. DCC has been a consolidator of the highly fragmented oil distribution market in Britain having first entered the market with the acquisition of BP's business in Scotland in September 2001.

In Northern Ireland, DCC Energy is the largest oil distributor with a market share of approximately 20%, while in the Republic of Ireland, DCC Energy has approximately 7% of the market. DCC Energy sells oil under a portfolio of strong brands including Carlton Fuels, CPL, Emo Oil, Scottish Fuels and Shell. DCC has an excellent operational infrastructure in the oil business which it has leveraged to grow strongly in the national account sector of the market.

The LPG business supplies propane and butane in both bulk and cylinders to domestic, commercial, agricultural and industrial customers for heating, cooking, transport and industrial processes and has an extensive operational infrastructure in both Britain and Ireland. Trading under the Flogas brand, DCC Energy is the number two player in the LPG market in both Britain and Ireland with market shares of approximately 20% and 36% respectively. DCC has been a consolidator

of the British LPG market and has created significant shareholder value over the last number of years through its acquisition and integration activities. The business also distributes a range of LPG fuelled appliances such as mobile heaters, barbeques and patio heaters.

DCC first entered the fuel card market through the acquisition of the Fuel Card Group in January 2005. The business now sells in excess of 255 million litres of motor fuel annually via a portfolio of fuel cards under the BP, Esso, Shell, Texaco, Diesel Direct and ReD brands. Fuel cards have become an essential tool for commercial organisations to manage their ever increasing transport fuel costs and DCC Energy provides its customers with access to the breadth of the UK retail petrol station and bunker networks through its portfolio of branded fuel cards. In addition, DCC provides its customers with detailed information on their fuel utilisation to enable them to minimise their transport costs.

DCC Energy purchases its oil and LPG from the major oil companies and has excellent long-standing relationships with the major suppliers in the market, operating a portfolio approach to the management of its supply base. DCC's financial strength enables DCC Energy to be a preferred partner of the major oil companies, which is particularly important in these days of high oil prices.

### Performance management

DCC has over 30 years involvement in the energy distribution market and with this comes a depth of experience and industry knowledge which enables DCC to drive superior returns. The business demands detailed hands-on management and the performance of the business is constantly monitored through a broad range of key indicators, principally focused on sales volume growth, margin, operational and cost efficiencies, cash flow and capital utilisation.

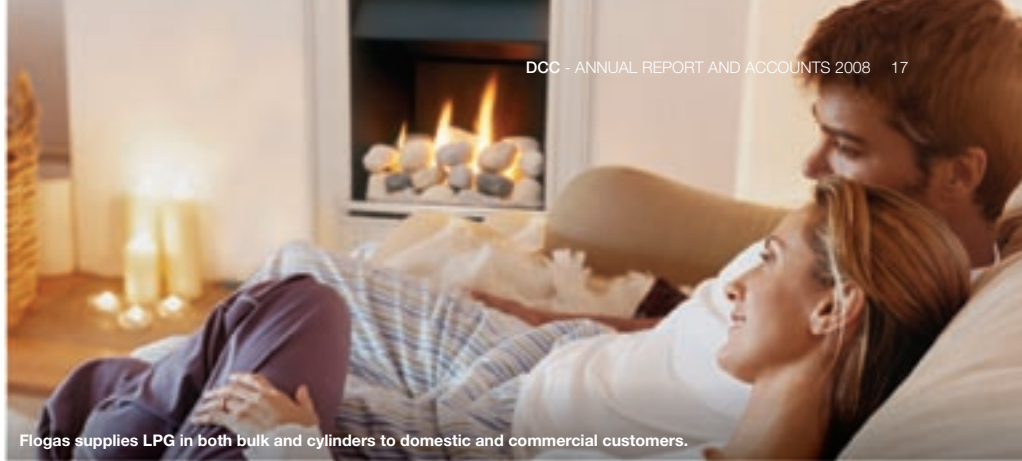
Over the past 10 years, DCC Energy has achieved a compound annual growth rate of 18.9% in operating profit.

### Performance for the year ended 31 March 2008

DCC Energy achieved excellent growth in the year with operating profit 25% ahead of the prior year. Operating profit growth on a constant currency basis was 28.6%, of which organic growth was approximately 10%. This result was particularly pleasing considering it was another year of above average temperatures, albeit colder than the prior year. The business also had to deal with the dramatic rise in the cost of product during the year.

DCC Energy sold 4.3 billion litres of product in the year, an increase of 32.3% on the prior year, further strengthening its position as the leading oil and LPG distributor in Britain and Ireland.

\* The market is defined as fuels sold to the domestic, commercial, agricultural, industrial and haulage sectors of the transport fuels market (i.e. excluding the retail petrol station market).



Flogas supplies LPG in both bulk and cylinders to domestic and commercial customers.



DCC sells motor fuel through a portfolio of fuel cards under the BP, Emo, Esso, Shell, Texaco, Diesel Direct and ReD brands.

“A consolidator of the highly fragmented oil distribution market in Britain.”

Donal Murphy  
Managing Director



“DCC Energy sold 4.3 billion litres of product to c. 500,000 customers in Britain and Ireland”

It was an excellent year of growth and development for the oil business in Britain. The business benefited from the acquisitions completed in the prior year and first time contributions from acquisitions completed during the year. DCC Energy achieved excellent organic growth from its extensive nationwide infrastructure and from its focus on growing the proportion of its business in the non heating dependent segments of the market.

The LPG business increased its sales volumes during the year, but the dramatic rise in the price of propane resulted in a modest, short-term reduction in operating profit.

DCC's fuel card business had another year of excellent growth, with the business benefiting from the integration of an acquired fuel card business and strong organic volume growth.

In the LPG market, DCC Energy will continue to leverage its position as the strong number two player in the market to drive organic growth on a sector by sector basis in both Britain and Ireland.

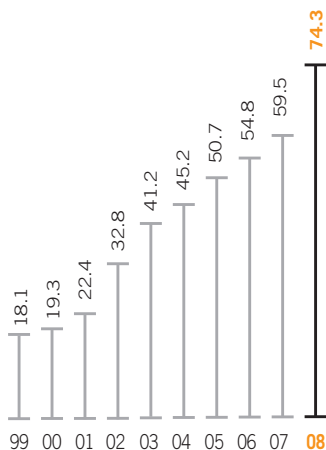
DCC Energy will continue to target high levels of organic growth in the fuel card market and invest in new telesales teams to cross-sell fuel cards to its extensive oil distribution customer base. DCC Energy will continue to position itself as the partner of choice for all the providers of branded fuel cards in the market.

### Outlook

DCC Energy is budgeting for excellent constant currency operating profit growth in the current financial year.

### Operating profit (€m)

10 Year CAGR 18.9%  
5 Year CAGR 12.5%



### Strategy and development

In oil distribution, DCC's strategy is to achieve a 20% share of the British market. Having established strong market shares in both Scotland and the north of England, the primary focus is on developing its business in the south of England and Wales. DCC Energy is also leveraging its extensive nationwide operational infrastructure to drive high levels of organic growth, with a particular focus on the non heating dependent segments of the market and on national accounts. The business is also focused on cross-selling add-on products and services, such as lubricants and boiler maintenance services, to its extensive customer base.

## Business Review

# DCC SerCom

DCC SerCom comprises two businesses, SerCom Distribution and SerCom Solutions.

**SerCom Distribution** markets and sells IT and entertainment products to

- *the Retail market* - a leading distributor of consumer electronics, peripherals and home entertainment products to retailers, e-tailers and catalogue retailers in Britain, Ireland and France
- *the Reseller market* - a leading distributor of IT products to the reseller and dealer channel in Britain and Ireland, and
- *the Enterprise market* - a leading European distributor of enterprise servers, storage and software to value-added resellers, large account resellers and independent software vendors.

**SerCom Solutions** provides outsourced procurement and supply chain management services in Ireland, Poland, China and the USA.

DCC SerCom currently employs approximately 1,360 people.

0507

Revenue

€1,423.4m

Operating profit

€40.1m

	2008	2007	Change on prior year	
			Reported	Constant Currency
Revenue	€1,423.4m	€1,218.0m	+16.9%	+18.8%
Operating profit	€40.1m	€32.6m	+22.9%	+24.7%
Operating margin	2.8%	2.7%		
Return on capital employed				
- excluding intangible assets	24.2%	22.4%		
- including intangible assets	15.3%	13.8%		

# Business Review

## DCC SerCom



The Retail business benefited from a favourable market for games.

### Businesses and markets

#### SerCom Distribution

The Retail business sells to a broad range of retailers, e-tailers and catalogue retailers in Britain, Ireland and France. The products distributed include business software, games consoles, software & peripherals, consumer electronics, DVDs and audio visual accessories. End users are typically consumers. Brands include 20th Century Fox, Entertainment in Video, Creative Labs, Disney, EA, Garmin, Logitech, Microsoft, Nintendo, Paramount, Symantec, Take Two, Warner and DCC's own brands, Linx and Exspect.

The Reseller business sells to a broad range of resellers and computer dealers in Britain and Ireland. The products distributed include PCs, servers, printers, peripherals, storage and network products and the end users are generally small or medium businesses. Vendors include Acer, Canon, D-Link, Fujitsu Siemens, HP, IBM, Lenovo, Netgear, Samsung, Sharp and Sony.

The Enterprise business sells to value added resellers, large account resellers and independent software vendors in France, Iberia, Benelux, Britain and Ireland. The products distributed include a range of servers, storage and data management, security, storage and virtualisation software from a broad range of vendors. End users are generally large businesses. Vendors include EMC2, HP, IBM, Isilon, Oracle, SonicWall, Sun, Symantec and VMware.

#### SerCom Solutions

Headquartered in Ireland, SerCom Solutions also has operations in Poland, the United States and China, delivering a range of specialist supply chain management services including procurement, sourcing, demand management, consigned stock programmes, contract hardware assembly, vendor and end-user fulfilment and desktop publishing. The business is a strategic supply chain partner for many of the world's leading technology and telecommunications companies including Apple, Canon, Nortel and Thomson Telecom and is working closely with SerCom Distribution on the sourcing and supply of DCC's own brand products.

SerCom Solutions employs state of the art IT systems and procurement processes to deliver effective supply chain management solutions to its customers to allow them to constantly lower the cost of components, reduce manufacturing lead times, minimise inventory and obsolescence and to effectively identify and qualify alternative sources of products.

#### Performance management

DCC SerCom is focused on delivering sustained profit growth and superior returns on capital employed. The performance of the business is closely monitored through a range of performance indicators, including sales growth, gross margins, rebate target achievement, operational and cost efficiencies, operating profit, cash flow and capital utilisation. In addition, a range of working capital metrics are used to continuously monitor and manage the value and profile of working capital.

Over the past ten years, DCC SerCom has achieved a compound annual growth rate of 9.2% in operating profit.

#### Performance for the year ended 31 March 2008

DCC SerCom achieved excellent operating profit growth of 22.9% in the year. The operating profit growth on a constant currency basis was 24.7%, of which organic growth was approximately 13%.

SerCom Distribution's Retail focused business, comprising Gem, Pilton and Banque Magnetique, had an excellent year. The business benefited from the acquisition of Banque Magnetique and a favourable market environment for games. The business increased its market share with key customers, broadened its product portfolio and made significant progress developing DCC's own-brand business.

SerCom Distribution's Reseller business, comprising Micro-P and Sharptext, had a disappointing year. Despite increased volumes, difficult market conditions and ongoing severe price deflation in PCs and printers resulted in reduced profits for the year.

SerCom Distribution's Enterprise business, Distrilogie, achieved good profit growth. The business grew its market share and expanded its product portfolio.



The Retail business sells a broad range of products, including DCC's own brands, Linx and Exspect.



SerCom Distribution is expanding its product portfolio.

“Significant progress developing DCC’s own-brand business.”

Niall Ennis  
Managing Director



“SerCom Solutions employs state of the art IT systems and procurement processes.”

SerCom Solutions had an exceptional year, reflecting strong growth in demand for its supply chain management services. During the year, the business commenced operations in the United States and made good progress in its procurement initiatives in the Far East in co-operation with SerCom Distribution.

### Strategy and development

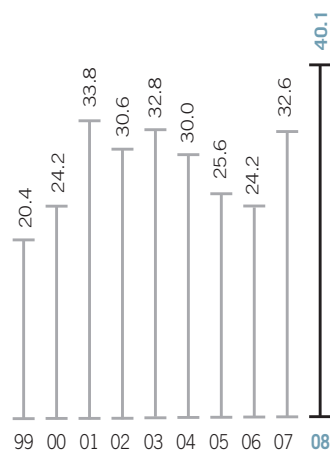
DCC SerCom’s strategy is to deliver consistent long-term profit growth and industry leading returns on capital employed. SerCom Distribution will continue to pursue its aims of expanding its customer and product portfolios, with a particular focus on the retail and enterprise markets and on deriving maximum synergies from the recent acquisition of Banque Magnetique. SerCom Solutions will continue to extend its world class procurement and sourcing services in the Americas and the Far East as well as its existing operations in Poland.

### Outlook

SerCom Distribution is budgeting for another year of strong constant currency operating profit growth reflecting the development initiatives put in place in the last financial year. SerCom Solutions’ results will be significantly impacted by the loss of a material element of its procurement business in Ireland, arising from a change in strategy by a major customer. Overall, DCC SerCom is budgeting for modest constant currency growth in operating profits in the current financial year.

### Operating profit (€m)

10 Year CAGR 9.2%  
5 Year CAGR 4.1%



## Business Review

# DCC Healthcare

DCC Healthcare is a broadly based healthcare products and services group with operations encompassing:

- Procurement, sales and marketing of healthcare products and provision of related services to hospitals in Ireland and Britain;
- Provision of outsourced services to the health and beauty sector in Britain and continental Europe.
- Procurement, sales and marketing of rehabilitation products in Britain, Ireland, Germany, Australia, New Zealand and other markets.

DCC Healthcare currently employs approximately 1,300 people.





Revenue

€286.8m

Operating profit

€23.5m

	2008	2007	Change on prior year	
			Reported	Constant Currency
Revenue	€286.8m	€234.3m	+22.4%	+24.5%
Operating profit	€23.5m	€22.5m	+4.2%	+5.6%
Operating margin	8.2%	9.6%		
Return on capital employed				
- excluding intangible assets	48.8%	57.3%		
- including intangible assets	13.9%	15.6%		

## Business Review

# DCC Healthcare



DCC now has a strong growth platform, providing distribution services to British hospitals.

### Businesses and markets

DCC Healthcare has three areas of activity:

*Acute care* - Fannin is the market leader in acute care in Ireland. Fannin's product portfolio encompasses intravenous pharmaceuticals, medical, surgical and laboratory products. The business markets and sells a broad range of leading brands including Cardinal, Grifols, Molnlycke, Oxoid and Synthes through its extensive field sales force of over 100 highly trained professionals. DCC is focusing on developing value-added services related to this product offering. In Ireland, Fannin has built a growing business in pharmaceutical compounding services for Irish hospitals.

DCC now has a strong growth platform in the provision of value added distribution services to British hospitals and leading healthcare brand owners. This is a developing sector as British hospitals increasingly look for customised just-in-time distribution solutions to deliver cost savings, free up hospital space, improve product availability and ultimately contribute to delivering better service levels to their patients. Fannin also has a developing specialist sales and marketing business in Britain that is currently focused on intravenous pharmaceuticals and surgical devices.

*DCC Health & Beauty Solutions* is a leading provider of "source to shelf" outsourced solutions to the health and beauty industry, principally in the areas of nutraceuticals (vitamin and health supplements), skin care and hair care. DCC provides a wide range of product formats (tablets, soft and hard

gel capsules, creams and liquids), packing and other services from its three MHRA licensed facilities in Britain. The quality of these facilities, together with the strength and depth of DCC's business development and technical resources, means that DCC offers customers a rapid turnaround from marketing concept through to finished, shelf-ready product. This process typically involves product development, formulation, stability and other testing and regulatory compliance, as well as manufacturing and packing. DCC's key strength is the highly responsive and flexible service it provides to its customer base of leading premium brand owners, mail order companies, specialist health and beauty retailers and private label suppliers in Britain, continental Europe and other markets.

*DCC Mobility & Rehab* is a developing international mobility and rehabilitation business, with operations in Britain, Ireland, Germany, Australia and New Zealand, as well as a network of international distributors. DCC is the market leader in the physiotherapy product sector in Britain, Australia and New Zealand, distributing a broad product portfolio including physiotherapy equipment and consumables and general rehabilitation equipment principally marketed under its own Days Healthcare, Physio-Med and Metron brands.

Products are developed and designed in-house with manufacturing outsourced, mainly to Asian and eastern European partners. DCC's procurement and quality control team based in Shenzhen, China works closely with these partners. DCC's extensive customer base – hospitals, community loan stores,

specialist retailers, private practitioners, nursing homes, end users and distributors – is serviced through field and telesales teams and supported by product catalogues and websites.

### Performance management

DCC Healthcare's business 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 13.2% in operating profit.

### Performance for the year ended 31 March 2008

DCC Healthcare achieved strong profit growth in both the acute care and mobility and rehabilitation sectors, but overall profit growth was moderated to 4.2% by a weaker performance in DCC Health & Beauty Solutions. The operating profit growth on a constant currency basis was 5.6%, driven by acquisition contribution and a modest organic decline.



DCC is the market leader in physiotherapy products in Britain, Australia and New Zealand.

Fannin has built a growing business in pharmaceutical compounding services for Irish hospitals.

“Market leader in the acute care sector in Ireland.”

Conor Costigan  
Managing Director



“DCC offers its customers a rapid turnaround from marketing concept through to finished, shelf-ready product.”

DCC’s acute care business, Fannin, made good progress during the year generating strong profit growth and significantly expanding its position in Britain through the acquisitions of Squadron Medical and a complementary business based in Scotland. In Ireland, Fannin achieved strong growth in intravenous pharmaceuticals through excellent organic growth in its sales and marketing activities and its pharma compounding services.

DCC Health and Beauty Solutions achieved good sales growth but profits were impacted by increased costs arising from planned capacity expansion and new product development on behalf of customers.

DCC Mobility & Rehab generated excellent organic profit growth in physiotherapy supplies in Britain, further strengthening its leadership in this market. Sales of general rehabilitation products in Britain also showed good growth, while Germany was impacted by weak market conditions. Ausmedic broadened its product range and market coverage in Australia through the launch of the DCC Mobility & Rehab product range.

### Strategy and development

DCC Healthcare’s strategy is to build a substantial international healthcare products and services business. The primary focus is on the generation of strong organic profit growth and superior returns in its existing businesses. DCC Healthcare is continually developing and expanding its product and service offerings and driving growth through its existing channels to market. The business is also focused on growing in new and developing channels, leveraging its extensive sales teams, catalogues and websites.

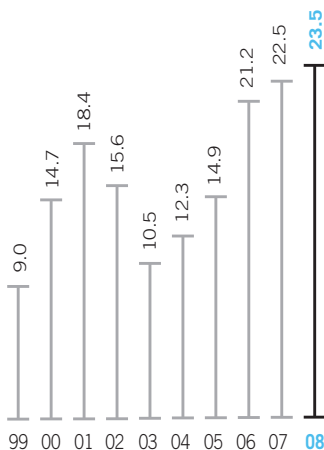
DCC Healthcare has an active acquisition programme and is particularly targeting acquisitions in the acute care and health and beauty sectors. Geographically, DCC Healthcare’s acquisition activity is primarily focused on Britain and continental Europe.

### Outlook

DCC Healthcare is budgeting to achieve excellent constant currency operating profit growth in the current financial year.

### Operating profit (€m)

10 Year CAGR 13.2%  
5 Year CAGR 17.3%



## Business Review

# DCC Food & Beverage

DCC Food & Beverage markets and sells a wide range of company owned and agency branded food and beverage products in Ireland and has a wine business in Britain. It is a market leader in a number of niche market segments in healthfoods, indulgence foods and frozen & chilled logistics.

DCC Food & Beverage currently employs approximately 1,060 people.



Revenue

€310.1m

Operating profit

€15.3m

	2008	2007	Change on prior year	
			Reported	Constant Currency
Revenue	€310.1m	€279.5m	+11.0%	+11.7%
Operating profit	€15.3m	€15.1m	+1.6%	+1.7%
Operating margin	4.9%	5.4%		
Return on capital employed				
- excluding intangible assets	51.2%	51.7%		
- including intangible assets	18.6%	18.3%		



# Business Review

## DCC Food & Beverage



Robert Roberts is the No.2 supplier of freshly ground coffee and a leading supplier of confectionery in Ireland.

### Businesses and markets

DCC Food & Beverage has a strong track record in brand building and offers deep distribution reach with extensive customer service to the retail and foodservice sectors throughout Ireland. Customers include multiples, symbol and independent retailers, pharmacies, off-licences, hotels, restaurants and cafés. In Britain, wines are sold to multiple retailers and wholesale cash and carry.

### Healthfoods

In Ireland, Kelkin is the leading and most comprehensive supplier of owned and agency brands of healthy foods and beverages, fine foods and vitamins, minerals and supplements (“VMS”), selling directly to both the grocery and pharmacy sectors. Kelkin is recognised as the leading brand in the health / “better for you” food sector and offers a healthy choice in many food categories. It is also a strong brand in the VMS sector.

### Indulgence foods

Robert Roberts is a value-added distributor of indulgent products in the grocery, impulse and food service sectors. The business has a strong complementary range of owned and agency brands, specialising in snacks, hot beverages, wine, confectionery, soft drinks and cakes. Robert Roberts provides a top-class service in marketing, category management, selling (key account management, direct sales representatives and van sales), distribution and merchandising. In the Irish market, Robert Roberts is the number two supplier of freshly ground coffee to both the retail and foodservice sectors, the number

two supplier of savoury snacks (through the KP range), a leading independent distributor of confectionery products and has a strong position in wine distribution through Woodford Bourne. In Britain, Bottle Green is a leading supplier of branded and exclusive label solutions to the multiple off-trade sector of the UK wine market.

### Logistics/other

Allied Foods is Ireland’s leading independent provider of temperature controlled supply chain solutions (procurement, brand management, warehousing and distribution), to major retailers, manufacturers and food service customers.

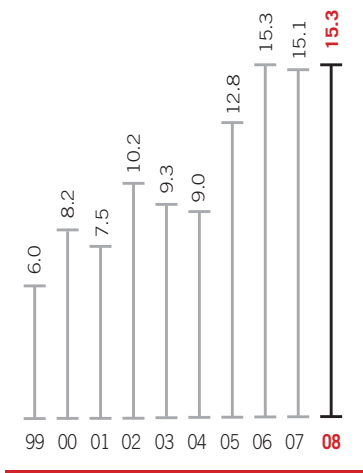
Kylemore Foods Group (50% owned by DCC) is a leading player in retail restaurants and contract catering in Ireland.

### Performance management

DCC Food & Beverage’s operating performance is managed and monitored through a number of key performance indicators. These include sales volumes, market share, 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 11.9% in operating profit.

**Operating profit (€m)**  
 10 Year CAGR 11.9%  
 5 Year CAGR 10.4%





Robert Roberts has a complementary range of owned and agency brands.

Kelkin supplies a range of gluten free products.



“DCC’s businesses have a strong track record in brand building.”

Frank Fenn  
Managing Director



“Kelkin is recognised as the leading brand in the health / “better for you” food sector.”

### Performance for the year ended 31 March 2008

DCC Food & Beverage achieved modest growth of 1.6% in the year. On a constant currency basis the operating profit growth was 1.7% (all organic). In Ireland, good growth was achieved in healthfoods, principally driven by the increased investment in the Kelkin brand, new product development and growth in agency brands. Very good growth was also achieved in indulgence foods across its core categories.

The frozen and chilled logistics business was impacted by the start up costs of a significant new contract and associated investment in new facilities. Kylemore Foods Group, in which DCC has a 50% joint venture shareholding, significantly enhanced shareholder value over the past year.

### Strategy and development

DCC’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 will continue to focus on building its brands, with the growing Kelkin brand well-placed to take advantage of the expanding 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 strengthen existing market positions.

### Outlook

DCC Food & Beverage is budgeting for modest constant currency operating profit growth in the current financial year.

## Business Review

# DCC Environmental

DCC Environmental provides a broad range of waste management and recycling services to the industrial, commercial, construction and public sectors in Britain and Ireland. Through its 50% shareholding in William Tracey and its subsidiary Wastecycle, DCC Environmental has built a significant position in the British waste management and recycling industry. DCC Environmental's subsidiary, Enva, is the leading hazardous waste treatment business in Ireland.

DCC Environmental currently employs approximately 550 people.





Revenue

€91.7m

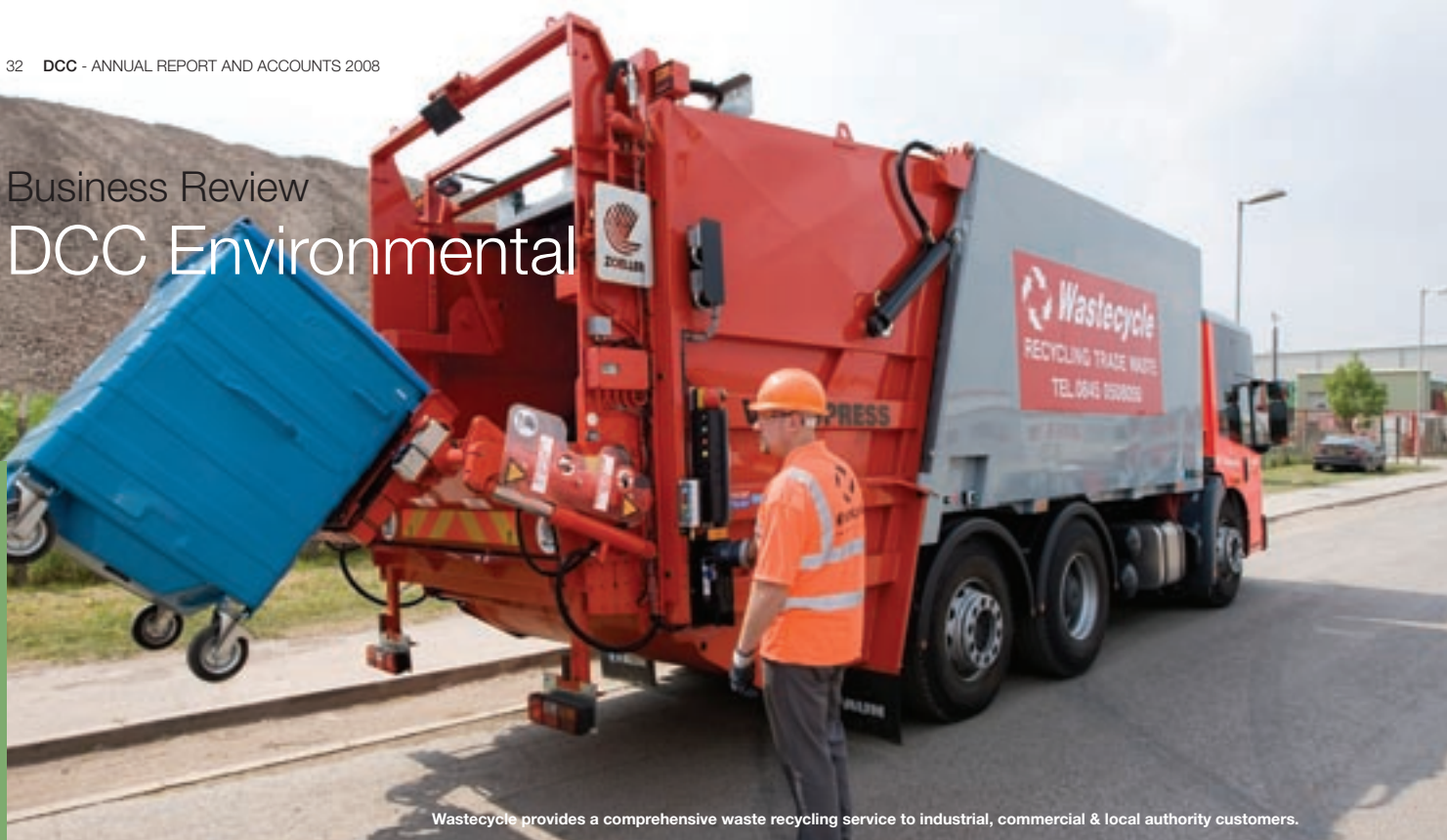
Operating profit

€14.0m

	2008	2007	Change on prior year	
			Reported	Constant Currency
Revenue	€91.7m	€66.5m	+37.9%	+41.0%
Operating profit	€14.0m	€10.4m	+34.4%	+37.6%
Operating margin	15.3%	15.7%		
Return on capital employed				
- excluding intangible assets	40.4%	38.5%		
- including intangible assets	17.4%	17.9%		

# Business Review

## DCC Environmental



Wastecycle provides a comprehensive waste recycling service to industrial, commercial & local authority customers.

### Businesses and markets

#### Britain

Driven by increasing legislation and taxation, Britain is seeking to aggressively reduce the amount of waste going to landfill and to bring waste management in line with best practice in continental Europe. This is effected by increased rates of recycling and the introduction of new innovative waste treatment processes. There have been two significant government interventions in the last year. Firstly, new regulations came into effect in October 2007 which require all waste to be treated in advance of disposal to landfill. Secondly, with effect from 1 April 2008, landfill tax increased from its previous £24 per tonne to £32 per tonne and will rise to £40 per tonne on 1 April 2009 and £48 per tonne by 1 April 2010. Both these initiatives give further impetus to DCC's strategy to become a leading player in the British waste management and recycling industry.

Both William Tracey's and Wastecycle's focus is on the industrial, commercial and construction waste segments of the market, while also handling waste on behalf of some local authorities. Combined, these businesses handle in excess of one million tonnes of waste using 146 vehicles.

Operating from eight freehold sites, William Tracey is recognised as Scotland's leading waste management and recycling company with a reputation for innovation and creativity in the recycling and management of a wide range of waste products. The business operates a number of fully integrated facilities to

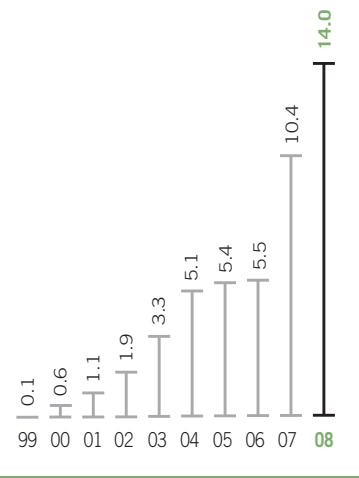
treat, recover and dispose of waste, including the manufacture of recycled products. William Tracey has an extensive fleet of specialist waste management vehicles that collect from industrial and commercial customers while the business also processes waste on behalf of local authorities and other third parties.

Wastecycle is a leading recycling and waste management company based in Nottingham, England. Operating from a ten acre site, the company provides a comprehensive waste collection and recycling service to industrial, commercial and local authority customers. Through some of the most innovative techniques in the industry, using both automated and semi automated equipment, Wastecycle separates waste and recovers a range of recyclable material such as cardboard, metals, timber, plastics, paper, aggregates, soils, glass and plasterboard.

#### Ireland

Enva is the leading hazardous waste treatment business in Ireland. Operating from six licensed sites, the business offers a wide range of services including soil remediation, oil recycling, chemical treatment, water treatment and metal recovery. With the most comprehensive hazardous waste infrastructure in Ireland, Enva is ideally positioned to work with the Irish regulators, in particular the Environmental Protection Agency (EPA) in its goal of national self sufficiency in dealing with hazardous waste as most recently articulated in its Proposed National Hazardous Waste Management Plan 2008 – 2012.

**Operating profit (€m)**  
 9 Year CAGR 79.1%  
 5 Year CAGR 33.3%





Enva offers a range of services, including soil remediation, oil recycling, chemical treatment and metal recovery.



William Tracey has a reputation for innovation and creativity in the recycling and management of a wide range of waste products.

“Increased rates of recycling and introduction of innovative waste treatment processes.”

Tommy Breen  
Managing Director



“In Britain, DCC Environmental handles in excess of one million tonnes of waste using 146 vehicles.”

### 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, recycling targets, gross margins, costs of treatment, operating profit, cash flow and capital utilisation. DCC gives the highest priority to its health, safety and environmental record through the allocation of appropriate resources and implementation of best practice. A range of measurement tools, including lost time incident rates, are used to monitor performance.

Over the 9 years since the business was established, DCC Environmental has achieved a compound annual growth rate of 79.1% in operating profit.

### Performance for the year ended 31 March 2008

DCC Environmental achieved excellent profit growth of 34.4%. The operating profit growth on a constant currency basis was 37.6%, of which organic growth was approximately 18%.

William Tracey recorded excellent organic growth and has continued to build on its position as Scotland's leading waste management and recycling business.

Wastecycle also achieved excellent organic profit growth across all parts of its business.

Both William Tracey and Wastecycle have benefited from a focus on the continuous increase in the proportion of waste recycled.

Enva achieved modest profit growth in the year.

### Strategy and development

DCC's strategy is to grow its position as a leading broadly based waste management and recycling business in Britain and Ireland. In particular, DCC aims to position the business to take advantage of the trend towards more sustainable waste management with a particular emphasis on recycling. This growth strategy will be driven both organically and by acquisition.

### Outlook

DCC Environmental is well positioned within attractive growth markets and is budgeting for excellent constant currency operating profit growth in the current financial year.

# Financial Review

Fergal O'Dwyer  
Chief Financial Officer



## Balanced business model

DCC's balanced business model delivered an excellent performance against a backdrop of more challenging economic conditions in the geographic markets in which it operates. On a constant currency basis, operating profit grew by 21.8% (19.3% on a reported basis).

## Accounting policies

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and their interpretations as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges. Details of the basis of preparation and the significant accounting policies of the Group are included in pages 63 to 71.

## Overview of results/key performance indicators

Revenue of €5.5 billion grew by 39.9% on a constant currency basis (36.7% on a reported basis) and operating profit of €167.2 million increased by 21.8% on a constant currency basis (19.3% on a reported basis) as set out in Tables 1 and 2.

Growth in revenue and operating profit, analysed as between organic growth, growth from acquisitions and the impact of currency, is as follows:

	Revenue %	Operating Profit %
Organic	18.9%	8.3%
Acquisitions	21.0%	13.5%
Constant currency	39.9%	21.8%
Currency impact on translation	(3.2%)	(2.5%)
Reported	36.7%	19.3%

Although DCC's operating margin (excluding exceptionals) was 3.0% (3.5% in 2007), 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.

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 by a percentage margin. Excluding DCC Energy, the Group's operating margin was 4.4% compared to 4.5% in the previous year.

A detailed review of the operating performance of each of DCC's divisions is set out on pages 14 to 33.

Table 1: Revenue - constant currency

	2008			2007			Change		
	H1 €'m	H2 €'m	FY €'m	H1 €'m	H2 €'m	FY €'m	H1 %	H2 %	FY %
DCC Energy	1,326.7	2,191.0	3,517.7	996.3	1,251.5	2,247.8	+33.2%	+75.1%	+56.5%
DCC SerCom	571.1	876.0	1,447.1	529.2	688.8	1,218.0	+7.9%	+27.2%	+18.8%
DCC Healthcare	131.3	160.4	291.7	112.2	122.1	234.3	+17.1%	+31.3%	+24.5%
DCC Food & Beverage	161.0	151.3	312.3	136.5	143.0	279.5	+18.0%	+5.8%	+11.7%
DCC Environmental	45.4	48.3	93.7	29.1	37.4	66.5	+55.9%	+29.4%	+41.0%
<b>Total</b>	<b>2,235.5</b>	<b>3,427.0</b>	<b>5,662.5</b>	<b>1,803.3</b>	<b>2,242.8</b>	<b>4,046.1</b>	<b>+24.0%</b>	<b>+52.8%</b>	<b>+39.9%</b>

## Financial Review (continued)

“Profit before tax of €181.7 million increased by 14.2% on a constant currency basis. On a reported basis the increase was 12.3%”

**Finance costs (net)**

Net finance costs for the year increased by €6.9 million to €17.8 million (€10.9 million in 2007), primarily due to an increase in interest rates. There was a slight increase in the Group's net debt levels which averaged €242 million during the year compared to €233 million in the prior year. Interest was covered 9.4 times by Group operating profit before amortisation of intangible assets (12.9 times in 2007).

**Exceptional profit (net)**

As DCC announced on 19 December 2007, the dividend received from Manor Park Homebuilders and the subsequent sale of the shareholding gave rise to a profit on cost of €180 million and an exceptional profit on carrying value of €94.7 million. This exceptional profit, less the exceptional charge of €50 million for the settlement and costs of the Fyffes action, announced on 14 April 2008, and other net exceptional charges of €5.1 million, resulted in a net exceptional profit before tax in the year of €39.6 million.

The tax charge relating to the net exceptional profit was €1.8 million.

**Amortisation of intangible assets**

The charge for the amortisation of intangible assets increased from €6.7 million to €7.9 million as a result of the amortisation of intangible assets arising on acquisitions completed during the year ended 31 March 2008 and a full year's amortisation charge relating to intangible assets acquired on acquisitions completed in the previous year.

**Profit before tax**

Profit before tax of €181.7 million increased by 14.2% on a constant currency basis. On a reported basis the increase was 12.3%.

**Taxation**

Excluding the tax charge of €1.8 million on the net exceptional profit and a taxation credit of €1.7 million in relation to the amortisation of intangible assets, the effective tax rate for the Group was 11.0%, the same as in the prior year.

**Adjusted earnings per share excluding Manor Park Homebuilders contribution**

As DCC's 49% shareholding in Manor Park Homebuilders was disposed of during the year ended 31 March 2008, adjusted earnings per share excluding the contribution from Manor Park Homebuilders has been shown separately to disclose the underlying earnings growth of 15.0% achieved in DCC's managed and controlled subsidiaries and joint ventures. On a constant currency basis the growth rate was 17.4%.

The compound annual growth rate in DCC's adjusted earnings per share (excluding the contribution from Manor Park Homebuilders) over the last 15, 10 and 5 years is as follows:

	CAGR %
15 years (i.e. since 1993)	15.2%
10 years (i.e. since 1998)	14.0%
5 years (i.e. since 2003)	10.2%

Table 2: Operating profit - constant currency

	2008			2007			Change		
	H1 €'m	H2 €'m	FY €'m	H1 €'m	H2 €'m	FY €'m	H1 %	H2 %	FY %
DCC Energy	14.3	62.2	76.5	11.7	47.8	59.5	+22.4%	+30.1%	+28.6%
DCC SerCom	12.4	28.3	40.7	10.5	22.1	32.6	+18.0%	+27.9%	+24.7%
DCC Healthcare	10.3	13.4	23.7	9.8	12.7	22.5	+5.9%	+5.4%	+5.6%
DCC Food & Beverage	7.0	8.3	15.3	7.3	7.8	15.1	-4.4%	+7.5%	+1.7%
DCC Environmental	7.2	7.2	14.4	4.6	5.8	10.4	+54.9%	+23.8%	+37.6%
<b>Total</b>	<b>51.2</b>	<b>119.4</b>	<b>170.6</b>	<b>43.9</b>	<b>96.2</b>	<b>140.1</b>	<b>+16.7%</b>	<b>+24.1%</b>	<b>+21.8%</b>

# Financial Review

## (continued)

### Dividend

The total dividend for the year of 56.67 cent per share represents an increase of 15% over the previous year. The dividend is covered 2.9 times (3.2 times in 2007) by adjusted earnings per share. Over the last 10 years DCC's dividend has grown at a compound annual rate of 16.6%.

### Return on capital employed

The creation of shareholder value through the delivery of consistent, long-term returns in excess of cost of capital is one of DCC's core strengths. Although marginally lower than the previous year, DCC again achieved excellent returns on capital employed (as detailed in Table 3), generating a return of 38.0% excluding intangible assets and 17.5% including intangible assets (38.9% and 17.9% respectively in 2007).

DCC's return on capital employed has remained consistently high through a combination of good organic growth, attractive acquisition valuations and excellent integration synergies.

### Cash flow

A summary of DCC's cashflow is set out in Table 4.

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 generated cash flow from operations of €129.0 million which was marginally higher than the €127.4 million generated in the prior year. Operating cash flow in the year was held back due to an increased investment requirement in working capital of €84.4 million, driven by the strong growth (36.7%) in revenue and an increase in working capital days at 31 March 2008 to 16.4 days revenue compared to 14.0 days at 31 March 2007 as detailed in Table 5.

DCC Energy had an increased investment in working capital of €101.6 million as a result of the higher price of oil. DCC SerCom's working capital levels, which had been relatively high at the end of the previous year, reduced by €20.5 million. During the year the Group received dividends of €172.0 million from Manor Park Homebuilders. In addition the disposal of the Group's 49% interest in that company gave rise to a receipt of €8.9 million.

Including the net €84.4 million investment in working capital referred to above, acquisition and organic development expenditure amounted to €351.6 million. DCC's ongoing acquisition programme resulted in a number of acquisitions being completed during the year at a total committed cost of €179.6 million, of which €13.0 million was deferred.

The cash impact of acquisitions in the year was €176.6 million when payments of deferred acquisition consideration of €10.0 million are taken into account. Capital expenditure was €87.6 million. Net of fixed asset disposals the cash outflow from capital expenditure was €79.7 million.

### Balance sheet and group financing

DCC has a strong balance sheet with total equity of €742.4 million at 31 March 2008 and net debt at the same date of €123.7 million. Net debt as a percentage of total equity was 16.7% compared to 14.6% at 31 March 2007. The composition of net debt at 31 March 2008 and 2007 is analysed in Table 6. An analysis of DCC's cash, debt and financial derivative instrument balances at 31 March 2008, including maturity periods and currency and interest rate profiles, is set out in Notes 27 to 30 to the financial statements.

Table 3: Return on capital employed

	2008		2007	
	ROCE (excl intangible assets)	ROCE (incl intangible assets)	ROCE (excl intangible assets)	ROCE (incl intangible assets)
DCC Energy	45.8%	20.6%	49.9%	22.7%
DCC SerCom	24.2%	15.3%	22.4%	13.8%
DCC Healthcare	48.8%	13.9%	57.3%	15.6%
DCC Food & Beverage	51.2%	18.6%	51.7%	18.3%
DCC Environmental	40.4%	17.4%	38.5%	17.9%
Group	38.0%	17.5%	38.9%	17.9%

## Financial Review (continued)

“The total dividend for the year of 56.67 cent per share represents an increase of 15% over the previous year.”

<b>Table 4: Summary of cash flows</b>	<b>2008</b>	<b>2007</b>
	<b>€'m</b>	<b>€'m</b>
<b>Inflows</b>		
Cash generated from operations	129.0	127.4
Dividend received from associate	172.0	-
Proceeds on disposal of associate	8.9	-
Share issues (net)	4.1	6.1
	<u>314.0</u>	<u>133.5</u>
<b>Outflows</b>		
Capital expenditure (net)	79.7	16.2
Acquisitions	176.6	105.7
Share buyback	-	18.8
Interest and tax paid	36.9	19.2
Dividend paid	44.5	36.4
Net exceptionals	4.2	4.9
	<u>341.9</u>	<u>(201.2)</u>
<b>Net cash outflow</b>	<b>(27.9)</b>	<b>(67.7)</b>
Translation adjustments and other	4.7	(0.1)
<b>Net debt at start of year</b>	<b>(100.5)</b>	<b>(32.7)</b>
<b>Net debt at end of year</b>	<b>(123.7)</b>	<b>(100.5)</b>

<b>Table 5: Working capital days</b>	<b>2008</b>	<b>2007</b>
	<b>Days</b>	<b>Days</b>
Stocks	12.4	13.7
Debtors	45.7	45.3
Creditors	(41.7)	(45.0)
Share issues (net)	<u>16.4</u>	<u>14.0</u>

<b>Table 6: Analysis of net debt</b>	<b>2008</b>	<b>2007</b>
	<b>€'m</b>	<b>€'m</b>
<b>Non-current assets:</b>		
Derivative financial instruments	25.4	3.1
<b>Current assets:</b>		
Derivative financial instruments	1.5	0.1
Cash and cash equivalents	485.8	337.0
	<u>487.3</u>	<u>337.1</u>
<b>Non-current liabilities:</b>		
Borrowings	(4.5)	(3.1)
Derivative financial instruments	(43.6)	(45.9)
Unsecured Notes due 2008 to 2019	(353.6)	(265.5)
	<u>(401.7)</u>	<u>(314.5)</u>
<b>Current liabilities:</b>		
Borrowings	(217.5)	(126.0)
Derivative financial instruments	(17.2)	(0.2)
	<u>(234.7)</u>	<u>(126.2)</u>
<b>Net debt</b>	<b>(123.7)</b>	<b>(100.5)</b>

# Financial Review

## (continued)

“Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors.”

### Financial risk management

Group financial risk management is governed by policies and guidelines which are 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 47 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.

In the second half of the year sterling weakened significantly and this impacted on reported profits as approximately 60% of the Group's operating profit for the year ended 31 March 2008 was denominated in sterling. The sterling:euro exchange rate weakened by 17.0% from 0.6795 at 31 March 2007 to 0.7953 at 31 March 2008. The average rate at which the Group translates its UK operating profit declined by 3.3% from 0.6797 in 2007 to 0.7021 in 2008.

That portion of the DCC's operating profits that are sterling denominated are offset to a limited degree by certain natural economic hedges that exist within the Group, for example, a proportion of the purchases by certain of its Irish businesses are sterling denominated. DCC does not hedge the remaining translation exposure on the translation of the profits of foreign currency subsidiaries on the basis and to the extent that they are not intended to be repatriated. The 3.3% reduction in the average translation rate of sterling, referred to above, adversely impacted the Group's reported operating profit by €3.4 million (2.5%) in the year ended 31 March 2008.

DCC 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 hedge is offset by the strong ongoing cash flow generated from the Group's sterling operations leaving DCC with a net investment in sterling assets.

The 17% reduction in the value of sterling against the euro during the year ended 31 March 2008, referred to above, gave rise to a translation loss of €64.3 million on the translation of DCC's sterling denominated net asset position at 31 March 2008 as set out in the reconciliation of the Group's Total Equity in note 41 to the financial statements. €16.0 million of this amount related to DCC's sterling denominated intangible assets.

Where sales or purchases are invoiced in other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months.



## Financial Review (continued)

“DCC maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to six months”

### Commodity price risk management

DCC 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, DCC 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 rated 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

DCC 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.

### Summary

As the key financial performance indicators set out in Table 7 show, the Group performed strongly in 2008 delivering an improvement in revenues and operating profits and excellent returns on capital employed. Despite total development expenditure of €351.1 million on working capital, capital expenditure and acquisitions, DCC ended the year with a conservatively geared balance sheet. This will facilitate the Group in its development plans, both organic and by way of acquisitions.

**Table 7: Key Financial performance indicators**

	2008	2007
Revenue growth	<b>36.7%</b>	17.7%
Operating profit growth*	<b>19.3%</b>	15.7%
Interest cover (times)	<b>9.4</b>	12.9
Net debt as a percentage of total equity	<b>16.7%</b>	14.6%
Working capital as a percentage of total revenue	<b>5.2%</b>	4.5%
Working capital - days	<b>16.4</b>	14.0
Return on capital employed		
- Excluding intangible assets	<b>38.0%</b>	38.9%
- Including intangible assets	<b>17.5%</b>	17.9%

\*excluding exceptionals and amortisation of intangible assets.

# Corporate Social Responsibility

Corporate social responsibility (CSR) is embedded in DCC's core beliefs and values. DCC recognises its responsibilities to all stakeholders, including shareholders, employees, customers, suppliers and the community at large, and is fully committed to the management of all aspects of its business to the highest standards in order to fulfil these responsibilities.

## Workplace

With approximately 7,000 employees working in 16 countries within our 5 industry sectors, DCC's employees' knowledge, skills, experience and commitment to excellence are of vital importance to the success of the Group. Indeed our decentralised model, which affords a high degree of autonomy to our operating subsidiaries, depends on the strength and capability of our employees.

## Training and development

We appreciate the need to ensure that our employees' knowledge and skill base is constantly being developed and challenged and we bring focus and commitment to employee training and development initiatives throughout the Group.

Training focuses mainly on technical, job specific, health & safety and leadership/management training. In addition to these training initiatives, there are ongoing development programmes for team leaders, supervisors and managers, including residential leadership development programmes for those employees who display senior management potential. DCC Group companies also support employees who wish to pursue further study and development.

To ensure that we are deploying the most effective and current training initiatives, many of our businesses are part of local training networks, such as the Irish Skillnet programmes. These allow companies in the same geographic area to group together to provide a wider variety of higher quality bespoke training courses. We also partner with other companies in consortium programmes, in particular leadership programmes, providing a significantly higher quality development experience for employees.

### Training – case study

A key initiative this year for SerCom Solutions in Limerick is their participation in a tailor made FÁS pilot training course as part of the Skills for Work programme. This led to a number of SerCom's employees receiving an accredited FETAC certificate in communication and language.



### Employee Share Scheme

DCC established the DCC Sharesave Scheme in 2000. Under the Scheme, all employees of the Group's subsidiaries were invited to enter into savings contracts for 3 and 5 year periods following which they could exercise options to buy DCC shares. The options were granted at prices which represented discounts of 20% to the then market price. Over 2,000 employees joined the Scheme in 2001 and 2004. Through this Scheme a significant percentage of employees have or will become shareholders in DCC.

### Diversity and equal opportunities

DCC recognises the strengths and benefits of a diverse workforce and is committed to providing equal opportunities to all employees.

### Communication

DCC's subsidiaries strive to ensure that they have excellent employee communication processes which include employee committees, focus groups, newsletters and suggestion schemes.

## Marketplace

### Products and services

DCC's commitment to enhancing the lives of its stakeholders is reflected in the design, delivery and management of its products and services.

In the Energy division, Flogas distributes LPG, which is a non-toxic, clean burning, sulphur and smoke free fuel.

In the Healthcare division, the Mobility & Rehab businesses provide rehabilitation and physiotherapy products that assist users in leading independent lives.

In the Food & Beverage sector, Robert Roberts markets a range of Fairtrade products including tea, coffee, fruit juices and wine. Kelkin actively provides a range of "better for you" and healthy products under its own brand which are free from all artificial colouring, preservatives and flavourings. Kelkin also markets a comprehensive range of gluten-free products and specialist products for diabetics.

In the Environmental sector, DCC specialises in recycling and waste treatment, helping to create a cleaner, safer environment.

### Recognition of excellence in financial reporting

DCC won the Published Accounts Award for large public companies in Ireland in 2003 and 2006. This award, organised by the Leinster Society of Chartered Accountants, is the premier award of excellence in financial reporting in Ireland.

## Environment, health & safety

### Environment, health & safety ('EHS') management systems

All our subsidiaries operate EHS management systems appropriate to the nature and scale of their EHS risk profile. Identification of hazards, assessment of the risks and the introduction of control measures form the basis of these systems. Furthermore, monitoring, measurement and review of the control measures ensures a continuous improvement cycle is maintained.

During the year, Enva achieved certification to the internationally recognised OHSAS18001 health and safety management system standard for its four Irish sites – in Dublin, Portlaoise, Cork and Shannon. Within our IT division, Sercom Solutions in Limerick has also been certified to OHSAS 18001.

### EHS review of DCC Energy

DNV, a leading provider of risk management services, completed a review of the existing EHS structures and processes within DCC's Energy division. The independent expert appraisal provided the opportunity for 'fresh eyes' to examine the EHS management processes and to share best practice from peer companies. As part of the review, senior managers at subsidiary and divisional level were interviewed and internal EHS documentation was examined by the DNV team. Recommendations and suggestions from the DNV report were principally centred on further development of EHS leadership, improving communication, strengthening EHS objectives and the ongoing promotion of a proactive safety culture throughout the organisation. The recommendations formed the basis for the development of formal, high level EHS objectives and targets for DCC Energy subsidiaries.

### Legislation

The Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Directive became law throughout Europe on 1 June 2007 and its various requirements will be implemented over the coming years, in conjunction with the development of the new Globally Harmonised System of classifying and labelling chemicals. The legislation aims to comprehensively control all chemicals used in the EU market. Each DCC subsidiary has assessed the impact of this regulation on its business and has taken appropriate actions to ensure compliance, including registration of use and communication with suppliers and downstream users.

### Community

DCC subsidiaries are committed to ensuring that the needs and interests of the local communities in which they operate are taken into consideration and are sensitive to the impact their business operations may have on neighbours. They support local initiatives and charities within their communities and encourage their employees in their endeavours to contribute in many different ways to philanthropic initiatives.

### Community – case study

One initiative supported by DCC's subsidiary, Flogas UK, is the 'Break for Kids' programme. This aims to help economically disadvantaged children to go on adventure holidays with the Youth Hostel Association that their families could not otherwise afford.



As the main sponsor Flogas supports this initiative financially and many of its employees raise additional funds through taking part in events such as the London Marathon.

# Report of the Directors

## for the year ended 31 March 2008

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2008.

### Results

The profit for the financial year attributable to equity holders of the Company amounted to €164.5 million as set out in the Group Income Statement on page 57.

### Dividends

An interim dividend of 20.55 cent per share, amounting to €16.56 million, was paid on 7 December 2007. The Directors recommend the payment of a final dividend of 36.12 cent per share, amounting to €29.19 million. Subject to shareholders' approval at the Annual General Meeting on 18 July 2008, this dividend will be paid on 24 July 2008 to shareholders on the register on 30 May 2008. The total dividend for the year ended 31 March 2008 amounts to 56.67 cent per share, a total of €45.75 million.

The profit attributable to equity holders of the Company, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2008 are shown in note 39 on page 100.

### Capital and treasury shares

DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each. At 31 March 2008, DCC had a total of 80,815,165 ordinary shares of €0.25 each in issue excluding treasury shares and 7,414,239 ordinary shares of €0.25 each held in Treasury.

The number of shares held in Treasury at the beginning of the year (and the maximum number held) was 7,816,256 (8.86% of the issued share capital) with a nominal value of €1.954 million.

A total of 402,017 shares (0.46% of the issued share capital) with a nominal value of €0.101 million were re-issued during the year at prices ranging from €6.22 to €12.63 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 2008 of 7,414,239 shares (8.40% of the issued share capital) with a nominal value of €1.854 million.

At the Company's Annual General Meeting on 20 July 2007, 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 18 July 2008, 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.

At each Annual General Meeting, in addition to the authority to buy back shares referred to above, the Directors seek authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7,352,400, representing approximately one third of the issued share capital of the Company. The Directors also seek authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the Company's issued share capital.

### Review of activities and events since the year end

The Chairman's Statement on pages 8 to 9, the Chief Executive's Review on pages 10 to 13, the Business Reviews on pages 14 to 33 and the Financial Review on pages 34 to 39 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 31 March 2008, 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 Regulation 37 of the European Communities (Companies: Group Accounts) Regulations 1992, as amended, DCC is required to give a description of the principal risks and uncertainties facing 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.

As detailed throughout this Annual Report, DCC's businesses operate in a diverse range of business areas. This diversification reduces the potential impact of industry specific risk on the DCC Group as a whole. DCC's largest division, DCC Energy, operates in a market with volatile and rising cost of product.

The principal financial risks facing the Group are addressed under 'Financial Risk Management' in the Financial Review on pages 34 to 39.

The Group has a comprehensive system of risk management and internal controls as detailed under 'Internal Control' in the Corporate Governance statement on pages 44 to 49.

### Principal subsidiaries and joint ventures

Details of the Company's principal operating subsidiaries and joint ventures are set out on pages 111 to 114.

### Directors

The names of the Directors and a short biographical note on each Director appear on pages 4 to 5.

On 30 June 2007, Alex Spain retired from his position as Chairman and non-executive Director. On 1 July 2007, Jim Flavin, previously Chief Executive/Deputy Chairman, was appointed Executive Chairman. On 27 May 2008, Jim Flavin resigned from his position as Executive Chairman and Director. On the same date, Michael Buckley was appointed Chairman and Tommy Breen, previously Group Managing Director, was appointed Chief Executive.

From 2008, the Directors have decided to adopt the practice that all Directors will be subject to re-election at each Annual General Meeting.

None of the retiring Directors has a service contract with the Company or with any member of the Group.

Details of the Directors' interests in the share capital of the Company are set out in the Report on Directors' Remuneration and Interests on pages 50 to 53.

## Report of the Directors (continued)

### Substantial shareholdings

The Company has been advised of the following interests in its share capital as at 4 June 2008:

	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)
FMR LLC and FIL Limited on behalf of certain of their direct and indirect subsidiaries *	11,983,330	14.74%
AIM Trimark Investments *	6,559,324	8.07%
Bank of Ireland Asset Management Limited *	5,358,998	6.59%
Irish Life Investment Managers*	2,871,178	3.53%
Schroder Investment Management Limited and Schroder & Co. Limited *	2,867,244	3.53%
Jim Flavin	2,700,000	3.32%

\* *Notified as non-beneficial interests*

### 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 in the Corporate Governance statement on pages 44 to 49. Details regarding the appointment and replacement of Directors can also be found in this statement.

### 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.

### Articles of Association

Amendments to the Articles of Association can only be effected by special resolution of shareholders.

### Statutory accounts

In the notes to the Preliminary Results for the year ended 31 March 2008, issued on 19 May 2008, it was stated that the Group's financial statements for the year to 31 March 2008 had been approved

by the Directors on 16 May 2008. As a consequence of the resignation of Jim Flavin as Executive Chairman on 27 May 2008 and the appointment of Michael Buckley as Chairman and Tommy Breen as Chief Executive on the same date, it was necessary to make amendments to the Annual Report, particularly the Chairman's Statement and the Chief Executive's Review. Accordingly, the approval date of the Group's financial statements by the Board of Directors has been amended to 9 June 2008.

### Auditors

The auditors, PricewaterhouseCoopers, will continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

### Michael Buckley, Tommy Breen

Directors  
9 June 2008

# Corporate Governance

This statement describes how DCC has applied the principles set out in Section 1 of the Combined Code on Corporate Governance (June 2006) published by the Financial Reporting Council in the UK.

## 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 the annual strategy statement, the financial statements, budgets (including capital expenditure), acquisitions and dividends.

The Board has delegated responsibility for the management of the Group to the Chief Executive and executive management. Certain additional matters are delegated to Board Committees.

### Composition

The Board consists of two executive and six non-executive Directors. Brief biographies of the Directors are set out on pages 4 to 5.

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, in accordance with the Articles of Association, subject to re-election at the next Annual General Meeting. Subsequently, at least one third of the Directors must retire at each Annual General Meeting and all of the Directors are subject to re-election at least every three years. From 2008, the Directors have decided to adopt the practice that all Directors will be subject to re-election at each Annual General Meeting.

All of the Directors bring independent judgment 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 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 judgment.

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

### 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 seven meetings. Individual attendance at these meetings is set out in the table on page 45.

### Remuneration

Details of remuneration paid to the Directors are set out in the Report on Directors' Remuneration and Interests on pages 50 to 53.

## Non-executive Chairman

On his appointment as Chairman on 27 May 2008, Michael Buckley, formerly Senior Independent Director, ceased to be defined as independent under the provisions of the Combined Code on Corporate Governance.

## The Fyffes case

DCC issued a statement, in a Stock Exchange announcement on 20 May 2008, in relation to the corporate governance aspects of the Fyffes case, which is set out as an Appendix to this Corporate Governance statement.

## Board Committees

### Audit Committee

The Audit Committee comprises three independent non-executive Directors, Bernard Somers (Chairman), Róisín Brennan and Maurice Keane. The Board has determined that Bernard Somers is the Committee's financial expert. Paddy Gallagher resigned from the Committee on 13 May 2008 and was replaced by Maurice Keane. The Committee met twice during the year. Individual attendance at these meetings is set out in the table on page 45.

The Chief Executive, 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](http://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 judgments contained in them;
- reviewing the half-year and annual financial statements before submission to the Board;

## Corporate Governance (continued)

- considering and making recommendations to the Board in relation to the appointment, reappointment 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 external 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 77.

**Nomination Committee**

The Nomination Committee comprises Michael Buckley (Chairman) and two independent non-executive Directors, Maurice Keane and Bernard Somers. Jim Flavin resigned from the Committee on 27 May 2008. The Committee met twice during the year. Individual attendance at these meetings is set out in the table below.

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](http://www.dcc.ie). The principal responsibilities of the Committee are to keep Board renewal, structure, size and composition under constant 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.

**Remuneration Committee**

The Remuneration Committee comprises Michael Buckley and three independent non-executive Directors, Maurice Keane (Chairman), Róisín Brennan and Bernard Somers. Tony Barry resigned from the Committee on 24 April 2008. Bernard Somers was appointed to the Committee on 4 June 2008. The Committee met three times during the year. Individual attendance at these meetings is set out in the table below.

## Attendance at Board and Committee meetings during the year ended 31 March 2008

Director	Board		Audit Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
Michael Buckley	7	7	-	-	2	2	3	3
Tommy Breen	7	7	-	-	-	-	-	-
Tony Barry <sup>1</sup>	7	6	-	-	-	-	3	3
Róisín Brennan	7	7	2	2	-	-	3	3
Jim Flavin <sup>2</sup>	7	7	-	-	2	2	-	-
Paddy Gallagher <sup>3</sup>	7	7	2	2	-	-	-	-
Maurice Keane <sup>3</sup>	7	7	-	-	2	2	3	3
Fergal O'Dwyer	7	7	-	-	-	-	-	-
Bernard Somers <sup>4</sup>	7	7	2	2	2	2	-	-
Alex Spain <sup>5</sup>	1	1	-	-	-	-	-	-

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

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

<sup>1</sup> Tony Barry resigned from the Remuneration Committee on 24 April 2008.

<sup>2</sup> Jim Flavin resigned on 27 May 2008.

<sup>3</sup> Paddy Gallagher resigned from the Audit Committee on 13 May 2008 and was replaced by Maurice Keane.

<sup>4</sup> Bernard Somers was appointed to the Remuneration Committee on 4 June 2008.

<sup>5</sup> Alex Spain retired on 30 June 2007.

# Corporate Governance

## (continued)

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](http://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, including targets for any performance-related pay, pension rights and compensation payments, and the granting of share options under the DCC plc 1998 Employee Share Option Scheme. The Committee also monitors the level and structure of remuneration of other senior management.

The Chief Executive makes recommendations to the Remuneration Committee on remuneration for the other executive Directors. The Remuneration Committee is authorised to obtain access to professional advice if deemed desirable.

### Fyffes Case Oversight Committee

On 21 August 2007, the Board established a Committee of non-executive Directors, comprising Michael Buckley (Chairman), Maurice Keane and Bernard Somers, to oversee issues arising from the Supreme Court judgment in the Fyffes case.

### Performance evaluation

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

The Chairman, on behalf of the Board, conducts evaluations of performance with each of the non-executive Directors on an annual basis.

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. The non-executive Directors also 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 Audit, Nomination and Remuneration committees carry out annual reviews of their own performance and terms of reference to ensure they are operating at maximum effectiveness and recommend any changes they consider necessary to the Board for approval.

### 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 website [www.dcc.ie](http://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 presents at the Annual General Meeting on the Group's business and its performance during the prior year and answers questions from shareholders. 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, against and withheld.

The 2008 Annual General Meeting will be held at 11 a.m. on 18 July 2008 at The Four Seasons Hotel, Simonscourt 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



## Corporate Governance (continued)

- 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 judgment, 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 54 and the reporting responsibilities of the auditors are set out in their report on pages 55 and 56.

### Compliance statement

DCC has complied, throughout the year ended 31 March 2008, with the provisions set out in Section 1 of the Combined Code on Corporate Governance, except in relation to the appointment of the Executive Chairman in July 2007. However, as required by the Code, the Board consulted with major shareholders, and also with the Irish Association of Investment Managers, and explained in the Corporate Governance statement in the 2007 Annual Report the reasons why it considered it was appropriate and in shareholders' best interests that Jim Flavin be appointed Executive Chairman on 1 July 2007. With the appointment of Michael Buckley as non-executive Chairman on 27 May 2008, that exception no longer exists. The Board of DCC is committed to maintaining the highest standards of corporate governance.

## APPENDIX - The Fyffes Case

### DCC Board Review, Action and Oversight

Over the past number of years, the Board of DCC has kept under continuous scrutiny the litigation which was launched in January 2002 by Fyffes plc against DCC, two of its subsidiaries and Jim Flavin under Part V of the Irish Companies Act, 1990 seeking an account of the profit arising on the sale of 31,169,493 shares in Fyffes in February 2000 by a subsidiary of DCC.

Fyffes claimed that certain Fyffes trading reports which had been sent to Fyffes directors including Jim Flavin, who was a non-executive director of Fyffes at the time, were price sensitive. In a judgment delivered in December 2005 the High Court concluded that the information in the trading reports was not price sensitive, that the involvement in the share sales of Jim Flavin as Chief Executive of DCC constituted a dealing by him under Part V of the Companies Act, 1990 and that he had not made use of that information which the Court found "simply had no bearing on the Share Sales". Only one finding of the High Court was appealed by Fyffes, namely its decision that the trading reports were not price sensitive. On 27 July 2007 the Irish Supreme Court overturned the High Court decision on this single issue.

The Board of DCC met later that day and, with the benefit of input from its legal advisers, reviewed the corporate governance implications of the Supreme Court judgment. After a full discussion under the Chairmanship of Michael Buckley, DCC's senior independent director, of all the issues arising the Board unanimously reaffirmed Jim Flavin in his role as Executive Chairman. The factors which it took into account in reaching this decision are set out below.

Following the announcement of the Board's decision, DCC's larger shareholders were contacted to explain the basis of the Board's decision and each of them was given the opportunity, if they wished, to discuss it with Michael Buckley.

The Board also set up a special Oversight Committee of non-executive directors, consisting of Michael Buckley (Chairman), Maurice Keane and Bernard Somers, to oversee independently all matters arising from the Supreme Court judgment on behalf of the Board. As part of that role the Committee subsequently directed the DCC input into the discussions that ultimately led to the settlement with Fyffes which was announced on 14 April 2008.

### Legal Background and Key Findings

**The Board believes it is important that it should set out for shareholders the legislative context of the High Court and Supreme Court litigation and the findings of the High Court judgment that were not affected by the Supreme Court decision, all of which it has taken into account in its corporate governance deliberations following the Supreme Court decision.**

#### *Possession v Use of Information - The Issue of Motivation*

Part V of the Companies Act, 1990 was introduced in Ireland in order to bring into effect the provisions of Council Directive 89/592/EEC. The recitals to that Directive make it clear that the issue with which the Directive was concerned was the act of improperly using or taking advantage of inside information: -

*"Whereas the factors on which such confidence depends include the assurance afforded to investors that they are placed on an equal footing and that they will be protected against the improper use of inside information".*

*"Whereas, since the acquisition or disposal of transferable securities necessarily involves a prior decision to acquire or to dispose taken by the person who undertakes one or other of these operations, the carrying-out of this acquisition or disposal does not constitute in itself the use of inside information;*

*Whereas insider dealing involves taking advantage of inside information;"*

# Corporate Governance

(continued)

The Directive therefore identified that insider dealing required both possession and improper use of price sensitive information. However, Part V of the Irish Companies Act, 1990 provided for a civil liability to arise for a party who deals in shares whilst simply in possession of price sensitive information. Furthermore, it did not stipulate that the party dealing or the company whose shares were dealt in must know or believe that the information was price sensitive.

Part V of the Irish Companies Act, 1990 was repealed by the Investment Funds, Companies and Miscellaneous Provisions Act 2005 upon the enactment on 6 July 2005 of Statutory Instrument No. 342 which implemented a new EC Directive on insider dealing (Market Abuse Directive 2003/6/EC). In contrast to the 1990 Act, the new legislation provides that a person *“who possesses inside information shall not use that information”*.

The Irish High Court reached the following finding, which was not appealed to the Supreme Court, that Jim Flavin had not *“used”* the information which was later determined by the Irish Supreme Court to be price sensitive:-

*“In my view, in this case, the evidence is not open to the interpretation that Mr. Flavin used the information contained in the November and December Trading Reports which is alleged to have been confidential and price-sensitive, the negative information in relation to Fyffes’ trading and earnings performance in the first quarter of financial year 2000, so as to enable the DCC Group to exit from Fyffes in a manner which would avoid any share price impact which would ensue from the disclosure of that information. In my view, on the evidence, it is clear that what motivated Mr. Flavin in his involvement in the Share Sales and what motivated the almost total exit of the DCC Group from Fyffes in February, 2000 was the opportunity to make a substantial profit because of the increase of the share price on the back of worldoffruit.com. The plaintiff has not established any evidential nexus between the profit which the Share Sales generated for the DCC Group and the use by Mr. Flavin,*

*or the use by any of the boards of the corporate defendants, of the confidential information contained in the November and December Trading Reports. On any view of the evidence, that information simply had no bearing on the Share Sales”*.

Having regard to that finding, the Board has legal advice that had the Fyffes action been brought relying only on Council Directive 89/592/EEC or upon the law as it now stands in Ireland, which requires *“use”* of price sensitive information as opposed to mere possession, it would almost certainly have failed.

The High Court also found that *“the plaintiff has failed to establish a breach of fiduciary duty on the part of Mr Flavin”*.

The Supreme Court in its judgment recited these conclusions of the High Court and stated *“It is a tribute to the extraordinary patience and care of the learned trial judge that none of her findings of primary fact are challenged on this appeal”*.

Another important factual finding of the High Court which was not affected by the Supreme Court judgment was as follows: *“I did not understand the Plaintiff to assert dishonesty on the part of any of the Defendants. In any event, I find that dishonesty was not established on the evidence”*.

The only issue in the appeal to the Supreme Court was whether the information in the possession of Jim Flavin was, in law, price sensitive at the time of the share sales, notwithstanding that the information had no bearing on the share sales. In the words of the Supreme Court *“The only issue on this appeal is the issue which was dispositive of the claim in the High Court, namely whether the information admittedly available to Mr. Flavin at the time of the share sales was in truth price sensitive”*.

In the course of carrying out his duties as Chief Executive of DCC, Jim Flavin exercised judgment at the time of the share sales in relation to the likely price effect of the Fyffes November and December 1999 trading reports. His judgment was that the trading reports were not price sensitive.

At the time, no other non-executive director or executive director of Fyffes thought that the information in the trading reports was price sensitive. The High Court judgment stated *“There is no objective evidence that any director or executive of Fyffes had any concern that, by reason of being in possession of the information contained in the November and December Trading Reports, Mr. Flavin was or might have been in possession of price-sensitive information. The evidence strongly suggests that such a possibility was not entertained at all”*.

The Fyffes action was heard before the Irish High Court between December 2004 and June 2005 in a hearing which lasted for 87 days. Having heard witnesses of fact from both DCC and Fyffes and the opinions of several experts, the High Court concluded in its judgment delivered on 21 December 2005 that the trading reports sent to Jim Flavin were not price sensitive.

Fyffes appealed one finding of the High Court, namely the decision that the trading reports were not price sensitive. In a judgment on 27 July 2007 the Irish Supreme Court overturned the High Court on this single issue. In doing so the Supreme Court did not ascribe any bad faith to DCC or Jim Flavin.

The Board respects the judgment of the Supreme Court and acknowledges its financial consequences as embodied in the recent financial settlement with Fyffes.

## Corporate Governance (continued)

In the introductory paragraph of his Supreme Court judgment Mr. Justice Fennelly wrote *"To trade on the use of inside information is recognised for what it is. It is a fraud on the market. The insider who exploits his access to the special knowledge he enjoys for the purposes of the company in his capacity as executive or director of a company commits a crime"*. The Board of course agrees with this statement of general principle. The finding of the High Court that the share dealings in February 2000 did not involve the use or exploitation by Jim Flavin of the information in the trading reports was not appealed and was not affected by the Supreme Court decision. The Fyffes case was a civil action and did not involve any allegation or finding of dishonesty, fraud or crime. However, Mr Justice Fennelly's introductory statement of general principle has been inaccurately portrayed by some commentators in a manner which does not fairly reflect the true import of the High Court and Supreme Court judgments in this particular case.

### Conclusion

The Board is satisfied that the established facts surrounding the sales of Fyffes shares in February 2000 fully support its view that the share sales did not involve any intentional wrongdoing on the part of Jim Flavin and in essence were an unwitting breach of civil law under the now repealed Part V of the Irish Companies Act, 1990.

### Factual Background

Jim Flavin was a non-executive director of Fyffes from January 1981 until his resignation on 9 February 2000. In his capacity as a non-executive director he routinely received Fyffes trading reports, including the trading reports for November and December 1999, which were the first two months of Fyffes' financial year to 31 October 2000. These reports disclosed poor trading results and were the reports found by the Supreme Court to be price sensitive.

The DCC Group had owned a 10% ordinary shareholding in Fyffes, a listed fresh produce company, since 1981 and, following DCC's own listing in 1994, this shareholding had become anomalous and it had become the DCC Group's objective to sell it if an opportunity arose. On 3, 8 and 14 February 2000, in response to unsolicited offers from two stockbroking firms, a DCC subsidiary sold 31,169,493 Fyffes ordinary shares at prices of between €3.20 and €3.90 per share. The offers for the Fyffes shares arose from what the High Court judge described as the *"very considerable enthusiasm for dotcom stocks or stocks with a dotcom component in January and February, 2000"*. In November 1999 Fyffes had launched a subsidiary called worldoffruit.com. In its Chairman's Statement dated 31 January 2000 included in its 1999 Annual Report Fyffes stated that worldoffruit.com *"looks set to dramatically change the way in which fresh fruit and vegetables are traded across the globe"*. Resulting from the exuberance for dotcom stocks Fyffes share price rose from €1.60 on 1 December 1999 to a peak of €4.00 on 18 February 2000, notwithstanding the fact that it was known that Fyffes' core banana business faced very challenging trading conditions. For example, ABN Amro in a research note dated 14 January 2000 commented: *"Fyffes shares have rallied strongly since the full year results on recognition of its internet potential - but in blatant disregard to the recent profit warnings of its competitors Dole, Chiquita and Del Monte Fresh Produce"*.

Arising from continued difficult trading into February and March 2000 in its banana business, Fyffes issued a profit warning on 20 March 2000 at a time when the dotcom bubble had begun to burst and when the Fyffes share price had already commenced a decline.

On 24 January 2002 Fyffes lodged a legal action under Part V of the Irish Companies Act, 1990 against DCC, two of its subsidiaries and Jim Flavin alleging that the trading reports for November and December 1999 were price sensitive and therefore that a civil liability arose to account for the profit arising on the sale of 31,169,493 shares in Fyffes in February 2000.

In a judgment on 21 December 2005 the Irish High Court concluded that the Fyffes trading reports were not price sensitive, that the involvement in the share sales of Jim Flavin as Chief Executive of DCC constituted a dealing by him under Part V of the Companies Act, 1990 and that he had not made use of the information which the Court found *"simply had no bearing on the Share Sales"*. Fyffes appealed one finding of the High Court, namely the decision that the trading reports were not price sensitive. The Irish Supreme Court overturned the High Court decision on this single issue.

On 14 April 2008 a settlement was agreed with Fyffes and counterparties in respect of all claims, interest and costs for an amount of €41 million. An exceptional charge of €50 million for this amount and DCC's own costs has been made in DCC's financial statements for the year ended 31 March 2008.

# Report on Directors' Remuneration and Interests

## Remuneration Committee

The Remuneration Committee comprises Michael Buckley and three independent non-executive Directors, Maurice Keane (Chairman), Róisín Brennan and Bernard Somers. Tony Barry resigned from the Committee on 24 April 2008. Bernard Somers was appointed to the Committee on 4 June 2008.

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](http://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, including targets for any performance-related pay, pension rights and compensation payments, and the granting of share options under the DCC plc 1998 Employee Share Option Scheme. The Committee also monitors the level and structure of remuneration of other senior management.

The Chief Executive makes recommendations to the Remuneration Committee on remuneration 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 remuneration policy, the Committee has given due regard to the provisions of the Combined Code on Corporate Governance.

The typical elements of the remuneration package for senior executives 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).

## Directors' remuneration

### Executive Directors' remuneration

**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 maximum bonus potential, as a percentage of basic salary, for each executive Director is reviewed and set annually and ranged between 75% and 100% of basic salary for the year ended 31 March 2008.

The performance targets, which are reviewed annually, primarily relate to growth in Group earnings and also to the overall contribution and personal performance of each executive Director, including Group development.

### 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.

## Report on Directors' Remuneration and Interests (continued)

**Directors' remuneration details**

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

	Salary and fees <sup>1</sup>		Bonus		Benefits <sup>2</sup>		Pension contribution <sup>3</sup>		Total	
	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000
<b>Executive Directors</b>										
Tommy Breen	514	410	411	246	22	22	149	122	1,096	800
Fergal O'Dwyer	347	329	240	198	21	21	116	110	724	658
Jim Flavin <sup>4</sup>	832	846	*	508	38	39	119	127	989	1,520
Kevin Murray <sup>5</sup>	-	90	-	-	-	5	-	30	-	125
<b>Total for executive Directors</b>	<b>1,693</b>	<b>1,675</b>	<b>651</b>	<b>952</b>	<b>81</b>	<b>87</b>	<b>384</b>	<b>389</b>	<b>2,809</b>	<b>3,103</b>
<b>Non-executive Directors</b>										
Tony Barry	61	57	-	-	-	-	-	-	61	57
Róisín Brennan	69	65	-	-	-	-	-	-	69	65
Michael Buckley	69	62	-	-	-	-	-	-	69	62
Paddy Gallagher	64	60	-	-	-	-	-	-	64	60
Maurice Keane	69	65	-	-	-	-	-	-	69	65
Bernard Somers	79	75	-	-	-	-	-	-	79	75
Alex Spain <sup>6</sup>	41	153	-	-	-	-	-	-	41	153
<b>Total for non-executive Directors</b>	<b>452</b>	<b>537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452</b>	<b>537</b>
Ex gratia pension to dependant of retired Director									10	10
<b>Total</b>									<b>3,271</b>	<b>3,650</b>

\* At the meeting of the Remuneration Committee held on 24 April 2008 for the purpose of determining executive Director bonuses for the year to 31 March 2008, Jim Flavin informed the Committee that, in light of the financial cost to DCC of the Supreme Court decision in the Fyffes case, he did not wish to receive any bonus in respect of the year, notwithstanding his belief at the time of the sale of the DCC Group's 10% shareholding in Fyffes plc in February 2000 that he was acting correctly and in the best interests of DCC and its shareholders.

**Notes**

- Fees are payable only to non-executive Directors and include Board Committee fees.
- In the case of the executive Directors, benefits relate principally to the use of a company car.
- Executive Director pension contributions in the year ended 31 March 2008 were made to a defined benefit scheme for Tommy Breen and Fergal O'Dwyer and to a defined contribution arrangement for Jim Flavin.
- Jim Flavin resigned as a Director on 27 May 2008.
- Kevin Murray resigned as a Director on 30 June 2006.
- Alex Spain retired as a Director on 30 June 2007.

**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 2008 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 <sup>1</sup>	Transfer value equivalent to the increase in accrued pension benefit <sup>2</sup>	Total accrued pension benefit at year end <sup>3</sup>
	€'000	€'000	€'000
<b>Executive Directors</b>			
Tommy Breen	35	396	191
Fergal O'Dwyer	10	174	128
<b>Total</b>	<b>45</b>	<b>570</b>	<b>319</b>

**Notes**

- Increases are after adjustment for inflation over the year and reflect additional pensionable service and salary.
- 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.
- Figures represent the total accrued pension payable from normal retirement date, based on pensionable service at 31 March 2008.

# Report on Directors' Remuneration and Interests

(continued)

## Share options

### DCC plc 1998 Employee Share Option Scheme

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

The percentage of share capital which can be issued under the Scheme, the phasing of the grant of options and the limit on the value of options which may be granted to any individual comply with guidelines published by the institutional investment associations. The Scheme provides for the grant of both basic and second tier options, in each case up to a maximum of 5% of the Company's issued share capital. Basic tier options may not normally be exercised earlier than three years from the date of grant and second tier options not earlier than five years from the date of grant.

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

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

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

Details as at 31 March 2008 of the executive Directors' and the Company Secretary's options to subscribe for shares under the DCC plc 1998 Employee Share Option Scheme are set out in the table below.

On 19 May 2008, Tommy Breen, Fergal O'Dwyer, Jim Flavin and the Company Secretary, Gerard Whyte, exercised options over 40,000 shares, 40,000 shares, 200,000 shares and 14,000 shares respectively, at prices ranging from €8.13 to €8.19 per share.

On 20 May 2008, Tommy Breen, Fergal O'Dwyer and the Company Secretary, Gerard Whyte, were granted options over 20,000 shares, 15,000 shares and 10,000 shares respectively, at a price of €15.68 per share.

	At 31 March 2007	Granted in year	Exercised in year	At 31 March 2008	Weighted average option price at 31 March 2008 €	Normal Exercise Period	Option price of options exercised in year €	Market price at date of exercise €
<b>Executive Directors</b>								
<b>Tommy Breen</b>								
Basic tier	205,000	40,000	-	245,000	12.2273	June 2001 - July 2017	-	-
Second tier	190,000	-	-	190,000	8.6786	June 2003 - Nov 2012	-	-
<b>Fergal O'Dwyer</b>								
Basic tier	175,000	22,500	-	197,500	11.3413	June 2001 - July 2017	-	-
Second tier	165,000	-	-	165,000	8.4366	June 2003 - Nov 2012	-	-
<b>Jim Flavin</b>								
Basic tier	400,000	70,000	41,584	428,416	11.5616	June 2001 - July 2017	6.22	17.04
Second tier	395,000	-	-	395,000	8.1063	June 2003 - Nov 2012	-	-
<b>Company Secretary</b>								
<b>Gerard Whyte</b>								
Basic tier	90,000	10,000	-	100,000	12.0466	June 2001 - July 2017	-	-
Second tier	80,000	-	-	80,000	8.8716	June 2003 - Nov 2012	-	-

## Report on Directors' Remuneration and Interests (continued)

### DCC Sharesave Scheme

The Group established the DCC Sharesave Scheme in 2000. On 15 June 2001, options were granted under the Scheme to those Group employees, including executive Directors, who entered into associated savings contracts. The 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. There are no options outstanding under the June 2001 grant. 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 2008, Group employees held options to subscribe for 328,679 ordinary shares under the DCC Sharesave Scheme.

Details of the executive Directors' and the Company Secretary's options to subscribe for shares under the DCC Sharesave Scheme are set out below:

	No. of Ordinary Shares At 31 March 2008	No. of Ordinary Shares At 31 March 2007
<b>Executive Directors</b>		
Tommy Breen	-	-
Fergal O'Dwyer	-	-
Jim Flavin	-	-
<b>Company Secretary</b>		
Gerard Whyte	815	815

The market price of DCC shares on 31 March 2008 was €14.95 and the range during the year was €14.78 to €26.48.

Additional information in relation to the DCC plc 1998 Employee Share Option Scheme and the DCC Sharesave Scheme appears in note 10 on page 79.

### 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 4 June 2008 and 31 March 2008 (together with their interests at 31 March 2007) were:

	No. of Ordinary Shares At 4 June 2008 <sup>1</sup>	No. of Ordinary Shares At 31 March 2008	No. of Ordinary Shares At 31 March 2007
<b>Directors</b>			
Michael Buckley	10,000	10,000	10,000
Tommy Breen	254,395	214,395	213,895
Tony Barry	17,000	17,000	17,000
Róisín Brennan	-	-	-
Jim Flavin <sup>2</sup>	2,700,000	2,500,000	2,458,416
Paddy Gallagher	5,040	5,040	5,040
Maurice Keane	5,000	5,000	5,000
Fergal O'Dwyer	254,889	214,889	214,889
Bernard Somers	1,000	1,000	-
<b>Company Secretary</b>			
Gerard Whyte	140,544	126,544	126,544

#### Notes

<sup>1</sup> On 19 May 2008, Tommy Breen, Fergal O'Dwyer, Jim Flavin and the Company Secretary, Gerard Whyte acquired additional interests in DCC plc following the exercise of share options over 40,000 shares, 40,000 shares, 200,000 shares and 14,000 shares respectively.

<sup>2</sup> Jim Flavin resigned as a Director on 27 May 2008.

All of the above interests were beneficially owned.

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 2008.

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

### Directors' service agreements

There are no service agreements between any Director of the Company and the Company or any of its subsidiaries.

# Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the statement of Directors' and Auditors' responsibilities set out within their report on page 55, 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 applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with applicable IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Interim

Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company and Group.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Directors' statement pursuant to the Transparency (Directive 2004/109/EC) Regulations 2007**

The Directors confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and Group; and
- the Report of the Directors includes a fair review of the development and performance of the Group's business and the state of affairs of the business at 31 March 2008, together with a description of the principal risks and uncertainties facing the Group.

On behalf of the Board

**Michael Buckley, Tommy Breen**, Directors



# Report of the Independent Auditors

## for the year ended 31 March 2008

### 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 2008 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) 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 IFRSs 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 IFRSs as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2006.

We also report to you whether the financial statements have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 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 2006 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 Business Review, Financial Review, the Corporate Social Responsibility Statement, the Corporate Governance Statement, the Report on Directors' Remuneration and Interests 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.

# Report of the Independent Auditors

## for the year ended 31 March 2008 (continued)

### Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2008 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 IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts, 1963 to 2006, of the state of the Parent Company's affairs as at 31 March 2008 and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 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 2008 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  
9 June 2008

# Group Income Statement

for the year ended 31 March 2008

	Note	2008			2007		
		Pre	Exceptionals	Total	Pre	Exceptionals	Total
		exceptionals	(note 11)		exceptionals	(note 11)	
€'000	€'000	€'000	€'000	€'000	€'000		
Revenue	4	5,531,962	-	5,531,962	4,046,118	-	4,046,118
Cost of sales		(4,940,247)	-	(4,940,247)	(3,544,403)	-	(3,544,403)
<b>Gross profit</b>		<b>591,715</b>	-	<b>591,715</b>	501,715	-	501,715
Administration expenses		(205,118)	-	(205,118)	(181,363)	-	(181,363)
Selling and distribution expenses		(230,470)	-	(230,470)	(186,599)	-	(186,599)
Other operating income	5	14,564	94,763	109,327	8,212	33,199	41,411
Other operating expenses	5	(3,511)	(55,158)	(58,669)	(1,881)	(8,683)	(10,564)
<b>Operating profit before amortisation of intangible assets</b>	4	<b>167,180</b>	<b>39,605</b>	<b>206,785</b>	140,084	24,516	164,600
Amortisation of intangible assets	4	(7,928)	-	(7,928)	(6,660)	-	(6,660)
<b>Operating profit</b>		<b>159,252</b>	<b>39,605</b>	<b>198,857</b>	133,424	24,516	157,940
Finance costs	12	(44,912)	-	(44,912)	(31,338)	-	(31,338)
Finance income	12	27,120	-	27,120	20,488	-	20,488
Share of associates' profit after tax	14	639	-	639	14,710	-	14,710
<b>Profit before tax</b>		<b>142,099</b>	<b>39,605</b>	<b>181,704</b>	137,284	24,516	161,800
Income tax expense	15	(14,774)	(1,756)	(16,530)	(12,995)	(7,700)	(20,695)
<b>Profit after tax for the financial year</b>		<b>127,325</b>	<b>37,849</b>	<b>165,174</b>	124,289	16,816	141,105
<b>Profit attributable to:</b>							
Equity holders of the Company				164,491			140,186
Minority interest				683			919
				<b>165,174</b>			<b>141,105</b>
<b>Earnings per ordinary share</b>							
Basic	18			<b>204.28c</b>			174.59c
Diluted	18			<b>200.31c</b>			170.83c

Michael Buckley, Tommy Breen, Directors

# Group Statement of Recognised Income and Expense

## for the year ended 31 March 2008

	Note	2008 €'000	2007 €'000
Items of income and expense recognised directly within equity:			
Currency translation effects		<b>(64,310)</b>	7,430
Group defined benefit pension obligations:			
- actuarial (loss)/gain	32	<b>(9,086)</b>	1,576
- movement in deferred tax asset	15	<b>1,200</b>	(169)
Deferred tax on share based payment	15	<b>25</b>	25
Gains/(losses) relating to cash flow hedges (net)		<b>385</b>	(159)
Movement in deferred tax liability on cash flow hedges	15	<b>(46)</b>	22
Net (expense)/income recognised directly in equity		<b>(71,832)</b>	8,725
Profit after tax for the financial year		<b>165,174</b>	141,105
Total recognised income and expense for the financial year		<b>93,342</b>	149,830
Attributable to:			
Equity holders of the Company		<b>92,659</b>	148,911
Minority interest		<b>683</b>	919
Total recognised income and expense for the financial year		<b>93,342</b>	149,830

# Group Balance Sheet

as at 31 March 2008

	Note	2008 €'000	2007 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	337,058	319,621
Intangible assets	20	416,883	321,369
Investments in associates	21	4,678	90,332
Deferred income tax assets	31	10,199	8,305
Derivative financial instruments	28	25,347	3,091
		<u>794,165</u>	<u>742,718</u>
<b>Current assets</b>			
Inventories	23	219,752	177,450
Trade and other receivables	24	807,433	597,257
Derivative financial instruments	28	1,523	51
Cash and cash equivalents	27	485,840	337,079
		<u>1,514,548</u>	<u>1,111,837</u>
<b>Total assets</b>		<u>2,308,713</u>	<u>1,854,555</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Equity share capital	36	22,057	22,057
Share premium account	37	124,687	124,687
Other reserves - share options	38	6,651	4,807
Cash flow hedge reserve	38	222	(117)
Foreign currency translation reserve	38	(67,224)	(2,914)
Other reserves	38	1,400	1,400
Retained earnings	39	650,871	531,994
		<u>738,664</u>	<u>681,914</u>
Minority interest	40	3,771	5,816
<b>Total equity</b>	41	<u>742,435</u>	<u>687,730</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	29	358,119	268,579
Derivative financial instruments	28	43,558	45,944
Deferred income tax liabilities	31	11,706	14,748
Retirement benefit obligations	32	21,851	16,372
Provisions for liabilities and charges	34	5,399	6,122
Deferred acquisition consideration	33	16,155	18,523
Government grants	35	1,941	2,393
		<u>458,729</u>	<u>372,681</u>
<b>Current liabilities</b>			
Trade and other payables	25	796,902	601,404
Current income tax liabilities		53,895	50,849
Borrowings	29	217,546	125,978
Derivative financial instruments	28	17,206	236
Provisions for liabilities and charges	34	7,964	4,807
Deferred acquisition consideration	33	14,036	10,870
		<u>1,107,549</u>	<u>794,144</u>
<b>Total liabilities</b>		<u>1,566,278</u>	<u>1,166,825</u>
<b>Total equity and liabilities</b>		<u>2,308,713</u>	<u>1,854,555</u>

Michael Buckley, Tommy Breen, Directors

# Group Cash Flow Statement

for the year ended 31 March 2008

	Note	2008 €'000	2007 €'000
<b>Cash generated from operations</b>	42	<b>129,043</b>	127,421
Exceptionals		<b>(4,168)</b>	(4,916)
Interest paid		<b>(38,541)</b>	(29,331)
Income tax paid		<b>(21,902)</b>	(10,058)
<b>Net cash flows from operating activities</b>		<b>64,432</b>	83,116
<b>Investing activities</b>			
Inflows			
Dividends received from associates		<b>172,000</b>	-
Proceeds from disposal of property, plant and equipment		<b>7,781</b>	44,394
Government grants received	35	<b>92</b>	-
Proceeds on disposal of associate		<b>8,880</b>	-
Interest received		<b>23,560</b>	20,211
		<b>212,313</b>	64,605
Outflows			
Purchase of property, plant and equipment		<b>(87,526)</b>	(60,651)
Acquisition of subsidiaries		<b>(166,584)</b>	(100,213)
Purchase of minority interests		-	(1,276)
Deferred acquisition consideration paid		<b>(9,987)</b>	(4,176)
		<b>(264,097)</b>	(166,316)
<b>Net cash flows from investing activities</b>		<b>(51,784)</b>	(101,711)
<b>Financing activities</b>			
Inflows			
Proceeds from issue of shares		<b>4,060</b>	6,098
Increase in finance lease liabilities		<b>873</b>	3,545
Increase in interest-bearing loans and borrowings		<b>202,049</b>	56,303
		<b>206,982</b>	65,946
Outflows			
Share buyback		-	(18,818)
Repayment of interest-bearing loans and borrowings		<b>(43,490)</b>	(1,240)
Repayment of finance lease liabilities		<b>(6,523)</b>	(4,801)
Dividends paid to equity holders of the Company	17	<b>(41,813)</b>	(36,381)
Dividends paid to minority interests	40	<b>(2,725)</b>	(38)
		<b>(94,551)</b>	(61,278)
<b>Net cash flows from financing activities</b>		<b>112,431</b>	4,668
Change in cash and cash equivalents		<b>125,079</b>	(13,927)
Translation adjustment		<b>(39,220)</b>	4,196
Cash and cash equivalents at beginning of year		<b>310,187</b>	319,918
<b>Cash and cash equivalents at end of year</b>	30	<b>396,046</b>	310,187
<b>Cash and cash equivalents consists of:</b>			
Cash and short term bank deposits	27	<b>485,840</b>	337,079
Overdrafts	30	<b>(89,794)</b>	(26,892)
	30	<b>396,046</b>	310,187

# Company Balance Sheet

as at 31 March 2008

	2008	2007
Note	€'000	€'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in associates	21 <b>1,244</b>	1,300
Investments in subsidiary undertakings	22 <b>161,065</b>	161,065
	<b>162,309</b>	162,365
<b>Current assets</b>		
Trade and other receivables	24 <b>494,630</b>	296,303
Cash and cash equivalents	27 <b>2,664</b>	8
	<b>497,294</b>	296,311
<b>Total assets</b>	<b>659,603</b>	458,676
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Equity share capital	36 <b>22,057</b>	22,057
Share premium account	37 <b>124,687</b>	124,687
Other reserves	38 <b>344</b>	344
Retained earnings	39 <b>230,285</b>	46,758
<b>Total equity</b>	41 <b>377,373</b>	193,846
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Amounts due to subsidiary undertakings	<b>10,387</b>	10,387
	<b>10,387</b>	10,387
<b>Current liabilities</b>		
Trade and other payables	25 <b>271,843</b>	254,443
	<b>271,843</b>	254,443
<b>Total liabilities</b>	<b>282,230</b>	264,830
<b>Total equity and liabilities</b>	<b>659,603</b>	458,676

Michael Buckley, Tommy Breen, Directors

## Company Statement of Recognised Income and Expense for the year ended 31 March 2008

	2008	2007
Note	€'000	€'000
Profit after tax for the financial year	16 <b>221,280</b>	40,303
Total recognised income and expense for the financial year	<b>221,280</b>	<b>40,303</b>
Attributable to:		
Equity holders of the Company	<b>221,280</b>	40,303

## Company Cash Flow Statement for the year ended 31 March 2008

	2008	2007
Note	€'000	€'000
<b>Cash generated from operations</b>	42 <b>46,156</b>	44,219
Interest paid	<b>(1,868)</b>	(1,199)
Income tax (paid)/received	<b>(1,750)</b>	1,319
<b>Net cash flows from operating activities</b>	<b>42,538</b>	44,339
<b>Investing activities</b>		
Inflows		
Proceeds on disposal of associate	<b>8,880</b>	-
Interest received	<b>4,991</b>	4,613
	<b>13,871</b>	4,613
Outflows		
Capital contribution to subsidiary undertaking	<b>(16,000)</b>	-
	<b>(16,000)</b>	-
<b>Net cash flows from investing activities</b>	<b>(2,129)</b>	4,613
<b>Financing activities</b>		
Inflows		
Proceeds from issue of shares	<b>4,060</b>	6,098
	<b>4,060</b>	6,098
Outflows		
Share buyback	39 -	(18,818)
Dividends paid to equity holders of the Company	17 <b>(41,813)</b>	(36,381)
	<b>(41,813)</b>	(55,199)
<b>Net cash flows from financing activities</b>	<b>(37,753)</b>	(49,101)
Change in cash and cash equivalents	<b>2,656</b>	(149)
Cash and cash equivalents at beginning of year	<b>8</b>	157
<b>Cash and cash equivalents at end of year</b>	<b>2,664</b>	8



# 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 (IFRSs) 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 2006 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 not to present its individual Income Statement and related notes that form part of the approved Company financial statements. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 7(1A) of the Companies (Amendment) Act 1986.

### 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.

In the current year, the Group has adopted IFRS 7 *Financial Instruments: Disclosures*, which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendment to IAS 1 *Presentation of Financial Statements - Capital Disclosures*. The impact of the adoption of IFRS 7 and the change to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2008 are set out below. These policies have been applied consistently by the Group's subsidiaries, joint ventures and associates for all periods presented in these consolidated 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 judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are documented in the relevant accounting policies below.

#### *Standards, interpretations and amendments to published standards that are not yet effective*

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. These include the following:

- Amendment to IFRS 2 *Share-based Payments: Vesting Conditions and Cancellations* (effective date: DCC financial year beginning 1 April 2009). This amendment clarifies the accounting treatment of cancellations and vesting conditions. This amendment will have no impact on the Group's accounts.
- IFRS 3 *Revised Business Combinations* (effective date: DCC financial year beginning 1 April 2010). This standard establishes principles for how an acquirer recognises, measures and discloses in its financial statements the goodwill acquired in the business combination and the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The impact on the Group's accounts will be dependent on future acquisitions.
- IFRS 8 *Operating Segments* (effective date: DCC financial year beginning 1 April 2009). IFRS 8 replaces IAS 14 and uses a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Whilst the application of IFRS 8 will result in amendments to the segment information note, this amendment will not be of a recognition and measurement nature.
- Amendment to IAS 1 *Presentation of Financial Statements (Revised)* (effective date: DCC financial year beginning 1 April 2009). This amendment sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. IAS 1 will have an impact on the presentation of the financial statements of the Group, however, this is not expected to be significant.
- Amendment to IAS 23 *Borrowing Costs* (effective date: DCC financial year beginning 1 April 2009). This amendment requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset. This amendment will not have a material effect on the Group's financial statements.
- Amendment to IAS 27 *Consolidated and Separate Financial Statements* (effective date: DCC financial year beginning 1 April 2010). The objective of this amendment is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. The introduction of this amendment will impact on Group reporting but this is not expected to be significant.

# Notes to the Financial Statements

## (continued)

### 1. Summary of significant accounting policies - continued

- Amendment to IAS 32 *Puttable Financial Instruments and Obligations Arising on Liquidation* (effective date: DCC financial year beginning 1 April 2009). This amendment will have no effect on the Group's financial statements.
- IFRIC Interpretation 12 *Service Concession Arrangements* (effective date: DCC financial year beginning 1 April 2008). This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. This IFRIC will have no effect on the Group's financial statements.
- IFRIC Interpretation 13 *Customer Loyalty Programmes* (effective date: DCC financial year beginning 1 April 2009). This interpretation gives guidance on accounting for customer loyalty award credits. This IFRIC will not have a material effect on the Group's financial statements.
- IFRIC Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective date: DCC financial year beginning 1 April 2008). This interpretation deals with accounting for refunds in contributions and minimum funding requirements. This IFRIC will only be of relevance to the Group where surpluses emerge on the Group's defined benefit pension schemes and those surpluses are of a sufficient magnitude to warrant application of the surplus cap.

#### Comparative amounts

It had been DCC's policy to allocate Group central costs against operating profit and against the share of profit after tax of associates. In the current year, DCC has allocated all Group central costs against operating profit. For consistency, the comparative divisional operating profit and total operating profit and share of profit after tax of associates for the year ended 31 March 2007 have been amended to reflect the accounting approach adopted in the current year. As a result the comparative operating profit has been reduced by €2.9 million and the Group's share of profit after tax of associates has been increased by €2.9 million. This adjustment has no impact on the profit before tax or earnings per share previously reported for the year ended 31 March 2007.

#### Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The results of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition or up to the date of their disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

##### *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 venturers 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 all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill attributable to investments in associates is treated in accordance with the accounting policy for goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Group Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The results of associates are included from the effective date on which the Group obtains significant influence and are excluded from the effective date on which the Group ceases to have significant influence.

##### *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.

## Notes to the Financial Statements (continued)

### 1. Summary of significant accounting policies - continued

#### Revenue recognition

Revenue comprises the fair value of the sale of goods and services to external customers net of value added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, which generally arises on delivery, or in accordance with specific terms and conditions agreed with customers. Revenue from the rendering of services is recognised in the period in which the services are rendered.

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 Group Income Statement except when cash flow and net investment 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. Average exchange rates are a reasonable approximation of the cumulative effect of the rates on the transaction dates. 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. In accordance with IFRS 1, cumulative currency translation differences arising prior to the transition date to IFRS (1 April 2004) have been set to zero for the purposes of ascertaining the gain or loss on disposal of a foreign operation.

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, profit or loss on disposal of property, plant and equipment and impairment of assets. Judgment 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.

#### 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 $\frac{1}{3}$ %
Cylinders	62 $\frac{3}{4}$ %
Motor vehicles	10 - 33 $\frac{1}{3}$ %
Fixtures, fittings & office equipment	10 - 33 $\frac{1}{3}$ %

# Notes to the Financial Statements

## (continued)

### 1. Summary of significant accounting policies - continued

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 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* was therefore 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.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

#### **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 accordance with IFRS 1, the accounting treatment of business combinations undertaken prior to the transition date (1 April 2004) was not reconsidered and goodwill amortisation ceased with effect from the transition date.

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. Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 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.

## Notes to the Financial Statements (continued)

### 1. Summary of significant accounting policies - continued

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Where goodwill forms part of a cash-generating unit and part of the operations 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 two to five years, depending on the nature of the intangible asset.

The carrying amount of definite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as assets of the Group at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a short, medium or long term lease obligation as appropriate. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the term of the relevant lease.

#### **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.

#### **Trade receivables**

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

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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. 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.

#### **Trade payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-dated nature of these liabilities.

# Notes to the Financial Statements

## (continued)

### 1. Summary of significant accounting policies - continued

#### **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.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above net of bank overdrafts.

#### **Derivative financial instruments**

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 recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, 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).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 28 and the movements on the hedging reserve in shareholders' equity are shown in note 38. 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 remaining maturity of the hedged item is less than twelve months.

#### *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.

#### **Interest-bearing loans and borrowings**

All loans and borrowings are initially recorded at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

## Notes to the Financial Statements (continued)

### 1. Summary of significant accounting policies - continued

#### 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. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

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 acquiree 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 it is not probable that an outflow of resources will be required to settle the obligation 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.

#### Environmental provisions

The Group's waste management and recycling activities are subject to various laws and regulations governing the protection of the environment. Full provision is made for the net present value of the Group's estimated costs in relation to restoration liabilities at its landfill sites. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the restoration provision is reflected as a finance cost in the Income Statement.

#### Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, gains and losses on hedging instruments that are recognised in the Income Statement and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the Income Statement using the effective interest rate method. The finance cost on defined benefit pension scheme liabilities is recognised in the Income Statement in accordance with IAS 19.

#### Finance income

Interest income is recognised in the Income Statement as it accrues, using the effective interest method. The expected return on defined benefit pension scheme assets is recognised in the Income Statement in accordance with IAS 19.

#### 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, joint ventures and associates, the timing of the reversal of the temporary difference is subject to control by the Group 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.

# Notes to the Financial Statements

## (continued)

### 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. Plan assets are measured at bid values.

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. In accordance with IAS 19 *Employee Benefits* the Group recognises 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 at the grant date 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 exercise 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.

The measurement requirements of IFRS 2 have been implemented in respect of share options entitlements granted after 7 November 2002. In accordance with the standard, the disclosure requirements of IFRS 2 have been applied to all outstanding share-based payments regardless of their grant date. 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.

#### **Government 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 government 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.



## Notes to the Financial Statements (continued)

### 1. Summary of significant accounting policies - continued

#### Shareholders' equity

##### 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. Proposed dividends that are approved after the balance sheet date are not recognised as a liability at that balance sheet date, but 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 Group Risk Management function.

The Group's financial risks are detailed in note 47.

#### 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 judgments

The Group's main accounting policies affecting its results of operations and financial condition are set out on pages 63 to 71. In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates:

#### Goodwill

The Group has capitalised goodwill of €403.3 million at 31 March 2008. 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 Group uses the present value of future cash flows to determine recoverable amount. In calculating the implied fair value, management judgment 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 2008. Sensitivities to changes in assumptions are detailed in note 20.

#### 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 €89.8 million at 31 March 2008. At 31 March 2008 the Group also has plan assets totalling €67.9 million, giving a net pension liability of €21.9 million. 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. Sensitivities to changes in assumptions are detailed in note 32.

# Notes to the Financial Statements

## (continued)

### 3. Critical accounting estimates and judgments - continued

#### Taxation

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgments and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax laws and the likelihood of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

#### Business combinations

The Group uses the purchase method of accounting for acquisitions which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of the purchase method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

#### Provision for impairment of trade receivables

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on historical experience and current information in determining the level of debts for which a provision for impairment is required. The level of provision required is reviewed on an ongoing basis.

#### Useful lives for property, plant and equipment and intangible assets

Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the period.

### 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 consumer electronic 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.

## Notes to the Financial Statements (continued)

## 4. Segment information - continued

The segment results for the year ended 31 March 2008 are as follows:

**Income Statement items**

	Year ended 31 March 2008						Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Unallocated €'000	
<b>Segment revenue</b>	<b>3,420,026</b>	<b>1,423,357</b>	<b>286,782</b>	<b>310,119</b>	<b>91,678</b>	-	<b>5,531,962</b>
<b>Operating profit*</b>	<b>74,339</b>	<b>40,062</b>	<b>23,440</b>	<b>15,301</b>	<b>14,038</b>	-	<b>167,180</b>
Amortisation of intangible assets	(2,389)	(2,216)	(1,586)	(986)	(751)	-	(7,928)
Net operating exceptionals (note 11)	(4,807)	(1,260)	(665)	3,538	(1,392)	44,191	39,605
<b>Operating profit</b>	<b>67,143</b>	<b>36,586</b>	<b>21,189</b>	<b>17,853</b>	<b>11,895</b>	<b>44,191</b>	<b>198,857</b>
Finance costs							(44,912)
Finance income							27,120
Share of associates' profit after tax							639
Profit before income tax							181,704
Income tax expense							(16,530)
<b>Profit for the year</b>							<b>165,174</b>

\* Operating profit before amortisation of intangible assets and net operating exceptionals

	Year ended 31 March 2007						Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Unallocated €'000	
Segment revenue	2,247,858	1,218,047	234,276	279,471	66,466	-	4,046,118
Operating profit*	59,486	32,603	22,485	15,065	10,445	-	140,084
Amortisation of intangible assets	(1,480)	(2,136)	(1,529)	(1,008)	(507)	-	(6,660)
Net operating exceptionals (note 11)	(1,207)	(86)	30,339	-	-	(4,530)	24,516
Operating profit	56,799	30,381	51,295	14,057	9,938	(4,530)	157,940
Finance costs							(31,338)
Finance income							20,488
Share of associates' profit after tax							14,710
Profit before income tax							161,800
Income tax expense							(20,695)
Profit for the year							141,105

\* Operating profit before amortisation of intangible assets and net operating exceptionals

# Notes to the Financial Statements

(continued)

## 4. Segment information - continued

### Balance Sheet items

	As at 31 March 2008					Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	
	<b>Segment assets</b>	<b>814,025</b>	<b>502,010</b>	<b>213,207</b>	<b>142,596</b>	
<i>Reconciliation to total assets as reported in the Group Balance Sheet</i>						
Investment in associates						4,678
Derivative financial instruments (current and non-current)						26,870
Deferred income tax assets						10,199
Cash and cash equivalents						485,840
<b>Total assets as reported in the Group Balance Sheet</b>						<b>2,308,713</b>
<b>Segment liabilities</b>	<b>411,721</b>	<b>260,290</b>	<b>59,302</b>	<b>76,581</b>	<b>24,222</b>	<b>832,116</b>
<i>Reconciliation to total liabilities as reported in the Group Balance Sheet</i>						
Interest-bearing loans and borrowings (current and non-current)						575,665
Derivative financial instruments (current and non-current)						60,764
Income tax liabilities (current and deferred)						65,601
Deferred acquisition consideration (current and non-current)						30,191
Government grants						1,941
<b>Total liabilities as reported in the Group Balance Sheet</b>						<b>1,566,278</b>

	As at 31 March 2007					Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	
	Segment assets	572,247	411,615	178,901	143,332	
<i>Reconciliation to total assets as reported in the Group Balance Sheet</i>						
Investment in associates						90,332
Derivative financial instruments (current and non-current)						3,142
Deferred income tax assets						8,305
Cash and cash equivalents						337,079
<b>Total assets as reported in the Group Balance Sheet</b>						<b>1,854,555</b>
Segment liabilities	320,924	162,180	49,621	74,248	21,732	628,705
<i>Reconciliation to total liabilities as reported in the Group Balance Sheet</i>						
Interest-bearing loans and borrowings (current and non-current)						394,557
Derivative financial instruments (current and non-current)						46,180
Income tax liabilities (current and deferred)						65,597
Deferred acquisition consideration (current and non-current)						29,393
Government grants						2,393
<b>Total liabilities as reported in the Group Balance Sheet</b>						<b>1,166,825</b>

## Notes to the Financial Statements (continued)

## 4. Segment information - continued

**Net tangible capital employed**

The denominator in the Group's return on tangible capital employed calculations is the average of the Group's opening and closing net tangible capital employed. The following tables provide an analysis of the net tangible capital employed positions at 31 March 2008 and 31 March 2007.

	As at 31 March 2008					Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	
<b>Segment assets</b>	<b>814,025</b>	<b>502,010</b>	<b>213,207</b>	<b>142,596</b>	<b>109,288</b>	<b>1,781,126</b>
Intangible assets	(183,952)	(68,207)	(90,512)	(32,736)	(41,476)	(416,883)
Deferred income tax assets	3,368	1,140	4,076	1,376	239	10,199
<b>Assets employed</b>	<b>633,441</b>	<b>434,943</b>	<b>126,771</b>	<b>111,236</b>	<b>68,051</b>	<b>1,374,442</b>
<b>Segment liabilities</b>	<b>411,721</b>	<b>260,290</b>	<b>59,302</b>	<b>76,581</b>	<b>24,222</b>	<b>832,116</b>
Income tax liabilities (current and deferred)	26,473	16,218	10,579	4,683	7,648	65,601
Government grants	-	228	1,022	-	691	1,941
<b>Liabilities employed</b>	<b>438,194</b>	<b>276,736</b>	<b>70,903</b>	<b>81,264</b>	<b>32,561</b>	<b>899,658</b>
<b>Net tangible capital employed</b>	<b>195,247</b>	<b>158,207</b>	<b>55,868</b>	<b>29,972</b>	<b>35,490</b>	<b>474,784</b>

	As at 31 March 2007					Total €'000
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	
Segment assets	572,247	411,615	178,901	143,332	109,602	1,415,697
Intangible assets	(104,668)	(59,171)	(76,105)	(35,331)	(46,094)	(321,369)
Deferred income tax assets	2,411	635	4,214	912	133	8,305
Assets employed	469,990	353,079	107,010	108,913	63,641	1,102,633
Segment liabilities	320,924	162,180	49,621	74,248	21,732	628,705
Income tax liabilities (current and deferred)	19,577	18,014	16,047	4,889	7,070	65,597
Government grants	-	275	1,227	-	891	2,393
Liabilities employed	340,501	180,469	66,895	79,137	29,693	696,695
Net tangible capital employed	129,489	172,610	40,115	29,776	33,948	405,938

# Notes to the Financial Statements

(continued)

## 4. Segment information - continued

### Other segment information

	Year ended 31 March 2008					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
	Capital expenditure	38,246	3,182	15,084	17,094	14,010
Depreciation	25,558	3,457	4,861	4,719	6,850	45,445
Intangible assets acquired	90,124	11,272	18,465	-	1,166	121,027

	Year ended 31 March 2007					
	DCC Energy €'000	DCC SerCom €'000	DCC Healthcare €'000	DCC Food & Beverage €'000	DCC Environmental €'000	Total €'000
	Capital expenditure	32,827	4,807	5,760	6,943	10,822
Depreciation	22,519	2,948	5,515	3,348	5,131	39,461
Intangible assets acquired	29,516	1,473	14,232	-	33,453	78,674

### Geographical analysis

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

	Year ended 31 March 2008							
	Republic of Ireland		UK		Rest of the World		Total	
	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000	2008 €'000	2007 €'000
<b>Income Statement items</b>								
Revenue	1,112,936	1,040,456	3,982,215	2,734,464	436,811	271,198	5,531,962	4,046,118
Operating profit*	61,999	56,408	95,521	79,190	9,660	4,486	167,180	140,084
Amortisation of intangible assets	(3,009)	(2,284)	(4,646)	(4,103)	(273)	(273)	(7,928)	(6,660)
Net operating exceptionals	45,404	30,569	(5,331)	(5,066)	(468)	(987)	39,605	24,516
Segment result	104,394	84,693	85,544	70,021	8,919	3,226	198,857	157,940
<b>Balance Sheet items</b>								
Segment assets	537,000	447,015	1,126,567	872,681	117,559	96,001	1,781,126	1,415,697
Segment liabilities	265,645	212,463	515,793	376,068	50,678	40,174	832,116	628,705
<b>Other segment information</b>								
Capital expenditure	33,525	15,124	52,915	45,505	1,176	530	87,616	61,159
Depreciation	14,573	12,282	30,152	26,767	720	412	45,445	39,461
Intangible assets acquired	8,935	16,358	110,841	58,314	1,251	4,002	121,027	78,674

\* Operating profit before amortisation of intangible assets and net operating exceptionals

## Notes to the Financial Statements (continued)

## 5. Other operating income/expenses

	<b>2008</b>	2007
	<b>€'000</b>	€'000
Other operating income and expenses comprise the following charges/(credits):		
<i>Other income</i>		
Fair value gains on non-hedge accounted derivative financial instruments		
- forward foreign exchange contracts	-	(244)
Other operating income	<b>(14,564)</b>	(7,968)
	<b>(14,564)</b>	(8,212)
<i>Other expenses</i>		
Expensing of employee share options (note 10)	<b>1,844</b>	1,415
Fair value losses on undesignated derivative financial instruments		
- forward foreign exchange contracts	<b>495</b>	-
Other operating expenses	<b>1,172</b>	466
	<b>3,511</b>	1,881

## 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):

	<b>2008</b>	2007
	<b>€'000</b>	€'000
Provision for impairment of trade receivables	<b>5,638</b>	4,826
Directors' fees and salaries	<b>2,145</b>	2,212
Amortisation of government grants (note 35)	<b>(288)</b>	(276)
Operating lease rentals		
- land and buildings	<b>8,388</b>	6,142
- plant and machinery	<b>774</b>	594
- motor vehicles	<b>4,907</b>	3,082
	<b>14,069</b>	9,818
Audit fees	<b>1,476</b>	1,256
Acquisition related due diligence and litigation support	<b>338</b>	636
Tax compliance and advisory services	<b>1,902</b>	1,875
	<b>3,716</b>	3,767

## 7. Directors' emoluments and interests

Directors' emoluments and interests (which are included in operating costs) are presented in the Report on Directors' Remuneration and Interests on pages 50 to 53.

# Notes to the Financial Statements

(continued)

## 8. Proportionate consolidation of joint ventures

### Impact on Group Income Statement

Year ended 31 March	2008	2007
Group share of:	€'000	€'000
Revenue	<b>48,026</b>	39,116
Cost of sales	<b>(31,592)</b>	(25,179)
Gross profit	<b>16,434</b>	13,937
Operating costs	<b>(8,874)</b>	(7,133)
Exceptional items	<b>3,628</b>	-
Amortisation of intangible assets	<b>(157)</b>	-
Operating profit	<b>11,031</b>	6,804
Finance income (net)	<b>183</b>	117
Profit before income tax	<b>11,214</b>	6,921
Income tax expense	<b>(1,960)</b>	(1,616)
Group profit for the financial year	<b>9,254</b>	5,305

### Impact on Group Balance Sheet

As at 31 March		
Group share of:		
Non-current assets	<b>24,800</b>	22,636
Current assets	<b>19,094</b>	14,043
Total assets	<b>43,894</b>	36,679
Total equity	<b>26,401</b>	20,687
Non-current liabilities	<b>6,582</b>	7,300
Current liabilities	<b>10,911</b>	8,692
Total liabilities	<b>17,493</b>	15,992
Total equity and liabilities	<b>43,894</b>	36,679

### Impact on Group Cash Flow Statement

Year ended 31 March		
Group share of:		
Net cash flow from operating activities	<b>11,491</b>	4,139
Net cash flow from investing activities	<b>(7,329)</b>	(3,243)
Net cash flow from financing activities	-	(1,055)
Net increase/(decrease) in cash and cash equivalents	<b>4,162</b>	(159)
Joint venture becoming a subsidiary	-	14
Cash acquired on acquisition of joint venture	<b>204</b>	3,864
Translation adjustment	<b>(569)</b>	-
Cash and cash equivalents at beginning of year	<b>5,243</b>	1,524
Cash and cash equivalents at end of year	<b>9,040</b>	5,243

Details of the Group's principal joint ventures are shown in the Group directory on pages 111 to 114.



## Notes to the Financial Statements (continued)

## 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:

	2008 Number	2007 Number
DCC Energy	2,392	1,951
DCC SerCom	1,513	1,399
DCC Healthcare	1,183	1,071
DCC Food & Beverage	1,044	854
DCC Environmental	506	378
	<b>6,638</b>	<b>5,653</b>

	2008 €'000	2007 €'000
The employee benefit expenses for the above were:		
Wages and salaries	246,114	212,271
Social welfare costs	27,385	22,257
Share based payment expense (note 10)	1,844	1,415
Pension costs - defined contribution plans	6,645	5,603
Pension costs - defined benefit plans (note 32)	3,246	2,781
	<b>285,234</b>	<b>244,327</b>

## 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 €1.844 million (2007: €1.415 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 IFRS 2 *Share-based Payment*, the Group has implemented the measurement requirements of the IFRS in respect of share options that were granted after 7 November 2002 and had not vested by 1 April 2004.

The total share option 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	
					2008 €'000	2007 €'000
<b>DCC plc 1998 Employee Share Option Scheme</b>						
12 November 2002	10.38	3 and 5 years	609,500	2.81	81	40
22 December 2003	10.70	3 and 5 years	132,000	2.76	35	76
18 May 2004	12.75	3 and 5 years	162,500	3.42	64	114
9 November 2004	15.65	3 and 5 years	219,500	4.15	179	208
15 December 2005	16.70	3 and 5 years	215,000	4.52	261	282
23 June 2006	18.05	3 years	223,500	4.54	326	245
23 July 2007	23.35	3 years	323,000	6.35	456	-
20 December 2007	19.50	3 years	25,000	5.22	11	-
					<b>1,413</b>	<b>965</b>
<b>DCC Sharesave Scheme 2001</b>						
10 December 2004	12.63	3 and 5 years	716,010	4.67	431	450
Total expense					<b>1,844</b>	<b>1,415</b>

# Notes to the Financial Statements

(continued)

## 10. Employee share options - continued

### Share options

#### DCC plc 1998 Employee Share Option Scheme

At 31 March 2008, under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 2,380,216 ordinary shares and second tier options to subscribe for 1,881,912 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:

	2008		2007	
	Average exercise price in € per share	Options	Average exercise price in € per share	Options
At 1 April	10.00	4,172,712	9.47	4,589,244
Granted	23.07	348,000	18.05	223,500
Exercised	8.44	(202,584)	8.06	(479,532)
Lapsed	11.24	(56,000)	12.00	(160,500)
At 31 March	11.12	<u>4,262,128</u>	10.00	<u>4,172,712</u>
Total exercisable at 31 March	8.65	<u>2,632,628</u>	8.13	<u>2,613,212</u>

The weighted average share price at the dates of exercise for share options exercised during the year under the DCC plc 1998 Employee Share Option Scheme was €19.39 (2007: €21.28).

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 €
Granted during the year ended 31 March 2008	6.26
Granted during the year ended 31 March 2007	4.54

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

	2008 3 year	2007 3 year
Weighted average exercise price (in €)	23.07	18.05
Risk-free interest rate (%)	4.70	3.90
Dividend yield (%)	2.50	2.50
Expected volatility (%)	25.0	25.0
Expected life in years	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.

## Notes to the Financial Statements (continued)

## 10. Employee share options - continued

## Analysis of closing balance - outstanding at end of year

Date of grant	Date of expiry	2008		2007	
		Average exercise price in € per share	Options	Average exercise price in € per share	Options
26 June 1998	26 June 2008	8.19	391,160	8.19	395,160
27 July 1998	27 July 2008	8.13	53,000	8.13	69,000
4 August 1998	4 August 2008	7.43	60,000	7.43	60,000
6 August 1998	6 August 2008	7.43	11,052	7.43	17,052
10 November 1998	10 November 2008	6.22	492,916	6.22	544,500
11 May 1999	11 May 2009	-	-	8.75	12,000
9 November 1999	9 November 2009	7.00	707,500	7.00	747,500
16 May 2000	16 May 2010	10.65	50,000	10.65	50,000
21 November 2000	21 November 2010	11.25	166,500	11.25	212,500
13 November 2001	13 November 2011	10.25	654,500	10.25	699,500
12 November 2002	12 November 2012	10.38	451,000	10.38	476,500
22 December 2003	22 December 2013	10.70	122,500	10.70	127,000
18 May 2004	18 May 2014	12.75	149,500	12.75	149,500
9 November 2004	9 November 2014	15.65	199,500	15.65	199,500
15 December 2005	15 December 2015	16.70	189,500	16.70	197,500
23 June 2006	23 June 2016	18.05	215,500	18.05	215,500
23 July 2007	23 July 2017	23.35	323,000	-	-
20 December 2007	20 December 2017	19.50	25,000	-	-
Total outstanding at 31 March			<b>4,262,128</b>		<b>4,172,712</b>

## Analysis of closing balance - exercisable at end of year

Date of grant	Date of expiry	2008		2007	
		Average exercise price in € per share	Options	Average exercise price in € per share	Options
26 June 1998	26 June 2008	8.19	391,160	8.19	395,160
27 July 1998	27 July 2008	8.13	53,000	8.13	69,000
4 August 1998	4 August 2008	7.43	60,000	7.43	60,000
6 August 1998	6 August 2008	7.43	11,052	7.43	17,052
10 November 1998	10 November 2008	6.22	492,916	6.22	544,500
11 May 1999	11 May 2009	-	-	8.75	12,000
9 November 1999	9 November 2009	7.00	707,500	7.00	747,500
16 May 2000	16 May 2010	10.65	50,000	10.65	50,000
21 November 2000	21 November 2010	11.25	166,500	11.25	212,500
13 November 2001	13 November 2011	10.25	321,000	10.25	341,000
12 November 2002	12 November 2012	10.38	102,500	10.38	107,000
22 December 2003	22 December 2013	10.70	55,000	10.70	57,500
18 May 2004	18 May 2014	12.75	79,500	-	-
9 November 2004	9 November 2014	15.65	142,500	-	-
Total exercisable at 31 March			<b>2,632,628</b>		<b>2,613,212</b>

# Notes to the Financial Statements

(continued)

## 10. Employee share options - continued

### DCC Sharesave Scheme 2001

Under the DCC Sharesave Scheme 2001, Group employees hold options to subscribe for 328,679 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:

	2008		2007	
	Average exercise price in € per share	Options	Average exercise price in € per share	Options
At 1 April	12.63	563,635	11.47	884,988
Exercised	12.63	(199,433)	8.83	(252,701)
Lapsed	12.63	(35,523)	11.63	(68,652)
At 31 March	12.63	<u>328,679</u>	12.63	<u>563,635</u>

The weighted average share price at the dates of exercise for share options exercised during the year under the DCC Sharesave Scheme 2001 was €16.01 (2007: €20.10).

### Analysis of closing balance – outstanding at end of year

Date of grant	Date of expiry	2008		2007	
		Average exercise price in € per share	Options	Average exercise price in € per share	Options
10 December 2004	1 March 2009	12.63	86,891	12.63	295,656
10 December 2004	1 March 2011	12.63	241,788	12.63	267,979
Total outstanding at 31 March			<u>328,679</u>		<u>563,635</u>

### Analysis of closing balance - exercisable at end of year

As at 31 March 2008, 86,891 (2007: none) of the outstanding options under the DCC Sharesave Scheme 2001 were exercisable.

## 11. Exceptionals

	2008 €'000	2007 €'000
Profit on disposal of Manor Park Homebuilders	94,763	-
Costs of legal actions with Fyffes plc	(50,000)	(3,019)
Restructuring costs and other	(5,158)	(5,664)
Profit on disposal of property, plant and equipment	-	33,199
Net operating exceptionals	<u>39,605</u>	<u>24,516</u>
Taxation	(1,756)	(7,700)
Net operating exceptionals after tax	<u>37,849</u>	<u>16,816</u>

The Group had a net exceptional profit before tax of €39.605 million in the year ended 31 March 2008.

A profit of €85.763 million arose from a dividend received from Manor Park Homebuilders Limited and a further profit of €9.0 million arose on the subsequent disposal of the Group's 49% interest in that company.

A charge of €50.0 million was incurred in respect of the settlement of the Fyffes action and associated costs.

The Group incurred other net exceptional restructuring, legal and related costs of €5.158 million.

The tax charge relating to the net exceptional profit was €1.756 million.

## Notes to the Financial Statements (continued)

## 12. Finance costs and finance income

	2008 €'000	2007 €'000
<b>Finance costs</b>		
On bank loans, overdrafts and Unsecured Notes due 2008 to 2019		
- repayable within 5 years, not by instalments	<b>(18,880)</b>	(16,016)
- repayable within 5 years, by instalments	<b>(72)</b>	(37)
- repayable wholly or partly in more than 5 years	<b>(19,727)</b>	(9,082)
On loan notes		
- repayable within 5 years, not by instalments	<b>(3)</b>	(282)
On finance leases	<b>(532)</b>	(640)
Other interest	<b>(547)</b>	(416)
	<b>(39,761)</b>	(26,473)
Other finance costs:		
Interest on defined benefit pension scheme liabilities	<b>(4,405)</b>	(4,026)
Unwinding of discount applicable to deferred acquisition consideration	<b>(648)</b>	(439)
Mark-to-market of swaps and related debt		
- interest rate swaps designated as fair value hedges*	<b>15,056</b>	1,840
- cross currency interest rate swaps designated as fair value hedges*	<b>18,140</b>	(11,360)
- adjusted hedged fixed rate debt*	<b>(9,043)</b>	24,365
- currency swaps not designated as hedges	<b>(24,301)</b>	(15,287)
- interest rate swaps not designated as hedges	<b>50</b>	42
	<b>(44,912)</b>	(31,338)
<b>Finance income</b>		
Interest on cash and term deposits	<b>21,886</b>	14,235
Other income receivable	<b>245</b>	1,797
Expected return on defined benefit pension scheme assets	<b>4,989</b>	4,456
	<b>27,120</b>	20,488
Net finance cost	<b>(17,792)</b>	(10,850)

No material level of ineffectiveness has been recorded in the Income Statement for the years ended 31 March 2008 and 31 March 2007 in relation to cash flow hedges and fair value hedges.

\* The Group applies fair value hedge accounting under IAS 39 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:

	2008 €1=Stg£	2007 €1=Stg£
Balance Sheet (closing rate)	<b>0.795</b>	0.680
Income Statement (average rate)	<b>0.702</b>	0.680

## 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:

	2008 €'000	2007 €'000
Group share of:		
Revenue	<b>14,609</b>	33,363
Profit before finance costs	<b>1,041</b>	16,403
Finance income (net)	<b>2</b>	949
Profit before income tax	<b>1,043</b>	17,352
Income tax expense	<b>(404)</b>	(2,642)
Profit after tax	<b>639</b>	14,710

# Notes to the Financial Statements

(continued)

## 15. Income tax expense

	2008	2007
	€'000	€'000
<b>(i) Income tax expense recognised in the Income Statement</b>		
<b>Current taxation</b>		
Irish corporation tax at 12.5%	10,859	8,010
Less manufacturing relief	(251)	(310)
Tax on net exceptionals (note 11)	1,756	7,700
United Kingdom corporation tax at 30%	6,973	4,822
Other overseas tax	2,708	3,241
Total current taxation	<u>22,045</u>	<u>23,463</u>
<b>Deferred tax</b>		
Irish at 12.5%	(2,080)	242
United Kingdom at 28% (2007: 30%)	(444)	(3,207)
Other overseas deferred tax	(91)	-
(Over)/under provision in respect of prior years	(2,900)	197
Total deferred tax credit	<u>(5,515)</u>	<u>(2,768)</u>
<b>Total income tax expense</b>	<u>16,530</u>	<u>20,695</u>
<b>(ii) Deferred tax (asset)/liability recognised directly in Equity</b>		
Defined benefit pension obligations	(1,200)	169
Share based payments	(25)	(25)
Cash flow hedges	46	(22)
	<u>(1,179)</u>	<u>122</u>
<b>(iii) Reconciliation of effective tax rate</b>		
Profit on ordinary activities before taxation	181,704	161,800
Share of associates' profit after tax	(639)	(14,710)
Amortisation of intangible assets	7,928	6,660
	<u>188,993</u>	<u>153,750</u>
Total income tax expense	16,530	20,695
Deferred tax attaching to amortisation of intangible assets	1,659	1,541
	<u>18,189</u>	<u>22,236</u>
Taxation as a percentage of profit before share of associates' profit after tax, amortisation of intangible assets and net exceptionals	11.0%	11.2%
Impact of net exceptionals	(1.4%)	3.3%
Taxation as a percentage of profit before share of associates' profit after tax and amortisation of intangible assets	<u>9.6%</u>	<u>14.5%</u>
The following table relates the applicable Republic of Ireland statutory tax rate to the effective tax rate of the Group:		
	2008	2007
	%	%
Irish corporation tax rate	12.5	12.5
Manufacturing relief	(0.1)	(0.2)
Effect of earnings taxed at different rates and other	(2.8)	2.2
	<u>9.6</u>	<u>14.5</u>
<b>(iv) Factors that may affect future tax rates and other disclosures</b>		
The standard rate of corporation tax in Ireland is 12.5%.		
The standard rate of corporation tax in the United Kingdom is scheduled to decrease from 30% to 28% with effect from 1 April 2008.		
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.		

## Notes to the Financial Statements (continued)

## 16. Profit attributable to DCC plc

Profit after taxation for the year attributable to equity shareholders amounting to €221.280 million (2007: €40.303 million) has been accounted for in the financial statements of the Company. In accordance with Section 148(8) of the Companies Act 1963, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 7(1A) of the Companies (Amendment) Act 1986.

## 17. Dividends

	2008	2007
	€'000	€'000
Dividends paid and proposed per Ordinary Share are as follows:		
Final - paid 31.41 cent per share on 26 July 2007 (2007: paid 27.31 cent per share on 14 July 2006)	<b>25,258</b>	22,044
Interim - paid 20.55 cent per share on 7 December 2007 (2007: paid 17.87 cent per share on 8 December 2006)	<b>16,555</b>	14,337
	<b>41,813</b>	36,381

The Directors are proposing a final dividend in respect of the year ended 31 March 2008 of 36.12 cent per ordinary share (€29.190 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

## 18. Earnings per ordinary share

	2008	2007
	€'000	€'000
Profit attributable to equity holders of the Company	<b>164,491</b>	140,186
Amortisation of intangible assets after tax	<b>6,269</b>	5,119
Exceptionals after tax (note 11)	<b>(37,849)</b>	(16,816)
Adjusted profit after taxation and minority interests	<b>132,911</b>	128,489
	<b>2008</b>	2007
	<b>cent</b>	cent
Basic earnings per ordinary share	<b>204.28c</b>	174.59c
Amortisation of intangible assets after tax	<b>7.79c</b>	6.37c
Exceptionals after tax	<b>(47.01c)</b>	(20.94c)
Adjusted basic earnings per ordinary share	<b>165.06c</b>	160.02c
Weighted average number of ordinary shares in issue (thousands)	<b>80,522</b>	80,294

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 net exceptionals.

	2008	2007
	cent	cent
Diluted earnings per ordinary share	<b>200.31c</b>	170.83c
Amortisation of intangible assets after tax	<b>7.63c</b>	6.24c
Exceptionals after tax	<b>(46.09c)</b>	(20.49c)
Adjusted diluted earnings per ordinary share	<b>161.85c</b>	156.58c
Weighted average number of ordinary shares in issue (thousands)	<b>82,119</b>	82,061

The earnings used for the purpose of the diluted earnings per share calculations were €164.491 million (2007: €140.186 million) and €132.911 million (2007: €128.489 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 2008 was 82.119 million (2007: 82.061 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:

	2008	2007
	'000	'000
Weighted average number of ordinary shares in issue	<b>80,522</b>	80,294
Dilutive effect of options and partly paid shares	<b>1,597</b>	1,767
Weighted average number of ordinary shares for diluted earnings per share	<b>82,119</b>	82,061

# Notes to the Financial Statements

(continued)

## 18. Earnings per ordinary share - continued

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. Share options are the Company's only category of dilutive potential ordinary shares.

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 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 net exceptionals.

## 19. Property, plant and equipment

Group	Land & buildings	Plant & machinery & cylinders	Fixtures & fittings & office equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000
<b>Year ended 31 March 2008</b>					
Opening net book amount	106,002	126,283	34,186	53,150	319,621
Exchange differences	(9,337)	(14,693)	(3,807)	(5,997)	(33,834)
Acquisition of subsidiaries (note 46)	6,599	3,072	998	5,461	16,130
Additions	24,640	32,530	11,148	19,298	87,616
Disposals	(2,861)	(1,887)	(142)	(2,140)	(7,030)
Depreciation charge	(2,189)	(21,584)	(8,788)	(12,884)	(45,445)
Reclassifications	(3)	1,477	-	(1,474)	-
Closing net book amount	<u>122,851</u>	<u>125,198</u>	<u>33,595</u>	<u>55,414</u>	<u>337,058</u>
<b>At 31 March 2008</b>					
Cost	139,419	324,381	85,162	115,601	664,563
Accumulated depreciation	(16,568)	(199,183)	(51,567)	(60,187)	(327,505)
Net book amount	<u>122,851</u>	<u>125,198</u>	<u>33,595</u>	<u>55,414</u>	<u>337,058</u>
<b>Year ended 31 March 2007</b>					
Opening net book amount	97,044	107,320	30,805	32,325	267,494
Exchange differences	1,168	2,016	601	602	4,387
Acquisition of subsidiaries (note 46)	10,555	10,190	382	10,433	31,560
Additions	2,195	24,825	10,896	23,243	61,159
Disposals	(2,617)	(963)	(118)	(1,820)	(5,518)
Depreciation charge	(2,277)	(17,059)	(8,606)	(11,519)	(39,461)
Reclassifications	(66)	(46)	226	(114)	-
Closing net book amount	<u>106,002</u>	<u>126,283</u>	<u>34,186</u>	<u>53,150</u>	<u>319,621</u>
<b>At 31 March 2007</b>					
Cost	121,219	324,385	81,077	107,058	633,739
Accumulated depreciation	(15,217)	(198,102)	(46,891)	(53,908)	(314,118)
Net book amount	<u>106,002</u>	<u>126,283</u>	<u>34,186</u>	<u>53,150</u>	<u>319,621</u>

### 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:

	2008	2007
	€'000	€'000
Cost	57,525	67,382
Accumulated depreciation	(53,999)	(62,931)
Net book amount	<u>3,526</u>	<u>4,451</u>
Depreciation charge for the year	<u>2,252</u>	<u>2,363</u>



## Notes to the Financial Statements (continued)

## 20. Intangible assets

Group	Goodwill	Customer	Total
	€'000	relationships €'000	€'000
<b>Year ended 31 March 2008</b>			
Opening net book amount	307,405	13,964	321,369
Exchange differences	(15,091)	(904)	(15,995)
Arising on acquisition (note 46)	112,545	8,482	121,027
Revisions to prior year acquisitions (note 46)	(1,000)	-	(1,000)
Other movements	(590)	-	(590)
Amortisation charge	-	(7,928)	(7,928)
Closing net book amount	<u>403,269</u>	<u>13,614</u>	<u>416,883</u>
<b>At 31 March 2008</b>			
Cost	430,887	34,419	465,306
Accumulated amortisation	(27,618)	(20,805)	(48,423)
Net book amount	<u>403,269</u>	<u>13,614</u>	<u>416,883</u>
Year ended 31 March 2007			
Opening net book amount	234,693	13,782	248,475
Exchange differences	1,313	203	1,516
Arising on acquisition (note 46)	72,035	6,639	78,674
Other movements	(636)	-	(636)
Amortisation charge	-	(6,660)	(6,660)
Closing net book amount	<u>307,405</u>	<u>13,964</u>	<u>321,369</u>
At 31 March 2007			
Cost	335,023	26,841	361,864
Accumulated amortisation	(27,618)	(12,877)	(40,495)
Net book amount	<u>307,405</u>	<u>13,964</u>	<u>321,369</u>

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:

	2008	2007
	€'000	€'000
DCC Energy	177,259	99,248
DCC SerCom	66,873	56,478
DCC Healthcare	88,112	74,384
DCC Food & Beverage	32,103	33,656
DCC Environmental	38,922	43,639
	<u>403,269</u>	<u>307,405</u>

# Notes to the Financial Statements

(continued)

## 20. Intangible assets - continued

### 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 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*.

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 (2008: 2.5%; 2007: 2.5%) 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 (2008: 7.2%; 2007: 7.1%). Applying these techniques, no impairment arose in 2008 (2007: 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.

A sensitivity analysis was performed using a discount rate of 10.0% and resulted in an excess in the recoverable amount of all cash generating units over their carrying amount.

### Intangible assets

Intangible assets, other than goodwill, are recognised at their fair value at acquisition and are amortised over their useful lives. The useful lives of such intangible assets are finite and range from two to five years depending on the nature of the asset.

## 21. Investments in associates

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>90,332</b>	76,789
Share of profit less dividends	<b>419</b>	13,650
Disposals	<b>(85,617)</b>	-
Exchange adjustments and other	<b>(456)</b>	(107)
At 31 March	<b>4,678</b>	90,332

Investments in associates at 31 March 2008 includes goodwill of €1.201 million (2007: €1.201 million).

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

	<b>Non-current assets</b>	<b>Current assets</b>	<b>Non-current liabilities</b>	<b>Current liabilities</b>	<b>Net assets</b>
	€'000	€'000	€'000	€'000	€'000
<b>As at 31 March 2008</b>					
Ireland	<b>1,096</b>	<b>3,974</b>	<b>(264)</b>	<b>(2,093)</b>	<b>2,713</b>
USA	<b>760</b>	<b>1,904</b>	<b>-</b>	<b>(699)</b>	<b>1,965</b>
	<b>1,856</b>	<b>5,878</b>	<b>(264)</b>	<b>(2,792)</b>	<b>4,678</b>
<b>As at 31 March 2007</b>					
Ireland	1,364	90,265	(1,196)	(2,027)	88,406
USA	773	2,429	-	(1,276)	1,926
	2,137	92,694	(1,196)	(3,303)	90,332

<b>Company</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>1,300</b>	1,300
Disposal	<b>(56)</b>	-
At 31 March	<b>1,244</b>	1,300

## Notes to the Financial Statements (continued)

## 22. Investments in subsidiary undertakings

<b>Company</b>	<b>2008</b> €'000	2007 €'000
At 1 April	<b>161,065</b>	161,072
Other movements	-	(7)
At 31 March	<b>161,065</b>	161,065

Details of the Group's principal operating subsidiaries are shown on pages 111 to 114. Non-wholly owned subsidiaries comprise Broderick Bros. Limited (93.8%), Virtus Limited (51.0%), Ausmedic Australia Pty Limited (60.0%), Metron Medical Australia Pty Limited (60.0%), Aukbritt International Pty Limited (60%), Wastecycle Limited (90.0%), Laleham Healthcare Limited (98.5%) where put and call options exist to acquire the remaining 1.5%, Physio-Med Services Limited (88.0%) where put and call options exist to acquire the remaining 12.0% and Distrilogie SA (99.5%) where put and call options exist to acquire the remaining 0.5%.

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

<b>Group</b>	<b>2008</b> €'000	2007 €'000
Raw materials	<b>9,224</b>	6,793
Work in progress	<b>1,560</b>	1,538
Finished goods	<b>208,968</b>	169,119
	<b>219,752</b>	177,450

## 24. Trade and other receivables

<b>Group</b>	<b>2008</b> €'000	2007 €'000
Trade receivables	<b>747,044</b>	564,134
Provision for impairment of trade receivables	<b>(15,624)</b>	(13,343)
Prepayments and accrued income	<b>50,099</b>	39,223
Value added tax recoverable	<b>14,903</b>	3,677
Other debtors	<b>11,011</b>	3,566
	<b>807,433</b>	597,257

<b>Company</b>	<b>2008</b> €'000	2007 €'000
Amounts owed by subsidiary undertakings	<b>494,175</b>	295,340
Prepayments and accrued income	<b>351</b>	708
Value added tax recoverable	<b>104</b>	255
	<b>494,630</b>	296,303

# Notes to the Financial Statements

(continued)

## 25. Trade and other payables

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
Trade payables	<b>584,778</b>	482,978
Other creditors and accruals	<b>175,407</b>	83,472
PAYE and National Insurance	<b>8,376</b>	6,101
Value added tax	<b>17,034</b>	20,356
Government grants (note 35)	<b>129</b>	239
Interest payable	<b>9,926</b>	7,051
Amounts due in respect of property, plant and equipment	<b>1,252</b>	1,207
	<b><u>796,902</u></b>	<u>601,404</u>

<b>Company</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
Amounts due to subsidiary undertakings	<b>270,607</b>	253,602
Other creditors and accruals	<b>1,236</b>	841
	<b><u>271,843</u></b>	<u>254,443</u>

## 26. Movement in working capital

<b>Group</b>	<b>Inventories</b>	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Year ended 31 March 2008</b>				
At 1 April 2007	<b>177,450</b>	<b>597,257</b>	<b>(601,404)</b>	<b>173,303</b>
Translation adjustment	<b>(17,454)</b>	<b>(66,175)</b>	<b>60,746</b>	<b>(22,883)</b>
Arising on acquisition (note 46)	<b>48,244</b>	<b>139,071</b>	<b>(140,828)</b>	<b>46,487</b>
Interest accruals and other	<b>100</b>	<b>(6,573)</b>	<b>(44,531)</b>	<b>(51,004)</b>
Increase/(decrease) in working capital (note 42)	<b>11,412</b>	<b>143,853</b>	<b>(70,885)</b>	<b>84,380</b>
At 31 March 2008	<b><u>219,752</u></b>	<b><u>807,433</u></b>	<b><u>(796,902)</u></b>	<b><u>230,283</u></b>
<b>Year ended 31 March 2007</b>				
At 1 April 2006	138,734	522,143	(543,913)	116,964
Translation adjustment	1,916	7,515	(7,385)	2,046
Arising on acquisition (note 46)	9,478	53,559	(48,497)	14,540
Interest accruals and other	-	(957)	(8,946)	(9,903)
Increase in working capital (note 42)	27,322	14,997	7,337	49,656
At 31 March 2007	<u>177,450</u>	<u>597,257</u>	<u>(601,404)</u>	<u>173,303</u>

<b>Company</b>	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Year ended 31 March 2008</b>			
At 1 April 2007	<b>296,303</b>	<b>(264,830)</b>	<b>31,473</b>
Increase/(decrease) in working capital (note 42)	<b>198,327</b>	<b>(17,520)</b>	<b>180,807</b>
Other	<b>-</b>	<b>120</b>	<b>120</b>
At 31 March 2008	<b><u>494,630</u></b>	<b><u>(282,230)</u></b>	<b><u>212,400</u></b>
<b>Year ended 31 March 2007</b>			
At 1 April 2006	263,187	(223,072)	40,115
Increase/(decrease) in working capital (note 42)	33,116	(41,758)	(8,642)
At 31 March 2007	<u>296,303</u>	<u>(264,830)</u>	<u>31,473</u>

## Notes to the Financial Statements (continued)

## 27. Cash and cash equivalents

<b>Group</b>	<b>2008</b> €'000	2007 €'000
Cash at bank and in hand	<b>180,627</b>	124,134
Short-term bank deposits	<b>305,213</b>	212,945
	<b>485,840</b>	<b>337,079</b>

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:

	<b>2008</b> €'000	2007 €'000
Cash and short-term bank deposits	<b>485,840</b>	337,079
Bank overdrafts	<b>(89,794)</b>	(26,892)
	<b>396,046</b>	<b>310,187</b>

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

<b>Company</b>	<b>2008</b> €'000	2007 €'000
Cash at bank and in hand	<b>2,664</b>	8

## 28. Derivative financial instruments

<b>Group</b>	<b>2008</b> €'000	2007 €'000
Non-current assets		
Interest rate swaps - fair value hedges	<b>8,655</b>	-
Interest rate swaps - not designated as hedges	-	3,091
Cross currency interest rate swaps - fair value hedges	<b>16,692</b>	-
	<b>25,347</b>	<b>3,091</b>
Current assets		
Interest rate swaps - not designated as hedges	<b>985</b>	-
Forward contracts - cash flow hedges	<b>41</b>	13
Commodity contracts - cash flow hedges	<b>350</b>	-
Forward contracts - not designated as hedges	<b>147</b>	38
	<b>1,523</b>	51
Total assets	<b>26,870</b>	<b>3,142</b>
Non-current liabilities		
Interest rate swaps - fair value hedges	-	(6,401)
Interest rate swaps - not designated as hedges	-	(3,165)
Currency swaps - not designated as hedges	<b>(42,116)</b>	(17,815)
Cross currency interest rate swaps - fair value hedges	<b>(1,442)</b>	(18,563)
	<b>(43,558)</b>	<b>(45,944)</b>
Current liabilities		
Interest rate swaps - not designated as hedges	<b>(1,008)</b>	-
Cross currency interest rate swaps - fair value hedges	<b>(15,672)</b>	-
Forward contracts - cash flow hedges	<b>(127)</b>	(149)
Forward contracts - not designated as hedges	<b>(399)</b>	(87)
	<b>(17,206)</b>	<b>(236)</b>
Total liabilities	<b>(60,764)</b>	<b>(46,180)</b>
Net liability arising on derivative financial instruments	<b>(33,894)</b>	<b>(43,038)</b>

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.

# Notes to the Financial Statements

## (continued)

### 28. Derivative financial instruments - continued

#### 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 2008 total US\$200.0 million and Stg£55.0 million. At 31 March 2008, the fixed interest rates vary from 5.12% to 6.18% and the floating rates are based on US\$ LIBOR and sterling LIBOR.

#### 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 US\$200.0 million / €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 US\$ denominated debt of US\$300.0 million into floating rate sterling debt of Stg£166.652 million. At 31 March 2008 the fixed interest rates vary from 6.08% to 7.83%. 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 2008 total €21.366 million (2007: €21.266 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 38) at 31 March 2008 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 six months after the balance sheet date.

#### Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2008 total €0.5 million (31 March 2007: nil). Gains and losses recognised in the cash flow hedge reserve in equity (note 38) at 31 March 2008 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to six months after the balance sheet date.

### 29. Borrowings

	2008	2007
Group	€'000	€'000
Non-current:		
Bank borrowings	3,040	731
Finance leases*	1,508	2,386
Unsecured Notes due 2011 to 2019	353,571	265,462
	<u>358,119</u>	<u>268,579</u>
Current:		
Bank borrowings	156,165	118,988
Finance leases*	1,426	6,863
Loan notes	127	127
Unsecured Notes due 2008	59,828	-
	<u>217,546</u>	<u>125,978</u>
Total borrowings	<u>575,665</u>	<u>394,557</u>

\*Secured on specific plant and equipment

	2008	2007
	€'000	€'000
The maturity of non-current borrowings is as follows:		
Between 1 and 2 years	1,459	72,721
Between 2 and 5 years	7,939	7,696
Over 5 years	348,721	188,162
	<u>358,119</u>	<u>268,579</u>

## Notes to the Financial Statements (continued)

## 29. Borrowings - continued

**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 2008, it had no undrawn committed bank facilities.

**Unsecured Notes due 2008 to 2019**

The Group's Unsecured Notes due 2008 to 2019 comprise fixed rate debt of US\$100.0 million issued in 1996 and maturing in 2008 and 2011 (the '2008/11 Notes'), fixed rate debt of US\$200.0 million and Stg£30.0 million issued in 2004 and maturing in 2014 and 2016 (the '2014/16 Notes') and fixed rate debt of US\$200.0 million and Stg£25.0 million issued in 2007 and maturing in 2017 and 2019 (the '2017/19 notes')

The 2008/11 Notes have been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating sterling rates, re-pricing quarterly based on sterling LIBOR.

The 2014/16 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 2017/19 Notes denominated in US\$ have been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating sterling rates, repricing quarterly based on sterling LIBOR. The 2017/19 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 quarterly based on sterling LIBOR.

The maturity and interest profile of the Unsecured Notes due 2008 to 2019 is as follows:

	<b>2008</b>	2007
Average maturity	<b>7.2 years</b>	5.8 years
Average fixed interest rates*		
- US\$ denominated	<b>6.09%</b>	6.04%
- sterling denominated	<b>5.95%</b>	5.76%
Average floating rate including swaps		
- euro denominated	<b>5.41%</b>	4.21%
- sterling denominated	<b>6.36%</b>	5.98%

\* Issued and repayable at par

# Notes to the Financial Statements

(continued)

## 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 2008 is as follows:

Group	At 1	Cash Flow	Fair value adjustment	Translation adjustment	At 31 March
	April 2007				2008
	€'000	€'000	€'000	€'000	€'000
Cash and short term bank deposits	337,079	195,269	-	(46,508)	485,840
Overdrafts	(26,892)	(70,190)	-	7,288	(89,794)
Cash and cash equivalents	310,187	125,079	-	(39,220)	396,046
Bank loans and loan notes	(92,954)	21,727	-	1,689	(69,538)
Finance leases	(9,249)	5,650	-	665	(2,934)
Unsecured Notes due 2008 to 2019	(265,462)	(180,286)	(9,043)	41,392	(413,399)
Derivative financial instruments (net)	(43,038)	187	8,957	-	(33,894)
Group net debt (including share of net cash in joint ventures)	<b>(100,516)</b>	<b>(27,643)</b>	<b>(86)</b>	<b>4,526</b>	<b>(123,719)</b>
Group net debt (excluding share of net cash in joint ventures)	<b>(105,759)</b>	<b>(32,009)</b>	<b>(86)</b>	<b>5,095</b>	<b>(132,759)</b>

The reconciliation of opening to closing net debt for the year ended 31 March 2007 is as follows:

Group	At 1	Cash Flow	Fair value adjustment	Translation adjustment	At 31 March
	April 2006				2007
	€'000	€'000	€'000	€'000	€'000
Cash and short term bank deposits	345,280	(13,052)	-	4,851	337,079
Overdrafts	(25,362)	(875)	-	(655)	(26,892)
Cash and cash equivalents	319,918	(13,927)	-	4,196	310,187
Bank loans and loan notes	(37,873)	(55,063)	-	(18)	(92,954)
Finance leases	(10,243)	1,256	-	(262)	(9,249)
Unsecured Notes due 2008 to 2019	(286,466)	-	24,365	(3,361)	(265,466)
Derivative financial instruments (net)	(18,017)	-	(24,852)	(169)	(43,038)
Group net debt (including share of net cash in joint ventures)	<b>(32,681)</b>	<b>(67,734)</b>	<b>(487)</b>	<b>386</b>	<b>(100,516)</b>
Group net debt (excluding share of net cash in joint ventures)	<b>(33,150)</b>	<b>(72,508)</b>	<b>(487)</b>	<b>386</b>	<b>(105,759)</b>

### Currency profile

The currency profile of net debt at 31 March 2008 is as follows:

	Euro	Sterling	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	199,113	278,550	7,837	340	485,840
Borrowings	(239,616)	(332,652)	(1,059)	(2,338)	(575,665)
Derivatives	(35,542)	1,908	(260)	-	(33,894)
	<b>(76,045)</b>	<b>(52,194)</b>	<b>6,518</b>	<b>(1,998)</b>	<b>(123,719)</b>

The currency profile of net debt at 31 March 2007 is as follows:

	Euro	Sterling	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	79,094	248,388	8,873	724	337,079
Borrowings	(205,696)	(186,264)	(1,127)	(1,470)	(394,557)
Derivatives	(23,195)	(19,666)	(177)	-	(43,038)
	<b>(149,797)</b>	<b>42,458</b>	<b>7,569</b>	<b>(746)</b>	<b>(100,516)</b>

### Interest rate profile

Cash and cash equivalents at 31 March 2008 and 31 March 2007 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 2019 have been swapped to floating rates which reset on a quarterly or semi-annual basis (note 29).



## Notes to the Financial Statements (continued)

## 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:

<b>Group</b>	<b>2008</b> <b>€'000</b>	2007 €'000
Deferred income tax assets (deductible temporary differences):		
Deficits on Group defined benefit pension obligations	<b>3,610</b>	3,526
Employee share options	<b>785</b>	574
Other deductible temporary differences	<b>5,804</b>	4,205
	<b>10,199</b>	8,305
Deferred income tax liabilities (taxable temporary differences):		
Accelerated tax depreciation and fair value adjustments arising on acquisition	<b>11,453</b>	14,475
Rolled-over capital gains	<b>253</b>	273
	<b>11,706</b>	14,748
	<b>2008</b> <b>€'000</b>	2007 €'000
The gross movement on the deferred income tax account is as follows:		
At 1 April	<b>6,443</b>	6,122
Exchange differences	<b>193</b>	12
Acquisition of subsidiary (note 46)	<b>1,565</b>	2,955
Income Statement credit (note 15)	<b>(5,515)</b>	(2,768)
Tax (credited)/charged to equity (note 15)	<b>(1,179)</b>	122
At 31 March	<b>1,507</b>	6,443

## 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.

Full actuarial valuations were carried out between 1 January 2004 and 1 May 2007. 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 2008 for International Accounting Standard 19 by a qualified actuary.

The principal actuarial assumptions used were as follows:

<b>Republic of Ireland schemes</b>	<b>2008</b>	2007
Rate of increase in salaries	<b>3.75% - 4.25%</b>	3.50% - 4.00%
Rate of increase in pensions in payment	<b>2.50% - 3.00%</b>	2.25% - 3.00%
Discount rate	<b>5.60%</b>	4.70% - 4.80%
Inflation assumption	<b>2.50%</b>	2.25%
<b>UK schemes</b>	<b>2008</b>	2007
Rate of increase in salaries	<b>4.50%</b>	4.00%
Rate of increase in pensions in payment	<b>3.50% - 4.50%</b>	3.00% - 4.00%
Discount rate	<b>5.85%</b>	5.10%
Inflation assumption	<b>3.50%</b>	3.00%

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

<b>Republic of Ireland schemes</b>	<b>2008</b>	2007
Equities	<b>7.40%</b>	7.50%
Bonds	<b>3.90%</b>	4.00%
Property	<b>6.40%</b>	6.50%
Cash	<b>3.00%</b>	3.00%
<b>UK schemes</b>	<b>2008</b>	2007
Equities	<b>8.10%</b>	8.30%
Bonds	<b>4.60%</b>	4.80%
Property	<b>7.10%</b>	7.30%
Cash	<b>3.50%</b>	3.50%

# Notes to the Financial Statements

(continued)

## 32. Retirement benefit obligations - continued

The expected rate of return for equities and property has been calculated assuming that equities and property will outperform bonds by 3.5% and 2.5% per annum respectively over the long term. The expected rate of return for bonds has been based on bond indices as at 31 March.

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:

	2008	2007
<b>Current pensioners</b>		
Male	21.1	20.3
Female	24.1	23.3
<b>Future pensioners</b>		
Male	22.1	21.0
Female	25.1	24.0

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

The net pension liability recognised in the Balance Sheet is analysed as follows:

	2008		
	ROI	UK	Total
	€'000	€'000	€'000
Equities	37,515	7,415	44,930
Bonds	12,393	4,323	16,716
Property	3,084	171	3,255
Cash	1,944	1,062	3,006
Total market value at 31 March 2008	<b>54,936</b>	<b>12,971</b>	<b>67,907</b>
Present value of scheme liabilities	<b>(70,989)</b>	<b>(18,769)</b>	<b>(89,758)</b>
Net pension liability at 31 March 2008	<b>(16,053)</b>	<b>(5,798)</b>	<b>(21,851)</b>
	2007		
	ROI	UK	Total
	€'000	€'000	€'000
Equities	43,420	9,781	53,201
Bonds	11,736	3,380	15,116
Property	2,996	790	3,786
Cash	2,434	443	2,877
Total market value at 31 March 2007	60,586	14,394	74,980
Present value of scheme liabilities	(69,825)	(21,527)	(91,352)
Net pension liability at 31 March 2007	(9,239)	(7,133)	(16,372)

The amounts recognised in the Group Income Statement in respect of defined benefit pension schemes is as follows:

	2008	2007
	€'000	€'000
Current service cost	3,246	3,414
Gain on settlement/curtailment	-	(633)
Total, included in employee benefit expenses (note 9)	<b>3,246</b>	2,781
Interest cost, included in finance costs (note 12)	<b>(4,405)</b>	(4,026)
Expected return on plan assets, included in finance income (note 12)	<b>4,989</b>	4,456
Total	<b>584</b>	430

The actuarial gain recognised in the Statement of Income and Expense is as follows:

	2008	2007
	€'000	€'000
Actual return less expected return on pension scheme assets	<b>(13,935)</b>	904
Experience gains and losses arising on the scheme liabilities	<b>(3,737)</b>	884
Changes in assumptions underlying the present value of the scheme liabilities	<b>8,586</b>	(212)
Total, included in the Statement of Recognised Income and Expense	<b>(9,086)</b>	1,576

## Notes to the Financial Statements (continued)

## 32. Retirement benefit obligations - continued

	2008 €'000	2007 €'000
The movement in the fair value of plan assets is as follows:		
At 1 April	74,980	67,294
Expected return on assets	4,989	4,456
Actuarial (loss)/gain	(13,935)	904
Contributions by employers	5,269	5,294
Contributions by members	393	425
Benefits paid	(1,604)	(3,704)
Exchange	(2,185)	311
At 31 March	<u>67,907</u>	<u>74,980</u>
The movement in the present value of defined benefit obligations is as follows:		
	2008 €'000	2007 €'000
At 1 April	91,352	87,973
Current service cost	3,246	3,414
Interest cost	4,405	4,026
Actuarial gain	(4,849)	(672)
Contributions by members	393	425
Benefits paid	(1,604)	(3,704)
Settlements	-	(633)
Exchange	(3,185)	523
At 31 March	<u>89,758</u>	<u>91,352</u>

The level of contributions for the forthcoming financial year are expected to be in line with the current year amounts.

**History of scheme assets, liabilities and actuarial gains and losses**

As the Group transitioned to IFRS with effect from 1 April 2004, a five-year history in respect of assets, liabilities and actuarial gains and losses is not available; the relevant data for the Group for the four years since transition to IFRS are as follows:

	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Fair value of assets	67,907	74,980	67,294	54,659
Present value of liabilities	(89,758)	(91,352)	(87,973)	(80,039)
Net pension liability	<u>(21,851)</u>	<u>(16,372)</u>	<u>(20,679)</u>	<u>(25,380)</u>
Difference between the expected and actual return on scheme assets	(13,935)	904	8,697	1,277
As a percentage of scheme assets	(20.5%)	1.2%	12.9%	2.3%
Experience gains and losses on scheme liabilities	(3,737)	884	(383)	(1,598)
As a percentage of the present value of the scheme liabilities	4.2%	(1.0%)	0.4%	2.0%
Total recognised in Statement of Recognised Income and Expense	(9,086)	1,576	1,779	(7,742)
As a percentage of the present value of the scheme liabilities	10.1%	(1.7%)	(2.0%)	9.7%

Cumulatively since 1 April 2004, €13.473 million has been recognised as a charge in the Statement of Recognised Income and Expense.

**Sensitivity analysis for principal assumptions used to measure scheme liabilities**

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's Irish and UK pension schemes, the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities
Discount rate	Increase/decrease 0.25%	Increase/decrease by 5.6%	Increase/decrease by 6.2%
Price inflation	Increase/decrease 0.25%	Increase/decrease by 1.4%	Increase/decrease by 5.3%
Mortality	Increase/decrease by one year	Increase/decrease by 2.4%	Increase/decrease by 2.6%

# Notes to the Financial Statements

(continued)

## 33. Deferred acquisition consideration

### Group

The Group's deferred acquisition consideration of €30.191 million (2007: €29.393 million) as stated on the Balance Sheet consists of €3.237 million of € floating rate financial liabilities (2007: €13.530 million) and €26.954 million of Stg£ floating rate financial liabilities (2007: €15.863 million) payable as follows:

	2008 €'000	2007 €'000
Within one year	14,036	10,870
Between one and two years	8,691	9,701
Between two and five years	7,464	8,822
	<u>30,191</u>	<u>29,393</u>
Analysed as:		
Non-current liabilities	16,155	18,523
Current liabilities	14,036	10,870
	<u>30,191</u>	<u>29,393</u>

## 34. Provisions for liabilities and charges

The reconciliation of the movement in provisions for liabilities and charges for the year ended 31 March 2008 is as follows:

Group	Environmental and remediation €'000	Insurance and other €'000	Total €'000
At 1 April 2007	6,122	4,807	10,929
Provided during the year	285	4,684	4,969
Utilised during the year	(93)	(2,015)	(2,108)
Arising on acquisition (note 46)	-	553	553
Exchange	(915)	(65)	(980)
At 31 March 2008	<u>5,399</u>	<u>7,964</u>	<u>13,363</u>
			2008 €'000
Analysed as:			
Non-current liabilities			5,399
Current liabilities			7,964
			<u>13,363</u>

The reconciliation of the movement in provisions for liabilities and charges for the year ended 31 March 2007 is as follows:

Group	Environmental and remediation €'000	Insurance and other €'000	Total €'000
At 1 April 2006	-	3,785	3,785
Provided during the year	-	2,083	2,083
Utilised during the year	(57)	(1,061)	(1,118)
Arising on acquisition (note 46)	6,122	-	6,122
Exchange	57	-	57
At 31 March 2007	<u>6,122</u>	<u>4,807</u>	<u>10,929</u>
			2007 €'000
Analysed as:			
Non-current liabilities			6,122
Current liabilities			4,807
			<u>10,929</u>

## Notes to the Financial Statements (continued)

## 34. Provisions for liabilities and charges - continued

**Environmental and remediation**

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations. The net present value of the estimated costs is capitalised as property, plant and equipment. The unwinding of the discount element on the provision is reflected as a finance cost in the Income Statement. Provision is made for the net present value of post closure costs based on the quantity of waste input into the landfill during the year. Ongoing costs incurred during the operating life of the sites are written off directly to the Income Statement and are not charged to the provision. The majority of the obligations will unwind over a 30-year timeframe.

**Insurance and other**

The insurance provision relates to employers liability and public and products liability and reflects an estimation of the excess not recoverable from insurers arising from claims against Group companies. A significant element of the provision is subject to external assessments.

## 35. Government grants

<b>Group</b>	<b>2008</b> <b>€'000</b>	2007 €'000
At 1 April	<b>2,632</b>	2,122
Amortisation in year	<b>(288)</b>	(276)
Received in year	<b>92</b>	-
Arising on acquisition (note 46)	<b>-</b>	758
Exchange and other adjustments	<b>(366)</b>	28
At 31 March	<b>2,070</b>	2,632
Disclosed as due within one year (note 25)	<b>(129)</b>	(239)
	<b>1,941</b>	2,393

## 36. Equity share capital

<b>Group and Company</b>	<b>2008</b> <b>€'000</b>	2007 €'000
<b>Authorised</b>		
152,368,568 ordinary shares of €0.25 each	<b>38,092</b>	38,092
<b>Issued</b>		
88,229,404 ordinary shares (including 7,414,239 ordinary shares held as Treasury Shares) of €0.25 each, fully paid (2007: 88,229,404 ordinary shares (including 7,816,256 ordinary shares held as Treasury Shares) of €0.25 each, fully paid)	<b>22,057</b>	22,057
	<b>No. of shares</b>	
Ordinary shares of €0.25 each	<b>'000</b>	€'000
At 31 March 2008 and 31 March 2007	<b>88,229</b>	22,057

As at 31 March 2008, the total authorised number of ordinary shares is 152,368,568 shares (2007: 152,368,568 shares) with a par value of €0.25 per share (2007: €0.25 per share).

During the year the Company reissued 402,017 Treasury Shares for a consideration (net of expenses) of €4.060 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 on Directors' Remuneration and Interests on pages 50 to 53.

# Notes to the Financial Statements

(continued)

## 37. Share premium account

<b>Group and Company</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 31 March 2008 and 31 March 2007	<b>124,687</b>	124,687

## 38. Other reserves

<b>Group</b>	<b>Share options<sup>1</sup></b>	<b>Cash flow hedge reserve<sup>2</sup></b>	<b>Foreign currency translation reserve<sup>3</sup></b>	<b>Other reserves<sup>4</sup></b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 April 2006	3,392	20	(10,344)	1,400	(5,532)
Currency translation	-	-	7,430	-	7,430
Cash flow hedges					
- fair value gains in year	-	(4,125)	-	-	(4,125)
- tax on fair value gains	-	495	-	-	495
- transfers to cost of sales	-	3,966	-	-	3,966
- tax on transfers to income tax expense	-	(473)	-	-	(473)
Share based payment	1,415	-	-	-	1,415
At 31 March 2007	<b>4,807</b>	<b>(117)</b>	<b>(2,914)</b>	<b>1,400</b>	<b>3,176</b>
Currency translation	-	-	<b>(64,310)</b>	-	<b>(64,310)</b>
Cash flow hedges					
- fair value losses in year	-	<b>1,665</b>	-	-	<b>1,665</b>
- tax on fair value losses	-	<b>(374)</b>	-	-	<b>(374)</b>
- transfers to sales	-	<b>(306)</b>	-	-	<b>(306)</b>
- transfers to cost of sales	-	<b>(943)</b>	-	-	<b>(943)</b>
- tax on transfers to income tax expense	-	<b>297</b>	-	-	<b>297</b>
Share based payment	<b>1,844</b>	-	-	-	<b>1,844</b>
At 31 March 2008	<b>6,651</b>	<b>222</b>	<b>(67,224)</b>	<b>1,400</b>	<b>(58,951)</b>
				<b>Other reserves<sup>5</sup></b>	
				<b>€'000</b>	
					<b>344</b>

### Company

At 31 March 2008 and 31 March 2007

- 1 The share option reserve comprises the amounts expensed in the Income Statement in connection with share based payments.
- 2 The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
- 3 The foreign currency translation reserve represents all foreign exchange differences from 1 April 2005 arising from the translation of the net assets of the Group's non-euro denominated operations, including the translation of the profits and losses of such operations from the average rate for the year to the closing rate at the balance sheet date.
- 4 The Group's other reserves comprise a capital conversion reserve fund and an unrealised gain on the disposal of an associate.
- 5 The Company's other reserve is a capital conversion reserve fund.

## 39. Retained earnings

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>531,994</b>	439,477
Net income recognised in Income Statement	<b>164,491</b>	140,186
Net income recognised directly in equity		
- actuarial (loss)/gain on Group defined benefit pension schemes	<b>(9,086)</b>	1,576
- deferred tax on actuarial loss/(gain)	<b>1,200</b>	(169)
Deferred tax on employee share options	<b>25</b>	25
Share buyback (inclusive of costs)	-	(18,818)
Re-issue of Treasury Shares (net of expenses)	<b>4,060</b>	6,098
Dividends	<b>(41,813)</b>	(36,381)
At 31 March	<b>650,871</b>	531,994

## Notes to the Financial Statements (continued)

## 39. Retained earnings - continued

<b>Company</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>46,758</b>	55,556
Total recognised income and expense for the financial year	<b>221,280</b>	40,303
Share buyback (inclusive of costs)	-	(18,818)
Re-issue of Treasury Shares (net of expenses)	<b>4,060</b>	6,098
Dividends	<b>(41,813)</b>	(36,381)
At 31 March	<b>230,285</b>	46,758

The cost to the Group and the Company of €92.625 million to acquire the 7,414,239 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 €17.90 each (average: €11.23) between 28 July 2000 and 19 June 2006.

## 40. Minority interest

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>5,816</b>	4,714
Arising on acquisition of subsidiary (note 46)	-	663
Share of profit for the financial year (less attributable to associates)	<b>683</b>	476
Dividends to minorities	<b>(2,725)</b>	(38)
Exchange and other adjustments	<b>(3)</b>	1
At 31 March	<b>3,771</b>	5,816

## 41. Movement in total equity

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>687,730</b>	585,403
Issue of share capital	<b>4,060</b>	6,098
Share based payment (note 10)	<b>1,844</b>	1,415
Share buyback (note 39)	-	(18,818)
Dividends (note 17)	<b>(41,813)</b>	(36,381)
Movement in minority interest	<b>(2,045)</b>	1,102
Total recognised income and expense for the financial year	<b>92,659</b>	148,911
At 31 March	<b>742,435</b>	687,730

<b>Company</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
At 1 April	<b>193,846</b>	202,644
Issue of share capital	<b>4,060</b>	6,098
Share buyback (note 39)	-	(18,818)
Dividends (note 17)	<b>(41,813)</b>	(36,381)
Total recognised income and expense for the financial year	<b>221,280</b>	40,303
At 31 March	<b>377,373</b>	193,846

# Notes to the Financial Statements

(continued)

## 42. Cash generated from operations

<b>Group</b>	<b>2008</b> €'000	2007 €'000
Profit for the financial year	<b>165,174</b>	141,105
Add back non-operating (income)/expense		
- Tax (note 15)	<b>16,530</b>	20,695
- Share of profit from associates (note 14)	<b>(639)</b>	(14,710)
- Net operating exceptionals (note 11)	<b>(39,605)</b>	(24,516)
- Net finance costs (note 12)	<b>17,792</b>	10,850
<b>Operating profit</b>	<b>159,252</b>	133,424
- Share-based payments expense (note 10)	<b>1,844</b>	1,415
- Depreciation (note 19)	<b>45,445</b>	39,461
- Amortisation (note 20)	<b>7,928</b>	6,660
- Profit on sale of property, plant and equipment	<b>(751)</b>	(1,362)
- Amortisation of government grants (note 35)	<b>(288)</b>	(276)
- Dividends received from associates	<b>220</b>	268
- Other	<b>(227)</b>	(2,513)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
- Inventories (note 26)	<b>(11,412)</b>	(27,322)
- Trade and other receivables (note 26)	<b>(143,853)</b>	(14,997)
- Trade and other payables (note 26)	<b>70,885</b>	(7,337)
<b>Cash generated from operations</b>	<b>129,043</b>	127,421
	<b>2008</b>	2007
	€'000	€'000
<b>Company</b>		
Profit for the financial year	<b>221,280</b>	40,303
Add back non-operating (income)/expense		
- Tax	<b>1,750</b>	(1,319)
- Net operating exceptionals	<b>7,056</b>	-
- Net finance costs	<b>(3,123)</b>	(3,407)
<b>Operating profit</b>	<b>226,963</b>	35,577
Changes in working capital:		
- Trade and other receivables (note 26)	<b>(198,327)</b>	(33,116)
- Trade and other payables (note 26)	<b>17,520</b>	41,758
<b>Cash generated from operations</b>	<b>46,156</b>	44,219

## 43. Contingencies

### Guarantees

The Company and certain subsidiaries have given guarantees of €707.548 million (2007: €535.692 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

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of the following subsidiaries; Alvabay Limited, Classic Fuel & Oil Limited, DCC Business Expansion Fund Limited, DCC Corporate Partners Limited, DCC Energy Limited, DCC Financial Services Holdings Limited, DCC Funding 2007 Limited, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Limited, DCC SerCom Limited, Emo Oil Limited, Fannin Limited, Fannin Compounding Limited, Flogas Ireland Limited, SerCom Property Limited, Shannon Environmental Holdings Limited and Sharptext Limited. As a result, these companies will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.



## Notes to the Financial Statements (continued)

## 44. Capital expenditure commitments

<b>Group</b>	<b>2008</b>	2007
	<b>€'000</b>	€'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>5,113</b>	2,721
Capital expenditure that has been authorised by the Directors but has not yet been contracted for	<b>58,269</b>	70,389
	<b><u>63,382</u></b>	<u>73,110</u>

## 45. Commitments under operating and finance leases

**Group****Operating leases**

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

	<b>2008</b>	2007
	<b>€'000</b>	€'000
Within one year	<b>5,759</b>	6,430
After one year but not more than five years	<b>14,319</b>	17,559
More than five years	<b>29,499</b>	44,871
	<b><u>49,577</u></b>	<u>68,860</u>

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 2008, €14.069 million (2007: €9.818 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:

	<b>2008</b>		2007	
	<b>Minimum payments</b>	<b>Present value of payments</b>	Minimum payments	Present value of payments
	<b>€'000</b>	<b>€'000</b>	€'000	€'000
Within one year	<b>1,469</b>	<b>1,426</b>	7,214	6,863
After one year but not more than five years	<b>1,755</b>	<b>1,508</b>	2,699	2,386
	<b><u>3,224</u></b>	<b><u>2,934</u></b>	<u>9,913</u>	<u>9,249</u>
Less: amounts allocated to future finance costs	<b>(290)</b>	<b>-</b>	(664)	-
Present value of minimum lease payments	<b><u>2,934</u></b>	<b><u>2,934</u></b>	<u>9,249</u>	<u>9,249</u>

# Notes to the Financial Statements

(continued)

## 46. Business combinations

The principal acquisitions completed by the Group during the year, together with percentages acquired were as follows:

- CPL Petroleum Limited (100%): a British based oil distribution business, acquired on 31 August 2007;
- Banque Magnetique SAS (100%): a French based distributor of consumer electronic products and IT peripherals, acquired on 12 November 2007;
- Squadron Medical Limited (100%): an English based procurer and supplier of medical and surgical products to hospitals, acquired on 23 November 2007; and
- Southern Counties Fuels Holdings Limited (100%): an English based oil distribution business acquired on 7 March 2008.

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

	2008	2008	2008	2007
	€'000	€'000	€'000	€'000
	CPL	Others	Total	Total
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment (note 19)	5,839	10,291	16,130	31,560
Intangible assets - goodwill (note 20)	70,121	42,424	112,545	72,035
Intangible assets - other intangible assets (note 20)	2,009	6,473	8,482	6,639
Deferred income tax assets (note 31)	-	479	479	-
Total non-current assets	<u>77,969</u>	<u>59,667</u>	<u>137,636</u>	110,234
<b>Current assets</b>				
Inventories (note 26)	3,307	44,937	48,244	9,478
Trade and other receivables (note 26)	44,055	95,016	139,071	53,559
Total current assets	<u>47,362</u>	<u>139,953</u>	<u>187,315</u>	63,037
<b>Equity</b>				
Minority interest (note 40)	-	-	-	(663)
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	(663)
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities (note 31)	(631)	(1,413)	(2,044)	(2,955)
Provisions for liabilities and charges (note 34)	(553)	-	(553)	(6,122)
Government grants (note 35)	-	-	-	(758)
Total non-current liabilities	<u>(1,184)</u>	<u>(1,413)</u>	<u>(2,597)</u>	(9,835)
<b>Current liabilities</b>				
Trade and other payables (note 26)	(43,657)	(97,171)	(140,828)	(48,497)
Current income tax liabilities	(29)	(1,942)	(1,971)	(1,959)
Total current liabilities	<u>(43,686)</u>	<u>(99,113)</u>	<u>(142,799)</u>	(50,456)
<b>Total consideration (enterprise value)</b>	<u>80,461</u>	<u>99,094</u>	<u>179,555</u>	112,317
<b>Satisfied by:</b>				
Cash	80,772	76,087	156,859	103,285
Net (cash)/debt acquired	(450)	10,175	9,725	(1,796)
Net cash outflow	<u>80,322</u>	<u>86,262</u>	<u>166,584</u>	101,489
Deferred acquisition consideration	139	12,832	12,971	10,828
<b>Total consideration</b>	<u>80,461</u>	<u>99,094</u>	<u>179,555</u>	112,317

## Notes to the Financial Statements (continued)

## 46. Business combinations - continued

The acquisition of CPL has been deemed to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the year 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
<b>CPL</b>			
Non-current assets (excluding goodwill)	5,839	2,009	7,848
Current assets	47,739	(377)	47,362
Non-current liabilities and minority interest	(581)	(603)	(1,184)
Current liabilities	(43,309)	(377)	(43,686)
Identifiable net assets acquired	9,688	652	10,340
Goodwill arising on acquisition	70,773	(652)	70,121
Total consideration (enterprise value)	80,461	-	80,461
	Book value €'000	Fair value adjustments €'000	Fair value €'000
<b>Other acquisitions</b>			
Non-current assets (excluding goodwill)	10,770	6,473	17,243
Current assets	139,953	-	139,953
Non-current liabilities and minority interest	(473)	(940)	(1,413)
Current liabilities	(99,113)	-	(99,113)
Identifiable net assets acquired	51,137	5,533	56,670
Goodwill arising on acquisition	47,957	(5,533)	42,424
Total consideration (enterprise value)	99,094	-	99,094
	Book value €'000	Fair value adjustments €'000	Fair value €'000
<b>Total</b>			
Non-current assets (excluding goodwill)	16,609	8,482	25,091
Current assets	187,692	(377)	187,315
Non-current liabilities and minority interest	(1,054)	(1,543)	(2,597)
Current liabilities	(142,422)	(377)	(142,799)
Identifiable net assets acquired	60,825	6,185	67,010
Goodwill arising on acquisition	118,730	(6,185)	112,545
Total consideration (enterprise value)	179,555	-	179,555

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 2009 Annual Report as stipulated by IFRS 3.

The principal factors contributing to the recognition of goodwill on business combinations entered into by the Group are the expected profitability of the acquired business and the realisation of cost savings and synergies with existing Group entities.

# Notes to the Financial Statements

(continued)

## 46. Business combinations - continued

The total adjustments processed during the year to the fair value of business combinations completed during the year ended 31 March 2007 where those fair values were not readily determinable as at 31 March 2007 were as follows:

	Initial fair value assigned €'000	Adjustments to provisional fair values €'000	Revised fair value €'000
Non-current assets (excluding goodwill)	38,199	100	38,299
Current assets	63,037	550	63,587
Non-current liabilities and minority interest	(10,498)	-	(10,498)
Current liabilities	(50,456)	350	(50,106)
Identifiable net assets acquired	40,282	1,000	41,282
Goodwill arising on acquisition	72,035	(1,000)	71,035
Total consideration (enterprise value)	<u>112,317</u>	<u>-</u>	<u>112,317</u>

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

	2008 €'000	2007 €'000
<b>Revenue</b>	<b>618,957</b>	411,207
Cost of sales	<u>(576,804)</u>	<u>(381,237)</u>
Gross profit	<b>42,153</b>	29,970
Operating costs	<u>(28,826)</u>	<u>(19,384)</u>
	<b>13,327</b>	10,586
Exceptional items	<u>(1,705)</u>	-
Operating profit	<b>11,622</b>	10,586
Finance costs (net)	<b>81</b>	114
Profit before tax	<b>11,703</b>	10,700
Income tax expense	<u>(3,245)</u>	<u>(2,903)</u>
<b>Group profit for the financial year</b>	<b><u>8,458</u></b>	<u>7,797</u>

The revenue and profit of business combinations completed during the year, determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2008 €'000	2007 €'000
<b>Revenue</b>	<b><u>1,324,838</u></b>	<u>773,084</u>
<b>Group profit for the financial year</b>	<b><u>13,952</u></b>	<u>11,966</u>

## 47. Financial risk and capital management

### Capital risk management

The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while maintaining a strong balance sheet to support the continued organic and acquisitive growth of its businesses and to maintain investor, creditor and market confidence.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or buy back existing shares, increase or reduce debt or sell assets.

The policy for net debt is to ensure a structure of longer term debt funding and cash balances with deposit maturities up to six months.

## Notes to the Financial Statements (continued)

## 47. Financial risk and capital management - continued

**Financial risk management**

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors, most recently in February 2008. 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.

There are no significant concentrations of risk and there has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

**(i) Credit risk management**

Credit risk arises from credit exposure to trade debtors, cash and cash equivalents including deposits with banks and financial institutions, derivative and financial instruments.

Trade receivables arise from a wide and varied customer base spread throughout the Group's operations and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance.

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. 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 the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2008 of €485.840 million, a minimum of 96.9% (€470.972 million) was with financial institutions in the A-1 (short-term) category of Standard and Poors and in the P-1 (short-term) category of Moodys. As at 31 March 2008 derivative transactions were with counterparties with ratings ranging from A+ to AA (long-term) with Standard and Poors or A1 to Aa1 (long-term) with Moodys. In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Included in the Group's trade and other receivables as at 31 March 2008 are balances of €131.477 million (2007: €84.239 million) which are past due at the reporting date but not impaired in the majority of cases. The aged analysis of these balances is as follows:

<b>Group</b>	<b>2008</b> <b>€'000</b>	2007 €'000
Less than 1 month overdue	<b>76,336</b>	45,532
1 - 3 months overdue	<b>26,532</b>	21,631
3 - 6 months overdue	<b>20,494</b>	10,697
Over 6 months overdue	<b>8,115</b>	6,379
	<b>131,477</b>	84,239

The movements in the provision for impairment of trade receivables during the year is as follows:

<b>Group</b>	<b>2008</b> <b>€'000</b>	2007 €'000
At 1 April	<b>13,343</b>	11,673
Provision for impairment recognised in the year	<b>5,638</b>	4,826
Amounts recovered during the year	<b>(805)</b>	20
Amounts written off during the year	<b>(4,762)</b>	(4,480)
Arising on acquisition	<b>3,723</b>	1,198
Exchange differences	<b>(1,513)</b>	106
At 31 March	<b>15,624</b>	13,343

**Company**

There were no past due or impaired trade receivables in the Company at 31 March 2008 (31 March 2007: none).

# Notes to the Financial Statements

(continued)

## 47. Financial risk and capital management - continued

### (ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to six months. Wherever possible, surplus funds in the Group are transferred to the centralised treasury department through the repayment of borrowings, deposits and dividends. These are then on-lent or contributed as equity to fund Group operations, used to retire external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. In addition, the Group maintains significant uncommitted credit lines with its relationship banks.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>As at 31 March 2008</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Group</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Trade and other payables	796,902	-	-	-	796,902
Borrowings (principal repayments)	233,161	1,459	9,376	364,086	608,082
Future finance charges	33,999	22,506	66,423	73,022	195,950
	<u>1,064,062</u>	<u>23,965</u>	<u>75,799</u>	<u>437,108</u>	<u>1,600,934</u>
Less: future finance charges	(33,999)	(22,506)	(66,423)	(73,022)	(195,950)
	<u>1,030,063</u>	<u>1,459</u>	<u>9,376</u>	<u>364,086</u>	<u>1,404,984</u>

As at 31 March 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Group	€'000	€'000	€'000	€'000	€'000
Trade and other payables	601,404	-	-	-	601,404
Borrowings (principal repayments)	125,978	89,511	9,258	211,269	436,016
Future finance charges	24,897	15,511	37,451	28,785	106,644
	<u>752,279</u>	<u>105,022</u>	<u>46,709</u>	<u>240,054</u>	<u>1,144,064</u>
Less: future finance charges	(24,897)	(15,511)	(37,451)	(28,785)	(106,644)
	<u>727,382</u>	<u>89,511</u>	<u>9,258</u>	<u>211,269</u>	<u>1,037,420</u>

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables.

<b>As at 31 March 2008</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Company</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Trade and other payables	<u>271,843</u>	-	<u>10,387</u>	-	<u>282,230</u>

As at 31 March 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Company	€'000	€'000	€'000	€'000	€'000
Trade and other payables	254,443	-	10,387	-	264,830

The Company has sufficient cash resources and liquid assets to enable it to meet its trade and other payables.

## Notes to the Financial Statements (continued)

### 47. Financial risk and capital management - continued

#### (iii) Market risk management

##### *Foreign exchange risk management*

DCC's reporting currency and that in which its share capital is denominated is the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations giving rise to exposure to other currencies, primarily sterling and the US dollar.

Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The portion of the Group's operating profits which are sterling denominated are offset to a limited degree by certain natural economic hedges that exist within the Group in that a proportion of the purchases by certain of its Irish businesses are sterling denominated. The Group does not hedge the remaining translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that they are not intended to be repatriated. The 3.3% reduction in the average translation rate of sterling adversely impacted the Group's reported operating profit by €3.4 million in the year ended 31 March 2008.

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 hedge is offset by the strong ongoing cash flow generated from the Group's sterling operations leaving the Group with a net investment in sterling assets. The 17% reduction in the value of sterling against the euro during the year ended 31 March 2008 gave rise to a translation loss of €64.3 million on the translation of the Group's sterling denominated net asset position at 31 March 2008 as set out in the Statement of Total Recognised Gains and Losses. €16.0 million of this amount related to the Group's sterling denominated intangible assets.

The Group has a moderate level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies. Where sales or purchases are invoiced in other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two 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.

Sensitivity to currency movements:

#### **Group**

A change in the value of other currencies by 10% against the euro would have a €8.3 million (2007: €7.0 million) impact on the Group's profit before tax, would change the Group's equity by €42.6 million and change the Group's net debt by €4.8 million (2007: €41.8 million and €5.0 million (net cash) respectively). These amounts include an immaterial amount of transactional currency exposure.

#### **Company**

The Company does not have significant levels of non-functional currency assets and liabilities at 31 March 2008 or at 31 March 2007.

##### *Interest rate risk management*

On a net debt basis, the Group is exposed to changes in interest rates, primarily changes in EURIBOR and sterling LIBOR. Having borrowed at both fixed and floating rates of interest, DCC has swapped its fixed rate borrowings to floating interest rates, using interest rate and cross currency interest rate swaps. Overall interest rate risk on gross borrowings is mitigated 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.

Sensitivity of interest charges to interest rate movements:

#### **Group**

Based on the composition of net debt at 31 March 2008 a one percentage point (100 basis points) change in average floating interest rates would have a €1.24 million (2007: €1.01 million) impact on the Group's profit before tax.

#### **Company**

The effective interest rates earned during the year on cash at bank ranged from 3.6% to 4.7%.

##### *Commodity price risk management*

The Group is exposed to commodity price risk in its LPG and oil distribution businesses. The Group generally hedges a proportion of its anticipated LPG commodity exposure while price changes are being implemented, 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 one year. 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.

# Notes to the Financial Statements

## (continued)

### 48. 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 63 to 71. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 111 to 114 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.

##### *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 on Directors' Remuneration and Interests on pages 50 to 53 of this Annual Report.

#### **Company**

##### *Subsidiaries, joint ventures and associates*

During the year the Company received €230.000 million (2007: €38.999 million) in dividends from its subsidiaries and associates. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 61, 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 €2.209 million (2007: €3.235 million) by its subsidiary, DCC Management Services Limited.

### 49. Approval of financial statements

The financial statements were approved by the Board of Directors on 9 June 2008.



# Group Directory

## Principal Subsidiaries and Joint Ventures

### DCC Energy

Company name & address	Principal activity	Contact details
<p><b>DCC Energy Limited</b> DCC House, Brewery Road, Stillorgan, Blackrock, Co. Dublin, Ireland</p>	Holding and divisional management company	<p>Tel: +353 1 2799 400 Fax: +353 1 2831 017 Email: energy@dcc.ie www.dcc.ie</p>
<b>Oil</b>		
<p><b>GB Oils Limited</b> 302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England</p>	Procurement, sales, marketing and distribution of petroleum products	<p>Tel: +44 1925 858 500 Fax: +44 1925 858 501 Email: info@gboils.co.uk www.gboils.co.uk</p>
<p><b>Emo Oil Limited</b> Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland</p>	Procurement, sales, marketing and distribution of petroleum products	<p>Tel: +353 578 674 700 Fax: +353 578 674 775 Email: info@emo.ie www.emo.ie</p>
<p><b>DCC Energy Limited</b> Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland</p>	Procurement, sales, marketing and distribution of petroleum products	<p>Tel: +44 28 9073 2611 Fax: +44 28 9073 2020 Email: enquiries@emooil.com www.emooil.com</p>
<b>LPG</b>		
<p><b>Flogas UK Limited</b> 81 Raynsway, Syston, Leicester LE7 1PF, England</p>	Procurement, sales, marketing and distribution of liquefied petroleum gas	<p>Tel: +44 116 2649 000 Fax: +44 116 2649 001 Email: enquiries@flogas.co.uk www.flogas.co.uk</p>
<p><b>Flogas Ireland Limited</b> Dublin Road, Drogheda, Co. Louth, Ireland</p>	Procurement, sales, marketing and distribution of liquefied petroleum gas	<p>Tel: +353 41 9831 041 Fax: +353 41 9834 652 Email: info@flogas.ie www.flogas.ie</p>
<b>Fuel Cards</b>		
<p><b>Fuel Card Group Limited</b> 8 Kerry Hill, Horsforth, Leeds LS18 4AY, England</p>	Sale of motor fuels through fuel cards	<p>Tel: +44 1132 390 490 Fax: +44 1132 098 764 Email: info@fuelcard-group.com www.fuelcard-group.com</p>

### DCC SerCom

Company name & address	Principal activity	Contact details
<p><b>SerCom Distribution Limited</b> DCC House, Brewery Road, Stillorgan, Blackrock, Co. Dublin, Ireland</p>	Holding and divisional management company	<p>Tel: +353 1 2799 400 Fax: +353 1 2831 017 Email: sercom@dcc.ie www.sercomdistribution.com</p>
<b>Retail</b>		
<p><b>Gem Distribution Limited</b> St. George House, Parkway, Harlow Business Park, Harlow, Essex CM19 5QF, England</p>	Procurement, sales, marketing and distribution of computer software and peripherals	<p>Tel: +44 1279 822 800 Fax: +44 1279 416 228 Email: info@gem.co.uk www.gem.co.uk</p>
<p><b>Pilton Company Limited</b> Unit 2, Loughlinstown Industrial Estate, Ballybrack, Co. Dublin, Ireland</p>	Procurement, sales, marketing and distribution of DVDs and computer games and accessories	<p>Tel: +353 1 2826 444 Fax: +353 1 2826 532</p>

# Group Directory

(continued)

## DCC SerCom (continued)

Company name & address	Principal activity	Contact details
<b>Banque Magnetique SAS</b> Park International d'Activités, Paris Nord II, 8 Avenue de la Pyramide, BP 64060, Tremblay en France 95972, Roissy, France	Procurement, sales, marketing and distribution of computer peripherals and accessories	Tel: +33 1 49 90 93 93 Fax: + 33 1 49 90 94 94 Email: sales@banquemagnetique.fr www.banquemagnetique.fr
<b>Reseller</b>		
<b>Micro Peripherals Limited</b> Shorten Brook Way, Altham Business Park, Altham, Accrington, Lancashire BB5 5YJ, England	Procurement, 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
<b>Sharptext Limited</b> M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Procurement, sales, marketing and distribution of computer products	Tel: +353 1 4087 171 Fax: +353 1 4193 111 Email: sharptext@sharptext.com www.sharptext.com
<b>Enterprise</b>		
<b>Distrilogie SA</b> Energy Park IV, 34 Avenue de l'Europe 78140 Velizy, France	Distribution of enterprise infrastructure products in France, Iberia & Benelux	Tel: +33 1 34 58 47 00 Fax: + 33 1 34 58 47 27 Email: info@distrilogie.com www.distrilogie.com
<b>Supply Chain Management</b>		
<b>SerCom Solutions Limited</b> M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and procurement services	Tel: +353 1 4056 500 Fax: +353 1 4056 555 Email: kevin.vaughan@sercomsolutions.com www.sercomsolutions.com

## DCC Healthcare

Company name & address	Principal activity	Contact details
<b>DCC Healthcare Limited</b> DCC House, Brewery Road, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: +353 1 2799 400 Fax: +353 1 2831 017 Email: healthcare@dcc.ie www.dcc.ie
<b>Acute Care</b>		
<b>Fannin Limited</b> Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Procurement, sales and marketing of pharmaceutical, medical and laboratory products and provision of related value-added services	Tel: +353 1 2907 000 Fax: +353 1 2954 777 Email: information@fannin.ie www.fannin.ie
<b>Squadron Medical Limited</b> Unit A, Griffen Close, Ireland Industrial Estate, Staveley, Chesterfield S43 3LJ, England	Provision of value-added distribution services to hospitals and healthcare providers	Tel: +44 1246 470 999 Fax: +44 1246 284 030
<b>The TPS Healthcare Group Limited</b> 27-35 Napier Place, Wardpark North, Cumbernauld, Glasgow G68 0LL, Scotland	Provision of value-added distribution services to hospitals and healthcare providers	Tel: +44 1236 739 668 Fax: +44 1236 738 376 Email: corporate@tpshealthcare.com www.tpshealthcare.com
<b>Health &amp; Beauty Solutions</b>		
<b>DCC Health &amp; Beauty Solutions</b> 9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Tel: +44 1928 573 734 Fax: +44 1420 566 566 Email: enquiries@dcchealthandbeauty.com www.dcchealthandbeauty.com

## Group Directory (continued)

## DCC Healthcare (continued)

Company name & address	Principal activity	Contact details
<b>Laleham Healthcare Limited</b> 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
<b>Thompson &amp; Capper Limited</b> 9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, 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
<b>EuroCaps Limited</b> Crown Business Park, Dukes Town, Tredegar, Gwent NP22 4EF, Wales	Development and 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
<b>Mobility &amp; Rehab</b>		
<b>Days Healthcare UK Limited</b> North Road, Bridgend Industrial Estate, Bridgend CF31 3TP, Wales	Development, procurement, sales and marketing of mobility and rehabilitation products	Tel: +44 1656 664 700 Fax: +44 1656 664 750 Email: info@dayshealthcare.com www.dayshealthcare.com
<b>Physio-Med Services Limited</b> 7-23 Glossop Brook Business Park, Surrey Street, Glossop, Derbyshire SK13 7AJ, England	Procurement, sales and marketing of rehabilitation products	Tel: +44 1457 860 444 Fax: +44 1457 860 555 Email: sales@physio-med.com www.physio-med.com
<b>Days Healthcare GmbH</b> Oberbecksener Str. 68, D-32547 Bad Oeynhausen, Germany	Development, procurement, sales and marketing of mobility and rehabilitation products	Tel: +49 5731 786 50 Fax: +49 5731 786 520 Email: info@dayshealthcare.de www.dayshealthcare.de
<b>Ausmedic Australia Pty Limited</b> Unit 4, 37 Leighton Place, Hornsby, NSW 2077, Australia	Procurement, sales and marketing of mobility and rehabilitation products	Tel: +61 2 9477 3422 Fax: +61 2 9477 3522 Email: sales@ausmedic.com www.ausmedic.com

## DCC Food &amp; Beverage

Company name & address	Principal activity	Contact details
<b>DCC Food &amp; Beverage Limited</b> 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
<b>Healthfoods</b>		
<b>Kelkin Limited</b> Unit 1, Crosslands Industrial Park, Ballymount Cross, Dublin 12, Ireland	Procurement, sales, marketing and distribution of branded healthy foods, beverages and vms products	Tel: +353 1 4600 400 Fax: +353 1 4600 411 Email: info@kelkin.ie www.kelkin.ie
<b>Indulgence</b>		
<b>Robert Roberts Limited</b> 79 Broomhill Road, Tallaght, Dublin 24, Ireland	Procurement, 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

# Group Directory

(continued)

## DCC Food & Beverage (continued)

Company name & address	Principal activity	Contact details
<b>Bottle Green Limited</b> 19 New Street, Horsforth, Leeds LS18 4BH, England	Procurement, sales, marketing and distribution of wine	Tel: +44 113 2054 500 Fax: +44 113 2054 501 Email: info@bottlegreen.com www.bottlegreen.com
<b>KP (Ireland) Limited *</b> 79 Broomhill Road, Tallaght, Dublin 24, Ireland	Manufacture of snack foods	Tel: +353 1 4047 300 Fax: +353 1 4599 369
<b>Logistics</b>		
<b>Allied Foods Limited</b> Second Avenue, Cookstown Industrial Estate, Dublin 24, Ireland	Chilled and frozen food distribution	Tel: +353 1 466 2600 Fax: +353 1 466 2688 Email: info@alliedfoods.ie
<b>Other</b>		
<b>Kylemore Foods Group *</b> McKee Avenue, Finglas, Dublin 11, Ireland	Operation of restaurants and contract catering	Tel: +353 1 814 0600 Fax: + 353 1 814 0601 Email: info@kylemore.ie www.kylemore.ie

## DCC Environmental

Company name & address	Principal activity	Contact details
<b>DCC Environmental Limited</b> DCC House, Brewery Road, Stillorgan, Blackrock, Co. Dublin, Ireland	Holding and divisional management company	Tel: +353 1 2799 400 Fax: +353 1 2831 017 Email: environmental@dcc.ie www.dcc.ie
<b>Enva Ireland Limited</b> Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Specialist waste treatment/management services	Tel: +353 578 678 600 Fax: +353 578 678 699 Email: info@enva.ie www.enva.ie
<b>Wastecycle Limited</b> Enviro Building, Private Road No. 4, Colwick Industrial Estate, Nottingham NG4 2JT, England	Recycling and waste management company	Tel: +44 115 9403 111 Fax: +44 115 940 4141 Email: enquiries@wastecycle.co.uk www.wastecycle.co.uk
<b>William Tracey Limited *</b> 49 Burnbrae Road, Linwood, Paisley, Renfrewshire PA3 3BD, Scotland	Recycling and waste management company	Tel: +44 1505 321 000 Fax: + 44 1505 335 555 Email: info@wmtracey.co.uk www.wmtracey.co.uk

\* 50% owned joint venture

# Shareholder Information

Share price data	2008 €	2007 €
Share price movement during the year		
- High	<b>26.48</b>	28.00
- Low	<b>14.78</b>	17.68
Share price at 31 March	<b>14.95</b>	26.36
Market capitalisation at 31 March	<b>1,208m</b>	2,120m
Share price at 4 June	<b>16.10</b>	
Market capitalisation at 4 June	<b>1,309m</b>	

## Shareholder analysis as at 31 March 2008

Range of shares held	Number of accounts	% of accounts	Number of Shares <sup>1</sup>	% of shares
Over 250,000	44	1.2	63,515,750	78.6
100,001 – 250,000	45	1.3	7,455,979	9.2
10,001 – 100,000	181	5.1	6,002,016	7.4
Less than 10,000	3,265	92.4	3,841,420	4.8
<b>Total</b>	<b>3,535</b>	<b>100.0</b>	<b>80,815,165</b>	<b>100.0</b>

## Geographic division<sup>2</sup>

	Number of Shares <sup>1</sup>	% of shares
Ireland	16,066,778	19.9
UK	18,951,965	23.4
North America	24,896,254	30.8
Europe/Other	6,681,250	8.3
Retail <sup>3</sup>	14,218,918	17.6
<b>Total</b>	<b>80,815,165</b>	<b>100.0</b>

1 Excludes 7,414,239 shares held as Treasury Shares.

2 This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.

3 Retail includes private shareholders, management and broker holdings.

### 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

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

Through DCC's website, stakeholders and other interested parties can access information on DCC in an easy-to-follow and user-friendly format. As well as information on the Group's activities, users can keep up to date on DCC's financial results and share price performance through downloadable reports and interactive share price tools. The site also provides access to archived financial data, annual reports, stock exchange announcements and 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 1 247 5698  
Fax: + 353 1 216 3151  
E-mail: [web.queries@computershare.ie](mailto: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 [www.revenue.ie](http://www.revenue.ie). Declaration forms for claiming an exemption are available from the Company's Registrar.

# Shareholder Information

(continued)

## 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  
19 May 2008
- Ex-dividend date for the final dividend  
28 May 2008
- Record date for the final dividend  
30 May 2008
- Annual General Meeting  
18 July 2008
- Proposed payment date for final dividend  
24 July 2008
- Interim results announced  
November 2008
- Payment date for the interim dividend  
December 2008

## Annual General Meeting

The 2008 Annual General Meeting will be held at The Four Seasons Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Friday 18 July 2008 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 2008 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](http://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 3 of the Notice of Annual General Meeting for instructions on how to do so.

## Investor relations

For investor enquiries please contact Conor Murphy, Investor Relations Manager, DCC plc, DCC House, Brewery Road, Stillorgan, Blackrock, Co Dublin, Ireland.

Tel: + 353 1 2799 400  
Fax: + 353 1 2799 422  
email: [investorrelations@dcc.ie](mailto:investorrelations@dcc.ie)

# Corporate Information

## Auditors

PricewaterhouseCoopers  
Chartered Accountants  
& Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

## Bankers

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

## Registered and Head Office

DCC House  
Brewery Road  
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

# Index

	<b>Page</b>		<b>Page</b>
Accounting Policies	34	Directors' Emoluments and Interests	77
Accounting Records	43	Directors' Remuneration	50
Acquisitions and Organic Development Expenditure	12	Dividend increase	8
Analysis of Net Debt	94	Dividends	36,42, 85
Articles of Association	43	Divisional Highlights	11
Attendance at Meetings	45		
Audit Committee	44	Earnings per Ordinary Share	85
Auditors	43	Employee Share Options	79
		Employment	79
Balance Sheet and Group Financing	36	Environment, Health & Safety	41
Board Changes	8	Equity Share Capital	99
Board Committees	44	Exceptional Profit	11
Board of Directors	4, 44	Exceptionals	82
Borrowings	92		
Business Combinations	104	Finance Costs and Finance Income	83
Business Reviews	14	Financial Review	34
		Financial Risk and Capital Management	106
Capital and Treasury Shares	42	Financial Risk management	38, 71
Capital Expenditure Commitments	103	Financial Strength	12
Cash and Cash Equivalents	91	Foreign Currency	83
Cash Flow	36	Foreign Exchange Risk Management	38
Cash Generated from Operations	102	Fyffes Case	8, 44, 47
Chairman's Statement	8		
Chief Executive's Review	10	Government Grants	99
Commitments under Operating and Finance Leases	103	Group at a Glance	2
Commodity Price Risk Management	39	Group Balance Sheet	59
Company Balance Sheet	61	Group Cash Flow Statement	60
Company Cash Flow Statement	62	Group Directory	111
Company Statement of Recognised Income and Expense	62	Group Income Statement	57
Contents	1	Group Operating Profit	77
Contingencies	102	Group Statement of Recognised Income and Expense	58
Corporate Governance	44		
Corporate Information	117	Highlights	1
Corporate Social Responsibility	13, 40		
Credit Risk Management	39	Income Tax Expense	84
Critical Accounting Estimates and Judgments	71	Intangible Assets	87
		Interest Rate Risk and Debt/Liquidity Management	39
DCC Energy	14	Inventories	89
DCC Environmental	30	Investments in Associates	88
DCC Food & Beverage	26	Investments in Subsidiary Undertakings	89
DCC Healthcare	22		
DCC SerCom	18	Key Performance Indicators	34
Deferred Acquisition Consideration	98		
Deferred Income Tax	95	Management and Staff	9
Derivative Financial Instruments	91	Minority Interest	101
Directors	42	Movement in Total Equity	101
Directors' and Company Secretary's Interests	53	Movement in Working Capital	90



# Index

	<b>Page</b>
Nomination Committee	45
Non-executive Chairman	44
Notes to the Financial Statements	63
Other Operating Income/Expenses	77
Other Reserves	100
Outlook	9,13
Overview of Results	34
Political Contributions	43
Principal Risks and Uncertainties	42
Principal Subsidiaries and Joint Ventures	42
Profit Attributable to DCC plc	85
Property, Plant and Equipment	86
Proportionate Consolidation of Joint Ventures	78
Provisions for Liabilities and Charges	98
Related Party Transactions	110
Remuneration Committee	45, 50
Remuneration Policy	50
Report of the Directors	42
Report of the Independent Auditors	55
Report on Directors' Remuneration and Interests	50
Research and Development	43
Results Highlights	10
Results Overview	8
Retained Earnings	100
Retirement Benefit Obligations	95
Return on Capital Employed	36
Review of Activities and Events since Year End	42
Segment Information	72
Senior Management	6
Shareholder Information	115
Share of Associates' Profit after Tax	83
Share Options	52
Share Premium Account	100
Strategy Review	13
Substantial Shareholdings	43
Trade and Other Payables	90
Trade and Other Receivables	89

## 5 Year Review

### Group Income Statement Year ended 31 March

	Irish GAAP	IFRS	IFRS	IFRS	IFRS
	2004	2005	2006	2007	2008
	€'m	€'m	€'m	€'m	€'m
Revenue	2,089.4	2,644.7	3,436.3	4,046.1	5,532.0
Operating profit before operating exceptional items and amortisation of intangible assets	101.6	109.3	121.0	140.1	167.2
Operating exceptional items	(2.3)	(16.0)	2.8	24.5	39.6
Amortisation of intangible assets	(8.3)	(1.2)	(4.9)	(6.7)	(7.9)
Operating profit	91.0	92.1	118.9	157.9	198.9
Finance costs (net)	(3.8)	(5.7)	(7.0)	(10.8)	(17.8)
Share of associates' profit after tax	15.8	19.3	28.1	14.7	0.6
Non-operating exceptional items	(5.9)	(4.8)	(1.2)	-	-
Profit before tax	97.1	100.9	138.8	161.8	181.7
Income tax expense	(12.0)	(12.1)	(13.5)	(20.7)	(16.5)
Minority interests	(0.8)	(1.0)	(1.5)	(0.9)	(0.7)
Profit attributable to Group shareholders	84.3	87.8	123.8	140.2	164.5
Earnings per share					
- basic (cent)	101.98	109.68	153.92	174.59	204.28
- basic adjusted (cent)	121.89	137.22	157.23	160.02	165.06
Dividend per share (cent)	32.40	37.26	42.85	49.28	56.67
Dividend cover (times)	3.8	3.7	3.7	3.2	2.9
Interest cover (times)	26.7	19.2	17.2	12.9	9.4

### Group Balance Sheet As at 31 March

	IFRS	IFRS	IFRS	IFRS	IFRS
	2004	2005	2006	2007	2008
	€'m	€'m	€'m	€'m	€'m
Non-current and current assets					
Property, plant and equipment	218.6	254.8	267.5	319.6	337.1
Intangible assets	131.4	208.1	248.5	321.4	416.9
Investments in associates	42.0	51.4	76.8	90.3	4.7
Cash/derivatives	323.5	353.3	354.4	340.2	512.7
Other assets	434.2	541.1	665.4	783.1	1,037.3
Total assets	1,149.7	1,408.7	1,612.6	1,854.6	2,308.7
Equity	462.8	492.2	585.4	687.7	742.4
Non-current and current liabilities					
Borrowings/derivatives	261.1	362.2	387.1	440.7	636.4
Retirement benefit obligations	17.2	25.4	20.7	16.4	21.9
Other liabilities	408.6	528.9	619.4	709.8	908.0
Total liabilities	686.9	916.5	1,027.2	1,166.9	1,566.3
Total equity and liabilities	1,149.7	1,408.7	1,612.6	1,854.6	2,308.7
Net cash/(debt) included above	62.4	(8.9)	(32.7)	(100.5)	(123.7)

### Group Cash Flow Year ended 31 March

	Irish GAAP	IFRS	IFRS	IFRS	IFRS
	2004	2005	2006	2007	2008
	€'m	€'m	€'m	€'m	€'m
Operating cash flow	151.9	116.4	142.9	127.4	129.0
Capital expenditure	32.1	43.6	57.7	60.7	87.5
Acquisitions	14.5	81.2	54.7	105.7	176.6

### Other Information

	Irish GAAP	IFRS	IFRS	IFRS	IFRS
	2004	2005	2006	2007	2008
Return on tangible capital employed (%)	39.8%	44.9%	43.0%	38.9%	38.0%
Return on total capital employed (%)	21.3%	20.4%	19.1%	17.9%	17.5%
Working capital (days)	11.6	10.2	9.5	14.0	16.4
Average number of employees	3,768	4,746	5,109	5,653	6,638





DCC plc  
DCC House, Brewery Road,  
Stillorgan, Blackrock,  
Co. Dublin, Ireland.  
Tel: + 353 1 279 9400  
Fax: + 353 1 283 1017  
Email: [info@dcc.ie](mailto:info@dcc.ie)  
[www.dcc.ie](http://www.dcc.ie)