DCC

DCC plc Annual Report and Accounts

2017

DCC is a leading international sales, marketing and support services group with a clear focus on performance and growth.

We are an ambitious and entrepreneurial business operating in 15 countries, supplying products and services used by millions of people every day throughout Europe. Building strong routes to market, driving for results, focusing on cash conversion and generating superior sustainable returns on capital employed enable us to reinvest in our business, creating value for our stakeholders.

Strategic Report

Governance

Financial Statements

Supplementary Information

View this report online at www.dcc.ie

Consistent strategy

Our Strategy

Our objective is to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.

Market leading positions

Operational excellence

Extend our geographic footprint

Development of our people

Financial discipline

DCC at a Glance

DCC is a leading international sales, marketing and support services group. The Group is organised and managed across four divisions* and employs over 11,000 people in 15 countries.

Energy

The leading liquefied petroleum gas ('LPG') and oil sales and marketing business in Europe with a growing position in the retail petrol station market.

Volumes
14.6bn litres
▲12.5%

Operating profit
£254.9m
▲24.3%

Principal operating locations
France, Britain, Ireland, Denmark, Sweden, Austria, the Netherlands, Norway, Belgium and Germany.

Read more: **Operating Review** on **page 36**

Healthcare

A leading healthcare business, providing products and services to healthcare providers and health and beauty brand owners.

Revenue
£506.5m
▲3.2%

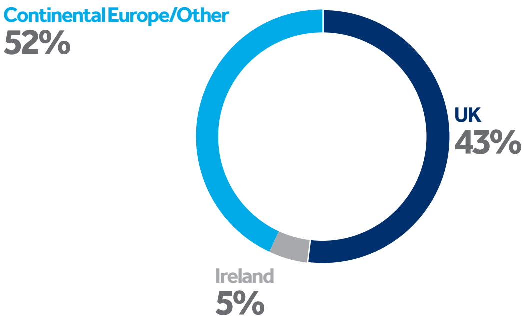
Operating profit
£49.0m
▲8.7%

Principal operating locations
Britain, Ireland and Sweden.

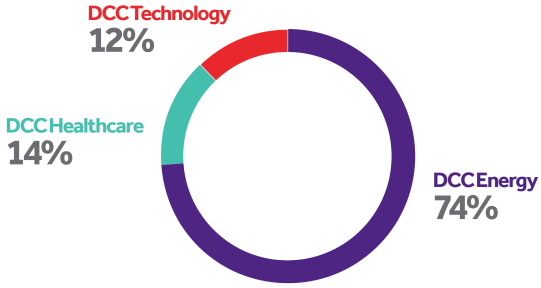
Read more: **Operating Review** on **page 44**

* As announced on 5 April 2017, DCC has agreed to dispose of its Environmental division and the transaction is expected to complete in the quarter to 30 June 2017.

Group operating profit by geography (continuing*)



Group operating profit by division (continuing*)



Technology

A leading route-to-market and supply chain partner for global technology brands.

Revenue
£2.689bn
▲10.1%

Operating profit
£41.1m
▲17.1%

Principal operating locations
Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, UAE, Spain and Norway.

Read more: **Operating Review** on **page 52**

Environmental

Provider of a broad range of waste management and recycling services.

Revenue
£175.2m
▲14.2%

Operating profit
£18.5m
▲22.2%

Principal operating locations
Britain and Ireland.

Highlights of the Year

A year of strong growth and development for the Group

The year ended 31 March 2017 has been a very strong year of performance and development for DCC. The results reflect the continued successful execution of our strategy, and in particular:

- All divisions recorded strong profit growth with Group operating profit[1,2] 20.9% ahead of the prior year at £345.0 million;
- Adjusted earnings per share[1,2] up 18.1% to 286.6 pence;
- Excellent cash generation with 114% conversion of operating profit to free cash flow;
- Return on capital employed[1] of 20.3%;
- Very active period of corporate development with over £550m committed to acquisitions; and
- A proposed 15% increase in the dividend, the 23rd consecutive year of dividend growth since DCC listed in 1994.

Outlook

The Group expects that the year ending 31 March 2018 will be another year of profit growth and development.

Revenue [1]

£12,269.8m

▲17.4%

2017	£12,269.8m
2016	£10,447.6m

Operating profit [1,2]

£345.0m

▲20.9%

2017	£345.0m
2016	£285.3m

Adjusted EPS [1,2]

286.59p

▲18.1%

2017	286.59p
2016	242.78p

Dividend per share

111.80p

▲15.0%

2017	111.80p
2016	97.22p

Operating cash flow

£546.9m

▲32.8%

2017	£546.9m
2016	£411.7m

Return on capital employed [1]

20.3%

2017	20.3%
2016	21.9%

1 Continuing operations (i.e. excluding DCC Environmental).

2 All references to 'operating profit' and 'adjusted earnings per share' included in the Strategic Report are stated excluding net exceptionals and amortisation of intangible assets. Other 'Alternative Performance Measures' ('APMs') are detailed on pages 204 to 208.

Strategy
Sustainable Growth

Objective

Our objective is to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.

We will achieve this by focusing on five strategic priorities as illustrated.

Strategic Priorities

Market leading positions

DCC aims to be the number one or two operator in each of its chosen markets. This is achieved through a consistent focus on increasing market shares organically and via value enhancing acquisitions. We have a long and successful track record of acquisitions which have strengthened our market positions and generated attractive returns on capital invested.

Operational excellence

DCC strives to be the most efficient business in each of the sectors in which it operates. We continuously benchmark our businesses against those specific KPIs we judge are important indicators in our drive for superior returns on capital in the short, medium and longer term.

Extend our geographic footprint

In recent years we have been expanding certain of the Group's businesses into Continental European markets we believe provide good opportunity for future growth. We will look to further develop our businesses in these markets and to enter new geographic markets on a selective basis in the coming years.

Development of our people

Developing and investing in our employees has long been recognised as fundamental to DCC's success. The devolved nature of our management structure requires unique leadership capability and skills and we believe our people are a key differentiator for us. We commit significant resources to ensure we attract, develop and build a pipeline of talent to deliver the Group's strategy over the longer term.

Financial discipline

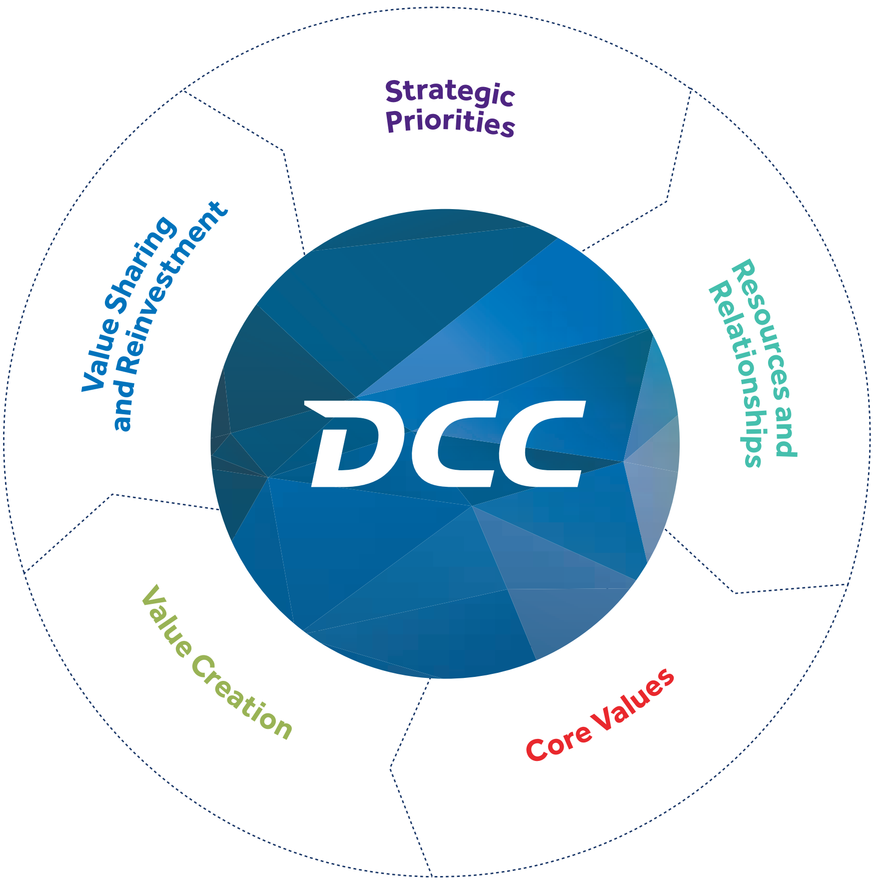
In pursuing our strategic objectives, we will only do so in the context of maintaining relatively low levels of financial risk in the Group. We believe that this not only provides the greatest likelihood of generating value for shareholders in the long-term but also leaves the Group best placed to react quickly to commercial opportunities as they arise.

Examples of Progress in 2017	Priorities for 2018
The Group maintained or increased market share in the primary markets in which it operates. The most significant acquisitions completed during the year were Gaz Européen in DCC Energy, Medisource in DCC Healthcare and Hammer in DCC Technology. These businesses are market leaders with returns on capital employed above the Group's cost of capital.	The Group will continue to pursue growth organically and through value enhancing acquisitions. The acquisition of Esso Retail Norway, which is subject to customary regulatory approvals and closing conditions, is another step in building DCC Energy's retail petrol station business in Europe. The acquisition of Shell's LPG business in Hong Kong & Macau is expected to complete before the end of DCC's financial year ending 31 March 2018. This business is a leading LPG business in Hong Kong and is the market leader in Macau.
During the year DCC Energy began integrating the Dansk Fuels retail business into the Drogheda hub, with expected completion by 30 June 2017. DCC Healthcare increased manufacturing capacity and completed the integration of the Swedish packing operations into the larger tablet manufacturing facility in Britain. DCC Technology has completed and commissioned the new UK warehouse in Lancashire which provides for significantly increased capacity and Phase 1 of the new ERP system in the UK went live during the current financial year. These infrastructure upgrades will increase efficiency, provide extra capacity and support increasing demand for flexible delivery solutions.	In DCC Energy the combination of the recently acquired Gaz Européen's expertise in the natural gas market with Butagaz's marketing and brand strength will provide an excellent platform for growth in the French natural gas market. The integration of the Esso Retail Norway business into the Drogheda hub and spoke structure will drive further operational synergies and follows the integrations of Esso Retail France and Dansk Fuels. DCC Healthcare will continue to invest in additional manufacturing capacity to drive flexibility and improved operational efficiency across its contract manufacturing activities. Back office functions will continue to be streamlined in order to enhance customer service levels and improve cost effectiveness. The transition from DCC Technology's existing facilities to the new warehouse will complete during the year ending 31 March 2018. Phase 2 of the new ERP system in the UK is planned to go live during the year ending 31 March 2018. Construction also continues on new distribution centres in France and Sweden.
The acquisition of Gaz Européen represented the Group's first major acquisition in natural gas and complements Butagaz's leading position in France. The acquisition of Shell Hong Kong & Macau, which is expected to complete in DCC's year ending 31 March 2018, represents DCC's first significant step in building our business beyond Europe and is consistent with the Group's ambition to build a substantial presence in the global LPG market. Subject to regulatory approvals, DCC Energy expects to complete the acquisition of Esso Retail Norway in the final calendar quarter of 2017.	The completion and integration of the acquisitions of Esso Retail Norway and Shell Hong Kong & Macau will be a significant focus for DCC Energy. The Group remains disciplined in its ambition to enter new geographic markets and the development strategy remains unchanged.
During the year we rolled out a senior executive development programme which was underpinned by DCC's leadership competency framework. This tailored approach to personal development planning focused on ensuring that we continue to develop organisation capability that delivers on the Group's strategic priorities.	We are rolling out a more connected approach to talent management across the Group which will leverage the strength of DCC's diversity to encourage and support talent development at all levels of the organisation.
The Group's financial position remains very strong, well funded and highly liquid. At 31 March 2017 the Group had total equity of £1.5 billion, net debt of £122 million, cash resources (net of overdrafts) of £1 billion and a further £400 million of undrawn committed debt facilities. At 31 March 2017, the Group's net debt:EBITDA was 0.3 times.	Taking account of the commitments to acquire Shell Hong Kong & Macau and Esso Retail Norway together with the disposal of the Environmental division, the pro-forma impact would be to increase the Group's net debt at 31 March 2017 by approximately £185 million, giving a pro-forma net debt:EBITDA of 0.6 times. The maintenance of a strong and liquid balance sheet to take advantage of opportunities as they arise will remain an integral part of the Group's strategy.

Business Model

How we create, sustain and share value

Our business model is highly cash generative and offers significant growth potential and shareholder returns on capital employed significantly ahead of our cost of capital.



Guided by our strategic framework...

- Market leading positions
- Operational excellence
- Extend our geographic footprint
- Development of our people
- Financial discipline

Read more: Strategy on page 2

...we leverage our key differentiators to create value...

Financial
- Focus on cash generation and ROCE
- Ability to identify, execute and integrate acquisitions

Strategic
- Consistent strategic direction
- Disciplined capital allocation
- Devolved management structure
- Talent development and retention

Operational
- Cash generative businesses
- Strong, empowered management teams
- Best practice in governance and compliance
- Robust risk management
- Strong supplier and customer relationships

...we utilise our resources...

People
We employ over 11,000 highly talented and committed people across 15 countries.

Capital
Our strong and liquid balance sheet enables us to react quickly to commercial opportunities.

Partnerships
We value strong stakeholder relationships including long-term strategic partnerships with suppliers and customers.

Facilities
Our physical infrastructure provides a strong platform for the products we sell.

Intellectual
The quality of our own brands, third party brands, licenses and processes provides significant competitive advantage.

...and underpinned by our core values...

Safety
For us, safety comes first

Integrity
Our business is built on trust

Partnership
We are stronger together

Excellence
We are driven to excel in everything we do

Read more: Chairman's Statement on page 7

...generating returns for stakeholders and capital for reinvestment.

Shareholders
Our business model adds long-term value for shareholders through our progressive dividend policy.

Employees
We invest in our people throughout their careers to ensure they are engaged and fully equipped to perform their roles. We provide competitive rewards and benefits that are clearly linked to performance and offer opportunities for further career development.

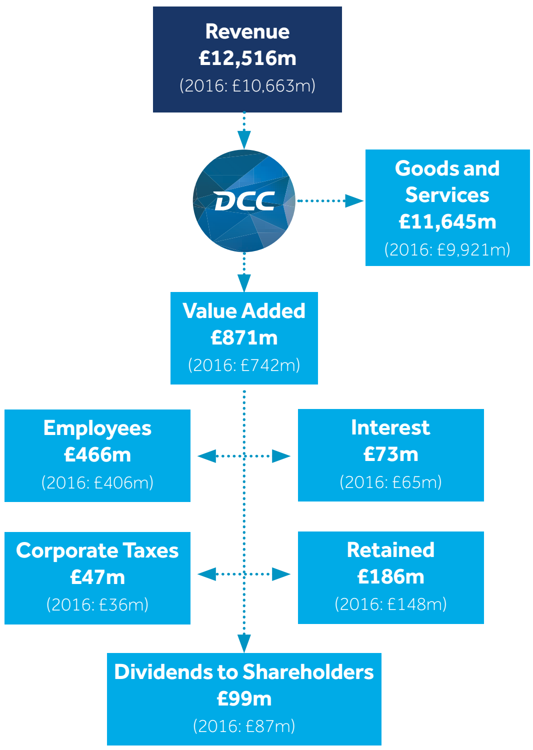
Business partners
We adopt a collaborative approach with our suppliers and customers, thus facilitating the provision of a best-in-class service and the achievement of mutually beneficial goals.

Governments
The taxes and levies paid by the Group in the jurisdictions in which we operate enable local governments to develop and maintain public works, services and institutions.

Local communities
We partner with a number of charities and encourage our people to engage in volunteer work, thereby benefiting local communities. Our operations also create business opportunities for local suppliers.

Capital for reinvestment
Disciplined and selective capital redeployment allows us to sustain our growth model. The highly cash generative nature of our business model enables ongoing investment in our people and existing businesses together with further acquisitions, driving efficiencies and further sustainable growth.

Economic contribution



Chairman's Statement

A strong set of results and a particularly active period for development

John Moloney
Chairman

Dear Shareholder,

Performance

I am pleased to report a strong set of results for the year ended 31 March 2017. Operating profits were up by 20.9% and adjusted earnings per share grew by 18.1%, both on a continuing basis.

Return on capital employed, a key metric for the Group, was 20.3%. The strong conversion of operating profits to free cash flow continued, at 114%, with net debt at the year end of £122 million and total equity of £1.5 billion.

Strategy

Our core strategy continues to be to build an international business of scale that is sustainable and cash generative and which provides our shareholders with returns on capital employed substantially ahead of our cost of capital. Examples of this strategy being put into effect during the year are demonstrated in the Strategy in Action section on pages 27 to 35.

It has been a particularly active period for development in DCC, with over £550 million committed to acquisition expenditure across DCC Energy, DCC Healthcare and DCC Technology.

The highlights of this acquisition programme were the agreed acquisition of Esso's retail network in Norway and the agreed acquisition of Shell's LPG business in Hong Kong & Macau, DCC's first material step beyond Europe.

DCC has agreed to dispose of its Environmental division to Exponent, a leading private equity firm, at an enterprise value of £219 million, on a debt-free, cash-free basis.

The transaction is expected to complete in the quarter to 30 June 2017, and will bring sharpened strategic focus to the Group and will allow DCC to concentrate fully on growing and developing the Energy, Healthcare and Technology divisions, where we have been actively deploying development capital in recent years.

Dividend

The Board is recommending a final dividend of 74.63 pence per share. This brings the total dividend per share for the year ended 31 March 2017 to 111.80 pence per share, up 15.0% on the previous year. We have now completed 23 years of uninterrupted dividend growth since DCC became a publicly listed company in 1994.

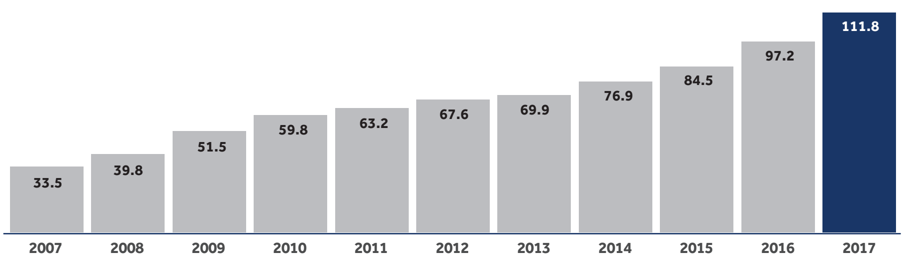
Chief Executive Succession

After more than 30 years' service in the DCC Group and almost 10 years in the role as Chief Executive, Tommy Breen will stand down from the Board at the conclusion of the Annual General Meeting on 14 July 2017. Tommy will be succeeded by Donal Murphy, Executive Director and Managing Director of DCC Energy, DCC's largest division.

I would like to thank Tommy for his exceptional leadership as Chief Executive and his dedication and commitment to DCC since he joined the Group. Under Tommy's stewardship the Group has gone from strength to strength, with sustained growth in the Group's operations, operating profit, cash flow and dividend and the development of market leading positions in its Energy, Healthcare and Technology divisions. This has been done whilst all the time maintaining the focus on returns which has been a hallmark of DCC since its foundation.

Dividend (pence) – years ended 31 March

Compound Dividend Growth over 10 years: 12.8% per annum



During Tommy's tenure as Chief Executive, DCC has generated very substantial returns for shareholders with a TSR of approximately 660%. He leaves DCC in excellent shape and on behalf of the Board I would like to wish Tommy and his family every success in the future.

The comprehensive process which culminated in Donal being appointed as Tommy's successor was led by the Nomination and Governance Committee, with the assistance of an executive search firm. Donal has had a long and very successful career in DCC. His track record and in-depth knowledge of the Group across all areas of operations will enable a seamless transition and leaves him very well placed to continue the successful development of the business.

Board Composition and Renewal
Board renewal is a key area of focus and is crucial to the Group's success. I would like to formally welcome Emma FitzGerald, who was co-opted to the Board on 14 December 2016 following a comprehensive recruitment process. Emma brings considerable experience as an executive and non-executive director of UK and international companies, especially in the energy sector. Emma has also joined the Remuneration Committee.

David Byrne retired from the Board as a non-executive Director and Senior Independent Director on 15 July 2016 and Róisín Brennan retired as a non-executive Director on 14 December 2016. Their contribution has been much appreciated by myself and all of the Board over their tenures.

Total Shareholder Return ('TSR')

TSR over 10 years: 433%

The chart above shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2007.

Values
DCC's values of safety, integrity, partnership and excellence define how DCC's businesses operate. These values are summarised in the table below and have been communicated Group wide and are encouraged by the Group's management teams to guide our employees in the way we do business.

Our People
Throughout our operations across the Group, it is the enthusiasm and commitment of our teams which allows us to continually improve our performance. I would like to thank them all for their achievements this year, which contributed greatly to the Group's continued success.

On behalf of the Board, I would like to thank Tommy Breen and his executive leadership team for their ongoing commitment and achievements in the year ended March 2017.

Outlook
I believe that DCC is well placed to make continued progress, both in terms of performance and strategy, in the current year and, as we look to a new executive leadership, I remain confident that DCC will continue to deliver real value for its shareholders.

On behalf of the Board, I would like to thank you, our shareholders, for your continued support.

John Moloney
Chairman
15 May 2017

OUR VALUES

SAFETY
For us, safety comes first
Our first priority is the safety of our employees, contractors, customers and other persons who may be affected by our business activities. Safety is a key focus for Board and management across our supply chains and in particular with regard to our 11,000 employees across over 400 sites. Trends in the last financial year showed further improvement.

INTEGRITY
Our business is built on trust
Being honest, open, accountable and fair is in our nature. These traits are the pillars on which our business has been built. Integrity is at the heart of our interaction with stakeholders.

PARTNERSHIP
We are stronger together
Our business is all about creating sustainable partnerships with customers and suppliers.

EXCELLENCE
We are driven to excel in everything we do
We believe great performance comes from preparation, focus on the detail, relentless determination, a sense of urgency and a genuine hunger for success. Excellence is what drives focus on continuous improvement in all that we do.

Chief Executive's Review

Continued successful execution of our strategy

Tommy Breen
Chief Executive

I am very pleased to report that the year ended 31 March 2017 has been another strong year of growth and development for DCC.

The results reflect the continued successful execution of our strategy in significantly growing our operating profits, converting those profits into cash and re-deploying capital into our Energy, Healthcare and Technology businesses.

Performance Highlights

- All divisions of DCC recorded strong profit growth, with Group operating profit on a continuing basis increasing by 20.9% (12.8% on a constant currency basis) to £345.0 million.
- Adjusted earnings per share on a continuing basis was up 18.1% (10.3% on a constant currency basis) to 286.6 pence.
- Free cash flow increased by 42.7% to £415.5 million, representing a cash conversion of 114%.
- Return on total capital employed was 20.3%.
- A proposed 16.3% increase in the final dividend, which, together with the interim dividend increase of 12.5%, will see the total dividend for the year increase by 15.0% to 111.80 pence,

Development Highlights

The last year has been a very active period of corporate development, with over £550 million committed to acquisitions. The highlights of this activity have been:

- The agreed acquisition of Esso's retail network in Norway for a total consideration of NOK 2.43 billion (c. £235 million) plus the value of stock in tank at the date of acquisition. The acquisition is another significant step for DCC in building its retail petrol station business in Europe and builds on the excellent relationship developed with Exxon following DCC's acquisition of the Esso retail business in France in 2015. The national network acquired in Norway sells c. 600 million litres of fuel annually and is the third largest in the country with approximately 20% of retail volumes. It comprises 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer owned stations. The transaction is subject to customary regulatory approvals and closing conditions and is expected to complete in the final calendar quarter of 2017.
- The agreed acquisition of Shell's LPG business in Hong Kong & Macau based on an enterprise value of HK$1.165 billion (c. £120 million). This business is one of the leading LPG sales and marketing businesses in Hong Kong and Macau, where it has been selling LPG for almost sixty years. The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers. The acquisition is consistent with DCC Energy's ambition to build a substantial presence in the global LPG market. The acquisition represents a further strengthening of DCC's relationship with Shell and gives the business a strong market position in Hong Kong and Macau. It is also DCC's first material step in building its business beyond Europe and gives the Group a platform for development in the growing LPG market in Asia.
- Further acquisition activity in each of DCC's principal divisions including the acquisitions of Gaz Européen in France (Energy), Medisource in Ireland (Healthcare) and Hammer and Medium in the UK (Technology).

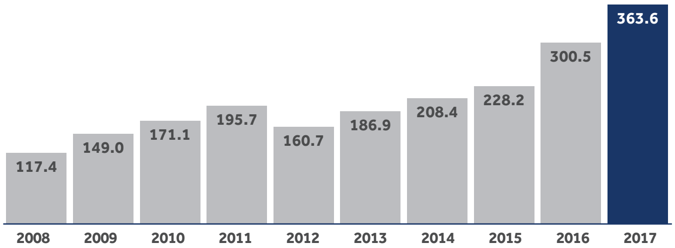
Following the disposal of DCC Food & Beverage in 2015 we have continued to sharpen the strategic focus of the Group through the agreed disposal of DCC's Environmental division, which represented 5% of operating profit in 2017, for an enterprise value of £219 million. DCC expects to receive cash proceeds on completion of approximately £170 million (25% of the British businesses are owned by DCC's long-standing minority partner). Competition clearance was obtained from the Irish competition authority on 8 May and the transaction is expected to complete before the end of May. The disposal is expected to give rise to an exceptional profit in the year ending 31 March 2018 of approximately £30 million. The proceeds from the sale will be used to fund the continued development of DCC's Energy, Healthcare and Technology divisions.

We continue to invest in the facilities required to deliver outstanding service to our customer and supplier partners.

Group operating profit (£'m) – years ended 31 March

2017: £363.6m

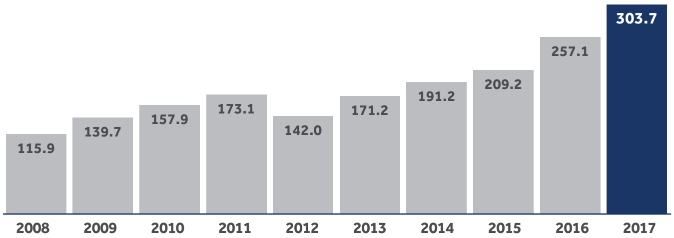
▲21.0%



Adjusted earnings per share (pence) – years ended 31 March

2017: 303.7 pence

▲18.1%



The charts above show the total Group operating profit and total adjusted earnings per share i.e. including DCC Environmental.

During the year, DCC Technology successfully completed the construction and commenced the commissioning of its new, purpose built 450,000 sq.ft. UK national distribution centre in the north of England. The facility is now operational, with activity being transitioned from the existing warehousing infrastructure on a phased basis. The transition will be fully completed by the end of the financial year ending 31 March 2018.

Delivery against Strategy

DCC is an ambitious and entrepreneurial business with a clear focus on performance and growth. We have had a consistent strategy for many years – to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of our cost of capital.

Over the past ten years DCC has grown operating profit from £81.7 million to £363.6 million and operating cash flow from £103.7 million to £546.9 million. We have committed £1.9 billion on acquisitions, invested £694.8 million in capital expenditure and delivered an average 18% return on capital employed over this period.

We have broadened the geography of the business from one that ten years ago was largely focused on Ireland and Britain to now also having significant operations in Continental Europe. Through the agreed acquisition of Shell's LPG business in Hong Kong & Macau we will shortly for the first time have a significant base in Asia.

We have sharpened the focus of our business through disposals of smaller business units with lower returns on capital employed and less development potential. The proceeds from these disposals have been and will continue to be reinvested in our Energy, Healthcare and Technology divisions. DCC has delivered for its shareholders a compound annual growth in dividends since listing in 1994 of 14.7% and a total shareholder return of 6,892%.

People and Values

The performance and development of DCC over the past year, the past decade and indeed DCC's life as a listed company has been driven by the commitment and dedication of its people. Across each of our businesses, our people share a similar growth focused and entrepreneurial culture which has ambition, agility and achievement at its core. We firmly believe that this 'can do' culture is a key factor in the motivation of our people to deliver superior service to our customer and supplier partners, carefully manage our cost base and identify and execute value-enhancing acquisition activity.

This performance culture is based on DCC's core values, established over many years, of safety, integrity, partnership and excellence. Our first priority is always the safety of our employees, contractors, customers and other persons who may be affected by our business activities. Nothing we do is so important that it cannot be done safely, every time. We encourage our employees to do the right thing and to treat people with respect and dignity. We seek to develop mutually beneficial long-term relationships with key business stakeholders founded on trust and respect and we place significant value on commitment and loyalty. Our pursuit of excellence drives us forward, ensuring we continue to deliver great performances every day and long-term growth in stakeholder value. DCC's Board and leadership teams take very seriously our responsibilities to guide and inspire our employees to embody these values in the way DCC conducts its business.

I will be retiring from DCC at the forthcoming Annual General Meeting. I have had the great privilege to work with a wide range of talented and committed people for almost 32 years and I would like to thank them all, past and present, for their effort and commitment in delivering the record of performance achieved by DCC over many years. I believe that the established culture and values of DCC and the talent and dedication of its people provides all stakeholders with confidence in the future of the Group.

Outlook

The Group continues to have the ambition, capacity and opportunity for further development. We expect that the coming year will be another year of profit growth and development for DCC.

Tommy Breen
Chief Executive
15 May 2017

Key Performance Indicators
Measuring Our Progress

The Group employs financial and non-financial key performance indicators ('KPIs') which signify progress towards the achievement of our strategy. Each division has its own KPIs which are in direct alignment with those of the Group and are included in the divisional operating reviews on pages 36 to 57.

Financial KPIs	Strategic Linkage
Return on capital employed ('ROCE') ROCE is defined as the operating profit before amortisation and exceptional items expressed as a percentage of the average capital employed. ROCE is presented on a continuing basis.	ROCE is the key financial benchmark we use when evaluating both the performance of existing businesses and potential investments and is a key component of DCC's executive bonus plans and Long Term Incentive Plan. R
Growth in operating profit The change in operating profit before amortisation and exceptional items achieved in the current year compared to the prior year. Growth in operating profit is presented on a continuing basis.	Operating profit measures the underlying operating performance of the Group's businesses and gives an insight into our activity levels, cost management and performance efficiency. R
Growth in adjusted earnings per share ('EPS') The change in adjusted EPS achieved in the current year compared to the prior year. Growth in EPS is presented on a continuing basis.	EPS is a widely accepted metric used in determining corporate profitability. It also represents an important metric in determining the generation of superior shareholder returns and is a key component of DCC's executive bonus plans and Long Term Incentive Plan. R
Operating cash flow Cash generated from operations before exceptional items.	Operating cash flow represents the funds available for reinvestment, acquisitions and dividends, so maintaining a high level of cash generation is key to maintaining a strong, liquid balance sheet.
Committed acquisition expenditure Cash spent and acquisition related consideration for acquisitions committed to during the year.	The Group constantly seeks to add value-enhancing acquisitions in order to provide shareholders with returns on capital in excess of our cost of capital

Non Financial KPIs	
Health and safety Lost Time Injury Frequency Rate ('LTIFR') measures the number of lost time injuries per 200,000 hours worked. Lost Time Injury Severity Rate ('LTISR') measures the number of calendar days lost per 200,000 hours worked.	The safety of our employees and the wider community is central to everything we do. A continually improving occupational and process safety culture is a key element in delivering on our strategic objectives.
Gender diversity The percentage split of the overall workforce between female and male employees.	The Group benefits from attracting and developing a workforce with diverse skills, qualities and experiences.
Carbon emissions Total Scope 1 and 2 carbon emissions expressed in kilotonnes (kts) of CO_2e.	The Group is committed to running our businesses in an environmentally responsible manner.

Strategic Linkages

Market leading positions · Operational excellence · Extend our geographic footprint · Development of our people · Financial discipline · R Linked to Directors' Remuneration

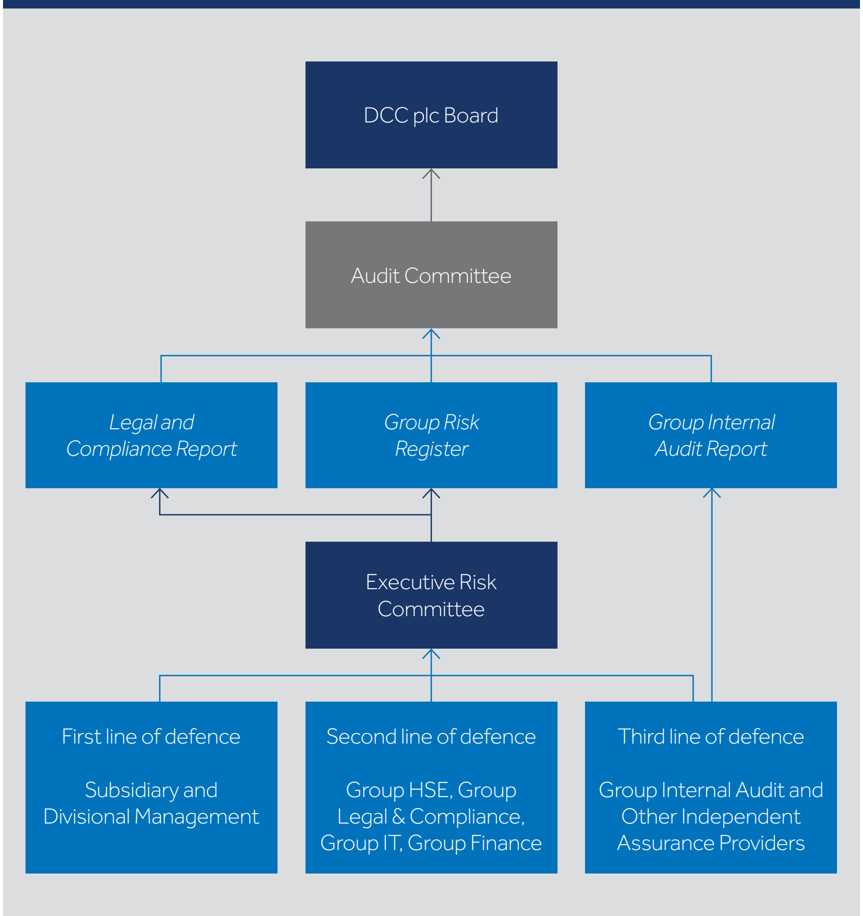
Performance	Comment	FY18 Outlook and Aims
2017 20.3% 2016 21.9%	The ROCE on continuing operations of 20.3% is significantly in excess of our cost of capital. This performance was primarily driven by continued strong working capital management and the increase in the Group's operating profit (continuing) of 20.9%.	The achievement of returns on capital employed in excess of the Group's cost of capital will continue to be a key focus in order to ensure the efficient generation of cash to fund organic growth, acquisitions and dividend growth.
2017 £345.0m 2016 £285.3m 2017 v 2016: ▲20.9%	DCC Energy recorded excellent profit growth of 24.3%, benefiting from the full year impact of acquisitions completed in the prior year and good organic growth in LPG despite rising product prices. DCC Healthcare's operating profit was 8.7% ahead of the prior year reflecting good organic growth. Operating profit in DCC Technology was 17.1% ahead of the prior year reflecting acquisitions completed in FY16 and FY17 together with good organic growth in the UK and Irish business.	The Group expects that the year ending 31 March 2018 will be another year of profit growth and development.
2017 286.6p 2016 242.8p 2017 v 2016: ▲18.1%	The increase in adjusted EPS was primarily driven by the factors mentioned under the operating profit KPI.	The Group expects that the year ending 31 March 2018 will be another year of growth in adjusted earnings per share.
2017 £546.9m 2016 £411.7m 2017 v 2016: ▲32.8%	The Group generated excellent operating cash flow of £546.9m during the year, driven by operating profit of £363.5m and a reduction in working capital of £84.0m.	Cash generation and working capital management will remain a key focus of the Group.
2017 £553.9m 2016 £80.2m	The Group committed to acquisition expenditure of £553.9m during the year which principally comprised Esso Retail Norway (£235m), Shell Hong Kong & Macau (£120m), Gaz Européen (£101m), Hammer (£38m) and Medisource (£27m).	The Group will continue to pursue attractive opportunities in our traditional markets as well as looking to extend our business into selected new geographic markets. We continue to pursue a strong pipeline of opportunities but acquisition targets must meet our demanding criteria and we will remain disciplined in our approach to acquisition spend.
LTIFR 2017 1.6 2016 1.7 **LTISR** 2017 23 Days 2016 27 Days	The Group's LTI metrics improved compared to the previous year. All LTIs, regardless of severity, are investigated to determine root causes and to implement appropriate corrective actions. Near miss reporting, employee engagement and safety leadership activities are continuously emphasised and are essential to achieving further improvements.	The Group will continue to focus on promoting a strong safety culture across our businesses in order to raise risk awareness and ensure risk control measures are in place and operating effectively. LTI rates are targeted to improve as a result.
Male/female split 2017 68% 32% 2016 67% 33%	At 31 March 2017, female employees accounted for 32% of the overall workforce, 22% of senior management and 30% of Board members.	The Group will continue to focus on actions which will improve the diversity of our workforce. We are committed to better gender balance at all levels of the organisation and actively support the development of our high potential female talent.
2017 118kts 2016 120kts	The reduction in emissions was due to a combination of factors including greater efficiencies in distribution and the general trend towards decarbonisation of national electricity generating capacity.	The Group will continue to identify energy saving opportunities and monitor carbon emissions from its operations.

Risk Report

Identify, assess and manage risk

The Board of DCC is responsible for setting the Group's risk appetite and ensuring that appropriate risk management and internal control systems, designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives, are in place.

Risk Management Framework



Risk Management
The Board has approved a Risk Appetite Statement specifying the levels of risk that the Group is prepared to accept in key areas of activity in achieving its strategic objectives. This Statement informs the risk management and internal control systems that are maintained in those areas.

The Board has also approved a Risk Management Policy which sets out delegated responsibilities and procedures for the management of risk across the Group.

The Risk Appetite Statement and the Risk Management Policy are reviewed by the Board at least annually to ensure that they remain current.

The Board recognises that the effective management of risk requires the involvement of people at every level of the organisation and seeks to encourage this through a culture of open communication, in addition to the operation of formal risk management processes.

Risk Management Framework
The risk management framework has been designed using a 'three lines of defence' model. The first line comprises subsidiary and divisional management, who have day-to-day responsibility for designing, implementing and maintaining effective internal controls within individual subsidiaries and divisions. The second line comprises Group oversight functions which provide expertise in regard to the management of specific risks, in particular health, safety and environmental ('HSE'), IT, legal & compliance and finance. The third line of defence principally comprises Group Internal Audit and also includes the external auditors and specialist third party auditors/regulators.

The detailed roles and responsibilities assigned under the risk management framework are summarised below.

Board
As noted earlier, the Board is responsible for approving the Group's Risk Appetite Statement and the Risk Management Policy.

The Board monitors the Group's risk management and internal control activities through the receipt, at each Board meeting, of a risk report which focuses on the principal risks, as set out in the Group Risk Register, on emerging risks, on current risk mitigation activities and on developments in risk management practice. The Board also receives a briefing from the Chairman of the Audit Committee on its current risk and internal control activities.

In addition, recognising that health and safety is a very significant risk area for the Group, particularly in the Energy and Environmental divisions, the Board takes particular responsibility for this area through direct quarterly reporting to it by the Head of Group Sustainability, who is responsible for the Group HSE function.

The Board also considers the annual review of the effectiveness of the Group's risk management and internal control systems, which is undertaken jointly by Enterprise Risk Management and Group Internal Audit and reviewed in detail by the Audit Committee.

Audit Committee

The Audit Committee is responsible for assisting the Board by taking delegated responsibility for risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

It fulfils its responsibilities by oversight of the Group Risk Register, including principal risks, emerging risks and risk mitigation activities and by reviewing regular reports from Group Internal Audit and from second line providers, in particular the Executive Risk Committee and Group Legal & Compliance.

The Chairman of the Audit Committee reports to the Board at each Board meeting on its activities, both in regard to audit matters and risk management.

The Audit Committee also reports to the Board on the detailed work done by management in respect of the annual assessment of the operation of the Group's risk management and internal control systems.

Further detail on the activities of the Audit Committee is set out in its Report on page 77.

Executive Risk Committee

The Executive Risk Committee is chaired by the Chief Executive and comprises senior divisional and Group management. Its responsibilities are to analyse on a continuous basis the principal risks facing the Group, the controls in place to manage those risks and the related monitoring procedures and to consider any emerging risks which impact on the Group's risk environment and controls.

The Executive Risk Committee maintains the Group Risk Register and the Integrated Assurance Report (as detailed below) and reports on changes to these to the Audit Committee.

The Executive Risk Committee also evaluates all audit reports prepared by Group Internal Audit, Group HSE and Group Legal & Compliance and ensures prompt action is taken to address control weaknesses highlighted by these reports, prior to these reports being considered by the Audit Committee or the Board as appropriate.

Group Oversight Functions

Group HSE

The Group HSE function operates a risk based HSE audit programme which provides independent assurance on the key HSE management processes and controls that are in place in the Group's businesses.

The Group HSE function also facilitates the exchange of best practice and supports divisional HSE committees in setting objectives, reviewing HSE risk registers and developing appropriate HSE standards. As mentioned earlier, the Board receives direct reports on the management of HSE risks.

Further detail on HSE risk management is set out in the Responsible Business Report on page 58.

Group Legal & Compliance

The Group maintains a structured compliance programme which is designed to provide reasonable assurance that all of its operations comply with applicable legal and ethical standards.

The directors of each Group subsidiary are primarily responsible for ensuring that their business complies with applicable legal and ethical standards. The Group Legal & Compliance function assists them in this through the identification of relevant requirements and the development and implementation of suitable controls, such as policies, training and audits. More detail on the compliance programme is contained in the Corporate Governance Statement on page 71.

The Group Legal & Compliance function also carries out regular compliance audits in Group subsidiaries to ensure that controls are being followed and are operating effectively.

Further detail on compliance risk is set out in the Corporate Governance Statement on page 71.

Group IT

The Group IT function is responsible for setting the Group's IT strategy for major IT projects and for managing IT security risks.

Group Finance

Group Finance incorporates the Group accounting, corporate finance, treasury and taxation functions, who are responsible for implementing appropriate risk management practices and having oversight of subsidiary activities in their areas of operation.

Group Internal Audit

Group Internal Audit is responsible for reviewing the risk management and internal control processes and identifying areas for improvement and providing independent and objective assurance on risk matters to senior management and the Audit Committee. Group Internal Audit develops an annual, risk based internal audit programme, which is approved by the Audit Committee.

Group Internal Audit incorporates a dedicated IT audit and data analytics function which is focused on ensuring the Group Information Security Policy and related IT Standards are consistently applied and key risks with respect to cybersecurity and business continuity are regularly reviewed. It also provides data analytics support to risk and control reviews performed by Group Internal Audit.

The Groups IT Security Advisor provides ongoing technical support, including managing cybersecurity and Payment Card Industry Data Security Standards ('PCI DSS') requirements and is also responsible for user security training and network penetration testing.

Further detail on the Group Internal Audit function is set out on page 79.

Risk Register Process

The Group's risk register process is based on a Group-wide approach to the identification and assessment of risks and the manner in which they are managed and monitored.

Risk registers, covering strategic, operational, financial and compliance risks, are completed with the impact and likelihood of occurrence for each risk determined. New or emerging risks are added to the risk register as they are identified.

The process, commenced in 2015, of embedding the risk register process into the Group's businesses is fully in place and it now forms part of ongoing management processes in the Group's businesses. This has facilitated more frequent review and updating of the divisional and Group risk registers and the related assurance reports. This process is overseen by a dedicated risk management executive within the Group Internal Audit function.

Subsidiary

Each subsidiary is required to maintain a risk register, which is reviewed and updated at each monthly management meeting, attended by both subsidiary and divisional management. Control improvements identified by management as part of the risk register process are formally monitored through an online Group audit management

Risk Report continued

system. Each subsidiary also completes a half-yearly online risk survey as an additional review of current and emerging risk trends.

Division
Divisional management are responsible for regularly updating the divisional risk registers, which are submitted to the Executive Risk Committee at each meeting.

Group
The Group Risk Register is maintained by the Executive Risk Committee and is regularly updated to reflect any significant changes noted in the reviews of divisional risk registers or in Group level risks.

The principal risks to the attainment of the Group's strategic priorities, which were confirmed by the risk register process, are set out on pages 15 to 17.

An Integrated Assurance Report ('IAR') is maintained to identify the assurance activities, both current and planned, across the three lines of defence, which are intended to address the key and emerging risks identified by the risk register process. The IAR is updated and discussed by the Executive Risk Committee at each meeting.

The Group Risk Register and the IAR are then reviewed by the Audit Committee and the Board, as noted earlier.

Reporting
Formal risk reporting timetables and structures are in place across the Group and, in particular, from the Executive Risk Committee and the second line of defence functions to the Audit Committee and Board, by way of the Legal and Compliance report and the quarterly HSE report respectively, and from Group Internal Audit to the Audit Committee.

Going Concern and the Viability Statement

Going Concern and the Viability Statement
In accordance with the relevant provisions set out in the UK Corporate Governance Code, the Board has taken account of the principal risks and uncertainties, as set out in the table on pages 15 to 17, in considering the statements to be made in regard to the going concern basis of accounting and the viability statement. These statements are set out below:

Going Concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 18. In addition, note 5.7 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources and a broad spread of businesses with a large number of customers and suppliers across different geographic areas and industries. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have 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.

Viability Statement
The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to 31 March 2020. The Directors' assessment has been made with reference to the resilience of the Group and its strong financial position, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as described in the Strategic Report and the Risk Report.

The Group has a broad spread of customers and suppliers across different geographic areas and independent market sectors. The Group is supported by a well funded and liquid balance sheet and strong operational cash flows. The assessment period of three years has been chosen as it is consistent with the Board's annual review of the Group's strategy at which the development plans for each business are discussed.

A robust financial model of the Group is built on a business by business basis. This model is subjected to sensitivity analysis.

This review and analysis also considers the principal risks facing the Group, as described on pages 15 to 17, and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period.

The Board considers that the diverse nature of the sectors and geographies in which the Group operates acts significantly to mitigate the impact any of these risks might have on the Group.

Principal Risks and Uncertainties

The principal risks and uncertainties which have the potential, in the short to medium-term, to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the particular strategic priorities to which they relate, the principal mitigation measures and the movement in the risk in the past year.

These represent the Board's view of the principal risks at this point in time. There may be other matters that are not currently known to the Board or are currently considered of low likelihood which could emerge and give rise to material consequences.

The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not an absolute level of protection against the impact of the events in question.

Brexit and DCC

In line with the guidance issued by the Financial Reporting Council ('FRC'), the Board has considered the consequential risks and uncertainties in the political and economic environment arising from the referendum vote in favour of the UK leaving the EU ('Brexit') and the impacts of those risks and uncertainties on the DCC Group.

A paper on the potential impacts of Brexit on DCC, prepared by the Chief Financial Officer, was presented to the Board in the lead up to the referendum and an updated paper was presented in July 2016 in the aftermath of the referendum decision. These papers focused on a range of issues, including operational issues, currency implications, taxation, capital markets and regulatory matters.

The Board, having considered the papers, has concurred with the conclusion that as the UK's recent formal notice of withdrawal from the EU is the commencement of a lengthy, and unprecedented, process, the short and medium-term impact of Brexit remains uncertain and most likely issues will arise that have not been contemplated or foreseen. However, at this stage, the Board believes that DCC is not likely to be materially directly impacted by Brexit in the short or medium-term and that any trading or other impacts can be managed.

Risk	Impact	Principal Mitigation Measures	Movement and Development
1. Environmental 2. Major HSE incident 3. Product safety	The Group operates in a challenging safety environment that is subject to HSE laws, regulations and standards across multiple jurisdictions. The principal risks faced relate to: – fire, explosion or multiple vehicle accident resulting in one or more fatalities; – an incident resulting in significant environmental damage or compliance breach; – a HSE or security event requiring the activation of our crisis management plan and/or business continuity plans; and – poor product quality control requiring activation of our product recall procedures. Such risks may give rise to legal liability, significant costs and damage to the Group's reputation.	HSE management systems are operated appropriate to the nature and scale of the risks. There is a strong focus on process safety and ongoing communication with the relevant safety authorities, particularly by the Energy division. The Group operates quality management systems and quality assurance processes, which are subject to regulatory review, and meet licensing requirements for all manufacturing and product processing facilities. Emergency response and business continuity plans are in place to minimise the impact of any significant incidents. Inspection and auditing processes in relation to HSE management systems are conducted by subsidiary management, by the Group HSE function and by external assurance providers, as appropriate. Insurance cover is maintained at Group level for all significant insurable risks.	**No change** Management continue to improve HSE practices, including further rollout of the Safety First Initiative and process safety standards. The acquisition of the Esso retail business in Norway substantially increases the size of the DCC Energy retail petrol station network. An extensive due diligence review was performed prior to the acquisition and rigorous operational early warning systems mitigate the potential risk of a significant environmental event. A detailed safety due diligence exercise was undertaken in respect of the agreement to acquire Shell's LPG business in Hong Kong and Macau.

Key: Impact on strategic priorities

Market leading positions | Operational excellence | Extend our geographic footprint | Development of our people | Financial discipline

Risk Report continued

Principal Risks and Uncertainties continued

Risk	Impact	Principal Mitigation Measures	Movement and Development
4. Compliance with legal and ethical standards	A material failure to comply with applicable legal and ethical standards could result in penalties, costs, reputational harm and damage to relationships with suppliers or customers.	The Group promotes a culture of compliance and 'Doing the Right Thing' in all activities. Business Conduct Guidelines are in place and are supported by more detailed policies where needed. Training programmes are provided for employees on key compliance risks. All employees can raise concerns, using the Group's whistleblowing facility. The Group Legal & Compliance function performs regular compliance audits.	**No change** There have been no significant changes to legal and ethical standards/regulations impacting on the Group during the year. As the Group expands geographically, we are taking account of the compliance requirements in new territories.
5. Acquisitions 6. Project/change management	A failure to identify, execute or properly integrate acquisitions or to complete change management programmes or other significant projects could impact on profit targets and impede the strategic development of the Group.	Group and divisional management teams engage in a continuous and active review of potential acquisitions. All potential acquisitions are subject to an assessment of their ability to generate a return on capital employed well in excess of the cost of capital and of their strategic fit within the Group. The Group conducts a stringent internal evaluation process and external due diligence prior to completing any acquisition. Performance against original acquisition proposals is formally reported to the Board on an annual basis and account is taken of learnings. Projects and change management programmes are resourced by dedicated and appropriately qualified internal personnel, supported by external expertise, and are subject to oversight by the Group Chief Information Officer and the IT audit function.	**No change** Active period of corporate development, with over £550 million committed to acquisitions. Large scale projects in Exertis UK to consolidate warehousing in a new National Distribution Centre and to enhance the core ERP system are scheduled to complete during the current financial year.
7. Loss of significant customer or supplier	Certain Group subsidiaries derive a significant part of their revenue from key suppliers and customers and the loss of any of those relationships would have a material financial impact on those businesses.	The Group as a whole trades with a very broad supplier and customer base. Close commercial relationships exist with all our suppliers and customers and there is a constant focus on providing a value added service to them.	**No change** There have been no significant changes to supplier/customer concentrations during the year.
8. IT/Cybercrime	Maintaining adequate IT systems and infrastructure to support growth and development may be affected by: accidental exposure or deliberate theft of sensitive information, loss of service or system availability, significant system changes or upgrades and cybercrime.	Dedicated IT personnel in Group subsidiaries implement IT standards and oversee IT security and are provided with technical expertise and support. Cybersecurity reviews are performed by a dedicated internal IT Audit team and external technical experts to provide independent assurance. Business continuity, IT disaster recovery and crisis management plans are in place and regularly tested.	**No change** IT standards and policies have been updated to reflect recent changes in the underlying best practice frameworks on which they are based. An external review of the Group's business continuity, IT recovery and crisis management plans was recently completed by an external specialist consultancy, to ensure they meet best practice.

Risk	Impact	Principal Mitigation Measures	Movement and Development
9. Ability to secure/retain management resource	The Group's devolved management structure has been fundamental to the Group's success. A failure to attract, retain or develop high quality entrepreneurial management throughout the Group could impact on the attainment of strategic objectives.	The Group maintains a constant focus on this area with structured succession planning, management development and remuneration programmes, incorporating long and short-term incentives. A graduate recruitment programme is also in place. A HR standards programme has been implemented to ensure key policies, procedures and controls operate consistently and effectively across the Group. These programmes are reviewed regularly by Group Human Resources, divisional management, the Chief Executive and the Board.	**No change** Senior management changes have been successfully completed during the year in a number of larger subsidiaries.
10. Financial reporting	The Group is exposed to liquidity, foreign exchange and interest rate risk, as well as ongoing demands for credit. Failure to accurately report or forecast financial results through error or fraud could damage the Group's reputation.	The Group's financial position remains strong with significant cash resources and relatively long-term debt maturities. There is a continued focus on working capital management, cash generation and managing supplier and customer relationships. Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board. Standard reporting packs are prepared, including weekly forecasts and monthly submissions, and are subject to review by local, divisional and Group management as well as Group Internal Audit.	**No change** The Group has continued its programme of replacing legacy systems with appropriate enhanced financial reporting systems.
11. Margin erosion 12. Extreme weather	External factors outside of the direct influence of the Group, including economic cycles, technological changes and weather, can significantly impact on performance. Demand for some of the products sold by the Group, most notably heating products in the Energy division, is directly related to weather conditions. The inherent uncertainty of weather conditions therefore presents a risk to profits generated.	The impact of external factors is mitigated through a focus on strong financial management, a broad spread of products and customers across the divisions and careful geographical expansion. Management maintain a close focus on technological developments in the sectors in which the Group operates. The Energy division is focused on expanding its operations in the non-heating segments of the market.	**No change** The Group has continued to expand its operations in the non-heating including the retail petrol station, marine and aviation segments of the energy market, most notably with the acquisition of the Esso retail petrol station network in Norway.

Key: Impact on strategic priorities

Market leading positions | Operational excellence | Extend our geographic footprint | Development of our people | Financial discipline

Financial Review

Continued strong cash generation

"A long-term track record of profit growth and strong cash generation has enabled DCC to pay a growing dividend over the past 23 years and to support its growth strategy by making acquisitions and reinvesting in the underlying business."

Fergal O'Dwyer
Chief Financial Officer

Highlights

Excellent increases in revenue, operating profit[1] and profit before tax[1]

Revenue from continuing operations[2]

£12,269.8m
+17.4% (+11.5% constant currency)

Operating profit[1] from continuing operations[2]

£345.0m
+20.9% (+12.8% constant currency)

Profit before tax[1] from continuing operations[2]

£313.8m
+22.1% (+14.0% constant currency)

Excellent adjusted earnings per share growth

Adjusted earnings per share[1] from continuing operations[2]

286.59p
+18.1% (+10.3% constant currency)

Excellent cash conversion

Operating cash flow

£546.9m
+32.8%

Free cash flow[3] before interest and tax

£415.5m
+42.7%

Conversion of operating profit[1] to free cash flow[3]

114%
(2016: 97%)

Long track record of dividend growth continues

Dividend per share

111.80p
+15.0%

Excellent returns on capital employed

Return on total capital employed from continuing operations[2]

20.3%
(2016: 21.9%)

Excellent year for acquisition activity

Acquisition spend committed during the year

£553.9m
(2016: £80.2m)

Robust, well-funded and highly liquid balance sheet

Year-end net debt to EBITDA

0.3 times
(2016: 0.2 times)

Year-end cash balances less short term debt

£925m
(2016: £997m)

1. Excluding net exceptionals and amortisation of intangible assets.
2. Excludes DCC Environmental, the agreed disposal of which was announced on 5 April 2017.
3. Cash generated from operations before net exceptionals, interest and tax payments and after net capital expenditure.

Overview of Results

	2017 £'m	2016 £'m	Change on prior year %
Revenue (continuing)	**12,269.8**	10,447.6	+17.4%
Operating profit			
DCC Energy	**254.9**	205.2	+24.3%
DCC Healthcare	**49.0**	45.0	+8.7%
DCC Technology	**41.1**	35.1	+17.1%
Group operating profit (continuing)	**345.0**	285.3	+20.9%
Share of equity accounted investments' profit after tax	**0.7**	0.5	
Finance costs (net)	**(31.9)**	(28.8)	
Profit before net exceptionals, amortisation of intangible assets and tax (continuing)	**313.8**	257.0	+22.1%
Net exceptional charge before tax and non-controlling interests	**(26.2)**	(23.1)	
Amortisation of intangible assets	**(39.1)**	(31.1)	
Profit before tax from continuing operations	**248.5**	202.8	+22.5%
Profit after tax from discontinued operations	**15.1**	11.2	
Taxation	**(45.9)**	(33.0)	
Profit after tax	**217.7**	181.0	+20.3%
Non-controlling interests	**(1.5)**	(3.0)	
Net earnings	**216.2**	178.0	+21.6%
Adjusted earnings per share – total (pence)	**303.68p**	257.14p	+18.1%
Adjusted earnings per share – continuing (pence)	**286.59p**	242.78p	+18.1%

Currency
With approximately 40% of the Group's revenue and approximately 50% of the Group's operating profits generated outside of the UK, the weakening of sterling against most currencies has had a positive translation impact on the Group's reported results, increasing revenue from continuing operations by 5.9% and operating profits from continuing operations by 8.1%. To facilitate comparability, most percentage variances versus the prior year will be expressed both on a reported basis and on a constant currency basis (which retranslates current year metrics at prior year exchange rates).

Continuing Operations
On 5 April 2017, DCC announced that it has agreed to sell its Environmental division for an enterprise value of £219 million, on a debt-free, cash-free basis. The Environmental division, which is active in the treatment and recycling of non-hazardous and hazardous waste in Britain and Ireland, comprises the British businesses, William Tracey Group, Oakwood Fuels and Wastecycle and its Irish business, Enva. The transaction is expected to complete in the first quarter of DCC's financial year ending 31 March 2018.

DCC expects to receive cash proceeds on completion of approximately £170 million (25% of the British businesses are owned by DCC's long-standing minority partner). The proceeds will be used to fund the continued development of DCC's Energy, Healthcare and Technology divisions. The transaction is expected to give rise to an exceptional profit in the year ending 31 March 2018 of approximately £30 million.

DCC Environmental is classified in the Group's Income Statement for the year ended 31 March 2017 as a discontinued operation and as an asset held for sale in the Group's Consolidated Balance Sheet at 31 March 2017. This Financial Review will focus on the performance of the Group's continuing operations..

Revenue/Volumes – Continuing Operations
Revenue from continuing operations increased by 17.4% (11.5% on a constant currency basis) to £12.3 billion.

Overall volumes in DCC Energy increased by 12.5% to 14.6 billion litres, driven by the full year impact of the acquisition of the Esso Retail business in France and by the first time contribution of the acquisitions of Gaz Européen and Dansk Fuels. On a like-for-like basis, volumes were 1.0% ahead of the prior year. DCC Energy's revenue increased by 20.7% (14.0% on a constant currency basis).

Excluding DCC Energy, revenue from continuing operations was up 9.0% (5.0% on a constant currency basis), with revenue in DCC Healthcare increasing by 3.2% (1.3% on a constant currency basis) and revenue in DCC Technology increasing by 10.1% (5.8% on a constant currency basis).

Operating Profit – Continuing Operations
Operating profit from continuing operations increased by 20.9% to £345.0 million (12.8% on a constant currency basis); approximately one third of the constant currency operating profit growth was organic. The Group also benefited from the full year impact of the acquisitions completed during the prior year. The average sterling/euro translation rate for the year of 1.1956 was 12.7% weaker than the average of 1.3697 in the prior year.

Operating profit in DCC Energy, the Group's largest division, was 24.3% ahead of the prior year and 13.9% ahead of the prior year on a constant currency basis. DCC Energy benefited from the full year impact of the acquisitions of Butagaz and Esso Retail France in the prior year. Over one third of the constant currency profit growth was organic and was driven by a strong performance from the LPG business, despite the headwind of rising product prices.

Financial Review continued

Operating profit in DCC Healthcare was 8.7% ahead of the prior year (8.0% on a constant currency basis); approximately two thirds of the constant currency growth was organic. The business benefited from a strong organic performance from DCC Health & Beauty Solutions, although DCC Vital was, as anticipated, impacted somewhat by the weakness of sterling, particularly in pharma products. Medisource, acquired by DCC Vital in January 2017, has traded in line with expectations.

Operating profit in DCC Technology increased by 17.1% (12.5% on a constant currency basis), benefiting from the contributions from acquisitions completed in the current and prior year. Approximately one third of the constant currency operating profit growth was organic and was driven by a good performance from the UK and Irish business. A weaker demand environment impacted trading in the French retail-focused business, although the Swedish and supply chain businesses experienced better trading conditions and achieved good organic growth.

Although DCC's operating margin on a continuing basis (excluding amortisation of intangible assets and net exceptionals) was 2.8%, compared to 2.7% in 2016, it is important to note that this measurement of the overall Group operating margin is of limited relevance due to the influence of changes in oil product costs on the percentage. Whilst 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. Coincidently, excluding DCC Energy, the operating margin on a continuing basis for the Group's other divisions was 2.8% compared to 2.7% in 2016.

An analysis of the revenue and operating profit performance for the first half, the second half and the full year ended 31 March 2017 is set out in Tables 2 and 3.

Table 1: Performance Metrics

	2017	2016
Growth (continuing operations):		
Operating profit growth (%)	**20.9%**	36.9%
Operating profit growth on a constant currency basis (%)	**12.8%**	41.7%
Volume growth DCC Energy (%)	**12.5%**	18.7%
Revenue growth – excl. DCC Energy (%)	**9.0%**	3.5%
Operating profit margin – excl. DCC Energy (%)	**2.8%**	2.7%
Adjusted earnings per share growth (%)	**18.1%**	28.9%
Adjusted earnings per share growth on a constant currency basis (%)	**10.3%**	32.8%
Return:		
Return on capital employed – continuing (%)	**20.3%**	21.9%
Operating cash flow (£'m)	**546.9**	411.7
Working capital days (days)	**(3.3)**	(3.9)
Debtor days (days)	**31.8**	29.4
Free cash flow (£'m)	**415.5**	291.1
Conversion of operating profits to free cash flow (before interest and tax payments) (%)	**114%**	97%
Financial Strength/Liquidity/Financial Capacity for Development:		
EBITA: net interest (times) – continuing	**10.8**	9.9
EBITDA: net interest (times)	**14.2**	12.9
Cash balances (net of overdrafts and short-term debt) (£'m)	**924.8**	996.7
Net debt (£'m)	**(121.9)**	(54.5)
Net debt as a % of total equity (%)	**8.1%**	4.0%
Net debt: EBITDA (times)	**0.3**	0.2

Table 2: Revenue (Continuing Operations)

	2017			2016			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC Energy	**4,118.8**	**4,955.3**	**9,074.1**	3,659.7	3,855.6	7,515.3	+12.5%	+28.5%	+20.7%
DCC Healthcare	**244.3**	**262.3**	**506.6**	239.1	251.5	490.6	+2.2%	+4.3%	+3.2%
DCC Technology	**1,144.2**	**1,544.9**	**2,689.1**	1,089.1	1,352.6	2,441.7	+5.1%	+14.2%	+10.1%
Total	**5,507.3**	**6,762.5**	**12,269.8**	4,987.9	5,459.7	10,447.6	10.4%	+23.9%	+17.4%
Constant currency	***5,271.5***	***6,376.3***	***11,647.8***	*4,987.9*	*5,459.7*	*10,447.6*	*+5.7%*	*+16.8%*	*+11.5%*
Weighting %	**44.9%**	**55.1%**	**100.0%**	47.7%	52.3%	100.0%			

Table 3: Operating Profit (Continuing Operations)

	2017			2016			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC Energy	**76.0**	**178.9**	**254.9**	52.9	152.3	205.2	+43.8%	+17.5%	+24.3%
DCC Healthcare	**19.8**	**29.2**	**49.0**	18.4	26.6	45.0	+7.0%	+9.8%	+8.7%
DCC Technology	**11.3**	**29.8**	**41.1**	8.6	26.5	35.1	+31.9%	+12.2%	+17.1%
Total	**107.1**	**237.9**	**345.0**	79.9	205.4	285.3	+34.0%	+15.8%	+20.9%
Constant currency	***101.2***	***220.7***	***321.9***	*79.9*	*205.4*	*285.3*	*+26.7%*	*+7.4%*	*+12.8%*
Weighting %	**31.0%**	**69.0%**	**100.0%**	28.0%	72.0%	100.0%			

A detailed review of the operating performance of each of DCC's divisions is set out on pages 36 to 57.

The compound annual growth rate ('CAGR') in DCC's operating profits, from continuing operations, over the last 23 (since the company became a public company), 15 and 10 years is as follows:

	CAGR %
23 years (i.e. since 1994)	14.8%
15 years (i.e. since 2002)	14.7%
10 years (i.e. since 2007)	16.6%

Operating Profit – Discontinued Operations
The Group's discontinued operations represent the operations of DCC Environmental, the disposal of which was announced on 5 April 2017. The disposal is expected to complete during the first quarter of the Group's financial year ending 31 March 2018. DCC Environmental achieved very strong organic profit growth, with operating profit increasing to £18.6 million, 22.2% ahead of the prior year.

Finance Costs (net)
Net finance costs increased to £32.1 million (2016: £29.0 million) primarily due to the non-cash partial unwind of discounted acquisition related liabilities acquired in the Butagaz transaction. The underlying finance costs of the Group were broadly in line with the prior year as they are principally driven by the level of the Group's gross private placement debt, which remained largely unchanged. Average net debt during the year was £301 million compared to £185 million during the year ended 31 March 2016, with the increase reflecting the full year impact of the completion of the acquisitions of Butagaz and Esso Retail France during the prior year and the aggregate spend of £394 million on acquisitions and net capital expenditure in the current year.

Interest was covered 14.2 times by Group operating profit before depreciation and amortisation of intangible assets (2016: 12.9 times).

Profit Before Net Exceptional Items, Amortisation of Intangible Assets and Tax
Profit before net exceptional items, amortisation of intangible assets and tax increased by 22.1% to £332.2 million (14.4% on a constant currency basis).

Net Exceptional Charge and Amortisation of Intangible Assets
The Group incurred a net exceptional charge after tax and non-controlling interests of £24.8 million as follows:

	2017 £'m
Restructuring costs	**19.3**
Acquisition related costs	**10.3**
Mark to market gain	**(10.1)**
Adjustments to contingent acquisition consideration	**5.1**
Other	**1.6**
	26.2
Tax and non-controlling interest	**(1.4)**
Net exceptional charge	**24.8**

The Group has focused on the efficiency of its operating infrastructures and sales platforms, particularly in areas where it has been acquisitive in recent years. The Group incurred an exceptional charge of £19.3 million in relation to restructuring of existing and acquired businesses. The majority of the charge relates to restructuring and integration in the Energy division where the Group has been most acquisitive. The charge also includes integration costs related to acquisition activity and costs in respect of the pre-operating period of the new UK national distribution centre in the Technology division.

Acquisition costs, which include professional fees and tax costs (such as stamp duty) incurred in evaluating and completing acquisitions, amounted to £10.3 million and reflect the significant level of development activity undertaken by the Group during the year.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long-term interest, currency and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2017, this amounted to an exceptional non-cash gain of £10.1 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.6 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The net increase in the provision for contingent acquisition consideration is due to the stronger than anticipated trading performance of a small number of businesses acquired during the last three years, where earn-out arrangements are in place.

There was a net tax charge of £1.7 million and a non-controlling interest credit of £3.1 million in relation to the above net exceptional charge.

The charge for the amortisation of acquisition related intangible assets increased to £39.2 million from £31.6 million, principally reflecting acquisitions completed in the current and prior year.

Profit before Tax
Profit before tax increased by 23.7% to £268.2 million.

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Table 4: Reconciliation of Adjusted Earnings from continuing operations to Profit Attributable to Shareholders

	2017 £'m	2016 £'m	Change on prior year %
Adjusted earnings (continuing)	**254.3**	213.3	+19.2%
Amortisation of intangible assets (net of tax)	**(28.5)**	(24.2)	
Adjusted earnings relating to activities disposed of	**15.2**	12.6	
Non-trading items (net of tax)	**(24.8)**	(23.7)	
Profit attributable to shareholders	**216.2**	178.0	+21.4%

	2017 pence	2016 pence	Change on prior year %
Adjusted EPS (continuing)	**286.59**	242.78	+18.1%
Amortisation of intangible assets (net of tax)	**(32.08)**	(27.55)	
Adjusted earnings relating to activities disposed of	**17.09**	14.36	
Non-trading items (net of tax)	**(27.96)**	(26.95)	
Basic EPS	**243.64**	202.64	+20.2%

Taxation
The effective tax rate for the Group increased to 17.5% from 16% in the prior year. The increase is primarily due to the larger proportion of the Group's profits now generated in Continental Europe.

The Group's tax strategy is to:

- ensure compliance with all applicable tax laws and regulations in all countries in which the Group operates; and
- support the Group's business development strategy through the appropriate management of its tax affairs in line with the Group's commercial activities.

Non-Controlling Interest
The non-controlled element of the Group's consolidated profit after tax amounted to £1.5 million (2016: £3.0 million).

Adjusted Earnings Per Share
Adjusted earnings per share on a continuing basis increased by 18.1% (10.3% on a constant currency basis) to 286.6 pence. Total adjusted earnings per share also increased by 18.1% (10.8% on a constant currency basis) to 303.7 pence.

The compound annual growth rate ('CAGR') in DCC's total adjusted earnings per share over the last 23, 15 and 10 years is as follows:

	CAGR %
23 years (i.e. since 1994)	12.9%
15 years (i.e. since 2002)	11.6%
10 years (i.e. since 2007)	12.0%

Dividend
The Board is recommending an increase of 16.3% in the final dividend to 74.63 pence per share, which, when added to the interim dividend of 37.17 pence per share, gives a total dividend for the year of 111.80 pence per share. This represents a 15% increase over the total prior year dividend of 97.22 pence per share. The dividend is covered 2.6 times by adjusted earnings per share on a continuing basis (2.5 times in 2016). It is proposed to pay the final dividend on 20 July 2017 to shareholders on the register at the close of business on 26 May 2017.

Over its 23 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.7%.

Return on Capital Employed
The creation of shareholder value through the delivery of consistent, long-term returns well in excess of its cost of capital is one of DCC's core strategic aims. The increase in the Group's operating profit and strong working capital management resulted in a Group return on capital employed from continuing operations of 20.3%. The return on capital employed by division was as follows:

	2017 ROCE %	2016 ROCE %
DCC Energy	**21.6%**	24.4%
DCC Healthcare	**17.5%**	17.1%
DCC Technology	**17.1%**	17.8%
Group – continuing	**20.3%**	21.9%

As previously reported, in the prior year the overall Group return and that of DCC Energy was flattered somewhat by the acquisitions of Butagaz and Esso Retail France which were completed during the prior year. The pro-forma return for DCC Energy and the Group for the prior year (i.e. including these acquisitions as if they had been in place for the full year ended 31 March 2016) would have been approximately 21% and 20% respectively.

Cash Flow
The Group generated excellent operating and free cash flow during the year.

Operating cash flow in 2017 was £546.9 million compared to £411.7 million in the prior year. Working capital reduced by £84.0 million, with the inflow driven by the increase in the oil price during the year and a seasonal reduction in working capital in a number of businesses acquired in the second half of the year. Overall working capital days were negative 3.3 days sales, compared to negative 3.9 days sales in the prior year, reflecting the acquisition during the year of businesses with positive working capital characteristics. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2017 increased modestly on the prior year and supply chain financing had a positive impact on Group working capital days of 4.2 days (31 March 2016: 4.9 days).

Net capital expenditure amounted to £131.4 million for the year (2016: £120.6 million) and was net of disposal proceeds of £12.3 million. The increased level of gross capital expenditure reflects the increasing scale of the Group and also an increase in development capital expenditure in the Energy division's Retail business. The net capital expenditure exceeded the depreciation charge in the year by £39.4 million.

Free cash flow is a key metric for DCC as it is an important indicator of the performance of the Group and of the generation of funds within the Group for reinvestment or for returns to shareholders. Despite the increased level of development capital expenditure, the Group's free cash flow amounted to £415.5 million (2016: £291.1 million), an increase of 42.7% on the prior year and an excellent 114% conversion of operating profit into cash.

This performance continues a record of significant cash conversion in the Group. A summary of cash flows for the current year, the prior year and cumulatively since the Group's flotation in 1994 is presented in Table 5.

Table 5: Summary of Cash Flows

	2017 £'m	2016 £'m	23 years since flotation cumulatively £'m
Operating profit (including discontinued operations)	**363.6**	300.5	**2,859.5**
Decrease in working capital	**84.0**	37.6	**335.7**
Depreciation and other	**99.3**	73.6	**735.9**
Operating cash flow	**546.9**	411.7	**3,931.1**
Capital expenditure (net)	**(131.4)**	(120.6)	**(952.0)**
Free cash flow	**415.5**	291.1	**2,979.1**
Interest and tax paid	**(91.2)**	(63.4)	**(628.6)**
Free cash flow (after interest and tax payments)	**324.3**	227.7	**2,350.5**
Acquisitions	**(262.4)**	(394.0)	**(2,038.1)**
Dividends	**(95.3)**	(80.9)	**(761.7)**
Disposals/exceptional items	**(31.5)**	(15.4)	**193.0**
Share issues (net of buy backs)	**2.6**	197.7	**170.9**
Net outflow	**(62.3)**	(64.9)	**(85.4)**
Opening net (debt)/cash	**(54.5)**	30.0	**(1.6)**
Translation and other	**(5.1)**	(19.6)	**(34.9)**
Closing net debt	**(121.9)**	(54.5)	**(121.9)**
EBITDA	**455.6**	375.3	**3,640.4**
Free cash flow conversion (%)	**114%**	97%	**104%**

Acquisitions and Capital Expenditure

Committed acquisition and capital expenditure amounted to £685.3 million as follows:

	Acquisitions £'m	Capex £'m	Total £'m
DCC Energy	461.3	79.9	541.2
DCC Healthcare	28.4	8.0	36.4
DCC Technology	64.2	36.9	101.1
Continuing operations	**553.9**	**124.8**	**678.7**
Discontinued operations	–	6.6	6.6
Total	**553.9**	**131.4**	**685.3**

Acquisition activity

Committed acquisition expenditure amounted to £553.9 million and included:

DCC Energy

Shell LPG Hong Kong & Macau

On 5 April 2017, DCC announced that DCC Energy had reached agreement with Shell Gas (LPG) Holdings BV to acquire its liquefied petroleum gas ('LPG') business in Hong Kong and Macau ('Shell HK&M') based on an enterprise value of HK$1.165 billion (c. £120 million). The business is one of the leading LPG businesses in Hong Kong and is the market leader in Macau. The business is required to be separated from the broader Shell Hong Kong operations and the transaction requires certain regulatory consents and operating licence approvals. The acquisition is expected to complete before the end of DCC's financial year ending 31 March 2018.

Shell HK&M is one of the leading LPG sales and marketing businesses in Hong Kong and Macau, where it has been selling LPG for almost sixty years. The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers. In Hong Kong it is the market leader in supplying piped LPG to the very large apartment complexes common in the territory. Shell HK&M supplies the complexes through its infrastructure of bulk tanks and piping to service the energy needs of over 100,000 households. Shell HK&M is the number three player in the cylinder market and also supplies autogas to Shell's retail network. The business is the market leader in the smaller Macau market. Shell HK&M is headquartered in Kowloon and operates a terminal and filling plant on Tsing Yi Island.

In the year ended 31 December 2016, the business supplied approximately 74,000 tonnes of LPG and under DCC's ownership is expected to deliver an annual operating profit of c. HK$145 million (c. £15 million). Following the completion of the acquisition, the business will continue to operate under the Shell brand in both Hong Kong and Macau, based on a long-term brand licence agreement.

The acquisition is consistent with DCC Energy's ambition to build a substantial presence in the global LPG market. The acquisition represents a further strengthening of DCC's relationship with Shell and gives DCC a strong market position in Hong Kong and Macau. It is also DCC's first material step in building its business beyond Europe and gives DCC a platform for development in the growing LPG market in Asia.

Esso Retail Norway

On 7 February 2017, DCC Energy announced the acquisition of Esso Retail Norway. The acquisition is another significant step for DCC in building its retail petrol station business in Europe. The national network sells c. 600 million litres of fuel annually and is the third largest in Norway with approximately 20% of retail volumes. It comprises 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer owned stations. The total consideration will be NOK 2.43 billion (c. £235 million), plus the value of stock in tank at the date of acquisition, all payable in cash on completion. The acquired business, which is substantially asset backed, is expected to generate a return on invested capital employed of approximately 15% in the first full year of ownership.

The transaction is subject to customary regulatory approvals and closing conditions and is expected to complete in the final calendar quarter of 2017.

Gaz Européen

In January 2017, DCC Energy acquired Gaz Européen Holdings SAS ('Gaz Européen'), a natural gas retail and marketing business which supplies business and public sector customers in France. DCC acquired 97% of the share capital of Gaz Européen on completion, based on an initial enterprise value of €110 million (£96 million). The remaining shares, which are held by

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members of Gaz Européen's management team, will be acquired based on Gaz Européen's results for the three years ending 31 March 2021, 2022 and 2023.

Gaz Européen is a specialist retailer of natural gas and focuses on supplying energy management companies, apartment blocks (with collective heating systems), public authorities and the service sector in France. In its financial year ended 31 December 2015, the company supplied c. 5.1 TWh of natural gas (equivalent to approximately 390,000 tonnes of LPG) and currently supplies c. 10,000 sites. The company is headquartered in Paris and employs 31 staff; it has an experienced and ambitious management team with a track record of delivering strong growth. In its financial year ended 31 December 2015, Gaz Européen generated revenue of €205 million (£178 million) and normalised operating profit of €15.7 million (£13.7 million).

DCC Energy has, for some time, been developing its presence in natural gas organically in selected geographies as it believes that there is a significant opportunity to leverage its sales and marketing expertise, customer reach and brand recognition in the LPG and oil distribution markets into complementary adjacencies, including the natural gas sector. Gaz Européen is DCC Energy's first major acquisition in natural gas and complements Butagaz's leading position in LPG in France. One of the key strengths identified during the acquisition of Butagaz was its brand recognition amongst French gas consumers generally. The combination of Butagaz's marketing and brand strength and Gaz Européen's expertise in the natural gas market will provide an excellent platform for growth in the French natural gas market.

DCC Healthcare

Medisource

In January 2017, DCC Healthcare strengthened its position in the procurement, sales and marketing of pharmaceutical products in Ireland when it completed the acquisition of Medisource Ireland Limited ('Medisource') for an initial enterprise valuation of €31.5 million (£27.4 million).

Medisource is a specialist in the procurement and sale of exempt medicinal products ('EMPs'). EMPs are pharmaceutical products which are imported into a market with the authorisation of the relevant regulatory authority (the Health Products Regulatory Authority in Ireland) in order to meet requirements of specific patients where no suitable licensed product is available in that market. The products are typically licensed in another jurisdiction. Medisource has a market leadership position in EMPs in Ireland based on excellent customer service and a strong network of international suppliers. The acquisition complements DCC Vital's current pharma product offering in Ireland, strengthens DCC Vital's access to the hospital and retail pharmacy channel and will provide further insight into potential pharma product development opportunities. DCC Healthcare expects to generate a return on its investment in Medisource in line with the divisional return on capital employed in its first full year of ownership.

DCC Technology

Hammer

In December 2016, DCC Technology completed the acquisition of Hammer Consolidated Holdings Limited ('Hammer'), a specialist distributor of server and storage solutions to resellers in the UK and Continental Europe. Employing 165 people and based in Basingstoke, Hampshire, Hammer distributes products for a range of leading suppliers and also provides product design and build solutions tailored to the requirements of customers in specific industries. The business is complementary to DCC Technology's existing server and storage business and has added almost 1,000 new reseller customers. In its most recent financial year, Hammer recorded sales of £155.0 million and operating profit of £6.3 million. The acquisition was based on an initial enterprise value of £38.3 million and was structured as an initial payment at completion, followed by earn out payments over three years based on Hammer's future trading results.

Medium

In November 2016, DCC Technology acquired Medium (U.K.) Limited ('Medium'), a distributor of professional audio visual equipment to resellers in the UK. Medium, which partners with a number of leading brands in the market including CTouch, LG, NEC and Samsung, is complementary to DCC Technology's developing position in professional audio visual products in the UK market. The consideration for the acquisition was based on an enterprise valuation of £8.3 million.

DCC also acquired a number of other small businesses during the year in the Energy, Healthcare and Technology sectors.

Total cash spend on acquisitions for the year ended 31 March 2017

The total cash spend on acquisitions in the year was £262.4 million. This included the payment of deferred and contingent acquisition consideration previously provided of £59.1 million.

Capital expenditure

Net capital expenditure for the year of £131.4 million (2016: £120.6 million) compares to a depreciation charge of £92.0 million (2016: £74.8 million). The capital expenditure is net of £12.3 million of proceeds on disposal of fixed assets.

DCC Technology has now successfully completed the construction and commissioning of a new, purpose built, 450,000 sq. ft. UK national distribution centre in the north of England, close to the majority of its existing facilities. The facility is now operational, with activity being transitioned from the existing warehousing infrastructure on a phased basis. The transition will be fully completed by the end of the year ending 31 March 2018.

With the cash impact of acquisitions in the year of £262.4 million and dividend payments of £95.3 million there was an overall net outflow of £67.4 million in the year, leaving the Group in a modest net debt position at 31 March 2017 of £121.9 million (31 March 2016: £54.5 million).

Balance Sheet and Group Financing

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet to enable it to take advantage of development opportunities as they arise. As a result of the operating cash flow in the year, DCC's financial position remains very strong. At 31 March 2017, the Group had net debt of £121.9 million, total equity of £1.5 billion, cash resources, net of overdrafts, of £973 million and a further £400 million of undrawn committed debt facilities. The Group's outstanding term debt at 31 March 2017 had an average maturity of 5.6 years. Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.69% over floating Euribor/Libor.

At 31 March 2017, the Group's net debt: EBITDA was 0.3 times. As referred to above, the Group has committed to acquire Shell HK&M and Esso Retail Norway and also to dispose of its Environmental division. The pro-forma net impact of these transactions would be to increase the Group's net debt at 31 March 2017 by approximately £185 million equating to a pro-forma net debt: EBITDA of 0.6 times.

Further analysis of the Group's cash, debt and financial instrument balances at 31 March 2017 is set out in notes 3.8 to 3.11 in the financial statements.

Key financial ratios as at 31 March 2017, and the principal financial covenants included in the Group's various lending agreements, are as follows:

	2017 Actual	Lender covenants	2016 Actual
Net debt: EBITDA (times)	**0.3**	3.5	0.2
EBITDA: net interest (times)	**14.2**	3.0	12.9
EBITA: net interest (times) – continuing	**10.8**	3.0	9.9
Total equity (£'m)	**1,507.7**	425.0	1,350.5

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 provided in note 5.7 to the financial statements.

Foreign Exchange Risk Management
DCC's presentation currency is sterling. Exposures to other currencies, principally euro and the US dollar, arise in the course of ordinary trading.

A proportion of the Group's profits and net assets are non-sterling and are primarily euro denominated. Sterling weakened against the euro by 7.5% from 1.2633 at 31 March 2016 to 1.1689 at 31 March 2017 and the average sterling exchange rate at which the Group translates its euro denominated operating profits weakened by 12.7% from 1.3697 in FY2016 to 1.1956 in FY2017.

The proportion of the Group's profits denominated in currencies other than sterling is increasing mainly due to acquisitions. Approximately 50% (2016: 40%) of the Group's operating profit for the year ended 31 March 2017 was denominated in currencies other than sterling, primarily the euro. DCC does not hedge the translation exposure on the profits of non-sterling subsidiaries on the basis and to the extent that they are not intended to be repatriated. The 12.7% weakening of the average translation rate of sterling, referred to above, positively impacted the Group's reported operating profit by £23.1 million in the year ended 31 March 2017.

DCC has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. 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 the relevant currency, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 7.5% weakening in the value of sterling against the euro during the year ended 31 March 2017 referred to above was the main element of the translation gain of £37.1 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2017 as set out in the Group Statement of Comprehensive Income in the financial statements.

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.

Commodity Price Risk Management
DCC Energy procures, markets and sells oil, LPG and natural gas products and, as such, is exposed to changes in commodity cost prices. Where DCC Energy's sales and purchases are not naturally hedged, commodity derivative financial instruments are used to manage commodity price exposures.

In general, market dynamics are such that commodity cost price movements are promptly reflected in oil commodity sales prices, which is relevant to DCC's retail and oil distribution business, and over a number of months for a portion of LPG and natural gas commodity sales prices. Hedges are entered into to manage a portion of LPG and natural gas costs to provide protection against future increases in commodity prices. In certain markets, and in particular in LPG and natural gas, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. Fixed price supply contracts are occasionally provided to certain customers for periods typically less than one year in duration for which the Group enters into matching forward commodity contracts. DCC Energy does not hold significant amounts of commodity stock, relative to its purchases and sales. For certain stockholdings such as natural gas, DCC Energy may enter hedge contracts to manage commodity stock price exposures.

Given the recent growth in the Energy division, certain activities of individual businesses have been centralised under the supervision of a DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

All commodity hedging counterparties are approved by the Chief Executive and the Chief Financial Officer and are reviewed 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 three months. In addition, the Group maintains both committed and uncommitted credit lines with our relationship banks and borrows at both fixed and floating rates of interest. At 31 March 2017, 80% of the Group's drawn fixed rate borrowings were swapped 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.

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Investor Relations
DCC's senior management team are committed to interacting with the international financial community to ensure a full understanding of DCC's strategic plans and performance against those plans. During the year, the executive management team presented at 12 capital market conferences, conducted 263 institutional investor one-on-one and group meetings and presented to 16 broking firms.

Share Price and Market Capitalisation
The Company's shares traded in the range £58.60 to £72.20 during the year. The share price at 31 March 2017 was £70.25 (31 March 2016: £61.50) giving a market capitalisation of £6.2 billion (2016: £5.4 billion).

Fergal O'Dwyer
Chief Financial Officer
15 May 2017

Strategy in Action
Group

Financial discipline

A key strategic priority of the Group is the maintenance of a strong and liquid balance sheet. This is accomplished through an ongoing focus on good cash management and strong cash generation. In doing so, we remain agile to react to commercial opportunities when they arise which generates value for stakeholders in the long-term.

The current year represented another year of strong cash generation which continues a record of significant cash conversion in the Group. Free cash flow (before interest and tax payments) in the current year of £415 million represented a cash flow conversion of operating profits into cash of 114%. Over the last 23 years since flotation, the Group has generated free cash flow (before interest and tax payments) of £3 billion reflecting growth in operating profits and a strong focus on working capital management and represents cash flow conversion of operating profits into cash of 104% over that period.

The Group aims to ensure that the allocation of capital to both organic activities and acquisitions is performed in a sustainable way, having consideration for shareholders' expectation of returns whilst maintaining the robustness of our balance sheet. The current year saw £685 million of committed acquisition and development capital expenditure.

The Group's financial position remains very strong. At 31 March 2017 the Group had net debt of £122 million and total equity of £1.5 billion. At the same time, the Group had cash resources, net of overdrafts of £973 million and has access to a revolving credit facility of £400 million which currently remains undrawn. Outstanding term debt which has been raised substantially in the US Private Placement market had an average maturity at 31 March 2017 of 5.6 years and an average credit margin of 1.69% over floating Euribor/Libor.

The Group's net debt/EBITDA and interest cover ratios of 0.3 and 10.8 times respectively, reflect the Group's commitment to maintaining financial strength through a disciplined approach to balance sheet management.

Strategic linkage
This financial strategy continues to be a competitive advantage in terms of the Group's relationships with our key suppliers and customers and in pursuing our acquisition and development strategy. It will remain an integral part of the Group's overall strategy.

Financial discipline

Read more:
Strategy on **pages 2 and 3**

Strategy in Action
DCC Energy

Acquisition of Esso Norway

What we did in 2017

In February 2017, DCC Energy announced that agreement had been reached to acquire Esso's retail petrol station network in Norway for a consideration of NOK 2.43 billion (c.£235 million). This is DCC Energy's second major acquisition from Esso, following on from the acquisition of the Esso Express and Esso Motorway network sites in France in 2015.

The Esso network in Norway comprises 142 company-operated sites and has contracts to supply a further 108 Esso-branded dealer owned stations, selling over 600 million litres of fuel per annum in total. The network is the third largest in Norway with approximately 20%[1] of retail volumes. As part of the transaction, DCC Energy will enter into long-term brand and supply agreements with Esso Norge AS.

DCC Energy's retail hub, based in Drogheda (just north of Dublin), will be used for the majority of the key functions (including pricing and procurement) for the business, when the acquisition completes, which is expected to take place in the final calendar quarter of 2017. This will facilitate the separation of the business from the integrated Esso systems on which it currently operates, building on DCC's lean and efficient operational infrastructure specifically designed for the integration of the Esso Express and Esso Motorway networks in France.

Strategic linkage

DCC Energy's strategy is to expand its retail petrol station business by building positions in new geographies, with strong local market shares. DCC Energy is leveraging its retail hub and spoke business model to facilitate this geographic expansion while maintaining low cost operations. The acquisition of Esso's retail petrol station network in Norway is a further step in the achievement of this strategy. On completion of the acquisition, DCC Energy will operate c. 1,000 retail petrol stations across Europe and supply c. 2,000 dealer-owned stations.

Market leading positions

Extend our geographic footprint

Read more:
Strategy on **pages 2 and 3**

[1] Estimate based on Wood MacKenzie market data

“DCC Energy’s strategy is to expand its retail petrol station business by building positions in new geographies, with strong local market shares.”

Strategy in Action
DCC Energy

Organic sales growth in Fuel Card Services

What we did in 2017

DCC Energy's Fuel Card business continues to generate significant year on year organic growth with volumes in 2017 exceeding 1 billion litres for the first time. As an authorised reseller of branded fuel cards, including BP, Shell, Esso and Texaco, the organic growth has been primarily derived from Britain's small to medium enterprise (SME) sector.

When DCC acquired Fuel Card Services in 2005, annual volumes were approximately 150 million litres from a customer base of 6,400 customers. In the year to March 2017, volumes exceeded 1 billion litres from 56,000 customers. This growth has been achieved through a combination of organic and acquisition growth, driving high levels of return on capital employed.

Ongoing investment in people and systems is the driving force behind the growth. Customer Relationship Management (CRM) and Business Intelligence (BI) systems are continually updated to support the business, as the portfolio of products and value added services is expanded to meet the expectations of an increasingly sophisticated and tech-savvy customer base.

The business has developed a range of customer services including emissions monitoring, fleet management & mileage recording, card protection and full online account access. These services, combined with fresh, innovative marketing, support organic growth in the business while also helping the specialist retentions teams to minimise customer churn.

Strategic linkage

DCC Energy's strategy is to build a business with strong local market shares, operating under multiple brands and generating high returns on capital employed. The organic growth which Fuel Card Services has generated, augmented by selective acquisition growth, has resulted in the business volumes growing from 150 million litres and achieving market share of approximately 14% in 2017. The business has a high return on capital and generates excellent returns for shareholders.

Market leading positions

Financial discipline

Read more:
Strategy on **pages 2 and 3**

"Ongoing investment in people and systems is the driving force behind the growth."

Strategy in Action
DCC Healthcare

DCC Vital leverages its operational excellence

What we did in 2017

Williams Medical Supplies ('Williams') based in Wales and Fannin in Ireland have teamed up to create 'Fannin Direct', a new e-commerce platform specifically designed to address the Irish primary care market.

Fannin has a long-established heritage of supplying medical products to hospitals in Ireland. Williams is the leading supplier of medical goods and services to the primary care sector in Britain, serving more than 9,000 GP surgeries, commissioning groups and corporate healthcare providers. Combining the brand equity and operational strengths of the respective businesses, this new venture has enabled a broadly based, customer centric proposition to be quickly rolled out to the Irish primary care sector. Utilising the expertise of the commercial team in Williams, a new dedicated e-commerce platform for the Irish market has been established with all marketing and product range selection undertaken in-house. Dedicated sales staff in Williams proactively target customers with outbound calls, while inbound enquiries from Ireland are seamlessly routed to the contact centre in Wales. Orders are shipped directly from Williams' dedicated 72,000 sq ft primary care distribution centre and received by customers in Ireland within just two working days.

Since the launch in November 2016, impressive results are already being realised, including securing a solus long-term supply deal with the HSE for 'CervicalCheck' – Ireland's National Cervical Screening Programme. Replacing the previous incumbent of seven years, Fannin Direct exclusively supplies a range of vaginal specula to over 1,500 GP practices in Ireland, providing a strong platform for building customer relationships, up-selling and basket expansion.

Strategic linkage

The quick turnaround and low cost to serve, while leveraging Williams' operational excellence in both e-commerce and logistics and accessing its extensive product portfolio has allowed DCC Vital to quickly launch a competitive offering, targeting a new channel in a market where it already enjoys a strong reputation through Fannin.

Operational excellence

Read more:
Strategy on **pages 2 and 3**

"Leveraging Williams' operational excellence in both e-commerce and logistics and accessing its extensive product portfolio has allowed DCC Vital to quickly launch a competitive offering."

Strategy in Action
DCC Technology

Acquisition of Hammer broadens the DCC Technology portfolio

What we did in 2017

In December 2016, DCC Technology acquired Hammer, a specialist distributor of server and storage solutions to resellers in the UK and Continental Europe.

Based in Basingstoke, Hampshire and employing 165 people, Hammer distributes server and storage products for a broad range of leading suppliers including Dell, Intel, NetApp, Seagate and Western Digital. The business is heavily service led, providing bespoke product design and build solutions tailored to the requirements of customers in specific industries. Hammer sells to value added resellers, cloud service providers and system integrators from sales offices in the UK, France, Germany, Sweden, the Netherlands and Belgium and is particularly focused on vertical markets including media, financial services and security.

Hammer's business is complementary to Exertis' existing server and storage business, significantly strengthening Exertis' supplier portfolio and adding almost 1,000 reseller customers. The acquisition also provides Exertis with an experienced and ambitious management team who have remained in place to drive growth in the business within the Exertis group.

In the period since acquisition, Hammer and Exertis have extended their vendor portfolio in the server and storage space and have taken advantage of cross selling opportunities between the two sets of customers, leading to strong revenue and operating profit growth. Further development opportunities are being identified.

Strategic linkage

The acquisition of Hammer is an excellent fit and has helped to extend the footprint of DCC Technology for key server and storage products. In addition, it has strengthened our leading position in the UK market and helped to bring more product and customer balance to the business.

Market leading positions

Extend our geographic footprint

Read more:
Strategy on **pages 2 and 3**

"The acquisition of Hammer is an excellent fit and has helped to extend the footprint of DCC Technology for key server and storage products."

Powering growth

DCC Energy is the leading liquefied petroleum gas ('LPG') and oil sales and marketing business in Europe with a growing position in the retail petrol station market.

What we do

DCC Energy operates through two distinct businesses: LPG and Retail & Oil.

In LPG, DCC Energy has market leading positions in France, Britain, Ireland, the Netherlands, Norway and Sweden.

In Retail & Oil, DCC Energy is a leading operator of unmanned retail petrol stations in Europe with operations in France, Sweden, Britain and Ireland and is the leading reseller of fuel cards in Britain. DCC Energy is also the market leader in oil distribution in Britain and Sweden and one of the leading players in Austria, Denmark and Ireland.

Key Brands

LPG Brands
Benegas*, Butagaz*, Flogas*, Gaz de Paris*.

Retail Brands
Esso, Gulf, Shell, Qstar*.

Fuel Card Brands
BP, Diesel Direct, Esso, Fastfuels, Gulf, Shell, Qstar*.

Oil Brands
Bayford, Brogan*, Bronberger & Kessler*, Butler Fuels*, Carlton Fuels*, CPL Petroleum, DCC Energi*, Emo Oil*, Energie Direct*, Gulf, Pace Fuelcare, Qstar*, Scottish Fuels*, Shell, Swea*, Texaco, Top Oil* (in Austria).

* DCC owned brands.

The DCC Energy Value Chain

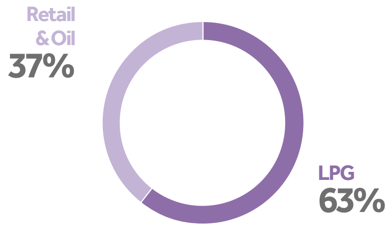
DCC Energy's activities are highlighted in purple

* DCC owned brands

How we create value

- Strong health and safety ethos, delivering potentially hazardous products safely and reliably.
- Passionate, experienced and committed team of people.
- Customer focused.
- Quality of service at competitive prices.
- Scale provides security of supply and ability to tailor contracts to customers' requirements.

Operating profit split



Where we do it

BRITAIN

No.1
Market leader in oil distribution

No.2
In LPG market

Leading operator of unmanned retail petrol stations

Leading reseller of fuel cards

IRELAND

No.2
In LPG market

Leading player in oil distribution

Leading operator of unmanned retail petrol stations

FRANCE

No.2
In LPG market

Leading operator of unmanned retail petrol stations

NORWAY

No.1
LPG market leader

SWEDEN

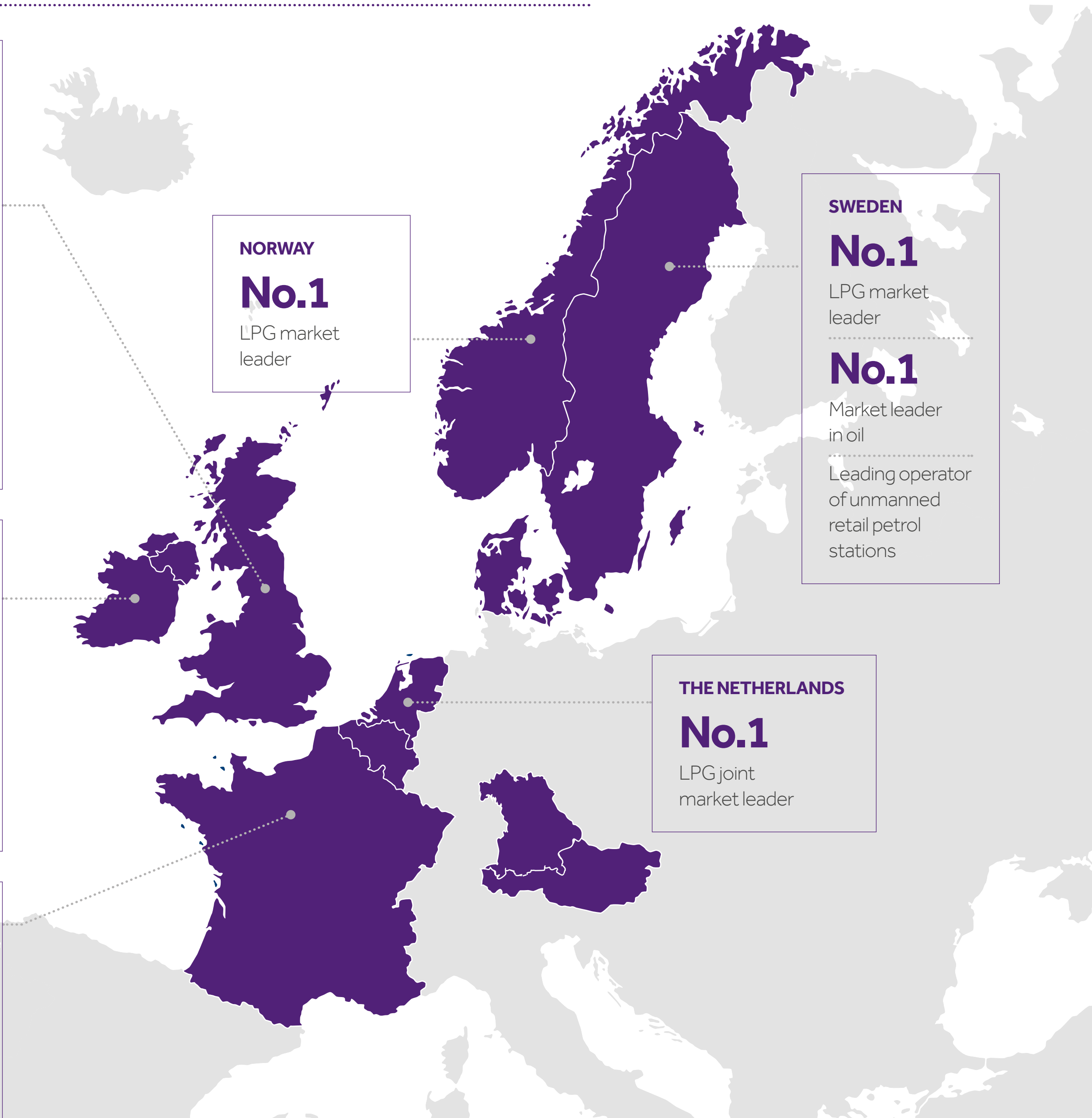
No.1
LPG market leader

No.1
Market leader in oil

Leading operator of unmanned retail petrol stations

THE NETHERLANDS

No.1
LPG joint market leader



DCC Energy's principal operating locations are highlighted in purple

Operating Review continued
DCC Energy continued

Volumes

Strategic objective:
Drive increase in sales volumes

14.6bn litres
▲12.5%

2017	14.6bn litres
2016	13.0bn litres*

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£254.9m
▲24.3%

2017	£254.9m
2016	£205.2m

Operating profit per litre

Strategic objective:
Grow operating profit per litre

1.74 pence

2017	1.74 pence
2016	1.61 pence

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

21.6%

2017	21.6%
2016	24.4%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£381.5m

2017	£381.5m
2016	£313.3m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

20.2%

2017	20.2%
2016	18.6%

*Prior year volumes have been restated to include Flogas Ireland's natural gas volumes which were previously considered immaterial in the context of the overall Energy division.

Performance for the Year Ended 31 March 2017

DCC Energy had an excellent year, with operating profit increasing to £254.9m, 24.3% ahead of the prior year (13.9% ahead on a constant currency basis) and generating a return on capital employed of 21.6%. The business benefited from the full year contribution of acquisitions completed in the prior year and strong organic growth in the LPG business. In addition, it was another year of significant development activity for DCC Energy.

DCC Energy sold 14.6 billion litres of product during the year, an increase of 12.5% over the prior year. Volumes were 1.0% ahead of the prior year on a like-for-like basis, with the LPG business achieving strong organic volume growth with commercial and industrial customers.

LPG

The LPG business had an excellent year achieving operating profit growth of 37.4%, 23.9% on a constant currency basis. Approximately half of the constant currency operating profit growth was organic. The very strong volume growth of 34.1% included the benefit of a full year's volumes from Butagaz, acquired in the prior year, and also from the acquisition of the Gaz Européen natural gas business in France, acquired in January 2017. The like-for-like volume growth was 6.1%. This strong organic volume performance was broadly based, with good growth in Britain, Ireland and France. The LPG business has continued to focus on growing its sales to industrial and commercial customers, with the commercial and environmental benefits of LPG continuing to attract new customers to the segment.

The operating margin per litre was modestly ahead of the prior year and declined, as anticipated, on a constant currency basis due to the impact on mix of lower margin natural gas volumes becoming more material during the year and a significantly higher product price environment relative to the prior year.

In recent years, the LPG business has organically developed its natural gas offering in Ireland and now has a substantial market share in the commercial sector of the market. In January 2017, DCC completed the acquisition of Gaz Européen, a specialist retailer of natural gas to business customers in France, principally co-ownership housing. The business has performed in line with expectation since acquisition. It is intended to launch a start-up consumer offering in natural gas during the coming year, which will require investment in sales and marketing, but importantly, will leverage the natural gas operations and expertise of Gaz Europeén and the Butagaz brand, France's most-recognised gas brand.

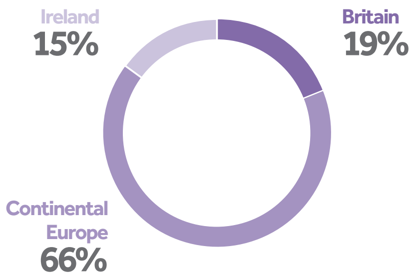
Retail & Oil
DCC Energy Retail & Oil had a good year, with operating profit growth of 6.9% (1.2% on a constant currency basis). The volume growth of 7.9% was driven by the inclusion for the full year of the Esso Retail business in France and the acquisition of Dansk Fuels in Denmark in November 2016. Organically, volumes and operating profits were in line with the prior year.

The Retail businesses achieved good growth during the year, benefiting from the full year contribution from the Esso Retail business in France and good performances from the Swedish and Fuelcard businesses. The Retail business continues to invest in building its network of sites and leveraging its strong sales offering in fuel cards in Britain. The Oil business continued to experience difficult trading conditions in Britain and Ireland, however good progress was made in the development of the business in adjacent areas, such as aviation and lubricants. The restructuring and integration of Dansk Fuels, Shell's Danish commercial, aviation and retail business acquired in November 2016, is progressing in line with expectations.

Markets and Market Position

LPG
DCC Energy supplies LPG (propane and butane) in both cylinder and bulk formats to commercial, domestic, agricultural and industrial customers across seven countries in Europe. The product is used where there is no natural gas grid for agricultural and industrial processes and for space heating, hot water and cooking. It is also used as road fuel (autogas), as an aerosol propellant and for powering fork lift trucks. LPG markets across Europe are relatively consolidated and DCC Energy has a leading position in each market in which it operates. DCC Energy supplies natural gas to industrial, commercial, agricultural and domestic customers in France, Ireland and Britain.

LPG volumes by geography



LPG – France
Butagaz is the second largest LPG distribution business in France where the market size is approximately 2 million tonnes. Butagaz has a market share of approximately 25% and operates from 46 depots nationally, distributing to 250,000 customers and to 26,000 points of sale. We estimate that Butagaz cylinders are used by approximately 4 million end user customers annually. Butagaz has a strong supply base and sources LPG from a number of supply points across France and also from Belgium, Spain and Germany. The business has an experienced management team and a high quality sales, marketing and operating infrastructure.

Natural Gas – France
DCC Energy acquired 97% of Gaz Européen in January 2017, based on an enterprise value of €110 million. Gaz Européen is a specialist retailer of natural gas and focuses on supplying energy management companies, apartment blocks (with collective heating systems), public authorities and the service sector in France. In the 12 months to March 2017, Gaz Européen supplied approximately 6.1 TwH of natural gas to c.10,000 sites across France. The business is now headquartered in Paris in the same offices as Butagaz and has a highly experienced and ambitious management team.

LPG – Britain
Flogas Britain is the clear number two LPG distributor in Britain with a market share of c.30% of the addressable market of approximately 900,000 tonnes, served through a nationwide infrastructure of 56 locations. Flogas has successfully grown the LPG market by switching oil consumers in several industrial sectors to LPG, and by supplying LPG to support the generation of biomethane which is injected into the gas grid. In addition to LPG, the business has continued to develop its position as the leading distributor of liquefied natural gas ('LNG') as an energy solution primarily to large industrial businesses, and is growing its position as a distributor of natural gas to smaller commercial customers. Flogas Britain also distributes medical gas to regional health authorities and a wide range of LPG fuel appliances such as mobile heaters and barbecues, as well as renewable products.

LPG – Ireland
Flogas Ireland, operating in both the Republic of Ireland and Northern Ireland, is the number two LPG distributor in Ireland and has continued to grow organically to an estimated 40% share of the addressable market of approximately 200,000 tonnes. The business operates from six depots throughout the country including three importation facilities. Similar to Flogas Britain, the business has successfully generated organic growth by moving industrial energy consumers across to LPG. In addition, Flogas Ireland also markets a range of heaters and barbecues and has developed a renewables offering under the Clearpower brand.

Natural Gas & Electricity – Ireland
Flogas Ireland has been organically developing a natural gas business since 2009 and in the year to March 2017 supplied 1.9 TwH of natural gas to approximately 45,000 customers across the island of Ireland. The business is a leading supplier of natural gas to SME customers and has a small but growing position in the domestic supply sector. Flogas Ireland has recently launched an electricity business to allow it to provide a dual fuel offering to its customers.

Rollout of the Gulf brand in Britain

DCC Energy has been actively rolling out the Gulf brand in Britain. This Gulf site in Ravensthorpe is one of 475 Gulf branded sites across the country.

Operating Review continued
DCC Energy continued

LPG – the Netherlands
In the Netherlands, where DCC Energy's LPG business trades under the Benegas brand, the business has an overall market share of 27% of the addressable market of approximately 310,000 tonnes and is joint market leader. Operating from one central depot and a number of third party locations, the business delivers to commercial, industrial, agricultural and domestic customers in the Netherlands and Belgium and is also a significant player in the sale of LPG for aerosol and autogas use.

LPG – Sweden & Norway
In Sweden and Norway, Flogas operates from six third party operated locations which include three key importation facilities. Flogas is the market leader in both these markets with 54% and 40% market shares in Sweden and Norway respectively. The addressable market is estimated to be approximately 330,000 tonnes in Sweden and 190,000 tonnes in Norway.

LPG – Hong Kong & Macau
On 5 April 2017 DCC announced that agreement had been reached with Shell for DCC Energy to acquire Shell's LPG business in Hong Kong & Macau ('Shell HK&M') for an enterprise value of HK$1.165 billion (Stg£120 million). Shell HK&M is the number three player in the cylinder market and also supplies autogas to Shell's retail network. The business is the market leader in the smaller Macau market. The business is required to be separated from the broader Shell Hong Kong operations and the transaction requires certain regulatory consents and operating licence approvals. The acquisition is expected to complete before the end of DCC's financial year ending 31 March 2018.

Shell HK&M is one of the leading LPG sales and marketing businesses in Hong Kong and Macau, where it has been selling LPG for almost sixty years. The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers. In Hong Kong it is the market leader in supplying piped LPG to very large apartment complexes which are common in the territory. Shell HK&M supplies the complexes through its infrastructure of bulk tanks and piping to service the energy needs of over 100,000 households. Shell HK&M is headquartered in Kowloon and operates a terminal and filling plant on Tsing Yi Island. In the year ended 31 December 2016, the business supplied approximately 74,000 tonnes of LPG and under DCC's ownership is expected to deliver an annual operating profit of c.HK$145 million (c.£15 million). Following the completion of the acquisition, the business will continue to operate under the Shell brand in both Hong Kong and Macau, based on a long-term brand licence agreement.

Retail & Oil

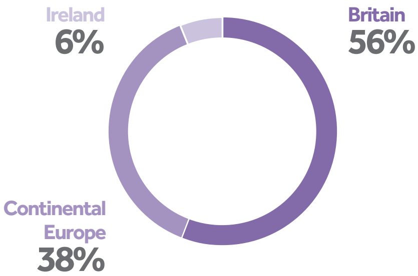
Retail
DCC Energy's Retail business operates 838 retail petrol stations in France, Sweden, Denmark, Ireland and Britain, and has agreed to acquire Esso's retail network in Norway.

Retail – France
The business comprises the Esso unmanned retail petrol station network (273 stations) and the Esso motorway concessions network (43 stations). The business sells approximately 1.8 billion litres of diesel and petrol to consumers across France. The business operates from its office in Paris and the retail hub based in Drogheda, north of Dublin, Ireland. The functions of the retail hub include pricing, procurement and back office activities. The retail hub has developed state of the art IT infrastructure which provides a significant platform to add new geographies to our retail business.

Retail – Sweden
Trading under the Qstar brand, DCC Energy is the fifth largest petrol retailer in Sweden, selling 340 million litres of product per annum. Qstar provides national coverage through a network of 339 unmanned forecourts which is complemented by an additional 47 dealer operated retail petrol stations trading under the Bilisten and Pump brands.

Retail – Denmark
On 1 November 2016, DCC acquired 139 Shell branded retail petrol stations (and contracts to supply 66 dealer owned sites) in Denmark,. The network includes 60 sites operated under the 7-Eleven brand and 40 unmanned sites operated under the Shell Express brand. This acquisition will be fully integrated into DCC's pricing, supply and back office hub in Drogheda, Ireland in the first half of FY2018. The business sells approximately 450 million litres of diesel and petrol to consumers across Denmark.

Retail & Oil volumes by geography



Retail – Norway
On 7 February 2017, DCC announced that DCC Energy had reached agreement with Esso to acquire its retail petrol station network in Norway for a consideration of NOK 2.43 billion (c. £235 million). The network is the third largest in Norway with a market share of retail volumes of approximately 20%. Esso's retail petrol station network in Norway comprises a national network of 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer owned stations (together referred to as 'Esso Retail Norway'). Esso Retail Norway sells c. 600 million litres of fuel annually. The majority of the stations are in the more populous south of the country and, of the 142 company-operated sites, 110 are held freehold, with 32 being leasehold.

As part of the transaction DCC Energy will enter into long-term brand and supply agreements with Esso Norge AS. Since December 2015, the convenience retail element of the company-operated sites has been operated by NorgesGruppen, the largest grocery retailer and wholesaler in Norway, under a long-term agreement. NorgesGruppen has rolled out their award-winning 'Deli de Luca' retail concept to more than 70 sites across the network. Esso Retail Norway will be integrated into DCC Energy's existing retail IT and operating infrastructure and the. The acquisition is expected to complete in the final quarter of calendar 2017.

Fuel Card
DCC Energy is one of the leading resellers of branded fuel cards in Britain. The business sells approximately 1 billion litres of transport fuels annually and provides its customers with access to the breadth of the British retail petrol station and bunker networks through its portfolio of fuel cards under the BP, Esso, Shell, Texaco and Diesel Direct brands. The business continues to expand in Britain, recently opening its sixth sales office in Halifax. As well as selling fuel cards, which are an essential tool for commercial organisations to manage their transport fuel costs, DCC also provides an innovative range of value added services to help further minimise spend on transport fuels.

Oil
DCC's oil distribution business sells transport fuels, heating oils and fuel oils to commercial, retail, domestic, agricultural, industrial, aviation and marine customers in Britain, Ireland, Denmark, Sweden, Austria and Germany. DCC Energy sells oil under a large portfolio of leading brands in Europe.

Oil – Britain
DCC Energy has been the consolidator of what was, and continues to be, a highly fragmented oil distribution market in Britain. DCC Energy first entered the market in September 2001 with the acquisition of BP's business in Scotland and since then has acquired and integrated 39 businesses including the oil distribution businesses of Shell (2004), Chevron Texaco (2008) and Total (2011). DCC Energy has grown to become, by far, the largest oil distributor in Britain. DCC's addressable market in Britain comprises transport fuels and heating oils to commercial, industrial, domestic, agricultural and dealer owned petrol stations. DCC's addressable market is now approximately 35 billion litres. In the year ended 31 March 2017, DCC Energy's oil distribution business in Britain sold 5.4 billion litres of product, giving a market share of approximately 15%.

The total retail petrol station market in Britain is approximately 36 billion litres with 44% of volumes sold through supermarket sites, 18% through company owned and operated stations and 38% through independent dealer owned stations. DCC Energy operates in the independent dealer owned segment of the retail market and now has approximately 475 Gulf branded retail sites to which DCC supplies in Britain. DCC Energy has a market share of c.3% of the total market and supplies to approximately 10% of the dealer network.

Oil – Continental Europe
DCC's Swedish oil distribution business, Swea, is the market leader in Sweden with a share of approximately 14% of the addressable market which is estimated at 2 billion litres. The addressable oil distribution market in Austria is estimated at 5 billion litres and DCC's subsidiary, Energie Direct, is number two in this market with a share of 17%. In Denmark, the addressable oil distribution market is estimated at 2 billion litres, of which DCC Energi Danmark has a market share of 24% making it the number two oil distributor. The oil business in Denmark has been further expanded by the acquisition of Shell's commercial and aviation fuels business in November 2016. With the oil majors continuing to divest of oil distribution assets, DCC Energy is well placed to continue its growth in Continental Europe through acquisitions.

Oil – Ireland
Emo Oil is one of the leading oil distributors in Ireland with a market share of 9%. DCC's addressable oil market in Ireland is estimated to be 9 billion litres.

Strategy and Development

DCC Energy's vision is to be a global leader in the sales, marketing and distribution of fuels and related products and provision of services to energy consumers:

- with strong local market shares;
- operating under multiple brands;
- consolidating fragmented markets;
- selling a broad range of related products and services;
- building a position in new geographies;
- continuing the development of its presence in the green/renewable energy sector; and
- generating high levels of return on capital employed.

DCC Energy's Sectoral Strategies

LPG
DCC Energy's vision for LPG is to be a global leader in the sales, marketing and distribution of LPG, natural gas & electricity and related products and provision of services to energy consumers:

- target oil to LPG conversions;
- target market share gains on a segment by segment basis, particularly commercial bulk;
- cross sell complementary green/renewable energy products;
- optimise efficient use of assets across our businesses;
- leverage our strong brands by selling add-on/related products e.g. natural gas, LNG; and
- expand into new geographies.

DCC Energy will further leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to industrial and commercial entities looking to switch to more environmentally friendly and competitively priced energy sources. We will also seek to expand into related product areas and into new geographic markets, as the recently completed acquisition of Gaz Européen and the announced acquisition of Shell LPG Hong Kong & Macau demonstrate.

Operationally, the business will look to benefit from the acquisition of Butagaz through a wider exchange of best practice in a number of areas such as HSE management and common procurement. We will also continue to invest in optimising our road tanker fleets and our bulk tank and cylinder assets. This will include a further roll out of telemetry units which provides remote bulk tank reading and thereby enhancing both customer experience and operational efficiency, and further investment in our range of innovative composite light weight cylinders.

Retail & Oil
DCC Energy's vision in Retail & Oil is to be a global leader in the sales, marketing and distribution of fuels and related products and provision of services to energy consumers:

Retail

- expand business in the retail petrol station market
  - unmanned: key pillar for growth;
  - retail company owned: in partnership with a retailer;
  - retail dealer owned;
- leverage our pricing, supply and back office hub to generate synergies from integration of new networks; and
- build a pan-European fuel card business leveraging our investment in retail networks.

Oil

- continue to consolidate existing oil markets to drive greater customer density and logistics efficiencies;
- expand sales of differentiated products; cross sell add-on products and services e.g. lubricants, heating services;
- optimise and build greater flexibility into logistics operations; and
- expand into new geographies, where strong returns can be achieved.

The Retail business has been significantly strengthened by acquisitions over the last two years including Esso's retail petrol station network in France, Shell's retail petrol station network in Denmark and Esso's retail petrol station network in Norway (announced on 7 February 2017) which are significant steps in DCC Energy's strategy of capturing a greater share of the consumer margin in the transport sector of the market.

Our experienced local management teams in France, Sweden and Denmark are focused on leveraging the business platforms in those countries, expanding the networks organically and increasing market share.

DCC Energy's pricing, supply and back office hub will provide a platform to integrate future acquisitions in new territories, further enhancing DCC Energy's ability to grow its Retail & Oil business.

In Fuel Card, DCC Energy is continuing to target high levels of organic growth through our extensive telesales team and by cross selling fuel cards to our broad oil distribution customer base. The Fuel Card business has expanded its customer offering by providing

Operating Review continued
DCC Energy continued

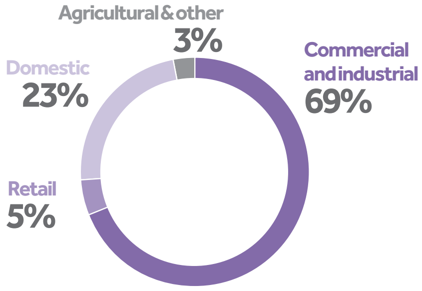
innovative products to customers such as 'CO$_2$Count' and 'Mileage Capture' which provide customers with key information on fuel consumption and emissions to allow them to better manage their businesses.

DCC Energy's strategy is to be the leading oil distribution business in Europe by continuing to consolidate existing markets, driving targeted growth, particularly in the non-heating dependent segments of the market, driving organic profit growth and expanding into new geographies where strong returns can be achieved. Organic growth is targeted by leveraging the scale of the business, expanding market share, selling differentiated products and cross selling add-on products and services such as lubricants and boiler maintenance services to its extensive customer base.

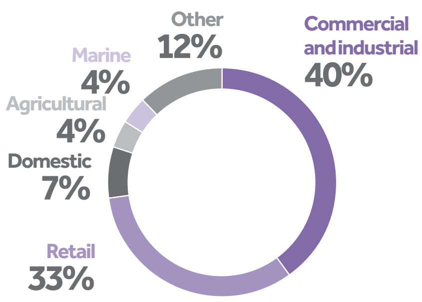
DCC Energy's strategy in Britain is to continue to grow its market share (currently 15%) to in excess of 20% of its addressable market. Key to achieving this target is growth in transport fuels with a particular focus on retail petrol stations (where the business has been actively rolling out the Gulf brand and now has 475 Gulf branded sites supplied) and the marine and aviation sectors.

Customers
DCC Energy has a very broad customer base selling directly to approximately 1.4 million customers across the geographies in which the businesses operate and also has access to a broad range of retail and cylinder consumers. Customers are primarily spread over the commercial, retail, industrial, domestic, agricultural and marine markets. DCC Energy has no material customer dependencies.

LPG volumes by customer type



Retail & Oil volumes by customer type



Suppliers
As with its customer base, DCC Energy's supplier portfolio is broadly based. The top five suppliers represent approximately 50% of total volumes supplied with no one individual supplier accounting for more than 17% of volumes supplied in the current year. The major suppliers to the division are BP, Essar, Esso, Ineos, Greenergy, Mabanaft, OMV, Philips66, Shell, St1, Statoil, Total and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People
DCC Energy's business is a people business at its core. Therefore we are very focused on developing processes and practices that ensure the well being, development and engagement of our people across all areas of the business and to ensure that we have the necessary resources, talent and skills to deliver the service levels expected by our customers in a safe way, every day. DCC Energy has highly experienced and ambitious management teams with a deep knowledge of the markets in which the businesses operate. As our businesses have grown we have looked to augment the existing management teams with experienced personnel in senior roles and we will continue to develop the management teams as the businesses grow.

DCC Energy currently employs 5,407 people.

Health & Safety
Continuous improvement of our safety performance is a key priority and responsibility for all line managers and directors who are supported by experienced health and safety functions in each business. Occupational and process safety is managed through systems and processes which identify, control and monitor health and safety risks. The health and safety performance of each business is reviewed regularly by the DCC Energy Board and senior management across the division. The DCC Energy Board is focused on driving continuous improvement across all aspects of health and safety performance, including near miss reporting, safety awareness and safety culture, and has linked performance in these areas to senior managers' remuneration.

All DCC Energy businesses have adopted 'Safety F1rst', an internally developed safety initiative focused on improving attitudes and behaviour towards safety and which is led by the senior management teams.

Key Risks
DCC Energy sold 14.6 billion litres of product during the year ended 31 March 2017 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health, safety and environmental standards is one of our core business principles. Having rolled out our Safety F1rst campaign across the business, the focus is now on reinforcing the programme through quarterly communications campaigns to ensure we drive continued improvement and maintain momentum.

DCC Energy has a broad customer base across a number of geographies and many of the economies in which the division operates have recovered since the financial crisis. However, a deterioration in this economic recovery and its impact on consumer spending and confidence is a key risk faced by the business.

A significant proportion of DCC Energy's volumes and margins are generated through the sale of heating dependent products and, accordingly, the division can be impacted by significant movements in weather conditions. The strategic focus has been to reduce the heating dependence of the division through the development of the non-heating segments of the business while also ensuring that investors have a clear understanding of the heating dependencies in the business. The acquisitions of Qstar in Sweden, the Esso retail petrol station network in France and the Shell retail petrol station business in Denmark have been key building blocks in this strategy. This strategy will continue in the coming year with the completion of the acquisition of the Esso retail network in Norway. The acquisition of the Gaz Européen business in France brings with it additional heating dependence, however this is an important step in building the Butagaz business into the natural gas market in France.

Demand for transport fuels is likely to be impacted by technological developments over the medium to long-term. DCC Energy's

- low cost retail platform;
- investment in high quality retail assets;
- partnerships with world class brands;
- well-balanced network comprising urban, rural and HGV/motorway sites; and
- track record of margin management

all leave the Group well positioned to deliver strong and sustainable returns on its invested capital despite the likely impact on demand.

DCC Energy has been highly acquisitive over the last number of years and ensuring the smooth integration of these acquisitions is critical to the success of the division. This is achieved through close monitoring of the acquired businesses and ongoing management development.

Environment

DCC Energy's recognises the reality of climate change and the challenges arising from changing weather patterns and more frequent extreme weather events. Government responses to climate change include levies and taxes on carbon emissions, incentives for renewables and energy efficiency technologies and setting long-term carbon reduction targets. At the same time, economies rely on fossil fuel derived energy to function and grow. DCC Energy is committed to assisting our customers to reduce their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and quantify carbon emissions.

The potential for oil spills to impact on the environment is a risk that is managed on a daily basis. From domestic deliveries to large storage facilities in coastal locations, a range of controls are in place to minimise the potential of this becoming a reality. Controls include the design and maintenance of vehicles and depots, the implementation of effective operational procedures and, critically, the engagement of competent, trained employees who are handling product safely every day.

All spills have the potential to cause local damage so in the event of any spill occurring, immediate action is taken to contain and recover the product to minimise the impact on the surroundings and to identify the root causes of any incidents. No significant spills occurred in the year.

DCC Energy's businesses have a local footprint in all the markets in which we have a presence. Therefore it is crucial to our long-term strategy that we have a high degree of trust within the communities in which we operate. All our businesses operate to the highest standards, invest heavily in infrastructure and training and encourage our staff to participate actively in the communities within which they work.

Segmental Reporting

Following recent changes to the management and organisational structure of the DCC Energy business, the Group will present LPG and Retail & Oil as two separate reportable segments from 1 April 2017.

Case study: Adding value across retail networks

Following the acquisition of the Esso Retail network in France, DCC Energy has pursued a strategy to optimise value on the acquired retail network. Management have focused on a number of areas to bring further value including:

Retail propositions

When Esso converted the network to the unmanned Esso Express proposition, a large portion of the network was left with some excess land, which gave DCC the opportunity to maximise the retail offerings and provide a range of services to fuel consumers. The rollout of Amazon 'Click and Collect' facilities has commenced across a portion of the network, utilising the excess space on locations ideally situated for consumers to pick up deliveries. In addition, management have engaged with various outlet operators with a view to providing a range of hot and cold food offerings and other services.

Incremental transport offerings

The business has invested in additional AdBlue (an additive helping reduce exhaust emissions for diesel engines) supply points on the retail network, increasing the number of sites dispensing AdBlue from 20 to 60 with plans to invest further in the network. This investment provides customers with a more complete retail network offering and additional income for DCC Energy.

Brand investment

In partnership with Exxon, DCC Energy has invested significantly to rebrand the sites under Exxon's new fuel and image programme, Synergy™ which has recently been launched globally by Exxon. The improved fuel offering to the consumer will leverage the vast investment Exxon continue to undertake in performance fuels and provide DCC's customers with refreshed and renewed retail sites at which to purchase their fuel.

LPG cylinders

In conjunction with Butagaz, 'Click and Collect' automatic LPG cylinder dispensers have been installed on a number of DCC's retail sites, with plans to further extend across the Express network in the coming years, allowing consumers to collect Butagaz cylinders 24 hours a day and thereby fully leveraging commercial opportunities within the wider DCC Group.

Operating Review continued
DCC Healthcare

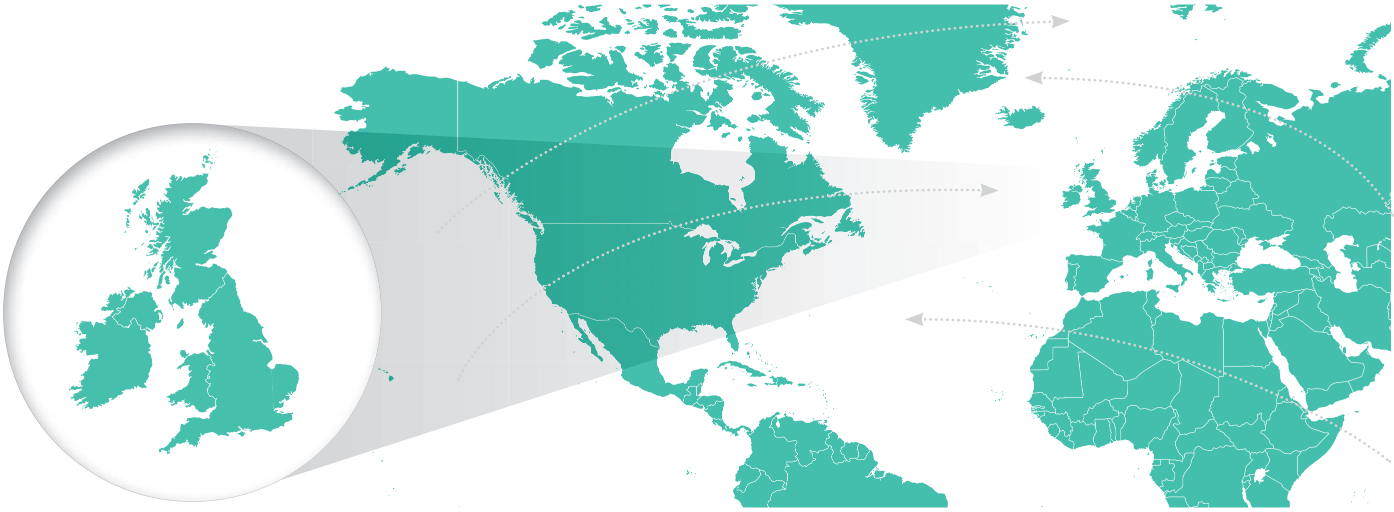
Expanding geographic horizons

What we do

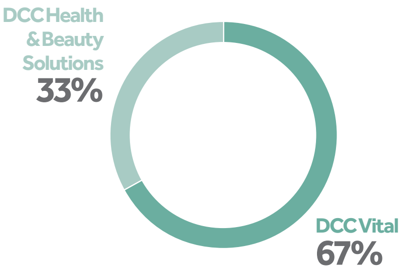
DCC Healthcare is a leading healthcare business, providing products and services to healthcare providers and health & beauty brand owners. DCC Healthcare sells a range of medical and pharmaceutical products to healthcare providers across all sectors of the healthcare market in the UK & Ireland from acute care through to community care and general practitioners. In the health & beauty sector, DCC Healthcare builds partnership relationships with international brand owners, providing a range of specialist services including product development, formulation, manufacturing and packaging.

Where we do it

Principal operating locations based in Britain & Ireland, servicing domestic and international customers



Sales split



How we create value

- Comprehensive sales channel coverage across hospitals, retail pharmacies, community care providers and GP surgeries in the British and Irish healthcare markets.
- Broad range of own and third party brand/licence medical devices and pharmaceuticals.
- Full range of contract manufacturing and related services for international health and beauty brand owners from high quality facilities.
- Strong product development capability and flexible, responsive customer service.
- Cost-effective operations with scalable IT platforms.

The DCC Healthcare Value Chain

DCC Vital

DCC Vital markets and sells medical and pharmaceutical products to healthcare providers across all sectors of the healthcare market in the UK & Ireland.

Key Brands (own and third party)
Biomet, BioRad, Carefusion, Cipla, CSL Behring, Comfi*, Diagnostica Stago, Espiner Medical*, Fannin*, ICU Medical, Kent Pharmaceuticals*, LIP Diagnostics*, Martindale Pharma, Mölnlycke, Rosemont, Siemens, Skintact*, Smiths Medical, Williams Medical*.

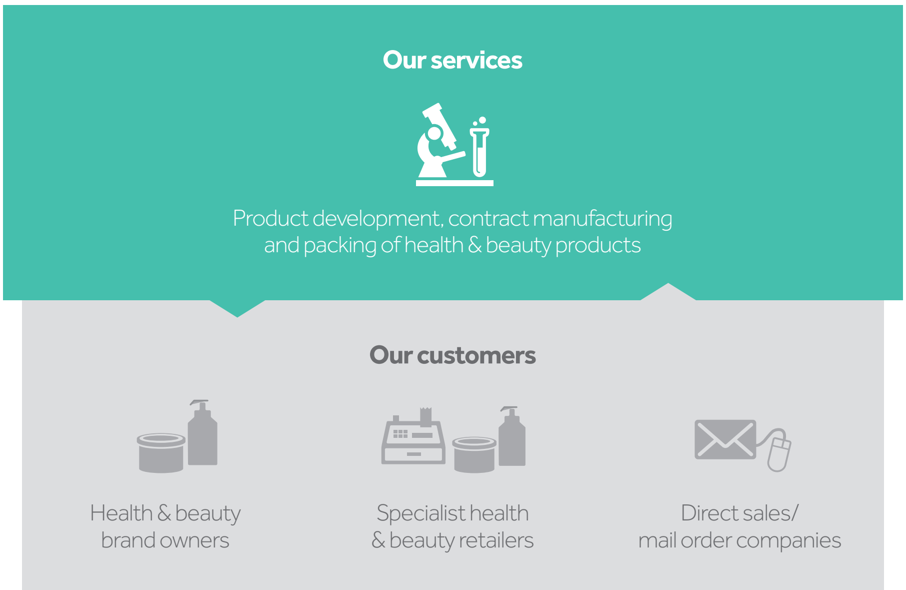
* DCC owned brands

DCC Vital's activities are highlighted in teal

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions builds long-term partnerships with international brand owners, providing specialist services including product development, formulation, manufacturing and packaging.

Key Brands
Alliance Pharma, Apotheket, The Body Shop, Boots, Elemis, Healthspan, Liz Earle, Merck (Seven Seas, Natures Best, Lamberts), Omega Pharma, Oriflame, PZ Beauty, Ren, Space NK, Target, Treaclemoon and Vitabiotics.



DCC Health & Beauty's activities are highlighted in teal

Operating Review continued
DCC Healthcare continued

Revenue growth

Strategic objective:
Drive for enhanced operational performance

£506.5m
▲3.2%

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£49.0m
▲8.7%

Operating margin

Strategic objective:
Grow operating margin

9.7%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

17.5%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£56.6m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

14.0%

Performance for the Year Ended 31 March 2017

DCC Healthcare performed strongly during the year, generating operating profit growth of 8.7% (8.0% on a constant currency basis) and approximately two thirds of the constant currency profit growth was organic. The business again improved its operating margin and continues to generate excellent returns on capital employed.

In Britain, DCC Vital generated strong profit growth in the supply of products and services to GPs, enhancing its market leadership position in that sector. The business also grew its sales of medical devices into hospitals, particularly in the areas of laparoscopic surgery and anaesthesia. As reported previously, pharma margins were impacted by the weaker sterling exchange rate. In Ireland, DCC Vital grew its pharma sales both organically and by acquisition. In January 2017, it enhanced its offering to Irish hospital and retail pharmacy customers with the acquisition of Medisource, the market leader in the sourcing and supply of exempt medicinal products. Medisource has performed well since acquisition. DCC Vital also grew its sales of medical devices to hospitals in Ireland, with particularly good growth in the diagnostics area. In addition, the business successfully launched a range of products for the Irish GP market, leveraging its existing GP supplies portfolio and infrastructure in Britain.

DCC Health & Beauty Solutions continued its track record of very strong organic revenue and profit growth, benefiting from further investment in sales and product development resources. The business generated strong sales growth in nutrition across all of its product formats with particularly strong growth in soft gels and liquids. The sales growth was achieved with customers across its key markets of Britain, Scandinavia and continental Europe. The business' activities in the beauty sector also performed very well with strong sales growth across a range of customers, particularly in the premium skincare area. Design Plus, acquired in September 2015, generated very strong organic sales and profit growth, benefiting from sales growth into the US market and cross-selling into existing DCC Health & Beauty customers.

Markets and Market Position

DCC Vital – sales, marketing and distribution to healthcare providers
DCC Vital markets and sells a broad range of own and third party medical and pharmaceutical products to hospitals, pharmacies, GPs and other healthcare providers in Britain and Ireland.

DCC Vital sells a broad range of medical devices and consumables in categories such as wound care, electrodes, diathermy, critical care (anaesthesia, endovascular, cardiology and IV access), minimally invasive surgery and diagnostics, as well as a full range of consumables and equipment used by GPs. These products are typically single use in nature.

In recent years DCC Vital has significantly strengthened its offering of own branded surgical products, assisted by the acquisition of the Skintact and Espiner brands. This has provided DCC Vital with a base from which to develop international sales of its own branded medical device products. Sales of capital equipment represents a small element of total sales and typically relates to generating future sales of consumable products, for example, the sale (or placing) of diagnostic testing equipment in order to drive sales of the consumable test kits used with the equipment. DCC Vital represents leading medical, surgical and diagnostics brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical. Sales of own brand products now account for approximately 40% of DCC Vital's gross profit from medical products.

DCC Vital is involved in the development, manufacture, marketing and sales of generic pharmaceuticals for the British, Irish and international markets. Its portfolio comprises solid dose, injectable and inhaler products across a range of therapy areas including beta lactam and other antibiotics, respiratory, pain management, haematology, anaesthesia, addiction and emergency medicine.

DCC Vital has a particular focus on beta lactam antibiotics including penicillin V, flucloxacillin and amoxicillin, which are long established antibiotics typically used to treat bacterial infections such as throat, ear and respiratory tract infections. DCC Vital is one of the market leaders in these products in Britain and also operates a specialist beta lactam manufacturing facility located in Roscommon, Ireland.

DCC Vital is the product licence holder for approximately a third of its pharma revenues. The business works with leading branded, generic and contract manufacturing pharma companies such as Intas/Accord, Cipla, CSL Behring, Martindale Pharma, Rosemont and Teva. DCC Vital sells into the hospital and community pharmacy channels and has strong relationships with the leading retail/wholesale pharmacy groups and independent pharmacies in Britain and Ireland. It also sells to other generic pharma companies and international distributors.

DCC Healthcare's strategy is to develop its pharma activities through expanding its portfolio of own licence products in existing and related therapy areas whilst maintaining strong commercial relationships in the markets in which it operates. DCC Vital has a strong platform for further product in-licensing and bolt-on acquisitions in the pharma sector. During the last 12 months DCC Vital brought to market and launched a number of new own licence branded generics, developed in conjunction with DCC Vital's manufacturing partners.

In January 2017, DCC Healthcare strengthened its position in the procurement, sales and marketing of pharmaceutical products in Ireland with the acquisition of Medisource Ireland Limited. Medisource is a specialist in the procurement and sale of exempt medicinal products ('EMPs'). EMPs are pharmaceutical products which are imported into a market with the authorisation of the relevant regulatory authority (the Health Products Regulatory Authority in Ireland) in order to meet requirements of specific patients where no suitable licenced product is available in that market. The products are typically licenced in another jurisdiction. Medisource has a market leadership position in EMPs in Ireland based on excellent customer service and a strong network of international suppliers. The acquisition complements DCC Vital's current pharma product offering in Ireland, strengthens DCC Vital's access to the hospital and retail pharmacy channels and will provide further insight into potential pharma product development opportunities.

Growing our own brands

During the last 12 months DCC Vital brought to market and launched a number of new own licence branded generics.

Operating Review continued
DCC Healthcare continued

DCC Vital has the most comprehensive sales channel coverage in the British and Irish healthcare markets selling into the hospital, retail pharmacy, GP and community care channels. DCC Vital's unrivalled market coverage has enabled the business to provide a holistic solution to addressing each sector of the healthcare market in Britain. DCC Vital is the market leader in the supply of medical consumables, equipment and services to GPs in Britain and has a growing presence in the developing community healthcare sector. DCC Vital services a customer base of some 9,000 GP surgeries and other primary healthcare providers through a highly effective telesales and e-commerce based customer contact centre in Wales, in addition to field based engineers and key account managers. During the year, DCC Vital leveraged the commercial and operational strengths of its British GP supplies business to launch Fannin Direct which is rapidly establishing itself as the leading provider of medical supplies to GPs in Ireland.

DCC Vital is also a leading provider of value added logistics services in Britain, providing innovative stock management and distribution services to hospitals and healthcare brand owners/manufacturers, focused principally on operating theatre supplies.

DCC Vital has in excess of 150 highly trained customer-facing sales, marketing and customer support professionals who have strong relationships with senior management, clinicians and procurement professionals in the public healthcare sector (NHS in Britain and HSE in Ireland), major and regional pharmacy wholesale/retail groups and private healthcare providers. Leveraging the strength of its customer and supplier relationships and the breadth and quality of its product portfolio, in tandem with targeted acquisition activity, DCC Vital has built strong market positions including leadership positions in GP supplies, beta lactam antibiotics, electrodes and diathermy consumables in Britain and hospital supplies generally in Ireland.

DCC Vital principally operates in sectors of the healthcare market that are government funded. Fiscal budgets in Britain and Ireland continue to be constrained while, in common with the majority of developed economies, the burden of care, particularly to support ageing populations, continues to grow. Healthcare providers are seeking cost-effective solutions from their commercial partners. Public healthcare policy makers are increasingly focusing on shifting the point of care to the most cost-effective location which is typically away from expensive acute care settings to primary and community care settings. In addition, healthcare payers and providers are seeking to leverage their procurement scale through increased use of tendering, framework agreements and reference pricing. They are switching to equivalent quality, lower cost medical devices and generic pharmaceuticals as well as outsourcing activities deemed to be non-core. DCC Vital is very well placed to benefit from these trends.

Competitors in this market sector include global healthcare companies as well as a large number of smaller pharmaceutical, medical and surgical brand owners, manufacturers and distributors.

DCC Health & Beauty Solutions – services for health and beauty brand owners
DCC Health & Beauty Solutions is one of Europe's leading outsourced contract manufacturing service providers to the health and beauty sector with a broad customer base of international and local brand owners, direct sales companies and specialist retailers. DCC Health & Beauty Solutions' range of outsourced services is focused principally on the areas of nutrition (vitamins and health supplements) and beauty products (skin care, hair care, bath and body). The comprehensive service offering encompasses product development, formulation, stability and other testing and regulatory compliance, as well as manufacturing and packing.

DCC Health & Beauty Solutions operates five Good Manufacturing Practice ('GMP') certified facilities in Britain, four of which are licenced by the Medicines and Healthcare products Regulatory Agency ('MHRA'). The business has capability across a wide variety of product formats (tablets, soft gel and hard shell capsules and creams and liquids) and packaging formats (pots, blisters, sachets, bottles, tubes, pumps and sprays). DCC Health & Beauty Solutions has built a reputation for providing a highly responsive and flexible service to its customers and for assisting customers in rapidly bringing new products from marketing concept through to finished, shelf-ready products. The business has strong market shares in Britain, Scandinavia and Benelux and is building market share in Continental Europe, especially in Germany, France and Poland.

The acquisition of Design Plus in September 2015 strengthened DCC Health & Beauty Solutions' offering, adding specialist expertise in sachet filling where it is the market leader in this segment in Britain. It also brought strong relationships with a complementary range of health and beauty brand owners and retailers in Britain, Continental Europe and the USA. The market background for DCC Health & Beauty Solutions is very positive. Consumer interest in looking and feeling good is driving demand for innovative nutrition and beauty products. The trend for health and beauty brand owners to outsource non-sales and marketing activities (including product development) and to streamline their supply chains is a critical factor in driving demand in the contract manufacturing sector. There is also a general trend towards increased regulation and higher manufacturing standards in the health and beauty sector in Europe and the US. These trends are favouring well-funded contract manufacturers such as DCC Health & Beauty Solutions which have the resources to invest in regulatory expertise and high quality facilities.

Our main competitors include Catalent, Aenova, IVC Brunel Healthcare and Sirio Pharma in nutrition and LF Beauty and Swallowfield in creams and liquids.

Strategy and Development

DCC Healthcare's vision is to build a substantial healthcare business focused on the sales, marketing and distribution of medical devices and pharmaceuticals and the provision of contract manufacturing and related services for the health and beauty sector. DCC Healthcare seeks to drive continued strong profit growth in tandem with returns on capital well above the DCC Group's cost of capital.

DCC Vital – sales, marketing and distribution to healthcare providers
DCC Vital has a very strong track record of growth, with operating profits having grown by more than 50% in the last three years, and operating margins having increased by in excess of 150 bps. The improvement in operating margin has been achieved through the streamlining of its activities, improving mix (increasing the proportion of higher value added products and an increasing share of company owned brands), exiting lower margin activities and consolidating back office activities. This growth has been achieved against a backdrop of challenging market conditions in the public healthcare sector in Britain and Ireland, which reduced organic growth opportunities.

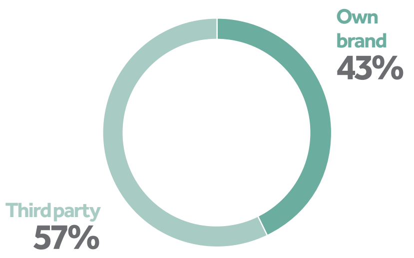
Our ongoing targeted acquisition activity, with strong valuation discipline and integration execution, has resulted in a significant expansion of DCC Vital's market coverage in Britain and a broader product portfolio, together with strong profit growth and increased returns on capital.

DCC Vital aims to continue this track record of growth through:

- expanding the product portfolio both organically and by acquisition, with a particular focus on own brand/licence products in product categories which can deliver sustainable returns over the longer term;
- leveraging the breadth of our market coverage in Britain, in particular providing a holistic approach to addressing the requirements of each sector within the healthcare market in line with government policies to seek to treat patients in the most appropriate and cost-effective settings; and
- expanding our market reach into Continental Europe, particularly Northern European markets, both organically and by acquisition.

DCC Vital has a strong regulatory capability including product in-licensing, quality control and assurance and pharmacovigilance. This capability, together with strength in product sourcing, will open up opportunities for the business to extend its activities into new geographic markets over the coming years.

DCC Vital gross profit by product



DCC Health & Beauty Solutions – services for health and beauty brand owners

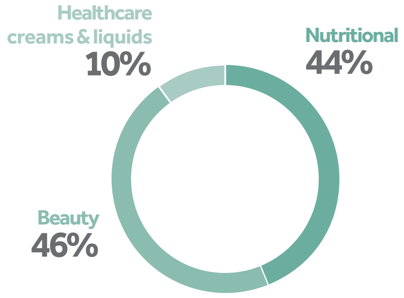
DCC Health & Beauty Solutions has an excellent track record of growth, the vast majority of which has been organically driven. The scale of the business has increased significantly over the last number of years with operating profits almost doubling and operating margins increasing by more than 200 bps in the last three years. Today, DCC Health & Beauty Solutions is one of Europe's leading outsourced service providers to the health and beauty sector.

DCC Health & Beauty Solutions aims to continue this track record of growth through:

- driving continued growth with existing customers by leveraging the strength and depth of our product development and technical resources;
- attracting new customers with our high quality facilities, strong business development capability and highly responsive and flexible customer service;
- enhancing and expanding the service offering, organically and by acquisition, with a particular focus on healthcare creams, nutritional liquids and sports nutrition; and
- expanding the geographic footprint beyond our current markets, organically and by acquisition.

Our high quality facilities, together with the strength and depth of our business development, product development and technical resources, has enabled DCC Health & Beauty Solutions to build a reputation for providing a highly responsive and flexible service to our customers and for assisting customers in rapidly bringing new products from marketing concept through to finished products.

Health & Beauty revenue by product category



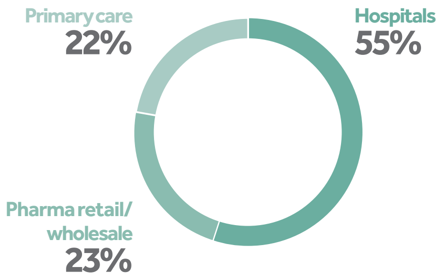
Customers

DCC Vital services in excess of 15,000 customers across all channels to market (public and private hospitals, procurement groups, retail pharmacies, pharma wholesalers, community healthcare providers and GPs) in Britain and Ireland as well as international distributors.

DCC Vital has significantly enhanced its market coverage in recent years to offer unmatched primary and secondary care access in Britain and Ireland. DCC Health & Beauty Solutions principally focuses on providing services to a broad customer base of UK and international brand owners, direct sales companies and specialist retailers in the areas of nutrition and beauty products. DCC Health & Beauty Solutions works with leading brand owners (such as Elemis, Liz Earle, Merck, Omega Pharma, PZ Beauty, Ren and Vitabiotics), direct selling companies (such as Oriflame, Nature's Best and Healthspan), specialist health and beauty retailers (such as Apotheket, The Body Shop, Walgreen Boots and Holland & Barrett) and pharma companies (such as Intas/Accord, Alliance Pharma, Astellas Pharma and Stada). DCC Health & Beauty Solutions has been investing to accelerate the geographic expansion of the customer base and today approximately half of the output from our facilities is consumed in international markets outside of Britain and Ireland.

DCC Healthcare has a broad customer base and its ten largest customers account for less than 25% of revenue in the year ended 31 March 2017.

DCC Vital gross profit by channel



Suppliers

DCC Vital works with leading innovative and generic pharma companies such as Cipla, CSL Berhring, Martindale Pharma and Rosemont. The business also operates its own specialist manufacturing plant for beta lactam antibiotics in Ireland, servicing customers in Britain, Ireland and international markets. DCC Vital represents leading medical, surgical and diagnostics device brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical.

DCC Health & Beauty Solutions sources from high quality raw materials and ingredients suppliers across the globe in order to provide customers with high quality and cost-effective solutions with an increasing focus on sourcing sustainability-certified raw materials.

DCC Healthcare's supplier portfolio is broadly based with the top ten suppliers representing approximately 20% of purchases in the year ended 31 March 2017.

Operating Review continued
DCC Healthcare continued

Our People

DCC Healthcare employs 1,984 people, principally based in Britain and Ireland, led by strong, entrepreneurial management teams. Developing and investing in our people is a critical enabler of DCC Healthcare's strategy. DCC Healthcare is focused on developing talent and actively supports, and has benefited from, the DCC Graduate Programme. Ongoing training and development is particularly essential in the highly regulated healthcare sector. We continually invest in ensuring that our people are experts in their respective product or service areas, and are fully conversant with the relevant regulatory frameworks within which the business operates. DCC Healthcare's businesses conduct local training programmes with an emphasis on driving performance improvement in these businesses. Training focuses on safety, supervisory, environmental, technical and leadership skills. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment and continue to deliver value.

Continuous improvement in our safety performance is a key priority within DCC Healthcare. Following last year's launch of DCC's Safety F1rst programme throughout DCC Healthcare, its principles are now embedded in everything we do within our operations. There is ongoing engagement within each business including regular 'safety conversations' across each of the sites, processes to identify and minimise risks, increased near miss reporting by employees and monitoring of safety performance and objectives at management meetings. Safety F1rst has clear leadership from the top and buy-in across the businesses – safety is a key theme in our monthly reporting and senior management across all our business are actively involved in the safety programme including participating in regular management safety 'walk-arounds' in their businesses.

Key Risks

Governments (directly or indirectly) fund the healthcare spending of the geographical markets in which DCC Healthcare operates. Our competitive product portfolio, growing range of own brand products and position, relationships in and knowledge of the generics market, is providing new growth opportunities and is mitigating the fiscal pressures on governments' healthcare budgets. We are committed to working closely with our suppliers and customers to find innovative, cost-effective solutions to address the challenges of future capacity and financial constraints facing public healthcare systems.

DCC Healthcare is focused on expanding its product portfolio with a particular focus on own brand/licence products in product categories which can deliver sustainable returns over the longer term. There is an active pipeline of development projects and we have invested in additional resource to strengthen our capability in this area. All development projects are subject to detailed and regular review by management and are tracked against project plans and we maintain close communication with all relevant third parties (regulatory bodies, contract manufacturers and others).

We continually invest in technical and regulatory resources, quality systems, staff training and facilities to ensure quality standards are consistently maintained and the requirements of the relevant regulatory authorities are met or surpassed. All our manufacturing sites are licensed and subject to ongoing regular internal and external third party audit reviews.

DCC Healthcare trades with a very broad supplier and customer base and our constant focus on providing a value added service ensures excellent commercial relationships. Recent acquisitions and new commercial relationships have introduced new supplier relationships, an extended product portfolio and expanded customer reach. In the case of a very small number of key suppliers, principals and customers, their loss could have a serious operational and financial impact on the business.

DCC Healthcare has considered the impact of Brexit on its various businesses and continues to keep it under review.

Environment

DCC Healthcare is focused on improving the environmental sustainability of its businesses and range of products and services. Many of our customers monitor our progress in this area and are keen to see their business and brands share in the successes we have delivered – particularly in the area of carbon footprint reduction, use of products that are sourced from sustainable sources and reduced waste to landfill. In the last year, DCC Healthcare has progressed several energy management initiatives particularly at our contract manufacturing sites (including the installation of wind turbines at one of our sites, installation of LED lighting across our sites and the optimisation of cleaning water temperatures) which will deliver further reductions in carbon emissions, energy use and costs. Our contract manufacturing business continues to enhance its procurement capability of sustainable ingredients and now sources raw materials certified by Friends of the Sea and the Marine Stewardship Council and glycerol from sustainable palm oil.

Case study: DCC Health & Beauty Solutions extends its European reach

DCC Health & Beauty Solutions operates five facilities in Britain, supplying a full service offering to a range of international health and beauty brand owners. Its service offering includes ideation, product development, formulation, contract manufacturing, packing and regulatory support.

Initially DCC Health & Beauty Solutions focused on business development with leading brands based in Britain. Strong development with these customers meant that by 2012, although its customer base was predominantly British, a large proportion of output (approximately 35%) was consumed outside Britain.

Investment in facilities and sales and business development capability (both domestic and international) has resulted in significant growth, with overall revenues more than doubling over the last five years and international revenues almost tripling in the same period.

Today, the business has direct commercial relationships with a broad range of European and international health and beauty brand owners, as well as British based customers, and provides local support to customers particularly in Scandinavia, Germany, Poland, Benelux, France, Italy and the Iberian peninsula. This international customer base accounts for approximately 50% of output.

DCC Health & Beauty Solutions provides its customers with high quality market insights, targeted new product development, and manufacturing and regulatory support from its British based facilities.

Operating Review continued
DCC Technology

Partnerships driving growth

What we do

DCC Technology, which trades as Exertis, is a leading route-to-market and supply chain partner for global technology brands. Exertis provides a broad range of consumer and business technology products and services to retail and reseller customers in Europe.

Key Brands
Acer, Apple, Asus, Cisco, Corsair, Dell, Epson, Fujitsu, IBM, Lenovo, Lexmark, LG, Logitech, Microsoft, MSI, NEC, Netgear, Plantronics, Samsung, Seagate, Sonos, Sony, Toshiba, TP Link and Western Digital.

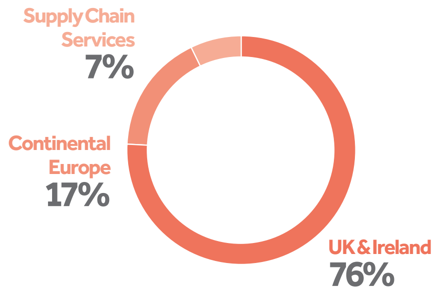
The DCC Technology Value Chain

DCC Technology's activities are highlighted in red

How we create value

– Proactive sales and marketing approach to a very broad customer base across a number of countries.
– Excellent supplier portfolio.
– Agile, responsive and service-focused.
– Cost-effective and tailored solutions for customers and suppliers.
– Technical, supply chain and value-added services expertise.
– Financial strength.

Revenue by business unit



Where we do it

Principal operating locations: Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, UAE, Spain and Norway. Further global supply chain capability is enhanced with offices in Poland, China and the USA.

Market positions refer to ranking of distributors of technology products in the relevant jurisdiction

DCC Technology's principal operating locations are highlighted in red

Operating Review continued
DCC Technology continued

Revenue growth

Strategic objective:
Drive for enhanced operational performance

£2,689.1m
▲10.1%

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£41.1m
▲17.1%

Operating margin

Strategic objective:
Grow operating margin

1.5%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

17.1%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£81.8m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

7.5%

Performance for the Year Ended 31 March 2017

DCC Technology achieved strong operating profit growth of 17.1% (12.5% on a constant currency basis), reflecting organic profit growth in the UK and Ireland and the benefit of the acquisitions of Hammer and CUC completed in the current and prior year respectively.

The UK business generated strong growth. The business benefited from the acquisition of Hammer and good organic growth in audio visual, print and office supplies, smart technology and security products, which more than offset the continued weak market for computing and mobile products. Hammer, acquired in December 2016, has performed well since acquisition and has significantly strengthened the server and storage offering of Exertis, particularly in the provision of products and services to the growing application and cloud-service provider market. The acquisition, together with recent investments in the wireless networking, security and audio visual business units, have enabled the UK business to further develop its vendor portfolio and identify opportunities to extend its enterprise solutions offering.

The UK business has completed and commissioned its new national distribution centre in Lancashire. The centre is now operational and the transition from the business' existing facilities will be completed by the end of the financial year ending 31 March 2018. The upgrade of the business' technology platform is also being implemented on a phased basis and is progressing in line with expectations.

The business in Ireland achieved strong organic growth, driven by good business development in the mobile and retail sectors and growth in the sales of networking and security products. The business in the Middle East, although modest, achieved very strong organic growth as it continues to expand its supplier relationships and customer reach in the region.

DCC Technology's business in Continental Europe recorded a mixed performance. CUC, now renamed Exertis Connect, which was acquired in December 2015, performed well and has successfully extended its cable and connector product range into the UK and Sweden. Operating profit declined in the French consumer products business reflecting a weak demand environment, particularly for consumer storage and navigation products, which resulted in margin pressure. The business in the Nordic region generated good growth, driven by continued growth in audio visual products and the organic expansion of its operations into Norway.

The Supply Chain Services business continues to invest in its global service offering and achieved good organic profit growth as it benefited from new contract wins.

Markets and Market Position

Exertis partners with many of the world's leading technology brands to market and sell a range of consumer and business technology products to a very wide customer base of technology retailers, etailers and resellers, primarily in the UK, France, Ireland, Sweden, Benelux, Germany, Norway, Spain and the Middle East. The business also has operations in Poland, China and the USA.

The primary categories of consumer technology products include gaming consoles, peripherals & software, wearable technology, consumer electronics (including smart home products) and accessories. Business technology products include computing products (including tablets, notebooks and PCs), networking & security products, communications products (including smartphones, feature phones, accessories and unified communications), servers & storage, audio visual products, printers, peripherals, cables & connectors and consumables.

Exertis provides technology brand owners and manufacturers with an exceptionally broad customer reach and proactively markets their products through product and customer focused sales teams. The business provides a range of value-added services in the reseller and retail channels to both its customers and suppliers, including end-user fulfilment, digital distribution, category management and merchandising, product customisation and cross supplier bundling, third party logistics and web site development and management. Key to the provision of these services is access to and interpretation of relevant data from across the technology supply chain.

Reflecting the global nature of the technology supply chain, Exertis provides global supply chain services through its dedicated supply chain operations in Western Europe, Poland, China and the USA. These services include product sourcing & procurement, supplier hubbing, consignment stock programmes, supplier identification & qualification, quality assurance & compliance and supplier & customer fulfilment and are designed to deliver cost, capital and complexity optimisation for its global partners.

Exertis' principal addressable markets are the retail and reseller channels for consumer and business technology products in the UK, Ireland, France, Sweden, Norway, Benelux, Germany and Spain. The value of the technology distribution market in these territories is estimated to be €45 billion.

During the year, Exertis acquired Hammer, a specialist distributor of server and storage solutions to resellers in the UK and Continental Europe. Hammer distributes server and storage products for a broad range of leading suppliers including Dell, Intel, NetApp, Seagate and Western Digital. In addition, it provides product design and build solutions tailored to the requirements of customers in specific industries. Hammer sells to value added resellers, cloud service providers and system integrators from sales offices in the UK, France, Germany, Sweden, the Netherlands and Belgium. Hammer's business is complementary to Exertis' existing server and storage business, significantly strengthening Exertis' supplier portfolio and adding almost 1,000 reseller customers. During the year, Exertis also acquired Medium, a distributor of professional audio visual equipment to resellers in the UK. The business is currently being integrated into the existing Exertis infrastructure.

Exertis is the fourth largest distributor of technology products in Europe with leading positions in the UK & Ireland, France and the Nordic region.

Strategy and Development

Exertis' vision is to become the leading specialist integrated technology distribution and supply chain services business in Europe, delivering an industry-leading service offering, whilst delivering consistent long-term profit growth and industry-leading returns on capital employed.

Exertis' principal medium-term strategic objectives are focused on:

- creating an integrated, multi-country operating model, with best-in-class infrastructure, operating under the Exertis brand;
- expanding our channel and geographic presence in specialist areas and to be the leading player in these areas; and
- establishing Exertis as the industry leader in providing end-to-end market development and channel optimisation services.

Exertis will grow organically by attracting new suppliers, opening new channels and routes to market for our suppliers' products and by continuing to develop value added services. Exertis will seek to develop a pan-European organisation focused on a range of specific product sectors with services tailored for the needs of the SMB and consumer markets. In particular, Exertis' supply chain operations are focused on ensuring that it delivers solutions that minimise cost, capital and complexity for its global clients.

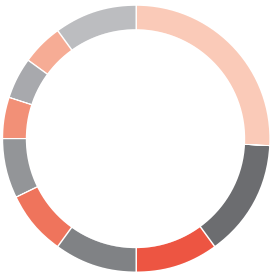
Expanding our product portfolio

DCC Technology is a leading supplier of gaming and virtual reality products.

Operating Review continued
DCC Technology continued

Exertis is constantly reviewing trends and innovations in technology products and services and is focused on ensuring that the business continues to be the best positioned to benefit from these areas of future growth.

Revenue by product type



Computing	26%
Networking, security & components	14%
Communications & mobile	10%
Consumer electronics	10%
Services	8%
Audio visual	7%
Server & storage	5%
Gaming hardware	5%
Consumables	5%
Other	10%

Customers

The business has a very broad customer base, selling to approximately 45,000 customers. The largest customer accounted for approximately 11% of revenues in the year ended 31 March 2017 and the ten largest customers accounted for 39% of total revenues in that year.

Exertis seeks to provide an excellent standard of customer service by combining an extensive range of services with a commitment to identifying the most cost-effective and flexible solutions to meet our customers' requirements. By constantly focusing on building the breadth of our reseller and retail customer base, we ensure that our service offering is always developing to adapt to their growing demands, as well as delivering an exceptional route to market for our suppliers. The introduction of SAP into the UK business will help to expand the customer breadth, especially for products in the SMB market due to the introduction of a significantly enhanced web offering.

Our supply chain services customers include IT equipment manufacturers, outsourced equipment manufacturers, consumer electronics companies, telecommunications equipment manufacturers and the business has recently expanded its customer base into the industrial and pharma sectors. Customer relationships in this area of our business tend to be long-term in nature and many of our customers have been dealing with us for over ten years.

Suppliers

Exertis has a diverse supplier base and partners with hundreds of suppliers including many of the world's leading technology brands such as Acer, Apple, Asus, Cisco, Corsair, Dell, Epson, Fujitsu, IBM, Lenovo, Lexmark, LG, Logitech, Microsoft, MSI, NEC, Netgear, Plantronics, Samsung, Seagate, Sonos, Sony, Toshiba, TP Link and Western Digital. The largest supplier accounted for 10% of total sales in the year ended 31 March 2017 and the top ten suppliers represented 45% of total sales.

The business adopts a proactive approach to the identification and recruitment of new suppliers and technologies and seeks to position itself as the obvious choice for owners of growing brands to access the retail and reseller channels. In addition, we seek to ensure that we have a position of strategic relevance with our principal partners.

When providing supply chain services to technology manufacturers and brand owners, a core element of the services provided by the business is the identification of appropriate component and supply chain partners for the manufacturer or brand owner and carrying out the quality assurance on those suppliers to ensure that they comply with required quality, regulatory and ethical standards.

With the aim of promoting long-term sustainable relationships with each of our suppliers and delivering a best-in-class service, the operating principles we adopt with our suppliers have been formalised and communicated to our suppliers in our 'Code of Practice'.

Our People

Exertis employs 2,484 people in 13 countries and recognises that they are fundamental to the continued success of the business. At all levels, employees are encouraged to adopt a service-oriented approach to meeting the demands of suppliers and customers.

At senior management level, our operating businesses are run by some of the most highly regarded entrepreneurial management teams in the industry. Exertis seeks to foster and maintain an entrepreneurial culture, coupled with a commitment to ensuring that the highest ethical standards in business conduct are maintained.

Exertis is committed to conducting its business in a sustainable manner and this is reflected in how we interact with customers, suppliers, employees and the communities in which we operate. In common with the rest of the DCC Group, the business has processes to assess and control health and safety risks and aims to provide the best possible working environment for our employees.

Exertis operates a wide variety of employee training programmes within individual businesses to promote the ongoing development of staff at all levels in the organisation. Employee training encompasses both personal development and role-specific training, in addition to formal training in areas such as health and safety, risk and compliance. The business also undertakes regular employee surveys in order to determine areas for improvement. Exertis continues to place specific focus on the development of leadership skills for its management team; at senior levels this is focused on building leadership capability to deliver business strategy over the longer term. Exertis is an active participant in the DCC Graduate Programme, supporting the development of a high potential, mobile talent pool at graduate level.

Key Risks

Exertis faces a number of strategic, operational, compliance and financial risks. The business interacts with a broad range of suppliers and customers with whom we have built excellent commercial relationships. However, the business would be significantly impacted by the loss of a small number of key suppliers or customers or indeed a decline in demand for particular technology products. Exertis' market leading position in geographic and product areas strengthened by ongoing acquisition activity helps to mitigate margin erosion in what is a competitive environment. The potential impact from 'Brexit' has been considered as part of the ongoing strategic plans.

Exertis UK is currently finalising the upgrade to its IT system. A project steering committee is overseeing the upgrade which is being run by experienced project managers. To ensure that the operations of the business are not adversely affected, a phased project completion approach is being taken.

Given the strength of Exertis' management team, the loss of a key number of individuals represents a risk to the business. There is an ongoing focus on leadership development and succession planning to mitigate the risks around management retention.

Part of Exertis' product set includes own brand or no brand products, where the business is responsible for all aspects of the supply chain including design, licensing, QA and distribution. Robust quality management systems and quality assurance processes are in place to ensure product safety and compliance with all relevant regulations.

Case study: Organic growth in the Middle East

DCC Technology, which trades as Exertis, partners with in excess of 400 suppliers across a range of product areas, bringing their products to market in the UK, Ireland and Continental Europe.

In 2013, an opportunity arose for Exertis to begin building a presence in the Middle East by developing relationships with key travel retail and domestic retail clients, leveraging existing supplier relationships and utilising the significant Exertis category management and product category expertise.

Exertis established a presence in Dubai and immediately began expanding its customer relationships across the region.

Exertis Middle East has enjoyed substantial revenue and profit growth in the year ended 31 March 2017 and has identified further avenues for growth.

The business currently employs 16 people and is investing in office space and new hires to support its continued growth.

The business is largely focused on consumer products and category management in the mobile accessory space, with the intention to introduce other categories to support continued growth.

Exertis Middle East now sells into nine countries in the region, being the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, Lebanon, Jordan and Egypt.

Responsible Business Report

Creating sustainable value

Introduction

All businesses have a responsibility to conduct their operations in a manner which meets societal expectations and good practice. Ensuring that our performance across key non-financial areas is continuously improved supports our strategic objective of building a sustainable business and delivering long-term value to shareholders.

The EU Non-Financial Reporting Directive (2014/95) will, when transposed into national law, require large companies to report a wide range of non-financial information in their annual reports.

Qualifying companies will be required to set out their policy position and performance in relation to, at a minimum, environmental, social and employee matters, respect for human rights and anti-corruption and anti-bribery matters.

The Directive has not yet been transposed into Irish law but was implemented in the UK in December 2016 and applies to financial years beginning on or after 1 January 2017. While DCC, as an Irish incorporated company, is not subject to the UK Regulations, we nonetheless recognise that they represent current best practice in non-financial reporting and, given our listing on the London Stock Exchange, it is our intention to substantially apply them on a voluntary basis.

DCC already has in place policies and processes to manage material issues, relating to the five areas identified in the Directive and the UK Regulations, that arise as a result of our business activities and geographical locations. Materiality is determined by a range of factors including regulatory requirements, internal risk management processes, stakeholder requirements and our experience of the business sectors in which we operate.

In 2017 we will complete a review of our current approach to non-financial reporting and performance measurement against the provisions set out in the UK Regulations and develop appropriate additional policies or performance measures as required.

Safety

Safety is a core value of DCC. The DCC Group Health & Safety Policy sets out the Board's commitment to continually improving management systems and safety cultures – viewed as positive drivers of business performance. The policy is reinforced in our Business Conduct Guidelines.

Safety F1rst is a brand used in the Energy and Healthcare and, more recently, Technology, divisions to communicate key safety behaviours and golden rules. Regular interventions on particular themes, for example near miss reporting, safe driving, working at height and manual handling, encourage safety conversations and awareness at all levels within the organisation.

SAFETY
FOR US, SAFETY COMES FIRST

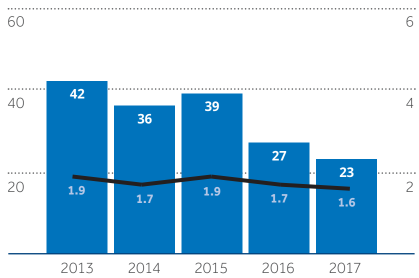
In the Energy division, working groups are in place to focus on key risk areas, for example transport safety, occupational safety and process safety. The working groups review learning from event reports, share best practice and develop appropriate standards in areas of common interest to each business.

All businesses maintain appropriate safety management systems reflecting the nature and complexity of the risks in their operations. In addition to the lost time injury rates presented here for the DCC Group, individual businesses and divisions use a range of leading and lagging performance indicators to monitor the effectiveness of controls in place.

Performance

All incidents are recorded and assessed to identify control weaknesses and implement corrective actions. Our objective is to continually improve our performance towards a goal of zero harm to people or the environment. The majority of employee lost time injuries occur from slips/trips/falls and manual handling. In the reported period both LTI rates have improved. Increasing risk awareness and raising unsafe condition reports are key tools to accident prevention and are promoted by the businesses in regular briefings, training and communications.

Lost Time Injury ('LTI')



Number of lost time injuries per 200,000 hours worked (LTIFR)

Number of calendar days lost per 200,000 hours worked (LTISR)

Process Safety

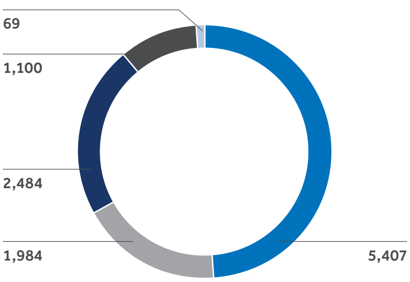
Within the Energy businesses, there is a particular focus on process safety management – defined as preventing the release of hazardous products during a process (e.g. unloading, storage, loading of product), which could cause catastrophic harm to people or the environment. The safe management of hazardous fuels requires highly reliable technical and engineering systems in addition to robust inspection, maintenance and performance monitoring processes. All directors and senior executives within the Energy businesses receive external training on process safety leadership to ensure a high level of understanding of the risks and necessary controls. A process safety working group is tasked with sharing best practice and has developed process safety standards on training, risk analysis and performance measures.

People

Developing and investing in our employees has long been recognised as fundamental to DCC's sustainable performance and growth. At 31 March 2017, we employed 11,044 people, reflecting an overall increase of 5% during the year.

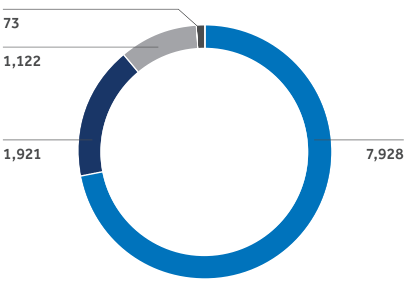
We continue to identify and develop processes to monitor our performance in the areas which are material to the DCC Group and are discussed below.

DCC employment by division



- DCC Energy **49%**
- DCC Healthcare **18%**
- DCC Technology **22%**
- DCC Environmental **10%**
- DCC Corporate **1%**

DCC employment by geographic area



- UK **72%**
- Continental Europe **17%**
- Ireland **10%**
- Other **1%**

Talent Development

DCC commits significant resources to ensuring current and future leadership talent is in place to meet the Group's strategic objectives. A focused approach to management development and succession planning ensures a continuous availability of leadership to meet the Group's business needs.

DCC encourages and supports talent development at all levels in the organisation. We are committed to ensuring that our employees develop to their full potential and use their talents in ways that create value for our businesses.

Senior Leadership Talent

Leadership development at divisional and Group levels focuses on building organisation capability to deliver the Group's strategy through the next cycle of growth, develop leadership capability to perform in increasingly complex, larger scale operations and build an international leadership pipeline for the future.

DCC's bespoke leadership competency framework underpins a tailored approach to senior executive development. The framework targets competency development related to commercial agility, drive for results, partnership and people development. Identifying the development support required in respect of these competencies is a key part of personal development planning for each of our senior executives.

International Leadership Pipeline

Working in another market offers an invaluable opportunity for development and accelerates the development of the global mindset and cross cultural skills needed to operate internationally. We actively identify and develop talent that can facilitate growth in new markets and support our geographic expansion. We offer rewarding career and personal development experiences at different operating locations throughout the Group and the number of available international opportunities continues to expand.

Graduates

The DCC Graduate Programme is an integral part of the Group Talent Management Programme. Due to the diversity of our business sectors, we are in a position to offer a uniquely rich and varied graduate programme, during which the graduates work on demanding and complex business projects across the Group.

Over the past number of years, as the graduates complete each two-year cycle, the programme has begun to achieve its objective of creating a pipeline of high potential, internationally mobile talent.

Local Skills Based Training Support

Our operating companies conduct local training programmes with an emphasis on driving performance improvement in the business. Training focuses mainly on safety but also includes supervisory, environmental, technical leadership and skills training. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment and continue to deliver value.

For our UK businesses particularly, the introduction of the apprenticeship levy in April 2017 will allow us to offer high calibre apprenticeships for applicable employees in our organisation.

Diversity and Equal Opportunity

DCC embraces the benefits of a workforce with diverse skills, qualities and experience. We recognise and value the variety of characteristics which make individuals unique. DCC fulfils its responsibility towards its employees by encouraging and supporting the talents and skills of all employees. All recruitment, selection and promotion decisions are made on individual merit, in line with our commitment to create an inclusive workplace.

Gender diversity

Group

F 32% | M 68%

Senior Management

F 22% | M 78%

Board

F 30% | M 70%

The DCC Group Diversity and Equal Opportunities Policy applies across the Group and our individual companies continually focus on ways to support diversity. We offer employment to people of different ethnic backgrounds across the Group. At all our locations, the majority of employees come from the local population and reflect local ethnic diversity. DCC offers employment to people of all working ages and strives to offer employment to people with disabilities where possible.

We welcome a greater representation of female talent across all sectors of our business, particularly at senior management level, and we are committed to extending equal opportunities to all individuals in line with our policies. DCC is an active member of the 30% Club, which consists of chairmen and chief executives committed to better gender balance at all levels of their organisations through voluntary actions. In this regard, we actively support the development of our high potential female talent through partnerships with organisations like The Mentoring Foundation to ensure our female leaders are supported at significant career stages. We are also members of the Employers Network for Equality and Inclusion which works in partnership with our UK businesses to ensure we adopt best practice approaches on all aspects of equality and human rights in the workplace.

Rewarding Employees Fairly

DCC offers pay, social and pension benefits in line with industry and local or national practice, often with incentives linked to company and individual performance targets. We are also committed to meeting high standards of business conduct in every area

Responsible Business Report continued

of our activities. As part of this commitment, we regularly review our reward policies to ensure we reward employees fairly and comply with any minimum wage commitments.

Our UK businesses are currently collating data to meet the gender pay gap reporting requirements as outlined in the recent UK Regulations.

Environment

All societies and economies ultimately rely on the environment for ecosystem services and availability of raw materials and renewable natural resources. Businesses have a responsibility to manage their activities to support long-term environmental sustainability.

Within DCC, businesses minimise the environmental impact of their operations with appropriate management systems and processes. The management systems are certified to the ISO14001 standard where there is a strong business case for doing so. Waste produced is correctly managed in accordance with EU and local legislation relating to, for example, waste packaging, waste electrical and electronic equipment and batteries. At a Group level, water consumption is not material but within the Health & Beauty businesses waste water from manufacturing processes is managed to ensure appropriate treatment and discharge under local consents. Within the Oil businesses, oil spills and leaks present a potential risk to the environment. Continuous investment in infrastructure and management systems reduces the likelihood of any uncontrolled releases or loss of containment during storage or delivery of oil products. In the event of a spill, clean-up and remediation activities are undertaken to contain and remove contamination.

Energy efficiency audits identify opportunities to reduce energy use, often with very short payback periods. In 2016, Certas Energy UK successfully implemented an energy management system certified to the ISO50001 standard – see the case study opposite. Investment in energy efficient technologies and careful monitoring of consumption leads to reduced carbon emissions and cost savings.

Climate Change

The UN Paris Agreement entered into force in November 2016 following ratification by more than 55% of countries with more than 55% of global greenhouse gas emissions. The Agreement sets out a long-term roadmap, supported by national legislation and investment, to reduce greenhouse gas emissions in order to hold the increase in the global average temperature to well below 2°C.

The physical impacts of climate change and the transition to a low carbon economy bring both risks and opportunities for all businesses.

The DCC Group continues to report carbon emissions data to CDP and uses the reporting process to identify opportunities for improvement and best practice. In 2017 we will focus on key areas for further development, including climate change risk assessment (threats and opportunities) and tracking of energy efficiency projects.

Carbon Emissions

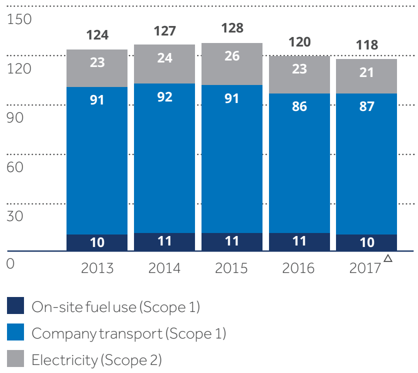
Energy data is collated and reported by all businesses into a central IT platform which calculates carbon emissions using nationally published conversion factors. Scope 1 and Scope 2 emissions (as categorised by the Greenhouse Gas Protocol) are presented in the table. Absolute carbon emissions fell by 2% against the prior year. The reduction is due to a combination of factors including greater efficiencies in distribution and production, a milder winter reducing demand for heating requirements in our facilities and the general trend towards decarbonisation of national electricity generating capacity. Organic growth and acquisitions increase emissions in absolute terms.

In the current year, we plan to use our energy and carbon data to identify energy savings, respond to customer requests for information and enhance carbon emissions reporting in line with the GHG Protocol Corporate Reporting Standard.

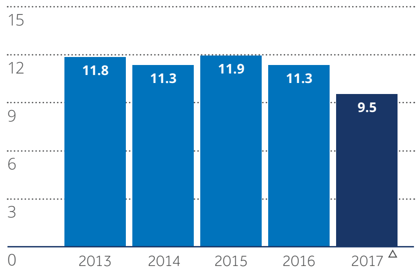
The carbon intensity of DCC's operations has decreased by 16% on a per revenue basis against the prior year and by 40% against our baseline of 2011. This decrease is primarily driven by an increase in revenue, with absolute emissions remaining at broadly the same level as 2011.

Performance

Absolute CO_2e emissions ('000 tonnes) by source



DCC Group carbon intensity (tonnes CO_2e/£m Revenue)



Case study: Certas Energy ISO50001 certification

As part of a strategic initiative to attain external certification to recognised management system standards (ISO14001 and OHSAS18001), Certas Energy also identified the benefits from developing a formal energy management system: increased transparency of energy use profiles in vehicles and sites, identification of energy saving opportunities through greater efficiency and meeting the needs of larger customers who are increasingly interested in energy use and carbon emissions within their supply chain. Using historical energy data for road transport fuels, electricity and heating fuels, the business identified that over 95% of all energy used is in road transport in tankers. The two terminals in Scotland (Inverness and Aberdeen) used the highest proportion of electricity given the levels of activity involved in loading tankers for onward distribution of fuel products.

This allowed the Company to focus its efforts on energy reduction initiatives in these key areas.

Following a detailed audit by DNV, an external third party accreditation party, Certas Energy UK was awarded the ISO50001 certification in September 2016, the only fuel distribution business in the UK to achieve this standard.

Obtaining this certification provides a unique selling point for Certas, enabling the National Accounts team to respond positively and comprehensively to tender questionnaires which request information on energy management.

certas energy

KPMG has undertaken limited assurance over selected information marked with the symbol Δ within this report in relation to carbon emissions and their assurance opinion is set out on page 203.

Respect for Human Rights

DCC is committed to conducting all our activities in accordance with high standards of business conduct. This is consistent with our core value of acting with integrity.

The large majority of DCC Group businesses operate in countries where breaches of human rights do not present a material risk. DCC has suitable HR policies and procedures which apply to every business in the Group and ensure that the rights of employees in those businesses are fully respected.

DCC adopted a Supply Chain Integrity Policy in 2016 which sets out specific steps that businesses in the Group must take to assess the risk of human rights abuses taking place within their supply chains. The key steps that Group businesses are required to take under the Policy are:

- To have a suitable process to assess their supply relationships from the perspective of both product quality and supplier integrity;
- To carry out additional due diligence where this risk assessment requires; and
- To maintain where needed suitable preventative controls to ensure, insofar as practicable, that human rights abuses, among other compliance breaches, do not arise.

DCC has issued a statement under section 54 of the Modern Slavery Act 2015 covering the year ended 31 March 2017. A number of the Group's UK businesses are subject to that reporting provision in their own right and have issued statements on their own websites.

Anti-Bribery and Corruption

DCC has a detailed Anti-Bribery and Corruption Policy in place, which states that no employee or representative of any Group business is to offer or accept any bribe, including small facilitation payments, or engage in any other form of corrupt practice. The Policy is provided to every employee of the Group as part of their induction and training on the key provisions of the Policy is also provided to relevant employees. In addition to prohibiting involvement in bribery or other forms of corruption, the Policy requires that every business in the Group:

- Maintains suitable policies, procedures and records in relation to the provision and acceptance of gifts, hospitality and sponsorship, and
- Employs enhanced due diligence and controls when doing business with a party in a country where corruption is a particular problem, in particular when appointing any representatives.

Society

DCC businesses support local communities and national organisations both financially and practically with volunteer days, sponsorship, fund raising and hands-on education programmes. In France, Butagaz supported entrepreneurial start ups in the home technology space and the case study below gives further details on this.

DCC plc continues its long-term partnership with Social Entrepreneurs Ireland (SEI), an Irish not-for-profit organisation that supports people with new solutions to Ireland's biggest social problems. SEI helps these individuals to increase their impact by providing significant funding alongside in-depth technical and practical supports. DCC is the main sponsor of the annual awardee selection process and employees participate in the assessment of applicants' proposals.

Case study: Butagaz and Zagatub

Since 2015, Butagaz has been developing a start-up accelerator programme, named Zagatub, focused on smart and innovative comfort in the home. The Zagatub team identify and select high potential start-ups that are developing new services and products to address the home technology market and identify new consumption trends for future business.

The Zagatub team provides support to accelerate the success of selected start-ups, for example in commercialisation, testing, communication support and focus groups.

Each of the 24 start-up members of the programme is mentored by a Butagaz employee, who is responsible for the day-to-day relationship with the start-up founder. This initiative is an excellent way to develop an innovative and entrepreneurial mindset among Butagaz employees.

One of the success stories this year was the creation of a Zagatub pop-up shop in Paris for Christmas 2016 where all the products created and manufactured by the Zagatub start-ups were available for purchase.

These included a GPS tracker for kids and animals, smart shower units, sleep devices and smart games for children. More than 500 people were welcomed and 300 high tech products were sold during a two week period, providing valuable validation and market insights for these new tech devices.

Butagaz has also used an innovation from one of the Zagatub members to support the development of its Click and Collect sales channel for gas cylinders. A simple phone app allows customers to order a cylinder and then automatically unlocks the dispensing unit when the customer arrives to collect it.

Governance

Chairman's Introduction

"Maintaining high standards of corporate governance is aligned with our core values of excellence and integrity."

John Moloney
Chairman

Dear Shareholder,

The Board of DCC is committed to ensuring that high standards of corporate governance prevail at all levels of the DCC Group. We believe that good governance is key to the continuing success of DCC.

On behalf of the Board of DCC, I am pleased to report full compliance with the 2014 version of the UK Corporate Governance Code ('the Code'), which applied to DCC for the year ended 31 March 2017. In April 2016, the Financial Reporting Council ('FRC') issued an updated version of the Code which applies to accounting periods beginning on or after 17 June 2016. The Nomination and Governance Committee and the Board have reviewed the new requirements in the 2016 Code and are satisfied that DCC will be able to comply fully with these requirements in the year ending March 2018.

Chief Executive Succession
On 5 April 2017, we announced that Tommy Breen, who became Chief Executive in May 2008, has decided to retire from the Group after 32 years of service. He will stand down from his position and from the Board following the conclusion of DCC's Annual General Meeting on 14 July 2017. Tommy will be succeeded by Donal Murphy, Executive Director and Managing Director of DCC Energy, DCC's largest division. I would like to thank Tommy for his exceptional leadership as Chief Executive and his dedication and commitment to DCC since he joined the Group. Further detail on this change is set out in the Nomination and Governance Committee Report on page 74.

Board Changes
On an ongoing basis, I seek to ensure we have the right balance of skills, knowledge and experience on the Board.

Cormac McCarthy joined the Board on 16 May 2016 and brings extensive financial and business leadership experience to the Board table.

Dr. Emma FitzGerald joined the Board on 14 December 2016 and brings considerable experience as an executive and a non-executive director of UK and international companies, especially in the energy sector.

David Byrne retired from the Board as a non-executive Director and Deputy Chairman and Senior Independent Director on 15 July 2016 and Róisín Brennan retired as a non-executive Director on 14 December 2016. I would like to thank David and Róisín who contributed greatly to our Board over their tenures.

Board Diversity
The Board has a formal Board Diversity Policy in place and believes in the value of diversity of background, nationality and experience.

We are also conscious of the merits of gender diversity on the Board, which comprised 30% female Directors during the year under review.

Board Effectiveness
In 2017, the performance evaluation of the Board, its Committees and individual Directors was internally facilitated by Leslie Van de Walle, the Senior Independent Director, and myself.

I am pleased to report that the results of the review were positive. A number of actions were agreed which will be implemented during the current year. All action items arising from the 2016 evaluation were substantially completed during the year ended 31 March 2017. More information on this process can be found on page 72 of the Corporate Governance Statement.

Board Development
As part of their ongoing development, the non-executive Directors made a number of site visits to Group subsidiaries during the year ended March 2017, both on a group and individual basis. The Directors also undertook external training and development courses relevant to their roles as non-executive Directors and Committee members.

The Directors are also encouraged to undertake training provided to Group management and employees, including in relation to the Group's Business Conduct Guidelines and IT security.

Independence and Re-Election
There are currently seven non-executive Directors and three executive Directors on our Board. We recently conducted our annual review of the independence of non-executive Directors and are satisfied that each of the non-executive Directors is independent. Further detail on the independence of non-executive Directors is set out on page 70.

As noted in the Code, the test is not appropriate to myself, but I did fulfil the independence requirements up to the date of my appointment as Chairman.

In accordance with the Code and our practice, all of the Directors, with the exception of Tommy Breen, will be presenting themselves for re-election at the Annual General Meeting.

Board Committees
Our Board Committees have continued to perform effectively. You will find, on pages 73 to 107, individual reports, introduced by the Chairman of each Committee, giving details of their activities during the year.

Conclusion
I hope that the detailed information included in the following pages clearly demonstrates our commitment to ongoing excellence in corporate governance.

John Moloney
Chairman
15 May 2017

Board of Directors

1 John Moloney (Irish) (Age 62)
Non-executive Chairman
Chairman of the Nomination and Governance Committee
Member of the Remuneration Committee.

Joined the Board in February 2009 and appointed non-executive Chairman in September 2014.

Mr. Moloney has extensive top management and board level experience internationally and domestically in the dairy, meat and nutritionals sectors, covering processing, marketing and distribution. He was Group Managing Director of Glanbia plc until November 2013, having previously held a number of roles with that organisation including CEO Agribusiness and CEO Food Ingredients. He also worked with the Department of Agriculture and Food and in the meat industry in Ireland. He is a former council member of the Irish Business and Employers Confederation. He currently serves as chairman of Coillte Teo (the Irish State Forestry Company) and is a non-executive director of Greencore Group plc, Smurfit Kappa plc and a number of private companies.

2 Tommy Breen (Irish) (Age 58)
Chief Executive

Joined the Board in February 2000.

Mr. Breen has worked for over 30 years across a broad range of sectors and businesses within the DCC Group. During this time, he gained significant experience of growing businesses organically and by acquisition. He joined DCC in 1985, having previously worked with KPMG, and has held a number of senior management positions within the Group, including Managing Director of the Energy, Technology and Environmental divisions. He was appointed Chief Operating Officer of DCC in March 2006, became Group Managing Director in July 2007 and was appointed Chief Executive in May 2008. In April 2017, DCC announced Mr. Breen's decision to retire from his position of Chief Executive and from the Board at the conclusion of the Annual General Meeting in July 2017. Mr. Breen is a non-executive director of Essentra plc.

3 Fergal O'Dwyer (Irish) (Age 57)
Chief Financial Officer

Joined the Board in February 2000.

Mr. O'Dwyer has worked in DCC in senior management positions for over 27 years and during that time has worked on a range of financial management, treasury, strategic, capital deployment and development matters. He joined DCC in 1989 and was appointed Chief Financial Officer in 1994, having worked in that role in the lead up to DCC's flotation in that year. Prior to joining DCC, he previously worked with KPMG and Price Waterhouse in audit and corporate finance.

4 Donal Murphy (Irish) (Age 51)
Managing Director, DCC Energy

Joined the Board in December 2008.

Mr. Murphy joined DCC in 1998 and has held a number of senior leadership roles across the Group. He was Managing Director of DCC Technology prior to taking up his current role as Managing Director of DCC Energy in 2006. He has led the very significant growth of the Energy division and its transition from a small UK and Irish business to a substantial international business operating in ten countries. In April 2017, DCC announced that Mr. Murphy will succeed Mr. Breen as Chief Executive in July 2017, following Mr. Breen's retirement.

5 David Jukes (British) (Age 58)
Non-executive Director
Member of the Audit Committee

Joined the Board in March 2015.

Mr. Jukes has over 38 years of international chemical distribution experience. He currently serves as President and Chief Operating Officer of Univar, with overall responsibility for managing Univar's commercial and supply chain operations globally. Prior to this, he was Executive Vice President of Univar and President of Univar USA and Latin America (2016 to 2017) and President of Univar EMEA and APAC (2011 to 2016). From July 2009 to January 2011, Mr. Jukes served as Vice President, Sales and Marketing Univar EMEA and from 2002 to 2009 as Chief Executive of Distrupol Europe, Univar UK, Ireland and the Nordics. Prior to joining Univar, Mr. Jukes was Senior Vice President of Global Sales, Marketing and Industry Relations for Omnexus, a plastics industry consortium e-commerce platform and VP Business Development for Ellis & Everard Plc.

6 Pamela Kirby (British) (Age 63)
Non-executive Director
Member of the Remuneration Committee
Member of the Nomination and Governance Committee

Joined the Board in September 2013.

Dr. Kirby has significant knowledge of the international healthcare sector, having worked in the pharmaceutical industry for more than 25 years. She held senior UK and global management positions in AstraZeneca PLC and in F. Hoffman-La Roche Ltd., where she was Director of Global Strategic Marketing. Dr. Kirby is also a former CEO of Quintiles Transnational Corporation in the USA. She is currently a non-executive director of Victrex plc, Hikma Pharmaceuticals plc, Reckitt Benckiser Group plc and a member of the supervisory board of Akzo Nobel N.V. She was previously a non-executive director of Novo Nordisk A/S, Informa plc and Smith and Nephew plc.

7 Jane Lodge (British) (Age 62)
Non-executive Director
Chairman of the Audit Committee

Joined the Board in October 2012.

Ms. Lodge was a senior audit partner with Deloitte, where she spent over 25 years advising multinational manufacturing companies including businesses in the food and automotive sectors. Her extensive experience with manufacturing companies and her strategic work with Deloitte has given her a strong international business perspective. She has very strong and recent financial skills to bring to the Audit Committee. She was a member of the CBI Manufacturing Council until 2011. She is currently a non-executive director of Devro plc, Costain Group PLC and Sirius Minerals plc and of a number of private companies.

8 Leslie Van De Walle (French) (Age 61)
Non-executive Director
Senior independent Director
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination and Governance Committee

Joined the Board in November 2010.

Mr. Van de Walle has a very wide range of international senior management business experience, as well as experience as a non-executive director, in the oil and gas sector, in the food and drinks industry, in manufacturing, in building materials and in the insurance sector. He is a former Chief Executive Officer of Rexam plc and previously held a number of senior executive roles in Royal Dutch Shell plc, including Executive Vice President of Retail for Oil Products and Head of Oil Products, Shell Europe. He has also held senior management positions with Cadbury Schweppes plc and United Biscuits plc where he was CEO. He is currently non-executive Chairman of SIG plc and Robert Walters plc, and is a former non-executive director of Cape plc (2012 to 2015) and Aviva plc.

9 Cormac McCarthy (Irish) (Age 54)
Non-executive Director
Member of the Audit Committee

Joined the Board in May 2016.

Mr. McCarthy was Chief Financial Officer ('CFO') of Paddy Power plc, an international multi-channel betting and gaming group, having joined the company in 2011 as a non-executive director and being appointed CFO in 2012. Following the successful completion of the merger of Paddy Power plc and Betfair Group plc, he stepped down as CFO of Paddy Power plc in February 2016. Mr. McCarthy was previously Chief Executive of Ulster Bank (a subsidiary of Royal Bank of Scotland) from 2004 to 2011, during which time he also served in various roles within Royal Bank of Scotland, including Deputy Chief Executive of their retail division in the UK (2010 to 2011) and Chief Executive of their retail and commercial division in Europe and the Middle East (2007 to 2009). He is chairman of University College Dublin Foundation Limited.

10 Emma FitzGerald (British) (Age 50)
Non-executive Director
Member of the Remuneration Committee

Joined the Board in December 2016.

Dr. FitzGerald is an executive director of Severn Trent plc since April 2016, with responsibility for Wholesale operations. She was previously CEO of Gas Distribution at National Grid plc (2013 to 2015). Prior to joining National Grid, she had a 20-year career with Royal Dutch Shell plc, where she held a variety of general management roles in China, Asia and Europe. These included the positions of Vice President Global Retail Network, Shell International, Managing Director, Shell China/Hong Kong Lubricants and Managing Director, Shell Gas UK (LPG). She is also an association member of BUPA and a member of the International Advisory Panel of the Prime Ministers office of the Singapore Government. Until December 2015, she was a non-executive director of Alent plc (2012 to 2015), formerly Cookson Group plc (2011 to 2012).

Senior Management

Group	
Chief Executive	Tommy Breen*
Chief Financial Officer	Fergal O'Dwyer
Company Secretary & Head of Enterprise Risk Management	Ger Whyte
Managing Director, DCC Corporate Finance	Michael Scholefield
Head of Group HR	Nicola McCracken
Chief Information Officer	Peter Quinn
Head of Group Finance	Kevin Lucey
Head of Group Accounting	Gavin O'Hara
Head of Group Legal & Compliance	Darragh Byrne
Head of Group Internal Audit	Stephen Johnston
Head of Group Sustainability	John Barcroft
Head of Group Tax	Yvonne Divilly
Head of Group Treasury	Niall Kelly

DCC Energy	
Managing Director	Donal Murphy*
Managing Director, LPG	Henry Cubbon
Managing Director, Retail & Fuel Card	Eddie O'Brien
Managing Director, Development and Oil Europe	Clive Fitzharris
Finance Director	Conor Murphy

LPG	
Managing Director, Butagaz	Emmanuel Trivin
Managing Director, Flogas Britain	Lee Gannon
Managing Director, Flogas Ireland	John Rooney
Managing Director, Flogas Scandinavia	Jan Wahlqvist
Managing Director, Benegas	Bauke van Kalsbeek

Retail & Oil	
Managing Director, Certas Energy UK	Steve Taylor
Managing Director, Fuel Card Services	Steve Chesworth
Managing Director, Certas Energy France	Laurent de Seré
Managing Director, DCC Energi Danmark	Christian Heise
Managing Director, Qstar Retail	Maria Hadd
Managing Director, Energie Direct (Austria & Bavaria)	Hans-Peter Hintermayer
Managing Director, Swea Energi	Maria Hadd
Managing Director, Oil Ireland	Martin Clancy
Managing Director, Card Network Solutions	Ben Jordan

* As announced on 5 April 2017, Tommy Breen will retire at the conclusion of DCC's Annual General Meeting on 14 July 2017 and will be succeeded as Chief Executive by Donal Murphy.

DCC Healthcare

Managing Director	Conor Costigan
Finance & Development Director	Redmond McEvoy
Managing Director, DCC Vital	Harry Keenan
Managing Director, DCC Health & Beauty Solutions	Stephen O'Connor

DCC Technology

Managing Director	Niall Ennis
Finance & Development Director	Stephen Casey
Managing Director, Exertis UK & Ireland	Gerry O'Keeffe
Managing Director, Exertis Continental Europe	Patrice Arzillier
Managing Director, Exertis Supply Chain Services	Neal Johnston

DCC Environmental

Managing Director	Tom Walsh
Managing Director, DCC Environmental Britain and William Tracey	Michael Tracey
Managing Director, Wastecycle	Paul Needham
Managing Director, Oakwood	John MacNamara
Managing Director, Enva Ireland	Simon Dick

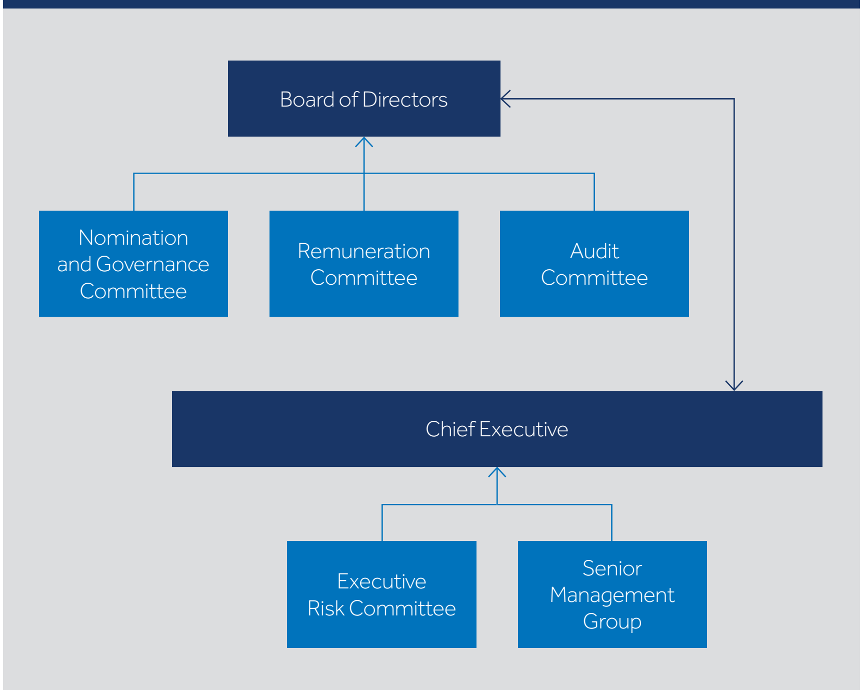
Corporate Governance Statement

This statement describes DCC's governance principles and practices.

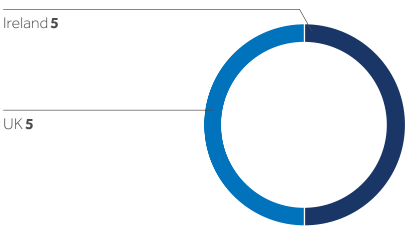
For the financial year ended 31 March 2017, DCC's corporate governance practices were subject to the 2014 version of the UK Corporate Governance Code, which was issued by the FRC in September 2014 ('the Code').

This statement details how DCC has applied the principles and complied with the provisions set out in the Code. We can confirm full compliance with the Code.

DCC plc – Corporate Governance Framework

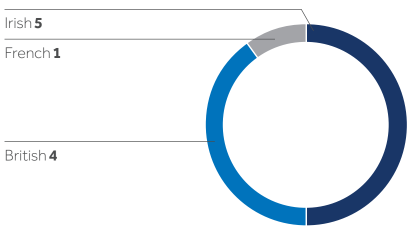


Geographic location of Directors
(as at 31 March 2017)



Ireland **50%**
UK **50%**

Nationality of Directors
(as at 31 March 2017)



Irish **50%**
British **40%**
French **10%**

The Board of Directors

Role

The Board of DCC currently comprises the non-executive Chairman, six other non-executive Directors and three executive Directors, including the Chief Executive. It is collectively responsible for the long-term success of the Group. Its role is to provide leadership, to oversee management and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Group's current position and prospects.

The Board's leadership responsibilities, in the interest of delivering long-term value to shareholders, involve working with management to set corporate values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve it in constructively challenging the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound. It is also responsible for ensuring that accurate, timely and understandable information is provided about the Group to shareholders, debt providers and regulators.

The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team. The main areas where decisions remain with the Board are summarised on page 69.

The Board has delegated some of its responsibilities to Committees of the Board. The composition and activities of these Committees are detailed in their individual reports on pages 73 to 107. The Board receives reports at its meetings from the Chairmen of each of the Committees on their current activities.

A clear division of responsibility exists between the Chairman, who is non-executive, and the Chief Executive. Each of their responsibilities have been set out in writing and have been approved by the Board.

There is an established procedure for Directors to take independent professional advice in the furtherance of their duties, if they consider this necessary.

Schedule of Matters Reserved for the Board

The Schedule of Matters Reserved for Board Decision is regularly reviewed to ensure it meets with current best practice.

The schedule includes the matters set out below:

- Group strategy.
- Annual budget.
- Oversight of the Group's operations.
- Interim and annual accounts.
- Major acquisitions and disposals.
- Significant capital expenditure proposals.
- Approval of changes to the Group's capital structure.
- Appointment of Directors.
- Dividend policy and dividends.
- Treasury policy.
- Risk management policy.

Chairman

The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity, probity and corporate governance.

The Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive, for ensuring effective and appropriate communications with shareholders and for ensuring that members of the Board develop and maintain an understanding of the views of shareholders.

Before the beginning of the financial year, having consulted with the other Directors and the Company Secretary, the Chairman sets a schedule of Board and Committee meetings to be held in the following two years, which includes the key agenda items for each meeting. Further details on these agenda items are outlined below under 'Board Meetings'.

Senior Independent Director

The duties of the Senior Independent Director are set out in writing and formally approved by the Board.

The Senior Independent Director chairs meetings of the Board if the Chairman is unavailable or is conflicted in relation to any agenda item. He also leads the annual Board evaluation process, as detailed under 'Board Performance Evaluation' on page 72.

The Senior Independent Director is available to shareholders who may have concerns that cannot be addressed through the Chairman or Chief Executive.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters and ensuring compliance by the Company with its legal and regulatory requirements.

Board Meetings

A schedule of Board and Committee meetings is circulated to the Board for the following two years, which includes the key agenda items for each meeting. Board papers are circulated electronically in the week preceding the meeting. During the year ended 31 March 2017, the Board held ten meetings, one of which was held at a subsidiary location. The Board meeting held in February 2017 was combined with a visit to Exertis UK's new National Distribution Centre facility in Altham, UK.

Individual attendance at Board meetings and attendance at Committee meetings is set out in the table below. There is regular contact as required between meetings in order to progress the Group's business. The key recurrent Board agenda themes are divided into normal business (including trading performance, investor relations, human resources, IT, health & safety, and risk matters) and developmental issues (including strategy, acquisitions, sectoral and divisional reviews, succession planning, management talent development and Directors' education). The Board also conducts a detailed review of post-acquisition business performance.

A two-day Board meeting each December is principally focused on strategy and three-year plans. During the year under review, the Board devoted substantial time outside its December meeting to strategic development issues, including in Energy an overall strategy update and specific reviews of the Oil Distribution, LPG and Fuel Card & Retail operations and overall strategy updates in Healthcare and in Technology.

The Board schedule includes a significant agenda item on succession planning and management talent development. Against a template agreed by the Chief Executive and the Nomination and Governance Committee, the Chief Executive brings a detailed plan for review by that Committee.

Board of Directors: Attendance at meetings during the year ended 31 March 2017:

	Board		Audit Committee		Remuneration Committee		Nomination and Governance Committee	
Director	A	B	A	B	A	B	A	B
John Moloney	10	10	–	–	7	7	8	8
Tommy Breen	10	10	–	–	–	–	–	–
Róisín Brennan	8	7	3	3	4	3	–	–
David Byrne	3	3	–	–	2	2	3	3
Emma FitzGerald [1]	2	2	–	–	1	–	–	–
David Jukes	10	10	4	4	–	–	–	–
Pamela Kirby	10	10	–	–	7	7	5	5
Jane Lodge	10	10	4	4	–	–	–	–
Cormac McCarthy	9	9	2	2	–	–	–	–
Donal Murphy	10	10	–	–	–	–	–	–
Fergal O'Dwyer	10	10	–	–	–	–	–	–
Leslie Van De Walle	10	10	4	3	7	7	8	8

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.

Note 1: Emma FitzGerald's absence from one Remuneration Committee meeting was due to a commitment made prior to her appointment to the DCC Board.

Corporate Governance Statement continued

At an immediately subsequent Board meeting the plan is presented to the Board, discussed and approved.

The non-executive Directors meet a number of times each year without executives being present.

Appointment of Directors

The Nomination and Governance Committee formally agrees criteria for new non-executive Director appointments, including experience of the industry sectors and geographies in which the Group operates and professional background, and has regard to the need for a balance in relation to diversity, including gender. The detailed appointment process is set out in the Nomination and Governance Committee Report on page 75.

Following appointment by the Board, all Directors are, in accordance with the Articles of Association, subject to re-election at the following Annual General Meeting ('AGM').

In accordance with our practice since 2008 and the provisions of the Code, all Directors submit to re-election at each AGM.

The expectation is that non-executive Directors would serve for a term of six years and may also be invited to serve an additional period thereafter, generally not extending beyond nine years in total. After three years' service, and again after six years' service, each non-executive Director's performance is reviewed by the Nomination and Governance Committee, with a view to recommending to the Board whether a further period of service is appropriate, subject to the usual annual approval by shareholders at the AGM.

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 AGM of the Company.

Details of the length of tenure of each Director on the Board are set out in the Corporate Governance Statement on page 72.

Induction and Development of Directors

New non-executive Directors undertake a structured induction process which includes a series of meetings with Group and divisional management, detailed divisional presentations, visits to key subsidiary locations and a briefing with the external auditor.

The Chairman invites external experts to attend certain Board meetings to address the Board on relevant industry and sectoral matters and on developments in corporate governance, risk management and executive remuneration.

The Chairman and Company Secretary review Directors' training needs, in conjunction with individual Directors, and match those needs with appropriate external seminars and speakers. The Chairman also discusses individual training and development requirements for each Director as part of the annual evaluation process and Directors are encouraged to undertake appropriate training on relevant matters. In addition, all Directors have access to an online database which is regularly updated with relevant publications and changes in legislation.

Non-executive Directors are expected to meet individually during the year, outside of Board meetings, with members of senior management throughout the Group and to visit a number of subsidiaries to familiarise themselves with the business in more detail than is possible during Board meetings.

All Directors are encouraged to avail of opportunities to hear the views of and meet with the Group's shareholders and analysts. The section on 'Relations with Shareholders' on page 72 gives further information on opportunities for Directors to meet with the Group's shareholders.

Independence

The Board has carried out its annual evaluation of the independence of each of its non-executive Directors, taking account of the relevant provisions of the Code, namely whether the Directors are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgment.

The Board is satisfied that each of the current non-executive Directors fulfils the independence requirements of the Code.

John Moloney has been Chairman of the Company since September 2014. On his appointment as Chairman, Mr. Moloney met the independence criteria as set out in the Code. Thereafter, as noted in the Code, the test of independence is not appropriate in relation to the Chairman.

While Mr. Moloney holds several other directorships outside of the DCC Group, the Board is satisfied that these do not interfere with the discharge of his duties to DCC.

Directors' Compliance Statement

The Directors have drawn up a Compliance Policy Statement as defined in section 225(3)(a) of the Irish Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed during the financial year to ensure they remained appropriate and comprehensive. The Directors' Compliance Statement is set out in full in the Report of the Directors on page 110.

Nomination and Governance Committee

The Nomination and Governance Committee is responsible for considering the size, composition and structure of the Board and succession planning requirements and for monitoring the Company's compliance with corporate governance, legal and best practice requirements. Further details of the activities of the Nomination and Governance Committee are set out in its Report on pages 73 to 75.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its financial and risk oversight responsibilities. Further details of the activities of the Audit Committee are set out in its Report on pages 76 to 80.

Remuneration Committee

The Remuneration Committee is responsible for determining the Remuneration Policy and conditions of employment for executive Directors and senior management. Further details of the activities of the Remuneration Committee are set out in the Remuneration Report on pages 81 to 107.

Chief Executive

The Chief Executive has day-to-day management responsibility for the running of the Group's operations and for the implementation of Group strategy and policies agreed by the Board. The Chief Executive also has a key role in the process for the setting and review of strategy.

The Chief Executive instils the Company's values, culture and standards, which include appropriate corporate governance, throughout the Group. In executing his responsibilities, the Chief Executive is supported by the Chief Financial Officer and the Company Secretary, who, together with the Chief Executive, are responsible for ensuring that high quality information is provided to the Board on the Group's financial and strategic performance.

Executive Directors
The executive Directors support the Chief Executive in devising and executing strategy and in overseeing the operational performance of the whole business.

Executive Risk Committee
The responsibilities of the Executive Risk Committee are set out in the Risk Report on page 13.

Senior Management Group
The Senior Management Group reports to the Chief Executive at weekly management meetings.

Remuneration
It had been the Company's practice since 2009 to put the Remuneration Report to an advisory, non-binding shareholder vote at the AGM.

At the 2017 AGM, two separate advisory, non-binding resolutions on the Remuneration Report and on the Remuneration Policy will be put to shareholders, arising from a change in Remuneration Policy as outlined in the Remuneration Report on pages 81 to 107.

Share Ownership and Dealing
Details of the Directors' interests in DCC shares are set out in the Remuneration Report on page 103.

During the year, the DCC Share Dealing Policy was updated to reflect the provisions of the Market Abuse Regulation (EU 596/2014) and current best practice and was re-named the DCC Share Dealing Code, The Dealing Code applies to dealings in DCC shares by the Directors and Company Secretary of DCC, directors of all Group companies and all DCC Head Office employees. Under the Dealing Code, Directors and relevant executives are required to obtain clearance from the Chairman or Chief Executive before dealing in DCC shares and are prohibited from dealing in the shares during prohibited periods, as defined by the Dealing Code.

In addition, the Dealing Code specifies preferred periods for share dealing by Directors and relevant executives, being the four 21-day periods following the updating of the market on the Group's trading position through the preliminary results announcement in May, the Interim Management Statement in July (at the AGM), the interim results announcement in November and the Interim Management Statement in February.

Risk Management and Internal Control
The Board is responsible for the Group's system of risk management and internal control. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable but not absolute assurance against material misstatement or loss. Details in relation to the Group's risk management structures are set out in the Risk Report on page 12.

The Board has delegated responsibility for the detailed monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the Audit Committee Report on page 78.

The Board itself receives a Risk Report at each meeting, which focuses on principal risks, emerging risks and risk mitigation activities. In addition, the Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

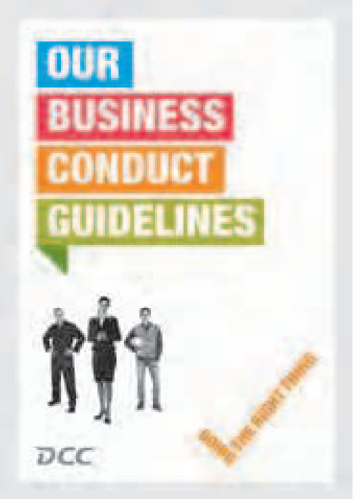
In accordance with the revised guidance, entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, which applied to the financial year ended 31 March 2017, the Board confirms that there is an ongoing process for identifying, 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 Board has considered a report from the Audit Committee on the conduct of and the findings and agreed actions from the annual assessment of risk management and internal control. Further details on this annual assessment are set out in the Risk Report on page 13 and in the Audit Committee Report on page 78.

The consolidated financial statements are prepared subject to the oversight and control of the Chief Financial Officer, ensuring correct data is captured from Group locations and all required information for disclosure in the consolidated financial statements is provided. A control framework has been put in place around the recording of appropriate eliminations and other adjustments. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board.

Compliance
Compliance Programme
The key message of the Group compliance programme is that directors, managers and employees across the Group should be 'Doing the Right Thing' at all times. This means not merely following the laws and policies that apply to their work, but also exercising good judgement to ensure that their actions are seen as fair and ethical.

Business Conduct Guidelines
Our Group Business Conduct Guidelines, which are available on our website, www.dcc.ie, set out the general standards that are expected of directors, managers and employees across the Group in a range of areas, including anti-bribery and corruption, protection of personal information and competition law. The Guidelines are available in all of the major languages used across the Group. A copy of the Guidelines has been provided to every employee.



Compliance Policies and Training
The Group also maintains more detailed policies on a range of relevant areas, complementing the general requirements set out in the Business Conduct Guidelines. The areas covered by more detailed policies include health and safety, anti-bribery and corruption, supply chain integrity, competition law, information security, diversity and equal opportunities, and share dealing. Depending on the nature of their role, employees of the Group receive more detailed training on those policies.

Whistleblowing
Employees across the Group are required to raise a concern if any of our activities are being undertaken in a manner that may not be legal or ethical, and are supported if they do so. Concerns can be raised with a member of management in the business where the employee works, with the Head of Group Legal & Compliance or externally with SafeCall, a third party facility which is independent of DCC and available in multiple languages and on a 24-hour basis. Employees may raise concerns anonymously if they wish. Our internal policies make clear that retaliation against any employee who raises a concern is prohibited. Where concerns are raised, they are investigated in an appropriate and independent manner.

Corporate Governance Statement continued

The Audit Committee has oversight responsibility for the whistleblowing facilities and how they operate. This is referred to on page 80 in the Report of the Audit Committee.

World's Most Ethical Certification

Following an application made in late 2016, DCC was recognised by Ethisphere as one of the World's Most Ethical Companies® for 2017. This is the third year in which DCC has achieved this certification. It reflects our commitment to high standards of business conduct – consistent with our core value of integrity – and how that commitment is translated into practice through our compliance policies and procedures.

Board Performance Evaluation

The Board conducts an annual evaluation of its own performance, that of each of its principal committees, the Audit, Remuneration and Nomination and Governance Committees, and that of Committee Chairmen and individual Directors.

In 2015, the entire performance evaluation was externally defined and conducted by the ICSA, in accordance with the requirement to have it externally facilitated every three years under Provision B.6.2 of the Code.

In 2016 and 2017, the entire performance evaluation process was internally conducted.

The various phases of the internal performance evaluation process which commenced in early February and concluded in May 2017 are set out below.

- A questionnaire covering key aspects of Board effectiveness, including the composition of the Board, the content and running of Board and Committee meetings, corporate governance, risk, succession planning and the Directors' continuing education process, was circulated to all Directors. Particular feedback was sought on the two-day strategy and three-year planning Board meeting.
- Completed questionnaires, including views on performance and recommendations for improvement, were returned directly to Leslie Van de Walle, as the Senior Independent Director.
- Follow up discussions were held with each of the Directors individually to clarify any points raised in the questionnaire and the Senior Independent Director then prepared summary reports on the Board and its Committees.
- The Chairman, on behalf of the Board, conducted evaluations of performance individually with each of the non-executive and executive Directors.
- Leslie Van de Walle, as Senior Independent Director, conducted an evaluation of the performance of the Chairman.
- The non-executive Directors also evaluated the performance of each executive Director.
- Each of the Audit Committee, the Remuneration Committee and the Nomination and Governance Committee considered the summary report as part of its annual review of its own performance and terms of reference and recommended any changes it considered necessary to the Board for approval.

The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

In accordance with the Code, the 2018 Board evaluation will be externally facilitated.

Relations with Shareholders

DCC recognises the importance of communications with shareholders. Presentations are made to both existing and prospective institutional shareholders, principally after the release of the interim and annual results. DCC issues an Interim Management Statement twice yearly, typically in February and July. Major acquisitions are also notified to the market, and the Company's website, www.dcc.ie, provides the full text of all press releases. The website also contains annual and interim reports and incorporates audio and slide show investor presentations.

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.

Investor Days for major shareholders are held periodically and feature presentations by the executive Directors and the divisional managing directors. These events are attended by the Chairman and the non-executive Directors, as well as various brokers, analysts and fund managers. The next Investor Day will be held in 2018.

The Company Secretary engages annually with proxy advisors in advance of the Company's AGM.

The Company's AGM provides shareholders with the opportunity to question the Chairman, the Committee Chairmen and the Board. Further details on the Company's AGM is set out in the Report of the Directors on page 109.

Report of the Directors

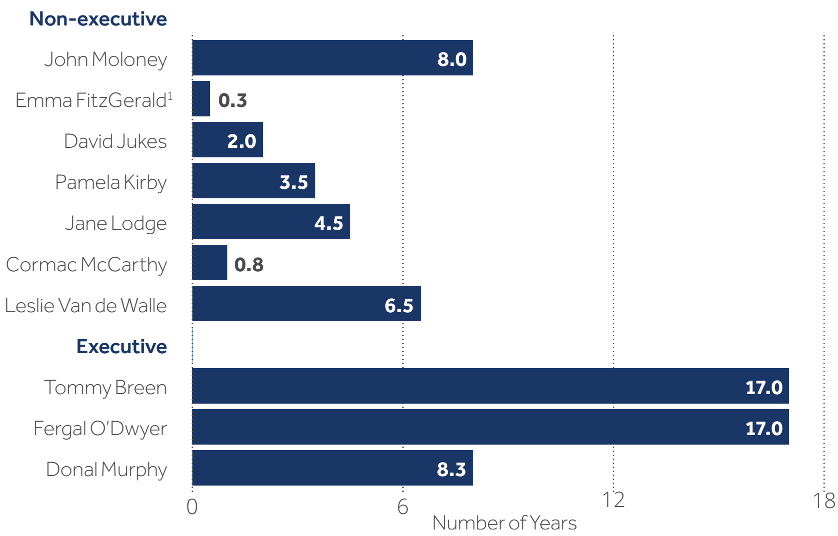
For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details of substantial shareholdings in the Company and details in relation to the purchase of the Company's own shares are set out in the Report of the Directors on pages 108 to 111.

Compliance Statement

DCC has complied, throughout the year ended 31 March 2017, with the provisions set out in the Code.

John Moloney, Tommy Breen
Directors
15 May 2017

Length of Tenure on Board



1 Emma FitzGerald was appointed as a Director on 14 December 2016.

Nomination and Governance Committee Report

"The Nomination and Governance Committee's focus is on the leadership needs of the organisation and ensuring compliance with corporate governance best practice."

John Moloney
Chairman, Nomination and Governance Committee

Terms of Reference
The responsibilities of the Nomination and Governance Committee are summarised in the table on page 74 and are set out in full in its Terms of Reference, which are available on the DCC website, www.dcc.ie.

As Chairman of DCC's Nomination and Governance Committee, I am pleased to present the report of the Committee for the year ended 31 March 2017.

The Nomination and Governance Committee is responsible for keeping Board composition under constant review, including the skills, knowledge and experience required, taking account of the Group's businesses, strategic direction and diversity objectives.

Succession planning has been a key area of focus for the Committee this year, culminating with the appointment of Donal Murphy as the successor as Chief Executive to Tommy Breen, who intends to retire from that position at the conclusion of the Annual General Meeting on 14 July 2017.

The Committee also seeks to maintain the optimum balance of background and experience on our Board. This year, the Committee undertook processes which led to the recommendation to the Board that Cormac McCarthy and Emma FitzGerald be appointed as new non-executive Directors of the Company on 16 May 2016 and 14 December 2016 respectively.

David Byrne retired from the Board as a non-executive Director and Deputy Chairman and Senior Independent Director on 15 July 2016 after 7 years' service and Róisín Brennan retired from the Board as a non-executive Director, on 14 December 2016 after 11 years' service.

The Committee is conscious of the merits of diversity, including gender diversity, on the Board, and this is dealt with on page 75 of this Report.

The Committee is also responsible for monitoring the Company's compliance with corporate governance best practice. In this regard, the Committee has considered the principles and provisions of the 2014 version of the UK Corporate Governance Code issued in September 2014 ('the Code'), which applied to DCC for the financial year ended 31 March 2017, and is satisfied that DCC was fully compliant with the Code.

The Committee has also noted the revised Code issued by the FRC in April 2016 which applies to DCC for the financial year to 31 March 2018 and is satisfied that DCC will be in full compliance with the revised Code.

The Committee had oversight of a process undertaken by the Company Secretarial function, with external legal advice, in respect of implementation of the new provisions of the Irish Companies Act 2014 and of the new Market Abuse Regulation.

Our priorities for the coming year will be on the Chief Executive transition process and on succession planning, with particular reference to non-executive Directors.

On behalf of the Nomination and Governance Committee.

John Moloney
Chairman, Nomination and Governance Committee
15 May 2017

Nomination and Governance Committee Report continued

Composition

The Nomination and Governance Committee comprises John Moloney (Chairman) and two independent non-executive Directors, Pamela Kirby and Leslie Van De Walle. Pamela Kirby replaced David Byrne as a member of the Committee following his retirement as a member of the Committee and as a non-executive Director on 15 July 2016. Each member's length of tenure at 31 March 2017 is set out in the Corporate Governance Statement on page 72. Further biographical details regarding the members of the Nomination and Governance Committee are set out on page 65.

The Company Secretary is the secretary to the Nomination and Governance Committee.

Meetings

The Nomination and Governance Committee met eight times during the year ended 31 March 2017 and there was full attendance by all members of the Committee.

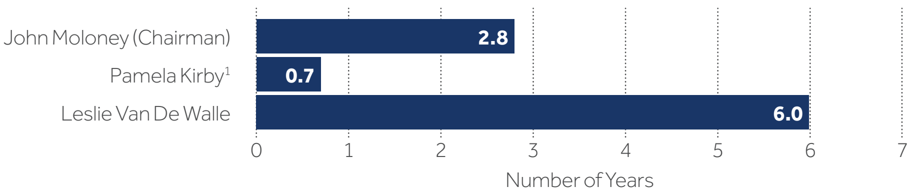
Typically, the Chief Executive is invited to attend all meetings of the Committee and other executives and external advisors are invited to attend as necessary.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Board Composition and Renewal

At each of its meetings, the Nomination and Governance Committee considers the composition of the Board to ensure it has the appropriate combination of skills, knowledge and experience, taking account of the development of the Group and of the length of tenure of the existing non-executive Directors.

Length of Tenure on Nomination and Governance Committee



Note 1: Pamela Kirby became a member of the Nomination and Governance Committee on 16 July 2016.

Succession Planning

The Committee has particular regard to the leadership needs of the organisation and gives full consideration to succession planning for Directors, in particular the Chairman and Chief Executive, taking into account Group strategy, as well as the challenges and opportunities facing the Group and the skills and expertise required.

The Committee also has oversight of Group management talent development programmes and reviews these with the Chief Executive before they are presented to the Board.

Chief Executive Succession

The comprehensive process to identify Tommy Breen's successor was led by the Nomination and Governance Committee, with the assistance of an executive search firm, The Zygos Partnership. Following this process, the Committee made a unanimous recommendation to the Board that Donal Murphy be appointed as DCC's next Chief Executive.

Donal joined DCC in 1998 and has held a number of senior leadership roles across the Group. Donal was Managing Director of DCC Technology and assumed his current role as Managing Director of DCC Energy in 2006. He has led the very significant growth of the Energy division and its transition from a small UK and Irish business to a substantial international business operating in ten countries. The Committee believes his track record and in-depth knowledge of the Group across all areas of operations will enable a seamless transition and leaves him very well placed to continue the successful development of the business.

The Committee recommended the appointment of Donal as Chief Executive and the recommendation was approved by the Board on 4 April 2017. Donal will assume the role of Chief Executive on 14 July 2017.

Role and Responsibilities

Board Composition and Renewal

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Before making a nomination, to evaluate the balance of skills, knowledge, independence and experience on the Board, and, in the light of this evaluation, to prepare a description of the role and capabilities required for a particular appointment.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Give consideration to succession planning for Directors, in particular the Chairman and the Chief Executive.
- Make recommendations to the Board as regards the reappointment of non-executive Directors at the conclusion of their specified term of office and the re-election of all Directors by shareholders at the Annual General Meeting.
- Keep under review the Board Diversity Policy and the setting of measurable objectives for implementing the Policy.

Corporate Governance

- Monitor the Company's compliance with corporate governance best practice and with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the UK Listing Authority's Listing Rules and the UK Corporate Governance Code) and recommend to the Board such changes or additional action as the Committee deems necessary.
- Advise the Board of significant developments in the law and practice of corporate governance.
- Oversee the conduct of the annual evaluation of Board, Committee and individual Director performance.

Retirement of Non-executive Directors
David Byrne retired as Deputy Chairman and Senior Independent Director on 15 July 2016 and Róisín Brennan retired as a non-executive Director on 14 December 2016. Leslie Van de Walle replaced David Byrne as Senior Independent Director.

Appointment of Non-executive Directors
As noted in last year's Report, Cormac McCarthy was appointed to the Board on 16 May 2016, following a formal process, and brings considerable financial and business leadership experience to the Board table.

In early 2016, the Committee identified a need for a new non-executive Director with international experience in the sectors in which the Company operates. An external professional search firm, The Zygos Partnership, was employed to carry out a wide ranging international search. The search firm produced a long list of possible candidates, which was reviewed by the Chairman, who undertook preliminary interviews with a number of candidates. A short list was then drawn up, reviewed with and approved by the Committee.

Those on the short list were interviewed by the Chairman and by a number of the executive and non-executive Directors. When Dr. Emma FitzGerald emerged as the preferred candidate, she further met on an individual basis with the executive Directors and most of the non-executive Directors, before a formal proposal was made to the Board. This culminated in Emma being appointed to the Board and to the Remuneration Committee on 14 December 2016.

The Committee remains focused on the identification of potential new non-executive Director candidates in the context of Board succession and renewal.

Reappointment of Non-executive Directors
During the year, Pamela Kirby and Leslie Van de Walle each completed terms as non-executive Directors. After detailed consideration, including of performance and independence, the Committee recommended to the Board and the Board requested that they serve additional terms.

The length of tenure of the Directors on the Board and on the Nomination and Governance Committee is set out on pages 72 and 74 respectively. The length of tenure of members of other Board Committees is dealt with in the individual Committee reports.

France Advisory Board
The France Advisory Board was established by the Board of DCC plc to provide advice, support and recommendations to the Board in respect of the Group's businesses and activities in France. The France Advisory Board is not a formal board of directors and final decision making authority in respect of all matters within its remit remains with the Board of DCC plc.

The France Advisory Board currently comprises John Moloney, Leslie Van de Walle, Tommy Breen and Donal Murphy and two French nationals, Frank Dangeard and Didier Trutt. Frank Dangeard is a senior business advisor and director of a number of large businesses. He currently serves as a non-executive director on the boards of Royal Bank of Scotland Group plc (UK), Symantec (US) and RPX (US).

Didier Trutt is President and CEO of the Imprimerie Nationale Group, which is engaged in the production of secure credentials, the securing of documents and the integration of trusted services and technological solutions. He is also board member of FDJ, the operator of France's national lottery games, as well as a foreign trade advisor for France.

The France Advisory Board met four times during the year and agenda items included the review of trading and business development in DCC's French businesses, presentations by the senior management of these businesses and consideration of political, economic and social developments in France.

Diversity
In reviewing the composition of the Board and giving consideration to the appointment of new non-executive Directors, the Committee takes into account the benefits of diversity of skills, experience, business background and geographical location, as well as gender diversity. For the year under review, the Board comprised 30% female Directors.

Board diversity was a regular agenda item at Committee meetings during the year. A Board Diversity Policy, developed by the Committee and approved by the Board in 2013, is available on the Company's website, www.dcc.ie.

A Group Diversity and Equal Opportunities Policy Statement, developed by Group Human Resources, has also been implemented in Group subsidiaries.

Corporate Governance
The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice, with particular reference to the UK Corporate Governance Code. The Committee recommends any necessary action required to be adopted and implemented by the Board in respect of the Code, with particular reference to any revisions to the Code.

The Committee has reviewed the Company's corporate governance practices against the Code issued in September 2014, which applied to the Company's financial year ended 31 March 2017, and can confirm full compliance with the Code. The Committee has also considered the revised Code issued in April 2016, which applies to DCC for the year to 31 March 2018, and is satisfied that the Company will be in full compliance with the revised 2016 Code.

The Nomination and Governance Committee reviewed and approved the Corporate Governance Statement in the Annual Report and other material being made public in respect of the Company's corporate governance.

The Committee has also overseen the detailed work done in regard to the implementation of the Irish Companies Act 2014 and the new Market Abuse Regulation, and is satisfied that DCC has put in place appropriate procedures to ensure compliance.

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment and include expected time commitment in respect of Board and Committee meetings, boardroom development training and visits to Group subsidiaries. The letters of appointment are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Annual Evaluation of Performance
As detailed on page 72, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2016 and 2017, this process was internally facilitated having been externally facilitated in 2015 in accordance with the Code. The conclusion from this process was that the performance of the Committee and of the Chairman of the Committee was satisfactory and that no changes were necessary to the Committee's Terms of Reference. The annual evaluation in 2018 will be externally facilitated.

Reporting
The Chairman of the Nomination and Governance Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Nomination and Governance Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Audit Committee Report

"The Board, the Audit Committee and Group management are fully committed to continuous improvement of financial and risk management."

Jane Lodge
Chairman, Audit Committee

Terms of Reference

The responsibilities of the Audit Committee are summarised in the table on page 77 and are set out in full in its Terms of Reference, which are available on the DCC website, www.dcc.ie.

As Chairman of DCC's Audit Committee, I am pleased to present the report of the Committee for the year ended 31 March 2017.

This report sets out the Audit Committee's activities and priorities for the year ended 31 March 2017, as well as the Committee's key areas of focus for the year ending 31 March 2018.

The Committee is responsible for assisting the Board by taking delegated responsibility for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon. The work done by the Committee in this regard, encompassing ongoing monitoring and the review of effectiveness, is detailed on page 78.

The Committee is responsible for monitoring the integrity of the Group's financial statements and in assisting the Board in determining that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The work done in this regard is set out on page 77.

Our engagement with the external auditors and with the Group Internal Audit function are detailed on page 79.

As noted in my introduction to last year's Audit Committee report, our priorities for the year ended 31 March 2017 included cybersecurity and a review of the risk aspects of a number of significant IT projects in progress across the Group. Significant time was spent on these priorities and further details are set out in this Report on page 79.

The Audit Committee considered the requirements of the Irish Companies Act 2014 in relation to the Directors' Audit Statement and the Directors' Compliance Statement, which applied to DCC for the year ended 31 March 2017. The Committee is satisfied that appropriate steps have been taken to ensure full compliance by DCC with these requirements.

Our priorities for the coming year will include a continued focus on cybersecurity and ongoing IT projects and consideration of business continuity management and IT recovery across the Group's businesses.

The Board, the Audit Committee and Group management are fully committed to continuous improvement of financial and risk management across the Group.

On behalf of the Audit Committee

Jane Lodge
Chairman, Audit Committee
15 May 2017

Composition
The Audit Committee comprises four independent non-executive Directors, Jane Lodge (Chairman), David Jukes, Cormac McCarthy and Leslie Van de Walle. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016. Róisín Brennan resigned as a member of the Audit Committee on 15 July 2016 and retired as a Director on 14 December 2016. Each member's length of tenure at 31 March 2017 is set out in the table opposite. Biographical details for these Directors are set out on page 65.

The Board is satisfied that the members of the Audit Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations and that Jane Lodge and Cormac McCarthy meet the specific requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code ('the Code'). The Board is also satisfied that the Committee, as a whole, has competence relevant to the sectors in which DCC operates.

The Company Secretary is the secretary to the Audit Committee.

Meetings
The Committee met four times during the year ended 31 March 2017 and there was full attendance by all members of the Committee, apart from Leslie Van de Walle, who was unable to attend one meeting.

The Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Internal Audit, Head of Group Finance, Head of Group Legal & Compliance and representatives of the external auditor are typically invited to attend all meetings of the Committee. Other Directors and executives are invited to attend as necessary.

The Committee meets separately a number of times each year with the external auditor and with the Head of Internal Audit, without other executive management being present.

The Committee also meets in private, as required, to discuss matters in the absence of any invitees.

Activities
Financial Reporting and Significant Financial Judgements
In regard to the 2017 Annual Report and Accounts, the Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee obtained support from the external auditor, KPMG, in making these assessments.

The Committee paid particular attention to matters it considered to be important by virtue of their impact on the Group's results and particularly those which involved a relatively higher level of complexity, judgement or estimation by management. The table on page 78 sets out the significant issues considered by the Committee in relation to the financial statements for the year ended 31 March 2017.

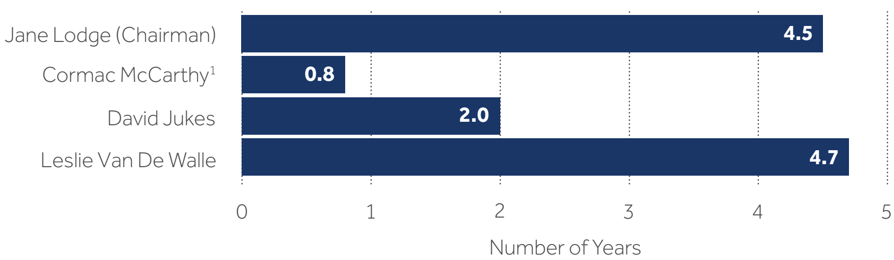
Management confirmed to the Committee that they were not aware of any material misstatements in the financial statements and KPMG confirmed that they had found no material misstatement in the course of their work.

Fair, Balanced and Understandable
The Code requires that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects and specifically that they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At the request of the Board, the Committee considered whether the 2017 Annual Report and Accounts met these requirements.

The Committee considered and discussed with management the established and documented process put in place by management for the preparation of the 2017 Annual Report and Accounts, in particular planinng, co-ordination and review activities. The Committee also noted the formal process undertaken by KPMG.

Length of Tenure on Audit Committee



1. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.

Role and Responsibilities

- Monitor the integrity of the Group's financial statements, including reviewing significant financial reporting judgments contained in them.
- Provide advice on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Assist the Board in its responsibilities in regard to the assessment of the principal risks facing the Company, the monitoring of risk management and internal control systems, including the review of effectiveness, and the going concern and viability statements.
- Oversee the relationship with the external auditor, including approval of remuneration and terms of engagement.
- Review the effectiveness of the external audit process.
- Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.
- Ensure the external audit is put to tender at least every ten years.
- Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence.
- Review the operation and effectiveness of the Group Internal Audit function.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Audit Committee Report continued

This enabled the Committee, and then the Board, to conclude that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess performance, business model and strategy.

Risk Management and Internal Control

Details of the Group's system of risk management and internal control are set out in the Risk Report on pages 12 to 17.

At each meeting, the Audit Committee considers

- The Group Risk Register and the Integrated Assurance Report, updated to reflect changes in risk and in assurance activities.
- A report on the activities of the Group Internal Audit ('GIA') function, including company audits, IT audits and special investigations.
- Separate reports from the Risk Committee and from the Group Legal & Compliance function.

The Chairman of the Audit Committee reported to the Board at each meeting on the Committee's activities in regard to the Group's risk management and internal control systems. The Board also received a summary risk report, prepared by the Head of Enterprise Risk Management, at each Board meeting and received a report on Health, Safety and Environmental matters on a quarterly basis.

The Audit Committee conducted, on behalf of the Board, the annual assessment of the operation of the Group's system of risk management and internal control, as required under the Code. This assessment was based on a detailed review carried out by Enterprise Risk Management and GIA, utilising the risk register process described in the Risk Report on page 13. 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 the procedures in place to monitor them. Where areas for improvement have been identified the necessary actions in respect of the relevant control procedures have been or are being taken.

The Chairman of the Audit Committee has reported to the Board on the conduct of and the findings and agreed actions from this annual assessment of risk management and internal control.

Significant Issues in relation to the Financial Statements for the year ended 31 March 2017	
Goodwill and Intangible Assets	As set out in note 3.2 to the Group financial statements, the Group had goodwill and intangible assets (excluding goodwill and intangible assets associated with assets classified as held for sale) of £1,422.6 million at 31 March 2017. In order to satisfy itself that this balance was appropriately stated, the Committee considered the impairment reviews carried out by management. Impairment reviews are carried out annually using the carrying values of subsidiaries at 31 December and the latest three year plan information. In performing their impairment reviews, management determined the recoverable amount of each cash generating unit ('CGU'), and compared this to the carrying amount. The recoverable amount of each CGU is defined as the higher of its fair value less costs to sell and its value in use. Management uses the present value of future cash flows to determine the value in use. In calculating the value in use, management judgement is required in forecasting cash flows of CGU's, in determining the long-term growth rate and selecting an appropriate discount rate. Management reported to the Committee that future cash flows of each CGU had been estimated based on the most up to date three year plan as approved by the Board and discounted using discount rates that reflected the risks associated with each CGU. Sensitivity analysis was considered on the discount rate, cash flows and the long-term growth rate. The Committee considered and discussed with management the key assumptions to understand their impact on the CGU's recoverable amounts. The Committee was satisfied that the significant assumptions used for determining the recoverable amount had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's conclusion that the cash flow forecasts supported the carrying value of goodwill and intangible assets.
Business Combinations	As set out in note 5.2 to the Group financial statements, the Group completed a number of acquisitions during the year, the most significant of which were the acquisitions of Gaz Européen, Hammer, Dansk Fuels and Medisource. The Group committed £230.8 million in total consideration to acquisitions completed during the year. This total consideration was satisfied by a net cash outflow of £203.3 million and acquisition related liabilities of £27.5 million. Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition, being the date the Group obtains control of the acquiree. The application of this 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. Management reported to the Committee that in conducting their review of the fair values of the acquired assets and liabilities at the date of acquisition, identifiable net assets of £113.6 million and goodwill of £117.2 million were acquired. Management engaged independent experts to assist with the valuation of intangible assets on the Gaz Européen acquisition. In addition the Committee discussed and agreed with management's recommendations on the estimated useful lives of intangible assets arising on the Group's acquisitions. The Committee considered and discussed with management the key assumptions used in determining the fair value of assets and liabilities acquired and was satisfied that the process and assumptions used in determining the fair values of assets and liabilities had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's assessment of the fair values of assets and liabilities acquired through business combinations and was satisfied that the related disclosures required under IFRS 3 were complete, accurate and understandable.
Other Matters	In addition, the Committee has considered and is satisfied with a number of other judgements which have been made by management including revenue recognition, financial instruments, exceptional items, provisioning for impairment of trade receivables and inventories and tax provisioning.

Going Concern and Viability Statement

The Audit Committee reviewed the draft Going Concern and Viability Statement prior to recommending it for approval by the Board. This statement is included in the Risk Report on page 14.

Cybersecurity and Risk Aspects of IT Projects

As noted in the introduction, during the year the Committee focused on cybersecurity and on the risk aspects of a number of significant IT projects across the Group.

The Chief Information Officer and the Head of IT Audit presented regular reports to the Committee on progress on major IT projects and the role of IT Audit in the oversight of these projects.

The Head of IT Audit reported to each meeting of the Committee on work being undertaken in regard to cybersecurity, in particular on the use of cybersecurity related tools and cyber security focused audits. In addition, the Group IT Security Advisor, who is part of the GIA team, is enhancing the available technical expertise with respect to key areas including IT security and mandatory user awareness training.

External Auditor

The Audit Committee oversees the relationship with the external auditor, including approval of the external auditor's fee proposals.

The Audit Committee reviewed the full KPMG external audit plan at the meeting held in November 2016 and received an update at the meeting in April 2017, at the commencement of the audit. Following the audit, the Audit Committee met with KPMG to review the findings from their audit of the Group financial statements.

The Audit Committee meets with the external auditors on a regular basis without the presence of management.

In accordance with its Terms of Reference, the Audit Committee is required to make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.

Effectiveness

The Audit Committee reviews the effectiveness of the external audit process.

As part of this process, audit effectiveness questionnaires were completed by Group and subsidiary finance executives and the responses were summarised by management in a report to the Audit Committee. Based on its consideration of this report and its own interaction with KPMG, in the form of reports and meetings, the Audit Committee noted that the overall feedback was positive and that a number of areas for improvement had been agreed. Its conclusions on the effectiveness of the external audit process were reported to the Board.

Independence

The Audit 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 auditor through its annual review of fees paid to the external auditor for audit and non-audit work and seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgment, they are independent from the Group.

The Audit Committee has approved a policy on the employment of employees or former employees of the external auditor. This policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit team in the previous two years.

Non-Audit Services

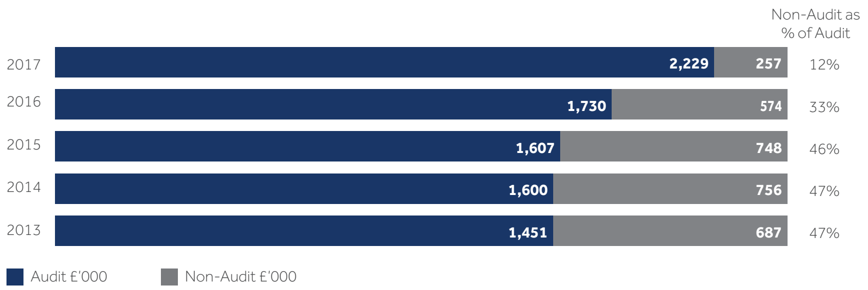
The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. The policy also provides that any non-audit work which would result in the aggregate of non-audit fees paid to the external auditor exceeding 50% of annual audit fees must be approved in advance by the Chief Executive and the Chairman of the Audit Committee. Details of the amounts paid to the external auditor during the year for non-audit services are set out in note 2.3 on page 130. The table below sets out the audit and non-audit fees paid to the external auditor over the five-year period from 2013 to 2017 inclusive (to KPMG for 2016 and 2017 and to PricewaterhouseCoopers for 2013 to 2015 inclusive).

Group Internal Audit

The Audit Committee approves the annual work programme for the GIA function, ensures that it is adequately resourced and has appropriate standing within the Group.

External Quality Assessments ('EQA') by independent external consultants are conducted at least every five years to confirm compliance by the GIA function with the International Professional Performance Framework of the Institute of Internal Auditors. The most recent EQA was completed during the year by Deloitte. An internal review against the same standards is completed on an annual basis.

Audit vs Non-Audit Fees



Audit Committee Report continued

The results of the external review was that the GIA function is effective in providing independent assurance to the Group and is substantially in compliance with the IIA standards. The review also highlighted a number of agreed actions to be undertaken by GIA to further enhance the operation of the function and these have been incorporated into the GIA three-year strategic plan.

GIA uses the market leading audit management system, Teammate, to prepare workpapers and audit reports and to record and monitor progress with respect to corrective action plans. The Teammate system is used as a central platform for all related assurance activities including the recording and monitoring of corrective actions arising from Group HSE, Group Legal & Compliance, external audit and management self-assessment reviews.

The Control Objectives for Information and related Technology ('COBIT') based IT standards framework previously developed by GIA and Group IT continues to be used to underpin the integration of new acquisitions.

A Group Information Security policy has been developed and is underpinned by the IT Standards framework which is subject to review by the IT Audit team. Data analytics tools (including ACL and Qlikview) continue to be developed to support the audit process.

The Group IT Security Advisor enhances the available technical expertise with respect to key areas including IT security, user awareness training and Payment Card Industry Data Security Standards ('PCIDSS').

The Audit Committee receives regular reports from GIA, which includes summaries of the key findings of each audit in the period.

The Audit Committee ensures co-ordination between GIA and the external auditor, with four meetings per annum held to maximise the benefits from clear communication and co-ordinated activities.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of Internal Audit on a regular basis without the presence of management.

Governance
Whistleblowing Arrangements

The Audit Committee is responsible for ensuring that the Group maintains suitable whistleblowing arrangements for employees. Those arrangements are outlined in the Corporate Governance Statement on page 71 and are also described in our Business Conduct Guidelines which are available on the Company's website www.dcc.ie. The Committee reviewed the Group's whistleblowing facilities during the year to ensure that they meet the needs of the Group, as it grows and particularly as it develops into new geographies and areas of activity.

Annual Evaluation of Performance

As detailed on page 72, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. Following an externally facilitated evaluation process in 2015, the process was internally facilitated in 2016 and again in 2017. The conclusion from the 2017 process was that the performance of the Committee and of the Chairman of the Committee were satisfactory and no changes were necessary to the Committee's terms of reference.

Reporting

The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Audit Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Remuneration Report

"Our remuneration structures, which reflect Company performance and personal contribution, continue to incentivise and motivate our executives to create shareholder value."

Leslie Van de Walle
Chairman, Remuneration Committee

Terms of Reference
The responsibilities of the Remuneration Committee are summarised in the table on page 84 and are set out in full in its Terms of Reference, which are available on the DCC website, www.dcc.ie.

Introduction

As Chairman of DCC's Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2017.

The purpose of DCC's Remuneration Policy is to incentivise executive Directors and other senior Group executives to create shareholder value. Consequently their remuneration is weighted towards performance related elements with targets incentivising delivery of strategy over the short and long term as demonstrated in the table below.

Review of Remuneration Policy and Chief Executive Transition
In April 2017, we announced that our Chief Executive, Tommy Breen, will be retiring at the conclusion of our forthcoming AGM on 14 July 2017, after 32 years of service. We are pleased to have an excellent successor from within DCC and Donal Murphy (currently Managing Director of DCC Energy) will be appointed as Chief Executive from the same date.

Details of Tommy's remuneration arrangements on retirement are provided on page 94. No exceptional payment is being made to him.

In light of the change of Chief Executive, the Remuneration Committee has taken the opportunity to conduct a thorough review of the current Remuneration Policy to ensure it remains appropriate to support the business. We have concluded that the current Policy remains fit for purpose, with the exception of the pension arrangements relating to legacy defined benefit promises and a minor technical change to the DCC plc Long Term Incentive Plan 2009 ('LTIP') to allow us to make awards following a prohibited period.

Element of pay	Alignment with strategy
Base Salary • Fair and transparent	• Aligned with strategy through pay for Company and personal performance
Annual Bonus • Strong link to performance • Designed to create shareholder value	• Aligned with strategy through KPIs: Group EPS, divisional operating profit and personal targets • 33% deferral mechanism for executive Directors
Long Term Incentive Plan • Strong link to performance • Designed to create shareholder value	• Aligned with strategy through KPIs: ROCE, EPS and TSR • Stretch targets • Clawback mechanism • Five-year vesting period

As such, a slightly revised Remuneration Policy will be put forward for shareholder approval, albeit on a non-binding basis, at the AGM in July 2017. A summary of the proposed changes are shown in the table on page 82 and the proposed new Remuneration Policy is set out on pages 85 to 93.

To be clear, we are not seeking to make any changes to the quantum or performance measures associated with our incentive plans. The new Chief Executive's remuneration has been determined in accordance with the limits that apply in our current Policy.

The primary change we have sought is to remove the significant cash payments in lieu of defined benefit pension arrangements in order to bring executive Director pension benefits in line with our approach for the wider workforce, and to save money for the Company.

A letter setting out the background to and details of the proposed changes was sent by me to the Company's major shareholders (representing 45% of the issued share capital), to the Investment Association and to various proxy voting agencies. The Company Secretary, Ger Whyte, and I subsequently engaged with a number of these shareholders and with a number of the organisations to hear their views on the proposed changes which were overall very supportive.

Remuneration Report continued

Summary of proposed changes to Executive Remuneration Policy

Pension	• To replace the current defined benefit pension with a defined contribution pension (or cash in lieu equivalent) of between 15% to 25% of salary – 15% applying for existing executive Directors. • To cease the legacy approach whereby pensionable salary is calculated as 105% of base salary, so that pensionable salary equals base salary. • To facilitate the payment of Restricted Retirement Stock, as an individual arrangement for the current CFO only, as per the terms detailed on page 89.
LTIP	• To make a minor amendment to the wording of the LTIP rules, and accordingly the Policy, to allow the Committee to make awards in respect of a financial year, rather than a rolling 12 month period. • This change is to facilitate the administration of the plan where awards cannot be made at a particular date due to dealing restrictions. It is not to the advantage of existing or future participants and specifically will not lead to increased awards to any participant.

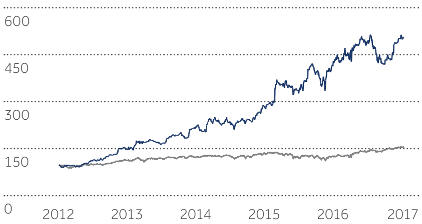
We are not proposing any changes to our policy in respect of salary, benefits or the maximum limits allowable under the bonus scheme or LTIP.

Performance for the year ended 31 March 2017
DCC achieved a strong result in the year ended 31 March 2017. Group operating profit from continuing activities was 20.9% ahead of the prior year. Adjusted earnings per share grew by 18.1% on a continuing basis and it is proposed that the total dividend for the year will be increased by 15.0%.

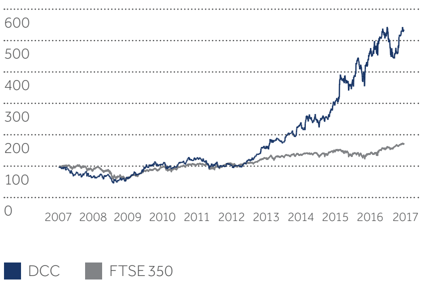
Return on capital employed, a key metric for DCC, was 20.3% and is again substantially in excess of the Group's cost of capital.

DCC has generated a total shareholder return of 405% over the last five years and 433% over the last ten years as demonstrated in the following charts.

DCC's TSR vs the FTSE 350 since 1 April 2012



DCC's TSR vs the FTSE 350 since 1 April 2007



The charts above show the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2012 and 1 April 2007 respectively, relative to the FTSE 350 index.

Bonuses
Annual bonuses were based on actual performance against targets for growth in Group adjusted earnings per share ('Group EPS'), DCC Energy operating profit and overall contribution and attainment of personal objectives.

Our strong performance has been reflected in bonus outcomes of 180% of salary for each of Tommy Breen, Fergal O'Dwyer and Donal Murphy. Further details of the performance targets and achievement against those targets is set on page 97.

Long Term Incentive Plan
Vesting of Long Term Incentives
In December 2016, the Remuneration Committee determined that 100% of the share options granted in November 2013 under the LTIP had vested, based on performance over the three-year period ended 31 March 2016 under the TSR and EPS conditions (this was the same as the estimated vesting of 100% included in last year's Report). Further details on this vesting are set out on page 98.

The extent of vesting of the share options granted in November 2014, which will be based on performance over the three-year period ended 31 March 2017, under the ROCE, EPS and TSR conditions, will be formally determined by the Remuneration Committee in November 2017. It is currently estimated that 100% of the share options granted will vest. The vesting of these shares is subject to a further two-year holding period with the result that the earliest exercise date will be November 2019.

Further details in relation to the LTIP are set out on page 87.

Grant of Long Term Incentives
Details of options granted to the executive Directors during the year are set out in the table on page 105. Details of the performance conditions are set out on page 106.

Non-Executive Directors
With effect from 1 April 2017, the total fee for the non-executive Chairman was increased from €242,500 to €300,000. The Committee considered this to be an appropriate increase as the Chairman is committing significant further time to his role at DCC to ensure the smooth transition during and following the current Chief Executive's retirement. It is noted that, at this level, the fee remains below the lower quartile amongst chairmen of FTSE 100 companies.

The basic fee of €70,000 for non-executive Directors remains unchanged.

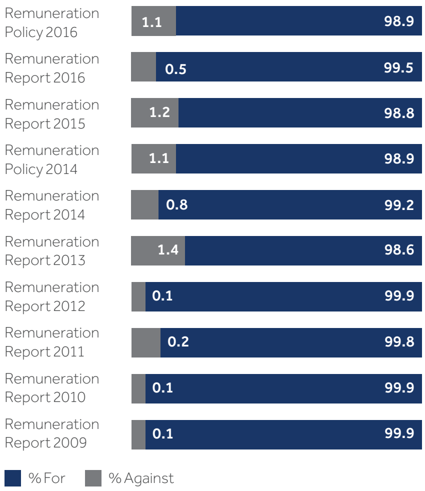
Further details on non-executive Director pay are set out on page 101.

Format of Report and Shareholder Votes
In the UK, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the 2013 UK Regulations') require certain disclosures in regard to remuneration and binding shareholder votes on remuneration policy and implementation. While DCC, as an Irish incorporated company, is not subject to the 2013 UK Regulations, we nonetheless recognise that they represent best practice in remuneration reporting and, given our listing on the London Stock Exchange, we continue to substantially apply the 2013 UK Regulations to this report on a voluntary basis.

At the 2017 Annual General Meeting, a resolution on the Remuneration Report (excluding the Remuneration Policy) will be put to shareholders, on an advisory rather than on a binding basis. The Remuneration Policy (pages 85 to 93) will also be put to shareholders, again on an advisory basis.

Details of shareholders' proxy votes on the remuneration reports since 2009 and on the remuneration policy since 2014 are set out in the following chart.

AGM Votes on Directors' Remuneration Report and Policy



It is our intention to operate in line with the approved Policy. We welcome and will consider any shareholder feedback on the Remuneration Policy and the 2017 Remuneration Report.

Conclusion
I am satisfied that the Remuneration Committee has implemented the Group's existing Remuneration Policy in the year ended 31 March 2017 in a manner that properly reflects the performance of the Group in the year. I would strongly recommend that shareholders vote in favour of the proposed new Remuneration Policy and the 2017 Remuneration Report at the 2017 AGM.

On behalf of the Remuneration Committee

Leslie Van de Walle
Chairman, Remuneration Committee
15 May 2017

Remuneration Report continued

Composition

The Remuneration Committee comprises three independent non-executive Directors, Leslie Van de Walle (Chairman), Emma FitzGerald and Pamela Kirby and the Chairman of the Board, John Moloney. David Byrne retired from the Board and the Committee in July 2016 and was replaced by Róisín Brennan, who subsequently retired from the Board and the Committee in December 2016 and was replaced by Emma FitzGerald.

The members of the Committee have significant financial and business experience, including in the area of executive remuneration. Each member's length of tenure at 31 March 2017 is set out in the table below. Further biographical details regarding the members of the Remuneration Committee are set out on page 65.

The Company Secretary acts as secretary to the Remuneration Committee.

Meetings

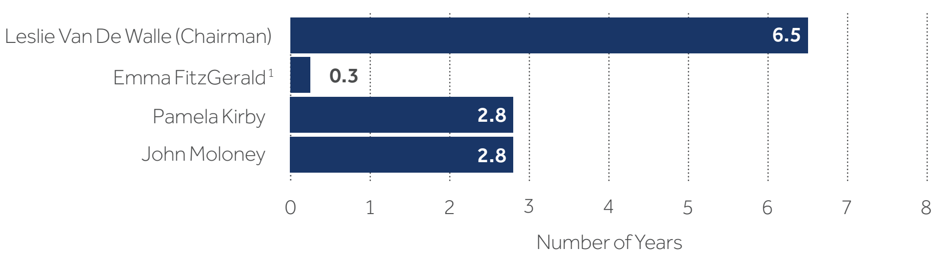
The Committee met seven times during the year ended 31 March 2017. Details of attendance by members of the Committee are set out on page 69. Emma FitzGerald was unable to make one meeting due to a commitment made prior to her appointment to the Board in December 2016.

The main agenda items included remuneration policy, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive and the other executive Directors, with particular reference to the Chief Executive transition process, pension matters, grants of share options under the Company's LTIP, a formal tender process in respect of remuneration advisors to the Committee and approval of this report.

Typically, the Chief Executive and the Head of Group Human Resources are invited to attend all meetings of the Committee. Other Directors and executives may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration. External advisors are invited to attend meetings when required.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Length of Tenure on Remuneration Committee



1. Emma FitzGerald was appointed as a Director and a member of the Remuneration Committee on 14 December 2016.

Role and Responsibilities

- To determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee).
- To determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments.
- To oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group.
- To nominate executives for inclusion in the Company's long term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of these schemes.
- To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- To obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity.
- To agree the policy for authorising claims for expenses from the Directors.

Remuneration Policy Report

DCC's Remuneration Policy ('the Policy') is set out below. As an Irish incorporated company, DCC is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote. However, we recognise the need for our remuneration policies, practices and reporting to reflect best corporate governance practice.

As such, we will be submitting a revised Remuneration Policy to an advisory, non-binding vote at the 2017 Annual General Meeting ('AGM'), reflecting the changes outlined in the Chairman's Introduction and set out in detail at pages 85 to 93 below.

The Company intends to operate its remuneration arrangements in line with the approved Remuneration Policy, which will become effective from the date of the 2017 AGM.

The Policy is designed and managed to support a high performance and entrepreneurial culture, taking into account competitive market positioning.

The Board seeks to align the interests of executive Directors and other senior Group executives with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long term, performance based incentivisation and the encouragement of share ownership.

The basic policy objective is to have overall remuneration reflect performance and contribution, while having basic pay rates and the short term element of incentive payments at the median of a market capitalisation comparator group.

The Remuneration Committee seeks to ensure:

- that the Group will attract, motivate and retain individuals of the highest calibre;
- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

DCC's strategy of fostering entrepreneurship requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The typical elements of the remuneration package for executive Directors are base pay, pension and other benefits, annual performance related bonuses and participation in long term performance plans which promote the creation of sustainable shareholder value.

The Remuneration Committee takes external advice from remuneration consultants on market practice within similar sized UK listed and Irish companies to ensure that remuneration remains competitive and structures continue to support the key remuneration policy objectives. Benchmarking data is used to inform remuneration decisions, but not to drive changes.

Key elements of pay of executive Directors under the proposed Policy are set out in the table below:

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
Base Salary			
Attract and retain skilled and experienced senior executives.	Base salaries are reviewed annually on 1 April. The factors taken into account include: • Role and experience • Company performance • Personal performance • Competitive market practice • Benchmarking versus companies of similar size and complexity within UK and Irish markets When setting pay policy, account is taken of movements in pay generally across the Group.	No prescribed maximum base salary or maximum annual increase. General intention that any increases will be in line with the general increase across the Group. Increases may be higher in certain circumstances such as changes in role and responsibility or significant changes in market practice.	No change

Remuneration Report continued

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
Benefits			
To provide market competitive benefits.	Benefits include the use of a company car, life/disability cover, club subscriptions or cash equivalent.	No maximum level has been set as payments depend on individual Director circumstances.	No change
Annual Bonus			
To reward the achievement of annual performance targets.	Bonus payments to executive Directors are based upon meeting pre-determined targets for a number of key measures, including Group earnings and divisional operating profit and overall contribution and attainment of personal objectives. The contribution and personal targets are focused on areas such as delivery on strategy, organisational development, risk management and talent development/succession planning. The measures, their weighting and the targets are reviewed on an annual basis. The current measures for the executive Directors, and their weighting, are set out on page 95. The targets are considered commercially confidential and will not be disclosed on a prospective basis, but, to the extent no longer confidential, will be disclosed retrospectively. Bonus levels are determined by the Committee after the year end based on actual performance achieved. The Committee can apply appropriate discretion in specific circumstances in respect of determining the bonuses to be awarded. In particular, the Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved. In regard to the executive Directors, 33% of any bonus earned, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends. A formal clawback policy is in place for the executive Directors, under which bonuses are subject to clawback for a period of three years in the event of a material restatement of financial statements or other specified events. Further details on clawback policy are set out on page 90. The Committee has discretion in relation to bonus payments to joiners and leavers.	The maximum bonus potential, as a percentage of base salary, for the executive Directors is 200%. The maximum bonus potentials set for each year will be disclosed in the Annual Report on Remuneration. A defined target level of performance has been set for which 50% of maximum bonus is payable.	No change

<table>
<tr><th>Element and link to strategy</th><th>Operation</th><th>Maximum opportunity</th><th>Changes from previous policy</th></tr>
<tr><td>Long Term Incentive Plan (‘LTIP’)</td><td colspan="3">Reflects changes which are subject to approval by shareholders at the 2017 AGM</td></tr>
<tr><td>To align the interests of executives with those of the Group’s shareholders and to reflect the Group’s culture of long term performance based incentivisation.</td><td>The LTIP provides for the Remuneration Committee to grant nominal cost (€0.25) options to acquire shares to Group employees, including executive Directors.

The vesting period is normally five years from the date of grant, with the extent of vesting being determined over the first three years, based on the performance conditions set out below.

In addition to the detailed performance conditions, an award will not vest unless the Remuneration Committee is satisfied that the Company’s underlying financial performance has shown a sustained improvement in the three-year period since the award date.

The extent of vesting for awards granted to participants will be determined by the Remuneration Committee, in its absolute discretion, based on the performance conditions set out below.

Return on Capital Employed (‘ROCE’):
Up to 40% of an award will vest depending on ROCE achieved in excess of the Group’s Weighted Average Cost of Capital (‘WACC’) over a three-year period, with the Remuneration Committee to set a range for threshold and maximum vesting at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances.

<table>
<tr><th>Percentage excess over WACC</th><th>% of total award vesting</th></tr>
<tr><td>Below % set as threshold</td><td>0%</td></tr>
<tr><td>As % set as threshold</td><td>10%</td></tr>
<tr><td>Between % set as threshold and % set as maximum</td><td>10%-40% pro rata</td></tr>
<tr><td>Above % set as maximum</td><td>40%</td></tr>
</table>

The range set will be disclosed in the Annual Report on Remuneration.

The calculation of ROCE will be consistent with the Group financial statements, based on current GAAP.</td><td>The market value of the shares subject to the options granted in respect of any accounting period may not exceed 200% of base pay.

If, as a result of dealing restrictions, it is not possible to grant options at the normal award date, the Remuneration Committee may grant the options at a later date, as soon as practicable after the dealing restrictions cease to apply.

In these circumstances, the market value used will be the market value at the later award date and the base pay used will be the base pay at the normal award date.

If the later award date occurs in an accounting period subsequent to that in which the normal award date occurred, the award will be treated, for the purposes of the 200% maximum, as having been made in the preceding accounting period.</td><td>Rather than the 200% maximum applying to any 12-month period, the Rules and Policy will apply the limit to awards made ‘in respect of any accounting period’, as set out under Maximum opportunity.

This change is not to the advantage of participants and will not lead to increased awards to any participant.

There has been no change to the maximum award size under the LTIP.</td></tr>
</table>

Remuneration Report continued

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
Long Term Incentive Plan ('LTIP') continued	**Reflects changes which are subject to approval by shareholders at the 2017 AGM** continued		

Earnings per Share ('EPS'):
Up to 40% of an award will vest depending on EPS growth over a three-year period starting on 1 April in the financial year in which the award is granted compared with the change in the UK Retail Price Index ('RPI') as follows:

Annualised EPS growth in excess of annualised change in RPI	% of total award vesting
Less than 3%	0%
At 3%	10%
3% – specified maximum %	10%-40% pro rata
Above specified maximum %	40%

The intention is that the specified maximum percentage (level of excess over RPI) will be set at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances. The range set will be disclosed in the Annual Report on Remuneration.

Total Shareholder Return ('TSR'):
Up to 20% of an award will vest depending on TSR performance over a three-year period, starting on 1 April in the financial year in which the award is granted, compared with the FTSE 350 Index (the 'Index').

TSR	% of total award vesting
Below the index	0%
At the index	5%
Between the index and 8% p.a. out-performance	5%-20% pro rata
Above 8% p.a. out-performance of the index	20%

No re-testing of the performance conditions is permitted.

The performance conditions and their relative weighting may be modified by the Remuneration Committee in accordance with the Rules of the LTIP, provided that they remain no less challenging and are aligned with the interests of the Company's shareholders.

A formal clawback policy is in place, under which awards are subject to clawback in the event of a material restatement of financial statements or other specified events. Further details on this clawback policy are set out on page 90.

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
Pension	**Reflects changes which are subject to approval by shareholders at the 2017 AGM**		
To reward sustained contribution.	The executive Directors are eligible to participate in a defined contribution pension scheme (or receive cash in lieu of defined contribution pension).	Pension contributions (paid into the defined contribution scheme or paid as cash in lieu) can be between 15% and 25% of base salary. Existing executive Directors are eligible to receive 15% of base salary.	Previously, executive Directors received a taxable non-pensionable cash allowance in lieu of defined benefit pension benefits foregone, calculated based on independent actuarial advice. Pensionable salary is now defined as base salary, having previously been 105% of base salary.
Restricted Retirement Stock	**Reflects changes which are subject to approval by shareholders at the 2017 AGM**		
To recognise the additional responsibilities being undertaken by the current CFO in support of the transition of Chief Executive and to replace the cash allowance in lieu of defined benefit pension benefits foregone.	A one-off arrangement for the current CFO only. The Restricted Retirement Stock is treated as fixed pay and therefore will not be subject to performance targets or leaver provisions and will vest after the CFO retires. (For the avoidance of doubt, if the CFO leaves to take an equivalent role elsewhere, the shares will not vest until DCC is informed of his retirement from any equivalent role.)	Annual award of DCC shares with a value of €575,000. The value of the annual Restricted Retirement Stock award is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution pension payment at 15% of base salary. It is not subject to change and will be fixed until his retirement.	This is a new, one-off arrangement for the current CFO.

Payments from Existing Awards
Subject to the achievement of the applicable performance conditions, executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report.

Payments under Legacy Defined Benefit Pension Scheme
Defined benefit pensions are provided through an Irish Revenue approved retirement benefit scheme, up to pension caps, as introduced by the Irish Finance Act 2006 and amended by subsequent Acts (see page 95). The executive Directors elected to cease accruing pension benefits at the cap and to receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone. All cash allowances are calculated based on independent actuarial advice, approved by the Remuneration Committee, as the equivalent of the reduction in liability of the Company arising from the pension benefits foregone.

Tommy Breen will remain eligible for this cash allowance up to the date of his retirement on 14 July 2017.

Donal Murphy will also remain eligible for this cash allowance until his appointment as Chief Executive on 14 July 2017, at which time he will be subject to the new policy for executive Directors.

In addition, as noted on page 95, each of the Directors has agreed to accept a transfer value in respect of their accrued benefits under the defined benefit pension plan.

Remuneration Report continued

Clawback Policy
Bonus payments made to executives may be subject to clawback for a period of three years from payment in certain circumstances including:
- a material restatement of the Company's audited financial statements;
- a material breach of applicable health and safety regulations; or
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual executive.

The LTIP allows for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to vesting in the circumstances as outlined above.

Remuneration Policy for Recruitment of New Executive Directors
In determining the remuneration package for a new executive Director, the Remuneration Committee would be guided by the principle of offering such remuneration as is required to attract, retain and motivate a candidate with the particular skills and experience required for a role, if it considers this to be in the best interests of the Company and the shareholders. The Remuneration Committee will generally set a remuneration package which is in accordance with the terms of the approved Remuneration Policy in force at the time of the appointment, though the Committee may make payments outside of the Policy if required in the particular circumstances and if in the best interests of the Company and the shareholders. Any such payments which relate to the buyout of variable pay (bonuses or awards) from a previous employer will be based on matching the estimated fair value of that variable pay and will take account of the performance conditions and the time until vesting of that variable pay.

Other than in such buyout situations, it is the Company's policy not to offer any additional bonuses or awards on recruitment.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to appointment would be honoured.

Remuneration Policy for Other Employees
While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the executive Directors and a number of senior Group executives, it aims to create a broad policy framework, to be applied by management to senior executives throughout the Group, through its oversight of remuneration structures for other Group and subsidiary senior management and of any major changes in employee benefits structures throughout the Group.

DCC employs approximately 11,000 people in 15 countries. Remuneration arrangements across the Group differ depending on the specific role being undertaken, the industry in which the business operates, the level of seniority and responsibilities, the location of the role and local market practice.

Consultation with Employees
Although the Remuneration Committee does not consult with employees on the Remuneration Policy, it does consider remuneration arrangements and trends across the broader employee population when determining the Policy.

Consultation with Shareholders
The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies.

As set out in the Chairman's Introduction, the Remuneration Committee undertook a detailed consultation process in regard to the proposed changes to executive Director remuneration.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Policy and the Remuneration Report to advisory votes at the AGM.

Exit Payments Policy
The provisions on exit in respect of each of the elements of pay are as follows:

Salary and Benefits

Exit payments are made only in respect of base salary for the relevant notice period. The Committee may in its discretion also allow for the payment of benefits (such as payments in lieu of defined contribution pension) for the notice period. In all cases, the notice period applies to both the Company and the executive.

Annual Bonus

The Remuneration Committee can apply appropriate discretion in respect of determining the bonuses to be awarded based on actual performance achieved and the period of employment during the financial year.

In relation to deferred bonuses which have been invested in DCC shares, they will be made available on the participant's cessation date, together with accrued dividends.

Long Term Incentive Plan

To the extent that a share award or option has vested on the participant's cessation date, the participant may exercise the share award or option during a specified period following such date but in no event may the share award or option be exercised later than the expiry date as specified in the award certificate.

In general, a share award or option that has not vested on the participant's cessation date immediately lapses.

The Committee would normally exercise its discretion when dealing with a participant who ceases to be an employee by reason of certain exceptional circumstances e.g. death, injury or disability, redundancy, retirement or any other exceptional circumstances. In such circumstances, any share award or option that has not already vested on the participant's cessation date would be eligible for vesting on a date determined by the Remuneration Committee. The number of shares, if any, in respect of which the share award or option vests would be determined by the Remuneration Committee.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each share award and option held by the participant, whether or not vested, will automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Pension

The rules of the Company's defined benefit and defined contribution pension schemes contain detailed provisions in respect of termination of employment.

Restricted Retirement Stock

The Restricted Retirement Stock awards made to the CFO will vest in full after his retirement.

Service Contracts
With the exception of Tommy Breen, Chief Executive, who has a service agreement with a notice period of 12 months, none of the other Directors has a service contract with the Company or with any member of the Group. Mr. Breen's service contract provides that either he or the Company can terminate his employment by giving 12 months' notice in writing. The Company may, at its sole discretion, require that Mr. Breen, instead of working out the period of notice, cease employment immediately in which case he would receive compensation in the form of base salary only in respect of the notice period. The service contract also provides for summary termination (i.e. without notice) in a number of circumstances, including material breach or grave misconduct. The service contract does not include any provisions for compensation for loss of office, other than the notice period provisions set out above.

Fergal O'Dwyer has a letter of appointment which provides for a three month notice period.

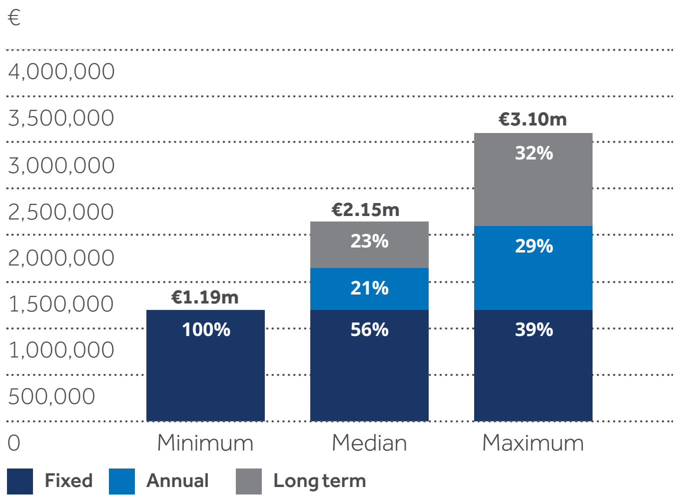
Donal Murphy will enter into a service agreement with the Company on his appointment as Chief Executive on 14 July 2017. This agreement will provide for a notice period of six months. Mr. Murphy currently has a letter of appointment which provides for a three month notice period.

Remuneration Report continued

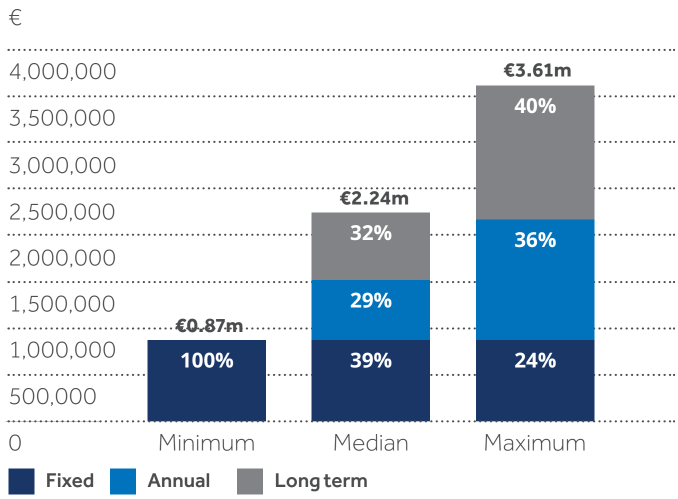
Scenario Charts

Below is an illustration of the potential future remuneration that could be received by each executive Director, with the exception of the retiring Chief Executive, Tommy Breen, for the year commencing 1 April 2017 at minimum, median and maximum performance. As all of the Directors are paid in euro, the Remuneration Committee considers it appropriate that the figures disclosed in this report continue to be presented in euro.

Fergal O'Dwyer, Executive Director



Donal Murphy, Executive Director



Notes:
1. Fixed pay comprises base salary, benefits, retirement benefit expense and, for Fergal O'Dwyer only, restricted retirement stock.
2. Annual pay comprises bonus. The proposed maximum bonus potentials for the year to 31 March 2018, as set out in the Annual Report on Remuneration, of 180% are included in these charts.
3. Long term pay comprises the maximum value of options that can be granted under the DCC plc Long Term Incentive Plan 2009.
4. Total pay for minimum performance comprises fixed pay.
5. Total pay for median performance comprises fixed pay, 50% of maximum bonus potential (annual) and 50% of maximum LTIP value (long).
6. Total pay for maximum performance comprises fixed pay, 100% of maximum bonus potential (annual) and 100% of maximum LTIP value (long).
7. In calculating any value that may be delivered in shares, no account has been taken of any potential increase or decrease in share price.

Share Ownership Guidelines

DCC's remuneration policy has at its core recognition that the spirit of ownership and entrepreneurship is essential to the creation of long term high performance and that share ownership is important in aligning the interests of executive Directors and other senior Group executives with those of shareholders.

A set of share ownership guidelines is in place, effective from 1 April 2011, under which the Chief Executive, other executive Directors and other senior Group executives are encouraged to build, over a five-year period, a shareholding in the Company with a valuation relative to base salary as follows:

Executive	Share ownership guideline
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary
Senior Group executives	1 times annual base salary

The position of the executive Directors and senior Group executives under the Share Ownership Guidelines is reviewed annually by the Remuneration Committee. The position of the executive Directors as at 31 March 2017 is set out in the Annual Report on Remuneration on page 107.

Policy for non-executive Directors

Fees	Operation	Maximum Opportunity
The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board committee duties. A basic non-executive Director fee is paid for Board membership. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Senior Independent Director. Additional fees may be paid in respect of Company advisory boards.	The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board. The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.	No prescribed maximum annual increase. In accordance with the Articles of Association, shareholders set the maximum aggregate ordinary remuneration (basic fees, excluding fees for committee membership and chairman fees). The current limit of €650,000 was set at the 2014 Annual General Meeting. Non-executive Directors do not participate in the Company's LTIP and do not receive any pension benefits from the Company.

Non-executive Directors' Letters of Appointment

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.

Remuneration Report continued

Annual Report on Remuneration

This section of the Remuneration Report sets out how DCC's Remuneration Policy, as described on pages 85 to 93, will operate in the year to 31 March 2018, gives details of remuneration outcomes for the year ended 31 March 2017 and provides additional information on the operation of the Remuneration Committee.

Operation of Remuneration Policy in the year to 31 March 2018

Chief Executive Retirement

After 32 years of loyal and outstanding service, Tommy Breen will be retiring from the Company on 14 July 2017. His remuneration arrangements on retirement have been determined in line with Policy, the rules of the LTIP and best practice. He will be treated as a 'good leaver' in respect of his outstanding incentive awards:

- There will be no special awards made to Mr. Breen on retirement.
- Base salary, benefits and cash in lieu of pension benefits foregone will be paid as normal until the date of the AGM.
- Annual bonus will pay out at the usual date subject to performance and will be pro-rated to reflect time served during the financial year. Where part of previous years' bonuses were deferred into shares, these shares will transfer to Mr. Breen at the date of retirement, in line with the Policy. To avoid administrative costs, deferral will not apply to the bonuses for the year ended 31 March 2017 and the year to 31 March 2018 (1 April 2017 to 14 July 2017).
- In line with best practice, unvested LTIP awards will be pro-rated to reflect time served during the performance period. The awards will remain subject to performance and will vest at the end of the performance period.
- To limit DCC's liabilities, the Company has offered and Mr. Breen has agreed to accept a transfer value in respect of his past service accrued benefits under the defined benefit pension plan. This transfer value, which was determined on the basis of actuarial advice, is at a discount to the accounting reserve and will result in a gain to the Company.

Salary

The salaries of the executive Directors for the year commencing on 1 April 2017, together with comparative figures, are as follows:

Executive Director	Year to March 2018 €	Year to March 2017 €
Tommy Breen	781,833	759,110
Fergal O'Dwyer	500,000	466,075
Donal Murphy	480,057[1]	466,075

The increases in salaries for the executive Directors for the year to 31 March 2018 reflect Company and personal performance and the results of the review of Remuneration Policy.

1. Tommy Breen will retire as Chief Executive on 14 July 2017 and will be succeeded by Donal Murphy, whose salary will be increased to €820,000 upon his appointment as Chief Executive.

Bonus

The Remuneration Committee has maintained the maximum bonus potential that will apply for the year to 31 March 2018 at 180%, which is below the Policy maximum of 200%, as shown in the table below.

Executive Director	Maximum bonus potential	Deferral of bonus
Tommy Breen	180% of salary	33% of any bonus earned by the executive Directors will be deferred into DCC shares and be available after three years.[1]
Fergal O'Dwyer	180% of salary	
Donal Murphy	180% of salary	

1. As noted above, deferral will not be applied to the 2017/'18 bonus earned by Tommy Breen in respect of the period 1 April 2017 to 14 July 2017.

The Committee has set performance targets for the year which will determine the extent of payment of bonuses to the executive Directors, as follows:

Executive Director	Performance Targets
Tommy Breen[1]	70% based on growth in Group adjusted earnings per share and 30% based on overall contribution and attainment of personal objectives.
Fergal O'Dwyer	70% based on growth in Group adjusted earnings per share and 30% based on overall contribution and attainment of personal objectives.
Donal Murphy[2]	From 1 April 2017 to the date of appointment as Chief Executive on 14 July 2017: 20% based on growth in Group adjusted earnings per share, 40% based on growth in DCC Energy operating profit and 40% based on overall contribution and attainment of personal objectives. From 14 July 2017 to 31 March 2018: 70% based on growth in Group adjusted earnings per share and 30% based on overall contribution and attainment of personal objectives.

1. For Tommy Breen, bonus payments in respect of the year to 31 March 2018 will paid out at the usual date subject to actual performance and will be pro-rated to reflect time served during the financial year.
2. For Donal Murphy, performance will be measured based on two scorecards to reflect the time spent in the roles of Managing Director, DCC Energy (1 April to 14 July 2017) and Chief Executive (14 July 2017 to 31 March 2018).

Growth in Group adjusted earnings per share and in divisional operating profit is measured against pre-determined ranges, with zero payment below threshold up to full payment at the maximum of the range.

The Committee considers that information on the ranges is commercially confidential and therefore it is not being disclosed on a prospective basis but, to the extent no longer commercially confidential, will be disclosed in full on a retrospective basis.

The Committee will keep the performance targets under review in light of acquisition and other development activity during the year to 31 March 2018.

Benefits
No changes are proposed to the benefits payable to the executive Directors for the year to 31 March 2018. Benefits include the use of a company car, life/disability cover and club subscriptions or cash equivalent.

Retirement Benefits
The Irish Finance Act 2006 established a cap on pension assets by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual accrued pension entitlements as at 7 December 2005. The Irish Finance Act 2011 reduced these thresholds to the higher of €2.3 million or the value of individual accrued pension entitlements as at 7 December 2010. As a result of this change the Remuneration Committee decided that the executive Directors, would have the option of continuing to accrue pension benefits as previously or to cap their benefits in line with the 2011 limits. All of the executive Directors elected to cap their benefits and receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone.

Tommy Breen will continue to receive this cash allowance up to the date of his retirement on 14 July 2017. Donal Murphy will also continue to receive this cash allowance until his appointment as Chief Executive on 14 July 2017.

The new Remuneration Policy, which will come into effect once approved by shareholders at the AGM on 14 July 2017, will end the practice of paying cash allowances in lieu of defined benefit pension benefits foregone and introduces a cash allowance paid in lieu of defined contribution pension at 15% to 25% of salary, with 15% applying for existing executive Directors.

In May 2017, the Company agreed with each of the executive Directors that they would take a transfer value in respect of their past service accrued benefits under the defined benefit pension plan. These transfer values, which were determined on the basis of actuarial advice, are at a discount to the accounting reserve and will result in a gain to the Company.

Remuneration Report continued

Restricted Retirement Stock
Fergal O'Dwyer will receive a cash allowance of 15% of salary, in lieu of defined contribution pension. In addition, the Committee has agreed to make an annual award to him of Restricted Retirement Stock, in the form of shares which do not vest until after he retires.

Mr. O'Dwyer will receive an annual award of DCC shares with a value of €575,000. The value of these annual awards is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution payment at 15% of base salary. It is not subject to change and will be fixed until his retirement.

Long Term Incentives
Details of the LTIP are set out in the Remuneration Policy Report on page 87. The Policy includes minor proposed amendments to the wording of the Rules of the LTIP to allow the Committee to make awards in respect of a financial year, rather than a rolling 12-month period. This change is not to the advantage of existing or future participants and specifically will not lead to increased awards to any participant.

For the purposes of the ROCE performance condition, the Remuneration Committee has set a ROCE range for threshold and maximum vesting of 14% to 18% for awards to be made in the year to 31 March 2018.

For the purposes of the EPS performance condition, the Remuneration Committee has set EPS growth equal to UK RPI plus 7% per annum compound for maximum vesting of awards to be made in the year to 31 March 2018.

Both the ROCE Range and the EPS Range will be kept under review and adjusted if necessary in light of acquisition and other development activity in the year to 31 March 2018.

Remuneration outcomes for the year ended 31 March 2017

Executive Directors' Remuneration Details

	Salary		Bonus		Benefits		Retirement Benefit Expense		LTIP		Audited Total	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Executive Directors												
Tommy Breen	**759**	737	**1,366**	884	**107**	93	**762**	835	**2,325**	1,737	**5,319**	4,286
Fergal O'Dwyer	**466**	453	**839**	453	**46**	33	**613**	483	**1,431**	889	**3,395**	2,311
Donal Murphy	**466**	440	**839**	440	**42**	33	**61**	190	**1,366**	848	**2,774**	1,951
	1,691	1,630	**3,044**	1,777	**195**	159	**1,436**	1,508	**5,122**	3,474	**11,488**	8,548

There were no payments made to former Directors during the year ended 31 March 2017.

Salary
The salaries of the executive Directors for the year ended 31 March 2017 represented increases over the prior year as shown in the table below:

	Salary	% Increase
Tommy Breen	€759,110	3.0%
Fergal O'Dwyer	€466,075	3.0%
Donal Murphy	€466,075	5.9%

Determination of Bonuses for the year ended 31 March 2017

The table below sets out the actual performance in the year ended 31 March 2017 in terms of growth in Group adjusted earnings per share ('Group EPS') and growth in DCC Energy operating profit, compared to the performance targets set for the year.

	Target		
	Minimum	Maximum	Actual
Growth in Group EPS	5%	15%	18.1%
Growth in DCC Energy operating profit	7.5%	15%	24.3%

In both cases, as actual performance exceeded the maximum target, the Remuneration Committee concluded that there should be full payment of the bonuses attributable to these performance targets.

The Committee also concluded that there had been very strong achievement of the targets set in respect of overall contribution and attainment of personal objectives, in particular with regard to delivery on strategy, acquisitions and organisational development.

The resultant bonus payout levels for the year ended 31 March 2017 were as follows:

	Tommy Breen % of Salary		Fergal O'Dwyer % of Salary		Donal Murphy % of Salary	
Component	Max %	Payout %	Max %	Payout %	Max %	Payout %
Group EPS	126	126	126	126	36	36
DCC Energy Operating Profit	–	–	–	–	72	72
Contribution/Personal	54	54	54	54	72	72
	180	180	180	180	180	180

Each of the Directors' bonuses in respect of the year ended 31 March 2017 amounted to 180% of salary. In the case of Mr. O'Dwyer and Mr. Murphy 33% of this bonus, net of tax and social security deductions, will be invested in DCC shares, which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends.

In relation to Mr. Breen, as noted earlier, as he is retiring on 14 July 2017 and to avoid administrative costs deferral will not apply to his 2016/'17 bonus payment.

Benefits

Benefits include the use of a company car, life/disability cover, club subscriptions or cash equivalent.

Retirement Benefit Expense

Retirement Benefit Expense comprises an amount of €762,000 for Tommy Breen, being a cash allowance of €1,021,000 less the value of a reversal of previously funded benefits of €259,000, a cash allowance of €613,000 for Fergal O'Dwyer and a cash allowance of €61,000 for Donal Murphy.

Defined Benefit Pensions

The table below sets out the change in the accrued pension benefits to which executive Directors have become entitled during the year ended 31 March 2017 and the transfer value of the change in accrued benefit, under the Company's defined benefit pension scheme:

	Change in accrued pension benefit (excl inflation) during the year[1] €'000	Transfer value equivalent to the change in accrued pension benefit[1] €'000	Total accrued pension benefit at year end[2] €'000
Tommy Breen	(10)	(259)	279
Fergal O'Dwyer	0	0	158
Donal Murphy	0	0	112
Total	**(10)**	**(259)**	**549**

Notes:
1. The pensions of the executive Directors have been capped in line with the provisions of the Irish Finance Acts as detailed on page 95.
2. Figures represent the total accrued pension payable from normal retirement date, based on pensionable service at 31 March 2017, after the reduction in respect of the Irish pension levy.

Remuneration Report continued

Long Term Incentive Plan
The values of the LTIP as shown in the table on page 96 for 2017 and 2016 relate to awards made in November 2014 and November 2013 respectively.

The vesting criteria which applied to the 2014 awards and subsequent awards were amended at the 2014 Annual General Meeting. These are summarised in the Remuneration Policy Report on pages 87 to 88.

The vesting criteria which applied to the 2013 awards were those which preceded the 2014 amendments and are summarised below.

2017

TSR
60% of shares vest depending on TSR performance over a three-year period starting on 1 April in the year in which the award is granted, compared with the TSR of a designated peer group, which comprises the FTSE 250 on the first day of the performance period excluding financial services type companies and a small number of other companies that are not comparable to the Company, as determined by the Remuneration Committee.

TSR rank	% of total award vesting
Below median	0%
Median	25%
Median – 75th percentile	25%-60% pro rata
Above 75th percentile	60%

EPS
40% of shares vest depending on EPS growth over a three-year period starting on 1 April in the year in which the award is granted compared with the change in the Irish Consumer Price Index ('CPI').

EPS growth in excess of CPI	% of total award vesting
Below 3%	0%
3%	15%
3%-7%	15%-40% pro rata
Above 7%	40%

The LTIP awards granted in November 2014 will vest in November 2019 (five years after the grant date). The extent of vesting will be determined by the Committee during 2017 and will be based on ROCE performance (40% of the total award), EPS performance (40% of the total award) and TSR performance (20% of the total award) over the three-year period ended 31 March 2017.

The Group's ROCE, EPS and TSR performance is expected to give rise to a vesting of 100%.

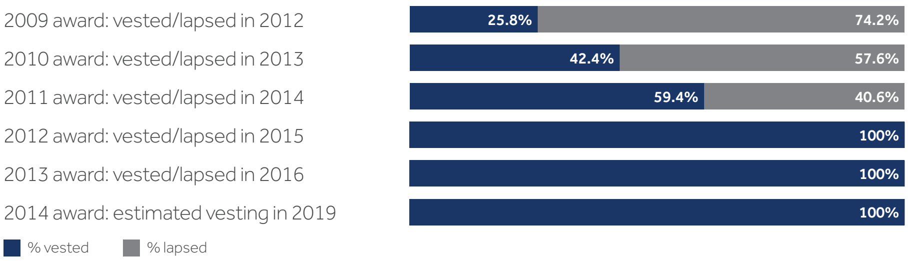
The value of the LTIP for the year ended 31 March 2017 is estimated using the number of options expected to vest in November 2019 and the share price at 31 March 2017 of €82.12 (£70.25) less the amount payable to purchase the shares (i.e. the exercise cost).

2016
The LTIP awards granted in November 2013 vested in December 2016 (three years after the grant date). The extent of vesting was based on TSR performance (60% of the total award) and EPS performance (40% of the total award) over the three-year period ended 31 March 2016. An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 250 peer group over a 36-month period to 31 March 2016. The result ranked DCC at the 99th percentile, in the upper quartile in TSR performance, which gave rise to a vesting of 60% of the total award. DCC's adjusted EPS increased by 15.8% annualised over the three-year period. CPI decreased by an annualised 0.3% over the same period. This gave rise to a vesting of 40% of the total award. Consequently, the Remuneration Committee determined that 100% of the 2013 awards had vested.

The value of the LTIP for the year ended 31 March 2017 is based on the number of options which vested in December 2016 and the share price at the date of vesting of €70.55 (£58.90) less the amount payable to purchase the shares (i.e. the exercise cost). These final values differ from those shown in the 2016 Annual Report, which were based upon estimated vesting of 100% and the share price as at 31 March 2016.

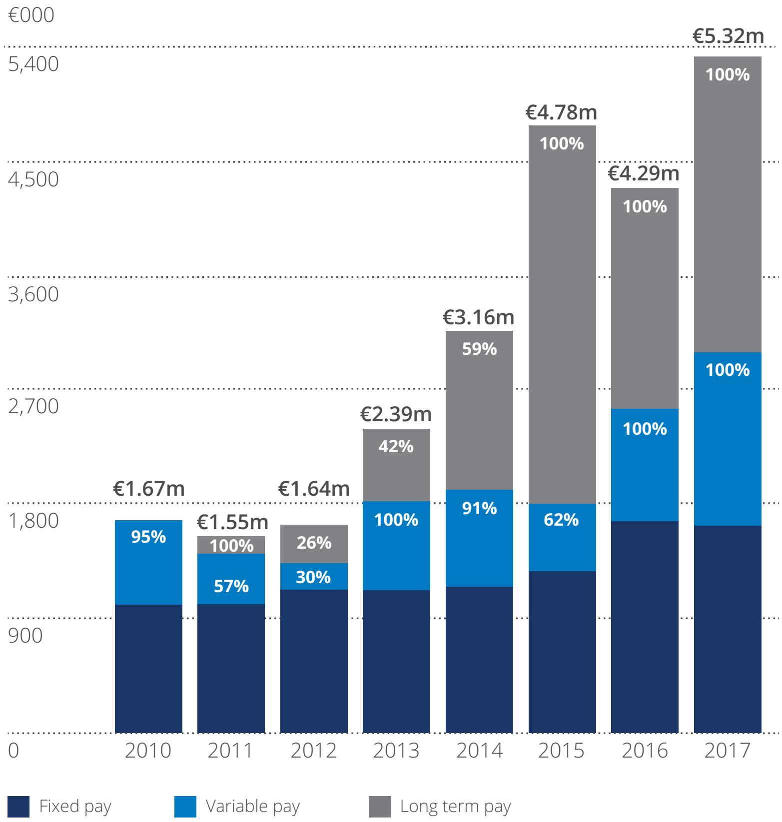
LTIP – Vesting

The extent of vesting of awards made under the LTIP since its introduction in 2009 is set out in the table below.



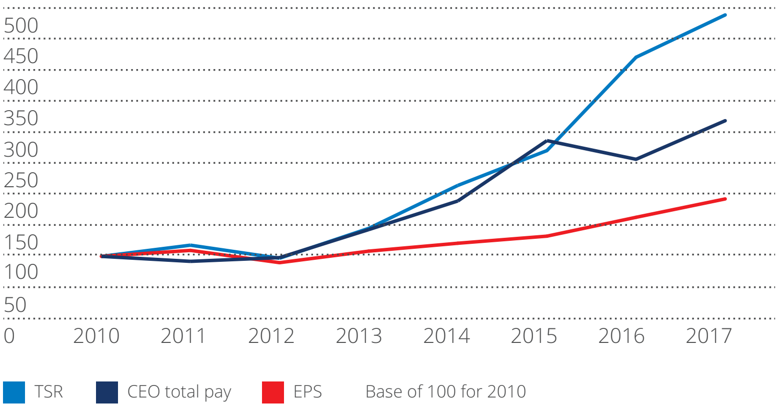
Chief Executive's Remuneration

The charts below show the total remuneration for the Chief Executive for the eight years from 1 April 2009 to 31 March 2017 and map the total remuneration against the eight-year trend in EPS and TSR, using a base of 100 for 2010 for comparator purposes.



Notes:
1. Fixed pay comprises salary, benefits and retirement benefit expense.
2. Variable pay comprises the annual bonus; the percentage shown is the value of the bonus paid as a percentage of the maximum opportunity.
3. Long term pay comprises the value of awards under the DCC plc 1998 Employee Share Option Scheme (for 2010 and 2011) and the DCC plc Long Term Incentive Plan 2009 (for 2012 to 2017); the percentage shown is the value of the awards vested as a percentage of the maximum opportunity (actual vesting for 2010 to 2016 and estimated vesting for 2017).

Remuneration Report continued



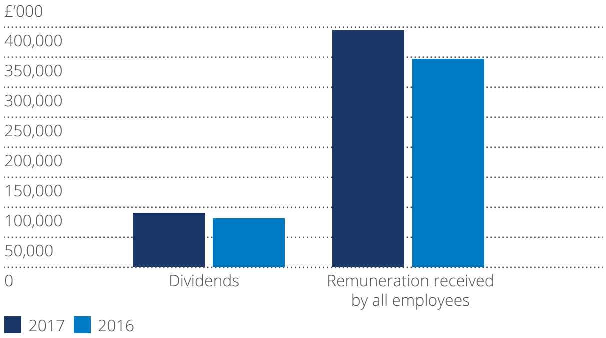
The percentage change in the elements of remuneration for the Chief Executive between the year ended 31 March 2017 and the year ended 31 March 2016 is as follows:

Salary	+3%
Benefits	+15%
Bonus	+54%

The combined percentage change was 30%. There was a 6% increase in the total average employment costs in respect of employees in the Group as a whole between the years ended 31 March 2017 and 31 March 2016.

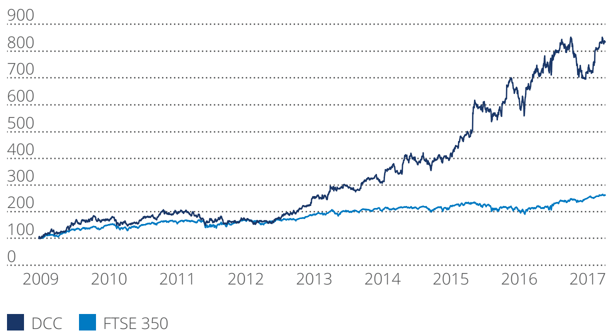
Relative Importance of Spend on Pay

The chart below sets out the amount paid in remuneration to all employees of the Group compared to dividends to shareholders, for 2017 and 2016.



Total Shareholder Return

The chart below shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2009, relative to the FTSE 350 index. Total Shareholder Return over the last five years and ten years is set out on the charts on page 82.



Policy on External Board Appointments
Executive Directors may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience.

The fees received for such roles may be retained by the executive Directors. Tommy Breen took up the position of non-executive director of Essentra plc on 23 April 2015 and retains the annual fee of £52,000.

Non-executive Directors' Remuneration Details
The remuneration paid to non-executive Directors for the year ended 31 March 2017 is set out in the table below. Non-executive Directors are paid a basic fee. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Senior Independent Director.

The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board.

The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.

	Basic Fee		Committee Chair and Membership Fees		Chairman/Senior Independent Director Fees		France Advisory Board Fee		Audited Total	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Non-executive Directors										
John Moloney	**70**	65	**8**	8	**165**	152	**–**	–	**243**	225
Róisín Brennan[1]	**53**	65	**4**	8	**–**	–	**–**	–	**57**	73
David Byrne[2]	**21**	65	**2**	8	**10**	35	**–**	–	**33**	108
Emma FitzGerald[3]	**21**	–	**1**	–	**–**	–	**–**	–	**22**	–
David Jukes	**70**	65	**8**	8	**–**	–	**–**	–	**78**	73
Pamela Kirby	**70**	65	**7**	5	**–**	–	**–**	–	**77**	70
Jane Lodge	**70**	65	**20**	20	**–**	–	**–**	–	**90**	85
Cormac McCarthy[4]	**62**	–	**7**	–	**–**	–	**–**	–	**69**	–
Leslie Van de Walle[5]	**70**	65	**24**	24	**3**	–	**20**	10	**117**	99
	507	455	**81**	81	**178**	187	**20**	10	**786**	733
Ex gratia pension to dependant of retired Director[6]									**0**	3
Total									**786**	736

Notes:
1. Róisín Brennan retired as a non-executive Director on 14 December 2016.
2. David Byrne retired as a non-executive Director on 15 July 2016.
3. Emma FitzGerald was appointed as a Director and a member of the Remuneration Committee on 14 December 2016.
4. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.
5. Since 1 October 2015, Leslie Van de Walle is being paid an additional €20,000 per annum in respect of his membership of the France Advisory Board.
6. The dependant of the retired Director passed away in June 2015.

Remuneration Report continued

The non-executive Director fee structure for the year to 31 March 2018 is set out below:

	€
Chairman (to include basic and Committee fees)	300,000
Basic Fee	70,000
Committee Fees:	
Audit	8,000
Nomination and Governance	3,000
Remuneration	5,000
Additional Fees:	
Audit Committee Chairman	12,000
Remuneration Committee Chairman	7,500
Senior Independent Director Fee	12,000

There was no change to the basic fee of €70,000 for non-executive Directors for the year commencing 1 April 2017. The total fee for the Chairman increased from €242,500 to €300,000 with effect from 1 April 2017, as outlined on page 83.

Total Directors' Remuneration

	Audited Total	
	2017 €'000	2016 €'000
Executive Directors		
Salary	**1,691**	1,630
Bonus	**3,044**	1,777
Benefits	**195**	159
Retirement Benefit Expense	**1,436**	1,508
LTIP	**5,122**	3,474
Total executive Directors' remuneration	**11,488**	8,548
Non-executive Directors		
Fees	**786**	733
Total non-executive Directors' remuneration	**786**	733
Ex gratia payment to dependant of retired Director	**0**	3
Total Directors' remuneration	**12,274**	9,284

Executive and Non-executive Directors' and Company Secretary's Interests

The interests of the Directors and the Company Secretary (including shares held by connected persons) in the share capital of DCC plc at 31 March 2017 (together with their interests at 31 March 2016) are set out below:

	No. of Ordinary Shares At 31 March 2017	No. of Ordinary Shares At 31 March 2016
Directors		
John Moloney	**2,000**	2,000
Tommy Breen	**221,574**	220,744
Róisín Brennan[1]	**–**	–
David Byrne[2]	**1,200**	1,200
Emma FitzGerald[3]	**148**	–
David Jukes	**94**	94
Pamela Kirby	**2,500**	2,500
Jane Lodge	**3,000**	3,000
Cormac McCarthy[4]	**1,200**	–
Donal Murphy	**93,532**	90,913
Fergal O'Dwyer	**208,889**	208,889
Leslie Van de Walle	**670**	670
Company Secretary		
Gerard Whyte	**155,000**	150,000

1. Róisín Brennan retired from the Board on 14 December 2016. Her holding is at the date of her leaving.
2. David Byrne retired from the Board on 15 July 2016. His holding is at the date of his leaving.
3. Emma FitzGerald was appointed as a Director on 14 December 2016.
4. Cormac McCarthy was appointed as a Director on 16 May 2016.

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 2017.

There were no changes in the above Directors' and Secretary's interests between 31 March 2017 and 15 May 2017.

The shareholdings held by the executive Directors are substantially in excess of the share ownership guidelines in place, which are set out on page 92 of this Report.

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

Remuneration Report continued

Deferred Shares

The current Remuneration Policy, which applied to the year ended 31 March 2017, states that 33% of any bonus earned by all executive Directors, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years or on their employment terminating if earlier, together with accrued dividends.

The former Remuneration Policy, which applied to the years ended 31 March 2016, 31 March 2015 and 31 March 2014, states that in regard to Mr. Breen (only), any actual bonus earned in excess of 100% of salary, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to him after three years, or on his employment terminating if earlier, together with accrued dividends.

The table below shows what Mr. Breen received in deferred shares in respect of the years ended 31 March 2016, 2015 and 2014.

Deferred Shares – Tommy Breen

Year ended	Net value of deferred bonus[1]	Number of shares	Share price	Release date
31 March 2016	€70,752	830	£65.24 (€85.26)	May 2019
31 March 2015[2]	–	–	–	–
31 March 2014	€31,200	744	£33.53 (€41.94)	November 2017

Notes:
1. The net value of the deferred bonus is calculated by deducting tax and social security contributions from the gross value of the deferred bonus.
2. No deferred bonus was payable to Mr. Breen for the year ended 31 March 2015 as the bonus earned was 74.4% of salary and therefore did not exceed 100% of salary.

The bonuses for the year ended 31 March 2017 for each of the executive Directors amounted to 180% of salary. For Mr. O'Dwyer and Mr. Murphy, 33% of their bonuses earned for the year ended 31 March 2017, once the appropriate tax and social security deductions have been made, will be invested in DCC shares. As noted earlier, as Mr. Breen is retiring on 14 July 2017 and to avoid administrative costs deferral will not apply to his 2016/'17 bonus.

Executive Directors' and Company Secretary's Long Term Incentives

DCC plc Long Term Incentive Plan 2009

Details of the executive Directors' and the Company Secretary's awards, in the form of nominal cost (€0.25) options, under the DCC plc Long Term Incentive Plan 2009 are set out in the table below:

	Number of options									
	At 31 March 2016	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2017**	Date of grant	Market price on grant	Three-year performance period end	Exercise period	Market price at date of exercise £
Executive Directors										
Tommy Breen	13,887	–	(13,887)	–	**0**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016	£65.10
	16,760	–	(16,760)	–	**0**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	£65.10
	28,526	–	–	–	**28,526**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	37,070	–	–	–	**37,070**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	24,706	–	–	–	**24,706**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	28,406	–	–	–	**28,406**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	18,140		–	–	**18,140**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	–	19,068	–	–	**19,068**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	167,495	**19,068**	**(30,647)**	**–**	**155,916**					
Fergal O'Dwyer	6,034	–	(6,034)	–	**0**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016	£65.10
	8,011	–	–	–	**8,011**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,647	–	–	–	**12,647**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	17,481	–	–	–	**17,481**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	11,138	–	–	–	**11,138**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	–	11,707	–	–	**11,707**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	86,547	**11,707**	**(6,034)**	**–**	**92,220**					
Donal Murphy	5,456	–	(5,456)	–	**0**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016	£65.10
	8,011	–	–	–	**8,011**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,059	–	–	–	**12,059**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	16,686	–	–	–	**16,686**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	10,830		–	–	**10,830**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	–	11,707	–	–	**11,707**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	84,278	**11,707**	**(5,456)**	**–**	**90,529**					
Company Secretary										
Gerard Whyte	3,666	–	(3,666)	–	**0**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	£65.10
	6,240	–	–	–	**6,240**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	8,109	–	–	–	**8,109**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	5,559	–	–	–	**5,559**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	5,834	–	–	–	**5,834**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	3,574	–	–	–	**3,574**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	–	3,758	–	–	**3,758**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	32,982	**3,758**	**(3,666)**	**–**	**33,074**					

Remuneration Report continued

As at 31 March 2017, the total number of options granted under the LTIP, net of options lapsed, amounted to 1.2% of issued share capital, of which 0.9% is currently outstanding.

The extent of vesting of the LTIP awards which were granted in February 2017 will be based on the three-year performance period from 1 April 2016 to 31 March 2019. The ranges set by the Remuneration Committee in respect of these performance conditions were set out at page 94 of the 2016 Annual Report.

DCC plc 1998 Employee Share Option Scheme

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

	Number of options								Options exercised in year	
	At 31 March 2016	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2017**	Date of grant	Option price	Exercise Period	Option price €	Market price at date of exercise £
Executive Directors										
Tommy Breen	15,000	–	(15,000)	–	**0**	23.06.06	€18.05	23 Jun 2009 – 22 Jun 2016	€18.05	£65.10
	40,000	–	–	–	**40,000**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	20,000	–	–	–	**20,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	75,000	**–**	**(15,000)**	**–**	**60,000**					
Fergal O'Dwyer	10,000	–	(10,000)	–	**0**	23.06.06	€18.05	23 Jun 2009 – 22 Jun 2016	€18.05	£65.10
	22,500	–	–	–	**22,500**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	47,500	**–**	**–**	**–**	**37,500**					
Donal Murphy	15,000	–	–	–	**15,000**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	30,000	**–**	**–**	**–**	**30,000**					
Company Secretary										
Gerard Whyte	10,000	–	(10,000)	–	**0**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	€23.35	£65.10
	10,000	–	–	–	**10,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	20,000	**–**	**–**	**–**	**10,000**					

The ten-year period during which share options could be granted under the DCC plc 1998 Employee Share Option Scheme expired in June 2008. Over the life of the Scheme, the total number of basic and second tier options granted, net of options lapsed, amounted to 7.1% of issued share capital, of which 0.2% is currently outstanding.

There are no second tier options outstanding under this Scheme.

The basic tier options cannot 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 can 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 could 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.

The market price of DCC shares on 31 March 2017 was £70.25 and the range during the year was £58.60 to £72.20.

Additional information in relation to the DCC plc Long Term Incentive Plan 2009 and the DCC plc 1998 Employee Share Option Scheme appears in note 2.5 on pages 132 to 134.

For the purposes of Section 305 of the Companies Act 2014 (Ireland), the aggregate gains by Directors on the exercise of share options during the year ended 31 March 2017 was €5.273 million (2016: €1.214 million).

Share Ownership Guidelines

The shareholdings held by the executive Directors as at 31 March 2017, as shown below, are substantially in excess of the guidelines set out on page 92.

Executive	Number of shares held as at 31 March 2017	Shareholding as a multiple of base salary for the year ended 31 March 2017	Share ownership guideline
Tommy Breen	221,574	24.0	3.0
Fergal O'Dwyer	208,889	36.8	2.0
Donal Murphy	93,532	16.5	2.0

The shareholdings in the table comprise only the shares held by the executive Directors. Unvested and unexercised share options are not included. The shareholdings are calculated based on the share price at 31 March 2017 of £70.25 (€82.12).

Governance

Annual Evaluation of Performance

As detailed on page 72, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. Following an externally facilitated evaluation process in 2015, the process was internally facilitated in 2016 and again in 2017. The conclusion from the 2017 process was that the performance of the Remuneration Committee and of the Chairman of the Committee were satisfactory and that no changes were necessary to the Committee's Terms of Reference.

Reporting

The Chairman of the Remuneration Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the report on the Committees' activities and matters within the scope of the Committee's responsibilities.

External Advice

During the year, the Committee engaged in a tender process for the external remuneration advisor to the Committee. A number of detailed proposals were considered by the Committee and oral presentations were made to a sub-committee comprising the Chairman of the Remuneration Committee, the Chief Executive, the Head of Group HR and the Company Secretary. Following the process, the Committee unanimously agreed to reappoint Willis Towers Watson as independent external remuneration advisors to the Committee.

During the year, Willis Towers Watson provided advice in relation to market trends, competitive positioning and developments in remuneration policy and practice. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is indeed objective and independent.

In the year ended 31 March 2017, Willis Towers Watson received fees of €105,500 in respect of advice provided to the Committee in regard to executive Director remuneration. Willis Towers Watson also provided services to the Group on market trends, incentive design, the Remuneration Report and in relation to the LTIP.

In the year ended 31 March 2017, Mercer received fees of €36,383 as pension advisors to the Committee. Mercer also provides specific advice on pension practice and developments and act as actuaries and pension advisors to a number of companies in the Group.

2016 Annual General Meeting Votes on Annual Report on Remuneration

Vote	Total votes cast	Total votes for	Total votes against	Total abstentions
Advisory vote on 2016 Remuneration Policy	69,543,100	68,787,674	755,426	51,054
		(98.9%)	(1.1%)	
Advisory vote on 2016 Annual Report on Remuneration	68,749,235	68,424,425	324,810	844,919
		(99.5%)	(0.5%)	

This table shows the voting outcome at the 2016 AGM in relation to the Remuneration Policy and the Annual Report on Remuneration.

Report of the Directors

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2017.

Principal Activities
DCC plc is an international sales, marketing and support services group headquartered in Dublin with operations in Britain, Continental Europe and Ireland. DCC has four divisions – DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental. DCC employs over 11,000 people in 15 countries. DCC's shares are listed on the London Stock Exchange and are included in the FTSE 100 Index.

Results and Review of Activities
Revenue for the year (on a continuing basis) amounted to £12,269.8 million (2016: £10,447.6 million). The profit for the year attributable to owners of the Parent amounted to £216.2 million (2016: £178.0 million). Adjusted earnings per share (on a continuing basis) amounted to 303.7 pence (2016: 257.1 pence). Further details of the results for the year are set out in the Group Income Statement on page 117.

The Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 9, the Operating Reviews on pages 36 to 57 and the Financial Review on pages 18 to 26 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 2017, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in note 5.8 on page 179.

Dividends
An interim dividend of 37.17 pence per share, amounting to £32.41 million, was paid on 12 December 2016. The Directors recommend the payment of a final dividend of 74.63 pence per share, amounting to £66.28 million (based on the number of shares in issue at 15 May 2017). Subject to shareholders' approval at the Annual General Meeting on 14 July 2017, this dividend will be paid on 20 July 2017 to shareholders on the register on 26 May 2017. The total dividend for the year ended 31 March 2017 amounts to 111.80 pence per share, a total of £98.69 million. This represents an increase of 15% on the prior year's total dividend per share.

The profit attributable to owners of the Parent, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2017 are shown in note 4.3 on page 165.

Share Capital and Treasury Shares
DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each, of which 88,816,361 shares (excluding treasury shares) and 3,613,043 treasury shares were in issue at 31 March 2017. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.

The number of shares held as treasury shares at the beginning of the year (and the maximum number held during the year) was 3,903,820 (4.41% of the then issued share capital (including treasury shares)) with a nominal value of €0.976 million.

A total of 290,777 shares (0.33% of the issued share capital (including treasury shares)) with a nominal value of €0.073 million were re-issued during the year at prices ranging from €0.25 to €23.35 consequent to the exercise of share options under the DCC plc 1998 Employee Share Option Scheme and the DCC plc Long-Term Incentive Plan 2009, leaving a balance held as treasury shares at 31 March 2017 of 3,613,043 shares (4.07% of the issued share capital (including treasury shares)) with a nominal value of €0.903 million.

At the Annual General Meeting ('AGM') held on 15 July 2016, the Company was granted authority to purchase up to 8,875,727 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.218 million. This authority has not been exercised and will expire on 14 July 2017, the date of the next AGM of the Company.

At the AGM held on 15 July 2016, the Directors were given authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.40 million, representing approximately one third of the issued share capital (excluding treasury shares) of the Company. They were also given authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares) of the Company.

These authorities have not been exercised and will expire on 14 July 2017, the date of the next AGM of the Company.

At the 2017 AGM, in addition to the authority to buy back shares referred to above, the Directors will seek authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.42 million representing approximately one third of the issued share capital (excluding treasury shares).

The Directors will 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 issued share capital (excluding treasury shares).

In addition, the Directors will seek authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and will only be used in connection with an acquisition or other capital investment which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The figure of 10% reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the 'Statement of Principles'). The Directors will have due regard to the Statement of Principles in relation to any exercise of this power and in particular:

- as regards the first 5%, the Directors will take account of the requirement for advance consultation and explanation before making any non-pre-emptive cash issue pursuant to this resolution which exceeds 7.5% of the Company's issued share capital in any rolling three year period; and
- as regards the second 5%, the Directors confirm that they intend to use this power only in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles from time to time) which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Details of the share capital of the Company are set out in note 4.1 on page 163 and are deemed to form part of this Report.

Principal Risks and Uncertainties
Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007, DCC is required to give a description of the principal risks and uncertainties facing the Group. These are addressed in the Risk Report on pages 12 to 17.

Directors
The names of the Directors and a short biographical note on each Director appear on page 65. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each Annual General Meeting. With the exception of Tommy Breen, who has a service agreement with a notice period of 12 months, none of the other 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 Remuneration Report on pages 81 to 107.

Corporate Governance
The Corporate Governance Statement on pages 68 to 72 sets out the Company's appliance of the principles and compliance with the provisions of the UK Corporate Governance Code and the Group's system of risk management and internal control. The Corporate Governance Statement shall be treated as forming part of this Report.

DCC plc is fully compliant with the 2014 version of the UK Corporate Governance Code, which applied to the Company for the year ended 31 March 2017.

For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, details concerning the appointment and the re-election of Directors are set out in the Corporate Governance Statement.

General Meetings
The Company's AGM provides shareholders the opportunity to question the Chairman, the Board and the Chairmen of the Audit, Remuneration and Nomination and Governance Committees. The Chief Executive presents at the AGM on the Group's business and its performance during the prior year and answers questions from shareholders.

Notice of the AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the AGM. At the AGM, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. 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.

If validly requested, resolutions can be voted by way of a poll. In a poll, the votes of shareholders present and voting at the AGM are added to the proxy votes received in advance of the AGM and the total number of votes for, against and withheld for each resolution are announced.

All other general meetings are called Extraordinary General Meetings ('EGM'). An EGM called for the passing of a special resolution must be called by at least 21 clear days' notice.

A quorum for an AGM or an EGM of the Company is constituted by three shareholders, present in person, by proxy or by a duly authorised representative in the case of a corporate member. The passing of resolutions at a general meeting, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote on some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting.

A shareholder or a group of shareholders, holding at least 5% of the issued share capital of the Company, have the right to requisition a general meeting. A shareholder or a group of shareholders, holding at least 3% of the issued share capital, have the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of a general meeting.

The 2017 AGM will be held at 11.00 a.m. on 14 July 2017 at the InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

Report of the Directors continued

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers.

The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website, www.dcc.ie.

Transparency Rules

As required by SI 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007, the following sections of the Annual Report shall be treated as forming part of this Report: the Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 9, the Operating Reviews on pages 36 to 57, the Financial Review on pages 18 to 26, the Principal Risks and Uncertainties on pages 12 to 17, the earnings per ordinary share in note 2.12 on page 141, the Key Performance Indicators on page 10 and the derivative financial instruments in note 3.9 on page 150.

Substantial Holdings

The Company has been notified of the following shareholdings of 3% or more in the issued share capital (excluding treasury shares) of the Company as at 31 March 2017 and 15 May 2017:

	As at 31 March 2017		As at 15 May 2017	
	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)
FMR LLC and FIL Limited on behalf of its direct and indirect subsidiaries*	9,224,831	10.39%	9,230,534	10.39%
Blackrock*	7,268,570	8.18%	7,488,150	8.43%
Allianz*	4,632,327	5.22%	4,573,725	5.15%
The Capital Group Companies, Inc.*	4,538,600	5.11%	4,647,200	5.23%
Mawer*	3,330,666	3.75%	3,313,074	3.73%
Legal and General*	2,844,437	3.20%	2,796,861	3.15%
Jim Flavin	2,680,000	3.02%	2,680,000	3.02%

* Notified as non-beneficial interests.

Principal Subsidiaries and Joint Ventures

Details of the Company's principal operating subsidiaries and joint ventures are set out on pages 196 to 199.

Research and Development

Certain Group companies are involved in ongoing development work aimed at improving the quality, competitiveness, technology and range of their products.

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 281 to 285 of the Companies Act, 2014, 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, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Takeover Regulations

The Company has certain financing facilities which may require repayment in the event that a change in control occurs with respect to the Company. In addition, the Company's long-term incentive plans contain change of control provisions which can allow for the acceleration of the exercise of share options or awards in the event that a change-of-control occurs with respect to the Company.

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors confirm that there is a Compliance Policy Statement in place, as defined in section 225(3)(a) of the Companies Act 2014.

The Directors confirm that the arrangements and structures that have been put in place are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations and that these arrangements and structures were reviewed by the Company during the financial year.

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of persons employed by the Company and of third parties, whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Audit Committee
The Company has an Audit Committee, the members of which are set out on page 77.

Disclosure of Information to the Auditors
Each of the Directors individually confirm that:
- In so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- That they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors
The auditors, KPMG, will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381(1) (b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the auditors will be proposed at the 2017 AGM.

John Moloney, Tommy Breen
Directors
15 May 2017

Financial Statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements each year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group and Parent Company's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union, and as regards the Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC0) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Parent Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provision of the Companies Act 2014. They are also responsible for safeguarding the assets of the Parent Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Parent Company's website (www.dcc.ie). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code
Each of the Directors, whose names and functions are listed on page 65 of this Annual Report, confirm that, to the best of each person's knowledge and belief:
- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Parent Company financial statements prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Parent Company at 31 March 2017 and of the profit or loss of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Moloney
Non-executive Chairman

Tommy Breen
Chief Executive

Independent Auditors' Report to the Members of DCC plc

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of DCC plc for the year ended 31 March 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2017 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the Group financial statements, the risk of material misstatement that had the greatest effect on our Group audit was as follows:

Valuation of goodwill and intangible assets £1,423 million (2016: £1,297 million)

As described in the Group Accounting Policies in note 5.9 and the Intangible Asset note 3.2, the Group had £1,031 million of goodwill and £392 million of customer and brand related intangible assets at year end.

The risk

The Group has significant goodwill and intangible assets arising from acquisitions. There is a risk that the carrying amounts of goodwill and intangible assets will be more than the estimated recoverable amount. The recoverable amount of goodwill and intangible assets is arrived at by forecasting and discounting future cash flows to determine value in use for each Cash Generating Unit ('CGU'). These cash flows are inherently highly judgemental and rely on certain key assumptions including:
- future trading performance;
- future long-term growth rates; and
- discount rates.

Our response

We considered the key judgements made by the Directors in the cash flow forecasts used in the determination of the values in use for each CGU. We also considered the manner in which CGU's were identified. We assessed the Group's cash flow forecast models calculations by:
- checking the mathematical accuracy of the model;
- considering the historical accuracy of the Group's forecasts;
- assessing the appropriateness of the discount rates applied in determining the value in use of each CGU;
- assessing the reasonableness of the assumptions regarding future profitability and the long-term economic growth rates applied by the Directors;
- performing an overall evaluation of the individual CGU discounted cash flow models based on our knowledge of the Group, our reading of the Group's Strategic Plan combined with external data which we considered relevant; and
- reading the description of the impairment testing of goodwill and intangible assets set out in note 3.2 to the financial statements.

Our procedures in respect of this risk were performed as planned. We concluded that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate and no impairment provisions were identified as a result of the audit work performed.

3. Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at £14 million (2016: £12 million). This has been calculated as 5% of the benchmark of expected group profit before taxation and exceptional items of £280 million (2016: £240 million) (this estimated figure is based upon discussion with management), which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.7 million in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

All of the Group's reporting components were subjected to audits for group reporting purposes.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components which ranged from £1.5 million to £5 million, having regard to the mix of size and risk profile of the Group across the components. The work on all components was performed by component auditors.

The Group audit team visited all significant components in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. We have nothing to report on the disclosures of principal risks
Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:
- the Directors' Corporate Governance Statement on pages 68 to 72, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over three years to 31 March 2020; or
- the disclosures in note 1.1 of the financial statements concerning the use of the going concern basis of accounting.

5. We have nothing to report in respect of the matters on which we are required to report by exception
ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:
- we have identified any inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider the Annual Report and financial statements as a whole is fair, balanced and understandable and provides information necessary for shareholders to assess the entity's position and performance, business model and strategy; or
- the Audit Committee report does not appropriately disclose those matters that we communicated to the Audit Committee.

The Listing Rules of the London Stock Exchange require us to review:
- the Directors' Corporate Governance Statement, set out on page 14, in relation to going concern and longer term viability; and
- the part of the Corporate Governance Statement on pages 68 to 72 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

In addition, the Companies Act requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

6. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below
We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

Independent Auditors' Report to the Members of DCC plc
Continued

In addition we report, in relation to information given in the Corporate Governance Statement on pages 68 to 72, that:
- based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014; and
  - the Corporate Governance Statement contains the information required by the Companies Act 2014.

Basis of our report, responsibilities and restrictions on use
As explained more fully in the Statement of Directors' Responsibilities set out on page 113, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs)(UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ruaidhri Gibbons
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

15 May 2017

Group Income Statement
For the year ended 31 March 2017

		2017			Restated* 2016		
	Note	Pre exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000
Continuing operations							
Revenue	2.1	**12,269,802**	**–**	**12,269,802**	10,447,630	–	10,447,630
Cost of sales		**(11,006,805)**	**–**	**(11,006,805)**	(9,437,643)	–	(9,437,643)
Gross profit		**1,262,997**	**–**	**1,262,997**	1,009,987	–	1,009,987
Administration expenses		**(323,320)**	**–**	**(323,320)**	(280,541)	–	(280,541)
Selling and distribution expenses		**(605,182)**	**–**	**(605,182)**	(455,769)	–	(455,769)
Other operating income	2.2	**28,297**	**1,879**	**30,176**	25,124	13,609	38,733
Other operating expenses	2.2	**(17,787)**	**(38,176)**	**(55,963)**	(13,456)	(27,261)	(40,717)
Operating profit before amortisation of intangible assets	2.1	**345,005**	**(36,297)**	**308,708**	285,345	(13,652)	271,693
Amortisation of intangible assets	2.1	**(39,130)**	**–**	**(39,130)**	(31,146)	–	(31,146)
Operating profit		**305,875**	**(36,297)**	**269,578**	254,199	(13,652)	240,547
Finance costs	2.7	**(72,910)**	**–**	**(72,910)**	(64,790)	(9,419)	(74,209)
Finance income	2.7	**40,973**	**10,101**	**51,074**	35,962	–	35,962
Share of equity accounted investments' profit after tax	2.8	**712**	**–**	**712**	504	–	504
Profit before tax		**274,650**	**(26,196)**	**248,454**	225,875	(23,071)	202,804
Income tax expense	2.9	**(44,113)**	**(1,756)**	**(45,869)**	(33,707)	710	(32,997)
Profit for the year from continuing operations		**230,537**	**(27,952)**	**202,585**	192,168	(22,361)	169,807
Profit for the year from discontinued operations	2.10	**15,160**	**–**	**15,160**	12,224	(988)	11,236
Profit after tax for the financial year		**245,697**	**(27,952)**	**217,745**	204,392	(23,349)	181,043
Profit attributable to:							
Owners of the Parent				**216,197**			178,031
Non-controlling interests				**1,548**			3,012
				217,745			181,043
Earnings per ordinary share							
Basic earnings per share	2.12			**243.64p**			202.64p
Diluted earnings per share	2.12			**242.00p**			201.02p
Basic adjusted earnings per share	2.12			**303.68p**			257.14p
Diluted adjusted earnings per share	2.12			**301.63p**			255.07p
Earnings per ordinary share – continuing operations							
Basic earnings per share	2.12			**226.56p**			189.85p
Diluted earnings per share	2.12			**225.04p**			188.33p
Basic adjusted earnings per share	2.12			**286.59p**			242.78p
Diluted adjusted earnings per share	2.12			**284.66p**			240.83p

* See note 2.10.

Group Statement of Comprehensive Income
For the year ended 31 March 2017

	Note	**2017 £'000**	Restated 2016 £'000
Group profit for the financial year		**217,745**	181,043
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation		**37,084**	37,971
Movements relating to cash flow hedges		**(6,803)**	2,230
Movement in deferred tax liability on cash flow hedges	3.12	**1,334**	120
		31,615	40,321
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.13	**(3,056)**	4,894
– movement in deferred tax asset	3.12	**413**	(570)
		(2,643)	4,324
Other comprehensive income for the financial year, net of tax		**28,972**	44,645
Total comprehensive income for the financial year		**246,717**	225,688
Attributable to:			
Owners of the Parent		**242,735**	220,411
Non-controlling interests		**3,982**	5,277
		246,717	225,688
Attributable to:			
Continuing operations		**230,199**	212,978
Discontinued operations		**16,518**	12,710
		246,717	225,688

Group Balance Sheet
As at 31 March 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**750,020**	739,503
Intangible assets	3.2	**1,422,572**	1,297,065
Equity accounted investments	3.3	**24,938**	22,139
Deferred income tax assets	3.12	**22,619**	21,285
Derivative financial instruments	3.9	**273,767**	209,518
		2,493,916	2,289,510
Current assets			
Inventories	3.4	**456,395**	393,948
Trade and other receivables	3.5	**1,222,597**	916,069
Derivative financial instruments	3.9	**18,233**	15,915
Cash and cash equivalents	3.8	**1,048,064**	1,182,034
		2,745,289	2,507,966
Assets classified as held for sale		**193,170**	–
		2,938,459	2,507,966
Total assets		**5,432,375**	4,797,476
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital	4.1	**15,455**	15,455
Share premium	4.1	**277,211**	277,211
Share based payment reserve	4.2	**18,146**	14,954
Cash flow hedge reserve	4.2	**(13,581)**	(8,112)
Foreign currency translation reserve	4.2	**105,537**	70,887
Other reserves	4.2	**932**	932
Retained earnings	4.3	**1,074,434**	948,316
Equity attributable to owners of the Parent		**1,478,134**	1,319,643
Non-controlling interests	4.4	**29,587**	30,833
Total equity		**1,507,721**	1,350,476
LIABILITIES			
Non-current liabilities			
Borrowings	3.10	**1,319,967**	1,260,421
Derivative financial instruments	3.9	**506**	343
Deferred income tax liabilities	3.12	**155,297**	133,646
Post employment benefit obligations	3.13	**29**	347
Provisions for liabilities	3.15	**255,650**	213,115
Acquisition related liabilities	3.14	**66,617**	81,411
Government grants	3.16	**261**	904
		1,798,327	1,690,187
Current liabilities			
Trade and other payables	3.6	**1,820,517**	1,437,832
Current income tax liabilities		**25,051**	45,172
Borrowings	3.10	**148,445**	192,804
Derivative financial instruments	3.9	**5,894**	8,401
Provisions for liabilities	3.15	**31,022**	31,373
Acquisition related liabilities	3.14	**28,300**	41,231
		2,059,229	1,756,813
Liabilities associated with assets classified as held for sale		**67,098**	–
		2,126,327	1,756,813
Total liabilities		**3,924,654**	3,447,000
Total equity and liabilities		**5,432,375**	4,797,476

John Moloney, Tommy Breen, Directors

Group Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Parent						
	Share capital (note 4.1) £'000	**Share premium (note 4.1) £'000**	**Retained earnings (note 4.3) £'000**	**Other reserves (note 4.2) £'000**	**Total £'000**	**Non-controlling interests (note 4.4) £'000**	**Total equity £'000**
At 1 April 2016	**15,455**	**277,211**	**948,316**	**78,661**	**1,319,643**	**30,833**	**1,350,476**
Profit for the financial year	**–**	**–**	**216,197**	**–**	**216,197**	**1,548**	**217,745**
Other comprehensive income:							
Currency translation	**–**	**–**	**–**	**34,650**	**34,650**	**2,434**	**37,084**
Group defined benefit pension obligations:							
– remeasurements	**–**	**–**	**(3,056)**	**–**	**(3,056)**	**–**	**(3,056)**
– movement in deferred tax asset	**–**	**–**	**413**	**–**	**413**	**–**	**413**
Movements relating to cash flow hedges	**–**	**–**	**–**	**(6,803)**	**(6,803)**	**–**	**(6,803)**
Movement in deferred tax liability on cash flow hedges	**–**	**–**	**–**	**1,334**	**1,334**	**–**	**1,334**
Total comprehensive income	**–**	**–**	**213,554**	**29,181**	**242,735**	**3,982**	**246,717**
Re-issue of treasury shares	**–**	**–**	**2,600**	**–**	**2,600**	**–**	**2,600**
Share based payment	**–**	**–**	**–**	**3,192**	**3,192**	**–**	**3,192**
Dividends	**–**	**–**	**(90,036)**	**–**	**(90,036)**	**(5,228)**	**(95,264)**
At 31 March 2017	**15,455**	**277,211**	**1,074,434**	**111,034**	**1,478,134**	**29,587**	**1,507,721**

For the year ended 31 March 2016

	Attributable to owners of the Parent						
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000	Non-controlling interests (note 4.4) £'000	Total equity £'000
At 1 April 2015	14,688	83,032	849,119	35,909	982,748	4,245	986,993
Profit for the financial year	–	–	178,031	–	178,031	3,012	181,043
Other comprehensive income:							
Currency translation	–	–	–	35,706	35,706	2,265	37,971
Group defined benefit pension obligations:							
– remeasurements	–	–	4,894	–	4,894	–	4,894
– movement in deferred tax asset	–	–	(570)	–	(570)	–	(570)
Movements relating to cash flow hedges	–	–	–	2,230	2,230	–	2,230
Movement in deferred tax liability on cash flow hedges	–	–	–	120	120	–	120
Total comprehensive income	–	–	182,355	38,056	220,411	5,277	225,688
Issue of share capital	767	194,179	–	–	194,946	–	194,946
Re-issue of treasury shares	–	–	2,781	–	2,781	–	2,781
Share based payment	–	–	–	2,198	2,198	–	2,198
Dividends	–	–	(80,938)	–	(80,938)	–	(80,938)
Non-controlling interest arising on acquisition	–	–	(5,001)	2,498	(2,503)	21,311	18,808
At 31 March 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476

Group Cash Flow Statement
For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	**546,870**	411,712
Exceptionals		**(31,269)**	(19,567)
Cash generated from operations		**515,601**	392,145
Interest paid		**(70,108)**	(64,432)
Income tax paid		**(62,180)**	(35,346)
Net cash flow from operating activities		**383,313**	292,367
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		**12,315**	13,523
Dividends received from equity accounted investments		**125**	365
Disposals of subsidiaries and equity accounted investments		**–**	4,173
Interest received		**40,966**	36,004
		53,406	54,065
Outflows:			
Purchase of property, plant and equipment		**(143,698)**	(134,172)
Acquisition of subsidiaries	5.2	**(203,327)**	(390,042)
Payment of accrued acquisition related liabilities	3.14	**(59,069)**	(3,913)
		(406,094)	(528,127)
Net cash flow from investing activities		**(352,688)**	(474,062)
Financing activities			
Inflows:			
Proceeds from issue of shares		**2,600**	197,727
Net cash inflow on derivative financial instruments		**14,212**	1,953
Increase in finance lease liabilities		**–**	59
		16,812	199,739
Outflows:			
Repayment of interest-bearing loans and borrowings		**(108,140)**	(14,832)
Repayment of finance lease liabilities		**(177)**	(151)
Dividends paid to owners of the Parent	2.11	**(90,036)**	(80,938)
Dividends paid to non-controlling interests		**(5,228)**	–
		(203,581)	(95,921)
Net cash flow from financing activities		**(186,769)**	103,818
Change in cash and cash equivalents		**(156,144)**	(77,877)
Translation adjustment		**38,929**	38,249
Cash and cash equivalents at beginning of year		**1,090,037**	1,129,665
Cash and cash equivalents at end of year	3.8	**972,822**	1,090,037
Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.8	**1,048,064**	1,182,034
Overdrafts	3.8	**(88,041)**	(91,997)
Cash and short-term deposits attributable to assets held for sale	3.8	**12,799**	–
		972,822	1,090,037

Notes to the Financial Statements

Notes to the financial statements provide additional information required by statute, accounting standards or Listing Rules. For clarity, each note begins with a simple introduction outlining the purpose of the note.

Section 1 Basis of Preparation

1.1 Statement of Compliance

International Financial Reporting Standards ('IFRS') require an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

The consolidated financial statements of DCC plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be construed as references to IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Parent Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income Statement and related notes that form part of the approved Parent Company financial statements. The Parent Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

The Going Concern Statement on page 14 forms part of the Group financial statements.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland.

1.2 Basis of Preparation

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

The consolidated financial statements, which are presented in sterling, rounded to the nearest thousand, have been prepared under the historical cost convention, as modified by the measurement at fair value of share-based payments, post employment benefit obligations and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2017 are set out in note 5.9. These policies have been applied consistently by the Group's subsidiaries and equity accounted investments 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 judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in note 1.4.

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations
There were no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the Group's consolidated financial statements.

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, the most significant of which are as follows:

- IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective date: DCC financial year beginning 1 April 2017). This amendment clarifies that deductible temporary differences arise from unrealised losses on debt instruments measured at fair value. This is regardless of whether the instrument is recovered through sale or by holding it to maturity or whether it is probable that the issuer will pay all contractual cash flows. Entities are therefore required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if all other recognition criteria for deferred taxes are met. Subject to EU endorsement, the Group will apply IAS 12 from its effective date. This amendment is not expected to have a significant impact on the Group's financial statements;
- IFRS 9 *Financial Instruments* (effective date: DCC financial year beginning 1 April 2018). This standard is designed to replace IAS 39 *Financial Instruments: Recognition and Measurement* and has been completed in a number of phases with the final version issued by the IASB in July 2014. The Standard includes requirements for recognition, measurement, impairment and de-recognition of financial instruments and general hedge accounting. The Group will apply IFRS 9 from its effective date. The Group is currently assessing the impact of IFRS 9 with the new standard likely to affect the Group's accounting for some financial instruments;

1.2 Basis of Preparation continued

- IFRS 15 *Revenue from Contracts with Customers* (effective date: DCC financial year beginning 1 April 2018). This standard will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. The Group will apply IFRS 15 from its effective date. This standard is not expected to have a significant impact on the Group's financial statements; and
- IFRS 16 *Leases* (effective date: DCC financial year beginning 1 April 2019). This standard will replace IAS 17 *Leases*. The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17 will remain largely unchanged. The main impact on lessees is that almost all leases will be recognised in the balance sheet as the distinction between operating and finance leases is removed for lessees. Instead, under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required. Subject to EU endorsement, the Group will apply IFRS 16 from its effective date. The Group is currently assessing the impact of IFRS 16.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

1.3 Basis of Consolidation

This section details how the Group accounts for the different types of interests it has in subsidiaries and equity accounted investments.

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

Equity accounted investments
The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Critical Accounting Estimates and Judgements

This section sets out the key areas of judgement and estimation that management has identified as having a potentially material impact on the Group's consolidated financial statements.

The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. In determining and applying accounting policies, judgement 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 and judgements:

Goodwill
The Group has capitalised goodwill of £1,030.5 million at 31 March 2017. 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 value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in note 3.2.

Notes to the Financial Statements continued

1.4 Critical Accounting Estimates and Judgements continued

Business Combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this 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.

Taxation

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgements 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.

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 the Group's 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.

Post Employment 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 £101.5 million at 31 March 2017. 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. At 31 March 2017 the Group has plan assets totalling £101.5 million. 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 3.13.

Cylinder and Tank Deposits Provisions

An obligation arises in DCC Energy's operations from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. The majority of this obligation will unwind over a 25-year timeframe but the exact timing and amount of ultimate settlement of this provision is not certain. Management judgement is involved and is based on a broad range of information and prior experience.

Environmental and Remediation Provisions

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The majority of the obligations will unwind over a 30-year timeframe but the exact timing and amount of ultimate settlement of these provisions is not certain. Management judgement is involved in evaluating currently available facts based on a broad range of information and prior experience. Inherent uncertainties exist in such evaluations which are outside of management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of the liability and are reassessed at each reporting date.

Section 2 Results for the Year

2.1 Segment Information

The Group is organised into three operating segments. This section provides information on the financial performance for the year on both a segmental and geographic basis.

Segmental analysis
DCC is an international sales, marketing and business support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as Mr. Tommy Breen, Chief Executive and his executive management team.

As announced on 5 April 2017, the Group entered into an agreement to dispose of its Environmental division. Following this change in the composition of operating segments, segmental reporting has been revised and the prior year segmental disclosures have been restated as required under IFRS 8.

The Group is organised into three operating segments: DCC Energy, DCC Healthcare and DCC Technology.

DCC Energy is the leading liquefied petroleum gas ('LPG') and oil sales and marketing business in Europe with a growing position in the retail petrol station market.

DCC Healthcare is a leading healthcare business, providing products and services to healthcare providers and health and beauty brand owners.

DCC Technology is a leading European sales, marketing and services partner for global technology brands.

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items. Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

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

Notes to the Financial Statements continued

2.1 Segment Information continued

The segment results for the year ended 31 March 2017 are as follows:

Income Statement items

Continuing operations	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
	Year ended 31 March 2017			
Segment revenue	**9,074,135**	**506,562**	**2,689,105**	**12,269,802**
Operating profit*	**254,941**	**48,944**	**41,120**	**345,005**
Amortisation of intangible assets	**(28,239)**	**(7,258)**	**(3,633)**	**(39,130)**
Net operating exceptionals (note 2.6)	**(20,487)**	**(2,695)**	**(13,115)**	**(36,297)**
Operating profit	**206,215**	**38,991**	**24,372**	**269,578**
Finance costs				**(72,910)**
Finance income				**51,074**
Share of equity accounted investments' profit after tax				**712**
Profit before income tax				**248,454**
Income tax expense				**(45,869)**
Profit for the year (continuing operations)				**202,585**

Continuing operations	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
	Year ended 31 March 2016 (restated)			
Segment revenue	7,515,308	490,617	2,441,705	10,447,630
Operating profit*	205,181	45,039	35,125	285,345
Amortisation of intangible assets	(21,381)	(7,138)	(2,627)	(31,146)
Net operating exceptionals (note 2.6)	(9,057)	5,859	(10,454)	(13,652)
Operating profit	174,743	43,760	22,044	240,547
Finance costs				(74,209)
Finance income				35,962
Share of equity accounted investments' profit after tax				504
Profit before income tax				202,804
Income tax expense				(32,997)
Profit for the year (continuing operations)				169,807

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

2.1 Segment Information continued

Balance Sheet items

	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Discontinued operations £'000	Total £'000
	As at 31 March 2017				
Segment assets	**2,544,481**	**404,029**	**903,074**	**–**	**3,851,584**
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					**24,938**
Derivative financial instruments (current and non-current)					**292,000**
Deferred income tax assets					**22,619**
Cash and cash equivalents					**1,048,064**
Assets classified as held for sale					**193,170**
Total assets as reported in the Group Balance Sheet					**5,432,375**
Segment liabilities	**1,396,331**	**109,234**	**601,644**	**–**	**2,107,209**
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					**1,468,412**
Derivative financial instruments (current and non-current)					**6,400**
Income tax liabilities (current and deferred)					**180,348**
Acquisition related liabilities (current and non-current)					**94,917**
Government grants (current and non-current)					**270**
Liabilities associated with assets classified as held for sale					**67,098**
Total liabilities as reported in the Group Balance Sheet					**3,924,654**

	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Discontinued operations £'000	Total £'000
	As at 31 March 2016				
Segment assets	2,081,687	370,170	716,227	178,501	3,346,585
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					22,139
Derivative financial instruments (current and non-current)					225,433
Deferred income tax assets					21,285
Cash and cash equivalents					1,182,034
Total assets as reported in the Group Balance Sheet					4,797,476
Segment liabilities	1,060,492	103,031	479,008	40,110	1,682,641
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					1,453,225
Derivative financial instruments (current and non-current)					8,744
Income tax liabilities (current and deferred)					178,818
Acquisition related liabilities (current and non-current)					122,642
Government grants (current and non-current)					930
Total liabilities as reported in the Group Balance Sheet					3,447,000

Notes to the Financial Statements continued

2.1 Segment Information continued

Other segment information

	Year ended 31 March 2017				
	DCC Energy £'000	**DCC Healthcare £'000**	**DCC Technology £'000**	**Discontinued operations £'000**	**Total £'000**
Capital expenditure – additions (note 3.1)	**93,528**	**7,799**	**37,749**	**7,851**	**146,927**
Capital expenditure – business combinations (note 3.1)	**7,595**	**50**	**620**	**–**	**8,265**
Depreciation (note 3.1)	**71,848**	**6,686**	**5,613**	**7,868**	**92,015**
Total consideration – business combinations (note 5.2)	**136,198**	**28,396**	**66,252**	**–**	**230,846**
Intangible assets acquired – business combinations (note 3.2)	**112,360**	**29,082**	**44,246**	**–**	**185,688**

	Year ended 31 March 2016				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Discontinued operations £'000	Total £'000
Capital expenditure – additions (note 3.1)	72,476	8,217	38,991	14,270	133,954
Capital expenditure – business combinations (note 3.1)	200,881	2,272	1,452	–	204,605
Depreciation (note 3.1)	54,707	6,207	6,192	7,716	74,822
Total consideration – business combinations (note 5.2)	413,068	20,292	38,192	9	471,561
Intangible assets acquired – business combinations (note 3.2)	472,393	17,210	22,872	9	512,484

Geographical analysis

The Group has a presence in 15 countries worldwide. The following represents a geographical analysis of the segment information presented above in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. Revenue from continuing operations is derived almost entirely from the sale of goods and is disclosed based on the location of the entity selling the goods. The analysis of non-current assets is based on the location of the assets. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

	Revenue		**Non-current assets***	
	2017 £'000	Restated 2016 £'000	**2017 £'000**	2016 £'000
Republic of Ireland (country of domicile)	**759,439**	639,149	**123,348**	132,892
United Kingdom	**7,239,193**	6,852,640	**985,717**	1,010,908
France	**2,402,290**	1,487,875	**869,895**	733,287
Other	**1,868,880**	1,467,966	**218,570**	181,620
	12,269,802	10,447,630	**2,197,530**	2,058,707

* Non-current assets comprise intangible assets, property, plant and equipment and equity accounted investments.

2.2 Other Operating Income/Expenses

This note provides an analysis of the amounts included for other operating income and expenses presented in the Group Income Statement.

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

	2017 £'000	Restated 2016 £'000
Other operating income		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	**1,659**	5,832
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	**2,424**	588
Throughput	**4,254**	4,778
Haulage	**3,177**	3,410
Rental income	**6,813**	6,997
Other operating income	**9,970**	3,519
	28,297	25,124
Other operating income included in net exceptional items	**1,879**	13,609
Total other operating income	**30,176**	38,733
Other operating expenses		
Expensing of employee share options and awards (note 2.5)	**(3,192)**	(2,198)
Fair value losses on non-hedge accounted derivative financial instruments – commodities	**(1,659)**	(5,951)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	**(2,051)**	(993)
Other operating expenses	**(10,885)**	(4,314)
	(17,787)	(13,456)
Other operating expenses included in net exceptional items	**(38,176)**	(27,261)
Total other operating expenses	**(55,963)**	(40,717)

Notes to the Financial Statements continued

2.3 Group Profit for the Year

The Group profit for the year includes some key amounts which are presented separately below.

Group profit for the year has been arrived at after charging/(crediting) the following amounts which include amounts relating to discontinued operations:

	Continuing operations 2017 £'000	**Discontinued operations 2017 £'000**	**Total 2017 £'000**	Continuing operations 2016 £'000	Discontinued operations 2016 £'000	Total 2016 £'000
Depreciation (note 3.1)	**84,206**	**7,809**	**92,015**	67,106	7,716	74,822
Amortisation of intangible assets (note 3.2)	**39,130**	**38**	**39,168**	31,146	476	31,622
Impairment of property, plant and equipment (note 3.1)	**1,164**	**–**	**1,164**	947	–	947
(Profit)/loss on sale of property, plant and equipment	**(58)**	**(115)**	**(173)**	232	183	415
Amortisation of government grants (note 3.16)	**(169)**	**(66)**	**(235)**	(337)	(82)	(419)
Foreign exchange gain	**(663)**	**(2)**	**(665)**	(1,066)	(15)	(1,081)
Operating lease rentals:						
– land and buildings	**33,946**	**512**	**34,458**	23,476	859	24,335
– plant and machinery	**946**	**1,753**	**2,699**	1,551	1,345	2,896
– motor vehicles	**12,792**	**1,726**	**14,518**	12,396	376	12,772
	47,684	**3,991**	**51,675**	37,423	2,580	40,003

During the year the Group obtained the following services from the Group's auditors (KPMG) which include amounts relating to discontinued operations:

	2017 £'000	2016 £'000
KPMG Ireland (statutory auditor):		
Audit fees	**1,000**	692
Tax compliance and advisory services	**189**	147
Other non-audit services	**–**	71
	1,189	910
Other KPMG network firms:		
Audit fees	**1,229**	1,038
Tax compliance and advisory services	**68**	356
	1,297	1,394

2.4 Employment

This section provides an analysis of the average number of employees in the Group by segment together with their related payroll expense for the year. Further information on the compensation of key management personnel is included in note 5.6, Related Party Transactions.

The average weekly number of persons (including executive Directors) employed by the Group in continuing and discontinued operations during the year, analysed by class of business, was:

	2017 Number	2016 Number
DCC Energy	**5,384**	5,264
DCC Healthcare	**2,023**	2,066
DCC Technology	**2,343**	2,125
Continuing operations	**9,750**	9,455
Discontinued operations (DCC Environmental)	**1,098**	1,047
	10,848	10,502

The employee benefit expense (excluding termination payments) for the above were:

	2017 £'000	2016 £'000
Wages and salaries	**393,132**	346,461
Social welfare costs	**56,109**	45,697
Share based payment expense (note 2.5)	**3,192**	2,198
Pension costs – defined contribution plans	**13,716**	12,119
Pension costs – defined benefit plans (note 3.13)	**(118)**	(668)
	466,031	405,807
The employee benefit expense is analysed as:		
Continuing operations	**427,323**	370,778
Discontinued operations	**38,708**	35,029
	466,031	405,807

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 81 to 107. Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 5.6.

Notes to the Financial Statements continued

2.5 Employee Share Options and Awards

Share options and awards are used to incentivise Directors and employees of the Group. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these share options and awards, based on the fair value of the share option/award at the grant date.

The Group's employee share options and awards 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 £3.192 million (2016: £2.198 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long-Term Incentive Plan 2009 and a binomial model, which is a lattice option-pricing model, for options issued under the DCC plc 1998 Employee Share Option Scheme.

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	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement 2017 £'000	Expense in Income Statement 2016 £'000
DCC plc Long-Term Incentive Plan 2009						
12 November 2012	€22.66	3 years	215,489	€12.09	**–**	405
12 November 2013	£28.54	3 years	153,430	£14.42	**467**	611
12 November 2014	£34.56	5 years	192,407	£26.96	**1,098**	745
17 November 2015	£57.35	5 years	131,455	£49.56	**1,503**	437
10 February 2017	£67.75	5 years	137,269	£54.17	**124**	–
Total expense					**3,192**	2,198

Share options and awards

DCC plc Long-Term Incentive Plan 2009

At 31 March 2017, under the DCC plc Long-Term Incentive Plan 2009, Group employees hold awards to subscribe for 825,519 ordinary shares.

The general terms of the DCC plc Long-Term Incentive Plan 2009 are set out in the Remuneration Report on page 87.

The DCC plc Long-Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based 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.

A summary of activity under the DCC plc Long-Term Incentive Plan 2009 over the year is as follows:

	2017 Number of share awards	2016 Number of share awards
At 1 April	**822,442**	792,149
Granted	**137,269**	131,455
Exercised	**(134,192)**	(100,850)
Expired	**–**	(312)
At 31 March	**825,519**	822,442

2.5 Employee Share Options and Awards continued

The weighted average share price at the dates of exercise for share awards exercised during the year under the DCC plc Long-Term Incentive Plan 2009 was £65.59 (2016: £53.14). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.1 years (2016: 4.4 years).

The weighted average fair values assigned to share awards granted under the DCC plc Long-Term Incentive Plan 2009, which were computed in accordance with the Monte Carlo valuation methodology, were as follows:

Granted during the year ended 31 March 2017	**£54.17**
Granted during the year ended 31 March 2016	£49.56

The fair values of share awards granted under the DCC plc Long-Term Incentive Plan 2009 were determined taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2017	2016
Risk-free interest rate (%)	**0.59**	1.35
Dividend yield (%)	**1.6**	2.0
Expected volatility (%)	**23.0**	22.0
Expected life in years	**6.0**	6.0
Share price at date of grant	**£67.75**	£57.35

The expected volatility is based on historic volatility over the past 3 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life.

Analysis of closing balance:

Date of grant	**Date of expiry**	**2017 Number of share awards**	2016 Number of share awards
20 August 2009	20 August 2016	**–**	26,976
15 November 2010	15 November 2017	**22,246**	47,819
15 November 2011	15 November 2018	**81,359**	85,302
12 November 2012	12 November 2019	**129,017**	191,745
12 November 2013	12 November 2020	**132,078**	147,050
12 November 2014	12 November 2021	**192,095**	192,095
17 November 2015	17 November 2022	**131,455**	131,455
10 February 2017	10 February 2024	**137,269**	–
Total outstanding at 31 March		**825,519**	822,442
Total exercisable at 31 March		**364,700**	351,842

Notes to the Financial Statements continued

2.5 Employee Share Options and Awards continued

DCC plc 1998 Employee Share Option Scheme

At 31 March 2017, under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 225,000 ordinary shares.

The general terms of the DCC plc 1998 Employee Share Option Scheme are set out in the Remuneration Report on page 106.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which 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 grant date fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement. 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.

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

	2017		2016	
	Average exercise price in € per share	**Options**	Average exercise price in € per share	Options
At 1 April	**19.22**	**380,750**	18.90	587,350
Exercised	**19.29**	**(155,750)**	18.31	(206,600)
At 31 March	**19.17**	**225,000**	19.22	380,750

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 £65.87 (2016: £53.94). The share options outstanding at the year end have a weighted average remaining contractual life of 0.8 years (2016: 1.6 years).

Analysis of closing balance:

		2017		2016	
Date of grant	**Date of expiry**	**Exercise price per share**	**Options**	Exercise price per share	Options
23 June 2006	23 June 2016	**–**	**–**	€18.05	40,750
23 July 2007	23 July 2017	**€23.35**	**102,500**	€23.35	157,000
20 December 2007	20 December 2017	**–**	**–**	€19.50	12,500
20 May 2008	20 May 2018	**€15.68**	**122,500**	€15.68	170,500
Total outstanding and exercisable at 31 March			**225,000**		380,750

2.6 Exceptionals

Exceptional items are those items which, in the judgement of the Directors, need to be disclosed separately by virtue of their scale and nature. These exceptional items, detailed below, could distort the understanding of our underlying performance for the year and comparability between periods and are therefore presented separately.

	2017 £'000	Restated 2016 £'000
Restructuring costs	**(19,345)**	(15,777)
Acquisition and related costs	**(10,308)**	(7,226)
Adjustments to contingent acquisition consideration	**(5,114)**	6,290
Impairment of property, plant and equipment	**(1,164)**	(947)
Gains arising from legal case settlements	**–**	4,291
Legal and other operating exceptional items	**(366)**	(283)
Net operating exceptional items	**(36,297)**	(13,652)
Mark to market of swaps and related debt	**10,101**	(9,419)
Net exceptional items before taxation	**(26,196)**	(23,071)
Tax attributable to net exceptional items	**(1,756)**	710
Net exceptional items after taxation (continuing operations)	**(27,952)**	(22,361)
Net exceptional items relating to discontinued operations	**–**	(988)
Net exceptional items after taxation	**(27,952)**	(23,349)
Non-controlling interest share of net exceptional items after taxation	**3,138**	(323)
Net exceptional items attributable to owners of the Parent	**(24,814)**	(23,672)

The Group has focused on the efficiency of its operating infrastructures and sales platforms, particularly in areas where it has been acquisitive in recent years. The Group incurred an exceptional charge of £19.345 million (2016: £15.777 million) in relation to restructuring of existing and acquired businesses. The majority of the charge relates to restructuring and integration in the Energy division where the Group has been most acquisitive. The charge also includes integration costs related to acquisition activity and costs in respect of the pre-operating period of the new UK national distribution centre in the Technology division.

Acquisition costs, which include professional fees and tax costs (such as stamp duty) incurred in evaluating and completing acquisitions, amounted to £10.308 million (2016: £7.226 million) and reflect the significant level of development activity undertaken by the Group during the year.

The net increase in the provision for contingent acquisition consideration of £5.114 million (2016: decrease of £6.290 million) is due to the stronger than anticipated trading performance of a small number of businesses acquired during the last three years, where earn-out arrangements are in place.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long-term interest, currency and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2017, this amounted to an exceptional non-cash gain of £10.101 million (2016: charge of £9.419 million). Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.6 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

There was a net tax charge of £1.756 million (2016: credit of £0.710 million) and a non-controlling interest credit of £3.138 million (2016: charge of £0.323 million) in relation to the above net exceptional charge.

The gain arising from legal case settlements in the prior year of £4.291 million was primarily due to a final cash recovery in respect of the Pihsiang legal claim.

Notes to the Financial Statements continued

2.7 Finance Costs and Finance Income

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits whilst finance costs mainly comprise interest on Unsecured Notes, bank debt and finance leases. The net gain/loss arising on derivative financial instruments and the net finance income/cost arising on defined benefit pension schemes are included as a net income/cost as appropriate.

	2017 £'000	Restated 2016 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes:		
– repayable within 5 years, not by instalments	**(31,113)**	(23,354)
– repayable within 5 years, by instalments	**–**	(13)
– repayable wholly or partly in more than 5 years	**(32,909)**	(34,938)
On finance leases	**(22)**	(34)
Unwinding of discount applicable to acquisition related liabilities	**(751)**	(348)
Unwinding of discount applicable to provisions for liabilities	**(1,956)**	(856)
Facility fees	**(1,942)**	(1,562)
Net interest expense on defined benefit pension schemes (note 3.13)	**–**	(150)
Other interest	**(4,217)**	(3,535)
	(72,910)	(64,790)
Mark to market of swaps and related debt* (note 2.6)	**–**	(9,419)
	(72,910)	(74,209)
Finance income		
Interest on cash and term deposits	**2,248**	2,977
Net income on interest rate and currency swaps	**38,586**	32,981
Net interest income on defined benefit pension schemes (note 3.13)	**42**	–
Other income	**97**	4
	40,973	35,962
Mark to market of swaps and related debt* (note 2.6)	**10,101**	–
	51,074	35,962
Net finance cost	**(21,836)**	(38,247)

*Mark to market of swaps and related debt		
Interest rate swaps designated as fair value hedges	**(2,109)**	(797)
Cross currency interest rate swaps designated as fair value hedges	**68,703**	(6,833)
Adjusted hedged fixed rate debt	**(56,493)**	(1,805)
Mark to market of swaps designated as fair value hedges and related debt	**10,101**	(9,435)
Currency movements on fixed rate debt not designated as hedged	**–**	1,607
Currency swaps not designated as hedges	**–**	(1,538)
Mark to market of undesignated swaps and related debt	**–**	69
Movement on cross currency interest rate swaps designated as cash flow hedges	**13,737**	(6,506)
Transferred to cash flow hedge reserve	**(13,737)**	6,453
	–	(53)
Total mark to market of swaps and related debt	**10,101**	(9,419)

2.8 Share of Equity Accounted Investments' Profit after Tax

Share of equity accounted investments' profit after tax represents the results of businesses we do not control, but instead exercise joint control or significant influence and generally have an equity holding of up to 50%.

The Group's share of equity accounted investments' (i.e. joint ventures and associates) profit after tax is equity accounted and presented as a single line item in the Group Income Statement. The profit after tax generated by the Group's equity accounted investments is analysed as follows under the principal Group Income Statement captions:

Group share of:	Joint ventures 2017 £'000	Associates 2017 £'000	Total 2017 £'000	Joint ventures 2016 £'000	Associates 2016 £'000	Total 2016 £'000
Revenue	**25,082**	**2,368**	**27,450**	21,456	2,322	23,778
Operating profit and profit before tax	**789**	**18**	**807**	553	44	597
Income tax expense	**(95)**	**–**	**(95)**	(88)	(5)	(93)
Profit after tax	**694**	**18**	**712**	465	39	504

2.9 Income Tax Expense

Tax is payable in the territories in which we operate. This note details the current tax charge which is the tax payable on this year's taxable profits and the deferred tax charge which represents the tax expected to arise in the future due to differences in the accounting and tax bases of profit.

(i) Income tax expense recognised in the Income Statement

	2017 £'000	Restated 2016 £'000
Current taxation		
Irish corporation tax at 12.5%	**3,510**	1,457
United Kingdom corporation tax at 20% (2016: 20%)	**12,310**	14,152
Other overseas tax	**36,592**	25,650
Over provision in respect of prior years	**(911)**	(3,453)
Total current taxation	**51,501**	37,806
Deferred tax		
Irish at 12.5%	**157**	503
United Kingdom at 18% (2016: 18%)	**(413)**	(1,347)
Other overseas deferred tax	**(5,966)**	(3,962)
Under/(over) provision in respect of prior years	**590**	(3)
Total deferred tax	**(5,632)**	(4,809)
Total income tax expense	**45,869**	32,997

(ii) Deferred tax recognised in Other Comprehensive Income

	2017 £'000	2016 £'000
Defined benefit pension obligations	**(413)**	570
Cash flow hedges	**(1,334)**	(120)
Total deferred tax recognised in Other Comprehensive Income	**(1,747)**	450

Notes to the Financial Statements continued

2.9 Income Tax Expense continued

(iii) Reconciliation of effective tax rate

	2017 £'000	Restated 2016 £'000
Profit before taxation (continuing operations)	**248,454**	202,804
Less: share of equity accounted investments' profit after tax	**(712)**	(504)
Add back: amortisation of intangible assets	**39,130**	31,146
	286,872	233,446
At the standard rate of corporation tax in Ireland of 12.5%	**35,859**	29,181
Adjustments in respect of prior years	**(321)**	(3,456)
Effect of earnings taxed at higher rates	**19,578**	12,844
Other differences	**(329)**	2,473
Income tax expense	**54,787**	41,042
Tax attributable to net exceptional items (note 2.6)	**1,756**	(710)
Deferred tax attaching to amortisation of intangible assets	**(10,674)**	(7,335)
Total income tax expense	**45,869**	32,997

	2017 %	2016 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**17.5%**	16.0%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**1.0%**	0.3%
Total income tax expense as a percentage of profit before tax	**18.5%**	16.3%

(iv) Factors that may affect future tax rates and other disclosures

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK is 20%. A UK tax rate of 19% applies with effect from 1 April 2017 and a rate of 18% applies with effect from 1 April 2020.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment to remit earnings.

2.10 Discontinued Operations

Following agreement to dispose of the Environmental division, this segment is treated as a discontinued operation, the results of which are detailed separately below.

Net Result from Discontinued Operations

As announced on 5 April 2017, the Group entered into an agreement to dispose of the Environmental segment. The proceeds on disposal will be used to fund the continued development of DCC's Energy, Healthcare and Technology divisions. The disposal is expected to complete in the quarter to 30 June 2017 at which time control of the Environmental businesses will pass to the acquirer. The transaction is expected to give rise to an exceptional profit in the year ending 31 March 2018 of approximately £30 million.

The conditions for the segment to be classified as a discontinued operation have been satisfied, and, accordingly, the results of the Environmental segment are presented separately as discontinued operations in the Group Income Statement and the assets and liabilities of this segment are classified as an asset held for sale at the balance sheet date.

The following table details the results of discontinued operations included in the Group Income Statement:

	2017 £'000	2016 £'000
Revenue	**175,232**	153,455
Cost of sales	**(119,654)**	(107,551)
Gross profit	**55,578**	45,904
Operating expenses	**(37,032)**	(30,726)
Operating profit before amortisation of intangible assets and exceptional items	**18,546**	15,178
Amortisation of intangible assets	**(38)**	(476)
Net operating exceptionals	**–**	(988)
Operating profit	**18,508**	13,714
Net finance costs	**(163)**	(161)
Profit before tax	**18,345**	13,553
Income tax expense	**(3,185)**	(2,317)
Profit from discontinued operations after tax	**15,160**	11,236

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement:

	2017 £'000	2016 £'000
Net cash flow from operating activities	**22,461**	19,153
Net cash flow from investing activities	**(6,661)**	(12,389)
Net cash flow from discontinued operations	**15,800**	6,764

Notes to the Financial Statements continued

2.10 Discontinued Operations continued

The fair value less costs to sell of the major classes of assets and liabilities held for sale as at 31 March 2017 are as follows:

	2017 £'000
Assets	
Property, plant and equipment	**65,551**
Intangible assets	**79,335**
Deferred income tax assets	**298**
Inventories	**1,922**
Trade and other receivables	**33,264**
Interest receivable	**1**
Cash and cash equivalents	**12,799**
Assets classified as held for sale	**193,170**
Liabilities	
Trade and other payables	**(35,741)**
Amounts due in respect of property, plant and equipment	**(32)**
Current income tax liabilities	**(3,533)**
Deferred income tax liabilities	**(357)**
Provisions for liabilities and charges	**(3,800)**
Acquisition related liabilities	**(23,204)**
Government grants	**(431)**
Liabilities associated with assets classified as held for sale	**(67,098)**
Net assets of the disposal group	**126,072**

The proceeds on disposal are expected to exceed the carrying value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

2.11 Dividends

Dividends represent one type of shareholder return and are paid as an amount per ordinary share held. The Group retains part of the profits generated in the year to meet future growth plans.

Dividends paid per ordinary share are as follows:	2017 £'000	2016 £'000
Final: paid 64.18 pence per share on 21 July 2016 (2016: paid 55.81 pence per share on 23 July 2015)	**57,621**	50,646
Interim: paid 37.17 pence per share on 12 December 2016 (2016: paid 33.04 pence per share on 7 December 2015)	**32,415**	30,292
	90,036	80,938

The Directors are proposing a final dividend in respect of the year ended 31 March 2017 of 74.63 pence per ordinary share (£66.284 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

2.12 Earnings per Ordinary Share

Earnings per ordinary share ('EPS') is the amount of post-tax profit attributable to each ordinary share. Basic EPS is the amount of profit for the year divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding and exercisable options were exercised and treated as ordinary shares at year end.

	Continuing operations 2017 £'000	**Discontinued operations (note 2.10) 2017 £'000**	**Total 2017 £'000**	Continuing operations 2016 £'000	Discontinued operations (note 2.10) 2016 £'000	Total 2016 £'000
Profit attributable to owners of the Parent	**201,037**	**15,160**	**216,197**	166,795	11,236	178,031
Amortisation of intangible assets after tax	**28,456**	**6**	**28,462**	23,811	390	24,201
Exceptionals after tax (note 2.6)	**24,814**	**–**	**24,814**	22,684	988	23,672
Adjusted profit after taxation and non-controlling interests	**254,307**	**15,166**	**269,473**	213,290	12,614	225,904

Basic earnings per ordinary share	**Continuing operations 2017 pence**	**Discontinued operations 2017 pence**	**Total 2017 pence**	Continuing operations 2016 pence	Discontinued operations 2016 pence	Total 2016 pence
Basic earnings per ordinary share	**226.56p**	**17.08p**	**243.64p**	189.85p	12.79p	202.64p
Amortisation of intangible assets after tax	**32.07p**	**0.01p**	**32.08p**	27.11p	0.44p	27.55p
Exceptionals after tax	**27.96p**	**–**	**27.96p**	25.82p	1.13p	26.95p
Adjusted basic earnings per ordinary share	**286.59p**	**17.09p**	**303.68p**	242.78p	14.36p	257.14p
Weighted average number of ordinary shares in issue (thousands)			**88,735**			87,854

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Parent 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 (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Diluted earnings per ordinary share	**Continuing operations 2017 pence**	**Discontinued operations 2017 pence**	**Total 2017 pence**	Continuing operations 2016 pence	Discontinued operations 2016 pence	Total 2016 pence
Diluted earnings per ordinary share	**225.04p**	**16.96p**	**242.00p**	188.33p	12.69p	201.02p
Amortisation of intangible assets after tax	**31.84p**	**0.01p**	**31.85p**	26.89p	0.43p	27.32p
Exceptionals after tax	**27.78p**	**–**	**27.78p**	25.61p	1.12p	26.73p
Adjusted diluted earnings per ordinary share	**284.66p**	**16.97p**	**301.63p**	240.83p	14.24p	255.07p
Weighted average number of ordinary shares in issue (thousands)			**89,338**			88,564

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £201.037 million (2016: £166.795 million) and £254.307 million (2016: £213.290 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The earnings used for the purposes of the discontinued diluted earnings per ordinary share calculations were £15.160 million (2016: £11.236 million) and £15.166 million (2016: £12.614 million) for the purposes of the discontinued adjusted diluted earnings per ordinary share calculations.

Notes to the Financial Statements continued

2.12 Earnings per Ordinary Share continued

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2017 was 89.338 million (2016: 88.564 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

	2017 '000	2016 '000
Weighted average number of ordinary shares in issue	**88,735**	87,854
Dilutive effect of options and awards	**603**	710
Weighted average number of ordinary shares for diluted earnings per share	**89,338**	88,564

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares.

Employee share options and awards, 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 would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Section 3 Assets and Liabilities

3.1 Property, Plant and Equipment

This note details the tangible assets utilised by the Group to generate revenues and profits. The cost of these assets primarily represents the amounts originally paid for them. All assets are depreciated over their useful economic lives.

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Total £'000
Year ended 31 March 2017					
Opening net book amount	**251,531**	**367,987**	**54,860**	**65,125**	**739,503**
Exchange differences	**8,662**	**14,547**	**2,268**	**720**	**26,197**
Arising on acquisition (note 5.2)	**3,493**	**3,813**	**793**	**166**	**8,265**
Additions	**41,738**	**68,593**	**18,809**	**17,787**	**146,927**
Disposals	**(5,575)**	**(4,250)**	**(1,211)**	**(1,106)**	**(12,142)**
Depreciation charge	**(8,353)**	**(57,679)**	**(13,379)**	**(12,604)**	**(92,015)**
Impairment charge (note 2.6)	**(1,051)**	**–**	**(113)**	**–**	**(1,164)**
Assets classified as held for sale (note 2.10)	**(36,176)**	**(16,654)**	**(3,078)**	**(9,643)**	**(65,551)**
Reclassifications	**1,106**	**5,198**	**(6,283)**	**(21)**	**–**
Closing net book amount	**255,375**	**381,555**	**52,666**	**60,424**	**750,020**
At 31 March 2017					
Cost	**291,947**	**787,194**	**140,643**	**143,390**	**1,363,174**
Accumulated depreciation and impairment losses	**(36,572)**	**(405,639)**	**(87,977)**	**(82,966)**	**(613,154)**
Net book amount	**255,375**	**381,555**	**52,666**	**60,424**	**750,020**
Year ended 31 March 2016					
Opening net book amount	141,317	228,916	34,370	60,086	464,689
Exchange differences	8,491	14,720	1,914	837	25,962
Arising on acquisition (note 5.2)	74,248	121,073	9,081	203	204,605
Additions	41,211	49,144	25,605	17,994	133,954
Disposals	(8,645)	(1,616)	(1,529)	(2,148)	(13,938)
Depreciation charge	(5,773)	(43,449)	(13,538)	(12,062)	(74,822)
Impairment charge (note 2.6)	(59)	(735)	(153)	–	(947)
Reclassifications	741	(66)	(890)	215	–
Closing net book amount	251,531	367,987	54,860	65,125	739,503
At 31 March 2016					
Cost	287,944	763,561	138,920	160,705	1,351,130
Accumulated depreciation and impairment losses	(36,413)	(395,574)	(84,060)	(95,580)	(611,627)
Net book amount	251,531	367,987	54,860	65,125	739,503

Notes to the Financial Statements continued

3.1 Property, Plant and Equipment continued

Assets held under finance leases

The net carrying amount of assets held under finance leases and accordingly capitalised in property, plant and equipment are as follows:

	2017 £'000	2016 £'000
Motor vehicles	682	526
Fixtures, fittings & office equipment	174	212
Plant & machinery & cylinders	–	127
Net book amount	856	865

3.2 Intangible Assets

The Group Balance Sheet contains significant intangible assets. Goodwill, customer and supplier relationships and brands can arise on the acquisition of a business. Goodwill arises when we pay an amount which is higher than the fair value of the net assets acquired (primarily due to expected synergies). This goodwill is not amortised but is subject to annual impairment reviews whereas customer and supplier relationships and brands are amortised over their useful economic lives.

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2017				
Opening net book amount	960,154	210,063	126,848	1,297,065
Exchange differences	31,657	15,505	10,284	57,446
Arising on acquisition (note 5.2)	117,175	56,051	12,462	185,688
Adjustments to contingent consideration (note 3.14)	876	–	–	876
Assets classified as held for sale (note 2.10)	(79,335)	–	–	(79,335)
Amortisation charge	–	(35,229)	(3,939)	(39,168)
Closing net book amount	1,030,527	246,390	145,655	1,422,572
At 31 March 2017				
Cost	1,068,660	381,004	152,498	1,602,162
Accumulated amortisation and impairment losses	(38,133)	(134,614)	(6,843)	(179,590)
Net book amount	1,030,527	246,390	145,655	1,422,572
Year ended 31 March 2016				
Opening net book amount	713,228	41,481	4,470	759,179
Exchange differences	31,833	14,671	9,897	56,401
Arising on acquisition	214,470	183,607	114,407	512,484
Adjustments to contingent consideration (note 3.14)	623	–	–	623
Amortisation charge	–	(29,696)	(1,926)	(31,622)
Closing net book amount	960,154	210,063	126,848	1,297,065
At 31 March 2016				
Cost	1,001,260	307,081	129,488	1,437,829
Accumulated amortisation and impairment losses	(41,106)	(97,018)	(2,640)	(140,764)
Net book amount	960,154	210,063	126,848	1,297,065

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 11.0 years (2016: 11.5 years). Brand related intangible assets comprise registered trade names and logos which are well established and recognised within the industries in which the Group operates. The weighted average remaining amortisation period for brand related intangibles is 35.3 years (2016: 38.4 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

3.2 Intangible Assets continued

Cash-generating units

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 CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 28 CGUs (2016: 27 CGUs) have been identified and these are analysed between the Group's operating segments below together with a summary of the allocation of the carrying value of goodwill by segment.

	Cash-generating units		Goodwill	
	2017 number	2016 number	**2017 £'000**	2016 £'000
DCC Energy	**14**	13	**717,156**	628,622
DCC Healthcare	**4**	4	**198,407**	173,820
DCC Technology	**6**	6	**114,964**	79,353
	24	23	**1,030,527**	881,795
Discontinued operations (DCC Environmental)	**4**	4	**79,335**	78,359
	28	27	**1,109,862**	960,154

In accordance with IAS 36 *Impairment of Assets*, the CGUs to which significant amounts of goodwill have been allocated are as follows:

	2017 £'000	2016 £'000
Certas Energy UK Group	**256,801**	253,048
Butagaz	**186,037**	170,796
DCC Vital Group	**168,689**	144,147
Exertis UK Group	**72,593**	47,310

For the purpose of impairment testing, the discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 8.6% (2016: 8.5%) for the Certas Energy UK Group, Butagaz and the Exertis UK Group and 7.8% (2016: 7.7%) for the DCC Vital Group. The long-term growth rate assumed for the Certas Energy UK, DCC Vital and Exertis UK Groups was 1.9% (2016: 2.1%) with no growth assumed for Butagaz. The remaining goodwill balance of £425.742 million is allocated across 24 CGUs (2016: £344.853 million over 23 CGUs), none of which are individually significant.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

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 that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.3% (2016: 1.6%).

A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The range of discount rates applied ranged from 7.8% to 8.6% (2016: 7.7% to 8.5%).

Key assumptions include management's estimates of future profitability, working capital investment and capital expenditure requirements. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

Applying these techniques, no impairment charge arose in 2017 (2016: nil).

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate to 10%, reducing the long-term growth rate by 0.3% and decreasing cash flows by 10% which resulted in an excess in the recoverable amount of all CGUs over their carrying amount under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

Notes to the Financial Statements continued

3.3 Equity Accounted Investments

Equity accounted investments represent the Group's interests in certain joint ventures and associates where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

	2017 £'000	2016 £'000
At 1 April	**22,139**	4,963
Acquisition of equity accounted investments (note 5.2)	**404**	15,292
Share of profit after tax	**712**	504
Dividends received	**(125)**	(365)
Exchange and other	**1,808**	1,745
At 31 March	**24,938**	22,139

Investments in associates and joint ventures at 31 March 2016 include goodwill of £17.220 million (2016: £17.301 million).

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets £'000	**Current assets £'000**	**Current liabilities £'000**	**Net assets £'000**
As at 31 March 2017				
Joint ventures	**5,539**	**4,241**	**(3,893)**	**5,887**
Associates	**25,050**	**2,233**	**(8,232)**	**19,051**
Total	**30,589**	**6,474**	**(12,125)**	**24,938**
As at 31 March 2016				
Joint ventures	5,250	3,345	(3,805)	4,790
Associates	22,334	1,845	(6,830)	17,349
Total	27,584	5,190	(10,635)	22,139

Details of the Group's principal joint ventures and associates are included in the Group Directory on pages 196 to 199.

3.4 Inventories

Inventories represent assets that we intend to convert or sell in order to generate revenue in the short-term. The Group's inventory consists primarily of finished goods, net of an allowance for obsolescence.

	2017 £'000	2016 £'000
Raw materials	**26,554**	23,518
Work in progress	**2,246**	3,168
Finished goods	**427,595**	367,262
	456,395	393,948

3.5 Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers, net of an allowance for bad and doubtful debts, together with prepayments and accrued income.

	2017 £'000	2016 £'000
Trade receivables	**1,084,215**	825,693
Provision for impairment of trade receivables	**(21,347)**	(17,563)
Prepayments and accrued income	**85,284**	61,827
Value added tax recoverable	**22,990**	18,803
Other debtors	**51,455**	27,309
	1,222,597	916,069

Included in the Group's trade and other receivables as at 31 March 2017 are balances of £121.330 million (2016: £76.054 million) which are past due at the reporting date but not impaired. The aged analysis of these balances is as follows:

	2017 £'000	2016 £'000
Less than 1 month overdue	**79,820**	56,842
1 – 3 months overdue	**23,938**	11,760
3 – 6 months overdue	**10,208**	3,674
Over 6 months overdue	**7,364**	3,778
	121,330	76,054

Trade and other receivables which are not past due nor impaired at the reporting date are expected to be fully recoverable. The movement in the provision for impairment of trade receivables during the year is as follows:

	2017 £'000	2016 £'000
At 1 April	**17,563**	15,103
Provision for impairment recognised in the year	**4,632**	5,541
Subsequent recovery of amounts previously provided for	**(183)**	(242)
Amounts written off during the year	**(4,442)**	(4,954)
Arising on acquisition	**3,600**	1,310
Exchange	**872**	805
Provision for impairment of trade receivables attributable to assets held for sale	**(695)**	–
At 31 March	**21,347**	17,563

The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

Notes to the Financial Statements continued

3.6 Trade and Other Payables

The Group's trade and other payables mainly consist of amounts we owe to our suppliers that have been either invoiced or accrued and are due to be settled within twelve months.

	2017 £'000	2016 £'000
Trade payables	**1,398,523**	1,137,731
Other creditors and accruals	**310,140**	207,163
PAYE and National Insurance or equivalent	**15,056**	11,046
Value added tax	**85,906**	74,932
Government grants (note 3.16)	**9**	26
Interest payable	**4,534**	3,967
Amounts due in respect of property, plant and equipment	**6,349**	2,967
	1,820,517	1,437,832

3.7 Movement in Working Capital

Working capital represents the net of inventories, trade and other receivables and trade and other payables. This note details the overall movement in the year under each of these headings.

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2017				
At 1 April 2016	**393,948**	**916,069**	**(1,437,832)**	**(127,815)**
Translation adjustment	**10,133**	**32,186**	**(43,202)**	**(883)**
Arising on acquisition (note 5.2)	**32,207**	**206,528**	**(164,777)**	**73,958**
Assets and liabilities classified as held for sale	**(1,922)**	**(33,265)**	**35,791**	**604**
Exceptional items, interest accruals and other	**236**	**(177)**	**(3,499)**	**(3,440)**
Increase/(decrease) in working capital (note 5.3)	**21,793**	**101,256**	**(206,998)**	**(83,949)**
At 31 March 2017	**456,395**	**1,222,597**	**(1,820,517)**	**(141,525)**
Year ended 31 March 2016				
At 1 April 2015	320,655	847,274	(1,312,136)	(144,207)
Translation adjustment	10,307	29,885	(41,067)	(875)
Arising on acquisition (note 5.2)	52,339	97,904	(95,423)	54,820
Exceptional items, interest accruals and other	–	165	(133)	32
Increase/(decrease) in working capital (note 5.3)	10,647	(59,159)	10,927	(37,585)
At 31 March 2016	393,948	916,069	(1,437,832)	(127,815)

3.8 Cash and Cash Equivalents

The majority of the Group's cash and cash equivalents are held in bank deposit accounts with maturities of up to three months.

	2017 £'000	2016 £'000
Cash at bank and in hand	**363,805**	304,675
Short-term bank deposits	**684,259**	877,359
	1,048,064	1,182,034

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:

	2017 £'000	2016 £'000
Cash and short-term bank deposits	**1,048,064**	1,182,034
Bank overdrafts	**(88,041)**	(91,997)
Cash and short-term bank deposits attributable to assets held for sale (note 2.10)	**12,799**	–
	972,822	1,090,037

Bank overdrafts are included within current borrowings (note 3.10) in the Group Balance Sheet.

Notes to the Financial Statements continued

3.9 Derivative Financial Instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as interest rates, foreign exchange rates, commodities or other indices. This note details the derivative financial instruments used by the Group to hedge certain risk exposures arising from operational, financing and investment activities. These derivatives are held at fair value.

	2017 £'000	2016 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	223,384	172,511
Cross currency interest rate swaps – cash flow hedges	36,512	21,308
Interest rate swaps – fair value hedges	13,747	15,678
Commodity forward contracts – cash flow hedges	124	21
	273,767	209,518
Current assets		
Cross currency interest rate swaps – fair value hedges	12,968	8,347
Interest rate swaps – fair value hedges	365	543
Currency swaps – not designated as hedges	–	1,000
Foreign exchange forward contracts – cash flow hedges	515	1,014
Foreign exchange forward contracts – not designated as hedges	122	75
Commodity forward contracts – cash flow hedges	4,203	2,817
Commodity forward contracts – not designated as hedges	60	2,119
	18,233	15,915
Total assets	292,000	225,433
Non-current liabilities		
Commodity forward contracts – cash flow hedges	(506)	(343)
	(506)	(343)
Current liabilities		
Foreign exchange forward contracts – cash flow hedges	(623)	(936)
Foreign exchange forward contracts – not designated as hedges	(57)	(102)
Commodity forward contracts – cash flow hedges	(5,119)	(4,593)
Commodity forward contracts – not designated as hedges	(95)	(2,770)
	(5,894)	(8,401)
Total liabilities	(6,400)	(8,744)
Net asset arising on derivative financial instruments	285,600	216,689

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

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2017 total £95.0 million and €85.0 million. At 31 March 2017, the fixed interest rates vary from 3.0% to 6.18% and the floating rates are based on sterling LIBOR and EURIBOR.

Cross currency interest rate swaps

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$1,141.0 million into floating rate sterling debt of £327.812 million and floating rate euro debt of €438.022 million. At 31 March 2017 the fixed interest rates vary from 3.41% to 6.19%. These swaps are designated as fair value hedges under IAS 39.

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$317.0 million into fixed rate sterling debt of £61.189 million and fixed rate euro debt of €163.045 million. At 31 March 2017 the fixed US$ interest rates vary from 4.04% to 4.98%. These swaps are designated as cash flow hedges under IAS 39.

3.9 Derivative Financial Instruments continued

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2017 total £114.429 million (2016: £82.762 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2017 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 twelve months after the balance sheet date.

Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2017 total £104.548 million (2016: £81.811 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2017 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to thirty-three months after the balance sheet date.

3.10 Borrowings

The Group utilises long-term debt funding together with committed credit lines with our relationship banks. We use derivatives to manage risks associated with interest rates and foreign exchange.

	2017 £'000	2016 £'000
Non-current		
Finance leases*	**165**	127
Unsecured Notes	**1,319,802**	1,260,294
	1,319,967	1,260,421
Current		
Bank borrowings	**88,041**	91,997
Finance leases*	**190**	379
Unsecured Notes	**60,214**	100,428
	148,445	192,804
Total borrowings	**1,468,412**	1,453,225

* Secured on specific plant and equipment.

The maturity of non-current borrowings is as follows:

	2017 £'000	2016 £'000
Between 1 and 2 years	**109**	58,458
Between 2 and 5 years	**500,538**	302,918
Over 5 years	**819,320**	899,045
	1,319,967	1,260,421

Bank borrowings and finance leases

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

In March 2016, the Group put in place a £400 million five year committed revolving credit facility with nine relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, JP Morgan, RBS, Bank of Ireland and Deutsche Bank. The Group had various other uncommitted bank facilities available at 31 March 2017.

Notes to the Financial Statements continued

3.10 Borrowings continued

Unsecured Notes

The Group's Unsecured Notes which fall due between 2017 and 2029 are comprised of fixed rate debt of US$200.0 million and £25.0 million issued in 2007 and maturing in 2017 and 2019 (the '2017/19 Notes'), fixed rate debt of US$217.0 million issued in 2010 and maturing in 2020 and 2022 (the '2020/22 Notes'), fixed rate debt of US$525 million issued in 2013 and maturing in 2020, 2023 and 2025 (the '2020/23/25 Notes') and fixed rate debt of US$516.0 million, €85.0 million and £70.0 million issued in 2014 and maturing in 2021, 2024, 2026 and 2029 (the '2021/24/26/29 Notes').

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.

Of the 2020/22 Notes denominated in US$, $152.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR and $65.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR.

Of the 2020/23/25 Notes denominated in US$, $255.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $140.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates and $45.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates.

Of the 2021/24/26/29 Notes denominated in US$, $269.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $60.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates, $52.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates. The 2021/24/26/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed euro to floating euro rates, repricing quarterly based on EURIBOR. The 2021/24/26/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed sterling to floating sterling rates, repricing quarterly based on sterling LIBOR.

The maturity and interest profile of the Unsecured Notes is as follows:

	2017	2016
Average maturity	**5.6 years**	6.1 years
Average fixed interest rates:		
– US$ denominated*	**4.73%**	4.76%
– sterling denominated*	**4.91%**	4.91%
– euro denominated*	**3.23%**	3.49%
Average floating rate including swaps:		
– sterling denominated	**1.87%**	2.11%
– euro denominated	**1.53%**	1.47%

* Issued and repayable at par.

3.11 Analysis of Net Debt

Net (debt)/cash is a key metric of the Group and represents cash and cash equivalents less borrowings and derivative financial instruments.

Reconciliation of opening to closing net debt

The reconciliation of opening to closing net debt for the year ended 31 March 2017 is as follows:

	At 1 April 2016 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2017 £'000
Cash and short-term bank deposits	**1,182,034**	**(160,491)**	**–**	**–**	**39,320**	**1,060,863**
Overdrafts	**(91,997)**	**4,347**	**–**	**–**	**(391)**	**(88,041)**
	1,090,037	**(156,144)**	**–**	**–**	**38,929**	**972,822**
Finance leases	**(506)**	**177**	**–**	**–**	**(26)**	**(355)**
Unsecured Notes	**(1,360,722)**	**108,140**	**(56,493)**	**–**	**(70,941)**	**(1,380,016)**
Derivative financial instruments (net)	**216,689**	**(12,928)**	**66,594**	**13,737**	**1,508**	**285,600**
Group net debt (including cash attributable to assets classified as held for sale)	**(54,502)**	**(60,755)**	**10,101**	**13,737**	**(30,530)**	**(121,949)**
Group net debt (excluding cash attributable to assets classified as held for sale)	**(69,473)**	**(58,597)**	**10,101**	**13,737**	**(30,516)**	**(134,748)**

The reconciliation of opening to closing net cash/(debt) for the year ended 31 March 2016 is as follows:

	At 1 April 2015 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2016 £'000
Cash and short-term bank deposits	1,263,294	(119,966)	–	–	38,706	1,182,034
Overdrafts	(133,629)	42,089	–	–	(457)	(91,997)
	1,129,665	(77,877)	–	–	38,249	1,090,037
Finance leases	(570)	92	–	–	(28)	(506)
Unsecured Notes	(1,329,659)	14,832	(198)	–	(45,697)	(1,360,722)
Derivative financial instruments (net)	230,551	378	(9,221)	(6,453)	1,434	216,689
Group net cash/(debt) (including cash attributable to assets classified as held for sale)	29,987	(62,575)	(9,419)	(6,453)	(6,042)	(54,502)

Notes to the Financial Statements continued

3.11 Analysis of Net Debt continued

Currency profile

The currency profile of net debt at 31 March 2017 is as follows:

	Euro £'000	Sterling £'000	Danish Krone £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	**384,203**	**567,553**	**39,610**	**37,434**	**32,063**	**1,060,863**
Borrowings	**(737,221)**	**(730,603)**	**–**	**(343)**	**(245)**	**(1,468,412)**
Derivatives	**129,929**	**155,241**	**(73)**	**–**	**503**	**285,600**
	(223,089)	**(7,809)**	**39,537**	**37,091**	**32,321**	**(121,949)**

The currency profile of net debt at 31 March 2016 is as follows:

	Euro £'000	Sterling £'000	Danish Krone £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	407,830	689,881	29,560	30,719	24,044	1,182,034
Borrowings	(751,948)	(700,296)	–	(398)	(583)	(1,453,225)
Derivatives	111,223	104,829	–	–	637	216,689
	(232,895)	94,414	29,560	30,321	24,098	(54,502)

Interest rate profile

Cash and cash equivalents at 31 March 2017 and 31 March 2016 have maturity periods up to three months (note 3.8).

Bank borrowings are at floating interest rates for periods less than three months while the Group's Unsecured Notes due 2017 to 2029 have been swapped to a combination of fixed rates and floating rates which reset on a quarterly basis. The majority of finance leases are at fixed rates (note 3.10).

3.12 Deferred Income Tax

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities.

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2017:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2016	**15,834**	**113,857**	**(1,588)**	**(2,494)**	**(3,679)**	**(9,569)**	**112,361**
Consolidated Income Statement movement	**2,214**	**(10,603)**	**580**	**2,607**	**1,756**	**(2,420)**	**(5,866)**
Recognised in Other Comprehensive Income	**–**	**–**	**–**	**(413)**	**(1,334)**	**–**	**(1,747)**
Arising on acquisition	**–**	**19,889**	**–**	**–**	**–**	**(47)**	**19,842**
Deferred tax attributable to assets held for sale (note 2.10)	**(129)**	**–**	**–**	**–**	**–**	**70**	**(59)**
Exchange differences and other	**232**	**9,032**	**(28)**	**(125)**	**–**	**(964)**	**8,147**
At 31 March 2017	**18,151**	**132,175**	**(1,036)**	**(425)**	**(3,257)**	**(12,930)**	**132,678**
Analysed as:							
Deferred tax asset	**(1,127)**	**(280)**	**(1,036)**	**(670)**	**(3,257)**	**(16,249)**	**(22,619)**
Deferred tax liability	**19,278**	**132,455**	**–**	**245**	**–**	**3,319**	**155,297**
	18,151	**132,175**	**(1,036)**	**(425)**	**(3,257)**	**(12,930)**	**132,678**

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2016:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2015	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153
Consolidated Income Statement movement	454	(7,943)	1,597	714	(1,798)	136	(6,840)
Recognised in Other Comprehensive Income	–	–	–	570	(120)	–	450
Arising on acquisition	270	100,857	(52)	(1,768)	–	(9,738)	89,569
Exchange differences and other	713	8,552	(154)	(173)	–	(909)	8,029
At 31 March 2016	15,834	113,857	(1,588)	(2,494)	(3,679)	(9,569)	112,361
Analysed as:							
Deferred tax asset	(761)	–	(1,588)	(2,845)	(3,679)	(12,412)	(21,285)
Deferred tax liability	16,595	113,857	–	351	–	2,843	133,646
	15,834	113,857	(1,588)	(2,494)	(3,679)	(9,569)	112,361

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant jurisdiction. The majority of the deferred tax asset at 31 March 2017 of £22.619 million is expected to be settled/recovered more than twelve months after the balance sheet date.

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. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements continued

3.13 Post Employment Benefit Obligations

The Group operates a number of defined benefit and defined contribution pension schemes for our employees. All of the Group's defined benefit pension schemes are closed to new members.

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

The Group operates five defined benefit pension schemes in the Republic of Ireland and four 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 2013 and 1 May 2016. 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 2017 for IAS 19 by a qualified actuary.

The schemes expose the Group to a number of risks, the most significant of which are as follows:

Discount rates
The calculation of the present value of the defined benefit obligation is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's Balance Sheet, Income Statement and Statement of Comprehensive Income.

Asset volatility
The scheme assets are reported at fair value using bid prices where relevant. The majority of the Group's scheme assets comprise of bonds. A decrease in corporate bond yields will increase the value of the Group's bond holdings although this will be partially offset by an increase in the value of the scheme's liabilities. The Group also holds a significant proportion of equities which are expected to outperform corporate bonds in the long-term while providing some volatility and risk in the short-term. External consultants periodically conduct investment reviews to determine the most appropriate asset allocation, taking account of asset valuations, funding requirements, liability duration and the achievement of appropriate returns.

Inflation risk
The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme liabilities although caps are in place to protect the schemes against extreme inflation.

Mortality risk
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

The principal actuarial assumptions used were as follows:

	2017	2016
Republic of Ireland schemes		
Rate of increase in salaries	**n/a***	n/a*
Rate of increase in pensions in payment	**1.25% – 2.50%**	1.25% – 2.50%
Discount rate	**2.00%**	2.00%
Inflation assumption	**1.75%**	1.50%

* There is no future service accrual for the Irish schemes.

	2017	2016
UK schemes		
Rate of increase in salaries	**3.25%**	3.05%
Rate of increase in pensions in payment	**1.63% – 3.25%**	1.53% – 3.05%
Discount rate	**2.55%**	3.60%
Inflation assumption	**3.25%**	3.05%

The post-retirement mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are set based on advice from published statistics and experience in both geographic regions and are in accordance with the underlying funding valuations.

3.13 Post Employment Benefit Obligations continued

The mortality assumptions disclosed for 'current retirees' relate to assumptions based on longevity, in years, following retirement at the balance sheet date, with 'future retirees' being that relating to an employee retiring in 20 years time. The mortality assumptions are as follows:

	2017	2016
Current retirees		
Male	**24.3**	24.2
Female	**26.2**	26.1
Future retirees		
Male	**27.1**	27.0
Female	**29.1**	29.0

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

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

	2017		
	ROI £'000	UK £'000	Total £'000
Equities	**21,010**	**11,202**	**32,212**
Bonds	**41,606**	**17,637**	**59,243**
Property	**177**	**1,295**	**1,472**
Cash	**7,223**	**1,328**	**8,551**
Total fair value at 31 March 2017	**70,016**	**31,462**	**101,478**
Present value of scheme liabilities	**(68,708)**	**(32,799)**	**(101,507)**
Net pension asset/(liability) at 31 March 2017	**1,308**	**(1,337)**	**(29)**

	2016		
	ROI £'000	UK £'000	Total £'000
Equities	17,685	9,478	27,163
Bonds	37,854	13,403	51,257
Property	839	1,254	2,093
Cash	5,797	2,212	8,009
Total fair value at 31 March 2016	62,175	26,347	88,522
Present value of scheme liabilities	(62,486)	(26,383)	(88,869)
Net pension liability at 31 March 2016	(311)	(36)	(347)

Notes to the Financial Statements continued

3.13 Post Employment Benefit Obligations continued

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

	2017 £'000	2016 £'000
Current service cost	**(78)**	(77)
Past service credit	**256**	824
Administration expenses	**(60)**	(79)
Total, included in employee benefit expense	**118**	668
Interest cost on scheme liabilities	**(2,252)**	(1,945)
Interest income on scheme assets	**2,294**	1,795
Net interest income/(expense), included in net finance costs	**42**	(150)

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2017, the net charge in the Group Income Statement in the year ending 31 March 2018 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2017 £'000	2016 £'000
Return on scheme assets excluding interest income	**6,424**	(4,984)
Experience variations	**(95)**	282
Actuarial (loss)/gain from changes in financial assumptions	**(9,385)**	9,596
Total, included in Other Comprehensive Income	**(3,056)**	4,894

Cumulatively since transition to IFRS on 1 April 2004, £56.368 million has been recognised as a charge in the Group Statement of Comprehensive Income.

The movement in the fair value of plan assets is as follows:

	2017 £'000	2016 £'000
At 1 April	**88,522**	85,163
Interest income on scheme assets	**2,294**	1,795
Remeasurements:		
– return on scheme assets excluding interest income	**6,424**	(4,984)
Contributions by employers	**3,202**	4,526
Contributions by members	**10**	13
Administration expenses	**(60)**	(79)
Benefits paid	**(3,997)**	(2,969)
Exchange	**5,083**	5,057
At 31 March	**101,478**	88,522

The actual return on plan assets was a gain of £8.718 million (2016: loss of £3.189 million).

3.13 Post Employment Benefit Obligations continued

The movement in the present value of defined benefit obligations is as follows:

	2017 £'000	2016 £'000
At 1 April	**88,869**	95,393
Current service cost	**78**	77
Past service credit	**(256)**	(824)
Interest cost	**2,252**	1,945
Remeasurements:		
– experience variations	**95**	(282)
– actuarial loss/(gain) from changes in financial assumptions	**9,385**	(9,596)
Contributions by members	**10**	13
Benefits paid	**(3,997)**	(2,969)
Exchange	**5,071**	5,112
At 31 March	**101,507**	88,869

The weighted average duration of the defined benefit obligation at 31 March 2017 was 21.4 years (2016: 21.8 years).

Employer contributions for the forthcoming financial year are estimated at £4.1 million. The difference between the actual employer contributions paid in the current year of £3.3 million and the expectation of £3.5 million included in the 2016 Annual Report was primarily due to the timing of contributions in certain of the Group's pension schemes which could not have been anticipated at the time of preparation of the 2016 financial statements.

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 by 0.25%	Decrease/increase by 5.1%	Decrease/increase by 5.8%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 2.7%	Increase/decrease by 5.0%
Mortality	Increase/decrease by one year	Increase/decrease by 3.4%	Increase/decrease by 3.5%

Split of scheme assets

	Republic of Ireland		UK		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Investments quoted in active markets:						
Equity instruments:						
– developed markets	**19,543**	16,759	**10,696**	8,984	**30,239**	25,743
– emerging markets	**1,467**	926	**506**	494	**1,973**	1,420
Debt instruments:						
– non government debt instruments	**2,940**	2,104	**8,358**	5,851	**11,298**	7,955
– government debt instruments	**38,666**	35,750	**9,279**	7,552	**47,945**	43,302
Cash and cash equivalents	**7,223**	5,797	**1,328**	2,212	**8,551**	8,009
Unquoted investments:						
Property	**177**	839	**1,295**	1,254	**1,472**	2,093
	70,016	62,175	**31,462**	26,347	**101,478**	88,522

Notes to the Financial Statements continued

3.14 Acquisition Related Liabilities

Acquisition related liabilities arising on business combinations comprise debt like items and contingent consideration. Contingent consideration arises when a portion of the purchase price is deferred into the future and represents the fair value of the estimate of amounts payable to acquire the remaining shareholding.

The Group's acquisition related liabilities of £94.917 million (2016: £122.642 million) as stated on the Balance Sheet consists of £19.473 million of sterling floating rate financial liabilities (2016: £29.926 million), £72.516 million of euro floating rate financial liabilities (2016: £87.599 million) and £2.928 million of swedish krona floating rate financial liabilities (2016: £5.117 million) payable as follows:

	2017 £'000	2016 £'000
Within one year	**28,300**	41,231
Between one and two years	**20,147**	13,926
Between two and five years	**46,470**	67,485
	94,917	122,642
Analysed as:		
Non-current liabilities	**66,617**	81,411
Current liabilities	**28,300**	41,231
	94,917	122,642

The movement in the Group's acquisition related liabilities is as follows:

	2017 £'000	2016 £'000
At 1 April	**122,642**	43,384
Arising on acquisition	**41,041**	81,519
Unwinding of discount applicable to acquisition related liabilities	**751**	348
Adjustments to contingent consideration (adjustment to goodwill) (note 3.2)	**876**	623
Adjustments to contingent consideration (recognised in the Income Statement) (note 2.6)	**5,114**	(6,290)
Paid during the year	**(59,069)**	(3,913)
Acquisition related liabilities attributable to assets held for sale (note 2.10)	**(23,204)**	–
Exchange and other	**6,766**	6,971
At 31 March	**94,917**	122,642

3.15 Provisions for Liabilities

A provision is recorded when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it but there is uncertainty over either the amount or timing of the outflow. The main provisions held by the Group are in relation to reorganisation programs, environmental obligations, cylinder and tank deposits and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2017 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2016	**22,264**	**65,713**	**134,752**	**21,759**	**244,488**
Provided during the year	**12,021**	**3,848**	**7,087**	**7,712**	**30,668**
Unwinding of discount applicable to provisions for liabilities	**–**	**–**	**1,956**	**–**	**1,956**
Utilised/unutilised during the year	**(13,502)**	**(643)**	**(4,140)**	**(3,750)**	**(22,035)**
Arising on acquisition (note 5.2)	**12,906**	**3,540**	**–**	**–**	**16,446**
Provisions for liabilities attributable to assets held for sale (note 2.10)	**–**	**(3,800)**	**–**	**–**	**(3,800)**
Reclassifications	**(2,527)**	**13,377**	**(925)**	**(9,925)**	**–**
Exchange and other	**1,590**	**4,755**	**10,970**	**1,634**	**18,949**
At 31 March 2017	**32,752**	**86,790**	**149,700**	**17,430**	**286,672**
Analysed as:					
Non-current liabilities	**18,556**	**82,698**	**145,422**	**8,974**	**255,650**
Current liabilities	**14,196**	**4,092**	**4,278**	**8,456**	**31,022**
	32,752	**86,790**	**149,700**	**17,430**	**286,672**

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2016 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2015	10,649	17,996	1,689	6,778	37,112
Provided during the year	4,810	(189)	1,112	7,198	12,931
Unwinding of discount applicable to provisions for liabilities	–	–	856	–	856
Utilised/unutilised during the year	(8,068)	(908)	(206)	(4,654)	(13,836)
Arising on acquisition (note 5.2)	13,213	44,078	120,477	10,730	188,498
Exchange and other	1,660	4,736	10,824	1,707	18,927
At 31 March 2016	22,264	65,713	134,752	21,759	244,488
Analysed as:					
Non-current liabilities	10,134	63,519	127,232	12,230	213,115
Current liabilities	12,130	2,194	7,520	9,529	31,373
	22,264	65,713	134,752	21,759	244,488

Rationalisation, restructuring and redundancy
This provision relates to various rationalisation and restructuring programs across the Group. The Group expects that the majority of this provision will be utilised within one year.

Notes to the Financial Statements continued

3.15 Provisions for Liabilities continued

Environmental and remediation

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. 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 in the Income Statement. 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 but the exact timing of settlement of these provisions is not certain.

Cylinder and tank deposits

This provision relates to DCC Energy's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement. The majority of this obligation will unwind over a 25-year timeframe but the exact timing of settlement of this provision is not certain.

Insurance and other

The Group operates a level of self-insurance for motor liability and public and products liability. Under these arrangements the Group retains certain insurance exposure up to pre-determined self-insurance thresholds. This provision reflects an estimation of claims that are classified as incurred but not reported and also the outstanding loss reserve. A significant element of the provision is subject to external assessments. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 3-5 years from the date of the claim.

3.16 Government Grants

Government grants relate to capital grants received by the Group and are amortised to the Income Statement over the estimated useful lives of the related capital assets.

	2017 £'000	2016 £'000
At 1 April	**930**	1,296
Amortisation in year	**(235)**	(419)
Arising on acquisition (note 5.2)	**–**	46
Government grants attributable to assets held for sale (note 2.10)	**(431)**	–
Exchange and other adjustments	**6**	7
At 31 March	**270**	930
Analysed as:		
Non-current liabilities	**261**	904
Current liabilities (note 3.6)	**9**	26
	270	930

Section 4 Equity

4.1 Share Capital and Share Premium

The ordinary shareholders of DCC plc own the Company. This note details how the total number of ordinary shares in issue has changed during the year and how many of these ordinary shares are held as treasury shares.

	2017 £'000	2016 £'000
Authorised		
152,368,568 ordinary shares of €0.25 each	**25,365**	25,365

Issued

Year ended 31 March 2017	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2017 (including 3,613,043 ordinary shares held as treasury shares)	**92,429,404**	**15,455**	**277,211**	**292,666**

Year ended 31 March 2016	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April 2015 (including 4,211,270 ordinary shares held as treasury shares)	88,229,404	14,688	83,032	97,720
Issue of share capital	4,200,000	767	194,179	194,946
At 31 March 2016 (including 3,903,820 ordinary shares held as treasury shares)	92,429,404	15,455	277,211	292,666

As at 31 March 2017, the total authorised number of ordinary shares is 152,368,568 shares (2016: 152,368,568 shares) with a par value of €0.25 per share (2016: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

During the year the Company re-issued 290,777 treasury shares for a consideration (net of expenses) of £2.600 million.

All shares, with the exception of ordinary shares held as treasury 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 and awards granted under the Company's share option and award schemes and the terms attaching thereto are provided in note 2.5 to the financial statements and in the Remuneration Report on pages 105 and 106.

Restriction on transfer of shares

The Directors may, at their absolute discretion and without giving any reason, refuse to register the transfer of a share, or any renunciation of any allotment made in respect of a share, which is not fully paid, or any transfer of a share to a minor or a person of unsound mind.

The Directors may also refuse to register any transfer (whether or not it is in respect of a fully paid share) unless (i) it is lodged at the Company's Registered Office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer save where the transferor is a Stock Exchange Nominee (ii) it is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

Restriction of voting rights

If at any time the Directors determine that a 'Specified Event' as defined in the Articles of Association of DCC plc has occurred in relation to any share or shares, the Directors may serve a notice to such effect on the holder or holders thereof. Upon the expiry of 14 days from the service of any such notice, for so long as such notice shall remain in force, no holder or holders of the share or shares specified in such notice shall be entitled to attend, speak or vote either personally, by representative or by proxy at any general meeting of the Company or at any separate general meeting of the holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting. The Directors shall, where the specified shares represent not less than 0.25 per cent of the class of shares concerned, be entitled to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividends) in respect of the specified shares and/or to refuse to register any transfer of the specified shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or a renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the specified shares.

Notes to the Financial Statements continued

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4.2 Other Reserves

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

	Share based payment reserve[1] £'000	Cash flow hedge reserve[2] £'000	Foreign currency translation reserve[3] £'000	Other reserves[4] £'000	Total £'000
At 1 April 2015	12,756	(10,462)	32,683	932	35,909
Currency translation:	–	–	35,706	–	35,706
Cash flow hedges:					
– fair value loss in year – private placement debt	–	(6,453)	–	–	(6,453)
– fair value loss in year – other	–	(16,819)	–	–	(16,819)
– tax on fair value net losses	–	4,199	–	–	4,199
– transfers to sales	–	(399)	–	–	(399)
– transfers to cost of sales	–	20,068	–	–	20,068
– transfers to operating expenses	–	5,833	–	–	5,833
– tax on transfers	–	(4,079)	–	–	(4,079)
Transfer to non-controlling interests arising on acquisition	–	–	2,498	–	2,498
Share based payment	2,198	–	–	–	2,198
At 31 March 2016	**14,954**	**(8,112)**	**70,887**	**932**	**78,661**
Currency translation	**–**	**–**	**34,650**	**–**	**34,650**
Cash flow hedges:					
– fair value gain in year – private placement debt	**–**	**13,737**	**–**	**–**	**13,737**
– fair value gain in year – other	**–**	**27,853**	**–**	**–**	**27,853**
– tax on fair value net gains	**–**	**(7,133)**	**–**	**–**	**(7,133)**
– transfers to sales	**–**	**1,117**	**–**	**–**	**1,117**
– transfers to cost of sales	**–**	**(28,252)**	**–**	**–**	**(28,252)**
– transfers to operating expenses	**–**	**(21,258)**	**–**	**–**	**(21,258)**
– tax on transfers	**–**	**8,467**	**–**	**–**	**8,467**
Share based payment	**3,192**	**–**	**–**	**–**	**3,192**
At 31 March 2017	**18,146**	**(13,581)**	**105,537**	**932**	**111,034**

1 The share based payment 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 Group's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Group's non-sterling 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.

4.3 Retained Earnings

Retained Earnings represents the accumulated earnings of the Group not distributed to shareholders and is shown net of the cost to the Group of acquiring shares held as treasury shares.

	2017 £'000	2016 £'000
At 1 April	**948,316**	849,119
Net income recognised in Income Statement	**216,197**	178,031
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	**(3,056)**	4,894
– deferred tax on remeasurements	**413**	(570)
Re-issue of treasury shares (net of expenses)	**2,600**	2,781
Transfer to non-controlling interests arising on acquisition	**–**	(5,001)
Dividends	**(90,036)**	(80,938)
At 31 March	**1,074,434**	948,316

The cost to the Group and the Company of €50.523 million to acquire the 3,613,043 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €10.80 to €17.90 each (average: €13.98) between 27 November 2003 and 19 June 2006 and are primarily held to satisfy exercises under the Group's share options and awards schemes.

4.4 Non-Controlling Interests

Non-controlling interests principally comprises the 40% equity interest in our Danish subsidiary DCC Holding A/S which is not owned by the Group.

	2017 £'000	2016 £'000
At 1 April	**30,833**	4,245
Share of profit for the financial year	**1,548**	3,012
Non-controlling interest arising on acquisition (note 5.2)	**–**	21,311
Dividends to non-controlling interests	**(5,228)**	–
Exchange	**2,434**	2,265
At 31 March	**29,587**	30,833

Notes to the Financial Statements continued

Section 5 Additional Disclosures

5.1 Foreign Currency

This note details the exchange rates used to translate non-sterling Income Statement and Balance Sheet amounts into sterling, which is the Group's presentation currency.

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate		Closing rate	
	2017 Stg£1=	2016 Stg£1=	**2017 Stg£1=**	2016 Stg£1=
Euro	**1.1956**	1.3697	**1.1689**	1.2633
Danish Krone	**8.9150**	10.2297	**8.6942**	9.4134
Swedish Krona	**11.3729**	12.7937	**11.1423**	11.6547
Norwegian Krone	**10.9811**	12.4995	**10.7169**	11.8938

5.2 Business Combinations

The Group acquired a number of businesses during the year. This note provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired.

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, the principal acquisitions completed by the Group during the year, together with percentages acquired were as follows:

- the acquisition in November 2016 of 100% of Shell's commercial, aviation and retail fuels business in Denmark ('Dansk Fuels');
- the acquisition of 100% of Medium (U.K.) ('Medium') in November 2016. Medium is a distributor of professional audio visual equipment to resellers in the UK;
- the acquisition in December 2016 of 100% of Hammer Consolidated Holdings Limited ('Hammer'), a UK based specialist distributor of server and storage solutions to resellers in the UK and Continental Europe;
- the acquisition in January 2017 of 79% of Medisource Ireland Limited, a specialist in the procurement and sale of Exempt Medicinal Products, based in Ireland; and
- the acquisition of 97% of Gaz Européen Holding SAS ('Gaz Européen') in January 2017. Gaz Européen, which is based in France, is a natural gas retail and marketing business which supplies business and public sector customers.

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the year, together with measurement period adjustments made to the provisional fair values in respect of the acquisition of Butagaz S.A.S. which was completed during the year ended 31 March 2016. These measurement period adjustments, which have no net cash impact, resulted in an increase in goodwill of £0.986 million and primarily comprise reclassifications between categories of assets and liabilities.

5.2 Business Combinations continued

	Gaz Européen 2017 £'000	Others 2017 £'000	Total 2017 £'000	Total 2016 £'000
Assets				
Non-current assets				
Property, plant and equipment (note 3.1)	468	7,797	8,265	204,605
Intangible assets – other intangible assets (note 3.2)	48,595	19,918	68,513	298,014
Equity accounted investments (note 3.3)	–	404	404	15,292
Deferred income tax assets	–	60	60	11,605
Total non-current assets	49,063	28,179	77,242	529,516
Current assets				
Inventories (note 3.7)	9,287	22,920	32,207	52,339
Trade and other receivables (note 3.7)	61,627	144,901	206,528	97,904
Total current assets	70,914	167,821	238,735	150,243
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	(16,731)	(3,171)	(19,902)	(101,174)
Provisions for liabilities	–	(11,129)	(11,129)	(169,894)
Government grants (note 3.16)	–	–	–	(46)
Total non-current liabilities	(16,731)	(14,300)	(31,031)	(271,114)
Current liabilities				
Trade and other payables (note 3.7)	(46,539)	(118,238)	(164,777)	(95,423)
Provisions for liabilities	(102)	(5,215)	(5,317)	(18,604)
Current income tax asset/(liability)	29	12,312	12,341	(18,719)
Acquisition related liabilities	–	(13,522)	(13,522)	–
Total current liabilities	(46,612)	(124,663)	(171,275)	(132,746)
Identifiable net assets acquired	56,634	57,037	113,671	275,899
Non-controlling interest arising on acquisition (note 4.4)	–	–	–	(21,311)
Other reserve movements arising on acquisitions	–	–	–	2,503
Intangible assets – goodwill (note 3.2)	44,328	72,847	117,175	214,470
Total consideration	100,962	129,884	230,846	471,561
Satisfied by:				
Cash	109,736	132,282	242,018	500,492
Cash and cash equivalents acquired	(11,158)	(27,533)	(38,691)	(110,450)
Net cash outflow	98,578	104,749	203,327	390,042
Acquisition related liabilities	2,384	25,135	27,519	81,519
Total consideration	100,962	129,884	230,846	471,561

Notes to the Financial Statements continued

5.2 Business Combinations continued

The acquisition of Gaz Européen 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 period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

Gaz Européen	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	590	48,473	49,063
Current assets	71,103	(189)	70,914
Non-current liabilities	–	(16,731)	(16,731)
Current liabilities	(45,816)	(796)	(46,612)
Identifiable net assets acquired	25,877	30,757	56,634
Goodwill arising on acquisition	75,085	(30,757)	44,328
Total consideration	100,962	–	100,962

Others	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	30,105	(1,926)	28,179
Current assets	168,343	(522)	167,821
Non-current liabilities	(1,470)	(12,830)	(14,300)
Current liabilities	(123,184)	(1,479)	(124,663)
Identifiable net assets acquired	73,794	(16,757)	57,037
Goodwill arising on acquisition	56,090	16,757	72,847
Total consideration	129,884	–	129,884

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	30,695	46,547	77,242
Current assets	239,446	(711)	238,735
Non-current liabilities	(1,470)	(29,561)	(31,031)
Current liabilities	(169,000)	(2,275)	(171,275)
Identifiable net assets acquired	99,671	14,000	113,671
Goodwill arising on acquisition	131,175	(14,000)	117,175
Total consideration	230,846	–	230,846

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2018 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.

None of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £10.308 million.

No contingent liabilities were recognised on the acquisitions completed during the financial year or the prior financial years.

5.2 Business Combinations continued

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £210.874 million. The fair value of these receivables is £206.528 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £4.346 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions in the current year range from £2.630 million to £56.697 million.

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

	2017 £'000
Revenue	318,386
Cost of sales	(281,863)
Gross profit	36,523
Operating costs	(28,027)
Operating profit	8,496
Finance costs (net)	(184)
Profit before tax	8,312
Income tax expense	(1,849)
Non-controlling interests	354
Profit for the financial year	6,817

The revenue and profit of the Group for the financial year (on a continuing basis) 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:

	2017 £'000
Revenue	12,843,312
Profit for the financial year	211,258

Notes to the Financial Statements continued

5.3 Cash Generated from Operations

This note reconciles how the Group's profit for the year translates into cash flows generated from operating activities.

	2017 £'000	2016 £'000
Profit for the financial year	**217,745**	181,043
Add back non-operating expenses/(income):		
– tax	**49,054**	35,314
– share of equity accounted investments' profit	**(712)**	(504)
– net operating exceptionals	**36,297**	14,640
– net finance costs	**21,999**	38,408
Operating profit before exceptionals	**324,383**	268,901
– share-based payments expense (note 2.5)	**3,192**	2,198
– depreciation (note 3.1)	**92,015**	74,822
– amortisation of intangible assets (note 3.2)	**39,168**	31,622
– (profit)/loss on disposal of property, plant and equipment	**(173)**	415
– amortisation of government grants (note 3.16)	**(235)**	(419)
– other	**4,571**	(3,412)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.7)	**(21,793)**	(10,647)
– trade and other receivables (note 3.7)	**(101,256)**	59,159
– trade and other payables (note 3.7)	**206,998**	(10,927)
Cash generated from operations before exceptionals	**546,870**	411,712

5.4 Commitments

A commitment represents an obligation to make a payment in the future as long as the counterparty meets its obligations, and mainly relates to leases and agreements to buy capital assets. These amounts are not included in the Group's Balance Sheet as we have not yet received the goods or services from the supplier.

Capital Expenditure Commitments

	2017 £'000	2016 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	**30,439**	52,021
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	**101,188**	96,479
	131,627	148,500

5.4 Commitments continued

Commitments under Operating and Finance Leases

Operating leases

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

	2017 £'000	2016 £'000
Within one year	**44,182**	33,682
After one year but not more than five years	**81,777**	79,250
More than five years	**110,768**	72,874
	236,727	185,806

The Group leases a number of properties under operating leases. The leases typically run for a period of 10 to 25 years. Rents are generally reviewed every five years.

During the year ended 31 March 2017, £51.675 million (2016: £40.003 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:

	2017		2016	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	**194**	**190**	381	379
After one year but not more than five years	**169**	**165**	134	127
	363	**355**	515	506
Less: amounts allocated to future finance costs	**(8)**	**–**	(9)	–
Present value of minimum lease payments	**355**	**355**	506	506

5.5 Contingencies

Contingent liabilities include guarantees given in respect of borrowings and other obligations arising in the ordinary course of business.

Guarantees

The Company has given guarantees of £1,682.015 million (2016: £1,626.453 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

Other

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of the following subsidiaries; Alvabay Limited, DCC Corporate 2007 dac, DCC Corporate Funding Unlimited Company, DCC Corporate Partners Unlimited Company, DCC Corporate Services dac, DCC Energy Limited, DCC Euro 2010 Limited, DCC Facilities Limited, DCC Finance Limited, DCC Finance & Treasury dac, DCC Financial Services Unlimited Company, DCC Financial Services Ireland Limited, DCC Funding 2007 dac, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Unlimited Company, DCC Technology Limited, DCC Technology (Holdings) Limited (formerly SerCom Distribution Limited), DCC Treasury 2010 dac, DCC Treasury Ireland 2013 dac, DCC Treasury Management Unlimited Company, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Ireland Limited (formerly Sharptext Limited), Fannin Limited, Flogas Ireland Limited, Flogas Natural Gas Limited, Heleconia Limited (formerly Lotus Green Limited), Medisource Ireland Limited, SerCom (Holdings) Limited and Starata Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

Notes to the Financial Statements continued

5.6 Related Party Transactions

The Group's principal related parties are the Group's subsidiaries, joint ventures, associates and key management personnel of the Group.

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.

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 in note 5.9 and the basis of consolidation in note 1.3. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 196 to 199 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 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. Key management remuneration amounted to:

	2017 £'000	2016 £'000
Short-term benefits	**4,780**	3,139
Post employment benefits	**1,201**	1,101
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	**1,012**	723
At 31 March	**6,993**	4,963

5.7 Financial Risk and Capital Management

This note details the Group's treasury management and financial risk management objectives and policies. Information is also provided regarding the Group's exposure and sensitivity to capital risk, credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk, and the policies in place to monitor and manage these risks.

Capital risk management

The Group's objectives when managing its capital structure 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. Return on capital employed ('ROCE') is a key performance indicator for the Group.

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 Group includes borrowings in its measure of capital. The Group's borrowings are subject to covenants. Further details on this are outlined in the Liquidity Risk Management section of this note.

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

The capital structure of the Group, which comprises capital and reserves attributable to the owners of the Parent, net debt and acquisition related liabilities, may be summarised as follows:

	2017 £'000	2016 £'000
Capital and reserves attributable to the owners of the Parent	**1,478,134**	1,319,643
Net debt (note 3.11)	**121,949**	54,502
Acquisition related liabilities	**118,121**	122,642
At 31 March	**1,718,204**	1,496,787

5.7 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 December 2016. These policies and guidelines primarily cover credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price 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, in conjunction with Group Commodity Risk Management, manage commodity price exposures, within approved policies and guidelines. Monitoring of compliance with the policies and guidelines is managed by the Group Risk Management function.

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 receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and 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.

As detailed in note 3.5, the Group's trade receivables at 31 March 2017 amount to £1,084.215 million (2016: £825.693 million). Customer credit risk arising in the context of the Group's operations is not significant and the total provision for impairment of trade receivables amounts to 2.0% of the Group's gross trade receivables (2016: 2.1%). The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

Receivable balances classified as neither past due nor impaired represent 87% of the total trade receivables balance at 31 March 2017 (2016: 89%). These balances are expected to be fully recoverable. Included in the Group's trade receivables at 31 March 2017 are balances of £121.330 million (2016: £76.054 million) which are past due at the reporting date but not impaired.

Where appropriate, certain of the Group's operations selectively utilise supply chain financing solutions to sell, on a non-recourse basis, a portion of their receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2017 was £165.609 million (2016: £153.743 million).

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 2017 of £1,060.863 million (inclusive of cash and cash equivalents associated with assets held for sale), 64.8% (£687.249 million) was with financial institutions with a minimum rating in the P-1 (short-term) category of Moody's and 99.5% (£1,055.244 million) was with financial institutions with a minimum rating in the P-2 (short-term) category of Moody's. In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2017 derivative transactions were with counterparties with ratings ranging from AA- to BBB- (long-term) with Standard and Poors or Aa2 to Ba1 (long-term) with Moody's.

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.

(ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three 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 lent to Group companies, 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 committed and uncommitted credit lines with its relationship banks. Compliance with the Group's debt covenants is monitored continually based on management accounts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants and net debt/cash. During the year to 31 March 2017 all covenants have been complied with and based on current forecasts it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Group's trade and other payables, gross debt and derivative financial instruments. The tables also include the gross cash inflows projected to arise from derivative financial instruments. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2017	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Financial liabilities – cash outflows					
Trade and other payables	**(1,820,517)**	**–**	**–**	**–**	**(1,820,517)**
Interest bearing loans and borrowings	**(147,639)**	**(140)**	**(474,549)**	**(800,465)**	**(1,422,793)**
Interest payments on interest bearing loans and borrowings	**(61,204)**	**(58,551)**	**(132,261)**	**(82,900)**	**(334,916)**
Acquisition related liabilities	**(28,300)**	**(20,147)**	**(46,470)**	**–**	**(94,917)**
Cross currency swaps – gross cash outflows	**(39,154)**	**(17,340)**	**(367,028)**	**(591,043)**	**(1,014,565)**
Other derivative financial instruments	**(994)**	**(382)**	**–**	**–**	**(1,376)**
	(2,097,808)	**(96,560)**	**(1,020,308)**	**(1,474,408)**	**(4,689,084)**
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	**3,913**	**3,534**	**9,999**	**6,053**	**23,499**
Cross currency swaps – gross cash inflows	**88,068**	**53,075**	**552,190**	**770,777**	**1,464,110**
	91,981	**56,609**	**562,189**	**776,830**	**1,487,609**

As at 31 March 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(1,437,832)	–	–	–	(1,437,832)
Interest bearing loans and borrowings	(190,943)	(54,993)	(273,961)	(847,139)	(1,367,036)
Interest payments on interest bearing loans and borrowings	(60,140)	(52,355)	(134,590)	(106,302)	(353,387)
Acquisition related liabilities	(41,231)	(13,926)	(67,485)	–	(122,642)
Cross currency swaps – gross cash outflows	(94,123)	(40,367)	(277,023)	(667,326)	(1,078,839)
Other derivative financial instruments	(2,377)	(317)	(5)	–	(2,699)
	(1,826,646)	(161,958)	(753,064)	(1,620,767)	(4,362,435)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,477	3,066	8,115	6,742	22,400
Cross currency swaps – gross cash inflows	133,409	76,519	392,616	802,977	1,405,521
	137,886	79,585	400,731	809,719	1,427,921

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables. The Group has a well balanced profile of debt maturities over the coming years which will be serviced through a combination of cash and cash equivalents, cash flows, committed bank facilities and the raising of additional long-term debt.

5.7 Financial Risk and Capital Management continued

(iii) Market risk management

Foreign exchange risk management

DCC's presentation currency is sterling. 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 the euro 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 Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that they are not intended to be repatriated.

The Group has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. 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 the relevant currency, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 7.5% weakening in the value of sterling against the euro during the year ended 31 March 2017 was the main element of the translation gain of £37.1 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2017 as set out in the Group Statement of Comprehensive Income.

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 currencies 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 a proportion of anticipated transactions in certain subsidiaries for periods ranging up to eighteen months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Sensitivity to currency movements

A change in the value of other currencies by 10% against sterling would have a £12.7 million (2016: £8.2 million) impact on the Group's profit before tax and exceptional items, would change the Group's equity by £53.0 million and change the Group's net debt/cash by £11.5 million (2016: £37.8 million and £15.0 million respectively). These amounts include an insignificant amount of transactional currency exposure.

Interest rate risk management

On a net debt/cash 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 a combination of fixed and 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

Based on the composition of net debt at 31 March 2017 a one percentage point (100 basis points) change in average floating interest rates would have a £2.5 million (2016: £1.6 million) impact on the Group's profit before tax.

Further information on Group borrowings and the management of related interest rate risk is set out in notes 3.9 and 3.10.

Commodity price risk management

DCC Energy procures, markets and sells oil, LPG and natural gas products and as such is exposed to changes in commodity cost prices. Where DCC Energy's sales and purchases are not naturally hedged, commodity derivative financial instruments are used to manage commodity price exposures. In general, market dynamics are such that commodity cost price movements are promptly reflected in oil commodity sales prices, which is relevant to DCC's retail and oil distribution business, and over a number of months for a portion of LPG and natural gas commodity sales prices. Hedges are entered into to manage a portion of LPG and natural gas costs to provide protection against future increases in commodity prices. In certain markets, and in particular in LPG and natural gas, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. Fixed price supply contracts are occasionally provided to certain customers for periods typically less than one year in duration for which the Group enters into matching forward commodity contracts. DCC Energy does not hold significant amounts of commodity stock, relative to its purchases and sales. For certain stockholdings, such as in natural gas, DCC Energy may enter hedge contracts to manage commodity stock price exposures. Given the recent growth in the Energy division, certain activities of individual businesses have been centralised under the supervision of a DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines. All commodity hedging counterparties are approved by the Chief Executive and the Chief Financial Officer and are reviewed by the Board.

Sensitivity to commodity price movements

Due to pricing dynamics in the oil distribution market and the recycled oil product market, an increase or decrease of 10% in the commodity cost price of oil would have an immaterial impact on the Group's profit before tax (2016: nil) and an immaterial impact on the Group's equity (2016: nil).

The impact on the Group's profit before tax and on the Group's equity of an increase or decrease of 10% in the commodity cost price of LPG would be dependent on seasonal variations, competitive pressures and the underlying absolute cost of the commodity at the time and, as such, is difficult to quantify but would not be material.

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

Fair values of financial assets and financial liabilities

The fair values of borrowings (none of which are listed) and derivative financial instruments are measured by discounting cash flows at prevailing interest and exchange rates. The fair values of expected future payments under contingent consideration arrangements are determined by applying a risk-adjusted discount rate to the future payments which are based on forecasted operating profits of the acquired entity over the relevant period. The carrying value of non-interest bearing financial assets, financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities. The nominal value less impairment provision of trade receivables and payables approximate to their fair values, largely due to their short-term maturities. The following is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	2017		2016	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	292,000	292,000	225,433	225,433
Trade and other receivables	1,222,597	1,222,597	916,069	916,069
Cash and cash equivalents	1,048,064	1,048,064	1,182,034	1,182,034
	2,562,661	2,562,661	2,323,536	2,323,536
Financial liabilities				
Borrowings	1,468,412	1,485,574	1,453,225	1,469,758
Derivative financial instruments	6,400	6,400	8,744	8,744
Acquisition related liabilities	94,917	94,917	122,642	122,642
Trade and other payables	1,820,517	1,820,517	1,437,832	1,437,832
	3,390,246	3,407,408	3,022,443	3,038,976

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement as at 31 March 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.9)	–	292,000	–	292,000
	–	292,000	–	292,000
Financial liabilities				
Acquisition related liabilities (note 3.14)	–	–	94,917	94,917
Derivative financial instruments (note 3.9)	–	6,400	–	6,400
	–	6,400	94,917	101,317

5.7 Financial Risk and Capital Management continued

Fair value measurement as at 31 March 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.9)	–	225,433	–	225,433
	–	225,433	–	225,433
Financial liabilities				
Acquisition related liabilities (note 3.14)	–	–	122,642	122,642
Derivative financial instruments (note 3.9)	–	8,744	–	8,744
	–	8,744	122,642	131,386

Level 2 fair value measurement:
The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 valuation techniques are:
- The fair value of interest rate, currency and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date with the resulting value discounted back to present value.
- The fair value of forward commodity contracts is determined using quoted forward commodity prices at the balance sheet date with the resulting value discounted back to present value.

Level 3 fair value measurement:
The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:
- The expected future payments are determined by forecasting the acquiree's relevant basis for the contingent consideration (i.e. valuations based on EBITDA or EBIT multiples) as appropriate to the specific contractual earn out arrangement.
- The present value of the estimated future expected payments are discounted using a risk-adjusted discount rate where the time value of money is material.

The estimated fair value of contingent consideration would increase/(decrease) if EBITDA/EBIT growth was higher/(lower) or if the risk-adjusted discount rate was lower/(higher).

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

Offsetting financial assets and financial liabilities

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2017	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial liabilities £'000	Related amounts not set off in the Balance Sheet: Cash collateral received £'000	Net amount £'000
Derivative financial instruments	**286,976**	**–**	**286,976**	**–**	**–**	**286,976**
Cash and cash equivalents	**243,873**	**–**	**243,873**	**(81,739)**	**–**	**162,134**
	530,849	**–**	**530,849**	**(81,739)**	**–**	**449,110**

As at 31 March 2016	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial liabilities £'000	Related amounts not set off in the Balance Sheet: Cash collateral received £'000	Net amount £'000
Derivative financial instruments	219,387	–	219,387	–	–	219,387
Cash and cash equivalents	205,933	–	205,933	(85,228)	–	120,705
	425,320	–	425,320	(85,228)	–	340,092

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2017	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
Bank borrowings	**81,739**	**–**	**81,739**	**(81,739)**	**–**	**–**
	81,739	**–**	**81,739**	**(81,739)**	**–**	**–**

As at 31 March 2016	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	–	–	–	–	–	–
Bank borrowings	85,228	–	85,228	(85,228)	–	–
	85,228	–	85,228	(85,228)	–	–

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such a failure is not remedied within periods of 15 to 30 days after notice of such failure is given to the party, or bankruptcy.

5.8 Events after the Balance Sheet Date

This note provides details on material events which have occurred between the year end date of 31 March and the date of approval of the financial statements.

As announced on 5 April 2017, the Group reached agreement to dispose of its Environmental division. The transaction is expected to complete in the quarter to 30 June 2017, following receipt of competition clearance from the Irish competition authority. The Group expects to receive cash proceeds on completion of approximately £170 million (25% of the British businesses are owned by DCC's long-standing minority partner) and the transaction is expected to give rise to an exceptional profit in the year ending 31 March 2018 of approximately £30 million.

The Group also announced on 5 April 2017 that it has reached agreement with Shell Gas (LPG) Holdings BV to acquire its liquefied petroleum gas ('LPG') business in Hong Kong and Macau based on an enterprise value of HK$1.165 billion (c. £120 million). The business is one of the leading LPG businesses in Hong Kong and is the market leader in Macau. The business is required to be separated from the broader Shell Hong Kong operations and the transaction requires certain regulatory consents and operating licence approvals. The acquisition is expected to complete before the end of DCC's financial year ending 31 March 2018.

5.9 Summary of Significant Accounting Policies

This section sets out the Group's accounting policies which are applied in recognising and measuring transactions and balances arising in the year.

Revenue Recognition
Revenue comprises the fair value of the sale of goods and services to external customers net of value added tax, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Sales returns and discounts are recorded in the same period as the original revenue.

DCC Energy derives the majority of its revenue from the sale of oil, LPG and natural gas. Revenue is recognised when the products are delivered to the customer. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC Energy will have fixed supply prices.

DCC Healthcare derives its revenue from the sale of a broad range of third party and own-branded pharmaceutical and medical devices. Revenue is also generated from the manufacture of products for health and beauty brand owners focused principally on the areas of nutrition and beauty. Revenue is recognised on delivery of the product to the customer in the majority of cases.

DCC Technology derives the majority of its revenue from the sale of consumer and SME focused technology products. Revenue is generally recognised on despatch. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

Revenue in DCC Environmental is generally recognised on receipt of waste and on sale of recyclable materials. Revenue includes amounts which are based on market prices for recyclate products. Revenue is also derived from the sale of chemicals and processed oil which is recognised on delivery to the customer.

Sales of services
Revenue from the rendering of services is recognised in the period in which the services are rendered. Where services are performed rateably over a period of time revenue is recognised on a straight-line basis over the period of the contract.

Service revenue in DCC Energy is generated from a variety of value added services provided to customers. Revenue is recognised as the service is provided.

DCC Healthcare generates service revenue from a variety of sources such as logistics services including stock management, distribution services to hospitals and healthcare manufacturers as well as engineering and preventative maintenance services. Revenue is recognised as the service is rendered and completed.

DCC Technology generates service revenue from providing a range of value-added services to both its customers and suppliers including third party logistics, web site development and management, outsourced managed services, training and certain supply chain management services such as quality assurance and compliance. Revenue relating to these services is recognised as the service is provided.

Service revenue in DCC Environmental is recognised at the point when the service has been performed. When contractual agreements provide for specific services, revenue is recognised at the point of delivery of each separate service.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

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

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

Rental income
Rental income from operating leases is recognised on a straight line basis over the term of the lease. The related assets are recorded as plant and machinery within property, plant and equipment and are depreciated on a straight-line basis over the useful lives of the assets.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has three continuing, reportable operating segments: DCC Energy, DCC Healthcare and DCC Technology. The DCC Environmental segment is classified as an asset held for sale.

Foreign Currency Translation
Functional and presentation currency
The functional currency of the Company is euro. The consolidated financial statements are presented in sterling which is the Company's and the Group's presentation currency as a significant portion of the Group's revenue and operating profit is generated in sterling. 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 or net investment hedge accounting is applied.

Group companies
Results and cash flows of subsidiaries, joint ventures and associates which do not have sterling as their functional currency are translated into sterling 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.

Finance Costs
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the Income Statement, facility fees 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 net finance cost/income on defined benefit pension scheme obligations is recognised in the Income Statement in accordance with IAS 19.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt are included in 'Finance Costs' in the case of a net loss. The mark to market of designated swaps and related debt comprises the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings, together with the gain or loss on the hedged borrowings which is attributable to the hedged risk. The mark to market of undesignated swaps and related debt comprises the gain or loss on currency swaps which are not designated as hedging instruments, but which are used to offset movements in foreign exchange rates on certain borrowings, along with the currency movement on those borrowings.

Finance Income
Interest income is recognised in the Income Statement as it accrues, using the effective interest method, and includes net gains on hedging instruments that are recognised in the Income Statement.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt, both as defined above, are included in 'Finance Income' in the case of a net gain.

5.9 Summary of Significant Accounting Policies continued

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, IAS 39 ineffective mark to market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent consideration (arising on business combinations from 1 April 2010) and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

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 using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the following:
- 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
- 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:
- 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
- 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 profits would be available to allow all or part of the deferred tax asset to be utilised.

Property, Plant and Equipment

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

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

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

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

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

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

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.

Investments in Subsidiary Undertakings

Investments in subsidiaries are stated at cost less any accumulated impairments and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Business Combinations

Business combinations from 1 April 2010

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in the Income Statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Income Statement.

A financial liability is recognised in relation to the other shareholder's option to put its shareholding, being the fair value of the estimate of amounts payable to acquire the subsidiary shareholding. The financial liability is included in contingent consideration. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability are recognised in the Income Statement.

Business combinations prior to 1 April 2010

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to contingent consideration were recognised as part of goodwill.

A financial liability was recognised in relation to the other shareholder's option to put its shareholding, being the fair value of the estimate of amounts payable to acquire the subsidiary shareholding. The financial liability was included in contingent consideration. The discount component was unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability were recognised as an adjustment to goodwill.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

5.9 Summary of Significant Accounting Policies continued

Intangible Assets (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 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.

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, finite-lived intangible assets are amortised over periods ranging from two to forty years, depending on the nature of the intangible asset.

The carrying amount of finite-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).

The Group does not have any indefinite-lived intangible assets other than goodwill.

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.

Financial Instruments

A financial instrument is recognised when the Group becomes a party to its contractual provisions. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished or transferred to a third party. Financial liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

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.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method 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 the 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 and Other 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.

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.

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.

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 at 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.

Changes in the fair value of currency swaps that are hedging borrowings and for which the Group has not elected to apply hedge accounting, along with changes in the fair value of derivatives hedging borrowings, that are part of designated fair value hedge relationships, are reflected in the Income Statement in 'Finance Costs'.

Changes in the fair value of other derivative financial instruments for which the Group has not elected to apply hedge accounting are reflected in the Income Statement, in 'Other Operating Income' or 'Other Operating Expenses'.

5.9 Summary of Significant Accounting Policies continued

Hedging

For the purposes of hedge accounting, hedges are designated either as fair value hedges (which hedge the exposure to movements in the fair value of recognised assets or liabilities or firm commitments that are attributable to hedged risks) or cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, 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 are disclosed in note 3.9 and the movements on the cash flow hedge reserve in equity are shown in note 4.2. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than twelve months and as a current asset or current liability if the remaining maturity of the derivative 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, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. As a result, the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings are included within 'Finance Income' or 'Finance Costs'. In the case of the related hedged borrowings, 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' or 'Finance Income'. The gain or loss on commodity derivatives that are designated as fair value hedges of firm commitments are recognised in the Income Statement. Any change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability on the Balance Sheet with a corresponding gain or loss in the Income Statement.

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. The ineffective portion is reported in the Income Statement in 'Finance Income' and 'Finance Costs' where the hedged item is private placement debt, and in 'Other Operating Income' or 'Other Operating Expenses' for all other cases. 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 in Revenue or Cost of Sales (depending on whether the hedge related to a forecasted sale or purchase).

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.

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.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

Environmental Provisions

The Group's waste management and recycling activities are subject to various laws and regulations governing the protection of the environment. In addition, the Group has certain site remediation obligations to be incurred in compliance with local or national environmental regulations together with constructive obligations stemming from established best practice. The measurement of these provisions is based on the evaluation of currently available facts with respect to each individual site and is adjusted periodically as remediation efforts progress or as additional information becomes available. Inherent uncertainties exist in such measurements primarily due to unknown timing, site conditions and changing regulations. Full provision is made for the net present value of the estimated costs in relation to the Group's environmental liabilities. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the environmental provision is reflected in the Income Statement.

Cylinder and Tank Deposits Provisions

This provision relates to DCC Energy's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement.

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 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 in 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. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest) are recognised immediately in the Group Balance Sheet with a corresponding entry to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of published securities, it is the published bid price. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to effect the settlement. Past-service costs, negative or positive, are recognised immediately in the Income Statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the Income Statement.

5.9 Summary of Significant Accounting Policies continued

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. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long-Term Incentive Plan 2009 and a binomial model for the DCC plc 1998 Employee Share Option Scheme.

The DCC plc Long-Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based 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 DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which 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 Share Based Payment Reserve. 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.

Where the share-based payments give rise to the issue of new equity share capital, the proceeds received by the Company are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. Where 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.

Equity

Treasury shares

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

Non-Controlling Interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Group Income Statement and within equity in the Group Balance Sheet, distinguished from shareholders' equity attributable to owners of the Parent. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

5.10 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 15 May 2017.

Company Balance Sheet
As at 31 March 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	6.4	**94,715**	99,683
		94,715	99,683
Current assets			
Trade and other receivables	6.5	**600,842**	421,566
Cash and cash equivalents	6.8	**65,517**	29,321
		666,359	450,887
Total assets		**761,074**	550,570
EQUITY			
Capital and reserves			
Share capital	4.1	**15,455**	15,455
Share premium	4.1	**277,211**	277,211
Other reserves	6.9	**110,156**	70,374
Retained earnings	6.10	**244,918**	84,333
Total equity		**647,740**	447,373
LIABILITIES			
Current liabilities			
Trade and other payables	6.6	**113,334**	103,197
		113,334	103,197
Total equity and liabilities		**761,074**	550,570

John Moloney, Tommy Breen, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2016	**15,455**	**277,211**	**84,333**	**70,374**	**447,373**
Profit for the financial year	–	–	248,021	–	248,021
Other comprehensive income:					
Currency translation	–	–	–	39,782	39,782
Total comprehensive income	–	–	248,021	39,782	287,803
Re-issue of treasury shares	–	–	2,600	–	2,600
Dividends	–	–	(90,036)	–	(90,036)
At 31 March 2017	**15,455**	**277,211**	**244,918**	**110,156**	**647,740**

For the year ended 31 March 2016

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2015	14,688	83,032	69,865	34,839	202,424
Profit for the financial year	–	–	92,625	–	92,625
Other comprehensive income:					
Currency translation	–	–	–	35,535	35,535
Total comprehensive income	–	–	92,625	35,535	128,160
Issue of share capital	767	194,179	–	–	194,946
Re-issue of treasury shares	–	–	2,781	–	2,781
Dividends	–	–	(80,938)	–	(80,938)
At 31 March 2016	15,455	277,211	84,333	70,374	447,373

Company Cash Flow Statement
For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Cash generated from operations	6.11	**(79,170)**	(195,363)
Interest paid		**(4)**	(309)
Income tax paid		**(2)**	–
Net cash flow from operating activities		**(79,176)**	(195,672)
Investing activities			
Inflows:			
Interest received		**6,088**	6,115
Proceeds on disposal		**90,011**	80,940
Dividends received from subsidiaries		**111,107**	18,253
		207,206	105,308
Outflows:			
Acquisition of subsidiaries		**(7,522)**	–
		(7,522)	–
Net cash flow from investing activities		**199,684**	105,308
Financing activities			
Inflows:			
Proceeds from issue of shares		**2,600**	197,727
		2,600	197,727
Outflows:			
Dividends paid	2.11	**(90,036)**	(80,938)
		(90,036)	(80,938)
Net cash flow from financing activities		**(87,436)**	116,789
Change in cash and cash equivalents		**33,072**	26,425
Translation adjustment		**3,124**	2,279
Cash and cash equivalents at beginning of year		**29,321**	617
Cash and cash equivalents at end of year	6.8	**65,517**	29,321

Section 6 Notes to the Company Financial Statements

In accordance with the Companies Act 2014, information regarding the ultimate parent Company, DCC plc, is presented below.

6.1 Basis of Preparation

The financial statements which are presented in sterling, rounded to the nearest thousand, have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Company applies consistent accounting policies to those applied by the Group. To the extent that an accounting policy is relevant to both Group and Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

6.2 Auditor Statutory Disclosure

The audit fee for the Parent Company is £13,000 and is payable to KPMG, Ireland, the statutory auditor (2016: £13,000).

6.3 Profit Attributable to DCC plc

Profit after taxation for the year attributable to owners of the Parent amounting to £248.021 million (2016: £92.625 million) has been accounted for in the financial statements of the Company. In accordance with Section 304(2) of the Companies Act, 2014, 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 304(2) of the Companies Act, 2014.

6.4 Investments in Subsidiary Undertakings

	2017 £'000	2016 £'000
At 1 April	**99,683**	122,792
Additions	**9,324**	–
Disposals	**(16,820)**	(12,827)
Impairment	**(5,228)**	–
Exchange and other	**7,756**	(10,282)
At 31 March	**94,715**	99,683

Details of the Group's principal operating subsidiaries are included in the Group Directory on pages 196 to 199. Non-wholly owned subsidiaries principally comprise of DCC Environmental Britain Limited (75%) (which owns 100% of Wastecycle Limited, Oakwood Fuels Limited and William Tracey Limited) where put and call options exist to acquire the remaining 25%, DCC Holding Denmark A/S (60%) (which owns 100% of DCC Energi Danmark A/S and Dansk Fuels A/S), Gaz Européen Holding SAS (97%) where put and call options exist to acquire the remaining 3% and Medisource Ireland Limited (79%) where put and call options exist to acquire the remaining 21%.

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 Hill House, 1 Little New Street, London EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Atrium Building, 8th Floor, Strawinskylaan 3127, 1077 ZX Amsterdam, The Netherlands.

6.5 Trade and Other Receivables

	2017 £'000	2016 £'000
Amounts owed by subsidiary undertakings	**600,842**	421,566

All amounts owed by subsidiary undertakings are interest-free and repayable on demand. There were no past due or impaired trade receivables in the Company at 31 March 2017 (31 March 2016: nil).

6.6 Trade and Other Payables

	2017 £'000	2016 £'000
Amounts due to subsidiary undertakings	**112,813**	102,715
Other creditors and accruals	**521**	482
	113,334	103,197

Notes to the Financial Statements continued

6.7 Movement in Working Capital

	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2017			
At 1 April 2016	**421,566**	**(103,197)**	**318,369**
Translation adjustment	**36,664**	**(8,370)**	**28,294**
Exceptional items and other	**61,060**	**–**	**61,060**
Increase in working capital (note 6.11)	**81,552**	**(1,767)**	**79,785**
At 31 March 2017	**600,842**	**(113,334)**	**487,508**
Year ended 31 March 2016			
At 1 April 2015	258,033	(179,018)	79,015
Translation adjustment	33,745	(8,707)	25,038
Exceptional items and other	–	18,499	18,499
Increase in working capital (note 6.11)	129,788	66,029	195,817
At 31 March 2016	421,566	(103,197)	318,369

6.8 Cash and Cash Equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	**65,517**	29,321

6.9 Other Reserves

	Foreign currency translation reserve[1] £'000	Other reserves[2] £'000	Total £'000
At 1 April 2015	34,610	229	34,839
Currency translation	35,535	–	35,535
At 31 March 2016	**70,145**	**229**	**70,374**
Currency translation	**39,782**	**–**	**39,782**
At 31 March 2017	**109,927**	**229**	**110,156**

1 The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.
2 The Company's other reserves is a capital conversion reserve fund.

6.10 Retained Earnings

	2017 £'000	2016 £'000
At 1 April	**84,333**	69,865
Total comprehensive income for the financial year	**248,021**	92,625
Re-issue of treasury shares (net of expenses)	**2,600**	2,781
Dividends	**(90,036)**	(80,938)
At 31 March	**244,918**	84,333

6.11 Cash Generated from Operations

	2017 £'000	2016 £'000
Profit for the financial year	**248,021**	92,625
Add back non-operating income:		
– tax	**2**	–
– net operating exceptionals	**(94,602)**	(68,112)
– net finance income	**(6,084)**	(5,806)
– dividend income	**(146,722)**	(18,253)
Operating profit	**615**	454
Changes in working capital:		
– trade and other receivables (note 6.7)	**(81,552)**	(129,788)
– trade and other payables (note 6.7)	**1,767**	(66,029)
Cash generated from operations	**(79,170)**	(195,363)

6.12 Related Party Transactions

Subsidiaries, joint ventures and associates

The Company's Income Statement includes dividends from its subsidiary companies DCC Funding BV of £144.920 million and DCC Corporate Partners Unlimited Company of £1.802 million. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 188, in note 6.5 'Trade and Other Receivables' and in note 6.6 'Trade and Other Payables'.

6.13 Financial Risk Management

A description of the Group's financial risk management objectives and policies is provided in note 5.7 to the Group financial statements. These financial risk management objectives and policies also apply to the Company.

(i) Credit risk management

Credit risk arises from credit exposure to intercompany receivables and cash and cash equivalents including deposits with banks and financial institutions.

As detailed in note 6.5, the Group's intercompany receivables at 31 March 2017 amount to £600.842 million (2016: £421.566 million). None of these balances include a provision for impairment and all amounts are expected to be recoverable in full.

Risk of counterparty default arising on cash and cash equivalents 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 plc transacts with a variety of high credit quality financial institutions for the purpose of placing deposits. 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 2017 of £65.517 million, 97.9% (£64.163 million) was with financial institutions with a minimum rating in the P-1 (short-term) category of Moody's and 100% was with financial institutions with a minimum rating in the P-2 (short-term) category of Moody's.

(ii) Liquidity risk management

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Company's trade and other payables. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2017	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Financial liabilities – cash outflows					
Trade and other payables	**113,334**	**–**	**–**	**–**	**113,334**

As at 31 March 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	103,197	–	–	–	103,197

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

6.13 Financial Risk Management continued

(iii) Market risk management

Foreign exchange risk management

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2017 or at 31 March 2016 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have an £22.5 million (2016: £8.4 million) impact on the Company's profit before tax, would change the Company's equity by £58.9 million and change the Company's net cash by £6.6 million (2016: £41.1 million and £3.0 million respectively).

Interest rate risk management

Based on the composition of net cash at 31 March 2017 a one percentage point (100 basis points) change in average floating interest rates would have a £0.7 million (2016: £0.3 million) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

Commodity price risk management

The Company has no exposure to commodity price risk.

Fair values of financial assets and financial liabilities

The following is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities:

	2017		2016	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	**600,842**	**600,842**	421,566	421,566
Cash and cash equivalents	**65,517**	**65,517**	29,321	29,321
	666,359	**666,359**	450,887	450,887
Financial liabilities				
Trade and other payables	**113,334**	**113,334**	103,197	103,197
	113,334	**113,334**	103,197	103,197

As at 31 March 2017 and 31 March 2016 the Company had no financial assets or financial liabilities which were carried at fair value.

6.14 Contingencies

Guarantees given in respect of borrowings and other obligations are detailed in note 5.5 to the Group financial statements.

Supplementary Information

Principal Subsidiaries, Joint Ventures and Associates[1]

DCC Energy

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Energy Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
LPG				
Butagaz SAS	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of liquefied petroleum gas	France	100
GAZ Européen Holding SAS	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of natural gas	France	97
Flogas Britain Limited	81 Rayns Way, Syston, Leicester LE7 1PF, England	Procurement, sales, marketing and distribution of liquefied petroleum gas	Britain	100
Flogas Ireland Limited	Knockbrack House, Matthews Lane, Donore Road, Drogheda, Co. Louth, Ireland	Procurement, sales, marketing and distribution of liquefied petroleum gas and natural gas	Ireland	100
Benegas BV	Zuiderzeestraatweg 1, 3882NC, Putten, The Netherlands	Procurement, sales, marketing and distribution of liquefied petroleum gas	Netherlands	100
Flogas Sverige AB	Brännkyrkagatan 63, 11822 Stockholm, Sweden	Procurement, sales, marketing and distribution of liquefied petroleum gas	Sweden	100
Flogas Norge AS	Nydalsveien 153, 3 etg, 0484 Oslo, Norway	Procurement, sales, marketing and distribution of liquefied petroleum gas	Norway	100
Retail & Oil				
Certas Energy UK Limited	302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England	Procurement, sales, marketing and distribution of petroleum and lubricant products	Britain	100
Fuel Card Services Limited	Alexandra House, Lawnswood Business Park, Redvers Close, Leeds LS16 6QY, England	Sale and administration of petroleum products through the use of fuel cards	Britain	100
Certas Energy France Limited	9 Avenue Edouard Belin, 92500 Rueil Malmaison, Paris, France	Procurement, sales and marketing of petroleum products	France	100
Energy Procurement Ireland 2013 Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Procurement, sales and marketing of petroleum products	Ireland	100
DCC Energi Danmark A/S	Naerum Hovedgade 8, 2850 Naerum, Denmark	Procurement, sales, marketing and distribution of petroleum products and natural gas	Denmark	60
Qstar Försäljning AB	Spårgatan 5, Box 633, 601 14 Norrköping, Sweden	Procurement, sales and marketing of petroleum products	Sweden	100
Energie Direct	MineralölhandelsgesmbH Alte Poststraße 400, A-8055 Graz, Austria	Procurement, sales, marketing and distribution of petroleum products	Austria	100

1. The information in this section relates only to the Group's principal subsidiaries, joint ventures and associates. A full list of subsidiaries, joint ventures and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

DCC Energy continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Swea Energi AB	Storgatan 35, 434 32 Kungsbacka, Sweden	Procurement, sales, marketing and distribution of petroleum products	Sweden	100
Emo Oil Limited	Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Procurement, sales, marketing and distribution of petroleum products	Ireland	100
DCC Energy Limited	Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland	Procurement, sales, marketing and distribution of petroleum products	Northern Ireland	100

DCC Healthcare

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Healthcare Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
DCC Vital				
DCC Vital Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Holding company for the operations of the DCC Vital group of companies	Ireland	100
Fannin Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Sales, marketing and distribution of medical and pharmaceutical products to healthcare providers	Ireland	100
Medisource Ireland Limited	Unit 24-26 Bullford Business Campus, Kilcoole, Co. Wicklow, Ireland	A leading provider of Exempt Medicinal Products ('EMP's) in Ireland	Ireland	100
Athlone Laboratories Limited	Ballymurray, Co. Roscommon, Ireland	Manufacture and supply of oral beta lactam antibiotics for the British, Irish and international markets	Ireland	100
Fannin (UK) Limited	Westminster Industrial Estate, Repton Road, Measham, Swadlincote, Derbyshire DE12 7DT, England	Sales, marketing and distribution of medical devices to healthcare providers	Britain	100
Williams Medical Services Ltd	Craiglas House, The Maerdy Industrial Estate, Rhymney, Gwent NP22 5PY, Wales	Sales, marketing and distribution of medical supplies and services to UK healthcare market, primarily GPs and primary care organisations	Britain	100
Kent Pharmaceuticals Limited	Joshna House, Crowbridge Road, Orbital Park, Ashford, Kent TN24 0GR, England	Sales, marketing and distribution of pharmaceuticals to hospital and community pharmacies in Britain	Britain	100
Squadron Medical Limited	Greaves Close, Markham Vale, Chesterfield, Derbyshire, S44 5FB, England	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100
The TPS Healthcare Group Limited	27-35 Napier Place, Wardpark, North Cumbernauld, Glasgow G68 0LL, Scotland	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100

Principal Subsidiaries, Joint Ventures and Associates continued

DCC Healthcare continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Health & Beauty Solutions				
DCC Health & Beauty Solutions	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Britain	100
Thompson & Capper Limited	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Britain	100
EuroCaps Limited	Crown Business Park, Dukestown, Tredegar, Gwent NP22 4EF, Wales	Development and contract manufacture of nutritional products in soft gel capsule format	Britain	100
Laleham Health and Beauty Limited	Sycamore Park, Mill Lane, Alton, Hampshire GU34 2PR, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100
Design Plus Holdings Limited	Rowan House, 3 Stevant Way, White Lund, Morecambe, Lancashire LA3 3PU, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100
Vitamex Manufacturing AB	Box 715, SE-601 16 Norrköping, Sweden	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Sweden	100

DCC Technology

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Technology Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Exertis (UK) Ltd	Shorten Brook Way, Altham Business Park, Altham, Accrington, Lancashire BB5 5YJ, England	Sales, marketing and distribution of technology products	Britain	100
Hammer plc	Intec 1, Intec Business Park, Wade Road, Basingstoke, Hampshire RG24 8NE, England	Sales, marketing and distribution of technology products	Britain	100
Exertis Ireland Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of technology products	Ireland	100
Exertis Supply Chain Services Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and outsourced procurement services	Ireland	100
Exertis France	Paris Nord 2, Parc des Reflets, 99 Avenue de la Pyramide, 95700 Roissy, France	Sales, marketing and distribution of technology peripherals and accessories	France	100
Exertis CUC	Zone Industriel Buchelay 3000, BP 1126, 78204 Mantes en Yvelines Cedex, France	Sales, marketing and distribution of technology products and connecting solutions	France	100

DCC Technology continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Exertis CapTech AB	Ekonomivagen 11, 436 33 Askim, Sweden	Sales, marketing and distribution of technology products	Sweden	100
Exertis Go Connect	Laan Van Kopenhagen 100, 3317 DM Dordrecht, The Netherlands	Sales, marketing and distribution of unified communications and audio visual products.	Netherlands	100
Exertis Arc Telecom	Unit No. 702, X3 Building, Jumeirah Lake Towers, Dubai, UAE	Sales, marketing and distribution of technology products.	Ireland	100

DCC Environmental

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Environmental Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
William Tracey Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Renfrewshire PA3 3BD, Scotland	Recycling and waste management	Britain	75
Wastecycle Limited	Enviro Building, Private Road No. 4, Colwick Industrial Estate, Nottingham NG4 2JT, England	Recycling and waste management	Britain	75
Oakwood Fuels Limited	Brailwood Road, Bilsthorpe, Newark, Nottinghamshire NG22 8UA, England	Specialist waste treatment/ management services	Britain	75
Enva Ireland Limited	Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Specialist waste treatment/ management services	Ireland	100

Joint Venture

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
KSG Dining Limited	McKee Avenue, Finglas, Dublin 11, Ireland	Restaurant and hospitality service provider	Ireland	50

Associates

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Geogaz Lavera SA	2 Rue des Martinets, 92500 Rueil Malmaison, Paris, France	Owns and operates an LPG storage facility	France	25
Norgal (GIE)	Route de la Chimie, 76700 Gonfreville L'Orcher, France	Receiving, storage and distribution site for LPG product	France	18

Shareholder Information

Share Listing
DCC's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority ('UKLA Official List') and are traded solely on the London Stock Exchange in sterling.

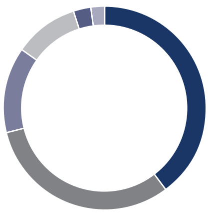
Share Price Data	2017 £	2016 £
Share price at 15 May	**73.65**	61.50
Market capitalisation at 15 May	**6,541m**	5,444m
Share price at 31 March	**70.25**	61.50
Market capitalisation at 31 March	**6,239m**	5,444m
Share price movement during the year		
– High	**72.20**	61.90
– Low	**58.60**	40.90

DCC plc's ordinary share price information can be accessed on the company website under the 'Investors' tab.

Shareholdings as at 31 March 2017

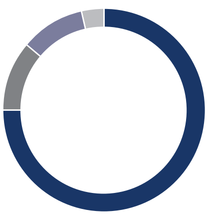
By location

North America	39.97%
UK	31.40%
Continental Europe	13.38%
Ireland	10.39%
Asia/Rest of World	2.80%
Retail	2.06%



By size of holding

Over 250,000	73.47%
100,001–250,000	10.46%
10,000–100,000	12.24%
Less than 10,000	3.83%



Geographic division [1]	Number of shares [2]	% of shares
North America	35,499,946	39.97
UK	27,882,441	31.40
Continental Europe	11,887,983	13.38
Ireland	9,228,257	10.39
Asia/Rest of World	2,489,683	2.80
Retail [3]	1,828,051	2.06
Total	88,816,361	100

Range of shares held	Number of accounts	% of accounts	Number of shares [2]	% of shares
Over 250,000	60	1.80	65,255,808	73.47
100,001 – 250,000	57	1.71	9,288,092	10.46
10,000 – 100,000	302	9.06	10,875,147	12.24
Less than 10,000	2,913	87.43	3,397,314	3.83
Total	3,332	100	88,816,361	100

Notes:
1 This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.
2 Excludes 3,613,043 shares held as Treasury Shares.
3 Retail includes shareholdings of less than 5,000 shares.

Details of shareholdings in excess of 3% in the Company are set out on page 110.

Dividends
DCC normally pays dividends twice yearly, in July and in November/December to shareholders on the register of members on the record date for the dividend. An interim dividend of 37.17 pence per share was paid on 12 December 2016.

Subject to shareholders' approval at the Annual General Meeting, a final dividend of 74.63 pence per share will be paid on 20 July 2017, to shareholders on the register of members at the close of business on 26 May 2017.

Dividends are declared in sterling and shareholders have the option to elect to receive dividends in either sterling or euro. 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 of these options.

The Company is obliged to deduct Dividend Withholding Tax ('DWT') 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 (for example 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. Declaration forms for claiming an exemption are also available from the Company's Registrar.

CREST
DCC is a member of the CREST share settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of paper share certificates. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Where shares are held in CREST, dividends are automatically paid in sterling unless a currency election is made. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

Financial Calendar

16 May 2017	Final results announcement for 2017
25 May 2017	Ex-dividend date – final dividend
26 May 2017	Record date – final dividend
14 July 2017	Interim Management Statement
14 July 2017	Annual General Meeting
20 July 2017	Proposed payment date – final dividend
14 November 2017	Interim results announcement
December 2017	Proposed payment date – interim dividend
February 2018	Interim Management Statement

Annual General Meeting, Electronic Proxy Voting and CREST Voting
The 2017 Annual General Meeting will be held at The InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Friday 14 July 2017 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.

Shareholders may lodge a Form of Proxy for the 2017 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.eproxyappointment.com and following the instructions which are set out on the Form of Proxy or in the email broadcast that you will have received if you have elected to receive communications via electronic means.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to the notes in the Notice of Annual General Meeting or on the Form of Proxy.

DCC Website
Our corporate website, www.dcc.ie, provides access to share price information through downloadable reports and interactive share price tools. The site also provides access to information on the Group's activities, results, annual reports, stock exchange announcements and investor presentations.

Electronic Communications
Following the introduction of the Transparency Regulations 2007, and in order to adopt a more environmentally friendly and cost-effective approach, the Company provides information concerning the Company (such as the Annual Report and Notice of Annual General Meeting) to shareholders electronically via DCC's website, www.dcc.ie, and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who receive information electronically will continue to receive certain communications by post (such as share certificates, dividend cheques, dividend payment vouchers and tax vouchers). Shareholders who wish to alter the method by which they receive communications should contact the Company's Registrar.

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 1 447 5571
www.investorcentre.com/ie/contactus

Investor Relations
For investor enquiries please contact Kevin Lucey, Head of Group Finance, DCC plc, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Tel: + 353 1 2799 400
email: investorrelations@dcc.ie

Corporate Information

Registered and Head Office
DCC House
Leopardstown Road
Foxrock
Dublin 18
Ireland

Auditors
KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

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

Bankers
Allied Irish Banks
Bank of Ireland
Bank of America Merrill Lynch
Barclays
Bank of Tokyo – Mitsubishi UFJ
BNP Paribas
Danske Bank
Deutsche Bank
HSBC
ING Bank
J.P. Morgan
KBC Bank
Nordea
Rabobank
Royal Bank of Scotland Group

Solicitors
William Fry
2 Grand Canal Square
Dublin 2
Ireland

Pinsent Masons
1 Park Row
Leeds LS1 5AB
England

Stockbrokers
Davy
49 Dawson Street
Dublin 2
Ireland

Jefferies Hoare Govett
Vintners Place
68 Upper Thames Street
London EC4V 3BJ
England

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP
England

Independent Limited Assurance Report to the Directors of DCC plc

We have been engaged by DCC plc ('DCC') to provide limited assurance over the Selected Information described below for the year ended 31 March 2017.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within the Responsible Business Report ('the Report') of the DCC Annual Report and Accounts for the year ended 31 March 2017 marked with the symbol Δ ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed elsewhere on DCC's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The carbon emissions data has been evaluated against DCC's Carbon Reporting Criteria as set out at http://www.dcc.ie/~/media/Files/D/DCC-v2/documents/pdfs/carbon-reporting-criteria.pdf for the Selected Information. The Selected Information needs to be read together with the Reporting Criteria.

We have not performed any work, and do not express any conclusion, over any other information that may be displayed in the DCC Annual Report and Accounts or on the Company's website for the current year or for previous periods unless otherwise indicated.

Inherent limitations

The nature of non-financial information, the absence of a significant body of established practice on which to draw, and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

Directors' responsibilities

The Directors of DCC are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to DCC in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') and International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with DCC management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- re-performing a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior periods' amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

This report's intended use

This assurance report is made solely to DCC in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of DCC showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than DCC for our work, for this assurance report or for the conclusions we have reached.

KPMG
Chartered Accountants
Dublin
15 May 2017

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:

- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Operating profit before net exceptionals and amortisation of intangible assets ('EBITA')

Definition

This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA') – continuing	Income Statement	**345,005**	285,345
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA') – discontinued	Note 2.10	**18,546**	15,178
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA')		**363,551**	300,523

Operating profit before net exceptionals, depreciation and amortisation of intangible assets ('EBITDA')

Definition

EBITDA represents earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
EBITA	Per above	**363,551**	300,523
Depreciation	Note 2.1	**92,015**	74,822
EBITDA		**455,566**	375,345

Net interest

Definition

The Group defines net interest as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Finance costs before exceptional items	Income Statement	**(72,910)**	(64,790)
Finance income before exceptional items	Income Statement	**40,973**	35,962
Net interest – continuing		**(31,937)**	(28,828)
Net interest – discontinued	Note 2.10	**(163)**	(161)
Net interest		**(32,100)**	(28,989)

Interest cover – EBITA Interest Cover

Definition

The EBITA interest cover ratio measures the Group's ability to pay interest charges on debt from operating profits.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
EBITA – continuing	Per above	**345,005**	285,345
Net interest – continuing	Per above	**(31,937)**	(28,828)
EBITA interest cover (times)		**10.8x**	9.9x

Interest cover – EBITDA Interest Cover

Definition

The EBITDA interest cover ratio measures the Group's ability to pay interest charges on debt from cash flows.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
EBITDA	Per above	**455,566**	375,345
Net interest	Per above	**(32,100)**	(28,989)
EBITDA interest cover (times)		**14.2x**	12.9x

Effective tax rate

Definition

The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of EBITA less net interest.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
EBITA	Per above	**363,551**	300,523
Net interest	Per above	**(32,100)**	(28,989)
EBT		**331,451**	271,534
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – continuing	Note 2.9	**54,787**	41,042
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – discontinued		**3,217**	2,403
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets		**58,004**	43,445
Effective tax rate (%)		**17.5%**	16.0%

Adjusted earnings per share

Definition

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of net exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	2017 pence	2016 pence
Adjusted earnings per share – continuing	Note 2.12	**286.59**	242.78
Adjusted earnings per share – discontinued	Note 2.12	**17.09**	14.36
Adjusted earnings per share		**303.68**	257.14

Alternative Performance Measures continued

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus sterling, the Group's presentation currency. In order to present a better reflection of underlying performance in the period, the Group retranslates foreign denominated current year earnings at prior year exchange rates.

Calculation: Revenue – continuing, constant currency	Reference in Financial Statements	2017 £'000	2016 £'000
Revenue – continuing	Income Statement	12,269,802	10,447,630
Currency impact		(622,001)	–
Revenue – continuing, constant currency		11,647,801	10,447,630

Calculation: EBITA – continuing, constant currency	Reference in Financial Statements	2017 £'000	2016 £'000
EBITA – continuing	Income Statement	345,005	285,345
Currency impact		(23,084)	–
EBITA – continuing, constant currency		321,921	285,345

Calculation: Adjusted earnings per share – continuing, constant currency	Reference in Financial Statements	2017 £'000	2016 £'000
Adjusted earnings – continuing	Note 2.12	254,307	213,290
Currency impact		(16,677)	–
Adjusted earnings – continuing, constant currency		237,630	213,290
Weighted average number of ordinary shares ('000)	Note 2.12	88,735	87,854
Adjusted earnings per share (pence) – continuing, constant currency		267.80p	242.78p

Dividend cover

Definition

The dividend cover ratio measures the Group's ability to pay dividends from earnings.

Calculation	Reference in Financial Statements	2017 pence	2016 pence
Adjusted earnings per share – continuing	Note 2.12	286.59	242.78
Dividend	Note 2.11	111.80	97.22
Dividend cover (times)		2.6x	2.5x

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Purchase of property, plant and equipment	Group Cash Flow Statement	143,698	134,172
Proceeds from disposal of property, plant and equipment	Group Cash Flow Statement	(12,315)	(13,523)
Net capital expenditure		131,383	120,649

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after net capital expenditure.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	546,870	411,712
Net capital expenditure	Per above	(131,383)	(120,649)
Free cash flow		415,487	291,063

Free cash flow (after interest and tax payments)

Definition

Free cash flow (after interest and tax payments) is defined by the Group as free cash flow after interest paid, income tax paid, dividends received from equity accounted investments and interest received.

Calculation	Reference in Financial Statements	**2017 £'000**	2016 £'000
Free cash flow	Per above	**415,487**	291,063
Interest paid	Group Cash Flow Statement	**(70,108)**	(64,432)
Income tax paid	Group Cash Flow Statement	**(62,180)**	(35,346)
Dividends received from equity accounted investments	Group Cash Flow Statement	**125**	365
Interest received	Group Cash Flow Statement	**40,966**	36,004
Free cash flow (after interest and tax payments)		**324,290**	227,654

Cash conversion ratio

Definition

The cash conversion ratio expresses free cash flow as a percentage of EBITA.

Calculation	Reference in Financial Statements	**2017 £'000**	2016 £'000
Free cash flow	Per above	**415,487**	291,063
EBITA	Per above	**363,551**	300,523
Cash conversion ratio (%)		**114%**	97%

Net debt/EBITDA

Definition

The net debt to earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items ('EBITDA') ratio is a measurement of leverage, and shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

Calculation	Reference in Financial Statements	**2017 £'000**	2016 £'000
Net debt	Note 3.11	**121,949**	54,502
EBITDA	Per above	**455,566**	375,345
Net debt/EBITDA (times)		**0.3x**	0.2x

Net debt/total equity

Definition

The net debt/total equity percentage is a measure of financial leverage and illustrates the relative proportion of debt that has been used to finance the Group's assets.

Calculation	Reference in Financial Statements	**2017 £'000**	2016 £'000
Net debt	Note 3.11	**121,949**	54,502
Total equity	Group Balance Sheet	**1,507,721**	1,350,476
Net debt/total equity (%)		**8.1%**	4.0%

Alternative Performance Measures continued

Return on capital employed ('ROCE') – continuing

Definition

ROCE represents operating profit (continuing) before net operating exceptional items and amortisation of intangible assets expressed as a percentage of the average total continuing capital employed. Total continuing capital employed represents total equity adjusted for net debt/cash, goodwill and intangibles written off, acquisition related liabilities and equity accounted investments.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Total equity	Group Balance Sheet	**1,507,721**	1,350,476
Net debt (continuing)	Note 3.11	**134,748**	69,473
Goodwill and intangibles written off (continuing)		**228,340**	189,210
Equity accounted investments (continuing)	Group Balance Sheet	**(24,938)**	(22,139)
Acquisition related liabilities (continuing, current and non-current)	Note 3.14	**94,917**	99,438
Net assets of the disposal group	Note 2.10	**(126,072)**	(104,694)
		1,814,716	1,581,764
Average total capital employed		**1,698,240**	1,301,757
EBITA – continuing	Per above	**345,005**	285,345
Return on capital employed (%) – continuing		**20.3%**	21.9%

Committed acquisition expenditure

Definition

The Group defines committed acquisition expenditure as the total acquisition cost of subsidiaries as presented in the Group Cash Flow Statement (excluding amounts related to acquisitions which were committed to in previous years) and future acquisition related liabilities for acquisitions committed to during the year.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Net cash outflow on acquisitions during the year	Group Cash Flow Statement	**203,327**	390,042
Cash outflow on acquisitions which were committed to in the previous year		**(34,372)**	(351,045)
Acquisition related liabilities arising on acquisitions during the year	Note 3.14	**41,041**	81,519
Acquisition related liabilities which were committed to in the previous year		**(14,082)**	(79,288)
Amounts committed in the current year		**358,000**	39,000
Committed acquisition expenditure		**553,914**	80,228

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Inventories	Note 3.4	**456,395**	393,948
Add: inventories of the disposal group	Note 2.10	**1,922**	–
Trade and other receivables	Note 3.5	**1,222,597**	916,069
Add: trade and other receivables of the disposal group	Note 2.10	**33,264**	–
Less: interest receivable		**(223)**	(230)
Trade and other payables	Note 3.6	**(1,820,517)**	(1,437,832)
Add: trade and other payables of the disposal group	Note 2.10	**(35,741)**	–
Less: interest payable	Note 3.6	**4,534**	3,967
Less: amounts due in respect of property, plant and equipment	Note 3.6	**6,349**	2,967
Less: government grants	Note 3.6	**9**	26
Net working capital		**(131,411)**	(121,085)

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

Calculation	Reference in Financial Statements	2017 £'000	2016 £'000
Net working capital	Per above	**(131,411)**	(121,085)
March revenue		**1,223,575**	967,014
Working capital (days)		**(3.3 days)**	(3.9 days)

5 Year Review

Group Income Statement Year ended 31 March	**2013 £'m**	**2014 £'m**	**2015 £'m**	**2016 £'m**	**2017 £'m**
Revenue	10,552.4	11,210.8	10,749.4	10,601.1	12,445.0
Operating profit before exceptional items and amortisation of intangible assets	185.5	207.3	228.2	300.5	363.6
Exceptional items	(23.4)	(13.3)	(8.7)	(14.6)	(36.3)
Amortisation of intangible assets	(14.4)	(20.4)	(25.4)	(31.6)	(39.2)
Operating profit	147.7	173.6	194.1	254.3	288.1
Finance costs (net)	(15.4)	(23.5)	(31.3)	(38.4)	(22.0)
Share of equity accounted investments	0.5	0.9	0.5	0.5	0.7
Profit before tax	132.8	151.0	163.3	216.4	266.8
Income tax expense	(26.2)	(27.1)	(18.9)	(35.4)	(49.1)
Non-controlling interests	(0.3)	(2.7)	–	(3.0)	(1.5)
Profit attributable to owners of the Parent	106.3	121.2	144.4	178.0	216.2
Earnings per share					
– basic (pence)	127.17p	144.70p	171.97p	202.64p	243.64p
– basic adjusted (pence)	171.20p	191.20p	209.19p	257.14p	303.68p
Dividend per share (pence)	69.86p	76.85p	84.54p	97.22p	111.80p
Dividend cover (times)	2.5	2.5	2.5	2.6	2.7
Interest cover (times)*	13.2	9.7	7.8	10.4	11.3

* excludes exceptional items.

Group Balance Sheet As at 31 March	**2013 £'m**	**2014 £'m**	**2015 £'m**	**2016 £'m**	**2017 £'m**
Non-current and current assets:					
Property, plant and equipment	436.8	464.9	464.7	739.5	750.0
Intangible assets	747.8	742.5	759.2	1,297.1	1,422.6
Equity accounted investments	5.8	6.1	5.0	22.1	24.9
Cash/derivatives	655.9	1,019.5	1,499.4	1,407.5	1,340.1
Other assets	1,536.0	1,470.6	1,189.5	1,331.3	1,894.8
Total assets	3,382.3	3,703.6	3,917.8	4,797.5	5,432.4
Equity	892.3	946.3	987.0	1,350.5	1,507.7
Non-current and current liabilities:					
Borrowings/derivatives	842.6	1,106.8	1,471.8	1,462.0	1,474.8
Retirement benefit obligations	19.4	16.0	10.2	0.3	–
Other liabilities	1,628.0	1,634.5	1,448.8	1,984.7	2,449.9
Total liabilities	2,490.0	2,757.3	2,930.8	3,447.0	3,924.7
Total equity and liabilities	3,382.3	3,703.6	3,917.8	4,797.5	5,432.4
Net (debt)/cash included above	(186.6)	(87.3)	30.0	(54.5)	(121.9)

Group Cash Flow Year ended 31 March	**2013 £'m**	**2014 £'m**	**2015 £'m**	**2016 £'m**	**2017 £'m**
Operating cash flow	264.5	346.9	377.8	411.7	546.9
Capital expenditure	61.6	78.6	79.4	134.2	131.4
Acquisitions	168.1	50.1	123.5	394.0	262.4

Other Information	**2013**	**2014**	**2015**	**2016**	**2017**
Return on capital employed (%)	15.6%	16.3%	18.9%	21.0%	19.8%
Working capital (days)	2.2	(0.6)	(4.9)	(3.9)	(3.3)

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Notes

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DCC plc,
DCC House,
Leopardstown Road,
Foxrock, Dublin 18,
Ireland

Tel: + 353 1 279 9400
Email: info@dcc.ie

www.dcc.ie