ANNUAL REPORT & ACCOUNTS 2004

DCC

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

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

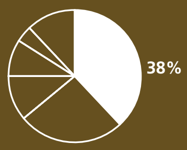
	% change Reported	% change Constant Currency
Sales (continuing activities) **€2.2 billion**	-2.0%	+2.6%
Operating profit (continuing activities) **€120.9 million**	+8.8%	+14.1%
Earnings (adjusted earnings per share) **121.89 cent**	+9.8%	+15.1%
Dividends (dividend per share) **32.4 cent**	+15.0%	
Cash flow (operating) **€151.9 million**	+54.3%	

Return on capital employed
- excluding goodwill
39.8% (42.2%: 2003)

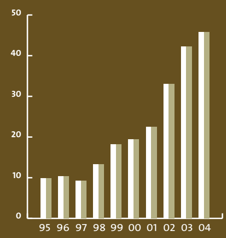
- including goodwill
21.3% (22.0%: 2003)

GROUP PBIT % | DESCRIPTION | GROWTH RECORD

ENERGY

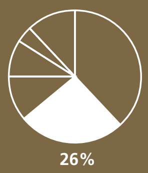


DCC MARKETS AND SELLS liquefied petroleum gas and oil products to commercial / industrial, domestic, catering and agricultural customers in Britain and Ireland.

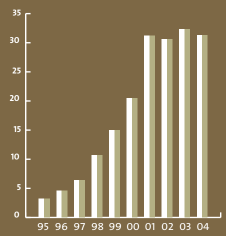


10 Year CAGR **15.6%**

IT DISTRIBUTION

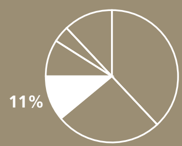


DCC MARKETS AND SELLS a broad range of computer hardware and software products in Britain, Ireland and Continental Europe to computer resellers, high street retailers, computer superstores, on-line retailers and mail order catalogues.

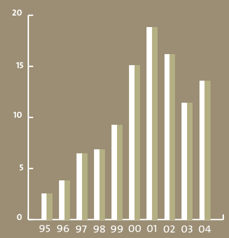


10 Year CAGR **29.1%**

HEALTHCARE

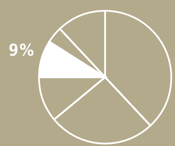


DCC MARKETS AND SELLS medical, surgical, laboratory, pharmaceutical, mobility and rehabilitation products to the hospital, community care and laboratory sectors in Ireland and Britain. DCC is also a leading provider of contract services to the nutraceuticals industry in Britain and Continental Europe.

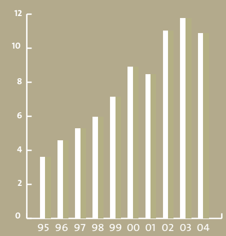


10 Year CAGR **23.1%**

FOOD AND BEVERAGE

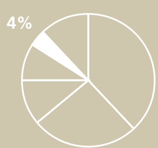


DCC MARKETS AND SELLS food and beverages in Ireland. This includes healthy foods, snackfoods, fresh coffee and wine to a broad range of catering, convenience store, food service and multiple grocer customers.

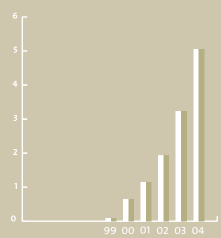


10 Year CAGR **15.5%**

ENVIRONMENTAL

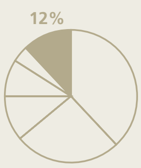


DCC Environmental provides specialist waste management services to the industrial/ commercial sectors including the treatment of waste oils, waste chemicals and contaminated soils and the marketing of effluent water treatment chemicals.

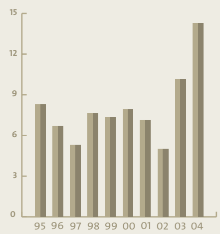


5 Year CAGR **126.3%**

OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)



DCC's other activities principally comprise a 49% shareholding in a leading Irish builder of houses, apartments and related commercial developments and a developing supply chain management business.



10 Year CAGR **9.0%**

KEY STATS	GROWTH FOCUS	STRONG BRANDS	
■ No 1 or 2 in most of its markets ■ 247,000 customers ■ 93 facilities ■ 642 vehicles	■ Organic market share growth in LPG and oil ■ Consolidation opportunities in oil sector ■ Acquisitions outside of Britain and Ireland	**Atlas, Cawoods Oil, Emo, Envirotech, Ergas, Flogas, Fuel Services, Scottish Fuels, Shannon Environmental Services** **(All DCC owned)**	ENERGY
■ Leading player in each of its markets ■ No 1 distributor for many brands ■ 15,000 customers ■ 420,000 consignments annually	■ Demand growth in IT returning ■ Improving environment for acquisitions ■ Broadening product portfolio	**Canon, Cisco Systems, Epson, Fujitsu, HP, IBM, Microsoft, Oracle, Samsung Electronics, Sony, StorageTek, Sun Microsystems, Symantec, Tivoli, Xbox, Xerox**	IT DISTRIBUTION
■ No 1 position in Irish hospital supplies market ■ Sole distributor in Ireland for key global brands ■ 2 MHRA approved nutraceuticals facilities ■ Nutraceuticals export sales grew 38% in last financial year	■ Growth in community healthcare ■ New specialist pharmaceuticals compounding business ■ Pursuing acquisition opportunities in UK hospital supplies sector ■ Further organic growth potential in European nutraceuticals	**CasaCare*, Diagnostica, DiaMed, DMA*, Fannin Healthcare*, Fresenius, Kabi, Grifols, Molnlycke, Oxoid, Smiths, Stratec Medical** **(*DCC owned)**	HEALTHCARE
■ No 1 or 2 in key market segments ■ Focus on fast growing niches ■ 22% of sales are of owned brands ■ Over 7,000 customers across Ireland	■ Expanding portfolio of strong niche brands ■ Demand growth for healthy foods ■ Pursuing acquisition opportunities in Britain and Ireland	**Bollinger, Brown Brothers, Hipp, Jordans, Kelkin*, KP, Kylemore, Lemons*, Phileas Fogg, Robinsons, Robt. Roberts*, Torres** **(*DCC owned)**	FOOD AND BEVERAGE
■ 3 EPA/EHS licenced facilities in Ireland ■ Leading player in Irish environmental market ■ Produced 24 million litres of re-refined oil products last year	■ Growing environmental services market ■ Positioned to meet demand for skill-based services from industrial customers ■ Expansion opportunities in Britain	**Atlas, Envirotech, Shannon Environmental Services** **(All DCC owned)**	ENVIRONMENTAL
■ Building c. 600 residential units annually ■ Providing supply chain management services to leading global technology companies	■ **Building:** Substantial land bank available for future development ■ **SCM:** Trend towards outsourcing supply chain solutions	**Building: Manor Park Homebuilders** **Supply chain management: Avid, Canon, IBM, JASC, Lotus, Lucent, Medtronic, MapInfo, Microsoft, Nortel Networks, PalmOne, The MathWorks**	OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)

BOARD OF DIRECTORS

Alex Spain
Chairman
Alex Spain, B Comm., FCA (aged 71), is non-executive Chairman of DCC and is a director of a number of other companies. He was Managing Partner of KPMG in Ireland from 1977 to 1984. He is a former President of the Institute of Chartered Accountants in Ireland and a former Chairman of the Financial Services Industry Association in Ireland. Mr Spain joined the Board and became Chairman in 1976.

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

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

Member of the Nomination Committee.

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

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

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

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

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

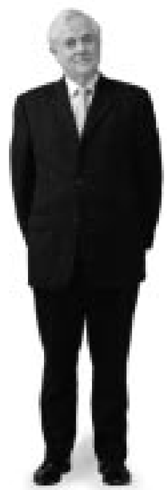
Tony Barry
Tony Barry, Chartered Engineer (aged 69), non-executive Director, was a member of the Court of Directors of Bank of Ireland until January 2003 and was Chairman of Greencore Group plc until his retirement in February 2003. He was Chairman of CRH plc from 1994 to May 2000, having previously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

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

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

Morgan Crowe
Morgan Crowe, Dip Eng, MBA (aged 59), executive Director, joined DCC in 1976, having previously worked with the Boeing Company in Seattle and with IBM in Dublin. He is Managing Director of DCC Healthcare. Mr Crowe joined the Board in 1979.

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



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

Member of the Audit and Remuneration Committees.

Senior Group Management

Jim Flavin
Chief Executive/
Deputy Chairman

Tommy Breen
Managing Director,
IT

Morgan Crowe
Managing Director,
Healthcare

Frank Fenn
Managing Director,
Food and Beverage

Kevin Murray
Managing Director,
Energy and Environmental

Fergal O'Dwyer
Chief Financial Officer

Ann Keenan
Head of Group Human Resources

Donal Murphy
Head of Group IT

Colman O'Keeffe
Deputy Managing Director,
Energy

Michael Scholefield
Managing Director,
Corporate Finance

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

Subsidiary Management

Energy

DCC Energy - Northern Ireland and Scotland	Sam Chambers	Managing Director
Emo Oil	Gerry Wilson	Acting Managing Director
Flogas Ireland	Pat Mercer	Managing Director
Flogas UK	Paddy Kilmartin	Managing Director

IT Distribution

Distrilogie	Patrice Arzillier	Managing Director
Gem Distribution	Paul Donnelly	Managing Director
Micro Peripherals	Anthony Catterson	Managing Director
Sharptext	Paul White	Managing Director

Healthcare

Days Medical Aids/CasaCare	Barry O'Neill	Managing Director
DCC Nutraceuticals	Stephen O'Connor	Managing Director
Fannin Healthcare Group	Andrew O'Connell	Managing Director
Virtus	John Leonard	Managing Director

Food and Beverage

Broderick Bros	Fintan Corrigan	Managing Director
Kelkin	Bernard Rooney	Managing Director
Robt. Roberts	Ken Peare	Managing Director

Environmental

Atlas Environmental Ireland	Declan Ryan	Managing Director
Environmental Technology Manufacturing	John O'Regan	Managing Director
Shannon Environmental Services	Declan Ryan	Managing Director

Supply Chain Management

SerCom Solutions	Kevin Henry	Managing Director

“DCC consistently seeks to maximise organic growth opportunities.”

Chairman's Statement

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

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

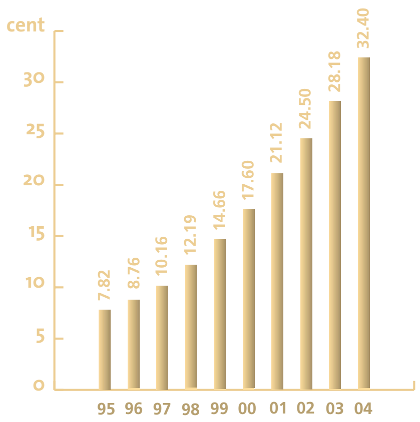
Dividend increase of 15%

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

Share buybacks

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

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



Dividend per share
Compound annual growth rate:

5 years 17.2%
10 years 17.7%

Board changes

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

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

Acquisition and development

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

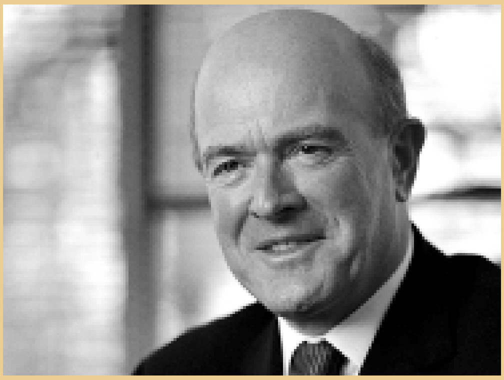
Corporate governance

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

The future

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

Alex Spain
Chairman
14 May 2004



Chief Executive's Review

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

Shareholder value enhancing strategies

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

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

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

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

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

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

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

Dividends and share buybacks: DCC has maintained a very progressive dividend policy since its flotation on the stock market in 1994. Over that period the dividend has grown at a compound annual growth rate of 17.7% per annum. In addition we have used our strong financial position to buy back DCC shares at attractive prices which has been shareholder value enhancing. Between July 2000 and March 2004, 8.1% of the share capital was bought back at an average price per share of €9.81 and a total cost of €71 million.

Management development

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

A key driver for these changes is a recognition that we must continue to foster, as a core competence within DCC, the ability to manage businesses in diverse markets. The senior management team must have the agility, skill and knowledge to drive growth for DCC in all of its markets. Another trigger for the management changes is the impending retirement of Morgan Crowe from his position as an executive Director of DCC plc and as Managing Director of DCC Healthcare with effect from 8 July 2004, the date of the forthcoming AGM.

The following changes are currently being implemented:

- Kevin Murray, who since 1996 has been a very successful Managing Director of DCC's Energy division and of DCC's Food and Beverage division, will become Managing Director of DCC's Healthcare division in July and will retain responsibility for DCC's growing Environmental Services division as Managing Director.

- Tommy Breen, having been Managing Director of DCC's IT Distribution division since 1996, where he very effectively led the strong growth and market out-performance of the division in Britain, Ireland and Continental Europe, will become Managing Director of DCC's Energy division in July.

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

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

DCC's proven ability to manage sales and marketing businesses in diverse sectors has been an important factor in the Group's growth. The senior management team, together with the highly experienced and committed operating management teams in DCC's subsidiaries, gives the Group the capacity and sectoral focus to exploit its strong commercial and financial position and to drive the creation of long-term shareholder value.

Morgan Crowe

After I founded DCC in the early part of 1976, at that time as a start-up venture capital company, I set about recruiting a core executive team. DCC got a lucky break when Morgan Crowe applied to join the team. He has been with us for 27 years of distinguished and committed service seeking, at all times, to enhance the interests of DCC shareholders. His intellect, presence and straightforward approach have won him the respect and friendship of everyone he has dealt with in DCC. On a personal level I will miss him, not just for his wise counsel as a senior executive colleague but also as a trusted friend who for 27 years has worked in an office next door to mine. I am glad he has agreed to remain with us as non-executive Deputy Chairman of DCC Healthcare and to continue to work part-time on selected assignments in the development of the healthcare business.

Looking forward

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

Jim Flavin
Chief Executive/Deputy Chairman
14 May 2004

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

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

Tommy Breen
IT

Morgan Crowe
Healthcare

Frank Fenn
Food and Beverage

Kevin Murray
Energy and Environmental

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Good sales growth was achieved in a number of categories including wine and certain health food segments.

DCC expanded its food and beverage business in Northern Ireland through the acquisition of Savoury Foods, which had a well developed van sales force, and DWS, a wine importer and distributor.

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

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

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

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

Following the acquisitions in recent years of Envirotech and Shannon Environmental Services, DCC has leading positions in a number of environmental market segments in Ireland. DCC now provides a broad range of services including waste chemical, water and oil treatment, soil remediation and emergency response to industrial and commercial customers from its three Environmental Protection Agency/Environment and Heritage Service licenced sites in Ireland.

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

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

SerCom Solutions, the supply chain management business, generated a small second-half operating profit and reported an operating loss for the year of €0.9 million (operating profit of €0.6 million: 2003). The business has continued to generate good positive cash flow.

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

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

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

Fergal O'Dwyer Chief Financial Officer

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

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

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

Results

Continued strong earnings growth, cash generation and high returns on capital employed were key features of DCC's results for the year ended 31 March 2004. As Table 1 shows, performance in the more significant second half was particularly strong with constant currency growth in operating profit of 19% compared to growth of 6% in the first half. Turnover grew by 2.6% on a constant currency basis (2.0% decline reported) to €2,198.0 million and operating profit increased by 14.1% on a constant currency basis (8.8% reported) to a record €120.9 million, approximately 90% of which growth was organic. Since public listing in 1994 approximately two thirds of DCC's growth has been organic.

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

Table 1: Operating profit from continuing activities

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

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

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

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

Interest

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

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

Net exceptional items

Operating exceptional items and non-operating net exceptional items in the year amounted to €8.2 million. Net operating exceptional items of €2.3 million are non-recurring costs incurred on restructuring and redundancy in a drive for improved efficiencies across the Group. Non-operating exceptional costs of €4.8 million were incurred on the termination of operations associated with the Shoprider distribution contract. These costs relating to legal, restructuring and redundancy costs associated with the breach of a contract to supply powered mobility products to DCC's subsidiary Days Medical Aids Limited (DMA) by Pihsiang Machinery Manufacturing Company Limited (a Taiwanese public company) have been recognised in these accounts. However, damages of Stg£10.2 million and an interim cost award of Stg£2.0 million – in total Stg£12.2 million (€18.3 million) – against Pihsiang, its Chairman and major shareholder Mr Donald Wu and his wife and Director Mrs Jenny Wu following a successful London High Court action by DMA have not yet been recognised in the accounts as the amount has not yet been received. The defendants are in breach of a London High Court order in respect of the non-payment of the damages and the interim cost award. Collection of the amount outstanding and interest accruing thereon at 8% per annum (per Court order) is being vigorously pursued.

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

Taxation

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

Dividend

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

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

Return on capital employed

DCC is committed to creating shareholder value through delivering consistent, long term returns in excess of the Company's cost of capital. In the year under review, DCC again generated excellent returns, 39.8% on tangible capital employed and 21.3% on capital employed inclusive of acquisition goodwill, significantly ahead of DCC's cost of capital of approximately 7.5%. DCC's consistently high returns on capital employed reflect the combination of strong organic growth and the attractive valuations and excellent integration synergies DCC has achieved in its bolt-on acquisitions.

Cash flow

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

Table 2: Summary of Cash Flows

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

Table 3: Working Capital Days

	2004 Days	2003 Days
Stocks	15.8	15.8
Debtors	46.5	48.8
Creditors	(50.7)	(49.2)
Net working capital	**11.6**	**15.4**

Table 4: Analysis of Net Cash

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

Balance sheet

DCC has a very strong balance sheet with shareholders' funds of €469.6 million at 31 March 2004 and net cash of €62.7 million.
The composition of net cash at 31 March 2004 is analysed in Table 4.

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

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

Treasury policy and management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. This policy is reviewed and approved annually by the Board. The Group does not take speculative positions but seeks, where considered appropriate, to hedge underlying trading and asset/liability exposures by way of derivative financial instruments (such as interest rate and currency swaps and forward contracts).
DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency and commodity price exposures within approved guidelines. An analysis of the Group's hedging positions is contained in note 27(b) to the financial statements.

Currency risk management

DCC's reporting currency and that in which its share capital is denominated is the euro. Exposures to other currencies, principally sterling and the US dollar, arise in the course of ordinary trading. Trading-related foreign currency exposures are generally hedged by using forward contracts to cover specific or estimated purchases and receivables. Over half of the Group's operating profits are sterling denominated and, where appropriate, hedges are put in place to minimise the related exchange rate volatility. However, certain natural hedges also exist within the Group, as a proportion of both the Group's interest payments and purchases by certain of its Irish businesses are sterling denominated.

Interest rate risk management

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

Credit risk management

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

Commodity price risk management

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

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

DCC recognises its corporate responsibilities to shareholders, employees, customers and suppliers and to the communities in which it operates.

Responsible corporate citizenship is a natural extension of DCC's commitment to excellence across all areas of its operations.

Commitment

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

Progress

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

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

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

Plans

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

Marketplace

Dow Jones STOXX Sustainability Index

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

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

Published Accounts Award

DCC's commitment to best financial reporting practice contributed to the Group's success in winning the Published Accounts Award for large Irish quoted companies during the year. This is the main award for excellence in financial reporting in Ireland, presented annually by the Leinster Society of Chartered Accountants. In addition to winning the overall award, DCC was shortlisted for the Society's CSR award.

Environment, Health and Safety

Proactive approach to Environmental, Health and Safety management

All DCC subsidiaries are taking a systematic and proactive approach to Environmental, Health and Safety (EHS) management. Formal risk assessments are carried out on an ongoing basis as a key part of policies and procedures documented in subsidiaries' EHS management systems. Annual EHS objectives are set and EHS programmes then implemented, monitored and reviewed for effectiveness.
A number of subsidiaries are already certified to the ISO14001 standard for their environmental management systems. This is a positive recognition against an external benchmark.

Regular Environment, Health and Safety audits

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

Respect for the environment

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

Community

Embracing community initiatives

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

Workplace

Pursuing best human resources practice

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

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

Continuous employee development

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

Strong tradition of communication

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

Supporting entrepreneurial management

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

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