

11 November 2002

DCC Group Earnings up 7.1%**Interim Results for the Six Months ended 30 September 2002**

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Turnover	1,030.5 m	Up 11.3%
Operating profit	41.1 m	Up 4.8%
Profit before net exceptional items, goodwill amortisation and taxation	38.8 m	Up 4.1%
Adjusted earnings per share*	39.46 cent	Up 7.1%
Dividend per share	10.217 cent	Up 10.0%
Net cash at 30 September 2002	35.9 m	

* adjusted to exclude net exceptional items and goodwill amortisation

DCC, the business support services group, today announced its results for the six months ended 30 September 2002.

Commenting on the results, DCC's Chief Executive/Deputy Chairman, Jim Flavin, said:

"This very satisfactory result again shows DCC's resilience in a challenging business environment.

DCC is well positioned to achieve strong growth in both the more significant second half of the current financial year and the next financial year. The longer term outlook remains very encouraging."

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Results

The very satisfactory result in the six months ended 30 September 2002 again shows DCC's resilience in a challenging business environment.

- Turnover was up 11.3% to €1,030.5 million.
- Operating profit was up 4.8% to €41.1 million.
- The net interest charge for the period was €2.3 million (€2.0 million).
- Profit before net exceptional items, goodwill amortisation and taxation increased by 4.1% to €38.8 million.
- Adjusted earnings per share (i.e. excluding net exceptional items and goodwill amortisation) increased by 7.1% to 39.46 cent.
- Interim dividend is up 10.0% to 10.217 cent.

Business highlights

DCC is a business support services group focused on sales, marketing and distribution in the energy, IT, healthcare and food markets, with operations in Britain, Ireland and Continental Europe.

- DCC's excellent growth in the energy market continued with operating profits up 23.6% to €10.1 million.
- DCC's IT distribution operations again achieved an excellent result relative to the overall IT market with operating profits up 3.2% to €13.6 million.
- DCC's healthcare operations were severely impacted by the loss of its supply of Shoprider powered mobility products, with operating profits down 41.0% to €6.3m.
- DCC's food business recorded an increase in operating profits of 13.4% to €5.8 million.
- DCC's other activities achieved an excellent increase of 153.9% in operating profits to €5.3m.

Development activity

On 4 November, DCC announced that it had agreed to acquire, subject to completion, Centrica's liquefied petroleum gas (LPG) business, British Gas LPG, for a consideration of £41.1 million (approximately €64.5 million) in cash. The acquisition of British Gas LPG will double DCC's share of the LPG market in Britain to 21%, making it the second largest LPG company in Britain.

British Gas LPG generated operating profits of £2.3 million on turnover of £54.1 million in the year ended 31 December 2001. For the eight months to 31 August 2002, unaudited operating profits were £2.9 million (approximately €4.5 million).

The acquisition of British Gas LPG will continue the strong growth momentum in DCC's substantial energy operations and together with the Alta Gas acquisition last year is

expected to lead to a substantial increase in the profit contribution to DCC from the LPG market in Britain. It is anticipated that the transaction will be completed by the end of November 2002.

In the six months ended 30 September 2002, DCC's development expenditure totalled €58.4 million. The cash impact of acquisitions amounted to €5.3 million and related mainly to payments of deferred consideration, which had been provided for at 31 March 2002. Capital expenditure was €16.8 million. Working capital investment increased by €36.3 million reflecting normal seasonality and sales growth in the period. Working capital equated to 19.4 days sales, which compares favourably with 21.9 days at 30 September 2001.

Financial strength

At 30 September 2002, the Group had net cash of €35.9 million and shareholders' funds of €408.5 million. DCC's strong financial position leaves the Group well placed to pursue its growth objectives.

Dividend

The Board has decided to pay an interim dividend of 10.217 cent per share – up 10.0% on the interim dividend paid in the previous financial year. The interim dividend will be paid on 2 December 2002 to shareholders on the register at the close of business on 22 November 2002.

Outlook

DCC is well positioned to achieve strong growth in both the more significant second half of the current financial year and the next financial year. The longer term outlook remains very encouraging.

Operating review

Energy

	2002	2001	
Turnover	€365.1m	€295.6m	+23.5%
Operating profit	€10.1m	€8.2m	+23.6%

DCC's excellent growth in the energy market continued.

This excellent result reflects strong volume growth in both LPG and oil products, with good contributions from acquisitions completed in the prior year.

Last year DCC extended its oil marketing and distribution activities to Scotland and Northern England and is continuing to seek suitable opportunities in the fragmented British oil distribution sector.

The recently announced planned acquisition of British Gas LPG will continue the strong growth momentum in DCC's energy operations. This acquisition, together with the Alta Gas acquisition last year, will significantly strengthen DCC's position in the LPG market in Britain. DCC Energy is now one of the largest independent companies marketing and distributing LPG and oil in Britain and Ireland.

DCC's environmental services business continues to develop well following the acquisition of Envirotech last year and is expanding into Britain, initially in the marketing of chemicals for the treatment of water, effluents and process liquids.

IT (SerCom Distribution)

	2002	2001	
Turnover	€411.1m	€363.7m	+13.0%
Operating profit	€13.6m	€13.2m	+3.2%
Operating margin	3.3%	3.6%	

DCC's IT Distribution operations again achieved an excellent result relative to the overall IT market.

DCC's business in the British hardware distribution sector continued its excellent record of consistent out-performance by growing its revenue and profits in a marketplace that remained depressed throughout the first half. The business has continued to expand its product and supplier base and is well placed to capitalise on opportunities to further increase its market share.

DCC's British software distribution business had a very good first half, benefiting from a positive market background and from sales of the Xbox games console and related software. The outlook for the games software market sector remains encouraging and the business is well positioned as the leading marketer and distributor in this sector.

DCC's Irish IT distribution business achieved strong profit growth. The business strengthened its market position and benefited from efficiency improvements made last year. In common with DCC's other IT distribution businesses, the business also benefited from the strong financial position of the Group, which has increased its attractiveness to suppliers in the current environment.

In Continental Europe, DCC's specialist storage distribution business performed well in very difficult market conditions. This business will benefit from an upturn in IT expenditure by large corporates. The business has broadened its product range and maintained its market leading position in storage distribution in France, Spain and Portugal.

Healthcare

	2002	2001	
Turnover	€95.3m	€100.8m	-5.5%
Operating profit	€6.3m	€10.6m	-41.0%
Operating margin	6.6%	10.6%	

DCC's healthcare operations were severely impacted by the loss of its supply of Shoprider powered mobility products.

DCC's hospital supply business recorded excellent profit growth. Satisfactory organic growth was achieved against a background of tighter spending on capital equipment by Irish hospitals. This growth was augmented by a strong contribution from TechnoPharm, the fast growing distributor of specialist pharmaceutical products to acute care hospitals in Ireland, which was acquired in February 2002. DCC continues to develop important strategic alliances with its major customers in the Irish hospital sector.

DCC's nutraceuticals business is now well placed for growth following continuing progress in broadening its customer base. The business recently completed the first phase of an expansion of its soft gel encapsulation facility in Wales, which is licensed by the Medicines Control Agency.

As previously announced through the AGM Statement on 5 July, DCC's mobility and rehabilitation business has been severely impacted by the loss of its supply of Shoprider powered mobility products. This arose from breaches by the manufacturer of a long-term supply agreement. Legal proceedings have been issued and are being aggressively pursued. A replacement range of powered mobility products has been launched under DCC's own DMA brand and other procurement initiatives are underway to improve the overall competitive position of the business over time.

Food

	2002	2001	
Turnover	€98.1m	€90.1m	+8.9%
Operating profit	€5.8m	€5.1m	+13.4%
Operating margin	5.9%	5.7%	

DCC's food business recorded good growth in operating profits.

Good sales growth was generated across DCC's range of own and third party branded products. There was strong growth in sales of healthy foods, including DCC's Kelkin brand. Substantial growth was recorded in wine sales, benefiting from increased marketing activity, while snack foods also performed well.

Other activities

DCC's other activities, SerCom Solutions and Manor Park Homebuilders (an associate company), contributed operating profits of €5.3 million (2001: €2.1m). SerCom Solutions, which provides supply chain management services to the IT sector, had an improved performance despite the continuing challenging conditions in its market. Manor Park, a leading Irish house builder, had an excellent result benefiting from sales at its principal sites at Ongar in west Dublin, in Drogheda and in Cork.

Consolidated Profit and Loss Account

	Notes	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Turnover	2	<u>1,030,489</u>	<u>925,604</u>	<u>2,048,889</u>
Operating profit	3	41,061	39,187	102,712
Net interest payable		<u>(2,307)</u>	<u>(1,972)</u>	<u>(5,003)</u>
Profit on ordinary activities before net exceptional items, goodwill amortisation and taxation		38,754	37,215	97,709
Net exceptional items		-	18	(1,126)
Goodwill amortisation		<u>(3,505)</u>	<u>(2,533)</u>	<u>(5,671)</u>
Profit on ordinary activities before taxation	3	35,249	34,700	90,912
Taxation		<u>(5,426)</u>	<u>(5,210)</u>	<u>(13,679)</u>
Profit after taxation		29,823	29,490	77,233
Minority interests		<u>(341)</u>	<u>(497)</u>	<u>(940)</u>
Profit attributable to Group shareholders		29,482	28,993	76,293
Dividends	4	<u>(8,542)</u>	<u>(7,750)</u>	<u>(20,466)</u>
Profit retained for the period		<u>20,940</u>	<u>21,243</u>	<u>55,827</u>
Earnings per ordinary share				
- basic (cent)	5	<u>35.27c</u>	<u>33.89c</u>	<u>90.26c</u>
- diluted (cent)	5	<u>34.95c</u>	<u>33.66c</u>	<u>89.38c</u>
Adjusted earnings per ordinary share				
- basic (cent)	5	<u>39.46c</u>	<u>36.83c</u>	<u>98.30c</u>
- diluted (cent)	5	<u>39.10c</u>	<u>36.57c</u>	<u>97.35c</u>
Dividend per ordinary share (cent)	4	<u>10.217c</u>	<u>9.288c</u>	<u>24.500c</u>

Consolidated Balance Sheet

	Note	Unaudited 30 Sept. 2002 €'000	Restated Unaudited 30 Sept. 2001 €'000	Audited 31 March 2002 €'000
Fixed Assets				
Intangible assets - goodwill		115,629	96,978	118,332
Tangible fixed assets		160,353	144,059	159,156
Financial assets - associated undertakings		43,547	33,340	38,976
		<u>319,529</u>	<u>274,377</u>	<u>316,464</u>
Current Assets				
Stocks		102,017	117,987	112,795
Debtors		297,992	304,568	334,341
Cash and term deposits		286,090	392,382	304,661
		<u>686,099</u>	<u>814,937</u>	<u>751,797</u>
Creditors: Amounts falling due within one year				
Bank and other debt		121,036	218,416	108,795
Amount due in respect of buyback of shares		-	21,044	-
Trade and other creditors		296,421	318,722	377,151
Corporation tax		19,334	14,361	18,473
Proposed dividend		8,542	7,750	12,716
		<u>445,333</u>	<u>580,293</u>	<u>517,135</u>
Net Current Assets		<u>240,766</u>	<u>234,644</u>	<u>234,662</u>
Total Assets less Current Liabilities		<u>560,295</u>	<u>509,021</u>	<u>551,126</u>
FINANCED BY:				
Creditors: Amounts falling due after more than one year				
Bank and other debt		25,923	32,519	26,757
Unsecured Notes due 2008/11		103,257	104,502	106,036
Deferred acquisition consideration		14,780	10,144	18,954
		<u>143,960</u>	<u>147,165</u>	<u>151,747</u>
Provisions for Liabilities and Charges		<u>2,805</u>	<u>2,762</u>	<u>2,816</u>
		<u>146,765</u>	<u>149,927</u>	<u>154,563</u>
Capital and Reserves				
Equity share capital and share premium		146,458	146,481	146,465
Reserves		262,047	207,975	244,965
Equity Shareholders' Funds		<u>408,505</u>	<u>354,456</u>	<u>391,430</u>
Minority interests		3,913	3,662	4,010
Capital grants		1,112	976	1,123
		<u>413,530</u>	<u>359,094</u>	<u>396,563</u>
		<u>560,295</u>	<u>509,021</u>	<u>551,126</u>
Net cash	6	<u>35,874</u>	<u>36,945</u>	<u>63,073</u>

Reconciliation of Movements in Equity Shareholders' Funds

	Unaudited 6 months ended 30 Sept. 2002 €'000	Restated Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Profit attributable to Group shareholders	29,482	28,993	76,293
Dividends	(8,542)	(7,750)	(20,466)
Profit retained for the period	20,940	21,243	55,827
Share buyback (inclusive of costs)	-	(21,307)	(21,307)
Issues of equity share capital net of capital duty	80	1,246	2,464
Movement on other reserves of associated undertakings	(189)	(30)	8
Exchange adjustments and other	(3,756)	(419)	715
Net movement in shareholders' funds	17,075	733	37,707
Opening shareholders' funds as previously reported	391,430	354,686	354,686
Prior year adjustment - deferred tax	-	(963)	(963)
Closing shareholders' funds	408,505	354,456	391,430

Consolidated Cash Flow Statement

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Note			
Inflows			
Operating cash flow (see below)	9,608	(2,683)	117,470
Disposal proceeds	1,590	8,259	11,358
Share issues (net)	80	-	792
	<u>11,278</u>	<u>5,576</u>	<u>129,620</u>
Outflows			
Capital expenditure (net)	16,354	14,687	33,006
Acquisitions/payment of deferred consideration	5,340	16,895	59,637
Acquisition of own shares	-	-	21,307
Interest paid	1,723	582	3,789
Tax paid	1,878	8,294	12,461
Dividends paid	12,716	11,449	19,199
	<u>38,011</u>	<u>51,907</u>	<u>149,399</u>
Net cash outflow	(26,733)	(46,331)	(19,779)
Translation adjustment	(466)	45	(379)
Movement in net cash for the period	(27,199)	(46,286)	(20,158)
Opening net cash	63,073	83,231	83,231
Closing net cash	6 35,874	36,945	63,073

Operating Cash Flow

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Group operating profit	41,061	39,187	102,712
Operating profit of associated undertakings	(8,099)	(4,383)	(13,602)
Dividends received from associated undertakings	836	796	1,264
Depreciation of tangible fixed assets	13,436	11,012	25,268
(Increase)/decrease in working capital	(36,271)	(48,388)	6,904
Other	(1,355)	(907)	(5,076)
Operating cash flow	9,608	(2,683)	117,470

Notes to the Interim Results for the Six Months ended 30 September 2002

1. Basis of Preparation

The interim financial statements for the six months ended 30 September 2002 have been prepared in accordance with the accounting policies set out in the financial statements for the year ended 31 March 2002. The Group adopted FRS19 'Deferred Tax' during the year ended 31 March 2002. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The comparative figures for the six months ended 30 September 2001 have been restated to take account of the effect of a prior year adjustment in respect of this change of accounting policy. The effect on the comparative figures was to decrease shareholders' funds at 30 September 2001 by €0.963 million.

The interim financial statements for the six months ended 30 September 2002 and the comparative figures for the six months ended 30 September 2001 are unaudited. The summary financial statements for the year ended 31 March 2002 represent an abbreviated version of the Group's full accounts for that year, on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

The Group's financial statements are prepared in euro denoted by the symbol €. The exchange rates used in translating sterling balance sheet and profit and loss amounts were as follows:

	6 months ended 30 Sept. 2002 €1=Stg£	6 months ended 30 Sept. 2001 €1=Stg£	Year ended 31 March 2002 €1=Stg£
Balance sheet (closing rate)	0.630	0.622	0.613
Profit and loss (average rate)	<u>0.631</u>	<u>0.614</u>	<u>0.615</u>

2. Turnover

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Energy	365,070	295,628	717,623
IT	411,054	363,714	813,769
Healthcare	95,261	100,808	192,474
Food	98,133	90,114	184,219
Other Activities	<u>60,971</u>	<u>75,340</u>	<u>140,804</u>
	<u>1,030,489</u>	<u>925,604</u>	<u>2,048,889</u>

Analysis of turnover by subsidiary undertakings and associated undertakings:

Subsidiary undertakings	950,666	842,405	1,888,678
Associated undertakings	<u>79,823</u>	<u>83,199</u>	<u>160,211</u>
	<u>1,030,489</u>	<u>925,604</u>	<u>2,048,889</u>
Of which acquisitions contributed	<u>-</u>	<u>35,709</u>	<u>187,251</u>

Notes to the Interim Results for the Six Months ended 30 September 2002

3. Profit before Taxation

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Energy	10,094	8,169	34,979
IT	13,600	13,176	30,631
Healthcare	6,279	10,643	20,717
Food	5,804	5,118	11,007
Other Activities	5,284	2,081	5,378
Group operating profit *	41,061	39,187	102,712
Net interest payable	(2,307)	(1,972)	(5,003)
Profit on ordinary activities before net exceptional items, goodwill amortisation and taxation	38,754	37,215	97,709
Net exceptional items	-	18	(1,126)
Goodwill amortisation	(3,505)	(2,533)	(5,671)
Profit before taxation	35,249	34,700	90,912
Analysis of operating profit by subsidiary undertakings and associated undertakings:			
Subsidiary undertakings	32,962	34,804	89,110
Associated undertakings	8,099	4,383	13,602
Operating profit	41,061	39,187	102,712
*Of which acquisitions contributed	-	395	7,112

4. Dividends

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Interim dividend of 10.217 cent per share (2001: 9.288 cent per share)	8,542	7,750	7,750
Proposed final dividend of 15.212 cent per share	-	-	12,716
	8,542	7,750	20,466

Notes to the Interim Results for the Six Months ended 30 September 2002

5. Earnings per Ordinary Share and Adjusted Earnings per Ordinary Share

	Unaudited 6 months ended 30 Sept. 2002 €'000	Unaudited 6 months ended 30 Sept. 2001 €'000	Audited year ended 31 March 2002 €'000
Profit after taxation and minority interests	29,482	28,993	76,293
Net exceptional items	-	(18)	1,126
Goodwill amortisation	3,505	2,533	5,671
Adjusted profit after taxation and minority interests	32,987	31,508	83,090
Basic earnings per ordinary share	cent	cent	cent
Basic earnings per ordinary share	35.27	33.89	90.26
Adjusted basic earnings per ordinary share*	39.46	36.83	98.30
Weighted average number of ordinary shares in issue during the period ('000)	83,595	85,549	84,527
Diluted earnings per ordinary share			
Diluted earnings per ordinary share	34.95	33.66	89.38
Adjusted diluted earnings per ordinary share*	39.10	36.57	97.35
Diluted weighted average number of ordinary shares ('000)	84,356	86,147	85,354

*adjusted to exclude goodwill amortisation and net exceptional items.

6. Analysis of Net Cash

	Unaudited 30 Sept. 2002 €'000	Unaudited 30 Sept. 2001 €'000	Audited 31 March 2002 €'000
Cash and term deposits	286,090	392,382	304,661
Bank and other debt repayable within one year	(121,036)	(218,416)	(108,795)
Bank and other debt repayable after more than one year	(25,923)	(32,519)	(26,757)
Unsecured Notes due 2008/11	(103,257)	(104,502)	(106,036)
Net cash	35,874	36,945	63,073

7. Distribution of Interim Report

This announcement and further information on DCC is available at the Company's website at www.dcc.ie. A printed copy of this report is being posted to shareholders and will be available to the public at the Company's registered office at DCC House, Stillorgan, Blackrock, Co. Dublin.