SECTION L

STATUTORY REQUIREMENTS

Attachment L.1

Section 40 (4) (A) of the Waste Management Acts 1996 to 2003 - *The potential emissions from the site include*:

1. Noise
2. Dust
3. Odour
4. Surface/stormwater and
5. Sewage

1. Noise

Noise emissions may arise from operational plant and traffic to and from the site.

As the proposed site is on the primary route from Cork to Ringaskiddy, additional traffic from the facility will not be an issue.

All transfer of waste operations onto and off the site will take place under enclosed conditions. Thus, operations at the facility will not have a significant impact on existing background noise levels.

A noise monitoring survey has been carried out previously to establish background noise levels at the site of the proposed waste treatment facility. The results of these noise impact studies were forwarded to the Agency in support of the original application for waste licence (Reg. No. 145-1).

2. Dust

Waste handling, bulking-up and storage will take place under the enclosed conditions.

Most solid waste arriving on site will be in pre-packed sealed drums or other containers and it is not envisaged that these waste consignments will be routinely re-packed unless the containers appear damaged etc. All external areas of the site will be hardstanding with the exception of landscaped areas.

The only other potential dust sources arise from traffic movements onto and off the site.

To minimize traffic movements access to the facility will be restricted to staff, delivery and dispatch vehicles, approved visitors, and approved site service vehicles.

The majority of vehicles arriving at the site are expected to be relatively small panel vans. Road tankers will deliver and collect bulk waste oils and other liquids.

All of these measures will mitigate any potential environmental nuisance associated with dust.

Dust monitoring will be carried out annually at the site by a suitably qualified scientist.

3. Odour

The waste received at the facility will not give rise to significant odours due to:

- The quick turnaround times for waste entering and leaving facilities
- The storage of compacted waste in sealed containers
- The predominance of high flashpoint liquids

Odorous waste will only be accepted in sealed containers or packaging which are designed to contain the contents and odours arising, e.g. ASPs or IBCs. These containers will not be opened on site, only stored prior to transportation off site to approved recycling or disposal outlets.

4. Surface Water/Storm Water

There is no direct discharge to surface water. Surface water run-off from external yard pavement, landscaped areas and roof run-off is collected in the surface water drainage system and discharged to a percolation area to the west of the site. Surface/storm water emissions will arise during periods of precipitation only.

The waste to be handled on site will be transported to the site in fully enclosed or covered vehicles. The sorting and bulking of the waste will take place under cover and the material will be taken off site in covered vehicles. If an exterior spill occurs it is responded to promptly to prevent waste materials from entering the surface water system. Oil and paint spills are cleaned up with absorbent materials rather than hosing them into drains.

The tanker loading/unloading bay areas will be covered and the waste storage bays will be separately bunded. Water collected in these areas will drain to dedicated sumps and be pumped to a holding tank for disposal off-site.

5. Sewage

Process wastewater generated by the clinical waste treatment operation is transported off-site to a wastewater treatment plant.

In addition any wastes from drainage sumps, house-keeping and or spill cleaning will routinely be taken off-site for safe disposal.

Section 40 (4) (B) of the Waste Management Acts 1996 to 2003 - *Potential environmental impact of the site's activities on the various environmental media*

1. Air

As all waste will be encased in sealed drums or IBCs there will be only minor emissions to the atmosphere. Also all unloading of waste will take place in-doors. Fugitive air emissions arising from bulking up activities and repackaging will be vented to the atmosphere.

Dust arising from the proposed activities is not a threat to ambient air quality, as solid waste arriving on site will be in pre-packed sealed drums or other containers. It is not envisaged that these waste consignments will be routinely re-packed unless the containers appear damaged etc. All external areas of the site will be hardstanding with the exception of landscaped areas.

Odorous smells will not impact the air quality in the locality as any odours generated as a result of bulking activities will be controlled by local exhaust ventilation that will be connected to a single emission point.

2. Climate

Activities at the proposed waste transfer station facility will not have an impact on regional or microclimate.

3. Cultural Heritage

The activities of the waste transfer station facility will be carried out within an existing industrial unit in area zoned for industrial development and therefore will not impact on the cultural heritage of the area.

4. Ecology

The proposed development will not have an impact on the ecology of the site as Gleneden Trading Ltd will carry the new proposed activities within an existing facility and do not intend carrying out any engineering works. The area has already undergone significant disturbance during the original development of the industrial estate.

5. Human Beings

The development and operation of this facility will have no impact on human beings, as it will be conducted within an existing industrial estate, which has been zoned for further industrial development.

6. Hydrogeology

The proposed facility will not impact on the geology or hydrogeology of the area. There will be no discharges to groundwater nor will groundwater be extracted during the operation of this facility.

7. Landscape

It is proposed to house the plant in an existing industrial unit. The use of the building for the proposed activities will not, in any way, alter the appearance of the building. Therefore there will be no impact of the landscape of the region.

8. Noise & Vibration Impacts

All loading/unloading of waste and bulking up of waste will take place within the facility. There will be no significant noise and vibration impact on the local environment.

Potential vibrational impacts may arise from the trucks moving to and from the facility. However, as the site is located adjacent to the N28 it presently experiences periodic high levels of vibrations from heavy vehicular traffic. Furthermore, the revised operation will only add 2 to 4 extra traffic movements daily in the Raffeen area. Therefore, it is anticipated that the effects of these sources on the local environment will be minimal.

9. Discharges to Surface Water

There will be no discharges to surface water.

10. Discharges to Sewer

All waste effluent arising from spill clean-ups, leakage or house-keeping duties will be drained to sumps and pumped to a retention tank which will be taken off-site periodically for treatment and safe disposal. Domestic effluent will, as at present, be treated by the on-site waste water treatment plant.

Section 40 (4) (C) of the Waste Management Acts 1996 to 2003 -*The use of 'Best Available Technology (BAT) used to prevent/eliminate or reduce/limit/abate emission from activities carried out on site*

The technology used at the facility will be state of the art technology for the waste industry. BAT will be demonstrated at the site by:

- Use of strict controls and procedures to control waste entering and leaving the site
- All bulk tanks will be bunded
- Individual waste storage bays will be bunded
- Utilisation of sealed containers for storage and transportation of waste
- SCADA control of bulk tanks
- Use of an enclosed transfer compactor for transport of treated waste.

Section 40 (4) (D) of the Waste Management Acts 1996 to 2003 - *Applicant to demonstrate that he/she is a 'fit and proper person'.*

Mr. Edward McNamara, Managing Director of Gleneden Trading Ltd the applicant and holder of waste licence (Reg. No. 145-1), is a fit and proper person to hold a waste licence. He does not possess any convictions under Waste Management Acts 1996 to 2003.

Under this proposal the Gleneden Training Ltd facility at Raffeen will be managed and operated directly by the Atlas Environmental Ireland management team. Atlas Environmental is a company owned by the DCC Group. DCC is a public limited company headquartered in Ireland employing approximately 3,800 people. This management team currently manages and controls the Atlas facility (Portlaoise), Shannon Environmental Services (Shannon) and Envirotech (Cork).

Neither Atlas Environmental Ireland nor any of its management staff possess any convictions under Waste Management Acts 1996 to 2003.

An attachment of the management structure showing staff detail, experience, duties and responsibilities will be included with the submission of this report.

Section 40 (4) (E) of the Waste Management Acts 1996 to 2003 - *Applicant to demonstrate compliance with any requirements under Section 53 of the Act*

Atlas Environmental is a company owned by the DCC Group. DCC is a public limited company headquartered in Ireland employing approximately 3,800 people. DCC has pledged to financially back the proposal to establish a Waste Transfer Station at the Raffeen Site and will provide the necessary financial resources to ensure that the proposed activities will not effect the environment. DCC will also ensure that any remediation work or aftercare work that is required will implemented so, as the environment will not be affected.

A letter from DCC stating their intention to fully support financially the new operation proposed for the Raffeen site will be submitted with this application.

A copy of the Financial Accounts for 2004 of the DCC Group has been submitted with this application.

Section 40 (4) (F) of the Waste Management Acts 1996 to 2003 - *Applicant to demonstrate that energy will be used efficiently in the carrying out of the proposed activities.*

As there will be no treatment process in operation at the site there will not be direct consumption of energy by the site's activities. The only energy that will be used will be that drawn from the electrical mains to keep the site offices and store facilities lit up during operational hours. Gas heating will also be consumed in heating site accommodation. To ensure heat energy is used efficiently the offices will be properly insulated. Consideration will be given to the use of electric or liquid petroleum gas-powered vehicles on site. Also we will endeavour to keep on-site vehicle movements to a minimum and vehicle engines turned off when not in use.

Section 40 (4) (G) of the Waste Management Acts 1996 to 2003 - Applicant to demonstrate that any noise from the activity concerned will comply with, or will not result in the contravention of, any regulations under Section 106 of the Act of 1992.

This revised application is based on a reduction in plant equipment and machinery. The only engines or motors that will be associated with the plant will be small pumps and light forklift trucks.

Furthermore all operations/activities will be conducted within the main existing building and therefore will make no significant noise impacts on the local environment.

Attachment L.1.1

Copy of the Letter from Gleneden Trading Ltd to the EPA concerning financial provision for proposed waste transfer station at Raffeen

Gleneden Trading Limited
Raffeen Industrial Park
Monkstown
Co Cork

Tel: 021-4852477/78/79 ***Fax: 021-4852490***
E-mail info@glenedentrading.com

The Environmental Protection Agency
P.O. Box 3000
Johnston Castle Estate
Co Wexford.

27th October 2004

RE: Financial Provision for the Waste Licence (Reg. No. 145-1) Review Application

Dear Sir/Madam

Please find enclosed detailed accounts of the DCC Plc and group accounts for the year 2004.

Gleneden Trading has formed a Strategic Alliance with DCC Plc, an internationally recognised PLC group. DCC Environmental, a subsidiary of DCC Plc has agreed to take an interest in the Gleneden proposal to locate a Waste Transfer Station at the existing facility at Raffeen Industrial Estate. The level of interest includes financial guarantee and operational management of the proposed facility. The site will be controlled by the management staff of Atlas Environmental Ireland. Atlas Environmental is a subsidiary company of DCC Environmental. Full financial provision will be made available to minimize the effects of the proposed activities on the environment during and after the cessation of the operation.
Also enclosed letter of confirmation from DCC Plc.

Any queries regarding the above should be directed to Mr John O'Regan, Business Development Director on 021-4962554 or on Mobile 086-2568258.

If you have any queries, please do not hesitate to contact the undersigned.

Yours faithfully

Edward McNamara
Managing Director.

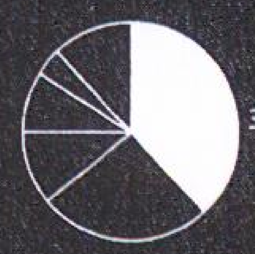
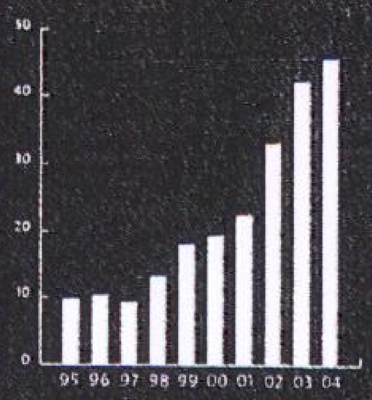
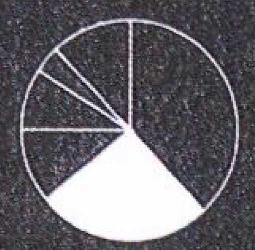
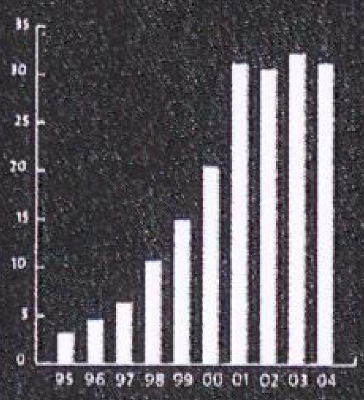
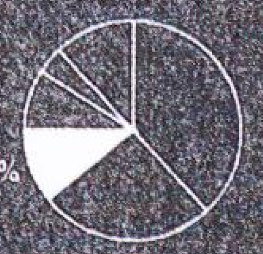
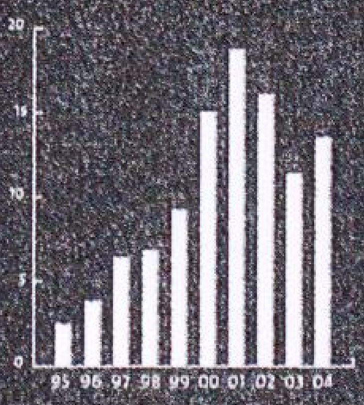
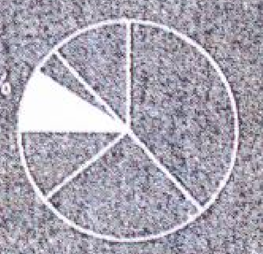
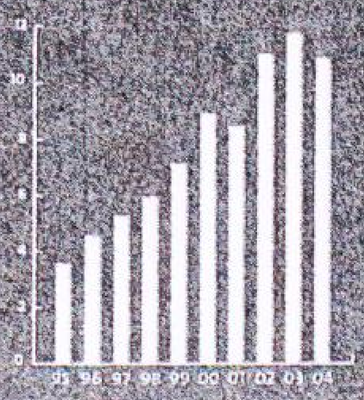
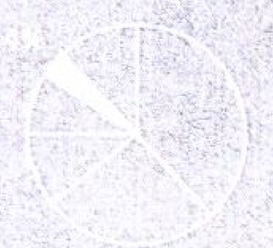
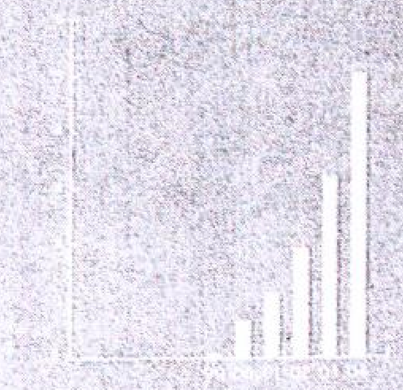
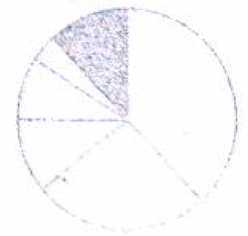
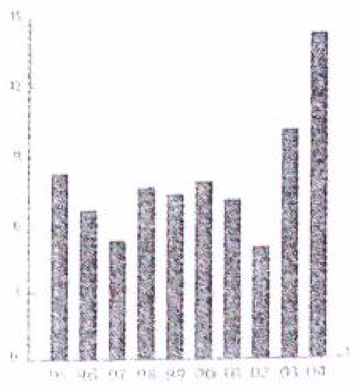
DCC IS A VALUE ADDED SALES & MARKETING AND SUPPORT SERVICES GROUP.

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	KEY STATS	GROWTH FOCUS	STRONG BRANDS	
ENERGY	 38%	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%**	■ 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
IT DISTRIBUTION	 26%	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%**	■ 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
HEALTHCARE	 11%	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%**	■ 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
FOOD AND BEVERAGE	 9%	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%**	■ 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
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 efficient water treatment chemicals.	 10 Year CAGR [illegible]	■ 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
OTHER (HOMEBUILDING AND SUPPLY CHAIN MANAGEMENT)	 12%	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%	■ 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

Chief Executive/
Deputy Chairman

Managing Director,
IT

Managing Director,
Healthcare

Managing Director,
Food and Beverage

Managing Director,
Energy and Environmental

Chief Financial Officer,

Head of Group Human Resources

Head of Group IT

Deputy Managing Director,
Energy

Managing Director,
Corporate Finance

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

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Supply Chain Management

SerCom Solutions	Kevin Henry	Managing Director

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.

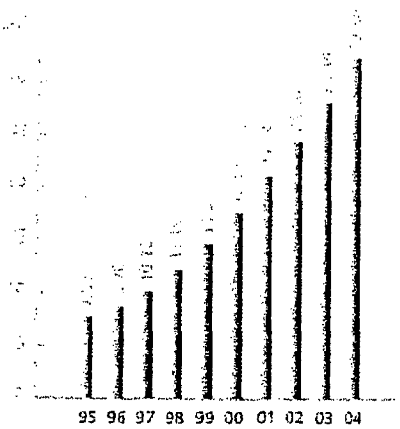
Dividend increase of 15%

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.



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

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

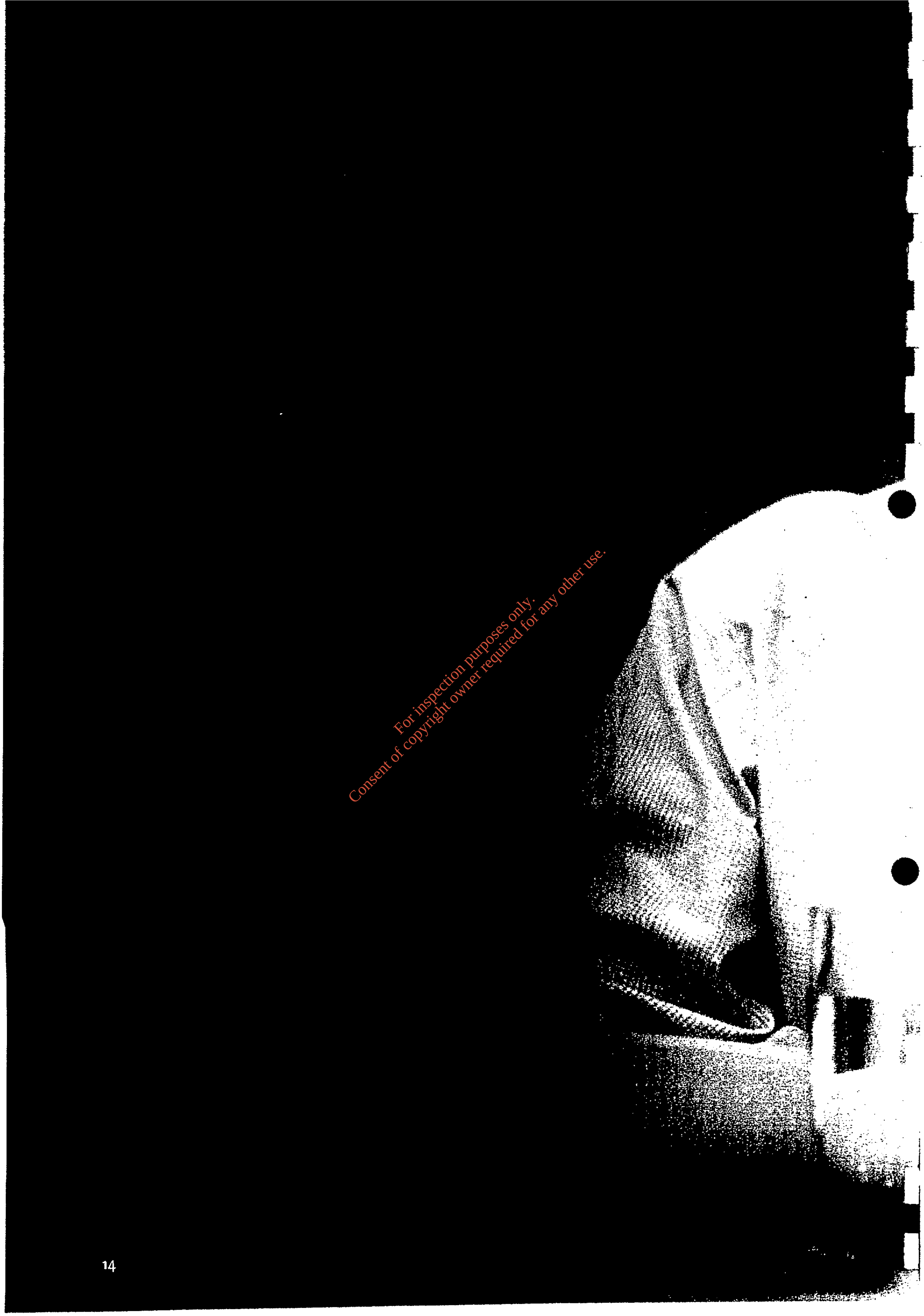
After I founded DCC in the early part of 1976, at that time as a start-up venture capital company, I set about recruiting a core executive team. DCC got a lucky break when Morgan Crowe applied to join the team. He has been with us for 27 years of distinguished and committed service seeking, at all times, 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

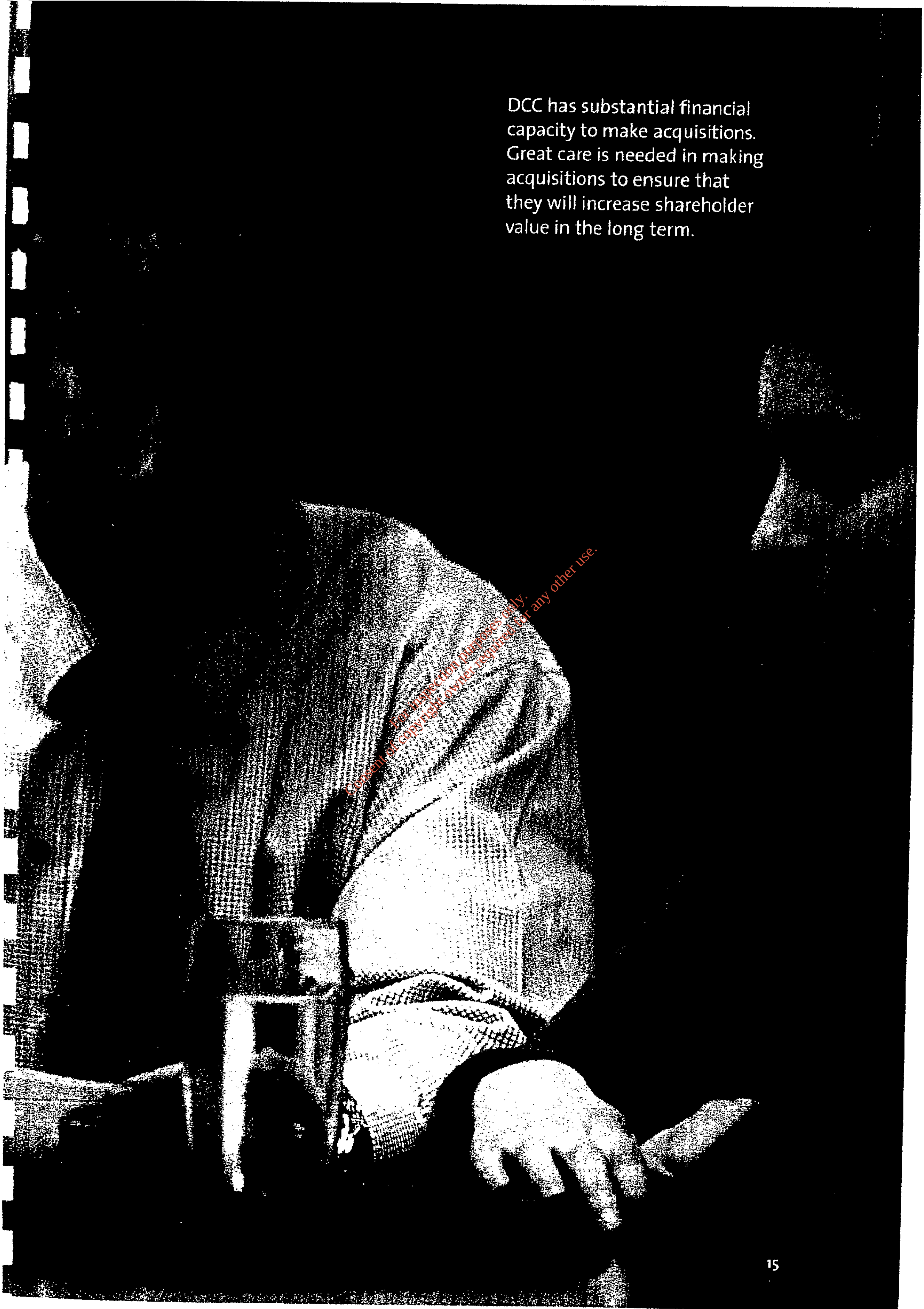
We will continue to target organic and acquisition growth opportunities, principally in Britain and Ireland, that can earn high returns on capital employed and generate strong cash flows. DCC has the business platforms, the management capacity and the financial strength to pursue ambitious organic and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

Jim Flavin.

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

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	2004	2003	% change Reported	% change Constant currency
	€841.3m	€845.0m	-0.4%	+4.8%
profit	€45.8m	€42.2m	+8.4%	+16.1%
capital employed				
ıg goodwill	39.4%	41.2%		
ıg goodwill	21.9%	23.1%		

g growth in the energy inued during the year ting profit increasing to on, a constant currency 16.1%. DCC is now the dependent marketer of l products in Britain and d delivered 2.1 billion litres during the year.

business performed PG 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.

ibution	2004	2003	% change Reported	% change Constant currency
	€859.4m	€894.9m	-4.0%	+2.0%
ıg profit	€31.3m	€32.3m	-3.1%	+3.8%
ıg margin	3.6%	3.6%		
ɔn capital employed				
ding goodwill	41.9%	54.7%		
ding goodwill	25.5%	30.2%		

g a challenging first half, constant currency profit of 15.0% was achieved in the alf due to strong sales growth and good cost

in Murray
gy and Environme

K hardware distribution s recorded strong sales in several key product areas, rticular growth in sales of PC lti-function office products. roved second half benefited moderation in the rate of t price deflation and strong olume 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.

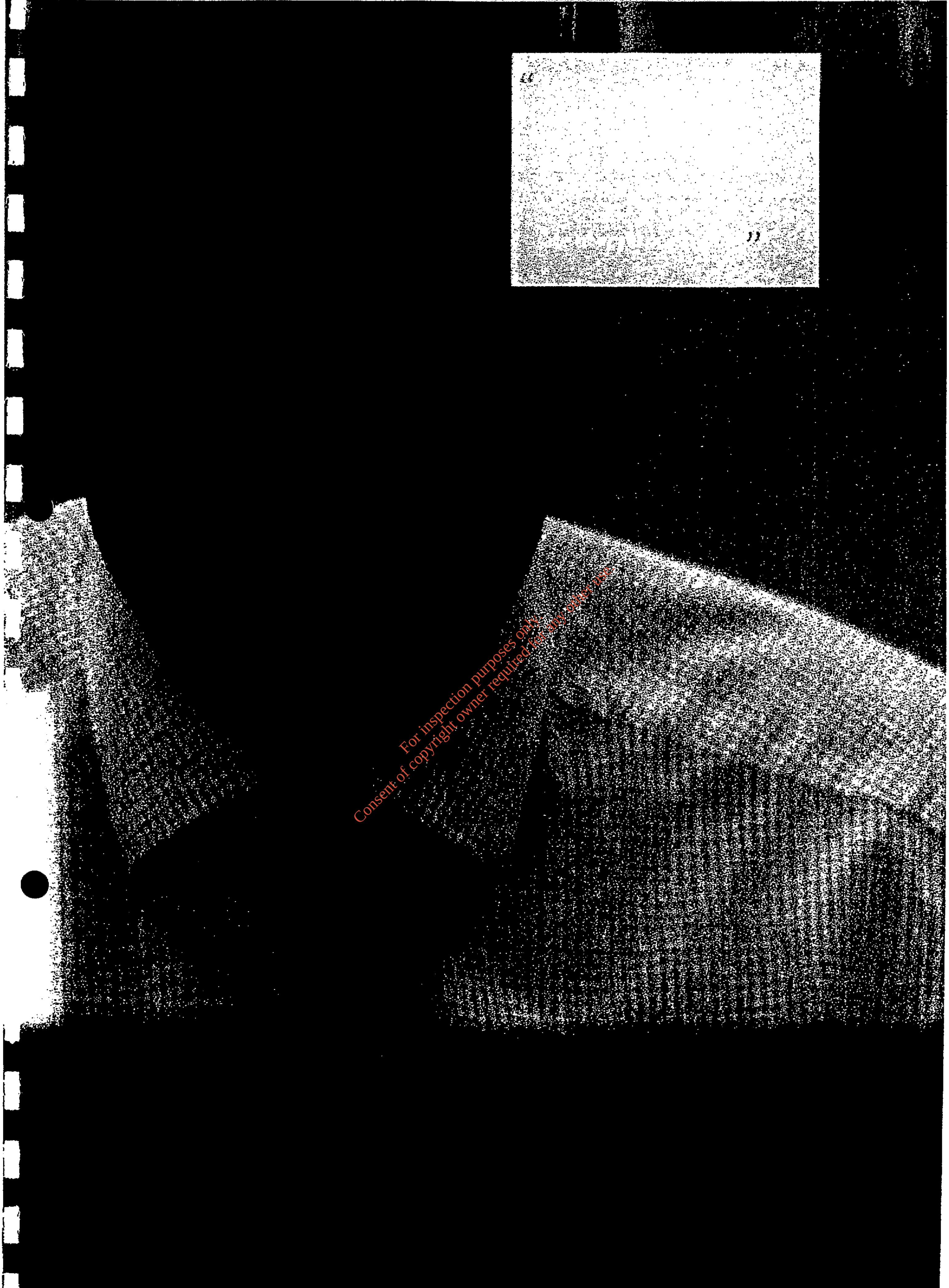
Other (Homebuilding and Supply Chain Management)	2004	2003	% change Reported	% change Constant currency
Sales	€153.4m	€136.9m	+12.0%	+12.0%
Operating profit	€14.3m	€10.2m	+40.5%	+40.5%

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.



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.

[illegible]

	2004			2003			Growth Reported			Constant Currency		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	€'m	€'m	€'m	€'m	€'m	€'m	%	%	%	%	%	%
Energy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IT Distribution	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Healthcare	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Food and Beverage	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Environmental	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	9.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total - continuing	41.2	79.7	120.9	39.8	71.3	111.1	+3%	+12%	+9%	[illegible]	[illegible]	[illegible]

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	[illegible]	[illegible]
Share buybacks	[illegible]	-
Interest and tax paid	[illegible]	[illegible]
Dividends paid	24.7	[illegible]
	[illegible]	[illegible]
Net cash inflow/(outflow)	41.3	[illegible]
[illegible]	[illegible]	[illegible]
Opening net cash	[illegible]	[illegible]
Closing net cash	[illegible]	[illegible]

Table 3: Working Capital Days

	2004 Days	2003 Days
Stocks	15.8	[illegible]
Debtors	16.5	[illegible]
Creditors	(20.7)	[illegible]
Net working capital	11.6	[illegible]

Table 4 Analysis of Net Cash

	2004 €'m	2003 €'m
Cash and term deposits	[illegible]	154.0
Bank and other debt repayable within one year	[illegible]	(8.4)
Bank and other debt repayable after more than one year	(16.6)	(31.2)
Unsecured notes due 2008/11	(97.6)	(94.3)
Net cash	**62.7**	**20.1**

[illegible]

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.

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

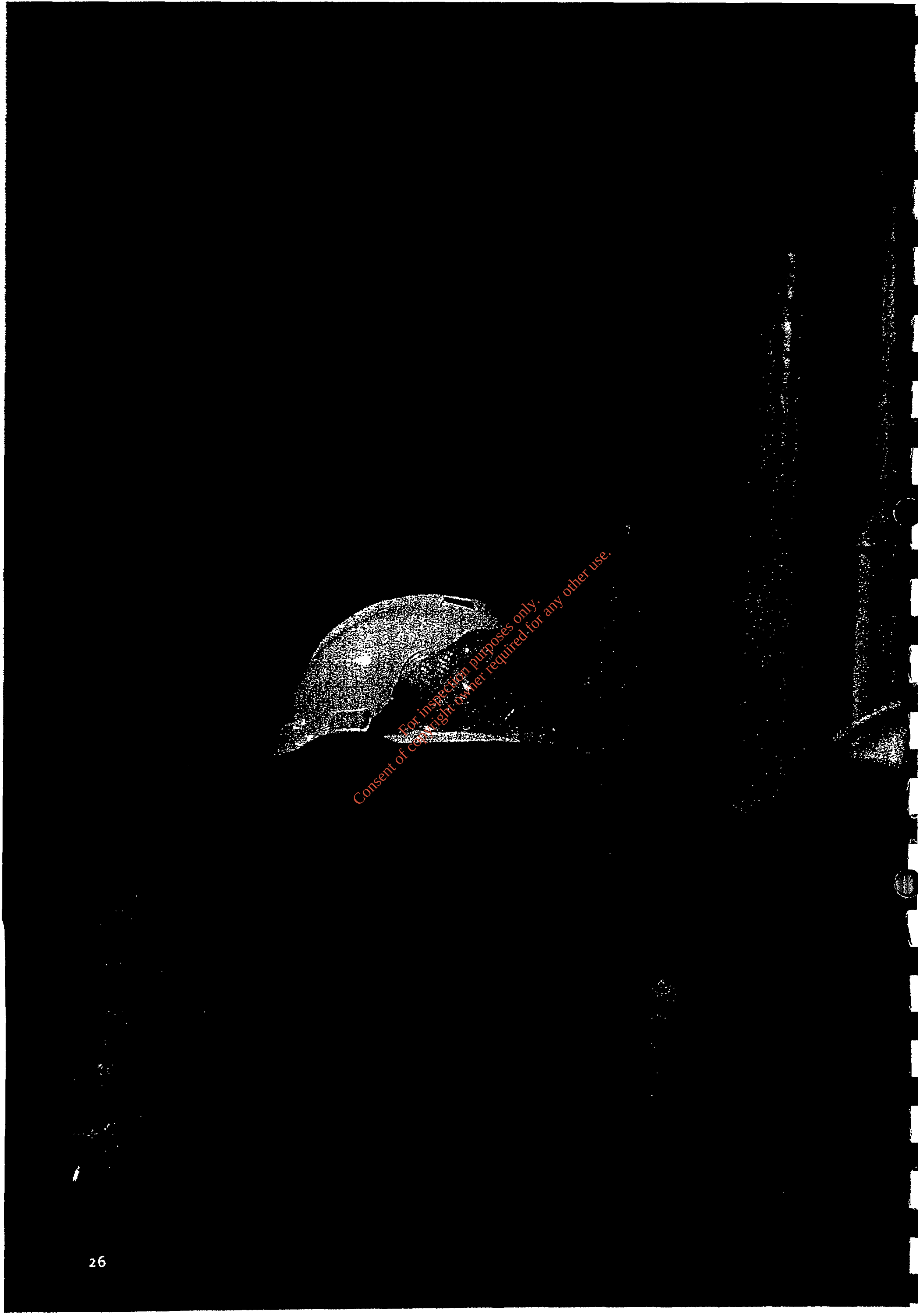
The Group borrows at both fixed and floating rates of interest and utilises interest rate swaps to manage its exposure to interest rate fluctuations.

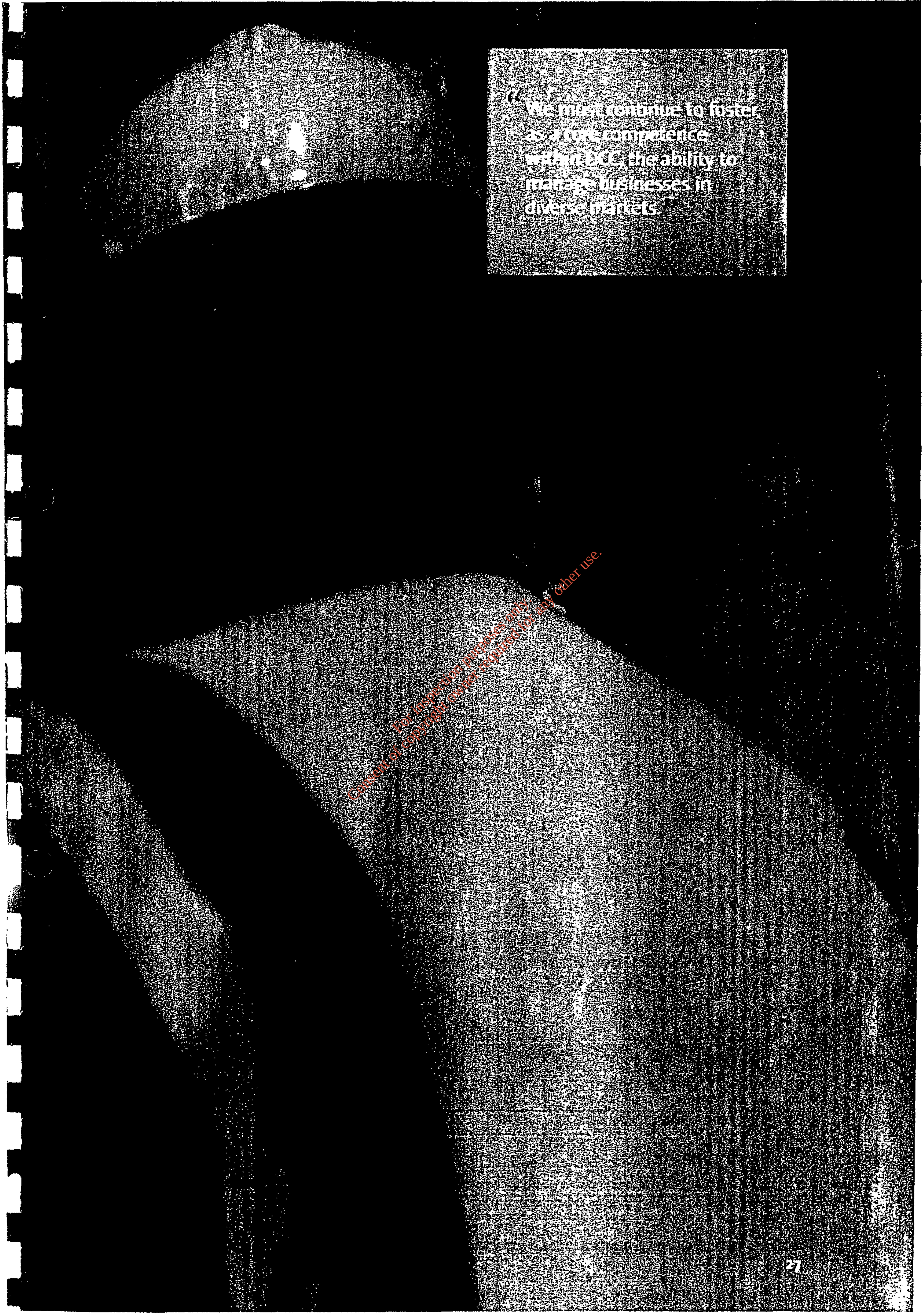
Credit risk management

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.

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.

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

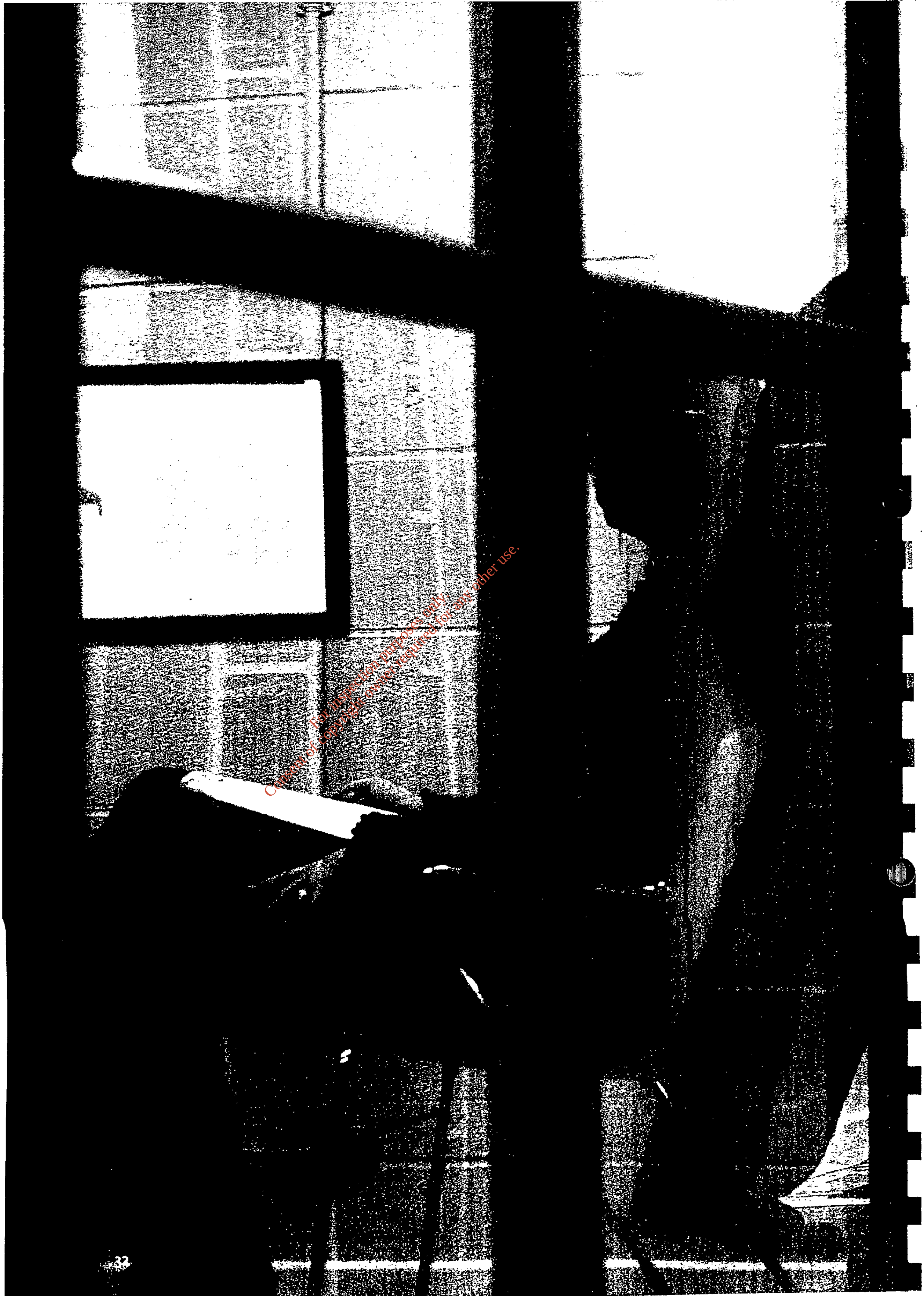
Pursuing best human resources practice
People are the key element of DCC's success – their talent, innovation and entrepreneurial flair have been essential ingredients in DCC's consistent strong growth and performance.

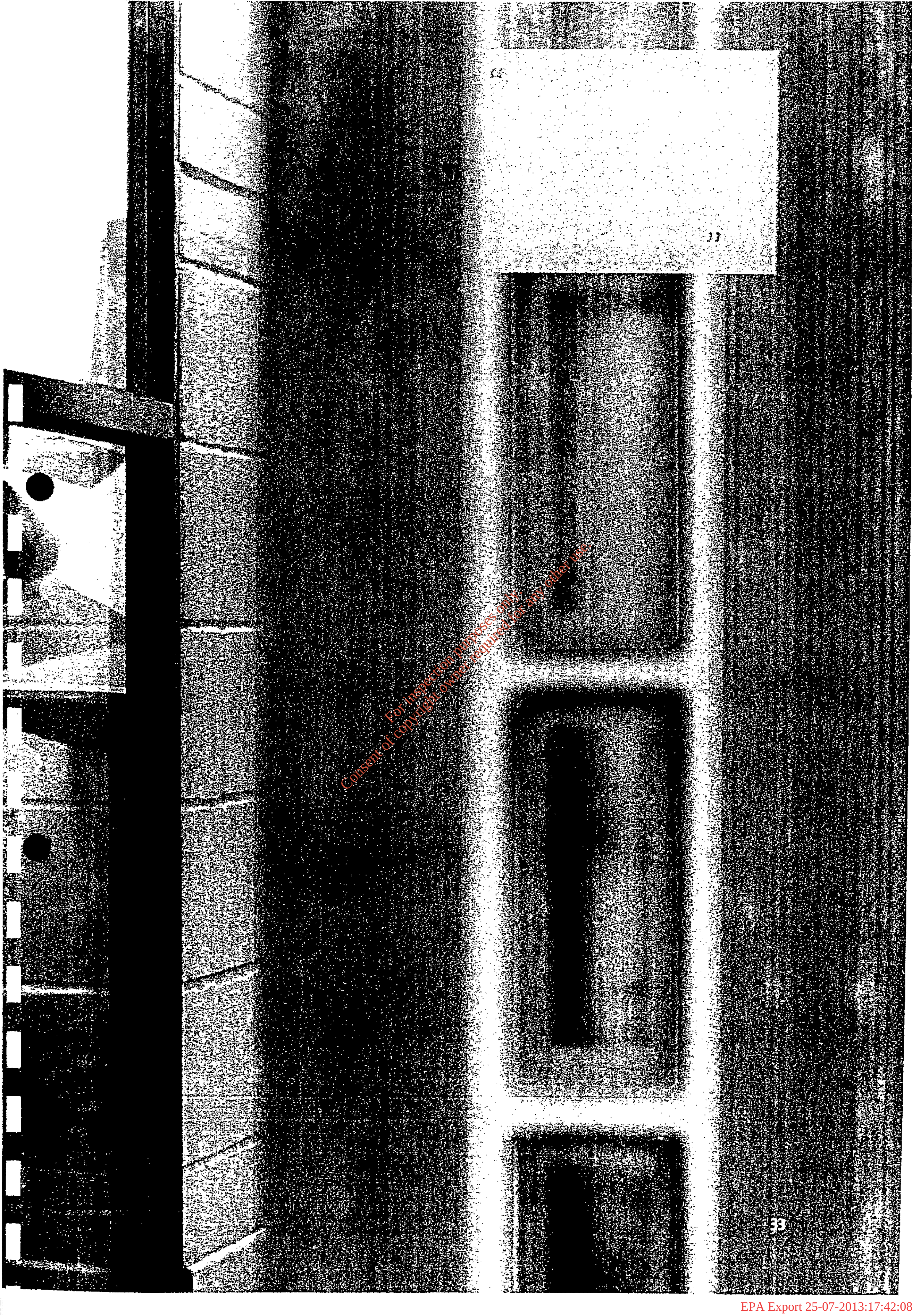
DCC is committed to managing its business in a fair and equitable manner and to providing an environment that has at its cornerstone dignity and equality of opportunity for all. The Group is continuously developing progressive employment practices to ensure not just full compliance with legal requirements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





f DCC is responsible for the
ection and overall
t of the Group and has a
dule of matters specifically
t for decision, which covers
the Group's business
pproval of financial
budgets (including capital
), acquisitions and
certain additional matters
ed to Board Committees.

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consists of five executive and
ecutive Directors and the
Chairman and Chief
are separate. Brief
s of the Directors are set out
2 and 3. The Board considers
non-executive Directors, Mr.
Barry, Mr. Gallagher, Mr.
Mr. Somers to be
ent of management and free
ationships which could
with the exercise of their
ent judgement. The Board has
Maurice Keane as the Senior
ent Director.

Directors bring independent
nt to bear on issues of
risk, performance, resources,
intments and standards. At
-third of the Directors retire at
nual General Meeting and all
rectors are subject to re-
at least every three years.

ocedures

rd holds regular meetings and
contact as required between
s in order to progress the
business. During the year, the
eld seven meetings. The
s receive regular and timely
tion in a form and quality
riate to enable the Board to
ge its duties.

There is an established procedure for Directors to take independent professional advice in the furtherance of their duties if they consider this necessary. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board recognises the need for Directors, in particular new Directors, to be aware of their legal responsibilities as directors and, in addition, the Board ensures that Directors are kept up to date on the latest corporate governance guidance and best practice. There is a formal induction process for new non-executive Directors which includes detailed presentations on the Group's operations. The Board also gives consideration as to whether new Directors require other training for their role.

Board Committees

There are three Board Committees with formal terms of reference: the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee comprises three non-executive Directors and its authority and duties are set out under 'Accountability and Audit' below. The Remuneration Committee comprises three non-executive Directors and its report is set out on pages 39 to 42. The Nomination Committee, which comprises four non-executive Directors and the Chief Executive/Deputy Chairman, is responsible for making recommendations to the Board on all new Board appointments.

The Report of the Remuneration Committee is set out on pages 39 to 42.

DCC attaches considerable importance to shareholder communications and has a well-established investor relations function. There is regular dialogue with institutional investors and shareholders as well as presentations after the interim and preliminary results. All announcements including results announcements are published on the Company's web site at www.dcc.ie immediately after their release by the Regulatory News Service. The web site contains additional information for investors which is regularly updated.

At the Company's Annual General Meeting, the Chief Executive/Deputy Chairman makes a presentation and answers questions on the Group's business and its performance during the prior year. The chairmen of the Audit, Remuneration and Nomination Committees are also available to answer questions at the Annual General Meeting.

The 2003 Annual Report and Notice of Annual General Meeting were sent to shareholders 22 working days before the meeting and the level of proxy votes cast on each resolution, and the numbers for and against, were announced at the meeting. Similar arrangements have been made for the 2004 Annual Report and Notice of Annual General Meeting. The 2004 Annual General Meeting will be held at 11 a.m. on 8 July 2004 at The Four Seasons Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

Audit Committee

The written terms of reference of the Audit Committee deal clearly with its authority and duties which include:

- reviewing the half-year and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, the going concern assumption and compliance with accounting standards, Stock Exchange and legal requirements;
- reviewing the scope and results of the work performed by the Enterprise Risk Management function (incorporating Internal Audit);
- reviewing reports from the Risk Committee on internal control;
- reviewing the scope and results of the work performed by the external auditors;
- consideration of the appointment of the external auditors and their fees; and
- reviewing the nature and extent of non-audit services provided by the external auditors.

The Chief Executive/Deputy Chairman, Chief Financial Officer, Head of Enterprise Risk Management and representatives of the external auditors normally attend meetings of the Audit Committee. The Committee meets with the external auditors without executive management present at least once a year.

Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness.

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Turnbull guidance for directors on internal control, *Internal Control: Guidance for Directors on the Combined Code*, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The key risk management and internal control procedures, which are supported by detailed controls and processes, include:

- skilled and experienced Group and divisional management;
- an organisation structure with clearly defined lines of authority and accountability;
- a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis;
- the operation of approved risk management policies (including treasury and IT);
- a Risk Committee, comprising Group senior management, whose main role is to keep under review and report to the Audit Committee of the Board on the principal risks facing the Group, the controls in place to manage those risks and the monitoring procedures;
- an independent Enterprise Risk Management function, which incorporates Internal Audit and Group Environmental, Health and Safety; and
- a formally constituted Audit Committee which reviews the operation of the Risk Committee and the Enterprise Risk Management function, liaises with the external auditors and reviews the Group's internal control systems.

The Board has reviewed the effectiveness of the Group's system of internal control. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls and risk management) and the procedures in place to monitor them.

Going Concern

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors' responsibility for preparing the financial statements is explained on page 43 and the reporting responsibilities of the auditors are set out in their report on pages 44 and 45.

The Directors present their report and the audited financial statements for the year ended 31 March 2004.

DCC is a value added sales & marketing and support services group focused on the energy, IT, healthcare, food and beverage and environmental markets.

A summary of the Group's activities is set out on pages 16 to 19.

Subsidiary and Associated Companies

Details of the Company's principal operating subsidiaries are set out on pages 85 to 87. Details of its principal associated undertakings are set out on page 62, in note 18 to the financial statements. A full list of subsidiary and associated undertakings will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

Results and Business Review

The profit for the financial year attributable to Group shareholders amounted to €84.3 million as set out in the Consolidated Profit and Loss Account on page 48.

The Chairman's Statement on pages 8 and 9, the Chief Executive's Review on pages 10 to 13, the Financial Review on pages 22 to 25 and the Operating Review on pages 16 to 19 contain a review of the development of the Group's business during the year, of the state of affairs of the business at 31 March 2004, of recent events and of likely future developments.

An interim dividend of 11.75 cent per share, amounting to €9.75 million, was paid on 1 December 2003. The Directors recommend the payment of a final dividend of 20.65 cent per share, amounting to €16.82 million. Subject to shareholders' approval at the Annual General Meeting on 8 July 2004, this dividend will be paid on 14 July 2004 to shareholders on the register on 28 May 2004. The total dividend for the year ended 31 March 2004 amounts to 32.40 cent per share, a total of €26.57 million.

The balance of profit attributable to Group shareholders, which is retained in the business, amounts to €57.8 million.

Share Buybacks and Treasury Shares

The number of shares held in Treasury at the beginning of the year was 4,517,005 (5.12% of the issued share capital) with a nominal value of €1.129 million. The maximum number of shares held in Treasury during the year was 6,790,129 (7.7% of the issued share capital) with a nominal value of €1.698 million.

During the year, the Company purchased 2,305,875 of its own shares (2.62% of the issued share capital) with a nominal value of €0.576 million at a total cost of €24.986 million.

A total of 155,146 shares (0.18% of the issued share capital) with a nominal value of €0.039 million were re-issued during the year at prices ranging from €6.22 to €11.25, consequent to the exercise of share options, leaving a balance of 6,667,734 shares (7.56% of the issued share capital) held in Treasury at 31 March 2004.

Certain Group companies carry out development work aimed at improving the quality, competitiveness and range of their products. This expenditure is not material in relation to the size of the Group and is written off to the profit and loss account as it is incurred.

The Company has been advised of the following interests in its share capital as at 14 May 2004:

	No. of €0.25 Ordinary Shares	% of Issued Share Capital	% of Listed Share Capital **
Bank of Ireland Asset Management Limited*	9,978,013	11.31%	12.23%
FMR Corp. and Fidelity International Limited and their direct and indirect subsidiaries*	8,554,000	9.70%	10.49%
Schroder Investment Management Limited*	7,760,170	8.80%	9.51%
First State Investment Management (UK) Limited and its associated companies*	2,610,584	2.96%	3.20%
Jim Flavin	2,456,033	2.78%	3.01%

* Notified as non-beneficial interests.

** Listed Share Capital excludes 6,667,734 shares held as Treasury Shares.

The Company has not been notified of any other interest of 3% or more in its issued share capital.

Directors

The names of the Directors and a short biographical note on each Director appear on pages 2 and 3.

Bernard Somers was co-opted to the Board on 29 September 2003. In accordance with Article 83(b) of the Articles of Association, he retires at the 2004 Annual General Meeting and being eligible, offers himself for re-election. In accordance with Article 80 of the Articles of Association, Alex Spain, Jim Flavin and Tony Barry retire by rotation at the 2004 Annual General Meeting and, being eligible, offer themselves for re-election. Morgan Crowe will retire from the Board at the conclusion of the Annual General Meeting on 8 July 2004.

None of the retiring Directors has a service contract with the Company or with any member of the Group with a notice period in excess of one year or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

Details of the Directors' interests in the share capital of the Company are set out in the Report of the Remuneration Committee on pages 39 to 42.

Health and Safety

It is the policy of the Group to ensure the safety, health and welfare of employees by maintaining a safe working environment and complying with the provisions and requirements of the Safety, Health and Welfare at Work Act, 1989 and all other statutory provisions and codes of practice. Each operating company in the Group has documented and implemented comprehensive safety policies and procedures which are kept under regular review by company management and by the Group Environmental, Health and Safety Function.

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

Senior unsecured loan notes equivalent to €212.1 million were issued on 19 April 2004 in a private placement with US and UK institutional investors as detailed on page 68 in note 27(c) to the financial statements.

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

Alex Spain, Jim Flavin, Directors

DCC House, Stillorgan,
Blackrock, Co Dublin
14 May 2004

The Remuneration Committee comprises three independent non-executive Directors - Tony Barry, Bernard Somers and Alex Spain. The Committee is chaired by Tony Barry.

The terms of reference of the Remuneration Committee are to determine the remuneration packages of the executive Directors and to approve the grant of share options. The Chief Executive/Deputy Chairman is consulted about remuneration proposals for the other executive Directors and the Remuneration Committee is authorised to obtain access to professional advice if deemed desirable.

Remuneration Policy

The Company's remuneration policy recognises that employment and remuneration conditions for the Group's senior executives must properly reward and motivate them to perform in the best interests of the shareholders. In formulating this policy, the Committee has given due regard to the provisions of the June 1998 Combined Code on Corporate Governance.

Directors' Service Agreements

Other than for the Chief Executive/Deputy Chairman, there are no service agreements between any Director of the Company and the Company or any of its subsidiaries. The Chief Executive/Deputy Chairman's service agreement provides for one year's notice of termination by the Company.

The typical elements of the remuneration package for executive Directors are basic salary, performance related remuneration consisting of performance related annual bonuses and share options, pension benefits and a company car.

Salaries

The salaries of executive Directors are reviewed annually on 1 January having regard to personal performance, Company performance and competitive market practice. No fees are payable to executive Directors.

Performance Related Annual Bonuses

Performance related annual bonuses are payable to the executive Directors. The performance targets, which are reviewed annually, are tailored to the responsibilities of each executive Director and include growth in Group operating profit, growth in divisional operating profit, Group and divisional development and an element related to individual performance and contribution. The bonus potential, as a percentage of basic salary, for each executive Director is reviewed and set annually and in the year ended 31 March 2004 ranged from 30% to 50%.

Pension Benefits

The Company funds pension schemes which, for executive Directors, aim to provide, on the basis of actuarial advice, a pension of two thirds of pensionable salary at normal retirement date. Pensionable salary is calculated as 105% of basic salary and does not include any performance related bonuses or benefits.

The remuneration of the non-executive Directors is determined by the Board. The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board Committee duties.

The Company funded a pension for the Chairman, based on his annual fee. The funding ceased on 31 March 2004.

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

	Salary and Fees[1]		Bonus		Benefits[2]		Pension Contribution[3]		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors										
Jim Flavin	**734**	726	**220**	36	**35**	31	**155**	117	**1,144**	910
Tommy Breen	**314**	302	**140**	79	**18**	20	**86**	89	**558**	490
Morgan Crowe	**334**	323	**167**	16	**20**	21	**88**	93	**609**	453
Kevin Murray	**314**	302	**140**	119	**18**	20	**86**	89	**558**	530
Fergal O'Dwyer	**284**	273	**130**	50	**14**	15	**79**	80	**507**	418
Total for executive Directors	**1,980**	1,926	**797**	300	**105**	107	**494**	468	**3,376**	2,801
Non-executive Directors										
Alex Spain	**118**	111	-	-	-	-	**27**	28	**145**	139
Tony Barry	**49**	46	-	-	-	-	-	-	**49**	46
Paddy Gallagher	**49**	46	-	-	-	-	-	-	**49**	46
Maurice Keane	**49**	46	-	-	-	-	-	-	**49**	46
Bernard Somers[4]	**24**	-	-	-	-	-	-	-	**24**	-
Total for non-executive Directors	**289**	249	-	-	-	-	**27**	28	**316**	277
Pension payment in respect of retired Director									**10**	14
Total									**3,702**	3,092

Notes

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

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

3 Executive Director pension contributions in the year to 31 March 2004 were made to a defined contribution arrangement for Jim Flavin and to a defined benefit scheme for the other executive Directors.

4 In respect of the year ended 31 March 2004, remuneration for Bernard Somers is included only for the period from the date of his appointment to the Board, on 29 September 2003, to 31 March 2004.

Directors' Defined Benefit Pensions

The table below sets out the increase in the accrued pension benefits to which Directors have become entitled during the year ended 31 March 2004 and the transfer value of the increase in accrued benefit, under the Company's defined benefit pension scheme:

	Increase in accrued pension benefit (excl inflation) during the year	Transfer value equivalent to the increase in accrued pension benefit	Accumulated accrued pension benefit at year end
	€'000	€'000	€'000
Executive Directors			
Tommy Breen	10	74	107
Morgan Crowe	11	191	206
Kevin Murray	7	52	92
Fergal O'Dwyer	7	46	77
Total	**35**	**363**	**482**
Non-executive Chairman			
Alex Spain	**6**	**87**	**65**

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer value represents a liability of a pension scheme operated by the Company and not a sum paid to or due to the Director noted.

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

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

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

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

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

The following are details of share options granted to Directors under the DCC plc 1998 Employee Share Option Scheme:

	At 31 March 2003	Granted in year	At 31 March 2004	Weighted Average Exercise Price €	Normal Exercise Period
Executive Directors					
Jim Flavin					
Basic Tier	350,000	-	350,000	7.8140	June 2001 – Nov 2011
Second Tier	395,000	-	395,000	8.1063	June 2003 – Nov 2012
Tommy Breen					
Basic Tier	165,000	-	165,000	8.4193	June 2001 – Nov 2012
Second Tier	190,000		190,000	8.6786	June 2003 – Nov 2012
Morgan Crowe					
Basic Tier	100,000	-	100,000	7.0019	June 2001 – Nov 2009
Second Tier	100,000	-	100,000	7.0045	June 2003 – Nov 2009
Kevin Murray					
Basic Tier	165,000	-	165,000	8.4193	June 2001 – Nov 2012
Second Tier	190,000	-	190,000	8.6786	June 2003 – Nov 2012
Fergal O'Dwyer					
Basic Tier	140,000	-	140,000	8.0878	June 2001 – Nov 2012
Second Tier	165,000	-	165,000	8.4366	June 2003 – Nov 2012

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

The Group established the DCC Sharesave Scheme in 2000. On 15 June 2001, options were granted under the Scheme to those Group employees, including executive Directors, who entered into associated savings contracts. The maximum number of options which could have been granted to any individual under the Scheme at that date, in accordance with relevant legislation and subject to the level and term of the savings contract, was 2,383. The options were granted at an option price of €8.79 per share, which represented a discount of 20% to the market price as permitted by the rules of the Scheme. These options are exercisable between June 2004 and February 2007.

The following are details of the share options granted to executive Directors under the Scheme:

	No. of Ordinary Shares At 31 March 2004 and 2003
Jim Flavin	2,383
Tommy Breen	2,383
Morgan Crowe	1,372
Kevin Murray	2,383
Fergal O'Dwyer	2,383

The market price of DCC shares on 31 March 2004 was €12.15 and the range during the year was €9.79 to €12.25.

Additional information in relation to the DCC plc 1998 Employee Share Option Scheme and the DCC Sharesave Scheme appears in note 32 on page 75 of the financial statements.

Directors' and Company Secretary's Interests

The interests of the Directors and the Company Secretary (including their respective family interests) in the share capital of DCC plc at 31 March 2004, together with their interests at 31 March 2003, were:

	No. of Ordinary Shares At 31 March 2004	At 31 March 2003
Alex Spain	20,634	20,634
Jim Flavin	2,456,033	2,456,033
Tony Barry	17,000	12,000
Tommy Breen	211,512	211,512
Morgan Crowe	807,640	807,640
Paddy Gallagher	5,040	5,040
Maurice Keane	5,000	5,000
Kevin Murray	212,306	212,306
Fergal O'Dwyer	212,506	212,506
Bernard Somers	-	-*
Gerard Whyte (Secretary)	124,667	124,667

* at date of appointment - 29 September 2003

All of the above interests were beneficially owned. There were no changes in the interests of the Directors and the Company Secretary between 31 March 2004 and 14 May 2004.

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 2004.

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

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out within their report on pages 44 and 45, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by company law to ensure that the Company prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

Following discussions with the auditors, the Directors consider that in preparing the financial statements on pages 46 to 80, which have been prepared on the going concern basis, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed (subject to any explanations or material departures disclosed in the notes to the financial statements).

The Directors are required to take all reasonable steps to secure compliance by the Company with its obligations in relation to the preparation and maintenance of proper books of account and financial statements which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992. The Directors have a general duty to act in the best interests of the Company and must, therefore, take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The measures taken with regard to keeping proper books of account include the use of systems and procedures appropriate to the business and the employment of competent and reliable persons. The books of account are kept at DCC House, Stillorgan, Blackrock, Co. Dublin.

We have audited the financial statements on pages 46 to 80 and the detailed information on directors' emoluments, pensions and interests in shares and share options on pages 39 to 42. The financial statements have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on pages 46 and 47.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 43 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, auditing standards issued by the Auditing Practices Board applicable in Ireland and the Listing Rules of the Irish Stock Exchange. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2003, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the Company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the chairman's statement, the chief executive's review, the operating review, the corporate social responsibility statement, the financial review and the corporate governance statement.

We review whether the statement on page 36 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003, and the European Communities (Companies: Group Accounts) Regulations, 1992. We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 37 and 38 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 51, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 March 2004 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
14 May 2004