





Annual Report & Accounts 2000

DCC

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DCC adds value in the marketing and distribution of its own and third party branded products in growth markets in IT, energy, healthcare and food. DCC also provides complementary supply chain management and e-fulfilment services to the IT industry. The company's shares are quoted on the Irish and London stock exchanges.

Financial Highlights

Turnover of continuing activities	€1.316bn	up 55.3%
operating **Profit** of continuing activities	€73.8m	up 27.4%
operating **Cash flow**	€96.3m	up 47.0%
adjusted **Earnings** per share	68.8c	up 20.3%
Dividend per share	17.6c	up 20.1%

Group at a Glance

Value Added Marketing and Distribution

DCC markets and distributes its own and third party branded products in growth markets.

IT

DCC is a European marketeer and distributor of leading brands of computer hardware and software. Customers include computer dealers, value added resellers, large multiple retailers, computer superstores, mail order catalogues and a wide range of other resellers, which are served by highly trained and product focused telesales teams. During the year DCC acquired Distrilogie, a specialist value added distributor of computer storage products, based in France with sales offices in Spain, Portugal and Italy.

Energy

DCC supplies all grades of fuel oils, heating oils, diesel and petrol throughout the island of Ireland. It is also a nationwide supplier of liquefied petroleum gas (LPG) in Ireland and Britain. It supplies industrial, commercial, transport and domestic customers and holds strong positions in all the markets it serves.

Healthcare

DCC is the largest distributor of medical, surgical and laboratory equipment and consumables to Irish hospitals. The Group also manufactures and distributes lifestyle enhancing mobility and rehabilitation products for an ageing population in Britain, Continental Europe and the US. In nutraceuticals DCC manufactures health supplements and other tablets and capsules, which are marketed and distributed to the retail sector and the industry in Britain and to export markets worldwide.

Food

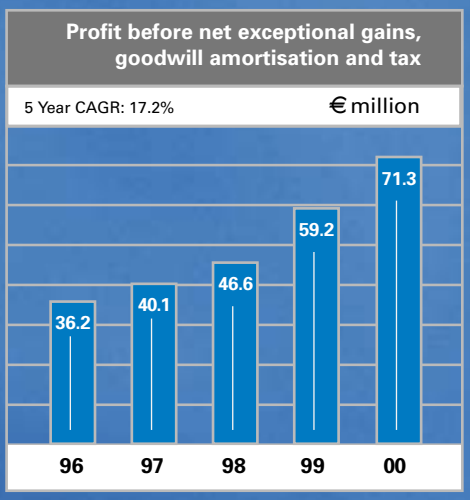
DCC markets and distributes healthy foods, snackfoods, hot and cold beverages, wine and bakery products in Ireland and provides chilled and frozen food distribution services. DCC's food businesses service a broad customer base in the grocery, convenience, off-licence, health store and pharmacy sectors. The fast growing Irish catering sector is a particular focus for growth, especially in ground coffee and wine.

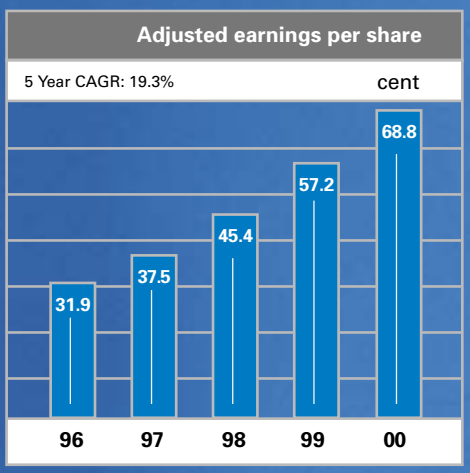
Group at a Glance

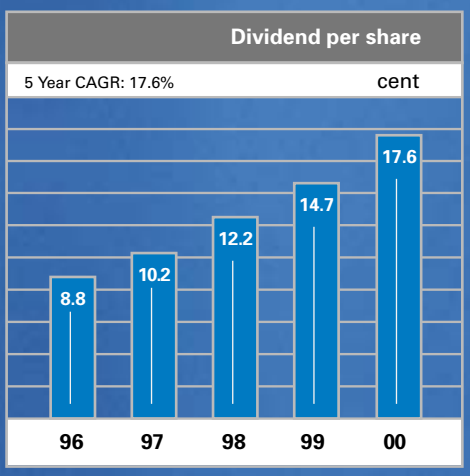
Supply Chain Management and E-fulfilment Services

Supply chain management services are complementary to the role of the modern distributor in adding value for its customers and suppliers. DCC is a leading provider of supply chain management services to international IT and telecommunications companies through SerCom Solutions.

SerCom Solutions' services include project management, procurement, sub-assembly, warehousing and just-in-time delivery. SerCom Solutions also provides a range of e-fulfilment services to support the processing and fulfilment of its customers' e-commerce activities.







Directors



Alex Spain: Chairman



Jim Flavin: Chief Executive/ Deputy Chairman



Tony Barry



Tommy Breen

Alex Spain: *Chairman*
Alex Spain, B.Comm., F.C.A. (aged 67), 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.

Jim Flavin: *Chief Executive and Deputy Chairman*
Jim Flavin, B.Comm., D.P.A., F.C.A. (aged 57), founded DCC in 1976 and is Chief Executive and Deputy Chairman. He has extensive experience in the areas of business development and corporate acquisitions. Prior to founding DCC, he worked as head of AIB Bank's venture capital unit. Mr Flavin is also Deputy Chairman of Eircom plc.

Tony Barry
Tony Barry, Chartered Engineer (aged 65), non-executive Director, is a member of the Court of Bank of Ireland and a director of Greencore Group plc and Ivernia West plc. 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.

Tommy Breen
Tommy Breen, B.Sc (Econ), F.C.A., (aged 41), executive Director, joined DCC in 1985, having previously worked with KPMG. He is Managing Director of DCC SerCom. Mr Breen was co-opted to the Board in February 2000.

Directors



Morgan Crowe



Paddy Gallagher



Kevin Murray



Fergal O'Dwyer

Morgan Crowe
Morgan Crowe, Dip. Eng., M.B.A. (aged 55), 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.

Paddy Gallagher
Paddy Gallagher, B.L., D.P.A. (aged 60), non-executive Director, is Head of Legal and Pensions Administration at Guinness Ireland Group. 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 Pension Fund Property Unit Trust. Mr Gallagher joined the Board in 1976.

Kevin Murray
Kevin Murray, B.E., F.C.A. (aged 41), 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 DCC Foods. Mr Murray was co-opted to the Board in February 2000.

Fergal O' Dwyer
Fergal O' Dwyer, F.C.A. (aged 40), executive Director, joined DCC in 1989 having previously worked with KPMG in Johannesberg and Price Waterhouse in Dublin. He was appointed Chief Financial Officer in 1994. Mr O' Dwyer was co-opted to the Board in February 2000.

Chairman's Statement



Alex Spain: Chairman

Results

DCC's continued emphasis on organic profit growth together with the contribution for a full year from the successful acquisitions undertaken in the previous financial year were the key drivers behind another year of strong earnings growth, excellent operating cash flows and increased returns on capital employed. Profit before net exceptional gains, goodwill amortisation and taxation increased by 20.5% to €71.3 million. Adjusted earnings per share increased by 20.3% to 68.8 cent. The return on tangible capital employed increased to 39.5% from 36.3% and inclusive of acquisition goodwill the return increased to 21.5% from 21.2%.

Dividend

The Directors are recommending a final dividend of 11.15 cent per share which, when added to the interim dividend of 6.45 cent per share, gives a total dividend for the year of 17.60 cent per share. This represents an increase of 20.1% on the dividend of 14.66 cent per share paid in respect of the year ended 31 March 1999. The dividend for the year is covered 3.9 times by adjusted earnings per share (1999: 3.9 times). The final dividend will be paid on 4 July 2000 to shareholders on the register at the close of business on 26 May 2000.

Financial Strength

DCC is a highly cash generative group. Group operating cash flow increased by 47.0% to €96.3 million (1999: €65.5 million). After the sale of the Group's ordinary shareholding in Fyffes plc for €106.3 million and cash expenditure on acquisitions and development of €62.3 million, net cash at 31 March 2000 amounted to €89.2 million, compared to net debt of €20.3 million at 31 March 1999. Shareholders' funds at 31 March 2000 amounted to €329.1 million (1999: €195.2 million).

Acquisitions, Capital Expenditure and Disposals

Acquisition and capital expenditure for the year amounted to €68.1 million.

Acquisition expenditure (inclusive of debt and net of cash assumed on acquisition) amounted to €39.1 million. Acquisition activity during the year focused largely on the expansion of the Group's IT and healthcare distribution businesses into Continental Europe. In May 1999 DCC acquired Casa Garden (since renamed CasaCare), a German based distributor of mobility and rehabilitation products. In January 2000, DCC acquired Distrilogie, a young, fast growing specialist distributor of computer storage products based in Paris with offices in Madrid, Lisbon and Milan. Other acquisitions during the year included the Cawoods oil business in Northern Ireland and a number of small LPG distributors in Britain.

Chairman's Statement

Capital expenditure in the year amounted to €29.0 million (1999: €18.0 million). This included €4.9 million spent on a new IT distribution centre in Dublin.

In February 2000 DCC sold its holding of 31.2 million ordinary shares in Fyffes plc for €106.3 million. DCC first invested in Fyffes in 1981 and the realisation of a significant profit reflects well on the considerable achievements of Neil McCann and his team in building Fyffes into the leading fresh produce distributor in Europe. DCC continues to hold 4.6 million Fyffes convertible preference shares. In March 2000 the Group sold its 90% shareholding in International Translation & Publishing Limited for a cash consideration of €19.8 million.

Board

On 7 February 2000 Tommy Breen (Managing Director of DCC's SerCom division), Kevin Murray (Managing Director of DCC's Energy and Food divisions) and Fergal O'Dwyer (Chief Financial Officer) were co-opted to DCC's Board of Directors. These new directors bring a wealth of knowledge and experience to the Board. They each have more than ten years experience with DCC and have made a significant contribution to DCC's development as a leading value added marketing and distribution group.

Outlook

DCC operates in growth markets and is immensely strong financially. It is well positioned for the future.

Alex Spain
Chairman
12 May 2000

Chief Executive/Deputy Chairman's Review



Jim Flavin: Chief Executive/Deputy Chairman

Another Year of Strong Growth

DCC achieved another year of strong growth and thus continued its excellent record. The Group reported in excess of 20% growth in adjusted earnings per share and generated a high return on capital employed. There was excellent growth in operating cash flow and DCC ended the year with an immensely strong balance sheet.

Adding Value

DCC has significant positions in the marketing and distribution of many leading brands, both owned and third party, in the growth markets it serves. The Group's focus is primarily on business-to-business trading where it generates the bulk of its turnover. Several factors have underpinned the Group's strong growth: product focused sales teams, market sector knowledge, distribution reach and rigorous operational cost control. In addition, we have the necessary skilled personnel with the ability to provide technical support and expertise to resellers and business customers.

Development Focus

The generation of superior medium to long term shareholder value through strong organic growth and good returns on capital have been priorities in DCC's development focus over many years. Bolt-on acquisitions of well managed companies are an important and complementary source of growth.

It is planned to reinvest the cash proceeds of €126 million from the sale of DCC's 10.5% ordinary shareholding in Fyffes and its 90% shareholding in International Translation and Publishing in core activities.

SerCom: SerCom Distribution continued to grow strongly during the year, benefiting from increased e-commerce activity and the consequent growth in the demand for internet infrastructure. Also, the growth of the direct channel and related e-fulfilment activity has driven complementary growth in the demand for SerCom Solutions' outsourced supply chain management and e-fulfilment services. During the past year SerCom Solutions has commenced small but exciting projects to engineer global supply chain management solutions on behalf of leading international IT companies.

DCC was pleased to complete the acquisition of a 55% shareholding in the leading French computer storage hardware and software distributor, Distrilogie SA, during the year. The growth in demand for computer storage products and Distrilogie's established reputation at the higher value-added end of this market brings a new

Chief Executive/Deputy Chairman's Review

dimension to DCC's IT distribution businesses and an initial presence for DCC in the continental European IT distribution market.

Energy: DCC's energy businesses continued to be highly cash generative and achieved good profit growth against a background of rapidly rising energy costs. Particular growth potential exists for Emo Oil which generates approximately 50% of the operating profits in the energy business.

Healthcare: DCC, through its subsidiary Fannin Healthcare, is the clear market leader in the supply of medical and surgical equipment and consumables to Irish hospitals. Its knowledge and experience in this marketplace and its singular focus on providing an added value service for both vendors and customers in the supply of technically complex products will support further growth. DCC's nutraceutical business is the only domestic operation in Britain with the full-service capability to manufacture, market and distribute nutraceuticals in both tablet and capsule format. From this base, we will continue to seek strong growth in both domestic and export sales of nutraceuticals in the coming years as the consumer trend towards greater health awareness grows. DCC's expanding international mobility and rehabilitation business also grew strongly during the year and the acquisition of CasaCare in Germany established a direct presence in the continental European marketplace.

Food: DCC has successfully pursued a niche focus in the marketing and distribution of leading, owned and third party, food and beverage brands, and has developed a strong presence in the Irish marketplace over many years. The Group has a deep distribution reach and is particularly strong in supplies to the catering sector. With a young population in Ireland and an expanding economy, DCC's key product categories - coffee, wine, soft drinks, snacks and healthy foods - are well positioned to benefit from the increasing trend towards eating out and a growing demand for food and beverages suited to contemporary lifestyles.

IT and E-Commerce

DCC is committed to leveraging technology to generate maximum competitive advantage. During the year the Group continued to enhance its IT infrastructure, which included the implementation of Enterprise Resource Planning systems and the development of e-commerce solutions.

The advent of e-commerce creates two distinct opportunities for DCC:

- enabling e-commerce for third parties; and
- utilising e-commerce within our own businesses.

The growth of e-commerce is driving growth in demand for internet infrastructure - the computer hardware and software resources that enable companies to access, trade and service their presence on the web. SerCom Distribution is addressing this growth in demand for internet infrastructure through Micro-P and Gem in the UK, Sharptext in Ireland and Distrilogie in Continental Europe. DCC is also supporting its customers' participation in e-commerce through the extensive e-fulfilment capabilities SerCom Solutions has developed. SerCom Solutions' new

Chief Executive/Deputy Chairman's Review

website and proprietary internet tools, "e-vision" and "e-file", enable the leading international IT and telecoms customers who have outsourced segments of their supply chain to SerCom Solutions to have full, secure visibility of the progress of their orders through SerCom Solutions' ERP system. E-commerce was also used effectively by SerCom Solutions to undertake global fulfilment programmes for one of its key customers during the year.

Within its businesses, DCC has a number of significant e-commerce initiatives in progress in its supply chain management and IT distribution businesses which will drive service improvements, operational cost reductions and the use of complementary sales channels. Sharptext's recently launched web-based customer interface gives dealers and resellers customised on-line access to product information, pricing and availability, promotions, order and account status and automates many otherwise time consuming customer service requirements such as account queries and returns. It is planned to launch this web-based customer interface in SerCom Distribution's British operations later in the year.

Promoting Best Practice

The extensive managerial knowledge, experience and resources that exist throughout the DCC Group have been a particular strength in DCC over many years. The DCC Best Practice Programme was initiated during the year to capitalise on this strength by providing a formal framework for DCC's management teams to share best practice. Initial focus has been on areas such as telesales, logistics, information technology, the generation of synergies and the leverage of DCC's group purchasing power.

Management Process

With expanding operations in several countries and almost 3,000 employees, sound management processes to support and drive DCC's continued expansion are of particular importance to the Group. A devolved organisational structure affords local management significant operating control over their businesses with strategic, financial and functional support and stewardship being provided from head-office. This environment contributes to a thriving, growth-focused culture across the DCC Group. Coupled with an effective system of management development and remuneration, it also results in a very low level of management turnover in the Group and thus ensures a solid platform for DCC's development in the years ahead.

Chief Executive/Deputy Chairman's Review

Looking Forward

DCC's commitment to organic growth and bolt-on acquisitions of well managed companies in growth markets is a strategy which has served the Group and its shareholders well for many years. I am confident that this strategy will continue to deliver good growth for shareholders in the years ahead.

Jim Flavin

Chief Executive/Deputy Chairman

12 May 2000

Operating Review

	2000	1999	
Turnover	€542.3m	€354.6m	+52.9%
Operating profit	€20.5m	€15.0m	+36.6%
Operating margin	3.8%	4.2%	
Return on capital employed	60.2%	60.1%	

Value Added Marketing and Distribution

SerCom Distribution

SerCom Distribution continued to achieve excellent sales and profit growth in hardware and software distribution in Britain and Ireland. The reduction in operating margin reflects a change in business mix rather than any adverse trend in product margins. With the acquisition of Distrilogie, SerCom Distribution fulfilled its stated objective of expanding into Continental Europe.

Micro-P, the British hardware distribution business, generated significant growth across a broad range of product categories including PCs and peripherals, networking products, components and consumables. Its business approach has been consistently successful. Through its pro-active, product focused telesales teams and efficient logistics and administration, Micro-P delivers a superior service to both its customers and its leading brand suppliers such as Canon, Epson, Fujitsu-Siemens, Phillips, Sony and Xerox. Micro-P received the 1999 Peripherals Distributor of the Year award at the VNU Channel Group Awards.

Gem Distribution had a strong year across its business of consumer software distribution and gained a particular benefit in the second half from its appointment as distributor of Sega's Dreamcast games console. Gem's position as the leading British distributor of consumer software to the retail trade was recognised in April 2000 when it was presented with the Software Distributor of the Year award by the National Association of Computer Retailers.

Since the year end SerCom Distribution has committed to expand its British warehouse facility in Altham, near Manchester, which handles logistics for Micro-P and Gem. This expansion, which will increase capacity to 2.5 times the existing level, reflects the high levels of volume growth which are anticipated in the future.

Sharptext, the Irish computer distributor, produced another good result in a buoyant market. Its new distribution centre in west Dublin was completed on schedule in December 1999 and Sharptext moved into the new premises in January 2000. Sharptext has recently disposed of its small direct sales business in order to concentrate exclusively on the rapid development of its distribution activities. At the end of April 2000 Sharptext launched its new e-commerce site - www.sharptext.com - which provides a full on-line distribution system. The objectives of the development, which has been carefully planned over the past 18 months, are to improve the quality of service which Sharptext provides to its trade customers, to reduce operational costs and to create a complementary sales channel. It is planned to roll out similar sites based on the same model in the other SerCom Distribution businesses later in the year.

In January 2000 DCC completed the acquisition of Distrilogie, a young, fast growing specialist value added distributor of computer storage products based in Paris. Distrilogie also has offices in Madrid, Lisbon and Milan. With rapid growth forecast for the computer storage market, it is planned to grow Distrilogie aggressively as a pan-European business in the internet infrastructure market and to exploit geographic and product synergies with SerCom Distribution's operations in Britain and Ireland.



European expansion DCC Product focus



Internet infrastructure

GEM
MICRO·P
DISTRILOGIE
SHARP
iEXI
DISTRIBUTION
EPSON
Microsoft
COMPAQ
Dreamcast
FUJITSU SIEMENS
SONY
Sun
IBM
3Com

Operating Review

	2000	1999	
Turnover	€369.8m	€193.3m	+91.3%
Operating profit	€20.0m	€18.2m	+10.1%
Operating margin	5.4%	9.4%	
Return on capital employed	37.4%	32.5%	

Value Added Marketing and Distribution

Energy

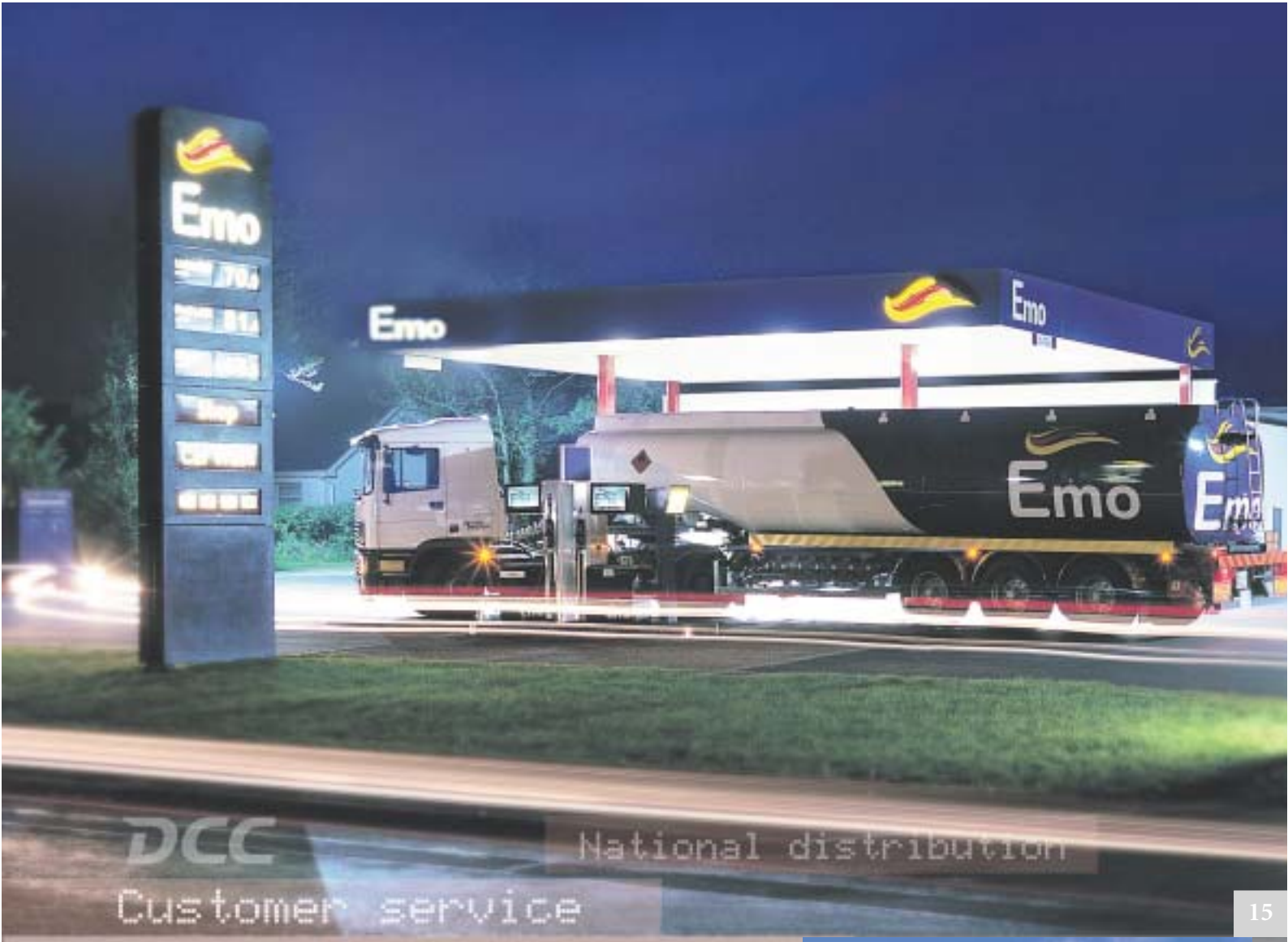
Creditable growth was achieved in Energy in a year in which the price of crude oil and refined products increased significantly and continuously.

Turnover almost doubled due to strong growth in oil sales volumes and the sales price increases implemented to recover the increased cost of oil and liquefied petroleum gas (LPG). Operating profit grew by 10.1% as the strong volume growth in oil more than compensated for reduced margins in LPG. While the percentage operating margin fell back, this is a consequence of substantial increases in oil prices and was accentuated by the rapid expansion of the oil business which generates lower percentage margins but higher rates of return on capital. Tight control of working capital and capital expenditure ensured that DCC's energy businesses continued to be highly cash generative.

DCC's oil distribution business serves end users directly in the major cities and operates through distributors in more rural areas. In the Republic of Ireland it is successfully developing a more substantial presence in the faster growing transport fuels market. Oil volumes grew by 63%, benefiting from strong growth in demand and an increased market share in distillates together with a full year's contribution from the Burmah business in the Republic of Ireland (acquired in January 1999) and eight months from the Cawoods business in Northern Ireland (acquired in August 1999).

Although still trading under the Burmah and Cawoods brands in these markets alongside the main Emo brand, the operations of both businesses have been fully integrated with those of Emo, yielding the anticipated cost savings and operating efficiencies, while continuing to grow volumes.

LPG volumes were slightly ahead of the previous year. A number of LPG price increases were implemented during the financial year but, as is to be expected at a time of rapidly and continuously increasing product costs, sales price increases lagged product price increases throughout the year with a consequent impact on LPG margins. Given more settled oil prices, LPG margins should return to more normal levels in the year ahead.



DCC

National distribution

Customer service

Strong cash generation



Emo

FLO GAS

Cawoods Oil

Burmah

Operating Review

	2000	1999	
Turnover	€155.6m	€114.8m	+35.6%
Operating profit	€16.0m	€9.8m	+63.1%
Operating margin	10.3%	8.5%	
Return on capital employed	38.5%	31.8%	

Value Added Marketing and Distribution

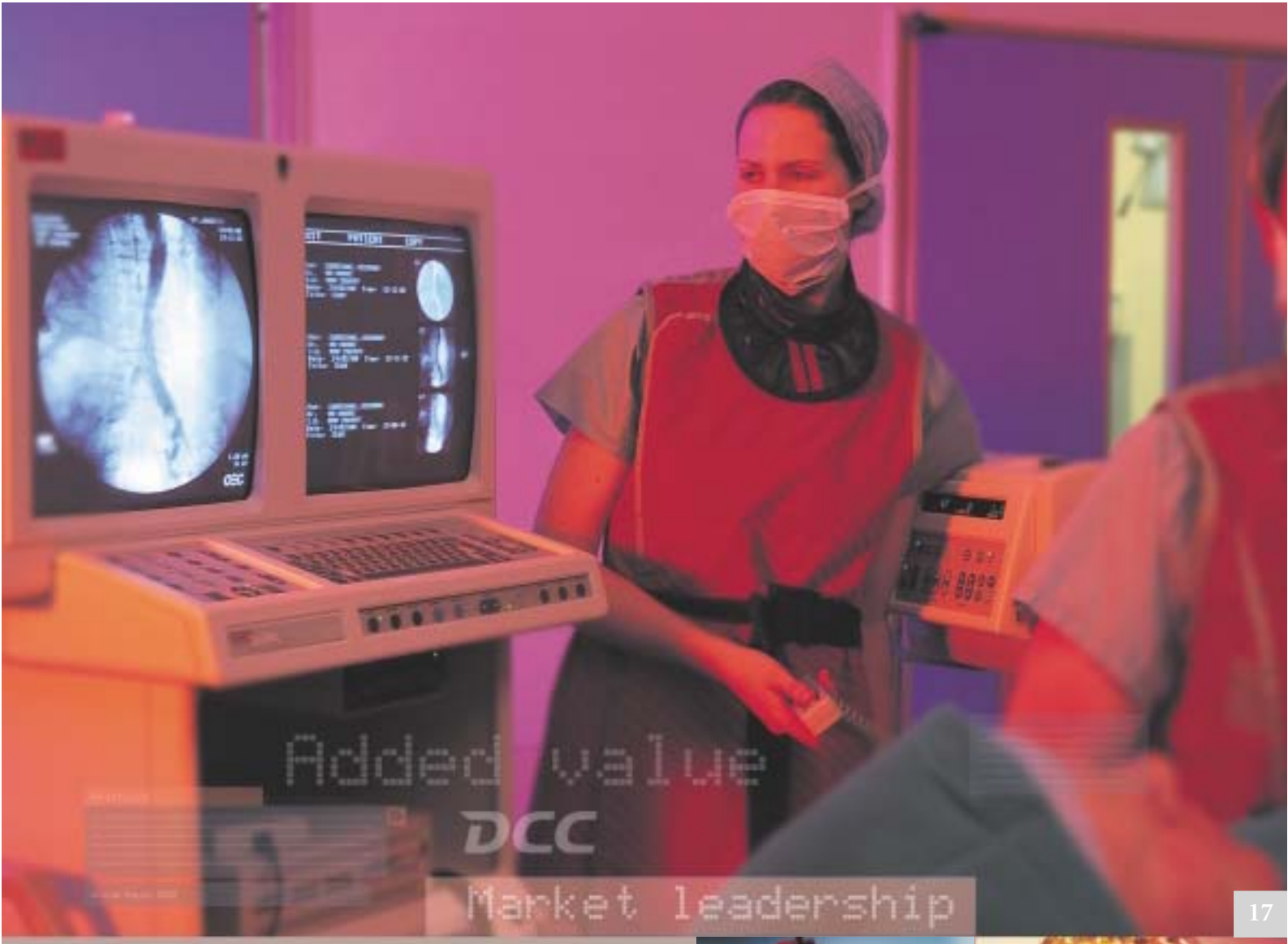
Healthcare

The 63.1% operating profit increase in Healthcare reflects strong organic growth, an improvement in operating margins, the full year impact of acquisitions completed in the previous year and the acquisition of CasaCare in May 1999.

Fannin Healthcare, the hospital supply business, achieved substantial sales and profit growth largely as a result of the BM Browne acquisition last year. The enlarged business is using its market leadership position to add further value to the service provided to its customers in the healthcare system through bundled product offerings and more sophisticated IT applications.

In mobility and rehabilitation, good sales and profit growth resulted from improved purchasing, increased market share in Britain and increased sales in the German market following the acquisition of CasaCare.

In nutraceuticals (vitamin and health supplements), the successful realisation of synergies from last year's acquisitions of Thompson & Capper (tablet manufacture) and EuroCaps (soft gel encapsulation) has boosted sales and profits significantly. Organic sales growth was strong and margins benefited from sourcing tablets and capsules from these recently acquired companies.



Track record





DMA
DATA MEDICAL

FANNIN

CASAcare

DiaMed

Healthilife

DIAGNOSTICA STAGO

BD

SHOPRIDER

Huntleigh



VIRTUS

Euro Caps LIMITED

PRIMACY

Operating Review

	2000*	1999*	
Turnover	€160.4m	€120.2m	+33.4%
Operating profit	€8.9m	€7.1m	+25.0%
Operating margin	5.6%	5.9%	
Return on capital employed	38.2%	37.6%	

** continuing activities*

Value Added Marketing and Distribution

Food

DCC's consistent record of achieving strong organic growth in sales and profit from its food businesses continued while there was also a first full year contribution from Kylemore, its 50% associate acquired at the end of the previous year.

In Ireland there is continuing growth in food service, convenience foods and healthy/"better for you" foods. As a leading supplier of branded products in categories such as ground coffee, wine, snackfoods, breads/confectionery and healthy foods, DCC's food businesses benefit from this growth.

Strong volume growth was achieved in all of the major product categories noted above. In addition to its own Robt. Roberts ground coffee and Kelkin healthy foods brands, some of the other popular brands distributed by DCC in Ireland include KP and Phileas Fogg snackfoods, Jordans cereals, Filippo Berio olive oil and Torres wines. During the year DCC added Robinsons to its existing range of soft beverages which includes Libby's and Tango.

Kylemore produced a satisfactory result, with the restaurants performing well. With a strengthened management team now in place, the company is well positioned for development. Allied Foods, the 50% owned specialist chilled and frozen foods distributor, continued its evolution to a more logistics focused business.

Leading brands

Distribution reach





ROBT. ROBERTS

KELKIN

Kylemore

PHILEAS FOGG

KP

ROLLINSONS

Tango

JORDANS

allied foods

Operating Review

	2000*	1999*	
Turnover	€61.6m	€43.9m	+40.2%
Operating profit	€3.8m	€5.4m	-29.7%
Operating margin	6.2%	12.4%	
Return on capital employed	22.9%	36.3%	

** continuing activities*

Supply Chain Management Services

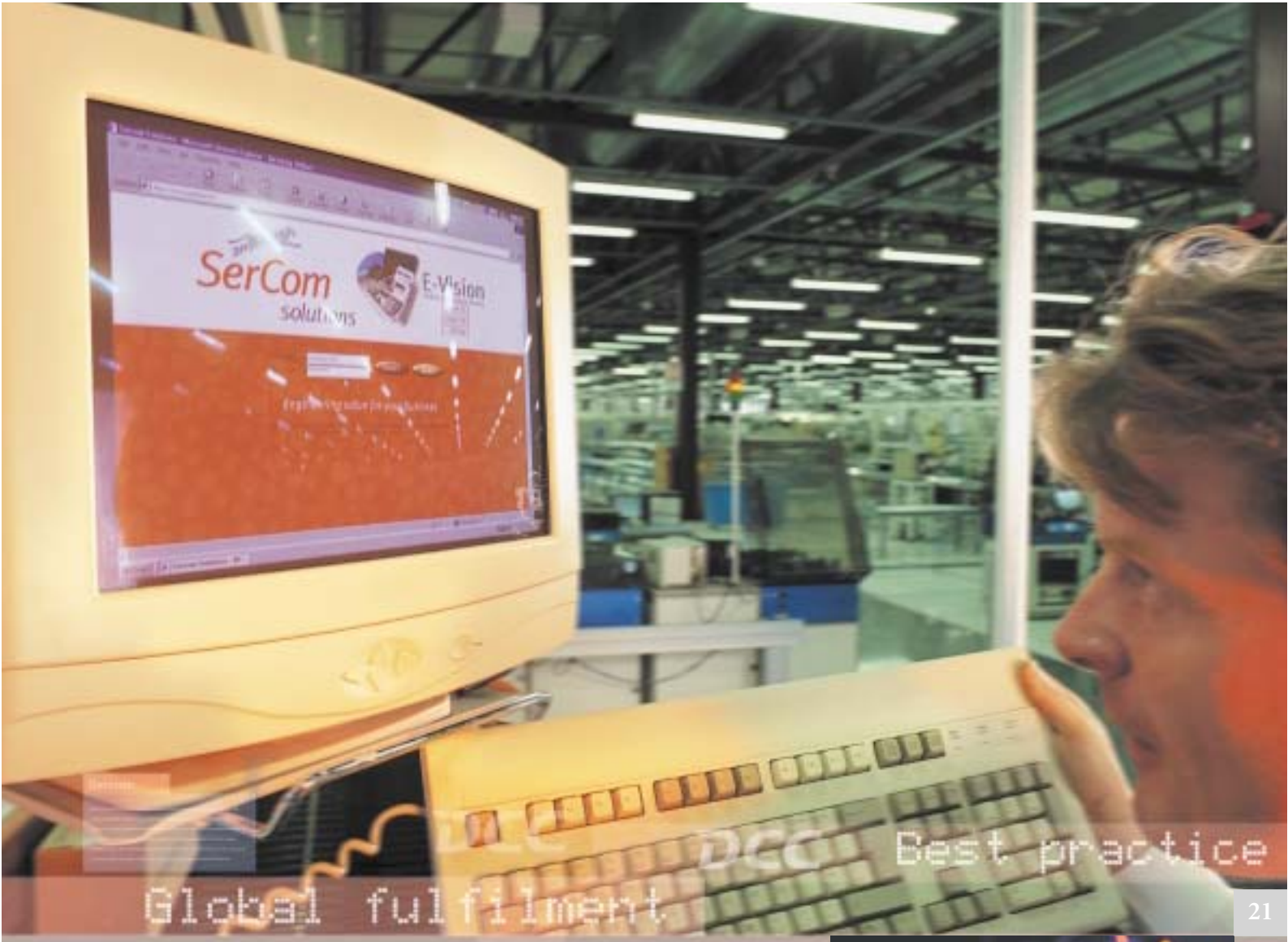
SerCom Solutions

SerCom Solutions grew its business strongly in a year characterised by considerable development activity, which included the launch of its new identity "SerCom Solutions" and an expanded range of supply chain management and e-fulfilment services. In order to focus its development on these exciting growth areas, SerCom Solutions sold ITP, its localisation business.

The IT industry outsources certain business critical activities to a small number of carefully selected partners in order to achieve cost efficient distribution, shorter lead times to market and reduced inventory levels. SerCom Solutions provides its customers in the IT industry with a range of these supply chain management services including procurement, project management, sub-assembly, warehousing, just-in-time delivery and e-commerce solutions.

Recognising that IT is a key factor in successful provision of supply chain management services, SerCom Solutions has continued to invest in additional IT and customer service personnel and systems development, including a range of e-commerce initiatives. The new IT investment is focused on electronically linking the supply chain through the direct interface of SerCom Solutions' IT systems with those of its customers, its customers' suppliers and its customers' customers. While this investment is impacting profitability in the short term, SerCom Solutions is positioning itself to win new business in the rapidly developing market for supply chain management and e-fulfilment services.

The e-fulfilment projects undertaken to date, though modest in scale, have been successful and provide a platform for SerCom Solutions to grow its services in this area for a wider range of customers.



Best practice

Global fulfilment



Information Technology

IBM palm DELL 3Com MATTEL Canon NORTEL NETWORKS Lucent Technologies Microsoft Lotus PQ

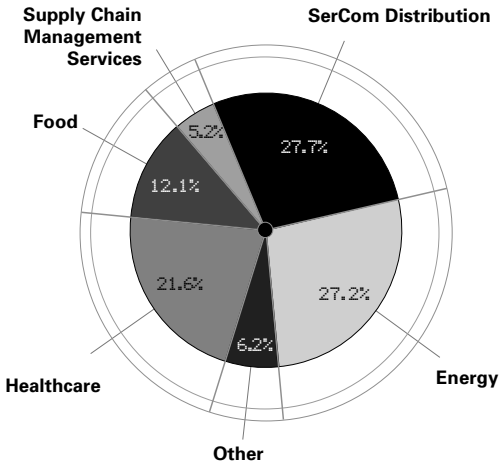
Financial Review



Fergal O'Dwyer: Chief Financial Officer

Strong Growth

DCC's financial position at 31 March 2000 reflects another year of strong revenue and profit growth and good cash generation. Turnover of continuing activities grew by 55.3% to €1,316.1 million while operating profit of continuing activities increased by 27.4% to €73.8 million.



Operating Profit - Continuing Activities

A detailed review of the Group's value added marketing and distribution and supply chain management activities is contained in the Operating Review on pages 12 to 21. The operating profit from other interests of €4.6 million (1999 €2.4 million) was generated principally from the Group's 49% shareholding in Manor Park Homebuilders, which enjoyed another excellent year.

The Group's operating margin reduced from 6.8% to 5.6%. The following is an overview of the principal reasons for the change:

	2000	1999
Energy margin	5.4%	9.4%
IT Distribution margin	3.8%	4.2%
Group margin excluding Energy and IT Distribution	**8.2%**	**8.3%**

In the year Energy turnover increased substantially (91.3%) due to both rising oil prices and volume growth. However because the energy industry operates on a contribution per litre basis rather than on a percentage operating margin on turnover, the Energy margin reduced from 9.4% to 5.4%. The Group margin was also impacted by the faster growth of the IT Distribution businesses which, while generating an excellent return on capital employed (60.2% in the year), earn a lower operating margin compared to the margin for the entire Group. The operating margin of the Group excluding Energy and IT Distribution was similar to the previous year at 8.2% (8.3%).

Financial Review

The Group's return on tangible capital employed increased to 39.5% (1999: 36.3%) and inclusive of acquisition goodwill the return amounted to 21.5% (1999: 21.2%).

The net interest charge increased to €6.4 million from €4.4 million principally due to higher average net debt in the earlier part of the year. Interest cover was 12.1 times (1999: 14.3 times).

Profit before net exceptional gains, goodwill amortisation and tax rose by 20.5% to €71.3 million.

The disposal of interests in Fyffes plc and International Translation and Publishing Limited resulted in a net exceptional gain before taxation of €71.4 million. In addition there was a related gain of €20.7 million through the realisation of goodwill previously eliminated against reserves.

Dividend

The total dividend for the year of 17.6 cent per share represents an increase of 20.1% over the previous year. The dividend is covered 3.9 times by adjusted earnings per share. This level of cover is consistent with previous years.

Taxation

The Group's taxation charge on ordinary activities for the year represents an effective tax rate of 15.0% (1999: 15.0%).

The impact of manufacturing relief and the geographic spread of DCC's profits contribute to the difference between the effective rate and the standard rate of corporation tax in Ireland.

Manufacturing relief results in an effective tax rate of 10% being applied to manufacturing profits and this arrangement will continue until 2010. The standard rate of corporation tax in Ireland will be reduced on a phased basis to 12.5% by 1 January 2003.

An analysis of the taxation charge is contained in note 11 to the financial statements.

Cash Flow

Strong operating cash flows were generated during the year, particularly in DCC's energy businesses. Cash flow from operating activities was €96.3 million, an increase of 47.0% on the previous year. Working capital was well managed during the year with particularly favourable circumstances at 31 March 2000 contributing to a reduction in working capital to 11.6 days sales compared to 17.4 days sales at 31 March 1999. The table overleaf sets out a cash flow summary for the year ended 31 March 2000.

Financial Review

Cash Flow Summary

	2000	1999
	€'m	€'m
Operating cash flow	96.3	65.5
Disposals	109.7	-
Share issues (net)	-	8.7
Interest	(5.5)	(4.1)
Taxation	(9.4)	(5.8)
Capital expenditure (net)	(24.7)	(16.8)
Acquisitions	(37.6)	(59.1)
Dividends	(13.7)	(10.5)
Translation adjustment	(5.5)	2.7
Other	(0.1)	(7.9)
Movement in net cash/(debt)	109.5	(27.3)
Opening net (debt)/cash	(20.3)	7.0
Closing net cash/(debt)	89.2	(20.3)

Net Cash

	€'m
Cash and term deposits	551.3
Bank loans and other debt repayable within 1 year	(191.8)
Bank loans and other debt repayable after 1 year	(161.7)
Unsecured Notes due 2008/11	(108.6)
Total	89.2

Balance Sheet

DCC has an immensely strong balance sheet at 31 March 2000 with shareholders' funds of €329.1 million and net cash of €89.2million. This net cash position represents a reversal of the 10.4% gearing level that prevailed at the end of the previous year. The composition of net cash at 31 March 2000 is shown in the following table.

The Group's cash is analysed in note 23 to the financial statements. An analysis of DCC's debt at 31 March 2000, including currency, interest rates and maturity periods, is shown in notes 24 to 27 to the financial statements.

Treasury Policy and Management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. This policy is reviewed and approved annually by the Board. The Group does not take speculative positions but seeks, where considered appropriate, to hedge underlying trading and asset/liability exposures by way of derivative financial instruments (such as interest rate and currency swaps and forward contracts).

DCC's Group Treasury function centrally manages the Group's cash and debt and administers the Group's funding requirements. Divisional and subsidiary management manage foreign currency and commodity price exposures within approved guidelines. An analysis of the Group's hedging positions is contained in note 28(b) to the financial statements.

Financial Review

Currency risk management

DCC's reporting currency and that in which its share capital is denominated is the Euro. Due to the nature of the Group's activities, exposures arise in the course of ordinary trading to other currencies, principally sterling and the US dollar. Trading foreign currency exposures are generally hedged by using forward contracts to cover specific or estimated purchases and receivables.

Approximately half of the Group's operating profits are sterling denominated. Where appropriate, hedges are put in place to minimise the exchange rate related volatility of these earnings. However, some natural hedges also exist within the Group as a proportion of the Group's interest payments and of purchases by certain of its Irish businesses are sterling denominated.

In order to protect shareholders' funds from material variations due to sterling exchange movements, a proportion of the Group's sterling net assets are hedged by an equivalent amount of foreign currency borrowings.

Interest rate risk management

The Group finances its operations through a mixture of retained profit, cash and borrowings. The Group borrows in the desired currencies at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's 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 approved guidelines.

Commodity price risk management

Commodity forwards, swaps and options are used to hedge potential price movements in liquefied petroleum gas products and oil products purchased by the Group's energy businesses in Britain and Ireland. All such contracts are entered into with approved counterparties and hedge a projected future purchase or sale of the commodity in question, usually for a two month period.

Five Year Summary and Key Ratios

Profit & Loss Account

Year ended 31 March	1996 €'m	1997 €'m	1998 €'m	1999 €'m	2000 €'m
Turnover	680.1	797.0	892.3	1,059.3	1,527.0
Operating profit	37.8	44.0	51.1	63.7	77.7
Net interest	(1.6)	(3.9)	(4.5)	(4.5)	(6.4)
Profit on ordinary activities before goodwill amortisation, net exceptional gains and tax	36.2	40.1	46.6	59.2	71.3
Goodwill amortisation	(0.2)	(0.2)	(0.2)	(1.5)	(3.5)
Net exceptional gains	0.6	5.1	-	-	71.4
Profit before taxation	36.6	45.0	46.4	57.7	139.2
Taxation	(6.5)	(8.4)	(7.5)	(8.9)	(18.7)
Minority interests	(6.6)	(2.7)	(1.4)	(0.8)	(0.7)
Profit attributable to Group shareholders	23.5	33.9	37.5	48.0	119.8
Earnings per share					
- Basic (cent)	32.20	42.33	45.08	55.39	137.39
- Basic adjusted (cent)	31.93	37.50	45.41	57.19	68.80
Dividend per share (cent)	8.76	10.16	12.19	14.66	17.60
Dividend cover (times)	3.6	3.7	3.7	3.9	3.9
Interest cover (times)	23.1	11.3	11.5	14.3	12.1

Consolidated Balance Sheet

At 31 March	1996 €'m	1997 €'m	1998 €'m	1999 €'m	2000 €'m
Tangible fixed assets	86.9	89.4	98.8	106.7	123.1
Associated undertakings	44.4	41.9	46.5	56.9	34.6
Goodwill	-	-	-	46.0	75.6
	131.3	131.3	145.3	209.6	233.3
Net current assets	2.2	10.7	15.1	23.1	30.6
Net cash/(debt)	(10.5)	(4.5)	7.0	(20.3)	89.2
	123.0	137.5	167.4	212.4	353.1
Shareholders' funds	102.6	122.5	154.1	195.2	329.1
Minority interests	4.4	4.8	5.3	3.9	3.3
Other long term creditors/provisions	16.0	10.2	8.0	13.3	20.7
	123.0	137.5	167.4	212.4	353.1
Capital expenditure	13.3	14.9	18.6	18.0	29.0
Acquisitions	66.1	23.4	14.8	75.4	39.1
Development expenditure	79.4	38.3	33.4	93.4	68.1
Operating cash flow	34.3	43.5	50.8	65.5	96.3
Net cash (debt)/equity (%)	(9.7%)	(3.6%)	4.6%	(10.4%)	27.1%
Return on tangible capital employed (%)	26.4%	30.5%	33.6%	36.3%	39.5%
Average number of employees	2,081	2,170	2,294	2,664	2,933

Management

Senior Group/ Divisional Management

Jim Flavin
Chief Executive/Deputy Chairman

Tommy Breen
Managing Director
SerCom

Morgan Crowe
Managing Director
Healthcare

Kevin Murray
Managing Director
Energy & Food

Fergal O'Dwyer
Chief Financial Officer

Ann Keenan
Head of Human Resources

Donal Murphy
Head of Group IT

Colman O'Keeffe
Deputy Managing Director
Healthcare

Michael Scholefield
Group Secretary and
Investor Relations Manager

Daphne Tease
Group Treasurer

Gerard Whyte
Group Internal Auditor

Senior Subsidiary and Associate Company Management

▶ Value Added Marketing and Distribution

IT

Paul Donnelly
Managing Director
Gem Distribution

Paul White
Managing Director
Sharptext

Gordon McDowell
Managing Director
Micro Peripherals

Philippe Fournier and Serge Valin
Directeurs General
Distrilogie

Energy

Sam Chambers
Managing Director
DCC Energy Northern Ireland

Daniel Murray
Managing Director
Emo Oil

Paddy Kilmartin
Managing Director
Flogas UK

Declan Ryan
Managing Director
Atlas Environmental

Pat Mercer
Managing Director
Flogas Ireland

Healthcare

John Dalton
Managing Director
DMA

Barry O'Neill
Deputy Managing Director
DMA

Mike Davies
Managing Director
Healthilife

Dan Teeters
President
DCC Shoprider Inc

Günter and Boris Frankowski
Joint Managing Directors
CasaCare

Reg Witheridge
Managing Director
Thomson & Capper

Barry Leonard
Managing Director
Virtus

Peter Woods
Chief Executive
Fannin Healthcare

Harry Niece
Managing Director
EuroCaps

Food

Mitchel Barry
Managing Director
Allied Foods

Bernard Rooney
Managing Director
Kelkin

Brian Hogan
Managing Director
Kylemore Group

Michael Scanlon
Managing Director
Brodericks

Ken Peare
Managing Director
Robt. Roberts

▶ Supply Chain Management Services

Kevin Henry and Ultan Reilly
Joint Managing Directors
SerCom Solutions

Corporate Information

Directors

Alex Spain*
Chairman

Jim Flavin
Chief Executive/Deputy Chairman

Tony Barry*

Tommy Breen

Morgan Crowe

Paddy Gallagher*

Kevin Murray

Fergal O'Dwyer

**non-executive*

Audit Committee

Alex Spain - Chairman

Tony Barry

Paddy Gallagher

Nomination Committee

Alex Spain - Chairman

Jim Flavin

Tony Barry

Paddy Gallagher

Remuneration Committee

Alex Spain - Chairman

Tony Barry

Paddy Gallagher

Secretary

Michael Scholefield

Registered and Head Office

DCC House

Stillorgan

Blackrock

Co. Dublin

Solicitors

William Fry

Fitzwilton House

Wilton Place

Dublin 2

Stockbrokers

Davy Stockbrokers

49 Dawson Street

Dublin 2

Cazenove & Co

12 Tokenhouse Yard

London EC2R 7AN

Auditors

PricewaterhouseCoopers

Chartered Accountants

& Registered Auditors

Wilton Place

Dublin 2

Bankers

ABN AMRO Bank

Bank of Ireland

Allied Irish Banks

Ulster Investment Bank

KBC Bank

National Westminster Bank

Registrars and Transfer Office

Computershare Services (Ireland)

Limited

Heron House

Corrig Road

Sandyford Industrial Estate

Dublin 18