Dignity PLC
15 September 2005

For Immediate Release 15 September 2005

# Dignity plc

## Interim Results for the 26 week period to 1 July 2005

Dignity plc, Britain's largest single provider of funeral-related services, namely funeral services, cremations and pre-arranged funeral plans, announces interim results for the period to 1 July 2005.

Financial highlights

| | | |
|---|---|---|
| Underlying profit before tax* | up 19.7% to £15.8 million | (2004: £13.2 million) |
| Operating profit | up 11.4% to £23.4 million | (2004: £21.0 million) |
| Revenue | up 8.0% to £74.6 million | (2004: £69.1 million) |
| Interim dividend per share | 2.75p per share | (2004: 1.875p per sha |

*Before non-recurring finance charges 2004

Operating highlights

- Acquisition of four new funeral home locations, bringing the total to 516 homes at 1 July 2005.

- Additional six new funeral homes acquired since 1 July 2005.

Peter Hindley, Chief Executive of Dignity plc, commented;

'We are pleased to report a strong trading performance in the first 26 weeks of 2005. Underlying profits before tax increased by almost 20%, achieved on increased revenues that were up 8%, and a 1.7% increase in the estimated number of deaths in Great Britain, which was slightly ahead of expectations.

'We continue to grow the core areas of our business organically, having acquired ten funeral locations as at the end of August. We continue to look for new opportunities.

'The Group is trading well and the outlook remains positive for the rest of the year.'

For more information

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The interim results are available at
www.dignityfuneralsplc.co.uk

CHAIRMAN'S STATEMENT

Introduction

This Interim Report has been prepared under IFRS and includes explanations of all adjustments arising from the change from UK GAAP to IFRS.

The adoption of IFRS represents an accounting change only and does not affect the ongoing operations or cash flows of the Group for 2005 or beyond.

The Group's first Annual Report and Accounts prepared under IFRS will be for the 52 week period ending 30 December 2005.

Results

I am pleased to report a strong trading performance in the first 26 weeks of 2005. Operating profit reported under IFRS has increased by 11.4 per cent to £23.4 million (2004: £21.0 million).

The Group performed 36,000 (2004: 35,100) funerals from our network of 516 funeral homes around the country and 21,200 (2004: 19,800) cremations from our 22 crematoria. Total estimated deaths for the 26 week period to 1 July 2005 in Great Britain were 300,800 compared to 295,800 in the comparative 26 week period in 2004. This is an increase of 1.7 per cent, which is marginally ahead of our expectations for the period. The Board's view on death rates continues to rely on government forecasts and its view on medium term death rates remains unchanged.

The number of unfulfilled pre-arranged funeral plans at 1 July 2005 was 171,500

(2004: 170,200).

Underlying profit before tax and dividend

Underlying profit before tax in the first 26 weeks of the year was £15.8 million compared to £13.2 million in the previous period, an increase of 19.7 per cent. This was slightly ahead of our expectations and is stated before non-recurring finance charges in 2004. After taking account of these items, the reported profit before taxation was £15.8 million (2004: loss £(2.1) million).

The Board has declared an interim dividend of 2.75 pence per share (2004: 1.875 pence per share) which will be paid on 28 October 2005 to shareholders on the register at 7 October 2005. This is an increase of 10 per cent on the annualised 2004 interim dividend. This is consistent with the Group's policy of progressing the dividend based on the Group's performance.

Developments

As part of its stated strategy, the Group acquired four funeral home locations in the period to 1 July 2005, funded from existing cash reserves and internally generated cash flows. In addition, in July, the Group acquired a further six funeral home locations. This brings the total investment in acquisitions in 2005 to £6.9 million. The Group continues to look for further suitable opportunities.

Outlook

The Group has recorded a strong performance in the first 26 weeks of this year. We expect the future development of the Group to be achieved by a combination of further acquisitions, seeking additional partners for our pre-arranged funeral plan business and from time to time, the opening of new locations. The Group continues to trade well and the Board's expectations for the remainder of 2005 remain positive.

Finally, I would like to thank all our staff for their continued hard work and dedication to client service.

Richard Connell
Chairman

## OPERATING & FINANCIAL REVIEW

### Introduction

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans, which respectively represent 80 per cent, 16 per cent and 4 per cent of the Group's revenues. Funeral services relate to the provision of funerals and ancillary items such as memorials and floral tributes. Crematoria revenues arise from cremation services and the sale of memorials and burial plots at the Group's crematoria and cemeteries. Pre-arranged funeral plan income represents amounts to cover the costs of administering the sale of plans.

### Adoption of IFRS

As the Chairman has noted in his statement, this Interim Report has been prepared under IFRS.

IFRS (as endorsed by the European Commission) are subject to amendment and/or interpretation by the International Accounting Standards Board (IASB) (and its committees). Furthermore, emerging industry consensus may differ to the policies adopted by the Board. As such, it is possible that further adjustments to the accounting policies adopted may be necessary and consequently, the financial information presented in this report may differ from that subsequently shown in the Group's Annual Report and Accounts for the 52 week period ending 30 December 2005.

The principal changes to the Income Statement are:

- The elimination of amortisation of goodwill.
- The adoption of IAS 19 in respect of pension obligations.
- Changes to the charge for deferred taxation.

With the exception of IAS 19, the accounting impact on profit before tax and amortisation is minimal.

The principal changes that affect the Balance Sheet are:

- The recognition of pension obligations under IAS 19.
- The inclusion of a full provision for deferred taxation.
- The recognition of separate intangible assets principally attributable to trade names.
- The recognition of dividends on a liability basis.

Financial highlights

- Revenue has increased 8.0 per cent to £74.6 million (2004: £69.1 million).
- Operating profit has increased 11.4 per cent to £23.4 million (2004: £21.0 million).
- Underlying profit before tax has increased 19.7 per cent to £15.8 million (2004: £13.2 million).
- Profit before tax was £15.8 million (2004: loss £(2.1) million).
- Cash generated from operations has increased 1.5 per cent to £26.5 million (2004: £26.1 million).
- Earnings per share were 13.8 pence (2004: loss (3.1) pence).
- An interim dividend of 2.75 pence per share (2004: 1.875 pence per share).

Trading overview

| | |
|---|---|
| | 26 week per |
| | 1 Jul 2005 |

| | £m |
|---|---|
| Revenue | |
| Funeral services | 60.0 |
| Crematoria | 11.7 |
| Pre-arranged funeral plans | 2.9 |
| | 74.6 |
| Operating profit* | |
| Funeral services | 20.2 |
| Crematoria | 6.4 |
| Pre-arranged funeral plans | 1.6 |
| Central overheads | (4.8) |
| | 23.4 |

* Operating profit includes Recoveries within pre-arranged funeral plans of £1.2 million (2004: £1.2 million) and profit on sale of property, plant & equipment of £0.5 million (2004: £0.8 million).

Funeral services

The Group operates a network of 516 funeral homes throughout Britain, trading under local established names. In the period to 1 July 2005, the Group conducted 36,000 (2004: 35,100) funerals, representing 12.0 per cent (2004: 11.9 per cent) of estimated deaths in Britain.

Revenue within funeral services was £60.0 million (2004: £55.3 million) and increased in all areas of the division. Operating profits were £20.2 million (2004: £17.7 million), an increase of 14.1 per cent.

Crematoria

The Group operates 22 crematoria and carried out 21,200 cremations in 2005 representing 7.0 per cent (2004: 6.7 per cent) of estimated deaths in Britain. The Group is the largest single operator of crematoria in Britain.

Revenue within crematoria was £11.7 million (2004: £11.1 million). Operating profits were £6.4 million (2004: £6.0 million), an increase of 6.7 per cent.

In January 2005 the Department of Environment, Food and Rural Affairs announced that crematoria operators should install equipment to cut mercury emissions by 50 per cent by 2012 under new statutory guidance. The Group is confident that it can meet all the new emissions legislation in the required timescales. We expect funding for these changes to be via an industry wide environmental levy.

Pre-arranged funeral plans

Pre-arranged funeral plans allow people to plan and pay for their funeral in advance. The Group is the market leader in the provision of pre-arranged funeral plans. Unfulfilled pre-arranged funeral plans increased to 171,500 from 170,200 during the period.

The Group received Recoveries of £1.2 million (2004:£1.2 million) during the period. Operating profit was lower in 2005 as a result of the sales mix.

Underlying profit before tax

Last year witnessed a significant reorganisation of the Group's capital structure, with the listing of its shares and redemption of expensive debt associated with the management buyout in 2002 and the subsequent whole business securitisation in 2003. Therefore, comparison with the prior period is not straightforward. The Directors are of the opinion that the following provides additional indicative information regarding the underlying profits of the Group:

| | 26 week peri 1 Jul 2005 £m |
|---|---|
| Profit/(loss) before tax for the period as reported | 15.8 |

| | |
|---|---|
| Add the effects of: | |
| Exceptional interest expense | - |
| Interest expense of Mezzanine Loan and Loan Notes 2013 | - |
| Amortisation of debt issues costs of Mezzanine Loan and Loan Notes 2013 | - |
| Underlying profit before tax | 15.8 |

Cash flow and cash balances

Operating cash flow was £26.5 million in the period (2004: £26.1 million). Expenditure on funeral home acquisitions amounted to £4.3 million (2004: £1.5 million). A further £3.4 million (2004: £1.9 million) was spent on capital expenditure, the majority of which was spent on replacing or enhancing existing assets.

Cash balances at the end of the financial period amounted to £33.5 million although under the terms of the Group's secured borrowing, there are certain restrictions on elements of this balance as described further in note 7 of this report. The Group's operations continue to be significantly cash generative.

Capital structure and financing

The Group's only material external debt financing is the Class A and B secured notes, rated A and BBB respectively, of which £204.0 million (2004: £207.7 million) was outstanding as at 1 July 2005. Both tranches of debt were issued at fixed rates of interest and will be progressively repaid over the next 25 years.

| | 1 Jul 2005 £m | 25 |
|---|---|---|
| Class A and B secured notes | (204.0) | |
| Accrued interest on Class A and B secured notes | - | |
| Loan Notes 2006 | (0.1) | |

| | |
|---|---|
| Cash balances | 33.5 |
| Economic Net Debt | 170.6 |

Going forward, the Group's finance expense will substantially consist of the interest on the Class A and B secured notes and the related ancillary instruments that were issued in April 2003. The finance charge in the period was £8.5 million, including the amortisation of debt issue costs of £0.5 million, unwinding of discounts of £0.3 million and pension charges of £0.2 million.

Taxation

The overall effective tax rate on earnings before exceptional items is approximately 31.0 per cent (2004: 31.0 per cent).

This tax rate is higher than the standard UK tax rate of 30 per cent due to the impact of disallowable trading expenses and expenditure on the Group's premises that does not attract any deductions for corporation tax purposes. The latter will also cause the effective tax rate to increase slightly in the future.

Pensions

The Group operates two principal defined benefit pension schemes. Under IAS 19, the pension deficit has decreased by £0.3 million with a period end deficit (before deferred tax) of £13.5 million.

Earnings per share

The basic earnings per share were 13.8 pence per share for the period (2004: loss (3.1) pence per share). See note 5 for further information.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the 26 week period ended 1 July 2005

| | Note | 26 week period ended 1 Jul 2005 £m | 25 Jun 2004 £m | per |
|---|---|---|---|---|
| Revenue | 2 | 74.6 | 69.1 | |
| Gross profit | | 38.6 | 34.7 | |
| Trading expenses | | (16.4) | (14.9) | |
| Other operating income | | 1.2 | 1.2 | |
| Operating profit | 2 | 23.4 | 21.0 | |
| Interest payable before exceptional charges | | (8.5) | (13.8) | |
| Exceptional interest payable on redemption of debt | | - | (10.1) | |
| Interest payable and similar charges | 3 | (8.5) | (23.9) | |
| Interest receivable | 3 | 0.9 | 0.8 | |
| Profit/(loss) before tax | 2 | 15.8 | (2.1) | |
| Taxation | 4 | (4.8) | 0.5 | |
| Profit/(loss) for the period | | 11.0 | (1.6) | |
| Profit/(loss) attributable to minority interest | | - | - | |
| Profit/(loss) attributable to equity shareholders | 6 | 11.0 | (1.6) | |
| | | 11.0 | (1.6) | |
| Earnings/(loss) per share attributable to equity shareholders (pence) | 5 | | | |
| - Basic | | 13.8p | (3.1)p | |
| - Diluted | | 13.7p | (3.1)p | |

CONSOLIDATED STATEMENT OF RECOGNISED INCOME & EXPENSE (UNAUDITED)
for the 26 week period ended 1 July 2005

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| | 26 week period ended | |
|---|---|---|
| | 1 Jul 2005 | 25 Jun 2004 |
| | £m | £m |
| Profit/(loss) for the period | 11.0 | (1.6) |
| Actuarial gains/(losses) on retirement benefit obligations | 0.4 | (2.1) |
| Employee share options | 0.2 | 0.1 |
| Deferred tax | (0.1) | 0.6 |
| Net income/(expense) not recognised in income statement | 0.5 | (1.4) |
| Total recognised income/(expense) for the period | 11.5 | (3.0) |

CONSOLIDATED BALANCE SHEET (UNAUDITED)
as at 1 July 2005

| | Note | 1 Jul 2005 | 25 Jun 2004 |
|---|---|---|---|
| | | £m | £m |
| Non-current assets | | | |
| Goodwill | | 108.9 | 107.1 |
| Intangible assets | | 7.8 | 2.9 |
| Property, plant & equipment | | 84.0 | 79.5 |
| Financial assets | | 5.5 | 4.9 |
| Assets held for sale | | 0.8 | 0.8 |
| Deferred tax assets | | - | 1.6 |
| | | 207.0 | 196.8 |
| Current assets | | | |
| Inventories | | 3.3 | 3.1 |
| Trade and other receivables | | 19.1 | 20.0 |
| Cash and cash equivalents | (a) | 33.5 | 42.5 |
| | | 55.9 | 65.6 |
| Current liabilities | | | |

| | | | |
|---|---|---|---|
| Financial liabilities | | (2.1) | (10.7) |
| Trade and other payables | | (17.0) | (26.5) |
| Current tax | | (3.4) | (0.1) |
| Provisions | | (1.0) | (1.2) |
| | | (23.5) | (38.5) |
| Net current assets | | 32.4 | 27.1 |
| Non-current liabilities | | | |
| Financial liabilities | | (193.0) | (194.9) |
| Deferred tax liabilities | | (3.3) | - |
| Retirement benefit obligations | | (13.5) | (15.0) |
| Other non-current liabilities | | (2.7) | (2.5) |
| Provisions | | (2.2) | (2.1) |
| | | (214.7) | (214.5) |
| Net assets | | 24.7 | 9.4 |
| Shareholders' equity | | | |
| Ordinary shares | 8 | 5.6 | 5.6 |
| Share premium account | 8 | 111.6 | 111.6 |
| Other reserves | 8 | (12.0) | (13.7) |
| Retained earnings | 8 | (79.3) | (92.9) |
| Total shareholders' equity | 8 | 25.9 | 10.6 |
| Minority interest in equity | | (1.2) | (1.2) |
| Total equity | | 24.7 | 9.4 |

(a) Certain cash balances are subject to restrictions. See note 7.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the 26 week period ended 1 July 2005

| | | 26 week period ended | | p |
|---|---|---|---|---|
| | | 1 Jul 2005 | 25 Jun 2004 | |
| | Note | £m | £m | |
| Cash flows from operating activities | | | | |
| Cash generated from operations | 9 | 26.5 | 26.1 | |
| Interest received | | 0.9 | 0.8 | |
| Interest paid | | (7.8) | (23.5) | |
| Tax paid | | - | (0.1) | |
| Net cash from operating activities | | 19.6 | 3.3 | |
| Cash flows from investing activities | | | | |
| Acquisition of subsidiaries | | (4.3) | (1.5) | |
| Purchase of property, plant & equipment | | (3.4) | (1.9) | |
| Proceeds from sale of property, plant & equipment | | 0.9 | 1.1 | |
| Transfers from restricted bank accounts | 7 | - | 15.9 | |
| Net cash (used in)/from investing activities | | (6.8) | 13.6 | |
| Cash flows from financing activities | | | | |
| Net proceeds from issue of ordinary share capital | | - | 115.2 | |
| Finance lease principal repayments | | - | - | |
| Repayment of borrowings | | (1.2) | (115.6) | |
| Dividends paid to shareholders | | (3.0) | - | |
| Net cash used in financing activities | | (4.2) | (0.4) | |
| Net increase in cash and cash equivalents | 7 | 8.6 | 16.5 | |
| Cash and cash equivalents at beginning of the period | | 23.7 | 22.4 | |
| Cash and cash equivalents at the end of the period | 7 | 32.3 | 38.9 | |

NOTES TO THE INTERIM REPORT 2005
for the 26 week period ended 1 July 2005

1 Basis of preparation

Historically, the Group prepared its consolidated financial statements under UK Generally Accepted Accounting Principles ('UK GAAP'). Following Regulation No. 1606/2002 passed by the European Parliament in 2002, the Group is required to prepare its consolidated financial statements for the 52 week period ending 30 December 2005 in accordance with all applicable International Financial Reporting Standards ('IFRS'), including International Accounting Standards (' IAS') and related interpretations issued by the International Accounting Standards Board ('IASB') and its committees, as endorsed by the European Commission.

These interim financial statements have been prepared in accordance with IFRS and in accordance with the Listing Rules of the Financial Services Authority covering interim reports.

IFRS (as endorsed by the European Commission) are subject to amendment and/or interpretation by the IASB (and its committees). Furthermore, emerging industry consensus may differ to the policies adopted by the Board. As such, it is possible that further adjustments to the accounting policies adopted may be necessary and consequently, the financial information presented in this report may differ from that shown in the Group's Annual Report and Accounts for the 52 week period ending 30 December 2005.

Full details of the changes in accounting policies, which have been consistently applied to all periods, and the reconciliations between IFRS and UK GAAP are set out in Appendix 1 to this report.

The statements were approved by the Board of Directors on 14 September 2005 and are unaudited. The Group's auditors have carried out a review of the statements and their report is set out on page 16.

The figures for all periods presented have been extracted from the underlying accounting records.

2 Revenue and segmental analysis

The revenue and operating profit*, by segment, were as follows:

| | 26 week period ended 1 Jul 2005 | | 26 week period ended 25 Jun 2004 | | 53 week p 31 D |
|---|---|---|---|---|---|
| | Revenue | Operating profit/ (loss) | Revenue | Operating profit/ (loss) | Revenu |
| | £m | £m | £m | £m | £ |
| Funeral services | 60.0 | 20.2 | 55.3 | 17.7 | 108. |
| Crematoria | 11.7 | 6.4 | 11.1 | 6.0 | 21. |
| Pre-arranged funeral plans | 2.9 | 1.6 | 2.7 | 2.1 | 5. |
| Central overheads | - | (4.8) | - | (4.8) | |
| | 74.6 | 23.4 | 69.1 | 21.0 | 135. |
| Net interest expense | | (7.6) | | (23.1) | |
| Profit/(loss) before tax | | 15.8 | | (2.1) | |

*Operating profit includes Recoveries within pre-arranged funeral plans of £1.2 million (2004: £1.2 million; December 2004: £1.2 million) and profit on sale of property, plant & equipment of £0.5 million (2004: £0.8 million; December 2004: £1.2 million).

3 Net interest payable

26 week period ended

| | 1 Jul 2005 £m | 25 Jun 2004 £m |
|---|---|---|
| Interest payable and similar charges | | |
| Class A and B secured notes | 7.4 | 7.5 |
| Mezzanine Loan | - | 2.1 |
| Loan Notes | - | 2.6 |
| Amortisation of issue costs | 0.5 | 1.0 |
| Other loans | 0.1 | 0.1 |
| Interest payable on finance leases | - | - |
| Net finance expense of retirement obligations | 0.2 | 0.1 |
| Unwinding of discount | 0.3 | 0.4 |
| Interest payable and similar charges before exceptional items | 8.5 | 13.8 |
| Exceptional interest payable and similar charges | | |
| Premium on early redemption of Mezzanine Loan | - | 4.0 |
| Write-off deferred debt issue costs | - | 6.1 |
| Exceptional interest payable and similar charges | - | 10.1 |
| Total interest payable and similar charges | 8.5 | 23.9 |
| Interest receivable and similar income | | |
| Bank deposits | (0.8) | (0.7) |
| Debenture loan | (0.1) | (0.1) |
| Interest receivable and similar income | (0.9) | (0.8) |
| Net interest payable and similar charges | 7.6 | 23.1 |

4 Taxation

The taxation charge in the period is based on an estimated effective tax rate of 31.0 per cent on profit before tax for the 52 week period ending 30 December 2005.

5 Earnings/(loss) per share

The calculation of basic earnings/(loss) per Ordinary Share has been based on the profit/(loss) for the relevant period.

For diluted earnings/(loss) per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary Shares. The Group has two classes of potentially dilutive Ordinary Shares being those share options granted to employees under the Group's SAYE scheme and the contingently issueable shares under the Group's LTIP schemes.

At the balance sheet date, the performance criteria for the vesting of the awards under the LTIP schemes had not been met. Consequently, these contingently issueable shares have been excluded from the diluted EPS calculations.

| | Earnings/ (loss) | Weighted average no of shares |
|---|---|---|
| | £m | £m |
| 26 week period ended 1 July 2005 - basic | 11.0 | 80.0 |
| 26 week period ended 1 July 2005 - diluted | 11.0 | 80.2 |
| 26 week period ended 25 June 2004 - basic and diluted | (1.6) | 51.5 |
| 53 week period ended 31December 2004 - basic and diluted | 5.5 | 65.0 |

6 Dividends

On 14 September 2005, the Directors approved an interim dividend of 2.75 pence per share (2004: 1.875 pence per share) totalling £2.2 million (2004: £1.5 million), which will be paid on 28 October 2005 to those shareholders on the register at the close of business on 7 October 2005. The amount recognised in the period of £3.0 million (2004: £nil) relates to the final dividend of 3.75 pence per share in respect of the 2004 results approved by shareholders on 20 May 2005.

7 Cash and cash equivalents

| | Note | 1 Jul 2005 £m | 25 Jun 2004 £m | 31 Dec 2004 £m |
|---|---|---|---|---|
| Cash and cash equivalents | | 33.5 | 42.5 | 24.9 |
| Represented by: | | | | |
| Operating cash | | 10.2 | 11.6 | 12.4 |
| Cash for acquisitions | (a) | 7.3 | 11.3 | 7.2 |
| Cash collateralised for Loan Notes 2012 | (b) | - | 1.4 | - |
| Amounts set aside for intercompany loan | (c) | 16.0 | 9.2 | 5.3 |
| Amounts set aside for Class A and B secured notes | (d) | - | 9.0 | - |
| | | 33.5 | 42.5 | 24.9 |

(a) Under the terms of the Group's secured borrowings, this amount is required to be retained in a separate account. This account may, in normal circumstances, only be used for acquiring tangible fixed assets and businesses (either trade and assets or share purchases). Included in this amount is £1.2 million (2004: £2.2 million; December 2004: £1.2 million) relating to Recoveries, which may not be used for one year following receipt and hence does not meet the definition of cash and cash equivalents in IAS 7, 'Cash Flow Statements'.

(b) This amount was subject to a charge in favour of the Loan Notes 2012. This amount did not meet the definition of cash and cash equivalents in IAS 7.

(c) This amount (save for circumstances where the Directors believe there may be a risk of defaulting on the Class A and B secured notes) may only be used in paying the interest and principal due on a loan between Dignity (2002) Limited and Dignity Mezzco Limited, both of whom are wholly owned subsidiaries of the Company.

(d) This amount was required under the terms of the Group's secured borrowings to be used to pay interest and principal on 30 June 2004.

Movements in the amounts described in notes (a) as Recoveries, together with the amounts described in note (b), have been treated as 'transfers from /(to) restricted bank accounts' in the cash flow statement and are reported within ' Cash flows from investing activities' as they do not meet the definition of cash and cash equivalents in IAS 7.

Movements in the amounts described in note (c) have been treated as cash equivalents in the cash flow statement as they will become available for the Group's use once the intercompany payment has been made.

8 Statement of changes in shareholders' equity

| | Share capital £m | Share premium account £m | Other reserves £m | Profit & loss account £m |
|---|---|---|---|---|
| Shareholders' equity as at 26 December 2003 | 2.0 | - | (12.3) | (91.3) |
| Share issue | 3.6 | 111.6 | - | - |
| Actuarial gains and losses on defined benefit plans (net of deferred tax) | - | - | (1.5) | - |
| Effects of employee share options (net of deferred tax) | - | - | 0.1 | - |
| Loss for the 26 weeks ended 25 June 2004 | - | - | - | (1.6) |
| Shareholders' equity as at 25 June 2004 | 5.6 | 111.6 | (13.7) | (92.9) |
| Profit for the 27 weeks ended 31 December 2004 | - | - | - | 7.1 |
| Actuarial gains and losses on defined benefit plans (net of deferred tax) | - | - | 1.0 | - |
| Effects of employee share options (net of deferred tax) | - | - | 0.2 | - |
| Dividends | - | - | - | (1.5) |

| | | | | |
|---|---|---|---|---|
| Shareholders' equity as at 31 December 2004 | 5.6 | 111.6 | (12.5) | (87.3) |
| Profit for the 26 weeks ended 1 July 2005 | - | - | - | 11.0 |
| Actuarial gains and losses on defined benefit plans (net of deferred tax) | - | - | 0.2 | - |
| Effects of employee share options (net of deferred tax) | - | - | 0.3 | - |
| Dividends | - | - | - | (3.0) |
| Shareholders' equity as at 1 July 2005 | 5.6 | 111.6 | (12.0) | (79.3) |

9 Cash generated from operations

| | 26 week period ended | | 53 wee |
|---|---|---|---|
| | 1 Jul 2005 | 25 Jun2004 | |
| | £m | £m | |
| Net profit/(loss) for the period | 11.0 | (1.6) | |
| Adjustments for: | | | |
| Taxation | 4.8 | (0.5) | |
| Net interest payable | 7.6 | 23.1 | |
| Profit on disposal of property, plant & equipment | (0.5) | (0.8) | |
| Depreciation charges | 3.7 | 3.7 | |
| Changes in working capital (excluding acquisitions) | (0.3) | 2.1 | |
| Employee share options | 0.2 | 0.1 | |
| Cash generated from operations | 26.5 | 26.1 | |

10 Interim statement

Copies of the Interim Report are available from the registered office, Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands, B72 1PH and

at the Group's website
www.dignityfuneralsplc.co.uk

11 Securitisation

In accordance with the terms of the securitisation carried out in April 2003, Dignity (2002) Limited (the holding company of those companies subject to the securitisation) has today issued reports to the Rating Agencies (Fitch Ratings and Standard & Poor's), the Security Trustee and the holders of the notes issued in connection with the securitisation confirming compliance with the covenants established under the securitisation.

Copies of these reports are available at
www.dignityfuneralsplc.co.uk