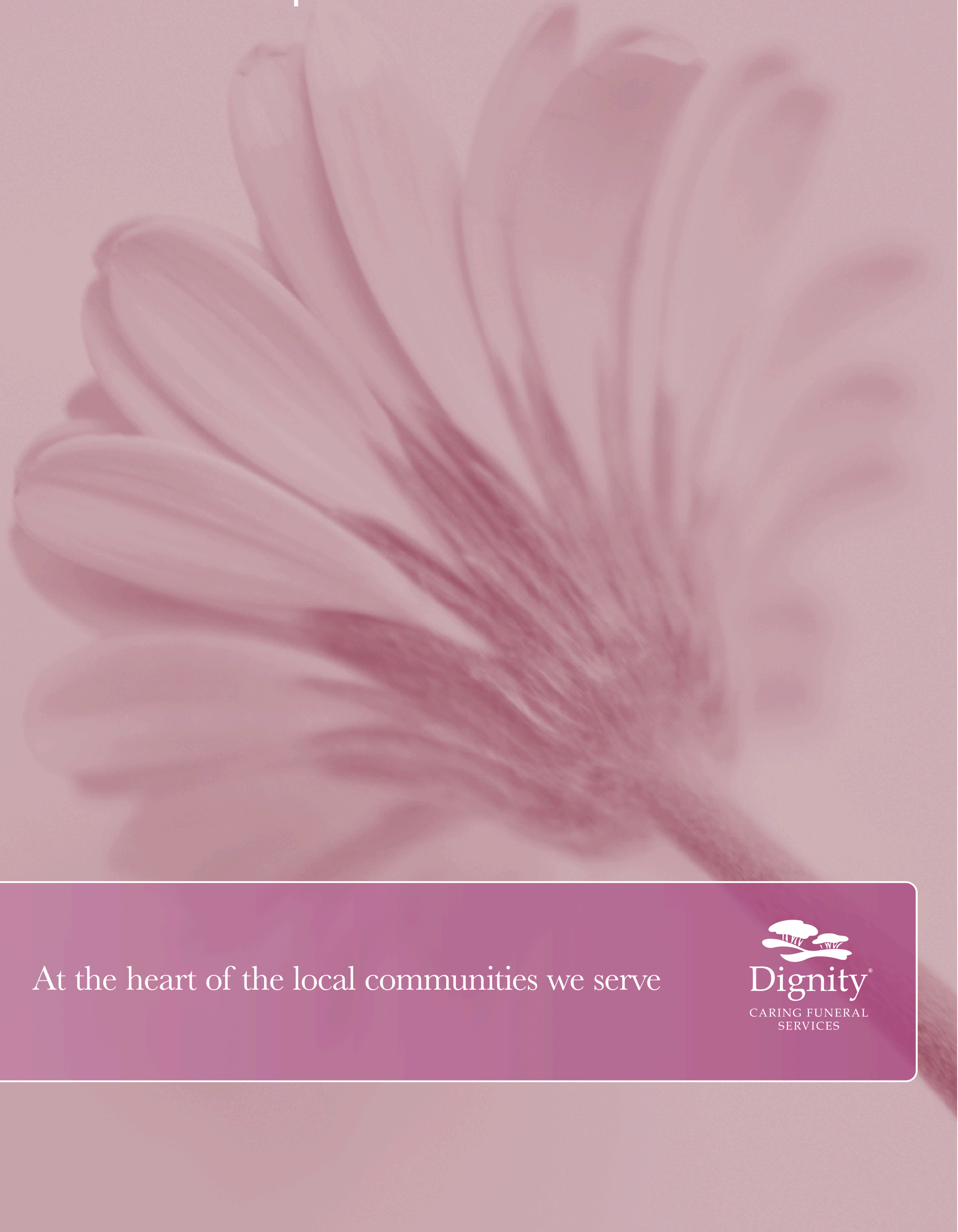
Dignity plc

Interim Report 2010



At the heart of the local communities we serve

Dignity
CARING FUNERAL SERVICES

About Dignity

Dignity owns 554 funeral locations and operates 30 crematoria in the United Kingdom. The Group continues to have a strong market presence in pre-arranged funeral plans, where people plan and pay for their funeral in advance.

We are a FTSE 250 company listed on the London Stock Exchange, with over 2,400 employees serving families and local communities across the United Kingdom.

What we believe in:

- we are here to help people through one of the most difficult times in their lives.
- we do this with compassion, respect, openness and care.
- we want to be the company that everyone knows they can trust in their time of need.

Our strategy

We plan to grow the profitability of our business by:

- operating in a traditional market where people use our services based on our reputation and through recommendations, where we believe our continued commitment to excellent service for our clients will generate a high level of referral and organic revenue growth;
- continuing to control our operating costs;
- selective acquisitions of additional funeral locations;
- national marketing, principally through affinity partners, of pre-arranged funeral plans; and
- developing, managing or acquiring additional crematoria where possible.

Contents

Key financial highlights

for the 26 week period ended 25 June 2010

Current period financial highlights	**2010**	2009	Increase per cent
Revenue (£million)	**100.9**	95.6	5.5
Underlying operating profit[a] (£million)	**33.8**	32.6	3.7
Underlying profit before tax[a] (£million)	**24.0**	22.7	5.7
Underlying earnings per share[b] (pence)	**26.6**	25.3	5.1
Cash generated from operations (£million)	**41.8**	39.6	5.6
Operating profit (£million)	**34.1**	32.7	4.3
Profit before tax (£million)	**24.3**	22.8	6.6
Basic earnings per share (pence)	**27.0**	25.5	5.9
Interim dividend (pence)	**4.43**	4.03	10.0

Trading overview	**26 week period ended**	
	25 June 2010 £m	26 June 2009 £m
Revenue		
Funeral services	**73.2**	73.0
Crematoria	**18.5**	17.5
Pre-arranged funeral plans	**9.2**	5.1
	100.9	95.6
Underlying operating profit[a]		
Funeral services	**26.4**	26.7
Crematoria	**10.3**	9.3
Pre-arranged funeral plans[c]	**3.0**	2.6
Central overheads	**(5.9)**	(6.0)
	33.8	32.6

(a) Underlying profit is calculated as profit excluding profit on sale of fixed assets and any acquisition fees expensed in accordance with IFRS 3.

(b) Underlying earnings per share is calculated as profit on ordinary activities after taxation before profit on sale of fixed assets and any acquisition fees expensed in accordance with IFRS 3 (net of tax), divided by the weighted average number of Ordinary Shares in issue in the period.

(c) Pre-arranged funeral plans includes Recoveries of £1.5 million (2009: £1.5 million).

(d) A full reconciliation between statutory and underlying amounts is detailed in note 2.

Chairman's statement

"These operating results demonstrate the Group's resilience."

Peter Hindley, Chairman

Results

The year has started well for the Group, and is in line with the Board's expectations. Underlying operating profits (which exclude the profit on disposal of fixed assets and any acquisition fees) were £33.8 million (2009: £32.6 million), an increase of 3.7 per cent. Operating profits were £34.1 million (2009: £32.7 million).

Underlying earnings per share increased 5.1 per cent to 26.6 pence per share (2009: 25.3 pence per share).

Basic earnings per share were 27.0 pence per share (2009: 25.5 pence per share), an increase of 5.9 per cent.

Yet again, these operating results demonstrate the Group's resilience during the turbulent times in the wider economy.

Potential issue of further Secured Notes

The Board believes that the Group's continued stable operating performance and currently attractive bond yields may present an opportunity to issue further Secured Notes.

Consequently, the Group is investigating the potential to issue further Secured Notes. Further announcements will be made when appropriate via RNS and the Group's investor website www.dignityfuneralsplc.co.uk.

However, given general market conditions the Board anticipates releveraging the Group to a lower level than that seen historically.

In the event that a further issue of Secured Notes is completed, the Board anticipates the majority of the proceeds will be returned to shareholders.

Dividends

The Board has declared an interim dividend of 4.43 pence per share (2009: 4.03 pence per share). This represents a 10 per cent year on year increase. This dividend will be paid on 29 October 2010 to shareholders who are on the register at close of business on 29 September 2010.

Our staff

That this business continues to perform well is in no small part due to the dedication of its staff. I am grateful for the part each of them plays in providing the families we look after the best possible service.

Outlook

The Board's expectations for the full year continue to be positive and remain unchanged.

Business and financial review

Mike McCollum, Chief Executive

Introduction

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans. Funeral services revenues 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 revenue represents amounts to cover the costs of marketing and administering the sale of plans.

Office for National Statistics Data

Some of the Group's key performance indicators rely on the total number of estimated deaths for each period.

This information is obtained from the Office for National Statistics (ONS) and helps to provide good general background to the Group's performance.

The initial estimated deaths in Great Britain for the first half of 2010 were 284,000 (2009: 288,000). Historically, the ONS has updated these estimates from time to time. As in previous years, the Group does not restate any of its key performance indicators when these figures are restated in the following year.

Funeral services

The Group operates a network of 554 (June 2009: 545; December 2009: 546) funeral locations throughout the United Kingdom. This includes four additional funeral locations resulting from two acquisitions in the first half of the year, five new satellite locations and one closure.

In the first half of 2010, the Group conducted 33,600 funerals (2009: 35,000) in the United Kingdom. Approximately one per cent of these funerals were performed in Northern Ireland (2009: one per cent). Excluding Northern Ireland, these funerals represent approximately 11.7 per cent (June 2009: 12.0 per cent; December 2009: 11.8 per cent) of total estimated deaths in Great Britain. Whilst funerals divided by estimated deaths is a reasonable measure of our market share, the Group does not have a complete national presence and this calculation can only ever be an estimate.

Underlying operating profits were £26.4 million (2009: £26.7 million). This reduction period on period reflects the strong performance in the comparative period. The result is consistent with the Board's expectations for the full year. This is supported by a good operating result in the second quarter.

Crematoria

The Group operates 30 crematoria (June 2009: 30; December 2009: 30) and is the largest single operator of crematoria in Great Britain. The recently constructed locations acquired in early 2009 have performed more cremations this year as expected. Consequently, the Group performed 23,000 cremations (2009: 22,400).

This represents approximately 8.1 per cent (June 2009: 7.8 per cent; December 2009: 7.8 per cent) of total estimated deaths in Great Britain.

Underlying operating profits were £10.3 million (2009: £9.3 million), an increase of 10.8 per cent. This performance reflects strong volumes and average revenue per cremation.

Business and financial review continued

Pre-arranged funeral plans

Unfulfilled pre-arranged funeral plans were 226,500 at the end of the period (2009: 206,500). These plans continue to represent future potential incremental business for the funeral division.

The division has had a very successful start to the year, contributing operating profits of £3.0 million (2009: £2.6 million) in the period. This reflects the strong sales of plans. The result includes Recoveries of £1.5 million (2009: £1.5 million).

Testing of various opportunities is ongoing and the Group continues to expand its portfolio of affinity partners.

Central overheads

Head office costs relates to central services that are not specifically attributed to a particular operational division. These include the provision of IT, finance, personnel and Directors' emoluments. In addition and consistent with previous periods, the Group records the costs of incentive bonus arrangements, such as Long Term Incentive Plans and annual performance bonuses, which are provided to over 50 managers working across the business.

Costs were broadly flat on the prior year at £5.9 million (2009: £6.0 million).

Acquisition activity

The Group has invested £3.8 million on acquiring four funeral locations during the period. A further one location has also been acquired since the period end.

Construction continues on new crematoria in Cambridgeshire and Somerset. These locations are expected to become operational in the last quarter of 2010 and the first quarter of 2011 respectively. The Group is also building a new crematorium in Worcestershire, which is expected to become operational in the second quarter of 2011.

Earnings per share

Underlying earnings per share increased 5.1 per cent to 26.6 pence per Ordinary Share, reflecting the underlying operating performance.

Cash flow and cash balances

Cash generated from operations was £41.8 million (2009: £39.6 million). This increase demonstrates the Group's continued ability to convert operating profits into cash.

During the period, the Group spent £10.4 million (2009: £9.8 million) on purchases of property, plant and equipment.

This is analysed as:

	25 June 2010 £m	26 June 2009 £m
Vehicle replacement programme and improvements to locations	**5.1**	3.4
Branch relocations and new satellite locations	**0.9**	0.8
Development of new crematoria	**3.2**	5.5
Mercury abatement project	**1.2**	0.1
Total property, plant and equipment	**10.4**	9.8
Partly funded by:		
Disposal proceeds	**(0.8)**	(0.4)
Crematoria acquisition facility	**–**	(2.6)
Net capital expenditure	**9.6**	6.8

The mercury abatement project is on track for completion by the end of 2012 as required by legislation.

Cash balances at the end of the period were £51.3 million. £12.5 million represents amounts contractually set aside to fund the Group's liabilities to Class A and B Secured Noteholders on 30 June 2010. This reflects a similar position to the Group's 2009 cash flow and has been disclosed in a similar way.

A further £1.5 million (2009: £1.5 million) in respect of Recoveries is also shown as restricted, as it is not available for general use by the Group until February 2011.

Capital structure and financing

The Group's principal source of external debt financing continues to be the A and BBB rated Class A and B Secured Notes. The principal and interest on the Secured Notes amortise fully over their life and scheduled to be repaid by 2031. The interest rate is fixed for the life of the Secured Notes and interest is calculated on the outstanding principal. Further details of these Secured Notes may be found in the Group's 2009 Annual Report.

The Group's primary financial covenant under the Secured Notes requires EBITDA to total debt service to be above 1.5 times. The ratio at 25 June 2010 was 2.63 (2009: 2.65). Further details may be found in note 9.

The Group also has a £10 million crematorium acquisition facility, which is fully drawn. The whole amount is repayable in one bullet payment in 2013. Interest on the original £7.4 million is fixed at approximately 5.6 per cent and capped at the same rate for the remaining balance of the loan. Interest on the remaining £2.6 million carries interest at a rate relative to three month LIBOR, with such rate being capped at approximately 5.6 per cent for the remaining balance of the loan. All interest is payable in cash.

As set out in note 9, the Group's gross debt outstanding was £280.2 million (June 2009: £286.1 million; December 2009: £283.2 million). Net debt was £238.5 million (June 2009: £246.3 million; December 2009: £247.1 million), despite the investment of £13.4 million in ongoing capital expenditure and corporate development activities.

Taxation

The Group's effective tax rate for 2010 is expected to be 29 per cent.

The Emergency Budget Statement on 22 June indicated some changes to the Corporation Tax regime and reductions in rates of tax payable. Early indications are that the Group's effective tax rate will reduce to reflect the changes in the headline rate of Corporation Tax as and when it becomes effective.

Principal risks and uncertainties

Operational risk management

Significant reduction in the death rate

There is a risk that the number of deaths in any year significantly reduces. This would have a direct result on the financial performance of both the funerals and crematoria divisions.

However, the profile of deaths has historically followed a similar profile to that predicted by the ONS, giving the Group the ability to plan its business accordingly.

Nationwide adverse publicity

Nationwide adverse publicity could result in a significant reduction in the number of funerals or cremations performed in any financial period. This would have a direct result on the financial performance of that division.

Business and financial review continued

However, this risk is addressed by ensuring appropriate policies and procedures are in place, which are designed to ensure client service excellence. These policies and procedures retain flexibility for the business to serve families in accordance with local traditions.

Ability to increase average revenues per funeral or cremation

Operating profit growth is in part attributable to the Group's ability to increase the average revenue per funeral or cremation. There can be no guarantee that future average revenues per funeral or cremation will increase at rates similar to previous periods.

However, the Group believes that its focus on client service excellence helps to mitigate this risk.

Significant reduction in market share

It is possible that other external factors, such as new competitors, could result in a significant reduction in market share within funeral or crematoria operations. This would have a direct result on the financial performance of that division.

However, the Group believes that this risk is mitigated for funeral operations by reputation and recommendation being a key driver to the choice of funeral director being used and for crematoria operations is mitigated by difficulties associated with building new crematoria.

Financial risk management

An assessment of the Group's exposure to financial risks and a description of how these risks are managed is included in note 2 of the Group's 2009 Annual Report. The financial risks and how they are managed have not changed since the year-end. These principal risks and uncertainties will continue to affect the Group in the second half of the year.

Key performance indicators

	26 Weeks ended 25 Jun 2010	26 Weeks ended 26 Jun 2009	52 Weeks ended 25 Dec 2009
Total estimated number of deaths in Britain (number)	**284,000**	288,000	545,000
Number of funerals performed (number)	**33,600**	35,000	65,000
Funeral market share excluding Northern Ireland (per cent)	**11.7**	12.0	11.8
Number of cremations performed (number)	**23,000**	22,400	42,700
Crematoria market share (per cent)	**8.1**	7.8	7.8
Unfulfilled pre-arranged funeral plans (number)	**226,500**	206,500	216,000
Underlying earnings per share (pence)	**26.6**	25.3	40.5
Underlying operating profit (£million)	**33.8**	32.6	56.4
Cash generated from operations (£million)	**41.8**	39.6	65.3

Forward-looking statements

Certain statements in this interim report are forward looking. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Consolidated income statement (unaudited)

for the 26 week period ended 25 June 2010

	Note	26 week period ended 25 Jun 2010 £m	26 week period ended 26 Jun 2009 £m	52 week period ended 25 Dec 2009 (audited) £m
Revenue	2	**100.9**	95.6	184.7
Cost of sales		**(43.2)**	(43.4)	(85.1)
Gross profit		**57.7**	52.2	99.6
Administrative expenses		**(25.1)**	(21.0)	(43.6)
Other income		**1.5**	1.5	1.5
Operating profit	2	**34.1**	32.7	57.5
Finance costs	3	**(10.6)**	(10.9)	(21.6)
Finance income	3	**0.8**	1.0	1.6
Profit before tax	2	**24.3**	22.8	37.5
Taxation	4	**(7.1)**	(6.6)	(10.9)
Profit for the period attributable to equity shareholders		**17.2**	16.2	26.6
Earnings per share for profit attributable to equity shareholders				
– Basic and diluted (pence)	5	**27.0p**	25.5p	41.8p
Underlying earnings per share (pence)	5	**26.6p**	25.3p	40.5p

The results have been derived wholly from continuing activities throughout the period.

Consolidated statement of comprehensive income (unaudited)

for the 26 week period ended 25 June 2010

	26 week period ended 25 Jun 2010 £m	26 week period ended 26 Jun 2009 £m	52 week period ended 25 Dec 2009 (audited) £m
Profit for the period	**17.2**	16.2	26.6
Actuarial loss on retirement benefit obligations	**(2.8)**	(7.7)	(4.8)
Tax on actuarial loss on retirement benefit obligations	**0.8**	2.2	1.3
Other comprehensive loss	**(2.0)**	(5.5)	(3.5)
Comprehensive income for the period	**15.2**	10.7	23.1
Attributable to:			
Equity shareholders of the parent	**15.2**	10.7	23.1

Consolidated balance sheet (unaudited)

as at 25 June 2010

	Note	25 Jun 2010 £m	26 Jun 2009 £m	25 Dec 2009 (audited) restated[a] £m
Assets				
Non-current assets				
Goodwill		**140.9**	137.0	139.7
Intangible assets		**38.3**	33.4	35.9
Property, plant and equipment		**122.1**	117.7	116.8
Financial and other assets		**9.7**	5.2	9.4
Retirement benefit asset		**6.6**	5.9	9.1
		317.6	299.2	310.9
Current assets				
Inventories		**4.6**	4.0	4.1
Trade and other receivables		**21.7**	21.4	21.5
Cash and cash equivalents	7	**51.3**	49.5	45.8
		77.6	74.9	71.4
Total assets		**395.2**	374.1	382.3
Liabilities				
Current liabilities				
Financial liabilities		**8.9**	8.3	8.5
Trade and other payables		**37.5**	36.1	34.5
Current tax liabilities		**6.1**	5.3	4.3
Provisions for liabilities and charges		**1.3**	1.2	1.3
		53.8	50.9	48.6
Non-current liabilities				
Financial liabilities		**263.7**	269.2	266.6
Deferred tax liabilities		**26.1**	23.5	26.0
Other non-current liabilities		**2.9**	3.2	3.1
Provisions for liabilities and charges		**2.6**	2.3	2.5
		295.3	298.2	298.2
Total liabilities		**349.1**	349.1	346.8
Shareholders' equity				
Ordinary share capital		**5.7**	5.7	5.7
Share premium account		**36.7**	35.8	35.8
Capital redemption reserve		**80.0**	80.0	80.0
Other reserves		**(9.3)**	(9.5)	(8.9)
Retained earnings		**(67.0)**	(87.0)	(77.1)
Equity attributable to shareholders		**46.1**	25.0	35.5
Total equity and liabilities		**395.2**	374.1	382.3

(a) In accordance with IFRS 3, the Group has been required to restate its prior year balance sheet. See note 1 for further details.

Consolidated statement of changes in equity (unaudited)

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	**Total £m**
Shareholders' equity as at 26 December 2008	5.7	34.6	80.0	(8.9)	(93.0)	18.4
Profit for the 26 weeks ended 26 June 2009	–	–	–	–	16.2	16.2
Actuarial loss on defined benefit plans	–	–	–	–	(7.7)	(7.7)
Deferred tax on pensions	–	–	–	–	2.2	2.2
Effects of employee share options	–	–	–	0.5	–	0.5
Tax on employee share options	–	–	–	0.1	–	0.1
Share issue under 2006 LTIP scheme	–	1.2	–	–	–	1.2
Gift to Employee Benefit Trust[(1)]	–	–	–	(1.2)	–	(1.2)
Dividends	–	–	–	–	(4.7)	(4.7)
Shareholders' equity as at 26 June 2009	5.7	35.8	80.0	(9.5)	(87.0)	25.0
Profit for the 26 weeks ended 25 December 2009	–	–	–	–	10.4	10.4
Actuarial gains on defined benefit plans	–	–	–	–	2.9	2.9
Deferred tax on pensions	–	–	–	–	(0.9)	(0.9)
Effects of employee share options	–	–	–	0.5	–	0.5
Tax on employee share options	–	–	–	0.1	–	0.1
Dividends	–	–	–	–	(2.5)	(2.5)
Shareholders' equity as at 25 December 2009	5.7	35.8	80.0	(8.9)	(77.1)	35.5
Profit for the 26 weeks ended 25 June 2010	–	–	–	–	17.2	**17.2**
Actuarial loss on defined benefit plans	–	–	–	–	(2.8)	**(2.8)**
Deferred tax on pensions	–	–	–	–	0.8	**0.8**
Effects of employee share options	–	–	–	0.4	–	**0.4**
Tax on employee share options	–	–	–	0.1	–	**0.1**
Share issue under 2007 LTIP scheme	–	0.9	–	–	–	**0.9**
Gift to Employee Benefit Trust[(2)]	–	–	–	(0.9)	–	**(0.9)**
Dividends	–	–	–	–	(5.1)	**(5.1)**
Shareholders' equity as at 25 June 2010	**5.7**	**36.7**	**80.0**	**(9.3)**	**(67.0)**	**46.1**

(1) Relating to issue of shares under 2006 LTIP scheme.
(2) Relating to issue of shares under 2007 LTIP scheme.

The above amounts relate to transactions with owners of the Company except for the profit for the period and also pension items (net of tax) of £2.0 million loss (June 2009: £5.5 million loss; December 2009: £3.5 million loss).

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Consolidated statement of cash flows (unaudited)

for the 26 week period ended 25 June 2010

	Note	26 week period ended 25 Jun 2010 £m	26 week period ended 26 Jun 2009 £m	52 week period ended 25 Dec 2009 (audited) £m
Cash flows from operating activities				
Cash generated from operations	8	**41.8**	39.6	65.3
Finance income received		**0.1**	0.6	0.7
Finance costs paid		**(10.1)**	(10.3)	(20.5)
Transfer from restricted bank accounts for finance costs	7	**9.9**	10.0	10.0
Payments to restricted bank accounts for finance costs	7	**(9.8)**	(10.0)	(9.9)
Total payments in respect of finance charges		**(10.0)**	(10.3)	(20.4)
Tax paid		**(5.0)**	(3.8)	(8.5)
Acquisition fees paid		**(0.2)**	–	–
Net cash generated from operating activities		**26.7**	26.1	37.1
Cash flows from investing activities				
Acquisition of subsidiaries and businesses	10	**(3.8)**	(9.4)	(13.3)
Proceeds from sale of property, plant and equipment		**0.8**	0.4	2.1
Purchase of property, plant and equipment		**(10.4)**	(9.8)	(17.2)
Net cash used in investing activities		**(13.4)**	(18.8)	(28.4)
Cash flows from financing activities				
Proceeds from borrowings		**–**	2.6	2.6
Repayment of borrowings		**(2.6)**	(2.4)	(4.9)
Transfers from restricted bank accounts for repayment of borrowings	7	**2.6**	2.4	2.4
Payments to restricted bank accounts for repayment of borrowings	7	**(2.7)**	(2.4)	(2.6)
Total payments in respect of borrowings		**(2.7)**	(2.4)	(5.1)
Dividends paid to shareholders		**(5.1)**	(4.7)	(7.2)
Net cash used in financing activities		**(7.8)**	(4.5)	(9.7)
Net increase/(decrease) in cash and cash equivalents		**5.5**	2.8	(1.0)
Cash and cash equivalents at the beginning of the period		**31.8**	32.8	32.8
Cash and cash equivalents at the end of the period	7	**37.3**	35.6	31.8
Restricted cash		**14.0**	13.9	14.0
Cash and cash equivalents at the end of the period as reported in the consolidated balance sheet		**51.3**	49.5	45.8

Notes to the interim financial information 2010 (unaudited)

for the 26 week period ended 25 June 2010

1 Accounting policies

The principal accounting policies adopted in the preparation of this interim condensed consolidated financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The interim condensed consolidated financial information of Dignity plc (the 'Company') is for the 26 week period ended 25 June 2010 and comprise of the results, assets and liabilities of the Company and its subsidiaries (the 'Group').

The interim condensed consolidated financial information has been reviewed, not audited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. This interim condensed consolidated financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Service Authority and with IAS 34 'interim financial reporting' as adopted by the European Union.

The interim condensed consolidated financial information has been prepared in accordance with all applicable International Financial Reporting Standards, as adopted by the European Union, that are expected to apply to the Group's Financial Report for the 53 week period ended 31 December 2010. The interim condensed consolidated financial information is also consistent with the audited consolidated financial statements for the 52 week period ended 25 December 2009. This does not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the 52 week period ended 25 December 2009. The Directors approved this interim condensed consolidated financial information on 30 July 2010.

Except for the accounting policies highlighted in the 'standards, amendments and interpretations effective in 2010' the accounting policies applied by the Group in this interim condensed consolidated financial information are the same as those applied by the Group in its audited consolidated financial statements as at and for the 52 week period ended 25 December 2009. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group's accounting policies and key source of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the 52 week period ended 25 December 2009.

Comparative information has been presented as at and for the 26 week period ended 26 June 2009 and as at and for the 52 week period ended 25 December 2009.

The comparative figures for the 52 week period ended 25 December 2009 do not constitute statutory accounts for the purposes of s434 of the Companies Act 2006. A copy of the Group's statutory accounts for the 52 week period ended 25 December 2009 have been delivered to the Registrar of Companies and contained an unqualified auditors' report in accordance with s498 of the Companies Act 2006.

Pre-arranged funeral plans – Recoveries

From time to time, the Group receives monies from certain of the Trusts, in line with the relevant Trust's deed, which have been assessed by the trustees as not being required to ensure the Trust has sufficient assets to meet its future liabilities in respect of current

Notes to the interim financial information 2010 (unaudited) continued

for the 26 week period ended 25 June 2010

1 Accounting policies (continued)

members (Recoveries'). All Recoveries are recognised as other operating income in the period in which the trustees approve their payment.

Prior year adjustment resulting from standards effective in 2010

The Group have revised the fair value of a prior year acquisition and accordingly as a result of IFRS 3 (Revised) becoming effective in the period, the December 2009 balance sheet has been restated, by increasing goodwill by £0.3 million and by increasing trade and other payables by the same amount. IFRS 3 (Revised) has other effects which do not affect the prior year balance sheet. These effects are described below.

Standards, amendments and interpretations effective in 2010

IFRS 3 (revised), Business combinations. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, any subsequent fair value adjustments are to be recorded in the period of acquisition, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquistion-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value which the Group has adopted, or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group has expensed all acquisition-related costs.

IFRS 2 (amendment), Group cash-settled share-based payment transaction. In addition to incorporating IFRIC 8, Scope of IFRS 2, and IFRIC 11, IFRS 2 – Group and treasury share transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance has not had a material impact on the interim condensed consolidated financial information.

IFRS 5 (amendment), Non-current assets held-for-sale and discontinued operations. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal results in loss of control. This standard has no impact on the interim condensed consolidated financial information.

IAS 1 (amendment), Presentation of financial statements. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This standard has no impact on the interim condensed consolidated financial information.

IAS 27 (revised), Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. This standard has no impact on the interim condensed consolidated financial information.

IAS 38 (amendment), Intangible assets. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. This has not had material impact on the interim condensed consolidated financial information.

1 Accounting policies (continued)

IFRIC 17, Distribution of non-cash assets to owners. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This standard has no impact on the interim condensed consolidated financial information.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010. The only improvement applicable to the Group in 2010 is IAS 17, Leases. This improvement has no impact on the interim condensed consolidated financial information.

2 Revenue and segmental analysis

The Group adopts IFRS 8, Operating segments and the chief operating decision maker has been identified as the four Executive Directors. These Directors review the Group's internal reporting in order to assess performance and allocate resources. The Group has three reporting segments, funeral services, crematoria and pre-arranged funeral plans. The Group also reports central overheads, which comprises unallocated central expenses.

Funeral services represent the sale of funerals and memorials at the time of need.

Crematoria represent the performance of cremations at the time of need, together with the sale of memorials at the time of need and in advance.

Pre-arranged funeral plans represent the revenue from the sale of funerals in advance to customers wishing to make their own funeral arrangements, and the marketing and administration costs associated with making such sales.

Substantially all Group revenue is derived from, and substantially all of the Group's net assets are located in, the United Kingdom and Channel Islands. Overseas transactions are not material.

Underlying profit comprises profit before profit on sale of fixed assets and any acquisition fees expensed in accordance with IFRS 3. Underlying operating profit is included as it is considered that adjusting operating profit for profit on sale of fixed assets and acquisition fees expensed provides a useful indication of the Group's performance.

Notes to the interim financial information 2010 (unaudited) continued

for the 26 week period ended 25 June 2010

2 Revenue and segmental analysis (continued)

The revenue and operating profit (which includes Recoveries within pre-arranged funeral plans of £1.5 million in both periods), by segment, was as follows:

26 week period ended 25 June 2010

	Revenue £m	Underlying operating profit before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) fees £m	Profit on sale of fixed assets and acquisition fees £m	Operating profit/ (loss) £m
Funeral services	**73.2**	**29.6**	**(3.2)**	**26.4**	**0.3**	**26.7**
Crematoria	**18.5**	**11.3**	**(1.0)**	**10.3**	**–**	**10.3**
Pre-arranged funeral plans	**9.2**	**3.0**	**–**	**3.0**	**–**	**3.0**
Central overheads	**–**	**(5.7)**	**(0.2)**	**(5.9)**	**–**	**(5.9)**
Group	**100.9**	**38.2**	**(4.4)**	**33.8**	**0.3**	**34.1**
Finance costs				**(10.6)**	**–**	**(10.6)**
Finance income				**0.8**	**–**	**0.8**
Profit before tax				**24.0**	**0.3**	**24.3**
Taxation				**(7.0)**	**(0.1)**	**(7.1)**
Underlying earnings for the period				**17.0**		
Total other items					**0.2**	
Profit after taxation						**17.2**
Earnings per share for profit attributable to equity shareholders (pence)						
– Basic and diluted				**26.6p**		**27.0p**

26 week period ended 26 June 2009

	Revenue £m	Underlying operating profit before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	Profit on sale of fixed assets £m	Operating profit/ (loss) £m
Funeral services	73.0	29.7	(3.0)	26.7	0.1	26.8
Crematoria	17.5	10.2	(0.9)	9.3	–	9.3
Pre-arranged funeral plans	5.1	2.6	–	2.6	–	2.6
Central overheads	–	(5.7)	(0.3)	(6.0)	–	(6.0)
Group	95.6	36.8	(4.2)	32.6	0.1	32.7
Finance costs				(10.9)	–	(10.9)
Finance income				1.0	–	1.0
Profit before tax				22.7	0.1	22.8
Taxation				(6.6)	–	(6.6)
Underlying earnings for the period				16.1		
Total other items					0.1	
Profit after taxation						16.2
Earnings per share for profit attributable to equity shareholders (pence)						
– Basic and diluted				25.3p		25.5p

2 Revenue and segmental analysis (continued)

52 week period ended 25 December 2009

	Revenue £m	Underlying operating profit before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	Profit on sale of fixed assets £m	Operating profit/ (loss) £m
Funeral services	138.5	53.4	(6.1)	47.3	1.1	48.4
Crematoria	34.4	19.4	(1.8)	17.6	–	17.6
Pre-arranged funeral plans	11.8	3.5	–	3.5	–	3.5
Central overheads	–	(11.4)	(0.6)	(12.0)	–	(12.0)
Group	184.7	64.9	(8.5)	56.4	1.1	57.5
Finance costs				(21.6)	–	(21.6)
Finance income				1.6	–	1.6
Profit before tax				36.4	1.1	37.5
Taxation				(10.6)	(0.3)	(10.9)
Underlying earnings for the period				25.8		
Total other items					0.8	
Profit after taxation						26.6
Earnings per share for profit attributable to equity shareholders (pence)						
– Basic and diluted				40.5p		41.8p

3 Net finance costs

	26 week period ended 25 Jun 2010 £m	26 week period ended 26 Jun 2009 £m	52 week period ended 25 Dec 2009 £m
Finance costs			
Class A and B Secured Notes – issued April 2003	**6.9**	7.0	14.0
Class A and B Secured Notes – issued February 2006	**2.5**	2.6	5.1
Amortisation of issue costs – issued April 2003	**0.5**	0.5	1.0
Amortisation of issue costs – issued February 2006	**0.1**	0.1	0.3
Crematoria acquisition facility	**0.3**	0.2	0.4
Other loans	**0.1**	0.1	0.1
Interest payable on finance leases	**–**	0.1	0.1
Unwinding of discounts	**0.3**	0.3	0.6
Finance costs	**10.7**	10.9	21.6
Less: interest capitalised	**(0.1)**	–	–
Net finance costs	**10.6**	10.9	21.6
Finance income			
Bank deposits	**(0.2)**	(0.4)	(0.5)
Release of premium on issue of Secured Notes – issued February 2006	**(0.4)**	(0.4)	(0.8)
Net finance income on retirement benefit obligations	**(0.2)**	(0.2)	(0.3)
Finance income	**(0.8)**	(1.0)	(1.6)
Net finance costs	**9.8**	9.9	20.0

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation ranges from 6.9 per cent to 8.0 per cent.

Notes to the interim financial information 2010 (unaudited) continued

for the 26 week period ended 25 June 2010

4 Taxation

The taxation charge on continuing operations in the period is based on a full year estimated effective tax rate, before exceptional items, of 29.0 per cent (2009: 29.0 per cent) on profit before tax for the 26 week period ended 25 June 2010.

	26 week period ended		52 week period ended
	25 Jun 2010 £m	26 Jun 2009 £m	25 Dec 2009 £m
Taxation	**7.1**	6.6	10.9

A reduction in the main rate of corporation tax was announced in the Emergency Budget Statement of 22 June 2010. The first of these reductions, enacting a 27 per cent rate from 1 April 2011, is to be imposed in the 2010 Finance (No2) Act had not been substantively enacted at the balance sheet date, and therefore, is not included in the financial statements. Further annual reductions in the corporation tax rate to 24 per cent have also been announced.

Each percentage point reduction in corporation tax rate is expected to reduce the deferred tax liability by approximately £0.9 million. These impacts will be recognised in the period in which substantive enactment occurs.

5 Earnings per share (EPS)

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

For diluted earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential 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 and these contingently issueable shares have been excluded from the diluted EPS calculations.

The Board believes that profit on ordinary activities after taxation and before profit on sale of fixed assets and acquisition fees expensed in accordance with IFRS 3 and after taxation is a useful indication of the Group's performance, as it excludes significant non-recurring items. This reporting measure is defined as 'Underlying profit after taxation'.

Accordingly, the Board believes that earnings per share calculated by reference to this underlying profit after taxation is also a useful indicator of financial performance.

5 Earnings per share (EPS) (continued)

Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below:

	Earnings £m	Weighted average no. of shares m	Per share amount pence
26 week period ended 25 June 2010			
Profit attributable to shareholders – Basic and diluted EPS	**17.2**	**63.8**	**27.0**
Deduct: Profit on sale of fixed assets and acquisition fees (net of taxation)	**(0.2)**		
Underlying profit after taxation – Basic EPS	**17.0**	**63.8**	**26.6**
26 week period ended 26 June 2009			
Profit attributable to shareholders – Basic and diluted EPS	16.2	63.6	25.5
Deduct: Profit on sale of fixed assets (net of taxation)	(0.1)		
Underlying profit after taxation – Basic EPS	16.1	63.6	25.3
52 week period ended 25 December 2009			
Profit attributable to shareholders – Basic and diluted EPS	26.6	63.7	41.8
Deduct: Profit on sale of fixed assets (net of taxation)	(0.8)		
Underlying profit after taxation – Basic EPS	25.8	63.7	40.5

In all periods, the potential issue of new shares pursuant to the Group's share option plans would not materially affect the earnings per share if exercised.

6 Dividends

On 25 June 2010, the Group paid a final dividend, in respect of 2009, of 8.07 pence per share (2009: 7.34 pence per share) totalling £5.1 million (2009: £4.7 million).

On 30 July 2010, the Directors approved an interim dividend, in respect of 2010, of 4.43 pence per share (2009: 4.03 pence per share) totalling £2.8 million (2009: £2.6 million), which will be paid on 29 October 2010 to those shareholders on the register at the close of businesss on 29 September 2010.

Notes to the interim financial information 2010 (unaudited) continued

for the 26 week period ended 25 June 2010

7 Cash and cash equivalents

	Note	**25 Jun 2010 £m**	26 Jun 2009 £m	25 Dec 2009 £m
Operating cash as reported in the consolidated statement of cash flows as cash and cash equivalents		**37.3**	35.6	31.8
Recoveries: pre-arranged funeral plans	(a)	**1.5**	1.5	1.5
Amounts set aside for debt service payments	(b)	**12.5**	12.4	12.5
Cash and cash equivalents as reported in the balance sheet		**51.3**	49.5	45.8

(a) Recoveries may not be used for one year following receipt.

(b) This amount was transferred to restricted bank accounts which could only be used for the payment of the interest and principal on the Secured Notes, the repayment of liabilities due on the Group's interest rate swaps and commitment fees due on its undrawn borrowing facilities and for no other purpose. This amount does not meet the definition of cash and cash equivalents in IAS 7, Cash Flow Statements. This amount was used to pay these respective parties on 30 June 2010 (June 2009: 30 June 2009; December 2009: 31 December 2009). £9.8 million (June 2009 £10.0 million; December 2009: £9.9 million) is shown within the cash flow statement as 'Payments to restricted bank accounts for finance charges'. £2.7 million (June 2009: £2.4 million; December 2009: £2.6 million) is shown within 'Financing activities' as 'Payments to restricted bank accounts for repayment of borrowings'.

8 Reconciliation of cash generated from operations

	26 week period ended		52 week period ended
	25 Jun 2010 £m	26 Jun 2009 £m	25 Dec 2009 £m
Net profit for the period	**17.2**	16.2	26.6
Adjustments for:			
Taxation	**7.1**	6.6	10.9
Net finance costs	**9.8**	9.9	20.0
Profit on disposal of fixed assets	**(0.5)**	(0.1)	(1.1)
Depreciation charges	**4.3**	4.1	8.3
Amortisation of intangibles	**0.1**	0.1	0.2
Changes in working capital (excluding acquisitions)	**3.1**	2.3	(0.6)
Employee share option charges	**0.5**	0.5	1.0
Acquisition fees expensed	**0.2**	–	–
Cash generated from operations	**41.8**	39.6	65.3

9 Net debt

	25 Jun 2010 £m	26 Jun 2009 £m	25 Dec 2009 £m
Net amounts owing on Class A and B Secured Notes per financial statements	**(256.3)**	(260.8)	(258.6)
Add: unamortised issue costs	**(13.9)**	(15.3)	(14.6)
Net amounts owing on Crematoria Acquisition Facility per financial statements	**(9.9)**	(9.8)	(9.8)
Add: unamortised issue costs on Crematoria Acquisition Facility	**(0.1)**	(0.2)	(0.2)
Gross amounts owing	**(280.2)**	(286.1)	(283.2)
Accrued interest on Class A and B Secured Notes (paid 30 June 2010/30 June 2009/31 December 2009)	**(9.5)**	(9.6)	(9.6)
Accrued interest on Crematoria Acquisition Facility	**(0.1)**	(0.1)	(0.1)
Cash and cash equivalents	**51.3**	49.5	45.8
Net debt	**(238.5)**	(246.3)	(247.1)

In addition to the above, the consolidated balance sheet also includes finance lease obligations and other financial liabilities which totalled £6.5 million (June 2009: £6.9 million; December 2009: £6.7 million). These amounts are not considered to represent sources of funding for the Group and are therefore excluded from the calculation of net debt.

The Group's primary financial covenant in respect of the Secured Notes requires EBITDA to total debt service to be above 1.5 times. At 25 June 2010, the actual ratio was 2.63 (June 2009: 2.65; December 2009: 2.60).

These ratios are calculated for EBITDA and total debt service on a 12 month rolling basis. In addition, both terms are specifically defined in the legal agreement relating to the Secured Notes. As such, they cannot be accurately calculated from the contents of the Interim Report.

10 Acquisitions and disposals

(a) Acquisition of subsidiary and other businesses

	Carrying values pre acquisition £m	**Adjustments £m**	**Provisional fair value £m**
Tangible fixed assets	**0.4**	**(0.1)**	**0.3**
Intangible assets:			
Trade names	**–**	**2.4**	**2.4**
Other working capital	**–**	**0.1**	**0.1**
Deferred taxation	**–**	**(0.4)**	**(0.4)**
Net assets acquired	**0.4**	**2.0**	**2.4**
Goodwill arising			**1.5**
			3.9
Satisfied by:			
Cash paid on completion funded from internally generated cash flows			**3.9**
Total consideration			**3.9**

Notes to the interim financial information 2010 (unaudited) continued

for the 26 week period ended 25 June 2010

10 Acquisitions and disposals (continued)

During the period, the Group acquired the trade and assets of four funeral locations. Acquisition fees of £0.2 million (2009: £nil million) have been charged to the income statement.

All these acquisitions have been accounted for under the acquisition method. None were individually material and consequently have been aggregated.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill. This principally represents the value to the Group of the funeral location.

The fair value adjustments contain some provisional amounts, which will be finalised within twelve months from the acquisition date. These adjustments reflect the recognition of trade names and associated deferred taxation and adjustments to reflect the fair value of other working capital. See note 1 in relation to fair value adjustments on prior year acquisitions.

The businesses acquired have their assets and liabilities amalgamated within the existing business structure and as such, it is impractical to determine, without undue expense and delay due to the immaterial size of each, the post acquisition results.

It is also not possible to quantify the results of these businesses prior to acquisition as it represents confidential information relating to the vendors, which the Directors do not have authority to disclose and are considered immaterial to the Group.

(b) Reconciliation to cashflow statement

	£m
Cash paid on completion	**3.9**
Cash paid in respect of deferred consideration obligations	**0.1**
Cash acquired on acquisition	**(0.2)**
Acquisition of subsidiaries and businesses as reported in the consolidated statement of cash flows	**3.8**

11 Related party transactions

The ultimate controlling party of the Group is Dignity plc.

Pre-arranged funeral plan trusts

During the period, the Group entered into transactions with the Trusts associated with the pre-arranged funeral plan businesses. The nature of the relationship with the Trusts is set out in the accounting policies, which can be found in the Group's 2009 Annual Report. Transactions represent:

- expenses paid by the Group on behalf of the respective Trusts;
- transfers of funds in relation to payments in respect of deaths and cancellations of existing members (which represents the majority of the amounts below);
- the recovery of marketing and administration expenses in relation to plans sold net of cancellations; and
- the payment of realised surpluses generated by the Trust funds as and when the trustees sanction such payments.

11 Related party transactions (continued)

Related party transactions are summarised below:

	Transactions during the period			Amounts due to the Group at the period end		
	26 week period ended		52 week period ended			
	25 June 2010 £m	26 June 2009 £m	25 Dec 2009 £m	**25 June 2010 £m**	26 June 2009 £m	25 Dec 2009 £m
Dignity Limited Trust Fund	**0.2**	0.2	0.3	**–**	–	–
National Funeral Trust	**11.6**	9.0	16.8	**0.9**	1.3	1.5
Trust for Age Concern Funeral Plans	**12.9**	9.4	17.9	**1.1**	1.4	2.1

12 Post balance sheet events

The Group acquired one funeral location subsequent to the balance sheet date for total consideration of £1.1 million.

13 Interim report

Copies of the Interim Report are available at the Group's website www.dignityfuneralsplc.co.uk.

14 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.

15 Seasonality

The Group's financial results and cash flows have historically been subject to seasonal trends between the first half and second half of the financial year. Traditionally, the first half of the financial year sees slightly higher revenue and profitability. There is no assurance that this trend will continue in the future.

Statement of Directors' responsibility

The Directors confirm to the best of their knowledge that:

(a) The interim condensed consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

(b) The Interim Report includes a fair review of the information as required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first half of 2010 and their impact on the interim condensed consolidated financial information; and a description of the principal risks and uncertainties for the remaining second half of the year; and

- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first half of 2010 and any material changes in the related party transactions described in the last annual report.

The Directors of Dignity plc and their functions are listed below:

Peter Hindley – Non-Executive Chairman
Mike McCollum – Chief Executive
Steve Whittern – Finance Director
Andrew Davies – Operations Director
Richard Portman – Corporate Services Director
James Newman – Senior Independent Director
William Forrester – Non-Executive Director
Ishbel Macpherson – Non-Executive Director
Alan McWalter – Non-Executive Director

By order of the Board

Steve Whittern
Finance Director
30 July 2010

Independent review report to Dignity plc

Introduction

We have been engaged by the company to review the interim condensed consolidated financial information in the Interim Report for the 26 week period ended 25 June 2010, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated financial information.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The interim condensed consolidated financial information included in this Interim Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim condensed consolidated financial information in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of the interim condensed consolidated financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information in the Interim Report for the 26 week period ended 25 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants, Birmingham
30 July 2010

Notes:

(a) The maintenance and integrity of the Dignity plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shareholder information and financial calendar

General enquiries may be addressed to the Company Secretary, Richard Portman, at the Company's registered office. Other useful information is as follows:

General information
The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom.

Company registrars
Enquiries concerning shareholdings, change of address or other particulars, should be directed in the first instance to the Company's Registrars, Equiniti. They also provide a range of online shareholder information services at www.shareview.co.uk where shareholders can check their holdings and find practical help on transferring shares and updating personal details. Alternatively they can be contacted by telephone on +44 (0) 871 384 2674 or by fax on +44 (0) 871 384 2100. Calls to these numbers are charged at 8p per minute from a BT landline. Other telephone provider's costs may vary.

Share price information
The latest Dignity plc share price can be obtained via the Company's investor website www.dignityfuneralsplc.co.uk. It can also be obtained in the UK on Ceefax.

Unsolicited mail
The Company is obliged by law to make its share register available upon request to the public and to other organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail. Shareholders wishing to limit the receipt of such mail should write to the Mailing Preference Service, Freepost 22, London W1E 7EZ or telephone +44 (0) 845 703 4599 for an application form. Calls to this number are charged at local rate.

Financial calendar

30 July 2010
Announcement of interim results

29 September 2010
Record date for interim dividend

29 October 2010
Payment of 2010 interim dividend

31 December 2010
Financial period end

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www.dignityfuneralsplc.co.uk

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