For immediate release **21 March 2006**

Dignity plc
Preliminary results for the 52 week period ended 30 December 2005

Dignity plc, Britain's largest single provider of funeral-related services, namely funeral services, cremations and pre-arranged funeral plans, announces its preliminary results for the 52 week period ended 30 December 2005.

Financial highlights **(note a)**

Revenue	up 6% to £143.2 million (2004: £135.7 million)
Operating profit	up 6% to £41.6 million (2004: £39.2 million)
Underlying profit before tax (note b)	up 17% to £25.9 million (2004: £22.2 million)
Profit before tax	up 231% to £26.5 million (2004: £8.0 million)
Cash generated from operations	up 12% to £49.5 million (2004: £44.2 million)
Dividend per share	2.75p with a further £1 return of value proposed to be made in early August 2006
Earnings per share	22.9p (2004: 8.5p)

(a) Comparative period is 53 week period ended 31 December 2004.
(b) Before profit on sale of fixed assets and non-recurring finance charges. See page 7.

Highlights

- Strong results despite the lower than expected death rate.
- Ten new funeral home locations were acquired in the period and a further location since the period end.
- Total unfulfilled pre-arranged funeral plans increased to 181,200 (2004: 170,200).
- Client satisfaction continues at record levels.
- Successful issue of further securitised debt in February 2006 raising £86 million net of fees and expenses.
- A return to shareholders of £80 million (£1 per share) proposed for early August 2006.
- A £10 million proposed payment to pension schemes, substantially eliminating the deficit.

Peter Hindley, Chief Executive of Dignity plc:
"The Group recorded a strong performance again in 2005, slightly ahead of our expectations. A 17% increase in underlying profit before tax is especially pleasing given the shorter trading period and the continued lower than expected death rate.

The recent issue of further securitised debt maintains an efficient capital structure commensurate with the strong and predictable cash flows of the business. The funds raised will allow us to return £1 a share to our shareholders and substantially eliminate the pension scheme deficit.

I remain confident that we can continue to develop the business and make further progress in 2006."

For more information

Peter Hindley, Chief Executive
Mike McCollum, Finance Director
Dignity plc **+44 (0) 20 7466 5000**

Richard Oldworth
Suzanne Brocks
Mark Edwards
Buchanan Communications **+44 (0) 20 7466 5000**

Chairman's Statement

Introduction

Dignity is the single largest provider of funeral-related services, namely funeral services, crematoria and pre-arranged funeral plans in Britain, and is the only UK listed company in this area. This is Dignity's second set of full results following its admission to the Official List of the London Stock Exchange in April 2004.

Results

I am pleased to report a strong trading performance for the 52 week period ending 30 December 2005. Results for the period have been reported for the first time under International Financial Reporting Standards (IFRS). Underlying profit before tax has increased by 17 per cent to £25.9 million (2004: £22.2 million). Operating profit has increased by 6 per cent to £41.6 million (2004: £39.2 million). The reported profit before taxation was £26.5 million (2004: £8.0 million).

Proposed Return of Value and Dividends

We believe an efficient capital structure is consistent with maximising shareholders returns. Consequently, in February 2006 the Group raised £86 million, net of fees, through a further issue of secured notes. We intend to return £80 million (£1 a share) to shareholders in August 2006 and use the remaining funds and existing cash resources to make a payment of £10 million into the Group's pension schemes, thereby substantially eliminating their deficits.

The Board declared and paid an interim dividend of 2.75 pence per share in its interim results announced in September 2005. Given the intended substantial return of value, the Board does not propose to pay a final dividend for 2005, but expects to resume payments with the 2006 interim dividend.

Our Staff

The Group is committed to continuing to improve our standards of service and this is critical to our strategy. Client satisfaction, measured by our client surveys remains at record levels.

I would like to thank our staff in all areas of the business for their commitment, diligence and hard work. We operate in an industry that requires a sensitive and personal service to clients. We are fortunate to employ experienced and caring staff, a large number of whom have devoted their working lives to the profession. They are critical in delivering superb client service.

Outlook for 2006

We expect to be able to develop the business further in 2006 and beyond. We believe that delivering ever-greater levels of client service should lead to organic growth in our revenues, which combined with strong cost control, should deliver growth in our core business. We continue to seek further acquisitions of funeral homes, develop our pre-arranged funeral plan business and identify additional crematoria developments and partnerships.

Richard Connell
Chairman
21 March 2006

Operating Review

Introduction

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans, which respectively represent 79 per cent, 16 per cent and 5 per cent of the Group's revenues. 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 income represents amounts to cover the costs of marketing and administering the sale of plans**.**

Performance in the period

Total estimated deaths for the 52 week period to 30 December 2005 in Great Britain were 563,800 compared to 574,500 in the comparative 53 week period in 2004. This was 3 per cent below our expectations for the period. The historic number of deaths quoted is based on the initial Office of National Statistics (ONS) estimates for each calendar year. These death rates are revised by the ONS from time to time but to maintain consistency of reporting, Dignity quotes the original reported numbers. Based on historical evidence Dignity estimates that final deaths reported might fluctuate by around 1 per cent.

The Board's view on death rates continues to rely on government forecasts, which were updated in October 2005. These forecasts suggest 573,500 deaths in 2006.

Funeral services

The Group operates a network of 519 funeral homes throughout Britain, trading under local established names. In 2005, the Group conducted 67,000 funerals (2004: 67,600), representing approximately 11.9 per cent (2004: 11.8 per cent) of estimated total deaths in Britain.

Revenue within funeral services was £113.8 million (2004: £108.8 million). Operating profits were £37.1 million (2004: £33.9 million), an increase of 9.4 per cent.

Although funeral volumes were lower principally as a result of 2004 being reported as a 53 week period against 52 weeks in 2005, we are pleased to report that this was offset by increased margins.

We believe it is important to actively manage the Group's portfolio of funeral homes. In 2005, we closed three funeral homes whose very low number of funerals meant they were no longer profitable. As part of its stated strategy, in 2005 the Group acquired ten funeral home locations, investing £6.7m, funded from existing cash reserves and internally generated cash flows. These new businesses are located in St Albans, Carlisle, Stroud and Ormskirk. They are all long established, highly reputable businesses. In addition, since the period end, the company has acquired one additional funeral home in Huddersfield.

The quantum of investment and the prices paid were in line with our objectives.

Crematoria

The Group operates 22 crematoria and carried out 39,500 cremations in 2005 (2004: 38,400) representing 7.0 per cent (2004: 6.7 per cent) of estimated total deaths in Britain. The Group is the largest single operator of crematoria in Britain.

Turnover within crematoria was £22.5 million (2004: £21.6 million). Operating profits were £11.9 million (2004: £11.8 million). In 2004 the operating profit included profit on the sale of fixed assets of £0.4 million.

In January 2005 the Department of Environment Food and Rural Affairs announced that crematoria operators should consider installing equipment to cut mercury emissions. A 50 per cent reduction in emissions must be achieved by the end of 2012 under new statutory guidance.

The Group is currently evaluating the best course of action but remains 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 181,200 from 170,200 during the period. The Group expects to perform the majority of these funerals.

The Group sells pre-arranged funeral plans through its network of funeral homes and primarily through affinity partners, notably Age Concern, AXA and Royal London. The Group has tested the mailing of funeral plan information with a number of potential new affinity partners including a catalogue retailer and two well respected financial services groups. Further progress is expected with these parties in 2006.

The majority of profits on sale of funeral plans come from sales through Dignity branches. The profits on plans sold via affinity partners are minimal. Therefore the overall profits from marketing and administering funeral plan sales will fluctuate depending on the sales mix.

The Group continues to focus on growing the bank of funeral plans which leads to revenues at the time the service is provided in the future. These revenues will be recognised in the funeral division in the cases where Dignity provides the service.

Client service
We believe that excellent client service is fundamental to the Group's success. Reputation, recommendation and previous experience are the client's key criteria for the selection of a funeral director. We continually strive to improve client service and during 2005, the Group introduced the "Helping Our Clients Every Step of the Way" programme. This programme focuses on consistency of service and client satisfaction.

We send our clients a survey after every funeral to monitor client satisfaction. We have an approximate 50 per cent response rate. This survey was updated as part of the new programme to make it more straightforward to use. Surveys are monitored at all levels: nationwide, regional, community groups and individual branches. Feedback is sought on all aspects of the client experience, ranging from prompt answering of the telephone through to staff helpfulness and client satisfaction with the overall cost of the funeral. Levels of client satisfaction remain at record levels.

Our employees
Our employees are critical in the continued success of the Group.

At the end of 2005, we announced a bonus totalling £0.8 million (2004: £0.6 million) in which every member of staff not covered by existing schemes was awarded a payment. This was in recognition of the hard work and commitment shown by our staff in all areas of the business and allowed them to share in a successful 2005. We hope that strong performances in 2006 and beyond will allow the Group to pay such bonuses in the future.

Pensions
The Group operates two principal defined benefit pension schemes. The pension deficit has decreased in the period by £1.8 million to £12.0 million.

Upon completion of the proposed return of value mentioned earlier, the Group intends to pay £10 million into its final salary pension schemes, thereby largely eliminating their deficits under IAS19. This will place both schemes on a sound financial basis going forward.

The Trustees of the two schemes have agreed in principle to their merger. It is expected that this will be completed during 2006. The purpose of the merger is to reduce administration costs. None of the benefits offered to members of the scheme are affected and the merged scheme will remain open to new members.

Investment for the future
Within the funeral services division the Group is committed to the proactive development of its national network of branches within local communities. This will be achieved by further acquisitions but only where suitable businesses can be identified and acquired at a price that should deliver returns in excess of our cost of capital. These initiatives will be progressed in conjunction with reviewing existing locations for suitability and viability.

Within the crematoria division the Group is exploring partnership arrangements with a number of Local Councils. The Group continues to develop its range of memorial and interment options within the memorial gardens at its crematoria and cemeteries.

Within the pre-arranged funeral plan division we are continuing to seek further suitable affinity partners.

We continue to maintain our facilities to a high standard. During the period, we refurbished 31 funeral home locations. We have also purchased 65 new Mercedes hearses and limousines, 61 new ambulances and 88 other vehicles.

The strong performance of the Group is a reflection of both the diligence and outstanding service ethic of our staff in all areas of the business. I would like to thank all staff for their contributions for both 2005 and looking ahead into 2006.

Peter Hindley
Chief Executive
21 March 2006

Financial Review

The market conditions in which the Group operates and its trading performance during the 52 week period ended 30 December 2005 are described in the Chairman's Statement and the Operating Review.

These results are prepared under IFRS. The adoption of IFRS represents an accounting change and does not affect the ongoing operations or cash flows of the Group for 2005 or beyond.

The adjustments to the comparative period's results were explained fully in the Group's 2005 Interim Report, which is available on the Group's investor website (www.dignityfuneralsplc.co.uk)

Financial Highlights

- Revenue has increased 6 per cent to £143.2 million (2004: £135.7 million).
- Operating profit has increased 6 per cent to £41.6 million (2004: £39.2 million).
- Underlying profit before tax has increased 17 per cent to £25.9 million (2004: £22.2 million).
- Profit before tax has increased 231 per cent to £26.5 million (2004: £8.0 million).
- Cash generated from operations has increased 12 per cent to £49.5 million (2004: £44.2 million).
- The Group has paid an interim dividend of 2.75 pence per share with a further £1 return of value proposed to be made in early August 2006.
- Earnings per share of 22.9p (2004: 8.5p)

Underlying profit before tax
2004 witnessed a significant reorganisation of the Group's capital structure, with the listing of its shares and the redemption of expensive debt. The Directors are of the opinion that the following provides additional indicative information regarding the underlying profits of the Group:

	52 week period ended 30 December 2005 £m	53 week period ended 31 December 2004 £m
Profit before taxation for the period as reported	**26.5**	8.0
Add/(deduct) the effects of:		
Profit on sale of fixed assets	**(0.6)**	(1.2)
Exceptional interest expense	**-**	10.1
Interest expense of Mezzanine Loan and Loan Notes 2013	**-**	4.7
Amortisation of debt issue costs of Mezzanine Loan and Loan Notes 2013	**-**	0.6
Underlying profit before tax	**25.9**	22.2

Cash flow and cash balances
Cash generated from operations was £49.5 million in the period (2004: £44.2 million). Expenditure on funeral home acquisitions amounted to £6.7 million (2004: £5.3 million). A further £7.6 million was spent on capital expenditure, the majority of which was spent on replacing or enhancing existing assets, principally the Group's vehicle fleet and its property portfolio.

Cash balances at the end of the financial period amounted to £37.3 million (2004: £24.9 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 6 to the preliminary statement. 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 £202.6 million was outstanding as at 30 December 2005 (2004: £205.3 million). Both tranches of Notes were issued in 2003 at fixed rates of interest and will be progressively repaid over the next 25 years.

The Directors are of the opinion that the following provides additional indicative information regarding the net debt position of the Group:

	30 December 2005 £m	31 December 2004 £m
Class A and B Secured Notes	**(202.6)**	(205.3)
Loan Notes 2006	**(0.1)**	(0.1)
Cash balances	**37.3**	24.9
Net Debt	**(165.4)**	(180.5)

The Group's financial expense substantially consists of the interest on the Class A and B Secured Notes and related ancillary instruments. The finance charge in the period relating to these instruments was £15.7 million (2004: £16.1 million) including the amortisation of debt issue costs of £0.9 million (2004: £1.0 million). Other ongoing finance costs incurred in the period amounted to £1.3 million (2004: £1.2 million), representing the unwinding of discounts on the Group's provisions, finance expense on retirement obligations and other loans.

The Group produces a strong and stable cash flow, which has increased since the original securitisation in 2003. Subsequent to the year-end, on 20 February 2006 the Group issued a further £45.55 million Class A Secured 6.310% Notes due 2023 and £32.50 million Class B Secured 8.151% Notes due 2031. To ensure that the new Class A Notes issued were identical with those already in issue Notes with a nominal value of £45.55 million were issued. This, however, after deemed repayments equates to a nominal value outstanding at the date of issue of £42.5 million. The Notes were issued at a premium and raised a total of £86 million after fees and expenses.

The issue of new Notes will increase the annual interest expense by approximately £5 million per annum.

The Group proposes to return £80 million (£1 per share) to shareholders in early August 2006 through the creation, issue and redemption of class B shares. Following the return of value, the listed ordinary shares will be consolidated to maintain the comparability of financial indicators such as share price. These proposals will be formally tabled at an Extraordinary General Meeting of the Company planned for 8 June 2006. Restrictions within the terms of the A and B Secured Notes mean that the return of value to shareholders cannot be made before August 2006.

We will use the remaining £6 million raised, together with some existing cash resources, to largely eliminate the Group's IAS 19 pension deficit of £12 million by paying £10 million into the Group's two pension schemes.

The Directors believe that this fund raising and the subsequent proposed return of value to shareholders is consistent with the strategy of maximising total shareholder returns through an efficient balance sheet, which nevertheless leaves sufficient flexibility to continue to grow the business.

Taxation

The overall effective tax rate was approximately 31 per cent and is not expected to vary significantly in the short-term. This tax rate is marginally 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.

Earnings per share

The basic earnings per share were 22.9 pence per share for the period (2004: 8.5 pence per share). The potential issue of new shares pursuant to the Group's share option plans in the period would affect the earnings per share by less than 0.1 pence per share if exercised.

Mike McCollum
Finance Director
21 March 2006

Consolidated income statement
for the 52 week period ended 30 December 2005

	Note	***52 week period ended 30 Dec. 2005 £m***	*53 week period ended 31 Dec. 2004 £m*
Revenue	1	**143.2**	135.7
Cost of sales		**(70.0)**	(68.0)
Gross profit		**73.2**	67.7
Administrative expenses		**(32.8)**	(29.7)
Other operating income		**1.2**	1.2
Operating profit	1	**41.6**	39.2
Interest payable before exceptional charges		**(17.0)**	(22.6)
Exceptional interest payable on redemption of debt		**-**	(10.1)
Total interest payable and similar charges	2	**(17.0)**	(32.7)
Interest receivable and similar income	2	**1.9**	1.5
Profit before tax		**26.5**	8.0
Taxation	3	**(8.2)**	(2.5)
Profit for the period	7	**18.3**	5.5
Profit attributable to minority interest		-	-
Profit attributable to equity shareholders		**18.3**	5.5
		18.3	5.5
Earnings per share attributable to equity shareholders (pence)			
- Basic and diluted	4	**22.9p**	8.5p

Consolidated statement of recognised income and expense
for the 52 week period ended 30 December 2005

	52 week period ended 30 Dec. 2005 £m	*53 week period ended 31 Dec. 2004 £m*
Profit for the period	**18.3**	5.5
Actuarial gains / (losses) on retirement benefit obligations	**1.8**	(0.7)
Deferred tax on the above	**(0.5)**	0.2
Net income / (expense) not recognised in income statement	**1.3**	(0.5)
Total recognised income for the period	**19.6**	5.0
Attributable to:		
Minority interest	**-**	-
Equity shareholders of the parent	**19.6**	5.0

Consolidated balance sheet
as at 30 December 2005

	Note	*30 Dec. 2005 £m*	*31 Dec. 2004 £m*
Non-current assets			
Goodwill		**109.1**	107.8
Intangible assets		**9.0**	5.2
Property, plant and equipment		**86.3**	84.0
Financial assets		**5.5**	5.4
		209.9	202.4
Current assets			
Inventories		**3.3**	3.4
Trade and other receivables		**22.3**	19.7
Assets held for sale		**0.2**	0.8
Cash and cash equivalents	See (a) below	**37.3**	24.9
		63.1	48.8
Current liabilities			
Financial liabilities		**(2.2)**	(2.0)
Trade and other payables		**(21.9)**	(17.6)
Current tax liabilities		**(2.4)**	(0.1)
Provisions		**(1.0)**	(1.0)
		(27.5)	(20.7)
Net current assets		**35.6**	28.1
Non-current liabilities			
Financial liabilities		**(191.9)**	(193.8)
Deferred tax liabilities		**(5.2)**	(1.6)
Retirement benefit obligations		**(12.0)**	(13.8)
Other non-current liabilities		**(2.9)**	(2.7)
Provisions		**(2.1)**	(2.3)
		(214.1)	(214.3)
Net assets		**31.4**	16.2
Shareholders' equity			
Ordinary shares		**5.6**	5.6
Share premium account		**111.6**	111.6
Other reserves		**(10.4)**	(12.5)
Retained earnings		**(74.2)**	(87.3)
Total shareholders' equity		**32.6**	17.4
Minority interest in equity		**(1.2)**	(1.2)
Total equity	7	**31.4**	16.2

(a) Certain cash balances are subject to restrictions. See note 6.

Consolidated cash flow statement
for the 52 week period ended 30 December 2005

	Note	***52 week period ended 30 Dec. 2005 £m***	*53 week period ended 31 Dec. 2004 £m*
Cash flows from operating activities			
Cash generated from operations	8	**49.5**	44.2
Interest received		**1.8**	1.6
Interest paid		**(15.6)**	(39.4)
Tax paid		**(2.5)**	(0.1)
Net cash from operating activities		**33.2**	6.3
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		**(6.7)**	(5.3)
Proceeds from sale of property, plant and equipment		**1.2**	2.3
Purchase of property, plant and equipment		**(7.6)**	(8.5)
Transfers from restricted bank accounts		**-**	18.3
Net cash (used in) / from investing activities		**(13.1)**	6.8
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**-**	115.2
Finance lease principal repayments		**-**	-
Repayment of borrowings		**(2.5)**	(125.5)
Dividends paid to shareholders		**(5.2)**	(1.5)
Net cash used in financing activities		**(7.7)**	(11.8)
Net increase in cash and cash equivalents		**12.4**	1.3
Cash and cash equivalents at the beginning of the period		**23.7**	22.4
Cash and cash equivalents at the end of the period	6	**36.1**	23.7

1 Revenue and segmental analysis

52 week period ended 30 December 2005	*Funeral services £m*	*Crematoria £m*	*Pre-arranged funeral plans £m*	*Head office £m*	*Group £m*
Revenue	**113.8**	**22.5**	**6.9**	**-**	**143.2**
Segment result	**37.1**	**11.9**	**2.1**	**(9.5)**	**41.6**
Interest payable and similar charges					**(17.0)**
Interest receivable and similar income					**1.9**
Profit before tax					**26.5**
Taxation					**(8.2)**
Profit for the period					**18.3**
Attributable to:					
Minority interest					**-**
Equity shareholders of the parent					**18.3**
Included within segment result are the following items:					
Depreciation and amortisation	**(5.1)**	**(1.2)**	**-**	**(0.9)**	**(7.2)**
Profit on sale of fixed assets	**0.6**	-	-	-	**0.6**
Recoveries from Pre-need Trusts	**-**	**-**	**1.2**	**-**	**1.2**

53 week period ended 31 December 2004	*Funeral services £m*	*Crematoria £m*	*Pre-arranged funeral plans £m*	*Head office £m*	*Group £m*
Revenue	108.8	21.6	5.3	-	135.7
Segment result	33.9	11.8	2.5	(9.0)	39.2
Interest payable and similar charges					(32.7)
Interest receivable and similar income					1.5
Profit before tax					8.0
Taxation					(2.5)
Profit for the period					5.5
Attributable to:					
Minority interest					-
Equity shareholders of the parent					5.5
Included within segment result are the following items:					
Depreciation and amortisation	(5.5)	(0.9)	-	(0.8)	(7.2)
Profit on sale of fixed assets	0.8	0.4	-	-	1.2
Recoveries from Pre-need Trusts	-	-	1.2	-	1.2

2 Net interest payable

	52 week period ended 30 Dec. 2005 £m	*53 week period ended 31 Dec. 2004 £m*
Interest payable and similar charges		
Class A and B secured notes	**14.8**	15.1
Mezzanine Loan	**-**	2.1
Loan notes	**-**	2.6
Amortisation of issue costs	**0.9**	1.6
Other loans	**0.1**	0.1
Interest payable on finance leases	**0.1**	0.1
Net finance expense on retirement obligations	**0.4**	0.3
Unwinding of discounts	**0.7**	0.7
Interest payable and similar charges before exceptional items	**17.0**	22.6
Exceptional interest payable and similar charges		
Premium on early redemption of Mezzanine Loan	**-**	4.0
Write-off of deferred debt transaction costs	**-**	6.1
Exceptional interest payable and similar charges	**-**	10.1
Total interest payable and similar charges	**17.0**	32.7
Interest receivable and similar income		
Bank deposits	**(1.7)**	(1.3)
Debenture loan	**(0.2)**	(0.2)
Total interest receivable and similar income	**(1.9)**	(1.5)
Net interest payable and similar charges	**15.1**	31.2

Following flotation of the Company on 8 April 2004, the Group redeemed the £40.0 million Mezzanine Loan and the £63.0 million of the Loan Notes 2013, incurring an early redemption penalty of £4.0 million and writing-off £6.1 million of deferred transaction costs.

3 Taxation

Analysis of charge in the period	***52 week period ended 30 Dec. 2005 £m***	*53 week period ended 31 Dec. 2004 £m*
Current tax	**4.9**	0.2
Adjustment for prior year	**(0.1)**	-
	4.8	0.2
Deferred tax	**3.9**	2.3
Adjustment for prior year	**(0.5)**	-
	3.4	2.3
Taxation	**8.2**	2.5

Tax on items charged to equity	***52 week period ended 30 Dec. 2005 £m***	*53 week period ended 31 Dec. 2004 £m*
Deferred tax charge/(credit) on actuarial gains and losses on retirement benefit obligations	**0.5**	(0.2)
Deferred tax credit on employee share options	**(0.3)**	(0.1)
Total tax charge		
Total current tax charge	**4.8**	0.2
Total deferred tax charge	**3.6**	2.2

The taxation charge in the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	52 week period ended 30 Dec. 2005 £m	*53 week period ended 31 Dec. 2004 £m*
Profit before taxation	**26.5**	8.0
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	**8.0**	2.4
Effects of:		
Adjustments in respect of prior periods	**(0.6)**	-
Expenses not deductible for tax purposes	**0.8**	0.1
Total taxation	**8.2**	2.5

Under IFRS the tax rate is marginally 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.

4 Earnings per share

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

52 week period ended 30 Dec. 2005	***Earnings £m***	***Weighted average no. of shares m***	***Per share amount Pence***
Profit attributable to shareholders – Basic and diluted EPS	18.3	80.0	22.9
53 week period ended 31 Dec. 2004			
Profit attributable to shareholders – Basic and diluted EPS	5.5	65.0	8.5

The calculation of basic earnings per ordinary share has been based on the profit for the relevant period. The potential issue of new shares pursuant to the Group's share option plans in the period would affect the earnings per share by less than 0.1 pence per share if exercised.

5 Dividends

	52 week period ended 30 Dec. 2005 £m	*53 week period ended 31 Dec. 2004 £m*
Final dividend in respect of the 53 week period ended 31 Dec. 2004: 3.75p per ordinary 7p share (2003: £nil)	**3.0**	-
Interim dividend paid in respect of the 52 week period ended 30 December 2005: 2.75p (2004: 1.875p) per ordinary 7p share	**2.2**	1.5
Total dividends recognised in the period	**5.2**	1.5

6 Cash and cash equivalents

	Note	*30 Dec. 2005 £m*	*31 Dec. 2004 £m*
Cash and cash equivalents		**37.3**	24.9
Represented by:			
Operating cash		**24.6**	12.4
Cash for acquisitions	(a)	**4.9**	7.2
Amounts set aside for intercompany loan	(b)	**7.8**	5.3
		37.3	24.9

(a) Under the terms of the Group's secured borrowings, this amount is required to be retained in a separate bank account. This bank 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: £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 (save for circumstances where the directors believe there may be a risk of defaulting on the 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.

Movements in the amounts described in note (a) as Recoveries 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 (b) 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 on 30 January 2006.

7 Statement of changes in shareholders' equity

	Share capital £m	*Share premium account £m*	*Other reserves £m*	*Profit and loss account £m*	*Total £m*	*Minority interest £m*	*Total equity £m*
Shareholders' equity as at 26 December 2003	2.0	-	(12.3)	(91.3)	(101.6)	(1.2)	**(102.8)**
Share issue	3.6	111.6	-	-	115.2	-	**115.2**
Profit for the 53 weeks ended 31 December 2004	-	-	-	5.5	5.5	-	**5.5**
Actuarial gains and losses on defined benefit plans (net of deferred tax)	-	-	(0.5)	-	(0.5)	-	**(0.5)**
Effects of employee share options (net of deferred tax)	-	-	0.3	-	0.3	-	**0.3**
Dividends	-	-	-	(1.5)	(1.5)	-	**(1.5)**
Shareholders' equity as at 1 January 2005	5.6	111.6	(12.5)	(87.3)	17.4	(1.2)	**16.2**
Profit for the 52 weeks ended 30 December 2005	**-**	**-**	**-**	**18.3**	**18.3**	**-**	**18.3**
Actuarial gains and losses on defined benefit plans (net of deferred tax)	**-**	**-**	**1.3**	**-**	**1.3**	**-**	**1.3**
Effects of employee share options (net of deferred tax)	**-**	**-**	**0.8**	**-**	**0.8**	**-**	**0.8**
Dividends	**-**	**-**	**-**	**(5.2)**	**(5.2)**	**-**	**(5.2)**
Shareholders' equity as at 30 December 2005	**5.6**	**111.6**	**(10.4)**	**(74.2)**	**32.6**	**(1.2)**	**31.4**

Included within other reserves is the merger accounting consolidation difference of £12.3 million, which arose on 20 December 2002 as part of the Group reconstruction effected at that time.

8 Reconciliation of cash generated from operations

	52 week period ended 30 Dec. 2005 £m	*53 week period ended 31 Dec. 2004 £m*
Net profit for the period	**18.3**	5.5
Adjustments for:		
Taxation	**8.2**	2.5
Net interest payable	**15.1**	31.2
Profit on disposal of fixed assets	**(0.6)**	(1.2)
Depreciation charges	**6.6**	6.6
Amortisation of intangibles	**0.6**	0.5
Changes in working capital (excluding acquisitions)	**0.8**	(1.1)
Employee share options	**0.5**	0.2
Cash generated from operations	**49.5**	44.2

9 Basis of preparation

Historically, the Group prepared its results under UK Generally Accepted Accounting Practice ('UK GAAP'). European law requires that the Group's consolidated results for the 52 week period ended 30 December 2005 are prepared in accordance with all applicable International Financial Reporting Standards ('IFRS'), as endorsed by the European Commission. These results have been prepared in accordance with IFRS and IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the periods ended 30 December 2005 or 31 December 2004. The financial information for the 53 week period ended 31 December 2004 is derived from the statutory accounts for that year, as adjusted for the implementation of IFRS. The unadjusted UK GAAP statutory accounts have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237(2) or Section 237 (3) of the Companies Act 1985. The preliminary results for the 52 week period ended 30 December 2005 are unaudited. The statutory accounts for the 52 week period ended 30 December 2005 are being prepared on the basis of the accounting policies set out in the Group's 2005 interim statement and will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and be delivered to the Registrar of Companies following the Company's Annual General Meeting.

10 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 Ratings Agencies (Fitch Ratings and Standard & Poors), 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