



Dignity (2002) Limited
Unaudited Abridged Investor Report
for the 52 week period ended 30 December 2011

To: Bloombergs

From: Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') shall have the same meaning herein.

NOTICE TO THE READER

The information contained in this report represents information on Dignity (2002) Limited and its subsidiaries (the 'Dignity (2002) Group'), a sub-group of the Dignity plc group ('Group').

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include the costs of non-executive directors or any dividends declared to shareholders of Dignity plc.

Furthermore, the Group reports its results in accordance with International Financial Reporting Standards ('IFRS'), whilst the Dignity (2002) Group will continue to apply UK Generally Accepted Accounting Principles ('UK GAAP').

Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 30 December 2011

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Dignity (2002) Limited

Consolidated EBITDA and Net Assets

for the 52 week period ended 30 December 2011

		<i>52 week period ending 30 Dec 2011</i>	<i>53 week period ending 31 Dec 2010</i>
EBITDA statement:	<i>Note</i>	<i>£m</i>	<i>£m</i>
Net revenue		208.5	199.1
Operating expenses		(135.9)	(129.9)
EBITDA	1	72.6	69.2

		<i>30 Dec 2011</i>	<i>31 Dec 2010</i>
Consolidated Net Assets:		<i>£m</i>	<i>£m</i>
Fixed assets		241.9	240.9
Total current assets	2	38.7	45.3
Creditors: amounts falling due within one year		(165.0)	(185.6)
Net current assets		(126.3)	(140.3)
Total assets less current liabilities		115.6	100.6
Creditors: amounts falling due after more than one year		(316.0)	(324.8)
Provisions for liabilities and charges		(9.3)	(9.5)
Pension asset (net of deferred tax)		1.0	6.2
Net liabilities		(208.7)	(227.5)

Dignity (2002) Limited

Coverages and covenants

for the 52 week period ended 30 December 2011

		<i>52 week period ending</i>	<i>53 week period ending</i>
	<i>Note</i>	<i>30 Dec 2011 £m</i>	<i>31 Dec 2010 £m</i>
EBITDA for the Relevant Period		72.6	69.2
Free Cashflow for the Relevant Period		57.4	53.0
Debt Service for the Relevant Period	3	32.0	27.0

Financial Covenant

EBITDA DSCR ('Debt Service cover ratio') :

Target	>= 1.5 : 1	>= 1.5 : 1
Actual	2.27 : 1	2.56 : 1

Restricted Payment Condition

Free Cashflow DSCR :

Target	>= 1.4 : 1	>= 1.4 : 1
Actual	1.79 : 1	1.96 : 1

EBITDA DSCR :

Target	>=1.85 : 1	>=1.85 : 1
Actual	2.27 : 1	2.56 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 30 December 2011.

The Restricted Payment Condition in relation to each Restricted Payment below has been satisfied.

On 30 June 2011, a Restricted Payment totalling £11.7m was paid to Dignity Holdings Limited as a loan. This loan was offset against the existing loan from Dignity Holdings Limited to Borrower in accordance with clause 19.16.1 (b) of the IBLA. These funds were subsequently paid to Dignity plc by way of a dividend.

On 30 December 2011, a Restricted Payment totalling £16.5m was paid to Dignity Holdings Limited as a loan. This loan was offset against the existing loan from Dignity Holdings Limited to Borrower in accordance with clause 19.16.1 (b) of the IBLA. These funds were subsequently paid to Dignity plc by way of a dividend.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 30 December 2011

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

2 Total current assets

Total current assets include cash at bank and in hand of £7.3m (Dec 2010: £14.3m) of which £1.8m (Dec 2010: £1.9m) is cash held for operations.

3 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 30 December 2011:

- Loan Event of Default
- Potential Loan Event of Default
- Financial Adviser Appointment Event

The Company made the following debt repayments during the Relevant Period (paid on 30 June 2011 and 30 December 2011):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	9,969	7,700
Class B Secured 8.151% Notes due 2030	13,515	-

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £9,953,000 and £13,498,000 under the Class A and Class B Notes respectively.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 30 December 2011

3 Debt Service and Financial Covenant (continued)

Debt Service for the Relevant Period ending 30 December 2011 has been calculated as follows:

	<i>Principal</i>	<i>Annual rate</i>	<i>Interest</i>
Senior Interest accruing in the period	£'000	%	£'000
£110m Class A Notes	83,995	6.32%	5,370
£100m Class B Notes	100,000	8.161%	8,161
£45.5m Class A Notes – issued February 2006	34,765	6.32%	2,224
£32.5m Class B Notes – issued February 2006	32,500	8.161%	2,653
£38.9m Class A Notes – issued September 2010	37,131	6.32%	2,375
£33.1m Class B Notes – issued September 2010	33,100	8.161%	2,701
Working capital facility	5,000	0.45%	22
Liquidity facility	50,000	0.50%	250
Hedging documents	202,500	0.3404% ^{§1}	689
Senior Interest accrued in the period			24,445
Interest received in the period	variable	variable	(146)
Scheduled repayments of principal in the period		n/a	7,700
Debt Service for the Relevant Period			31,999

^{§1} Net rate payable on notional principal.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 30 December 2011

4 Dignity plc

For the avoidance of doubt, the financial information contained elsewhere in this report relates to the unaudited consolidated results and financial position of Dignity (2002) Limited and its subsidiaries ('the Dignity (2002) Group') as required under the IBLA. The ultimate parent undertaking of Dignity (2002) Limited is Dignity plc.

Consequently, the financial information set out elsewhere in this report does not include the results of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited, nor any adjustments necessary as to present the consolidated results and financial position of the combined groups.

Specifically, the financial information set out elsewhere in this report does not include certain adjustments, including, but not limited to, the following:

- Certain administrative expenses accruing to the parent undertakings of the Dignity (2002) Group;
- Interest payable and receivable on borrowings or loans between the Dignity (2002) Group and its parent undertakings;
- Interest payable or receivable on borrowings or loans held by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- Dividends declared or receivable by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- The non-cash effects of FRS 17 in the Relevant Period;
- The net assets of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited; and
- Any adjustments necessary in order to present the combined results and financial position of any entity outside the control of the Dignity (2002) Group.

This report has been prepared under UK Generally Accepted Accounting Principles ('UK GAAP'). Dignity plc prepares its consolidated financial statements under IFRS principles.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 30 December 2011

5 Terminology

The following capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA:

Additional Obligors	Annual Upgrade Update	Borrower	Debt Service	EBITDA	Financial Adviser Appointment
Financial Covenant	Financial Indebtedness	Free Cashflow	Funeral Home Start-Ups	Issuer	Loan Event of Default
Maintenance Capex	Non-Obligor	Note Trustee	Permitted Obligor Acquisition	Permitted Crematorium Development	Permitted Obligor Disposal
Portfolio	Potential Loan Event of Default	Relevant Period	Restricted Payment	Restricted Payment Condition	Senior interest
Secured Notes	Security Trustee	Tax	Tax Deed of Covenant	Transaction Documents	

6 Amendment to the IBLA

On 4 October 2011, the parties to the Issuer/Borrower Loan Agreement agreed to certain amendments to the Issuer/Borrower Loan Agreement.

The amendments clarify the definition of Adjusted Asset EBITDA (as defined in the Issuer/Borrower Loan Agreement), which is required to be positive for certain acquisitions to be made. The amendments ensure that Adjusted Asset EBITDA is calculated by reference to the most recent financial information available based on sources relevant to the business or assets being acquired. It remains a requirement for Adjusted Asset EBITDA to be positive.

In accordance with clause 12.1(a) of the Security Trust Deed, the Security Trustee (acting on the instructions of the Note Trustee (as the Instructing Creditor) but otherwise without reference to the Finance Parties) agreed to the modifications to the Issuer/Borrower Loan Agreement on the basis that in its opinion the interests of the Instructing Creditor would not be materially prejudiced thereby.

In accordance with clause 17.1.1 of the Trust Deed, the Note Trustee agreed (without any consent or sanction of the other Issuer Secured Creditors) to the modifications to the Issuer/Borrower Loan Agreement on the basis that in its opinion the interests of the holders of the Most Senior Class of Notes would not be materially prejudiced thereby.

Notice of these amendments was given on 14 October 2011.