



Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 28 December 2007

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 now 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 28 December 2007

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# Dignity (2002) Limited

## Consolidated EBITDA and Net Assets

for the 52 week period ended 28 December 2007

| <b>EBITDA statement:</b>                                | <i>Note</i> | <i>52 week period<br/>ending 28 Dec<br/>2007</i> | <i>52 week period<br/>ending 29 Dec<br/>2006</i> |
|---|-------------|--|--|
|   |             | <i>£m</i>  | <i>£m</i>  |
| Net revenue   |             | <b>159.5</b>                                     | 149.8  |
| Operating expenses                                      |             | <b>(104.3)</b>                                   | (99.1)   |
| <b>EBITDA</b>   | 1           | <b>55.2</b>                                      | 50.7   |
| <hr/>   |             |  |  |
|   |             | <i>28 Dec<br/>2007</i>                           | <i>29 Dec<br/>2006</i>                           |
|   |             | <i>£m</i>  | <i>£m</i>  |
| <b>Consolidated Net Assets:</b>                         |             |  |  |
| <b>Fixed assets</b>                                     |             | <b>208.8</b>                                     | 197.3  |
| Total current assets                                    | 2,3         | <b>55.9</b>                                      | 33.8   |
| Creditors: amounts falling due within one year          | 3           | <b>(39.8)</b>                                    | (25.6)   |
| <b>Net current assets</b>                               |             | <b>16.1</b>                                      | 8.2  |
| <b>Total assets less current liabilities</b>            |             | <b>224.9</b>                                     | 205.5  |
| Creditors: amounts falling due after more than one year | 3           | <b>(362.8)</b>                                   | (347.6)  |
| Provisions for liabilities and charges                  |             | <b>(9.7)</b>                                     | (9.3)  |
| Pension asset (net of deferred tax)                     |             | <b>6.3</b>                                       | 2.6  |
| <b>Net liabilities</b>                                  |             | <b>(141.3)</b>                                   | (148.8)  |

# Dignity (2002) Limited

## Coverages and covenants

for the 52 week period ended 28 December 2007

|                                       |      | 52 week period<br>ending | 52 week period<br>ending |
|---------------------------------------|------|--------------------------|--------------------------|
|                                       | Note | 28 Dec 2007<br>£m        | 29 Dec 2006<br>£m        |
| EBITDA for the Relevant Period        |      | 55.2                     | 50.7                     |
| Free Cashflow for the Relevant Period |      | 44.2                     | 40.2                     |
| Debt Service for the Relevant Period  | 4    | 23.9                     | 21.8                     |

### Financial Covenant

EBITDA DSCR ('Debt Service cover ratio') :

|        |                |                |
|--------|----------------|----------------|
| Target | $\geq 1.5 : 1$ | $\geq 1.5 : 1$ |
| Actual | 2.31 : 1       | 2.32 : 1       |

### Restricted Payment Condition

Free Cashflow DSCR :

|        |                |                |
|--------|----------------|----------------|
| Target | $\geq 1.4 : 1$ | $\geq 1.4 : 1$ |
| Actual | 1.85 : 1       | 1.84 : 1       |

EBITDA DSCR :

|        |                 |                 |
|--------|-----------------|-----------------|
| Target | $\geq 1.85 : 1$ | $\geq 1.85 : 1$ |
| Actual | 2.31 : 1        | 2.32 : 1        |

### Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 28 December 2007.

On 29 June 2007, a Restricted Payment totalling £13.3m was paid as a dividend to Dignity (2004) Limited and onwards to Dignity plc.

On 31 December 2007, a Restricted Payment totalling £9.5m was paid as a dividend to Dignity (2004) Limited and onwards to Dignity plc.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 28 December 2007

### 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 £29.3m (Dec 2006: £8.7m) of which £0.8m (Dec 2006: £2.6m) is cash held for operations.

### 3 Consolidated Net Assets

The consolidated net assets as at 29 December 2006 as shown in this pack represents the final audited figures as per the 2006 statutory accounts. This differs to the figures reported in the December 2006 Investor Report.

The differences are explained below:

**Total current assets:** The final estimate of the year end tax provision reduced current assets by £0.2m.

**Creditors:** The movement of £1.7m represents a reclassification of interest relating to certain intercompany loans from amounts falling due after more than one year to amounts falling due within one year.

### 4 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 28 December 2007:

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

The Company made the following debt repayments in the calendar year ended 31 December 2007 (paid on 29 June 2007 and 31 December 2007):

|                                       | <i>Interest</i> | <i>Principal</i> |
|---------------------------------------|-----------------|------------------|
|                                       | <i>£'000</i>    | <i>£'000</i>     |
| Class A Secured 6.310% Notes due 2023 | 8,851           | 4,341            |
| Class B Secured 8.151% Notes due 2030 | 10,813          | -                |

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £8,837,000 and £10,800,000 under the Class A and Class B Notes respectively.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 28 December 2007

### 4 Debt Service and Financial Covenant (continued)

Debt Service for the Relevant Period has been calculated as follows:

|   | <i>Principal</i> | <i>Annual rate</i>    | <i>Interest</i> |
|---|------------------|-----------------------|-----------------|
| <b>Senior Interest accruing in the period</b>   | <b>£'000</b>     | <b>%</b>              | <b>£'000</b>    |
| £110m Class A Notes                             | 98,281           | 6.32%                 | 6,259           |
| £100m Class B Notes                             | 100,000          | 8.161%                | 8,161           |
| £45.5m Class A Notes – issued February 2006     | 40,697           | 6.32%                 | 2,592           |
| £32.5m Class B Notes – issued February 2006     | 32,500           | 8.161%                | 2,652           |
| Working capital facility                        | 5,000            | 0.45%                 | 22              |
| Liquidity facility                              | 40,000           | 0.35%                 | 140             |
| Hedging documents                               | 202,500          | 0.3404% <sup>§3</sup> | 688             |
| <b>Senior Interest accrued in the period</b>    |                  |                       | <b>20,514</b>   |
| Interest received in the period                 | variable         | variable              | (973)           |
| Scheduled repayments of principal in the period |                  | n/a                   | 4,341           |
| <b>Debt Service for the Relevant Period</b>     |                  |                       | <b>23,882</b>   |

<sup>§3</sup> Net rate payable on notional principal.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 28 December 2007

### 5 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.

### 6 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:

|                        |                                 |                               |                       |                              |                    |
|------------------------|---------------------------------|-------------------------------|-----------------------|------------------------------|--------------------|
| Debt Service           | EBITDA                          | Financial Adviser Appointment | Financial Covenant    | Financial Indebtedness       | Free Cashflow      |
| Funeral Home Start-Ups | Loan Event of Default           | Maintenance Capex             | Permitted Acquisition | Permitted Development        | Permitted Disposal |
| Portfolio              | Potential Loan Event of Default | Relevant Period               | Restricted Payment    | Restricted Payment Condition | Security Trustee   |
| Senior Interest        | Tax                             |                               |                       |                              |                    |