



Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 31 March 2006

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 31 March 2006

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Dignity (2002) Limited

Consolidated EBITDA and Net Assets

for the 52 week period ended 31 March 2006

		<i>52 week period ending 31 Mar. 2006</i>	<i>52 week period ending 30 Dec. 2005</i>
EBITDA statement:	<i>Note</i>	<i>£m</i>	<i>£m</i>
Net revenue		145.4	143.2
Operating expenses		(96.8)	(95.7)
EBITDA	1	48.6	47.5

		<i>31 Mar 2006</i>	<i>30 Dec 2005</i>
Consolidated Net Assets:		<i>£m</i>	<i>£m</i>
Fixed assets		196.1	196.3
Total current assets	2	139.4	49.4
Creditors: amounts falling due within one year		(29.4)	(27.3)
Net current assets		110.0	22.1
Total assets less current liabilities		306.1	218.4
Creditors: amounts falling due after more than one year		(359.1)	(276.6)
Provisions for liabilities and charges		(9.8)	(9.7)
Pension obligations		(8.4)	(8.4)
Net liabilities		(71.2)	(76.3)

Dignity (2002) Limited

Coverages and covenants

for the 52 week period ended 31 March 2006

		<i>52 week period ending</i>	<i>52 week period ending</i>
	<i>Note</i>	<i>31 Mar 2005 £m</i>	<i>30 Dec 2005 £m</i>
EBITDA for the Relevant Period		48.6	47.5
Free Cashflow for the Relevant Period		39.0	38.2
Debt Service for the Relevant Period	3	17.6	16.9
Financial Covenant			
EBITDA DSCR ('Debt Service cover ratio') :			
Target		>= 1.5 : 1	>= 1.5 : 1
Actual		2.76: 1	2.80: 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		>= 1.4 : 1	>= 1.4 : 1
Actual		2.21: 1	2.25: 1
EBITDA DSCR :			
Target		>=1.85 : 1	>=1.85 : 1
Actual		2.76: 1	2.80: 1

Confirmations

The directors confirm that the Financial Covenant has been observed for the Relevant Period ending 31 March 2006.

During the Relevant Period, the following Restricted Payments (paid from the Loan Payments Account) have been made in respect of accrued interest and principal on the Mezz On-loan:

<i>Date</i>	<i>Total payment £'000</i>	<i>Interest £'000</i>	<i>Principal £'000</i>
29 July 2005	15,961	3,009	12,952
31 January 2006	5,000	1,879	3,121

The outstanding principal on the Mezz On-loan at 31 March 2006 was £16,378,000.

The directors confirm that the Restricted Payment Condition was satisfied with regard to the above Restricted Payments.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 31 March 2006

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 £111.6m (Dec 2005: £18.3m) of which £19.7m (Dec 2005: £5.1m) is cash held for operations.

£80m of the cash balance above is to be returned to shareholders in August 2006, provided the Restricted Payment Condition is satisfied at that time.

3 Debt Service and Financial Covenant

The directors confirm that none of the following occurred in the Relevant Period ending 31 March 2006:

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

During the Relevant Period to 31 March 2006, the Company made the following debt repayments (paid on 30 June 2005 and 30 December 2006):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	6,613	2,642
Class B Secured 8.151% Notes due 2031	8,161	-

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £6,602,000 and £8,151,0000 under the Class A and Class B Notes respectively.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 31 March 2006

3 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>
Senior Interest accruing in the period	£'000	%	£'000
£110m Class A Notes	102,635	6.32%	6,571
£100m Class B Notes	100,000	8.161%	8,161
£45.5m Class A Notes – issued February 2006	42,500	6.32%	672
£32.5m Class B Notes – issued February 2006	32,500	8.161%	663
Working capital facility	5,000	0.45%	23
Liquidity facility	30,000	0.35%	104
Hedging documents	202,500	0.3404% ^{\$1}	688
Senior Interest accrued in the period			16,882
Other interest charges in the period			4
Interest received in the period	Variable	variable	(1,927)
Scheduled repayments of principal in the period		n/a	2,642
Repayments of other Financial Indebtedness in the period		n/a	31
Debt Service for the Relevant Period			17,632

The repayment of other Financial Indebtedness in the period relates to £20,000 in respect of deferred consideration and £11,000 repayment in respect of loan notes 2006, outstanding at 31 March 2006.

^{\$1} Net rate payable on notional principal.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 31 March 2006

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.

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:

Debt Service	EBITDA	Free Cashflow	Financial Adviser Appointment Event	Financial Covenant	Financial Indebtedness
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	Senior Interest