



Dignity[®]

CARING FUNERAL
SERVICES

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ABOUT DIGNITY

Dignity is Britain's largest single provider of funeral-related services. The Group owns 520 funeral homes and operates 22 crematoria in Britain. The Group is also the market leader in pre-arranged funeral plans, where people plan and pay for their funeral in advance.

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.

KEY FINANCIAL HIGHLIGHTS

for the 26 week period ended 30 June 2006

Current period financial highlights

	2006	2005
Revenue (£million)	78.3	74.6
Operating profit (£million)	24.7	23.4
Cash generated from operations (£million)	28.3	26.5
Underlying profit before tax ^(a) (£million)	17.2	15.3
Profit before tax (£million)	17.2	15.8
Underlying earnings per share ^(b)	14.9	13.3
Earnings per share (pence)	14.9	13.8
Interim dividend per share ^(c) (pence)	3.03	2.75

(a) Underlying profit before tax is calculated as profit before tax and profit on sale of fixed assets. Profit on sale of fixed assets were £nil million (2005: £0.5 million).

(b) Underlying earnings per share is calculated as earnings before profit on sale of fixed assets (net of tax) divided by the weighted average number of Ordinary Shares in issue in the period.

(c) A further £1 per share return of value was made on 11 August 2006.

CHAIRMAN'S STATEMENT

"The Board's expectations for the remainder of 2006 continue to be positive"



Richard Connell, Chairman

Results

I am pleased to report a strong trading performance in the first 26 weeks of 2006. Operating profit reported has increased by 5.6 per cent to £24.7 million (2005: £23.4 million).

Profit before tax in the first 26 weeks of the year was £17.2 million compared to £15.8 million in the previous period, an increase of 8.9 per cent. This is despite total estimated deaths being lower year on year.

The Board has declared an interim dividend of 3.03 pence per share (2005: 2.75 pence per share) which will be paid on 27 October 2006 to shareholders on the register at 29 September 2006.

Return of value

In February 2006 the Group raised £86 million, net of fees, through a further issue of Secured Notes. In August £80 million was returned to shareholders through the issue and redemption of Class B shares. This exercise was consistent with the Group's stated objective of employing an efficient capital structure and maximising shareholder returns. The remaining funds raised together with existing cash resources were used to make a £10 million payment into the Group's pension scheme thereby eliminating its deficit.

Earnings per share

The basic earnings per share were 14.9 pence per share for the period (2005: 13.8 pence per share). Underlying earnings per share (excluding profit on sale of fixed assets net of tax) were 14.9 pence per share for the period (2005: 13.3 pence per share). See note 5 for further information.

Outlook

The Board's expectations for the remainder of 2006 continue to be positive as the Group continues to trade well. I would like to thank all our staff for their continued hard work and dedication as the delivery of ever increasing levels of client service remain critical to the further development of the business.

OPERATING & FINANCIAL REVIEW

Introduction

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans. Funeral services 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 administering the sale of plans.

Financial highlights

- Revenue has increased 5.0 per cent to £78.3 million (2005: £74.6 million).
- Operating profit has increased 5.6 per cent to £24.7 million (2005: £23.4 million).
- Cash generated from operations has increased 6.8 per cent to £28.3 million (2005: £26.5 million).
- Underlying profit before tax (see page 1) has increased 12.4 per cent to £17.2 million (2005: £15.3 million).
- Profit before tax has increased 8.9 per cent to £17.2 million (2005: £15.8 million).
- Underlying earnings per share were 14.9 pence (2005: 13.3 pence).
- Earnings per share were 14.9 pence (2005: 13.8 pence).
- An interim dividend of 3.03 pence per share (2005: 2.75 pence per share).

Trading overview

	26 week period ended	
	30 Jun 2006 £m	1 Jul 2005 £m
Revenue		
Funeral services	62.8	60.0
Crematoria	12.0	11.7
Pre-arranged funeral plans	3.5	2.9
	78.3	74.6
Operating profit*		
Funeral services	21.9	20.2
Crematoria	6.3	6.4
Pre-arranged funeral plans	1.7	1.6
Central overheads	(5.2)	(4.8)
	24.7	23.4

*Operating profit includes Recoveries within pre-arranged funeral plans of £1.2 million (2005: £1.2 million) and profit on sale of property, plant & equipment of £nil million (2005: £0.5 million) within funeral services.

Market background

Total estimated deaths for the 26 week period ended 30 June 2006 in Great Britain were 289,000 compared to 300,800 in the comparative 26 week period in 2005. 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.

OPERATING & FINANCIAL REVIEW

continued

Funeral services

The Group operates a network of 520 funeral homes throughout Britain, trading under local established names. In the period to 30 June 2006, the Group conducted 35,600 (2005: 36,000) funerals, representing 12.3 per cent (2005: 12.0 per cent) of estimated deaths in Britain.

Revenue within funeral services was £62.8 million (2005: £60.0 million). Operating profits were £21.9 million (2005: £20.2 million), an increase of 8.4 per cent.

During the period, the Group acquired a further 2 funeral home locations.

Crematoria

The Group operates 22 crematoria and carried out 20,500 (2005: 21,200) cremations in 2006 representing 7.1 per cent (2005: 7.0 per cent) of estimated deaths in Britain. The Group is the largest single operator of crematoria in Britain.

Revenue within crematoria was £12.0 million (2005: £11.7 million). Operating profits were £6.3 million (2005: £6.4 million). This slight reduction was attributable to a combination of lower volumes, disappointing memorial sales and significant increases in certain costs such as utilities.

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 as at 30 June 2006 were 185,300 (2005: 171,500). The Group continues to explore developing further affinity relationships to add to those it already has with partners such as Age Concern, Axa and Royal London. As part of that process, the Group has performed successful test mailings with Liverpool Victoria and has agreed to carry out further mailing campaigns to Liverpool Victoria customers in the second half of 2006.

The Group received Recoveries of £1.2 million (2005: £1.2 million) during the period. Operating profits were £1.7 million (2005: £1.6 million).

Cash flow and cash balances

The Group's operations continue to be significantly cash generative. Cash generated from operations was £28.3 million in the period (2005: £26.5 million). Expenditure on funeral home acquisitions amounted to £3.7 million (2005: £4.3 million). A further £3.6 million (2005: £3.4 million) was spent on capital expenditure, the majority of which was spent on replacing or enhancing existing assets such as vehicles.

Cash balances at the end of the financial period amounted to £131.6 million. This included £86 million, being the net proceeds from the issue of further A and B Secured Notes in February 2006 (see page 5). Excluding this amount cash balances were £45.6 million. Under the terms of the Group's secured borrowing, there are certain restrictions on elements of this balance as described further in note 7 of this report.

Capital structure and financing

The Group produces a strong and stable cash flow, which has increased since the original securitisation in 2003. In 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. These Notes were issued at a premium and raised a total of £86 million after fees and expenses. The issue of the new Notes will increase the annual interest expense by approximately £5 million per annum.

The Group's only material external debt financing are the Class A and B Secured Notes, rated A and BBB respectively, of which £289.4 million (2005: £204.0 million) was outstanding as at 30 June 2006. Both tranches of debt were issued at fixed rates of interest and will be progressively repaid over the next 25 years.

The following table provides additional indicative information regarding the net debt position of the Group:

	30 Jun 2006 £m	1 Jul 2005 £m
Class A and B Secured Notes – issued April 2003	(201.2)	(204.0)
Class A and B Secured Notes – issued February 2006	(88.2)	–
Loan Notes 2006	–	(0.1)
Cash balances	131.6	33.5
Economic Net Debt at period end	(157.8)	(170.6)
Cash returned on 11 August 2006 to shareholders	(80.0)	–
Cash paid on 18 August 2006 to pension scheme	(10.0)	–
Pro forma Net Debt	(247.8)	(170.6)

Following approval at an Extraordinary General Meeting on 28 July 2006, the Group returned £80 million (£1 per share) to shareholders on 11 August 2006 through the creation, issue and redemption of Class B shares. The listed Ordinary Shares were also consolidated on a seven for nine basis to maintain the comparability of financial indicators such as share price. The new consolidated shares were listed on 2 August 2006.

OPERATING & FINANCIAL REVIEW

continued

Going forward, the Group's finance expense will substantially consist of the interest on the Class A and B Secured Notes and the related ancillary instruments that were issued in April 2003 and February 2006.

Pensions

The remaining £6 million raised from the issue of the Notes, together with £4 million of existing cash resources, was used to eliminate the Group's IAS 19 deficit by paying £10 million into the Group's pension scheme on 18 August 2006. The Group also recognised £2.3 million of unrealised gains on the scheme as a result of changes to underlying assumptions and increases in market values of assets.

Taxation

The overall effective tax rate on earnings is approximately 31.0 per cent (2005: 31.0 per cent).

This tax rate is 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. The latter will also cause the effective tax rate to increase slightly in the future.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the 26 week period ended 30 June 2006

	Note	26 week period ended		52 week
		30 Jun 2006 £m	1 Jul 2005 £m	period ended 30 Dec 2005 £m
Revenue	2	78.3	74.6	143.2
Cost of sales		(37.5)	(36.0)	(70.0)
Gross profit		40.8	38.6	73.2
Trading expenses		(17.3)	(16.4)	(32.8)
Other operating income		1.2	1.2	1.2
Operating profit	2	24.7	23.4	41.6
Interest payable and similar charges	3	(11.1)	(8.5)	(17.0)
Interest receivable	3	3.6	0.9	1.9
Profit before tax	2	17.2	15.8	26.5
Taxation	4	(5.3)	(4.8)	(8.2)
Profit for the period		11.9	11.0	18.3
Profit attributable to minority interest		–	–	–
Profit attributable to equity shareholders	8	11.9	11.0	18.3
		11.9	11.0	18.3
Earnings per share attributable to equity shareholders (pence)	5			
– Basic		14.9p	13.8p	22.9p
– Diluted		14.9p	13.7p	22.9p

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

CONSOLIDATED STATEMENT OF RECOGNISED INCOME & EXPENSE (UNAUDITED)

for the 26 week period ended 30 June 2006

	26 week period ended		52 week
	30 Jun 2006 £m	1 Jul 2005 £m	period ended 30 Dec 2005 £m
Profit for the period	11.9	11.0	18.3
Actuarial gains on retirement benefit obligations	2.3	0.4	1.8
Deferred tax on actuarial gains on retirement benefit obligations	(0.7)	(0.2)	(0.5)
Net income not recognised in income statement	1.6	0.2	1.3
Total recognised income for the period	13.5	11.2	19.6

CONSOLIDATED BALANCE SHEET (UNAUDITED)

as at 30 June 2006

	Note	30 Jun 2006 £m	1 Jul 2005 £m	30 Dec 2005 £m
Non-current assets				
Goodwill		109.9	108.9	109.1
Intangible assets		10.5	7.8	9.0
Property, plant & equipment		87.4	84.0	86.3
Financial assets		5.5	5.5	5.5
		213.3	206.2	209.9
Current assets				
Inventories		3.0	3.3	3.3
Trade and other receivables		19.7	19.1	22.3
Assets held for sale		0.2	0.8	0.2
Cash and cash equivalents	(a)	131.6	33.5	37.3
		154.5	56.7	63.1
Current liabilities				
Financial liabilities		(4.0)	(2.1)	(2.2)
Trade and other payables		(18.6)	(17.0)	(21.9)
Current tax liabilities		(3.7)	(3.4)	(2.4)
Provisions		(1.1)	(1.0)	(1.0)
		(27.4)	(23.5)	(27.5)
Net current assets		127.1	33.2	35.6
Non-current liabilities				
Financial liabilities		(273.3)	(193.0)	(191.9)
Deferred tax liabilities		(7.3)	(3.3)	(5.2)
Retirement benefit obligation		(9.7)	(13.5)	(12.0)
Other non-current liabilities		(2.9)	(2.7)	(2.9)
Provisions		(1.9)	(2.2)	(2.1)
		(295.1)	(214.7)	(214.1)
Net assets		45.3	24.7	31.4
Shareholders' equity				
Ordinary shares	8	5.6	5.6	5.6
Share premium account	8	111.6	111.6	111.6
Other reserves	8	(10.8)	(12.0)	(10.4)
Retained earnings	8	(59.9)	(79.3)	(74.2)
Total shareholders' equity	8	46.5	25.9	32.6
Minority interest in equity		(1.2)	(1.2)	(1.2)
Total equity		45.3	24.7	31.4

(a) Certain cash balances are subject to restrictions. See note 7.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the 26 week period ended 30 June 2006

	Note	26 week period ended		52 week
		30 Jun 2006	1 Jul 2005	period ended
		£m	£m	30 Dec 2005
				£m
Cash flows from operating activities				
Cash generated from operations	9	28.3	26.5	49.5
Interest received		2.2	0.9	1.8
Interest paid		(10.5)	(7.8)	(15.6)
Tax paid		(2.7)	–	(2.5)
Net cash from operating activities		17.3	19.6	33.2
Cash flows from investing activities				
Acquisition of subsidiaries and businesses		(3.7)	(4.3)	(6.7)
Proceeds from sale of property, plant & equipment		0.3	0.9	1.2
Purchase of property, plant & equipment		(3.6)	(3.4)	(7.6)
Net cash used in investing activities		(7.0)	(6.8)	(13.1)
Cash flows from financing activities				
Proceeds from issue of secured notes		90.2	–	–
Issue costs on issue of secured notes		(4.2)	–	–
Repayment of borrowings		(2.0)	(1.2)	(2.5)
Dividends paid to shareholders		–	(3.0)	(5.2)
Net cash from/(used in) financing activities		84.0	(4.2)	(7.7)
Net increase in cash and cash equivalents	7	94.3	8.6	12.4
Cash and cash equivalents at the beginning of the period		36.1	23.7	23.7
Cash and cash equivalents at the end of the period	7	130.4	32.3	36.1

NOTES TO THE INTERIM REPORT 2006

for the 26 week period ended 30 June 2006

1 Basis of preparation

The interim consolidated financial statements of Dignity plc (the 'Company') are for the 26 weeks ended 30 June 2006 and comprise the results, assets and liabilities of the Company and its subsidiaries (the 'Group').

These interim consolidated financial statements have been prepared in accordance with the Listing Rules of the Financial Services Authority. The Group has chosen not to adopt the full disclosure requirements of IAS 34, 'Interim Financial Reporting'. Therefore this interim financial information is not fully in compliance with International Financial Reporting Standards. However, the consolidated financial statements have been prepared in accordance with all other applicable International Financial Reporting Standards that are expected to apply to the Group's Financial Report for the 52 week period ended 29 December 2006. The interim financial information is also consistent with the audited consolidated financial statements for the 52 weeks ended 30 December 2005. They do 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 30 December 2005. These consolidated interim financial statements were approved by the Directors on 13 September 2006.

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the 52 week period ended 30 December 2005. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. In preparing these consolidated interim financial statements, the significant judgements 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 30 December 2005.

Comparative information has been presented as at and for the 26 weeks ended 1 July 2005 and as at and for the 52 week period ended 30 December 2005.

The comparative figures for the 52 week period ended 30 December 2005 do not constitute statutory accounts for the purposes of s240 of the Companies Act 1985. A copy of the Group's statutory accounts for the 52 week period ended 30 December 2005, has been delivered to the Registrar of Companies and contained an unqualified auditors' report in accordance with s235 of the Companies Act 1985.

2 Revenue and segmental analysis

The revenue and operating profit*, by segment, were as follows:

	26 week period ended 30 Jun 2006		26 week period ended 1 Jul 2005		52 week period ended 30 Dec 2005	
	Revenue £m	Operating profit/ (loss) £m	Revenue £m	Operating profit/ (loss) £m	Revenue £m	Operating profit/ (loss) £m
Funeral services	62.8	21.9	60.0	20.2	113.8	37.1
Crematoria	12.0	6.3	11.7	6.4	22.5	11.9
Pre-arranged funeral plans	3.5	1.7	2.9	1.6	6.9	2.1
Central overheads	–	(5.2)	–	(4.8)	–	(9.5)
	78.3	24.7	74.6	23.4	143.2	41.6
Net interest expense		(7.5)		(7.6)		(15.1)
Profit before tax		17.2		15.8		26.5

*Operating profit includes Recoveries within pre-arranged funeral plans of £1.2 million (2005: £1.2 million; December 2005: £1.2 million) and profit on sale of property, plant & equipment of £nil million (2005: £0.5 million; December 2005: £0.6 million) in funeral services.

3 Net interest payable and similar charges

	26 week period ended		52 week
	30 Jun 2006	1 Jul 2005	period ended
	£m	£m	30 Dec 2005
			£m
Interest payable and similar charges:			
Class A and B Secured Notes – issued April 2003	7.3	7.4	14.8
Class A and B Secured Notes – issued February 2006	2.7	–	–
Amortisation of issue costs – issued April 2003	0.5	0.5	0.9
Amortisation of issue costs – issued February 2006	0.1	–	–
Other loans	0.1	0.1	0.1
Interest payable on finance leases	–	–	0.1
Net finance expense on retirement obligations	0.1	0.2	0.4
Unwinding of discounts	0.3	0.3	0.7
Interest payable and similar	11.1	8.5	17.0
Interest receivable and similar income:			
Bank deposits	(2.3)	(0.8)	(1.7)
Debenture loan	(0.1)	(0.1)	(0.2)
Release of premium on issue of Secured Notes	(0.4)	–	–
Prepaid interest on issue of Class A and B Secured Notes	(0.8)	–	–
Interest receivable and similar income	(3.6)	(0.9)	(1.9)
Net interest payable and similar charges	7.5	7.6	15.1

4 Taxation

The taxation charge in the period is based on an estimated effective tax rate of 31.0 per cent (2005: 31.0 per cent) on profit before tax for the 52 week period ending 29 December 2006.

5 Earnings per share

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

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.

The performance criteria for the vesting of the awards under the LTIP schemes cannot be met until the third anniversary of their issue. Consequently, these contingently issueable shares have been excluded from the diluted EPS calculations.

Underlying earnings is calculated as profit for the period less profit on sale of fixed assets net of tax.

NOTES TO THE INTERIM REPORT 2006

for the 26 week period ended 30 June 2006 continued

	Earnings £m	Weighted average no. of shares m	Per share amount pence
26 week period ended 30 June 2006 – basic and diluted	11.9	80.1	14.9
26 week period ended 1 July 2005 – basic	11.0	80.0	13.8
26 week period ended 1 July 2005 – diluted	11.0	80.2	13.7
52 week period ended 30 December 2005 – basic and diluted	18.3	80.0	22.9
	Underlying earnings £m	Weighted average no. of shares m	Per share amount pence
26 week period ended 30 June 2006	11.9	80.1	14.9
26 week period ended 1 July 2005	10.6	80.0	13.3

6 Dividends

On 14 September 2006, the Directors approved an interim dividend of 3.03 pence per share (2005: 2.75 pence per share) totalling £1.9 million (2005: £2.2 million), which will be paid on 27 October 2006 to those shareholders on the register at the close of business on 29 September 2006.

7 Cash and cash equivalents

Note	30 Jun 2006 £m	1 Jul 2005 £m	30 Dec 2005 £m
Cash and cash equivalents	131.6	33.5	37.3
Represented by:			
Operating cash	28.5	10.2	24.6
Cash for acquisitions	(a) 3.1	7.3	4.9
Amounts set aside for intercompany loan	(b) 17.7	16.0	7.8
Amounts set aside until 31 July 2006	(c) 82.3	–	–
	131.6	33.5	37.3

- (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 (2005: £1.2 million; December 2005 £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.
- (c) This amount (save for circumstances where the Directors believe there may be a risk of defaulting on the secured notes) may not be used for any purpose until 31 July 2006, when funds become available for any corporate purpose.

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.

Movements in the amounts described in note (c) have been treated as cash equivalents in the cash flow statement as they will become available for the Group's use on 31 July 2006.

8 Statement of changes in shareholders' equity

	Share capital £m	Share premium account £m	Other reserves £m	Profit & loss account £m	Total £m
Shareholders' equity as at 31 December 2004	5.6	111.6	(12.5)	(87.3)	17.4
Profit for the 26 weeks ended 1 July 2005	–	–	–	11.0	11.0
Actuarial gains and losses on defined benefit plans (net of deferred tax)	–	–	0.2	–	0.2
Effects of employee share options (net of deferred tax)	–	–	0.3	–	0.3
Dividends	–	–	–	(3.0)	(3.0)
Shareholders' equity as at 1 July 2005	5.6	111.6	(12.0)	(79.3)	25.9
Profit for the 26 weeks ended 30 December 2005	–	–	–	7.3	7.3
Actuarial gains and losses on defined benefit plans (net of deferred tax)	–	–	1.1	–	1.1
Effects of employee share options (net of deferred tax)	–	–	0.5	–	0.5
Dividends	–	–	–	(2.2)	(2.2)
Shareholders' equity as at 30 December 2005	5.6	111.6	(10.4)	(74.2)	32.6
Profit for the 26 weeks ended 30 June 2006	–	–	–	11.9	11.9
Reclassification of actuarial gains and losses on defined benefit plans (net of deferred tax)*	–	–	(0.8)	0.8	–
Actuarial gains and losses on defined benefit plans (net of deferred tax)	–	–	–	1.6	1.6
Effects of employee share options (net of deferred tax)	–	–	0.4	–	0.4
Dividends	–	–	–	–	–
Shareholders' equity as at 30 June 2006	5.6	111.6	(10.8)	(59.9)	46.5

*These amounts have been reclassified in accordance with IAS 19 (Revised).

9 Cash flows from operating activities

	26 week period ended		52 week period ended
	30 Jun 2006 £m	1 Jul 2005 £m	30 Dec 2005 £m
Net profit for the period	11.9	11.0	18.3
Adjustments for:			
Taxation	5.3	4.8	8.2
Net interest payable	7.4	7.6	15.1
Profit on disposal of fixed assets	–	(0.5)	(0.6)
Depreciation charges	3.4	3.4	6.6
Amortisation of intangibles	0.3	0.3	0.6
Changes in working capital (excluding acquisitions)	(0.3)	(0.3)	0.8
Employee share options	0.3	0.2	0.5
Cash generated from operations	28.3	26.5	49.5

NOTES TO THE INTERIM REPORT 2006

for the 26 week period ended 30 June 2006 continued

10 Interim report

Copies of the Interim Report are available from the registered office, Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands B72 1PH, and at the Group's website www.dignityfuneralsplc.co.uk.

11 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.

Copies of these reports are available at www.dignityfuneralsplc.co.uk.

INDEPENDENT REVIEW REPORT TO DIGNITY PLC

Introduction

We have been instructed by the Company to review the financial information for the 26 weeks ended 30 June 2006 which comprises the consolidated interim balance sheet as at 30 June 2006 and the related consolidated interim income statement, consolidated statement of recognised income and expense and consolidated cash flow statement for the 26 weeks then ended and related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatement or material inconsistencies with the financial information.

Directors' responsibilities

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This Interim Report has been prepared in accordance with the basis set out in note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 30 June 2006.



PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
13 September 2006

SHAREHOLDER INFORMATION

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

Company registrars

Enquiries concerning shareholdings, change of address or other particulars, should be directed in the first instance to the Company's Registrars, Lloyds TSB Registrars. They also provide a range of online shareholder information services at www.shareview.com where shareholders can check their holdings and find practical help on transferring shares and updating personal details.

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 and Teletext.

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.

Financial calendar

Details of the Company's financial calendar may be found on the inside back cover of this Interim Report.

CONTACT DETAILS & ADVISERS

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www.dignityfuneralsplc.co.uk

Company Secretary:

Richard Portman FCA

Registered Number:

4569346

Registrars:

Lloyds TSB Registrars
The Causeway
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West Sussex BN99 6DA

Tel: 0870 600 3970

Fax: 0870 600 3980

www.shareview.co.uk

Auditors:

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Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Joint Brokers:

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Tenters House
45 Moorfields
London EC2Y 9TH

Investec

A division of Investec Bank (UK) Limited

2 Gresham Street

London EC2V 7EE

Principal Bankers:

Royal Bank of Scotland plc
West Midlands Corporate Office
2 St Philips Place
Birmingham B3 2RB

Legal Adviser:

DLA Piper LLP
Victoria Square House
Victoria Square
Birmingham B2 4DL

FINANCIAL CALENDAR

14 September 2006

Announcement of interim results

27 October 2006

Payment of interim dividend
on Ordinary Shares

29 December 2006

Financial period end

Dignity plc

Plantsbrook House
94 The Parade
Sutton Coldfield
West Midlands
B72 1PH

**For more information on
investor relations please visit:**

www.dignityfuneralsplc.co.uk

