



Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 30 June 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 30 June 2006

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# Dignity (2002) Limited

## Consolidated EBITDA and Net Assets

for the 52 week period ended 30 June 2006

		<i>52 week period ending 30 Jun. 2006</i>	<i>52 week period ending 30 Dec. 2005</i>
<b>EBITDA statement:</b>	<i>Note</i>	<i>£m</i>	<i>£m</i>
Net revenue		<b>146.9</b>	143.2
Operating expenses		<b>(97.6)</b>	(95.7)
<b>EBITDA</b>	1	<b>49.3</b>	47.5

  

		<i>30 Jun 2006</i>	<i>30 Dec 2005</i>
<b>Consolidated Net Assets:</b>		<i>£m</i>	<i>£m</i>
<b>Fixed assets</b>		<b>196.4</b>	196.3
Total current assets	2	<b>137.7</b>	49.4
Creditors: amounts falling due within one year		<b>(44.3)</b>	(27.3)
<b>Net current assets</b>		<b>93.4</b>	22.1
<b>Total assets less current liabilities</b>		<b>289.8</b>	218.4
Creditors: amounts falling due after more than one year		<b>(338.8)</b>	(276.6)
Provisions for liabilities and charges		<b>(9.4)</b>	(9.7)
Pension obligations		<b>(6.1)</b>	(8.4)
<b>Net liabilities</b>		<b>(64.5)</b>	(76.3)

# Dignity (2002) Limited

## Coverages and covenants

for the 52 week period ended 30 June 2006

		52 week period ending	52 week period ending
	Note	30 Jun 2006 £m	30 Dec 2005 £m
EBITDA for the Relevant Period		49.3	47.5
Free Cashflow for the Relevant Period		38.9	38.2
Debt Service for the Relevant Period	3	18.5	16.9
<b>Financial Covenant</b>			
EBITDA DSCR ('Debt Service cover ratio') :			
Target		>= 1.5 : 1	>= 1.5 : 1
Actual		2.66: 1	2.80: 1
<b>Restricted Payment Condition</b>			
Free Cashflow DSCR :			
Target		>= 1.4 : 1	>= 1.4 : 1
Actual		2.10: 1	2.25: 1
EBITDA DSCR :			
Target		>=1.85 : 1	>=1.85 : 1
Actual		2.66: 1	2.80: 1

The reduction in the Debt Service Cover Ratio is due to the impact of the new Tap finance.

### Confirmations

The Dignity (2002) Group confirm that the Financial Covenant has been observed for the Relevant Period ending 30 June 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:

Date	Total payment £'000	Interest £'000	Principal £'000
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 30 June 2006 was £16,378,000.

The Dignity (2002) Group confirm that the Restricted Payment Condition was satisfied with regard to the above Restricted Payments.

On 31 July 2006, Restricted Payments totalling £94,873,000 were made. £17,737,000 was used to repay all outstanding principal and interest due on the Mezz-On-loan. The remaining £77,136,000 was paid as dividends to Dignity (2004) Limited and onwards to Dignity plc. This facilitated the return of £1 per share to the shareholders.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 30 June 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 £108.9m (Dec 2005: £18.3m) of which £5.4m (Dec 2005: £5.1m) is cash held for operations.

£80m of the cash balance above was returned to shareholders of Dignity plc on 11 August 2006. The Dignity (2002) Group confirm that the Restricted Payment Condition was satisfied with regards to this Restricted Payment.

### 3 Debt Service and Financial Covenant

The Dignity (2002) Group confirm that none of the following occurred in the Relevant Period ending 30 June 2006:

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

During the Relevant Period to 30 June 2006, the Dignity (2002) Group made the following debt repayments (paid on 30 December 2005 and 30 June 2006):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	7,872	3,321
Class B Secured 8.151% Notes due 2031	9,487	-

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £7,860,000 and £9,475,0000 under the Class A and Class B Notes respectively.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 30 June 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>
<b>Senior Interest accruing in the period</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
£110m Class A Notes	102,635	6.32%	6,529
£100m Class B Notes	100,000	8.161%	8,161
£45.5m Class A Notes – issued February 2006	42,500	6.32%	1,344
£32.5m Class B Notes – issued February 2006	32,500	8.161%	1,326
Working capital facility	5,000	0.45%	22
Liquidity facility	40,000	0.35%	113
Hedging documents	202,500	0.3404% <sup>\$1</sup>	688
<b>Senior Interest accrued in the period</b>			<b>18,183</b>
Other interest charges in the period			4
Interest received in the period	Variable	variable	(3,053)
Scheduled repayments of principal in the period		n/a	3,321
Repayments of other Financial Indebtedness in the period		n/a	61
<b>Debt Service for the Relevant Period</b>			<b>18,516</b>

The repayment of other Financial Indebtedness in the period relates to £20,000 in respect of deferred consideration and £41,000 repayment in respect of loan notes 2006, outstanding at 30 June 2006.

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<sup>\$1</sup> Net rate payable on notional principal.

# Dignity (2002) Limited

## Notes to the Investor Report

for the 52 week period ended 30 June 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