



Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 53 week period ended 1 April 2005

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 report has been prepared under UK Generally Accepted Accounting Principles ('UK GAAP'). With effect from 1 January 2005, the Group will prepare its financial statements under International Financial Reporting Standards ('IFRS'), whilst the Dignity (2002) Group will continue to apply UK GAAP.

# Dignity (2002) Limited

## Unaudited abridged Investor Report for the 53 week period ended 1 April 2005

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# Dignity (2002) Limited

## Consolidated EBITDA and Net Assets

for the 53 week period ended 1 April 2005

	<i>Note</i>	<i>1 Apr. 2005</i>	<i>31 Dec. 2004</i>
<b>EBITDA statement:</b>		<i>£'000</i>	<i>£'000</i>
Net revenue		<b>137,460</b>	135,691
Operating expenses		<b>(91,530)</b>	(90,782)
<b>EBITDA</b>	<b>1</b>	<b>45,930</b>	44,909

		<i>1 Apr. 2005</i>	<i>(Restated<sup>§1</sup>) 31 Dec. 2004</i>
<b>Consolidated Net Assets:</b>		<i>£'000</i>	<i>£'000</i>
<b>Fixed assets</b>		<b>196,563</b>	195,718
Total current assets	2	<b>55,067</b>	51,670
Creditors: amounts falling due within one year		<b>(24,082)</b>	(23,508)
<b>Net current assets</b>		<b>30,985</b>	28,162
<b>Total assets less current liabilities</b>		<b>227,548</b>	223,880
Creditors: amounts falling due after more than one year		<b>(289,062)</b>	(290,795)
Provisions for liabilities and charges		<b>(10,079)</b>	(10,038)
Pension obligations	3	<b>(9,889)</b>	(9,717)
<b>Net liabilities</b>	<b>3</b>	<b>(81,482)</b>	(86,670)

<sup>§1</sup> See note 3 for details of the restatement.

# Dignity (2002) Limited

## Coverages and covenants

for the 53 week period ended 1 April 2005

		<i>53 week period ending</i>	<i>53 week period ending</i>
	<i>Note</i>	<i>1 Apr. 2005 £'000</i>	<i>31 Dec 2004 £'000</i>
EBITDA for the Relevant Period		<b>45,930</b>	44,909
Free Cashflow for the Relevant Period		<b>37,731</b>	37,560
Debt Service for the Relevant Period	4	<b>16,699</b>	16,757

### Financial Covenant

EBITDA DSCR ('Debt Service cover ratio') :

Target	<b>&gt;= 1.5 : 1</b>	>= 1.5 : 1
Actual	<b>2.75 : 1</b>	2.68 : 1

### Restricted Payment Condition

Free Cashflow DSCR :

Target	<b>&gt;= 1.4 : 1</b>	>= 1.4 : 1
Actual	<b>2.26 1</b>	2.24 : 1

EBITDA DSCR :

Target	<b>&gt;=1.85 : 1</b>	>=1.85 : 1
Actual	<b>2.75 : 1</b>	2.68 : 1

### Confirmations

The directors confirm that the Financial Covenant has been observed for the Relevant Period ending 1 April 2005.

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>
30 July 2004	<b>9,224</b>	3,650	5,574
31 January 2005	<b>5,312</b>	3,337	1,975

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

The outstanding principal on the Mezz On-loan at 1 April 2005 was £32,451,000.

# Dignity (2002) Limited

## Notes to the abridged Investor Report

for the 53 week period ended 1 April 2005

### 1 EBITDA

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

### 2 Total current assets

Total current assets include cash at bank and in hand of £24,902,000 (Dec 2004: £29,262,000) of which £17,602,000 (Dec 2004: £7,748,000) is cash held for operations.

Prior year figures for the 53 week period ended 31 December 2004 have been restated (see note 3).

### 3 Material changes in assets

As required under UK Generally Accepted Accounting Principles (UK GAAP) the Group has adopted Financial Reporting Standard 17, *Retirement Benefits* ('FRS 17') with effect from 1 January 2005 and prior year figures have been restated accordingly.

The adoption of FRS 17 has no effect on EBITDA, Free Cashflow, Debt Service or the Financial Covenant (as defined in the IBLA) due to the pension charge being stated on a cash basis.

However, net liabilities have increased from £76,427,000 (as previously reported) to £86,670,000 due to the recognition of a defined benefit obligation of £9,717,000 (net of deferred tax) compared to defined benefit asset of £526,000 (net of deferred tax) recognised under SSAP 24 principles.

### 4 Debt Service and Financial Covenant

The directors confirm that none of the following occurred in the Relevant Period ending 1 April 2005:

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

During the Relevant Period to 1 April 2005, the Company made the following debt repayments (paid on 30 June and 31 December 2004):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	6,770	2,450
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 £6,760,000 and £8,151,000 under the Class A and Class B Notes respectively.

# Dignity (2002) Limited

## Notes to the abridged Investor Report

for the 53 week period ended 1 April 2005

### 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	107,727	6.32%	6,731
£100m Class B Notes	100,000	8.161%	8,161
Working capital facility	5,000	0.45%	23
Liquidity facility	30,000	0.35%	104
Hedging documents	202,500	0.3404% <sup>1</sup>	688
<b>Senior Interest accrued in the period</b>			<b>15,707</b>
Other interest charges in the period			4
Interest received in the period	Variable	variable	(1,494)
Scheduled repayments of principal in the period		n/a	2,450
Repayments of other Financial Indebtedness in the period		n/a	32
<b>Debt Service for the Relevant Period</b>			<b>16,699</b>

The repayment of other Financial Indebtedness in the period relates to £20,000 in respect of deferred consideration and £12,000 repayment in respect of loan notes 2006, outstanding at 31 March 2004.

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

# Dignity (2002) Limited

## Notes to the abridged Investor Report

for the 53 week period ended 1 April 2005

### 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 GAAP. Effective from 1 January 2005, Dignity plc will prepare 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	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