Dignity
CARING FUNERAL SERVICES

For immediate release **2 August 2017**

Dignity plc

Interim results for the 26 week period ended 30 June 2017

Dignity plc (Dignity or the Group), the UK's only listed provider of funeral related services, announces its unaudited interim results for the 26 week period ended 30 June 2017.

	26 week period ended 30 June 2017	26 week period ended 24 June 2016	Increase/ (decrease) per cent
Revenue (£million)	**169.8**	158.0	7
Underlying operating profit[a] (£million)	**59.5**	55.6	7
Underlying profit before tax[a] (£million)	**46.1**	42.4	9
Underlying earnings per share[b] (pence)	**74.1**	67.7	9
Cash generated from operations[c] (£million)	**61.9**	64.6	(4)
Operating profit (£million)	**58.7**	54.7	7
Profit before tax (£million)	**45.3**	41.5	9
Basic earnings per share (pence)	**72.5**	65.9	10
Number of deaths	**308,000**	302,000	2
Interim dividend (pence)	**8.64**	7.85	10

Non-GAAP measures
The Board believes that whilst statutory reporting measures provide a useful indication of the financial performance of the Group, additional insight is gained by excluding certain non-recurring or non-trading transactions. These measures are defined as follows:

(a) Underlying profit is calculated as profit excluding profit (or loss) on sale of fixed assets and external transaction costs.
(b) Underlying earnings per share is calculated as profit on ordinary activities after taxation, before profit (or loss) on sale of fixed assets, external transaction costs and exceptional items (all net of tax), divided by the weighted average number of Ordinary Shares in issue in the period. See note 2.
(c) Cash generated from operations excludes external transaction costs.

Following a very strong start to the year, with the number of deaths seven per cent higher than last year in the first quarter, the half year concluded with the number of deaths two per cent higher than the same period in 2016. The Group's results for the first half of 2017 were in line with the Board's expectations with underlying operating profits increasing seven per cent to £59.5 million (2016: £55.6 million).

The Group has acquired 14 funeral locations and one crematorium for an aggregate investment of £23.4 million and has opened seven satellite locations in the period to 30 June 2017. Since this date, the Group has acquired three funeral locations and opened one satellite location.

Work has continued in the period to develop the Group's digital strategy and brief details are set out in the business and financial review. The Group anticipates incremental costs of up to £1.0 million in 2017 in relation to the implementation of this evolving strategy.

Whilst Dignity chooses to compete on quality and service, the Group has noted some aggressive pricing activity from competitors on both funerals and pre-arranged funeral plans.

Mike McCollum, Chief Executive of Dignity plc commented:

"The year has started well for the Group, with good operational performance, continued excellent customer survey results and further acquisitions of established funeral businesses. The Group's expectations for the full year remain unchanged.

As a Board, we remain alert to the strategic challenges facing the Group in a changing and increasingly competitive environment. This is reflected in the ongoing development of our digital strategy and the leadership we have demonstrated in calling for proper regulation of pre-arranged funeral plans. We will continue to review the scope of our service offering in the light of changing consumer demands and build on our strong market-leading position."

For more information

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Notes

An analysts' briefing will be held at 9:00 am this morning at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN.

An audio webcast of this briefing will subsequently be available through the following link: http://vm.buchanan.uk.com/2017/dignity020817/registration.htm.

Chairman's statement

Results

As anticipated, following the seven per cent increase in the number of deaths in the first quarter of the year, the number of deaths in the second quarter was approximately three per cent lower than the same period in 2016. Deaths in the first half of 2017 overall ended two per cent higher than the prior year. Good increases in average incomes, continued cost control and acquisitions helped underlying operating profits increase by seven per cent to £59.5 million (2016: £55.6 million).

Given stable finance costs, combined with small changes in the Group's effective tax rate and the number of shares in issue, underlying earnings per share increased by nine per cent, a greater rate than the increase in underlying operating profits, to 74.1 pence per share (2016: 67.7 pence per share).

Basic earnings per share were 72.5 pence per share (2016: 65.9 pence per share), an increase of 10 per cent.

Dividends

The Group paid a final dividend of 15.74 pence per Ordinary Share on 30 June 2017.

The Group proposes to pay an interim dividend of 8.64 pence per Ordinary Share (2016: 7.85 pence) on 27 October 2017 to shareholders on the register at 21 September 2017. This is a 10 per cent increase on the previous year.

Our staff

The Group continues to report strong customer survey results thanks to the continued dedication of our staff across the business. I thank them for their support at a time when they are being asked to help introduce new initiatives to further improve the service we provide.

Outlook

The Group continues to expect the number of deaths in 2017 to be slightly lower than in 2016. Our financial expectations for the full year remain positive and unchanged.

Peter Hindley
Chairman
2 August 2017

Business and financial review

Introduction

The Group's operations are managed across three distinct divisions: funerals, crematoria and pre-arranged funeral plans. Funeral services relate to the provision of funerals and ancillary items such as memorials and floral tributes. Crematoria services relate to cremation services and the sale of memorials and burial plots at the Group's crematoria and cemeteries. Pre-arranged funeral plans represent the sale of funerals to customers wishing to make their own funeral arrangements in advance.

Office for National Statistics Data

Some of the Group's key performance indicators rely on the total number of estimated deaths for each period. This information is obtained from the Office for National Statistics ('ONS') and helps to provide good general background to the Group's performance. Historically, the ONS has updated these estimates from time to time. As in previous years, the Group does not restate any of its key performance indicators when these figures are restated in the following year.

Initial estimated deaths in Britain for the first half of 2017 were 308,000 (2016: 302,000), an increase of two per cent.

Funeral services

At 30 June 2017, the Group operated a network of 811 (June 2016: 777; December 2016: 792) funeral locations throughout the UK generally trading under established local trading names. The change to the portfolio reflects the acquisition of 14 additional funeral locations, seven new satellite locations and two closures.

In the first half of 2017, the Group conducted 36,700 funerals (2016: 36,700) in the United Kingdom; flat on the prior year. Approximately one and a half per cent of these funerals were performed in Northern Ireland (2016: one and a half per cent). Excluding Northern Ireland, these funerals represented approximately 11.8 per cent (June 2016: 12.0 per cent; December 2016: 11.8 per cent) of total estimated deaths in Great Britain. Whilst funerals divided by estimated deaths is a reasonable measure of our market share, the Group does not have a complete national presence and consequently, this calculation can only ever be an estimate. The Group continues to keep market share under review, with reductions in the first half of the year slightly worse than anticipated. This could be a function of increasing numbers of competitor locations or more aggressive price competition.

Underlying operating profit was £45.1 million (2016: £44.1 million), two per cent higher than the same period in 2016.

Digital developments

Work has been ongoing to increase the Group's online presence in respect of its funeral locations, with the results of this work due to launch in the second half of this year. The Group is also launching a new service for customers that makes it easier for them to notify family members through social media and the internet of funeral arrangements. This service also allows families to arrange flowers and make donations online.

Crematoria

The Group operates 45 crematoria (June 2016: 39; December 2016: 44) and is the largest single operator of crematoria in Great Britain. The Group performed 33,700 cremations (2016: 28,900) in the period.

These volumes represent approximately 11.0 per cent (June 2016: 9.6 per cent; December 2016: 10.1 per cent) of total estimated deaths in Great Britain.

Underlying operating profit was £20.9 million (2016: £18.3 million), an increase of 14 per cent. This operating performance is broadly consistent with the increase in cremation volumes, which have risen following the acquisition of the five crematoria locations from Funeral Services Limited last year. Sales of memorials and other items equated to £255 per cremation (2016: £270 per cremation). The small reduction reflects lower activity at the recently acquired crematoria.

Pre-arranged funeral plans

Active pre-arranged funeral plans were approximately 427,000 at the end of the period (June 2016: 384,000; December 2016: 404,000). New plans written in the period were broadly equally split between trust based and insurance based plan sales. These plans continue to represent future potential incremental business for the funeral division.

Underlying operating profits were £4.9 million (2016: £4.0 million) 23 per cent higher than the same period in 2016, reflecting good trust plan sales in the period. The Group continues to seek additional partners and to increase funeral plan sales. However, it does continue to see increasing competition and aggressive sales tactics in what is an unregulated market. The Group is uncomfortable in following the market towards such aggressive practices.

Leading the call for regulation
At the beginning of July, independent consumer group Fairer Finance, in partnership with the Group, published a report looking at whether the funeral planning market works well for the consumer. Although the report was commissioned by Dignity, Fairer Finance retained full editorial control. The report follows extensive research earlier this year that investigated funeral plan sales practices and customer understanding of funeral plans, both before and after purchase. The report concludes that the market needs much stronger regulation to make it safer for customers and to eliminate poor practice.

By commissioning this research and asking Fairer Finance to review the market with clear recommendations as to how outcomes can be improved for consumers, the Group is demonstrating its commitment to improving standards across the whole funeral sector.

The report says that funeral plans are an important way of providing for a funeral but some providers - Dignity, the Co-operative Group and Perfect Choice fare better than others. Fairer Finance conducted their own additional research into several areas including whether customers' funds were safe, complaint management and clarity of charges. Fairer Finance concluded that the Funeral Planning Authority ('FPA') doesn't have enough resource or powers and recommends that the market should be regulated by the Financial Conduct Authority.

As highlighted in the Group's last annual report, the FPA are making changes to their constitution. These changes are progressing and the Board of the FPA is no longer constituted with representatives of those businesses selling plans. Dignity believes that this is a positive step for the industry.

Whilst the Group believes regulation would be a benefit to the industry, it would most likely result in additional costs and perhaps changes to the Group's business model.

Central overheads
Central overheads relate to central services that are not specifically attributed to a particular operating division. These include the provision of IT, finance, personnel and Directors' emoluments. In addition, and consistent with previous periods, the Group records centrally the costs of incentive bonus arrangements, such as Long-Term Incentive Plans ('LTIPs') and annual performance bonuses, which are provided to over 100 managers working across the business centrally.

Costs in the period were £11.4 million (2016: £10.8 million) and investment continues to ensure the Group's central functions can appropriately support the continuing growth of the network of locations operated by the Group.

Corporate development activity
The Group has invested £23.4 million in acquiring 14 established funeral locations and one crematorium during the period and has also invested £0.4 million on satellite locations. The satellite locations mirror the 92 locations opened up to 2016 which continue to generate a good return on capital invested. These locations are selected to be close enough to existing business centres to use their specialist vehicles and mortuary equipment. In this way, the locations provide the same outstanding levels of client service without the need for significant capital investments. The Group anticipates approximately 20 to 25 satellite locations in total being opened in 2017 and approximately 20 satellite locations per annum thereafter.

The Group continues to progress the three locations with planning permission for new crematoria. These are due to open in 2018 and 2019 and represent a capital commitment of approximately £13 million to £14 million. The Group also has one live planning application and one appeal, with decisions expected later in 2017.

Earnings per share
Underlying earnings per share increased nine percent to 74.1 pence per Ordinary Share, reflecting the seven per cent increase in underlying operating profits and the leveraging affect of the capital structure and reduction in effective tax rate, offset by a small increase in the number of shares following vesting of option schemes.

Cash flow and cash balances
The Group continues to be strongly cash generative. Cash generated from operations, before external transaction costs, was £61.9 million (2016: £64.6 million). This cash generation reflects operating profit increases which have been offset by a larger adverse other working capital movement in the period of £7.2 million (June 2016: adverse movement of £1.5 million). The increase in the adverse movement principally reflects timing differences caused by the Group reporting to the nearest Friday rather than on a calendar basis. For example, the Group's June payroll of approximately £5.0 million represents a cash outflow in the period this year, unlike the same period last year.

In addition to the corporate development activity in the period, the Group spent £12.8 million (2016: £7.1 million) on purchases of property, plant and equipment. The Group continues to expect to incur approximately £24 million in the full year on maintenance capital expenditure.

This is analysed as:	30 Jun 2017 £m	24 Jun 2016 £m
Maintenance capital expenditure:		
Funeral services	**5.3**	3.8
Crematoria	**2.2**	1.2
Other	**2.0**	0.9
Total maintenance capital expenditure[(a)]	**9.5**	5.9
Branch relocations	**2.0**	0.8
Satellite locations	**0.4**	0.4
Development of new crematoria and cemeteries	**0.9**	-
Total property, plant and equipment	**12.8**	7.1
Partly funded by:		
Disposal proceeds	**(0.4)**	(0.5)
Net capital expenditure	**12.4**	6.6

(a) Maintenance capital expenditure includes vehicle replacement programme, improvements to locations and purchases of other tangible and intangible assets.

Cash balances at the end of the period were £65.4 million. All debt service payments were made in the period and consequently, unlike last year, no cash was required to be set aside for such items (June 2016: £16.9 million).

Pensions

The Group's pension scheme deficit has improved slightly since December 2016 to £24.9 million (June 2016: £15.0 million; December 2016: £25.9 million). As previously announced the Group concluded a consultation with employees in February 2017. Following this consultation, the Group decided to close its defined benefit pension to further accrual relating to future employee service. Affected employees will instead be able to contribute between four and 10 per cent of salary into a defined contribution scheme, which will be matched by the Group. No curtailment charge arose on the scheme closure.

April 2017 represents the next triennial valuation date for the Group's defined benefit pension scheme. Work is currently ongoing and the Group expects to agree a schedule of contributions with the scheme by the end of the year and will provide an update when it releases its full year results in March 2018.

Taxation

The Group's effective tax rate for 2017 is expected to be 20 per cent before exceptional items. The effective rate for 2018 and beyond is expected to be approximately one per cent higher than the headline rate of Corporation Tax for the relevant period.

Capital structure and financing

Drawn facilities

The Group's principal source of long-term debt financing continues to be the Secured Notes issued in 2014. They are rated A and BBB respectively by Fitch and Standard & Poor's.

The Board considers that maintaining a leveraged balance sheet is appropriate for the Group, given the relatively stable and predictable nature of its cash flows. This predictability is reflected in the Secured Notes. The principal amortises fully over their life and is scheduled to be repaid by 2049. The interest rate is fixed for the life of the Secured Notes and interest is calculated on the outstanding principal.

This has the benefit of enhancing shareholder returns, whilst leaving sufficient flexibility to invest in the growth of the business.

The Group's primary financial covenant under the Secured Notes (which is applicable to the securitised subgroup of Dignity) requires EBITDA to total debt service to be above 1.5 times. The ratio at 30 June 2017 was 3.41 times (June 2016: 3.19 times; December 2016: 3.37 times). Further details may be found in note 8.

As described in the Group's 2016 Annual Report, the Group is also fully drawn on a £15.8 million Crematoria Acquisition Facility, which is repayable in 2018, with interest fixed at approximately 3.3 per cent pre tax.

As set out in note 8, the Group's gross amounts owing on its debt obligations were £586.0 million (June 2016: £598.9 million; December 2016: £590.4 million). Net debt was £520.8 million (June 2016 £490.9 million; December 2016: £523.7 million).

Revolving credit facility
Since the balance sheet date, the Group has completed a refinancing of its Crematoria Acquisition Facility and undrawn Funeral Acquisition Facility. These facilities have been replaced with a £50 million revolving credit facility ('RCF'), provided by the Royal Bank of Scotland, which is secured against certain trade and assets held by legal entities outside of the Group's securitisation structure.

The facility is available until July 2021, with the option to renew, subject to the bank's consent at the time, by a further year. The margin on the facility ranges from 150 to 225 basis points depending on the resulting gross leverage.

This provides the Group ongoing flexibility in a cost effective manner, as if undrawn, the facility represents an annual cost of approximately £0.3 million. Given the Group's healthy cash balances, the RCF is undrawn at the time of the release of this announcement.

Post balance sheet events
See note 13 for further details.

Forward-looking statements
Certain statements in this Interim Report are forward-looking. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Going concern
The Directors receive and review regularly management accounts, cash balances, forecasts and the annual budget together, with covenant reporting. After careful consideration and mindful of the current market conditions, the Directors confirm they are satisfied that the Group has adequate resources to continue operating for the foreseeable future. The Directors formally considered this matter at the Board meeting held on 27 July 2017. For this reason, they continue to adopt the going concern basis for preparing the Interim Report.

Our key performance indicators

The Group uses the following key performance indicators both to manage the business and monitor the Group's delivery against its strategy and objectives. We monitor our performance by measuring and tracking KPIs that we believe are important to our longer-term success.

Group Performance

KPI	KPI definitions	26 week period ended 30 June 2017	Developments in 2017
Total estimated number of deaths in Britain (number)	This is as reported by the Office for National Statistics.	308,000 (H1 2016: 302,000) [a] (FY 2016: 590,000)[b]	Deaths were higher than anticipated in the period. Historical data would suggest that deaths in 2017 could be significantly lower than 2015 and 2016.
Funeral market share excluding Northern Ireland (per cent)	This is the number of funerals performed by the Group in Britain divided by the total estimated number of deaths in Britain.	11.8% (H1 2016: 12.0%)[a] (FY 2016: 11.8%)[b]	The reduction in market share is slightly worse than anticipated and is being kept under review.
Number of funerals performed (number)	This is the number of funerals performed according to our operational data.	36,700 (H1 2016: 36,700)[a] (FY 2016: 70,700)[b]	Changes are a consequence of the total number of deaths and the Group's market share.
Crematoria market share (per cent)	This is the number of cremations performed by the Group divided by the total estimated number of deaths in Britain.	11.0% (H1 2016: 9.6%)[a] (FY 2016: 10.1%)[b]	Market share has increased, principally reflecting the effect of acquisitions.
Number of cremations performed (number)	This is the number of cremations performed according to our operational data.	33,700 (H1 2016: 28,900)[a] (FY 2016: 59,500)[b]	Changes are a consequence of the total number of deaths and the Group's market share.
Active pre-arranged funeral plans (number)	This is the number of pre-arranged funeral plans where the Group has an obligation to provide a funeral in the future.	427,000 (H1 2016: 384,000)[a] (FY 2016: 404,000)[b]	This increase reflects continued plan sales activity offset by the crystallisation of plans sold in previous periods.
Underlying earnings per share (pence)	This is underlying profit after tax divided by the weighted average number of Ordinary Shares in issue in the period.	74.1 pence (H1 2016: 67.7 pence)[a] (FY 2016: 119.8 pence)[b]	This growth follows the increase in operating profit.
Underlying operating profit (£ million)	This is the statutory operating profit of the Group excluding profit (or loss) on sale of fixed assets and external transaction costs.	£59.5 million (H1 2016: £55.6 million)[a] (FY 2016: £101.7 million)[b]	Growth driven by an increased number of deaths as well as acquisition activity.
Cash generated from operations (£ million)	This is the statutory cash generated from operations excluding external transaction costs and exceptional pension contributions.	£61.9million (H1 2016: £64.6 million)[a] (FY 2016: £121.1 million)[b]	The Group continues to convert operating profit into cash efficiently.

In addition to these key performance indicators, the Group closely monitors the results of its client surveys. Highlights of these results can be found on the following page.

(a) H1 2016 relates to the 26 weeks ended 24 June 2016.

(b) FY 2016 relates to the 53 weeks ended 30 December 2016.

The Dignity client survey

In addition to these key performance indicators, we also closely monitor the results of our client surveys to ensure we continue to maintain the highest levels of excellent client service.

In the last five years, we have received approximately 160,000 responses. The percentages below report the responses for the one year up to the relevant balance sheet date.

The Client Survey Performance

Why it is important
Ensuring the highest levels of client service is one of our key strategic objectives and is fundamental to our continued success.

How we have performed
The results of the client survey clearly demonstrate client service is at the heart of everything we do and the quality of our service remains at consistently high levels.

Reputation and recommendation

99.0% (December 2016: 98.8%)
99.0 per cent of respondents said that we met or exceeded their expectations.

97.8% (December 2016: 97.7%)
97.8 per cent of respondents would recommend us.

Quality of service and care

99.9% (December 2016: 99.9%)
99.9 per cent thought our staff were respectful.

99.7% (December 2016: 99.7%)
99.7 per cent thought our staff listened to their needs and wishes.

99.2% (December 2016: 99.1%)
99.2 per cent agreed that our staff were compassionate and caring.

High standards of facilities and fleet

99.8% (December 2016: 99.8%)
99.8 per cent thought our premises were clean and tidy.

99.8% (December 2016: 99.8%)
99.8 per cent thought our vehicles were clean and comfortable.

In the detail

99.3% (December 2016: 99.2%)
99.3 per cent of clients agreed that our staff had fully explained what would happen before and during the funeral.

99.1% (December 2016: 99.1%)
99.1 per cent said that the funeral service took place on time.

98.0% (December 2016: 98.5%)
98.0 per cent said that the final invoice matched the estimate provided.

Mike McCollum
Chief Executive
2 August 2017

Principal risks and uncertainties

Our principal Group risks
Outlined here is our assessment of the principal risks facing the Group. In assessing which risks should be classified as principal, we assess the probability of the risk materialising and the financial or strategic impact of the risk.

Risk appetite
Our risk appetite remains broadly unchanged. Risk appetite is the level of risk the Group is willing to take to achieve its strategic objectives and is set by the Board. The Board looks at the Group's appetite to risk across a number of areas including market, financing, operations, strategy and execution, developments, cybersecurity and technology and brand.

The Group's risk appetite is set in the context of our focus on one sector – funeral services. As experts in this sector we are able to mitigate the risk involved in growing the business by acquisition, development and our active asset management strategy. This focus on our core strengths is balanced by a more cautious approach to risk in other areas.

Our approach to risk management
The Group has a well established governance structure with internal control and risk management systems. The risk management process:

- Provides a framework to identify, assess and manage risks, both positive and negative, to the Group's overall strategy and the contribution of its individual operations.

- Allows the Board to fulfil its governance responsibilities by making a balanced and understandable assessment of the operation of the risk management process and inputs**.**

Responsibilities and actions
The Board
The Board is responsible for monitoring the Group's risks and their mitigants.

Risk process
Every six months the Audit Committee formally considers the risk register and approves it for adoption by the Board.

Risk assessment
Executive Directors and senior management are responsible for identifying and assessing business risks.

Identify
Risks are identified through discussion with senior management and incorporated in the risk register as appropriate.

Assess
The potential impact and likelihood of occurrence of each risk is considered.

Mitigating activities
Mitigants are identified against each risk where possible.

Review and internal audit
The link between each risk and the Group's policies and procedures is identified. Where relevant, appropriate work is performed by the Group's internal audit function to assist in ensuring the related procedures and policies are appropriately understood and operated where they serve to mitigate risks.

Operational risk management

Risk and impact	Mitigating activities	2017 commentary	Change
Significant reduction in the death rate There is a risk that the number of deaths in any year significantly reduces. This would have a direct result on the financial performance of both the funeral and crematoria divisions.	The profile of deaths has historically followed a similar profile to that predicted by the ONS, giving the Group the ability to plan its business accordingly. The risk is mitigated by the geographical spread of locations, the ability to control costs and the ability to acquire funerals.	Deaths were higher than anticipated in the period. Historical data would suggest that deaths in 2017 could be significantly lower than 2015 and 2016.	No significant change
Nationwide adverse publicity Nationwide adverse publicity for Dignity could result in a significant reduction in the number of funerals or cremations performed in any financial period. For pre-arranged funeral plans, adverse publicity for the Group or one of its partners could result in a reduction in the number of plans sold or an increase in the number of plans cancelled. This would have a direct and significant impact on the financial performance of that division and the Group as a whole.	This risk is addressed by ensuring appropriate policies and procedures are in place, which are designed to ensure excellent client service and careful selection of reputable partners.	There have been no such events in the period.	No significant change
Ability to increase average revenues per funeral or cremation Operating profit growth is in part attributable to increases in the average revenue per funeral or cremation. There can be no guarantee that future average revenues per funeral or cremation will be maintained or increased.	The Group believes that its focus on excellent client service helps to mitigate this risk.	Average revenues increased in line with the Board's expectations.	No significant change

Risk and impact	Mitigating activities	2017 commentary	Change
Significant reduction in market share It is possible that other external factors, such as new competitors, could result in a significant reduction in market share within funeral or crematoria operations. This would have a direct result on the financial performance of those divisions.	The Group believes that this risk is mitigated for funeral operations by reputation and recommendation being a key driver to the choice of funeral director being used. For crematoria operations this is mitigated by difficulties associated with building new crematoria.	The reduction in funeral market share is slightly worse than anticipated and is being kept under review.	Risk exposure increased
Demographic shifts in population There can be no assurance that demographic shifts in population will not lead to a reduced demand for funeral services in areas where Dignity operates.	In such situations, Dignity would seek to follow the population shift. This is mitigated by the geographical spread of locations coupled with the ability to acquire funeral locations in areas of higher demand.	There have been no material changes, with satellites being opened and businesses acquired in appropriate areas.	No significant change
Competition The UK funeral services market and crematoria market is currently very fragmented. There can be no assurance that there will not be further consolidation in the industry or that increased competition in the industry, whether in the form of intensified price competition, service competition, over capacity or otherwise, would not lead to an erosion of the Group's market share, average revenues or costs and consequently a reduction in its profitability. The retention of affinity partners who sell the Group's pre-arranged funeral plans is essential to the long-term development of the pre-arranged funeral plan division. The loss of an affinity partner could lead to a reduction in the amount of profit recognised in that division at the time of sale. Failure to replenish or increase the bank of pre-arranged funeral plans could affect market share of the funeral division in the longer-term.	There are barriers to entry in the funeral services market due to the importance of established local reputation and in the crematoria market due to the need to obtain planning approval for new crematoria and the cost of developing new crematoria. There are a number of potential affinity partners who could replace existing ones or add to existing relationships.	The reduction in funeral market share is slightly worse than anticipated and is being kept under review. Denials of planning applications for crematoria demonstrate the barriers to entry.	Risk exposure increased
Taxes There can be no assurance that changes will not be made to UK taxes, such as VAT. VAT is not currently chargeable on the majority of the Group's services. The introduction of such a tax could therefore significantly increase the cost to clients of the Group's services.	There are currently specific exemptions under European legislation for the UK on the VAT treatment of funerals. Any change would apply to the industry as a whole and not just the Group.	No significant changes noted in the period.	No significant change
Regulation of pre-arranged funeral plans Pre-arranged funeral plans are not a regulated product, but are subject to a specific financial services exemption. Changes to the basis of any regulation could affect the Group's opportunity to sell pre-arranged funeral plans in the future or could result in the Group not being able to draw down the current level of marketing allowances, which would have a direct impact on the profitability of the pre-arranged funeral plan division.	Any changes would apply to the industry as a whole and not just the Group. This risk is also mitigated through the high standards of selling and administration of pre-arranged funeral plans operated by the Group.	See Business Review for details of report issued by Dignity and Fairer Finance calling for regulation of the industry.	No significant change
Regulation of the funeral industry Legislative changes by the Scottish Government were enacted in 2016. This provides them with the powers to regulate the funeral industry. Dignity welcomes this progress. Regulation would most likely result in increased compliance costs for the industry as a whole.	The Group already operates at a very high standard, using facilities appropriate for the dignified care of the deceased.	We continue to seek regulation of our markets. An inspector of funerals for Scotland has been appointed and the Group is seeking to be actively involved in the work they are carrying out.	No significant change
Changes in the funding of the pre-arranged funeral plan business The Group has given commitments to pre-arranged funeral plan members to provide certain funeral services in the future. Funding for these plans is reliant on either insurance companies paying the amounts owed or the pre-arranged funeral plan Trusts having sufficient assets. If this is not the case, then the Group may receive a lower amount per funeral than expected and thus generate lower profits.	There is considerable regulation around insurance companies which is designed, amongst other things, to ensure that the insurance companies meet their obligations. The Trusts hold assets with the objective of achieving returns slightly in excess of inflation.	The latest actuarial valuation of the pre-arranged funeral plan Trusts demonstrates a small actuarial deficit. However, the average assets per plan are still robust.	No significant change

Financial risk management

Risk and impact	Mitigating activities	2017 commentary	Change
Financial Covenant under the Secured Notes The Group's Secured Notes requires EBITDA to total debt service to be above 1.5 times. If this financial covenant (which is applicable to the securitised subgroup of Dignity) is not achieved, then this may lead to an Event of Default under the terms of the Secured Notes, which could result in the Security Trustee taking control of the securitisation group on behalf of the Secured Noteholders. In addition, the Group is required to achieve a more stringent ratio of 1.85 times for the same test in order to be permitted to transfer excess cash from the securitisation group to Dignity plc. If this stricter test is not achieved, then the Group's ability to pay dividends would be impacted.	The nature of the Group's debt means that the denominator is now fixed unless further Secured Notes are issued in the future. This means that the covenant headroom will change proportionately with changes in EBITDA generated by the securitised subgroup.	No significant changes noted in the period.	No significant change

Consolidated income statement (unaudited)
for the 26 week period ended 30 June 2017

	Note	26 week period ended 30 Jun 2017 £m	26 week period ended 24 Jun 2016 £m	53 week period ended 30 Dec 2016 (audited) £m
Revenue	2	**169.8**	158.0	313.6
Cost of sales		**(66.3)**	(62.6)	(128.1)
Gross profit		**103.5**	95.4	185.5
Administrative expenses		**(44.8)**	(40.7)	(87.8)
Operating profit	2	**58.7**	54.7	97.7
Analysed as:				
Underlying operating profit	2	**59.5**	55.6	101.7
Profit on sale of fixed assets		**-**	0.1	0.1
External transaction costs		**(0.8)**	(1.0)	(4.1)
Operating profit		**58.7**	54.7	97.7
Finance costs	3	**(13.5)**	(13.4)	(26.9)
Finance income	3	**0.1**	0.2	0.4
Profit before tax	2	**45.3**	41.5	71.2
Taxation - before exceptional items	4	**(9.2)**	(8.9)	(15.8)
Taxation - exceptional	4	**-**	-	1.8
Taxation	4	**(9.2)**	(8.9)	(14.0)
Profit for the period attributable to equity shareholders		**36.1**	32.6	57.2
Earnings per share for profit attributable to equity shareholders				
– Basic (pence)	5	**72.5p**	65.9p	115.3p
– Diluted (pence)	5	**72.3p**	65.7p	114.6p

Consolidated statement of comprehensive income (unaudited)
for the 26 week period ended 30 June 2017

	26 week period ended 30 Jun 2017 £m	26 week period ended 24 Jun 2016 £m	53 week period ended 30 Dec 2016 (audited) £m
Profit for the period	**36.1**	32.6	57.2
Items that will not be reclassified to profit or loss			
Remeasurement gain/ (loss) on retirement benefit obligations	**1.8**	(2.1)	(12.5)
Tax (charge)/ credit on remeasurement on retirement benefit obligations	**(0.3)**	0.4	2.3
Restatement of deferred tax for the change in UK tax rate	-	-	(0.3)
Other comprehensive income/ (loss)	**1.5**	(1.7)	(10.5)
Comprehensive income for the period	**37.6**	30.9	46.7
Attributable to:			
Equity shareholders of the parent	**37.6**	30.9	46.7

Consolidated balance sheet (unaudited)
as at 30 June 2017

	Note	30 Jun 2017 £m	24 Jun 2016 £m	30 Dec 16 (audited) £m
Assets				
Non-current assets				
Goodwill		**223.3**	203.0	215.9
Intangible assets		**155.3**	129.8	142.2
Property, plant and equipment		**242.1**	200.2	235.4
Financial and other assets		**12.6**	10.8	11.3
		633.3	543.8	604.8
Current assets				
Inventories		**7.0**	6.0	6.1
Trade and other receivables		**34.7**	32.6	37.0
Cash and cash equivalents	7	**65.4**	120.7	67.1
		107.1	159.3	110.2
Total assets		**740.4**	703.1	715.0
Liabilities				
Current liabilities				
Financial liabilities		**24.8**	8.5	8.8
Trade and other payables		**52.3**	66.6	59.3
Current tax liabilities		**7.9**	5.0	5.4
Provisions for liabilities		**1.6**	1.4	1.6
		86.6	81.5	75.1
Non-current liabilities				
Financial liabilities		**561.2**	590.3	581.5
Deferred tax liabilities		**29.4**	25.3	25.7
Other non-current liabilities		**2.7**	2.7	2.8
Provisions for liabilities		**7.7**	6.4	7.5
Retirement benefit obligation		**24.9**	15.0	25.9
		625.9	639.7	643.4
Total liabilities		**712.5**	721.2	718.5
Shareholders' equity				
Ordinary share capital		**6.2**	6.1	6.1
Share premium account		**11.4**	7.0	8.5
Capital redemption reserve		**141.7**	141.7	141.7
Other reserves		**(4.8)**	(4.7)	(3.5)
Retained earnings		**(126.6)**	(168.2)	(156.3)
Total equity		**27.9**	(18.1)	(3.5)
Total equity and liabilities		**740.4**	703.1	715.0

Consolidated statement of changes in equity (unaudited)
as at 30 June 2017

	Ordinary share capital £m	Share Premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Shareholders' equity as at 25 December 2015	6.1	4.8	141.7	(4.5)	(192.0)	(43.9)
Profit for the 26 weeks ended 24 June 2016	-	-	-	-	32.6	32.6
Remeasurement loss on defined benefit obligations	-	-	-	-	(2.1)	(2.1)
Tax on pensions	-	-	-	-	0.4	0.4
Total comprehensive income	-	-	-	-	30.9	30.9
Effects of employee share options	-	-	-	1.7	-	1.7
Tax on employee share options	-	-	-	0.3	-	0.3
Proceeds from share issue(1)	-	2.2	-	-	-	2.2
Gift to Employee Benefit Trust	-	-	-	(2.2)	-	(2.2)
Dividends (note 6)	-	-	-	-	(7.1)	(7.1)
Shareholders' equity as at 24 June 2016	6.1	7.0	141.7	(4.7)	(168.2)	(18.1)
Profit for the 27 weeks ended 30 December 2016	-	-	-	-	24.6	24.6
Remeasurement loss on defined benefit obligations	-	-	-	-	(10.4)	(10.4)
Tax on pensions	-	-	-	-	1.9	1.9
Restatement of deferred tax for the change in UK tax rate	-	-	-	-	(0.3)	(0.3)
Total comprehensive income	-	-	-	-	15.8	15.8
Effects of employee share options	-	-	-	1.3	-	1.3
Tax on employee share options	-	-	-	(0.1)	-	(0.1)
Proceeds from share issue(2)	-	1.5	-	-	-	1.5
Dividends (note 6)	-	-	-	-	(3.9)	(3.9)
Shareholders' equity as at 30 December 2016	6.1	8.5	141.7	(3.5)	(156.3)	(3.5)
Profit for the 26 weeks ended 30 June 2017	-	-	-	-	36.1	**36.1**
Remeasurement gain on defined benefit obligations	-	-	-	-	1.8	**1.8**
Tax on pensions	-	-	-	-	(0.3)	**(0.3)**
Total comprehensive income	-	-	-	-	37.6	**37.6**
Effects of employee share options	-	-	-	1.3	-	**1.3**
Tax on employee share options	-	-	-	0.2	-	**0.2**
Proceeds from share issue(3)	0.1	2.9	-	-	-	**3.0**
Gift to Employee Benefit Trust	-	-	-	(2.8)	-	**(2.8)**
Dividends (note 6)	-	-	-	-	(7.9)	**(7.9)**
Shareholders' equity as at 30 June 2017	**6.2**	**11.4**	**141.7**	**(4.8)**	**(126.6)**	**27.9**

(1) Relating to issue of 213,851 shares under 2013 LTIP scheme and 353 shares under 2013 SAYE scheme.
(2) Relating to issue of 103,655 shares under 2013 SAYE scheme.
(3) Relating to issue of 184,391 shares under 2014 LTIP scheme and 9,079 shares under 2013 SAYE scheme.

The above amounts relate to transactions with owners of the Company except for the items reported within total comprehensive income.

Capital redemption reserve
The capital redemption reserve represents £80,002,465 B Shares that were issued on 2 August 2006 and redeemed for cash on the same day and £19,274,610 B Shares that were issued on 10 October 2010 and redeemed for cash on 11 October 2010, £22,263,112 B Shares that were issued on 12 August 2013 and redeemed for cash on 20 August 2013 and £20,154,070 B Shares that were issued and redeemed for cash in November 2014.

Other reserves
Other reserves includes movements relating to the Group's SAYE and LTIP schemes and associated deferred tax, together with a £12.3 million merger reserve.

Consolidated statement of cash flows (unaudited)
for the 26 week period ended 30 June 2017

	Note	26 week period ended 30 Jun 2017	26 week period ended 24 Jun 2016	53 week period ended 30 Dec 2016 (audited)
		£m	£m	£m
Cash flows from operating activities				
Cash generated from operations before external transaction costs	9	**61.9**	64.6	121.1
External transaction costs in respect of acquisitions		**(0.8)**	(0.6)	(3.9)
Cash generated from operations		**61.1**	64.0	117.2
Finance income received		**0.1**	0.3	0.5
Finance costs paid		**(13.2)**	(13.2)	(38.5)
Transfer from restricted bank accounts for finance costs		**0.3**	12.8	12.8
Payments to restricted bank accounts for finance costs	7	**-**	(12.7)	(0.3)
Total payments in respect of finance costs		**(12.9)**	(13.1)	(26.0)
Tax paid		**(5.4)**	(5.3)	(10.6)
Net cash generated from operating activities		**42.9**	45.9	81.1
Cash flows from investing activities				
Acquisition of subsidiaries and businesses (net of cash acquired)	11	**(20.0)**	(6.0)	(56.3)
Proceeds from sale of property, plant and equipment		**0.4**	0.5	1.0
Maintenance capital expenditure(1)		**(9.5)**	(5.9)	(19.6)
Branch relocations		**(2.0)**	(0.8)	(1.6)
Satellite locations		**(0.4)**	(0.4)	(0.8)
Development of new crematoria and cemeteries		**(0.9)**	-	(0.8)
Purchase of property, plant and equipment and intangible assets		**(12.8)**	(7.1)	(22.8)
Net cash used in investing activities		**(32.4)**	(12.6)	(78.1)
Cash flows from financing activities				
Issue costs in respect of debt facility		**-**	-	(0.1)
Proceeds from share issue		**0.1**	-	1.5
Repayment of borrowings		**(4.4)**	(4.2)	(12.6)
Transfer from restricted bank accounts for repayment of borrowings		**-**	4.1	4.1
Payments to restricted bank accounts for repayment of borrowings	7	**-**	(4.2)	-
Total payments in respect of borrowings		**(4.4)**	(4.3)	(8.5)
Dividends paid to shareholders on Ordinary Shares	6	**(7.9)**	(7.1)	(11.0)
Net cash used in financing activities		**(12.2)**	(11.4)	(18.1)
Net (decrease)/ increase in cash and cash equivalents		**(1.7)**	21.9	(15.1)
Cash and cash equivalents at the beginning of the period		**67.1**	81.9	81.9
Cash and cash equivalents at the end of the period	7	**65.4**	103.8	66.8
Restricted cash	7	**-**	16.9	0.3
Cash and cash equivalents at the end of the period as reported in the consolidated balance sheet	7	**65.4**	120.7	67.1

(1) Maintenance capital expenditure includes vehicle replacement programme, improvements to locations and purchases of other tangible and intangible assets.

Notes to the interim financial information 2017 (unaudited)
for the 26 week period ended 30 June 2017

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The interim condensed consolidated financial information of Dignity plc (the 'Company') is for the 26 week period ended 30 June 2017 and comprises the results, assets and liabilities of the Company and its subsidiaries (the 'Group').

The interim condensed consolidated financial information has been reviewed, not audited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. This interim condensed consolidated financial information has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The interim condensed consolidated financial information has been prepared in accordance with all applicable International Financial Reporting Standards ('IFRSs'), as adopted by the European Union, that are expected to apply to the Group's Financial Report for the 52 week period ended 29 December 2017. 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 53 week period ended 30 December 2016. The Directors approved this interim condensed consolidated financial information on 2 August 2017.

The accounting policies applied by the Group in this interim condensed consolidated financial information are the same as those applied by the Group in its audited consolidated financial statements as at and for the 53 week period ended 30 December 2016, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. In preparing this interim condensed consolidated financial information, the significant judgments made by 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 53 week period ended 30 December 2016. Comparative information has been presented as at and for the 26 week period ended 24 June 2016, and as at and for the 53 week period ended 30 December 2016.

The comparative figures for the 53 week period ended 30 December 2016 do not constitute statutory accounts for the purposes of s434 of the Companies Act 2006. A copy of the Group's statutory accounts for the 53 week period ended 30 December 2016 have been delivered to the Registrar of Companies and contained an unqualified auditors' report which did not contain a statement made under section 498 (2) or (3) of the Companies Act 2006.

2 Revenue and segmental analysis

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker of the Group has been identified as the four Executive Directors. The Group has three reporting segments, funeral services, crematoria and pre-arranged funeral plans. The Group also reports central overheads, which comprise unallocated central expenses.

Funeral services relate to the provision of funerals and ancillary items, such as memorials and floral tributes.

Crematoria services relate to cremation services and the sale of memorials and burial plots at the Dignity operated crematoria and cemeteries.

Pre-arranged funeral plans represent the sale of funerals in advance to customers wishing to make their own funeral arrangements and the marketing and administration costs associated with making such sales.

Substantially all Group revenue is derived from, and substantially all of the Group's net assets and liabilities are located in, the United Kingdom and Channel Islands and relates to services provided. Overseas transactions are not material.

Underlying operating profit is stated before profit or loss on sale of fixed assets and external transaction costs. Underlying operating profit is included as it is felt that adjusting operating profit for these items provides a useful indication of the Group's performance.

2 Revenue and segmental analysis (continued)

The revenue and operating profit/ (loss), by segment, was as follows:

26 week period ended 30 June 2017

	Revenue £m	Underlying operating profit/ (loss) before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	Profit on sale of fixed assets and external transaction costs £m	Operating profit/ (loss) £m
Funeral services	**116.7**	**51.2**	**(6.1)**	**45.1**	**(0.7)**	**44.4**
Crematoria	**38.4**	**23.1**	**(2.2)**	**20.9**	**(0.1)**	**20.8**
Pre-arranged funeral plans	**14.7**	**5.0**	**(0.1)**	**4.9**	**-**	**4.9**
Central overheads	**-**	**(10.9)**	**(0.5)**	**(11.4)**	**-**	**(11.4)**
Group	**169.8**	**68.4**	**(8.9)**	**59.5**	**(0.8)**	**58.7**
Finance costs				**(13.5)**	**-**	**(13.5)**
Finance income				**0.1**	**-**	**0.1**
Profit before tax				**46.1**	**(0.8)**	**45.3**
Taxation				**(9.2)**	**-**	**(9.2)**
Underlying earnings for the period				**36.9**		
Total other items					**(0.8)**	
Profit after taxation						**36.1**
Earnings per share for profit attributable to equity shareholders						
– Basic (pence)				**74.1p**		**72.5p**
– Diluted (pence)				**73.9p**		**72.3p**

26 week period ended 24 June 2016

	Revenue £m	Underlying operating profit/ (loss) before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	Profit on sale of fixed assets, external transaction costs and exceptional items £m	Operating profit/ (loss) £m
Funeral services	111.6	49.7	(5.6)	44.1	(1.0)	43.1
Crematoria	32.5	20.0	(1.7)	18.3	0.1	18.4
Pre-arranged funeral plans	13.9	4.1	(0.1)	4.0	-	4.0
Central overheads	-	(10.4)	(0.4)	(10.8)	-	(10.8)
Group	158.0	63.4	(7.8)	55.6	(0.9)	54.7
Finance costs				(13.4)	-	(13.4)
Finance income				0.2	-	0.2
Profit before tax				42.4	(0.9)	41.5
Taxation				(8.9)	-	(8.9)
Underlying earnings for the period				33.5		
Total other items					(0.9)	
Profit after taxation						32.6
Earnings per share for profit attributable to equity shareholders						
– Basic (pence)				67.7p		65.9p
– Diluted (pence)				67.5p		65.7p

2 Revenue and segmental analysis (continued)

53 week period ended 30 December 2016

	Revenue £m	Underlying operating profit/ (loss) before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	Profit on sale of fixed assets, external transaction costs and exceptional items £m	Operating profit/ (loss) £m
Funeral services	217.8	90.6	(11.6)	79.0	(0.9)	78.1
Crematoria - existing	65.1	40.0	(3.4)	36.6	0.1	36.7
Crematoria - acquisitions	2.4	1.1	(0.1)	1.0	(3.0)	(2.0)
Crematoria	67.5	41.1	(3.5)	37.6	(2.9)	34.7
Pre-arranged funeral plans	28.3	8.7	(0.2)	8.5	-	8.5
Central overheads	-	(22.6)	(0.8)	(23.4)	(0.2)	(23.6)
Group	313.6	117.8	(16.1)	101.7	(4.0)	97.7
Finance costs				(26.9)	-	(26.9)
Finance income				0.4	-	0.4
Profit before tax				75.2	(4.0)	71.2
Taxation - continuing activities				(15.8)	-	(15.8)
Taxation - exceptional				-	1.8	1.8
Taxation				(15.8)	1.8	(14.0)
Underlying earnings for the period				59.4		
Total other items					(2.2)	
Profit after taxation						57.2
Earnings per share for profit attributable to equity shareholders						
– Basic (pence)				119.8p		115.3p
– Diluted (pence)				119.0p		114.6p

3 Net finance costs

	26 week period ended 30 Jun 2017 £m	26 week period ended 24 Jun 2016 £m	53 week period ended 30 Dec 2016 £m
Finance costs			
Secured Notes	**12.2**	12.4	24.7
Crematoria Acquisition Facility	**0.3**	0.3	0.6
Other loans	**0.7**	0.5	1.0
Net finance cost on retirement benefit obligations	**0.3**	0.2	0.4
Unwinding of discounts	**-**	-	0.2
Finance costs	**13.5**	13.4	26.9
Finance income			
Bank deposits	**(0.1)**	(0.2)	(0.4)
Finance income	**(0.1)**	(0.2)	(0.4)
Net finance costs	**13.4**	13.2	26.5

4 Taxation

The taxation charge on continuing operations in the period is based on a full year estimated effective tax rate, before exceptional items, of 20.0 per cent (2016: 21.0 per cent) on profit before tax for the 26 week period ended 30 June 2017.

	26 week period ended		53 week period ended
	30 Jun 2017	**24 Jun 2016**	30 Dec 2016
	£m	**£m**	£m
Taxation	**9.2**	8.9	14.0

The standard rate of Corporation Tax in the UK changed from 20 per cent to 19 per cent from 1 April 2017. In addition, changes have been substantively enacted that will mean the standard rate will reduce further to 17 per cent from 1 April 2020. Further rate changes are possible. Each percentage point reduction in Corporation Tax rate is expected to reduce the deferred tax liability by approximately £1.7 million.

5 Earnings per share (EPS)

The calculation of basic earnings per Ordinary Share has been based on the profit attributable to equity share holders for the relevant period.

For diluted earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of any dilutive potential Ordinary Shares.

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 issuable shares under the Group's LTIP Schemes. At the balance sheet date, the performance criteria for the vesting of the awards under the LTIP Schemes are assessed, as required by IAS 33, and to the extent that the performance criteria have been met those contingently issuable shares are included within the diluted EPS calculations.

The Board believes that profit on ordinary activities before profit (or loss) on sale of fixed assets, external transaction costs, exceptional items and after taxation is a useful indication of the Group's performance, as it excludes significant non-recurring items. This reporting measure is defined as 'Underlying profit after taxation'.

Accordingly, the Board believes that earnings per share calculated by reference to this underlying profit after taxation is also a useful indicator of financial performance.

Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below:

	Earnings £m	Weighted average number of shares millions	Per share amount pence
26 week period ended 30 June 2017			
Underlying profit after taxation and EPS	**36.9**	**49.8**	**74.1**
Less: Profit on sale of fixed assets and external transaction costs (net of taxation of £nil million)	**(0.8)**		
Profit attributable to shareholders – Basic EPS	**36.1**	**49.8**	**72.5**
Profit attributable to shareholders – Diluted EPS	36.1	49.9	72.3
26 week period ended 24 June 2016			
Underlying profit after taxation and EPS	33.5	49.5	67.7
Less: Profit on sale of fixed assets and external transaction costs (net of taxation of £nil million)	(0.9)		
Profit attributable to shareholders – Basic EPS	32.6	49.5	65.9
Profit attributable to shareholders – Diluted EPS	32.6	49.6	65.7
53 week period ended 30 December 2016			
Underlying profit after taxation and EPS	59.4	49.6	119.8
Add: Exceptional items, loss on sale of fixed assets and external transaction costs (net of taxation of £nil million)	(2.2)		
Profit attributable to shareholders – Basic EPS	57.2	49.6	115.3
Profit attributable to shareholders – Diluted EPS	57.2	49.9	114.6

6 Dividends

On 30 June 2017, the Group paid a final dividend, in respect of 2016, of 15.74 pence per share (2016: 14.31 pence per share) totalling £7.9 million (2016: £7.1 million).

On 2 August 2017, the Directors declared an interim dividend, in respect of 2017, of 8.64 pence per share (2016: 7.85 pence per share) totalling £4.3 million (2016: £3.9 million), which will be paid on 27 October 2017 to those shareholders on the register at the close of business on 21 September 2017.

7 Cash and cash equivalents

	30 Jun 2017 £m	24 Jun 2016 £m	30 Dec 2016 £m
Operating cash as reported in the consolidated statement of cash flows as cash and cash equivalents	**65.4**	103.8	66.8
Amounts set aside for debt service payments	**-**	16.9	0.3
Cash and cash equivalents as reported in the balance sheet	**65.4**	120.7	67.1

Amounts set aside for debt service payments

This amount was transferred to restricted bank accounts which could only be used for the payment of the interest and principal on the Secured Notes, the repayment of liabilities due on the Group's commitment fees due on its undrawn borrowing facilities and for no other purpose. Consequently, this amount does not meet the definition of cash and cash equivalents in IAS 7, Statement of Cash Flows. In June 2017 there is no restricted cash as payments were made on 30 June. In December 2016 this amount was used to pay these respective parties on 3 January 2017. Of this amount £nil million (December 2016: £0.3 million) is shown within the Statement of Cash Flows as 'Payments to restricted bank accounts for finance costs'.

8 Net debt

	30 Jun 2017 £m	24 Jun 2016 £m	30 Dec 2016 £m
Net amounts owing on Secured Notes per financial statements	**(569.5)**	(582.4)	(573.9)
Add: unamortised issue costs	**(0.7)**	(0.7)	(0.7)
Gross amounts owing on Secured Notes	**(570.2)**	(583.1)	(574.6)
Net amounts owing on Crematoria Acquisition Facility per financial statements	**(15.8)**	(15.7)	(15.7)
Add: unamortised issue costs on Crematoria Acquisition Facility	**-**	(0.1)	(0.1)
Gross amounts owing	**(586.0)**	(598.9)	(590.4)
Accrued interest on Secured Notes	**-**	(12.7)	(0.3)
Accrued interest on other debt facilities	**(0.2)**	-	(0.1)
Cash and cash equivalents	**65.4**	120.7	67.1
Net debt	**(520.8)**	(490.9)	(523.7)

In addition to the above, the consolidated balance sheet also includes finance lease obligations and other financial liabilities which totalled £0.7 million (June 2016: £0.7m; December 2016: £0.7 million). These amounts do not represent sources of funding for the Group and are therefore excluded from the calculation of net debt.

The Group's primary financial covenant in respect of the Secured Notes requires EBITDA to total debt service ('EBITDA DSCR') to be at least 1.5 times. At 30 June 2017, the actual ratio was 3.41 times (June 2016: 3.19 times; December 2016: 3.37 times).

These ratios are calculated for EBITDA and total debt service on a 12 month rolling basis and reported quarterly. In addition, both terms are specifically defined in the legal agreement relating to the Secured Notes. As such, they cannot be accurately calculated from the contents of this report.

9 Reconciliation of cash generated from operations

	26 week period ended		53 week period ended
	30 Jun 2017	24 Jun 2016	30 Dec 2016
	£m	£m	£m
Net profit for the period	**36.1**	32.6	57.2
Adjustments for:			
Taxation	**9.2**	8.9	14.0
Net finance costs	**13.4**	13.2	26.5
Profit on disposal of fixed assets	**-**	(0.1)	(0.1)
Depreciation charges	**8.4**	7.7	15.9
Amortisation of intangibles	**0.5**	0.1	0.2
Movement in inventories	**(0.9)**	0.5	0.4
Movement in trade receivables	**1.7**	0.7	(0.6)
Movement in trade payables	**(1.6)**	(0.4)	1.3
External transaction costs	**0.8**	1.0	4.1
Changes in other working capital (excluding acquisitions)	**(7.2)**	(1.5)	(1.4)
Employee share option charges	**1.5**	1.9	3.6
Cash generated from operations before external transaction costs	**61.9**	64.6	121.1

10 Financial risk management and financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 December 2016. There have been no changes in the approach to risk management or in any risk management policies since the year end.

(b) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair value of current and non-current financial assets and liabilities

	30 Jun 2017			24 Jun 2016			30 December 2016		
	Nominal value £m	**Book value £m**	**Fair value £m**	Nominal value £m	Book value £m	Fair value £m	Nominal value £m	Book value £m	Fair value £m
Secured A Notes – 3.5456% maturing 31 December 2034	**213.7**	**213.5**	**238.9**	226.7	226.4	246.5	218.2	217.9	241.8
Secured B Notes – 4.6956% maturing 31 December 2049	**356.4**	**356.0**	**440.3**	356.4	356.0	406.4	356.4	356.0	436.2
Crematoria Acquisition Facility	**15.8**	**15.8**	**15.8**	15.8	15.7	15.8	15.8	15.7	15.8
Finance leases	**0.7**	**0.7**	**0.7**	0.7	0.7	0.7	0.7	0.7	0.7
Total	**586.6**	**586.0**	**695.7**	599.6	598.8	669.4	591.1	590.3	694.5

The Crematoria Acquisition Facility and Secured Notes are held at amortised cost. Finance lease payables represent the present value of future minimum lease payments. Other categories of financial instruments include trade receivables and trade payables, however there is no difference between the book value and fair value of these items.

The fair values of the Secured Notes are their market value at the balance sheet date and are considered to be level 1.

The fair value of the Crematoria Acquisition Facility is considered to be nominal value, given the nature of the loan and the source of the cash flows support its repayment and is considered to be level 3.

11 Acquisitions and disposals

(a) Acquisition of subsidiary and other businesses

	Provisional fair value £m
Property, plant and equipment	**3.5**
Intangible assets: trade names	**12.9**
Cash acquired	**2.2**
Receivables	**-**
Provisions	**(0.2)**
Other working capital	**(0.1)**
Deferred taxation	**(2.3)**
Net assets acquired	**16.0**
Goodwill arising	**7.4**
	23.4

Satisfied by:	
Cash paid on completion (funded from internally generated cash)	**21.7**
Accrued consideration	**1.7**
Total consideration	**23.4**

During 2017, the Group acquired the operational interest of 14 funeral locations and one crematorium.

The residual excess of the consideration paid over the net assets acquired is recognised as goodwill, none of which is tax deductible. This goodwill represents future benefits to the Group in terms of revenue, market share and delivering the Group's strategy.

The fair values ascribed reflect provisional amounts, which will be finalised once acquisition working capital balances have been converted into cash. These fair values reflect the recognition of trade names and associated deferred taxation, and adjustments to reflect the fair value of other working capital items such as receivables, inventories and accruals which are immaterial.

Each acquisition made followed the Group's strategy to acquire such locations that will help the Group grow and create value for shareholders.

All acquisitions have been accounted for under the acquisition method. None were individually material and consequently have been aggregated. The aggregated impact of the acquisitions on the Income Statement for the period is not material.

(b) Reconciliation to cash flow statement

	£m
Cash paid on completion	**21.7**
Cash paid in respect of prior year acquisitions	**0.5**
Cash acquired on acquisition	**(2.2)**
Acquisition of subsidiaries and businesses as reported in the cash flow statement	**20.0**

(c) Acquisition and disposals of property, plant and equipment

In addition to the above, there were additions in relation to crematoria developments totalling £0.9 million (June 2016: £nil million; December 2016: £0.8 million) and £11.9 million (June 2016: £7.1 million; December 2016: £22.0 million) of other additions to property, plant and equipment in the period. The Group also received proceeds of £0.4 million (June 2016: £0.5 million; December 2016: £1.0 million) from disposals of property, plant and equipment, which had a net book value of £0.4 million (June 2016: £0.4 million; December 2016: £0.7 million).

The Group had capital expenditure authorised by the Board and contracted for at the balance sheet date of £22 million (June 2016: £19.5 million; December 2016: £8.6 million) in respect of property, plant and equipment.

12 Pre-arranged funeral plan trust

During the period, the Group entered into transactions with the National Funeral Trust, the Trust for Age UK Funeral Plans and the Dignity Limited Trust Fund (the 'Principal Trusts') and the Trusts related to businesses acquired since 2013 ('Recent Trusts') (and collectively, the 'Trusts') associated with the pre-arranged funeral plan businesses. The nature of the relationship with the Trusts is set out in the Group's 2016 Annual Report. Amounts may only be paid out of the Trusts in accordance with the relevant Trust Deeds.

Transactions principally comprise:

- The recovery of marketing and administration allowances in relation to plans sold net of cancellations (which are recognised by the Group as revenue within the pre-arranged funeral plan division at the time of the sale); and
- Receipts from the Trusts in respect of funerals provided (which are recognised by the Group as revenue within the funeral division when the funeral is performed).

Transactions also include:

- Receipts from the Trusts in respect of cancellations by existing members;
- Reimbursement by the Trusts of expenses paid by the Group on behalf of the respective Trusts; and
- The payment of realised surpluses generated by the Trust funds as and when the Trustees sanction such payments.

Transactions are summarised below:

	Transactions during the period			Amounts due to the Group at the period end		
	26 week period ended		53 week period ended	26 week period ended		53 week period ended
	30 Jun 2017 £m	24 Jun 2016 £m	30 Dec 2016 £m	**30 Jun 2017 £m**	24 Jun 2016 £m	30 Dec 2016 £m
Dignity Limited Trust Fund	**0.2**	0.2	0.3	**-**	-	-
National Funeral Trust	**25.8**	22.7	44.4	**7.0**	4.6	6.8
Trust for Age UK Funeral Plans	**18.8**	19.5	36.5	**3.7**	3.5	4.2
Recent Trusts	**2.8**	1.3	2.1	**0.1**	0.2	0.2
Total	**47.6**	43.7	83.3	**10.8**	8.3	11.2

Amounts due to the Group from the Trusts are included in Trade and other receivables.

13 Post balance sheet events

The Group has acquired three funeral locations since the balance sheet date.

See the Business and Financial Review for details of a new revolving credit facility obtained by the Group in July 2017.

There were no other significant post balance sheet event.

14 Interim Report

Copies of this Interim Report are available at the Group's website www.dignityfuneralsplc.co.uk.

15 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.

16 Seasonality

The Group's financial results and cash flows have historically been subject to seasonal trends between the first half and second half of the financial period. Traditionally, the first half of the financial period sees slightly higher revenue and profitability. There is no assurance that this trend will continue in the future.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that:

(a) The interim condensed consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

(b) The Interim Report includes a fair review of the information as required by:

- DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first half of 2017 and their impact on the interim condensed consolidated financial information; and a description of the principal risks and uncertainties for the remaining second half of the year; and

- DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first half of 2017 and any material changes in the related party transactions described in the last Annual Report.

The Directors of Dignity plc and their functions are listed below:

Peter Hindley - Non-Executive Chairman
Mike McCollum - Chief Executive
Steve Whittern - Finance Director
Andrew Davies - Operations Director
Richard Portman - Corporate Services Director
Alan McWalter – Senior Independent Director
David Blackwood - Non-Executive Director
Jane Ashcroft - Non-Executive Director
Mary McNamara - Non-Executive Director

By order of the Board

Steve Whittern
Finance Director
2 August 2017

Independent review report to Dignity plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the Interim Report for the 26 week period ended 30 June 2017 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 16. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for 26 week period ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Birmingham
2 August 2017