For immediate release **13 March 2008**

Dignity plc

Preliminary results for the 52 week period ended 28 December 2007

Dignity plc, announces its preliminary results for the 52 week period ended 28 December 2007.

Financial highlights

Underlying earnings per share[(a)]	Up 26% to 33.4p (2006: 26.6p)
Revenue	Up 6% to £159.5 million (2006: £149.8 million)
Underlying operating profit[(b)]	Up 8% to £47.6 million (2006: £44.1 million)
Underlying profit before tax[(b)]	Up 8% to £30.1 million (2006: £27.9 million)
Cash generated from operations[(c)]	Up 11% to £57.5 million (2006: £51.7 million)
Basic earnings per share	Up 33% to 34.4p (2006: 25.9p)
Operating profit	Up 10% to £47.7 million (2006: £43.4 million)
Profit before tax	Up 11% to £30.2 million (2006: £27.2 million)
Dividend per share	Interim dividend of 3.33p paid with a further 6.67p final dividend proposed (2006: interim dividend 3.03p, final dividend 6.06p)

(a) Underlying earnings per share is calculated as profit on ordinary activities before exceptional items and profit on sale of fixed assets and after taxation divided by the weighted average number of Ordinary Shares in issue in the period.

(b) Before profit on sale of fixed assets and non-recurring costs expensed relating to redemption of B shares in August 2006.

(c) Before lump sum payment to final salary pension scheme of £10 million in August 2006 and £0.7 million payment in respect of redemption of B shares.

Highlights

- Outlook remains positive.
- Strong trading performance.
- Both funerals and crematoria divisions produced good results and margins continued to expand.
- Continued high customer satisfaction results.
- 21 funeral locations acquired in 2007 (and a further 6 funeral locations acquired since December).
- Total unfulfilled pre-arranged funeral plans increased to 197,300 plans.

Peter Hindley, Chief Executive of Dignity plc:

"Dignity's stable and predictable business has once again delivered strong growth in operating profits, increasing 8 per cent to £47.6 million. This performance, combined with an efficient capital structure, resulted in earnings per share increasing 26 per cent to 33.4 pence per share.

Trading in the first two months of 2008 has been strong and the Group is well placed to deliver further growth in 2008."

For more information

Peter Hindley, Chief Executive

Mike McCollum, Finance Director

Dignity plc **+44(0) 20 7466 5000**

Richard Oldworth

Suzanne Brocks

Buchanan Communications **+44 (0) 20 7466 5000**

Chairman's Statement

Results

The Group's fourth year as a listed company has once again been successful. We have delivered on all aspects of our strategy, which has been in place since flotation.

Good performance from all divisions, supported by an efficient capital structure, has resulted in a 26 per cent increase in underlying earnings per share (which excludes profit on sale of fixed assets and non-recurring exceptional items) to 33.4 pence per share (2006: 26.6 pence per share).

Basic earnings per share were 34.4 pence per share (2006: 25.9 pence per share), an increase of 33 per cent.

The year finished on a high, with the Group entering the FTSE 250 in December 2007.

Dividends

In October, an interim dividend of 3.33 pence per Ordinary Share was paid in respect of profits relating to 2007.

The Board has proposed that a final dividend of 6.67 pence per Ordinary Share should be paid from profits generated in 2007. Subject to shareholder consent at the Annual General Meeting, this will be paid on 27 June 2008 to members on the register at close of business on 6 June 2008.

These dividends represent a 10 per cent increase year on year, continuing the pattern of progressive dividends since flotation.

The Board, management and people

One of Dignity's key strengths is its people, who are all focused on providing client service excellence in whatever role they perform. According to our clients, our service continues to be excellent, which taken with these operating results demonstrates that commitment.

There were no changes to the Board in 2007 and I thank my fellow Directors for their continued support. I am delighted the Non-Executive Directors have agreed to extend their commitment to work with the Group for a further two years.

Outlook for 2008

Given the success of our strategy so far, we plan that our approach for 2008 will remain unchanged.

Trading in the first eight weeks of 2008 has been strong and the Group is well placed to deliver further growth in this coming year.

Richard Connell
Chairman
13 March 2008

Chief Executive's Overview

Strong performance

Dignity's stable and predictable business has once again delivered strong growth in underlying operating profits, increasing 8 per cent to £47.6 million (2006: £44.1 million). Operating profits increased 10 per cent to £47.7 million (2006: £43.4 million). Combined with our funding strategy, this has delivered an excellent return for our shareholders in the period.

Valuing our people

During the period, my fellow Executive Directors and I have increased the number of visits to our funeral locations to see at first hand the quality of service being provided by our staff. During each visit, we have spoken to colleagues who are passionate about looking after each and every family to the best of their ability. They truly are a credit to this business and we look forward to meeting other colleagues in similar visits in 2008.

I am delighted that service excellence has been converted into strong operating results. This enabled us to make a discretionary bonus payment of £1.2 million to permanent members of staff not covered by any other bonus scheme. This equates to £600 for each full time employee and is an increase of 20 per cent over that paid in the previous period.

Furthermore, we continue to maintain our final salary pension scheme, keeping it open to new employees. Following our £10.0 million lump sum contribution in 2006, the scheme shows a surplus within these financial statements of £6.8 million (2006: £0.6 million).

Investing in growth responsibly

Since flotation, the Group has invested £35.9 million in acquisitions of funeral businesses, representing 43 funeral locations. This investment in quality businesses delivers excellent returns for our shareholders and is a very effective use of our excess operating cash.

Similarly, £20.9 million has been invested in 224 hearses and limousines and 436 other new vehicles in the last four years, whilst £14.6 million of other capital expenditure has been spent to improve the facilities at 169 locations. This substantial investment is helping to provide our staff with a better environment for delivering excellent client service.

The marketing of pre-arranged funeral plans also serves as a significant investment in the business, being a key driver of incremental revenues for future periods. The Group expects to carry out the funeral for the majority of these sales, which in turn, through client service excellence and recommendations, will deliver further volumes going forward. At the same time, these plans provide great peace of mind to people in our communities, who know that their affairs will be dealt with as they wish.

Our focus

The Group's strategy is very clearly focused on growing profitability in a responsible and sustainable manner. Underpinning this is a commitment to excellent client service and recognition of the importance of balancing the needs of our customers, our employees, our shareholders and the communities in which we work.

We satisfy the needs of all our stakeholders by staying committed to both helping people through one of the most difficult times of their lives and to our strategy. These have remained consistent for many years.

Business Review

Introduction

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans, which respectively represent 79 per cent, 16 per cent and 5 per cent of the Group's revenues. Funeral services revenues relate to the provision of funerals and ancillary items such as memorials and floral tributes. Crematoria revenues arise from cremation services and the sale of memorials and burial plots at the Group's crematoria and cemeteries. Pre-arranged funeral plan income represents amounts to cover the costs of marketing and administering the sale of plans.

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).

In April 2007, the ONS suspended the provision of this information, pending the implementation of a new computerised births, marriages and deaths system.

In October 2007, provision of the information recommenced. Historically, the estimates were updated by the ONS from time to time, with such results typically fluctuating by approximately one per cent. To maintain consistency of its key performance indicators, the Group has not amended its reporting for these changes in the past.

It is unclear at present whether the new computerised system will cause similar or smaller differences between the initial and final published deaths in any period and therefore it is unclear to what extent the 2007 estimates are directly comparable to the 2006 estimates, which were reported under the old system.

Nonetheless, the figures continue to give a good general background to the Group's performance.

The initial publication recorded total estimated deaths for 2007 of 553,000 (2006: 548,100).

Funeral services

The Group operates a network of 540 (2006: 521) funeral locations throughout Britain, trading under local established names. During the period, the Group conducted 66,500 funerals (2006: 66,500) representing approximately 12.0 per cent (2006: 12.1 per cent) of total estimated deaths in Britain.

Underlying operating profits were £42.1 million (2006: £39.3 million), an increase of 7.1 per cent. This reflects the benefit from increased spend per funeral and continued cost control. Reported operating profits were £42.2 million (2006: £39.3 million), an increase of 7.4 per cent.

2007 has been the busiest period for funeral acquisitions since flotation, with a total of £16.6 million being invested in 21 funeral locations. All acquisitions matched the Group's criteria for investment and have complemented the existing core business well with their geographical locations and client service ethic.

The Group closed two (2006: six) unprofitable locations in the period.

The division has continued to benefit from financial investment in the period to help maintain and improve the network. £4.9 million has been spent in the period to acquire 46 new hearses and limousines and 99 other vehicles. Furthermore, the Group has spent £2.4 million on ongoing maintenance capital expenditure to refurbish and improve 84 locations.

Client service

The Group has always been clear that client service excellence is at the heart of our strategy for growth. Our quality of client service is borne out in the responses to the surveys that are sent out to each family we care for.

These results continue to demonstrate exceptional levels of service, with 98 per cent (2006: 98 per cent) of families responding saying that they would either definitely or probably recommend our services.

Maintaining this level of service is of key importance, given that 75 per cent of the Group's funeral business comes from reputation and recommendation.

As a result, close monitoring of local survey results, regular training and detailed procedures are in place to ensure standards are maintained.

Crematoria

The Group operates 22 crematoria and performed 38,900 cremations (2006: 38,500) in the period. This market share of 7.0 per cent (2006: 7.0 per cent) reflects the Group's position as the largest single operator of crematoria in Britain. The market share in 2007 includes approximately 500 additional cremations at two locations following the temporary closure of a nearby local authority crematorium.

Revenues of £25.7 million (2006: £23.2 million) have resulted in operating profits of £14.0 million (2006: £12.1 million), an increase of 15.7 per cent. This reflects an improved performance in memorial sales following detailed training and focus in the period. This programme of training continues into 2008.

During the period, the Group opened new memorial areas at its locations in South London and Crawley, at a cost of £0.5 million. These developments will in time hold many commemorative memorials and provide space for quiet contemplation when families visit in the following years to remember their loved ones.

In addition to this investment, the Group has spent £0.7 million improving the facilities at its 22 locations.

Pre-arranged funeral plans

The Group continues to be the market leader in this area. Unfulfilled pre-arranged funeral plans were 197,300 at the end of the period (2006: 188,800). These plans represent future incremental business for the funeral division, as the Group expects to perform the majority of these funerals.

On 8 January 2007, the Group acquired the minority interest in Advance Planning Limited from Age Concern Enterprises Limited (ACEnt). As part of this arrangement, the Group has a 10-year marketing agreement in place with ACEnt to provide pre-arranged funeral plans using the Age Concern brand during this time. This is an excellent development, as this route to market has proved to be successful in the past.

In order to grow this part of the business, our focus has been on two distinct areas; developing the Dignity Funeral Plan endorsed by the actor Christopher Timothy and developing marketing and distribution relationships with further reputable affinity partners. In both cases successful tests lead us to expect further progress in 2008.

Head office

Head office costs relate to central services that are not specifically attributed to a particular operational division. These include the provision of IT, finance, personnel and Directors' emoluments. In addition, the Group records the costs of incentive bonus arrangements such as Long Term Incentive Plans (LTIPs) and management incentives for 95 managers across all divisions within this segment.

Costs in the period were £10.9 million (2006: £9.7 million), an increase of 12.4 per cent. This primarily reflects the increased pay-out of bonus arrangements and a payment to a former director in lieu of notice.

Investment for the future

Acquisition activity in funeral services has continued in the first quarter of 2008, with a further six funeral locations being acquired for total consideration of £4.4 million. Consistent application of our acquisition criteria will continue, ensuring only well established, respected businesses are acquired that will contribute to the future growth of the Group.

The Group continues to seek opportunities with local authorities to manage their crematoria and cemeteries. We continue to be the preferred bidder for Rotherham Metropolitan Borough Council's crematorium and cemeteries and anticipate legal completion in the second quarter of 2008.

In the pre-arranged funeral plan division, testing of various opportunities continues, each focused on the overall goal of increasing the number of unfulfilled pre-arranged funeral plans.

Peter Hindley
Chief Executive
13 March 2008

Financial Review

The market conditions in which the Group operates and its trading performance during the 52 week period ended 28 December 2007 are described in the Chairman's Statement, the Chief Executive's Overview and the Business Review.

Financial highlights

	2007	2006	% increase
Revenue (£ million)	**159.5**	149.8	6
Underlying operating profit* (£ million)	**47.6**	44.1	8
Underlying profit before tax* (£ million)	**30.1**	27.9	8
Underlying earnings per share* (pence)	**33.4**	26.6	26
Underlying cash generated from operations* (£ million)	**57.5**	51.7	11
Operating profit (£ million)	**47.7**	43.4	10
Profit before tax (£ million)	**30.2**	27.2	11
Basic earnings per share (pence)	**34.4**	25.9	33
Interim dividend (pence)	**3.33**	3.03	10
Final dividend (pence)	**6.06**	-	n/a

* Underlying amounts exclude profit on sale of fixed assets and exceptional items.

The Board has proposed a dividend of 6.67 pence per Ordinary Share as a final distribution of profits relating to 2007. This brings the total dividend in respect of 2007 to 10 pence per share, an increase of 10 per cent.

Capital structure and financing

The Group's only external long term debt financing is the Class A and B Secured Notes, rated A and BBB respectively.

The Board considers that maintaining a leveraged balance sheet is appropriate for the Group, given the highly stable and predictable nature of its cash flows. This has the benefit of maximising shareholder returns, whilst leaving sufficient flexibility to invest in the growth of the business.

The Board is of the opinion that the following provides additional indicative information regarding the net debt position of the Group:

	28 December 2007 £m	29 December 2006 £m
Net amounts owing on Class A and B Secured Notes per financial statements	**(267.0)**	(268.4)
Add: unamortised issue costs	**(17.2)**	(18.6)
Gross amounts owing	**(284.2)**	(287.0)
Accrued interest on Class A and B Secured Notes (paid 31 December 2007)	**(9.9)**	-
Cash and cash equivalents	**52.6**	41.4
Net debt	**(241.5)**	(245.6)

The Group's finance expense substantially consists of the interest on the Class A and B Secured Notes and ancillary instruments. The principal and interest on the Secured Notes amortise fully over their life and are completely repaid by 2031. The interest rate is fixed for the life of the Secured Notes and interest is calculated on the outstanding principal. The net finance charge in the period relating to these instruments was £20.1 million (2006: £19.4 million). This year on year increase reflects the Secured Notes issued in February 2006 only incurring interest since issue in 2006 and for a full 52 week period in 2007.

Other ongoing finance costs incurred in the period amounted to £0.8 million (2006: £1.0 million), including the unwinding of discounts on the Group's provisions and other financial liabilities.

Interest receivable on bank deposits was £2.7 million (2006: £4.0 million). Interest receivable in 2006 was greater due to the £90.0 million proceeds of the debt issue in 2006, which were retained in cash for approximately six months before being returned to shareholders and used to pay a £10.0 million contribution to the Group's pension scheme.

This contribution to the pension scheme has helped to improve its position, demonstrated by the £0.7 million (2006: £nil) of net finance income. No significant interest was earned on the debenture loan (2006: £0.2 million) following its repayment during the period.

Underlying profit after tax

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. Accordingly, the following information is presented to aid understanding of the performance of the Group:

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Operating profit for the period as reported	**47.7**	43.4
Add/(deduct) the effects of:		
Exceptional costs of redemption of B shares	**-**	0.7
Profit on sale of fixed assets	**(0.1)**	-
Underlying operating profit	**47.6**	44.1
Net finance charges	**(17.5)**	(16.2)
Underlying profit before tax	**30.1**	27.9
Tax charge on underlying profit before tax	**(9.1)**	(8.6)
Underlying profit after tax	**21.0**	19.3
Weighted average number of Ordinary Shares in issue during the period (million)	**62.8**	72.6
Underlying EPS (pence)	**33.4p**	26.6p
Increase in underlying EPS (per cent)	**26**	

Earnings per share

The Group's earnings were £21.6 million (2006: £18.8 million). Basic earnings per share were 34.4 pence per share (2006: 25.9 pence per share).

However, the Group's reported earnings include the £0.5 million one off benefit for taxation described later in this review and £0.1 million profit on sale of fixed assets. Consequently, the Group's underlying profit after tax was £21.0 million (2006: £19.3 million), giving underlying earnings per share of 33.4 pence per share (2006: 26.6 pence per share), an increase of 26 per cent.

This increase demonstrates the strong operating performance combined with a 13 per cent reduction in the weighted average number of shares in issue. This reduction was a combination of two factors.

The principal factor is the result of what was effectively a share buy back programme, made possible by the issue of Secured Notes and return of value of £1 per share (£80 million) in August 2006.

Secondly, the first Save As You Earn (SAYE) and Long Term Incentive Plan (LTIP) Schemes introduced in 2004, the year of flotation, matured. This resulted in 1.0 million new Ordinary Shares being issued at various points during the period. Consequently, the weighted average number of shares was 62.8 million in the period, compared to 72.6 million in the previous period.

Cash flow and cash balances

Cash generated from operations before exceptional items was £57.5 million (2006: £51.7 million). This increase in cash generation is more than the equivalent increase in operating profits before depreciation. This demonstrates that the Group's operations convert trading activities to cash efficiently, with effective working capital management also positively impacting the position.

A busy year for acquisitions witnessed £16.6 million (2006: £7.3 million) being spent on funeral acquisitions, with a further £2.0 million (2006: £nil million) being incurred in the period to acquire the minority interest in Advance Planning Limited.

Capital expenditure increased year on year, with £8.5 million (2006: £8.0 million) being spent principally on replacing older vehicles in the Group's fleet in line with a planned replacement programme and improvements to the Group's premises and plant.

During the period, the Group's £1.0 million debenture loan to KCH Repatriation Limited was repaid. In addition, £1.5 million was received in exchange for new Ordinary Shares following the completion of the Group's first SAYE scheme.

The Group also made a final dividend payment in the period totalling £3.8 million. No separate final dividend was paid in 2006, as a result of the £1 per share return of value in August 2006.

Cash balances at the end of the period were £52.6 million. £12.4 million represents amounts legally set aside to fund the Group's liabilities to Class A and B Secured Noteholders. This payment was due on 31 December 2007, the first day of the Group's 2008 trading period as it reports on a 52 week basis rather than on a calendar year. These funds do not qualify as cash or cash equivalents for the purposes of IAS 7, Cash Flow Statements. Accordingly, £10.2 million has been reported within the cash flow statement as 'Payments to restricted bank accounts for finance charges' and £2.2 million has been reported as 'Payments to restricted bank accounts for repayment of borrowings'.

£21.5 million of the remainder has been set aside for acquisitions, of which £4.4 million has been used since the balance sheet date. £10.6 million has also been set aside for future corporation tax and dividend payments. However, these funds could be used for further acquisitions if suitable opportunities arose, with statutory payments being funded out of future operating cash flows.

Full details and analysis of the Group's cash balances are included in note 7.

Taxation

In June 2007, legislation was passed confirming that the rate of corporation tax would reduce from 30 per cent to 28 per cent from 1 April 2008. As a result, the Group recognised exceptional tax income of £0.5 million through its income statement to reflect the one off reduction in the period of the Group's deferred tax position.

This also had the effect of reducing the Group's effective tax rate (excluding the non-recurring adjustment) to 30 per cent in 2007, compared to 31 per cent in the previous period.

The Group anticipates its effective tax rate will transition to 29 per cent in the 2009 financial period and beyond following these legislative changes.

The latest Budget Report was issued on 12 March 2008, the day before the release of this preliminary announcement. Accordingly, it is too early to have completed any detailed analysis on any new proposals announced by the Chancellor of the Exchequer. The Group will make appropriate announcements in due course as required by the Listing Rules if any aspect is considered to have a material effect on the Group's earnings.

However, further legislation is anticipated in respect of Industrial Buildings Allowances. If this is substantially enacted in the form expected in 2008, then this will result in a one off charge to the income statement of £0.5 million.

Key performance indicators

The Group uses a number of performance indicators to both manage the business and ensure that the Group's strategy and objectives are being delivered.

	52 week period ended 28 December 2007	52 week period ended 29 December 2006
Total estimated number of deaths (number)	**553,000**	548,100
Number of funerals performed (number)	**66,500**	66,500
Funeral market share (per cent)	**12.0**	12.1
Number of cremations performed (number)	**38,900**	38,500
Crematoria market share (per cent)	**7.0**	7.0
Unfulfilled pre-arranged funeral plans (number)	**197,300**	188,800
Underlying earnings per share (£ million)	**33.4**	26.6
Underlying operating profit (£ million)	**47.6**	44.1
Underlying cash generated from operations (£ million)	**57.5**	51.7

These key performance indicators are produced using information supplied by ONS and company data.

Mike McCollum
Finance Director
13 March 2008

Consolidated income statement

For the 52 week period ended 28 December 2007

	Note	**52 week period ended 28 December 2007 £m**	52 week period ended 29 December 2006 £m
Revenue	1	**159.5**	149.8
Cost of sales		**(77.0)**	(73.2)
Gross profit		**82.5**	76.6
Administrative expenses		**(36.3)**	(34.4)
Other operating income		**1.5**	1.2
Operating profit before exceptional charges	1	**47.7**	44.1
Exceptional charges	2	**-**	(0.7)
Operating profit	1	**47.7**	43.4
Finance charges	3	**(21.7)**	(22.1)
Finance income	3	**4.2**	5.9
Profit before tax	1	**30.2**	27.2
Taxation – before exceptional items	4	**(9.1)**	(8.4)
Taxation – exceptional	4	**0.5**	-
Taxation	4	**(8.6)**	(8.4)
Profit for the period attributable to equity shareholders		**21.6**	18.8
Earnings per share for profit attributable to equity shareholders (pence)			
– Basic and diluted	5	**34.4p**	25.9p

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

Consolidated statement of recognised income and expense

For the 52 week period ended 28 December 2007

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Profit for the period	**21.6**	18.8
Actuarial gains on retirement benefit obligations	**5.4**	2.4
Deferred tax on actuarial gains on retirement benefit obligations	**(1.5)**	(0.7)
Net income not recognised in income statement	**3.9**	1.7
Total recognised income for the period	**25.5**	20.5
Attributable to:		
Equity shareholders of the parent	**25.5**	20.5

Consolidated balance sheet

As at 28 December 2007

	Note	**28 December 2007 £m**	29 December 2006 £m
Assets			
Non-current assets			
Goodwill		**119.6**	111.3
Intangible assets		**24.7**	12.1
Property, plant and equipment		**91.1**	89.1
Financial and other assets		**4.5**	5.6
Retirement benefit asset		**6.8**	0.6
		246.7	218.7
Current assets			
Inventories		**3.4**	3.0
Trade and other receivables		**22.7**	19.2
Cash and cash equivalents	7	**52.6**	41.4
		78.7	63.6
Total assets		**325.4**	282.3
Liabilities			
Current liabilities			
Financial liabilities		**7.1**	4.6
Trade and other payables		**33.0**	19.2
Current tax liabilities		**1.9**	2.7
Provisions for liabilities and charges		**1.3**	1.4
		43.3	27.9
Non-current liabilities			
Financial liabilities		**267.1**	271.0
Deferred tax liabilities		**14.9**	7.2
Other non–current liabilities		**2.8**	2.9
Provisions for liabilities and charges		**1.9**	1.6
		286.7	282.7
Total liabilities		**330.0**	310.6
Shareholders' equity			
Ordinary shares	8	**5.7**	5.6
Share premium account	8	**33.8**	31.6
Capital redemption reserve	8	**80.0**	80.0
Other reserves	8	**(9.0)**	(9.5)
Retained earnings	8	**(115.1)**	(134.8)
Equity attributable to shareholders		**(4.6)**	(27.1)
Minority interest in equity	8	**-**	(1.2)
Total equity		**(4.6)**	(28.3)
Total equity and liabilities		**325.4**	282.3

Consolidated cash flow statement

For the 52 week period ended 28 December 2007

	Note	**52 week period ended 28 December 2007 £m**	52 week period ended 29 December 2006 £m
Cash flows from operating activities			
Cash generated from operations before exceptional payments	9	**57.5**	51.7
Exceptional costs in respect of redemption of B shares		**-**	(0.7)
Exceptional contribution to pension scheme		**-**	(10.0)
Cash generated from operations	9	**57.5**	41.0
Finance income received		**2.1**	4.2
Finance charges paid		**(10.3)**	(20.8)
Payments to restricted bank accounts for finance charges	7	**(10.2)**	-
Tax paid		**(6.4)**	(6.1)
Net cash generated from operating activities		**32.7**	18.3
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		**(16.6)**	(7.3)
Acquisition of minority interest		**(2.0)**	-
Proceeds from sale of property, plant and equipment		**0.9**	0.6
Purchase of property, plant and equipment		**(8.5)**	(8.0)
Transfers to restricted bank accounts	7	**(0.3)**	-
Net cash used in financing activities		**(26.5)**	(14.7)
Cash flows from financing activities			
Proceeds from issue of Secured Notes		**-**	90.2
Issue costs in respect of Secured Notes		**-**	(3.7)
Receipt of debenture loan		**1.0**	-
Repayment of borrowings		**(2.1)**	(4.1)
Payments to restricted bank accounts for repayment of borrowings	7	**(2.2)**	-
Interim dividends paid to shareholders	6	**(2.1)**	(1.9)
Final dividends paid to shareholders*	6	**(3.8)**	-
Proceeds from issue of shares under SAYE scheme		**1.5**	-
Redemption of B shares*		**-**	(80.0)
Net cash (used)/generated in financing activities		**(7.7)**	0.5
Net (decrease) / increase in cash and cash equivalents		**(1.5)**	4.1
Cash and cash equivalents at the beginning of the period		**40.2**	36.1
Cash and cash equivalents at the end of the period	7	**38.7**	40.2

*No final dividend was paid in 2006 because of the redemption of B shares made in August 2006, which equated to £1 per Ordinary Share.

1 Revenue and segmental analysis

52 week period ended 28 December 2007	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Head office £m	Group £m
Revenue	**126.3**	**25.7**	**7.5**	**-**	**159.5**
Segment result	**42.2**	**14.0**	**2.4**	**(10.9)**	**47.7**
Finance charges					**(21.7)**
Finance income					**4.2**
Profit before tax					**30.2**
Taxation					**(8.6)**
Profit for the period					**21.6**
Attributable to:					
Equity shareholders of the parent					**21.6**

The segment assets and liabilities were as follows:

As at 28 December 2007	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Head office £m	Group £m
Segment assets	**201.4**	**56.8**	**12.7**	**1.8**	**272.7**
Unallocated assets:					
Financial assets – loans and receivables					**0.1**
Cash and cash equivalents					**52.6**
Total assets					**325.4**
Segment liabilities	**(19.9)**	**(2.7)**	**(2.1)**	**(5.2)**	**(29.9)**
Unallocated liabilities:					
Borrowings					**(273.4)**
Accrued interest					**(9.9)**
Corporation tax					**(1.9)**
Deferred tax					**(14.9)**
Total liabilities					**(330.0)**
Other segment items:					
Capital expenditure (including acquisitions)	**23.9**	**0.7**	**-**	**0.4**	**25.0**
Depreciation	**5.8**	**1.2**	**-**	**0.3**	**7.3**
Amortisation	**0.1**	**-**	**-**	**0.6**	**0.7**
Impairment of trade receivables	**1.0**	**-**	**-**	**-**	**1.0**
Other non cash expenses	**-**	**-**	**-**	**0.8**	**0.8**
Profit on sale of fixed assets	**0.1**	**-**	**-**	**-**	**0.1**

1 Revenue and segmental analysis (continued)

52 week period ended 29 December 2006	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Head office £m	Group £m
Revenue	120.0	23.2	6.6	-	149.8
Segment result before exceptional charges	39.3	12.1	2.4	(9.7)	44.1
Exceptional charges	-	-	-	(0.7)	(0.7)
Segment result	39.3	12.1	2.4	(10.4)	43.4
Finance charges					(22.1)
Finance income					5.9
Profit before tax					27.2
Taxation					(8.4)
Profit for the period					18.8
Attributable to:					
Equity shareholders of the parent					18.8

The segment assets and liabilities were as follows:

As at 29 December 2006	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Head office £m	Group £m
Segment assets	174.0	55.6	8.4	1.8	239.8
Unallocated assets:					
Financial assets – loans and receivables					1.1
Cash and cash equivalents					41.4
Total assets					282.3
Segment liabilities	(17.7)	(2.4)	(1.8)	(4.0)	(25.9)
Unallocated liabilities:					
Borrowings					(274.8)
Corporation tax					(2.7)
Deferred tax					(7.2)
Total liabilities					(310.6)
Other segment items:					
Capital expenditure (including acquisitions)	14.1	0.9	-	0.2	15.2
Depreciation	5.4	1.2	-	0.3	6.9
Amortisation	0.1	-	-	0.5	0.6
Impairment of trade receivables	1.0	0.1	-	-	1.1
Other non-cash expenses	0.2	-	-	0.8	1.0

2 Exceptional items

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Professional fees in relation to redemption of B Shares	**-**	0.7
Total exceptional items	**-**	0.7

3 Net finance charges

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Finance charges		
Class A and B Secured Notes – issued April 2003	**14.4**	14.6
Class A and B Secured Notes – issued February 2006	**5.2**	5.3
Amortisation of issue costs – issued April 2003	**1.1**	0.9
Amortisation of issue costs – issued February 2006	**0.2**	0.3
Other loans	**0.1**	0.1
Interest payable on finance leases	**0.1**	0.1
Unwinding of discounts	**0.6**	0.8
Finance charges	**21.7**	22.1

Finance income		
Bank deposits	**(2.7)**	(4.0)
Release of premium on Secured Notes – issued February 2006	**(0.8)**	(0.9)
Prepaid interest on issue of Class A and B Secured Notes	**-**	(0.8)
Net finance income on retirement benefit obligations	**(0.7)**	-
Debenture loan	**-**	(0.2)
Finance income	**(4.2)**	(5.9)
Net finance charges	**17.5**	16.2

4 Taxation

Analysis of charge in the period

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Current tax – current period	**7.0**	6.6
Adjustment for prior period	**(0.2)**	(0.2)
	6.8	6.4
Deferred tax – current period	**2.3**	1.8
Adjustment for prior period	**-**	0.2
Exceptional adjustment for rate change – 30 % to 28 %	**(0.5)**	-
	1.8	2.0
Taxation	**8.6**	8.4

All tax relates to continuing operations.

5 Earnings per share

The calculation of basic earnings per Ordinary Share has been based on the profit 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 all 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 issueable 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 had not been met and these contingently issueable shares have been excluded from the diluted EPS calculations.

The Board believes that profit on ordinary activities before exceptional items, profit on sale of fixed assets 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' in the Financial Review.

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
52 week period ended 28 December 2007			
Profit attributable to shareholders – Basic and diluted EPS	**21.6**	**62.8**	**34.4**
Deduct: Exceptional items and profit on sale of fixed assets (net of taxation)	(0.6)		
Underlying profit after taxation – Basic EPS	21.0	62.8	33.4
52 week period ended 29 December 2006			
Profit attributable to shareholders – Basic and diluted EPS	18.8	72.6	25.9
Add back: Exceptional items (net of taxation)	0.5		
Underlying profit after taxation – Basic EPS	19.3	72.6	26.6

In 2007, the potential issue of new shares pursuant to the Group's share option plans in the period would not affect the earnings per share (2006: would affect earnings per share by less than 0.1 pence per share if exercised).

6 Dividends

	52 week period ended 28 December 2007 £m	52 week period ended 29 December 2006 £m
Final dividend paid: 6.06p per Ordinary Share (2006: nil p)	**3.8**	-
Interim dividend paid: 3.33p (2006: 3.03p) per Ordinary Share	**2.1**	1.9
Total dividends recognised in the period	**5.9**	1.9

A final dividend of 6.67 pence per share, in respect of 2007, has been proposed by the Board. This will be paid on 27 June 2008 provided approval is gained from shareholders at the Annual General Meeting on 6 June 2008 and will be paid to shareholders on the register at close of business on 6 June 2008.

7 Cash and cash equivalents

	Note	28 December 2007 £m	29 December 2006 £m
Operating cash as reported in the cash flow statement as cash and cash equivalents		**38.7**	40.2
Recoveries: pre-arranged funeral plans	(a)	**1.5**	1.2
Amounts set aside for debt service payments	(b)	**12.4**	-
Cash and cash equivalents as reported in the balance sheet		**52.6**	41.4

(a) Recoveries may not be used for one year following receipt and therefore do not meet the definition of cash and cash equivalents in IAS 7, Cash Flow Statements. Movements in theses amounts are shown as ‘Transfers to restricted bank accounts’ in ‘Investing activities’.

(b) 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 interest rate swaps and commitment fees due on its undrawn borrowing facilities and for no other purpose.

This amount does not meet the definition of cash and cash equivalents in IAS 7, Cash Flow Statements. This amount was used to pay these respective parties on 31 December 2007. £10.2 million is shown within the cash flow statement as ‘Payments to restricted bank accounts for finance charges’. £2.2 million is shown within ‘Financing activities’ as ‘Payments to restricted bank accounts for repayment of borrowings’.

8 Statement of changes in shareholders' equity

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total £m	Minority interest £m	Total equity £m
Shareholders' equity as at 30 December 2005	5.6	111.6	-	(10.4)	(74.2)	32.6	(1.2)	31.4
Profit for the 52 weeks ended 29 December 2006	-	-	-	-	18.8	18.8	-	18.8
Reclassification of actuarial gains and losses on defined benefit plans (net of deferred tax)*	-	-	-	(0.8)	0.8	-	-	-
Actuarial gains and losses on defined benefit plans	-	-	-	-	2.4	2.4	-	2.4
Deferred tax on pensions	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Effects of employee share options	-	-	-	0.7	-	0.7	-	0.7
Deferred tax on employee share options	-	-	-	1.0	-	1.0	-	1.0
Issue of B shares	-	(80.0)	-	-	-	(80.0)	-	(80.0)
Redemption of B shares	-	-	80.0	-	(80.0)	-	-	-
Dividends	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Shareholders' equity as at 29 December 2006	5.6	31.6	80.0	(9.5)	(134.8)	(27.1)	(1.2)	(28.3)
Profit for the 52 weeks ended 28 December 2007	-	-	-	-	21.6	**21.6**	-	**21.6**
Actuarial gains and losses on defined benefit plans	-	-	-	-	5.4	**5.4**	-	**5.4**
Deferred tax on pensions	-	-	-	-	(1.5)	**(1.5)**	-	**(1.5)**
Effects of employee share options	-	-	-	0.8	-	**0.8**	-	**0.8**
Tax on employee share options	-	-	-	0.6	**-**	**0.6**	-	**0.6**
Adjustment for tax rate change 30 per cent to 28 per cent				(0.1)	0.1	**-**	-	**-**
Share issue under 2004 SAYE Scheme	0.1	1.4	-	-	**-**	**1.5**	-	**1.5**
Share issue under 2004 LTIP Scheme	-	0.8	-	-	**-**	**0.8**	-	**0.8**
Gift to Employee Benefit Trust	-	-	-	(0.8)	**-**	**(0.8)**	-	**(0.8)**
Acquisition of minority interest	-	-	-	-	**-**	**-**	1.2	**1.2**
Dividends	-	-	-	-	(5.9)	**(5.9)**	-	**(5.9)**
Shareholders' equity as at 28 December 2007	**5.7**	**33.8**	**80.0**	**(9.0)**	**(115.1)**	**(4.6)**	**-**	**(4.6)**

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

Included within other reserves is the merger accounting consolidation difference of £12.3 million, which arose on 20 December 2002 as part of the Group reconstruction effected at that time.

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.

9 Reconciliation of cash generated from operations

	2007 £m	2006 £m
Net profit for the period	**21.6**	18.8
Adjustments for:		
Taxation	**8.6**	8.4
Net finance charges	**17.5**	16.2
Profit on disposal of fixed assets	**(0.1)**	-
Depreciation charges	**7.3**	6.9
Amortisation of intangibles	**0.7**	0.6
Changes in working capital (excluding acquisitions)	**1.1**	0.1
Employee share options	**0.8**	0.7
Cash generated from operations before exceptional items	**57.5**	51.7
Exceptional costs in respect of redemption of B shares	**-**	(0.7)
Exceptional contribution to pension scheme	**-**	(10.0)
Cash generated from operations	**57.5**	41.0

10 Basis of preparation

European law requires that the Group's consolidated financial statements for the 52 week period ended 28 December 2007 are prepared in accordance with all applicable International Financial Reporting Standards ('IFRSs'), as adopted by the European Union. These financial statements have been prepared in accordance with IFRS, International Financial Reporting Interpretations Committee ('IFRIC') interpretations (as issued by the International Accounting Standards Board) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings and financial assets and liabilities at fair value through the income statement.

11 Securitisation

In accordance with the terms of the securitisation carried out in April 2003 and the subsequent further Secured Notes issue in February 2006, 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 & Poors), the Security Trustee and the holders of the Secured Notes issued in connection with the securitisation, confirming compliance with the covenants established under the securitisation.

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