For immediate release **22 March 2007**

Dignity plc

Preliminary results for the 52 week period ended 29 December 2006

Dignity plc, Britain's largest single provider of funeral-related services, announces its preliminary results for the 52 week period ended 29 December 2006.

Financial highlights

Underlying earnings per share (note a)	Up 19% to 26.6p (2005: 22.4p)
Revenue	Up 5% to £149.8 million (2005: £143.2 million)
Underlying operating profit (note b)	Up 8% to £44.1 million (2005: 41.0 million)
Underlying profit before tax (note b)	Up 8% to £27.9 million (2005: £25.9 million)
Cash generated from operations (note c)	Up 4% to £51.7 million (2005: £49.5 million)
Basic earnings per share	Up 13% to 25.9p (2005: 22.9p)
Operating profit	Up 4% to £43.4 million (2005: £41.6 million)
Profit before tax	Up 3% to £27.2 million (2005: £26.5 million)
Dividend per share	Interim dividend of 3.03p paid with a further 6.06p final dividend proposed.
Return of value	£80 million (£1 per share) returned to shareholders in August 2006.

(a) Underlying earnings per share is calculated as profit on ordinary activities before exceptional items 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 return of £1 per share in August 2006.

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

Highlights

- Six new funeral home locations acquired in the period, as well as a further six subsequent to the period end.
- Total unfulfilled pre-arranged funeral plans increased to 188,800 (2005: 181,200).
- Group operating margin continues to grow.
- £85.8 million net proceeds from the issue of secured notes.
- Final salary pension scheme now in actuarial surplus on an IAS 19 basis following £10 million lump sum contribution.

Peter Hindley, Chief Executive of Dignity plc:

"Underlying earnings per share increased 19 per cent to 26.6 pence per share. This is testament to a strong operating performance combined with efficient use of our balance sheet.

During the year, we raised £90 million of new long term debt, returned £80 million (£1 per share) to our shareholders and saw our final salary pension scheme return to surplus following a £10 million cash injection by the Group. The return of capital represents 43 per cent of our initial market capitalisation at the IPO just three years ago.

Initial trading in 2007 has been positive and the Group remains well placed for the year ahead."

For more information

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Chairman’s statement

Introduction
Dignity is the single largest provider of funeral-related services, namely funeral services, crematoria and pre-arranged funeral plans in Britain, and is the only UK listed company in this area.

Results
The Group has performed well in the period. Underlying earnings per share (which excludes profit on sale of fixed assets and costs of redeeming the B shares) have increased 19 per cent to 26.6 pence per share (2005: 22.4 pence per share). Underlying operating profit has increased 8 per cent to £44.1 million (2005: £41.0 million).

Basic earnings per share has increased 13 per cent to 25.9 pence per share (2005: 22.9 pence per share). Operating profit has increased by 4 per cent to £43.4 million (2005: £41.6 million).

New secured notes and use of proceeds
During the period, the Group issued further secured notes, receiving £85.8 million net of fees and returned £80.0 million (£1 per share) to shareholders.

In addition, our pension scheme has been returned to surplus primarily through a £10.0 million lump sum payment to the scheme.

Dividends
The Group paid an interim dividend of 3.03 pence per share.

The Board has declared a final dividend of 6.06 pence per share. This will be paid on 29 June 2007 to shareholders on the register at 8 June 2007, provided appropriate consent is received at the Annual General Meeting, which takes place on 8 June 2007.

Our staff
Client service excellence continues to be fundamental in our strategy to grow the business. This cannot be achieved without the dedication and loyalty of each and every member of our staff.

I would like to thank our staff throughout the business for their support and commitment throughout the period.

Changes in directors
Jim Wilkinson has recently left Dignity. I would like to take this opportunity to thank Jim for his input into the business.

I am delighted that Richard Portman joined the Board as Corporate Services Director following six years as Head of Finance. Richard will also continue to serve as Company Secretary.

As in previous years, I am grateful to all my fellow directors for their support and wise counsel.

Outlook for 2007
We continue to focus on the core elements of our strategy, developing the business both organically and by acquisition.

Initial trading in 2007 has been positive and the Group remains well placed for the year ahead.

Richard Connell
Chairman
21 March 2007

Business Review

Introduction
The Group is firmly established as Britain's largest single provider of funeral-related services.

Fundamental to our success is the consistency of our strategy. It focuses on client service excellence, improving revenues, cost control and selective additions to our funeral locations, crematoria and pre-arranged funeral plan partners.

The Group's operations are managed across three main areas, namely funeral services, crematoria and pre-arranged funeral plans, which respectively represent 80 per cent, 15 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.

Performance in the period
Total estimated deaths for the 52 week period to 29 December 2006 in Great Britain were 548,100 compared to 563,800 in the comparative 52 week period in 2005, a reduction of 2.8 per cent and below government forecasts of 560,000 deaths. The historic number of deaths quoted is based on the initial Office of National Statistics (ONS) estimates for each calendar year. These death rates are revised by the ONS from time to time but to maintain consistency of reporting, Dignity quotes the original reported numbers. Based on historical evidence, Dignity estimates that final deaths reported might fluctuate by around one per cent.

Funeral services
The Group operates a network of 521 (2005: 519) funeral homes throughout Britain, trading under local established names. In 2006, the Group conducted 66,500 funerals (2005: 67,000), representing approximately 12.1 per cent (2005: 11.9 per cent) of estimated total deaths in Britain.

Revenue within funeral services was £120.0 million (2005: £113.8 million). Underlying operating profits were £39.3 million (2005: £36.5 million), an increase of 8 per cent. Reported operating profit was £39.3 million (2005: £37.1 million), an increase of 6 per cent.

The small increase in the portfolio reflects three distinct activities. Firstly, we acquired six funeral locations, investing £7.3 million, funded from internally generated cash flows. They are all long established, highly reputable businesses.

Secondly, we have opened two funeral locations under existing trading names.

Finally, we have taken the opportunity, primarily where property leases expired, to close six under performing funeral locations.

Crematoria
The Group operates 22 crematoria and carried out 38,500 cremations in 2006 (2005: 39,500) representing 7.0 per cent (2005: 7.0 per cent) of estimated total deaths in Britain. The Group is the largest single operator of crematoria in Britain.

Turnover within crematoria was £23.2 million (2005: £22.5 million). Operating profits were £12.1 million (2005: £11.9 million).

The small reduction in operating margins has been caused by a combination of lower cremation volumes and memorial sales, as well as significant increases in certain costs such as utilities.

Pre-arranged funeral plans
The Group is the market leader in the provision of pre-arranged funeral plans. Unfulfilled pre–arranged funeral plans increased to 188,800 from 181,200 during the period. These unfulfilled pre-arranged funeral plans underpin the future performance of the funeral division, as the Group expects to perform the majority of these funerals.

The Group sells pre-arranged funeral plans through its network of funeral homes and primarily through affinity partners, notably Age Concern, AXA, Royal London and Liverpool Victoria.

Liverpool Victoria is a new relationship established in early 2006 following some successful test mailings. This continued in the second half of 2006 with a number of successful campaigns.

Client service
Client service excellence remains at the heart of our strategy, with families continuing to recommend our services.

We have continued to concentrate on the "Helping Our Clients Every Step of the Way" programme and the results of the new survey questions that were both introduced in 2005.

This programme has helped to focus employees on delivering consistently high levels of client service and satisfaction.

As we continue to receive a high level of responses to our surveys, we are able to use that feedback to identify elements of our services that are being performed well or could be improved.

The combination of these approaches has resulted in levels of client service satisfaction remaining at a very high level, with 89 per cent of families saying they would definitely recommend our services, with a further 9 per cent saying they would probably do so.

Our employees
Our employees continue to play a vital role in this business, whether they deal with clients on a daily basis, or work in the support functions throughout the business.

I am delighted that once again this year, we have been able to share the success of the business with the staff. This was achieved through a bonus of £500 for each permanent, full time member of staff. This recognises the significant part they play in the Group's performance and I would like to thank them for their hard work throughout the year.

The first 'Save As You Earn' share scheme will mature in May 2007. An employee who has been saving the maximum £193 per month for the three year period will receive shares worth approximately £21,000 based on a share price of £6.54. Given the success of this scheme, we are currently investigating the possibility of starting a new SAYE scheme in 2007.

Pensions
The Group operated two final salary pension schemes until 6 April 2006, when the schemes were merged in order to achieve savings in administrative expenses. Benefits offered were maintained and the scheme remains open to current and new employees.

In addition, the Group made a one-off contribution to the scheme of £10.0 million in August 2006, demonstrating our commitment to existing and prospective members of the scheme.

As a result, the scheme has an actuarial surplus on an IAS 19 basis of £0.6 million at 29 December 2006 and is well placed for the future.

Investment for the future
The period witnessed total capital expenditure of £8.0 million. This provided the Group with 45 new Mercedes hearses and limousines, 33 new ambulances, 74 other new vehicles, 22 major refurbishments and helped to improve facilities at a number of our funeral and crematoria locations.

We anticipate a similar amount of investment in 2007. In addition, we will be setting aside further funds, which will be used to improve approximately 50 funeral locations.

The Group intends to continue to identify and acquire funeral locations that compliment our existing portfolio. In the first three months of 2007, we have invested £3 million in acquiring 2 funeral businesses, which has added 6 more funeral locations to our portfolio.

In January 2007, the Group signed a new 10 year marketing agreement with Age Concern, which secures what has historically been an important route to market. As part of this arrangement, the Group paid £2 million to acquire the 25 per cent held by Age Concern in Advance Planning Limited, one of the subsidiaries of the Group.

The pre-arranged funeral plan division is also testing with a number of parties including JD Williams, the Mirror Group, News International and Reader's Digest.

Peter Hindley
Chief Executive
21 March 2007

Financial Review

The market conditions in which the Group operates and its trading performance during the 52 week period ended 29 December 2006 are described in the Chairman's Statement and the Business Review.

Financial highlights

- Underlying earnings per share have increased 19 per cent to 26.6 pence per share (2005: 22.4 pence per share).
- Revenue has increased 5 per cent to £149.8 million (2005: £143.2 million).
- Underlying operating profit has increased 8 per cent to £44.1 million (2005: £41.0 million).
- Underlying profit before tax has increased 8 per cent to £27.9 million (2005: £25.9 million).
- Cash generated from operations has increased 4 per cent to £51.7 million (2005: £49.5 million) before the £10 million lump sum payment to the Group's pension scheme and £0.7 million payment in respect of the redemption of the B shares.
- Earnings per share has increased 13 per cent to 25.9 pence (2005: 22.9 pence).
- Operating profit has increased 4 per cent to £43.4 million (2005: £41.6 million).
- Profit before tax has increased 3 per cent to £27.2 million (2005: £26.5 million).
- The Group has paid an interim dividend of 3.03 pence per share with a further 6.06 pence final dividend proposed.
- The Group returned £80 million (£1 per share) to shareholders in August 2006.

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

During the period, the Group issued a further £45.55 million Class A Secured 6.310 per cent Notes due 2023 and £32.50 million Class B Secured 8.151 per cent Notes due 2030. To ensure that the new Class A Notes issued were identical with those already in issue, Notes with a nominal value of £45.55 million were issued. This, however, after deemed repayments equates to a nominal value outstanding at the date of issue of £42.5 million. The Notes were issued at a premium and raised a total of £85.8 million after fees and expenses.

The Board believes that this fund raising and the subsequent return of value to shareholders is consistent with the strategy of maximising total shareholder returns through an efficient balance sheet, which nevertheless leaves sufficient flexibility to continue to grow the business.

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

	29 December 2006 £m	30 December 2005 £m
Class A and B Secured Notes*		
- issued April 2003	**(199.7)**	(202.6)
- issued February 2006	**(87.3)**	-
Loan Notes 2006	**-**	(0.1)
Cash balances	**41.4**	37.3
Net Debt	**(245.6)**	(165.4)

* These amounts exclude any costs incurred in issuing the Secured Notes.

The Group's financial expense substantially consists of the interest on the Class A and B Secured Notes and related ancillary instruments. The net finance charge in the period relating to these instruments was £19.4 million (2005: £15.7 million). This charge consisted of interest costs on the Secured Notes of

£19.9 million (2005: £14.8 million) and amortisation of debt issue costs of £1.2 million (2005: £0.9 million), offset by a release of premium of £0.9 million (2005: £nil million) and the release of prepaid interest of £0.8 million (2005: £nil million). The prepaid interest represents an element of the gross proceeds received by the Group because interest was due to Noteholders on the new notes from 1 January 2006, even though the notes were not issued until February 2006. This will not recur.

Other ongoing finance costs incurred in the period amounted to £1.0 million (2005: £1.3 million), representing the unwinding of discounts on the Group's provisions, finance expense on retirement obligations and other loans.

Interest receivable in the period was £4.0 million (2005: £1.7 million). As a result of the terms of the securitisation, the net proceeds of the Secured Notes issued in February 2006 remained on deposit for five months before being used. This resulted in approximately £1.8 million of interest receipts

Return of value and share consolidation
As planned, the Group returned £80.0 million to shareholders in August 2006 using the majority of the proceeds of the issue of the Secured Notes by issuing and then redeeming 80 million £1 B Shares. In addition, following approval by shareholders, the ordinary share capital of the Company was consolidated on a seven for nine basis in order to maintain the comparability of financial indicators such as share price. Combined with the return of value, the effect was the same as buying back 17.8 million shares at a market price of £4.50.

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 obtained by excluding significant non-recurring transactions. Accordingly, the following information is presented to aid understanding of the performance of the Group:

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Operating profit for the period as reported	43.4	41.6
Add/(deduct) the effects of:		
Exceptional costs of redemption of B shares	0.7	-
Profit on sale of fixed assets	**-**	(0.6)
Underlying operating profit	**44.1**	41.0
Net finance costs	(16.2)	(15.1)
Underlying profit before tax	**27.9**	25.9
Tax charge on underlying profit before tax	(8.6)	(8.0)
Underlying profit after tax	**19.3**	17.9
Weighted average number of ordinary shares in issue during the period (million)	72.6	80.0
Underlying EPS	**26.6p**	22.4p
% increase in underlying EPS	19%	

Earnings per share
Following the return of value in August 2006, the Company had 62.2 million Ordinary Shares in issue, compared to 80 million previously. Therefore, the weighted average number of shares in issue during the period was 72.6 million Ordinary Shares.

Underlying earnings per share increased 19 per cent to 26.6 pence per share (2005: 22.4 pence per share). Basic earnings per share were 25.9 pence per share (2005: 22.9 pence per share), an increase of 13 per cent.

Cash flow and cash balances
Cash generated from operations was £51.7 million in the period (2005: £49.5 million). This is before the £10.0 million lump sum payment to the Group's defined benefit pension scheme and the £0.7 million payment in respect of costs of redeeming the B shares. Expenditure on funeral home acquisitions amounted to £7.3 million (2005: £6.7 million). A further £8.0 million (2005: £7.6 million) was spent on

capital expenditure, the majority of which was spent on replacing or enhancing existing assets, principally the Group's vehicle fleet and its property portfolio.

Cash balances at the end of the financial period amounted to £41.4 million (2005: £37.3 million). £22 million of this amount has been set aside for acquisitions, of which £5 million has since been spent, as described in the Business Review. Of the remainder, £15 million has been set aside for tax and dividend payments to be made in 2007. However, this amount could also be used for acquisitions if suitable opportunities arose, with statutory payments being funded out of future operating cash flows.

Taxation

The overall effective tax rate was approximately 31 per cent and is not expected to vary significantly in the short term. This tax rate is marginally higher than the standard UK tax rate of 30 per cent due to the impact of disallowable trading expenses and expenditure on the Group's premises that does not attract any deductions for tax purposes.

As a result of the quarterly accounting regime, corporation tax payments in any financial year represent 50 per cent of the estimated corporate tax liability for profits made in that same period and 50 per cent of the estimated corporate tax liability in respect of profits made in the previous period. As a result of the Group's ownership prior to flotation, no corporation tax was due on profits made in 2004. For these reasons tax payments in 2006 are substantially higher than in 2005.

Mike McCollum
Finance Director
21 March 2007

Consolidated income statement

For the 52 week period ended 29 December 2006

	Note	**52 week period ended 29 December 2006 £m**	52 week period ended 30 December 2005 £m
Revenue	1	**149.8**	143.2
Cost of sales		**(73.2)**	(70.0)
Gross profit		**76.6**	73.2
Administrative expenses		**(34.4)**	(32.8)
Other operating income		**1.2**	1.2
Operating profit before exceptional (charges) / income		44.1	41.0
Exceptional (charges) / income	2	(0.7)	0.6
Operating profit	1	**43.4**	41.6
Finance charges	3	**(22.1)**	(17.0)
Finance income	3	**5.9**	1.9
Profit before tax		**27.2**	26.5
Taxation	4	**(8.4)**	(8.2)
Profit for the period		**18.8**	18.3
Profit attributable to minority interest		**–**	–
Profit attributable to equity shareholders		**18.8**	18.3
		18.8	18.3
Earnings per share for profit attributable to equity shareholders (pence)			
– Basic and diluted	5	**25.9p**	22.9p

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 29 December 2006

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Profit for the period	18.8	18.3
Actuarial gains on retirement benefit obligations	2.4	1.8
Deferred tax on actuarial gains on retirement benefit obligations	(0.7)	(0.5)
Net income not recognised in income statement	1.7	1.3
Total recognised income for the period	20.5	19.6
Attributable to:		
Minority interest	–	–
Equity shareholders of the parent	20.5	19.6

Consolidated balance sheet

As at 29 December 2006

	Note	**29 December 2006 £m**	30 December 2005 £m
Assets			
Non-current assets			
Goodwill		111.3	109.1
Other intangible assets		12.1	9.0
Property, plant & equipment		89.1	86.3
Financial assets		5.6	5.5
Retirement benefit asset		0.6	-
		218.7	209.9
Current assets			
Inventories		3.0	3.3
Trade and other receivables		19.2	22.3
Assets held for sale		-	0.2
Cash and cash equivalents	7	41.4	37.3
		63.6	63.1
Total assets		**282.3**	**273.0**
Liabilities			
Current liabilities			
Financial liabilities		4.6	2.2
Trade and other payables		19.2	21.9
Current tax liabilities		2.7	2.4
Provisions for liabilities and charges		1.4	1.0
		27.9	27.5
Non-current liabilities			
Financial liabilities		271.0	191.9
Deferred tax liabilities		7.2	5.2
Retirement benefit obligation		-	12.0
Other non–current liabilities		2.9	2.9
Provisions for liabilities and charges		1.6	2.1
		282.7	214.1
Total liabilities		310.6	241.6
Shareholders’ equity			
Ordinary shares		5.6	5.6
Share premium account		31.6	111.6
Capital redemption reserve		80.0	-
Other reserves		(9.5)	(10.4)
Retained earnings		(134.8)	(74.2)
Equity attributable to shareholders		(27.1)	32.6
Minority interest in equity		(1.2)	(1.2)
Total equity	8	(28.3)	31.4
Total equity and liabilities		**282.3**	**273.0**

Consolidated cash flow statement

For the 52 week period ended 29 December 2006

	Note	**52 week period ended 29 December 2006 £m**	52 week period ended 30 December 2005 £m
Cash flows from operating activities			
Cash generated from operations before exceptional payments		51.7	49.5
Exceptional costs in respect of redemption of B shares		(0.7)	
Exceptional contribution to pension scheme		(10.0)	-
Cash generated from operations	9	41.0	49.5
Finance income received		4.2	1.8
Finance charges paid		(20.8)	(15.6)
Tax paid		(6.1)	(2.5)
Net cash generated from operating activities		18.3	33.2
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		(7.3)	(6.7)
Proceeds from sale of property, plant & equipment		0.6	1.2
Purchase of property, plant & equipment		(8.0)	(7.6)
Net cash used in investing activities		(14.7)	(13.1)
Cash flows from financing activities			
Proceeds from issue of secured notes		90.2	-
Issue costs in respect of secured notes		(3.7)	-
Repayment of borrowings		(4.1)	(2.5)
Dividends paid to shareholders		(1.9)	(5.2)
Redemption of B shares		(80.0)	-
Net cash used in financing activities		0.5	(7.7)
Net increase in cash and cash equivalents		4.1	12.4
Cash and cash equivalents at the beginning of the period		36.1	23.7
Cash and cash equivalents at the end of the period	7	40.2	36.1

1 REVENUE AND SEGMENTAL ANALYSIS

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 costs					(22.1)
Finance income					5.9
Profit before tax					27.2
Taxation					**(8.4)**
Profit for the period					18.8
Attributable to:					
Minority interest					-
Equity shareholders of the parent					18.8

52 week period ended 30 December 2005	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Head office £m	Group £m
Revenue	113.8	22.5	6.9	–	143.2
Segment result before exceptional income	36.5	11.9	2.1	(9.5)	41.0
Exceptional income	0.6	-	-	-	0.6
Segment result	37.1	11.9	2.1	(9.5)	41.6
Finance costs					(17.0)
Finance income					1.9
Profit before tax					26.5
Taxation					(8.2)
Profit for the period					18.3
Attributable to:					
Minority interest					–
Equity shareholders of the parent					18.3

2 EXCEPTIONAL ITEMS

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Professional fees in relation to redemption of B Shares	**0.7**	**-**
Profit on disposal of property, plant and equipment	-	(0.6)
Total exceptional items	**0.7**	**(0.6)**

3 NET FINANCE COSTS

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Finance costs		
Class A and B secured notes – issued April 2003	14.6	14.8
Class A and B secured notes – issued February 2006	5.3	-
Amortisation of issue costs – issued April 2003	0.9	0.9
Amortisation of issue costs – issued February 2006	0.3	-
Other loans	0.1	0.1
Interest payable on finance leases	0.1	0.1
Net finance expense on retirement benefit obligations	-	0.4
Unwinding of discounts	0.8	0.7
Finance costs	22.1	17.0
Finance income		
Bank deposits	(4.0)	(1.7)
Release of premium on secured notes – issued February 2006	(0.9)	-
Prepaid interest on issue of Class A and B secured notes	(0.8)	-
Debenture loan	(0.2)	(0.2)
Finance income	(5.9)	(1.9)
Net finance costs	16.2	15.1

4 TAXATION

Analysis of charge in the period

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Current tax – current period	6.6	4.9
Adjustment for prior period	(0.2)	(0.1)
	6.4	4.8
Deferred tax – current period	1.8	3.9
Adjustment for prior period	0.2	(0.5)
	2.0	3.4
Taxation	8.4	8.2

All tax relates to continuing operations.

Tax on items charged to equity

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Deferred tax charge on actuarial gains on retirement benefit obligations	0.7	0.5
Deferred tax credit on employee share options	(1.0)	(0.3)
	(0.3)	**0.2**
Total tax charge		
Total current tax charge	6.4	4.8
Total deferred tax charge	1.7	3.6

The taxation charge in the period is higher (2005: higher) than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Profit before taxation	27.2	26.5
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	8.2	8.0
Effects of:		
Adjustments in respect of prior period	-	(0.6)
Expenses not deductible for tax purposes	0.2	0.8
Total taxation	8.4	8.2

Under IFRS the tax rate is higher (2005: higher) than the standard UK tax rate of 30 per cent due to the impact of disallowable trading expenses and expenditure on the Group's premises that does not attract any deductions for tax purposes.

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 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 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
52 week period ended 30 December 2005			
Profit attributable to shareholders – Basic and diluted EPS	18.3	80.0	22.9
Deduct: Exceptional items (net of taxation)	(0.4)		
Underlying profit after taxation – Basic EPS	17.9	80.0	22.4

The potential issue of new shares pursuant to the Group's share option plans in the period would affect the earnings per share by less than 0.1 pence per share if exercised.

6 DIVIDENDS

	52 week period ended 29 December 2006 £m	52 week period ended 30 December 2005 £m
Final dividend paid: nil p per ordinary share (2005: 3.75p)	-	3.0
Interim dividend paid: 3.03p (2005: 2.75p) per ordinary share	1.9	2.2
Total dividends recognised in the period	1.9	5.2

A final dividend of 6.06 pence per share was approved by the Board on 21 March 2007.

7 CASH AND CASH EQUIVALENTS

	Note	29 December 2006 £m	30 December 2005 £m
Cash and cash equivalents		41.4	37.3
Represented by:			
Operating cash		40.2	24.6
Cash for acquisitions	(a)	1.2	4.9
Amounts set aside for intercompany loan	(b)	-	7.8
		41.4	37.3

(a) Recoveries of £1.2 million (2005: £1.2 million), may not be used for one year following receipt and hence do not meet the definition of cash and cash equivalents in IAS 7, Cash Flow Statements. Under the terms of the Group's secured borrowings, these amounts are required to be retained in a separate bank account. This bank account may, in normal circumstances, only be used for acquiring tangible fixed assets and businesses (either trade and assets or share purchases).

(b) This amount has been used to pay the interest and principal due on a loan between Dignity (2002) Limited and Dignity Mezzco Limited, both of whom are wholly owned subsidiaries of the Company.

Movements in this amount were treated as cash equivalents in the cash flow statement as they became available for the Group's use once the intercompany payment was made on 31 January 2006. There were no amounts set aside at 29 December 2006 as the loan was repaid in full during the period.

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 31 December 2004	5.6	111.6	-	(12.5)	(87.3)	17.4	(1.2)	16.2
Profit for the 52 weeks ended 30 December 2005	-	-	-	-	18.3	18.3	-	18.3
Actuarial gains and losses on defined benefit plans	-	-	-	1.8	-	1.8	-	1.8
Deferred tax on pensions	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Effects of employee share options	-	-	-	0.5	-	0.5	-	0.5
Deferred tax on employee share options	-	-	-	0.3	-	0.3	-	0.3
Dividends	-	-	-	-	(5.2)	(5.2)	-	(5.2)
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 loses 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)**

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

9 RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	2006 £m	2005 £m
Net profit for the period	18.8	18.3
Adjustments for:		
Taxation	8.4	8.2
Net finance costs	16.2	15.1
Profit on disposal of fixed assets	-	(0.6)
Depreciation charges	6.9	6.6
Amortisation of intangibles	0.6	0.6
Changes in working capital (excluding acquisitions)	0.1	0.8
Employee share options	0.7	0.5
Cash generated from operations before exceptional items	51.7	49.5
Exceptional costs in respect of redemption of B shares	(0.7)	-
Exceptional contribution to pension scheme	(10.0)	-
Cash generated from operations	41.0	49.5

10 BASIS OF PREPARATION

European law requires that the Group's financial statements for the 52 week period ended 29 December 2006 are prepared in accordance with all applicable International Financial Reporting Standards ('IFRS'), as adopted by the European Union. These financial statements have been prepared in accordance with IFRS and IFRIC interpretations (as issued by the International Accounting Standards Board) and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the periods ended 29 December 2006 or 30 December 2005, but is derived from them. Statutory accounts for the period ended 30 December 2005 have been filed with the Registrar of Companies and those for the period ended 29 December 2006 will be filed following the Company's Annual General Meeting. The auditors reported on these accounts; their reports were unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

11 SECURITISATION

In accordance with the terms of the securitisation carried our in April 2003 and the subsequent further 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 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