For immediate release 27 July 2016

Dignity plc

Interim results for the 26 week period ended 24 June 2016

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 24 June 2016.

	26 week period ended 24 June 2016	26 week period ended 26 June 2015	increase/ (decrease) per cent
Revenue (£million)	**158.0**	158.7	(0.4)
Underlying operating profit[(a)] (£million)	**55.6**	59.7	(6.9)
Underlying profit before tax[(a)] (£million)	**42.4**	46.5	(8.8)
Underlying earnings per share[(b)] (pence)	**67.7**	74.0	(8.5)
Cash generated from operations[(c)] (£million)	**64.6**	71.0	(9.0)
Operating profit (£million)	**54.7**	58.2	(6.0)
Profit before tax (£million)	**41.5**	45.0	(7.8)
Basic earnings per share (pence)	**65.9**	71.0	(7.2)
Number of deaths	**302,000**	317,000	(4.7)
Interim dividend (pence)	**7.85**	7.14	10.0

(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.

The results for the first half of 2016 were slightly ahead of the Board's expectations. Underlying operating profits in the second quarter of 2016 are £0.6 million higher than the same period in 2015. Its full year expectations remain unchanged.

Compared to long term trends, the number of deaths in 2015 was abnormally high, helping the Group deliver an exceptional result in 2015. The Group continues to expect this unprecedented increase in deaths to reverse in 2016. Its current assumption remains that the number of deaths in 2016 will be broadly comparable to 2014.

Although as expected underlying operating performance in the first half of the year was lower than in 2015, underlying operating profit was approximately 22 per cent higher than the same period in 2014 (when the Group reported £45.6 million) and underlying earnings per share was approximately 45 per cent higher (when the Group reported 46.7 pence).

The Group's expectations for the year remain unchanged. Although this would mean reported underlying operating profit in 2016 slightly below the prior year, the Group remains committed to its target of increasing earnings per share by an average of 10 per cent per year over the medium-term.

The Group has acquired six funeral locations for an aggregate investment of £5.4 million and has opened five satellite locations in the period to 24 June 2016. Since this date, the Group has acquired one funeral location and opened three satellite locations. In addition and as previously announced on 28 June 2016, the Group completed the acquisition of three freehold crematoria from Funeral Services Limited (trading as Co-op Funeralcare) as part of an agreement to acquire five locations from them for consideration of £43 million. On 22 July 2016, the Group completed the acquisition of one of the two leasehold crematoria from Funeral Services Limited.

Mike McCollum, Chief Executive of Dignity plc commented:

"The Group has performed well in the first half of 2016 and traded slightly ahead of our expectations. The Group's expectations for the full year remain unchanged."

For more information

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Chairman's statement

Results
As anticipated, the first half of 2016 witnessed a significant reduction in the number of deaths at 302,000, 4.7 per cent lower than the same period in 2015. This was the principal cause of the Group's underlying operating profits being 6.9 per cent lower at £55.6 million (2015: £59.7 million).

Underlying earnings per share decreased 8.5 per cent to 67.7 pence per share (2015: 74.0 pence per share), reflecting the impact of a fixed finance charge on reduced operating profits.

Basic earnings per share were 65.9 pence per share (2015: 71.0 pence per share), a decrease of 7.2 per cent.

Update on crematoria acquisition from Funeral Services Limited (trading as Co-op Funeralcare)
I was delighted that we were able to announce the proposed acquisition of five crematoria from Funeral Services Limited (trading as Co-op Funeralcare) for £43 million on 31 May 2016. The three freehold locations being acquired completed on 27 June 2016 (after the balance sheet date). The leasehold location in Shropshire was acquired on 22 July 2016. The remaining leasehold location is progressing towards completion, with consent being required from the relevant local authority. It is now expected to complete during September 2016.

Dividends
The Group paid a final dividend of 14.31 pence per Ordinary Share on 24 June 2016.

The Group proposes to pay an interim dividend of 7.85 pence per Ordinary Share (2015: 7.14 pence) on 28 October 2016 to shareholders on the register at 23 September 2016. This is a 10 per cent increase on the previous year.

Our staff
Our customer survey results continue to demonstrate the outstanding work being done by our staff. In all parts of our business, they remain focused on performing their roles to the best of their ability, allowing the Group to help so many families at a difficult time.

Outlook
The Group continues to expect that the high number of deaths seen in 2015 will normalise in 2016. Although, as expected, this would lead to a slight reduction in operating profit during the year, the Group remains committed to its medium-term target of increasing its earnings per share by an average of 10 per cent per annum.

Peter Hindley
Chairman
27 July 2016

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 2016 were 302,000 (2015: 317,000), a decrease of 4.7 per cent. The Group's operating results should therefore be considered in that context.

Funeral services
At 24 June 2016, the Group operated a network of 777 (June 2015: 729; December 2015: 767) funeral locations throughout the UK generally trading under established local trading names. The change to the portfolio reflects the acquisition of six additional funeral locations, five new satellite locations and one closure.

In the first half of 2016, the Group conducted 36,700 funerals (2015: 39,500) in the United Kingdom; a reduction of seven per cent. Approximately one and a half per cent of these funerals were performed in Northern Ireland (2015: two per cent). Excluding Northern Ireland, these funerals represented approximately 12.0 per cent (June 2015: 12.3 per cent; December 2015: 12.3 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. That said, the market share reduction since the end of 2015 was slightly more than the Board expected but followed market share for 2015 being recorded at a slightly higher level than anticipated by the Board.

Underlying operating profit was £44.1 million (2015: £46.6 million), 5.4 per cent lower than the same period in 2015. This is a direct consequence of the number of funerals performed. Average incomes have increased in line with the Board's expectations and costs continue to be well controlled. Some investment is being made to ensure the division has sufficient staffing to support the network following its expansion over the last two to three years.

Crematoria
The Group operated 39 crematoria (June 2015: 39; December 2015: 39) and is the largest single operator of crematoria in Great Britain. The Group performed 28,900 cremations (2015: 31,500) in the period.

These volumes represent approximately 9.6 per cent (June 2015: 9.9 per cent; December 2015: 9.8 per cent) of total estimated deaths in Great Britain.

Underlying operating profit was £18.3 million (2015: £19.5 million), a decrease of 6.2 per cent. This operating performance is broadly consistent with the reduction in cremation volumes. Sales of memorials and other items equated to £270 per cremation (2015: £261 per cremation).

Pre-arranged funeral plans
Active pre-arranged funeral plans were approximately 384,000 at the end of the period (June 2015: 354,000; December 2015: 374,000). These plans continue to represent future potential incremental business for the funeral division.

Underlying operating profits were flat on the previous half year at £4.0 million, reflecting a similar number of trust plan sales in each period. The Group continues to seek additional partners and to increase funeral plan sales.

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.

Costs were £10.8 million in the period (2015: £10.4 million). This includes an accrual of £1.6 million (June 2015: £2.8 million) in respect of annual performance bonuses for the middle and senior management within the business. Overall bonus arrangements are unchanged from the prior period, save for the changes approved by shareholders to Directors' remuneration at the annual general meeting on 9 June 2016. The decrease in the accrual reflects the relative performance in the current period compared to the prior period.

Investment continues to ensure the Group's central functions can appropriately support the continuing growth of the network of locations operated by the Group.

The Group remains on target and on budget to go live with its upgraded accounting software at the end of 2016 at a capital cost of approximately £3 million.

Corporate development activity
The Group has invested £5.4 million in acquiring six established funeral locations during the period and has also invested £0.4 million on satellite locations. The satellite locations mirror the 81 locations opened up to 2015 which have shown themselves as a project to be successful generating pre tax operating profits of approximately £1.2 million on the £4.1 million of 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 10 to 15 satellite locations in total being opened in 2016 and approximately 15 to 20 per annum thereafter.

The Group is also actively working to finalise construction plans on the two crematoria locations for which it has planning permission. These locations are expected to open in late 2017/ 2018. Capital expenditure of approximately £7 million is committed in respect of these projects. Two other planning applications remain under appeal, with decisions expected in 2017.

Earnings per share
As a consequence of the reduction in operating profits, underlying earnings per share decreased 8.5 per cent to 67.7 pence per Ordinary Share.

Cash flow and cash balances
The Group continues to be strongly cash generative. Cash generated from operations, before external transaction costs, was £64.6 million (2015: £71.0 million), reflecting operating performance.

In addition to the corporate development activity in the period, the Group spent £7.1 million (2015: £8.8 million) on purchases of property, plant and equipment.

This is analysed as:

	24 June 2016 £m	26 June 2015 £m
Vehicle replacement programme and improvements to locations	**5.9**	5.6
Branch relocations	**0.8**	3.1
Satellite locations (completed and in progress)	**0.4**	-
Development of new crematoria and cemeteries	**-**	0.1
Total property, plant and equipment	**7.1**	8.8
Partly funded by:		
Disposal proceeds	**(0.5)**	(0.5)
Net capital expenditure	**6.6**	8.3

Capital expenditure in the period to June 2015 on branch relocations included the purchase of the freehold interest of one of the Group's main service centres in London. This secured a key support facility for the local businesses in the area, where suitable alternative premises were scarce.

Cash balances at the end of the period were £120.7 million. This included £16.9 million set aside for the debt service payments made on 30 June 2016.

This significant cash balance will be used to fund the acquisition of the five crematoria from Funeral Services Limited for £43 million, whilst leaving the Group the ability to fund other corporate development opportunities and meet its expected dividend and tax liabilities for the next 12 months.

Other working capital movements in the period reflect the payment of larger bonuses to the Group's employees compared to the previous period, as described more fully in the Group's 2015 Annual Report.

Pensions
As a result of the significant reduction in AA rated bond yields, which was to some extent offset by good investment returns, the Group's pension scheme deficit has increased to £15.0 million (June 2015: £9.0 million; December 2015: £12.5 million).

Taxation
The Group's effective tax rate for 2016 is expected to be 21.0 per cent before exceptional items. The effective rate for 2017 and beyond is expected to be approximately one per cent higher than the headline rate of Corporation Tax for the period.

Capital structure and financing

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

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 24 June 2016 was 3.19 times (June 2015: 4.37 times; December 2015: 3.35 times). Further details may be found in note 8. The reported ratio for June 2015 does not include a full year's debt service within the calculation, as the New Notes were issued in October 2014. If the debt service was annualised, the June 2015 ratio would have been 3.38 times.

As described in the Group's 2015 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 £598.9 million (June 2015: £607.1 million; December 2015: £603.0 million). Net debt was £490.9 million (June 2015: £496.9 million; December 2015: £517.1 million).

The balance sheet includes £583.1 million of gross amounts owing on all Secured Notes. At the balance sheet date, the market value of the Secured Notes was £652.9 million.

Undrawn committed facilities
The Group has a £26.25 million debt facility with the Royal Bank of Scotland. It is capable of being drawn in up to six tranches with interest payable at between 125 and 165 basis points above LIBOR (depending on the ratio of EBITDA to gross debt). Amounts drawn under the facility may be used by the entire Group for any purpose. Any element of the facility not drawn by the end of 2016 will be cancelled. The facility is repayable in June 2019. Whilst undrawn, the facility will incur a non utilisation fee of circa £150,000 per annum. This facility therefore provides the Group with an efficient and flexible source of additional funding if required.

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 21 July 2016. 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 24 June 2016	Developments in 2016
Total estimated number of deaths in Britain (number)	This is as reported by the Office for National Statistics.	302,000 (H1 2015: 317,000) [(a)] (FY 2015: 588,000)[(b)]	The number of deaths in 2015 was abnormally high and the Group expects this to normalise in 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.	12.0% (H1 2015: 12.3%)[(a)] (FY 2015: 12.3%)[(b)]	Market share is slightly lower than anticipated, although 2015 market share was slightly higher than anticipated.
Number of funerals performed (number)	This is the number of funerals performed according to our operational data.	36,700 (H1 2015: 39,500)[(a)] (FY 2015: 73,500)[(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.	9.6% (H1 2015: 9.9%)[(a)] (FY 2015: 9.8%)[(b)]	No change to the portfolio in the period.
Number of cremations performed (number)	This is the number of cremations performed according to our operational data.	28,900 (H1 2015: 31,500)[(a)] (FY 2015: 57,700)[(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.	384,000 (H1 2015: 354,000)[(a)] (FY 2015: 374,000)[(b)]	This increase reflects continued 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.	67.7 pence (H1 2015: 74.0 pence)[(a)] (FY 2015: 114.8 pence)[(b)]	This follows the operating performance in the period combined with the effect of a fixed finance charge.
Underlying operating profit (£ million)	This is the statutory operating profit of the Group excluding profit on sale of fixed assets and external transaction costs.	£55.6 million (H1 2015: £59.7 million)[(a)] (FY 2015: £98.7 million)[(b)]	The number of funerals and cremations performed is a key driver of this operating performance.
Cash generated from operations (£ million)	This is the statutory cash generated from operations excluding external transaction costs and exceptional pension contributions.	£64.6 million (H1 2015: £71.0 million)[(a)] (FY 2015: £125.2 million)[(b)]	The Group continues to convert operating profit into cash efficiently, with the number of funerals and cremations being a key driver for the cash generated.

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 2015 relates to the 26 weeks ended 26 June 2015.

(b) FY 2015 relates to the 52 weeks ended 25 December 2015.

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 over 161,000 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 2015: 99.2%)
99.0 per cent of respondents said that we met or exceeded their expectations.

98.0% (December 2015: 98.0%)
98.0 per cent of respondents would recommend us.

Quality of service and care

99.9% (December 2015: 99.9%)
99.9 per cent thought our staff were respectful.

99.7% (December 2015: 99.7%)
99.7 per cent thought our staff listened to their needs and wishes.

99.2% (December 2015: 99.3%)
99.2 per cent agreed that our staff were compassionate and caring.

High standards of facilities and fleet

99.8% (December 2015: 99.8%)
99.8 per cent thought our premises were clean and tidy.

99.8% (December 2015: 99.8%)
99.8 per cent thought our vehicles were clean and comfortable.

In the detail

99.3% (December 2015: 99.3%)
99.3 per cent of clients agreed that our staff had fully explained what would happen before and during the funeral.

99.2% (December 2015: 99.1%)
99.2 per cent said that the funeral service took place on time.

98.6% (December 2015: 98.6%)
98.6 per cent said that the final invoice matched the estimate provided.

Mike McCollum
Chief Executive
27 July 2016

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.

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 Groups 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

The Group has a formal and ongoing process of identifying, evaluating and managing the significant risks faced by the Group. 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	2016 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 number of deaths is as expected significantly lower than the same period in 2015.	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
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.	Market share was slightly lower than the Board's expectations. However, this offsets 2015, where the closing position was slightly higher than expected.	No significant change

Risk and impact	Mitigating activities	2016 commentary	Change
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.	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. Evidence suggests that such partnerships can be and are being developed.	No major changes noted. Denials of planning applications for crematoria demonstrate the barriers to entry.	No significant change
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.	No significant changes noted in the period.	No significant change
Regulation of the funeral industry The Scottish and Westminster parliaments have set up an inquiry to consider issues surrounding funeral poverty. The Scottish Government is seeking to enact new legislation. Amongst other things, this could lead to the licensing of funeral directors in Scotland and the appointment of a Scottish Inspector of funerals. 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.	The Government has now responded to the Westminster inquiry. No material changes to the market are expected in the foreseeable future.	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 confirmed that the Trusts continue to have sufficient assets. Current low gilt yields may mean that the resulting increase in the present value of the liabilities in the valuation prepared as of the end of September 2016 causes an actuarial deficit. However the average assets per plan is still expected to be robust.	No significant change

Financial risk management

Risk and impact	Mitigating activities	2016 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 24 June 2016

	Note	26 week period ended 24 Jun 2016 £m	26 week period ended 26 Jun 2015 £m	52 week period ended 25 Dec 2015 (audited) £m
Revenue	2	**158.0**	158.7	305.3
Cost of sales		**(62.6)**	(61.0)	(123.3)
Gross profit		**95.4**	97.7	182.0
Administrative expenses		**(40.7)**	(39.5)	(86.5)
Operating profit	2	**54.7**	58.2	95.5
Analysed as:				
Underlying operating profit	2	**55.6**	59.7	98.7
Profit on sale of fixed assets		**0.1**	-	-
External transaction costs		**(1.0)**	(1.5)	(3.2)
Operating profit		**54.7**	58.2	95.5
Finance costs	3	**(13.4)**	(13.4)	(27.0)
Finance income	3	**0.2**	0.2	0.5
Profit before tax	2	**41.5**	45.0	69.0
Taxation - before exceptional items	4	**(8.9)**	(10.0)	(15.5)
Taxation – exceptional	4	**-**	-	3.4
Taxation	4	**(8.9)**	(10.0)	(12.1)
Profit for the period attributable to equity shareholders		**32.6**	35.0	56.9
Earnings per share for profit attributable to equity shareholders				
– Basic (pence)	5	**65.9p**	71.0p	115.2p
– Diluted (pence)	5	**65.7p**	70.9p	114.5p
Underlying earnings per share (pence)	5	**67.7p**	74.0p	114.8p

Consolidated statement of comprehensive income (unaudited)
for the 26 week period ended 24 June 2016

	26 week period ended 24 Jun 2016 £m	26 week period ended 26 Jun 2015 £m	52 week period ended 25 Dec 2015 (audited) £m
Profit for the period	**32.6**	35.0	56.9
Items that will not be reclassified to profit or loss			
Remeasurement (loss)/ gain on retirement benefit obligations	**(2.1)**	1.8	(1.4)
Tax credit/ (charge) on remeasurement of retirement benefit obligations	**0.4**	(0.4)	0.3
Restatement of deferred tax for the change in UK tax rate	-	-	(0.2)
Other comprehensive (loss)/ gain	**(1.7)**	1.4	(1.3)
Comprehensive income for the period	**30.9**	36.4	55.6
Attributable to:			
Equity shareholders of the parent	**30.9**	36.4	55.6

Consolidated balance sheet (unaudited)
as at 24 June 2016

	Note	**24 Jun 2016** **£m**	26 Jun 2015 £m	25 Dec 15 (audited) £m
Assets				
Non-current assets				
Goodwill		**203.0**	185.0	201.5
Intangible assets		**129.8**	99.1	126.7
Property, plant and equipment		**200.2**	194.7	200.6
Financial and other assets		**10.8**	10.2	10.3
		543.8	489.0	539.1
Current assets				
Inventories		**6.0**	6.2	6.4
Trade and other receivables		**32.6**	32.0	31.9
Cash and cash equivalents	7	**120.7**	123.1	98.8
		159.3	161.3	137.1
Total assets		**703.1**	650.3	676.2
Liabilities				
Current liabilities				
Financial liabilities		**8.5**	8.1	8.3
Trade and other payables		**66.6**	62.0	67.5
Current tax liabilities		**5.0**	7.3	5.4
Provisions for liabilities		**1.4**	1.2	1.5
		81.5	78.6	82.7
Non-current liabilities				
Financial liabilities		**590.3**	598.7	594.6
Deferred tax liabilities		**25.3**	17.0	21.7
Other non-current liabilities		**2.7**	2.9	2.3
Provisions for liabilities		**6.4**	5.1	6.3
Retirement benefit obligation		**15.0**	9.0	12.5
		639.7	632.7	637.4
Total liabilities		**721.2**	711.3	720.1
Shareholders' equity				
Ordinary share capital		**6.1**	6.1	6.1
Share premium account		**7.0**	4.8	4.8
Capital redemption reserve		**141.7**	141.7	141.7
Other reserves		**(4.7)**	(6.0)	(4.5)
Retained earnings		**(168.2)**	(207.6)	(192.0)
Total equity		**(18.1)**	(61.0)	(43.9)
Total equity and liabilities		**703.1**	650.3	676.2

Consolidated statement of changes in equity (unaudited)
as at 24 June 2016

	Ordinary share capital £m	Share Premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity as at 26 December 2014	6.1	2.8	141.7	(5.5)	(237.6)	(92.5)
Profit for the 26 weeks ended 26 June 2015	-	-	-	-	35.0	35.0
Remeasurement gain on defined benefit obligations	-	-	-	-	1.8	1.8
Tax on pensions	-	-	-	-	(0.4)	(0.4)
Total comprehensive income	-	-	-	-	36.4	36.4
Effects of employee share options	-	-	-	1.0	-	1.0
Tax on employee share options	-	-	-	0.5	-	0.5
Proceeds from share issue(1)	-	2.0	-	-	-	2.0
Gift to Employee Benefit Trust	-	-	-	(2.0)	-	(2.0)
Dividends (note 6)	-	-	-	-	(6.4)	(6.4)
Shareholders' equity as at 26 June 2015	6.1	4.8	141.7	(6.0)	(207.6)	(61.0)
Profit for the 26 weeks ended 25 December 2015	-	-	-	-	21.9	21.9
Remeasurement loss on defined benefit obligations	-	-	-	-	(3.2)	(3.2)
Tax on pensions	-	-	-	-	0.7	0.7
Restatement of deferred tax for the change in UK tax rate	-	-	-	-	(0.2)	(0.2)
Total comprehensive income	-	-	-	-	19.2	19.2
Effects of employee share options	-	-	-	1.4	-	1.4
Tax on employee share options	-	-	-	0.2	-	0.2
Restatement of deferred tax for the change in UK tax rate	-	-	-	(0.1)	-	(0.1)
Dividends (note 6)	-	-	-	-	(3.6)	(3.6)
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(2)	-	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)**

(1) Relating to issue of 249,067 shares under 2012 LTIP scheme and 1,044 shares under 2013 SAYE scheme.
(2) Relating to issue of 213,851 shares under 2013 LTIP scheme and 353 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 24 June 2016

	Note	26 week period ended 24 Jun 2016 £m	26 week period ended 26 Jun 2015 £m	52 week period ended 25 Dec 2015 (audited) £m
Cash flows from operating activities				
Cash generated from operations before external transaction costs	9	**64.6**	71.0	125.2
External transaction costs in respect of acquisitions		**(0.6)**	(0.6)	(3.2)
Cash generated from operations		**64.0**	70.4	122.0
Finance income received		**0.3**	0.3	0.6
Finance costs paid		**(13.2)**	(5.9)	(19.1)
Transfer from restricted bank accounts for finance costs		**12.8**	5.6	5.6
Payments to restricted bank accounts for finance costs		**(12.7)**	(12.8)	(12.8)
Total payments in respect of finance costs		**(13.1)**	(13.1)	(26.3)
Tax (paid) / refund		**(5.3)**	0.8	(3.7)
Net cash generated from operating activities		**45.9**	58.4	92.6
Cash flows from investing activities				
Acquisition of subsidiaries and businesses (net of cash acquired)	11	**(6.0)**	(10.1)	(50.0)
Proceeds from sale of property, plant and equipment		**0.5**	0.5	0.8
Vehicle replacement programme and improvements to locations		**(5.9)**	(5.6)	(15.6)
Branch relocations		**(0.8)**	(3.1)	(3.9)
Satellite locations		**(0.4)**	-	(0.3)
Development of new crematoria and cemeteries		**-**	(0.1)	(0.1)
Purchase of property, plant and equipment		**(7.1)**	(8.8)	(19.9)
Net cash used in investing activities		**(12.6)**	(18.4)	(69.1)
Cash flows from financing activities				
Issue costs in respect of borrowings and Secured Notes		**-**	(0.1)	(0.1)
Issue costs in respect of debt facility		**-**	(0.1)	(0.2)
Proceeds from share issue		**-**	-	-
Repayment of borrowings		**(4.2)**	(4.0)	(8.1)
Transfer from restricted bank accounts for repayment of borrowings		**4.1**	4.0	4.0
Payments to restricted bank accounts for repayment of borrowings		**(4.2)**	(4.1)	(4.1)
Total payments in respect of borrowings		**(4.3)**	(4.1)	(8.2)
Dividends paid to shareholders on Ordinary Shares	6	**(7.1)**	(6.4)	(10.0)
Net cash used in financing activities		**(11.4)**	(10.7)	(18.5)
Net increase in cash and cash equivalents		**21.9**	29.3	5.0
Cash and cash equivalents at the beginning of the period		**81.9**	76.9	76.9
Cash and cash equivalents at the end of the period	7	**103.8**	106.2	81.9
Restricted cash	7	**16.9**	16.9	16.9
Cash and cash equivalents at the end of the period as reported in the consolidated balance sheet	7	**120.7**	123.1	98.8

Notes to the interim financial information 2016 (unaudited)
for the 26 week period ended 24 June 2016

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 24 June 2016 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 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 53 week period ended 30 December 2016. 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 52 week period ended 25 December 2015. The Directors approved this interim condensed consolidated financial information on 27 July 2016.

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 52 week period ended 25 December 2015, 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 52 week period ended 25 December 2015. Comparative information has been presented as at and for the 26 week period ended 26 June 2015, and as at and for the 52 week period ended 25 December 2015.

The comparative figures for the 52 week period ended 25 December 2015 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 52 week period ended 25 December 2015 have been delivered to the Registrar of Companies and contained an unqualified auditors' report in accordance with s498 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 profit is stated before profit or loss on sale of fixed assets, external transaction costs and exceptional items. Underlying operating profit is included as it is felt that adjusting operating profit/ (loss) 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 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**

26 week period ended 26 June 2015

	Revenue £m	Underlying operating profit/ (loss) before depreciation and amortisation £m	Depreciation and amortisation £m	Underlying operating profit/ (loss) £m	External transaction costs £m	Operating profit/ (loss) £m
Funeral services	112.5	51.7	(5.1)	46.6	(1.5)	45.1
Crematoria	33.7	21.1	(1.6)	19.5	-	19.5
Pre-arranged funeral plans	12.5	4.1	(0.1)	4.0	-	4.0
Central overheads	-	(10.1)	(0.3)	(10.4)	-	(10.4)
Group	158.7	66.8	(7.1)	59.7	(1.5)	58.2
Finance costs				(13.4)	-	(13.4)
Finance income				0.2	-	0.2
Profit before tax				46.5	(1.5)	45.0
Taxation – continuing activities				(10.0)	-	(10.0)
Underlying earnings for the period				36.5		
Total other items					(1.5)	
Profit after taxation						35.0
Earnings per share for profit attributable to equity shareholders						
– Basic (pence)				74.0p		71.0p
– Diluted (pence)				73.9p		70.9p

2 Revenue and segmental analysis (continued)

52 week period ended 25 December 2015

	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	212.6	87.4	(10.6)	76.8	(3.2)	73.6
Crematoria	63.1	37.8	(3.2)	34.6	-	34.6
Pre-arranged funeral plans	29.6	8.0	(0.2)	7.8	-	7.8
Central overheads	-	(19.9)	(0.6)	(20.5)	-	(20.5)
Group	305.3	113.3	(14.6)	98.7	(3.2)	95.5
Finance costs				(27.0)	-	(27.0)
Finance income				0.5	-	0.5
Profit before tax				72.2	(3.2)	69.0
Taxation - continuing activities				(15.5)	-	(15.5)
Taxation - exceptional				-	3.4	3.4
Taxation				(15.5)	3.4	(12.1)
Underlying earnings for the period				56.7		
Total other items					0.2	
Profit after taxation						56.9
Earnings per share for profit attributable to equity shareholders						
– Basic (pence)				114.8p		115.2p
– Diluted (pence)				114.1p		114.5p

3 Net finance costs

	26 week period ended 24 Jun 2016 £m	26 week period ended 26 Jun 2015 £m	52 week period ended 25 Dec 2015 £m
Finance costs			
New Notes	**12.4**	12.5	25.0
Crematoria Acquisition Facility	**0.3**	0.3	0.6
Other loans	**0.5**	0.5	0.9
Net finance cost on retirement benefit obligations	**0.2**	-	0.3
Unwinding of discounts	**-**	0.1	0.2
Finance costs	**13.4**	13.4	27.0
Finance income			
Bank deposits	**(0.2)**	(0.2)	(0.5)
Finance income	**(0.2)**	(0.2)	(0.5)
Net finance costs	**13.2**	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 21.0 per cent (2015: 21.5 per cent) on profit before tax for the 26 week period ended 24 June 2016.

	26 week period ended		52 week period ended
	24 Jun 2016	26 Jun 2015	25 Dec 2015
	£m	£m	£m
Taxation	**8.9**	10.0	12.1

The standard rate of Corporation Tax in the UK changed from 21 per cent to 20 per cent from 1 April 2015. In addition, changes have been substantively enacted that will mean the standard rate will reduce further to 19 per cent from 1 April 2017 and 18 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 £1.4 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 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
26 week period ended 26 June 2015			
Underlying profit after taxation and EPS	36.5	49.3	74.0
Less: External transaction costs (net of taxation of £nil million)	(1.5)		
Profit attributable to shareholders – Basic EPS	35.0	49.3	71.0
Profit attributable to shareholders – Diluted EPS	35.0	49.4	70.9
52 week period ended 25 December 2015			
Underlying profit after taxation and EPS	56.7	49.4	114.8
Add: Exceptional items, loss on sale of fixed assets and external transaction costs (net of taxation of £nil million)	0.2		
Profit attributable to shareholders – Basic EPS	56.9	49.4	115.2
Profit attributable to shareholders – Diluted EPS	56.9	49.7	114.5

6 Dividends

On 24 June 2016, the Group paid a final dividend, in respect of 2015, of 14.31 pence per share (2015: 13.01 pence per share) totalling £7.1 million (2015: £6.4 million).

On 27 July 2016, the Directors declared an interim dividend, in respect of 2016, of 7.85 pence per share (2015: 7.14 pence per share) totalling £3.9 million (2015: £3.5 million), which will be paid on 28 October 2016 to those shareholders on the register at the close of business on 23 September 2016.

7 Cash and cash equivalents

	Note	**24 Jun 2016 £m**	26 Jun 2015 £m	25 Dec 2015 £m
Operating cash as reported in the consolidated statement of cash flows as cash and cash equivalents		**103.8**	106.2	81.9
Amounts set aside for debt service payments	(a)	**16.9**	16.9	16.9
Cash and cash equivalents as reported in the balance sheet		**120.7**	123.1	98.8

(a) 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 2016 this amount was used to pay these respective parties on 30 June 2016 and in December 2015 this amount was used to pay these respective parties on 31 December 2015. Of this amount £12.7 million (December 2015: £12.8 million) is shown within the Statement of Cash Flows as 'Payments to restricted bank accounts for finance costs' and £4.2 million (December 2015: £4.1 million) is shown within 'Financing activities' as 'Payments to restricted bank accounts for repayment of borrowings'.

8 Net debt

	24 Jun 2016 £m	26 Jun 2015 £m	25 Dec 2015 £m
Net amounts owing on New Notes	**(582.4)**	(590.6)	(586.5)
Add: unamortised issue costs	**(0.7)**	(0.7)	(0.7)
Gross amounts owing on Secured Notes per financial statements	**(583.1)**	(591.3)	(587.2)
Net amounts owing on Crematoria Acquisition Facility per financial statements	**(15.7)**	(15.6)	(15.7)
Add: unamortised issue costs on Crematoria Acquisition Facility	**(0.1)**	(0.2)	(0.1)
Gross amounts owing	**(598.9)**	(607.1)	(603.0)
Accrued interest on Secured Notes	**(12.7)**	(12.9)	(12.8)
Accrued interest on Crematoria Acquisition Facility	**-**	-	(0.1)
Cash and cash equivalents	**120.7**	123.1	98.8
Net debt	**(490.9)**	(496.9)	(517.1)

In addition to the above, the consolidated balance sheet also includes finance lease obligations and other financial liabilities which totalled £0.7 million (June 2015: £0.7m; December 2015: £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 New Notes requires EBITDA to total debt service ('EBITDA DSCR') to be at least 1.5 times. At 24 June 2016, the actual ratio was 3.19 times (June 2015: 4.37 times; December 2015: 3.35 times). The New Notes were issued on 17 October 2014. Consequently, Senior Interest only accrues from this date for the Relevant Period. Debt Service, assuming a full year Senior Interest would have been approximately £33.7 million. On this basis, the EBITDA DSCR was 3.38 times in June 2015 and 2.95 times in December 2015.

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		52 week period ended
	24 Jun 2016	26 Jun 2015	25 Dec 2015
	£m	£m	£m
Net profit for the period	**32.6**	35.0	56.9
Adjustments for:			
Taxation	**8.9**	10.0	12.1
Net finance costs	**13.2**	13.2	26.5
(Profit)/ loss on disposal of fixed assets	**(0.1)**	-	-
Depreciation charges	**7.7**	7.0	14.5
Amortisation of intangibles	**0.1**	0.1	0.1
Movement in inventories	**0.5**	0.3	0.1
Movement in trade receivables	**0.7**	(1.6)	(1.6)
Movement in trade payables	**(0.4)**	0.9	3.2
External transaction costs	**1.0**	1.5	3.2
Changes in other working capital (excluding acquisitions)	**(1.5)**	3.6	7.8
Employee share option charges	**1.9**	1.0	2.4
Cash generated from operations before external transaction costs	**64.6**	71.0	125.2

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 currency risk, 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 25 December 2015. 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

	24 Jun 2016			26 Jun 2015			25 December 2015		
	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
New A Notes – 3.5456% maturing 31 December 2034	**226.7**	**226.4**	**246.5**	234.9	234.6	238.4	230.8	230.5	238.7
New B Notes – 4.6956% maturing 31 December 2049	**356.4**	**356.0**	**406.4**	356.4	356.0	376.5	356.4	356.0	376.8
Crematoria Acquisition Facility	**15.8**	**15.7**	**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	**599.6**	**598.8**	**669.4**	607.8	607.0	631.4	603.7	602.9	632.0

The Crematoria Acquisition Facility and New A and New B 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 New A and New B 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	**1.0**
Intangible assets: trade names	**3.0**
Receivables	**0.1**
Other working capital	**0.1**
Deferred taxation	**(0.3)**
Net assets acquired	**3.9**
Goodwill arising	**1.5**
	5.4
Satisfied by:	
Cash paid on completion (funded from internally generated cash flows)	**5.4**

During 2016, the Group acquired the operational interest of six funeral locations.

The residual excess of the consideration paid over the net assets acquired is recognised as goodwill. 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 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	5.4
Cash paid in respect of prior year acquisitions	0.6
Acquisition of subsidiaries and businesses as reported in the Cash flow statement	6.0

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

In addition to the above, there were additions in relation to crematoria developments totalling £nil million (June 2015: £0.1 million; December 2015: £0.1 million) and £7.1 million (June 2015: £8.7 million; December 2015: £19.8 million) of other additions to property, plant and equipment in the period. The Group also received proceeds of £0.5 million (June 2015: £0.5 million; December 2015: £0.8 million) from disposals of property, plant and equipment, which had a net book value of £0.4 million (June 2015: £0.5 million; December 2015: £0.5 million).

The Group had capital expenditure authorised by the Board and contracted for at the balance sheet date of £19.5 million (June 2015: £13.7 million; December 2015: £7.7 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 2015 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		52 week period ended	26 week period ended		52 week period ended
	24 Jun 2016 £m	26 Jun 2015 £m	25 Dec 2015 £m	**24 Jun 2016 £m**	26 Jun 2015 £m	25 Dec 2015 £m
Dignity Limited Trust Fund	**0.2**	0.2	0.3	**-**	-	-
National Funeral Trust	**22.7**	20.9	41.5	**4.6**	2.0	4.7
Trust for Age UK Funeral Plans	**19.5**	19.9	38.5	**3.5**	1.7	4.6
Recent Trusts	**1.3**	1.1	2.0	**0.2**	-	0.4
Total	**43.7**	42.1	82.3	**8.3**	3.7	9.7

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

13 Post balance sheet events

On 27 June 2016, the Group completed the acquisition of three freehold crematoria locations and on 22 July 2016, the Group completed the acquisition of the leasehold location in Shropshire, all as part of the agreement announced on 31 May 2016 to acquire a total of five locations from Funeral Services Limited (trading as Co-op Funeralcare). The Group has not, at the point of authorisation for issue of this interim report, completed its assessment of the fair values of assets and liabilities acquired and the intangible assets arising in respect of this acquisition and therefore no further disclosure is provided.

The Group has also acquired one funeral location since the balance sheet date.

There were no other significant post balance sheet events.

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 and Transparency Rules, being an indication of important events that have occurred during the first half of 2016 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 and Transparency Rules, being related party transactions that have taken place in the first half of 2016 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
Martin Pexton - Non-Executive Director

By order of the Board

Steve Whittern
Finance Director
27 July 2016

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 24 June 2016 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 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 24 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Birmingham
27 July 2016