

# Chairman's message

*InvoCare's robust business model, a higher number of deaths, strong average sales performance and a positive contribution from acquisitions and new locations resulted in another solid year in 2007.*

Reported profit after tax of \$27.6 million grew 14.6% or \$3.5 million and resulted in a basic EPS of 27.6 cents per share. Following the strong overall financial performance, the Board declared a fully franked final dividend of 12.5 cents per share. The total fully franked ordinary dividends for the year increased 15.4% to 22.5 cents per share. Total shareholder returns (price movement plus cash dividends) for the year ended 31 December 2007 increased by a healthy 30%, taking total shareholder returns since the initial public offering in late 2003 to 318%.

The Chief Executive Officer review and the Group financial and operational review highlight the advancements made during 2007 and the strong position of the Company.

Two funeral business acquisitions were completed in 2007, in Sydney and Perth, taking to five the number of acquisitions since December 2005. In addition to these, InvoCare's penetration of the Australian funeral market was further assisted by opening nine new funeral homes in strategic locations.

The results in 2007 were positively impacted by a higher than expected number of deaths and solid contributions from funeral fund monies redeemed after prepaid funeral services were performed. The Company's future results will remain subject, as always, to the actual number of deaths. The Board and management are also closely monitoring the potential impact on InvoCare's financial results of emerging economic developments and the effect sharemarket volatility has on prepaid funeral fund returns.

I am particularly pleased that we have further increased the investment in our employees during the year. Focus has been given to numerous areas, including learning and development modules, management development, succession management, recruitment and retention strategies, workplace safety initiatives, updating operational uniforms, performance evaluation and remuneration reviews. The Board was also pleased to make another offer of participation in the InvoCare Exempt Employee Share Plan, which has approximately 250 employee members, and also extended to about 40 senior managers the offer of long-term incentive shares under the InvoCare Deferred Employee Share Plan. More than 25% of InvoCare's employees are shareholders, thus aligning their interests with those of investors.

The Board remains strongly committed to appropriate corporate governance best practice and we have embraced the ASX Corporate Governance Council's revised principles and recommendations and CLERP 9 reforms. Our Board Committees (Audit, Risk, Remuneration and Nomination) have all functioned effectively. Good corporate governance is definitely embedded into the culture and values at InvoCare.

On behalf of the Board and all its shareholders, I commend management and employees across Australia and Singapore on the excellent results achieved and I thank them for all their hard efforts. Their commitment, dedication and high service ethics have particularly contributed to InvoCare's strong 2007 performance. The Board is confident that the Company is well positioned to deliver sustainable growth into the future.



Ian Ferrier



*Ian Ferrier Chairman*

A blue ink signature of Ian Ferrier, written in a cursive style.