



## Chairman's Message

One of the most pleasing aspects of InvoCare's performance for the year ended 31 December 2004 was exceeding the 2004 Prospectus forecast performance in terms of revenues and profit after tax even though the number of deaths was in line with that forecast.

The profit after tax for the year exceeded the Prospectus forecast by 37%, or 26% if you exclude the asset sale gains, based on a revenue increase of 3%. EPS growth was 36% above the Prospectus forecast while there were also improvements in free cash flow and debt repayments.

These results have enabled the Board to maintain its policy of a payout ratio of 75% of after tax profits adjusted for amortisation and declare a fully franked final dividend of 9.0 cents per share following the interim dividend of 6.4 cents per share. The total dividend for the year of 15.4 cents per share represents an increase of 20% over the Prospectus forecast.

As you will read in Richard Davis' CEO Review, InvoCare has made solid progress during 2004 and remains well positioned for continuing growth with the number of deaths expected to increase over time. Growth is also likely to come from increased market share as the Company continues to develop and promote its major brands, pursue acquisition opportunities as well as its strategies to increase cemeteries and crematoria memorialisation. The potential to increase operating margins due to the relatively fixed nature of many costs, along with the Company's ability to generate cash, should lead to an enhancement of shareholder value.

We were pleased to report that during the year our debt has been reduced by \$23.5 million or 15%, which is \$9.0 million ahead of our Prospectus forecast.

In January we welcomed Roger Penman to the Board as a replacement for John Murphy who resigned from the Board on 28 February 2005. Mr Penman is a Principal in the national accounting firm WHK Greenwoods and a specialist in taxation, advisory and business services. I convey to Mr Murphy the appreciation of the Board for his invaluable contribution over the past four years.

We are strongly committed to appropriate corporate governance controls and continue to embrace the ASX Corporate Governance Guidelines and CLERP 9 reforms. Our Audit Committee, Risk Committee and Remuneration Committee have functioned effectively during the year. Preparations for adoption of the new AASB standards which are the Australian equivalent to the International Financial Reporting Standards and will apply in the 2005 year, are well in hand.

On behalf of the Board and all the Shareholders, I congratulate and thank all the Company's management and employees for their effort and contribution in achieving the excellent 2004 result.

A handwritten signature in black ink, appearing to read 'Ian Ferrier', written over a horizontal line.

**Ian Ferrier**  
Chairman