The Berkeley Group Holdings plc

PRESS RELEASE **9th DECEMBER 2004**

INTERIM RESULTS ANNOUNCEMENT

BERKELEY GENERATES £104 MILLION OF CASH

REPAYMENT OF £5 PER UNIT MADE ON 3RD DECEMBER 2004

FORWARD SALES AT £878 MILLION

The Berkeley Group Holdings plc ("Berkeley" or the "Group"), the urban regenerator and residential property developer announces its interim results for the six months ended 31st October 2004. Highlights of these results include:

• Pre-tax Profits	5.0% reduction to £110.5 million (2003 restated: £116.3 million)
• Operating Margins	Group housebuilding operating margins, excluding land sales and merger expenses, up to 20.2% from 17.6% at the full year
• Earnings Per Share	Increased by 1.4% to 65.4 pence (2003 restated: 64.5 pence)
• Net Asset Value Per Share	Up 6.5% to 1,005 pence from the year-end (April 2004 restated: 944 pence)
• Net Cash	Up £104.0 million to £249.2 million in the period
• ROCE	Increased to 22.5% from 20.7% (October 2003 restated)
• Land Holdings	Remain strong at 26,627 plots, compared to year-end level of 26,654
• Forward Order Book	Remains solid at £877.7 million
• Share Buy-Back	2.1 million (2%) shares bought back for £20.7 million
• Strategic Review	First tranche (£5) of four B share payments paid on 3rd December 2004 with next tranche (£2) expected in December 2006

	October 2004	October 2003 Restated	% Difference
Turnover	£518.7m	£575.8m	-10.0%
Operating Profit	£100.8m	£109.6m	-8.0%
Joint Ventures	£10.6m	£10.6m	-
Merger Expenses	(£1.5m)	-	-
Interest	£0.6m	(£3.9m)	-
Profit before Tax	£110.5m	£116.3m	-5.0%
EPS	65.4p	64.5p	+1.4%
DPS	-	5.8p	-
NAVPS	1,005p	888p	+13.2%

Commenting on the results, Managing Director, A W Pidgley said:

"In our full year statement I set out Berkeley's proposal to return £12.00 a share in cash to shareholders over a six year period. I also spoke of our strategy to concentrate on highly-complex inner city, large-scale urban regeneration schemes following our move away from traditional housebuilding and discussed the resulting natural size for the business and the state of the land and housing market. I am delighted this plan received such overwhelming support from our shareholders and am grateful for the backing given to the executive directors to deliver this strategy for Berkeley.

I am pleased to announce today results which accord with our expectations, having also recently completed on time and as promised the first stage of the cash return to shareholders (£5 per Unit), on 3rd December 2004.

As I explained in our full year statement, Berkeley's focus is on protecting the value of our assets and on generating cash flow – as opposed to concentrating primarily on the profit and loss account. Today's results show the success of this approach in the current more normal and resilient market conditions, for which we began planning some time ago. Having made the first return we are now focused on working towards the next £2 return in December 2006.

In the last six months, Berkeley has achieved a pre-tax profit of £110.5 million, increased its operating margin to 20.2% and has generated £104.0 million of cash flow to produce cash balances of £249.2 million at 31st October. At the same time we maintain a strong forward sales position at £877.7 million, have improved the Group's operating efficiency and have maintained our unrivalled land holdings.

In becoming one of Britain's leading urban regenerators and residential property developers, Berkeley promotes a challenging and entrepreneurial approach that has kept it at the forefront of its sector and in tune with the market. Berkeley is placed in a uniquely strong position to lead the continuing revival of Britain's cities and the retrieval for housing of derelict land in urban areas.

I feel very honoured that the passion we have for Berkeley has been given independent validation by the sweep of industry awards bestowed upon us in recent weeks. We have been recently named 'Best Housebuilder' and 'Best Volume Housebuilder' at the Daily Telegraph What House? Magazine Awards; 'Urban Regeneration Housebuilder of the Year' at the Building Magazine and Property Week Regeneration Awards; and 'Private Housebuilder of the

Year' and 'Best Land, Planning and Regeneration Strategy' at the Building Homes Quality Awards. These are just some of the many accolades the Group, its developments and its people have received, and reflect the dynamic approach to housebuilding that we have pioneered. The achievement of these awards is only possible through the exceptional performance of our people. I would like to take this opportunity to acknowledge the huge contribution they make to our business which is at the heart of our success."

Roger Lewis, Chairman, said:

"The housing market has moderated over the last six months against a back-drop of uncertainty about interest rates after five recent rises and media comment which has correctly explained that the boom of recent years was not sustainable. The fundamentals, however, remain good with interest rates still relatively low, employment strong and supply at historically low levels. The demand for housing will continue if the macro-economic climate remains favourable. We welcome these more normal market conditions which play well to our strengths in terms of location, product and marketing flair and provide us with the opportunity to demonstrate the strength of our land bank and the skills we promote to first create and then sell an innovative product that is right for its market. In each location, Berkeley produces a sales strategy to match supply with demand.

Despite various attempts to free up the planning regime, it does unfortunately remain slow and bureaucratic, but we believe the current process, if operated correctly, does work and we take great care to include local communities and other stakeholders in formulating our regeneration proposals. I am therefore delighted to report that we now have enhanced consents at Grosvenor Waterside in London and an approval for over 1,000 units at Holborough Valley in Kent. We continue to submit applications on the majority of our sites and I look forward to updating you further at the full year.

Results

Berkeley is delighted to announce a pre-tax profit of £110.5 million for the six months ended 31st October 2004. While this is 5.0% less than the restated figure of £116.3 million for the same period last year, our earnings per share rose 1.4% from 64.5 pence to 65.4 pence.

Five factors have contributed to this result: reduced operating profit (-8.0%), merger expenses (-1.2%), reduced interest charge (+4.3%), reduced tax charge (+0.4%) and share buy-backs and other movements (+5.9%).

Berkeley is expecting a broadly similar trading profile between the first and second halves of the year. Results at the pre-tax level in the second half will be reduced by higher interest charges resulting from the £604.1 million payment to shareholders made on 3rd December and costs associated with the Scheme of Arrangement, which include the Long Term Incentive Plan ("LTIP") charge for the share options granted to management in October. The accounting charge for the LTIP is based on a number of factors, including the £11.86 share price at the date of the award, and will be approximately £7 million per year until vesting in January 2011.

Shareholders' funds increased by £60.8 million to £1,202.9 million (30th April 2004 - £1,142.1 million), an increase of 5.3%. The increase in shareholders' funds is after taking account of share buy-backs of £20.7 million. Net assets per share stand at 1,005 pence, an increase of 6.5% since the year-end (944 pence), and an increase of 13.2% since the last half-year (888 pence).

Return on Capital Employed was 22.5%, compared to 20.7% last half year. This increase is due to Berkeley's retirement from the Gunwharf Quays Limited Partnership in December 2003 and greater operational efficiencies.

At 31st October 2004 Berkeley had net cash balances of £249.2 million (April 2004 - £145.2 million) after generating £104.0 million of cash flow in the six months.

Scheme of Arrangement

The Scheme of Arrangement and The Berkeley Group Holdings plc reduction of capital was approved by shareholders on 17th September 2004 and by the Court at the end of October 2004. The Scheme of Arrangement created a Berkeley Unit comprising one ordinary share and four redeemable B shares. The 2004 B shares were redeemed on 3rd December 2004 for £5 a share at a cost to Berkeley of £604.1 million. The redemption of the three remaining B shares is expected in December 2006, December 2008 and December 2010 for £2, £2 and £3 a share respectively.

As part of the Scheme of Arrangement, the Group agreed new banking facilities for £825 million. These comprise a £500 million term loan for seven years, a £175 million revolving facility for three years and a £150 million 364 day revolving facility with a 2 year term-out option. At the time of the December payment, the Group had drawn £600 million of its new facilities to make the 2004 B share redemption and held over £200 million of cash balances. This can be used for working capital, new land acquisitions or the 2006 B share payment and supports the confidence the Group has in delivering its strategy.

The UK Housing Market

The housing market in London and the South-East continues to provide a stable environment in which to operate with a continuing demand for houses and flats of the right quality in the right location at the right price. That said the market has moderated in the last six months. Reservation levels in Berkeley Homes and St George in the first six months are 15% down compared to the same period last year although the market is showing signs of resilience with this trend reversing in November and reservations are now at similar levels for the seven month period when compared to the same period last year. The overall Group reservations (including joint ventures) for the six months are down by 28%. This is largely due to Crosby which operates in cities in the north of England and Midlands. The Crosby management team subscribed for 50.01% of the shares in the business last year, which will not see control pass to them until £450 million of operating cash flow has been generated. As a consequence, Crosby aggressively sold forward in 2003/04 and has already sold more than 50% of the units required to achieve their target. Reservations for the Group as a whole are above the levels we predicted and which we require to achieve the return of capital to shareholders over the six year period.

We believe that perceptions of the housing market have been affected by five sequential rises in interest rates and the widely held belief that the boom of the last few years was no longer sustainable. Nevertheless, confidence in the UK housing market remains firm, despite opinions expressed by certain market commentators, with a growing appreciation of the benefits of a more normal market and the forecast economic growth in the UK. The fundamentals for housing are still good with historically low interest rates, strong employment and constraints in supply due to planning delays and the overall complexity of delivering urban regeneration schemes.

Investors continue to account for over 50% of our reservations – a reassuring sign of the continuing strength of the underlying investor market. Under the Group's definition, investors can range from large institutions to customers purchasing a second home.

Sales price increases achieved have been up to 5% above our business plan forecast and are covering build cost increases which we continue to experience. Operating margins are under pressure due to affordable housing requirements and Section 106 planning gain payments. We currently estimate that these costs will reduce the operating margin going forward by 0.3% to 0.4%.

In the land market, Berkeley has continued to find prices extremely competitive and has been very selective. As a consequence, the Group has agreed only ten new sites, totalling 1,129 units in the six month period.

For the Group to achieve its full year targets for 2004/05, 57% of the sales required are of units with selling prices under £300,000 and 85% under £500,000. This puts us in a strong position to achieve our full year forecast in these market conditions.

Trading Analysis

Group turnover was £518.7 million (2003 - £575.8 million). This comprises £474.2 million (2003 - £555.8 million) of residential turnover and £44.5 million (2003 - £19.9 million) of commercial turnover.

During the period Berkeley sold 1,801 units at an average selling price of £262,000. This compares to 2,015 units at an average selling price of £271,000 in the corresponding period in 2003. At the same time, the Group realised turnover of £3.8 million from land sales (2003 - £9.4 million). The Group's policy has always been to take advantage of suitable land sale opportunities, though its performance does not depend on realising such opportunities. Group commercial turnover increased by £24.6 million to £44.5 million, with Berkeley taking commercial sales from ten sites, including the sale of 62,900 sq ft of office space at St George Wharf in Vauxhall.

The Group's share of joint venture turnover totalled £68.6 million (2003 - £59.5 million). This comprises £67.5 million (2003 - £56.9 million) from residential projects and £1.1 million (2003 - £2.6 million) from commercial schemes. The number of units sold was 486 at an average price of £301,000, compared to 493 units at an average selling price of £231,000 in the corresponding period last year.

Excluding joint ventures and land sales, the housebuilding operating margin stands at 20.2% compared to 17.6% in the last full year. This is above both the range achieved for recent reporting periods and our expectations going forward. Over recent reporting periods the Group has achieved operating margins in a range of 17.5% to 19.5% (depending on mix). We expect to be broadly in this range for the full year if current market conditions prevail. Joint venture operating margins are 15.2% compared to 17.8% last year.

Joint Ventures

Berkeley currently has £70.8 million of capital employed in joint ventures, an increase of £2.9 million on last year's figure of £67.9 million. Our share of joint venture bank borrowings has fallen by £25.7 million to £52.9 million.

Berkeley's largest joint venture company is St James, which is jointly owned with Thames Water. St James is currently developing 2,597 homes within the business, with a similar number being worked up with Thames Water on potential future sites.

Forward Sales

Berkeley's strategy continues to be to sell houses at an early stage in the development cycle as this secures customers' commitment and therefore the quality of future revenue. It is encouraging to note that, at 31st October 2004, the Group held forward sales of £877.7 million. This is a drop of £67.6 million from 30th April 2004, although at a similar level to this time last year (2003: £875.4 million). Of this total, £96.6 million (April 2004 - £156.4 million) was included in the results for the six months to October 2004. The balance of £781.1 million (April 2004 - £788.9 million) will benefit the second six months of the current financial year as well as future years.

Land Holdings

At 31st October 2004 the Group controlled some 26,627 plots compared to 26,654 plots at 30th April 2004. Of these holdings, 22,513 (April 2004 – 21,449 plots) are owned and included on the balance sheet. In addition, 3,896 (April 2004 – 4,315) are contracted and a further 218 (April 2004 – 890) have terms agreed and solicitors instructed. At the 31st October 2004 the estimated gross margin is £1,857 million compared to £1,926 million at 30th April 2004, a reduction of £69 million.

Berkeley is concentrating on maximising the returns from our land holdings and we have submitted planning applications on the majority of our regeneration sites. Significant new consents achieved include: Holborough Valley in Kent for 1,000 units; Paragon Works in Brentford for 221 Key Worker units, 839 student units, 103,000 sq ft of academic teaching space and 2,700 sq ft of retail space; and Sandleford Hospital in Newbury for 116 units. In addition we achieved further consents at Grosvenor Waterside, Westminster and New River Village, Hornsey, both St James sites in London.

Prospects

Berkeley is well placed for the future. We target ourselves as being an added value urban regenerator and property developer rather than a volume housebuilder – the model we believe to be best suited to the particular challenges of a cyclical business. Our concentration on mixed-use, complex, inner city developments has allowed us to build up an unrivalled land bank from which we will continue to operate over the medium to long-term. Our strategy is to maximise these holdings while returning cash to our shareholders and selectively acquiring further opportunities.

Our primary goal is to maximise our returns to shareholders as opposed to mainly concentrating on the profit and loss account and this alignment allows the business to continue maximising short-term opportunities under an unambiguous long-term operating model. We look forward to the future with a great deal of confidence – supported by a business model that is cash generative, efficient in terms of scale and which allows the skills of our people to converge on adding value throughout the development process. We remain on target to achieve the 2006 B share payment and the £12 return by January 2011, and to create a sustainable and meaningful ongoing business."

For further information:

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The Berkeley Group Holdings plc

Consolidated Profit and Loss Account (Unaudited)

	Notes	Six months ended 31 October 2004 Unaudited	Six months ended 31 October 2003 Unaudited (Restated*)	Year ended 30 April 2004 Audited (Restated*)
		£'000	£'000	£'000
Turnover including share of joint ventures	2 (a)	587,357	635,199	1,396,133
Less: share of joint ventures' turnover		(68,692)	(59,449)	(123,690)
Turnover – continuing operations		518,665	575,750	1,272,443
Cost of sales		(374,709)	(419,157)	(965,238)
Gross profit		143,956	156,593	307,205
Net operating expenses		(43,165)	(47,013)	(94,404)
Operating profit – continuing operations		100,791	109,580	212,801
Share of operating profit in joint ventures		10,663	10,596	21,924
Total operating profit including share of joint ventures	2 (b)	111,454	120,176	234,725
Merger expenses	1	(1,536)	-	-
Profit on ordinary activities before interest and taxation	3	109,918	120,176	234,725
Net interest receivable/(payable)		630	(3,890)	(4,958)
Profit on ordinary activities before taxation	4	110,548	116,286	229,767
Taxation on profit on ordinary activities		(32,612)	(34,648)	(67,747)
Profit on ordinary activities after taxation		77,936	81,638	162,020
Dividends		-	(7,089)	(26,596)
Retained profit for the period		77,936	74,549	135,424
Dividends per Ordinary Share		-	5.8p	22.3p
Earnings per Ordinary Share - basic	5	65.4p	64.5p	130.4p
- diluted	5	64.7p	64.3p	129.7p

* See note 1

The Berkeley Group Holdings plc

Consolidated Balance Sheet (Unaudited)

	At 31 October 2004 Unaudited £'000	At 31 October 2003 Unaudited (Restated*) £'000	At 30 April 2004 Audited (Restated*) £'000
Fixed assets			
Tangible assets	10,462	16,016	13,996
Investments	-	5	-
Joint ventures			
- Share of gross assets	197,678	232,758	216,431
- Share of gross liabilities	(126,884)	(168,955)	(148,524)
	70,794	63,803	67,907
	81,256	79,824	81,903
Current Assets			
Stocks	1,070,871	1,080,288	1,066,275
Debtors	108,416	184,558	172,301
Investments	-	62,609	-
Cash at bank and in hand	349,311	96,691	245,306
	1,528,598	1,424,146	1,483,882
Creditors (amounts falling due within one year)			
Borrowings	(25,106)	(120)	(25,120)
Other creditors	(290,632)	(273,973)	(313,476)
	(315,738)	(274,093)	(338,596)
Net current assets	1,212,860	1,150,053	1,145,286
Total assets less current liabilities	1,294,116	1,229,877	1,227,189
Creditors (amounts falling due after more than one year)			
Borrowings	(75,000)	(100,000)	(75,000)
Other creditors	(15,743)	(4,214)	(9,579)
	(90,743)	(104,214)	(84,579)
Net assets	1,203,373	1,125,663	1,142,610
Capital and reserves			
Share capital	30,200	31,881	30,516
Share premium	-	-	-
Capital redemption reserve	-	-	-
Other reserve	(961,299)	427,067	431,055
Retained profit	2,100,518	632,080	652,725
Joint ventures' reserves	33,454	34,135	27,814
Equity shareholders' funds	1,202,873	1,125,163	1,142,110
Equity minority interest	500	500	500
	1,203,373	1,125,663	1,142,610
Net assets per Ordinary Share	1,005p	888p	944p

* See note 1

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 October 2004 Unaudited £'000	Six months ended 31 October 2003 Unaudited (Restated*) £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Net cash inflow from continuing operating activities	164,171	193,241	435,959
Dividends from joint ventures	510	355	9,865
Returns on investments and servicing of finance	1,525	(2,498)	(1,704)
Taxation	(29,534)	(29,102)	(62,594)
Capital expenditure and financial investment	6,486	18	(25,642)
Acquisitions and disposals	(1,536)	-	6,781
Equity dividends paid	(19,676)	(18,324)	(25,414)
Net cash inflow before financing	121,946	143,690	337,251
Financing	(17,941)	(104,102)	(149,048)
Increase in cash in the period	104,005	39,588	188,203

Reconciliation of net cash flow to movement in net cash/(debt)			
Increase in cash in the period	104,005	39,588	188,203
Cash outflow from decrease in debt	14	100,033	100,033
Movement in net cash/(debt) in the period	104,019	139,621	288,236
Opening net cash/(debt)	145,186	(143,050)	(143,050)
Closing net cash/(debt)	249,205	(3,429)	145,186

Reconciliation of operating profit to operating cash flows	Six months ended 31 October 2004 Unaudited £'000	Six months ended 31 October 2003 Unaudited (Restated*) £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Operating profit	100,791	109,580	212,801
Depreciation	1,358	1,428	3,085
Profit on sale of tangible fixed assets	(400)	(161)	(618)
Profit on sale of fixed asset investments	-	-	(144)
Stocks – (increase)/decrease	(4,596)	70,815	84,828
Debtors – decrease	63,588	65,152	77,131
Investments – (increase)/decrease	-	(517)	62,047
Creditors – increase/(decrease)	2,677	(53,629)	(4,762)
Non-cash charge in respect of share awards	753	573	1,591
Net cash inflow from continuing operating activities	164,171	193,241	435,959

* See note 1

The Berkeley Group Holdings plc

Consolidated Statement of Total Recognised Gains and Losses

	Six months ended 31 October 2004 Unaudited £'000	Six months ended 31 October 2003 Unaudited (Restated*) £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Profit for the financial period	77,936	81,638	162,020
Total recognised gains for the period	77,936	81,638	162,020
Prior year adjustment (see note 1)	(338)		
Total gains recognised since last annual report	77,598		

* See note 1

Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 October 2004 Unaudited £'000	Six months ended 31 October 2003 Unaudited (Restated*) £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Profit for the period	77,936	81,638	162,020
Dividends	-	(7,089)	(26,596)
Retained earnings	77,936	74,549	135,424
Share buy-backs	(20,656)	(7,863)	(52,363)
New shares issued	9,797	4,592	7,217
Issue/redemption expenses	(2,746)	-	-
Contribution on exercise of share options	(4,321)	(1,298)	(2,240)
Credit in respect of employee share schemes	753	573	1,591
Consideration paid for purchase of own shares held in Employee Share Ownership Trusts	-	-	(2,129)
Net additions to equity shareholders' funds	60,763	70,553	87,500
Opening equity shareholders' funds as previously stated	1,144,532	1,056,156	1,056,156
Prior period adjustment (see note 1)	(2,422)	(1,546)	(1,546)
Opening equity shareholders' funds as restated	1,142,110	1,054,610	1,054,610
Closing equity shareholders' funds	1,202,873	1,125,163	1,142,110

* See note 1

The Berkeley Group Holdings plc

Notes to the Interim Report

1. Basis of preparation

The interim accounts of The Berkeley Group Holdings plc have been prepared in accordance with the accounting policies set out in the audited financial statements of The Berkeley Group plc for the year ended 30 April 2004, apart from the exceptions described below.

From 1 May 2004, the Group has adopted UITF Abstracts 17 (revised 2003) and 38 in respect of employee share schemes and Employee Share Ownership Trusts. The cost of awards made under the share schemes is now calculated with reference to the fair value of the award at the date of grant rather than the cost of shares purchased by the Group to satisfy the award. In addition, the cost of shares held by the Group's Employee Share Ownership Trusts, previously shown as an asset in investments in the balance sheet, is now deducted from shareholders' funds.

The comparative figures have been restated to reflect the impact of these changes. Retained profit for the six months ended 31 October 2003 and for the year ended 30 April 2004, as published last year, has been reduced by £528,000 and £479,000 respectively to reflect the impact of the revision to UITF 17. Shareholders' funds at 1 May 2003, 31 October 2003 and 1 May 2004 have been reduced by £1,546,000, £1,345,000 and £2,422,000 respectively, to reflect the impact of the revision to UITF 17 and the deduction of the cost of the shares from shareholders' funds. The Group cash flow statement has also been restated to show the relevant cash flows in financing activities rather than capital expenditure and financial investment.

Scheme of Arrangement and capital restructure

In June 2004, The Berkeley Group plc announced proposals for the return of £12 per existing ordinary share to shareholders by way of a capital reorganisation, incorporating a Scheme of Arrangement.

Following approval by shareholders in September 2004 and ratification by the Court on 25 October 2004, shareholders, on 26 October 2004, exchanged each existing ordinary share in The Berkeley Group plc for a newly issued Unit (each Unit comprising one new ordinary share of a nominal value of £0.05, one 2004 B preference share of a nominal value of £5.00, one 2006 B preference share of a nominal value of £2.00, one 2008 B preference share of a nominal value of £1.60 and one 2010 B preference share of a nominal value of £3.21) in The Berkeley Group Holdings plc (“the Company”), thereby introducing the Company as the new parent holding company of The Berkeley Group plc and its subsidiaries. The Company issued the shares comprised in 120,798,270 Units credited as fully paid at the aggregate nominal value of £11.86, which was the closing price of an ordinary share in The Berkeley Group plc on 25 October 2004.

The Directors intend to return the £12 per unit to shareholders by January 2011 with cash payments in respect of the B shares, subject to having sufficient funding and distributable reserves, as follows:

Class of B share	Expected Record Date	Proceeds per Share
2004 B Share	26 November 2004	£5
2006 B Share	29 December 2006	£2
2008 B Share	31 December 2008	£2
2010 B Share	31 December 2010	£3
Total		£12

The return to shareholders has been facilitated by the Court approved reduction of capital that became effective on 28 October 2004. Through this reduction of capital, he nominal amount of each Unit was reduced to £0.25 (each Unit comprising one new ordinary share of a nominal value of £0.05, one 2004 B preference share of a nominal value of £0.05, one 2006 B preference share of a nominal value of £0.05, one 2008 B preference share of a nominal value of £0.05 and one 2010 B preference share of a nominal value of £0.05) . This reduction has created distributable reserves of £1,402 million to facilitate the return of £12 per Unit.

The Berkeley Group Holdings plc

Notes to the Interim Report (continued)

1 Basis of preparation (continued)
With implementation of the Scheme of Arrangement under section 425 of the Companies Act, the Company acquired 100% of the issued share capital of The Berkeley Group plc. In the opinion of the Directors, the Scheme of Arrangement is a group reconstruction rather than an acquisition, since the shareholders in the Company are the same as the former shareholders in The Berkeley Group plc and the rights of each shareholder, relative to the others, are unchanged and no minority interest in the net assets of the group is altered.

Accordingly, the Directors have adopted merger rather than acquisition accounting principles in drawing up these interim accounts, having regard to the overriding requirement of section 227(6) of the Companies Act 1985 for the accounts to give a true and fair view of the Group's results and financial position. The Directors consider that it is not practicable to quantify the effect of this departure from the Companies Act 1985 requirements.

The interim accounts are presented as if the Scheme of Arrangement had been effective on 1 May 2004, except for the effect of the capital restructure and subsequent reduction of capital which was sanctioned by the Court on 25 October 2004. The consolidated profit and loss account combines the results of The Berkeley Group plc for the six months ended 31 October 2004 with those of the Company for the period since its incorporation to 31 October 2004. The comparative figures relate to The Berkeley Group plc as restated for the effect of the Scheme of Arrangement.

	Six months ended 31 October 2004 Unaudited £'000	**Six months ended 31 October 2003 Unaudited (Restated*) £'000**	**Year ended 30 April 2004 Audited (Restated*) £'000**
2. Analysis by Activity			
a) Turnover			
Residential housebuilding			
Group	474,177	555,862	1,130,162
Joint ventures	67,553	56,859	120,977
	541,730	612,721	1,251,139
Commercial property and other activities			
Group	44,488	19,888	142,281
Joint ventures	1,139	2,590	2,713
	45,627	22,478	144,994
	587,357	635,199	1,396,133
b) Operating profit			
Residential housebuilding			
Group	96,256	104,948	198,586
Joint ventures	10,378	9,860	19,836
	106,634	114,808	218,422
Commercial property and other activities			
Group	4,535	4,632	14,215
Joint ventures	285	736	2,088
	4,820	5,368	16,303
	111,454	120,176	234,725

All turnover and profit relate to continuing activities of the Group and are derived from activities performed in the United Kingdom. Included in Group residential housebuilding turnover and operating margin is £3,800,000 and £1,264,000 in respect of land sales (2003: £9,424,000 and £2,264,000).

The Berkeley Group Holdings plc

Notes to the Interim Report (continued)

	Six months ended 31 October 2004 Unaudited £'000	Six months ended 31 October 2003 Unaudited £'000	Year ended 30 April 2004 Audited £'000
3. Net interest payable			
Interest receivable	6,092	1,898	4,770
Interest payable on bank loans and overdrafts	(3,700)	(4,055)	(6,207)
Interest payable – share of joint ventures	(1,762)	(1,733)	(3,521)
	630	(3,890)	(4,958)
4. Taxation			
		(Restated*)	(Restated*)
Current tax			
UK corporation tax payable	(29,371)	(34,291)	(65,040)
Share of joint ventures' tax	(2,773)	(2,631)	(5,184)
Adjustments in respect of previous periods	341	-	481
	(31,803)	(36,922)	(69,743)
Deferred tax	(809)	2,274	1,996
	(32,612)	(34,648)	(67,747)

* See note 1

5. Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit after taxation of £77,936,000 (2003 restated £81,638,000) and the weighted average number of Ordinary Shares in issue during the period of 119,248,313 (2003: 126,489,348). For diluted earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume the conversion of all dilutive potential Ordinary Shares. The dilutive potential Ordinary Shares relate to shares granted under employee share schemes where the exercise price is less than the average market price of the Ordinary Shares during the period. The effect of the dilutive potential Ordinary Shares is 1,252,873 shares (2003: 506,367), which gives a diluted weighted average number of Ordinary Shares of 120,501,186 (2003: 126,995,715).

6. These interim accounts are unaudited but have been reviewed by the auditors whose review report is set out below. The abridged financial information relating to the year ended 30 April 2004 is an extract from the latest financial statements of the Berkeley Group plc, which have been filed with the Registrar of Companies, restated as described in Note 1. The report of the auditors on these financial statements was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The financial information summarised above does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

7. The interim results were approved by the Board on 9 December 2004 and the interim statement, which is available for inspection at the Company's Registered Office, will be sent by mail to shareholders in December 2004.

Independent Review Report to The Berkeley Group Holdings plc

Introduction
We have been instructed by the Company to review the financial information which comprises the profit and loss account, the balance sheet, the cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Director's responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and had been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2004.

PricewaterhouseCoopers LLP
Chartered Accountants
London
9 December 2004

Notes:

(a) The maintenance and integrity of The Berkeley Group Holdings plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.