The Berkeley Group Holdings plc

PRESS RELEASE **9th DECEMBER 2005**

INTERIM RESULTS ANNOUNCEMENT

BERKELEY GENERATES £326.4 MILLION OF CASH – £229.7 MILLION FROM CROSBY (DISCONTINUED OPERATIONS) AND £96.7 MILLION IN THE CONTINUING GROUP

ON TARGET TO RETURN £2 PER SHARE IN DECEMBER 2006

NET ASSET VALUE PER SHARE UP 23.6% TO 640 PENCE

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 2005. These are the first results to be published under International Financial Reporting Standards ("IFRS"). Highlights of the results include:

- Return of Capital — On target to meet next B share payment (£2 per share in December 2006). Further payments scheduled for December 2008 (£2 per share) and December 2010 (£3 per share)
- Net Cash — £71.3 million net cash from £255.1 million net debt at year -end (30th April 2005)
- NAVPS — Up 23.6% to 640 pence from 518 pence at the year-end
- Land Holdings — 24,197 plots in the continuing Group; up from 23,123 at the year-end
- Forward Order Book — £622.6 million compared to £574.9 million at last half-year for the continuing Group

	Oct 2005 £'million	Oct 2004 £'million	
Group Revenue	503.1	419.5	+19.9%
Operating Profit	89.2	90.2	-1.1%
Net Finance Costs	(5.8)	1.9	
Joint Ventures	2.6	7.1	-63.4%
Profit Before Tax	86.0	99.2	-13.3%
Tax	(24.4)	(27.1)	
Profit After Tax	61.6	72.1	-14.6%
Profit from Discontinued Operations	80.8	6.4	
Profit for the Financial Period	142.4	78.5	+81.4%
EPS – Basic	118.7p	65.8p	+80.4%
EPS – Continuing	51.4p	60.3p	-14.8%
ROCE (excluding profit on disposal)	24.0%	23.3%	

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

"Berkeley has, for a number of years, set a strategic course which concentrates relentlessly on its strengths, centred on our unrivalled land bank. These results demonstrate the continuing benefit of this approach. We recognise the management commitment and experience required to stay at the forefront of the renaissance of our cities and that this creates a natural size for our business.

I am therefore especially proud that our scheme at Gunwharf Quays in Portsmouth has received one of the six BURA Crystal Awards. BURA (the British Urban Regeneration Association) marked its fifteenth anniversary by giving these awards to the best of the best of its previous winners.

Berkeley has put in place an unambiguous long-term operating model that also allows the business to maximise short-term opportunities. This flexible approach is, I believe, best suited to a cyclical business and continues to serve Berkeley well.

Berkeley has generated £326.4 million of cash in the six months to 31st October 2005, of which £229.7 million was generated from the disposal of Crosby. I am pleased to say that Berkeley is on target to meet the remaining payments under the Scheme of Arrangement.

Our business is complex, requiring both vision and a relentless attention to detail. We are fortunate to have the management and teams able to meet this unique combination of challenges. During the year Berkeley has continued its excellent track record, blending imagination with total commitment and a formidable understanding of the land and property market. The flair brought to bear by the team in taking advantage of new opportunities is central to Berkeley's continuing success.

Our business demands both talent and resolution. These are qualities that our employees possess in abundance throughout the Group. I would like to take this opportunity to recognise their vital and unremitting effort and to thank them, on behalf of both the Board and shareholders, for the very real difference that they make to our business."

Roger Lewis, Chairman, said:

"The housing market has remained stable over the last six months with a return to normal market conditions after a period of moderation. This in turn followed the boom period, which was clearly unsustainable. Berkeley has secured sales at a similar level to the corresponding period last year, in line with our business plan following the Scheme of Arrangement. This has enabled Berkeley to maintain its strong forward sales position at above £600 million.

Berkeley continues to acquire new sites, albeit very selectively, and to submit planning applications on our development sites. The planning regime remains slow and challenging in places, but we accept this as a consequence of the local democratic processes involved and welcome the growing understanding of the benefits urban regeneration can bring to existing communities. I am heartened by the renewed commitment of central Government, the Greater London Authority and many local planning authorities to bringing old redundant brownfield sites back to life.

Scheme of Arrangement

The Scheme of Arrangement and The Berkeley Group Holdings plc reduction of capital were 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 planned and on target for December 2006, December 2008 and December 2010 for amounts of £2, £2 and £3 a share respectively.

<u>Housing Market</u>

The housing market in London and the South East has remained stable over the six months ended 31st October 2005 – underpinned as it is by historically low interest rates, strong employment and forecast economic growth in the UK. This after the boom of recent years and the subsequent fall in demand brought on by uncertainties as to world events and five sequential increases in interest rates. Today's market is a good one to operate in for the right product in the right location, priced correctly.

The investment market continues to be active and to account for over 50% of our reservations. Under the Group's definition, an investor can range from a customer purchasing a second home to a large institution.

Land prices remain extremely competitive and Berkeley, in accordance with its strategy, has bought only very selectively. During the period terms were agreed on only eight sites, three of which were in the St James business. This equates to 2,349 plots.

The overall effect of these market conditions – a competitive land market, stable sales prices and increases in both build and planning costs – is a reduction of 0.7% in the forward gross margin. We expect this trend to continue.

For the Group to achieve its full year targets for 2005/06, 58% of the sales required are on units with a selling price under £300,000 and 91% under £500,000. This puts Berkeley in a strong position to achieve our full year forecast in the current market conditions. For 2006/07, 63% of required sales are for units under £300,000 and 92% under £500,000.

<u>Results</u>

These results have been prepared in accordance with the International Financial Reporting Standards (IFRS), expected to be effective at 30th April 2006. Accordingly, The Group published its restatement of financial information for the year ended 30th April 2005 on 26th October 2005. In that statement we reported that net assets at 30th April 2005 would be reduced by £48.1 million from £669.5 million (558 pence per share) to £621.4 million (518 pence per share). The reasons for the reduction were: revenue recognition (IAS 18), accounting for £35.3 million of the reduction; employee retirement benefits (IAS 19) – £7.0 million; and the imputing of interest on deferred land creditors (IAS 2) – £5.7 million. At the same time, we reported that earnings per share for the year ended 30th April 2005 would be reduced by 4.0% from 121.0 pence to 116.2 pence.

The one significant area of change for Berkeley concerns the recognition of revenue and profit (IAS 18). Berkeley's previous policy reflected the two different types of scheme the Group develops. For traditional house-building, revenue and profit on exchanged sales contracts was recognised on physical completion. This policy has not changed and is now also the policy adopted for our urban regeneration business where revenue and profit were previously recognised on a phased basis, reflecting the stage of completion of the relevant exchanged unit. The change is one of timing and does not affect cash or the underlying business.

Berkeley is delighted to announce a pre-tax profit of £86.0 million for its continuing business for the six months ended 31st October 2005. This is £13.2 million less than the £99.2 million reported for the same period last year, a reduction of 13.3%. For the full year ended 30th April 2005, Berkeley reported 63.8% of its pre-tax profits in the first half of the year. In 2005/06 we expect a more evenly balanced trading profile over the course of the year, although still with the weighting towards the first half.

Profit from discontinued operations totals £80.8 million and relates to Crosby which was sold to Lend Lease on 8th July 2005. The profit comprises two elements – Crosby's post-tax trading profit prior to disposal which was £1.1 million and the £79.7 million profit from the disposal itself. In the six months to 31st October 2004, Crosby's post-tax trading profit was £6.4 million.

Basic earnings per share totals 118.7 pence, an increase of 80.4% on the 65.8 pence reported for the same period last year. Basic earnings per share for continuing operations are 51.4 pence compared to 60.3 pence last time – a reduction of 14.8% – and discontinued earnings per share has increased to 67.3 pence from 5.5 pence last time. There are five factors behind the 14.8% fall in basic earnings per share for continuing operations – reduced operating profit for the continuing Group (-1.1%); reduced profit from joint ventures (-5.0%); increased interest charge (-8.4%); reduced tax charge (+0.3%); and shares issued (-0.6%).

Since the year-end, total equity has increased by £147.0 million to £768.4 million (April 2005 – £621.4 million) and net assets per share by 23.6% from 518 pence to 640 pence.

Return on Capital Employed for the period, excluding the profit on disposal of Crosby, was 24.0% compared to 23.3% last time.

At 31st October 2005, Berkeley had net cash balances of £71.3 million (April 2005 – net debt of £255.1 million) after generating £326.4 million of cash flow in the six months; £229.7 million from Crosby and £96.7 million from the continuing Group.

Trading Analysis

Revenue for the continuing Group was £503.1 million (2004 – £419.5 million). This comprises £495.8 million (2004 – £381.5 million) of residential turnover, of which £0.5 million was from land sales (2004 – £3.8 million), and £7.3 million (2004 – £38.0 million) of commercial turnover.

During the period, the continuing Group sold 1,656 units at an average selling price of £292,000. This compares with 1,276 units at an average selling price of £290,000 in the same period last year.

At £7.3 million (2004 – £38.0 million), the continuing Group's turnover from commercial activities represents the disposal of commercial units on nine mixed-use sites.

The continuing Group's share of post-tax results from joint ventures was £2.6 million compared to £7.1 million in the same period last year. This arises from the sale of 254 residential units (2004 – 426) at an average selling price of £520,000 (2004 – £312,000) by St James, our joint venture with Thames Water. The increase in average selling price is mainly due to Wycombe Square in London where 7 units were taken to sales at an average sales price of £5.5 million. Most of this scheme is now sold and the average selling price in joint ventures is expected to fall back to more normal levels in the second half.

Excluding joint ventures and land sales, the house-building operating margin for the continuing Group was 17.6% compared to 19.3% for the full year ended 30th April 2005. This is within the 17.5% - 19.5% range (depending on mix) reported by the Group over recent reporting periods and which we expect to continue as long as current market conditions prevail.

Joint Ventures

Berkeley currently has £65.2 million of capital employed in joint ventures, an increase of £0.7 million from the year-end figure of £64.5 million. The Group's share of joint venture bank borrowings has fallen by £11.8 million to £45.8 million.

Berkeley currently has four joint ventures of which the largest is St James, jointly owned with Thames Water. St James is currently developing 3,992 units, an increase of 1,287 units in the period. The largest site acquired is for 866 units at Reading where planning has been secured and site clearance has started. In addition, St James is working up further schemes totalling some 2,000 units.

Berkeley is committed to developing its partners' land holdings through joint ventures if there is mutual benefit in so doing and this is very much part of our ongoing business model.

Forward Sales

Berkeley's strategy continues to be to sell homes at an early stage in the development cycle, often at the off-plan stage, as this secures customers' commitment and therefore the quality of future revenue.

At 31st October 2005, Berkeley held forward sales of £622.6 million. This is a drop of £64.4 million on the 30th April 2005 position of £687.0 million and an increase of £47.7 million on the £574.9 million of forward sales held at 31st October 2004 by the continuing Group.

Of the £622.6 million, £33.4 million (2004 – £14.9 million) is included in debtors in the balance sheet, with the remaining £589.2 million (2004 – £560.0 million) benefiting both the second half of the current year and future years' profit and loss account and cash flow.

Land Holdings

At 31st October 2005 the Group (including St James) controlled some 24,197 plots compared to 23,123 plots at 30th April 2005. Of these holdings, 19,222 plots (April 2005 – 20,091) are owned and included on the balance sheet. In addition, 3,024 plots (April 2005 – 2,680) are contracted and a further 1,951 plots (April 2005 – 352) have terms agreed and solicitors instructed. At 31st October 2005 the estimated gross margin is £1,683 million compared to £1,671 million at 30th April 2005, an increase of £12 million. Over 95% of our holdings are on brownfield or recycled land. The comparative figures exclude Crosby.

Berkeley is concentrating on maximising the return from its existing land holdings and has submitted planning applications for the majority of its regeneration sites.

Board Structure

Berkeley was delighted to announce at its AGM on 1st September 2005 that Michael Tanner has joined the Board as a Non-Executive Director. Most recently a Divisional Managing Director of George Wimpey, Michael has over 34 years of experience in the building and construction industry with Tarmac and George Wimpey.

Current Trading and Prospects

Berkeley has developed a business model that is cash generative and efficient in terms of scale – one that allows the skills of its individuals to add value throughout the development process. This strategy rests on the twin strengths of an unrivalled land bank and highly talented entrepreneurial teams.

This model allows Berkeley to be flexible – a necessary feature in a cyclical business. Through our powerfully branded divisions and joint ventures, Berkeley is in a position to undertake and manage any form of development that presents itself – be it a smaller more traditional site or the development a new community in our towns and cities. This capability differentiates Berkeley as an added value urban regenerator and property developer from a volume house-builder and provides competitive advantage for the future.

Berkeley remains on target to deliver the £2 2006 B share payment and the £12 in total by January 2011 while also creating a strong, sustainable and meaningful ongoing business. The Group is well placed for 2006 and beyond, and we look forward to the future with confidence and enthusiasm. Berkeley's aim is to remain at the forefront of the renaissance of our cities – pioneering the innovations essential for creating new communities, while remaining true to our values and heritage."

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The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Six months ended 31 October 2005 Unaudited £'000	Six months ended 31 October 2004 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Continuing operations				
Revenue	3(a)	503,063	419,521	794,461
Cost of sales		(379,143)	(292,155)	(565,395)
Gross profit		123,920	127,366	229,066
Net operating expenses		(34,727)	(37,192)	(75,687)
Net operating expenses include:				
Merger expenses		–	(1,536)	(1,633)
Operating profit	3(b)	89,193	90,174	153,379
Interest receivable	4	10,682	6,031	11,292
Finance costs	4	(16,472)	(4,145)	(19,573)
Share of post tax results of joint ventures	3(c)	2,610	7,103	10,358
Profit on ordinary activities before taxation		86,013	99,163	155,456
Taxation	5	(24,352)	(27,092)	(41,439)
Profit on ordinary activities after taxation		61,661	72,071	114,017
Discontinued operations				
Profit from discontinued operations	6	80,782	6,421	24,941
Profit for the financial period		142,443	78,492	138,958
Dividends per Ordinary Share		–	16.5p	16.5p
Earnings per Ordinary Share				
- Basic	7	118.7p	65.8p	116.2p
- Continuing operations		51.4p	60.3p	95.3p
- Discontinued operations		67.3p	5.5p	20.9p
- Diluted	7	118.0p	65.1p	115.1p
- Continuing operations		51.1p	59.8p	94.4p
- Discontinued operations		66.9p	5.3p	20.7p

Consolidated Statement of Recognised Income and Expense

	Six months ended 31 October 2005 Unaudited £'000	Six months ended 31 October 2004 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Profit for the financial period	142,443	78,492	138,958
Actuarial loss recognised in the pension scheme	(529)	(1,518)	(3,262)
Deferred tax on actuarial loss recognised in the pension scheme	159	455	978
Credit in respect of employee share schemes	3,173	417	3,533
Deferred tax in respect of employee share schemes	2,210	329	658
Total recognised income for the period	147,456	78,175	140,865

The Berkeley Group Holdings plc

Consolidated Balance Sheet

	Notes	At 31 October 2005 Unaudited £'000	At 31 October 2004 Unaudited £'000	At 30 April 2005 Unaudited £'000
Assets				
Non-current assets				
Property, plant and equipment		2,555	10,462	8,883
Investments accounted for using equity method		65,158	63,929	64,497
Deferred tax assets		10,739	4,816	8,074
		78,452	79,207	81,454
Current assets				
Inventories		879,121	1,109,032	1,103,045
Trade and other receivables		43,696	27,595	48,067
Cash and cash equivalents		568,650	349,311	344,948
		1,491,467	1,485,938	1,496,060
Liabilities				
Current liabilities				
Borrowings		(85)	(25,106)	(88)
Trade and other payables		(248,620)	(253,436)	(293,090)
Current tax liabilities		(25,674)	(23,520)	(17,870)
		(274,379)	(302,062)	(311,048)
Net current assets		1,217,088	1,183,876	1,185,012
Total assets less current liabilities		1,295,540	1,263,083	1,266,466
Non-current liabilities				
Borrowings		(497,302)	(75,000)	(600,000)
Retirement benefit obligation		(12,515)	(10,716)	(12,089)
Other non-current liabilities		(17,358)	(14,591)	(32,968)
		(527,175)	(100,307)	(645,057)
Net assets		768,365	1,162,776	621,409
Shareholders' equity				
Share capital		24,164	30,200	24,164
Share premium		264	–	264
Capital redemption reserve		6,091	–	6,091
Other reserve		(961,299)	(961,299)	(961,299)
Retained profit		1,670,122	2,066,786	1,522,976
Joint ventures' reserves		29,023	26,589	28,713
Total shareholders' equity	8	768,365	1,162,276	620,909
Minority interest in equity		–	500	500
Total equity		768,365	1,162,776	621,409
Net assets per ordinary share		640p	971p	518p

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

	Notes	Six months ended 31 October 2005 Unaudited £'000	Six months ended 31 October 2004 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Cash flows from operating activities				
Cash generated from operations		116,533	164,169	289,187
Dividends from joint ventures		–	510	1,564
Interest received		10,682	5,580	11,413
Interest paid		(29,586)	(4,055)	(7,845)
Tax paid		(18,893)	(29,534)	(59,754)
Net cash from operating activities	9	78,736	136,670	234,565
Cash flows from investing activities				
Purchase of tangible fixed assets		(778)	(789)	(1,853)
Sale of tangible fixed assets		356	3,365	5,764
Disposal of subsidiary undertaking		250,736	–	–
Overdraft balance of subsidiary disposed		572	–	–
Expenses relating to disposal of subsidiary		(2,765)	–	–
Movements in loans with joint ventures		(454)	3,910	4,490
Merger expenses		–	(1,536)	(1,633)
Net cash from investing activities		247,667	4,950	6,768
Cash flows from financing activities				
Cost of share buybacks		–	(20,656)	(20,656)
Share options exercised		–	5,477	5,667
Issue / redemption expenses		–	(2,746)	(2,841)
Redemption of shares		–	–	(604,153)
Repayment of loan stock		(3)	(14)	(32)
Repayment of bank loan		(102,698)	–	(100,000)
New bank loan issued		–	–	600,000
Equity dividends paid		–	(19,676)	(19,676)
Net cash used in financing activities		(102,701)	(37,615)	(141,691)
Net increase in cash and cash equivalents		223,702	104,005	99,642
Cash and cash equivalents at start of the period		344,948	245,306	245,306
Cash and cash equivalents at end of the period		568,650	349,311	344,948

Reconciliation of net cash flow to net cash / (debt)			
Net increase in cash and cash equivalents	223,702	104,005	99,642
Cash outflow / (inflow) from decrease / (increase) in debt	102,701	14	(499,968)
Movement in net (debt) / cash in the period	326,403	104,019	(400,326)
Opening net (debt) / cash	(255,140)	145,186	145,186
Closing net cash / (debt)	71,263	249,205	(255,140)

	At 31 October 2005 Unaudited £'000	At 31 October 2004 Unaudited £'000	At 30 April 2005 Unaudited £'000
Net cash / (debt)			
Cash and cash equivalents	568,650	349,311	344,948
Borrowings	(497,387)	(100,106)	(600,088)
Net cash / (debt)	71,263	249,205	(255,140)

1 Basis of preparation

The financial statements of the Group for the year ended 30 April 2006 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The interim report has been prepared in accordance with the Listing Rules of the Financial Services Authority and with the accounting policies which the Group intends to adopt for the year ending 30 April 2006, which will be in accordance with IFRS and with those parts of the Companies Act applicable to companies reporting under IFRS. In particular, the Directors have followed the amendment to IAS 19 "Employee Benefits" issued by the IASB on 16 December 2004 and which has now been adopted by the European Union, for use in the financial statements for the year ending 30 April 2006. The Directors may determine that some changes are necessary when preparing the financial statements for the year ended 30 April 2006 in accordance with IFRS, as the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that will be applicable and adopted for use in the European Union at 30 April 2006 are not known with certainty at the time of preparing this financial information.

The Group has elected to take the optional exemption from applying IAS 32 and IAS 39 in the comparative year (and to first apply them at 1 May 2005, for the six months ended 31 October 2005 and for the year ended 30 April 2006). There is no impact on the financial statements of applying IAS 32 and IAS 39 on the implementation of these standards at 1 May 2005.

The accounting policies which the Group intends to adopt for the year ending 30 April 2006, and which are have been adopted in preparing the interim report, are set out below.

2 Accounting policies

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, apart from the exception described above. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Basis of consolidation
The consolidated accounts comprise the accounts of the parent company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April. In the case of acquisitions or disposals, the Group's result includes that proportion from or to the effective date of acquisition or disposal as appropriate.

2 Accounting policies continued

Goodwill
Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. Goodwill written off to reserves prior to 1998 under UK GAAP was not reinstated on transition to IFRS and is not included in determining any subsequent profit or loss on disposal.

Joint ventures
The results attributable to the Company's holding in joint ventures are shown separately in the consolidated profit and loss account. The amount included in the consolidated balance sheet is the Group's share of the net assets of the joint ventures plus net loans receivable. Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the policy set out above. The carrying value of goodwill is included in the carrying value of the investment in joint ventures.

Revenue
Revenue represents the amounts receivable from the sale of properties during the year. Properties are treated as sold and profits are taken when contracts are exchanged and the building work is physically complete. This policy applies to both residential housebuilding and commercial property activities. Revenue does not include the value of the onward sale of part exchange properties, for which the net gain or loss is recognised in cost of sales.

Taxation
The taxation expense represents the sum of the tax currently payable and deferred tax.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or from differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

2 Accounting policies continued

Property, plant and equipment

Property, plant and equipment is carried at cost. Depreciation is provided to write off the cost of the assets on a straight line basis over their estimated useful lives at the following annual rates:

Freehold property	2%	Fixtures and fittings	15% / 20%
Motor vehicles	25%	Computer equipment	$33\,^{1}/_{3}$ %

Leasehold property is amortised over the period of the lease. Computer equipment is included within fixtures and fittings. The assets' residual values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Investments

The parent company's investments in subsidiary undertakings are included in the balance sheet at cost less provision for any permanent diminution in value.

Inventories

Property in the course of development is valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads and interest. Progress payments are deducted from work in progress. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at fair value. Where such land is purchased on deferred settlement terms, and the fair value differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period to settlement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

Derivative financial instruments

From time to time the Group makes use of interest rate swaps and caps to manage its exposure to fluctuations in interest rates. The Group does not use derivative financial instruments for speculative purposes. During the period and at the period end the Group held no such instruments.

On 1 May 2005, the Group adopted IAS 32 and IAS 39. Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition these instruments are stated at fair value. Where the derivative instrument is deemed an effective hedge over the interest rate exposure, the instrument is treated as a cash flow hedge, and hedge accounting is applied, whereby gains and losses in the fair value of the derivative instrument are recognised directly in equity until such time as the gains or losses are realised. On realisation, any gains are reported in the income statement net of related charges.

3 Analysis by Activity

		Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
	Continuing operations	£'000	£'000	£'000
(a)	**Revenue**			
	Residential housebuilding	495,826	381,539	738,349
	Commercial property and other activities	7,237	37,982	56,112
		503,063	419,521	794,461
(b)	**Operating profit**			
	Residential housebuilding	87,770	87,829	146,026
	Commercial property and other activities	1,423	3,881	8,986
	Merger expenses	–	(1,536)	(1,633)
		89,193	90,174	153,379
(c)	**Share of post tax results of joint ventures**			
	Residential housebuilding	2,610	6,981	10,117
	Commercial property and other activities	–	122	241
		2,610	7,103	10,358

All revenue and profit disclosed in the table above relate to continuing activities of the Group and are derived from activities performed in the United Kingdom. Included in Group residential housebuilding revenue and operating profit are £528,000 and £467,000 in respect of land sales (2004: £3,800,000 and £1,266,000).

4 Net finance costs

	Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
Continuing operations	£'000	£'000	£'000
Interest receivable	10,682	6,031	11,292
Finance costs			
Interest payable on bank loans and overdrafts	(15,657)	(3,517)	(18,058)
Other finance costs	(815)	(628)	(1,515)
	(16,472)	(4,145)	(19,573)
	(5,790)	1,886	(8,281)

5 Taxation

	Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
Continuing operations	£'000	£'000	£'000
Current tax			
UK corporation tax payable	(25,049)	(26,318)	(43,157)
Adjustments in respect of previous periods	276	341	427
	(24,773)	(25,977)	(42,730)
Deferred tax	421	(1,115)	1,291
	(24,352)	(27,092)	(41,439)

6 Profit from discontinued operations

The Group completed the sale of The Crosby Group plc ("Crosby") to Lend Lease Corporation Limited on 8 July 2005 for consideration of £250,736,000 which included the settlement of £151,306,000 of intercompany balances. The profit from discontinued operations which has been included in the consolidated income statement is as follows:

	Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
Discontinued operations	**£'000**	**£'000**	**£'000**
Revenue	8,176	84,200	236,977
Operating profit	1,514	8,576	35,042
Share of post tax results of joint ventures	–	602	548
Finance costs	(130)	(122)	(196)
Taxation	(348)	(2,635)	(10,453)
Post tax results from discontinued operations	1,036	6,421	24,941
Profit on disposal	79,746	–	–
	80,782	6,421	24,941

Revenue and operating profit from discontinued operations include £nil in respect of commercial property and other activities (2004: £6,506,000 and £687,000 respectively).

The profit on disposal of Crosby is set out as follows:	**Unaudited**
	£'000
Non-current assets	8,523
Current assets	202,513
Current liabilities	(34,313)
Non-current liabilities	(7,791)
Minority interest	(500)
Net assets disposed	168,432
Expenses relating to the disposal	2,765
Curtailment gain in The Berkeley Group plc staff benefits plan	(207)
Profit on disposal	79,746
Consideration	250,736
Of which:	
Cash	99,430
Settlement of intercompany balances	151,306
	250,736

7 Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit for the financial period of £142,443,000 (2004: £78,492,000) and the weighted average number of Ordinary Shares in issue during the period of 120,007,731 (2004: 119,248,313). 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 740,873 shares (2004: 1,252,873), which gives a diluted weighted average number of Ordinary Shares of 120,748,604 (2004: 120,501,186).

8 Consolidated Statement of Changes in Shareholders' Equity

	Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
	£'000	£'000	£'000
Profit for the financial period	142,443	78,492	138,958
Dividends paid to shareholders	–	(19,646)	(19,646)
Share buy-backs	–	(20,656)	(20,656)
Shares issued on exercise of share options	–	5,476	5,667
Issue / redemption expenses	–	(2,746)	(2,841)
Share redemptions	–	–	(604,153)
Actuarial loss recognised in the pension scheme	(529)	(1,518)	(3,262)
Deferred tax on actuarial loss recognised in the pension scheme	159	455	978
Credit in respect of employee share schemes	3,173	417	3,533
Deferred tax in respect of employee share schemes	2,210	329	658
Net movement on equity shareholders' funds	147,456	40,603	(500,764)
Opening equity shareholders' funds	620,909	1,121,673	1,121,673
Closing equity shareholders' funds	768,365	1,162,276	620,909

9 Notes to the Consolidated Cash Flow Statement

	Six months ended 31 October 2005 Unaudited	Six months ended 31 October 2004 Unaudited	Year ended 30 April 2005 Unaudited
	£'000	£'000	£'000
Net cash flows from operating activities			
Continuing operations			
Profit for the period	61,661	72,071	114,017
Adjustments for:			
- Tax	24,352	27,092	41,439
- Depreciation	799	1,151	2,168
- Profit on sale of property, plant and equipment	(100)	(366)	(1,340)
- Interest income	(10,682)	(6,031)	(11,292)
- Finance costs	16,472	4,145	19,573
- Share of results of joint ventures after tax	(2,610)	(7,103)	(10,358)
- Merger expenses	–	1,536	1,633
- Non-cash charge in respect of share awards	3,173	417	3,533
Changes in working capital:			
- Decrease / (increase) in inventories	39,424	(15,105)	(26,281)
- (Increase) / decrease in debtors	(6,712)	44,533	31,017
- Increase in creditors	9,802	11,747	34,404
- (Decrease) / increase in employee benefit obligations	(304)	167	(359)
Cash generated from continuing operating activities	135,275	134,254	198,154
Dividends from joint ventures	–	183	459
Interest received	10,682	5,519	11,292
Interest paid	(29,456)	(3,872)	(7,528)
Taxation	(18,893)	(29,534)	(59,754)
Net cash from continuing operating activities	97,608	106,550	142,623
Discontinued operations			
Profit for the period / year	80,782	6,421	24,941
Adjustments for:			
- Tax	348	2,635	10,453
- Depreciation	58	207	413
- Profit on sale of property, plant and equipment	–	(34)	(39)
- Interest income	–	(61)	(121)
- Finance costs	130	183	317
- Share of results of joint ventures after tax	–	(602)	(548)
- Profit on disposal of subsidiary undertaking	(79,746)	–	–
- Non-cash movement in profit on disposal of subsidiary	707	–	–
Changes in working capital:			
- Increase / (decrease) in inventories	(15,785)	(2,958)	14,205
- Decrease in debtors	5,925	33,999	28,655
- (Increase) / decrease in creditors	(11,161)	(9,875)	12,757
Cash generated from discontinued operating activities	(18,742)	29,915	91,033
Dividends from joint ventures	–	327	1,105
Interest received	–	61	121
Interest paid	(130)	(183)	(317)
Net cash from discontinued operating activities	(18,872)	30,120	91,942
Net cash from operating activities	78,736	136,670	234,565
Other net cash flows from discontinued operations			
Net cash from investing activities	248,556	4,012	441

10 Transition from UK GAAP to IFRS

Reconciliation of prior period income statements	Six months ended 31 October 2004 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Revenue		
Group turnover as reported under UK GAAP	518,665	1,070,317
IAS 18 – Impact of change of revenue recognition policy	(14,944)	(38,879)
IFRS 5 – Eliminate revenue from discontinued operations	(84,200)	(236,977)
Revenue (continuing operations) as reported under IFRS	419,521	794,461
Operating profit		
Group operating profit as reported under UK GAAP	100,791	199,569
IAS 1 – Merger expenses classified within operating profit under IFRS	(1,536)	(1,633)
IAS 2 – Increased margin from inventory held at lower cost	127	250
IAS 18 – Impact of change of revenue recognition policy	(1,046)	(11,272)
IAS 19 – Reduced charge for pension costs	78	828
IFRS 2 – Reduction in charge for share-based payments	336	679
IFRS 5 – Eliminate profit from discontinued operations	(8,576)	(35,042)
Operating profit (continuing operations) as reported under IFRS	90,174	153,379
Net finance costs		
Net interest receivable / (payable) as reported under UK GAAP	630	(10,289)
IAS 2 – Unwinding of interest charge on discounted land creditors	(473)	(1,206)
IAS 19 – Increased charge for pension costs	(155)	(309)
IAS 31 – Reclassify joint venture interest to share of profit of joint ventures	1,762	3,327
IFRS 5 – Eliminate finance costs from discontinued operations	122	196
Net finance costs (continuing operations) as reported under IFRS	1,886	(8,281)
Joint ventures		
Share of operating profit of joint ventures as reported under UK GAAP	10,663	15,244
IAS 2 – Net adjustment from discounting of land creditors (net of interest and tax)	298	595
IAS 18 – Impact of change of revenue recognition policy (net of interest and tax)	1,279	1,895
IAS 31 – Reclassification of joint venture interest and tax	(4,535)	(6,828)
IFRS 5 – Eliminate profit from discontinued operations (net of interest and tax)	(602)	(548)
Share of post tax results of joint ventures (continuing operations) as reported under IFRS	7,103	10,358
Taxation		
Taxation as reported under UK GAAP	(32,612)	(58,248)
IAS 2 – Net tax adjustment from discounting of land creditors	104	287
IAS 18 – Impact of change of revenue recognition policy	314	3,382
IAS 19 – Reduced charge for pension costs	23	(156)
IAS 31 – Reclassify joint venture tax to share of profit of joint ventures	2,773	3,501
IFRS 2 – Reclassification of deferred tax to Statement of Recognised Income and Expense	(329)	(658)
IFRS 5 – Eliminate tax from discontinued operations	2,635	10,453
Taxation (continuing operations) as reported under IFRS	(27,092)	(41,439)

10 Transition from UK GAAP to IFRS continued

Reconciliation of prior period equity	At 1 May 2004 Unaudited £'000	At 31 October 2004 Unaudited £'000	At 30 April 2005 Unaudited £'000
Total shareholders' funds as reported under UK GAAP	1,142,610	1,203,373	669,482
Group			
IAS 18 – Impact of change of revenue recognition policy	(25,413)	(26,145)	(33,303)
IAS 10 – Eliminate accrued dividend	19,646	–	–
IAS 19 – Recognition of pension scheme deficit	(5,074)	(6,190)	(6,994)
IAS 2 – Reduction in value of long-term creditors	(1,154)	(1,397)	(1,824)
Joint ventures			
IAS 18 – Impact of change of revenue recognition policy	(3,931)	(2,652)	(2,036)
IAS 2 – Reduction in value of long-term creditors	(4,511)	(4,213)	(3,916)
Total equity as reported under IFRS	1,122,173	1,162,776	621,409

The tables above set out how the Group's reported opening balance sheet under UK GAAP at 1 May 2004, its financial results under UK GAAP for the six months ended 31 October 2004 and financial position at that date and its audited financial results for the year ended 30 April 2005 and financial position at that date would have been reported under IFRS. The material accounting policy changes resulting from the adoption of IFRS, including the optional exemptions from retrospective application of IFRS that the Group has applied, are set out below.

Presentation of financial statements – primary statements

The primary statements have been presented in accordance with the guidelines set out in IAS 1 "Presentation of Financial Statements".

Joint ventures (IAS 31): The Group has elected to account for its investments in joint ventures using the equity method of accounting rather than adopting the proportionate consolidation method that is allowable under IAS 31. This is consistent with the existing UK practice, subject to the following key difference. Under IFRS, the Group's share of the results of joint ventures are presented net of interest and tax in one line in the consolidated income statement. Under UK GAAP, the Group's share of the operating profit, interest and tax of joint ventures were disclosed separately.

Deferred taxation (IAS 12): Under IFRS, the Group's deferred tax asset is presented in non-current assets on the face of the consolidated balance sheet. Under UK GAAP, it was classified within other debtors in current assets.

Discontinued operations (IFRS 5): Under IFRS, the results and profit on disposal from discontinued operations are shown in one line below profit after taxation in the income statement. Under UK GAAP, the results from discontinued operations were included line-by-line in the profit and loss account.

10 Transition from UK GAAP to IFRS continued

Group reconstruction

In October 2004, the Group implemented a capital reorganisation, incorporating a Scheme of Arrangement, in order to effect the return of £12 per share to shareholders by January 2011.

In the opinion of the Directors, the Scheme of Arrangement was a group reconstruction rather than an acquisition, since the shareholders in the holding company of the Group after the implementation of the Scheme (The Berkeley Group Holdings plc) were the same as the shareholders in the holding company of the Group before the implementation of the Scheme (The Berkeley Group plc), with no change to the rights of each shareholder, relative to the others, and no alteration to minority interests in the net assets of the Group. Accordingly, the Directors adopted merger rather than acquisition accounting principles in drawing up the financial statements, having regard to the overriding requirement of section 227(6) of the Companies Act 1985 for the accounts to present a true and fair view of the Group's results and financial position.

IFRS 3 ("Business Combinations") does not identify merger accounting as applicable for business combinations; however it does not address the accounting for business combinations involving entities under common control, such as group reconstructions. There is currently no guidance as to the appropriate accounting for group reconstructions under IFRS. The Directors therefore believe that it is appropriate to continue to adopt merger accounting for the Group reconstruction under IFRS.

Business Combinations before the transition date (IFRS 3)

The Group has elected not to apply IFRS 3 retrospectively to business combinations that took place before the beginning of the first IFRS reporting period.

Revenue recognition (IAS 18)

On traditional developments under UK GAAP, properties were treated as sold and profits were taken when contracts were exchanged and the building work was physically complete. On complex multi-unit developments, revenue and profit were recognised on a staged basis, commencing when the building work was substantially complete, which was defined as being plastered, and when contracts were exchanged.

On transition to IFRS, the Group has amended its policy to recognise revenue on properties on both traditional and complex multi-unit developments when contracts are exchanged and the building work is physically complete. This brings the policy on complex multi-unit developments into line with the Group's existing revenue recognition policy on traditional developments and reflects the provisions of IAS 18 ("Revenue").

This change in policy constitutes a timing difference in terms of the point at which revenue is recognised, and has no impact on the underlying profitability of the Group. Profit in any one year will be higher or lower than under the existing policy based on the timing of build programmes.

There is no impact on the Group's net debt position as a result of the change in policy.

10 Transition from UK GAAP to IFRS continued

Events after the Balance Sheet date (IAS 10)

IAS 10 ("Events after the Balance Sheet date") requires that dividends approved after the balance sheet date should not be recognised as a liability at that balance sheet date since the liability did not represent a present obligation at that date.

Employee benefits (IAS 19)

Under UK GAAP, the Group applied SSAP 24 in respect of the Group's pension schemes, and provided detailed information under the FRS 17 transitional disclosures.

The Group has adopted IAS 19 ("Employee benefits") in preparing the IFRS opening balance sheet, including the amendment to IAS 19 issued by the IASB on 16 December 2004 which allows all actuarial gains and losses to be charged or credited to equity through the statement of recognised income and expense. Since the Group has elected to follow this approach, all cumulative actuarial gains and losses in relation to employee benefit schemes have been recognised at the beginning of the first IFRS reporting period.

Share-based payments (IFRS 2)

The Group has elected to follow the transitional provisions of IFRS 2, and therefore to apply IFRS 2 only to grants under the Group's share option schemes and Long Term Incentive Plans made after 7 November 2002 which had not vested by 1 January 2005.

All options under the Group's existing share option schemes had vested by 1 January 2005, and as such, in accordance with IFRS 2, will be included on a disclosure basis in the first IFRS financial statements.

Of the four grants under The Berkeley Group plc 2000 Long Term Incentive Plan, only the grant of 22 July 2003 has been accounted for under IFRS 2. The earlier grants of 21 December 2000, 7 August 2001 and 19 August 2002 will be included on a disclosure basis in the first IFRS financial statements.

Deferred tax on the 2000 LTIP is calculated at each reporting date based on an estimate of the future tax deduction. The tax benefit up to the amount of the tax effect of the cumulative expense is recorded in the income statement, and the excess tax benefit above this amount is recorded in equity.

The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan was introduced during the year ended 30 April 2005, and the only grants under this scheme were those made to four main Board Directors on Court approval of the Scheme of Arrangement on 26 October 2004. As such these grants fall to be treated under IFRS 2. The accounting treatment under IFRS 2 is similar to the UK GAAP treatment under UITF 17 (revised) and no significant adjustment arises on transition to IFRS.

10 Transition from UK GAAP to IFRS continued

Land purchased on deferred settlement terms (IAS 2)

IAS 2 (“Inventories”) requires that, where a company purchases inventories on deferred settlement terms and the arrangement effectively contains a financing element, then that element should be recognised as interest expense over the period of financing. This affects the Group in respect of long-term land creditors (which have a price determined at inception but payable a year or more in the future) which must be recognised at a discounted net present (“fair”) value on recognition, with the discount being unwound through finance costs over the period to settlement of the liability.

This adjustment does not affect net profit or net assets over time. It is a reduction of work in progress and creditors by an equal amount in the balance sheet at inception, and a reclassification between cost of sales and finance costs in the income statement. The timing of recognition of the finance costs (on an effective interest basis) and of the equivalent benefit in operating profit (when sales are recognised on the relevant sites) will however give rise to a net impact on net assets at each balance sheet date.

Financial Instruments (IAS 32 and IAS 39)

The Group has elected to take the optional exemption from applying IAS 32 and IAS 39 in the comparative year (and to first apply them at 1 May 2005 and for the year ended 30 April 2006). There is one area in which the adoption of these standards would have impacted on the comparative results as at 31 October 2004:

Classification of B shares
IAS 32 sets out guidelines in respect of the classification of financial instruments between debt and equity. Following the Scheme of Arrangement, the new holding company of the Group, The Berkeley Group Holdings plc, issued Units (each Unit comprising one ordinary share of 5p, one 2004 B share of 5p, one 2006 B share of 5p, one 2008 B share of 5p and one 2010 B share of 5p) to existing shareholders in The Berkeley Group plc in return for their shares in The Berkeley Group plc. Each B share is a non-voting redeemable share in the capital of the Company and is entitled to a return of £5, £2, £2, and £3 respectively at specified dates at the discretion of the Directors. The B shares are classified as equity under UK GAAP, and will continue to be classified as equity under IFRS. The share capital of the Company (including the ordinary shares and the B shares) can only be held and traded in the form of Units and, having no fixed redemption date and amount, are equity.

However, at the point at which the Board formally commits to making each B share payment, that B share will become debt under IFRS. Were IAS 32 to have been adopted early, the 2004 B shares would have been reclassified as debt in the Half Year balance sheet at 31 October 2004 under IFRS, as the Directors, at that date, had formally committed to the redemption of the 2004 B shares in December 2004. This would have resulted in a reclassification of £604,153,000 from shareholders’ equity to borrowings in creditors (amounts falling due in less than one year) at 31 October 2004.

There is no impact of IAS 32 and IAS 39 on the results at 1 May 2004 and 30 April 2005.

10 Transition from UK GAAP to IFRS continued

Segmental reporting (IAS 14)

The primary reporting format for the Group is by activity, reflecting the different risks and returns in the Group's residential and commercial activities. As all of the Group's operations are within the United Kingdom, one economic environment in the context of the Group's activities, there are no geographic segments to be disclosed.

Information on adoption of International Financial Reporting Standards

On 26 October 2005, the Group published the document *"Information on adoption of International Financial Reporting Standards; Impact on results for the year ended 30 April 2005"*, which is available on the Group's website www.berkeleygroup.co.uk. The document explains how the Group's reported opening balance sheet under UK GAAP at 1 May 2004, its financial results under UK GAAP for the six months ended 31 October 2004 and financial position at that date and its audited financial results for the year ended 30 April 2005 and financial position at that date would have been reported under IFRS. The document also explains the material accounting policy changes resulting from the adoption of IFRS.

11 Interim accounts

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 2005 does not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 30 April 2005 under UK GAAP has been filed with the Registrar of Companies. 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.

These interim results were approved by the Board on 9 December 2005 and the interim statement, which is available for inspection at the Company's Registered Office, will be sent by mail to shareholders in December 2005.

Independent review report to The Berkeley Group Holdings plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 October 2005 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and 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.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has 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.

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with accounting standards adopted for use in the European Union. This interim report has been prepared in accordance with the basis set out in note 1.

The accounting policies are consistent with those that the Directors intend to use in the next annual financial statements. As explained in note 1, there is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 30 April 2006 are not known with certainty at the time of preparing this interim financial information.

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 and therefore provides a lower level of assurance. 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 2005.

PricewaterhouseCoopers LLP
Chartered Accountants, London
9 December 2005