The Berkeley Group Holdings plc

PRESS RELEASE **30TH JUNE 2006**

PRELIMINARY RESULTS ANNOUNCEMENT

£475.7 MILLION OF CASH GENERATED – £246.0 MILLION IN THE CONTINUING GROUP AND £229.7 MILLION FROM CROSBY (DISCONTINUED OPERATIONS)

ON TARGET TO RETURN £2 PER SHARE IN JANUARY 2007

NET ASSET VALUE PER SHARE UP 34.6% TO 697 PENCE

The Berkeley Group Holdings plc ("Berkeley" or "the Group") – the urban regenerator and residential property developer – announces its full-year results for the year ended 30th April 2006. These are the first full-year 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 January 2007). Further payments scheduled for January 2009 (£2 per share) and January 2011 (£3 per share)
- Net Cash — £220.6 million net cash from £255.1 million net debt last year -end (30th April 2005) – an increase of £475.7 million
- NAVPS — Up 34.6% from 518 pence to 697 pence
- Land Holdings — 23,819 plots in the continuing Group – up from 23,123
- Forward Order Book — £581.9 million compared to £687.0 million for the continuing Group

	April 2006 £'million (unaudited)	April 2005 £'million (unaudited)	
Continuing operations			
Group Revenue	917.9	794.5	+15.5%
Operating Profit	160.9	153.4	+4.9%
Net Finance Costs	(7.4)	(8.3)	+10.8%
Joint Ventures (after tax)	11.6	10.3	+12.6%
Profit Before Tax	165.1	155.4	+6.2%
Tax	(43.7)	(41.4)	
Profit After Tax	121.4	114.0	+6.5%
Profit from Discontinued Operations	80.8	24.9	
Profit for the Financial Period	202.2	138.9	
EPS – Basic	168.4p	116.2p	+44.9%
EPS – Continuing	101.1p	95.3p	+6.1%
ROCE (excluding profit on disposal)	24.0%	22.0%	

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

"It gives me great pleasure to report these strong results and to note that they arise increasingly from the long-term business model we have created in recent years. This model, which we believe is unique in our sector, is ideally suited to Berkeley. It enables us both to secure future returns and to maximise shorter-term opportunities, aligning the interests of all our stakeholders, and so directly benefiting our shareholders, our people and our customers. These results show the successful execution of our strategy and I look forward to 2007 with confidence.

As Berkeley has moved on from its traditional house-building heritage, my vision has been to create a premier urban renaissance business that takes neglected land and transforms it into attractive places which people will choose as a destination for work, for pleasure, and for making their home. That is what Berkeley now does, and our ability to do it successfully and with flair is now driving this exciting phase of our development as a business.

We have created this new momentum by focussing on our strengths. These begin with an unrivalled landbank and include both a pioneering, visionary approach and an unrelenting attention to detail. This has simplified our business (which is now principally concentrated on London and the South East) while defining its natural size – one that allows senior management to add value across the board and encourage innovation.

In terms of our financial performance, Berkeley is now able to concentrate fully on optimising value for its shareholders, producing balanced results that generate cashflow and maintain our land bank, as opposed to concentrating solely on the income statement.

As befits a company with our history, Berkeley is a caring but demanding employer that believes in setting stretching targets for its people. As these results show, our people have responded by producing another exceptional performance in an increasingly complex business. I would like to take this opportunity to acknowledge their immense contribution and thank each and every one of them."

Roger Lewis, Chairman said:

"The housing market remains satisfactory across Berkeley's principal areas of activity – a feature we owe to the continued feel-good factor, especially in London, coupled with strong employment, low interest rates and limited supply.

Berkeley continues to acquire new sites, albeit selectively, and to submit planning applications on existing sites in order to optimise returns. The planning system remains slower than we would ideally like but we appreciate the improvement that is taking place as a result of the commitment of central Government, the Greater London Authority and many local planning authorities to embrace urban regeneration. During the year, we have secured a number of important new consents including Potters Field by London's Tower Bridge, Alencon House in Basingstoke, Porters Way in West Drayton, Worcester Pottery and Kingsmead in Canterbury. We have also achieved further consents at Chelsea Bridge Wharf and Imperial Wharf in London and at Royal Clarence Yard in Gosport.

I am delighted to report that we are on target to make the £2 per share 2006 B share payment to shareholders in January 2007 and that we are ahead of our business plan as we work towards achieving the 2008 and 2010 B share payments due under the Scheme of Arrangement."

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 scheduled for January 2007, January 2009 and January 2011 for amounts of £2, £2 and £3 a share respectively, subject to the necessary Board approvals and the terms set out in the Scheme of Arrangement shareholder circular.

Under the Scheme of Arrangement the intention is that all returns to shareholders will be by way of payments made on the B Shares. As a result, no dividend is recommended at the year-end.

Housing Market

The housing market in Berkeley's core region of London and the South-East remains satisfactory as the fundamentals of strong employment, historically low interest rates, limited supply and a continuing feel-good factor underpin demand.

The Group's strategy of focusing on maximising value as opposed to concentrating on volume and profit growth allows us to match supply and demand appropriately. Reflecting this strategy, Berkeley has secured sales reservations in the year with a value that is 12.5% lower than in 2004/05 and this new level is consistent with our business plan for achieving the Scheme of Arrangement.

As always, getting the product right in terms of design, quality, location and price is key to success in our business and our strategy is well suited to this.

Berkeley continues to maintain a healthy balance between owner-occupiers and investors with each accounting for approximately 50% of reservations. Under the Group's definition, an investor can range from a large institution to a customer purchasing a second home.

In this market, Berkeley's sales prices have typically been 5% to 8% above the price levels in its business plan at the beginning of the year and this has covered increases in build costs.

The pressure on operating margins comes from a number of quarters – the requirement to provide subsidised housing, Section 106 planning gain obligations and from the cost of meeting modern environmental and sustainable development requirements – and this is reflected in a 0.6% reduction in the Group's land bank gross margin from 28.2% to 27.6%. This trend will continue as Berkeley's policy is to secure further consents on our existing land holdings and whilst this increases the absolute quantum of gross margin and return on investment, it can reduce the gross margin percentage.

The land market has remained very competitive, especially for sites with planning permission or in prime locations. In accordance with our strategy we have bought sites on a very selective basis and, in the year, agreed to acquire 17 sites of which 7 were in St James.

Results

Berkeley is delighted to announce a pre-tax profit of £165.1 million for its continuing business for the year ended 30th April 2006. This is £9.6 million more than the £155.5 million reported for the same period last year – an increase of 6.2%.

The £80.8 million profit from discontinued operations relates to Crosby which was sold to Lend Lease on 8th July 2005. The profit comprises two elements – Crosby's £1.1 million post-tax trading profit prior to disposal and the £79.7 million profit from the disposal itself. In the year to 30th April 2005, Crosby's post-tax trading profit was £24.9 million.

Basic earnings per share total 168.4 pence, an increase of 44.9% on the 116.2 pence reported for the same period last year. Basic earnings per share for continuing operations are 101.1 pence compared to 95.3 pence last time – an increase of 6.1%. Discontinued earnings per share have increased from 20.9 pence to 67.3 pence.

Over the year, total equity has increased by £215.8 million to £837.2 million (April 2005 – £621.4 million) with net assets per share rising by 34.6% from 518 pence to 697 pence.

Return on Capital Employed for the period, excluding the profit on disposal of Crosby, was 24.0% compared to 22.0% last time.

At 30th April 2006, Berkeley had net cash balances of £220.6 million (April 2005 – net debt of £255.1 million) after generating £475.7 million of cashflow in the year – £246.0 million from the continuing Group and £229.7 million from Crosby.

These results have been prepared in accordance with International Financial Reporting Standards (IFRS), the Group having published its restatement of financial information for the year ended 30th April 2005 on 26th October 2005. As a result of the IFRS changes, net assets fell by £48.1 million (40 pence per share) to £621.4 million (518 pence per share) at 30th April 2005.

The one significant change for Berkeley concerns the recognition of revenue and profit (IAS 18 – "Revenue"). Berkeley's previous policy reflected the two different types of scheme that the Group develops. For traditional house-building, revenue and profit on exchanged sales contracts were recognised on physical completion. This policy remains in place and now also applies to our urban regeneration business where revenue and profit were previously recognised on a phased basis to reflect the stage of completion of the relevant exchanged unit. The revenue recognition change accounted for £35.3 million of the £48.1 million reduction in net assets with the remaining £12.8 million being due to employee retirement benefits and the discounting of land creditors. These changes impact the timing of profit recognition and have no impact on either cash or the underlying business.

Trading Analysis

Revenue for the continuing Group was £917.9 million (2005 – £794.5 million). This comprises £890.5 million (2005 – £738.4 million) of residential turnover, of which £1.1 million was from land sales (2005 – £16.1 million), along with £27.4 million (2005 – £56.1 million) of commercial turnover.

During the year, the continuing Group sold 3,001 units at an average selling price of £293,000. This compares with 2,292 units at an average selling price of £309,000 last year.

At £27.4 million (2005 – £56.1 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 £11.6 million compared to £10.3 million last year. This arises from the sale of 816 residential units (2005 – 799 units) at an average selling price of £372,000 (2005 – £358,000) by St James, our joint venture with Thames Water. The increase in average selling price is mainly due to Wycombe Square in London where 9 units were taken to sales at an average sales price of £6.5 million. This scheme is now fully sold and the average selling price in joint ventures is expected to fall back to more normal levels in the coming year.

Excluding joint ventures and land sales, the house-building operating margin for the continuing Group was 17.5% compared to 19.3% for the full year ended 30th April 2005. This is within the 17.5% to 19.5% range (depending on mix) reported by the Group over recent reporting periods. On the basis that current market and planning conditions prevail, we are continuing to forecast broadly in this range.

Joint venture operating margins are 14.1% compared to 14.7% last year and reflect the profit share arrangements with Thames Water.

As already noted, with sales price enhancements covering build increases, the pressure on operating margins is coming from two main areas. These are: the cost of subsidised housing and planning gain obligations; and, the costs associated with meeting high standards of environmental and sustainable development practice.

We accept these pressures in the knowledge that our duty to shareholders has to be combined with policies for sustainable development. Indeed, we see no conflict between the two. Believing that what we create inherently benefits the wider community, we place great emphasis on sustainability at every level in our company. There are, of course, associated costs and a risk that our operating margin will not continue at the levels we have seen in the past. In our view, however, any risk will be balanced by our ability to add value to our sites, to obtain planning consents that would otherwise be withheld, and to continue matching the expectations of our customers and therefore to maintain competitive advantage.

Joint Ventures

Berkeley currently has £69.0 million of capital employed in joint ventures, an increase of £4.5 million from the prior year figure of £64.5 million. The Group's share of joint venture bank borrowings has fallen by £46.4 million to £5.3 million.

Joint ventures have been a key ingredient in Berkeley's results and our recent approach has been to concentrate on a small number of strategic partners. This has resulted in St James, our 50% joint venture with Thames Water now having a record number of plots. These total 3,855, an increase of 1,150 units in the year. The business is working up more than 1,000 further units with Thames Water on potential future sites.

In addition, Saad Berkeley continues to promote option land on four sites and we are actively exploring further opportunities. We also continue to look at commercial opportunities within Saad Berkeley Investment Properties. However, in the current market conditions such opportunities have not met our investment criteria.

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. Securing customers' commitment in this way ensures the quality of future revenue.

At 30th April 2006, Berkeley held forward sales of £581.9 million – £105.1 million less than the £687.0 million reported a year previously. This forward sales position is commensurate with the ongoing business profile and in line with the Group's strategy. Of the £581.9 million, £17.0 million (2005 – £37.3 million) is included in debtors in the balance sheet. The remaining £564.9 million (2005 – £649.7 million) will benefit the current and future years' income statement and cashflow.

Land Holdings

Once again this year, the Group (including its joint ventures) has more than replaced the number of plots taken to sales through acquisition and optimisation on its existing sites. Berkeley's land bank is 23,819 plots with an estimated gross margin of £1,672 million. This compares with 23,123 plots and £1,671 million at 30th April 2005. Of these holdings, 19,860 plots (2005 – 20,091) are owned and included on the balance sheet. In addition, 3,264 plots (2005 – 2,680) are contracted and a further 695 plots (2005 – 352) have terms agreed and solicitors instructed. Over 95% of our holdings are on brownfield or recycled land. The comparative figures exclude Crosby.

Since the Scheme of Arrangement Berkeley has continued to acquire land on a selective basis and continues to find land prices extremely competitive. In 2004/05 we agreed 19 sites, of which six were in St James. This year we agreed 17 sites, of which seven were in St James and four of the seven from Thames Water. As a result, the land bank now comprises 19,964 (2005 – 20,418) Berkeley plots and 3,855 plots (2005 – 2,705) within St James.

In line with our focus on maximising returns from our existing land holdings, we continue to submit further applications on most of our regeneration sites.

The Group's land holdings include over 1.5 million ft^2 of commercial space within our mixed-use schemes. The Group is not undertaking any standalone commercial schemes.

The Board

During the year, Berkeley was fortunate to have had a balanced, experienced and stable Board to ensure good governance while pursuing the strategic objective of creating long-term shareholder value. The Board has remained unchanged over this period, save for the addition of Michael Tanner who was appointed on 1st September 2005 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 both Tarmac and George Wimpey.

The Board comprises a Chairman, four Executive Directors and four Non-Executive Directors.

Our People

Berkeley's management philosophy is to devolve operational responsibility and accountability to autonomous management teams, leaving the Group to focus on its strategic vision. This structure allows our management teams to create their own working environment while still benefiting from the experience of the wider Group. It has created a unique sense of purpose for the people in each business and empowered them to succeed, so building a highly talented and loyal workforce. It has also enabled the Group management to concentrate on driving each business forward while encouraging the climate of innovation that is vital to success in the regeneration arena. Of course it also increases the demands on our people, but we see this as necessary to our success. On behalf of the Directors and shareholders, we would like to express our sincere appreciation and thanks to all those who have contributed to this year's outstanding results and who will continue to play an important part in our future.

It is always pleasing to be recognised externally for our people's performance and Berkeley have received numerous awards in the year, a number of which are set out in our fifth Sustainability Report which will be published alongside our Annual Report. There are two that warrant particular attention. Berkeley came joint first in the WWF/Insight Investment Sustainability Survey, while Gunwharf Quays in Portsmouth received one of only six Crystal Awards from BURA (the British Urban Regeneration Association) for being the best of the best of its previous winners. Both of these recognise the significant contribution of Berkeley and its people to the built environment.

Current Trading and Prospects

We believe Berkeley is in an excellent position to continue to perform well in the medium term. Our business structure is simpler and more focused than ever before, we have a formidable landbank which we know how to optimise, and we are creating product that is attuned both to our customers' aspirations and the housing policy imperatives of our principal markets. Our strategy is to be at the forefront of our industry, to embrace change and make it happen, and we are confident our knowledge will continue to give us a competitive advantage.

It is also our view that the fundamentals of the housing market are good and remain underpinned by economic stability, strong employment and low interest rates. The feel-good factor which is vital to the success of the economy is still evident, especially in London which is now truly a World City. That said, the recent interest rate increases in Europe and America do strike a note of caution with uncertainty in the UK over when and in which direction interest rates in this country will next move.

So, Berkeley remains on target to deliver the 2006 B Share payment of £2 per share at the beginning of January 2007 and £12 in total by January 2011. We are also well on the way to creating a strong, sustainable and meaningful ongoing business with a highly entrepreneurial and talented management team focussed on the long term.

We are looking forward to the year ahead with confidence as we continue to move Berkeley towards being the most efficient property company performing at its natural size, with the best people.

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The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Year ended 30 April 2006 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Continuing operations			
Revenue	2(a)	917,926	794,461
Cost of sales		(686,166)	(565,395)
Gross profit		231,760	229,066
Net operating expenses		(70,885)	(75,687)
Net operating expenses include:			
Merger expenses		-	(1,633)
Operating profit	2(b)	160,875	153,379
Interest receivable	3	19,968	11,292
Finance costs	3	(27,304)	(19,573)
Share of post tax results of joint ventures	2(c)	11,562	10,358
Profit on ordinary activities before taxation		165,101	155,456
Taxation	4	(43,736)	(41,439)
Profit on ordinary activities after taxation		121,365	114,017
Discontinued operations			
Profit from discontinued operations	5	80,782	24,941
Profit for the financial year		202,147	138,958
Dividends per Ordinary Share		-	16.5p
Earnings per Ordinary Share			
- Basic	6	168.4p	116.2p
- Continuing operations		101.1p	95.3p
- Discontinued operations		67.3p	20.9p
- Diluted	6	167.4p	115.3p
- Continuing operations		100.5p	94.6p
- Discontinued operations		66.9p	20.7p

Consolidated Statement of Recognised Income and Expense

	Year ended 30 April 2006 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Profit for the financial year	202,147	138,958
Actuarial gain/(loss) recognised in the pension scheme	1,925	(3,262)
Deferred tax on actuarial gain/(loss) recognised in the pension scheme	(578)	978
Credit in respect of employee share schemes	6,347	3,533
Deferred tax in respect of employee share schemes	6,440	658
Total recognised income for the financial year	216,281	140,865

Consolidated Balance Sheet

	Notes	At 30 April 2006 Unaudited £'000	At 30 April 2005 Unaudited £'000
Assets			
Non-current assets			
Property, plant and equipment		2,252	8,883
Investments accounted for using equity method		68,995	64,497
Deferred tax assets		18,285	23,128
		89,532	96,508
Current assets			
Inventories		763,873	1,103,045
Trade and other receivables		23,692	48,067
Cash and cash equivalents		220,670	344,948
		1,008,235	1,496,060
Liabilities			
Current liabilities			
Borrowings		(85)	(88)
Trade and other payables		(202,267)	(293,090)
Current tax liabilities		(32,589)	(32,924)
		(234,941)	(326,102)
Net current assets		773,294	1,169,958
Total assets less current liabilities		862,826	1,266,466
Non-current liabilities			
Borrowings		-	(600,000)
Retirement benefit obligation		(10,342)	(12,089)
Other non-current liabilities		(15,294)	(32,968)
		(25,636)	(645,057)
Net assets		837,190	621,409
Shareholders' equity			
Share capital		24,164	24,164
Share premium		264	264
Capital redemption reserve		6,091	6,091
Other reserve		(961,299)	(961,299)
Retained profit		1,735,475	1,522,976
Joint ventures' reserves		32,495	28,713
Total shareholders' equity	7	837,190	620,909
Minority interest in equity		-	500
Total equity		837,190	621,409

Consolidated Cash Flow Statement

	Notes	Year ended 30 April 2006 Unaudited £'000	Year ended 30 April 2005 Unaudited £'000
Cash flows from operating activities			
Cash generated from operations		276,435	289,187
Dividends from joint ventures		5,396	1,564
Interest received		19,968	11,413
Interest paid		(37,384)	(7,845)
Tax paid		(35,413)	(59,754)
Net cash from operating activities	8	229,002	234,565
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,419)	(1,853)
Sale of tangible fixed assets		467	5,764
Purchase of shares in joint ventures		(10)	–
Disposal of subsidiary undertaking	5	250,736	–
Overdraft balance of subsidiary disposed		572	–
Expenses relating to disposal of subsidiary	5	(2,765)	–
Movements in loans with joint ventures		(858)	4,490
Merger expenses		-	(1,633)
Net cash from investing activities		246,723	6,768
Cash flows from financing activities			
Cost of share buybacks		-	(20,656)
Share options exercised		-	5,667
Issue / redemption expenses		-	(2,841)
Redemption of shares		-	(604,153)
Repayment of loan stock		(3)	(32)
Repayment of bank loan		(600,000)	(100,000)
New bank loan issued		-	600,000
Equity dividends paid		-	(19,676)
Net cash used in financing activities		(600,003)	(141,691)
Net (decrease)/increase in cash and cash equivalents		(124,278)	99,642
Cash and cash equivalents at start of the year		344,948	245,306
Cash and cash equivalents at end of the year		220,670	344,948

Reconciliation of net cash flow to net cash / (debt)		
Net (decrease)/increase in cash and cash equivalents	(124,278)	99,642
Cash outflow / (inflow) from decrease / (increase) in debt	600,003	(499,968)
Movement in net (debt) / cash in the year	475,725	(400,326)
Opening net (debt) / cash	(255,140)	145,186
Closing net cash / (debt)	220,585	(255,140)

	At 30 April 2006 Unaudited £'000	At 30 April 2005 Unaudited £'000
Net cash / (debt)		
Cash and cash equivalents	220,670	344,948
Borrowings	(85)	(600,088)
Net cash / (debt)	220,585	(255,140)

1 Basis of preparation

The unaudited financial information for the year ended 30 April 2006 and the restated information for the year ended 30 April 2005 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. This information was approved by the Board on 29 June 2006, and has been extracted from the Group's statutory accounts which have not yet been signed, but upon which the auditors are expected to give an unqualified opinion.

This information, including the restated information for the year ended 30 April 2005, has been prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The statutory accounts for the year ended 30 April 2005 were prepared in accordance with United Kingdom Generally Accepted Accounting Principles and have been delivered to 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.

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 no impact on the financial statements of applying IAS 32 and IAS 39 on the implementation of these standards at 1 May 2005 or in the year ended 30 April 2006. Consequently there is no restatement as a result of this change in accounting policy.

IFRS 7 "Financial Instruments: Disclosure" (applicable for financial years commencing on or after 1 January 2007) was available for early application but has not been applied by the Group in these financial statements. The standard is concerned only with disclosure and as such, were it to have been applied in the year ending 30 April 2006, would have had no impact on the income statement or balance sheet.

2 Analysis by Activity

		Year ended 30 April 2006 Unaudited	**Year ended 30 April 2005 Unaudited**
	Continuing operations	**£'000**	**£'000**
(a)	**Revenue**		
	Residential housebuilding	890,539	738,349
	Commercial property and other activities	27,387	56,112
		917,926	794,461
(b)	**Operating profit**		
	Residential housebuilding	156,846	146,026
	Commercial property and other activities	4,029	8,986
	Merger expenses	-	(1,633)
		160,875	153,379
(c)	**Share of post tax results of joint ventures**		
	Residential housebuilding	11,469	10,117
	Commercial property and other activities	93	241
		11,562	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 £1,142,000 and £889,000 in respect of land sales (2005: £16,139,000 and £6,600,000).

3 Net finance costs

Continuing operations	**Year ended 30 April 2006 Unaudited £'000**	**Year ended 30 April 2005 Unaudited £'000**
Interest receivable	19,968	11,292
Finance costs		
Interest payable on bank loans and overdrafts	(26,153)	(18,058)
Other finance costs	(1,151)	(1,515)
	(27,304)	(19,573)
	(7,336)	(8,281)

4 Taxation

Continuing operations	**Year ended 30 April 2006 Unaudited £'000**	**Year ended 30 April 2005 Unaudited £'000**
Current tax		
UK corporation tax payable	(35,158)	(47,527)
Adjustments in respect of previous periods	469	427
	(34,689)	(47,100)
Deferred tax	(9,047)	5,661
	(43,736)	(41,439)

5 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:

Discontinued operations	**Year ended 30 April 2006 Unaudited £'000**	**Year ended 30 April 2005 Unaudited £'000**
Revenue	8,176	236,977
Operating profit	1,514	35,042
Net finance costs	(130)	(196)
Share of post tax results of joint ventures	–	548
Taxation	(348)	(10,453)
Post tax results from discontinued operations	1,036	24,941
Profit on disposal	79,746	–
	80,782	24,941

Revenue and operating profit from discontinued operations include £nil in respect of commercial property and other activities (2005: £11,436,000 and £297,000 respectively).

The profit on disposal of Crosby is set out as follows:

	Unaudited £'000
Non-current assets	10,760
Current assets	202,513
Current liabilities	(36,550)
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

6 Earnings per Ordinary Share

Earnings per Ordinary Share is calculated as the profit for the financial year of £202,147,000 (2005: £138,958,000) divided by the weighted average number of Ordinary Shares in issue during the period of 120,067,044 (2005: 119,558,439). 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 681,083 shares (2005: 990,459), which gives a diluted weighted average number of Ordinary Shares of 120,748,127 (2005: 120,548,898).

7 Consolidated Statement of Changes in Shareholders' Equity

	Year ended 30 April 2006 Unaudited	Year ended 30 April 2005 Unaudited
	£'000	£'000
Profit for the financial year	202,147	138,958
Dividends paid to shareholders	-	(19,646)
Share buy-backs	-	(20,656)
Shares issued on exercise of share options	-	5,667
Issue / redemption expenses	-	(2,841)
Share redemptions	-	(604,153)
Actuarial gain/(loss) recognised in the pension scheme	1,925	(3,262)
Deferred tax on actuarial gain/(loss) recognised in the pension scheme	(578)	978
Credit in respect of employee share schemes	6,347	3,533
Deferred tax in respect of employee share schemes	6,440	658
Net movement on equity shareholders' funds	216,281	(500,764)
Opening equity shareholders' funds	620,909	1,121,673
Closing equity shareholders' funds	837,190	620,909

8 Notes to the Consolidated Cash Flow Statement

	Year ended 30 April 2006 Unaudited	Year ended 30 April 2005 Unaudited
	£'000	£'000
Net cash flows from operating activities		
Continuing operations		
Profit for the financial year	121,365	114,017
Adjustments for:		
- Tax	43,736	41,439
- Depreciation	1,648	2,168
- Profit on sale of property, plant and equipment	(114)	(1,340)
- Interest income	(19,968)	(11,292)
- Finance costs	27,304	19,573
- Share of results of joint ventures after tax	(11,562)	(10,358)
- Merger expenses	-	1,633
- Non-cash charge in respect of share awards	6,347	3,533
Changes in working capital:		
- Decrease / (increase) in inventories	154,672	(26,281)
- Decrease in receivables	13,292	31,017
- (Decrease) / increase in payables	(41,242)	34,404
- Decrease in employee benefit obligations	(301)	(359)
Cash generated from continuing operations	295,177	198,154
Dividends from joint ventures	5,396	459
Interest received	19,968	11,292
Interest paid	(37,254)	(7,528)
Taxation	(35,413)	(59,754)
Net cash from continuing operating activities	247,874	142,623
Discontinued operations		
Profit for the financial year	80,782	24,941
Adjustments for:		
- Tax	348	10,453
- Depreciation	58	413
- Profit on sale of property, plant and equipment	–	(39)
- Interest income	–	(121)
- Finance costs	130	317
- Share of results of joint ventures after tax	–	(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)	14,205
- Decrease in receivables	5,925	28,655
- (Decrease) / increase in payables	(11,161)	12,757
Cash generated from discontinued operations	(18,742)	91,033
Dividends from joint ventures	–	1,105
Interest received	–	121
Interest paid	(130)	(317)
Net cash from discontinued operating activities	(18,872)	91,942
Net cash from operating activities	229,002	234,565
Other net cash flows from discontinued operations		
Net cash from investing activities	248,556	441