The Berkeley Group Holdings plc

PRESS RELEASE 29TH JUNE 2007

PRELIMINARY RESULTS ANNOUNCEMENT

£102.0 MILLION OF CASH GENERATED – BEFORE £241.6 MILLION 2006 B SHARE REDEMPTION

LAND BANK STRENGTHENED TO 30,128 PLOTS THROUGH ACQUISITION OF ST JAMES, NEW ST EDWARD JV AND LOCAL AUTHORITY SCHEMES

STRENGTH OF FORWARD SALES ADDS TO VISIBILITY OF CASH POSITION PROVIDING CONFIDENCE TO SEEK APPROVAL TO ACCELERATE THE PAYMENT OF THE REMAINING B SHARES AND TO ANNOUNCE NEXT PHASE OF STRATEGY

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 2007. Highlights of the results include:

- Return of Capital — £241.6 million (£2 per 2006 B share) returned in January 2007. Remaining 2008 and 2010 B shares to be accelerated, with 2008 B share (£2 per share) payment forecast for January 2008, subject to shareholder approval
- Net Cash — £81.0 million net cash (2006: £220.6 million)
- Land Holdings — 30,128 plots – Up from 23,819 at last year-end
- Forward Sales — £936.3 million – Up £143.0 million from £793.3 million last time (including St James at acquisition)

	April 2007 £'million (unaudited)	April 2006 £'million	
Continuing operations			
Group Revenue	918.4	917.9	+0.1%
Operating Profit	177.1	160.9	+10.1%
Net Finance Income/(Costs)	4.2	(7.4)	
Joint Ventures (after tax)	6.8	11.6	-41.4%
Profit Before Tax	188.1	165.1	+13.9%
Tax	(52.6)	(43.7)	
Profit After Tax	135.5	121.4	+11.6%
Profit from Discontinued Operations	-	80.8	
Profit for the Financial Period	135.5	202.2	
EPS – Basic	112.6p	168.4p	
EPS – Continuing	112.6p	101.1p	+11.4%
ROCE (excluding profit on disposal)	28.1%	24.0%	
Net Asset Value Per Share	649.0p	697.0p	-6.9%

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

"I am delighted that, at the same time as announcing these exceptional results, I can also announce the Board's intention, subject to shareholder approval, to accelerate the payment to shareholders of the remaining B shares, and our proposals for the next phase of Berkeley's strategy.

Berkeley has once again benefited from having a very clear strategy that aligns the interests of management and shareholders and brings a welcome simplicity of approach to a complex and cyclical business. As a consequence we have produced another set of balanced results, generating free cash flow and growing both our unrivalled land bank and forward sales position, as opposed to concentrating solely on the income statement.

Corporately, 2006/07 has been an active year. It began with the creation of St Edward Homes, a joint venture with Prudential plc, which was followed by our acquisition of the 50% of St James we did not already own from our original joint venture partner, RWE Thames Water plc. The end of the year saw the establishment of three new joint ventures with Saad Investments Company Limited. On their own, each one of these transactions demonstrates our ability to form innovative partnerships for the future. Taken together, they indicate the confidence and pace with which we are facing that future.

The achievements of the year are a tribute to the commitment and passion of all our people and in turn a source of great pride for the management of the business. Our people are what really keep Berkeley ahead, and, on behalf of the Board and shareholders, I would like to thank each and every one of our people for their outstanding contribution this year.

I must also mention Roger Lewis who, after 16 years with Berkeley, the last eight as Chairman, today announces his retirement from the Board. During this time, Roger has brought to Berkeley a unique blend of industry knowledge, balance and style. No one person will be able to replace every aspect of his contribution, and he will be greatly missed. We are therefore delighted that he has agreed to continue working with Berkeley in a consulting capacity for a further 12 months."

Roger Lewis, Chairman said:

"The housing market in London and the South-East has been favourable for Berkeley over the last year. Of course, there remain many challenges within our industry – not least those associated with the planning process – and we welcome the recent announcement that the Office of Fair Trading is to conduct a review into this complex area and, in parallel, that of customer satisfaction. Any initiative aimed at improving the supply and quality of housing is one we fully support.

During the year Berkeley has continued to acquire new sites on a very selective basis in what remains a competitive market and we were delighted to exchange development agreements with the London Boroughs of Hackney and Greenwich for the regeneration of their estates at Woodberry Down and Kidbrooke, respectively. In addition we secured a number of new or additional planning consents, notably at The Warren in Woolwich, Battersea Reach and St George Wharf in South London, Caspian Wharf in Tower Hamlets, Queen Mary's Hospital in Roehampton, Fleet in Hampshire and North Bersted in West Sussex.

After 16 years with Berkeley, the last eight as Chairman, I have decided that this is the right time for me to retire from the Board and this will be effective at the end of July. It has long been my intention to retire on reaching 60 and with the business in such good shape I cannot imagine a more appropriate time. It has been a privilege to oversee Berkeley's development and be part of a dynamic first class executive team.

I am delighted that Victoria Mitchell, currently a non-executive director of Berkeley and Chairman of the Remuneration Committee, has accepted the position of Non-Executive Chairman to succeed me and I have no doubt that she will be a great success in her new role."

Scheme of Arrangement and 2007 Strategic Review

In June 2004 Berkeley announced its proposals to return £12 per share to shareholders in conjunction with its future strategy to focus on its urban regeneration business. This was approved by shareholders and effected by a Court approved Scheme of Arrangement in October 2004 which created four tranches of B shares. To date, and in line with the original payment schedule, £7 per share has been returned to shareholders with the remaining £2 and £3 per share scheduled for payment in January 2009 and 2011 respectively.

Since 1st May 2004, the time of the strategic review that led to the Scheme of Arrangement, Berkeley has generated some £820 million of cash before payments to shareholders, demonstrating the underlying strength of the Group and its ability to generate cash and meet its strategic objectives. This, coupled with the strong forward sales position, has provided the Board with the opportunity to review the timing of the remaining B share payments and consider the most appropriate strategy for Berkeley once the B shares are paid. The conclusion of this review is that approval will be sought at the Annual General Meeting on 5th September 2007 to accelerate the payment of the 2008 B share (£2 per share) by 12 months to the beginning of January 2008 and to pay the final (2010) B share of £3 per share at a date to be determined but no later than the original scheduled date of January 2011.

With regard to the future strategy, the Board is seeking to replicate the key features of the Scheme of Arrangement to preserve the environment in which its entrepreneurial management team has concentrated on maximising returns to shareholders through its focus on optimising Berkeley's land holdings and cash generation as opposed to the income statement. This strategy is founded on the Board's belief that the business has a natural size, and is not scaleable in the traditional sense due to the complexities of developing and delivering sustainable mixed-use urban regeneration schemes. Attention to detail and quality together with devoting the necessary amount of time and management to every aspect of the development cycle for each site is the key to delivering value to shareholders and creating the inspiring sustainable communities that we, our customers and other stakeholders demand.

As a result, following the completion of the £12 per share Scheme of Arrangement payments, the Board is proposing to make annual dividend payments at a cover ratio of less than 2 times. This will ensure shareholders continue to see immediate benefit from the Group's strategy, while allowing the Board to maximise short term opportunities under an unambiguous long term strategy.

The Board believes that it is appropriate to consult with shareholders on the remuneration policy to bring this in line with the proposed acceleration of the remaining B shares and, looking forward, to put in place a new policy aligned to the next phase of Berkeley's strategy. Accordingly, the Board will consult with shareholders on its proposals during July and August in advance of the AGM.

Results

Berkeley is delighted to announce a pre-tax profit of £188.1 million for the year ended 30th April 2007. This is £23.0 million more than the £165.1 million reported for the same period last year, an increase of 13.9%.

Four factors have contributed to the £23.0 million increase in pre-tax profit. These are: a reduction of £7.5 million from the operating activities of the existing Group (excluding St James); £23.7 million of operating profit earned in St James since the acquisition of the 50% of St James not already owned on 7th November 2006; a reduction in joint ventures of £4.8 million (due to St James only contributing as a joint venture for the first half of the year); and a positive movement in interest of £11.6 million. A reduction in operating profit in the existing Group was anticipated in recognition of the Group's strategy to focus more on cash generation than profit growth following the 2004 strategic review, however, the actual reduction was less pronounced than forecast due to the strong performance in the underlying business.

Basic earnings per share from continuing operations totals 112.6 pence, an increase of 11.4% on the 101.1 pence reported for the same period last year. The basic earnings per share figure of 112.6 pence compares to 168.4 pence last year if the profit from discontinued operations of £80.8 million relating to Crosby which was sold to Lend Lease on 8th July 2005 is included in last year's results. For the year ended 30th April 2007, Berkeley reported 43% of its profits in the first half and 57% in the second half. A similar profile is expected in 2007/08.

Over the year, total equity has reduced by £55.6 million to £781.6 million (April 2006 – £837.2 million) and net assets per share by 48 pence (6.9%) from 697 pence to 649 pence. The 48 pence reduction is due to the £241.6 million 2006 B share redemption in January 2007 (200 pence), offset by the profit after tax for the year of 112.6 pence; the revaluation reserve arising from fair valuing the 50% of St James' net assets already owned at acquisition (16.9 pence); and factors relating to accounting for pensions and share based payments (22.5 pence).

At 30th April 2007, Berkeley had net cash of £81.0 million (April 2006 – £220.6 million) after generating £102.0 million of cash flow in the year before the £241.6 million 2006 B share payments in January 2007; a net reduction of £139.6 million.

Return on Capital Employed for the year was 28.1% compared to 24.0% last time.

Berkeley held forward sales of £936.3 million at 30th April 2007. This is an 18% increase on £793.3 million, the sum of the £581.9 million reported last year by the existing Group and £211.4 million in St James at acquisition. It has always been Berkeley's strategy to sell homes at an early stage in the development cycle, often off-plan, to secure customers' commitment and ensure the quality and certainty of future revenue and cash flow. This year's increase is due to Berkeley capitalising on favourable prevailing market conditions in London.

Housing Market

The housing market in Berkeley's core regions of London and the South-East has been favourable over the year, driven by the feel-good factor, although there are distinctions to draw between the two regions. The London market has been particularly strong for product which is built to a high quality in the right location for the right price. This is principally due to London's unique standing as a World City and financial centre, attracting investment, jobs and families. Put simply, it is a place where people want to be, and Berkeley is building the sustainable communities in which our customers want to live. Outside London in the South East, the market has undoubtedly been tempered by the four quarter per cent increases in interest rates but remains very satisfactory.

In these generally favourable market conditions Berkeley's concentration on the quality of its product, the location of its developments and its pricing strategy, rather than the pursuit of volume growth, has created a competitive advantage which enables the Group to match supply and demand effectively and fully optimise returns. As a result Berkeley has secured sales reservations with a sales value 15% ahead of those achieved in the previous year and this is reflected in the strong forward sales position at 30th April 2007.

As always, the outlook must be balanced with caution as concerns over the affordability of housing, further rises in interest rates, inflationary pressures and high global stock market valuations could introduce a fragility to the prevailing feel-good factor. There are also continuing security threats and we must not ignore the potential impact of these on the world's economic and political stability.

Investors remain an important segment of Berkeley's customer profile and have accounted for approximately 40% of reservations in the period. This is lower than the 50% reported last time but remains very much in our range which fluctuates due to market conditions, the mix of product and the phasing of launches on our sites. Investors are attracted by the fundamentals underpinning the housing market in London and the South-East and the lack of alternative investment opportunities.

Under the Group's definition, investors range from a large institution to a customer purchasing a second home.

Sales price increases have continued to cover cost increases but there are a number of pressure points that could impact margins adversely in the future should the sales environment become less favourable. While materials prices have increased over the year, labour prices have remained relatively stable due in part to the supply of labour from the European Union. This stability will come under pressure as construction activity in London builds up towards the 2012 Olympics.

Perhaps most significantly, the time and costs required to achieve planning consents continue to rise due to increasing section 106 contributions, including affordable housing requirements, and the complexities associated with meeting today's high standards of environmental and sustainable development practices. This is a concern, not only from a financial perspective as margins on new planning consents will be impacted, but also because, in extreme examples, the conflicting demands of all stakeholders could result in schemes in which people do not want to live.

Trading Analysis

Revenue for the Group was £918.4 million (2006 – £917.9 million). This comprises £867.9 million (2006 – £890.5 million) of residential revenue, of which £44.0 million was from land sales (2006 – £1.1 million), along with £50.5 million (2006 – £27.4 million) of commercial revenue.

During the period, the Group sold 2,852 units at an average selling price of £285,000. This compares with 3,001 units at an average selling price of £293,000 in the same period last year.

At £50.5 million (2006 – £27.4 million), the Group's revenue from commercial activities represents the disposal of commercial units on fourteen mixed-use sites. The most significant of these was the disposal of 130,000ft^2 of academic space at Brentford.

Excluding joint ventures and land sales, the house-building operating margin for the Group was 19.5% compared to 17.5% for the year ended 30th April 2006. This is at the top end of the 17.5% to 19.5% range (depending on mix) reported by the Group over recent reporting periods and this reflects the favourable market conditions during the period. Operating margins are expected to remain at the top end of this range, or even exceed it, but clearly will depend upon market conditions.

Net operating expenses have increased by £20.9 million from £70.9 million in 2005/06 to £91.8 million this year. This is due to the inclusion of St James in the second half of the year (£9.6 million), increased costs associated with accounting for share based payments (£7.2 million), a one-off pension charge of £1.6 million and an increase of £2.5 million in the underlying business. The pensions charge is the net cost to Berkeley of members accepting an offer to transfer their benefits out of the Group's defined benefit pension scheme which, along with the normal annual pension scheme movements, has resulted in the retirement benefit obligation being reduced from £10.3 million at the start of the year to zero at 30th April 2007.

Net finance income of £4.2 million reflects the positive cash position of the Group and cash generative nature of operating activities in the year which has seen net cash increase from £220.6 million to £322.6 million at the half year prior to shareholder payments of £241.6 million in January reducing this to £81.0 million at 30th April 2007. Last year the Group had net finance costs of £7.4 million, reflecting an opening net debt position of £255.1 million at 1st May 2005 and closing net cash position of £220.6 million at the end of the year which benefited from the disposal of Crosby.

The Group's share of post-tax results from joint ventures was £6.8 million compared to £11.6 million last year. This arises from the sale of 441 residential units (2006 – 816 units) at an average selling price of £329,000 (2005 – £372,000) by St James, our then joint venture with RWE Thames Water plc ("Thames Water"). With the acquisition of the 50% of St James not already owned during the year, Berkeley's share of post-tax results from joint ventures will be negligible in 2007/08.

St James Group

On 7th November 2006 Berkeley completed the acquisition of the 50% of St James that it did not already own from Thames Water for £97.5 million, including goodwill of £17.2 million.

On completion, St James paid Thames Water a further £93.5 million to accelerate the settlement of outstanding land creditors and to acquire six previously identified and negotiated sites. Including the six new sites, which contain approximately 700 plots, St James' land bank at acquisition totalled some 5,000 plots on 23 sites.

In what was widely regarded as a visionary approach to land development, St James was established as a 50:50 joint venture company by Thames Water and Berkeley in May 1996 to develop residential Thames Water sites and sites acquired on the open market. Completing some 5,000 unit sales since it was established, St James proved a highly successful joint venture for its shareholders and Berkeley is delighted to have been able to take the opportunity to acquire 100% control of a business to which it has always been fully committed and in which it has historically invested significant management time and expertise. As a joint venture partner, Berkeley had an intimate knowledge of St James' business and, in particular, its land bank which includes an increasing proportion of third party land. St James is now an established business in its own right with its own distinct management team, a number of the members of which transferred from Berkeley, guided by the same philosophy and operating procedures as Berkeley's wholly owned divisions.

The full integration of St James has been successfully achieved in the second half of the year with St James contributing £23.8 million to the Group's operating profit since its acquisition.

At the point of acquisition, St James ceased to be a joint venture and became a fully consolidated subsidiary and this accounts for the reduction in Berkeley's investments accounted for using the equity method from £69.0 million at the start of the year to £1.7 million at 30th April 2007.

New Joint Ventures

While sad that the relationship with Thames Water ended, Berkeley was delighted to have announced new joint ventures during the year; one with Prudential plc and three with Saad Investments Company Limited ("Saad").

St Edward Homes Limited was established in the first half of the year as a joint venture with Prudential, bringing together Prudential's financial strength and commercial expertise and Berkeley's passion and talent for creating sustainable new communities. St Edward has a potential land bank of 2,230 plots across its first three sites – Green Park in Reading, an office building in Kensington and a site in Stanmore.

On 24th April 2007, shareholders approved the establishment of three new joint venture companies with Saad (a 29.4% shareholder in Berkeley). Berkeley will invest up to £175 million over an expected 10 year investment period and, together with Saad's investment and external bank debt at a target equity to debt ratio of 30:70, a fund of approximately £1 billion will be available to take advantage of land opportunities as they present themselves to the three companies; Saad Berkeley Regeneration Limited, Saad Berkeley Developments Limited and Saad Berkeley Investments Limited.

Saad Berkeley Regeneration Limited will invest in development opportunities which are outside Berkeley's normal acquisition criteria due to the size of capital requirement and/or length of planning lead time utilising financial leverage to reflect the capital intensive nature and risk profile of the sites, whilst limiting the shareholders' exposure. Once suitable planning permission is obtained, the sites will be sold for development, either to third parties or to Saad Berkeley Developments Limited, the second of the new companies.

Saad Berkeley Investments Limited will acquire commercial property as opportunities are identified by its board of directors with a view to achieving returns primarily through capital growth. Berkeley has previously conducted such activities through Saad Berkeley Investment Properties Limited and Berkeley Eastoak Investments Limited, both joint ventures with Saad, and Saad Berkeley Investments Limited is a continuation of this. Commercial property investment is commonly undertaken through leveraged joint ventures and special purpose vehicles to maximise shareholder returns and for Berkeley this also reflects the fact that such investment is of an opportunistic nature.

Land Holdings

At 30th April 2007, the Group (including joint ventures) controlled some 30,128 plots with an estimated gross margin of £2,234 million. This compares with 23,819 plots and an estimated gross margin of £1,672 million at 30th April 2006. Of these holdings, 21,209 plots (April 2006 – 19,860) are owned and included on the balance sheet. In addition, 8,848 plots (April 2006 – 3,264) are contracted and a further 71 plots (April 2006 – 695) have terms agreed and solicitors instructed. Over 95% of our holdings are on brownfield or recycled land.

Today's land market remains highly competitive, requiring a disciplined and innovative approach to land acquisition. Of the 18 new sites agreed in the year, two are Prudential sites in St Edward and two are sites that we will develop in partnership with local authorities. The local authority sites are Woodberry Down in the London Borough of Hackney, a site of over 1,200 units, and Kidbrooke in the London Borough of Greenwich, a site of over 3,600 units. Working in partnership with land owners has always been a feature of Berkeley's strategy proving successful both for Berkeley and its partners and we are delighted that a number of local authorities are choosing Berkeley as their preferred regeneration partner.

The St Edward and local authority sites account for the majority of the contracted plots. At the same time Berkeley has continued to maximise its existing land holdings, on many of which new applications have been submitted.

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

Sustainability

Although our focus remains the same, much has changed in the fifteen years since Berkeley took the decision to place its business in the centre of towns and cities. Above all there has been a step-change in the way in which our society thinks about the impact of what we do. Keeping pace with this growing concern with the legacy we create for future generations has played a central role in Berkeley's success; we have never underestimated the scale of our responsibilities and remain passionate about meeting the challenges in the way that is expected of us. Consequently, the principles of sustainability have been, for some time, a driving force of what we do and how we do it. Bringing derelict brownfield land back to life is inherently positive, but we are spurred forwards by a desire to further understand the reality of implementing our policies, not just in strategic terms, but on a day-to-day basis.

There are powerful reasons for doing so: the Code for Sustainable Homes has had a major impact on the development industry and we have reviewed its requirements to understand the commercial implications of reaching its higher levels. We are also responding to our customers, who demonstrate increasing interest in living in homes that respect the environment; our people, who have become genuinely passionate about sustainability; and, of course, our investors, who wish us to sustain value in the medium and longer term. Alongside this, however, is a sense of the opportunities associated with our role, not just as part of the mix of forces that drive the regeneration of urban areas, but also as part of a wider community that is attempting to understand the changes it needs to make if it is to become truly sustainable. It is this focus that, we believe, helps enhance the value of our business in the long-term in a way that in turn helps build better futures for our customers. We were delighted to have these efforts recognised externally this year and to receive the Building Award for Regeneration Housebuilder of the Year, as well as Sustainability Awards for Sustainable Developer (Berkeley Homes) and Sustainable Development of the Year (Ropetackle in Shoreham, a development undertaken in partnership with SEEDA).

Board Changes

After 16 years with Berkeley, the last eight as Chairman, Roger Lewis has announced that he will retire from the Board at the end of July. During his time as Chairman, Roger has overseen Berkeley's transition from traditional housebuilder to urban regenerator and the implementation of the strategy that has served Berkeley and its shareholders so well over recent years. While Roger will be sorely missed, Berkeley is fortunate to have such an able successor as Victoria Mitchell already on the Board as a non-executive director and Victoria's appointment as Non-Executive Chairman will become effective at the beginning of August.

As announced in December last year, Tony Palmer will retire at the AGM. Tony has been a non-executive member of the Board for nine years and is the senior independent director. The Board would like to thank Tony for his outstanding contribution over these years. David Howell, a non-executive director since February 2004 and the Chairman of the Audit Committee, will replace Tony as the senior independent director at the AGM.

During the year Alan Coppin joined the Board as a non-executive director, bringing with him a wealth of corporate experience in the property sector. Currently a non-executive director of Capital and Regional plc, Alan has also served on the boards of Carillion plc as a non-executive director and Wembley plc as CEO. Following the AGM the Board will comprise a non-executive chairman, four executive directors and three non-executive directors and it is therefore the intention to recruit a fourth non-executive director to ensure the balance of the Board meets the Combined Code's recommendations in this area.

Our People

Berkeley's success is driven by the passion, dedication and innovation of its people. The Group's philosophy is to devolve operational responsibility and accountability to autonomous management teams and this creates an environment in which these attributes flourish. Urban regeneration is complex and it requires a relentless attention to detail that can only thrive if people are truly passionate about what they do and are motivated to achieve the highest standards. This deeply embedded culture is what sets Berkeley apart from its peers and makes it a place where people at the top of their discipline want to work.

On behalf of the Board and shareholders, we would like again to express our continued thanks and appreciation to all those who have contributed to this year's outstanding results and who will contribute to the exciting future ahead for Berkeley.

Prospects

In 2006/07 Berkeley has continued to concentrate on its areas of competitive advantage and the business is well placed to look to the future with confidence. We have the right strategy for the market in which we operate, an unrivalled land bank and exceptional teams throughout the business with the passion and entrepreneurial flair to unlock value by creating truly sustainable communities.

When combined with forward sales of £936.3 million and the strong cash generation over the last three years, the Board now has sufficient visibility over the future to seek approval to accelerate the remaining B share payments to shareholders.

The market in London and the South East is favourable due largely to the capital's unique standing as a World City and financial centre, but we should not ignore the imbalances in the wider economy that can lead to a sense of uncertainty.

Berkeley is in a strong position and has in place the right strategy to maximise returns to shareholders and to take advantage of new opportunities as they arise. We look forward to an exciting future with confidence.

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The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Continuing operations			
Revenue	2(a)	918,410	917,926
Cost of sales		(649,549)	(686,166)
Gross profit		268,861	231,760
Net operating expenses		(91,789)	(70,885)
Operating profit	2(b)	177,072	160,875
Finance income	3	10,121	19,968
Finance costs	3	(5,941)	(27,304)
Share of post tax results of joint ventures using the equity method	2(c)	6,798	11,562
Profit on ordinary activities before taxation		188,050	165,101
Taxation	4	(52,505)	(43,736)
Profit on ordinary activities after taxation		135,545	121,365
Discontinued operations			
Profit from discontinued operations	5	-	80,782
Profit for the financial year attributable to equity shareholders		135,545	202,147
Dividends per Ordinary Share		-	-
Earnings per Ordinary Share			
- Basic	6	112.6p	168.4p
- Continuing operations		112.6p	101.1p
- Discontinued operations		-	67.3p
- Diluted	6	112.3p	167.4p
- Continuing operations		112.3p	100.5p
- Discontinued operations		-	66.9p

Consolidated Statement of Recognised Income and Expense

	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Profit for the financial year	135,545	202,147
Actuarial gain recognised in the pension scheme	961	1,925
Deferred tax on actuarial gain recognised in the pension scheme	(288)	(578)
Deferred tax in respect of employee share schemes	23,850	6,440
Total recognised income for the financial year	160,068	209,934

The Berkeley Group Holdings plc

Consolidated Balance Sheet

	Notes	At 30 April 2007 Unaudited £'000	At 30 April 2006 Audited £'000
Assets			
Non-current assets			
Intangible assets		19,686	-
Property, plant and equipment		2,368	2,252
Investments accounted for using equity method		1,729	68,995
Deferred tax assets		34,594	18,285
		58,377	89,532
Current assets			
Inventories		1,057,994	763,873
Trade and other receivables		27,601	23,692
Cash and cash equivalents		140,330	220,670
		1,225,925	1,008,235
Liabilities			
Current liabilities			
Borrowings		(59,368)	(85)
Trade and other payables		(341,860)	(202,267)
Current tax liabilities		(38,680)	(32,589)
		(439,908)	(234,941)
Net current assets		786,017	773,294
Total assets less current liabilities		844,394	862,826
Non-current liabilities			
Retirement benefit obligation		-	(10,342)
Other non-current liabilities		(62,819)	(15,294)
		(62,819)	(25,636)
Net assets		781,575	837,190
Shareholders' equity			
Share capital		18,123	24,164
Share premium		264	264
Capital redemption reserve		12,132	6,091
Other reserve		(961,299)	(961,299)
Revaluation reserve		17,725	-
Retained profit		1,694,299	1,735,475
Joint ventures' reserves		331	32,495
Total equity	7	781,575	837,190

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

	Notes	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Cash flows from operating activities			
Cash generated from operations		199,053	276,435
Dividends from joint ventures		6,016	5,396
Interest received		10,121	19,968
Interest paid		(2,716)	(37,384)
Tax paid		(51,540)	(35,413)
Net cash flow from operating activities	8	160,934	229,002
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,183)	(1,419)
Sale of property, plant and equipment		345	467
Purchase of shares in joint ventures		(5)	(10)
Sale of shares in joint ventures		10	-
Movements in loans with joint ventures		6,528	(858)
Acquisition of subsidiary undertaking	9	(97,457)	-
Cash balance in subsidiary acquired		34,658	-
Expenses relating to acquisition of subsidiary	9	(1,812)	-
Disposal of subsidiary undertaking		-	250,736
Overdraft balance of subsidiary disposed		-	572
Expenses relating to disposal of subsidiary		-	(2,765)
Net cash flow from investing activities		(58,916)	246,723
Cash flows from financing activities			
Redemption of shares		(241,641)	-
Repayment of loan stock		-	(3)
Increase in short-term borrowings		59,283	-
Repayment of bank loan		-	(600,000)
Net cash flow from financing activities		(182,358)	(600,003)
Net decrease in cash and cash equivalents		(80,340)	(124,278)
Cash and cash equivalents at start of the financial year		220,670	344,948
Cash and cash equivalents at end of the financial year		140,330	220,670

1 Basis of preparation

The unaudited financial information for the year ended 30 April 2007 and the comparative audited information for the year ended 30 April 2006 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 2007, and has been extracted from the Group's statutory accounts which have not yet been signed, nor have the auditors yet reported on them.

This information, including the comparative information for the year ended 30 April 2006, has been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in accordance with the listing rules of the Financial Services Authority and consistently in accordance with the accounting policies set out in the 2006 Annual Report. The statutory accounts for the year ended 30 April 2006 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.

2 Analysis by Activity

		Year ended 30 April 2007 Unaudited	Year ended 30 April 2006 Audited
	Continuing operations	**£'000**	**£'000**
(a)	**Revenue**		
	Residential housebuilding	867,944	890,539
	Commercial property and other activities	50,466	27,387
		918,410	917,926
(b)	**Operating profit**		
	Residential housebuilding	170,097	156,846
	Commercial property and other activities	6,975	4,029
		177,072	160,875
(c)	**Share of post tax results of joint ventures**		
	Residential housebuilding	6,765	11,469
	Commercial property and other activities	33	93
		6,798	11,562

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 £43,997,000 and £9,245,000 in respect of land sales (2006: £1,142,000 and £889,000).

3 Net finance income / (costs)

	Year ended 30 April 2007 Unaudited	Year ended 30 April 2006 Audited
Continuing operations	**£'000**	**£'000**
Finance income	10,121	19,968
Finance costs		
Interest payable on bank loans and overdrafts	(3,000)	(26,153)
Other finance costs	(2,941)	(1,151)
	(5,941)	(27,304)
Net finance income / (costs)	4,180	(7,336)

4 Taxation

Continuing operations	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Current tax		
UK corporation tax payable	(63,106)	(35,158)
Adjustments in respect of previous periods	4,610	469
	(58,496)	(34,689)
Deferred tax	5,991	(9,047)
	(52,505)	(43,736)

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 was included within the consolidated income statement for the year ended 30 April 2006 was £80,782,000.

6 Earnings per Ordinary Share

Earnings per Ordinary Share is calculated as the profit for the financial year of £135,545,000 (2006: £202,147,000) divided by the weighted average number of Ordinary Shares in issue during the year of 120,335,736 (2006: 120,067,044). 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 year. The effect of the dilutive potential Ordinary Shares is 388,267 shares (2006: 681,083), which gives a diluted weighted average number of Ordinary Shares of 120,724,003 (2006: 120,748,127).

7 Statement of Changes in Shareholders' Equity

	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Profit for the financial year	135,545	202,147
Actuarial gain recognised in the pension scheme	961	1,925
Deferred tax on actuarial gain recognised in the pension scheme	(288)	(578)
Revaluation of 50% of net assets of subsidiaries owned prior to acquisition of remaining 50% of net assets in the year	20,297	-
Redemption of shares	(241,641)	-
Credit in respect of employee share schemes	5,661	6,347
Deferred tax in respect of employee share schemes	23,850	6,440
Net movement on shareholders' equity	(55,615)	216,281
Opening shareholders' equity	837,190	620,909
Closing shareholders' equity	781,575	837,190

8 Notes to the Consolidated Cash Flow Statement

	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Net cash flows from operating activities		
Continuing operations		
Profit for the financial year	135,545	121,365
Adjustments for:		
- Taxation	52,505	43,736
- Depreciation	1,278	1,648
- Amortisation of intangible assets	746	-
- Profit on sale of property, plant and equipment	(34)	(114)
- Finance income	(10,121)	(19,968)
- Finance costs	5,941	27,304
- Share of results of joint ventures after tax	(6,798)	(11,562)
- Non-cash charge in respect of share awards	5,661	6,347
Changes in working capital:		
- Decrease in inventories	18,385	154,672
- Decrease in receivables	5,354	13,292
- Increase / (decrease) in payables	216	(41,242)
- Decrease in employee benefit obligations	(9,625)	(301)
Cash generated from continuing operating activities	199,053	295,177
Dividends from joint ventures	6,016	5,396
Interest received	10,121	19,968
Interest paid	(2,716)	(37,254)
Taxation	(51,540)	(35,413)
Net cash from continuing operating activities	160,934	247,874
Discontinued operations		
Profit for the financial year	-	80,782
Adjustments for:		
- Taxation	-	348
- Depreciation	-	58
- Finance costs	-	130
- Profit on disposal of subsidiary undertaking	-	(79,746)
- Non-cash movement in profit on disposal of subsidiary	-	707
Changes in working capital:		
- Increase in inventories	-	(15,785)
- Decrease in receivables	-	5,925
- Decrease in payables	-	(11,161)
Cash used in discontinued operating activities	-	(18,742)
Interest paid	-	(130)
Net cash used in discontinued operating activities	-	(18,872)
Net cash from operating activities	160,934	229,002
Other net cash flows from discontinued operations		
Net cash from investing activities	-	248,556

8 Notes to the Consolidated Cash Flow Statement continued

	Year ended 30 April 2007 Unaudited £'000	Year ended 30 April 2006 Audited £'000
Reconciliation of net cash flow to net cash / (debt)		
Net decrease in cash and cash equivalents	(80,340)	(124,278)
Cash (inflow) / outflow from (increase) / decrease in debt	(59,283)	600,003
Movement in net cash / (debt) in the financial year	(139,623)	475,725
Opening net cash / (debt)	220,585	(255,140)
Closing net cash	80,962	220,585

	At 30 April 2007 Unaudited £'000	At 30 April 2006 Audited £'000
Net cash		
Cash and cash equivalents	140,330	220,670
Borrowings	(59,368)	(85)
Net cash	80,962	220,585

9 Acquisition of subsidiary

On 6 November 2006 at an Extraordinary General Meeting, the shareholders of The Berkeley Group Holdings plc approved the offer by its wholly-owned subsidiary, The Berkeley Group plc, to acquire from RWE Thames Water plc the 50 per cent of the ordinary share capital of St James Group Limited that it did not already own. Following completion of the acquisition on 7 November 2006, The Berkeley Group plc held 100 per cent of the ordinary share capital of St James Group Limited. The Berkeley Group plc made payments to RWE Thames Water plc to complete the acquisition of £97,457,000. Of this:

- £68,600,000 related to the purchase of the ordinary share capital of St James Group Limited owned by RWE Thames Water plc; and

- £28,857,000 related to the settlement and refinancing of shareholder loans owed by St James to RWE Thames Water plc.

Transaction expenses were £1,812,000.

In the six months ended 31 October 2006, the Group accounted for the results of St James Group Limited using the equity method of accounting for its 50 per cent interest in the joint venture. Following completion on 7 November 2006 of its acquisition of the 50 per cent interest in St James Group Limited that it did not already own, the Group has consolidated the results of St James Group Limited as a wholly owned subsidiary from this date forward.

From the date of acquisition to 30 April 2007 St James Group Limited contributed £129,531,000 to revenue, £23,708,000 to operating profit and £20,039,000 to profit before tax. St James Group Limited contributed a net outflow of £76,683,000 to the Group's net operating cash flows, paid £2,113,000 in respect of interest, and utilised £66,000 for capital expenditure.