The Berkeley Group Holdings plc

PRESS RELEASE **7TH DECEMBER 2007**

INTERIM RESULTS ANNOUNCEMENT

NET CASH OF £112.7 MILLION – AN INCREASE OF £31.7 MILLION IN THE PERIOD

2008 B SHARE OF £2 PER SHARE APPROVED FOR PAYMENT ON 4TH JANUARY 2008 AT A COST OF £242 MILLION – ONE YEAR AHEAD OF SCHEDULE

FORWARD SALES OF £1.45 BILLION

The Berkeley Group Holdings plc ("Berkeley" or "the Group") – the urban regenerator and residential property developer – announces its unaudited interim results for the six months ended 31st October 2007. Highlights of the results include:

- Return of Capital: £241.6 million (£2 per 2008 B share) approved for payment on 4th January 2008 – one year ahead of schedule. Shareholder approval obtained at AGM to accelerate final (2010) B share to a date to be determined by the Board but not later than 31 January 2011
- Operating Profit: £94.7 million (21.5% operating margin) – Up from £70.4 million (18.5%) in the corresponding period last year
- Net Cash: £112.7 million – Up from £81.0 million at the year-end (30th April 2007)
- Land Holdings: 31,307 plots – Up from 30,128 at the year-end
- Forward Sales: £1,452.9 million – Up from £936.3 million at the year-end
- NAVPS: 705 pence – Up from 649 pence at the year-end

	October 2007 £'million (unaudited)	October 2006 £'million (unaudited)	
Continuing operations			
Group Revenue	441.4	381.2	+15.8%
Operating Profit	94.7	70.4	+34.5%
Net Finance (Costs) / Income	(2.6)	5.0	
Joint Venture Results (after tax)	(1.5)	6.1	
Profit Before Tax	90.6	81.5	+11.2%
Tax	(27.2)	(21.6)	
Profit After Tax	63.4	59.9	+5.8%
EPS – Basic	52.6p	49.8p	+5.6%
EPS – Diluted	52.5p	49.6p	+5.8%
ROCE	25.8%	26.3%	

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

"I am pleased to report another set of strong results continuing the pattern since the current strategy was put in place with the Scheme of Arrangement in 2004. In addition to the excellent operating performance, Berkeley closed the period with forward sales of £1.45 billion, net cash of £112.7 million and a land bank of over 31,000 plots, so placing the Group in a position of real strength for the future.

Berkeley's strategy is founded on the Board's belief that the business has a natural size and is not scaleable in a traditional sense due to the complexities of developing and delivering sustainable mixed-use urban regeneration schemes and the cyclical nature of residential development.

It is this strategy, combined with the strength of the Group's balance sheet, that affords Berkeley the time to optimise the value of its land holdings through a considered and innovative approach to land acquisition and development, as opposed to a primary focus on the income statement, that maximises returns for shareholders.

From this strong position, Berkeley is uniquely placed to respond to the market conditions initiated in the credit markets that currently prevail. We believe that the fundamentals of the housing market in London and the South East remain strong. Demand continues to outstrip supply, interest rates remain at historically low levels, and benefited from yesterday's decision by the Bank of England to reduce rates by a quarter per cent, and London – a World City in every sense – continues to attract investment and employment. In competitive markets, customers become more discerning and this provides an environment in which the best will thrive. Through identifying individual strategies for each of our sites which match supply with demand, never compromising on quality through a relentless attention to detail and by acquiring land on an opportunistic basis, Berkeley's strategy, with its London and South-East focus, is uniquely suited to the prevailing market conditions.

Berkeley's business model is a truly sustainable one and I am delighted that the hard work of our people to put Berkeley at the forefront of the sustainability agenda in our industry has seen the Group recognised through its first place ranking in the NextGeneration[(1)] Housing Benchmark.

Planning remains a major challenge for Berkeley as it does for all developers. We welcome the Government's undoubted ambition for increasing the supply of housing and simplifying the planning process. However, the benefits of this are yet to show through on the ground where there is often conflict between national, regional and local government and the numerous other stakeholders which results in applications invariably going to appeal, even after extensive consultation. In this environment, I am therefore delighted that we achieved a number of consents in the period, including 798 homes at Stanmore, obtained at appeal, and 311 homes in Cirencester.

[(1)] NextGeneration is a combined initiative supported and directed by The Housing Corporation, WWF-UK and Insight Investment launched to build on the previous benchmarking of the UK listed home builders by these organisations. The 2007 Housing Benchmark rates the top 20 UK home builders in terms of both reporting and performance on sustainability issues.

Victoria Mitchell, Chairman said:

"In my first announcement as Chairman, I am delighted to confirm the acceleration of the 2008 B share of £2 per share for payment on 4th January 2008, five business days after the record date of 27th December 2007. The acceleration of this payment, one year ahead of schedule, is testament to the successful execution of Berkeley's strategy over the last three years and I am delighted that shareholders continue to show their support for Berkeley and its management team as demonstrated at the Annual General Meeting held in September.

Since becoming Chairman in August, I have welcomed the opportunity to meet more of the people at Berkeley who work so hard to keep the Group at the forefront of the regeneration of our towns and cities. I have found this an inspiring experience as Berkeley's people truly are remarkable in their commitment, enthusiasm and innovation for delivering the complex regeneration schemes for which Berkeley is renowned. On behalf of the Board and shareholders, I would like to thank them all for their outstanding contribution to these results. In doing so, I am delighted that, once again, Berkeley has topped its peer group in the recent prestigious Management Today "Most Admired Companies" league, achieving 11th place overall. The criteria used in the poll, which asks the 10 largest public companies in 22 sectors to evaluate its peers, ranged from the quality of management to the ability to attract, develop and retain top talent."

Results

Berkeley is delighted to announce a pre-tax profit of £90.6 million for the six months ended 31st October 2007. This is £9.1 million more than the £81.5 million reported for the same period last year, an increase of 11.2%.

Three principal factors have contributed to this £9.1 million increase. First, operating profit has increased by £24.3 million due to strong trading in the underlying business and the inclusion of St James as a fully consolidated subsidiary for the first time. Secondly, there is a consequential reduction in the Group's share of post tax results from joint ventures, to which St James contributed £6.1 million last time, and which this time shows a loss of £1.5 million, a net reduction of £7.6 million. Thirdly, net finance costs are £2.6 million in the first half of the year compared to interest income of £5.0 million in the corresponding period last time – a movement of £7.6 million.

Basic earnings per share are 52.6 pence, an increase of 5.6% on the 49.8 pence reported for the same period last year. The 5.6% increase in earnings per share is lower than the 11.2% increase in profit before tax due to the inclusion of the post tax share of joint venture results in profit before tax.

Since the year-end, total equity has increased by £69.3 million to £850.9 million (April 2007 – £781.6 million) and net assets per share by 56 pence (8.6%) from 649 pence to 705 pence.

At 31st October 2007, Berkeley had net cash of £112.7 million (April 2007 – £81.0 million) after generating £31.7 million of cash flow in the six months.

Return on Capital Employed for the period was 25.8% compared to 26.3% last time.

Berkeley held forward sales of £1,452.9 million at 31st October 2007. This is an increase of 55% on the £936.3 million at the year-end. 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. The increase at the half-year is due to Berkeley fully capitalising on favourable prevailing market conditions in London during the period and includes the disposal to an investor of the remaining 355 units at St James' scheme at Grosvenor Waterside in London.

At 31st October 2007, Berkeley's land bank had increased from 30,128 plots at the year-end to 31,307 plots, with an associated gross profit of £2,661 million, up from £2,234 million at the year-end.

Scheme of Arrangement and Strategy

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 its results for the year ended 30th April 2007, the Board announced its intention to seek approval at its 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.

The Board received support for this proposal from over 98% of shareholders voting at the AGM and is delighted to confirm that it has now formally approved the redemption of the 2008 B shares to take place on 4th January 2008 for £2 a share, five business days after the record date of 27th December 2007. The cost to Berkeley of this redemption will be £242 million and will bring the total value of B shares redeemed to date to £1,088 million (£9 per share) in a little over three years. This leaves the

2010 B share of £3 per share to be redeemed and it remains the intention of the Board to accelerate payment of this ahead of its January 2011 scheduled payment date.

The acceleration of the B share payments has been possible through Berkeley's relentless and successful execution of its strategy, founded on the Board's belief that the business has a natural size and is not scaleable in a traditional sense due to the complexities of developing and delivering sustainable mixed-use urban regeneration schemes and the cyclical nature of residential development. It is through optimising the value of its land holdings through a considered and innovative approach to land acquisition and development, as opposed to a primary focus on the income statement, that shareholder value is maximised. It is this ability to successfully combine an entrepreneurial approach to land acquisition and creating new sustainable communities with a highly disciplined construction and selling process that makes Berkeley different, and able to deliver the inspiring communities that we, our customers and all our stakeholders demand.

Looking to the future, the Board was also delighted to receive approval at the AGM for its future strategic proposals and the associated alignment of its remuneration policy which will see the key features of the Scheme of Arrangement replicated to preserve the environment in which Berkeley and its entrepreneurial management team has thrived in recent years. 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.

Housing Market

In the six months ended 31st October 2007, London continued to provide a favourable environment for Berkeley to operate within. Outside London, the market has been satisfactory for well conceived schemes in the right location.

In this market Berkeley's continued focus on the quality of its product, the location of its developments and its pricing strategy, rather than the pursuit of volume growth, has proved successful, enabling the Group to match supply and demand effectively and fully optimise returns. Berkeley has ended the period with an exceptional forward sales position of £1,452.9 million, up 55% on the year-end position. This includes the sale of the remaining 355 units at Grosvenor Waterside. If this sale is excluded, Berkeley has secured underlying sales reservations with a sales value broadly in line with the previous 12 months.

One cannot ignore the current tightening of the credit markets as this inevitably has an impact on consumer confidence and the all important "feel-good" factor. However, the economic fundamentals remain strong with demand outstripping supply, high levels of employment and interest rates at historically low levels, which benefited from yesterday's decision by the Bank of England to reduce rates by a quarter per cent. Equally important is London's unique allure as a World City and global financial centre. It is too early to determine the extent to which there will be an impact on the housing market and Berkeley is certainly not immune to any downturn that may materialise. However, it is well placed through its London market position and strong forward sales to perform in whatever market conditions prevail.

Investors remain an important segment of Berkeley's customer profile and have accounted for approximately 50% of underlying sales reservations in the period. This is 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.

Sales prices achieved in the period have been above our business plan forecasts and continued to cover cost increases which come from the costs and the technical challenges presented by today's high standards of environmental and sustainable development practices as well as materials prices, particularly where global demand is exceeding supply. Labour costs are currently stable, due in part to supply from the European Union, but may come under pressure as construction progresses on the 2012 London Olympics site.

The most significant cost pressure on the business comes from the costs required to achieve planning consents due to increasing section 106 contributions, including affordable housing requirements, and the complexities of the planning system. Berkeley welcomes the Government's decision to withdraw its initial proposals for a Planning Gain Supplement in favour of local contributions and, more generally, its undoubted ambition to increase the housing supply though the simplification and stream-lining of the planning process. Unfortunately, our experiences on the ground indicate that the benefits of this are yet to bear fruit and planning consents continue to take over a year, and in many cases, two years, to agree. There frequently seems to be a conflict between national, regional and local government as well as the disparate agendas of other stakeholders. In this environment, even after extensive consultation, it is often only at Appeal that planning consents are finally obtained.

In broader terms, the principal business risks and uncertainties facing Berkeley for the first six months and the remaining six months of the financial year remain the same as those set out on page 21 of the Annual Report for the year ended 30th April 2007.

Sustainability

Berkeley has long recognised the importance of sustainability to its business – indeed long before it became the recognised term it is today. It is not simply the "right thing to do" and Berkeley has never viewed it as such. Accordingly, Berkeley operates a business model that is sustainable in every sense. From the recycling of brown-field land, through the careful planning and efficient use of that land, the use of modern environmental materials and construction methodologies to the creation of homes and communities that allow our customers to live the sustainable lives to which they now aspire, Berkeley is a true innovator and leader in its field. This commitment to sustainability provides a competitive advantage in the market place and helps meet the demands of our stakeholders.

In October Berkeley announced the launch of seven key commitments to further increase the sustainability of its homes and business operations. These included the commitment for all sites seeking planning permission after 1 January 2008 to certify all new homes to Level 3 of the Code for Sustainable Homes and commitments to meet stretching targets for the reduction of carbon, water usage and landfill waste. These are the first commitments from a major house-builder to exceed current Government sustainability targets, receiving praise from the Minister for Housing for this leadership position, and were one of the factors that resulted in Berkeley achieving first place ranking in the NextGeneration Housing Benchmark.

Trading Analysis

Revenue for the Group was £441.4 million (2006 – £381.2 million). This comprised £422.1 million (2006 – £375.3 million) of residential revenue, of which £13.1 million was from land sales (2006 – £3.2 million), along with £19.3 million (2006 – £5.9 million) of commercial revenue.

During the period, the Group sold 1,630 units at an average selling price of £245,000. This compares with 1,296 units at an average selling price of £284,000 in the same period last year. The reduction is due to mix and is forecast to reverse in the second half of the year with the average selling price for the full year expected to be similar to that achieved in the last full year.

At £19.3 million (2006 – £5.9 million), the Group's revenue from commercial activities represents the disposal of commercial units on ten mixed-use sites. The most significant of these was the disposal of a 220 bedroom four-star hotel at Chelsea Bridge Wharf in London.

Excluding joint ventures and land sales, the house-building operating margin for the Group was 21.8% compared to 19.5% for the full year ended 30th April 2007. This is above the long-term historic range of 17.5% to 19.5% range (depending on mix) reported by the Group over recent reporting periods and reflects the favourable market conditions in London during the period.

Net operating expenses have increased by £7.3 million to £46.7 million since last time and this is principally due to the inclusion of St James in the results as a fully consolidated subsidiary this time.

Net finance costs of £2.6 million compare to net finance income of £5.0 million last time. The £7.6 million movement is due to three factors. First, average net cash balances have been lower in the first six months of the year, compared to the same period last year, following the 2006 B share payment and the acquisition of the 50% of St James not already owned in the second half of last year, offset by the cash generated in the last 12 months, resulting in a £2.6 million reduction in finance income; secondly, a £2.8 million increase in the finance cost resulting from the unwinding of the discount on deferred land payments in accordance with IAS 2; and thirdly, £1.7 million of finance costs associated with the refinancing of the Group's bank facilities during the period. This re-financing was completed on 6th July 2007 and increased the Group's facilities from £575 million to £800 million.

The Group's share of post-tax results from joint ventures was a loss of £1.5 million and compares to a profit of £6.1 million last time which related to St James, our then joint venture with RWE Thames Water plc. With the acquisition of the 50% of St James not already owned in November 2006, its results are now fully consolidated. Both St Edward Homes, Berkeley's joint venture with Prudential, and the Group's new joint ventures with Saad Investments Company Limited are in the start up phase with sites in the planning pre-production stage and this is the reason for the £1.5 million loss in the six months.

Land Holdings

At 31st October 2007, the Group (including joint ventures) controlled some 31,307 plots with an estimated gross margin of £2,661 million. This compares with 30,128 plots and an estimated gross margin of £2,234 million at 30th April 2007. Of these holdings, 22,463 plots (April 2007 – 21,209) are owned and included on the balance sheet. In addition, 8,785 plots (April 2007 – 8,848) are contracted and a further 59 plots (April 2007 – 71) have terms agreed and solicitors instructed. Over 95% of our holdings are on brown-field or recycled land.

Berkeley agreed nine new sites in the period and continued to submit new planning applications on its development sites where appropriate and optimise its land holdings.

The new sites include the first site acquired by Saad Berkeley Regeneration Limited, one of the new joint ventures established with Saad Investments Company Limited at the end of last year. These new joint ventures enable Berkeley to invest up to £175 million over an expected 10 year investment period which, together with Saad's investment and external bank debt at a target equity to debt ratio of 30:70, envisage a fund of approximately £1 billion to be available to take advantage of land opportunities as they present themselves.

It is pleasing that a detailed planning application has been submitted on Saad Berkeley Limited's 300 unit site at Fleet, which was initially acquired under option a number of years ago and which obtained an outline planning consent in the last financial year.

2,200 of the contracted plots are on the three St Edward sites and we are delighted that St Edward has received a planning consent for 798 units at Stanmore in North London. St Edward is Berkeley's joint venture with Prudential and we are working on a number of other exciting opportunities with our joint venture partner, which we hope will come to fruition over the next 12 months.

Last year, Berkeley reported the growing importance of our partnerships with local authorities for the regeneration of our towns and cities and we are delighted to add Dickens Yard in Ealing town centre, which we will develop in partnership with the local authority and comprises 698 new homes and approximately 109,000 ft^2 of commercial space, to this portfolio. When added to Berkeley's other local authority sites at Woodberry Down in Hackney and Kidbrooke in Greenwich, these three sites account for some 5,500 of the contracted plots and represent an important element of Berkeley's land supply. Given their size and complexity, they do of course take time to come through into production.

The land bank has also benefited significantly from the strong London market with a number of sites being reassessed in the period to reflect their unique nature and the premium that is being generated in this market for prime London locations.

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.

Board Changes

As announced in June, Roger Lewis retired from the Board of Berkeley on 31st July 2007 after 16 years with the Group, the last eight as Chairman. Also retiring from the Board in the period was Tony Palmer, a Non-executive Director for nine years and, at the point of his retirement, the senior independent director. The Board would like to thank both Roger and Tony for their outstanding contributions to Berkeley over the years.

Victoria Mitchell, already a Non-executive Director of Berkeley, replaced Roger Lewis as Chairman on 1st August and David Howell, a Non-executive Director since February 2004, succeeded Tony Palmer as the Senior Independent Director on Tony's retirement at the AGM on 5th September 2007.

On 1st October 2007 the Board was delighted to welcome John Armitt as a new Non-executive Director. John is currently Chairman of the Olympic Delivery Authority and Chairman of the Engineering and Physical Science Research Council. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. A civil engineer by training, he was previously Chief Executive of Costain and Union Railways and has a wealth of experience and expertise which will be of significant benefit to Berkeley.

The appointment also ensures that the Main Board of Berkeley complies with the Combined Code's recommendations regarding the balance of the Board, which now comprises a Chairman, four Executive Directors and four Non-executive Directors.

Our People

These results once again demonstrate the exceptional qualities of Berkeley's people. As the complexity and ambition of our business increases, so do the challenges we place upon our people. To deliver the landmark schemes for which Berkeley is renowned, each one with its own unique characteristics, requires innovation, rigour and, above all else, boundless enthusiasm and energy. It is this passion for quality and delivering the best possible solution that sets Berkeley apart and ensures that our developments are true exemplars of the sustainable communities we strive to create. By empowering autonomous management teams, with the support and experience of the Executive team always available to draw upon, Berkeley has created an environment in which these attributes flourish.

On behalf of the Board and shareholders, we would like again to express our continued thanks and appreciation to all those at Berkeley who have contributed to these outstanding results.

Prospects

These results have clearly demonstrated the success of the strategy put in place alongside the Scheme of Arrangement in 2004. This has resulted in the strong balance sheet, record forward sales and unrivalled land bank with which Berkeley has ended the first half of the year.

Looking at the housing market, the "feel-good" factor has been impacted by the current credit conditions and concerns over affordability, but will benefit from yesterday's decision by the Bank of England to reduce rates by a quarter per cent. Most importantly, the fundamentals of the market remain unchanged, particularly in Berkeley's core market of London and the South-East, with a shortage of supply, historically low interest rates, high employment and forecast economic growth.

Berkeley's unique operating model allows us to not only seize the short term opportunities presented by the market, but also gives us the flexibility to drive the business forward in all market conditions under an unambiguous long-term strategy with a talented and driven management team.

Having set the business up to prioritise on optimising its land holdings, maintaining a strong balance sheet and securing future cash flow through forward sales, as opposed to a principal focus on the income statement, Berkeley is now in a unique position to take advantage of the prevailing market conditions.

For further information please contact:

The Berkeley Group Holdings plc
A W Pidgley
R C Perrins
T: 01932 868555

Cardew Group
Tim Robertson
Sofia Rehman
T: 0207 930 0777

Statement of Directors' Responsibilities

This statement, which should be read in conjunction with the independent review of the auditors set out at the end of this condensed set of interim financial statements (the "interim financial statements"), is made to enable shareholders to distinguish the respective responsibilities of the Directors and the auditors in relation to the interim financial statements which the Directors confirm has been presented on a going concern basis. The Directors consider that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and appropriate judgements and estimates.

A copy of the interim financial statements of the Group is placed on the website of The Berkeley Group Holdings: www.berkeleygroup.co.uk. The Directors are responsible for the maintenance and integrity of the information on the website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors confirm that this condensed set of interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8.

The Directors of The Berkeley Group Holdings plc are listed in The Berkeley Group Holdings plc Annual Report for 30 April 2007, with the exception of the following changes in the period: Mr R S J H Lewis resigned as an Executive Director and Group Chairman on 31 July 2007. Mrs V M Mitchell, an existing Non-executive Director, was appointed Group Chairman on 1 August 2007. Mr J A Armitt was appointed as a Non-executive Director on 1 October 2007. A list of current Directors is maintained on The Berkeley Group Holdings website.

By order of the Board

A W Pidgley
7 December 2007
Managing Director

R C Perrins
7 December 2007
Finance Director

The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Continuing operations				
Revenue	4(a)	441,372	381,153	918,410
Cost of sales		(299,968)	(271,311)	(649,549)
Gross profit		141,404	109,842	268,861
Net operating expenses		(46,657)	(39,438)	(91,789)
Operating profit	4(b)	94,747	70,404	177,072
Finance income	5	4,155	5,797	10,121
Finance costs	5	(6,793)	(794)	(5,941)
Share of post tax results of joint ventures using the equity method	4(c)	(1,463)	6,052	6,798
Profit before taxation		90,646	81,459	188,050
Taxation	6	(27,251)	(21,560)	(52,505)
Profit after taxation		63,395	59,899	135,545
Earnings per Ordinary Share				
- Basic	7	52.6p	49.8p	112.6p
- Diluted	7	52.5p	49.6p	112.3p

Consolidated Statement of Recognised Income and Expense

	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Profit for the financial period	63,395	59,899	135,545
Actuarial (loss) / gain recognised in the pension scheme	(259)	(673)	961
Deferred tax on actuarial (loss) / gain recognised in the pension scheme	78	202	(288)
Deferred tax in respect of employee share schemes	3,300	7,730	23,850
Total recognised income for the period	66,514	67,158	160,068

The Berkeley Group Holdings plc

Consolidated Balance Sheet

	Notes	At 31 October 2007 Unaudited £'000	At 31 October 2006 Unaudited £'000	At 30 April 2007 Audited £'000
Assets				
Non-current assets				
Intangible assets		18,551	–	19,686
Property, plant and equipment		4,356	2,123	2,368
Investments accounted for using equity method		1,779	61,546	1,729
Deferred tax assets		43,494	25,446	34,594
		68,180	89,115	58,377
Current assets				
Inventories		1,099,216	754,788	1,057,994
Trade and other receivables		50,529	26,280	27,601
Cash and cash equivalents		170,175	322,047	140,330
		1,319,920	1,103,115	1,225,925
Liabilities				
Current liabilities				
Borrowings		(57,433)	(85)	(59,368)
Trade and other payables		(353,780)	(231,496)	(341,860)
Current tax liabilities		(39,881)	(31,956)	(38,680)
		(451,094)	(263,537)	(439,908)
Net current assets		868,826	839,578	786,017
Total assets less current liabilities		937,006	928,693	844,394
Non-current liabilities				
Retirement benefit obligation		–	(1,773)	–
Other non-current liabilities		(86,112)	(19,767)	(62,819)
		(86,112)	(21,540)	(62,819)
Net assets		850,894	907,153	781,575
Shareholders' equity				
Share capital		18,123	24,164	18,123
Share premium		264	264	264
Capital redemption reserve		12,132	6,091	12,132
Other reserve		(961,299)	(961,299)	(961,299)
Revaluation reserve		13,814	–	17,725
Retained profit		1,768,992	1,805,405	1,694,299
Joint ventures' reserves		(1,132)	32,528	331
Total equity	8	850,894	907,153	781,575

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

	Notes	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Cash flows from operating activities				
Cash generated from operations	9	66,830	103,786	199,053
Dividends from joint ventures		–	6,016	6,016
Interest received		4,155	5,797	10,121
Interest paid		(3,691)	(64)	(2,716)
Tax paid		(31,572)	(21,422)	(51,540)
Net cash flow from operating activities		35,722	94,113	160,934
Cash flows from investing activities				
Purchase of property, plant and equipment		(2,557)	(747)	(1,183)
Sale of property, plant and equipment		128	206	345
Purchase of shares in joint ventures		(70)	–	(5)
Sale of shares in joint ventures		–	10	10
Movements in loans with joint ventures		(1,443)	7,795	6,528
Acquisition of subsidiary undertaking		–	–	(97,457)
Cash balance in subsidiary acquired		–	–	34,658
Expenses relating to acquisition of subsidiary		–	–	(1,812)
Net cash flow from investing activities		(3,942)	7,264	(58,916)
Cash flows from financing activities				
Redemption of shares		–	–	(241,641)
(Decrease) / Increase in short-term borrowings		(1,935)	–	59,283
Net cash flow from financing activities		(1,935)	–	(182,358)
Net increase / (decrease) in cash and cash equivalents		29,845	101,377	(80,340)
Cash and cash equivalents at the start of the period		140,330	220,670	220,670
Cash and cash equivalents at the end of the period		170,175	322,047	140,330

Notes to condensed consolidated half-yearly financial information

1 General information

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG.

This condensed consolidated half-yearly financial information was approved for issue on 7 December 2007.

These interim financial results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 April 2007 were approved by the Board of Directors on 19 July 2007 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 237 of the Companies Act 1985.

2 Basis of preparation

This condensed consolidated half-yearly financial information for the six months ended 31 October 2007 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. This half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 30 April 2007, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2007, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 30 April 2008:

- IFRS 7 "Financial Instruments: Disclosures" and the Amendments to IAS 1 "Presentation of Financial Statements: Capital Disclosures";
- IFRIC9 "Reassessment of Embedded Derivatives";
- IFRIC10 "Interim Financial Reporting and Impairment".

The adoption of these standards has no impact on the consolidated financial statements, with the exception of the adoption of IFRS 7 which will require the adoption of certain new disclosures in the consolidated financial statements for the year ending 30 April 2008.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 30 April 2008 and have not been early adopted:

- IFRS 8 "Operating Segments";
- IFRIC11 "IFRS2- Group and Treasury Share Transactions";
- IFRIC12 "Service Concession Arrangements";
- IAS 23 (Amendment) "Borrowing Costs".

These standards are not expected to have a significant impact on the consolidated financial statements.

Notes to condensed consolidated half-yearly financial information continued

4 Segmental reporting

	Continuing operations	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
(a)	**Revenue**			
	Residential housebuilding	422,084	375,223	867,944
	Commercial property and other activities	19,288	5,930	50,466
		441,372	381,153	918,410
(b)	**Operating profit**			
	Residential housebuilding	89,763	69,191	170,097
	Commercial property and other activities	4,984	1,213	6,975
		94,747	70,404	177,072
(c)	**Share of post tax results of joint ventures**			
	Residential housebuilding	(1,463)	6,012	6,751
	Commercial property and other activities	-	40	47
		(1,463)	6,052	6,798

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 £13,106,000 and £717,000 in respect of land sales (2006: £3,247,000 and £1,631,000).

5 Net finance costs

Continuing operations	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Finance income	4,155	5,797	10,121
Finance costs			
Interest payable on bank loans and overdrafts	(1,740)	(291)	(3,000)
Bank facility refinancing costs	(1,792)	-	-
Other finance costs	(3,261)	(503)	(2,941)
	(6,793)	(794)	(5,941)
Net finance (costs) / income	(2,638)	5,003	4,180

6 Taxation

Continuing operations	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Current tax			
UK corporation tax payable	(33,451)	(21,909)	(63,107)
Adjustments in respect of previous periods	678	1,120	4,611
	(32,773)	(20,789)	(58,496)
Deferred tax	5,522	(771)	5,991
	(27,251)	(21,560)	(52,505)

7 Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit for the financial period of £63,395,000 (2006: £59,899,000) and the weighted average number of Ordinary Shares in issue during the period of 120,598,836 (2006: 120,246,800). 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 141,371 shares (2006: 463,133), which gives a diluted weighted average number of Ordinary Shares of 120,740,207 (2006: 120,709,933).

The Berkeley Group Holdings plc

Notes to condensed consolidated half-yearly financial information continued

8 Statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained profit £'000	Joint ventures' reserves £'000	Total £'000
Unaudited								
At 1 May 2007	18,123	264	12,132	(961,299)	17,725	1,694,299	331	781,575
Profit/(loss) for the financial period	–	–	–	–	–	64,858	(1,463)	63,395
Reserves transfer from revaluation reserve	–	–	–	–	(3,911)	3,911	–	–
Actuarial loss recognised in the pension scheme	–	–	–	–	–	(259)	–	(259)
Deferred tax on actuarial loss recognised in the pension scheme	–	–	–	–	–	78	–	78
Credit in respect of employee share schemes	–	–	–	–	–	2,805	–	2,805
Deferred tax in respect of employee share schemes	–	–	–	–	–	3,300	–	3,300
At 31 October 2007	18,123	264	12,132	(961,299)	13,814	1,768,992	(1,132)	850,894

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained profit £'000	Joint ventures' reserves £'000	Total £'000
Unaudited								
At 1 May 2006	24,164	264	6,091	(961,299)	–	1,735,475	32,495	837,190
Profit for the financial period	–	–	–	–	–	53,847	6,052	59,899
Dividends received from joint ventures	–	–	–	–	–	6,019	(6,019)	–
Actuarial loss recognised in the pension scheme	–	–	–	–	–	(673)	–	(673)
Deferred tax on actuarial loss recognised in the pension scheme	–	–	–	–	–	202	–	202
Credit in respect of employee share schemes	–	–	–	–	–	2,805	–	2,805
Deferred tax in respect of employee share schemes	–	–	–	–	–	7,730	–	7,730
At 31 October 2006	24,164	264	6,091	(961,299)	–	1,805,405	32,528	907,153

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained profit £'000	Joint ventures' reserves £'000	Total £'000
Audited								
At 1 May 2006	24,164	264	6,091	(961,299)	–	1,735,475	32,495	837,190
Profit for the financial year	–	–	–	–	–	128,747	6,798	135,545
Acquisition of subsidiary	–	–	–	–	20,297	32,946	(32,946)	20,297
Dividends received from joint ventures	–	–	–	–	–	6,016	(6,016)	–
Reserves transfer from revaluation reserve	–	–	–	–	(2,572)	2,572	–	–
Redemption of shares	(6,041)	–	6,041	–	–	(241,641)	–	(241,641)
Actuarial gain recognised in the pension scheme	–	–	–	–	–	961	–	961
Deferred tax on actuarial gain recognised in the pension scheme	–	–	–	–	–	(288)	–	(288)
Credit in respect of employee share schemes	–	–	–	–	–	5,661	–	5,661
Deferred tax in respect of employee share schemes	–	–	–	–	–	23,850	–	23,850
At 30 April 2007	18,123	264	12,132	(961,299)	17,725	1,694,299	331	781,575

Notes to condensed consolidated half-yearly financial information continued

9 Notes to the Consolidated Cash Flow Statement

	Six months ended 31 October 2007 Unaudited £'000	Six months ended 31 October 2006 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Net cash flows from operating activities			
Continuing operations			
Profit for the financial period	63,395	59,899	135,545
Adjustments for:			
- Taxation	27,251	21,560	52,505
- Depreciation	491	665	1,278
- Amortisation of intangible assets	1,135	-	746
- Loss/(profit) on sale of property, plant and equipment	(50)	5	(34)
- Finance income	(4,155)	(5,797)	(10,121)
- Finance costs	6,793	794	5,941
- Share of results of joint ventures after tax	1,463	(6,052)	(6,798)
- Non-cash charge in respect of share awards	2,805	2,805	5,661
Changes in working capital:			
- (Increase)/decrease in inventories	(41,222)	9,085	18,385
- (Increase)/decrease in receivables	(22,928)	(2,588)	5,354
- Increase in payables	32,122	32,801	216
- Decrease in employee benefit obligations	(270)	(9,391)	(9,625)
Cash generated from continuing operations	66,830	103,786	199,053
Reconciliation of net cash flow to net cash			
Net increase/(decrease) in cash and cash equivalents	29,845	101,377	(80,340)
Cash outflow/(inflow) from decrease/(increase) in borrowings	1,935	–	(59,283)
Movement in net cash in the period	31,780	101,377	(139,623)
Opening net cash	80,962	220,585	220,585
Closing net cash	112,742	321,962	80,962

	At 31 October 2007 Unaudited £'000	At 31 October 2006 Unaudited £'000	At 30 April 2007 Audited £'000
Net cash			
Cash and cash equivalents	170,175	322,047	140,330
Borrowings	(57,433)	(85)	(59,368)
Net cash	112,742	321,962	80,962

10 Contingent liabilities

The Group has guaranteed bank facilities of £2,500,000 (2006: £2,500,000) in joint ventures.

The Group has guaranteed road and performance agreements in the ordinary course of business of £86,369,000 (31 October 2006: £18,765,000; 30 April 2007: £45,563,000).

11 Related party transactions

The Group has entered into the following related party transactions:

a) Charges made for goods and services supplied to joint ventures
During the financial period £6,000 (2006 £1,965,000) was charged to joint ventures for goods and services supplied.

b) Transactions with Directors
During the financial period, each of Mr A W Pidgley and Mr R C Perrins paid £306,000 and £34,000 respectively to Berkeley Homes plc for works carried out at their homes under the Group's own build scheme. There were no balances outstanding at the half year end.

c) Investment with Saad Investments Company Limited
In May 2007 the establishment of three joint venture companies, Saad Berkeley Regeneration Limited, Saad Berkeley Developments Limited and Saad Berkeley Investments Limited was completed. The joint venture partner is Saad Investments Company Limited ('Saad') and, as Saad is currently a 29.4% shareholder in The Berkeley Group Holdings plc, is considered a related party.

During the six month period, the Group invested £1,131,000 in the three private joint venture companies through a combination of share capital and shareholder loans.

Independent review report to The Berkeley Group Holdings plc

Introduction

We been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2007, which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
7 December 2007