The Berkeley Group Holdings plc

PRESS RELEASE **27TH JUNE 2008**

PRELIMINARY RESULTS ANNOUNCEMENT

OUTSTANDING BALANCE SHEET STRENGTH – GEARING BELOW 1%, FORWARD SALES OF £1.2 BILLION AND LAND BANK GROSS MARGIN OF £2.7 BILLION

£9 OUT OF £12 SCHEME OF ARRANGEMENT PAYMENTS DELIVERED ONE YEAR AHEAD OF SCHEDULE – ON TARGET TO COMPLETE FINAL PAYMENT TO SHAREHOLDERS, WITH OPTION TO CONSIDER:

INNOVATIVE ALTERNATIVE PROPOSAL TO TAKE ADVANTAGE OF THE CURRENT MARKET CONDITIONS THROUGH INCREASED LAND INVESTMENT WITH THE SCHEME OF ARRANGEMENT END DATE EXTENDED BY UP TO 3 YEARS AND RESTRUCTURED TO ALLOW A PHASED RETURN OF THE FINAL £3 THROUGH A SERIES OF DIVIDENDS AND OPPORTUNISTIC SHARE BUY-BACKS

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 2008. Highlights of the results include:

- Return of Capital — £241.6 million (£2 per 2008 B share) paid on 4th January 2008 one year ahead of schedule, taking total delivered to £9 per share and on target to deliver final B share payment
- Profit before Tax — £194.3 million – Up £6.2 million (3.2%) from £188.1 million
- Net Debt — £4.5 million (2007: net cash of £81.0 million) with £156.1 million of cash generated in the year before B share payments
- Land Holdings — 31,365 plots – Up from 30,128 at last year-end
- Forward Sales — £1,210.0 million – Up from £936.3 million at last year-end

	April 2008 £'million (unaudited)	April 2007 £'million	
Group Revenue	991.5	918.4	+8.0%
Operating Profit	206.0	177.1	+16.3%
Net Finance (Costs)/Income	(9.3)	4.2	
Joint Ventures (after tax)	(2.4)	6.8	
Profit Before Tax	194.3	188.1	+3.2%
Tax	(56.5)	(52.6)	
Profit After Tax	137.8	135.5	+1.7%
EPS – Basic	114.2p	112.6p	+1.4%
ROCE	29.3%	28.1%	
Net Asset Value Per Share	564.0p	649.0p	-13.1%
NAVPS (inc. 2008 B Share)	764.0p	649.0p	+17.7%

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

"I am delighted to report another set of excellent results. In a year which has seen a dramatic change in market conditions Berkeley generated £156.1 million of cash, before the return of £241.6 million (£2 per share) to shareholders in January 2008 which means we have now returned £9 per share of the £12 per share set out under the Scheme of Arrangement - a year ahead of schedule. Return on Capital Employed was 29.3% with profit before tax up to £194.3 million and, at the year-end, we held forward sales of £1.2 billion with gearing of less than 1%. This, along with Berkeley's enviable land bank which now has 31,365 plots and gross margin of £2.7 billion, provides a superb platform from which Berkeley can take full advantage of the current market conditions.

This performance is a result of the Scheme of Arrangement, which has been an outstanding success, and put in place a strategy that fully recognises the cyclical nature of residential development. It has given Berkeley a unique operating model that allows us to use our expertise to create added value through an entrepreneurial approach to land acquisition and development and to realise that value in a controlled and disciplined manner, taking account of prevailing market conditions. We focus on building a unique, quality product that is tailored to the aspirations of our customers and in tune with the communities we create, rather than delivering standard product types. Whilst in selling our product we share similarities with other house-builders, it is this focus on creating added value throughout the development process and the quality of our product, as opposed to relying on sales volume to drive value that really differentiates Berkeley's model and maximises shareholder value.

Our financial strength, with forward sales equivalent to more than one year's sales, the quality of our land bank and the management expertise that has been built up over many years give us real confidence that we can maintain our operating performance through 2008/09. From this position of strength we can adapt to these challenging market conditions where sales levels are down by some 25% – driven largely by the difficulties in obtaining credit, rather than a lack of underlying demand – and in which we are seeing a number of opportunities to acquire land and invest for the future.

Now is the time, therefore, to look to the future and ensure Berkeley fully capitalises on these opportunities. This is a view shared by our major shareholders and, in consultation with them, we have developed an innovative proposal to revise the Scheme of Arrangement to achieve this, also amending remuneration to ensure the interests of the Directors and shareholders remain fully aligned. In essence, the proposal is to extend the Scheme of Arrangement to allow for an anticipated increase in land investment with the final £3 to be deferred for up to three years (no later than January 2014). At the same time, it is proposed that this final payment is restructured so that it can be made primarily through a series of dividends but also through opportunistic share buy-backs.

This will give Berkeley flexibility to create added value in the business by exploiting current market conditions and so maximise value for our shareholders, without whose vision and support the success achieved under the Scheme of Arrangement would not have been possible.

Finally, I am honoured that Berkeley has been awarded the 'Queen's Award for Enterprise' in the Sustainable Development category. The Queen's Awards are the UK's most prestigious award for business performance, recognising and rewarding outstanding achievement in sustainable development. This is a credit to all at Berkeley who have embedded sustainability and quality in their everyday working practices."

Victoria Mitchell, Chairman said:

"These results and the position of strength with which Berkeley ended its financial year are testament to the experience of its executive management team, the strategy they have put in place and the talented teams they have built within the Group. At present, the UK housing market, which was in any event returning to normality following a sustained period of favourable conditions, is overshadowed by constraints in liquidity. Whilst this period of uncertainty prevails, I do believe that there can be few developers as well placed as Berkeley to meet the challenges, or better able to take advantage of the opportunities, presented by this market. I am, therefore, delighted that, following consultation with our major shareholders, we have developed a proposal to refine the Scheme of Arrangement to do exactly this and capitalise on these opportunities to maximise shareholder value."

Strategy and Scheme of Arrangement

With the Scheme of Arrangement in 2004, Berkeley put in place a strategy that allowed its entrepreneurial management team to concentrate on maximising returns to shareholders through its focus on optimising Berkeley's land holdings and cash generation, as opposed to focusing on traditional income statement measures. 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. This requires vision, passion and an attention to detail that cannot be achieved under a formulaic operating model.

As a result Berkeley has positioned itself as a specialist urban regenerator in London and the South East, as opposed to a volume house-builder. Beginning with selective and innovative land buying, this strategy creates the environment in which Berkeley can use its expertise to add value throughout the development process and so optimise its land holdings. This is followed by a disciplined approach to delivery that takes the risk out of the development cycle by selling forward and matching supply to demand. This strategy is ideally suited to a cyclical market as it gives the flexibility to adapt to prevailing market conditions with the balance sheet strength to take advantage of opportunities in uncertain and challenging market conditions.

The Scheme of Arrangement aligned Berkeley's corporate strategy with this operational strategy, committing to return £12 per share to shareholders by the end of January 2011. On 4th January 2008 Berkeley redeemed the 2008 B shares of £2 per share, twelve months ahead of schedule, at a cost of £242 million. This brought the total value of B shares redeemed to date to £1,088 million (£9 per share) in a little over three years and Berkeley is on track to deliver the final £3. This has been achieved without compromising the strength of the Group's balance sheet which, at the year-end had gearing below 1%.

In short, the Scheme of Arrangement has been a tremendous success with absolute shareholder return of 75% over the period – significantly outperforming our peers, whose shareholder returns over the same period have been negative.

Notwithstanding this, it is right to review the strategy for completing the Scheme of Arrangement in the context of the current market conditions to ensure that Berkeley fully capitalises on the opportunities created. This is a view shared by our major shareholders and, in consultation with them we have developed an innovative proposal to revise the Scheme of Arrangement to achieve this.

The proposal is to refine the Scheme of Arrangement, extending it for three years with the final £3 to be paid no later than January 2014. This will allow Berkeley to take advantage of the market conditions using its expertise to acquire new sites from all sectors of the land market and to which it can then add value through the planning and development process. Furthermore, it is proposed that this final £3 payment is restructured so that it can be made primarily through a series of dividends but also through opportunistic share buy-backs, with the 2010 B share being cancelled. This will give Berkeley flexibility to create added value in the business by taking full advantage of the current market conditions and so maximise value for our shareholders. Any shares acquired will initially be used to satisfy awards made under employee share schemes.

It is proposed that changes are made to align Directors' remuneration to this revised strategy and amend the performance criteria of the 2004(b) LTIP. Under the revised proposals, which will be subject to shareholder approval at this year's Annual General Meeting, as 9/12 of the value of the Scheme of Arrangement payments has been made to shareholders the Directors will become entitled to 9/12 of the 2004(b) LTIP shares. This is approximately 16 million shares and it is proposed that these vest in four equal instalments at six-monthly intervals, beginning in September 2008 after the AGM.

As the Directors are required to pay tax and national insurance on the awards when the shares vest unconditionally, they will need to sell 41% (assuming current rates of tax) of the shares to meet this obligation. The Board has the flexibility, at its absolute discretion, to issue the after tax amount of the award in shares and to settle the amount of the award represented by tax in cash. This is a neutral position for the Directors but would result in fewer shares being issued and is in accordance with the approval obtained at last year's Annual General Meeting. Any decision will be taken at the time of vesting and take account of a number of factors, including the financial position of the Group, the Company's share price and prevailing market conditions,

In addition, under the proposals, the holding period will be extended such that, of the shares vesting, the Directors can sell only 10% of their net entitlement per annum until the final £3 is returned. This will ensure that the interests of the Directors remain aligned with Shareholders throughout the extended Scheme of Arrangement period. At this point, the remaining 3/12 of the 2004(b) LTIP shares would vest, assuming this occurs prior to the end of January 2014, with no remaining holding restrictions. For the avoidance of doubt, the introduction of the 2007 LTIP will be delayed until after the end of the extended Scheme of Arrangement.

The timetable for this proposal is that further discussions and consultation with key shareholders will be carried out in July in advance of the necessary resolutions to amend the performance conditions of the 2004(b) LTIP being tabled at the Company's Annual General Meeting. The AGM is currently scheduled for 10th September 2008 and this will be confirmed once the consultation process is completed.

Results

Berkeley is delighted to announce a pre-tax profit of £194.3 million for the year ended 30th April 2008; £6.2 million more than the £188.1 million reported last year, an increase of 3.2%.

Three principal factors have contributed to this £6.2 million net increase. Firstly, operating profit has increased by £28.9 million due to strong trading in the underlying business and the inclusion of St James as a fully consolidated subsidiary for the whole year for the first time, as opposed to six months last year. 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 of the £6.8 million reported last time, and which this time shows a loss of £2.4 million, a net reduction of £9.2 million. Thirdly, net finance costs are £9.3 million, compared to interest income of £4.2 million in the corresponding period last time – a movement of £13.5 million.

Basic earnings per share are 114.2 pence, an increase of 1.4% on the 112.6 pence reported for the same period last year. The 1.4% increase is lower than the 3.2% increase in profit before tax due to the inclusion of the post tax share of joint venture results in profit before tax.

Over the year, total equity has reduced by £100.2 million to £681.4 million (April 2007 – £781.6 million) and net asset value per share by 85 pence (13.1%) from 649 pence to 564 pence. The 85 pence per share reduction is due to the £2 per share 2008 B share payment on 4th January 2008, offset by the 114.2 pence earnings per share for the year and other movements of 0.8 pence per share. If the cost of the 2008 B share payment is added back, net asset value per share would have increased by 115.0 pence (or 17.7%) to 764 pence per share.

At 30th April 2008, Berkeley had net debt of £4.5 million (April 2006 – net cash of £81.0 million) after generating £156.1 million of cash flow in the year before the £241.6 million 2008 B share payment in January 2008; a net reduction of £85.5 million.

Return on Capital Employed for the year was 29.3%, increased from 28.1% last time.

Berkeley held forward sales of £1,210.0 million at 30th April 2008. This is an increase of 29% on the £936.3 million at 30th April 2007. 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 level of forward sales is key to Berkeley's confidence that it can maintain its operating performance.

At 30th April 2008, Berkeley's land bank had increased from 30,128 plots at 30th April 2007 to 31,365 plots, with an associated gross profit of £2,728 million, up from £2,234 million, an increase of £494 million.

Housing Market

2007/08 has very much been a year of two halves. In the first half of the year the market outside London continued to temper following the five increases in interest rates, while the London market remained favourable. The change came in the second half of the year in November and was dramatic as the depth and severity of the problems in the global credit markets began to emerge and the consequential effect on liquidity and the availability of home loans became clear. The reality for the UK housing market is that, in spite of three interest rate cuts, confidence and the all important feel-good factor has been dented at a time when the market had in any event started to cool following the boom conditions of the recent years. Although there are signs of optimism with people wanting to buy, the market is unable to recover while there remains a lack of availability of credit.

Consequently, since November sales levels have been approximately 25% below historic average levels. Berkeley's sales comprise various components including private and affordable housing, student accommodation, freeholds, commercial sales – which include retail, office and leisure – and land sales. Of these, the main contributor to this drop is private housing, where sales levels are down more than 50% in the last six months of the year. Notwithstanding this, taken as a whole, 2007/08 was a good year for Berkeley with the value of underlying sales reservations broadly in line with historic average levels.

Berkeley has always matched supply closely to demand and this considered approach, coupled with the quality and diversity of Berkeley's product, has resulted in forward sales of £1.2 billion at the year-end. This is up from £936.3 million last year and includes the disposal of the remaining 355 units at our Grosvenor Waterside development to an investor in the first half of the year.

Whilst the immediate future is undoubtedly extremely challenging, provided the wider economy can avoid recession and a degree of normality returns to the banking sector to ease the availability of mortgage funds, the long-term outlook need not be bleak. There remains under-supply of quality housing throughout the country and London retains its allure as a World City. This view is endorsed by the satisfactory level of demand we continue to see from customers unaffected by the current liquidity constraints who are able to take a longer term view.

Investors remain an important segment of Berkeley's customer profile and have accounted for approximately 50% of underlying sales reservations, which is the mid point of our normal range. This fluctuates due to market conditions, the mix of product and the phasing of launches on our sites. Investors remain attracted by the long-term fundamentals underpinning the housing market in London and the South-East and the lack of alternative investment opportunities and are clearly as frustrated as homeowners by the current lack of availability of credit.

Sales prices achieved in the year were above our business plan forecasts and these continued to cover cost increases which come from increases in both material costs and the costs of meeting technical challenges presented by today's high standards of environmental and sustainable development practices. Material costs have come under particular pressure this year with the rise in oil prices adding to the ongoing imbalance of supply and demand with the price of steel and concrete increasing significantly over the course of the year. The increase in materials' costs has been partially offset towards the latter part of the year by a softening in the labour market, as the impact of the housing market downturn moves through the supply chain.

The current market conditions provide an exciting opportunity for Berkeley to use its expertise to acquire new land and this is the prime driver for the proposed revision to the Scheme of Arrangement set out earlier in this announcement. In addition to Berkeley's own facilities, the joint venture with Saad provides Berkeley with access to further funds of up to £1 billion to invest in suitable land opportunities which will inevitably arise in the current market. The joint venture with Saad 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. The land that we acquire in the current market will underpin the future for Berkeley and demonstrate the confidence of the Board and Shareholders in Berkeley's business model and the likelihood of a return to normal market conditions in the medium term.

Berkeley continues to use its expertise to add value to its land holdings through the ongoing review of all its planning consents. The costs associated with obtaining planning permissions and developing the consented schemes have risen considerably over recent years. Not only have Section 106 and affordable housing requirements increased significantly but so have the costs of meeting the increasingly stretching environmental standards being set for the industry.

In summary, Berkeley will continue to buy land innovatively where we can add value. The key risk we face is sales volumes. These will only return to normal levels once the availability of credit returns for customers. While over recent periods sales prices have been increasing, so have the taxes payable by developers, be this through Section 106 payments, other legislation, environmental requirements or affordable housing levels. In times of moderating sales prices, this burden will need to reduce to maintain the supply of housing and to ensure homes are affordable. It is important that we create communities where people want to live, work and play and that this cost is fully recognised.

Trading Analysis

Revenue for the Group was £991.5 million (2007 – £918.4 million). This comprised £960.1 million (2007 – £867.9 million) of residential revenue, of which £13.1 million was from land sales (2007 – £44.0 million), along with £31.4 million (2007 – £50.5 million) of commercial revenue.

During the period, the Group sold 3,167 units at an average selling price of £295,000. This compares with 2,852 units at an average selling price of £285,000 in the same period last year. Last years figures exclude the 441 units at an average selling price of £329,000 sold by St James in the first half of the year when it was still a joint venture.

At £31.4 million (2007 – £50.5 million), the Group's revenue from commercial activities represents the disposal of commercial units on 11 mixed-use sites. The most significant of these were the disposals of: a 220 bedroom four-star hotel at Chelsea Bridge Wharf in London; a 70 berth Marina at Royal Clarence Yard in Gosport; and the disposal of 9,400 square feet of bar, restaurant and café facilities at Gunwharf Quays in Portsmouth.

Excluding joint ventures and land sales, the house-building operating margin for the Group was 20.8% compared to 19.5% for the 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 first half of 2007.

Net operating expenses have increased by £6.6 million from £91.8 million in 2006/07 to £98.4 million 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 £9.3 million compare to net finance income of £4.2 million last time. The £13.5 million movement is due to three factors. Firstly, net bank interest income has reduced by £6.7 million from £7.1 million to £0.4 million due to lower net cash balances following the B share payments in January 2007 and 2008, each of £242 million, offset by the cash generated in the year. Secondly, the finance cost resulting from the unwinding of the discount on deferred land payments in accordance with IAS 2 has increased by £5.0 million from £2.9 million to £7.9 million. Finally, £1.8 million of finance costs were incurred this year in connection with the refinancing of the Group's bank facilities. This re-financing was completed on 6th July 2007 and increased the Group's facilities from £575 million to £800 million. These facilities are available until August 2011.

The Group's share of post-tax results from joint ventures was a loss of £2.4 million and compares to a profit of £6.8 million last time which principally 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 £2.4 million loss in the year.

Land Holdings

At 30th April 2008, the Group (including joint ventures) controlled some 31,365 plots with an estimated gross margin of £2,728 million. This compares with 30,128 plots and an estimated gross margin of £2,234 million at 30th April 2007. Of these holdings, 23,065 plots (2007 – 21,209) are owned and included on the balance sheet. In addition, 8,014 plots (2007 – 8,848) are contracted and a further 286 plots (2007 – 71) have terms agreed and solicitors instructed. In excess of 95% of our holdings are on brown-field or recycled land.

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

The new sites include a further site at the Royal Arsenal Woolwich where we now have in excess of 3,500 plots to develop in the second phase of the regeneration of Woolwich, having previously completed 1,200 in phase 1. With the commitment of a Crossrail station now secured for Woolwich, this is an excellent example of what can be achieved when developers, Local Authorities and Central Government work together to realise a shared vision for the revitalisation of our urban areas.

Also agreed this year was Dickens Yard in Ealing town centre where we propose to develop some 680 new homes and approximately 109,000 ft^2 of commercial space in partnership with the Local Authority. 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. Although significant energy has been expended on these sites in the year, due to their size and complexity, they will take time to come through into production.

A further 2,200 of the contracted plots are on the three sites we are developing in our St Edward joint venture with Prudential and we are delighted that a planning consent for 798 units at Stanmore in North London was received earlier in the year. We continue to work on a number of other exciting opportunities with Prudential which we hope will come to fruition over the next 12 months.

During the year, Saad Berkeley Regeneration Limited, one of the three recently formed joint ventures with Saad, acquired its first two sites which are currently in commercial use and comprise approximately 150 units.

Whilst the Group's land holdings include approximately 1.5 million ft^2 of commercial space within our mixed-use schemes, no standalone commercial schemes are being undertaken.

Sustainability

Sustainability remains at the heart of Berkeley and an integral part of the business strategy. It is a fundamental part of the everyday management of our business and the developments we build – from the acquisition and 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.

As a consequence, Berkeley was honoured to be awarded a "Queen's Award for Enterprise" in the Sustainable Development category. The Awards, now in their 43rd year, are the UK's most prestigious award for business performance, recognising and rewarding outstanding achievement in trade, innovation and sustainable development.

The Award followed Berkeley launching its seven key commitments earlier in the year which included stretching targets for the reduction of carbon, water usage and landfill waste. These were the first commitments from a major house-builder to exceed current Government sustainability targets and were one of the factors that resulted in Berkeley achieving first place ranking in the NextGeneration Housing Benchmark and wining the Sustainable House-builder of the Year at the Sustainability Awards.

Whilst extremely gratifying to be recognised in this manner, sustainability is an ongoing challenge and we are continuously evolving our business model to ensure long-term success. In particular, we are mindful of the wider industry's ability to deliver on the myriad of sustainability targets set by national and local Government and other stakeholders without due regard for the economic cost.

Board Changes

The year saw the retirement of two directors from the Board. Firstly, in July, Roger Lewis retired after 16 years with the Group, the last eight as Chairman. Then, at the AGM in September, Tony Palmer, a Non-executive Director for nine years and, at the point of his retirement, the senior independent director, retired. The Board would like to reiterate its thanks to 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 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.

Since the year-end Mike Tanner has resigned from the Board after 2½ years as a Non-executive Director and we would like to thank Mike for his contribution over this time. Accordingly, the Main Board of Berkeley now comprises a Non-executive Chairman, four Executive Directors and three Non-executive Directors.

Our People

Delivering such strong results in these difficult market conditions is a real credit to the qualities of Berkeley's people. By empowering experienced, autonomous management teams, and setting a strategy that affords them the time and confidence to make the right operational decisions, Berkeley has created an environment in which our talented people can reach their full potential. Once again, they have more than risen to the challenge demonstrating resilience and determination which, when added to the passion and pride to deliver sustainable communities of the highest quality that are its hallmark, make Berkeley the powerful force that it is in all market conditions

On behalf of the Board and shareholders, we would like again to express our continued thanks and appreciation to all those at Berkeley for their outstanding contributions to the success of the business.

Outlook

Berkeley has performed well this year and returned £2 per share to shareholders one year ahead of schedule. This has been achieved whilst maintaining our balance sheet strength – gearing is less than 1% – so that we can take advantage of the prevailing market conditions. The sales market is undoubtedly challenging and we need to continue matching supply to demand and maximising returns from our well located developments. We do not simply build homes – we create inspiring communities where people want to live, work and play. This gives us great confidence for the future.

Berkeley has the strategy and qualities to continue to maximise shareholder value through its unique operating model, which is to acquire land innovatively and use its expertise to add value throughout the development cycle. As a result, Berkeley has great balance sheet strength, an unrivalled land bank, strong forward sales along with experienced and focused autonomous management teams dedicated to continual out-performance. This is a great position to be in, in today's uncertain market.

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The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Continuing operations			
Revenue	3(a)	991,465	918,410
Cost of sales		(687,071)	(649,549)
Gross profit		304,394	268,861
Net operating expenses		(98,376)	(91,789)
Operating profit	3(b)	206,018	177,072
Finance income	4	6,480	10,121
Finance costs	4	(15,774)	(5,941)
Share of post tax results of joint ventures using the equity method	3(c)	(2,416)	6,798
Profit on ordinary activities before taxation		194,308	188,050
Taxation	5	(56,481)	(52,505)
Profit for the financial year attributable to equity shareholders		137,827	135,545
Earnings per Ordinary Share			
- Basic	6	114.2p	112.6p
- Diluted	6	114.1p	112.3p

Consolidated Statement of Recognised Income and Expense

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Profit for the financial year	137,827	135,545
Actuarial (loss) / gain recognised in the pension scheme	(644)	961
Deferred tax on actuarial loss / (gain) recognised in the pension scheme	180	(288)
Deferred tax in respect of employee share schemes	(7,830)	23,850
Total recognised income for the financial year	129,533	160,068

The Berkeley Group Holdings plc

Consolidated Balance Sheet

	Notes	At 30 April 2008 Unaudited £'000	At 30 April 2007 Audited (Restated) £'000
Assets			
Non-current assets			
Intangible assets		17,869	19,686
Property, plant and equipment		4,667	2,368
Investments accounted for using equity method		2,447	1,729
Deferred tax assets		39,074	34,594
		64,057	58,377
Current assets			
Inventories		1,231,852	1,129,374
Trade and other receivables		20,800	27,601
Cash and cash equivalents		-	140,330
		1,252,652	1,297,305
Liabilities			
Current liabilities			
Borrowings		(4,549)	(59,368)
Trade and other payables		(526,114)	(413,240)
Current tax liabilities		(56,437)	(38,680)
		(587,100)	(511,288)
Net current assets		665,552	786,017
Total assets less current liabilities		729,609	844,394
Non-current liabilities			
Other non-current liabilities		(48,202)	(62,819)
		(48,202)	(62,819)
Net assets		681,407	781,575
Shareholders' equity			
Share capital		12,082	18,123
Share premium		264	264
Capital redemption reserve		18,173	12,132
Other reserve		(961,299)	(961,299)
Revaluation reserve		11,329	17,725
Retained profit		1,600,858	1,694,630
Total equity	7	681,407	781,575

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

	Notes	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited (Restated) £'000
Cash flows from operating activities			
Cash generated from operations		215,246	199,053
Dividends from joint ventures		323	6,016
Interest received		6,376	10,121
Interest paid		(7,908)	(2,716)
Tax paid		(50,854)	(51,540)
Net cash flow from operating activities	8	163,183	160,934
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,598)	(1,183)
Sale of property, plant and equipment		324	345
Purchase of shares in joint ventures		(70)	(5)
Sale of shares in joint ventures		-	10
Movements in loans with joint ventures		(3,709)	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		(7,053)	(58,916)
Cash flows from financing activities			
Redemption of shares		(241,641)	(241,641)
Increase in short-term borrowings		-	59,283
Repayment of bank loan		(59,283)	-
Net cash flow from financing activities		(300,924)	(182,358)
Net decrease in cash and cash equivalents		(144,794)	(80,340)
Cash and cash equivalents at start of the financial year		140,330	220,670
Cash and cash equivalents, including bank overdraft, at end of the financial year		(4,464)	140,330
Cash and cash equivalents at end of the financial year		-	140,330
Bank overdraft at end of the financial year		(4,464)	-

1 Basis of preparation

The unaudited financial information for the year ended 30 April 2008 and the comparative audited information for the year ended 30 April 2007 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. This information was approved by the Board on 27 June 2008, 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 2007, has been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs"), 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 2007 Annual Report, except for the restatement explained in note 2.

The statutory accounts for the year ended 30 April 2007 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 Restatement

In order to enhance clarity for the readers of the financial statements a restatement in a disclosure item has been made which has no impact on gross profit, profit from operations or net assets. New property deposits and on account contract receipts previously classified as a reduction in inventories are now disclosed within current trade and other payables following the principles applicable to deferred income. Deposits received and on account contract receipts at 30 April 2008 amounted to £170,758,000 (2007: £71,380,000).

3 Analysis by Activity

		Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
(a)	**Revenue**		
	Residential housebuilding	960,036	867,944
	Commercial property and other activities	31,429	50,466
		991,465	918,410
(b)	**Operating profit**		
	Residential housebuilding	197,553	170,097
	Commercial property and other activities	8,465	6,975
		206,018	177,072
(c)	**Share of post tax results of joint ventures**		
	Residential housebuilding	(2,416)	6,751
	Commercial property and other activities	-	47
		(2,416)	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 £806,000 in respect of land sales (2007: £43,997,000 and £9,245,000).

Net finance (costs) / income

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Finance income	6,480	10,121
Finance costs		
Interest payable on bank loans and overdrafts	(6,035)	(3,000)
Facility refinancing fees	(1,792)	-
Other finance costs	(7,947)	(2,941)
	(15,774)	(5,941)
Net finance (costs) / income	(9,294)	4,180

Taxation

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Current tax		
UK corporation tax payable	(72,565)	(63,106)
Adjustments in respect of previous periods	3,954	4,610
	(68,611)	(58,496)
Deferred tax	13,317	5,991
Adjustment in respect of change of tax rate from 30% to 28%	(1,187)	-
	(56,481)	(52,505)

6 Earnings per Ordinary Share

Earnings per Ordinary Share is calculated as the profit for the financial year of £137,827,000 (2007: £135,545,000) divided by the weighted average number of Ordinary Shares in issue during the year of 120,669,135 (2007: 120,335,736). 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 71,072 shares (2007: 388,267), which gives a diluted weighted average number of Ordinary Shares of 120,740,207 (2007: 120,724,003).

7 Statement of Changes in Shareholders' Equity

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Profit for the financial year	137,827	135,545
Actuarial (loss) / gain recognised in the pension scheme	(644)	961
Deferred tax on actuarial loss / (gain) recognised in the pension scheme	180	(288)
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)	(241,641)
Credit in respect of employee share schemes	11,940	5,661
Deferred tax in respect of employee share schemes	(7,830)	23,850
Net movement on shareholders' equity	(100,168)	(55,615)
Opening shareholders' equity	781,575	837,190
Closing shareholders' equity	681,407	781,575

8 Notes to the Consolidated Cash Flow Statement

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited (Restated) £'000
Net cash flows from operating activities		
Continuing operations		
Profit for the financial year	137,827	135,545
Adjustments for:		
- Taxation	56,481	52,505
- Depreciation	1,016	1,278
- Amortisation of intangible assets	1,817	746
- Profit on sale of property, plant and equipment	(41)	(34)
- Finance income	(6,480)	(10,121)
- Finance costs	15,774	5,941
- Share of results of joint ventures after tax	2,416	(6,798)
- Non-cash charge in respect of share awards	11,940	5,661
Changes in working capital:		
- (Increase) / decrease in inventories	(102,478)	8,747
- Decrease in receivables	6,801	5,354
- Increase in payables	90,713	9,854
- Decrease in employee benefit obligations	(540)	(9,625)
Cash generated from operating activities	215,246	199,053
Dividends from joint ventures	323	6,016
Interest received	6,376	10,121
Interest paid	(7,908)	(2,716)
Taxation	(50,854)	(51,540)
Net cash flow from operating activities	163,183	160,934

Notes to the Consolidated Cash Flow Statement continued

	Year ended 30 April 2008 Unaudited £'000	Year ended 30 April 2007 Audited £'000
Reconciliation of net cash flow to net (debt) / cash		
Net decrease in cash and cash equivalents, including bank overdraft	(144,794)	(80,340)
Cash outflow / (inflow) from decrease / (increase) in debt	59,283	(59,283)
Movement in net debt in the financial year	(85,511)	(139,623)
Opening net cash	80,962	220,585
Closing net (debt) / cash	(4,549)	80,962

	At 30 April 2008 Unaudited £'000	At 30 April 2007 Audited £'000
Net (debt) / cash		
Cash and cash equivalents	-	140,330
Borrowings	(4,549)	(59,368)
Net (debt) / cash	(4,549)	80,962