The Berkeley Group Holdings plc

PRESS RELEASE **25TH JUNE 2010**

PRELIMINARY RESULTS ANNOUNCEMENT

Announcing the results of The Berkeley Group Holdings plc ("Berkeley" or "the Group") – the urban regenerator and residential property developer – for the year ended 30th April 2010, Chairman, Tony Pidgley said:

"2009/10 has been a year of change in a number ways. The housing market in London and the South East has stabilised, albeit at transaction levels lower than we had become used to prior to the turbulent market of the previous two years. The land market has begun to yield some attractive opportunities again and, over the course of the year, a growing sense developed that the worst is over with a return to GDP growth.

Most recently of course we have had a change of Government and, quite understandably, this has given cause for reflection as people look to understand the impact of the spending reviews and policies to be implemented by the new Coalition administration. Such reviews and changes in policy are inevitable and necessary. Most important is that hard work and innovation are rewarded and growth is encouraged. In our own industry, this means a continued and concerted commitment from the private and public sector to work together to address the shortage in supply of quality housing and I look forward to Berkeley being at the forefront of this partnership. A vibrant housing market has so many knock-on effects on the wider economy, employment and addressing social issues.

Berkeley too has experienced change over the period. The Board of Berkeley continues to evolve and I am pleased to announce the appointment of Sean Ellis as an Executive Director with effect from the Annual General Meeting to be held on 8th September 2010. What remain unchanged are the core values that underpin Berkeley. These are financial strength, decisions made based on deep experience and common sense and a real passion for creating homes and places of a high quality that will stand the test of time and meet the aspirations of our customers.

Berkeley's strategy is to maximise shareholder value in a sustainable and safe way over the long-term. At present, the Board believes that greatest value will be achieved through land acquisition, investing in work in progress and opportunistic share purchases, as opposed to declaring a dividend. This dividend policy will, however, be reviewed at the end of each reporting period."

	April 2010 £'million (unaudited)	April 2009 £'million	Change £'million	Change %
Group Revenue	615.3	702.2	-86.9	-12.4%
Operating Profit	106.2	124.8	-18.6	-14.9%
Net Finance Income / (Costs)	4.4	(3.5)	+7.9	
Joint Ventures (after tax)	(0.3)	(0.9)	+0.6	
Profit Before Tax	110.3	120.4	-10.1	-8.4%
Tax	(30.8)	(34.3)	+3.5	
Profit After Tax	79.5	86.1	-6.6	-7.7%
EPS – Basic	60.0p	71.3p	-11.3p	-15.8%
EPS – Diluted	58.7p	65.6p	-6.9p	-10.5%
ROCE	20.1%	20.6%	-0.5%	

PERFORMANCE FOR THE YEAR

- £57.5 million of net cash generated before financing outflows
- £25.4 million of cash used to acquire 1.7 million shares and settle share scheme awards
- 17.3% operating margin (2009: 17.8%)
- £110.3 million of profit before tax (2009: £120.4 million)
- 60.0 pence of Earnings per Share (2009: 71.3 pence)

BALANCE SHEET

- Net Cash of £316.9 million (April 2009: £284.8 million)
- 636.7 pence of Net Asset Value per Share (April 2009: 615.4 pence)
- £648.1 million of cash due on forward sales (April 2009: £619.8 million)
- 28,099 land bank plots (April 2009: 30,044)
- £2.0 billion of land bank future gross margin (April 2009: £2.0 billion)

Commenting on the results, Managing Director, Rob Perrins, said:

"The results announced today reflect a period of trading which has been stronger than industry observers anticipated this time last year. Transaction levels stabilised over the year and are broadly 40% below what was the historic average. This is a level commensurate with the re-sizing of the business undertaken over the course of the previous 12 months. Pricing has been resilient for well located product that is right for the local market and built to a high quality and cancellation rates are back at normal levels. Demand from equity rich investors and those from overseas who are aided by the weakness of sterling has been strong, while the UK domestic market continues to be constrained by a combination of uncertainty (economic and political) and the more prudent lending criteria of banks and building societies.

Maintaining our operating margin above 17% is a result of Berkeley's strategy where land buying is highly selective – driven by opportunity not volume – and where Berkeley has the time and expertise to add value to its land holdings. In this period we have agreed to acquire some 2,200 plots across 20 sites, all in excellent locations in our operating area of London and the South East where underlying demand is strong, including Belgravia, Battersea, Putney, Ascot and Wimbledon. We have also secured new or revised planning consents on 38 of our sites. This further strengthens the quality of our owned land bank and underpins supply for the next three years.

With its strong balance sheet, Berkeley is in a great position to react quickly to the opportunities in the market as visibility improves once the impact of the change in Government is assessed by companies and individuals. Essentially, Berkeley has three investment choices. These are: acquiring new land; investing in work in progress; and returning cash to shareholders through dividends or share buy-backs. In this financially constrained environment, we are confident that we will find the right balance to maximise shareholder returns over the long-term.

Moving into its new financial year, Berkeley will continue to focus on its customers and the homes and places we create. I am delighted, therefore, to announce Berkeley's "Vision 2020" strategy. Vision 2020 sets ambitious objectives for the next decade across all areas of the business for the benefit of our customers, the environment and our people. The strategy includes the significant industry-leading commitment to meet the Building for Life "Silver Standard" on all new developments submitted for planning permission. Berkeley's vision for 2020 is designed to move the business and the industry forward over the next 10 years. We are in a fantastic position, with the right people in place, to realise this vision."

Results

Berkeley is pleased to announce a pre-tax profit of £110.3 million for the year ended 30th April 2010. This compares to £120.4 million in the same period last year, a reduction of 8.4%.

The principal reason for the reduction in pre-tax profit is a fall in Group revenue from £702.2 million to £615.3 million. While completions have increased since last year from 1,501 to 2,201, the mix of properties completed is, as anticipated, very different. This change in mix, as opposed to changes in underlying sales prices, has resulted in the average sales prices falling from £395,000 to £263,000 and this has driven the reduction in revenue.

The operating margin for the year is 17.3%, compared to 17.8% for the previous year. Net finance income was £4.4 million compared to net finance costs of £3.5 million last year due largely to the increase in average net cash balances. Joint venture costs, after tax, have fallen to £0.3 million from £0.9 million.

Basic earnings per share are 60.0 pence compared to 71.3 pence last year, a reduction of 15.8%. Of this reduction, 7.7% is due to the fall in earnings (profit after tax) with the remaining 8.1% reduction due to an increase in the weighted average number of shares in issue to 132,824,000 (2009: 120,752,000). There are two reasons for this increase. First, Berkeley issued 6.0 million new shares in a placing in March 2009 and, secondly, Berkeley has issued 8.0 million new shares over the last 18 months in settling two of the four tranches of the 2004(b) LTIP which has now fully vested. The other two tranches were settled from shares acquired by the Company's Employee Benefit Trust.

Total equity attributable to shareholders increased by £57.3 million to £858.6 million (2009: £801.3 million) in the year with net assets per share of 636.7 pence at 30 April 2010 (2009: 615.4 pence), there being 134.9 million shares in issue at the year-end (April 2009: 130.2 million).

Return on capital employed for the year was 20.1% compared to 20.6% last time.

Housing Market

The value of Berkeley's underlying sales reservations has been broadly consistent across the year with the second half marginally ahead of the first. This demonstrates that the market in London and the South East has stabilised following a period which, in 2007, saw the market peak and, since 2008, has seen the impact of the global financial crisis. In this new environment sales reservations are approximately 40% lower than what previously might have been considered a normal market.

Sales prices achieved in the year have been marginally ahead of the business plan forecasts set this time last year with cancellation rates at normal levels. This shows that, where customers have sufficient equity, they are seeing value and acquiring the well located properties, developed to a high standard of quality and specification, for which Berkeley is renowned.

While the UK private domestic market remains constrained by economic and political uncertainty and the extent to which customers are able to obtain sufficient mortgage finance, demand from equity rich investors and those from overseas who are aided by the weakness of sterling has been strong, particularly for Berkeley's Central London schemes. This has resulted in customers acquiring properties as an investment continuing to account for over 50% of underlying sales reservations.

Berkeley has always benefited from its diversity of product and customer and this year has worked closely with the Homes & Communities Agency to secure a wide mix of affordable homes, including extra care for the elderly. In addition, demand remains strong for quality income generating assets, such as student accommodation which is a feature of a number of the Group's developments.

In terms of inputs, build costs have also stabilised over the course of the year, having fallen broadly in line with the sales market prior to this. The main cost pressure continues to come from planning tariffs, be these in the form of S.106 contributions, affordable homes requirements, building regulations or other requirements. It is important that these are aligned with the prevailing market environment to ensure that the much needed provision of new homes can be brought forward.

Trading Analysis and Cash Flow

Revenue for the Group was £615.3 million (2009: £702.2 million). This comprised £595.7 million (2009: £625.6 million) of residential revenue, none of which was from land sales (2009: £46.1 million), along with £19.6 million (2009: £30.5 million) of commercial revenue.

During the year, the Group sold 2,201 residential units at an average selling price of £263,000. This compares with 1,501 units at an average selling price of £395,000 last year. Berkeley's average selling price always fluctuates due to sales mix. £263,000 is towards the lower end of the range, reflecting a higher proportion of lower value units this time. By contrast, sales in 2008/09 included a relatively high proportion of revenue from the Group's Central London sites.

At £19.6 million (2009: £30.5 million), the Group's revenue from commercial activities represents the disposal of commercial units on 19 mixed-use sites, 16 of which were in London. The most significant of these were the disposal of: 12,900 ft^2 of retail, office and restaurant space at Tabard Square; a 14,000 ft^2 gym at St George Wharf, a 5,000 ft^2 crèche at Battersea Reach; 5,000 ft^2 of retail and office space at Imperial Wharf; 4,400 ft^2 of retail and office space at Caspian Wharf; a 3,400 ft^2 art gallery at Kingsway Square, Battersea; and a motorcycle test centre in Gillingham.

Berkeley's operating margin of 17.3% compares to 17.8% for the year ended 30th April 2009. Maintaining margins at this level is a result of the decisive action during 2008/09 to reduce net operating costs, which were £60.1 million this year (2009: £75.0 million), to the right size for the underlying market. The other important factor which will always influence margins is sales mix. This year has seen a higher proportion of homes with lower capital values completed and a reduced contribution from our prime Central London developments, due to the timing of delivery on these schemes.

Berkeley has generated net cash of £57.5 million in the year, utilising £25.4 million of this to acquire shares and settle share schemes. This resulted in net cash of £316.9 million at 30th April 2010 (2009: £284.8 million). Overall, working capital was broadly neutral over the course of the year. Within this, deposits and on account receipts from customers increased by £126.8 million but this was more than offset by land expenditure in excess of the cost of land used in the income statement and other cash flows.

In addition, at the year-end, Berkeley had cash due on forward sales of £648.1 million, compared to £619.8 million at 30th April 2009.

Banking

In November 2009, Berkeley refinanced its bank facilities with its long-standing relationship banks, Barclays and Lloyds, putting in place a £300 million facility for the next four years, a level commensurate with the requirements and capital structure of the Group. This provides certainty of available finance until November 2013 to underpin Berkeley's investment in land and work in progress. In addition, Berkeley has £53.0 million of site specific bank facilities, of which £32.2 million was drawn at the year-end. This includes the financing of a 453 unit postgraduate student accommodation scheme at Clapham Junction which is being built for Imperial College and financed by Santander Bank.

Land Holdings

At 30th April 2010, the Group (including joint ventures) controlled some 28,099 plots with an estimated gross margin of £2,038 million. This compares with 30,044 plots and an estimated gross margin of £2,014 million at 30th April 2009. Of the total 28,099 plots, 27,094 plots (2009: 23,572) are owned and included on the balance sheet. In addition, 935 plots (2009: 6,407) are contracted and 70 plots (2009: 65) have terms agreed. In excess of 95% of our holdings are on brown-field or recycled land.

The movements in the land bank during the year reflect four specific factors. First, Berkeley has been successful in enhancing existing planning consents to create approximately 600 new plots. Secondly, Berkeley has agreed to acquire approximately 2,200 plots across some 20 new sites. Thirdly, 320 units across two sites previously included in the land bank are no longer expected to be progressed and have been excluded. Finally, the land bank has been restated to re-categorise certain sites to its long-term pipeline where the development outcome is uncertain due to planning policy, viability or issues surrounding vacant possession. This restatement, which covers some 2,250 contracted plots, includes the latter phases of Kidbrooke, which is being undertaken in partnership with the London Borough of Greenwich, and the St Edward Homes scheme at Green Park, Reading.

The 2,200 new plots agreed by Berkeley in the period are across 20 sites, ranging from prime London locations in Belgravia and on the river at Battersea, to sites suited to student accommodation and more traditional sites outside London. Really understanding the local market to identify the underlying demand and matching scheme design and product to this are more important than ever in these market conditions. The land market is competitive and Berkeley has been highly selective in assessing the numerous opportunities with which it has been presented. The common theme across all the sites acquired is that they are in excellent locations, underpinned by strong demand for new homes, and are sites where Berkeley has a vision to bring new vitality to the local community and to create added value through its development expertise.

In addition to the 28,099 plots in its land bank, Berkeley has significantly in excess of 10,000 plots in its long-term pipeline which includes the latter phases of Kidbrooke and Woodberry Down, strategic land and a number of sites being worked up within St Edward Homes, Berkeley's joint venture with Prudential. These plots are all of a more long-term nature; Berkeley hopes they will come through into the land bank but they currently have an uncertain outcome due to planning policy or vacant possession issues. Over the next 10 years, Berkeley envisages being able to add 10,000 plots to its land bank from a combination of plots coming through this pipeline and optimisation of sites already included in the land bank.

In terms of planning, Berkeley has been successful in obtaining new or revised planning consents on 38 of its sites during the year. New consents include the next phases of the large London regeneration schemes at Kidbrooke and Woodberry Down and the St Edward Homes scheme at Charles House in Kensington, moving these from the contracted land bank at the start of the year into the owned land bank at 30th April 2010. Other new consents include the Group's sites at Cambridge, Beaconsfield and Yarnton (Oxford); along with additional or revised consents at Royal Arsenal Riverside (Woolwich), Beaufort Park (Hendon), Worcester Park, Cirencester and Holborough Valley (Kent). Berkeley has also obtained planning consent for three student schemes during the year in Clapham Junction (for Imperial College), Acton and Oxford.

St Edward Homes accounts for some 1,500 plots in the land bank across three sites. These are: Stanmore Place, where the first sales were recorded during the year; Charles House; and 190 Strand, on which a planning application has recently been submitted. In addition, Berkeley continues to work with Prudential to identify further sites to which St Edward Homes can add value and three of these are in the long-term pipeline.

Sustainability

Berkeley has always adopted a holistic approach to sustainability. It is embedded within the Group's development process and regarded as a fundamental part of creating the quality homes and places that our customers seek and for which Berkeley is renowned. As a result, Berkeley has, for the third year running, been ranked first in the NextGeneration benchmark, the leading sustainability benchmark for the Top 25 UK home builders. It is also the reason that Berkeley holds a Queen's Award for Enterprise in the Sustainable Development Category.

It is from these credentials that Berkeley has formulated an ambitious, long-term strategy for its business to ensure that, by 2020, it continues to be viewed by its stakeholders as the leader in delivering sustainable homes and communities, as well as being one of the UK's most sustainable businesses. Called "Vision 2020", the strategy focuses on four key impact areas which encapsulate all aspects of Berkeley's business. These are: The Customer Experience; Delivering Sustainable Communities; Building Greener Homes; and Running a Sustainable Business. In each area Berkeley is making forward thinking, sector leading commitments that will continue to drive the sustainability agenda forward for the benefit of Berkeley's customers and other stakeholders.

As part of Vision 2020 Berkeley has become the country's first developer to adopt the Building for Life "Silver Standard" of design as a minimum commitment. All new developments for which Berkeley submits a planning application after 1st May 2010 will have a formal Building for Life assessment carried out with the objective of achieving a minimum score of 14 out of 20. Building for Life is a national standard for well-designed homes and neighbourhoods. Its twenty assessment criteria embody functional, attractive, sustainable housing and cover issues that are integral to the creation of sustainable communities. Berkeley has previously received a total of 11 Building for Life Standards, most recently a Silver Standard at Imperial Wharf.

Awards

In its commitment to quality and creating places in which people aspire to live, Berkeley strives to provide its customers with the best possible customer experience. Berkeley is therefore delighted that, in addition to the recognition for its Sustainability achievements, it has been recognised as House-builder of the Year at the 2010 Building Awards, organised by Building Magazine, having been voted Residential Developer of the Year in the Property Week Property Awards in 2009 and House-builder of the Year, Best Large House-builder of the Year and Sustainable Developer of the Year at the 2009 What House Awards, which also saw Royal Arsenal Woolwich being recognised as the Best Brownfield Development, Imperial Wharf as the Best Landscape Design and Grosvenor Waterside as the Best Shared Ownership Development.

Alongside the focus on its customers, the safety of its people is of paramount importance to Berkeley. It is therefore extremely encouraging that the Group's people were awarded a number of prestigious awards at the inaugural Health and Safety Awards, organised by the NHBC. These included the National Award in the Large House-builder category for Site Safety and a Special Award for the Best Individual Health and Safety Leader. This performance is also reflected in Berkeley's incident rate which remains well below the industry average.

Our People and Board Changes

Berkeley has, for some time, recognised the need to put in place a long term succession plan for each of its businesses, following a philosophy which is built on the strength in depth and quality of our people and based on promoting from the talent within our management teams wherever possible. This process started with the changes that were announced this time last year and which have been enacted successfully during the year.

As a result, Berkeley is delighted to announce that Sean Ellis will join the Board following the AGM. Sean (42) has been with Berkeley since 2005 and has held a number of senior land positions and is currently the Managing Director of St James.

Following this change, the Board will comprise a Chairman, six Executive Directors and four Non-executive Directors. As a consequence Berkeley will look to appoint further Non-executive Directors to achieve the balance envisaged by the Combined Code.

Finally, producing such strong results once again in what remain challenging market conditions and receiving the external recognition set out above is tribute to the resilience, determination and skill of our people. On behalf of the Shareholders and Directors of Berkeley, I would like to take this opportunity to thank our people and recognise their exceptional efforts and achievements.

Outlook

After two years of correction, the housing sector has gone through a period of relative stability over the last year. There are still residual imbalances from the financial downturn which will continue to affect the wider economy and the sector.

Berkeley targets itself to be an added value urban regenerator and property developer in London and the South East, rather than a volume house-builder. Its natural size has allowed Berkeley to concentrate on ensuring its developments meet the demands of its customers. Concentrating on mixed-use inner city developments has allowed Berkeley to build up an unrivalled land bank on which the focus is to unlock the development value while using the Group's cash resources to selectively acquire further opportunities.

The Board is fully aware that its primary goal is to maximise long-term returns to shareholders as opposed to concentrating mainly on the income statement. Consequently, the objective is to grow both earnings per share and the land bank by 10% over the next 12 months while ensuring Berkeley retains its financial strength. This will create a meaningful and sustainable business and will allow the skills of Berkeley's people to continue to add value throughout the whole development process.

The demanding nature of this challenge should not be under-estimated in these severely testing times but Berkeley is committed to ensuring the Group remains at the vanguard of the industry and is the homebuilder of choice for all of its stakeholders. Berkeley is well placed to achieve this.

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The Berkeley Group Holdings plc

Consolidated Income Statement

For the year ended 30 April	Notes	2010 Unaudited £'000	2009 Audited £'000
Continuing operations			
Revenue		615,303	702,192
Cost of sales		(448,939)	(502,391)
Gross profit		166,364	199,801
Net operating expenses		(60,145)	(74,959)
Operating profit		106,219	124,842
Finance income	4	9,498	5,690
Finance costs	4	(5,115)	(9,248)
Share of post tax results of joint ventures using the equity method		(261)	(902)
Profit before taxation for the year		110,341	120,382
Income tax expense	5	(30,816)	(34,255)
Profit after taxation for the year		79,525	86,127
Profit attributable to:			
Shareholders		79,674	86,127
Minority interest		(149)	–
		79,525	86,127
Earnings per share attributable to shareholders:			
Basic	6	60.0p	71.3p
Diluted	6	58.7p	65.6p

Consolidated Statement of Comprehensive Income

For the year ended 30 April	2010 Unaudited £'000	2009 Audited £'000
Profit after taxation for the year	79,525	86,127
Other comprehensive (expense) / income:		
Actuarial loss recognised in the pension scheme	(604)	(676)
Deferred tax on actuarial loss recognised in the pension scheme	169	190
Other comprehensive expense for the year	(435)	(486)
Total comprehensive income for the year	79,090	85,641
Attributable to:		
Shareholders	79,239	85,641
Minority interest	(149)	–
	79,090	85,641

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Consolidated Balance Sheet

As at 30 April	2010 Unaudited £'000	2009 Audited £'000
Assets		
Non-current assets		
Intangible assets	17,158	17,315
Property, plant and equipment	9,688	3,725
Investments accounted for using the equity method	26,018	22,472
Deferred tax assets	14,857	37,927
	67,721	81,439
Current assets		
Inventories	1,254,127	1,114,827
Trade and other receivables	57,720	50,990
Cash and cash equivalents	349,119	284,842
	1,660,966	1,450,659
Total assets	1,728,687	1,532,098
Liabilities		
Non-current liabilities		
Borrowings	(25,203)	–
Trade and other payables	(51,848)	(57,558)
	(77,051)	(57,558)
Current liabilities		
Borrowings	(7,048)	(66)
Trade and other payables	(699,377)	(586,853)
Current tax liabilities	(82,895)	(86,325)
	(789,320)	(673,244)
Total liabilities	(866,371)	(730,802)
Total net assets	862,316	801,296
Equity		
Shareholders' equity		
Share capital	6,743	6,543
Share premium	49,315	49,315
Capital redemption reserve	24,516	24,516
Other reserve	(961,299)	(961,299)
Revaluation reserve	3,489	4,166
Retained profit	1,735,832	1,678,055
	858,596	801,296
Minority interest	3,720	–
Total equity	862,316	801,296

The Berkeley Group Holdings plc

Consolidated Statement of Changes in Equity

	Attributable to shareholders								
	Share capital £'000	**Share premium £'000**	**Capital redemption reserve £'000**	**Other reserve £'000**	**Revaluation reserve £'000**	**Retained Profit £'000**	**Total £'000**	**Minority interest £'000**	**Total equity £'000**
Unaudited									
At 1 May 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296	–	801,296
Profit after taxation for the year	–	–	–	–	–	79,674	79,674	(149)	79,525
Other comprehensive expense for the year	–	–	–	–	–	(435)	(435)	–	(435)
Acquisition of subsidiary (Note 8)	–	–	–	–	560	–	560	–	560
Disposal of minority interest in subsidiary undertaking	–	–	–	–	–	–	–	3,869	3,869
Reserves transfer from revaluation reserve	–	–	–	–	(1,237)	1,237	–	–	–
Transactions with shareholders:									
Purchase of own shares	–	–	–	–	–	(12,812)	(12,812)	–	(12,812)
Cash settlement of employee share schemes	–	–	–	–	–	(12,650)	(12,650)	–	(12,650)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	4,491	4,491	–	4,491
Deferred tax in respect of employee share schemes	–	–	–	–	–	(1,528)	(1,528)	–	(1,528)
At 30 April 2010	6,743	49,315	24,516	(961,299)	3,489	1,735,832	858,596	3,720	862,316
Audited									
At 1 May 2008	12,082	264	18,173	(961,299)	11,329	1,600,858	681,407	–	681,407
Profit after taxation for the year	–	–	–	–	–	86,127	86,127	–	86,127
Other comprehensive expense for the year	–	–	–	–	–	(486)	(486)	–	(486)
Reserves transfer from revaluation reserve	–	–	–	–	(7,163)	7,163	–	–	–
Transactions with shareholders:									
Share placing	604	49,051	–	–	–	–	49,655	–	49,655
Redemption of 2010 B shares	(6,343)	–	6,343	–	–	–	–	–	–
Purchase of own shares	–	–	–	–	–	(19,215)	(19,215)	–	(19,215)
Cash settlement of employee share schemes	–	–	–	–	–	(10,617)	(10,617)	–	(10,617)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	2,659	2,659	–	2,659
Deferred tax in respect of employee share schemes	–	–	–	–	–	11,766	11,766	–	11,766
At 30 April 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296	–	801,296

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	**2010 Unaudited £'000**	**2009 Audited £'000**
Cash flows from operating activities			
Cash generated from operations	7	92,848	278,015
Dividends from joint ventures		108	–
Interest received		5,265	5,649
Interest paid		(2,132)	(1,079)
Income tax (paid) / received		(12,380)	8,736
Net cash flow from operating activities		83,709	291,321
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,939)	(291)
Sale of property, plant and equipment		133	281
Disposal of minority interest in subsidiary undertaking		3,869	–
Acquisition of subsidiary undertaking	8	(1,473)	–
Purchase of shares in joint ventures		(996)	(15,000)
Movements in loans with joint ventures		(4,534)	(6,809)
Net cash flow from investing activities		(9,940)	(21,819)
Cash flows from financing activities			
Purchase of own shares		(12,812)	(19,215)
Cash settlement of employee share scheme		(12,650)	(10,617)
Share placing proceeds		–	49,655
Repayment of loan stock		(18)	(19)
Proceeds from borrowings		15,988	–
Net cash flow from financing activities		(9,492)	19,804
Net increase in cash and cash equivalents		64,277	289,306
Cash and cash equivalents, including bank overdraft, at the start of the financial year		284,842	(4,464)
Cash and cash equivalents at the end of the financial year		349,119	284,842

The Berkeley Group Holdings plc

Notes to the condensed consolidated financial information

1 General information

The Berkeley Group Holdings plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG. The Company and its subsidiaries (together "the Group") are engaged in residential led, mixed-use property development.

The unaudited financial information for the year ended 30 April 2010 and the comparative audited information for the year ended 30 April 2009 does not constitute statutory accounts within the meaning of s434(3) and s435(3) of the Companies Act 2006. This information was approved by the Board on 25 June 2010, and has been extracted from the Group's statutory accounts which have not yet been signed, nor have the auditors yet reported on them.

The statutory accounts for the year ended 30 April 2009 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 sections 498 (2) or (3) of the Companies Act 2006.

2 Basis of preparation

This information, including the comparative information for the year ended 30 April 2009, 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 2009 Annual Report.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ended 30 April 2010, but have had no impact on the consolidated financial statements:

- IFRS 2 (Amendment) "Share-based payment";
- IFRS 7 (Amendment) "Financial Instruments: Disclosures";
- IAS 23 (Amendment) "Borrowing costs";
- IFRIC12 "Service Concession Arrangements";
- IFRIC13 "Customer loyalty programmes relating to IAS 18 Revenue"
- IFRIC14 "IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"; and
- IFRIC15 "Agreements for the construction of real estate";

The adoption of the following new standards has had an impact on the consolidated financial statements as follows:

- IAS 1 (Revised) "Presentation of financial statements". The most significant change within IAS 1 (Revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. The Group has elected to present two separate statements comprising an income statement and a statement of comprehensive income. In addition, the statement of changes in equity is now presented as a primary statement whereas previously it was disclosed as a note to the financial statements.

- IFRS 8 "Operating segments". This standard requires the disclosure of segment information on the same basis as the management information presented to the chief operating decision maker. Under the new standard, the Group has one reportable operating segment. Previously segmental information was reported for commercial units sold as part of mixed-use developments.

2 Basis of preparation continued

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ended 30 April 2010 and have not been adopted early:

- IFRIC16 "Hedges of a net investment in a foreign operation"
- IFRIC17 "Distribution of non-cash assets to owners";
- IFRIC18 "Transfer of assets from customers";
- IFRIC19 "Extinguishing financial liabilities with equity instruments";
- IAS 27 (Revised) "Consolidated and separate financial statements";
- IFRS 3 (Revised) "Business combinations";
- IAS 38 (Amendment) "Intangible assets";
- IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations";
- IAS 1 (Amendment) "Presentation of financial statements";
- IAS 24 (Amendment) "Related party disclosures";
- IFRS 2 (Amendment) "Group cash-settled share-based payment transactions"; and
- IFRS 9 "Financial Instruments".

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

3 Operating segments

The Group is engaged in residential-led, mixed-use property development.

For the purposes of determining its reportable segments, the chief operating decision-maker has been identified as the Executive Committee of the Board. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use property development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment and thus no separate financial information is disclosed.

4 Net finance income / (costs)

For the year ended 30 April	**2010 Unaudited £'000**	**2009 Audited £'000**
Finance income	9,498	5,690
Finance costs		
Interest payable on use of bank facility	(2,221)	(1,012)
Other finance costs	(2,894)	(8,236)
	(5,115)	(9,248)
Net finance income / (costs)	4,383	(3,558)

Finance income is predominantly interest earned on net cash balances.

Other finance costs represent imputed interest on taxation and on land purchased on deferred settlement terms.

Notes to the condensed consolidated financial information continued

5 Income tax expense

For the year ended 30 April	2010 Unaudited £'000	2009 Audited £'000
Current tax		
UK corporation tax payable	(23,424)	(35,306)
Adjustments in respect of previous periods	(656)	(148)
	(24,080)	(35,454)
Deferred tax	(6,736)	1,199
	(30,816)	(34,255)

6 Earnings per share

Basic earnings per share is calculated as the profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

For the year ended 30 April	2010 Unaudited	2009 Audited
Profit attributable to shareholders (£'000's)	79,674	86,127
Weighted average no. of shares (000's)	132,824	120,752
Basic earnings per share (p)	60.0	71.3

For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares. At 30 April 2010, the Company had two categories of potentially dilutive ordinary shares: 5.3 million £3.00 share options under the 2009 LTIP Part A and 7.1 million £8.40 share options under the 2009 LTIP Part B.

A calculation is done to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Company which is the unamortised share-based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

For the year ended 30 April	2010 Unaudited	2009 Audited
Profit used to determine diluted EPS (£'000's)	79,674	86,127
Weighted average no. of shares (000's)	132,824	120,752
Adjustments for:		
Share options - 2004(b) LTIP Element 1C	–	3,941
Share options - 2004(b) LTIP Element 1D	–	3,871
Share options - 2009 LTIP Part A	3,004	2,825
Share options - 2009 LTIP Part B	–	–
Shares used to determine diluted EPS (000's)	135,828	131,389
Diluted earnings per share (p)	58.7	65.6

The Berkeley Group Holdings plc

Notes to the condensed consolidated financial information continued

7 Notes to the Consolidated Cash Flow Statement

For the year ended 30 April	2010 Unaudited £'000	2009 Audited £'000
Net cash flows from operating activities		
Profit for the financial year	79,525	86,127
Adjustments for:		
Taxation	30,816	34,255
Depreciation	803	964
Amortisation of intangible assets	157	554
Loss / (profit) on sale of property, plant and equipment	40	(12)
Finance income	(9,498)	(5,690)
Finance costs	5,115	9,248
Share of results of joint ventures after tax	261	902
Non-cash charge in respect of share awards	4,491	2,659
Changes in working capital:		
(Increase) / decrease in inventories	(111,054)	117,025
Increase in receivables	(2,383)	(29,308)
Increase in payables	95,175	61,926
Decrease in employee benefit obligations	(600)	(635)
Cash generated from continuing operations	92,848	278,015

Reconciliation of net cash flow to net cash / (debt)		
Net increase in cash and cash equivalents, including bank overdraft	64,277	289,306
Debt acquired on acquisition of subsidiary (Note 8)	(16,215)	–
Net cash outflow from repayment of loan stock	18	19
Net cash inflow from increase in borrowings	(15,988)	–
Movement in net cash in the financial year	32,092	289,325
Opening net cash / (debt)	284,776	(4,549)
Closing net cash	316,868	284,776

Net cash		
Cash and cash equivalents	349,119	284,842
Non-current borrowings	(25,203)	–
Current borrowings	(7,048)	(66)
Net cash	316,868	284,776

8 Acquisitions

On 23 July 2009 the Group acquired the shares owned by Saad Investments Company Limited and the outstanding shareholder loans in five joint ventures which became fully owned subsidiaries from that date.

In the period to 23 July 2009 the Group accounted for the results of the joint ventures using the equity method of accounting for its interest in the joint ventures. Following the acquisition of the shares it did not already own, the Group has fully consolidated the results of the former joint venture companies from the acquisition date.

Notes to the condensed consolidated financial information continued

8 Acquisitions continued

The assets and liabilities arising from the acquisition on 23 July 2009 are as follows:

	Carrying value Pre-acquisition £'000	Fair value adjustments £'000	Fair values £'000
Inventories	26,813	1,433	28,246
Trade and other receivables	118	–	118
Deferred tax asset	468	(313)	155
Cash and cash equivalents	527	–	527
Bank loans	(16,215)	–	(16,215)
Trade and other payables	(8,457)	–	(8,457)
	3,254	1,120	4,374
Carrying value of share of net assets owned prior to the acquisition			(1,614)
Fair value adjustments applied to revalue net assets owned prior to acquisition			(560)
Total purchase consideration			2,200
Purchase consideration settled in cash			2,000
Purchase consideration deferred for twelve months from acquisition date			200
Total purchase consideration			2,200

The outflow of cash and cash equivalents on the acquisition of the shares it did not already own and the outstanding shareholder loans is calculated as follows:

	£'000
Purchase consideration settled in cash	2,000
Cash and cash equivalents in subsidiary acquired	(527)
Cash outflow on acquisition	1,473