The Berkeley Group Holdings plc

PRESS RELEASE **4TH DECEMBER 2009**

INTERIM RESULTS 2009/10

Announcing the results of The Berkeley Group Holdings plc ("Berkeley" or "the Group") – the urban regenerator and residential property developer – for the six months ended 31st October 2009, Chairman, Tony Pidgley said:

"The results announced today demonstrate Berkeley's robust performance in one of the most turbulent markets for UK residential development that I have known. Looking forward, the market will recover given time, but the current lack of visibility makes the immediate future difficult to predict. Berkeley's strategy, which has been supported by shareholders, recognises the cyclical nature of the property market and places a premium on balance sheet strength. Berkeley has a strong management team with the skills and experience to operate in this market. Combined with our strong financial position, Berkeley is well placed to capitalise on opportunities to acquire good quality land at the right point in the cycle and to deliver the new homes sought by our customers.

For Berkeley, being a successful developer is about more than financial results alone. What we do has a lasting and irreversible impact on the communities in which we work. We were therefore delighted to be ranked first, for the third consecutive year, in the "NextGeneration" Sustainability Benchmark. Our commitment to creating sustainable communities and a lasting legacy means Berkeley is involved in some of the most significant and exciting regeneration schemes in London."

PERFORMANCE FOR THE PERIOD

- £59.9 million increase in net cash
- 17.4% operating margin (2008: 17.8%)
- £52.0 million of profit before tax (2008: £79.6 million)
- 28.1 pence of Earnings per Share (2008: 47.8 pence)
- Total value of sales reservations 40% below historic average

FINANCIAL POSITION

- Net Cash of £344.7 million (April 2009: £284.8 million)
- No land write-downs
- 625.7 pence of Net Asset Value per Share (April 2009: 615.4 pence)
- £635.4 million of cash due on forward sales (April 2009: £619.8 million)
- 30,541 land bank plots (April 2009: 30,044)
- £2.1 billion of land bank future gross margin (April 2009: £2.0 billion)

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

"Berkeley has continued to deliver a resilient operating performance and earnings per share in the first half were 28.1 pence (2008: 47.8 pence) with no land write downs, just as there have been none in any period since the market peaked in the middle of 2007. This is a strong endorsement of Berkeley's strategy and business model. Berkeley enters the second half of the year with net cash of £344.7 million and forward sales of £635.4 million and our balance sheet strength allows the Group to invest in land and our developments with confidence.

The sales market has continued to stabilise over the last six months and this has resulted in an increase in the value of underlying sales reservations compared to the same period last year, although this is a level some 40% below the historic average. Underlying demand, driven by the undersupply of quality housing, remains strong but the extent to which customers are able to obtain sufficient mortgage finance remains a drag on transaction levels. Where customers are able to raise sufficient finance, they are attracted to the well located, quality homes Berkeley develops.

It is evident that the UK home-buyer is being cautious due to the lack of the "feel good" factor and this is likely to continue until the general economy returns to sustained growth and employment starts rising again. There are positive signs from equity rich customers, particularly from overseas who have the additional benefit of the depreciation of Sterling.

In accordance with our strategy put in place last year, I am pleased to report that in the first six months of the year, Berkeley has committed to new land acquisitions of some 1,800 plots across 12 new sites. These sites are in London and the South East and include a prime site in Belgravia, a 5 acre riverside site in Battersea, a student scheme in Acton and a number of boutique housing schemes of up to 20 executive homes in the Home Counties. These challenging market conditions allow Berkeley to use its financial strength to selectively invest in opportunities for the future."

INTERIM MANAGEMENT REVIEW

Results

Berkeley is pleased to announce a pre-tax profit of £52.0 million for the six months ended 31st October 2009. This compares to £79.6 million in the same period last year, a reduction of 34.7%.

The principal reason for the reduction in pre-tax profit is a fall in Group revenue from £452.6 million to £290.1 million. This is due to two factors. Firstly, transactions have fallen to 914 units from 968 units in the same period last year, and secondly, average sales prices have fallen from £399,000 to £299,000 which has been predominantly caused by a change in mix.

Operating margin for the period is 17.4% compared to 17.8% for the same period last year and the year ended 30th April 2009. This operating performance has been achieved despite the reduction in Group revenue and reflects the steps taken by Berkeley to align operating costs with the size of the business to £25.7 million from £41.7 million in the same period last year.

Net financing income was £3.0 million compared to £0.4 million in the equivalent period last year, reflecting the increased interest income from cash deposits. Joint venture costs, after tax, have increased to £1.6 million from £1.3 million a year earlier. This is a result of a number of the larger joint venture development projects being in the early stages of development and yet to contribute to the results.

Basic earnings per share are 28.1 pence compared to 47.8 pence for the equivalent period last year. The reason for the reduction in earnings per share is twofold. Firstly, earnings have fallen, and secondly, Berkeley has issued 14.0 million new ordinary shares since the end of the comparative period; 8.0 million to satisfy share schemes and 6.0 million in the share placing completed in March 2009.

Berkeley has increased its net cash by £59.9 million since 30th April 2009, resulting in net cash of £344.7 million at 31st October 2009. Return on Capital Employed for the period was 19.3% compared to 25.3% last time.

Total equity (shareholders' funds) increased by £38.4 million to £839.7 million (April 2009: £801.3 million) in the six months with net assets per share of 625.7 pence at 31st October 2009 (April 2009: 615.4 pence), there being 134.8 million shares in issue at the period end (April 2009: 130.8 million).

Housing Market

The first half of 2009/10 has seen a stabilisation of conditions in the housing market in London and the South East. In this period Berkeley has maintained a forward sales position in excess of £600 million, which equates to approximately one year of revenue. The value of sales reservations taken in the six months, while well ahead of the same period last year, is approximately 40% below the Group's historic average over the last six years, and this is as relevant an indicator as any of today's market.

While there is a well-documented shortage of homes built to a high quality in London and the South East, Berkeley will continue to match production to demand.

Sales prices achieved in the period have, on average, been in line with the business plan forecast set at the start of the financial year and cancellation levels have been at the low end of the historic range. Customers are more discerning than ever in this market and Berkeley's reputation for creating places where people aspire to live, and developing innovatively designed homes to a high quality underpins the Group's performance. Build costs, which have corrected in line with the wider market since the peak in 2007, have also been in line with our business plan forecasts.

Berkeley has always benefited from its diversity of product and customer. While the UK private domestic market remains constrained by the extent to which customers are able to obtain sufficient mortgage finance, Berkeley has taken advantage of international demand for its London schemes. This has resulted in customers acquiring properties as an investment continuing to account for over 50% of underlying sales reservations. Berkeley has also 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 broader terms, the principal business risks and uncertainties facing Berkeley are largely the same as those set out on page 17 of the Annual Report for the year ended 30th April 2009 and comprise: the macro-economic climate, mortgages, sustainability, land availability, planning, sales price and volume, build cost and program, product quality, health and safety, people and Government policy. In preparing this interim report, full account has been taken of this risk profile and the future outlook for the Group's sites.

Trading Analysis and Cash Flow

Revenue for the Group was £290.1 million (2008: £452.6 million). This comprised £281.8 million (2008: £427.9 million) of residential revenue, none of which was from land sales (2008 land sales: £25.5 million), and £8.3 million (2008: £24.7 million) of commercial revenue.

During the period, the Group sold 914 units at an average selling price of £299,000. This compares with 968 units at an average selling price of £399,000 in the same period last year. Berkeley's average selling price always fluctuates due to sales mix and £299,000 is very much in the middle of Berkeley's normal range. The high average selling price in the first half last year reflected a high proportion of sales revenue from our Central London sites.

At £8.3 million (2008: £24.7 million), the Group's revenue from commercial activities represents the disposal of commercial units on seven mixed-use sites in London. The most significant of these were the disposal of: 12,900 square feet of retail, office and restaurant space at Tabard Square; a 5,000 square foot crèche at Battersea Reach; 3,100 square feet of retail and office space at Imperial Wharf; and 4,400 square feet of retail space at Caspian Wharf.

Berkeley's operating margin of 17.4% compares to 17.8% for the full year ended 30th April 2009. This performance has been achieved through Berkeley taking decisive action in the first half of last year to reduce its operating costs by 40% to the right size for the underlying market. Looking forward, there are a number of sustained pressures on operating margins. These include transaction levels, increasing planning tariffs and the increasing cost of regulation, be it from the future Community Infrastructure Levy or Building Regulations, and these costs cannot be passed on to the customer. In addition, schemes that are being undertaken in partnership with Local Authorities and the HCA, such as Kidbrooke in Greenwich and Woodberry Down in Hackney, are at a lower operating margin to reflect the lower risk profile of these developments.

At 31st October 2009, Berkeley had net cash of £344.7 million (April 2009: £284.8 million). This is an increase of £59.9 million in the six months, which takes account of the £17.7 million impact of acquiring Saad Investments Company Limited's shares in certain joint venture companies that became 100% owned subsidiaries of Berkeley at the end of July. With Berkeley selectively increasing production on its sites in the second half of the year and the level of new land expenditure commitments, Berkeley is anticipating a cash outflow in the second half of the year.

In addition, at 31st October 2009, Berkeley had cash due on forward sales of £635.4 million, compared to £619.8 million at 30th April 2009. This cash due will benefit the second six months of the current year as well as future years.

Banking

Subsequent to the period end, Berkeley has refinanced its bank facilities with its long-standing relationship banks, Barclays and Lloyds, putting in place facilities for the next four years. This provides certainty of available finance until November 2013 to underpin Berkeley's investment in land and work in progress. Together with existing cash resources, this new facility of £300 million, provides in excess of £600 million of available funds, a level that is commensurate with the capital structure and requirements of the Group. In addition, on acquiring full control of the companies previously owned as joint ventures with Saad Investments Company Limited, Berkeley has assumed £39 million of site specific bank facilities, of which £16.2 million was drawn at 31st October 2009.

Land Holdings

At 31st October 2009, the Group (including joint ventures) controlled some 30,541 plots with an estimated gross margin of £2,102 million. This compares with 30,044 plots and an estimated gross margin of £2,014 million at 30th April 2009. Of the total 30,541 plots, 24,002 plots (April 2009: 23,572) are owned and included on the balance sheet. In addition, 5,674 plots (April 2009: 6,407) are contracted and 865 plots (April 2009: 65) have terms agreed. In excess of 95% of our holdings are on brown-field or recycled land.

The increase in the land bank is a result of new land acquisitions in the period with Berkeley agreeing 12 new sites covering some 1,800 plots. These include a wide range of sites, from prime London locations in Belgravia and on the river at Battersea, to sites suited to student accommodation and more traditional sites outside London. The common theme is that they are all sites where Berkeley has a vision to bring new vitality to the local community and to create added value through its development expertise.

In the last quarter, Berkeley has seen an increased number of land opportunities reaching the market. Where the land is properly priced to reflect the risk of land ownership and uncertainty surrounding planning, Berkeley has been able to acquire land because we have the financial strength and can act quickly to offer land vendors certainty. Berkeley continues to be very selective by acquiring only those sites to which it can add value through the development process and which meet its investment criteria.

In terms of planning Berkeley has had a number of notable successes in the period. These include new consents for a student scheme to be developed for Imperial College at Clapham Junction and, outside London, sites at Cambridge and Yarnton in Oxford; along with additional or revised consents at Royal Arsenal, Woolwich; Beaufort Park, Hendon; Worcester Park and Cirencester.

St Edward Homes, Berkeley's joint venture with Prudential, accounts for some 2,350 of the land bank plots and includes a number of prime Central London sites, such as 190 Strand and Charles House, Kensington which received a resolution to grant in the period. Construction on Stanmore Place, the first site to be acquired by St Edward, began at the beginning of the period.

Sustainability

For Berkeley, sustainability is primarily about creating communities and places that enhance and enrich the lives of those who live in them and that will stand the test of time. This is Berkeley's passion for development and what gives it a real competitive advantage. As a result, the principles of sustainability are embedded into Berkeley's business practices both at strategic and project level and are instinctively aligned with the fulfilment of our business objectives. Berkeley has remained steadfast in its commitment to sustainability despite recent economic challenges and this ethos has in turn contributed to the Group's strong financial position during the downturn. Berkeley was, therefore, delighted to be ranked first amongst the house-builders, for the third consecutive year, in the "NextGeneration" Sustainability Benchmark, which is recognised as the leading industry sustainability benchmark.

Awards

Meeting and exceeding customers' expectations has always been the driving force for Berkeley. More than ever, to succeed in the current market requires attention to detail, quality of product and the creation of sustainable places where people want to live and bring up their families. Berkeley is therefore delighted that, in addition to the recognition for its Sustainability achievements, it was voted Residential Developer of the Year in the Property Week Property Awards and, most recently, House-builder of the Year, Best Large House-builder of the Year and Sustainable Developer of the Year at the 2009 What House Awards; with 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.

Our People

Berkeley's success is a product of its people and its culture. This is evidenced by these strong results and the external recognition from the awards won in the period. Berkeley benefits from the experience and expertise of a number of long-standing autonomous teams who are able to make the right decisions to identify and unlock value in the business. This breeds an environment of trust and confidence which, combined with short lines of communication and the ability to execute, underpins Berkeley's performance. The health and safety of our people remains of paramount importance to Berkeley and we are pleased that the well below industry average incident rate reported in recent years has been maintained in the first half of this year.

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

The last six months has seen an improvement in the market conditions, albeit from a very low base. The sales market is underpinned by a shortage of good quality housing, equity rich customers in both the UK and from overseas, and Government stimulus programs. The wider market is very sensitive to external economic events, political instability and the ability of customers to obtain sufficient mortgage finance. This will be a drag on transaction levels going forward and will result in Berkeley matching supply closely to demand.

A feature of the current market is that the cost of planning, in terms of s106 tariffs, affordable housing requirements and infrastructure improvements, has not adjusted to the correction in the market and remains high relative to the value of land and the total development value. This is continuing to make a number of potential schemes that might otherwise be brought to the market unviable where vendors are not prepared to reflect the planning cost in the land price. The burden is due to increase further with the introduction of the Community Infrastructure Levy and further changes to Building Regulations and this will be a constraint on land prices which will limit the supply of new land for housing.

In these challenging market conditions Berkeley will first protect the value within its land bank and then use its financial strength to selectively invest in opportunities for the future. Looking forward, Berkeley has the right people, a strong financial position and unrivalled land bank. While the immediate future is difficult to predict, with these foundations and its agile approach, Berkeley is well positioned to create long-term value for shareholders and, importantly, to continue creating the holisitic, sustainable places and communities in which people aspire to live.

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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 have 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 2009, with the exception of the following changes on 9 September 2009: Tony Pidgley, co-founder of Berkeley and Group Managing Director for the last 33 years, has succeeded Victoria Mitchell as Chairman and Rob Perrins, previously Finance Director, has succeeded Tony as Group Managing Director. Victoria Mitchell is now deputy Chairman and an independent Non-executive Director. Two new Directors have also joined the Board, Nick Simpkin as Finance Director and Karl Whiteman as Divisional Executive Director. A list of current Directors is maintained on the Berkeley Group's website.

By order of the Board

R C Perrins
4 December 2009
Managing Director

N G Simpkin
4 December 2009
Finance Director

The Berkeley Group Holdings plc

Consolidated Income Statement

	Notes	Six months ended 31 October 2009 Unaudited £'000	Six months ended 31 October 2008 Unaudited £'000	Year ended 30 April 2009 Audited £'000
Continuing operations				
Revenue		290,136	452,633	702,192
Cost of sales		(213,925)	(330,369)	(502,391)
Gross profit		76,211	122,264	199,801
Net operating expenses		(25,662)	(41,693)	(74,959)
Operating profit		50,549	80,571	124,842
Finance income	5	4,958	2,240	5,690
Finance costs	5	(1,983)	(1,872)	(9,248)
Share of post tax results of joint ventures using the equity method		(1,568)	(1,338)	(902)
Profit before taxation		51,956	79,601	120,382
Taxation	6	(14,989)	(22,607)	(34,255)
Profit after taxation		36,967	56,994	86,127
Earnings per Ordinary Share				
- Basic	7	28.1p	47.8p	71.3p
- Diluted	7	26.7p	46.3p	65.6p

Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2009 Unaudited £'000	Six months ended 31 October 2008 Unaudited £'000	Year ended 30 April 2009 Audited £'000
Profit for the financial period	36,967	56,994	86,127
Actuarial loss recognised in the pension scheme	(299)	(657)	(676)
Deferred tax on actuarial loss recognised in the pension scheme	84	184	190
Deferred tax in respect of employee share schemes	(1,250)	3,823	11,766
Total comprehensive income for the period	35,502	60,344	97,407

The Berkeley Group Holdings plc

Consolidated Balance Sheet

	At 31 October 2009 Unaudited	At 31 October 2008 Unaudited	At 30 April 2009 Audited
	£'000	£'000	£'000
Assets			
Non-current assets			
Intangible assets	17,315	17,416	17,315
Property, plant and equipment	3,339	4,272	3,725
Investments accounted for using equity method	23,536	2,093	22,472
Deferred tax assets	26,206	36,458	37,927
	70,396	60,239	81,439
Current assets			
Inventories	1,182,143	1,152,334	1,114,827
Trade and other receivables	51,662	15,827	50,990
Cash and cash equivalents	360,995	138,237	284,842
	1,594,800	1,306,398	1,450,659
Liabilities			
Current liabilities			
Borrowings	(16,263)	(85)	(66)
Trade and other payables	(664,362)	(513,045)	(586,853)
Current tax liabilities	(83,632)	(84,136)	(86,325)
	(764,257)	(597,266)	(673,244)
Net current assets	830,543	709,132	777,415
Total assets less current liabilities	900,939	769,371	858,854
Non-current liabilities			
Other non-current liabilities	(61,226)	(54,777)	(57,558)
Net assets	839,713	714,594	801,296
Shareholders' equity			
Share capital	6,743	12,082	6,543
Share premium	49,315	264	49,315
Capital redemption reserve	24,516	18,173	24,516
Other reserve	(961,299)	(961,299)	(961,299)
Revaluation reserve	4,082	6,226	4,166
Retained profit	1,716,356	1,639,148	1,678,055
Total equity	839,713	714,594	801,296

Consolidated 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	Total £'000
Unaudited							
At 1 May 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296
Profit for the financial period	–	–	–	–	–	36,967	36,967
Other comprehensive expense	–	–	–	–	–	(1,465)	(1,465)
Reserves transfer from revaluation reserve	–	–	–	–	(644)	644	–
Acquisition of subsidiary (Note 9)	–	–	–	–	560	–	560
Transactions with shareholders:							
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–
Credit in respect of employee share schemes	–	–	–	–	–	2,355	2,355
At 31 October 2009	**6,743**	**49,315**	**24,516**	**(961,299)**	**4,082**	**1,716,356**	**839,713**
Unaudited							
At 1 May 2008	12,082	264	18,173	(961,299)	11,329	1,600,858	681,407
Profit for the financial period	–	–	–	–	–	56,994	56,994
Other comprehensive income	–	–	–	–	–	3,350	3,350
Reserves transfer from revaluation reserve	–	–	–	–	(5,103)	5,103	–
Transactions with shareholders:							
Purchase of own shares	–	–	–	–	–	(17,811)	(17,811)
Cash settlement of employee share schemes	–	–	–	–	–	(10,617)	(10,617)
Credit in respect of employee share schemes	–	–	–	–	–	1,271	1,271
At 31 October 2008	12,082	264	18,173	(961,299)	6,226	1,639,148	714,594
Audited							
At 1 May 2008	12,082	264	18,173	(961,299)	11,329	1,600,858	681,407
Profit for the financial year	–	–	–	–	–	86,127	86,127
Other comprehensive income	–	–	–	–	–	11,280	11,280
Reserves transfer from revaluation reserve	–	–	–	–	(7,163)	7,163	–
Transactions with shareholders:							
Purchase of own shares	–	–	–	–	–	(19,215)	(19,215)
Cash settlement of employee share schemes	–	–	–	–	–	(10,617)	(10,617)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–
Share placing	604	49,051	–	–	–	–	49,655
Redemption of shares	(6,343)	–	6,343	–	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	2,659	2,659
At 30 April 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296

Consolidated Cash Flow Statement

	Notes	Six months ended 31 October 2009 Unaudited £'000	Six months ended 31 October 2008 Unaudited £'000	Year ended 30 April 2009 Audited £'000
Cash flows from operating activities				
Cash generated from operations	8	87,015	158,659	278,015
Dividends from joint ventures		108	–	–
Interest received		2,476	2,218	5,649
Interest paid		(587)	(410)	(1,079)
Tax (paid)/received		(6,972)	11,715	8,736
Net cash flow from operating activities		82,040	172,182	291,321
Cash flows from investing activities				
Purchase of property, plant and equipment		(84)	(229)	(291)
Sale of property, plant and equipment		43	160	281
Purchase of shares in joint ventures		(540)	–	(15,000)
Movements in loans with joint ventures		(3,815)	(984)	(6,809)
Acquisition of subsidiary undertaking	9	(1,473)	–	–
Net cash flow from investing activities		(5,869)	(1,053)	(21,819)
Cash flows from financing activities				
Purchase of own shares		–	(17,811)	(19,215)
Share placing		–	–	49,655
Cash settlement of employee share schemes		–	(10,617)	(10,617)
Repayment of loan stock		(18)	–	(19)
Net cash flow from financing activities		(18)	(28,428)	19,804
Net increase in cash and cash equivalents		76,153	142,701	289,306
Cash and cash equivalents, including bank overdraft, at the start of the period		284,842	(4,464)	(4,464)
Cash and cash equivalents at the end of the period		360,995	138,237	284,842

The Berkeley Group Holdings plc

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 4 December 2009. It does not comprise statutory accounts within the meaning of section 434(3) and 435(3) of the Companies Act 2006.

Statutory accounts for the year ended 30 April 2009 were approved by the Board of Directors on 17 July 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 2006.

2 Basis of preparation

This condensed consolidated half-yearly financial information for the six months ended 31 October 2009 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 2009, which have 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.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2009, as described in those annual financial statements, except that taxes on income in the interim financial statements are accrued using the tax rate that would be applicable to expected total annual profits.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 May 2009:

- IAS 1 (Revised) "Presentation of financial statements". The main change to the structure of the financial statements is to present the statement of changes in shareholders' equity as a primary statement. Previously the statement of changes in shareholders' equity 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. Previously segmental information was reported for commercial units sold as part of mixed-use developments. Berkeley is a residential-led, mixed-use developer. Having regard to the aggregation criteria in the standard, Berkeley has one reportable operating segment and thus no separate financial information for commercial sales on its mixed-use developments will be reported.
- IAS 23 (Amendment) "Borrowing Costs". This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. This amendment has no impact on the financial statements as the activities performed by the Group do not produce qualifying assets.
- IFRIC 15 "Agreements for the Construction of Real Estate". This interpretation clarifies whether IAS 11 "Construction Contracts" or IAS 18 "Revenue" should be used in accounting for the construction of real estate assets. This standard has no impact on the consolidated financial statements.

Notes to condensed consolidated half-yearly financial information continued

3 Accounting policies continued

The following new standards, amendments and revisions to standards have been issued, but are not effective for the financial year beginning 1 May 2009 and have not been early adopted:

- IAS 24 (Amendment) "Related Party Disclosures"
- IAS 27 (Revised) "Consolidated and Separate Financial Statements"
- IFRS 2 (Amendment) "Shared-based Payment – Group cash-settled share-based payment transactions"
- IFRS 3 (Revised) "Business Combinations"
- IFRS 9 "Financial Instruments"

These new standards, amendments and revisions to standards are not expected to have a significant impact on the consolidated financial statements.

4 Operating Segments

Berkeley is a residential-led, mixed-use developer. 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. Berkeley has determined its operating segments are the management teams that report into the Executive Committee of the Board. These teams are all engaged in residential-led, mixed-use development in the United Kingdom and having regard to the aggregation criteria in the standard, Berkeley has one reportable operating segment.

5 Net finance income / (costs)

	Six months ended 31 October 2009 Unaudited	Six months ended 31 October 2008 Unaudited	Year ended 30 April 2009 Audited
	£'000	£'000	£'000
Finance income	4,958	2,240	5,690
Finance costs			
Interest payable on bank loans and overdrafts	(772)	(499)	(1,012)
Other finance costs	(1,211)	(1,373)	(8,236)
	(1,983)	(1,872)	(9,248)
Net finance income / (costs)	2,975	368	(3,558)

6 Taxation

	Six months ended 31 October 2009 Unaudited	Six months ended 31 October 2008 Unaudited	Year ended 30 April 2009 Audited
	£'000	£'000	£'000
Current tax			
UK corporation tax payable	(11,347)	(21,792)	(35,306)
Adjustments in respect of previous periods	(1,243)	377	(148)
	(12,590)	(21,415)	(35,454)
Deferred tax	(2,399)	(1,192)	1,199
	(14,989)	(22,607)	(34,255)

The Berkeley Group Holdings plc

Notes to condensed consolidated half-yearly financial information continued

7 Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit for the financial period of £36,967,000 (2008: £56,994,000) and the weighted average number of Ordinary Shares in issue during the period of 131,339,405 (2008: 119,169,405).

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 the number of shares subject to released awards under employee share schemes and share options where the exercise price is less than the average market price of the shares during the financial period. The effect of the dilutive potential Ordinary Shares is 6,973,306 shares (2008: 4,066,431), which gives a diluted weighted average number of Ordinary Shares of 138,312,711 (2008: 123,235,836).

8 Notes to the Consolidated Cash Flow Statement

	Six months ended 31 October 2009 Unaudited	Six months ended 31 October 2008 Unaudited	Year ended 30 April 2009 Audited
	£'000	£'000	£'000
Net cash flows from operating activities			
Profit for the financial period	36,967	56,994	86,127
Adjustments for:			
- Taxation	14,989	22,607	34,255
- Depreciation	412	509	964
- Amortisation of intangible assets	–	453	554
- Loss/(profit) on sale of property, plant and equipment	15	(45)	(12)
- Finance income	(4,958)	(2,240)	(5,690)
- Finance costs	1,983	1,872	9,248
- Share of results of joint ventures after tax	1,568	1,338	902
- Non-cash charge in respect of share awards	2,355	1,271	2,659
Changes in working capital:			
- (Increase)/decrease in inventories	(39,070)	79,518	117,025
- Decrease/(increase) in receivables	1,928	4,973	(29,308)
- Increase/(decrease) in payables	71,126	(7,956)	61,926
- Decrease in employee benefit obligations	(300)	(635)	(635)
Cash generated from continuing operations	87,015	158,659	278,015

Reconciliation of net cash flow to net cash/(debt)			
Net increase in cash and cash equivalents, including bank overdraft	76,153	142,701	289,306
Debt acquired on acquisition of subsidiary (Note 9)	(16,215)	–	–
Cash outflow from decrease in borrowings	18	–	19
Movement in net cash/(debt) in the period	59,956	142,701	289,325
Opening net cash/(debt)	284,776	(4,549)	(4,549)
Closing net cash	344,732	138,152	284,776

Net cash			
Cash and cash equivalents	360,995	138,237	284,842
Borrowings, including bank overdraft	(16,263)	(85)	(66)
Net cash	344,732	138,152	284,776

9 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 this date.

In the 3 month 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.

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

Independent review report to The Berkeley Group Holdings Plc

Introduction

We have been engaged by the company to review the condensed financial information in the half-yearly financial report for the six months ended 31 October 2009, which comprises the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the six months ended 31 October 2009, the Consolidated Balance Sheet at 31 October 2009, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Shareholders' Equity 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 2009 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
4 December 2009
London