



# Interim Results Presentation

9<sup>th</sup> December 2005





**ROGER LEWIS**

**CHAIRMAN**





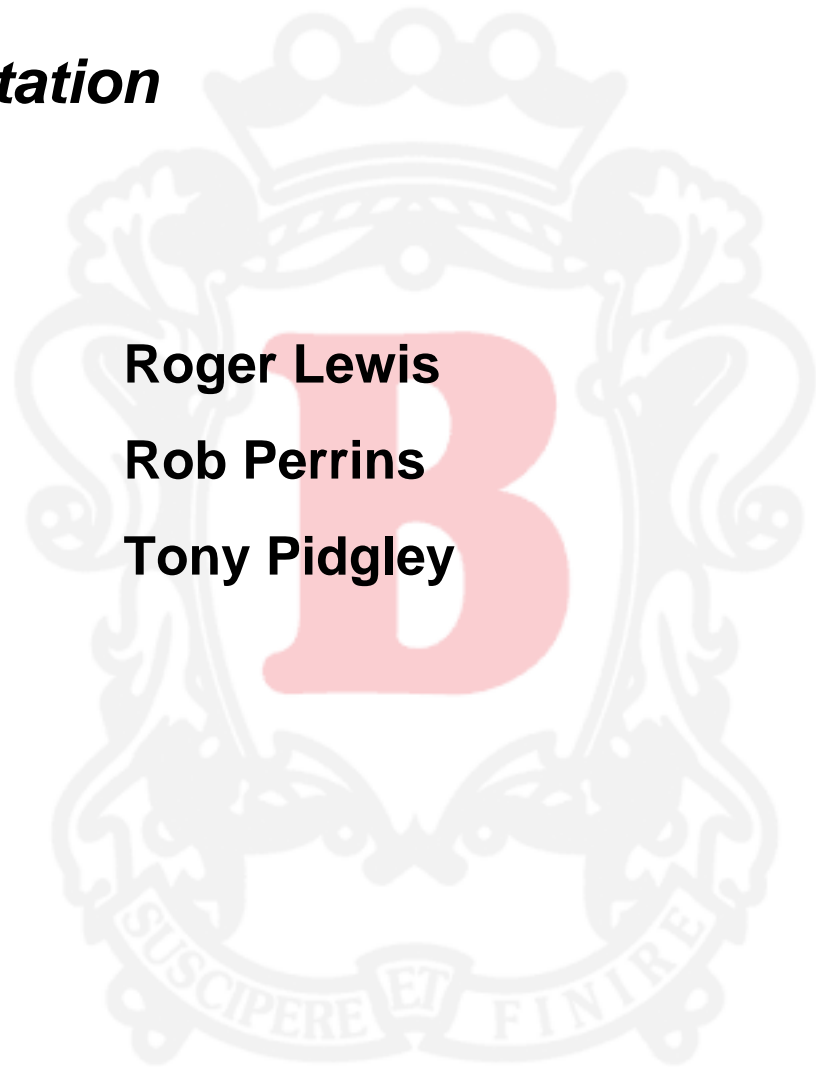
## ***Format of Presentation***

- **Introduction**
- **Review of Results**
- **Managing Director's Review**
- **Questions**

**Roger Lewis**

**Rob Perrins**

**Tony Pidgley**





**Financial Highlights (1)**  
**Six months to 31<sup>st</sup> October 2005**

	<u>6 Months to</u> <u>Oct 2005</u>	<u>6 Months to</u> <u>Oct 2004</u>	<u>Change</u>	
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>%</u>
<b><i>Continuing Group</i></b>				
Profit before tax	86.0	99.2	(13.2)	- 13.3%
Tax	(24.4)	(27.1)	2.7	
Profit after tax	<u>61.6</u>	<u>72.1</u>	<u>(10.5)</u>	+ 14.6%
<b><i>Discontinued operations</i></b>				
Profit from discontinued operations	80.8	6.4	74.4	
Total profit after tax	<u>142.4</u>	<u>78.5</u>	<u>64.0</u>	+ 81.5%
EPS – Basic	<u>118.7p</u>	<u>65.8p</u>	<u>52.9p</u>	+ 80.4%
EPS – Continuing operations	<u>51.4p</u>	<u>60.3p</u>	<u>(8.9p)</u>	- 14.8%



## ***Financial Highlights (2)***

### ***Six months to 31<sup>st</sup> October 2005***

	<u>Oct 2005</u>	<u>Apr 2005</u>	<u>Change</u>
Net assets	£768.4m	£621.4m	+ 23.6%
Net asset value per share	640p	518p	+ 23.6%
Net cash / (debt)	£71.3m	(£255.1m)	+ £326.4m



## *The Return to Shareholders*

2004 B Share	£5	Paid on 3 <sup>rd</sup> December 2004
2006 B Share	£2	29 <sup>th</sup> December 2006
2008 B Share	£2	31 <sup>st</sup> December 2008
2010 B Share	£3	31 <sup>st</sup> December 2010
	<hr/>	
	£12	
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**ROB PERRINS**

**FINANCE DIRECTOR**





## *Review of Results*

- **Impact of IFRS**
- **Cash flow**
- **Profit & loss account**
- **Balance sheet**
- **Sales analysis**
- **Land holdings**







## *IFRS – Reconciliation of Equity*

	<u>30 April</u>		<u>1 May</u>	
	<u>2005</u>		<u>2004</u>	
	<u>£m</u>		<u>£m</u>	
Net assets / NAVPS (UK GAAP)	669.5	558p	1,142.6	944p
IAS 18: Revenue recognition	(33.3)		(25.4)	
– Group				
– JVs	(2.0)		(3.9)	
IAS 2: Discounting land creditors	(1.9)		(1.2)	
– Group				
– JVs	(3.9)		(4.5)	
IAS 19: Employee benefits	(7.0)		(5.0)	
IAS 10: Dividends	–		19.6	
Net assets / NAVPS (IFRS)	<u>621.4</u>	<u>518p</u>	<u>1,122.2</u>	<u>928p</u>



## IFRS - Abridged Group Income Statement

	<u>6 Months to</u>		<u>6 Months to</u>		<u>Change</u>	
	<u>Oct 2004</u>		<u>Oct 2004</u>		<u>£m</u>	<u>%</u>
	<u>IFRS</u>		<u>UK GAAP</u>			
	<u>£m</u>		<u>£m</u>			
Revenue	<u>419.5</u>		<u>518.7</u>		<u>(99.2)</u>	<u>(19.1)</u>
Operating profit	90.2	21.5%	100.8	19.4%	(10.6)	(10.5)
Joint ventures	7.1		10.6		(3.5)	(33.0)
Net finance costs	1.9		0.6		1.3	316.7
Merger expenses	–		(1.5)		1.5	–
Profit before tax	<u>99.2</u>	23.6%	<u>110.5</u>	21.3%	<u>(11.3)</u>	<u>(10.2)</u>
Tax	<u>(27.1)</u>		<u>(32.6)</u>		<u>(5.5)</u>	<u>(16.9)</u>
Profit after tax	<u>72.1</u>		<u>77.9</u>		<u>(5.8)</u>	<u>(7.4)</u>
Discontinued operations	6.4		–		6.4	–
Retained profit	<u>78.5</u>		<u>77.9</u>		<u>0.6</u>	<u>0.8</u>
EPS	<u>65.8p</u>		<u>65.4p</u>		<u>0.4p</u>	<u>0.6</u>



## ***IFRS – Roll forward of Equity under IFRS***

	<u>12 Months to</u> <u>Apr 2005</u> <u>IFRS (£m)</u>		<u>6 Months to</u> <u>Oct 2004</u> <u>IFRS (£m)</u>	
Opening equity at 1 May 2004 / NAVPS	1,122.2	928p	1,122.2	928p
Profit for the period	139.0		78.5	
2003/04 Dividend	(19.6)		(19.6)	
	<u>1,241.1</u>		<u>1,180.6</u>	
Share buy-backs	(20.7)		(20.7)	
Share options shares issued	5.6		5.5	
Share issue / redemption costs	(2.8)		(2.7)	
Redemption of 2004B share	(604.2)		–	
Net actuarial loss in pension scheme	(2.3)		(1.1)	
Net credit in respect of share schemes	4.2		0.7	
	<u>621.4</u>	518p	<u>1,162.8</u>	971p



## *Abridged Group Cash Flow*

	<u>6 Months to</u> <u>Oct 2005</u> <u>£m</u>	<u>6 Months to</u> <u>Oct 2004</u> <u>£m</u>
<i>Continuing operations</i>		
Operating profit	89.2	90.2
Non-cash items	4.0	1.6
Tax and interest	(37.8)	(28.0)
Other movements	<u>(1.0)</u>	<u>(35.1)</u>
	54.4	28.7
Working capital movements	<u>42.3</u>	<u>41.5</u>
	<u>96.7</u>	<u>70.2</u>
<i>Discontinued operations</i>		
Operating profit	1.5	8.6
Working capital movements	(21.2)	21.0
Non-cash items	0.8	0.2
Disposal of subsidiary undertaking	<u>248.6</u>	<u>4.0</u>
	<u>229.7</u>	<u>33.8</u>
Decrease in net debt	<u>326.4</u>	<u>104.0</u>



## Cash Due on Forward Sales

	<u>At 31 Oct</u> <u>2005</u> <u>£m</u>	<u>At 31 Oct</u> <u>2004</u> <u>£m</u>	<u>At 30 Apr</u> <u>2005</u> <u>£m</u>
Debtors taken to sales and due on completion	33.4	14.9	31.1
Due on units not yet taken to sales			
- Exchanged contracts	478.5	457.3	579.0
- Reserved units	110.7	102.7	76.9
<b>Total cash due (excluding Crosby)</b>	<b>622.6</b>	<b>574.9</b>	<b>687.0</b>
<b>Total cash due (including Crosby)</b>		<b>877.7</b>	<b>948.0</b>



## Abridged Group Income Statement – Continuing Group

	<u>6 Months to</u> <u>Oct 2005</u>		<u>6 Months to</u> <u>Oct 2004</u>		<u>Change</u>	
<i>Continuing Group</i>	<u>£m</u>		<u>£m</u>		<u>£m</u>	<u>%</u>
Revenue	<u>503.1</u>		<u>419.5</u>		<u>83.6</u>	19.9%
Operating profit	89.2	17.7%	90.2	21.5%	(1.0)	(1.1%)
Joint ventures (after int. & tax)	2.6		7.1		(4.5)	
Net finance costs - Treasury	(5.0)		2.5		(7.5)	
- Other	(0.8)		(0.6)		(0.2)	
Profit before tax	<u>86.0</u>	17.1 %	<u>99.2</u>	23.6%	<u>(13.2)</u>	(13.3%)
EPS (Continuing Group)	<u>51.4p</u>		<u>60.3p</u>		<u>(8.9p)</u>	(14.8%)



## ***Abridged Group Income Statement – Including Discontinued***

	<u>6 Months to</u> <u>Oct 2005</u>	<u>6 Months to</u> <u>Oct 2004</u>	<u>Change</u>	
<i>Continuing Group</i>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>%</u>
Profit before tax	86.0	99.2	(13.2)	(13.3%)
Tax	(24.4)	(27.1)	2.7	
Profit after tax	<u>61.6</u>	<u>72.1</u>	<u>(10.5)</u>	(14.6%)
<i>Discontinued operations</i>				
Profit after tax	1.0	6.4	(5.4)	
Profit on disposal	79.8	–		
Profit from discontinued operations	<u>80.8</u>	<u>6.4</u>		
Total profit after tax	<u>142.4</u>	<u>78.5</u>	<u>64.0</u>	81.5%
EPS	<u>118.7p</u>	<u>65.8p</u>	<u>52.9p</u>	80.4%



## ***Profit on Sale of Crosby***

	<u>£m</u>
<b><i>Net assets disposed</i></b>	
Non-current assets	8.5
Current assets	202.5
Creditors (falling due within one year)	(34.4)
Creditors (falling due after one year)	(7.8)
Minority interest	(0.5)
	<hr/>
	168.3
Expenses relating to the disposal	2.8
Curtailment gain	(0.2)
Profit on sale	79.8
	<hr/>
Consideration	250.7
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<b><i>Of which:</i></b>	
Cash	99.4
Settlement of intercompany balances	151.3
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	250.7





## ***Profit Distribution and ROCE***

- **Tax rate of 29.2% down from 29.6% (on profit before JV tax)**
- **No dividend**
- **Return on Capital Employed (excluding the profit on disposal of Crosby) was 24.0% for the year (2004: 23.3%)**
- **On target to make £2 per share repayment (£241.6m) in December 2006**



## *Trading Account Profile - Percentages of Turnover*

	<u>6 Months to</u> <u>Oct 2005</u> <u>%</u>	<u>6 Months to</u> <u>Oct 2004</u> <u>%</u>	<u>12 Months</u> <u>Apr 2005</u> <u>%</u>
Revenue	100.0	100.0	100.0
Land	(14.2)	(13.7)	(14.9)
Build	(57.1)	(50.8)	(51.6)
Sales & marketing	(4.1)	(5.1)	(4.7)
Gross margin	24.6	30.4	28.8
Operating expenses	(6.9)	(8.5)	(9.3)
Merger expenses	-	(0.4)	(0.2)
Operating profit	17.7	21.5	19.3
Joint ventures	0.5	1.7	1.3
Interest	(1.1)	0.4	(1.0)
Profit before tax	17.1	23.6	19.6



## Abridged Group Balance Sheet

	<u>At 31 Oct</u> <u>2005</u>	<u>At 31 Oct</u> <u>2004</u>	<u>At 30 Apr</u> <u>2005</u>	<u>At 30 Apr</u> <u>2005</u> <u>(ex Crosby)</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Non-current assets	78.5	79.2	81.5	74.1
Inventories	879.1	1,109.0	1,103.0	918.5
Debtors	43.7	27.6	48.1	39.9
Creditors < 1 year	(274.3)	(276.9)	(311.0)	(266.4)
Creditors > 1 year	(29.9)	(25.3)	(45.1)	(37.5)
Capital employed	<u>697.1</u>	<u>913.6</u>	<u>876.5</u>	<u>728.6</u>
Net cash / (debt)	71.3	249.2	(255.1)	(260.3)
Crosby	n/a	n/a	n/a	153.1
Net assets	<u>768.4</u>	<u>1,162.8</u>	<u>621.4</u>	<u>621.4</u>
Net asset value per share	640p	971p	518p	
Gearing	–	–	38.1%	



## *Inventories*

	<u>At 31 Oct</u> <u>2005</u>	<u>At 31 Oct</u> <u>2004</u>	<u>At 30 Apr</u> <u>2005</u>	<u>At 30 Apr</u> <u>2005</u> <i>(ex Crosby)</i>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Land not under development	135.0	175.3	100.3	100.3
Work in progress: Land cost	<u>291.7</u>	<u>384.5</u>	<u>472.5</u>	<u>353.2</u>
	426.7	559.8	572.8	453.5
Build cost	367.5	457.7	430.7	393.3
Completed units	79.9	85.5	92.9	66.2
Part exchanges	<u>5.0</u>	<u>6.0</u>	<u>6.6</u>	<u>5.5</u>
	<u>879.1</u>	<u>1,109.0</u>	<u>1,103.0</u>	<u>918.5</u>



## *Geographical Analysis of Residential Units Sold*

	<u>6 Months to</u> <u>Oct 2005</u>		<u>6 Months to</u> <u>Oct 2004</u>		<u>12 Months to</u> <u>Apr 2005</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
<i>Continuing operations</i>						
London	1,128	68	918	76	1,682	73
South East	528	32	358	24	610	27
	<u>1,656</u>	<u>100</u>	<u>1,276</u>	<u>100</u>	<u>2,292</u>	<u>100</u>
Joint ventures	<u>254</u>		<u>426</u>		<u>864</u>	



## Geographical Analysis of Residential Turnover

<i>Continuing operations</i>	<u>6 Months to Oct 2005</u>			<u>6 Months to Oct 2004</u>			<u>12 Months to Apr 2005</u>		
	<u>£m</u>	<u>%</u>	<u>ASP £'k</u>	<u>£m</u>	<u>%</u>	<u>ASP £'k</u>	<u>£m</u>	<u>%</u>	<u>ASP £'k</u>
London	381.5	77	325	281.3	74	293	539.7	73	328
South East	114.3	23	222	100.3	26	280	198.7	27	269
	<u>495.8</u>	<u>100</u>	<u>292</u>	<u>381.6</u>	<u>100</u>	<u>290</u>	<u>738.4</u>	<u>100</u>	<u>309</u>



## *Land Bank (excluding Crosby)*

	<u>At 31 Oct</u> <u>2005</u>	<u>At 31 Oct</u> <u>2004</u>	<u>At 30 Apr</u> <u>2005</u>
Owned	19,222	19,106	20,091
Contracted	3,024	3,023	2,680
Agreed	<u>1,951</u>	<u>218</u>	<u>352</u>
<b>Plots</b>	<b>24,197</b>	<b>22,347</b>	<b>23,123</b>
Sales value	£6,119m	£5,847m	£5,931m
Average selling price	£253k	£262k	£257k
Average plot cost	£30k	£36k	£32k
Land cost %	12.0%	13.9%	12.4%
Gross margin	£1,683m	£1,650m	£1,671m
GM%	27.5%	28.2%	28.2%

- Includes joint venture land holdings, of which 3,992 plots are in St James
- Current year and comparatives are stated on an IFRS basis



## ***Largest London Sites Released to Market***

	<u>Total</u>	<u>Complete</u>	<u>Exchanged</u>	<u>Resv'd</u>	<u>Available</u>	<u>Not Released</u>
Beaufort Park, Hendon	2,800	-	72	13	16	2,699
Imperial Wharf, Chelsea	1,880	578	103	4	20	1,175
St George Wharf, Vauxhall	1,426	668	100	-	2	656
Woolwich Arsenal	1,252	692	304	6	64	186
Battersea Reach	1,134	182	41	13	7	891
Chelsea Bridge Wharf	842	558	148	13	38	85
Brookmill Road, Deptford	757	620	86	4	47	-
Grosvenor Waterside, W'minster	702	69	437	2	53	141
New River Village, Hornsey	654	171	236	7	11	229
Tabard Square, Long Lane	574	2	479	7	26	60
Kew Riverside	536	475	47	2	12	-
Bromyard Avenue, Acton	521	2	300	6	65	148
Royal Quarter, Kingston	447	394	15	18	10	10
Tempus Wharf, Bermondsey	198	142	36	2	18	-
Kew Riverside Park	192	67	4	6	5	110
Bow Central, Bow	160	149	7	4	-	-
Z Apartments, Aragon Tower	158	-	84	8	54	12
	<u>14,233</u>	<u>4,769</u>	<u>2,499</u>	<u>115</u>	<u>448</u>	<u>6,402</u>





## ***Largest Non-London Sites Released to Market***

	<u>Total</u>	<u>Complete</u>	<u>Exchanged</u>	<u>Resv'd</u>	<u>Available</u>	<u>Not Released</u>
Gunwharf Resid'l, Portsmouth	896	387	203	109	35	162
Knowle Village, Hampshire	543	340	11	1	8	183
The Waterways, Oxford	525	481	31	4	6	3
The Hamptons, Worcester Park	500	168	14	10	54	254
Royal Clarence Yard, Gosport	372	177	1	1	30	163
Leybourne Lakes, Larkfield	327	307	-	3	17	-
Oxford Waterfront	249	2	49	2	2	194
Go Ahead, Oxford	229	78	36	7	10	98
Ropetackle, Shoreham	181	127	39	1	12	2
Lower Earley, Reading	150	13	56	6	45	30
Sandleford Hospital, Newbury	115	39	6	8	6	56
Macellum Gate, Chichester	106	98	1	5	2	-
	<u>4,087</u>	<u>2,119</u>	<u>446</u>	<u>152</u>	<u>225</u>	<u>1,145</u>



**TONY PIDGLEY**

**MANAGING DIRECTOR**





## ***Managing Director's Review***

- **Cash Generation to secure the £12 return**
- **Position Berkeley for now and the future**
  - **Cyclical business requires flexibility**
  - **Focus on strengths**
  - **Balance Risk**
- **Maximise the residual business**



## *Questions*

**Roger Lewis**

**Tony Pidgley**

**Rob Perrins**

**Tony Carey**

**Greg Fry**

**Chairman**

**Managing Director**

**Finance Director**

**Executive Director**

**Executive Director**

