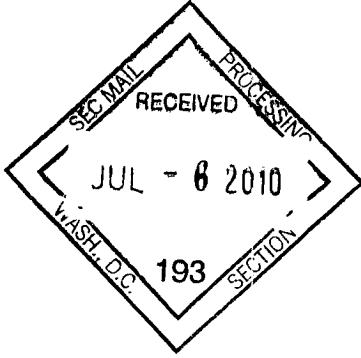




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BERKELEY
TECHNOLOGY
LIMITED

BERKELEY TECHNOLOGY LIMITED
ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

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FINANCIAL HIGHLIGHTS

(Under U.S. GAAP)

(In thousands, except per share and ADS amounts or as noted)

	Year Ended December 31,	
	2009	2008
Net loss	\$ (2,287)	\$ (1,571)
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)
Basic and diluted loss per ADS	\$ (0.45)	\$ (0.31)
Ordinary Shares outstanding (including ADSs)	64,439	64,439
Shareholders' equity	\$ 12,747	\$ 14,979
Net asset value per share ⁽¹⁾	\$ 0.25	\$ 0.29
Net asset value per ADS ⁽¹⁾	\$ 2.50	\$ 2.94

⁽¹⁾ Based on the net asset value of the Group after deducting the cost of the shares held by the employee benefit trusts, and on the number of shares outstanding excluding the shares held by the employee benefit trusts.

As used herein, the terms “Company,” “we,” “us” and “our” refer to *Berkeley Technology Limited*. Except as the context otherwise requires, the term “Group” refers collectively to the Company and its subsidiaries.

ORGANIZATIONAL STRUCTURE

We currently have one business segment that we operate through our subsidiaries: venture capital consulting and investments. Our principal operating subsidiaries, by location, are set forth below:

Principal Subsidiaries	Business Segment	Location
Berkeley International Capital Corporation	Venture capital	San Francisco, California
Berkeley VC LLC	Venture capital	San Francisco, California

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Arthur I. Trueger, Executive Chairman and Principal Financial Officer

Mr. Trueger is the founder and a principal shareholder of Berkeley Technology Limited. He has worked for us for more than 30 years and holds A.B., M.A. and J.D. degrees from the University of California.

Victor A. Hebert, Non-Executive Director

Mr. Hebert has been a non-executive director since the Company’s incorporation in January 1985 and Deputy Chairman since February 1996. In October 2008, Mr. Hebert joined Burrill & Company as Managing Director, Chief Administrative Officer and Chief Legal Officer. Burrill & Company, based in San Francisco, is a global leader in life sciences with principal activities in venture capital, private equity, merchant banking and media. Previously, Mr. Hebert practiced law with Heller Ehrman LLP since 1962. Mr. Hebert is a member of the Compensation Committee.

Harold E. Hughes, Non-Executive Director

Mr. Hughes has been a non-executive director since January 1987. He has been Chief Executive Officer of Rambus, Inc., a chip-semiconductor interface supplier, since January 2005, and a director of Rambus since June 2003. Previously, he was Chairman of Pandesic LLC, an eCommerce software supplier owned jointly by Intel Corporation and SAP, from 1997 to 2000. Prior to Pandesic, he was employed by Intel Corporation for 23 years, during which time he held a number of positions in financial and operational management. He previously served on the boards of Xilinx, Inc. and REMEC, Inc., having resigned those board seats in 2006 and 2005, respectively. Mr. Hughes is a member of the Audit, Business Development and Compensation Committees.

The Viscount Trenchard, Non-Executive Director

Lord Trenchard has been a non-executive director since August 1999. He was appointed a Managing Director of Mizuho International plc in 2007, and became a director of Bache Global Series also in 2007. Previously, Lord Trenchard was a Senior Adviser to Prudential Financial, Inc., a provider of international private client wealth management services, from 2002 to 2008. He was a director of Robert Fleming and Co. Limited, or one of its principal subsidiaries, from 1996 to 2000, where he was also head of Japanese Investment Banking. He was a director of Kleinwort Benson Limited from 1986 to 1996, whose Tokyo office he managed for many years. Lord Trenchard is a member of the Audit and Business Development Committees.

REVIEW OF THE YEAR

We are an international venture capital consulting company incorporated under the laws of Jersey, Channel Islands, with an office in San Francisco, California. Our typical client is a Silicon Valley technology company or a large international telecommunications company. Our objective is to use consulting revenues to finance the development of large European and Asian telecommunications company relationships with Silicon Valley technology companies. These relationships have led to several equity investments by one client, and new opportunities generated through others. In 2009, we established additional equity positions in existing investments through direct investment and through equity rights received as part of our consulting activities.

By definition, venture capital consulting operates in a highly volatile environment, even more so than the economy as a whole. This industry faces significant challenges in this adverse environment, especially related to the raising of new funds. Operating in this segment creates the potential for tremendous growth, but is also subject to a high level of risk. Our Company is therefore challenged, not only by the severe downturn in the economy, but also by the particular complications facing those companies operating in the venture capital markets. From these challenges come opportunities that may reward patience and discipline. In addressing these challenges, we are taking significant steps to curtail and contain our expenditures while aggressively pursuing new business opportunities. We have reduced staffing levels significantly and focused operations on our core expertise. As much smaller and cost efficient, we expect to more easily capitalize on positive revenue events with our current and future clients.

Consulting fee revenues remained relatively consistent in 2009 compared to 2008 even though there were changes in our client base. Operating expenses decreased by \$0.6 million in 2009, primarily due to lower staff costs. Interest income declined by \$273,000 due to declining balances as well as lower interest rates. Net realized investment gains in 2009 of \$64,000 were lower than in 2008.

In December 2008, we received a \$1.3 million partial distribution from the Enron Corporation securities litigation. In December 2009, we received an additional distribution of \$264,000 from the Enron securities litigation. These payments recover part of the losses that we realized in 2002 upon the sale of publicly traded Enron bonds. The \$264,000 in recoveries in 2009 was offset by a reduction in the carrying value of one of our private equity investments during difficult market conditions. Our review of investment values identified "other-than-temporary" impairments and thus write-downs were taken during 2009 totaling \$0.2 million.

Our consolidated net loss, computed in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), for the year ended December 31, 2009, was \$(2.3) million, or \$(0.04) per diluted share and \$(0.45) per diluted ADR, compared with consolidated net loss of \$(1.6) million, or \$(0.03) per diluted share and \$(0.31) per diluted ADR, for the year ended December 31, 2008. No dividends will be paid on the outstanding shares and ADRs for 2009. In order to reduce and contain costs, we decided to terminate our ADR program.

REPORT OF THE DIRECTORS

The directors present this report and the consolidated financial statements of the Company for the year ended December 31, 2009.

Principal Activities

The primary activity of the Company and its subsidiaries is venture capital consulting. The Company is incorporated in Jersey, Channel Islands.

Share Capital

As of December 31, 2009, the Company had authorized share capital of 86,400,000 Ordinary Shares with a par value of \$0.05, of which 64,439,073 shares were issued and outstanding. All of the Company's shares are listed on the London Stock Exchange ("LSE"). Shares were also traded in the form of American Depositary Shares ("ADSs"), which were evidenced by American Depositary Receipts ("ADRs"), in the United States in the ratio of ten Ordinary Shares to each ADS. The ADSs traded on the Over-the-Counter ("OTC") Bulletin Board. As part of our cost reduction measures, the offering of ADRs was terminated on January 20, 2010. Our Deposit Agreement with The Bank of New York Mellon will terminate on April 20, 2010. We entered into an amendment to our Deposit Agreement on January 20, 2010, to decrease from one year to thirty (30) days the amount of time that must pass after termination of the Deposit Agreement before The Bank of New York Mellon may sell any ADRs that have not been surrendered. The Bank of New York Mellon notified our ADR holders, by letter dated January 20, 2010, of their right to surrender their ADRs for our Ordinary Shares on or before May 20, 2010. If any of the ADR holders do not surrender their ADRs for our Ordinary Shares by May 20, 2010, The Bank of New York Mellon will use reasonable efforts to sell such ADRs and such ADR holders will receive the net proceeds of sale upon any subsequent surrender of such ADRs. On February 14, 2003, warrants to purchase 1,933,172 of the Company's Ordinary Shares at a price of £0.1143 were issued to the Bank of Scotland in connection with the Term Loan and Guarantee Facility entered into between the Company and Bank of Scotland. This bank facility was repaid fully and terminated in June 2003. These warrants expired, unexercised, on February 14, 2010.

Directors

The directors of the Company who served throughout the year were:

Arthur I. Trueger, *Executive Chairman*
Victor A. Hebert
Harold E. Hughes
The Viscount Trenchard

The Company's Articles of Association provide that at each Annual General Meeting, one-third (or the number nearest to but not exceeding one-third) of the directors other than the Executive Chairman shall retire from office by rotation. Under the Articles of Association, there shall be no less than three directors. The directors, other than the Executive Chairman, are elected to hold office until they are subject to retirement by rotation. Retiring directors may be eligible for re-election.

The Viscount Trenchard retires by rotation and, being eligible, offers himself for re-election.

Except as noted below, no director or his dependants had any interest in the share capital of the Company or its subsidiaries at any time during the year, nor any entitlements under the Company's share option plans.

The interests of the directors and their dependants in the shares of the Company, all being held beneficially, as of December 31, 2009 were as follows:

	Ordinary Shares	Ordinary Share Options ⁽¹⁾
	-----	-----
Arthur I. Trueger.....	19,260,693	2,000,000
Victor A. Hebert.....	45,000	120,000
Harold E. Hughes.....	-	140,000
The Viscount Trenchard.....	-	120,000

(1) All vested at March 31, 2010, except for 50,000 options held by Mr. Hebert, 50,000 options held by Mr. Hughes and 50,000 options held by the Viscount Trenchard.

All directors' interests were held at both December 31, 2009 and March 31, 2010.

In addition to Mr. Trueger, who has an interest in 29.9% (19,260,693 shares) of the Company's issued share capital, the Company is aware of the following shareholders with an interest in 3% or more of the issued share capital as of March 31, 2010:

	Ordinary Shares	Percentage Held
	-----	-----
The London Pacific Group 1990 Employee Share Option Trust ⁽¹⁾	13,084,681	20.3%
SC Fundamental LLC	9,964,210 ⁽²⁾	15.5%
Mr. P. Gyllenhammar ⁽³⁾	5,175,000	8.0%
Bronsstädet AB	3,130,000	4.9%
The Union Discount Company of London Limited.....	2,045,000	3.2%

(1) 2,000,000 of these shares are under option (at an exercise price of \$5.40) to Arthur I. Trueger and are not included in the 29.9% above.

(2) Held in ADR form.

(3) Includes interest in the shares held by The Union Discount Company of London Limited and Bronsstädet AB, shown below.

Except as noted above, there were no other interests of the directors in any contract of significance to which the Company or any of its subsidiaries was a party at any time during or at the end of the year.

Corporate Governance

There is no general code of practice covering corporate governance in Jersey. Inevitably, our corporate governance procedures are affected by the small size of our company with only five employees. The most significant way in which the Company's corporate governance practice differs from the "Combined Code on Corporate Governance" in the United Kingdom is that the role of Chairman and Chief Executive Officer is combined. Also, all three non-executive directors have been directors for over ten years, but the board considers all three non-executive directors as independent in character and judgment. None of the directors has a service contract with the Company.

Meetings of the Board

The board of directors held four meetings during 2009. The Board has three committees: Audit, Compensation and Business Development. The Audit Committee held four meetings during 2009, and there were no meetings held by the Compensation Committee and the Business Development Committee. Director attendance at all Board and committee meetings was 100% during 2009.

Committees of the Board

- Audit Committee: Harold E. Hughes (Chairman), The Viscount Trenchard
- Compensation Committee: Victor A. Hebert (Chairman), Harold E. Hughes
- Business Development Committee: Harold E. Hughes, The Viscount Trenchard

Statement of Directors' Responsibilities and Approval of the Annual Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies (Jersey) Law 1991. The directors have opted to prepare financial statements for the Group in accordance with Accounting Principles Generally Accepted in the United States ("U.S. GAAP").

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Berkeley Technology Limited and its subsidiaries.

The directors also prepared the other information included in this Annual Report and are responsible for both its accuracy and its consistency with the financial statements.

The directors also have general responsibility for selecting suitable accounting policies and applying them consistently, and for taking such steps as are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud, credit risk, liquidity risk, operational risk and other irregularities. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group and the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the Company and the Group is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, BDO LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO LLP's audit report is presented on page 40.

Results and Dividends

The Group's consolidated net loss for the year amounted to \$2.3 million. In view of the Company's requirement to conserve cash in order to meet the operating needs and growth opportunities of the business, an interim dividend for 2009 was not paid and the board of directors will not be recommending a final dividend for the year 2009.

The London Pacific Group 1990 Employee Share Option Trust has waived its entitlement to dividends.

Taxation Implications

Under the new tax system in Jersey, the Company will be required to send out details of deemed dividend distributions to Jersey resident shareholders who own more than 2% of the Company's ordinary shares for their proportionate share of the Company's taxable profits after deducting allowable tax losses carried forward. We are not aware of any shareholder in the Company currently in this category. It is unlikely there will be any Jersey income tax credit arising on any future dividends. Shareholders should consult their tax advisor with respect to their own tax positions.

Auditors

BDO LLP and BDO Seidman, LLP have indicated their willingness to continue in office.

During 2009, the Company's Audit Committee pre-approved all audit and permissible non-audit related fees incurred with BDO LLP and BDO Seidman, LLP. The Audit Committee considered and concluded that the provision of the non-audit services during 2009 was compatible with maintaining the independence of BDO LLP and BDO Seidman, LLP.

By Order of the Board

Robert A. Cornman
Secretary

One Castle Street
St. Helier JE2 3RT
Jersey, Channel Islands

March 31, 2010

MANAGEMENT REPORT

This Management Report should be read in conjunction with the audited consolidated financial statements, and the notes thereto, presented in this Annual Report. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. This section should also be read in conjunction with the Cautionary Statement included in this Annual Report.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

Prior to the third quarter of 2009, the Company's reportable operating segments were classified according to its businesses of consulting in venture capital, and life insurance and annuities. As the Company ceased its insurance business during the third quarter of 2009, only one operating business remains: consulting in venture capital. Beginning with the third quarter of 2009, the Company changed its reporting of results to a consulting company format with only one operating business segment (consulting in venture capital). Certain reclassifications were made to prior period amounts to conform with the current period's presentation. These reclassifications had no effect on the net income or shareholders' equity for the prior periods.

2009 compared to 2008

Consulting fee revenues remained relatively consistent even though there were changes in our client base. A contract was entered into with a client in early 2008 that generated \$0.4 million in consulting fees during 2008; however, that contract ran only through the end of 2008. Contracts were entered into with a new client during 2009 that generated \$0.3 million in consulting fees in 2009. The latest contract for this client expires at the end of March 2010 however, a new arrangement has been agreed in principal for slightly reduced services and fees.

Under a consulting arrangement with a client we had in 2007, we are entitled to earn additional compensation in the future depending upon the performance of certain venture capital investments made with our assistance by that client during 2007. Any such compensation would be paid to us as a proportion of any capital gain realized by the client, after deducting certain costs, upon a defined realization of the investment by the client. To date, no such compensation has been realized, however we expect that one or more realizations is likely to occur.

Cost of services decreased by \$65,000 in 2009 compared to 2008, primarily due to reductions in staff costs.

Selling, general and administrative expenses decreased significantly by \$0.6 million to \$2.1 million in 2009, compared to \$2.7 million in 2008. This decrease was due to \$0.5 million lower staff costs, net of contractually required employment obligations to our then U.K. based Chief Financial Officer. These costs were fully paid by June 30, 2009. Also for 2009, there were substantial additional staff cost savings related to an employee who left the company in the fourth quarter of 2008. In 2009, there was no additional expense related to the \$0.1 million in web development costs paid to a third party vendor subsequent to our decision not to go forward with a web based project in 2008.

In 2009, our operating loss was \$2.4 million (which includes \$0.4 million of non-recurring compensation related to Mr. Whitehead, whose employment terminated on June 30, 2009), compared to an operating loss of \$3.0 million in 2008. This decrease in loss was attributable to a \$0.6 million decrease in operating expenses due to cost reduction measures as discussed above.

Interest Income

2009 compared to 2008

Interest income decreased by \$273,000 to \$41,000 for 2009 compared to \$314,000 in 2008, due to declining cash balances, as well as to lower interest rates. As of December 31, 2009, our cash and cash

equivalents amounted to \$11.5 million, a decrease of \$2.2 million from December 31, 2008. This decrease resulted primarily from the use of cash in operating activities. We are continuing to implement, and realize, a wide array of cost reduction measures in order to preserve cash, while seeking higher yields on cash balances.

Realized Investment Gains and Losses

2009 compared to 2008

Net realized investment gains for 2009 were \$64,000, compared to \$1.1 million for 2008.

In February 2008, the Group received a final WorldCom distribution of \$0.27 million. LPAL held certain WorldCom, Inc. publicly traded bonds which it sold at a loss in 2002. This payment recovers part of the realized loss recognized by LPAL in 2002. Our total recovery from WorldCom totaled \$1.5 million during 2007 and 2008.

In December 2008, the Group received a partial distribution of \$1.37 million from the Enron Corporation securities litigation. In December 2009, the Group received an additional distribution of \$264,000. LPAL held certain Enron Corporation publicly traded bonds which it sold at a loss in 2002. These two payments totaling almost \$1.64 million recover part of the realized loss recognized by LPAL in 2002. The timing and amount of future Enron distributions is currently uncertain.

The WorldCom and Enron 2008 payments received were offset by other-than-temporary impairment write-downs totaling \$0.5 million on one of LPAL's private equity investments. The Enron 2009 payment received was offset by other-than-temporary impairment write-down of \$0.2 million in the same private equity investment.

Cost Containment and Cash Preservation Measures

We have implemented and are realizing significant cost savings due to a wide range of expense reduction measures. Staffing levels were reduced in 2008, and again in 2009, and all contractual employment obligations were fully paid by June 30, 2009. Our San Francisco office lease was successfully negotiated at a significantly reduced rent. We were able to obtain insurance coverage at substantially reduced rates. We have reduced our legal and other professional expenses.

We have focused our resources and have decided to close our Jersey insurance business. This insurance business was regulated which required audit fees and expenses, actuary fees, independent director fees, administrative expenses and other related costs. We are also closing several dormant subsidiaries, all which will reduce our auditing and administrative costs.

We are also reducing costs by eliminating our ADR program. These costs include additional auditing fees and expenses, staffing costs (reduction of an additional employee), other professional and administrative fees and related costs.

These cost containment measures are expected to significantly reduce the use of cash for operating activities.

INCOME TAXES

We are subject to taxation on our income in all countries in which we operate based upon the taxable income arising in each country. However, realized gains on certain investments are exempt from Jersey and Guernsey taxation. Through 2008, we were subject to income tax in Jersey at a rate of 20%. For 2009, under a new tax system in Jersey, Channel Islands, our tax rate is zero. (See discussion of the new tax system in Jersey in Part II, Item 5, "Taxation.") In the United States, we are subject to both federal and California taxes at rates up to 34% and 8.84%, respectively.

2009 compared to 2008

In 2009, we received a \$13,000 payment from London Pacific Life & Annuity Company (“LCL”) for the use of our federal net operating losses to reduce LCL’s alternative minimum tax expense as a result of the consolidation of LCL in our U.S. tax group’s consolidated returns, which offset \$2,000 minimum California taxes, resulting in an \$11,000 tax benefit to the Group for 2009. For more information, see Note 6 “Income Taxes” to our consolidated financial statements included in Item 8 of this Form 10K. Other than these taxes and benefits, no other tax expense or benefits were applicable to our Group for 2009. A loss before income taxes of \$1.4 million was contributed by our Jersey operations, and a loss before income taxes of \$0.9 million was contributed by our U.S. operations; however, we did not recognize any tax benefits due to the 100% valuation allowances that we have provided for all deferred tax assets. In 2008, our tax expense was \$4,000, comprised of \$2,000 in minimum California taxes and \$2,000 in federal alternative minimum taxes, caused by the consolidation of LCL in our U.S. tax group’s consolidated returns.

CRITICAL ACCOUNTING POLICIES

Management has identified those accounting policies that are most important to the accurate portrayal of our financial condition and results of operations and that require management’s most complex or subjective judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These most critical accounting policies pertain to our investments, life insurance policy liabilities, revenue recognition, and assumptions used to value share options granted. These critical accounting policies are described below.

Accounting for Investments

From January 1, 2008, our primary business for financial reporting purposes is considered to be consulting in venture capital. As such, our private equity investments are carried at cost less any other-than-temporary impairments. Previously, we carried our private equity investments at fair value in accordance with the accounting guidance related to insurance companies. With respect to our private equity investments held at December 31, 2007, our best estimate of their fair value was their cost basis. Therefore, the change from an insurance company for financial reporting purposes to a consulting company as of January 1, 2008 did not have an impact on the carrying values of our private equity investments.

Our private equity investments for 2008 and 2009 are less than 20% in the investee companies, and we do not have any significant influence on the investee companies. Accordingly, all such investments are accounted for with the cost method. We evaluate the Group’s investments for any events or changes in circumstances (“impairment indicators”) that may have significant adverse effects on our investments. If impairment indicators exist, then the carrying amount of the investment is compared to its estimated fair value. If any impairment is determined to be other-than-temporary, then a realized investment loss would be recognized during the period for which we make such determination.

Determination of Fair Values of Investments

When a quoted market price is available for a security, we use this price in the determination of fair value. If a quoted market price is not available for a security, management estimates the security’s fair value based on valuation methodologies as described below.

We hold investments in privately held equity securities, primarily convertible preferred stock in companies doing business in various segments of technology industries. These investments are normally held for a number of years. Investments in convertible preferred stock come with rights that vary dramatically both from company to company and between rounds of financing within the same company. These rights, such as anti-dilution, redemption, liquidation preferences and participation, bear directly on the price an investor is willing to pay for a security. The returns on these investments are generally realized through an initial public offering of the company’s shares or, more commonly, through the company’s acquisition by a public company.

One of the factors affecting fair value is the amount of time before a company requires additional financing to support its operations. Management believes that companies that are financed to the estimated point of operational profitability or for a period greater than one year will most likely return value to the investor through an acquisition between a willing buyer and seller, as the company does not need to seek financing from an opportunistic investor or insider in an adverse investment environment. If a particular company needs capital in the near term, management considers a range of factors in its fair value analysis, including our ability to recover our investment through surviving liquidation preferences. Management's valuation methodologies also include fundamental analysis that evaluates the investee company's progress in developing products, building intellectual property portfolios and securing customer relationships, as well as overall industry conditions, conditions in and prospects for the investee's geographic region, and overall equity market conditions. This is combined with analysis of comparable acquisition transactions and values to determine if the security's liquidation preferences will ensure full recovery of our investment in a likely acquisition outcome. In its valuation analysis, management also considers the most recent transaction in a company's shares.

The accounting guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). That accounting guidance has also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 3 inputs apply to the determination of fair value for our private equity investments. These are unobservable inputs where the determination of fair values of investments requires the application of significant judgment. It is possible that the factors evaluated by management and fair values will change in subsequent periods, especially with respect to our privately held equity securities in technology companies, resulting in material impairment charges in future periods. From January 1, 2008, only other-than-temporary impairments will be recognized and the carrying value of a private equity investment cannot be increased above its cost unless the investee company completes an initial public offering or is acquired.

Other-than-temporary Impairments of Investments

Management performs an ongoing review of all investments in the portfolio to determine if there are any declines in fair value that are other-than-temporary.

In relation to our private equity securities that do not have a readily determinable fair value, factors considered in impairment reviews include: (i) the length of time and extent to which estimated fair values have been below cost and the reasons for the decline, (ii) the investee's recent financial performance and condition, earnings trends and future prospects, (iii) the market condition of either the investee's geographic area or industry as a whole, and (iv) concerns regarding the investee's ability to continue as a going concern (such as the inability to obtain additional financing). If the evidence supports that a decline in fair value is other-than-temporary, then the investment is reduced to its estimated fair value, which becomes its new cost basis, and a realized loss is reflected in earnings.

The evaluations for other-than-temporary impairments require the application of significant judgment. It is possible that the impairment factors evaluated by management and fair values will change in subsequent periods, especially with respect to privately held equity securities in technology companies, resulting in material impairment charges in future periods.

Revenue Recognition

The timing of revenue recognition for consulting services requires a degree of judgment. Under revenue accounting guidance, revenue is realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed and determinable and collectibility is reasonably assured. We recognize consulting fee revenues in our consolidated statement of operations as the services are performed, if all the conditions of the guidance are met. We do not recognize performance based revenues under a consulting arrangement until the payments are earned, the client has acknowledged the liability and collectibility is reasonably assured.

Valuation of Share Options Granted

We calculate the fair value of share option grants to employees using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's share options. The Black-Scholes model also requires subjective assumptions, including future share price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. The expected volatility is based on the historical volatility of the Company's share price. These factors could change in the future, which would affect the share based compensation expense in future periods, if the Company, through the ESOT, should grant additional share options. It should be noted, however, that share based compensation expense in the Company's consolidated statement of operations has no negative impact on total shareholders' equity because there is an offsetting entry to additional paid-in capital in the Company's consolidated balance sheet.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 1 to the Consolidated Financial Statements included in this Annual Report for a summary of recently issued accounting pronouncements.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents decreased during 2009 by \$2.2 million from \$13.7 million as of December 31, 2008 to \$11.5 million as of December 31, 2009. This decrease in cash and cash equivalents resulted from \$2.2 million of cash used in operating activities which includes contractually required payments to our then U.K. based Chief Financial Officer as well as payments of all three remaining insurance policies due to their maturities in the first half of 2009. Our cost savings measures are expected to significantly reduce our use of cash for operating activities. Cash provided by investing activities primarily resulted from the \$264,000 partial proceeds from the Enron securities litigation settlement net of \$117,000 cash used to purchase private equity investments during 2009.

Shareholders' equity decreased during 2009 by \$2.3 million from \$15.0 million at December 31, 2008 to \$12.7 million as of December 31, 2009, primarily due to the net loss for the period of \$2.3 million. As of December 31, 2009 and 2008, \$62.6 million of our Ordinary Shares, at cost, held by the employee benefit trusts have been netted against shareholders' equity.

As of December 31, 2009, we had no bank borrowings, guarantee obligations, material commitments outstanding for capital expenditures or additional funding for private equity portfolio companies.

As of December 31, 2009, we had \$11.5 million of cash and cash equivalents of which \$2.8 million was only available to fund the operations or commitments of LPAL, a wholly owned subsidiary. LPAL needed to obtain the permission of the Jersey Financial Services Commission if LPAL funds were to be used to fund operations or commitments outside of the LPAL entity. We believe that the remainder of our cash balance at December 31, 2009 of \$8.7 million alone is sufficient to fund our operations (consulting in venture capital and corporate activities) over at least the next twelve months.

PRINCIPAL RISKS AND UNCERTAINTIES

We consider the principal risks and uncertainties for 2010 to be the following: (1) the level of consulting fee revenues is expected to be volatile depending on the nature and extent of our work at any point in time, particularly in the current economic environment; (2) by their very nature, venture capital investments are risky, and the private equity investments held by the Company could decline in value; and (3) U.S. dollar interest rates may continue to remain at a very low level thereby minimizing our interest income.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	December 31,	
	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,480 ⁽¹⁾	\$ 13,681
Accounts receivable, less allowances of \$0 December 31, 2009 2008	141	222
Interest receivable	-	1
Prepaid expenses and deposits	68	147
Total current assets	11,689	14,051
Private equity investments (at lower of cost or estimated fair value)	1,469 ⁽¹⁾	1,484
Property and equipment, net of accumulated depreciation of \$181 and \$177 as of December 31, 2009 and 2008, respectively	6	9
Total assets	\$ 13,164	\$ 15,544
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 417	\$ 459
Policyholder liabilities (due in less than one year)	-	106
Total current liabilities	417	565
Commitments and contingencies (See Note 8)		
Shareholders' equity:		
Ordinary shares, \$0.05 par value per share: 86,400,000 shares authorized; 64,439,073 shares issued and outstanding as of December 31, 2009 and 2008	3,222	3,222
Additional paid-in capital	67,915	67,789
Retained earnings	4,607	6,894
Employee benefit trusts, at cost (13,522,381 shares as of December 31, 2009 and 2008)	(62,598)	(62,598)
Accumulated other comprehensive loss	(399)	(399)
Total shareholders' equity	12,747	14,979
Total liabilities and shareholders' equity	\$ 13,164	\$ 15,544

⁽¹⁾ As of December 31, 2009, the Company's subsidiary, London Pacific Assurance Limited ("LPAL"), held \$2,816 of the Group's \$11,480 in cash and cash equivalents and \$844 of the Group's \$1,469 in private equity investments which were only available to fund the operations or commitments of LPAL, and not to the parent company or any of the other subsidiaries. As of December 31, 2009, LPAL needed to obtain the permission of the Jersey Financial Services Commission ("JFSC") if LPAL funds were to be used to fund operations or commitments outside of the LPAL entity. As of January 14, 2010, the JFSC approved LPAL's Cessation Of Business Plan and canceled LPAL's insurance permit. As of January 14, 2010, the foregoing restrictions no longer apply.

Arthur I. Trueger
Executive Chairman

The Viscount Trenchard
Director

March 31, 2010

See accompanying Notes which are an integral part of these Consolidated Financial Statements.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share and ADS amounts)

	Year Ended December 31,	
	2009	2008
Revenues:		
Consulting fee income.....	\$ 547	\$ 564
Total revenues	547	564
Operating expenses:		
Cost of services.....	804	869
Selling, general and administrative expenses.....	2,146	2,719
Total operating expenses	2,950	3,588
Operating loss	(2,403)	(3,024)
Interest income.....	41	314
Distributions from securities litigation settlements.....	264	1,643
Other-than-temporary impairment on investments.....	(200)	(500)
Loss before income tax expense	(2,298)	(1,567)
Income tax expense (benefit).....	(11)	4
Net loss	\$ (2,287)	\$ (1,571)
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)
Basic and diluted loss per ADS	\$ (0.45)	\$ (0.31)

See accompanying Notes which are an integral part of these Consolidated Financial Statements.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,	
	2009	2008
Net loss	\$ (2,287)	\$ (1,571)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5	6
Amounts credited on insurance policyholder accounts	1	6
Net realized investment gains and other-than-temporary impairment on investment	(64)	(1,143)
Net amortization of investment premiums and discounts.....	-	-
Share based compensation	55	71
Net changes in operating assets and liabilities:		
Accrued investment income	1	13
Other assets	92	218
Accounts payable, accruals and other liabilities	(43)	(74)
Net cash used in operating activities	(2,240)	(2,474)
Cash flows from investing activities:		
Purchases of private equity investments.....	(117)	-
Proceeds from WorldCom, Inc. and Enron securities litigation settlements	264	1,643
Capital expenditures	(2)	(2)
Net cash provided by investing activities	145	1,641
Cash flows from financing activities:		
Insurance policyholder benefits.....	(111)	-
Net cash used in financing activities	(111)	-
Effect of exchange rate changes on cash	(5)	(54)
Net decrease in cash and cash equivalents.....	(2,201)	(887)
Cash and cash equivalents at beginning of year	13,681	14,568
Cash and cash equivalents at end of year	\$ 11,480	\$ 13,681
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes (net of amounts recovered).....	\$ (11)	\$ 2
Non-cash investing activities:		
Exchange of receivable from former consulting client for additional private equity investment in former consulting client	\$ 68	\$ -

See accompanying Notes which are an integral part of these Consolidated Financial Statements.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Employee Benefit Trusts	Accumulated Other Compre- hensive Loss	Total Shareholders' Equity
	Number	Amount					
Balance as of January 1, 2008	64,439	\$ 3,222	\$ 67,789	\$ 8,465	\$ (62,598)	\$ (399)	\$ 16,479
Net loss	-	-	-	(1,571)	-	-	(1,571)
Share based compensation, including income tax effect of \$0	-	-	71	-	-	-	71
Balance as of December 31, 2008	<u>64,439</u>	<u>\$ 3,222</u>	<u>\$ 67,860</u>	<u>\$ 6,894</u>	<u>\$ (62,598)</u>	<u>\$ (399)</u>	<u>\$ 14,979</u>
Net loss	-	\$ -	\$ -	\$ (2,287)	\$ -	\$ -	\$ (2,287)
Share based compensation, including income tax effect of \$0	-	-	55	-	-	-	55
Balance as of December 31, 2009	<u>64,439</u>	<u>\$ 3,222</u>	<u>\$ 67,915</u>	<u>\$ 4,607</u>	<u>\$ (62,598)</u>	<u>\$ (399)</u>	<u>\$ 12,747</u>

See accompanying Notes which are an integral part of these Consolidated Financial Statements.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2009

As used herein, the term "Company" refers to Berkeley Technology Limited. Except as the context otherwise requires, the term "Group" refers collectively to the Company and its subsidiaries.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared by the Company in conformity with United States generally accepted accounting principles ("U.S. GAAP"). These consolidated financial statements include the accounts of the Company, its subsidiaries, the Employee Share Option Trust ("ESOT") and the Agent Loyalty Opportunity Trust ("ALOT"). Significant subsidiaries included in the operations of the Group and discussed in this document include Berkeley International Capital Corporation ("BICC"), Berkeley VC LLC ("BVC"), and London Pacific Assurance Limited ("LPAL"). All intercompany transactions and balances have been eliminated in consolidation.

From January 1, 2008, the consolidated balance sheets are presented in a classified format as is appropriate for a consulting company rather than in an unclassified format as is appropriate for a life insurance and annuities company. This change had no impact on the Company's shareholders' equity at January 1, 2008. The Group's primary business is now consulting in venture capital. See Note 2 "Investments" below for a discussion of the impact of this change on the Company's accounting policy for its private equity investments. For 2009, all consolidated financial statements are presented in a consulting company format.

The Company is incorporated under the laws of Jersey, Channel Islands. Its Ordinary Shares are traded on the London Stock Exchange and in the U.S. on the OTC Bulletin Board in the form of American Depositary Shares ("ADSs"), which are evidenced by American Depositary Receipts ("ADRs"). Each ADS represents ten Ordinary Shares. As part of our cost reduction measures, the offering of ADRs was terminated on January 20, 2010. Our Deposit Agreement with The Bank of New York Mellon will terminate on April 20, 2010. We entered into an amendment to our Deposit Agreement on January 20, 2010, to decrease from one year to thirty (30) days the amount of time that must pass after termination of the Deposit Agreement before The Bank of New York Mellon may sell any ADRs that have not been surrendered. The Bank of New York Mellon notified our ADR holders, by letter dated January 20, 2010, of their right to surrender their ADRs for our Ordinary Shares on or before May 20, 2010. If any of the ADR holders do not surrender their ADRs for our Ordinary Shares by May 20, 2010, The Bank of New York Mellon will use reasonable efforts to sell such ADRs and such ADR holders will receive the net proceeds of sale upon any subsequent surrender of such ADRs.

Pursuant to the regulations of the U.S. Securities and Exchange Commission ("SEC"), the Company is considered a U.S. domestic registrant and must file financial statements prepared under U.S. GAAP. As the Company is a "Smaller Reporting Company" as defined by SEC rules that became effective on February 4, 2008, only two years of financial statements are included herein.

Reclassifications

Certain prior year information has been reclassified to conform to current year presentation. The reclassifications had no effect on net loss or loss per share.

Cash and Cash Equivalents

The Group considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investments

As discussed above, from January 1, 2008, the Group's primary business for financial reporting purposes is now considered to be consulting in venture capital rather than life insurance and annuities. As such, the Group's private equity investments are now carried at cost less any other-than-temporary impairment, if any. Previously, the Group carried its private equity investments at fair value in accordance with the accounting guidance relating to insurance companies. With respect to the Group's private equity investments held at December 31, 2007, the Group's best estimate of their fair value was their cost basis. Therefore, the change from an insurance company for financial reporting purposes to a consulting company as of January 1, 2008 did not have an impact on the carrying values of the Group's private equity investments. Marketable debt and equity securities will be carried at fair value should the Group make such investments in the future.

As of December 31, 2009 and 2008, the Group's only investments were private equity securities.

As all of the Group's private equity investments for 2009 and 2008 are less than 20% in the investee companies, and the Group does not have any significant influence on the investee companies, all such investments are accounted for in accordance with the cost method. The Group's management evaluates the Group's investments for any events or changes in circumstances ("impairment indicators") that may have significant adverse effects on the Group's investments. If impairment indicators exist, then the carrying amount of the investment is compared to its estimated fair value. If any impairment is determined to be other-than-temporary, then a realized investment loss would be recognized during the period in which such determination is made by the Group's management.

The accounting guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). That accounting guidance has also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. See Note 9 "Fair Value Measurements and Disclosures" below for the three levels of the fair value hierarchy. Level 3 inputs apply to the determination of fair value for the Group's private equity investments. These are unobservable inputs where the determination of fair values of investments requires the application of significant judgment. From January 1, 2008, only other-than-temporary impairments will be recognized and the carrying value of a private equity investment cannot be increased above its cost unless the investee company completes an initial public offering or is acquired. During 2009, the Group determined that impairment indicators existed for one of its private equity investments, and then determined that the impairment was other-than-temporary. The Group recognized a realized investment loss in its consolidated statement of operations totaling \$200,000 on this investment during the first quarter of 2009. It is possible that the factors evaluated by management and fair values will change in subsequent periods, resulting in material impairment charges in future periods.

When a quoted market price is available for a security, the Group uses this price to determine fair value. If a quoted market price is not available for a security, management estimates the security's fair value based on appropriate valuation methodologies. Management's valuation methodologies include fundamental analysis that evaluates the investee company's progress in developing products, building intellectual property portfolios and securing customer relationships, as well as overall industry conditions, conditions in and prospects for the investee's geographic region, overall equity market conditions, and the level of financing already secured and available. This is combined with analysis of comparable acquisition transactions and values to determine if the security's liquidation preferences will ensure full recovery of the Group's investment in a likely acquisition outcome. In its valuation analysis, management also considers the most recent transaction in a company's shares.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Realized gains and losses on securities are included in net income using the specific identification method. Any other-than-temporary declines in the fair value of the Group's investments, below the cost or amortized cost basis, are recognized as realized investment losses in the consolidated statements of operations. The cost basis of such securities is adjusted to reflect the write-down recorded.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates sufficient to write-off such assets over their estimated useful lives on the following basis:

Furniture and equipment	- five years
Computer equipment, including software	- three to five years
Leasehold improvements	- life of lease

Assets held under capital leases are included in property, equipment and leasehold improvements and are depreciated over their estimated useful lives. The future obligations under these leases are included in accounts payable and accruals. Interest paid on capital leases is charged to the statement of operations over the periods of the leases.

Life Insurance Policy Liabilities, Revenues and Expenses

Life insurance policy liabilities, premium revenues and related expenses were accounted for in accordance with accounting guidance for insurance enterprises as follows:

i) Life insurance policy liabilities for deferred annuities were accounted for as investment-type insurance products and were recorded at accumulated value (premiums received, plus accrued interest to the balance sheet date, less withdrawals and assessed fees);

ii) Revenues for investment-type insurance products consisted of charges assessed against policy account values for surrenders; and

iii) Benefits for investment-type insurance products were charged to expense when incurred and reflect the claim amounts in excess of the policy account balance. Expenses for investment-type products included the interest credited to the policy account balance.

Revenue Recognition

Consulting fees are recognized in income on an accrual basis, based upon when services are performed and in accordance with accounting revenue guidance. Under the guidance, revenue is realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed and determinable and collectibility is reasonably assured. Performance based revenues under a consulting arrangement are not recorded until the payments are earned, the client has acknowledged the liability in writing and collectibility is reasonably assured.

Investment income comprises interest on fixed maturity securities and cash balances and is accounted for on an accrual basis. Dividends are accounted for when declared.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Share Based Compensation

Equity compensation plan

The London Pacific Group 1990 Employee Share Option Trust ("ESOT"), which was approved by shareholders in 1990, provides for the granting of share options to employees and directors. Such grants to employees and directors are generally exercisable in four equal annual installments beginning one year from the date of grant, subject to employment continuation, and expire seven to ten years from the date of grant. Until August 2008, options were generally granted with an exercise price equal to the fair market value of the underlying shares at the date of grant. On August 19, 2008, the exercise price of 4,450,000 options granted on March 27, 2007 to employees and directors was modified from \$0.10 to \$0.31, the net book value of the shares as of December 31, 2006. Until further notice, new option grants will have an exercise price equal to the net book value of the shares as of the end of the previous quarter.

Share based compensation expense

The accounting guidance for share based payments establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains employee services in share based payment transactions. A public entity is required to measure the cost of employee services received in exchange for an award of equity instruments, including share options, based on the fair value of the award on the grant date, and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period. Companies are required to estimate the fair value of share based payment awards on the date of grant using an option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statement of operations.

Share based compensation expense recognized in the Company's consolidated statement of operations for the year ended December 31, 2009 and 2008 includes compensation expense for share options granted prior to, but not yet vested as of December 31, 2005, as well as compensation expense for 4,500,000 share options granted to employees and directors on March 27, 2007, and 3,450,000 share options granted to employees and directors on August 20, 2008. No share options were granted during 2006 or 2009. The accounting guidance for share based payment requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share based compensation expense calculated is to be based on awards ultimately expected to vest, and therefore the expense should be reduced for estimated forfeitures. The Company's estimated forfeiture rate of zero percent for the first six months of 2008 and for the full year 2009 was based upon the fact that all unvested options related to longstanding employees and directors. However, in September 2008, an employee gave notice of his resignation effective at the end of October 2008. As such, 2,900,000 unvested options were forfeited on October 31, 2008. As these forfeitures were expected as of September 30, 2008, share based compensation expense was reduced in the third quarter of 2008 by \$18,000. This represents the reversal of share based compensation expense amortization through the third quarter of 2008 related to the 2,900,000 unvested and forfeited options. In August 2008, the Company gave notice to its then Chief Financial Officer that his current employment agreement would end on June 30, 2009. As a result, this employee forfeited 500,000 options that were unvested as of June 30, 2009. The Company's net share based compensation expense for 2009 reflects the forfeiture of the 500,000 options. A further 2,700,000 vested options were forfeited by the ex-Chief Financial Officer on July 31, 2009 as they expired, unexercised. Despite the departure of these two employees, the Group's management continues to believe that a zero percent forfeiture rate for future periods is appropriate.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The accounting guidance for share based payment requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. As there were no share option exercises during 2009 or 2008, the Company had no related tax benefits during those years.

The fair value of share option grants to employees and directors is calculated using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's share options. The Black-Scholes model also requires subjective assumptions, including future share price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. The expected volatility is based on the historical volatility of the Company's share price. These factors could change in the future, which would affect the share based compensation expense in future periods, if the Company, through the ESOT, should grant additional share options.

Income Taxes

The Group accounts for income taxes under the asset and liability method. Under this method the Group recognizes taxes payable or refundable for the current year, and deferred tax assets and liabilities due to temporary differences in the basis of assets and liabilities between amounts recorded for financial statement and tax purposes.

The Group provides a valuation allowance for deferred income tax assets if it is more likely than not that some portion of the deferred income tax asset will not be realized. The Group includes in income any increase or decrease in a valuation allowance that results from a change in circumstances that causes a change in judgment about the realization of the related deferred income tax asset.

The Group includes in additional paid-in capital the tax benefit on share options exercised during the period to the extent that such exercises result in a permanent difference between financial statement and tax basis compensation expense.

Earnings Per Share and ADS

Basic earnings per share is calculated by dividing net income or loss by the weighted-average number of Ordinary Shares outstanding during the applicable period, excluding shares held by the ESOT and the ALOT which are regarded as treasury stock for the purposes of this calculation. The Company has issued employee share options, which are considered potential common stock. The Company has also issued Ordinary Share warrants to the Bank of Scotland in connection with the Company's bank facility (now terminated), which were also considered potential common stock. However, these warrants expired, unexercised, subsequent to year-end 2009 on February 14, 2010. Diluted earnings per share is calculated by dividing net income by the weighted-average number of Ordinary Shares outstanding during the applicable period as adjusted for these potentially dilutive options and warrants which are determined based on the "Treasury Stock Method."

Loss per ADS is equivalent to ten times loss per Ordinary Share.

Comprehensive Income

The Company had no other comprehensive income or loss for 2009 or 2008. Therefore, the Company's comprehensive loss was equal to the Company's consolidated net loss for these periods.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recently Issued Accounting Pronouncements

In December 2007, the Financial Account Standards Board ("FASB") issued new accounting guidance relating to non-controlling interests in consolidated financial statements. This guidance establishes accounting and reporting standards to improve the relevance, comparability and transparency of financial information that a reporting entity provides in its financial statements. This guidance became effective for fiscal years beginning on or after December 15, 2008. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In February 2008, the FASB issued new accounting guidance which delayed the effective date to fiscal years ending after November 15, 2008 for fair value accounting for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The adoption of this guidance as of January 1, 2009 did not have an impact on the Company's consolidated financial statements.

In April 2009, the FASB issued additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased and is effective for interim and annual reporting periods ended after June 15, 2009. The Company's adoption of this standard did not have an impact on the Company's consolidated financial statements.

In May 2009, the FASB issued new accounting guidance related to the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The guidance sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This statement is effective for interim or annual periods ending after June 15, 2009. The Company adopted this guidance in the second quarter of 2009. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In June 2009, the FASB issued the FASB Accounting Standards Codification ("ASC"). The ASC has become the authoritative source of generally accepted accounting principles in the United States. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. ASC became effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption did not have an impact on the financial results of the Company.

In January 2010, the FASB issued new guidance related to fair value disclosures. This amended guidance requiring disclosures about inputs and valuation techniques is used to measure fair value as well as disclosure about significant transfers, beginning in the first quarter of 2010. Additionally, these amended standards require presentation of disaggregated activity within the reconciliation for fair value measurements using significant unobservable inputs (Level 3), beginning in the first quarter of 2011. We do not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of these consolidated financial statements as well as the reported amount of revenues and expenses during this reporting period. The Group's management's estimates are based on historical experience, input from sources outside of the Company, and other relevant facts and circumstances. Actual results could differ materially from those estimates. Accounting policies that

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

include particularly significant estimates include the assessment of recoverability and measuring impairment of private equity investments, investment and impairment valuations, measurement of deferred tax assets and the corresponding valuation allowances, fair value estimates for the expense of employee share options, valuation of accounts receivable, and estimates related to commitments and contingencies.

Note 2. Investments

See Note 1 "Summary of Significant Accounting Policies" above for a discussion of the Group's accounting policies with respect to its investments. As of December 31, 2009 and 2008, the Group's only investments were private equity securities. As of December 31, 2008, the carrying value of these investments totaled \$1,484,000, which represented their estimated fair value and which was also their cost basis. Early in 2009, the Group recognized an other-than-temporary impairment loss totaling \$200,000 on one of its private equity investments. Later in 2009, the Group participated at its pro-rata share, \$57,000, in an \$11.1 million bridge financing in order to protect its existing investment in this company by offsetting a receivable for \$57,000, which was later converted into preferred stock and warrants for preferred stock. Near the end of 2009, after the company reported a tripling of sales and a profit for the quarter ending June 30, 2009, the Group purchased \$128,000 (\$117,000 in cash and conversion of the remaining \$11,000 receivable) of preferred stock as part of a \$12.5 million new financing in this company at a substantially lower valuation. Despite these improvements, having reported in the first quarter 2009 an other-than-temporary impairment loss, accounting rules do not permit us to recognize any gain until an event of liquidity. Aggregate carrying value of all the Group's investments was \$1,469,000 as of December 31, 2009.

Investment Concentration and Risk

As of December 31, 2009, the Group's investments consisted of three private equity securities with individual carrying values of less than 10% of the Group's shareholders' equity. One of these investments, with a carrying value of \$485,000, is in preferred stock and warrants of a technology company (the company referenced above) that was a consulting client of BICC. Another investment, with a carrying value of \$140,000, is in preferred stock of another technology company that was a consulting client of BICC in prior years. The third investment has a carrying value of \$844,000 and is in preferred stock of a technology company.

The Group held no fixed maturity securities as of December 31, 2009 and 2008.

Distributions from Securities Litigation Settlements

In February 2008, the Group received a \$270,000 payment representing the final distribution from the WorldCom, Inc. securities litigation. LPAL held certain WorldCom, Inc. publicly traded bonds which it sold at a loss in 2002. This payment recovers part of LPAL's realized loss on the WorldCom bonds recognized in 2002.

In December 2008, the Group received a \$1.37 million partial distribution from the Enron Corporation securities litigation. LPAL held certain Enron Corporation publicly traded bonds which it sold at a loss in 2002. In December 2009, the Group received an additional \$264,000 payment from the Enron Corporation securities litigation. These two payments totaling almost \$1.64 million recover part of LPAL's realized loss on the Enron Corporation bonds recognized in 2002. The timing and amount of future Enron distributions is currently uncertain.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Property and Equipment

Property and equipment are carried at cost and consisted of the following:

	December 31,	
	2009	2008
	(In thousands)	
Property, equipment and leasehold improvements	\$ 187	\$ 186
Accumulated depreciation	(181)	(177)
Property and equipment, net	\$ 6	\$ 9

Note 4. Life Insurance Policy Liabilities

An analysis of life insurance policy liabilities is as follows:

	December 31,	
	2009	2008
	(In thousands)	
Deferred annuities – policyholder contract deposits	\$ -	\$ 72
Other policy claims and benefits	-	34
	\$ -	\$ 106

Note 5. Statutory Financial Information and Restrictions

LPAL was previously regulated by the JFSC and under Article 6 of the Insurance Business (Jersey) Law 1996 was permitted to conduct long-term insurance business. The JFSC required LPAL to submit annual audited financial statements (prepared under U.S. GAAP which is permitted), and an audited annual filing in the format consistent with that required by the Financial Services Authority in the United Kingdom. The annual filing submitted by LPAL to the JFSC was accompanied, as required, by a Certificate from the Appointed Actuary which stated that, based on sufficiently prudent assumptions, assets were sufficient to cover all liabilities. The annual filing contained a report from the Appointed Actuary on the matching of investments to liabilities.

The JFSC set out the conditions with which LPAL complied and determined the reporting requirements and the frequency of reporting. These conditions required that: (i) LPAL hold, at all times, approved assets at least equal to the long-term insurance fund plus the required minimum solvency margin, (ii) the margin of solvency must be the greater of £50,000 or 2.5% of the value of the long-term business fund, and (iii) assets equal to not less than 90% of liabilities must be placed with approved independent custodians. As of December 31, 2009, LPAL met all of these conditions.

LPAL was also required under the insurance laws to appoint an actuary. The actuary needed to be qualified as defined under Jersey law and was required to supervise the long-term insurance fund. No transfers, except in satisfaction of long-term insurance business liabilities, were permitted from LPAL's long-term insurance fund without the consent of LPAL's directors and actuary. Dividends required the approval of the JFSC. In April 2008, the Company obtained approval from the JFSC for LPAL to make dividend payments up to a total of \$5.0 million to the Company in the future. As a condition of the JFSC's approval, the Company agreed to provide financial support to LPAL in the unlikely event LPAL's funds were insufficient to pay off its policy liabilities totaling \$106,000 as of December 31, 2008, as well as the operational costs of LPAL. LPAL ceased business on September 30, 2009, and on January 14, 2010, the JFSC approved LPAL's Cessation Of

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Business Plan (“COBP”) and cancelled its insurance permit. As of December 31, 2009, the JFSC had not yet approved LPAL’s COBP, and accordingly, as of December 31, 2009, the cash balances of \$2.8 million and private equity investments of \$844,000 held by LPAL were restricted as disclosed in the footnote to the balance sheet.

Note 6. Income Taxes

The Company has adopted the FASB guidance on accounting for uncertainty in income taxes. The Company’s management believes that its income tax positions would be sustained upon examination by appropriate taxing authorities based on the technical merits of such positions, and therefore the Company has not provided for any unrecognized tax benefits at the adoption date, and there has been no change to the \$0 of unrecognized tax benefits in 2008 and 2009. The Company’s tax returns remain subject to examination by taxing authorities for the tax years 2005 through 2008 and for 2009 once the returns are filed in 2010.

The Group is subject to taxation on its income in all countries in which it operates based upon the taxable income arising in each country. However, realized gains on certain investments are exempt from Jersey and Guernsey taxation. This tax benefit which may not recur has reduced the tax charge in 2009 and 2008.

The Group is subject to income tax in Jersey at a rate of 20% through 2008 and 0% for 2009. In the United States, the Group is subject to both federal and California taxes at rates up to 34% and 8.84%, respectively.

A breakdown of the Group’s book income (loss) before income taxes by tax jurisdiction follows:

	Year Ended December 31,	
	2009	2008
	(In thousands)	
Income (loss) before income taxes:		
Jersey, Guernsey and United Kingdom	\$ (1,433)	(476)
United States.....	(865)	(1,091)
Total income (loss) before income taxes	<u>\$ (2,298)</u>	<u>\$ (1,567)</u>

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The provision for income taxes differs from the amount computed by applying the Jersey, Channel Islands statutory income tax rate of 0% for 2009 and 20% for 2008 to the losses before income taxes. The sources and tax effects of the difference are as follows:

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
	(In thousands)	
Income tax expense (benefit) computed at Jersey statutory income tax rate of 0% for 2009 and 20% for 2008.....	\$ -	\$ (313)
Realized and unrealized investment gains not subject to taxation in Jersey	-	(229)
Other losses not deductible in Jersey	-	289
Income not taxable in Guernsey	-	-
Tax expense (benefit) on losses at higher than 0% and 20% statutory Jersey rate:		
Losses in the U.S.	(370)	(249)
Increase (decrease) in valuation allowance	369	(359)
Utilization of net operating loss carryforwards by a federal consolidated tax group affiliate ⁽¹⁾	1,830	-
Decrease in valuation allowance related to utilization of net operating loss carryforwards by a federal consolidated tax group affiliate ⁽¹⁾	(1,830)	-
Expiration of net operating loss carryforwards of U.S. entities.....	173	-
Decrease in valuation allowance related to expiration of net operating loss carryforwards.....	(173)	-
Other	(10)	147
Actual tax expense (benefit)	<u>\$ (11)</u>	<u>\$ 4</u>

⁽¹⁾ See discussion below regarding the inclusion of non-consolidated federal tax group affiliate.

The components of the actual tax expense (benefit) were as follows:

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
	(In thousands)	
Jersey, Guernsey and United Kingdom:		
Current tax expense	\$ -	\$ -
Deferred tax expense	-	-
United States:		
Current tax expense (benefit)	(11)	4
Deferred tax expense	-	-
Total actual tax expense	<u>\$ (11)</u>	<u>\$ 4</u>

The Group recognizes assets and liabilities for the deferred tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of assets and liabilities are recovered or settled. The deferred income tax assets are reviewed periodically for recoverability and valuation allowances are provided as necessary. Deferred income tax assets and liabilities

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

are disclosed net in the consolidated financial statements when they arise within the same tax jurisdiction and tax return.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below. As of December 31, 2009 and December 31, 2008, full valuation allowances were provided on the net deferred tax assets of the U.S. tax group due to the uncertainty of generating future taxable income or capital gains to benefit from the deferred tax assets.

	December 31,	
	2009	2008
	(In thousands)	
U.S. subsidiaries:		
Deferred income tax assets:		
Net operating loss carryforwards	\$ 4,231	\$ 5,868
Deferred compensation	3	3
Other assets	5	2
Valuation allowance	(4,239)	(5,873)
Net deferred income tax assets – U.S. subsidiaries	\$ -	\$ -

As of December 31, 2009, the Group's U.S. subsidiaries have pre-tax federal net operating loss carryforwards of approximately \$9.1 million expiring as follows: approximately \$0.8 million in 2011, and approximately \$8.3 million from 2020 to 2029. These subsidiaries have California net operating loss carryforwards of approximately \$12.8 million expiring from 2014 to 2029. The Group has recorded a full valuation allowance for the deferred tax assets arising from these carryforward amounts as of December 31, 2009 due to the uncertainty of generating future taxable income to benefit from the deferred tax assets.

The Company's Jersey, Channel Islands subsidiaries have net operating loss carryforwards of approximately \$19.5 million as of December 31, 2009; however, no deferred tax assets, and no corresponding valuation reserves, have been recorded for these net operating loss carryforwards due to the introduction of a new tax system in Jersey in 2009 when the tax rate for certain Jersey corporations became zero. The Company's tax rate for its Jersey entities is zero.

During the third quarter of 2008, the Internal Revenue Service issued a private letter ruling that the Group's U.S. holding company, Berkeley (USA) Holdings Limited ("BUSA"), should include London Pacific Life & Annuity Company in Liquidation ("LCL") in its federal consolidated tax returns for tax years commencing with 2005. LCL is not considered a variable interest entity within the scope of FASB guidance for the consolidation of variable interest entities. BUSA holds the common stock of LCL but BUSA does not have any voting or management control over LCL. The financial statements of LCL have not been included in the Company's consolidated financial statements and they will not be included in the future.

BUSA and LCL have signed a tax allocation and sharing agreement dated March 18, 2009. Under this agreement, any benefit to BUSA of utilizing the tax losses of LCL to offset BUSA's separate taxable income in BUSA's federal consolidated tax returns should BUSA not have any of its own carryforward losses will be paid by BUSA to LCL, and any benefit to LCL of utilizing the tax losses of BUSA to offset LCL's separate taxable income in BUSA's federal consolidated tax returns should LCL not have any of its own carryforward losses will be paid by LCL to BUSA. Any tax liabilities, including alternative minimum taxes, created by the inclusion of LCL in the federal consolidated tax returns of BUSA will be paid by LCL either directly to the IRS or reimbursed to BUSA by LCL if payment is made to the IRS by BUSA. For purposes of computing allocable federal income

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

tax liability, BUSA will allocate taxable income brackets and exemptions on a pro-rated basis among members of the affiliated tax group.

In September 2009, the Group filed amended federal consolidated tax returns for 2005 through 2007, and the inclusion of LCL in the federal consolidated tax returns of BUSA for 2005 through 2008 did not result in any tax liabilities for the Group, except for a \$1,585 payment due to the IRS related to alternative minimum taxes for 2007. As of the end of 2009, LCL has approximately \$42.7 million of net operating loss carryforwards (unaudited) and approximately \$59.6 million capital loss carryforwards (unaudited). The Group's management believes that these loss carryforwards should be sufficient to offset any taxable income of LCL in the foreseeable future. However, LCL could have liabilities for alternative minimum taxes ("AMT") in future periods due to the utilization of net operating losses to offset current taxable income. Any AMT liability attributable to LCL computed on a stand alone basis would be the responsibility of LCL, not the Group, and accordingly, any such liability has not been included in the consolidated financial statements of the Company.

Note 7. Shareholders' Equity

The Company has authorized 86,400,000 Ordinary Shares with a par value of \$0.05 per share. As of December 31, 2009 and 2008, there were 64,439,073 Ordinary Shares issued and outstanding.

No dividends were declared or paid in 2009 or 2008.

As of December 31, 2009, the Company had a liability on its consolidated balance sheet of \$124,000, representing the amount of dividend checks issued by the Company's share registrar to shareholders that have not been cashed. As the Company had previously remitted the full amount of the dividends to its registrar, after a period of time, the registrar would return the funds to the Company in the amount of the uncashed dividend checks. Pursuant to the Company's Memorandum and Articles, any unclaimed dividend after twelve or more years after the date of its declaration shall be forfeited and shall revert back to the Company.

Accumulated other comprehensive loss consists of one component, foreign currency translation adjustments. Accumulated foreign currency translation adjustments were \$(399,000) as of both December 31, 2009 and 2008. For further information, see the discussion under "Foreign Currencies" in Note 1 "Summary of Significant Accounting Policies" above.

The Group has two share incentive plans as described in Note 10 "Share Incentive Plans" below. Under the terms of these plans, shares of the Company may be purchased in the open market and held in trust. These shares are owned by the employee benefit trusts, which are subsidiaries of the Company for financial reporting purposes.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Changes in the number of shares held by The London Pacific Group 1990 Employee Share Option Trust ("ESOT") and the Agent Loyalty Opportunity Trust ("ALOT") were as follows:

	Year Ended December 31,			
	2009		2008	
	ESOT	ALOT	ESOT	ALOT
	(In thousands)			
Shares held as of January 1	13,084	438	13,084	438
Purchased	-	-	-	-
Exercised	-	-	-	-
Shares held as of December 31	13,084 ⁽¹⁾	438	13,084 ⁽¹⁾	438

⁽¹⁾ 834,000 shares are held in ADR form.

Warrants

On November 11, 2002, the Company agreed to grant 1,933,172 warrants to subscribe for the Company's Ordinary Shares to Bank of Scotland in connection with the extension of the Group's credit facility (which was fully repaid and terminated in June 2003). The warrants were granted on February 14, 2003 and had an exercise price of £0.1143 (based on the average of the closing prices of the Ordinary Shares over the trading days from November 1, 2002 through November 11, 2002), which was higher than the market price of £0.09 on November 11, 2002. These warrants were exercisable at any time prior to February 14, 2010 and their fair value was determined to be \$251,125, based on a risk-free rate of 2.80%, volatility of 179% and a dividend yield of zero. The Company recognized \$30,625 of expense relating to these warrants in 2002. The balance of \$220,500 was recognized as an expense in 2003, with the corresponding entries to additional paid-in capital. These warrants expired, unexercised, on February 14, 2010.

Note 8. Commitments and Contingencies

Lease Commitments

The Group leases office space under operating leases. Total rents under these operating leases were \$235,000 (net of sublease income of \$68,000) and \$223,000 (net of sublease income of \$78,000), for the years ended December 31, 2009 and 2008, respectively. Our Jersey and San Francisco office space leases expire in September 2010 and October 2010, respectively. The Group had no capital leases as of December 31, 2009 or 2008.

There are no future minimum lease payments required under non-cancelable operating leases with terms of one year or more, as of December 31, 2009.

Guarantees

Under our Memorandum and Articles of Association, the Company has agreed to indemnify its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. However, the Company maintains directors and officers' liability insurance that limits the Company's exposure and enables it to recover a portion of any future amounts paid. As a result of our insurance coverage, the Company believes the estimated fair value of these indemnification agreements is minimal and has no liabilities recorded for these agreements as of December 31, 2009.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company enters into indemnification provisions under our agreements with other companies in our ordinary course of business, typically with business partners, clients, banks and landlords. Under these provisions, the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of the Company's activities. These indemnification provisions sometimes include indemnifications relating to representations made by the Company with regard to intellectual property rights. These indemnification provisions generally survive termination of the underlying agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is unlimited. The Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of December 31, 2009.

Note 9. Fair Value of Financial Instruments

The Company adopted the accounting guidance for fair value measurements as of January 1, 2008. The accounting guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The accounting guidance also outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under U.S. GAAP, certain assets and liabilities must be measured at fair value, and the accounting guidance details the disclosures that are required for items measured at fair value. Financial assets and liabilities are measured using inputs from three levels of hierarchy. The three levels are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Company. During the twelve months ended December 31, 2009, the Company's Level 1 assets included money market mutual funds which are included in cash and cash equivalents in the consolidated balance sheets.

Level 2 – Inputs include quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability including significant assumptions of the Company and other market participants. As of December 31, 2009 and December 31, 2008, the Group held \$1,469,000 and \$1,484,000, respectively, of private equity investments which are carried at cost, as adjusted for other-than-temporary impairments. In order to determine if any other-than-temporary impairments exist, the Group must first determine the fair values of its private equity investments using Level 3 unobservable inputs, including the analysis of various financial, performance and market factors. During the twelve months ended December 31, 2009, the Group recognized other-than-temporary impairment losses totaling \$200,000 on one of its private equity investments early in the year. At that time, the Group's management considered the investee company's declining cash position, less favorable business environment and likely acquisition value in determining the fair value estimates of this investment. Circumstances changed with respect to that investee company later in the year, however, we are not permitted to reverse charges until an event of liquidity.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents the Company's fair value measurements that are measured at the estimated fair value, on a recurring basis, categorized in accordance with the fair value hierarchy:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	-----	-----	-----	-----
	(In thousands)			
As of December 31, 2009:				
Money market funds.....	\$ -	\$ 4,008	\$ -	\$ 4,008
As of December 31, 2008:				
Money market funds.....	\$ -	\$ 328	\$ -	\$ 328

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustment only in certain circumstances (for example, when there is evidence of impairment). During 2009 and 2008 the Company recorded an impairment charge of \$200,000 and \$500,000 respectively relating to the private equity investments. See Note 2 for discussion of the investments. The Company classifies these measurements as Level 3.

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	-----	-----	-----	-----
	(In thousands)			
As of December 31, 2009:				
Private equity investments	-	-	1,469	1,469
As of December 31, 2008:				
Private equity investments	-	-	1,484	1,484

Cash and cash equivalents, accounts receivable, interest receivable, prepaid expenses and deposits, accounts payable and accrued expenses, and insurance policyholder liabilities are reflected in the consolidated balance sheets at carrying values which approximate fair values due to the short-term nature of these instruments.

Note 10. Share Incentive Plans

The Group has two share incentive plans for employees, agents and directors of Berkeley Technology Limited and its subsidiaries that provide for the issuance of share options and stock appreciation rights.

Employee Share Option Trust

The London Pacific Group 1990 Employee Share Option Trust ("ESOT"), which was approved by shareholders in 1990, provides for the granting of share options to employees and directors. The objectives of this plan include retaining the best personnel and providing for additional performance incentives. Such grants to employees and directors are generally exercisable in four equal annual installments beginning one year from the date of grant, subject to employment continuation, and expire seven to ten years from the date of grant. Until August 2008, options were generally granted with an exercise price equal to the fair market value of the

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

underlying shares at the date of grant. On August 19, 2008, the exercise price of 4,450,000 options granted on March 27, 2007 to employees and directors was modified from \$0.10 to \$0.31 cents, the net book value of the shares as of December 31, 2006. Until further notice, new option grants will have an exercise price equal to the net book value of the shares as of the end of the previous quarter.

The ESOT may purchase shares of the Company in the open market, funded each year by a loan from the Company or its subsidiaries. While the loan is limited up to an annual maximum of 5% of the consolidated net assets of the Group, the ESOT is not limited as to the number of options that may be granted, as long as it holds the shares underlying the total outstanding options. The loan is secured by the shares held in the trust, is interest-free, and is eliminated in the consolidated financial statements. The ESOT has waived its entitlement to dividends on any shares held. See Note 7 "Shareholders' Equity" for a summary of the share activity within the ESOT.

Share option activity for the years ended December 31, 2009 and 2008 was as follows:

	2009		2008	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
(Options in thousands)				
Outstanding as of January 1	9,675	\$1.54	9,625	\$1.45
Granted	-	-	3,450	0.30
Forfeited	(3,200)	0.43	(3,400)	0.31
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding as of December 31	6,475	\$2.09	9,675	\$1.54
Options exercisable as of December 31	4,213	\$3.05	5,538	\$2.47

See Note 1 "Summary of Significant Accounting Policies" for information regarding the Group's accounting for share based compensation.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary information about the Group's share options outstanding as of December 31, 2009 is as follows:

Range of Exercise Prices	Options Outstanding ⁽¹⁾			Options Exercisable ⁽¹⁾	
	Number Outstanding (In thousands)	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable (In thousands)	Weighted-Average Exercise Price
\$0.11 - \$0.50	4,365	7.00	\$0.29	2,103	\$0.27
0.51 - 5.00	20	0.71	2.50	20	2.50
5.01 - 10.00	2,030	1.37	5.41	2,030	5.41
10.01 - 21.00	60	0.67	21.00	60	21.00
\$0.11 - \$21.00	6,475	5.16	\$2.09	4,213	\$3.05

⁽¹⁾ The intrinsic value of all options outstanding as of December 31, 2009 was zero, as the market value of the underlying shares was \$0.07 as of that date.

Option valuation and expense information

The estimated fair value of share option compensation awards to employees and directors, as calculated using the Black-Scholes option pricing model as of the date of grant, is amortized using the straight-line method over the vesting period of the options. For each of the years ended December 31, 2009 and 2008, compensation expense related to employee share options totaled \$55,000 and \$71,000, respectively, and is included in operating expenses in the accompanying statements of operations.

On March 27 2007, 4,500,000 options were granted to employees and directors at an exercise price equal to the fair market value of the underlying shares on the grant date which was \$0.10. These options were valued using the Black-Scholes option pricing model using the following assumptions: expected share price volatility of 66%, risk-free interest rate of 4.52%, weighted average expected life of 6.25 years and expected dividend yield of zero percent. The fair value of the 4,500,000 options was \$292,000. During 2007, 50,000 of these options were forfeited. As discussed above, on August 19, 2008, the exercise price of the remaining 4,450,000 options was modified from \$0.10 to \$0.31, the net book value per share as of December 31, 2006. The fair value of the modified options was determined to be \$160,000, calculated using the Black-Scholes option pricing model using the following assumptions: expected share price volatility of 99%, risk-free interest rate of 3.04%, weighted average expected life of 4.85 years and expected dividend yield of zero percent. Using these same assumptions, the fair value of the original 4.45 million options immediately prior to the exercise price modification was calculated to be \$216,000. As the fair value of the modified options is less than the fair value of the original options immediately before the exercise price modification, there is no incremental cost resulting from the modification and therefore the original grant date fair value will continue to be amortized over the remaining vesting schedule to March 27, 2011, less the value of any actual or expected forfeitures of unvested options.

On August 20, 2008, 3,450,000 options were granted to employees and directors with an exercise price of \$0.30, the net book value of the shares as of June 30, 2008. These options were valued using the Black-Scholes option pricing model using the following assumptions: expected share price volatility of 99%, risk-free interest rate of 3.27%, weighted average expected life of 6.25 years and expected dividend yield of zero percent. The fair value of the 3,450,000 options was \$151,000.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During 2009, 875,000 options became vested, no options were granted, 3,200,000 were forfeited and no options were exercised. At December 31, 2009, there were 6,475,000 options outstanding with a weighted average exercise price of \$2.09. There were no in-the-money options outstanding at that date. Of the outstanding options, 4,212,500 were exercisable at December 31, 2009, and these have a weighted average exercise price of \$3.05. The remaining 2,262,500 options were unvested at December 31, 2009. These unvested options have a weighted average exercise price of \$0.30. As of December 31, 2009, total unrecognized compensation expense related to unvested share options was \$143,000, which is expected to be recognized as follows: \$46,000 in 2010, \$28,000 in 2011 and \$14,000 in 2012.

Agent Loyalty Opportunity Trust

The Agent Loyalty Opportunity Trust ("ALOT") was established in 1997 (without shareholders' approval) to provide for the granting of stock appreciation rights ("SARs") on the Company's Ordinary Shares to agents of the Company's former U.S. life insurance subsidiary. Each award unit entitled the holder to cash compensation equal to the difference between the Company's prevailing share price and the exercise price. The award units were exercisable in four equal annual installments commencing on the first anniversary of the date of grant and were forfeited upon termination of the agency contract. Vesting of the award in any given year was also contingent on the holder of the award surpassing a predetermined benchmark tied to sales and persistency. The SARs expired seven years from the date of grant. No awards have been outstanding under this plan since 2006.

The ALOT may purchase Ordinary Shares in the open market, funded by a loan from a Group subsidiary. The loan is secured by the shares held in the trust and bears interest based upon the trust's net income before interest for each financial period. The trust receives dividends on all Ordinary Shares held. The loan, interest income and dividend income are eliminated in the consolidated financial statements. See Note 7 "Shareholders' Equity" for a summary of the share activity within the ALOT.

Note 11. Pension Plan

The Group provided a defined contribution plan for its former U.K. employees. There are currently no participants in the plan. The Group has no ongoing liabilities associated with the plan. Contributions of \$186,000 and \$303,000 were made by the Group to the plan in 2009 and 2008, respectively. Of the 2009 and 2008 contributions, \$159,000 and \$245,000, respectively, were offset by a salary waiver.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Loss Per Share and ADS

Loss per ADS is equivalent to ten times loss per Ordinary Share.

A reconciliation of the numerators and denominators for the basic and diluted loss per share calculations is as follows:

	Year Ended December 31,	
	2009	2008
	(In thousands, except per share and ADS amounts)	
Net loss	\$ (2,287)	\$ (1,571)
Basic loss per share and ADS:		
Weighted-average number of Ordinary Shares outstanding, excluding shares held by the employee benefit trusts	50,917	50,917
Basic loss per share	\$ (0.04)	\$ (0.03)
Basic loss per ADS	\$ (0.45)	\$ (0.31)
Diluted loss per share and ADS:		
Weighted-average number of Ordinary Shares outstanding, excluding shares held by the employee benefit trusts	50,917	50,917
Effect of dilutive securities (warrants and employee share options)	-	-
Weighted-average number of Ordinary Shares used in diluted loss per share calculations	50,917	50,917
Diluted loss per share	\$ (0.04)	\$ (0.03)
Diluted loss per ADS	\$ (0.45)	\$ (0.31)

For the year ended December 31, 2009, there were no “in-the-money” options or warrants, and therefore no potentially dilutive securities. As a result, if the Company had reported net income for the year ended December 31, 2009, diluted earnings per share would be the same as basic earnings per share.

Note 13. Transactions with Related Parties

The Group paid legal fees of approximately \$45,000 during 2008 to a law firm of which one of its directors, Victor A. Hebert, was a member until October 2008.

Note 14. Business Segment and Geographical Information

Prior to the third quarter of 2009, the Company's reportable operating segments were classified according to its businesses of consulting in venture capital, and life insurance and annuities.

BERKELEY TECHNOLOGY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As the Company ceased its insurance business during the third quarter of 2009, only one operating business remains: consulting in venture capital. Beginning with the third quarter of 2009, the Company changed its reporting of results to a consulting company format with only one operating business segment (consulting in venture capital). Certain reclassifications were made to prior period amounts to conform to the current period's presentation. These reclassifications had no effect on the net income or shareholders' equity for the prior periods.

Summary revenue, interest income and net investment gain and loss information by geographic segment, based on the domicile of the Group company generating those revenues, is as follows:

	Year Ended December 31,	
	2009	2008
	(In thousands)	
Jersey.....	\$ 75	\$ 1,409
Guernsey.....	-	-
United States.....	577	612
Consolidated revenues and net investment gains and losses	\$ 652	\$ 2,021

Total assets by geographic segment were as follows:

	December 31,	
	2009	2008
	(In thousands)	
Jersey.....	\$ 4,952	\$ 13,643
Guernsey.....	1	1
United States.....	8,211	1,900
Consolidated total assets	\$ 13,164	\$ 15,544

Note 15. Client Concentration

The Group's revenues are from a few major clients. During 2009, the Group's two largest consulting clients accounted for 63% and 34% of its consolidated revenues. No other consulting client accounted for more than 10% of consolidated revenues.

Note 16. Subsequent Events

The offering of ADRs was terminated on January 20, 2010. The Company's Deposit Agreement with The Bank of New York Mellon will terminate on April 20, 2010. The Company entered into an amendment to the Deposit Agreement on January 20, 2010, to decrease from one year to thirty (30) days the amount of time that must pass after termination of the Deposit Agreement before The Bank of New York Mellon may sell any ADRs that have not been surrendered. The Bank of New York Mellon notified the ADR holders, by letter dated January 20, 2010, of their right to surrender their ADRs for our Ordinary Shares on or before May 20, 2010. If any of the ADR holders do not surrender their ADRs for our Ordinary Shares by May 20, 2010, The Bank of New York Mellon will use reasonable efforts to sell such ADRs and such ADR holders will receive the net proceeds of sale upon any subsequent surrender of such ADRs.

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Berkeley Technology Limited:

We have audited the consolidated financial statements of Berkeley Technology Limited (the "Group") for the year ended December 31, 2009 which comprise the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity and the related notes. These consolidated financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable laws and Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP") are set out in the Statement of Directors' Responsibilities and Approval of the Annual Financial Statements on page 6.

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (U.K. and Ireland).

We report to you our opinion as to whether the consolidated financial statements are presented fairly and have been properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Report of the Directors is not consistent with the consolidated financial statements, if the Company has not kept proper accounting records, and if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. The other information comprises only Review of the Year, Report of the Directors and Management Report.

Our report has been prepared pursuant to the requirements of the Companies (Jersey) Law 1991 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely on this report by virtue of and for the purpose of the Companies (Jersey) Law 1991 or has been expressly authorized to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (U.K. and Ireland) issued by the Auditing Practices Board in the United Kingdom. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS (*Continued*)

Opinion

In our opinion:

- The consolidated financial statements give a true and fair view, in accordance with Generally Accepted Accounting Principles in the United States of America, of the state of the Group's affairs as at December 31, 2009 and of its results for the year then ended;
- The consolidated financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991; and
- The information given in the Report of the Directors is consistent with the consolidated financial statements.

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom

March 31, 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RESPONSIBILITY AND CAUTIONARY STATEMENTS

Responsibility Statement

We confirm that to the best of our knowledge:

- The financial statements for the twelve months ended December 31, 2009 included in this Annual Report, which has been prepared in conformity with United States generally accepted accounting principles ("U.S. GAAP"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- This Annual Report includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules ("DTR") 4.1.8 to 4.1.11 (including a fair review of the business, a description of the principal risks and uncertainties facing the Company, a review of the development and performance of the Company, any important events since the end of the financial year and likely future developments).

Cautionary Statement

This Annual Report is addressed to shareholders of Berkeley Technology Limited and has been prepared solely to provide information to them.

This Annual Report is intended to inform the shareholders of the Company's performance during the twelve months ended December 31, 2009. Statements contained herein which are not historical facts are forward-looking statements that involve a number of risks and uncertainties that could cause the actual results of the future events described in such forward-looking statements to differ materially from those anticipated in such forward-looking statements. Factors that could cause or contribute to deviations from the forward-looking statements include, but are not limited to, (i) variations in demand for the Company's products and services, (ii) the success of the Company's new products and services, (iii) significant changes in net cash flows in or out of the Company's businesses, (iv) fluctuations in the performance of debt and equity markets worldwide, (v) the enactment of adverse state, federal or foreign regulation or changes in government policy or regulation (including accounting standards) affecting the Company's operations, (vi) the effect of economic conditions and interest rates in the U.S., the U.K. or internationally, (vii) the ability of the Company's subsidiaries to compete in their respective businesses, (viii) the ability of the Company to attract and retain key personnel, and (ix) actions by governmental authorities that regulate the Company's businesses, including insurance commissions. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future developments or otherwise.

On behalf of the Board

Arthur I. Trueger
Principal Financial Officer

March 31, 2010

SHAREHOLDER AND INVESTOR INFORMATION

Market Information

The principal trading market for our Ordinary Shares is the LSE, under the symbol “BEK.L,” on which such shares have been listed since February 1985. American Depositor Shares (“ADSs”), each representing ten Ordinary Shares, are evidenced by ADRs for which The Bank of New York Mellon is the Depositary. Our ADSs have traded in the United States from September 1992 through August 1993 on the OTC Bulletin Board, from September 1993 through November 1999 on The Nasdaq Stock MarketSM under the symbol “LPGL,” from November 1999 through July 3, 2002 on the New York Stock Exchange (“NYSE”) under the symbol “LDP,” from July 12, 2002 through June 15, 2003 on the OTC Bulletin Board under the symbol “LDPGY.PK” and since June 16, 2003 on the OTC Bulletin Board under the symbol “BKLYY.PK.” As of December 31, 2009, there were 64,439,073 Ordinary Shares outstanding of which 11,835,430, or 18.4%, were represented by 1,183,543 ADSs. ADS holders could exercise their voting rights through the ADR Depositary. As part of our cost reduction measures, the offering of ADRs was terminated on January 20, 2010. Our Deposit Agreement with The Bank of New York Mellon will terminate on April 20, 2010. We entered into an amendment to our Deposit Agreement on January 20, 2010, to decrease from one year to thirty (30) days the amount of time that must pass after termination of the Deposit Agreement before The Bank of New York Mellon may sell any ADRs that have not been surrendered. The Bank of New York Mellon notified our ADR holders, by letter dated January 20, 2010, of their right to surrender their ADRs for our Ordinary Shares on or before May 20, 2010. If any of the ADR holders do not surrender their ADRs for our Ordinary Shares by May 20, 2010, The Bank of New York Mellon will use reasonable efforts to sell such ADRs and such ADR holders will receive the net proceeds of sale upon any subsequent surrender of such ADRs.

In June 2002, we completed a one-for-ten reverse split of our ADSs. On June 24, 2002, every ten of our ADSs issued and outstanding were converted and reclassified into one post-split ADS. Consequently, effective from the opening of business on June 24, 2002, each ADS is equal to ten Ordinary Shares. Fractional new ADSs were sold by the Depositary Bank and paid in cash to the ADR holders. This ADS split did not affect our Ordinary Shares listed on the LSE.

The following table shows, for the quarters indicated, the reported highest and lowest middle market quotations (which represent an average of bid and asked prices) for our Ordinary Shares on the LSE, based on its Daily Official List, and the high and low trade price information of the ADSs as obtained from the OTC Bulletin Board:

	LSE Pounds Sterling Per Ordinary Share		OTC Bulletin Board U.S. Dollars Per ADS	
	High	Low	High	Low
2009:				
First quarter.....	0.07	0.02	0.25	0.08
Second quarter.....	0.04	0.03	0.32	0.26
Third quarter.....	0.06	0.02	0.75	0.28
Fourth quarter	0.05	0.03	0.75	0.25
2008:				
First quarter.....	0.07	0.03	0.90	0.50
Second quarter.....	0.07	0.04	0.95	0.38
Third quarter.....	0.06	0.02	0.75	0.20
Fourth quarter	0.05	0.02	0.22	0.09

Holders

As of February 28, 2010, we had approximately 1,275 Ordinary shareholders of record and 75 ADS holders of record. Because many Ordinary Shares and ADSs are held by brokers and various institutions on

behalf of other holders, we are unable to estimate the total number of beneficial holders represented by these holders of record.

Dividends

Until 2002, we paid dividends on our Ordinary Shares in every year since we became listed on the LSE in 1985. Dividends on our Ordinary Shares were paid twice a year. In view of our requirement to conserve cash in order to meet the operating needs and growth opportunities of the business, we did not pay an interim or final dividend for 2008 or an interim dividend for 2009. Our Board of Directors will not be recommending a final dividend for the year 2009. Holders of ADSs were entitled to receive dividends paid, if any, on our Ordinary Shares through the ADR Depositary.

There is currently no double taxation treaty between the U.S. and Jersey. Generally, the dividend paid to a U.S. holder is includable in gross income and treated as foreign source dividend income for U.S. federal income tax purposes. Such dividends generally will not be eligible for the dividends received deduction allowed to U.S. corporations. ADS holders should consult their own tax advisors as to the tax consequences of such ownership. Please refer to information regarding statutory restrictions on the payment of dividends in the section entitled "Management Report."

Inquiries

Shareholders who have questions relating to our business should write to Berkeley Technology Limited, P.O. Box 715, Jersey JE4 0PX, Channel Islands. Administrative inquiries concerning shareholdings, such as loss of share certificates, dividend payments or change of address, should be sent directly to Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES, Channel Islands.

A copy of our Annual Report for the year ended December 31, 2009 on Form 10-K and Form 10-K/A and/or Proxy Statement as filed with the SEC is available from our registered office at the address shown above.

ADDRESSES

Berkeley Technology Limited

Registered office:

One Castle Street
St. Helier, Jersey JE2 3RT
Channel Islands

Mailing address:

P.O. Box 715
Jersey JE4 0PX
Channel Islands

Telephone: +44 (0) 1534 607700

Registrar

Computershare Investor Services
(Jersey) Limited
Queensway House
Hilgrove Street
St. Helier, Jersey JE1 1ES
Channel Islands

Telephone: +44 (0) 870 707 4040
Website: www.computershare.com

Berkeley International Capital Corporation

650 California Street, 26th Floor
San Francisco, California 94108

Telephone: (415) 249 0450
Facsimile: (415) 249 0553
Website: www.berkeleyvc.com

Berkeley VC LLC

650 California Street, 26th Floor
San Francisco, California 94108

Telephone: (415) 249 0450
Facsimile: (415) 249 0553
Website: www.berkeleyvc.com

London Pacific Assurance Limited

P.O. Box 715
Jersey JE4 0PX
Channel Islands

Telephone: (01534) 607780

London Stock Exchange symbol: BEK.L

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-sixth Annual General Meeting of Berkeley Technology Limited will be held at the Jersey Museum, Oules Room, The Weighbridge, St. Helier, Jersey, Channel Islands on Friday, July 30, 2010 at 9:00 a.m. (local time) for the following purposes:

Ordinary Business

1. To receive the report of the directors and the financial statements included in the Company's Annual Report to Shareholders for the year ended December 31, 2009, together with the report of BDO LLP, the Company's independent auditors.
2. To re-elect a director, The Viscount Trenchard, who is retiring by rotation.
3. To re-appoint BDO LLP as the Company's independent auditors for purposes of the Company's primary listing on the London Stock Exchange and BDO Seidman, LLP as the Company's independent registered public accounting firm for purposes of the Company's reporting in the U.S., and to authorize the directors to fix their remuneration.
4. To hold, subject to the provision of the Companies (Jersey) Law 1991, up to 25% of its ordinary shares as treasury shares.

Special Business

5. A special resolution is proposed as special business, to empower the Company, subject to the provision of the Companies (Jersey) Law 1991, to make purchases until 30 December 2011 of the Company's own shares on the London Stock Exchange. Purchases will not be made of more than 9,600,000 shares, less than 15% of the total issued Ordinary Shares. Such purchases may only be made at a price not more than 10% above, nor 10% below, the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days before any such purchases is made.

Other Business

To act on any other matters that may properly come before the meeting.

By Order of the Board

Robert A. Cornman
Secretary

June 14, 2010

Notes

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is enclosed for use at the Annual General Meeting for holders of Ordinary Shares.
2. To be valid, the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time fixed for the meeting.
3. No director has a contract of service with the Company.

4. If you have sold or otherwise transferred all of your shares in Berkeley Technology Limited, you should send this document together with the accompanying form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.