NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, TUESDAY 16 OCTOBER, ANNOUNCE THEIR PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JULY 2012.

HIGHLIGHTS

- Number of homes sold increased to 5,226 (2011 - 4,922)
- Average selling price increased to £186,648 (2011 - £175,613)
- Total Group turnover increased to £1,004.2m (2011 - £886.1m)
- Operating margin increased to 11.4% (2011 - 8.5%)
- Profit before tax increased by 57% to £105.3m (2011 - £67.2m)
- Earnings per share increased by 58% to 65.5p (2011 - 41.5p)
- Total dividend increased by 60% to 20.0p (2011 - 12.5p)
- Net asset value increased to 933p (2011 - 888p)

Chairman Howard Dawe said “consumer demand for new homes has shown continued resilience and this … has enabled Bellway to deliver its third successive year of growth in volume, average selling price and operating margin”.

He added that the growth “has been driven by the Group’s strong performance in the south of the country” … and “has been further strengthened due to the increase in private completions”.

He concluded “The Board intends to maintain its strategy of growth in volume, average selling price and margin” … “whilst maintaining annual dividend payments to shareholders commensurate with earnings growth”.

FOR FURTHER INFORMATION, PLEASE CONTACT JOHN WATSON, CHIEF EXECUTIVE OR KEITH ADEY, GROUP FINANCE DIRECTOR.

TUESDAY 16 OCTOBER – THURSDAY 18 OCTOBER
J WATSON: 07855 337007
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CHAIRMAN'S STATEMENT

Introduction

I am pleased to report, in respect of my last full year as Chairman, that consumer demand for new homes has shown continued resilience and this, coupled with stability in the mortgage market, has enabled Bellway to deliver its third successive year of growth in volume, average selling price and operating margin. The Group has achieved this growth primarily due to the increasing proportion of completions derived from new sites acquired since the downturn. As a result, profit before tax has risen by 57% to £105.3 million.

The Board remains mindful of concerns in the wider economy and therefore maintains a cautious approach towards gearing and employs strict capital disciplines with regard to land acquisition. Due to this approach, the improvement in profitability has been achieved with an average of only £21.9 million net bank debt throughout the year, whilst the Group's return on capital has increased to 10.1% from 7.0% last year. Against this backdrop of continued growth and low net debt, I am pleased to report that the Board is proposing to increase the final dividend by 59% to 14.0p per ordinary share, resulting in a total dividend for the year of 20.0p per ordinary share. This continues Bellway's policy of always paying an annual dividend to shareholders, with almost one third of earnings being returned in respect of the year ended 31 July 2012.

Trading and results

Consumer demand for new homes is strengthened by our ability to offer a range of selling incentives and this, combined with a programme of new site openings, has enabled the Group to legally complete the sale of 5,226 homes (2011 - 4,922), an increase of 6.2% compared to last year. The average selling price of these homes has risen by 6.3% to £186,648 (2011 - £175,613), the highest the Group has ever achieved. This has resulted in housing turnover rising in the year by 12.8% to £975.4 million.

The growth in both volume and average selling price has been driven by the Group's strong performance in the south of the country, particularly in London, with our southern divisions accounting for 63% (2011 - 61%) of housing turnover in the year. The increase in volume and average selling price has been further strengthened due to the increase in private completions, which have risen by 13.4% from 3,843 to 4,358 homes.

Other turnover in the year was £28.8 million which, when combined with housing turnover of £975.4 million, resulted in total growth in turnover of 13.3% for the financial year to £1,004.2 million.

The operating margin continues to improve and has increased to 11.4%, from 8.5% last year, as the Group continues to deliver a greater proportion of completions from higher margin sites acquired since the downturn, whilst simultaneously maintaining robust cost controls. As a consequence, operating profit has increased by 52% to £114.6 million compared with £75.2 million in the previous year. The operating margin in the second half of the financial year reached 12.5%. Net finance charges total £9.3 million (2011 - £8.0 million), resulting in profit before tax of £105.3 million, an increase of 57% on the previous year. Basic earnings per share have risen by 58% to 65.5p per share.

The balance sheet remains strong, with modest net bank debt of £40.6 million at 31 July 2012, which when combined with the Group's £20 million preference shares, represents gearing of only 5.3%. Land creditors remain relatively low at only £120.6 million, and with bank facilities of £300 million, the Group retains its capacity to grow. The net asset value of 933p per ordinary share is a new year-end record for the Group.

Dividend
The Board is proposing to increase the final dividend by 59% from 8.8p to 14.0p per ordinary share. This produces a total dividend for the year of 20.0p, an increase of 60% compared with the previous year and this is covered 3.3 times by earnings.

The final dividend will be paid on 16 January 2013 to all ordinary shareholders on the Register of Members on 14 December 2012. The ex-dividend date is 12 December 2012.

People
The skills and commitment of all those who work for and with the Group are critical to the success of the business. I would like to express the Board's gratitude to all the Group's employees, sub-contractors and other partners for their effort and commitment which has contributed to the ongoing growth of Bellway.

Board changes
As previously announced, I will be retiring as non-executive Chairman on 31 January 2013 and would like to thank the Board, our employees and all connected with Bellway for their tremendous support throughout my 51 years service with the Group.

I will be replaced by the current Chief Executive, John Watson, who will become non-executive Chairman with effect from 1 February 2013 and he will be succeeded by Ted Ayres, the current Operations Director, who has been with Bellway for over 10 years.

I would like to take this opportunity to wish both John and Ted every success in their new roles and look forward to them continuing their significant contributions to the Group in the years to come.

Outlook
Reservations since 31 July 2012 have remained in line with expectations and ahead of last year assisted by the availability of the government's recently introduced NewBuy scheme, which provides up to 95% loan to value mortgage products in England. Assuming support from government is maintained and consumer demand follows a similar pattern to last year, the Board intends to maintain its strategy of growth in volume, average selling price and margin via a combination of changes in mix, together with the ongoing increase in the proportion of completions from newly acquired, higher margin land. This should allow the Group to continue to deliver sustainable and responsible growth in net asset value whilst maintaining annual dividend payments to shareholders commensurate with earnings growth.

Howard Dawe
Chairman
15 October 2012

CHIEF EXECUTIVE'S OPERATING REVIEW

Continuing our three pronged strategy

There is an increasing realisation that more house building is a catalyst for growth in the UK and with the assistance of government initiatives in the new homes market, we remain optimistic and believe that our business model will make the most of gradually improving market conditions.

At the start of the year the Group set itself a target of improving returns by growing volumes, average selling price and operating margin whilst, simultaneously, maintaining strict capital disciplines, thereby improving the return on capital employed.

Even though the national output of new homes is reported to be at or near an all time low of approximately 120,000 homes, Bellway has now achieved three consecutive years of increased volume output. We ended the year under review with completions up by 6.2% to 5,226 homes. This was supported by an increase in the completion of private homes of 13.4% to 4,358. This volume growth is primarily derived from increasing the average number of sales outlets to 208 from 195, having opened 40 new outlets during the year. This increase was supported by a stronger market in the south of England, where the Group continues to benefit from exposure to the London boroughs. Completions to Housing Associations declined to 868 (2011 - 1,079), of which 608 were in the south.

In addition to increased volume, revenue growth is also being achieved as the Group's average selling price has increased to £186,648 (2011 - £175,613). This represents an average annual increase of 6.6% since July 2009, during a period of nil house price inflation. The average selling price has increased in the north by 4.8% to £151,376 and in the south, by 5.9% to £216,031. The average selling price of private homes exceeded £200,000 for the first time and is up 4.6% to £200,287 compared to the previous year. The Group has benefitted from a number of private completions from high value sites such as Sunningdale in Berkshire and Crouch End in north London where the average selling price is £433,000 and £371,000 respectively. The average selling price of Housing Association homes was broadly similar to last year at £118,171.

The operating margin has increased from 8.5% to 11.4% and is supported by strong control of the cost base, together with some 55% of completions during the year coming from higher profit margin sites, acquired since 2008, compared with 27% in the previous year.

The effect of growth in volume, average selling price and operating margin has resulted in an increase of 57% in profit before tax to £105.3 million from £67.2 million the previous year.

Land bank and future margin growth

With a strong balance sheet and £300 million of bank facilities currently in place the Group's land teams are expanding and have been able to acquire land at gross margins in excess of 20%. Our approach to land buying is governed, not only by the gross margin but also by the capital required to develop each new outlet, the period of the development and the anticipated sales rate. Minimum targets are therefore set specifically in relation to return on capital employed which, if achieved, will result in enhanced shareholder return.

Whilst cash expenditure on land and land creditors increased to £305 million, a conservative approach to gearing is still being maintained in light of current market conditions. The short and medium-term land bank, excluding long-term land, amounted to 31,136 plots at the end of July 2012 (2011 - 31,086). This is divided into 17,636 plots owned with detailed planning permission and a further 13,500 plots which are either owned or controlled pending a planning permission, which we refer to as the 'pipeline'. We have acquired some 54% of the short and medium-term plots since the housing market downturn and the short and medium-term land bank is evenly spread across the country.

During the year, 4,776 new plots were brought into the land bank with planning permission, of which 2,304 plots were new acquisitions and a further 2,472 plots were converted from the pipeline after receiving planning permission.

The average plot cost at the start of the financial year was £35,800 and this increased to £39,000 at the year end. Sites located in areas such as Lambeth and Fulham, in south and south west London respectively, carry higher plot costs but, similarly, higher selling prices compared to the Group's current average selling price. Despite this high land plot cost, the gross margins and return on capital disciplines referred to earlier are not compromised.

In addition, our long term land holdings, typically held under option, represent some 2,800 acres. Within this part of the land bank are 3,900 plots which are currently allocated in emerging plans, of which 1,773 plots are presently the subject of planning applications. The Group had, at 31 July 2012, agreed terms for the acquisition of a further 4,700 plots, all at a variety of stages within the planning process and of these, circa 500 plots have been acquired since the year end.

Divisional performance

The current structure of 13 divisions is managed by our Regional Chairmen who report to the Operations Director. We construct and sell homes throughout the UK with the exception of the north of Scotland, the south west of England and Northern Ireland.

The northern divisions, covering a geographical area from the Midlands up to central Scotland, legally completed 2,375 homes, an increase of 30 compared to the previous year. The North East and East Midlands divisions performed well, increasing volumes to 525 and 409 completions respectively. The average selling price in the northern divisions was £151,376, an increase of 4.8%, driven largely by changes in product mix.

The seven divisions trading in the south benefitted from a stronger market and accounted for 63% of housing turnover, representing 2,851 homes, an increase of 274 homes on the previous year. Our Thames Gateway division retains a strong presence in and around the east of London where 725 homes were legally completed. Overall, the average selling price of the southern divisions increased by 5.9% to £216,031. The average selling price in the South East division is now the highest in the Group at just over £286,000.

Customer care and the wider community

During the course of a year we monitor customer satisfaction levels by employing an independent company who benchmark our performance. We continue to generate strong satisfaction scores which, this year, reached 93.8% in respect of "Recommend Bellway to a Friend". Additionally, Head Office management contacts customers directly on a regular basis with any findings or concerns reported to divisional management. We aim to respond to customer complaints within seven days, with a 24 hour helpline in the case of emergencies, and the Group has been awarded a 5 star rating by the House Builders Federation following a survey of our customers. Every year the NHBC run a Pride in the Job Award for site construction staff and this year we received 23 awards which is our fourth consecutive year of improvement. This reflects the amount of training being undertaken in the business, especially at site level, which is set to increase in the future. In addition, for the second year running, our East Midlands division has won the NHBC Regional Award for the East of England. We have seen a fall in our accident rate per employee during the year and no statutory notices have been served on the Group now for over three years. During the year five sites received commendation awards in respect of health and safety standards.

The Group seeks to ensure that all employees and sub-contractors on our building sites carry a CSCS qualification, further highlighting our commitment to a trained workforce.

Looking forward, whilst we need to keep customers as our primary focus, we must also work with all stakeholders to manage the effects of our operations on the environment. Progress during the year, with regard to corporate responsibility, is published in full on our website. The Group has engaged the services of an external consultant to advise on all corporate responsibility matters including benchmarking, setting targets and objectives and reporting.

In order to minimise the effect on the local community ever increasing consultation is taking place both before and during the development process. We have also now registered some 128 sites with Considerate Constructors, an independent third party body which assesses our working practices and ensures the minimum of disruption during the construction period.

Market place and outlook

In March 2012, NewBuy, a new sales incentive, was introduced which is underwritten by the government and allows buyers to acquire new build houses and apartments, provided they are able to access a 5% deposit. This was in response to a continued lack of availability of affordable high loan to value mortgages, particularly for first time buyers, despite strong demand in the market place. Encouragingly, this incentive was used to reserve 133 homes in the period up to 31 July 2012. A similar scheme was introduced in Scotland during September 2012. The Group has continued to operate a part-exchange scheme and this has accounted for 13% of completions in the financial year ended July 2012. In addition, the use of FirstBuy in England and other Group shared equity schemes in Scotland and Wales accounted for only 6% of total completions, a reduction from 10% in the previous year.

These and other incentives were employed throughout the course of the year to support the weekly sales rate of 101 per week (2011 - 93). This represents an increase of 9% in the sales rate and can be attributed to stability in both the mortgage market and unemployment levels in the UK and consequently, cancellation rates have remained stable at around 13%.

The recent government announcement on housing issues highlighted a number of initiatives to stimulate house building, some of which will have implications and opportunities for the Group. These initiatives include the proposed extension of FirstBuy, the increase in the amount of public land made available for development purposes, the review of Section 106 Agreements entered into prior to 6 April 2010 and a Capital Programme for private, rented and affordable housing. We welcome these initiatives, the full effects of which will become clear in the coming months.

In addition to increasing the volume of completions during the course of the year, the enhanced sales rate has resulted in an order book at the end of the year rising in volume terms to 2,533 from 2,497 in 2011. The average selling price of the order book was up 2% to £174,176, representing some £441.2 million in value terms, an increase of £14.4 million on the previous year.

We are targeting to increase the number of sales outlets, once again, by around 5% by the end of this financial year and as more new land comes into production, this will underpin our strategy of increasing volumes, average selling price and operating margin. This, combined with a strong balance sheet, will leave the Group well positioned to further enhance net asset value and shareholder return in the new financial year.

John Watson
Chief Executive
15 October 2012

GROUP INCOME STATEMENT
For the year ended 31 July 2012

	Notes	**2012 £000**	2011 £000
Revenue	2	**1,004,227**	886,095
Cost of sales	4	**(842,124)**	(766,717)
Gross profit		**162,103**	119,378
Administrative expenses		**(47,472)**	(44,168)
Operating profit		**114,631**	75,210
Finance income		**1,676**	1,774
Finance expenses		**(11,023)**	(9,822)
Profit before taxation		**105,284**	67,162
Income tax expense	3	**(26,026)**	(17,018)
Profit for the year *		**79,258**	50,144

* All attributable to equity holders of the parent.

Earnings per ordinary share – Basic	6	**65.5p**	41.5p
Earnings per ordinary share – Diluted	6	**65.2p**	41.4p

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2012

	2012 £000	2011 £000
Profit for the period	**79,258**	50,144
Other comprehensive (expense) / income		
Actuarial (losses) / gains on defined benefit pension plans	**(3,845)**	761
Income tax on other comprehensive expense / (income)	**676**	(587)
Other comprehensive (expense) / income for the period, net of income tax	**(3,169)**	174
Total comprehensive income for the period *	**76,089**	50,318

* All attributable to equity holders of the parent.

GROUP STATEMENT OF CHANGES IN EQUITY
At 31 July 2012

	Notes	Issued capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 August 2010		15,103	160,563	1,492	857,706	1,034,864	(66)	1,034,798
Total comprehensive income for the period								
Profit for the period		-	-	-	50,144	50,144	-	50,144
Other comprehensive income *		-	-	-	174	174	-	174
Total comprehensive income for the period		-	-	-	50,318	50,318	-	50,318
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	5	-	-	-	(12,543)	(12,543)	-	(12,543)
Shares issued		2	79	-	-	81	-	81
Credit in relation to share options and tax thereon		-	-	-	1,213	1,213	-	1,213
Purchase of own shares		-	-	-	(559)	(559)	-	(559)
Total contributions by and distributions to shareholders		2	79	-	(11,889)	(11,808)	-	(11,808)
Balance at 31 July 2011		15,105	160,642	1,492	896,135	1,073,374	(66)	1,073,308
Total comprehensive income for the period								
Profit for the period		-	-	-	79,258	79,258	-	79,258
Other comprehensive expense *		-	-	-	(3,169)	(3,169)	-	(3,169)
Total comprehensive income for the period		-	-	-	76,089	76,089	-	76,089
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	5	-	-	-	(17,890)	(17,890)	-	(17,890)
Shares issued		75	2,113	-	-	2,188	-	2,188
Credit in relation to share options and tax thereon		-	-	-	719	719	-	719
Purchase of own shares		-	-	-	(1,279)	(1,279)	-	(1,279)
Total contributions by and distributions to shareholders		75	2,113	-	(18,450)	(16,262)	-	(16,262)
Balance at 31 July 2012		**15,180**	**162,755**	**1,492**	**953,774**	**1,133,201**	**(66)**	**1,133,135**

* Additional breakdown is provided in the Group Statement of Comprehensive Income.

GROUP BALANCE SHEET
At 31 July 2012

	Notes	2012 £000	2011 £000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,407**	9,023
Investment property		**9,748**	8,880
Other financial assets		**35,080**	33,491
Deferred tax assets		**3,241**	3,683
		59,476	55,077
Current assets			
Inventories	4	**1,399,843**	1,270,292
Trade and other receivables		**71,133**	62,176
Cash and cash equivalents	7	**21,413**	83,412
		1,492,389	1,415,880
Total assets		**1,551,865**	1,470,957
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings		**20,000**	85,000
Retirement benefit obligations		**11,501**	8,401
Trade and other payables		**37,867**	31,218
Deferred tax liabilities		**-**	66
		69,368	124,685
Current liabilities			
Interest bearing loans and borrowings		**62,000**	15,000
Corporation tax payable		**14,820**	11,836
Trade and other payables		**272,542**	246,128
		349,362	272,964
Total liabilities		**418,730**	397,649
Net assets		**1,133,135**	1,073,308
EQUITY			
Issued capital		**15,180**	15,105
Share premium		**162,755**	160,642
Other reserves		**1,492**	1,492
Retained earnings	8	**953,774**	896,135
Total equity attributable to equity holders of the parent		**1,133,201**	1,073,374
Non-controlling interest		**(66)**	(66)
Total equity		**1,133,135**	1,073,308

Approved by the Board of Directors on 15 October 2012 and signed on its behalf by

Howard Dawe
Director

Keith Adey
Director

GROUP CASH FLOW STATEMENT
For the year ended 31 July 2012

	Notes	2012 £000	2011 £000
Cash flows from operating activities			
Profit for the year		**79,258**	50,144
Depreciation charge		**1,836**	1,695
Profit on sale of property, plant and equipment		**(213)**	(262)
Profit on sale of investment properties		**(35)**	(27)
Finance income		**(1,676)**	(1,774)
Finance expenses		**11,023**	9,822
Share-based payment charge		**1,046**	957
Income tax expense		**26,026**	17,018
Increase in inventories		**(129,263)**	(121,579)
Increase in trade and other receivables		**(10,617)**	(19,175)
Increase in trade and other payables		**28,798**	29,879
Cash from operations		**6,183**	(33,302)
Interest paid		**(7,001)**	(5,553)
Income tax paid		**(22,317)**	(8,444)
Net cash outflow from operating activities		**(23,135)**	(47,299)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(4,551)**	(2,588)
Acquisition of investment properties		**(1,106)**	(1,230)
Proceeds from sale of property, plant and equipment		**296**	351
Proceeds from sale of investment properties		**233**	185
Interest received		**1,245**	1,322
Net cash outflow from investing activities		**(3,883)**	(1,960)
Cash flows from financing activities			
Decrease in bank borrowings		**(18,000)**	-
Proceeds from the issue of share capital on exercise of share options		**2,188**	81
Purchase of own shares by employee share option plans		**(1,279)**	(559)
Dividends paid		**(17,890)**	(12,540)
Net cash outflow from financing activities		**(34,981)**	(13,018)
Net decrease in cash and cash equivalents		**(61,999)**	(62,277)
Cash and cash equivalents at beginning of year		**83,412**	145,689
Cash and cash equivalents at end of year	7	**21,413**	83,412

NOTES

1. Basis of preparation

The financial information set out above has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRSs”) as adopted by the EU (“Adopted IFRSs”).

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 July 2012 or 2011. Statutory accounts for 2011 have been delivered to the registrar of companies, and those for 2012 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Segmental analysis

The Board regularly reviews the Group’s performance and balance sheet position for its entire operations, which are entirely based in its country of domicile, the UK, and receives financial information for the UK as a whole. As a consequence, the Group has one reportable segment which is UK house building.

As there continues to be only one reportable segment whose revenue, profits, expenses, assets, liabilities and cash flows are measured and reported on a basis consistent with the Group financial statements, no additional numerical disclosures are necessary.

3. Taxation

The effective rate of taxation for the year is 24.7% (2011 - 25.3%). The taxation charge for the years ended 31 July 2012 and 31 July 2011 is calculated by applying the directors' best estimate of the annual effective tax rate to the profit for the period. The lower effective tax rate in the current year is principally due to finalisation of prior year corporation tax returns.

4. Exceptional items

Exceptional items are those which, in the opinion of the Board, are material by size or nature, non-recurring, and of such significance that they require separate disclosure on the face of the income statement.

A full review of inventories was performed at 31 July 2012 and the carrying value of land was compared to the net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and attributable overheads. Estimated selling prices were reviewed on a site by site basis and selling prices were amended based on local management and the Board's assessment of current market conditions. No exceptional land write downs or land write backs were required as a result of this review.

There were no exceptional items in the year ended 31 July 2011.

NOTES (continued)

5. Dividends on equity shares

	2012 £000	2011 £000
Amounts recognised as distributions to equity holders in the year :		
Final dividend for the year ended 31 July 2011 of 8.8p per share (2010 - 6.7p)	**10,613**	8,096
Interim dividend for the year ended 31 July 2012 of 6.0p per share (2011 - 3.7p)	**7,283**	4,471
Dividends forfeited	**(6)**	(24)
	17,890	12,543
Proposed final dividend for the year ended 31 July 2012 of 14.0p per share (2011 - 8.8p)	**17,003**	10,635

The 2012 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 11 January 2013 and, in accordance with IAS 10 "Events after the Reporting Period", has not been included as a liability in these financial statements. At the record date for the final dividend for the year ended 31 July 2011 shares were held by the Bellway Employee Share Trust (1992) (the "Trust") on which dividends had been waived.

6. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing earnings by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the employee share ownership plans which are treated as cancelled).

Diluted earnings per ordinary share uses the same earnings figure as the basic calculation except that the weighted average number of shares has been adjusted to reflect the dilutive effect of outstanding share options allocated under employee share schemes where the market value exceeds the option price. It is assumed that all dilutive potential ordinary shares are converted at the beginning of the accounting period. Diluted earnings per ordinary share is calculated by dividing earnings by the diluted weighted average number of ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are outlined below:

	Earnings 2012 £000	**Weighted average number of ordinary shares 2012 Number**	**Earnings per share 2012 p**	Earnings 2011 £000	Weighted average number of ordinary shares 2011 Number	Earnings per share 2011 p
For basic earnings per ordinary share	**79,258**	**121,036,846**	**65.5**	50,144	120,705,397	41.5
Dilutive effect of options and awards		**465,010**	**(0.3)**		462,722	(0.1)
For diluted earnings per ordinary share	**79,258**	**121,501,856**	**65.2**	50,144	121,168,119	41.4

NOTES (continued)

7. Analysis of net debt

	At 1 August 2011 £000	Cash flows £000	At 31 July 2012 £000
Cash and cash equivalents	83,412	(61,999)	**21,413**
Bank loans	(80,000)	18,000	**(62,000)**
Preference shares redeemable after more than one year	(20,000)	-	**(20,000)**
Net debt	(16,588)	(43,999)	**(60,587)**

8. Reserves
Own shares held

The Group holds shares within the Trust for participants of certain share-based payment schemes. During the period the Trust made a market purchase of 175,803 (2011 – 100,000) shares at an average price of 728p (2011 – 559p) and transferred 241,887 (2011 – 95,473) shares to employees. The number of shares held within the Trust, and on which dividends have been waived, at 31 July 2012 was 38,443 (2011 – 104,527). These shares are held within the financial statements at a cost of £0.269 million (2011 – £0.584 million). The market value of these shares at 31 July 2012 was £0.309 million (2011 – £0.690 million).