NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, TUESDAY 15 OCTOBER, ANNOUNCE THEIR PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JULY 2013

Highlights

Financial Highlights

	Year ended 31 July 2013	Year ended 31 July 2012	Movement
Revenue	£1,110.7m	£1,004.2m	+10.6%
Gross profit	£203.3m	£162.1m	+25.4%
Gross margin	18.3%	16.1%	+220 bps
Operating profit	£151.1m	£114.6m	+31.8%
Operating margin	13.6%	11.4%	+220 bps
Profit before taxation	£140.9m	£105.3m	+33.8%
Earnings per share	89.3p	65.5p	+36.3%
Total dividend per share	30.0p	20.0p	+50.0%
Return on capital employed	12.3%	10.1%	+220 bps

- Net asset value per share increased to 1,001p (2012 – 933p)

Operational Highlights

- 5,652 homes sold (2012 – 5,226) – up 8.2%
- Average selling price increased to £193,025 (2012 – £186,648) – up 3.4%
- Land bank increased to 32,991 plots (2012 – 31,136 plots)
- Low net bank debt of £5.8m (2012 – £40.6m) representing gearing of only 0.5% (2012 – 3.6%)

Overview

Commenting on the results, Chairman, John Watson, said:

“I am pleased to report, in my first year as Chairman, another strong performance by the Group with profit before taxation increasing by almost 34% to £140.9 million (2012 – £105.3 million).”

“More favourable mortgage conditions, a gradual improvement in consumer confidence, together with a continuing programme of site openings, have allowed the Group to deliver its fourth consecutive year of earnings growth.”

“Basic earnings per share have increased by 36.3% to 89.3p (2012 – 65.5p) and this has resulted in growth of 7.3% in the net asset value per share to 1,001p at 31 July 2013 (2012 – 933p).”

Dividend

“Given the Group’s strong earnings growth and balance sheet position, the Board is proposing to increase the final dividend by 50% to 21.0p per ordinary share (2012 – 14.0p). This rise also produces a 50% increase in the total dividend for the year to 30.0p (2012 – 20.0p) with this being covered by earnings almost 3.0 times (2012 – 3.3 times).”

FOR FURTHER INFORMATION, PLEASE CONTACT TED AYRES, CHIEF EXECUTIVE OR KEITH ADEY, FINANCE DIRECTOR

TUESDAY 15 OCTOBER – THURSDAY 17 OCTOBER
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CHAIRMAN'S STATEMENT

Introduction

I am pleased to report, in my first year as Chairman, another strong performance by the Group with profit before taxation increasing by almost 34% to £140.9 million (2012 – £105.3 million).

There has been a significant improvement in trading conditions during the year, largely stimulated through wider access to more affordable, higher loan to value mortgages. Government support, and the Help to Buy scheme in particular since its launch on 1 April, has had a significant effect on the housing market, improving mortgage availability and helping to satisfy previously restrained consumer demand.

These more favourable mortgage conditions, a gradual improvement in consumer confidence, together with a continuing programme of site openings, have allowed the Group to deliver its fourth consecutive year of earnings growth.

Trading and results

The financial year began well with visitor numbers and reservations slightly ahead of initial expectations. The reservation rate gathered momentum with the onset of spring and the commencement of the Help to Buy scheme brought with it the strongest market conditions seen since the downturn in 2008. This strong demand has enabled the Group to complete the sale of 5,652 homes (2012 – 5,226), an increase of 8.2% compared to last year. The average selling price of homes sold has increased by 3.4% to £193,025 (2012 – £186,648) as a result of continuing changes in product and geographic mix. As a result, housing revenue in the year has risen by nearly 12% to £1,091.0 million (2012 – £975.4 million) and this, together with other revenue of £19.7 million (2012 – £28.8 million), has resulted in total revenue increasing by almost 11% to £1,110.7 million (2012 – £1,004.2 million).

The Group delivered a 31.8% increase in operating profit to £151.1 million (2012 – £114.6 million) at an operating margin of 13.6% (2012 – 11.4%). This improvement in the operating margin continues to be generated from a combination of the growing proportion of completions derived from higher margin land, acquired since the downturn, together with robust cost control.

Net finance costs remain low at under £10.2 million (2012 – £9.3 million) resulting in profit before taxation of £140.9 million (2012 – £105.3 million), an increase of 33.8% compared with the prior year.

Basic earnings per share have increased by 36.3% to 89.3p (2012 – 65.5p) and this has resulted in growth of 7.3% in the net asset value per share to 1,001p at 31 July 2013 (2012 – 933p).

The Group applies strong capital disciplines and continues to meet its acquisition criteria in respect of gross margin and return on capital employed on all new land acquisitions. As a result of this approach, the Group's return on capital employed has further improved to 12.3% (2012 – 10.1%).

Bellway ended the financial year with net bank debt of £5.8 million after spending £300 million on land and land creditors. This balance sheet strength, compounded by a limited exposure to historic shared equity schemes and a relatively insignificant pension deficit, ensures that the Group retains its ability to continue investing in land. This should support the further growth of the business where favourable opportunities can be sourced by our land teams.

Dividend

Given the Group's strong earnings growth and balance sheet position, the Board is proposing to increase the final dividend by 50% to 21.0p per ordinary share (2012 – 14.0p). This rise also produces a 50% increase in the total dividend for the year to 30.0p (2012 – 20.0p) with this being covered by earnings almost 3.0 times (2012 – 3.3 times).

People

The continued commitment of all those who work for and with Bellway is critical to its ongoing success and this has enabled the Group to achieve significant growth in profitability during the year. I would like to express the Board's gratitude to all Bellway's employees, sub-contractors and partners whose commitment and loyalty will help to facilitate the future growth of the business.

Board changes

Peter Johnson, the senior independent non-executive director will retire on 31 January 2014 following ten years of dedicated service with Bellway. On behalf of the Board, I would like to thank him for his commitment and invaluable contribution to the progress of the Group. John Cuthbert, who joined the Board on 1 November 2009, will succeed Peter in the role of senior independent non-executive director on 1 February 2014.

We welcome to the Board Paul Hampden Smith and Denise Jagger, as independent non-executive directors, who joined Bellway on 1 August 2013. I would like to take this opportunity to wish both Paul and Denise every success in their new roles and I am sure they will make a valuable contribution to the progress of the Group in the years to come.

Outlook

Since 31 July, reservations have remained ahead of last year and demand remains strong in most areas of the country.

The Group has expanded its divisional structure by opening two new divisions, in Manchester and in the Thames Valley, with effect from 1 August 2013. This increased operational capacity, coupled with an order book of over £644 million at 29 September (30 September 2012 – £438 million), means that, subject to construction delivery, Bellway is well placed to further increase the rate of volume growth in the year ahead.

This increased operational capacity, together with a strong balance sheet and a focus on return on capital, should mean that the Group is able to continue delivering sustainable, responsible growth in net asset value, whilst maintaining its progressive dividend policy.

John Watson
Chairman
14 October 2013

CHIEF EXECUTIVE'S OPERATING REVIEW

Market overview

The market for new homes has benefited from improving consumer confidence throughout the year, further stimulated by government schemes in the form of NewBuy and Help to Buy. The latter was introduced in England in April 2013 and offers purchasers the ability to acquire newly constructed houses and apartments, with only a 5% deposit. The Group's sales rate improved significantly following the introduction of Help to Buy, with the scheme having been used in 29% of reservations in the period since its launch, up to 31 July 2013.

Visitor numbers to our developments and website have risen during the year resulting in the average weekly reservation rate rising by almost 27% to 128 homes per week (2012 – 101).

Set against this backdrop of rising consumer confidence and wider accessibility to higher loan to value mortgages, the Group has delivered another strong set of results, with further growth in volume, average selling price and operating margin contributing to a growth in earnings and an improvement in return on capital employed.

Building shareholder value

The improvement in market conditions, together with the Group's operational and balance sheet capacity for growth, ensures that Bellway is well positioned to deliver further volume growth in the years ahead, whilst maintaining strict capital disciplines.

This should enable the Group to build further shareholder value through continued growth in net asset value together with a progressive dividend policy.

Regional performance

Our divisions in the north of the country have benefited from investment in new sites and as a result, completions have increased by 11.7% to 2,652 homes (2012 – 2,375). The Scotland and Yorkshire divisions showed noticeable improvement in volume with the number of legal completions rising to 414 (2012 – 336) and 301 (2012 – 225) respectively.

The average selling price in the north has increased by 8.0% to £163,534 (2012 – £151,376) largely as a result of changes in product mix with Bellway continuing its focus on traditional two storey family housing. For example, the Group sold 965 homes (2012 – 734) with four bedrooms or more, an increase of 31.5% compared to last year. The effect of this change in product mix is most pronounced in the North West and Yorkshire divisions, where the average selling price increased to £171,204 (2012 – £156,389) and £168,751 (2012 – £148,442) respectively.

Our southern divisions have also performed well, benefiting in many areas from a strong consumer demand for new homes. As a result, completions have increased by 5.2% to 3,000 homes (2012 – 2,851) and the average selling price in the south rose slightly to £219,094 (2012 – £216,031).

Four of the Group's southern divisions also benefit from a strong presence in the London boroughs, where Bellway completed the sale of 865 homes, representing 19% of total housing revenue. The average selling price in the London boroughs has risen by almost 5% in the period to £240,539 (2012 – £229,794) with this being affordable in the context of the London market. Bellway has developed successfully within the London boroughs for a number of years and traded from 22 outlets during the year.

Strong cost control

Strong cost control has contributed to the Group's performance with construction costs remaining relatively benign throughout the year. The vast majority of materials used throughout the Group are centrally procured and our supply chain contracts are fixed in advance for periods of 12 months or more. This has enabled the Group to ensure consistent cost and quality control. We have encountered some material and sub-contractor labour shortages in recent months and as volumes continue to grow in the industry, the Group's procurement teams will face inevitable cost pressures. We will continue to work closely with the existing supplier and sub-contractor base to minimise any cost increases.

Land bank and planning

The Group's controlled approach to land buying requires the divisional land teams to appraise both gross margin and return on capital employed for each potential land acquisition. Whilst adopting this approach, Bellway has expended £300 million on land and land creditors during the year, with a focus on the acquisition of land that has the benefit of implementable detailed planning permission ('DPP') or is conditional on obtaining implementable DPP.

The land bank at 31 July 2013 totalled 32,991 plots (2012 – 31,136), comprising 18,991 plots (2012 – 17,636) owned with a DPP, together with a further 14,000 plots (2012 – 13,500) in the 'pipeline'. The Group defines its 'pipeline' as plots which are either owned or contracted, often conditionally, pending an implementable DPP. The Group's success at acquiring land on a conditional basis, often at a higher margin, allows our planning and technical teams to reduce the risk associated with each development opportunity. This frequently results in land with DPP being paid for at the point of delivery, thereby enhancing the Group's return on capital employed. In the period, we have successfully obtained a DPP on 4,252 (2012 – 2,472) plots which were previously included in the pipeline tier of the land bank. Furthermore, the Group acquired an additional 2,755 (2012 – 2,304) plots with the benefit of DPP directly into the land bank. Bellway has, therefore, successfully added 7,007 (2012 – 4,776) plots with implementable DPP into the land bank.

In addition to its land holdings of 32,991 plots, the Group has longer term strategic land holdings, typically held under option. Within this section of the land bank there are approximately 4,400 plots (2012 – 3,900) which are currently allocated in emerging plans, with 2,130 (2012 – 1,773) of these being the subject of current planning applications. Furthermore, the Group had, at 31 July 2013, agreed terms for the acquisition of a further 4,100 plots, of which 924 plots have been acquired since the end of the year.

The Group has been included on all of the government's re-tendered development partner panels and our expertise in delivering complex regeneration schemes should place Bellway in a strong position to benefit from this land source at returns that meet our minimum acquisition criteria.

Following the introduction of the government's National Planning Policy Framework, the Group's planning teams have seen an improvement in the consultation process with many local authorities. The subsequent requirement to discharge numerous pre-commencement conditions is, however, still adding unnecessary delay to the opening of new outlets to meet housing demand.

Customer care and training

Quality of construction and customer care are key priorities for the Group. Every customer is requested to complete a customer satisfaction survey and is asked whether they would 'Recommend Bellway to a friend'. The Group attained a positive reply from 94.8% (2012 – 93.8%) of respondents. These scores are independently benchmarked against other major national housebuilders and have helped the Group to retain its Home Builders Federation ('HBF') rating as a 5* housebuilder.

During the year, our site managers won 27 NHBC sponsored 'Pride in the Job' awards, which is the most the Group has ever achieved. This is testament to Bellway's ongoing investment in training and the quality of our construction staff.

The Group operates a graduate recruitment scheme to recruit high quality graduates into its teams and, in the future, we anticipate a minimum of two graduates per division. In addition, the Group has 73 trade apprentices working on its construction sites and this figure will rise further as production activity increases.

Health and safety

The Group's health and safety record continues to improve with the reportable incident rate, measured in accordance with Health and Safety Executive ('HSE') guidelines, decreasing by 12.7% compared with the previous year. Our site managers won three National NHBC Health and Safety Awards, with two of them commended and one highly commended.

We have supported the HSE in their efforts to improve dust suppression by issuing advice and instructions to all of our sub-contractors and ensure compliance during site inspections. Bellway remains committed to further improvement in all areas of health and safety to minimise the risk of injury on our sites.

Corporate responsibility

The Group is focused upon and committed to delivering and maintaining, high standards of corporate governance and responsibility. The operating divisions continue to work with external advisers to ensure that house types meet the new energy efficiency requirements of the current building regulations and Code for Sustainable Homes 4 (‘Code 4’). In the period, the Group has successfully constructed 244 homes built to Code 4 and a further 543 homes incorporating photovoltaic (‘PV’) panels to meet renewable energy planning requirements. The use of PV panels will expand with the imminent introduction of further new building regulations.

Outlook

The improved sales rate, influenced by the launch of Help to Buy in April 2013, has resulted in the order book at 31 July totalling 3,525 plots (2012 – 2,533), representing an increase in value of 54% to £679.5 million (2012 – £441.2 million).

We are hopeful that the improved trading conditions experienced over recent months will be maintained in the current financial year. Government support, both through the extension of the Help to Buy equity loan scheme to include Scotland, and the proposed extension to include Wales, together with the recent launch of the Help to Buy mortgage guarantee, should continue to assist those potential purchasers requiring a 95% loan to value mortgage.

Furthermore, in order to facilitate our growth plans, two new divisions have opened, with effect from 1 August 2013, in Manchester and in the Thames Valley. These have been planned over the last 12 months and, as a consequence, the new divisions have acquired sufficient land to contribute legal completions in the current financial year.

The investment in these new divisions has increased operational capacity to 7,500 homes and beyond per annum and this, together with the strong order book and growing customer demand, could enable the Group to achieve volume growth of up to 15% in the current financial year. The attainment of this target will be subject to market conditions remaining unchanged and construction delivery times being achieved. As a result of the strong order book at 31 July, the rate of volume growth is expected to be more heavily weighted to the first half of the current financial year.

Bellway has a strong balance sheet, low net bank debt of £5.8 million and, with its increased operational capacity, the Group is well placed to deliver disciplined volume growth, with a focus on return on capital, over the coming years. This should allow Bellway to deliver its aim of creating ongoing enhancement in shareholder value by a combination of growth in net asset value, together with a progressive dividend policy.

Ted Ayres
Chief Executive
14 October 2013

GROUP INCOME STATEMENT
For the year ended 31 July 2013

	Notes	2013 £000	2012 £000
Revenue	2	**1,110,676**	1,004,227
Cost of sales	4	**(907,380)**	(842,124)
Gross profit		**203,296**	162,103
Administrative expenses		**(52,227)**	(47,472)
Operating profit		**151,069**	114,631
Finance income		**751**	1,676
Finance expenses		**(10,893)**	(11,023)
Profit before taxation		**140,927**	105,284
Income tax expense	3	**(32,355)**	(26,026)
Profit for the year *		**108,572**	79,258

* All attributable to equity holders of the parent.

	Notes	2013	2012
Earnings per ordinary share – Basic	6	**89.3p**	65.5p
Earnings per ordinary share – Diluted	6	**88.9p**	65.2p

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2013

	2013 £000	2012 £000
Profit for the period	**108,572**	79,258
Other comprehensive income / (expense)		
Actuarial gains / (losses) on defined benefit pension plans	**1,558**	(3,845)
Income tax on other comprehensive (income) / expense	**(530)**	676
Other comprehensive income / (expense) for the period, net of income tax	**1,028**	(3,169)
Total comprehensive income for the period *	**109,600**	76,089

* All attributable to equity holders of the parent.

GROUP STATEMENT OF CHANGES IN EQUITY
At 31 July 2013

	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 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
Total comprehensive income for the period								
Profit for the period		-	-	-	108,572	108,572	-	108,572
Other comprehensive income *		-	-	-	1,028	1,028	-	1,028
Total comprehensive income for the period		-	-	-	109,600	109,600	-	109,600
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	5	-	-	-	(27,963)	(27,963)	-	(27,963)
Shares issued		41	2,377	-	-	2,418	-	2,418
Credit in relation to share options and tax thereon		-	-	-	1,648	1,648	-	1,648
Total contributions by and distributions to shareholders		41	2,377	-	(26,315)	(23,897)	-	(23,897)
Balance at 31 July 2013		**15,221**	**165,132**	**1,492**	**1,037,059**	**1,218,904**	**(66)**	**1,218,838**

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

GROUP BALANCE SHEET
At 31 July 2013

	Notes	2013 £000	2012 £000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,328**	11,407
Investment property		**7,697**	9,748
Other financial assets		**34,484**	35,080
Deferred tax assets		**3,238**	3,241
		56,747	59,476
Current assets			
Inventories	4	**1,513,527**	1,399,843
Trade and other receivables		**57,166**	71,133
Cash and cash equivalents	7	**24,215**	21,413
		1,594,908	1,492,389
Total assets		**1,651,655**	1,551,865
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings		**-**	20,000
Retirement benefit obligations		**9,042**	11,501
Trade and other payables		**45,062**	37,867
		54,104	69,368
Current liabilities			
Interest bearing loans and borrowings		**50,000**	62,000
Corporation tax payable		**18,305**	14,820
Trade and other payables		**310,408**	272,542
		378,713	349,362
Total liabilities		**432,817**	418,730
Net assets		**1,218,838**	1,133,135
EQUITY			
Issued capital		**15,221**	15,180
Share premium		**165,132**	162,755
Other reserves		**1,492**	1,492
Retained earnings	8	**1,037,059**	953,774
Total equity attributable to equity holders of the parent		**1,218,904**	1,133,201
Non-controlling interest		**(66)**	(66)
Total equity		**1,218,838**	1,133,135

Approved by the Board of Directors on 14 October 2013 and signed on its behalf by

John Watson
Director

Keith Adey
Director

GROUP CASH FLOW STATEMENT
For the year ended 31 July 2013

	Notes	2013 £000	2012 £000
Cash flows from operating activities			
Profit for the year		**108,572**	79,258
Depreciation charge		**2,487**	1,836
Profit on sale of property, plant and equipment		**(76)**	(213)
Profit on sale of investment properties		**(578)**	(35)
Finance income		**(751)**	(1,676)
Finance expenses		**10,893**	11,023
Share-based payment expense		**1,021**	1,046
Income tax expense		**32,355**	26,026
Increase in inventories		**(113,684)**	(129,263)
Decrease / (increase) in trade and other receivables		**14,573**	(10,617)
Increase in trade and other payables		**39,030**	28,798
Cash from operations		**93,842**	6,183
Interest paid		**(5,922)**	(7,001)
Income tax paid		**(28,770)**	(22,317)
Net cash inflow / (outflow) from operating activities		**59,150**	(23,135)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,956)**	(4,551)
Acquisition of investment properties		**-**	(1,106)
Proceeds from sale of property, plant and equipment		**197**	296
Proceeds from sale of investment properties		**2,213**	233
Interest received		**743**	1,245
Net cash inflow / (outflow) from investing activities		**1,197**	(3,883)
Cash flows from financing activities			
Decrease in bank borrowings		**(32,000)**	(18,000)
Proceeds from the issue of share capital on exercise of share options		**2,418**	2,188
Purchase of own shares by employee share option plans		**-**	(1,279)
Dividends paid		**(27,963)**	(17,890)
Net cash outflow from financing activities		**(57,545)**	(34,981)
Net increase / (decrease) in cash and cash equivalents		**2,802**	(61,999)
Cash and cash equivalents at beginning of year		**21,413**	83,412
Cash and cash equivalents at end of year	7	**24,215**	21,413

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 2013 or 2012. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 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 23.0% (2012 – 24.7%). The taxation charge for the years ended 31 July 2013 and 31 July 2012 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 2013 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 2012.

NOTES (continued)

5. Dividends on equity shares

	2013 £000	2012 £000
Amounts recognised as distributions to equity holders in the year :		
Final dividend for the year ended 31 July 2012 of 14.0p per share (2011 – 8.8p)	**17,017**	10,613
Interim dividend for the year ended 31 July 2013 of 9.0p per share (2012 – 6.0p)	**10,952**	7,283
Dividends forfeited	**(6)**	(6)
	27,963	17,890
Proposed final dividend for the year ended 31 July 2013 of 21.0p per share (2012 – 14.0p)	**25,572**	17,003

The 2013 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 13 December 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 2012 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 2013 £000	**Weighted average number of ordinary shares 2013 Number**	**Earnings per share 2013 p**	Earnings 2012 £000	Weighted average number of ordinary shares 2012 Number	Earnings per share 2012 p
For basic earnings per ordinary share	**108,572**	**121,572,688**	**89.3**	79,258	121,036,846	65.5
Dilutive effect of options and awards		**599,151**	**(0.4)**		465,010	(0.3)
For diluted earnings per ordinary share	**108,572**	**122,171,839**	**88.9**	79,258	121,501,856	65.2

NOTES (continued)

7. Analysis of net debt

	At 1 August 2012 £000	Cash flows £000	At 31 July 2013 £000
Cash and cash equivalents	21,413	2,802	**24,215**
Bank loans	(62,000)	32,000	**(30,000)**
Preference shares	(20,000)	-	**(20,000)**
Net debt	(60,587)	34,802	**(25,785)**

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 no market purchase of shares (2012 – 175,803 at an average price of 728p) and transferred nil (2012 – 241,887) shares to employees. The number of shares held within the Trust, and on which dividends have been waived, at 31 July 2013 was 38,443 (2012 – 38,443). These shares are held within the financial statements at a cost of £0.269 million (2012 – £0.269 million). The market value of these shares at 31 July 2013 was £0.531 million (2012 – £0.309 million).