



Half Year
Report 2014

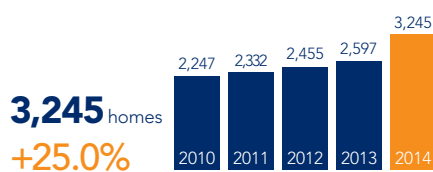


BUILDING
HOMES,
BUILDING
VALUE

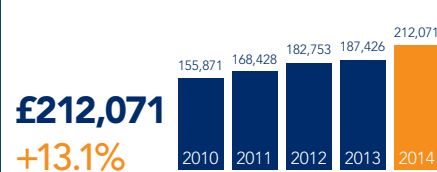
FINANCIAL HIGHLIGHTS



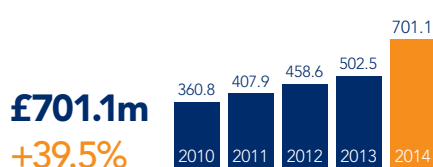
Completed sales (homes)



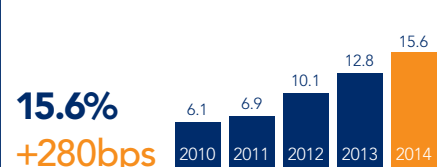
Average selling price (£)



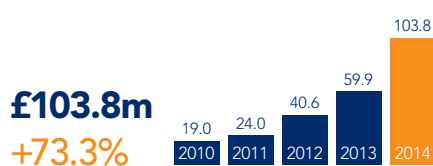
Total Group revenue (£m)



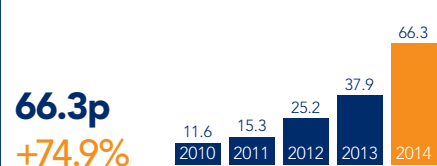
Operating margin (%)



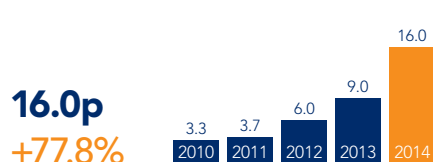
Profit before taxation (£m)



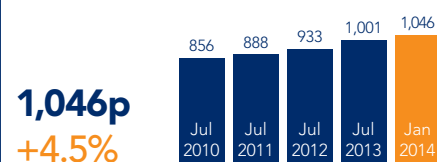
Earnings per ordinary share (p)



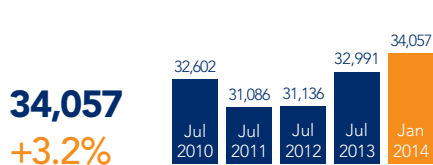
Interim dividend per ordinary share (p)



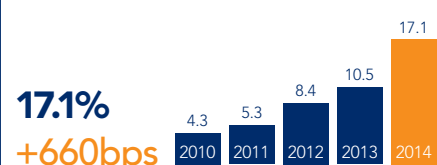
Net asset value per ordinary share (p)



Owned and controlled land bank (plots)



Return on capital employed* (%)



Comparative figures are at 31 January unless stated.

* Calculated as annualised operating profit, divided by average opening and closing capital employed. Capital employed includes equity, net bank debt and preference share capital.



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For further information on our business please visit:

www.bellway.co.uk

Cover
Scholars Field, Crawley,
West Sussex

Above
The Pavilions, Hale Village,
London Borough of Haringey

CHAIRMAN'S STATEMENT

"Bellway has made significant progress in the six months ended 31 January 2014, with a 74.9% rise in earnings per share to 66.3p and a 660bps increase in return on capital employed to 17.1%. These substantial improvements have been driven by growth in volume, average selling price and operating margin."



John Watson
Chairman

Strategy

The Group's operational and balance sheet capacity for volume growth has allowed Bellway to respond positively to strong consumer demand. The resulting growth in earnings, together with a strong focus on increasing return on capital employed, has allowed the Group to enhance the total return to shareholders through growth in the net asset value, together with the payment of a regular and progressive dividend.

Dividend

Given the extent of earnings growth in the period, I am pleased to announce a 77.8% increase in the interim dividend to 16.0p per ordinary share (2013 – 9.0p).

The Board expects to maintain a full year dividend cover of around three times, thereby ensuring a sustainable balance between further capital growth and certainty of return to shareholders.

The dividend will be paid on Tuesday 1 July 2014 to all ordinary shareholders on the Register of Members on Friday 30 May 2014. The ex-dividend date is Wednesday 28 May 2014.

John Watson

Chairman
25 March 2014



Above
Abbotswood Park, Abbots Langley, Hertfordshire



Above
The Point, Arnold, Nottinghamshire

CHIEF EXECUTIVE'S OPERATING STATEMENT

"I am pleased to report another strong performance for the six months to 31 January 2014 with total revenue having grown by almost 40% to £701.1 million, the highest ever achieved by the Group in a first half trading period."



Ted Ayres
Chief Executive

Operating performance

Bellway has responded to the strengthening market conditions across all regions by increasing the number of homes under construction to accommodate additional consumer demand. This approach, together with an already expanding divisional structure, has enabled the Group to complete the sale of 3,245 new homes, an increase of 25% compared with the same period last year. New divisions, opened on 1 August 2013 in Manchester and the Thames Valley, have performed well contributing 62 legal completions in the period.

The Group has maintained its significant presence in London and has benefited from ongoing land investment, particularly in the south of the country. As a consequence, the proportion of housing revenue generated from the Group's eight southern divisions has increased to 62% compared with 58% in the same period last year. This strong growth in the south, where the average selling price is higher, together with a gradual reduction in the use of incentives across all regions, has helped the Group achieve a 13.1% increase in the overall average selling price to £212,071 (2013 – £187,426).

The gross margin has increased to 19.8% (2013 – 17.9%) and this improvement, together with increased operational efficiencies and strong cost control over the administrative overhead base, has resulted in an operating margin of 15.6% (2013 – 12.8%). The Group achieved an operating profit of £109.2 million (2013 – £64.4 million), another new record for Bellway in a first half trading period.

Profit before taxation

Net finance charges increased slightly to £5.4 million (2013 – £4.5 million) reflecting an increase in the imputed interest charge arising on land acquired on deferred terms. Overall, profit before taxation has increased by 73.3% to £103.8 million (2013 – £59.9 million).

Return on capital employed

Strong growth in operating profit, together with a more efficient deployment of capital, has resulted in the Group achieving a 660bps improvement in return on capital employed to 17.1% (2013 – 10.5%).

Land

Bellway has continued to invest significantly in new land opportunities that meet or exceed the Group's minimum acquisition criteria in respect of gross margin and return on capital employed. With land expenditure of £240 million in the period (2013 – £145 million), the Group's total owned and controlled land bank has risen to 34,057 plots (31 July 2013 – 32,991 plots), equivalent to 5.2 years' supply based on current completion rates. The net investment in land holdings increased by £119.5 million to £1,026.8 million (31 July 2013 – £907.3 million). Against this backdrop of increased investment in land, the Group has still generated £33.2 million of cash from operations.

Net bank debt

Throughout the six-month trading period, the Group had an average net cash balance of £42.4 million and as at 31 January 2014, Bellway had net bank debt of only £16.4 million (31 July 2013 – £5.8 million).

The strong balance sheet position, combined with a significantly enhanced land bank, should enable the Group to deliver further volume growth, provided that consumer demand and mortgage availability remain unchanged.

Current trading and outlook

Reservations in the six months to 31 January 2014 averaged 137 per week (2013 – 97), an increase of 41%. This rate has increased slightly in the six weeks since 1 February to an average of 138 per week (2013 – 133) from 225 sites.

The Board welcomes last week's government announcement regarding the extension of Help to Buy to 2020, with this providing greater clarity over future outlook.

The order book is significantly ahead, having grown in value by 63.5% to £829.5 million at 9 March 2014 (10 March 2013 – £507.4 million), representing 3,944 homes (10 March 2013 – 2,746 homes). As a result of this strong start to the spring selling season, the Board now expects that the Group will deliver volume growth of up to 20% in the current financial year.

The Group's balance sheet and operational capacity, set against a backdrop of favourable market conditions, ensures that Bellway is well positioned to pursue further, sustainable volume growth in the years ahead. This approach, together with strong capital disciplines, should allow the Group to deliver additional enhancements to shareholder value.

Ted Ayres

Chief Executive
25 March 2014

CONDENSED GROUP INCOME STATEMENT

	Note	Half year ended 31 January 2014 £m	Half year ended 31 January 2013 £m	Year ended 31 July 2013 £m
Revenue		701.1	502.5	1,110.7
Cost of sales		(562.5)	(412.8)	(907.4)
Gross profit		138.6	89.7	203.3
Administrative expenses		(29.4)	(25.3)	(52.2)
Operating profit		109.2	64.4	151.1
Finance income	4	0.5	0.5	0.7
Finance expenses	4	(5.9)	(5.0)	(10.9)
Profit before taxation		103.8	59.9	140.9
Income tax expense	5	(23.1)	(13.9)	(32.3)
Profit for the period*		80.7	46.0	108.6

* All attributable to equity holders of the parent.

Earnings per ordinary share – Basic	6	66.3p	37.9p	89.3p
Earnings per ordinary share – Diluted	6	65.9p	37.7p	88.9p
Dividend per ordinary share	7	16.0p	9.0p	30.0p

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	Half year ended 31 January 2014 £m	Half year ended 31 January 2013 £m	Year ended 31 July 2013 £m
Profit for the period		80.7	46.0	108.6
Other comprehensive (expense)/income				
Items that will not be recycled to the income statement:				
Actuarial (losses)/gains on defined benefit pension plans		(1.2)	0.2	1.5
Income tax on actuarial losses/(gains) on defined benefit pension plans	5	0.2	(0.1)	(0.5)
Other comprehensive (expense)/income for the period, net of income tax		(1.0)	0.1	1.0
Total comprehensive income for the period*		79.7	46.1	109.6

* All attributable to equity holders of the parent.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Note	Issued capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total equity £m
Half year ended 31 January 2014								
Balance at 1 August 2013		15.2	165.2	1.5	1,037.0	1,218.9	(0.1)	1,218.8
Total comprehensive income for the period								
Profit for the period		–	–	–	80.7	80.7	–	80.7
Other comprehensive expense*		–	–	–	(1.0)	(1.0)	–	(1.0)
Total comprehensive income for the period		–	–	–	79.7	79.7	–	79.7
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	7	–	–	–	(25.6)	(25.6)	–	(25.6)
Shares issued		–	0.3	–	–	0.3	–	0.3
Credit in relation to share options and tax thereon		–	–	–	0.9	0.9	–	0.9
Total contributions by and distributions to shareholders		–	0.3	–	(24.7)	(24.4)	–	(24.4)
Balance at 31 January 2014		15.2	165.5	1.5	1,092.0	1,274.2	(0.1)	1,274.1
Half year ended 31 January 2013								
Balance at 1 August 2012		15.2	162.8	1.5	953.7	1,133.2	(0.1)	1,133.1
Total comprehensive income for the period								
Profit for the period		–	–	–	46.0	46.0	–	46.0
Other comprehensive income*		–	–	–	0.1	0.1	–	0.1
Total comprehensive income for the period		–	–	–	46.1	46.1	–	46.1
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	7	–	–	–	(17.0)	(17.0)	–	(17.0)
Shares issued		–	1.2	–	–	1.2	–	1.2
Credit in relation to share options and tax thereon		–	–	–	0.9	0.9	–	0.9
Total contributions by and distributions to shareholders		–	1.2	–	(16.1)	(14.9)	–	(14.9)
Balance at 31 January 2013		15.2	164.0	1.5	983.7	1,164.4	(0.1)	1,164.3
Year ended 31 July 2013								
Balance at 1 August 2012		15.2	162.8	1.5	953.7	1,133.2	(0.1)	1,133.1
Total comprehensive income for the period								
Profit for the period		–	–	–	108.6	108.6	–	108.6
Other comprehensive income*		–	–	–	1.0	1.0	–	1.0
Total comprehensive income for the period		–	–	–	109.6	109.6	–	109.6
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	7	–	–	–	(27.9)	(27.9)	–	(27.9)
Shares issued		–	2.4	–	–	2.4	–	2.4
Credit in relation to share options and tax thereon		–	–	–	1.6	1.6	–	1.6
Total contributions by and distributions to shareholders		–	2.4	–	(26.3)	(23.9)	–	(23.9)
Balance at 31 July 2013		15.2	165.2	1.5	1,037.0	1,218.9	(0.1)	1,218.8

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

CONDENSED GROUP BALANCE SHEET

	At 31 January 2014 £m	At 31 January 2013 £m	At 31 July 2013 £m
ASSETS			
Non-current assets			
Property, plant and equipment	11.2	11.3	11.3
Investment property	7.4	8.5	7.7
Other financial assets	33.5	35.1	34.5
Deferred tax assets	4.0	3.7	3.2
	56.1	58.6	56.7
Current assets			
Inventories	1,639.5	1,485.1	1,513.5
Trade and other receivables	73.4	63.8	57.2
Cash and cash equivalents	23.6	17.6	24.2
	1,736.5	1,566.5	1,594.9
Total assets	1,792.6	1,625.1	1,651.6
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	–	(20.0)	–
Retirement benefit obligations	(9.9)	(10.9)	(9.0)
Trade and other payables	(48.2)	(45.1)	(45.1)
	(58.1)	(76.0)	(54.1)
Current liabilities			
Interest bearing loans and borrowings	(60.0)	(93.0)	(50.0)
Corporation tax payable	(25.4)	(15.5)	(18.3)
Trade and other payables	(375.0)	(276.3)	(310.4)
	(460.4)	(384.8)	(378.7)
Total liabilities	(518.5)	(460.8)	(432.8)
Net assets	1,274.1	1,164.3	1,218.8
EQUITY			
Issued capital	15.2	15.2	15.2
Share premium	165.5	164.0	165.2
Other reserves	1.5	1.5	1.5
Retained earnings	1,092.0	983.7	1,037.0
Total equity attributable to equity holders of the parent	1,274.2	1,164.4	1,218.9
Non-controlling interest	(0.1)	(0.1)	(0.1)
Total equity	1,274.1	1,164.3	1,218.8

CONDENSED GROUP CASH FLOW STATEMENT

	Note	Half year ended 31 January 2014 £m	Half year ended 31 January 2013 £m	Year ended 31 July 2013 £m
Cash flows from operating activities				
Profit for the period		80.7	46.0	108.6
Depreciation charge		0.6	1.0	2.5
Profit on sale of property, plant and equipment		–	–	(0.1)
Profit on sale of investment properties		–	(0.6)	(0.6)
Finance income	4	(0.5)	(0.5)	(0.7)
Finance expenses	4	5.9	5.0	10.9
Share-based payment expense		0.5	0.6	1.0
Income tax expense	5	23.1	13.9	32.3
Increase in inventories		(126.0)	(85.2)	(113.7)
(Increase)/decrease in trade and other receivables		(15.3)	7.3	14.6
Increase in trade and other payables		64.2	8.1	39.0
Cash inflow/(outflow) from operations		33.2	(4.4)	93.8
Interest paid		(2.7)	(2.7)	(5.9)
Income tax paid		(16.2)	(13.5)	(28.8)
Net cash inflow/(outflow) from operating activities		14.3	(20.6)	59.1
Cash flows from investing activities				
Acquisition of property, plant and equipment		(1.1)	(0.9)	(1.9)
Proceeds from sale of property, plant and equipment		0.1	–	0.2
Proceeds from sale of investment property		0.8	1.8	2.2
Interest received		0.6	0.7	0.7
Net cash inflow from investing activities		0.4	1.6	1.2
Cash flows from financing activities				
Increase/(decrease) in bank borrowings		10.0	31.0	(32.0)
Proceeds from the issue of share capital on exercise of share options		0.3	1.2	2.4
Dividends paid	7	(25.6)	(17.0)	(27.9)
Net cash (outflow)/inflow from financing activities		(15.3)	15.2	(57.5)
Net (decrease)/increase in cash and cash equivalents		(0.6)	(3.8)	2.8
Cash and cash equivalents at beginning of period		24.2	21.4	21.4
Cash and cash equivalents at end of period	8	23.6	17.6	24.2

NOTES

1 Basis of preparation and accounting policies

Bellway p.l.c. is a company incorporated in England and Wales.

These condensed consolidated interim financial statements are unaudited and were authorised for issue by the Board on 25 March 2014.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and the Disclosure and Transparency Rules of the Financial Conduct Authority. This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 July 2013.

These condensed consolidated interim financial statements do not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 31 July 2013 are not the Group's statutory financial statements for that year. Those financial statements have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors 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.

The directors consider that the Group is well placed to manage business and financial risks in the current economic environment and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, accordingly they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are not materially different to those applied by the Group in its Annual Report and Accounts for the year ended 31 July 2013. The Group adopted the following standard and amendment during the current financial period:

- IAS 19 'Employee Benefits' (Amendment). The amendment requires additional disclosures, the disaggregation of plan costs and the removal of the corridor approach for the recognition of actuarial gains and losses. For the current period the profit before taxation is £0.1 million lower than it would have been prior to the adoption of this amendment and net assets are unchanged. The comparative period has not been restated as the adoption of this amendment reduces the profit before taxation by less than £0.1 million and net assets are unchanged.
- IFRS 13 'Fair Value Measurement'. The standard defines fair value and provides a single IFRS framework for measuring fair value. The adoption of this standard has not had a material effect on the Group's profit for the period or equity.

At the date of authorisation of these financial statements, the following relevant standards, which have not been applied in these financial statements, were in issue and endorsed by the EU but not yet effective: IFRS 10 'Consolidated Financial Statements'; IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. Further details on these standards are included on page 65 of the Annual Report and Accounts for the year ended 31 July 2013.

2 Segmental analysis

The Board regularly reviews the Group's performance and balance sheet position for its entire operations, which are 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 housebuilding.

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 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 January 2014 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 and costs to complete 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 further exceptional land write downs or land write backs were required as a result of this review.

There were no exceptional items in the six months ended 31 January 2013 or in the year ended 31 July 2013.

NOTES CONTINUED

4 Finance income and expenses

	Half year ended 31 January 2014 £m	Half year ended 31 January 2013 £m	Year ended 31 July 2013 £m
Interest receivable on bank deposits	0.3	0.2	0.3
Other interest income	0.2	0.3	0.4
Finance income	0.5	0.5	0.7
Interest payable on bank loans and overdrafts	1.7	2.0	4.0
Interest on deferred term land payables	2.9	1.8	4.7
Interest element of movement in pension scheme deficit	0.2	0.2	0.3
Other interest expense	0.1	–	–
Preference dividends	1.0	1.0	1.9
Finance expenses	5.9	5.0	10.9

5 Income tax expense

The taxation expense for the half years ended 31 January 2014 and 31 January 2013 is calculated by applying the directors' best estimate of the annual effective tax rate to the profit for the period. The taxation expense also includes adjustments in respect of prior years and the period to 31 January 2014 benefits from the finalisation of prior year corporation tax returns.

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 six-month period (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 ordinary shares used in the calculations are outlined below:

	Earnings	Weighted average number of ordinary shares	Earnings per share	Earnings	Weighted average number of ordinary shares	Earnings per share
	2014 £m	2014 Number	2014 p	2013 £m	2013 Number	2013 p
For basic earnings per ordinary share	80.7	121,761,063	66.3	46.0	121,495,759	37.9
Dilutive effect of options and awards		641,889	(0.4)		599,465	(0.2)
For diluted earnings per ordinary share	80.7	122,402,952	65.9	46.0	122,095,224	37.7

7 Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	Half year ended 31 January 2014 £m	Half year ended 31 January 2013 £m	Year ended 31 July 2013 £m
Final dividend for the year ended 31 July 2013 of 21.0p per share (2012 – 14.0p)	25.6	17.0	17.0
Interim dividend for the year ended 31 July 2013 of 9.0p per share (2012 – 6.0p)	–	–	10.9
	25.6	17.0	27.9
Proposed interim dividend for the year ending 31 July 2014 of 16.0p per share (2013 – 9.0p)	19.5	10.9	–

The proposed interim dividend was approved by the Board on 25 March 2014 and, in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these condensed consolidated interim financial statements.

8 Analysis of net debt

	At 1 August 2013 £m	Cash flows £m	At 31 January 2014 £m
Cash and cash equivalents	24.2	(0.6)	23.6
Bank loans	(30.0)	(10.0)	(40.0)
Preference shares	(20.0)	–	(20.0)
Net debt	(25.8)	(10.6)	(36.4)

9 Related party transactions

There have been no related party transactions in the first six months of the current financial year which have materially affected the financial position or performance of the Group.

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 July 2013.

10 Seasonality

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, but is subject to the two main house selling seasons of spring and autumn. As these seasons fall in separate half years, the Group's financial results are not usually subject to significant seasonal variations.

11 Half year report

The condensed consolidated interim financial statements were approved by the Board on 25 March 2014 and copies are being posted to all shareholders. Further copies are available on application to the Company Secretary, Bellway p.l.c., Seaton Burn House, Dudley Lane, Seaton Burn, Newcastle upon Tyne, NE13 6BE and are also available on our website at www.bellway.co.uk.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is a natural constituent of any business and the management of risk is a key operating component of the Group. The manner in which this is carried out is highly important to the long-term success of the business. The Group has identified, evaluated and put in place strategies to mitigate the principal risks faced by the business, which are shown in the table below:

Area of risk	Description of risk and how it has changed during the period	Mitigation of risk
Land	The inability to source suitable land at satisfactory margins would have a detrimental effect on the Group's land bank and consequently, its future success.	<ul style="list-style-type: none"> Endeavour to ensure that a land bank with detailed planning permission is in place to meet the Group's growth aspirations. Thorough pre-purchase due diligence and viability assessments. Authorisation of land purchases in accordance with robust Group procedures.
Planning	Delays and the complexity of the planning process hamper and slow the Group's growth prospects. Changes to planning legislation and government housing strategy continue to present risks to the Group.	<ul style="list-style-type: none"> Centralised and regional Planning Directors provide advice and support to divisions to assist with progressing the process for securing planning consent.
Sales	Ensuring that the effects of any diminution in the size of the marketplace, the ability of prospective customers to access credit facilities or the sales prices achieved are managed in such a way as to limit any adverse financial or operational effects on the Group's performance.	<ul style="list-style-type: none"> In consultation with Head Office, local divisional management determines product range and pricing strategy commensurate with regional market conditions. Use of sales incentives, where appropriate, to encourage the selling process, such as part-exchange and Express Mover. Use of government-backed schemes to encourage home ownership, where appropriate. Ensuring that construction rates are managed to ensure stock availability matches sales rates.
Construction	Ensuring that appropriately skilled personnel are available and that suitable materials are also available at the right price. The labour market has remained competitive during the period.	<ul style="list-style-type: none"> Identifying training needs and allocating appropriate resources to training. Ensuring systems are in place for engaging, monitoring and controlling work carried out by sub-contractors. Ensuring competitive reward systems are in place. Ensuring Group purchasing arrangements are in place to secure materials at competitive prices. Improving forward planning of the buying function to ensure increased lead times do not affect availability of materials on-site.
Environment	Housebuilding has a significant effect on the environment and it is important that the effects of the Group's developments are, as far as possible, positive rather than negative.	<ul style="list-style-type: none"> It is our objective to ensure that, at the conclusion of a development, an attractive and sustainable new environment has been created that will continue over time. See our Environmental Policy on page 21 of the Annual Report and Accounts for the year ended 31 July 2013, or our website at www.bellway.co.uk, for further information.
Health and Safety	It is important to ensure that the Group has adequate systems in place to mitigate, as far as possible, the dangers to people inherent in the construction process.	<ul style="list-style-type: none"> The Board considers health and safety issues at each Board meeting. Regular visits to sites by senior management (independent of our divisions) and external consultants to monitor health and safety standards and performance against the Group's health and safety policies and procedures.

Area of risk	Description of risk and how it has changed during the period	Mitigation of risk
Personnel	Attracting and retaining the correct personnel is key to the Group's long-term success. Failure to do so will severely affect the Group's ability to perform in a highly competitive market. The labour market has remained competitive during the period.	<ul style="list-style-type: none"> ▪ The Group offers competitive salary and benefits packages, and keeps these under regular review. ▪ Divisional training plans are in place. ▪ Succession planning for key posts. ▪ 90% of site workers (including sub-contractors) are fully accredited under Considerate Skills Certificate Scheme. ▪ Graduate training programme.
Information Technology	It is vital that the Group has suitable information systems in place to ensure that, as far as possible, a smooth flow of information is transmitted throughout the Group and that the risk of system loss is mitigated and supported by appropriate contingency plans. During the period the Group has increased its investment in information systems to improve information flow and system security.	<ul style="list-style-type: none"> ▪ Group-wide systems are in operation which are centrally controlled with an outsourced support function in place.
Asset Protection	The way in which the Group carries out its operations can have a material effect on the value of its assets.	<ul style="list-style-type: none"> ▪ The Group prepares viability assessments on all of its land purchases and construction projects, and keeps these under regular review to protect, wherever possible, the value of its assets.
Treasury Management	Ensuring suitable financial resources, at appropriate costs, are in place to meet Group requirements and optimise return on capital.	<ul style="list-style-type: none"> ▪ Central negotiation and control of banking facilities to ensure liquidity and debt levels are appropriate. ▪ Facilities derived from various sources. ▪ Careful management and monitoring of cash forecasts.
Legal and Regulatory Compliance	Disadvantageous contractual obligations, regulatory fines or adverse publicity by failing to comply with current laws and regulations or failing to have appropriately worded contracts in place.	<ul style="list-style-type: none"> ▪ Central secretariat, human resources and legal functions advise divisions on compliance and ensure policies and procedures are kept up to date to minimise risk of non-compliance.

In addition, the Board ensures that adequate insurance cover is maintained to underpin and support the many areas in which the Group is exposed to risk of loss.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- the Half Year Report 2014 includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Bellway p.l.c. are listed in the Annual Report and Accounts for the year ended 31 July 2013. Peter Johnson retired as a non-executive director on 31 January 2014.

For and on behalf of the Board

Ted Ayres

Chief Executive
25 March 2014

Registered number 1372603

Bellway p.l.c.

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