NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, TUESDAY 19 OCTOBER, ANNOUNCE THEIR PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JULY 2010.

HIGHLIGHTS

- Completed sales of 4,595 homes (2009 - 4,380)
- Average price achieved £163,175 (2009 - £154,005)
- Total Group turnover of £768.3m (2009 - £683.8m)
- Profit before taxation £44.4m (2009 - £29.8m*)
- Exceptional items £nil (2009 - £66.3m)
- Earnings per ordinary share of 29.7p (2009 - 17.7p*)
- Final dividend for the year 6.7p (2009 - 6.0p)
- Forward order book at 30 September of £397m (2009 - £349.4m)

* before exceptional items

Chairman Howard Dawe said “I am pleased to report that Bellway…… returned to profitability” and that “the Board is now recommending an increase in the total dividend per share”.

He continued “buyer confidence slowly ebbed away during the summer” but “sales in the early part of……..autumn…… have picked up, albeit only slightly”.

He concluded “the Group currently has a forward order book of £397 million and with £59 million of net cash” has the “ability to respond effectively to whatever market conditions prevail”.

FOR FURTHER INFORMATION, PLEASE CONTACT JOHN WATSON, CHIEF EXECUTIVE OR ALISTAIR LEITCH, FINANCE DIRECTOR.

TUESDAY 19 OCTOBER – FRIDAY 22 OCTOBER
J WATSON: 07855 337007
A LEITCH: 07855 337001
THEREAFTER: 0191 217 0717

CHAIRMAN'S STATEMENT

I am pleased to report that Bellway has returned to profitability in the year ended 31 July 2010, in the wake of the difficulties that the housing market has endured since 2008. The lessons learnt by the Board in previous downturns have been applied to good effect and as a result, the Group has not only returned to profitability but also has net cash on the Balance Sheet. Having continued to make dividend payments throughout the downturn, the Board is now recommending an increase in the total dividend per share.

Results

The Group completed the sale of 4,595 homes, an increase of almost 5% over last year, and these homes were sold at an average selling price of £163,175, an increase of almost 6%, mainly due to changes in product mix. These factors, combined with other revenue of £18.5 million, principally arising from ground rents, meant that turnover for the Group grew by 12.4% from £683.8 million to £768.3 million. The operating margin of 6.7% is the same as last year, however this year there are no exceptional items (2009 - £66.3 million write down). The finance charge of £6.8 million has fallen by almost 57% from £15.8 million, resulting in profit before tax of £44.4 million compared to a loss before tax (after exceptionals) of £36.6 million last year. Basic earnings per share have increased to 29.7p from a loss per share (after exceptionals) of 23.9p in 2009. The net asset value per ordinary share at 31 July 2010 has grown from 839p to 856p per share. During the year £208 million was spent on land and at 31 July the Group had net cash of £66 million.

Dividend

I am delighted that Bellway has continued to pay dividends throughout these testing times and the Board is now proposing to increase the final dividend by 11.7% from 6p to 6.7p per ordinary share, giving a total dividend increase for the year of 11.1% from 9p to 10p per ordinary share. This dividend, which is covered almost three times, will be paid on Wednesday 12 January 2011 to all ordinary shareholders on the Register of Members on Friday 10 December 2010. The ex-dividend date is Wednesday 8 December 2010.

People

The Board once again would like to express its gratitude to all of its employees, suppliers and sub-contractors for their outstanding efforts in what has been another very challenging year for the industry.

Looking Forward

Bellway has seen reservations in 2010 return to a more normal selling pattern with a strong spring selling season. However, following the change of government in May and the emergency Budget in June, buyer confidence slowly ebbed away during the summer as increasing media coverage was given to the new policies of the coalition Government to tackle the deficit.

Sales in the early part of what is traditionally an active autumn selling period have picked up, albeit only slightly, following the usual summer lull and it seems that potential homebuyers are awaiting the outcome of the Comprehensive Spending Review.

Whilst the Board's desire to increase volumes annually remains, it is ever mindful of past experiences, however, the Group currently has a strong land bank, a forward order book of £397 million and with £59 million of net cash, the capacity to grow the business should market conditions allow. The Board therefore remains confident as to the Group's ability to respond effectively to whatever market conditions prevail over the coming months.

H C Dawe
Chairman
18 October 2010

CHIEF EXECUTIVE'S OPERATING REVIEW

Introduction

By the beginning of the financial year our strategy of cash generation had reduced the Group's indebtedness by £181 million and this was supplemented in August 2009 with a share placing which raised £43.7 million putting the company on a sound financial footing. Regular meetings were taking place at this time with lenders' valuers and gradually the number of down valuations for mortgage purposes began to fall compared to the previous year. This process was reflected in the number of mortgage approvals which increased throughout 2009 to around 60,000 by December helping customer confidence which began to firm up at that time.

Market Place

Against this backdrop of a more stable housing market, Bellway increased legal completions of its new homes by 215 to 4,595. Private sales increased by 7% to 3,652 from 3,400, whilst there was a slight decline in the sales of social housing from 980 to 943 homes. Cancellation rates during the year have remained consistent at around 13% compared to a 26% peak in 2008/09. Incentives were regularly employed throughout the year to maintain sales rates and these ranged from simple cash discounts through to the part exchange of owned homes and shared equity schemes. The last of these incentives was needed for first time buyers in particular who struggled to raise the necessary deposits. Government's actions during the year through its continuance of HomeBuy Direct in England are to be applauded and 640 first time buyers were qualified to buy homes from Bellway in the year where the average deposit required was only 5%. Part exchange has been used by our customers on 493 occasions and has been helpful in maintaining confidence in local markets. At 31 July the stock of second hand properties held by the Group stood at £15.0 million (2009 - £8.0 million) comprising 115 homes (2009 – 69 homes).

Weekly sales rates from August to December 2009 were broadly consistent but 2010 has seen the market return to its more normal pattern of increased activity in spring followed by a decline as summer arrived. For the twelve months ended 31 July 2010 the Group averaged 89 reservations per week, achieving a high of 169 reservations during one week in March. The confidence that consumers had built up in late 2009 and early 2010 appeared, however, to stall at or around the time of the General Election as customers waited for the emergence of the new Government's proposed policies.

Divisional Performance

The six divisions located in the northern part of the UK sold 1,985 homes, an increase of 152 compared to the previous year. Throughout the year this market has been challenging but prices gradually stabilised as the year progressed and most divisions were able to increase volumes, resulting in an 8% increase when compared with the previous year. The North East division performed well, increasing the number of legal completions in the year by 19% to 500 homes and the West Midlands division, with the aid of 113 housing association sales, generated through the North Solihull Partnership, increased output by 15% to 328 homes. The average selling price in these northern divisions was £140,690 (2009 - £134,179) and this increase of 4.9% is almost entirely due to a change in the mix of properties legally completed in the period.

The seven remaining divisions in the south benefited from a market that had recovered earlier and faster and contributed 57% of total completions. Average sales prices in this region increased by 7% to £180,277 (2009 - £168,273) as the Group's focus moved towards higher value homes and this region saw a general improvement in consumer confidence. The size of a first time buyer's deposit in this part of the country can be particularly daunting. Housing associations, however, remain active in providing housing for this segment of the market and almost two thirds of our social home sales are in the south of the country. The Thames Gateway division alone accounted for almost 25% of the 943 social sales. We have continued to buy land for apartments in certain areas of the south, particularly within the M25 and with several small schemes coming to fruition, the South East division was able to almost double its output of private sales from 148 to 273 homes.

Margin Improvement

During the downturn the Board made a conscious decision to, where possible, re-plan sites and move away from apartments and town houses to two storey family housing. As a consequence, output of apartments has declined from 48% to 39% of home sales and is set to reduce further. These changes have also had a marked effect on the price and mix the Group is achieving. In the year, homes sold under £150,000 fell from 59% to 53% of legal completions and homes sold over £250,000 have, for the first time, accounted for more than 10% of output.

Whilst operating margins remained flat year on year, they have started to move in an upward direction, helped by stability of revenues with continuing tight controls on costs and overheads supporting the improvement from 6.1% in the first half of the year to 7.2% in the second half. Should stability in pricing remain, this increasing margin trend is expected to continue in the current financial year and beyond as a greater proportion of recently acquired land is traded.

Further reductions in build costs are still being achieved especially in relation to plastering, foundation and road and sewer works. Some materials, mainly timber and steel, have increased in price, although they represent a very small percentage of the overall cost. The Group does benefit from national agreements with material suppliers whereby fixed prices quite often straddle more than one financial year, eliminating short term cost fluctuations. These cost movements do not affect every site but are highlighted when existing developments have been re-drawn and re-tendered. On these sites, cost savings of around £2,400 per unit have been identified and the divisions will now need to work hard to deliver these savings as labour rates respond quickly to workload increases. The cost implications flowing from new technology, especially in relation to CO_2 emissions, are difficult to predict and will remain a focus for future cost control.

Planning for Recovery and Land Bank

The Group has increased the number of show homes since the year end and has revamped its website to enhance our sales effort and we are hoping to increase the number of sales outlets to 200 by spring next year. Divisions have released more homes to build and we therefore anticipate that work in progress levels will increase as the year progresses.

At the beginning of the financial year, Bellway decided to engage in opportunistic land buying and indeed, our cash outlay on land has increased to £208 million in the year ended July 2010. Whilst the land bank of plots with planning permission has been slimmed down further from 19,260 to 17,602 plots at 31 July 2010, the Group has increased its land bank awaiting planning permission from 14,000 to 15,000 plots. This pipeline has a high percentage of plots with outline planning permission and now, based on current volumes, our total land bank equates to a seven year supply. Excluded from this are our long term holdings which amount to over 3,000 acres where presently some 2,800 plots have a positive planning status granted by the various planning departments who are currently assessing the effect of the new government's localism agenda. As a result of acquiring more land in the south of England, the average plot cost of our land bank should increase but, more importantly, has been acquired on higher margins.

Quality and Service

The Group is committed to offering the highest standard of quality and customer service and, by listening to our customers and monitoring our performance, standards can be raised. In April 2010 a new "Consumer Code for House Builders" was introduced and we believe the Code will help to drive quality. The Code will also provide the customer with an Ombudsman should any dispute require resolution. Divisions closely monitor their own quality and customer satisfaction levels and the Group employs an independent company to report on its findings. The latest quarterly survey shows 87% of customers said they would recommend a Bellway home to a friend.

The Group's performance has also been recognised independently by the recent achievement of 4* builder status in the Home Builders Federation's fifth Customer Satisfaction Survey.

Every year the National House Building Council (NHBC) undertakes an audit of our sites and evaluates the skills of our Site Managers and I am pleased to report that this year Bellway received 18 NHBC "Quality Awards". Following on from our "Major House Builder 2009" Award, our Scottish division's efforts were recognised this summer when they received the award for the Large House Builder of the Year 2010 at the Scottish Homes Awards.

Health and Safety

The health and safety of the Group's staff, sub-contractors and those visiting our sites is of the utmost importance to the Board. During the course of the year the NHBC audited our site based systems to ensure compliance with latest legislation. We are pleased to report that the rate of incidents, despite the increasing levels of activity on site, has fallen to its lowest level since 2006.

The Group has its own health and safety teams who ensure best practice and they in turn are supported by external Health and Safety Inspectors who inspect our work practices on a monthly basis. During the last twelve months the teams have focused their site campaigns on manual handling and falls from height in an effort to create more awareness amongst all site operatives.

The Environment

Over 80% of the year's legal completions were built on brownfield land. The number of homes built to Code Level 3, or higher, of the Sustainable Code has substantially increased to 1,186 from the previous year's 428 homes. As a consequence, many more homes now have access to helpful everyday facilities such as car clubs and cycle stores and some 87% of sites are built within 500 metres of a transport node. Building homes to these new sustainable levels results in an estimated 25% reduction in CO_2 emissions compared with homes built under previous building regulations.

Virtually all of our developments now segregate waste on site thereby reducing the need for surplus material to be transported to landfill sites. Approximately 80,000 tonnes of demolition material has been re-used under roads and footpaths, therefore avoiding the payment of an ever increasing landfill tax which is presently levied at £48 per tonne.

The Group aims to ensure that the developments it builds have minimal negative effect on the local community. We now have some 89 sites registered under the Considerate Constructors Scheme, an audit process undertaken by third parties, assessing good practice and ensuring that the disruption to the local neighbourhood is minimised. In addition, as new planning agreements are implemented, we calculate that the financial contribution made to the local community has been in the region of £13 million resulting in new facilities such as community centres, play facilities and highway improvements.

Outlook

Throughout the summer consumer confidence appeared to recede as focus moved to the much talked about Comprehensive Spending Review. The first two months of the financial year have shown an increase in the number of reservations taken compared to the summer period and whilst encouraging, this level has been below the same period last year. Bellway is currently well positioned nevertheless having, by early October, already completed, contracted or reserved 2,999 homes for the year to 31 July 2011.

The Board believes that with cash in hand, a strong order book, well located and desirable developments; Bellway is well positioned whichever way the market moves in the coming months.

J K Watson
Chief Executive
18 October 2010

GROUP INCOME STATEMENT
For the year ended 31 July 2010

	Notes	**2010 Total**	2009 Pre-exceptional item	2009 Exceptional item Note 4	2009 Total
		£000	£000	£000	£000
Revenue	2	**768,341**	683,813	-	683,813
Cost of sales	4	**(678,547)**	(596,680)	(66,312)	(662,992)
Gross profit		**89,794**	87,133	(66,312)	20,821
Administrative expenses		**(38,539)**	(41,554)	-	(41,554)
Operating profit / (loss)		**51,255**	45,579	(66,312)	(20,733)
Finance income		**2,281**	4,894	-	4,894
Finance expenses		**(9,103)**	(20,712)	-	(20,712)
Profit / (loss) before taxation		**44,433**	29,761	(66,312)	(36,551)
Income tax (expense) / credit	3	**(8,620)**	(9,460)	18,567	9,107
Profit / (loss) for the year*		**35,813**	20,301	(47,745)	(27,444)

* all attributable to equity holders of the parent

There were no exceptional items in the current period (note 4).

	Notes	**2010 Total**	2009 Pre-exceptional item	2009 Exceptional item	2009 Total
Earnings / (loss) per ordinary share - Basic	6	**29.7p**	17.7p	(41.6)p	(23.9)p
Earnings / (loss) per ordinary share - Diluted	6	**29.6p**	17.6p	(41.5)p	(23.9)p
Dividend per ordinary share	5	**10.0p**	9.0p	-	9.0p

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2010

	2010 £000	2009 £000
Profit / (loss) for the period	**35,813**	(27,444)
Other comprehensive income		
Actuarial gains on defined benefit pension plans	**1,891**	353
Income tax on other comprehensive income	**(582)**	(99)
Other comprehensive income for the period, net of income tax	**1,309**	254
Total comprehensive income / (expense) for the period *	**37,122**	(27,190)

* all attributable to equity holders of the parent

GROUP STATEMENT OF CHANGES IN EQUITY
At 31 July 2010

	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 2008		14,372	116,928	1,492	868,358	1,001,150	(66)	1,001,084
Total comprehensive expense for the period								
Loss for the period		-	-	-	(27,444)	(27,444)	-	(27,444)
Other comprehensive income *		-	-	-	254	254	-	254
Total comprehensive expense for the period		-	-	-	(27,190)	(27,190)	-	(27,190)
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	5	-	-	-	(10,347)	(10,347)	-	(10,347)
Shares issued		3	270	-	-	273	-	273
Credit in relation to share options and tax thereon		-	-	-	1,305	1,305	-	1,305
Purchase of own shares		-	-	-	(113)	(113)	-	(113)
Total contributions by and distributions to shareholders		3	270	-	(9,155)	(8,882)	-	(8,882)
Balance at 31 July 2009		14,375	117,198	1,492	832,013	965,078	(66)	965,012
Total comprehensive income for the period								
Profit for the period		-	-	-	35,813	35,813	-	35,813
Other comprehensive income *		-	-	-	1,309	1,309	-	1,309
Total comprehensive income for the period		-	-	-	37,122	37,122	-	37,122
Transactions with shareholders recorded directly in equity:								
Dividends on equity shares	5	-	-	-	(11,221)	(11,221)	-	(11,221)
Shares issued		728	43,365	-	-	44,093	-	44,093
Credit in relation to share options and tax thereon		-	-	-	1,569	1,569	-	1,569
Purchase of own shares		-	-	-	(1,777)	(1,777)	-	(1,777)
Total contributions by and distributions to shareholders		728	43,365	-	(11,429)	32,664	-	32,664
Balance at 31 July 2010		**15,103**	**160,563**	**1,492**	**857,706**	**1,034,864**	**(66)**	**1,034,798**

* additional breakdown is provided in the Statement of Comprehensive Income.

GROUP BALANCE SHEET
At 31 July 2010

	Notes	2010	2009
		£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment		**8,216**	8,250
Investment property		**7,716**	7,377
Other financial assets		**32,664**	20,826
Deferred tax assets		**3,694**	7,328
		52,290	43,781
Current assets			
Inventories	4	**1,148,713**	1,211,351
Corporation tax receivable		**-**	9,847
Trade and other receivables		**45,801**	41,749
Cash and cash equivalents	7	**145,689**	43,210
		1,340,203	1,306,157
Total assets		**1,392,493**	1,349,938
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings		**100,000**	100,000
Retirement benefit obligations		**8,736**	11,925
Land and other payables		**20,299**	26,854
Deferred tax liabilities		**166**	-
		129,201	138,779
Current liabilities			
Corporation tax payable		**2,842**	-
Trade and other payables		**225,652**	246,147
		228,494	246,147
Total liabilities		**357,695**	384,926
Net assets		**1,034,798**	965,012
EQUITY			
Issued capital		**15,103**	14,375
Share premium		**160,563**	117,198
Other reserves		**1,492**	1,492
Retained earnings	8	**857,706**	832,013
Total equity attributable to equity holders of the parent		**1,034,864**	965,078
Non-controlling interest		**(66)**	(66)
Total equity		**1,034,798**	965,012

Approved by the Board of Directors on 18 October 2010 and signed on its behalf by

Howard C Dawe
Director

Alistair M Leitch
Director

GROUP CASH FLOW STATEMENT
For the year ended 31 July 2010

	Notes	2010 £000	2009 £000
Cash flows from operating activities			
Profit / (loss) for the year		**35,813**	(27,444)
Depreciation charge		**1,659**	2,190
(Profit) / loss on sale of property, plant and equipment		**(184)**	4
(Profit) / loss on sale of investment properties		**(39)**	55
Finance income		**(2,281)**	(4,894)
Finance expenses		**9,103**	20,712
Share based payment charge		**1,372**	1,318
Income tax expense / (credit)		**8,620**	(9,107)
Decrease in inventories		**62,638**	293,155
Increase in trade and other receivables		**(15,869)**	(22,744)
Decrease in trade and other payables		**(33,602)**	(69,282)
Cash from operations		**67,230**	183,963
Interest paid		**(2,534)**	(14,590)
Income tax received		**7,484**	23,591
Net cash inflow from operating activities		**72,180**	192,964
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,763)**	(139)
Acquisition of investment properties		**(657)**	(3,383)
Proceeds from sale of property, plant and equipment		**322**	684
Proceeds from sale of investment properties		**262**	43
Interest received		**1,049**	1,265
Net cash outflow from investing activities		**(787)**	(1,530)
Cash flows from financing activities			
Decrease in bank borrowings		**-**	(247,000)
Proceeds from issue of share capital on share placing		**43,658**	-
Proceeds from the issue of share capital on exercise of share options		**435**	273
Purchase of own shares by employee share option plans		**(1,777)**	(113)
Dividends paid		**(11,230)**	(10,697)
Net cash inflow / (outflow) from financing activities		**31,086**	(257,537)
Net increase / (decrease) in cash and cash equivalents		**102,479**	(66,103)
Cash and cash equivalents at beginning of year		**43,210**	109,313
Cash and cash equivalents at end of year	7	**145,689**	43,210

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 2010 or 2009. Statutory accounts for 2009 have been delivered to the registrar of companies, and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (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.

2. Revenue / segmental analysis

For the purposes of determining its reportable segments, the Chief Operating Decision Maker ("CODM") has been identified as the Board of Directors. The Board has reviewed the requirements of IFRS 8 'Operating Segments', including consideration of the internal reporting it receives to assess performance and to make decisions on how resources are allocated.

The Board regularly reviews the Group's performance and balance sheet position for the entire operations, which are based in the UK, and receives financial information for the UK as a whole. As a consequence, having carefully considered the requirements of IFRS 8, the Board has concluded that the Group has one reportable segment, which is UK house building.

As there is only one reportable segment whose revenue, profits, expenses, assets, liabilities and cash flows are measured and reported to the CODM, 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 19.4% (2009 - 24.9%). The taxation (charge) / credit for the years ended 31 July 2010 and 31 July 2009 is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit / (loss) for the period. The lower effective tax rate in the current year is principally due to enhanced claims for qualifying expenditure on remediated land, relating to current and prior periods, which have reduced the overall tax charge by £5.3 million in the year.

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 2010 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 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 further exceptional land write downs or land write backs were required as a result of this review.

The exceptional charge of £66.312 million for the year ended 31 July 2009 comprised write downs to net realisable value arising from site reviews (£58.881 million), option costs and related fees (£6.338 million), and part exchange properties (£1.093 million).

NOTES (continued)

5. Dividends on equity shares

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders in the year :		
Final dividend for the year ended 31 July 2009 of 6.0p per share (2008 - 6.0p)	**7,238**	6,897
Interim dividend for the year ended 31 July 2010 of 3.3p per share (2009 - 3.0p)	**3,987**	3,450
Dividends forfeited	**(4)**	-
	11,221	10,347
Proposed final dividend for the year ended 31 July 2010 of 6.7p per share (2009 - 6.0p)	**8,096**	7,245

The 2010 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 7 January 2011 and, in accordance with IAS 10, has not been included as a liability in these financial statements.

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:

Pre-exceptional item [i]	**Earnings 2010 £000**	**Weighted average number of ordinary shares 2010 no.**	**Earnings per share 2010 p**	Earnings / (loss) 2009 £000	Weighted average number of ordinary shares 2009 no.	Earnings / (loss) per share 2009 p
For basic earnings per ordinary share	**35,813**	**120,619,800**	**29.7**	20,301	114,949,883	17.7
Dilutive effect of options and awards		**549,620**	**(0.1)**		339,658	(0.1)
For diluted earnings per ordinary share	**35,813**	**121,169,420**	**29.6**	20,301	115,289,541	17.6
Post-exceptional item						
For basic earnings per ordinary share	**35,813**	**120,619,800**	**29.7**	(27,444)	114,949,883	(23.9)
Dilutive effect of options and awards [ii]		**549,620**	**(0.1)**		-	-
For diluted earnings per ordinary share	**35,813**	**121,169,420**	**29.6**	(27,444)	114,949,883	(23.9)

[i] Exceptional charge of £nil (2009 - £66.3m) in the current year (note 4) less associated tax credit of £nil (2009 - £18.6m).
[ii] In accordance with IAS 33 potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would increase the loss per share.

NOTES (continued)

7. Analysis of net (debt) / cash

	At 1 August 2009 £000	Cash flows £000	At 31 July 2010 £000
Cash and cash equivalents	43,210	102,479	**145,689**
Bank loans	(80,000)	-	**(80,000)**
Preference shares redeemable after more than one year	(20,000)	-	**(20,000)**
Net (debt) / cash at 31 July	(56,790)	102,479	**45,689**

8. Reserves

Own shares held

The Group holds shares within the Bellway Employee Share Trust (1992) (the "Trust") for participants of certain share-based payment schemes. During the period the Trust made a market purchase of 248,955 shares at an average price of 714p and transferred 148,955 shares to employees. The number of shares held within the Trust, and on which dividends have been waived, at 31 July 2010 was 100,000 (2009 - nil). These shares are held within the financial statements at a cost of £0.601 million (2009 - £nil). The market value of these shares at 31 July 2010 was £0.580 million (2009 - £nil).