

NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, TUESDAY 18 OCTOBER 2005, ANNOUNCE THEIR PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JULY 2005.

HIGHLIGHTS	Year to 31 July		
	2005	2004	Increase
Turnover – £m	1,178.	1,092.	7.8%
	1	6	
Operating profit – £m	229.7	213.3	7.7%
Profit before taxation – £m	218.2	205.5	6.2%
Basic earnings per ordinary share – pence	134.6	127.5	5.6%
Dividend per ordinary share – pence	31.25	25.0	25.0%
Net asset value per ordinary share – pence	685	585	17.1%

HOWARD DAWE, CHAIRMAN OF BELLWAY p.l.c. COMMENTING ON THE NEWCASTLE BASED HOUSEBUILDER'S ANNUAL RESULTS SAID "DESPITE TESTING MARKET CONDITIONS, BELLWAY HAS RECORDED ITS FOURTEENTH SUCCESSIVE YEAR OF VOLUME GROWTH" AND THAT "TURNOVER INCREASED TO A NEW RECORD".

HE CONTINUED THAT "IT IS THE BOARD'S INTENTION TO INCREASE THE FULL YEAR DIVIDEND BY 25%". ON REVIEWING THE YEAR HE SAID "THE GROUP'S LAND BANK..... HAS INCREASED BY A FURTHER 1,800 PLOTS TO 22,500" AND THAT THE GROUP "CONTINUES TO IMPLEMENT ITS POLICY OF FORWARD SELLING WHEREVER POSSIBLE AND THIS IS REFLECTED IN AN ORDER BOOK OF £513 MILLION AT 31 JULY 2005".

COMMENTING ON CURRENT TRADING MR DAWE SAID "IN THE FIRST TWO MONTHS OF THIS CURRENT FINANCIAL YEAR, RESERVATIONS HAVE SHOWN AN ENCOURAGING INCREASE OF 4%" AND FURTHERMORE "OUTLETS WILL INCREASE IN THE SECOND HALF" BUT "ARE UNLIKELY TO BENEFIT 2005/06 SIGNIFICANTLY".

IN CONCLUSION THE CHAIRMAN SAID THAT THESE RESULTS "REAFFIRM BELLWAY'S LONG TERM STRATEGY OF VOLUME GROWTH" AND "THE BOARD REMAINS CONFIDENT ABOUT THE FUTURE PROSPECTS FOR THE GROUP".

	2005	2004
* Homes sold – no.	7,001	6,610

* Average selling price – £000	163.8	161.4
* Operating margin – %	19.5	19.5
* Return on average capital employed – %	26.9	31.9
* Land bank – plots with planning permission	22,500	20,700
* Shareholders' funds – £m	796.2	675.1

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

TUESDAY 18 OCTOBER – THURSDAY 20 OCTOBER

J WATSON: 07855 337007

A LEITCH: 07855 337001

THEREAFTER: 0191 217 0717

BELLWAY p.l.c. CHAIRMAN'S STATEMENT

Results

I am pleased to announce that, despite testing market conditions, Bellway has recorded its fourteenth successive year of volume growth. Home sales increased by 5.9% to 7,001 with an increase in both private and housing association sales. The Group's average selling price, up 1.5% at £163,800, remains one of the lowest and hence, most affordable in the industry. Turnover increased to a new record of £1.178 billion, up 7.8% and total operating profit increased 7.7% to £229.7 million, with the operating margin maintained at 19.5%. Net interest payable of £11.5 million is covered 20 times. Net profit before tax increased by 6.2% to £218.2 million with earnings per share increasing by 5.6% from 127.5p to 134.6p. The balance sheet has been strengthened further by retained earnings, boosting shareholders' funds to £796.2 million and net asset value per ordinary share rising to 685p.

Dividend

As I indicated in my statement in April, it is the Board's intention to increase the full year dividend by 25% to 31.25p and the Board is therefore recommending to shareholders a final dividend of 18.25p. This dividend is conservatively covered 4.3 times by earnings and provides the Board with ample scope to maintain its progressive dividend policy.

Ordinary shareholders on the Register of Members at the close of business on Friday 16 December 2005 will receive the final dividend on Monday 16 January 2006.

Land Bank & Current Trading

The Group's land bank with planning permission, held on the balance sheet, has increased by a further 1,800 plots to 22,500. Additionally, Bellway has, during 2005, entered into two large scale regeneration schemes in South Tyneside and North Solihull and whilst these schemes do not feature at present in our land bank, urban regeneration represents a growing part of the business. As we embrace these new opportunities, the product of current Government policy, the Group is hopeful of announcing further such schemes in the next twelve months. The Thames Gateway North division commenced production during the year and the operational network has now increased to seventeen active divisions.

The Group continues to implement its policy of forward selling wherever possible and this is reflected in an order book of £513 million at 31 July 2005, a strong position even when compared to last year's record level of £587 million. In the first two months of this current financial year, reservations have shown an encouraging increase of some 4% when compared to the same period last year. This improvement comes from a small increase in the number of outlets. Although outlets will increase in the second half, most are scheduled to come on stream towards the end of our financial year and are unlikely to benefit 2005/06 significantly. Therefore as we are not anticipating an increase in sales rate per site, we only expect a small increase in homes sold in the current financial year.

People

Yet again, these results would not have been possible without the hard work and enthusiasm of all our employees throughout the country. Their efforts, combined with those of our suppliers, sub-contractors and partners are greatly appreciated by the Board and we would like to thank everyone involved.

Future Prospects

Whilst current market conditions may be challenging, our expanding land bank, operational network, affordable product profile, and regeneration expertise reaffirm Bellway's long term strategy of volume growth. The decision to increase the dividend by 25% reflects this and the Board remains confident about the future prospects for the Group.

H C Dawe
Chairman

17 October 2005

BELLWAY p.l.c.
CHIEF EXECUTIVE'S OPERATING REVIEW

Volume Growth

At the beginning of our financial year, several increases in interest rates had the desired effect of dampening an overheated housing market. Our customers began taking longer to commit to their purchase as they returned to a more normal pattern of decision making before reserving their new home.

Nevertheless, despite this tempering of the market, I am pleased to report that the Group achieved yet another year of organic growth, and in so doing has reached another milestone by selling 7,001 new homes, an increase of 5.9%. As a result Group turnover has grown to £1.178 billion, an increase of 7.8%, producing a record pre-tax profit of £218.2 million, an increase of 6.2%.

Profile

With an average selling price of £163,800, the Group's focus continues to be firmly established in the lower to middle market where demand remains the strongest. Whilst the Group's product range covers all sectors of the market, with the exception of retirement housing, 47% of the legal completions last year had an average selling price below £150,000.

Bellway has a broad national coverage serving most areas of the country which gives us flexibility to react quickly to changes in the market across the UK. Of the 7,001 new homes, 53% were sold through the northern divisions, which cover an area from Birmingham to Perth in Scotland, with the remaining 47% through our southern divisions.

Whilst the Group increased the sales of both private and social homes, the increase in the latter was more pronounced. During the year the Group sold 828 homes to housing associations for rent or shared ownership, with an average selling price of £88,200, an increase of 262 homes. This area of the business has a bias towards the south of the country at present and is a result of building relationships with various local authorities, government agencies and housing associations.

We are, however, likely to see an increasing contribution from the north of the country as we have been chosen as preferred partner in some of the largest regeneration projects in the country in areas such as Liverpool, Birmingham, North Nottinghamshire and Newcastle. This success will not only produce a steady land supply but will also increase our supply to the first time buyer market.

Divisional Performance

The northern divisions increased output by over 300 homes in the year thereby increasing turnover by 14% to £577 million. East Scotland commenced operations and produced its first 52 completions and we hope to see output steadily increasing over the years. At a time when many local authorities are imposing a moratorium on the release of new planning permissions for residential development, our two divisions in the North West of England produced over 1,200 homes – a creditable performance, one of which, West Lancashire division, has the lowest average selling price in the Group of £135,000. Similarly our two Midlands divisions have seen excellent growth in the period achieving between them over 1,000 home sales for the first time. We are pleased to announce that in August 2005 we were nominated as preferred developer for five sites totalling 600 homes at Meden Valley in North Nottinghamshire.

Divisional Performance (continued)

The southern divisions also increased volume output. Planning permissions in this part of the country are typically being released with a greater percentage of affordable social housing, especially in the North London, South East and Thames Gateway divisions. As a consequence, the average selling price in the southern divisions has seen a small reduction to £171,800 from £172,900 but this, combined with an increase in volume, produced a slight increase in turnover to £570 million, compared to last year's £561million. All of the southern divisions have an average selling price of less than £195,000. The South East division benefited from the completion of a high rise project in Woking and consequently increased output in the year. The Wessex division, having successfully completed a site of 150 apartments in Bristol, made steady progress during the year. The Thames Gateway North division has now firmly established itself and is ideally situated to benefit from any increased demand generated by the impact of London being awarded the 2012 Olympics. This means Bellway now has 17 fully operational divisions. Whilst the Group has the potential and desire to increase this number in future, the existing structure itself can generate volume growth because nine divisions last year traded at less than what we consider to be the optimum economic scale. Growth through these divisions will produce better overhead recovery.

City Solutions

With well over 70% of sales on brownfield land, we recognise that future land supply will come more from regeneration opportunities as opposed to traditional greenfield releases. As regeneration quite often involves many different government agencies and sectors of the local community, this wider consultation process is undertaken by the City Solutions team. When City Solutions has won a scheme, they then hand it over to the local division who process the project through to the development stage. The City Solutions team is extremely busy at the present time and we expect that to continue, given that urban regeneration is one of the key housing themes of the Labour Government's third term in office. In the year under review, we signed an agreement with North Solihull Council giving Bellway the right to develop 50% of a regeneration scheme. This will cover 15 neighbourhoods and the whole scheme may well produce over 5,000 new homes, together with schools and shopping centres, to benefit the local area. Furthermore, we have now obtained preferred developer status on two other schemes and we hope to reach formal agreement to develop these in the near future. None of these projects are in our land bank figures.

Sales Incentives and Cost Control

During the year under review, sales incentives have been used on more and more occasions to support the targeted selling rate. Typically these may include discount, part exchange and other such inducements aimed at specific plots which were proving more difficult to sell. Customer groups such as first time buyers also benefit from financial packages to assist them on to the housing ladder. These additional selling costs have impinged on our margin, but are being used by our divisions at acceptable levels. During the year, cost inflation, especially in the labour market, had been more difficult to control on a localised basis. We are now beginning to see an increased supply of quality labour coming from countries who have recently joined the European Union and we hope this will moderate these cost increases in future. The industry, for many years, did not invest in a future labour force but our apprenticeship scheme, which has been successfully implemented throughout the country, should ensure that the mistakes of the past are not repeated.

The continued use of prefabricated components has helped mitigate the impact of build cost increases. For example, timber framed construction was used in 25% of the homes we completed during the course of the year. These framing systems are constructed where speed can produce a cost saving. Areas such as Milton Keynes also embrace modern methods of construction using the "Eco Homes" concept to raise environmental standards and consequently this area is one of the most sustainable communities in the country.

Despite the cost pressures from both sales and construction, we have been able to maintain our operating margin at last year's record level of 19.5%.

Land Bank

The quality of the Group's land bank is the key to delivering future profitable growth. Maintaining this quality is paramount to Bellway and the Group has been extremely careful, particularly in the year under review, not to over pay for land in a weakening sales market. We have also been working hard to re-plan as many sites as possible to increase their densities. This process of re-planning will help to underpin margins in our land bank going forward and is encouraged in all divisions.

The Group has acquired circa 8,800 new plots in the year, 1,800 plots more than were sold. The total number of plots, with the benefit of planning permission recorded on the balance sheet, now stands at 22,500, compared with 20,700 last year. Once again, a large percentage of the plots acquired were converted from our medium term land pipeline. Two sites accommodating 664 plots in the East of London, one site in Canterbury for 450 plots, which is within walking distance of the cathedral, and 580 plots in the North West, are examples of this conversion from the pipeline where sites can be held for anything from 12 to 60 months. Even after these successes, we still have 12,000 plots in our medium term land bank and, whilst this figure includes our share from the joint venture at Barking Riverside with English Partnerships, it excludes all the land from our new urban regeneration schemes mentioned earlier.

Health and Safety

Obviously best practice in the management of health and safety is vital. During the year we have concentrated on reducing the number of reportable accidents and falls from height. As density increases so inevitably does the height of the buildings under construction. More and more of our homes are now constructed at two and a half storeys or higher and it is important that the Group recognises this and sets new achievement targets on an annual basis. Health and Safety both on site and in the office are a priority and our stance starts from the proposition that one accident is one too many.

The Environment

Whilst the grant of planning permission is often perceived by local communities to be damaging to the local environment, this is definitely not the case. The Group, for example, has pledged since January 2005, to pay some £1.1 million on education facilities, £400,000 on sports and community centres and £1.7 million on public open space and recreation areas. There are numerous other payments covering the likes of nature reserves, riverside walkways and highways.

Recently the Group has also entered into an agreement with Scottish Power to supply renewable electricity to the majority of our new homes throughout the UK. In so doing, this utility company will undertake to supply clean green hydro power into the electricity grid thereby further supporting the environment through a cleaner form of energy.

Outlook

Notwithstanding the present uncertainties, Bellway has continued its policy of forward selling and this has generated a strong order book at 31st July which has been further supplemented by trading in the first two months of the financial year and now stands at £597m. We also intend to continue to increase the number of sales outlets and urban regeneration projects and these, combined with the Group's operational network, should put Bellway in an excellent position to further improve our volume growth and enhance our already excellent track record in the future.

J K Watson
Chief Executive

17 October 2005

BELLWAY p.l.c.
GROUP PROFIT AND LOSS ACCOUNT
For the year ended 31 July 2005

	Notes	2005 £000	2004 £000
Turnover		1,178,063	1,092,571
Cost of sales		(897,661)	(829,598)
		-----	-----
Gross profit		280,402	262,973
Administrative expenses		(50,954)	(49,696)
		-----	-----
Group operating profit		229,448	213,277
Share of operating profit / (loss) in associated undertakings		199	(22)
		-----	-----
Total operating profit: Group and share of associates		229,647	213,255
Net interest payable (including associated undertakings)	1	(11,484)	(7,725)
		-----	-----
Profit on ordinary activities before taxation		218,163	205,530
Taxation		(65,400)	(61,700)
		-----	-----
Profit after taxation		152,763	143,830
Minority interest – equity		-	5
		-----	-----
Profit for the financial year attributable to shareholders		152,763	143,835
Dividends on equity and non–equity shares	2	(37,137)	(29,864)
		-----	-----
Retained profit for the financial year		115,626	113,971
		=====	=====
Earnings per ordinary share – basic	3	134.6p	127.5p
Earnings per ordinary share – diluted	3	133.3p	126.1p

The Group's results for both the current and preceding financial years derive from continuing operations.

The Company has taken advantage of the exemption from the requirement to present its own profit and loss account which is given by Section 230 (4) of the Companies Act 1985. The Company's profit for the year was £140,000,000 (2004 – £135,000,000).

There were no significant recognised gains or losses in the current or preceding year other than the profit attributable to shareholders.

BELLWAY p.l.c.
BALANCE SHEETS
At 31 July 2005

Notes	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Fixed assets				
Tangible assets	17,631	16,628	–	–
Investments	136	45	16,203	16,200
	-----	-----	-----	-----
	17,767	16,673	16,203	16,200
	-----	-----	-----	-----
Current assets				
Stocks	1,246,433	1,025,764	–	–
Debtors	50,421	38,176	698,078	587,635
Cash at bank and in hand	66,441	111,942	4,970	4,926
	-----	-----	-----	-----
	1,363,295	1,175,882	703,048	592,561
Current liabilities				
Creditors due within one year	(327,471)	(336,818)	(21,602)	(18,515)
	-----	-----	-----	-----
Net current assets	1,035,824	839,064	681,446	574,046
	-----	-----	-----	-----
Total assets less current liabilities	1,053,591	855,737	697,649	590,246
Creditors due after more than one year	(257,473)	(180,752)	–	–

Net assets		796,118	674,985	697,649	590,246
		=====	=====	=====	=====
Capital and reserves					
Equity share capital – Ordinary shares		14,154	14,008	14,154	14,008
Non–equity share capital – Preference shares		20,000	20,000	20,000	20,000
		-----	-----	-----	-----
Called up share capital		34,154	34,008	34,154	34,008
Equity reserves					
Share premium account		108,886	104,492	108,886	104,492
Other reserves		1,492	1,492	2,145	2,145
Profit and loss account		651,652	535,059	552,464	449,601
		-----	-----	-----	-----
Shareholders' funds – equity and non–equity	4	796,184	675,051	697,649	590,246
Equity minority interest		(66)	(66)	–	–
		-----	-----	-----	-----
		796,118	674,985	697,649	590,246
		=====	=====	=====	=====

Approved by the Board of Directors on 17 October 2005 and signed on its behalf by

H C Dawe
Director

A M Leitch
Director

BELLWAY p.l.c.
GROUP CASH FLOW STATEMENT
For the year ended 31 July 2005

	Note s	2005 £000	2004 £000
Net Cash inflow from operating activities			
Group operating profit	229,448	213,277	
Depreciation charge	3,269	3,583	
Profit on sale of fixed assets	(189)	(271)	
Increase in stocks	(220,669)	(167,780)	
Increase in debtors	(12,494)	(2,286)	
Increase in creditors	5,310	26,502	
	-----	-----	
		4,675	73,025
Net cash outflow from returns on investments and servicing of finance			
Interest paid	(13,474)	(10,477)	
Interest received	2,267	1,361	
Dividends paid – non-equity	(1,900)	(1,900)	
	-----	-----	
		(13,107)	(11,016)
Taxation		(68,060)	(54,775)
Net cash outflow from capital expenditure and financial investment			
Purchase of tangible fixed assets	(5,149)	(5,943)	
Purchase of investments	(3)	-	
Sale of tangible fixed assets	1,066	2,277	
	-----	-----	
		(4,086)	(3,666)
Equity dividends paid		(32,151)	(25,725)
		-----	-----
Net cash outflow before financing		(112,729)	(22,157)
Net cash inflow from financing			
Issue of ordinary share capital on exercise of share options	4,540	1,827	

Purchase of own shares by employee share option plans		(312)	(1,106)
(Decrease) / increase in bank loans due within one year		(13,000)	15,000
Increase in bank loans due after more than one year		76,000	30,000
		-----	-----
			67,228
			45,721
(Decrease) / increase in cash in year	5	-----	-----
		(45,501)	23,564
		=====	=====

NOTES

1 Net interest payable

	2005	2004
	£000	£000
Interest payable on bank loans and overdrafts	13,533	8,960
Other interest payable	129	101
	-----	-----
	13,662	9,061
Interest receivable	(2,250)	(1,390)
	-----	-----
	11,412	7,671
Share of interest payable of associated undertakings	72	54
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	11,484	7,725
	=====	=====

2 Dividends on equity and non-equity shares

	2005	2004
	£000	£000
Ordinary share capital – equity		
Interim paid on 1 July 2005 – 13.0p per share (2004 – 9.3p)	14,637	10,370
Final proposed – 18.25p per share (2004 – 15.7p)	20,600	17,594
	-----	-----
Total for year 31.25p per share (2004 – 25.0p)	35,237	27,964
Preference share capital 9.5% – non-equity	1,900	1,900
	-----	-----
	37,137	29,864
	=====	=====

3 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on earnings of £150,863,000 (2004 – £141,935,000) after taxation, minority interest and preference dividend and the weighted average number of ordinary shares (excluding the weighted average number of ordinary shares held by the employee share ownership plans) in issue during the year of 112,054,913 (2004 – 111,303,849).

The calculation of diluted earnings per ordinary share uses the same earnings figure as the basic calculation but the weighted average number of shares has been adjusted to 113,189,062 (2004 – 112,587,120) to reflect the dilutive effect of outstanding share options.

NOTES (continued)

4 Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
Group		
Profit for the year attributable to shareholders	152,763	143,835
Dividends	(37,137)	(29,864)
	-----	-----
	115,626	113,971
Exchange loss	-	(14)
Outstanding liabilities in relation to share awards	982	2,974
Movement in investment in own shares held by Employee Share Ownership Plans	(15)	(815)
Arising on exercise of options	4,540	2,783
Payments to the QUEST	-	(956)
	-----	-----
Net addition to shareholders' funds	121,133	117,943
Total shareholders' funds at 1 August 2004	675,051	557,108
	-----	-----
Total shareholders' funds at 31 July 2005	796,184	675,051
	=====	=====

Equity shareholders' funds at 31 July 2005	776,184	655,051
Non-equity shareholders' funds at 31 July 2005	20,000	20,000
	-----	-----
	796,184	675,051
	=====	=====

5 Analysis of net borrowings

	At 1 August 2004 £000	Cash flows £000	At 31 July 2005 £000
Cash at bank and in hand	111,942	(45,501)	66,441
Bank loans due within one year	(15,000)	13,000	(2,000)
Bank loans due after more than one year	(160,000)	(76,000)	(236,000)
	-----	-----	-----
Totals	(63,058)	(108,501)	(171,559)
	=====	=====	=====

NOTES (continued)

6 International Financial Reporting Standards (IFRS)

The Group must comply with IFRS from 1 August 2005 and is currently assessing the impact on relevant earlier periods in preparation for reporting, under IFRS, on the 2006 interim results. The Group considers that the main areas which will be affected by the adoption of IFRS are :

Share-based payments - IFRS 2 (Share-based Payment) requires that the fair value of options are calculated and expensed to the profit and loss account.

Pensions – IAS 19 (Employee Benefits) requires that the net deficit or surplus for the Group's defined benefit pension scheme be established on the basis of market values. This net deficit or surplus is to be included within the Group's balance sheet.

Land creditors – IAS 2 (Inventories) requires that, for deferred payments in relation to land, the creditor should be discounted to net present value. The difference between this value and the total creditor is charged to the profit and loss account, as notional interest, over the deferral period.

Dividends – IAS 10 (Events After the Balance Sheet Date) requires a dividend should only be recorded as a liability if it is declared before the balance sheet date. Bellway's interim and final dividends are declared after their respective balance sheet dates and so no liability for dividends will be shown.

An assessment of the impact of IFRS, as well as a restatement of the position at January and July 2005, will be issued ahead of the interim announcement in April 2006.

- 7 The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2004 or 2005 but is derived from those accounts. Statutory accounts for 2004 have been delivered to the registrar of companies and those for 2005 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.