GREGGS The home of fresh baking™

9 August 2011

INTERIM RESULTS FOR THE 26 WEEKS ENDED 2 JULY 2011

Greggs is the leading bakery retailer in the UK,
with over 1,500 retail outlets throughout the country,
serving freshly baked products to six million customers each week

SALES UP 4.2% IN TOUGHER TRADING CONDITIONS

- Sales up 4.2% to £335m (2010: £321m)
- Like-for-like sales up 0.4%
- Operating profit excluding exceptional items down £1.2m to £17.3m (2010: £18.5m)
- Underlying operating profit* up £0.8m to £19.3m before £2m impact of additional public holidays
- 39 net new shops opened, on track for net 80 during year
- Construction of two new bakeries completed on time and on budget
- Dividend per share up 5.5% to 5.8p: 27th consecutive year of dividend growth

* before exceptional items and impact of additional public holidays

"Total sales grew by 4.2% as we opened a record number of shops and also delivered positive like-for-like sales growth. Underlying operating profit was ahead of last year, adjusting for the impact of two additional public holidays compared with the first half of 2010.

"Trading conditions have proved to be more challenging than we had expected and we do not anticipate that the second half will bring any alleviation of the tougher consumer spending environment with disposable incomes remaining under pressure. We continue to experience substantial increases in commodity prices and are continuing to work hard to mitigate the impact on customers through business efficiencies and targeted promotional activity.

"Our total sales will benefit from our shop opening programme and we believe that marginally positive like-for-like sales growth over the year as a whole is achievable. Our performance to date in these difficult trading conditions confirms our confidence in Greggs' ability to deliver long term profitable growth for the benefit of shareholders, employees and the wider community."

- Kennedy McMeikan, Chief Executive

ENQUIRIES:

Greggs plc
Ken McMeikan, Chief Executive
Richard Hutton, Finance Director
Tel: 020 7796 4133 on Tuesday 9 August only
0191 281 7721 thereafter

Hudson Sandler
Wendy Baker / Michael Sandler
Tel: 020 7796 4133

High resolution images are available for the media to view and download from http://corporate.greggs.co.uk/media-download

CHIEF EXECUTIVE'S REPORT

Our performance in the first half remained on track, despite the widely reported tough retail trading conditions. Total sales grew by 4.2 per cent as we opened a record number of shops and also delivered positive like-for-like sales growth. Underlying operating profit was ahead of last year, adjusting for the impact of two additional public holidays compared with the first half of 2010. Our expansion and development programmes progressed to plan as we added a net 39 new shops, increased the rate of shop refurbishment and completed the major investment in our bakeries on time and on budget.

Results

Total Group sales in the 26 weeks ended 2 July 2011 (2010: 26 weeks to 3 July) increased by 4.2 per cent to £335 million (2010: £321 million), including like-for-like sales growth of 0.4 per cent. After a strong like-for-like performance in April, May was a very difficult month but we then returned to marginally positive like-for-like growth in June; this has continued in July.

Operating profit excluding exceptional items was £17.3 million (2010: £18.5 million). Adjusting for the expected £2 million negative impact of two additional public holidays in the first half of this year there was an underlying increase in operating profit excluding exceptional items of £0.8 million to £19.3 million.

This was a creditable performance in the light of the very substantial increases in commodity prices during the half year, affecting most key ingredients as well as our energy-related production, retailing and distribution costs. This pressure was mitigated by our continuing drive to identify and unlock cost savings throughout the business.

After net finance income of £43,000 (2010: £95,000) pre-tax profit excluding exceptional items was £17.3 million (2010: £18.6 million).

Diluted earnings per share excluding exceptional items were 12.7 pence (2010: 12.7 pence).

Exceptional items

There was a net exceptional credit during the first half of £7.4 million (2010: nil). This principally comprised an exceptional pension credit of £9.7 million arising from the decision that the indexation of occupational pensions should in future be based on the CPI rather than the RPI; this was partly offset by a provision of £2.3 million for property and restructuring costs arising from the closure of our old Gosforth and Penrith bakeries as we relocate to new sites. Pre-tax profit including exceptional items was £24.7 million (2010: £18.6 million).

Including exceptional items, diluted earnings per share were 18.1 pence (2010: 12.7 pence).

Dividend

The Board has declared an increased interim dividend of 5.8 pence per share (2010: 5.5 pence), a rise of 5.5 per cent. This reflects the improvement in underlying profit, the continued financial strength of the business and the Board's confidence in its future prospects, and builds on our exceptional record of 26 consecutive years of dividend growth since Greggs floated on the stock market in 1984. The interim dividend will be paid on 7 October 2011 to those shareholders on the register at the close of business on 9 September 2011.

Our customer offer

We have continued to offer our customers excellent value, particularly through our range of meal deals. Our extended breakfast range has performed well, with sales of porridge, croissants and pain au chocolat building on our bacon and sausage breakfast rolls. We completed the roll-out of freshly ground bean-to-cup Fairtrade coffee into all our shops, growing coffee sales by 23 per cent, and extended our hot sandwich offer to 360 shops.

We opened 45 new shops during the first half and closed six, making a net increase of 39 shops and giving us a total of 1,526 shops at 2 July 2011. This puts us well on track to achieve our target of opening around 80 net new shops during the year as a whole. We also invested £5.0 million in shop refurbishment and additional equipment (2010: £3.5 million), including the refitting of 17 shops in our new design.

As part of our continuing commitment to improving customer service, we completed the installation of card payment facilities in all our shops during the first half. We have continued to build our relationship with our customers through social media, including Facebook, where we now have more than 260,000 fans, and Twitter.

Our supply chain

We have completed the building of our new Newcastle bakery and of our new specialist confectionery bakery in Penrith on time and on budget, and both are due to be commissioned in September. They will deliver significant improvements in operational efficiency compared with the facilities they replace, and will also provide increased capacity to support our continued retail expansion. In addition we are upgrading our savoury manufacturing plant in Newcastle, a £2.5 million investment that will extend capacity by 10 per cent from 2012.

Our finances

Total capital expenditure during the first half was £31.4 million (2010: £12.4 million). This increase reflected our investment in the new bakeries as well as the faster pace of shop openings and refurbishments and the roll-out of coffee-making and hot sandwich equipment. We remain on track to complete our budgeted capital expenditure programme of approximately £60 million over the year as a whole.

Our investment programme continues to be funded from our own strong cash flow and the financial position of the business remains robust, with net cash on the balance sheet of £8.8 million at the end of the first half (2010: £24.6 million).

Our people

We are extremely grateful to all our people for everything they have done to keep the business moving forward in an exceptionally challenging trading climate. This year's record pace of new shop openings and refurbishments is a testament to their ability to make Greggs even more accessible to new customers whilst serving our existing customers well every day. I also appreciate their understanding and support in making changes to working practices to enable us to maintain our competitive edge and value positioning in the current economic and trading climate.

We were all very proud of Helen Milligan's performance on BBC1's *The Apprentice*. She now has a new, senior role as Head of Retail for Greggs South East, which sees her taking responsibility for more than 200 shops and 2,300 people. Helen is a great example of the talented individuals we employ throughout our business.

Corporate Social Responsibility

The Greggs Breakfast Clubs continue to go from strength to strength and are now operating in 171 schools, providing more than 8,000 children with a free, nutritious breakfast every day. Our efforts to share the Greggs Breakfast Club model with other businesses have generated a substantial amount of interest and should enable us and our partners to extend the clubs to more than 300 schools across the UK in the medium to long term. With 1.6 million children living in poverty across the UK there is still much that businesses need to do to alleviate childhood hardship.

We are also working in partnership with other businesses in the North East to help people who are homeless to find employment, and are pleased that so far collectively we have helped to secure jobs for 23 people.

We were delighted to receive recognition for a number of achievements in the first half of this year:

- A report by the Reputation Institute identified Greggs as the UK food retailer most highly regarded by consumers, and the 11th most respected company in the country.

- I am delighted that Greggs Foundation was named corporate foundation of the year at the 2011 Business Charity Awards.
- Finally, we are very proud that our Finance Director Richard Hutton received the ICAEW Sustainable Business Award at the FD Excellence Awards 2011, for Greggs' long-standing commitment to sustainability and his personal contribution to corporate responsibility.

Prospects

Trading conditions have proved to be more challenging than we had expected and we do not anticipate that the second half will bring any alleviation of the tougher consumer spending environment with disposable incomes remaining under pressure. We continue to experience substantial increases in commodity prices and are continuing to work hard to mitigate the impact on customers through business efficiencies and targeted promotional activity.

Our total sales will benefit from our shop opening programme and we believe that marginally positive like-for-like sales growth over the year as a whole is achievable. Our performance to date in these difficult trading conditions confirms our confidence in Greggs' ability to deliver long term profitable growth for the benefit of shareholders, employees and the wider community.

Kennedy McMeikan
Chief Executive
9 August 2011

Greggs plc
Consolidated income statement
For the 26 weeks ended 2 July 2011

	26 weeks ended 2 July 2011			26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	Excluding exceptional items	**Exceptional items (see note 5)**	**Total**	Total	Total
	£'000	**£'000**	**£'000**	£'000	£'000
Revenue	**334,704**	**-**	**334,704**	321,333	662,326
Cost of sales	**(130,151)**	**(2,245)**	**(132,396)**	(124,653)	(252,651)
Gross profit	**204,553**	**(2,245)**	**202,308**	196,680	409,675
Distribution and selling costs	**(168,365)**	**-**	**(168,365)**	(159,768)	(321,261)
Administrative expenses	**(18,935)**	**-**	**(18,935)**	(18,440)	(36,049)
Other income	**-**	**9,665**	**9,665**	-	-
Operating profit	**17,253**	**7,420**	**24,673**	18,472	52,365
Finance income	**43**	**-**	**43**	95	158
Profit before tax	**17,296**	**7,420**	**24,716**	18,567	52,523
Income tax	**(4,583)**	**(1,929)**	**(6,512)**	(5,570)	(14,589)
Profit for the period attributable to equity holders of the parent	**12,713**	**5,491**	**18,204**	12,997	37,934
Basic earnings per share	**12.9p***	**5.5p***	**18.4p**	12.9p	37.8p
Diluted earnings per share	**12.7p***	**5.4p***	**18.1p**	12.7p	37.3p

** Non GAAP measures (see note 8)*

Greggs plc
Consolidated statement of comprehensive income
For the 26 weeks ended 2 July 2011

	26 weeks ended 2 July 2011	26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	£'000	£'000	£'000
Profit for the period	**18,204**	12,997	37,934
Other comprehensive income			
Actuarial (losses) / gains on defined benefit pension plans	**(1,930)**	(4,627)	2,881
Tax on items taken directly to equity	**502**	1,296	(778)
Other comprehensive income for the period, net of income tax	**(1,428)**	(3,331)	2,103
Total comprehensive income for the period	**16,776**	9,666	40,037

Greggs plc
Consolidated balance sheet
as at 2 July 2011

	2 July 2011	3 July 2010	1 January 2011
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	**361**	506	433
Property, plant and equipment	**242,286**	208,909	226,150
	242,647	209,415	226,583
Current assets			
Inventories	**14,258**	13,047	11,883
Trade and other receivables	**19,522**	20,035	22,309
Cash and cash equivalents	**8,824**	24,550	20,790
Other investments	**-**	-	3,000
	42,604	57,632	57,982
Total assets	**285,251**	267,047	284,565
LIABILITIES			
Current liabilities			
Trade and other payables	**(69,909)**	(64,720)	(70,246)
Current tax liabilities	**(4,721)**	(6,664)	(6,282)
Provisions	**(1,951)**	(857)	(1,018)
	(76,581)	(72,241)	(77,546)
Non-current liabilities			
Defined benefit pension liability	**(866)**	(16,316)	(8,764)
Other payables	**(8,439)**	(8,649)	(8,439)
Deferred tax liability	**(12,074)**	(8,002)	(10,924)
Long term provisions	**(3,433)**	(2,992)	(2,665)
	(24,812)	(35,959)	(30,792)
Total liabilities	**(101,393)**	(108,200)	(108,338)
Net assets	**183,858**	158,847	176,227
EQUITY			
Capital and reserves			
Issued capital	**2,023**	2,060	2,023
Share premium account	**13,533**	13,533	13,533
Capital redemption reserve	**416**	379	416
Retained earnings	**167,886**	142,875	160,255
Total equity attributable to equity holders of the parent	**183,858**	158,847	176,227

Greggs plc
Consolidated statement of changes in equity
For the 26 weeks ended 2 July 2011

26 weeks ended 3 July 2010	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 3 January 2010	2,080	13,533	359	148,265	164,237
Total comprehensive income for the period					
Profit for the period	-	-	-	12,997	12,997
Other comprehensive income	-	-	-	(3,331)	(3,331)
Total comprehensive income for the period	-	-	-	9,666	9,666
Transactions with owners, recorded directly in equity					
Shares purchased and cancelled	(20)	-	20	(4,532)	(4,532)
Sale of own shares	-	-	-	570	570
Share based payments	-	-	-	450	450
Dividends to equity holders	-	-	-	(11,544)	(11,544)
Total transactions with owners	(20)	-	20	(15,056)	(15,056)
Balance at 3 July 2010	2,060	13,533	379	142,875	158,847

52 weeks ended 1 January 2011	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 3 January 2010	2,080	13,533	359	148,265	164,237
Total comprehensive income for the year					
Profit for the financial year	-	-	-	37,934	37,934
Other comprehensive income	-	-	-	2,103	2,103
Total comprehensive income for the year	-	-	-	40,037	40,037
Transactions with owners, recorded directly in equity					
Shares purchased and cancelled	(57)	-	57	(12,864)	(12,864)
Sale of own shares	-	-	-	734	734
Share based payments	-	-	-	642	642
Dividends to equity holders	-	-	-	(17,061)	(17,061)
Tax items taken directly to reserves	-	-	-	502	502
Total transactions with owners	(57)	-	57	(28,047)	(28,047)
At 1 January 2011	2,023	13,533	416	160,255	176,227

26 weeks ended 2 July 2011	Issued capital	Share premium	Capital redemption reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 2 January 2011	2,023	13,533	416	160,255	**176,227**
Total comprehensive income for the period					
Profit for the period	-	-	-	18,204	**18,204**
Other comprehensive income	-	-	-	(1,428)	**(1,428)**
Total comprehensive income for the period	-	-	-	16,776	**16,776**
Transactions with owners, recorded directly in equity					
Sale of own shares	-	-	-	2,947	**2,947**
Share based payments	-	-	-	434	**434**
Dividends to equity holders	-	-	-	(12,526)	**(12,526)**
Total transactions with owners	-	-	-	(9,145)	**(9,145)**
Balance at 2 July 2011	2,023	13,533	416	167,886	**183,858**

Greggs plc
Consolidated statement of cash flows
For the 26 weeks ended 2 July 2011

	26 weeks ended 2 July 2011	26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	£'000	£'000	£'000
Operating activities			
Cash generated from operating activities (see page 12)	**34,766**	24,923	77,826
Income tax paid	**(6,421)**	(7,763)	(15,814)
Net cash inflow from operating activities	**28,345**	17,160	62,012
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(34,171)**	(12,376)	(44,672)
Proceeds from sale of property, plant and equipment	**396**	509	815
Interest received	**43**	95	158
Disposal / (acquisition) of other investments	**3,000**	-	(3,000)
Net cash outflow from investing activities	**(30,732)**	(11,772)	(46,699)
Cash flows from financing activities			
Sale of own shares	**2,947**	570	734
Shares purchased and cancelled	**-**	(4,532)	(12,864)
Dividends paid	**(12,526)**	(11,544)	(17,061)
Government grants received	**-**	49	49
Net cash outflow from financing activities	**(9,579)**	(15,457)	(29,142)
Net decrease in cash and cash equivalents	**(11,966)**	(10,069)	(13,829)
Cash and cash equivalents at the start of the period	**20,790**	34,619	34,619
Cash and cash equivalents at the end of the period	**8,824**	24,550	20,790

Greggs plc
Consolidated statement of cash flows (continued)
For the 26 weeks ended 2 July 2011

Cash flow statement – cash generated from operations

	26 weeks ended 2 July 2011 £'000	26 weeks ended 3 July 2010 £'000	52 weeks ended 1 January 2011 £'000
Profit for the period	**18,204**	12,997	37,934
Amortisation	**72**	73	146
Depreciation	**14,463**	13,849	28,965
Loss on sale of property, plant and equipment	**197**	264	869
Release of government grants	**(468)**	(214)	(437)
Share based payment expenses	**434**	450	642
Finance income	**(43)**	(95)	(158)
Income tax expense	**6,512**	5,570	14,589
(Increase) / decrease in inventories	**(2,375)**	(1,161)	3
Decrease / (increase) in debtors	**2,787**	1,171	(1,103)
Increase / (decrease) in creditors	**3,110**	(7,034)	(2,467)
Movement in pension liability	**(9,828)**	(643)	(687)
Increase / (decrease) in provisions	**1,701**	(304)	(470)
Cash generated from operating activities	**34,766**	24,923	77,826

Notes

1. Basis of preparation and accounting policies

The condensed accounts have been prepared for the 26 weeks ended 2 July 2011. Comparative figures are presented for the 26 weeks ended 3 July 2010. These condensed accounts have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all the information required for full annual accounts, and should be read in conjunction with the Group accounts for the 52 weeks ended 1 January 2011.

These condensed accounts are unaudited and were approved by the Board of Directors on 9 August 2011.

The information for the 52 weeks ended 1 January 2011 does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The accounting policies applied by the Group in these condensed accounts are the same as those applied by the Group in its consolidated accounts for the 52 weeks ended 1 January 2011 other than those disclosed in note 2.

2. Changes in accounting policies

From 2 January 2011 the following standards, amendments and interpretations became effective and were adopted by the Group:

- Amendment to IAS 32 - Financial Instruments: Presentation: Classification of Rights Issues;
- Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement;
- Revised IAS 24 - Related Party Disclosure;
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments.

The adoption of the above has not had a significant impact on the Group's profit for the period or equity.

3. Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain the same as those stated on page 26 of our Annual Report and Accounts for the 52 weeks ended 1 January 2011, which are available on our website www.greggs.co.uk.

In particular, as discussed in the Chief Executive's report, the impact of the tougher consumer spending environment is expected to continue to present significant challenges.

4. Operating segment

The Board has carefully considered the requirements of IFRS 8: *Operating Segments*, and concluded that, as there is still only one reportable segment whose revenue, profits, assets and liabilities are measured and reported on a consistent basis with the Group accounts no additional numerical disclosures are necessary.

5. Exceptional items

The exceptional items relate to a credit of £9,665,000 arising on the change from RPI to CPI as the basis for the calculation of certain pension increases and a debit of £2,245,000 in respect of property and restructuring costs arising on the closure of old bakeries in Newcastle and Penrith.

6. Defined benefit pension scheme

The valuation of the defined benefit pension scheme for the purposes of IAS 19 as at 1 January 2011 has been updated as at 2 July 2011 and the movements have been reflected in these condensed accounts.

7. Taxation

The taxation charge for the 26 weeks ended 2 July 2011 and 3 July 2010 is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

8. Earnings per share

	26 weeks ended 2 July 2011			26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	Excluding exceptional items	**Exceptional items**	**Total**	Total	Total
	£'000	**£'000**	**£'000**	£'000	£'000
Profit for the period attributable to equity holders of the parent	**12,713**	**5,491**	**18,204**	12,997	37,934
Basic earnings per share	**12.9p***	**5.5p***	**18.4p**	12.9p	37.8p
Diluted earnings per share	**12.7p***	**5.4p***	**18.1p**	12.7p	37.3p

** Non GAAP measures*

Weighted average number of ordinary shares

	26 weeks ended 2 July 2011	26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	Number	Number	Number
Issued ordinary shares at start of period	**101,155,901**	103,990,470	103,990,470
Effect of own shares held	**(2,470,067)**	(2,797,425)	(2,753,645)
Effect of shares purchased and cancelled	**-**	(170,330)	(959,689)
Weighted average number of ordinary shares during the period	**98,685,834**	101,022,715	100,277,136
Effect of share options on issue	**1,652,424**	957,914	1,326,346
Weighted average number of ordinary shares (diluted) during the period	**100,338,258**	101,980,629	101,603,482
	=========	=========	=========
Issued ordinary shares at end of period	**101,155,901**	102,990,470	101,155,901
	=========	=========	=========

9. Dividends

The following tables analyse dividends when paid and the year to which they relate:

Dividend declared	**26 weeks ended 2 July 2011**	26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	Pence per share	Pence per share	Pence per share
2009 final dividend	**-**	11.4p	11.4p
2010 interim dividend	**-**	-	5.5p
2010 final dividend	**12.7p**	-	-
	12.7p	11.4p	16.9p

	26 weeks ended 2 July 2011	26 weeks ended 3 July 2010	52 weeks ended 1 January 2011
	£'000	£'000	£'000
Total dividend payable			
2009 final dividend	**-**	11,553	11,553
2010 interim dividend	**-**	-	5,508
2010 final dividend	**12,847**	-	-
Total dividend paid in period	**12,847**	11,553	17,061

Dividend proposed at period end and not included as a liability in the accounts			
2010 interim dividend (5.5p per share)	**-**	5,664	-
2010 final dividend (12.7 p per share)	**-**	-	12,847
2011 interim dividend (5.8p per share)	**5,867**	-	-
	5,867	5,664	12,847

10. Related party transactions

There have been no related party transactions in the first 26 weeks 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 52 weeks ended 1 January 2011.

11. Half year report

The condensed accounts were approved by the Board of Directors on 9 August 2011 and copies are being posted to all shareholders who have requested to receive paper communications. Further copies are available on application to the Company Secretary, Greggs plc, Fernwood House, Clayton Road, Jesmond, Newcastle upon Tyne, NE2 1TL. They will also be available on the Company's website, www.greggs.co.uk.

12. Statement of Directors' responsibilities

The Directors named below confirm on behalf of the Board of Directors that to the best of their knowledge:

- the condensed set of accounts has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

(a) DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of accounts; and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and

(b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the financial year and that have materially affected the financial position or performance of the Group during the period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Greggs plc are listed in the Annual Report and Accounts for the 52 weeks ended 1 January 2011. There have been no changes since the Annual Report and Accounts was published.

For and on behalf of the Board of Directors

Kennedy McMeikan
Chief Executive

Richard Hutton
Finance Director

9 August 2011