7 August 2012

INTERIM RESULTS FOR THE 26 WEEKS ENDED 30 JUNE 2012

Greggs is the leading bakery retailer in the UK,
with over 1,600 shops throughout the country,
serving freshly baked food to six million customers each week

NEW SHOPS AND NEW CHANNELS DRIVE SALES GROWTH

- Sales up 4.5% to £350m (2011: £335m): like-for-like sales down 2.3%
- Pre-tax profit down £0.8m to £16.5m (2011: £17.3m*)
- Dividend per share up 3.4% to 6.0p (2011: 5.8p)
- 33 net new shops opened, on track for net 90 during year
- Sales through Iceland Foods exceeding expectations
- Motorway services shops to expand to 30 Moto sites creating an additional 500 jobs

"Our total sales growth of 4.5 per cent reflects the good performance from our new shop opening programme and strong growth in wholesale volumes. The market remained challenging and was particularly impacted by the record levels of rainfall in the second quarter with UK High Street footfall down over 7 per cent**. Greggs was not immune to this and our like-for-like sales fell by 3.5 per cent in the second quarter and by 2.3 per cent in the first half overall.

Our tight control of costs and the added contribution from wholesale partially mitigated the profit impact, resulting in a £0.8 million (4.5 per cent) decline in first half profits.

Conditions for consumers are likely to remain challenging in the second half and we will therefore continue our focus on delivering outstanding value for our customers. In addition we will make the Greggs brand more accessible to new customers through our shop opening programme and further development of our wholesaling and franchising channels.

We continue to make strong progress towards our strategic goals and remain confident in our ability to deliver long term profitable growth for the benefit of shareholders, employees and the wider community."

- Kennedy McMeikan, Chief Executive

* Before 2011 exceptional credit of £7.4m
** British Retail Consortium – Springboard data.

ENQUIRIES:
Greggs plc
Ken McMeikan, Chief Executive
Richard Hutton, Finance Director
Tel: 020 7796 4133 on Tuesday 7 August **only**
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Hudson Sandler
Wendy Baker / Alex Brennan
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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 total sales growth of 4.5 per cent reflects the good performance from our new shop opening programme and strong growth in wholesale volumes. The market remained challenging and was particularly impacted by the record levels of rainfall in the second quarter with UK High Street footfall down over 7 per cent**. Greggs was not immune to this and our like-for-like sales fell by 3.5 per cent in the second quarter and by 2.3 per cent in the first half overall.

Our tight control of costs and the added contribution from wholesale volumes partially mitigated the profit impact, resulting in a £0.8 million (4.5 per cent) decline in first half profits.

**British Retail Consortium – Springboard data.

Results

Total Group sales in the 26 weeks ended 30 June 2012 (2011: 26 weeks ended 2 July) increased by 4.5 per cent to £350 million (2011: £335 million). Operating profit excluding exceptional items was down £0.8 million to £16.5 million (2011: £17.3 million), a net operating margin of 4.7 per cent (2011: 5.2 per cent).

We have continued to invest in giving our customers the outstanding value that remains their priority in these challenging economic times. In March we launched our "Lunch for Less" campaign offering a range of value baguette sandwiches, priced from £1. Additional promotional costs, along with the significant impact of the adverse weather during the first half, were partially mitigated by tight cost control and a better than expected contribution from wholesaling.

After net finance income of £25,000 (2011: £43,000), pre-tax profit excluding exceptional items was £16.5 million (2011: £17.3 million).

Diluted earnings per share excluding exceptional items were 12.3 pence (2011: 12.7 pence).

Dividend

The Board has declared an interim dividend of 6.0 pence per share (2011: 5.8 pence), an increase of 3.4 per cent. This increase reflects the Board's confidence in the financial strength of the business and its future prospects, and also anticipates the benefit to earnings per share from the two per cent reduction in the rate of UK corporation tax from April 2012. The interim dividend will be paid on 5 October 2012 to those shareholders on the register at the close of business on 7 September 2012.

New shop growth and format development

We opened 39 new shops during the first half and closed six, making a net increase of 33 shops and giving us a total of 1,604 shops at 30 June 2012. Our opening programme accelerates during the second half and we have a strong pipeline of new shops coming through, putting us comfortably on track to meet our target of 90 new shops, net of closures, over the year as a whole.

Our plans for new formats are progressing well as we develop different types of shops for different locations and occasions. We now have four "Greggs moment" coffee shops trading and a fifth shop opening on 9 August in Gateshead. In June we opened our newest concept shop "Greggs the Bakery" in Newcastle upon Tyne. This gives customers a more traditional baker's shop experience, offering 75 new lines including a wide range of artisan breads and "made to order" sandwiches alongside our best-loved products. We are encouraged by the early performance of Greggs moment and Greggs the Bakery.

Our plans to refurbish 100-120 of our existing shops during the year are on track with 64 completed and performing well in the first half.

New channels to market

In April we increased our sales through Iceland Foods by making a range of nine frozen products available in more than 750 Iceland stores. This range is targeted at the "bake at home" market, in which Greggs was not previously represented. Sales have performed very strongly and are already making a contribution to profits.

In the first half we opened two franchised Greggs shops in partnership with Moto Hospitality Limited. This trial has been very successful and we are now commencing the roll out of franchised Greggs shops to a further 28 Moto motorway service stations across the UK creating an additional 500 jobs.

Financial position

Capital expenditure during the first half was £19.2 million (2011: £31.4 million), a significant reduction that reflects the lower level of supply chain investment in the current year. The main focus of our investment in 2012 is the opening and refurbishment of shops.

The Group remains cash generative and financially robust. At the end of the half year we had net cash on the balance sheet of £1.8 million (2011: £8.8 million) with the reduction largely reflecting the increased working capital requirements of wholesaling.

New appointments

I am delighted to announce two new appointments to our Operating Board. Gavin Kirk joined us in May as Supply Chain Operations Director after 18 years with Mars Inc. David Sheehan will join us as Estates Director later in the year after eight years as Store Development Director with Sainsbury's plc.

Outlook

Conditions for consumers are likely to remain challenging in the second half and we will therefore continue our focus on delivering outstanding value for our customers. In addition we will make the Greggs brand more accessible to new customers through our shop opening programme and further development of our wholesaling and franchising channels.

There are some signs of future increases in global food ingredient costs; however we are largely covered against this for the remainder of 2012. Overall we expect second half margins to be in line with the same period in 2011.

We continue to make strong progress towards our strategic goals and remain confident in our ability to deliver long term profitable growth for the benefit of shareholders, employees and the wider community.

Kennedy McMeikan
Chief Executive
7 August 2012

Greggs plc
Consolidated income statement
For the 26 weeks ended 30 June 2012

	26 weeks ended 30 June 2012	26 weeks ended 2 July 2011 Restated (Note 1)			52 weeks ended 31 December 2011		
	Total	Excluding exceptional items	Exceptional items (see note 5)	Total	Excluding exceptional items	Exceptional items (see note 5)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**349,674**	334,704	-	334,704	701,088	-	701,088
Cost of sales	**(137,855)**	(130,151)	(2,245)	(132,396)	(270,533)	(2,245)	(272,778)
Gross profit	**211,819**	204,553	(2,245)	202,308	430,555	(2,245)	428,310
Distribution and selling costs	**(178,179)**	(168,857)	-	(168,857)	(342,641)	-	(342,641)
Administrative expenses	**(17,143)**	(18,443)	-	(18,443)	(34,903)	-	(34,903)
Other income	**-**	-	9,665	9,665	-	9,665	9,665
Operating profit	**16,497**	17,253	7,420	24,673	53,011	7,420	60,431
Finance income	**25**	43	-	43	69	-	69
Profit before tax	**16,522**	17,296	7,420	24,716	53,080	7,420	60,500
Income tax	**(4,166)**	(4,583)	(1,929)	(6,512)	(14,068)	(1,929)	(15,997)
Profit for the period attributable to equity holders of the parent	**12,356**	12,713	5,491	18,204	39,012	5,491	44,503
Basic earnings per share	**12.4p**	12.9p	5.5p	18.4p	39.5p	5.5p	45.0p
Diluted earnings per share	**12.3p**	12.7p	5.4p	18.1p	38.8p	5.5p	44.3p

Greggs plc
Consolidated statement of comprehensive income
For the 26 weeks ended 30 June 2012

	26 weeks ended 30 June 2012	26 weeks ended 2 July 2011	52 weeks ended 31 December 2011
	£'000	£'000	£'000
Profit for the period	**12,356**	18,204	44,503
Other comprehensive income			
Actuarial losses on defined benefit pension plans	**(2,077)**	(1,930)	(10,359)
Tax on items taken directly to equity	**498**	502	2,590
Other comprehensive income for the period, net of income tax	**(1,579)**	(1,428)	(7,769)
Total comprehensive income for the period	**10,777**	16,776	36,734

Greggs plc
Consolidated balance sheet
as at 30 June 2012

	30 June 2012	2 July 2011	31 December 2011
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	**216**	361	289
Property, plant and equipment	**255,693**	242,286	253,264
	255,909	242,647	253,553
Current assets			
Inventories	**16,940**	14,258	14,274
Trade and other receivables	**25,072**	19,522	21,165
Cash and cash equivalents	**1,833**	8,824	19,508
Other investments	**500**	-	500
	44,345	42,604	55,447
Total assets	**300,254**	285,251	309,000
LIABILITIES			
Current liabilities			
Trade and other payables	**(67,120)**	(69,909)	(74,304)
Current tax liabilities	**(4,745)**	(4,721)	(5,969)
Provisions	**(579)**	(1,951)	(620)
	(72,444)	(76,581)	(80,893)
Non-current liabilities			
Other payables	**(7,734)**	(8,439)	(7,969)
Defined benefit pension liability	**(10,667)**	(866)	(8,866)
Deferred tax liability	**(9,176)**	(12,074)	(10,010)
Long term provisions	**(2,867)**	(3,433)	(2,879)
	(30,444)	(24,812)	(29,724)
Total liabilities	**(102,888)**	(101,393)	(110,617)
Net assets	**197,366**	183,858	198,383
EQUITY			
Capital and reserves			
Issued capital	**2,023**	2,023	2,023
Share premium account	**13,533**	13,533	13,533
Capital redemption reserve	**416**	416	416
Retained earnings	**181,394**	167,886	182,411
Total equity attributable to equity holders of the parent	**197,366**	183,858	198,383

Greggs plc
Consolidated statement of changes in equity
For the 26 weeks ended 30 June 2012

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

52 weeks ended 31 December 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 year					
Profit for the financial year	-	-	-	44,503	44,503
Other comprehensive income	-	-	-	(7,769)	(7,769)
Total comprehensive income for the year	-	-	-	36,734	36,734
Transactions with owners, recorded directly in equity					
Shares purchased	-	-	-	(557)	(557)
Sale of own shares	-	-	-	3,266	3,266
Share based payments	-	-	-	699	699
Dividends to equity holders	-	-	-	(18,286)	(18,286)
Tax items taken directly to reserves	-	-	-	300	300
Total transactions with owners	-	-	-	(14,578)	(14,578)
At 31 December 2011	2,023	13,533	416	182,411	198,383

26 weeks ended 30 June 2012

	Issued capital	Share premium	Capital redemption reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2012	2,023	13,533	416	182,411	**198,383**
Total comprehensive income for the period					
Profit for the period	-	-	-	12,356	**12,356**
Other comprehensive income	-	-	-	(1,579)	**(1,579)**
Total comprehensive income for the period	-	-	-	10,777	**10,777**
Transactions with owners, recorded directly in equity					
Sale of own shares	-	-	-	1,304	**1,304**
Share based payments	-	-	-	330	**330**
Dividends to equity holders	-	-	-	(13,428)	**(13,428)**
Total transactions with owners	-	-	-	(11,794)	**(11,794)**
Balance at 30 June 2012	2,023	13,533	416	181,394	**197,366**

Greggs plc
Consolidated statement of cash flows
For the 26 weeks ended 30 June 2012

	26 weeks ended 30 June 2012	26 weeks ended 2 July 2011	52 weeks ended 31 December 2011
	£'000	£'000	£'000
Operating activities			
Cash generated from operating activities (see page 10)	**18,761**	34,766	88,112
Income tax paid	**(5,726)**	(6,421)	(14,334)
Net cash inflow from operating activities	**13,035**	28,345	73,778
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(19,244)**	(34,171)	(62,822)
Proceeds from sale of property, plant and equipment	**633**	396	770
Interest received	**25**	43	69
Redemption / (acquisition) of other investments	**-**	3,000	2,500
Net cash outflow from investing activities	**(18,586)**	(30,732)	(59,483)
Cash flows from financing activities			
Sale of own shares	**1,304**	2,947	3,266
Shares purchased	**-**	-	(557)
Dividends paid	**(13,428)**	(12,526)	(18,286)
Net cash outflow from financing activities	**(12,124)**	(9,579)	(15,577)
Net decrease in cash and cash equivalents	**(17,675)**	(11,966)	(1,282)
Cash and cash equivalents at the start of the period	**19,508**	20,790	20,790
Cash and cash equivalents at the end of the period	**1,833**	8,824	19,508

Greggs plc
Consolidated statement of cash flows (continued)
For the 26 weeks ended 30 June 2012

Cash flow statement – cash generated from operations

	26 weeks ended 30 June 2012 £'000	26 weeks ended 2 July 2011 £'000	52 weeks ended 31 December 2011 £'000
Profit for the period	**12,356**	18,204	44,503
Amortisation	**73**	72	144
Depreciation	**15,916**	14,463	30,707
(Profit) / loss on sale of property, plant and equipment	**(60)**	197	512
Release of government grants	**(235)**	(468)	(470)
Gain arising from pension adjustment	**-**	(9,665)	(9,665)
Share based payment expenses	**330**	434	699
Finance income	**(25)**	(43)	(69)
Income tax expense	**4,166**	6,512	15,997
Increase in inventories	**(2,666)**	(2,375)	(2,391)
(Increase) / decrease in debtors	**(3,907)**	2,787	1,144
(Decrease) / increase in creditors	**(6,858)**	3,110	7,777
Movement in pension liability	**(276)**	(163)	(592)
(Decrease) / increase in provisions	**(53)**	1,701	(184)
Cash generated from operating activities	**18,761**	34,766	88,112

Notes

1. Basis of preparation and accounting policies

The condensed accounts have been prepared for the 26 weeks ended 30 June 2012. Comparative figures are presented for the 26 weeks ended 2 July 2011. 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 31 December 2011.

These condensed accounts are unaudited and were approved by the Board of Directors on 7 August 2012.

The information for the 52 weeks ended 31 December 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 31 December 2011 other than those disclosed in note 2.

A minor presentational change was made to the income statement in the second half of 2011 reallocating some costs from administrative expenses to distribution and selling and consequently the comparative figures for the period ended 2 July 2011 have been restated on the same basis. There is no impact on net profit.

2. Changes in accounting policies

From 1 January 2012 the following standards, amendments and interpretations became effective and were adopted by the Group:

- Amendments to IFRS 7 – Disclosures: Transfers of Financial Assets;
- Amendments to IAS 12 – Deferred tax: Recovery of Underlying Assets.

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 substantially the same as those stated on pages 26-28 of our Annual Report and Accounts for the 52 weeks ended 31 December 2011, which are available on our website www.greggs.co.uk.

In the first half of the year a regulatory risk arose as a result of the UK Treasury's budget proposals concerning the definition of hot takeaway food for VAT purposes. We participated in the consultation process, the result of which was that the budget legislation was redefined in a manner that confirms our existing practice in taxing the food that we sell.

Additionally, as discussed in the Chief Executive's report, the economic risk arising from the tough 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 in 2011 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 31 December 2011 has been updated as at 30 June 2012 and the movements have been reflected in these condensed accounts.

7. Taxation

The taxation charge for the 26 weeks ended 30 June 2012 and 2 July 2011 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 30 June 2012	26 weeks ended 2 July 2011			52 weeks ended 31 December 2011		
		Excluding exceptional items	Exceptional items	Total	Excluding exceptional items	Exceptional items	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the period attributable to equity holders of the parent	**12,356**	12,713	5,491	18,204	39,012	5,491	44,503
Basic earnings per share	**12.4p**	12.9p	5.5p	18.4p	39.5p	5.5p	45.0p
Diluted earnings per share	**12.3p**	12.7p	5.4p	18.1p	38.8p	5.5p	44.3p

Weighted average number of ordinary shares

	26 weeks ended 30 June 2012	26 weeks ended 2 July 2011	52 weeks ended 31 December 2011
	Number	Number	Number
Issued ordinary shares at start of period	**101,155,901**	101,155,901	101,155,901
Effect of own shares held	**(1,787,642)**	(2,470,067)	(2,194,189)
Weighted average number of ordinary shares during the period	**99,368,259**	98,685,834	98,961,712
Effect of share options on issue	**1,459,619**	1,652,424	1,512,151
Weighted average number of ordinary shares (diluted) during the period	**100,827,878**	100,338,258	100,473,863
Issued ordinary shares at end of period	**101,155,901**	101,155,901	101,155,901

9. Dividends

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

Dividend declared	**26 weeks ended 30 June 2012**	26 weeks ended 2 July 2011	52 weeks ended 31 December 2011
	Pence per share	Pence per share	Pence per share
2010 final dividend	**-**	12.7p	12.7p
2011 interim dividend	**-**	-	5.8p
2011 final dividend	**13.5p**	-	-
	13.5p	12.7p	18.5p

	26 weeks ended 30 June 2012	26 weeks ended 2 July 2011	52 weeks ended 31 December 2011
	£'000	£'000	£'000
Total dividend payable			
2010 final dividend	**-**	12,526	12,528
2011 interim dividend	**-**	-	5,758
2011 final dividend	**13,428**	-	-
Total dividend paid in period	**13,428**	12,526	18,286
Dividend proposed at period end and not included as a liability in the accounts			
2011 interim dividend (5.8p per share)	**-**	5,867	-
2011 final dividend (13.5 p per share)	**-**	-	13,656
2012 interim dividend (6.0p per share)	**5,974**	-	-
	5,974	5,867	13,656

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 31 December 2011.

11. Half year report

The condensed accounts were approved by the Board of Directors on 7 August 2012. They will 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 31 December 2011. There have been no changes since the Annual Report and Accounts was published except that Bob Bennett retired on 16 May 2012.

For and on behalf of the Board of Directors

Kennedy McMeikan
Chief Executive

Richard Hutton
Finance Director

7 August 2012