GREGGS The home of fresh baking™

6 August 2013

INTERIM RESULTS FOR THE 26 WEEKS ENDED 29 JUNE 2013
AND STRATEGY UPDATE

Greggs is the leading bakery retailer in the UK,
with close to 1,700 shops throughout the country

GREGGS TO RESHAPE BUSINESS FOR FUTURE GROWTH

Financial highlights:

- Total Group sales up 3.4% to £362m (2012: £350m)
- Like-for-like own shop sales down 2.9% resulting in pre-tax profit down £4.6m to £11.4m (2012: £16.0m*)
- Net cash generated from operating activities £24.7m (2012: £14.2m)
- Dividend per share 6.0p (2012: 6.0p)
- 90 shop refits (2012: 64); expect 220-240 during year as a whole
- 19 net new shops opened; expect net 20-30 during year as a whole

* 2012 figures restated to reflect the adoption of IAS19 (revised)

Strategy update:

- Priority to return core business to like-for-like growth by focusing on products and services for the 'food on the go' customer
- 'Food on the go' market is £6 billion** and growing
- Improve the quality of our existing estate:
  - Increased rate of shop relocations
  - Accelerated refit programme with one 'Bakery food on the go' shop format
  - Limited net shop additions for 2-3 years
- Further growth of franchise operations
- Driving efficiency and capacity from existing supply chain network
- Significant investment in processes and systems
- Building the platform for long term sustainable profit growth

** Allegra

"Greggs is a strong brand that has the ability to grow shareholder value over the long term. Our focus for the future will be on winning in the growing food on the go market. As a consequence we will spend the next two to three years reshaping the business as we build the platform for long term sustainable profit growth for the benefit of shareholders, employees and the wider community."

- Roger Whiteside, Chief Executive

ENQUIRIES:

Greggs plc
Roger Whiteside, Chief Executive
Richard Hutton, Finance Director
Tel: 020 7796 4133 on Tuesday 6 August **only**
0191 281 7721 thereafter

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

Results

Total sales grew by 3.4 per cent in the first half driven by our new shop opening programme and growth in wholesale volumes. As we reported in our Interim Management Statement on 29 April, trading during the early part of the year was particularly challenging. Like-for-like sales performance in our estate improved in the second quarter but across the first half as a whole declined by 2.9 per cent. As a result total Group sales in the 26 weeks ended 29 June 2013 (2012: 26 weeks ended 30 June) increased to £362 million (2012: £350 million).

Although cost control in the period was strong our vertically integrated business model makes profit performance particularly sensitive to movements in like-for-like sales. The impact of lower like-for like sales in the first half led to a £4.7 million decline in operating profit to £11.5 million (2012: £16.2 million), a net operating margin of 3.2 per cent (2012: 4.6 per cent).

Despite the additional contribution from new shop openings and wholesale sales growth we were not able to offset the significant impact of like-for-like sales decline in the core business. In addition the first half result includes one-off costs of £1.0m reflecting an updated assessment of the impairment of assets in under-performing shops and costs associated with the review of strategy referred to below. The improving trend in like-for-like sales highlighted at the time of our Interim Management Statement continued to the end of the period and we remain focused on specific initiatives to drive further improvement.

After net finance costs of £136,000 (2012: £188,000), pre-tax profit was £11.4 million (2012: £16.0 million). The results incorporate the change in accounting for defined benefit pension schemes mandated by the revision to IAS19 (Employee Benefits). This has resulted in an additional £0.5m charge in the restated 2012 pre-tax profits.

Diluted earnings per share were 8.5 pence (2012: 11.9 pence). As a result of good cash control we ended the period with a cash balance of £12.0 million (2012: £1.8 million).

Dividend

The Board has declared an interim dividend of 6.0 pence per share (2012: 6.0 pence). The interim dividend will be paid on 4 October 2013 to those shareholders on the register at the close of business on 6 September 2013.

Shop development

We opened 37 new shops during the first half and closed 18, making a net increase of 19 shops and giving us a total of 1,690 shops at 29 June 2013. Of this total we operate 1,669 ourselves whilst the remaining 21 are operated under licence by Moto Hospitality Limited. Our partnership with Moto continues to progress well; the shops are very popular with travelling customers and we intend to work together to extend the Greggs offer to more Moto locations in the coming months.

For the remainder of the year we will focus less on growing net shop numbers as we put increased emphasis on improving the quality of the estate. This year we now expect to open around 70 new shops (2012: 121), including 14 with Moto, and close 40 to 50 shops. As a result we expect 20 to 30 net openings across the year as a whole (2012: 100 net).

In the first half we refitted a total of 90 shops (2012: 64) and these are performing well. We plan to refit between 220 and 240 shops in the year as a whole.

Financial position

Capital expenditure during the first half was £19.1 million (2012: £20.4 million), reflecting the reduced number of new shops opened in the period. We now expect capital expenditure in 2013 to be around £50 million.

The Group is cash generative and financially robust. Good management of working capital meant that net cash generated from operating activities in the period was £24.7m (2012: £14.2m). At the end of the half year we had net cash on the balance sheet of £12.0 million (2012: £1.8 million).

Strategy

Since taking over as Chief Executive in March I have worked with the senior management team to conduct a thorough review of the business which concluded in July and is resulting in some changes to our strategy. Whilst over many years Greggs has developed a leading position in the bakery market, customer preferences are shifting towards ‘food on the go’. Food on the go is a £6 billion market growing at an annual rate of 9% (source: Allegra) and some 75 per cent of customer visits to Greggs are already fulfilling a food on the go need. Whilst Greggs has defended its position as the leading retail bakery business it has underperformed the food on the go market as new entrants and existing competitors have rapidly expanded shop numbers and better met customer demands. With Greggs’ strong brand and national coverage we see significant opportunities in this area and so a number of changes are being announced today that will position us better for medium and long term growth.

Meeting consumer needs

Greggs is a much-loved and trusted brand and we can leverage our heritage in fresh bakery to compete successfully in the food on the go market. We believe in simple, good quality, great-tasting food at affordable and competitive prices. We own and run our own bakeries so we know and can control exactly what goes into our food; and because we are a daily-fresh business we have an advantage over those competitors who need to keep products on the shelves for longer.

Greggs is a brand with broad appeal, attracting customers of all types and we have the opportunity to fulfil more of their needs by focusing on food on the go at all times of the day. We are already beginning to make changes to our product offering to reflect our new focus, with encouraging early results. Our sweet range has been simplified and redeveloped to offer more contemporary products better suited to snacking or a treat to go with lunch. We have introduced a new pizza product that has quickly become one of our best-selling lines - popular at lunchtime but also perfect for afternoon and evening snacking. We have improved the filling recipes in our best-selling Steak Bakes and Sausage and Bean Melts. We also have further product developments and upgrades in the pipeline with many opportunities to continue to improve our product offer and develop our position in the food on the go market.

Changes are also already taking shape in our service offer to reflect better the needs of the food on the go customer. One of our key points of difference is that we make all of our sandwiches fresh each day in our shops and so we have started bringing our teams in earlier, before opening the shop, in order to make sure that we have full availability of sandwiches for the growing number of customers coming to us for breakfast who want to save time by buying lunch as well. Snacking in the afternoon is also a growing trend so we have started opening our shops later and improving availability at that time of day.

Customer engagement is a key feature of success in the food on the go market. In the weeks ahead we will be launching our first digital customer loyalty scheme, "Greggs Rewards", which will provide a platform for us to carry out more targeted customer engagement activity.

Investing in our shops

In recent years we have prioritised growing shop numbers as we sought to make Greggs accessible to more customers and leverage capacity in our bakeries. We continue to believe in the opportunity for increased shop numbers in the long term and our target remains in excess of 2,000 shops. However our priority for the next two to three years will be to improve the quality of our existing estate. Long term consumer trends affecting where and how customers shop demand a progressive reshaping of our estate. This will be achieved predominantly through a combination of shop relocations and reformatting, together with some shop closures in failing catchments. New shop openings will continue to be focused on workplace locations together with franchise operations, predominantly in travel locations.

Greggs has developed two separate shop formats: the 'Food on the go format' and the 'Local bakery' format. Whilst both have been successful we have decided to simplify our approach by combining the best aspects of each concept to create our new 'Bakery food on the go' format. We currently have nine shops which have been converted to the Bakery food on the go format and have been encouraged by their early results with double-digit sales increases. From now on our shop refit programme will be in this format and we expect to complete a further 130-150 such refits this year. The advantage of a single brand format is that it can be flexed for size and range to target different demographics whilst keeping a simple operational base. Important new features in these shops include the provision of seating for customers where appropriate, improved customer flow and more efficient queue management. The look and feel of this new format draws on our heritage in fresh bakery for the food on the go market.

Our franchise operation with Moto Hospitality Limited has been very successful and has now been extended to 21 shops. Three more shops are due to open this year and it is Moto's intention to open a further 14 next year. Gaining access to closed transport catchments through franchise arrangements is attractive and we have reached agreement with Euro Garages to test this model on two of their sites.

Accessing new markets

In recent years we have tested a number of new ventures with the potential to take the Greggs brand to new markets. Our future focus will be on the food on the go market and, as a consequence, we have decided not to make the development of new markets a priority and have taken the following decisions:

- Our wholesale "bake at home" business with Iceland will continue but we will not be seeking to extend this area of the business to further customers.

- In 2011 we also launched a trial to see if we could develop a successful coffee shop format chain branded as Greggs Moment. Whilst we have been encouraged by initial sales we have decided to concentrate our efforts to compete in the coffee market by developing Greggs shops with seats alongside our own coffee offer. We have learned much about the coffee market from this trial and this will be built into our Greggs offer as we move forward in this important area. We will aim to incorporate the existing 'Moment' shops, wherever possible, back into the core Greggs estate.

- We have no plans to develop an international business in the near future.

Competitive advantage through supply chain

As described above, the focus of our business strategy for the next few years will be on improving the quality of our existing estate and growing like-for-like sales in the food on the go market. The implications for our supply chain are that additional bakeries to reach new shops will not be necessary in the medium term and we do not require more capacity for our wholesale business.

As a consequence we have decided not to proceed with the building of a second savoury factory in the East Midlands which had been under consideration. Investment in our supply chain will be focused on realising the significant efficiency and capacity benefits to be gained within our existing network of bakeries, building on the work to develop centres of excellence seen in recent years.

Improving operational effectiveness

Greggs has made significant progress in the past five years towards centralising our business. The final phase of centralisation involves investing in the process and systems platform that will enable us to compete more effectively in the fast-moving food on the go market.

In the first half of the year we commissioned an independent review of our business processes and systems which identified a range of opportunities for improvement. These will require significant investment and a major transformation programme in order to create a solid foundation for future sales and profit growth. We plan to invest £25m over the next five years in process improvement and systems replacement and expect to deliver £38m of business benefits over the same period. The net annual benefit to the business at the conclusion of the programme is expected to be £6 million.

Summary

Greggs is a much-loved and trusted brand with a strong bakery heritage and a 12 per cent share of the growing food on the go market. We have taken a number of strategic decisions to focus the business on our core food on the go customer and return to delivering like-for-like sales growth. Whilst we continue to believe in the long term opportunity to grow the number of Greggs shops, our priorities for the next two to three years will be improving the quality of our existing estate, enhancing the efficiency of our existing supply chain, developing our product offering and evolving our service to meet our food on the go customers' needs.

Some of the changes that we have announced today will result in one–off exceptional charges of £6-8 million in the second half of the year. These will be mainly non-cash items relating to the impairment of asset values where our strategic direction no longer supports the carrying value of these assets.

Outlook

Like-for-like performance in our estate improved to a 1.3 per cent decline in the second quarter, in line with the trend highlighted in our Interim Management Statement. First half profits have been impacted by one-off costs totalling £1.0m, reflecting an updated assessment of the impairment of assets in under-performing shops and costs associated with the review of strategy.

Trading in the first five weeks of the second half to 3 August has been impacted by the heat-wave with like-for-like sales falling by 3.2 per cent compared with the same period last year. This, along with the change in the mix of sales from food items to lower margin cold drinks, has impacted profits by a further £2.0 million. As a result of this and the additional costs borne in the first half overall profits for the year are now expected to be around £3 million lower than we had previously expected.

We are continuing to make improvements to the products and service in our shops and expect to return to a better trend in sales in the coming weeks.

Greggs is a strong brand that has the ability to grow shareholder value over the long term. Our focus for the future will be on winning in the growing food on the go market. As a consequence we will spend the next two to three years reshaping the business as we build the platform for long term sustainable profit growth for the benefit of shareholders, employees and the wider community.

Roger Whiteside
Chief Executive
6 August 2013

Greggs plc
Consolidated income statement
For the 26 weeks ended 29 June 2013

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012 (restated see Note 2)	52 weeks ended 29 December 2012 (restated see Note 2)		
	Total	Total	Excluding exceptional items	Exceptional items (see note 5)	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	**361,678**	349,674	734,502	-	734,502
Cost of sales	**(148,231)**	(137,855)	(287,193)	1,445	(285,748)
Gross profit	**213,447**	211,819	447,309	1,445	448,754
Distribution and selling costs	**(184,403)**	(178,179)	(362,067)	-	(362,067)
Administrative expenses	**(17,531)**	(17,419)	(33,947)	-	(33,947)
Other income	**-**	-	-	-	-
Operating profit	**11,513**	16,221	51,295	1,445	52,740
Finance expense	**(136)**	(188)	(377)	-	(377)
Profit before tax	**11,377**	16,033	50,918	1,445	52,363
Income tax	**(2,704)**	(4,049)	(12,206)	(344)	(12,550)
Profit for the period attributable to equity holders of the parent	**8,673**	11,984	38,712	1,101	39,813
Basic earnings per share	**8.6p**	12.1p	38.9p	1.1p	40.0p
Diluted earnings per share	**8.5p**	11.9p	38.3p	1.1p	39.4p

Greggs plc
Consolidated statement of comprehensive income
For the 26 weeks ended 29 June 2013

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012 (restated – see Note 2)	52 weeks ended 29 December 2012 (restated – see Note 2)
	£'000	£'000	£'000
Profit for the period	**8,673**	11,984	39,813
Other comprehensive income			
Items that will not be recycled to profit or loss:			
Re-measurements on defined benefit pension plans	**2,207**	(1,588)	5,236
Tax on items taken directly to equity	**(508)**	381	(1,204)
Other comprehensive income for the period, net of income tax	**1,699**	(1,207)	4,032
Total comprehensive income for the period	**10,372**	10,777	43,845

Greggs plc
Consolidated balance sheet
as at 29 June 2013

	29 June 2013	30 June 2012 (restated – see Note 2)	29 December 2012
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	**72**	216	144
Property, plant and equipment	**265,110**	256,814	264,257
	265,182	257,030	264,401
Current assets			
Inventories	**15,672**	15,819	17,658
Trade and other receivables	**25,457**	25,072	26,917
Cash and cash equivalents	**11,983**	1,833	19,381
Other investments	**-**	500	-
	53,112	43,224	63,956
Total assets	**318,294**	300,254	328,357
LIABILITIES			
Current liabilities			
Trade and other payables	**(70,561)**	(67,120)	(71,955)
Current tax liabilities	**(2,714)**	(4,745)	(7,101)
Provisions	**(295)**	(579)	(359)
	(73,570)	(72,444)	(79,415)
Non-current liabilities			
Other payables	**(7,511)**	(7,734)	(7,502)
Defined benefit pension liability	**(1,940)**	(10,667)	(4,056)
Deferred tax liability	**(9,684)**	(9,176)	(9,199)
Long term provisions	**(1,176)**	(2,867)	(1,395)
	(20,311)	(30,444)	(22,152)
Total liabilities	**(93,881)**	(102,888)	(101,567)
Net assets	**224,413**	197,366	226,790
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	**208,441**	181,394	210,818
Total equity attributable to equity holders of the parent	**224,413**	197,366	226,790

Greggs plc
Consolidated statement of changes in equity
For the 26 weeks ended 29 June 2013

26 weeks ended 30 June 2012

	Issued capital	Share premium	Capital redemption reserve	Retained earnings (restated – see Note 2)	Total (restated – see Note 2)
	£'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	-	-	-	11,984	11,984
Other comprehensive income	-	-	-	(1,207)	(1,207)
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

52 weeks ended 29 December 2012

	Issued capital	Share premium	Capital redemption reserve	Retained earnings (restated – see Note 2)	Total (restated – see Note 2)
	£'000	£'000	£'000	£'000	£'000
At 1 January 2012	2,023	13,533	416	182,411	198,383
Total comprehensive income for the year					
Profit for the financial year	-	-	-	39,813	39,813
Other comprehensive income	-	-	-	4,032	4,032
Total comprehensive income for the year	-	-	-	43,845	43,845
Transactions with owners, recorded directly in equity					
Sale of own shares	-	-	-	3,624	3,624
Share based payments	-	-	-	346	346
Dividends to equity holders	-	-	-	(19,406)	(19,406)
Tax items taken directly to reserves	-	-	-	(2)	(2)
Total transactions with owners	-	-	-	(15,438)	(15,438)
At 31 December 2012	2,023	13,533	416	210,818	226,790

26 weeks ended 29 June 2013

	Issued capital	Share premium	Capital redemption reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 30 December 2012	2,023	13,533	416	210,818	**226,790**
Total comprehensive income for the period					
Profit for the period	-	-	-	8,673	**8,673**
Other comprehensive income	-	-	-	1,699	**1,699**
Total comprehensive income for the period	-	-	-	10,372	**10,372**
Transactions with owners, recorded directly in equity					
Sale of own shares	-	-	-	622	**622**
Share based payments	-	-	-	184	**184**
Dividends to equity holders	-	-	-	(13,555)	**(13,555)**
Total transactions with owners	-	-	-	(12,749)	**(12,749)**
Balance at 29 June 2013	2,023	13,533	416	208,441	**224,413**

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

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012 (restated – see Note 2)	52 weeks ended 29 December 2012
	£'000	£'000	£'000
Operating activities			
Cash generated from operating activities (see page 12)	**31,774**	19,882	70,013
Income tax paid	**(7,114)**	(5,726)	(13,435)
Net cash inflow from operating activities	**24,660**	14,156	56,578
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(20,649)**	(20,365)	(46,035)
Proceeds from sale of property, plant and equipment	**1,569**	633	4,563
Interest (paid) / received	**(45)**	25	49
Redemption of other investments	**-**	-	500
Net cash outflow from investing activities	**(19,125)**	(19,707)	(40,923)
Cash flows from financing activities			
Sale of own shares	**622**	1,304	3,624
Dividends paid	**(13,555)**	(13,428)	(19,406)
Net cash outflow from financing activities	**(12,933)**	(12,124)	(15,782)
Net decrease in cash and cash equivalents	**(7,398)**	(17,675)	(127)
Cash and cash equivalents at the start of the period	**19,381**	19,508	19,508
Cash and cash equivalents at the end of the period	11,983	1,833	19,381

Greggs plc
Consolidated statement of cash flows (continued)
For the 26 weeks ended 29 June 2013

Cash flow statement – cash generated from operations

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012 (restated – see Note 2)	52 weeks ended 29 December 2012 (restated – see Note 2)
	£'000	£'000	£'000
Profit for the period	**8,673**	11,984	39,813
Amortisation	**72**	73	145
Depreciation	**16,501**	15,916	32,842
Loss / (profit) on sale of property, plant and equipment	**186**	(60)	(1,475)
Release of government grants	**(235)**	(235)	(471)
Share based payment expenses	**184**	330	346
Finance expense	**136**	188	377
Income tax expense	**2,704**	4,049	12,550
Decrease / (increase) in inventories	**1,986**	(1,545)	(3,384)
Decrease / (increase) in debtors	**1,460**	(3,907)	(5,752)
Increase / (decrease) in creditors	**390**	(6,858)	(3,233)
Decrease in provisions	**(283)**	(53)	(1,745)
Cash generated from operating activities	**31,774**	19,882	70,013

Notes

1. Basis of preparation and accounting policies

The condensed accounts have been prepared for the 26 weeks ended 29 June 2013. Comparative figures are presented for the 26 weeks ended 30 June 2012. 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 29 December 2012.

These condensed accounts are unaudited and were approved by the Board of Directors on 6 August 2013.

The comparative figures for the 52 weeks ended 29 December 2012 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group continues to have strong operational cashflows and the Directors are of the view that the Group has sufficient funds available to meet its foreseeable working capital requirements. The Directors have concluded therefore that the going concern basis remains appropriate.

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 29 December 2012 other than those disclosed in note 2.

2. Changes in accounting policies

From 30 December 2012 the following standards, amendments and interpretations were adopted by the Group:

- IFRS 13 'Fair Value Measurement';
- IAS 19 'Employee Benefits' (Revised);
- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities';
- Amendment to IAS 1 'Presentation of Financial Statements'.

Except for IAS 19 (Revised), the adoption of the above has not had a significant impact on the Group's profit for the period or equity.

The implementation of IAS 19 (Revised) has impacted the income statement in the following ways:

- A change in the calculation of the interest income on plan assets. This was previously based on the expected returns on the various asset types held within the investment portfolio. It is now calculated at the same rate used to calculate the interest expense on the pension liability, being a discount rate derived from high quality corporate bonds. The difference between this calculated return and the actual return is reported as a re-measurement through reserves; and
- The reporting of a combined net figure within finance expense, rather than showing the movement on the expected return on plan assets and the interest on the pension obligation within administrative expenses.

As a result of this the consolidated income statement, the consolidated statement of comprehensive income and the consolidated cashflow have been restated for the 26 weeks ended 30 June 2012 and for the 52 weeks ended 29 December 2012. There is no change to the net pension liability or to net assets as a result of the implementation of IAS19 (Revised) and therefore no restatement of the balance sheet is required.

The impact on the consolidated income statement is as follows

	26 weeks ended 30 June 2012			52 weeks ended 29 December 2012		
	As originally presented	Impact of IAS19 (Revised)	Restated	As originally presented	Impact of IAS19 (Revised)	Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Operating profit	16,497	(276)	16,221	53,293	(553)	52,740
Finance income / (expense)	25	(213)	(188)	49	(426)	(377)
Profit before tax	16,522	(489)	16,033	53,342	(979)	52,363
Tax	(4,166)	117	(4,049)	(12,775)	225	(12,550)
Profit after tax	12,356	(372)	11,984	40,567	(754)	39,813
Earnings per share – basic	12.4p	(0.3p)	12.1p	40.7p	(0.7p)	40.0p
Earnings per shares – diluted	12.3p	(0.4p)	11.9p	40.1p	(0.7p)	39.4p

The impact on the consolidated statement of comprehensive income is as follows:

	26 weeks ended 30 June 2012			52 weeks ended 29 December 2012		
	As originally presented	Impact of IAS19 (Revised)	Restated	As originally presented	Impact of IAS19 (Revised)	Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the period	12,356	(372)	11,984	40,567	(754)	39,813
Re-measurements on defined benefit pension plans	(2,077)	489	(1,588)	4,257	979	5,236
Tax on items taken directly to equity	498	(117)	381	(979)	(225)	(1,204)
Total comprehensive income for the period	10,777	-	10,777	43,845	-	43,845

The figures for cash generated by operations in the cashflow statement have also been amended to reflect these changes.

In addition the balance sheet at 30 June 2012 has been restated to reflect the fact that certain items of equipment are now treated as fixed assets immediately after purchase rather than held in stock until they are brought into use. No restatement is necessary at 29 December 2012 as this treatment was adopted in those accounts. £1,121,000 has been transferred from inventories to fixed assets at 30 June 2012.

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 32-35 of our Annual Report and Accounts for the 52 weeks ended 29 December 2012, which are available on our website www.greggs.co.uk. In particular the first half results reflect the sensitivity of our vertically integrated business model to the impact of lower like-for-like sales.

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

Whilst there are no exceptional items arising in the 26 weeks ended 29 June 2013, we expect the accounts for the 52 weeks ended 28 December 2013 to include an exceptional charge arising from the strategic review as described in note 11.

The exceptional items in the 52 weeks ended 29 December 2012 related to a credit arising on the release of an onerous lease provision following the sale of an old bakery site and the profit arising from that sale.

6. Defined benefit pension scheme

The valuation of the defined benefit pension scheme for the purposes of IAS 19 (Revised) as at 29 December 2012 has been updated as at 29 June 2013 and the movements have been reflected in these condensed accounts.

7. Taxation

The taxation charge for the 26 weeks ended 29 June 2013 and 30 June 2012 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 29 June 2013	26 weeks ended 30 June 2012 (Restated – see Note 2)	52 weeks ended 29 December 2012 (Restated – see Note 2)		
	Total	Total	Excluding exceptional items	Exceptional items	Total
	£'000	£'000	£'000	£'000	£'000
Profit for the period attributable to equity holders of the parent	**8,673**	11,984	38,712	1,101	39,813
Basic earnings per share	**8.6p**	12.1p	38.9p	1.1p	40.0p
Diluted earnings per share	**8.5p**	11.9p	38.3p	1.1p	39.4p

Weighted average number of ordinary shares

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012	52 weeks ended 29 December 2012
	Number	Number	Number
Issued ordinary shares at start of period	**101,155,901**	101,155,901	101,155,901
Effect of own shares held	**(834,646)**	(1,787,642)	(1,587,754)
Weighted average number of ordinary shares during the period	**100,321,255**	99,368,259	99,568,147
Effect of share options on issue	**1,373,768**	1,459,619	1,478,599
Weighted average number of ordinary shares (diluted) during the period	**101,695,023**	100,827,878	101,046,746
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 29 June 2013**	26 weeks ended 30 June 2012	52 weeks ended 29 December 2012
	Pence per share	Pence per share	Pence per share
2011 final dividend	**-**	13.5p	13.5p
2012 interim dividend	**-**	-	6.0p
2012 final dividend	**13.5p**	-	-
	13.5p	13.5p	19.5p

	26 weeks ended 29 June 2013	26 weeks ended 30 June 2012	52 weeks ended 29 December 2012
	£'000	£'000	£'000
Total dividend payable			
2011 final dividend	**-**	13,432	13,432
2012 interim dividend	**-**	-	5,974
2012 final dividend	**13,555**	-	-
Total dividend paid in period	**13,555**	13,432	19,406
Dividend proposed at period end and not included as a liability in the accounts			
2012 interim dividend (6.0p per share)	**-**	5,974	-
2012 final dividend (13.5 p per share)	**-**	-	13,555
2013 interim dividend (6.0p per share)	**6,026**	-	-
	6,026	5,974	13,555

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 29 December 2012.

11. Post balance sheet event

The findings of the strategic review were presented to the Board in July 2013 and have resulted in a number of changes as described by the Chief Executive in his report.

These strategic changes are expected to result in an exceptional charge of £6-8 million in the second half of the year and relate mainly to the impairment of asset values where the Company's strategic direction no longer supports the carrying value of these assets.

12. Half year report

The condensed accounts were approved by the Board of Directors on 6 August 2013. They will be available on the Company's website, www.greggs.co.uk.

13. 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 29 December 2012. There have been no changes since the Annual Report and Accounts was published except that Derek Netherton retired on 15 May 2013.

For and on behalf of the Board of Directors

Roger Whiteside
Chief Executive

Richard Hutton
Finance Director

6 August 2013