20 March 2013

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 29 DECEMBER 2012

Greggs is the leading bakery retailer in the UK,
with over 1,670 retail outlets throughout the country,
serving freshly baked products to six million customers each week

SALES UP 4.8%, DRIVEN BY NEW SHOP OPENINGS AND WHOLESALE

- Total sales up 4.8% to £735m
- 100 net new shops opened
- Wholesale and franchise sales contributed 2.8% points to sales growth
- Like-for-like sales down 2.7%
- Pre-tax profit* down 2.2% to £51.9m
- Diluted earnings per share* up 0.5% to 39.0p
- Dividend per share up 1.0% to 19.5p

* before exceptional items: 2012 pre-tax credit £1.4m (2011: pre-tax credit £7.4m)

"Success in our new business channels coupled with new shop openings saw total sales growing again this year despite challenging market conditions.

"We have reshaped our plans for 2013 to focus on our core estate by increasing investment in our successful new formats in 'food on the go' and 'local bakery'. At the same time we will continue to develop sales through new shop openings, and make further progress in new markets through our wholesale and franchise agreements."

\- ***Roger Whiteside, Chief Executive***

ENQUIRIES:

Greggs plc
Roger Whiteside, Chief Executive
Richard Hutton, Finance Director
Tel: 020 7796 4133 on Wednesday 20 March **only**
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Hudson Sandler
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CHAIRMAN'S STATEMENT

In my 11th and final report as Chairman, I am pleased to report another year of progress towards our key strategic objectives, designed to strengthen the business for the longer term. In particular, we have continued to diversify our activities, making Greggs more accessible to more customers through the rapid and profitable development of the new business channels of wholesaling and franchising, at the same time as opening a record number of new shops. While progress in these strategic areas has been encouraging, market conditions in 2012 continued to be exceptionally challenging.

Our financial performance

In 2012 consumer spending remained under pressure, shopper footfall declined, and the country experienced some of the wettest weather ever recorded. Despite this sales grew by 4.8 per cent to a record £735 million though like-for-like sales were 2.7 per cent lower and pre-tax profit before exceptional items was £51.9 million, a reduction of 2.2 per cent.

The Board remains committed to pursuing a progressive dividend policy that pays due regard to the growth of earnings per share over the medium term, the cash generative nature of the business and our determination to deliver value to our shareholders. The Board recommends a maintained final dividend of 13.5 pence per share, making a total dividend for the year of 19.5 pence (2011: 19.3 pence), an increase of 1.0 per cent.

The Board

In December 2012, Ken McMeikan announced his intention to leave Greggs to take up the position of Chief Executive of Brakes Group and he left the Board on 8 March 2013 following the appointment of Roger Whiteside as his successor. I would like to record our thanks to Ken for his leadership since he joined Greggs in 2008, and particularly for the role he has played in developing our strategic vision, strengthening the business, living our values and further enhancing our place in the community.

Roger Whiteside took up the position of Chief Executive on 4 February 2013, having been a member of our Board as a Non-Executive Director since 2008. Roger was previously Chief Executive of Punch Taverns plc and brings to his new role more than 30 years' experience of food and retailing gained with Marks & Spencer, Ocado and Threshers. He also has the great advantages of having been directly involved in the development of our strategy and of already being known and well respected by our people. I am sure that Greggs has a great future under his leadership.

Allison Kirkby joined the Board as an Independent Non-Executive Director on 30 January 2013. Allison is Chief Financial Officer of the global media production company Shine Group, and brings to the Board expertise in finance, consumer products and the media industry. She will succeed Ian Durant as Chair of the Audit Committee when Ian takes my place as Chairman of the Board after the Annual General Meeting in May 2013.

My own intention not to seek re-election at the AGM was announced in September 2012 and I am pleased to pass on my responsibilities as Chairman to such a capable successor as Ian Durant. Since I succeeded Ian Gregg as Chairman in 2002, the Group has opened more than 450 new shops and created around 3,000 additional jobs. It has also undergone fundamental changes in its management, structure and strategy and is now a much more centrally run business with a harmonised product range and a single, strong national brand. I am very grateful to my colleagues on the Board and throughout the business for their unstinting help and support during my time with Greggs.

Our values

Greggs' special values have always set the Company apart and I am delighted that we have been able to maintain and increase our contribution to the community in these economically difficult times. For the second year in succession, our people and customers raised an amazing £1 million for the BBC Children in Need appeal and we also gave money to a range of other good causes and opened our 220th Greggs Breakfast Club.

My greatest pleasure in chairing Greggs has been getting to know our outstanding people, whose dedication to making great products and delivering excellent customer service is simply second to none, and who are without doubt one of the greatest strengths of the business. On behalf of the Board, I would like to thank all 20,000 of them for their individual contributions to overcoming the many challenges we faced together during 2012 and I wish them all well for the future.

Prospects

There can be no doubt that the trading environment will remain very challenging in 2013, with consumers remaining cautious and inflationary cost pressures affecting a number of our key commodities. We have set our plans for the year accordingly, with a renewed focus on driving sales from our core retail estate while continuing to develop our wholesale and franchise channels to new markets.

During the year we intend to make substantial investments in the business, more than doubling the pace of refurbishments in addition to opening new shops in targeted locations. We are also in the process of acquiring the site where we plan to construct a new frozen manufacturing facility in Leicestershire in order to meet the growth in demand from all our channels to the customer.

As I step down from the business this year, I am confident that we have the right ingredients for further growth under the leadership of Ian Durant, Roger Whiteside and the management team and that the longer term prospects for Greggs are strong.

Derek Netherton
Chairman
20 March 2013

CHIEF EXECUTIVE'S REPORT

Success in our new business channels coupled with new shop openings saw total sales growing again this year although challenging market conditions resulted in disappointing like-for-like sales in our existing estate.

Market background: another challenging year

We saw no let-up in the pressure on our customers' disposable incomes during 2012. Consumers are shopping less and looking to make their money go further, putting pressure on marginal shopping locations and weaker brands. This was reflected in the failure of a number of well-known retail chains in the course of the year.

With shopper footfall remaining under pressure, we continued to rebalance our business by opening more shops where our customers work, travel or spend their leisure time, and developed new markets working in partnership with Iceland and Moto.

The weather was particularly poor during the year, which was the second wettest in the UK since records began. This was a significant deterrent to the frequent shopping trips that are a particular feature of a daily purchase business like Greggs.

With like-for-like sales under pressure throughout the year, our focus was to offer the best possible value to our customers. Our teams worked hard to deliver substantial cost savings across the business and we increased our investment in promotions, particularly in our popular meal deals.

Financial performance: resilient under difficult conditions

Against this very challenging background, Greggs increased its sales to a record of £735 million, a rise of 4.8 per cent. The main drivers of this growth were the good performance of our newly opened shops and the rapid expansion of our new wholesale business. Like-for-like sales were disappointingly down 2.7 per cent. Operating profit before exceptional items was down 2.2 per cent at £51.8 million and pre-tax profit before exceptional items down by 2.2 per cent to £51.9 million. Our Finance Director

Richard Hutton comments on financial performance in more detail in the Financial Review.

Our products: responding to our customers' needs

Our customers continue to look to Greggs for great tasting, high quality, fresh food that also provides outstanding value. Our focus on value for money through meal deals saw strong sales, particularly at breakfast where our offer of a fresh bacon or sausage breakfast roll with a hot drink for just £2 was by far our most successful offer in 2012, with more than seven million sold during the year.

Coffee is a fast-growing category and sales of our fresh Fairtrade coffee continue to grow strongly, with 21 million cups sold in the year, an increase of 23 per cent, demonstrating Greggs' growing reputation in this important market.

The development of lower calorie options within the Greggs range is gathering pace with successful introductions such as porridge, salads, fruit pots and lower calorie sandwich choices.

Our traditional categories saw strong sales from new products such as our chicken tandoori baguette, selling over 3.5 million; chicken curry lattice, selling over 2 million; and our new raspberry cupcake, with over 2.5 million sold. New ranges of sandwich and cupcake platters were also successfully launched in 2012, priced from £6 to £12.50.

A Government proposal to extend VAT to include freshly baked savouries thrust the Greggs brand into the spotlight as we successfully led an industry campaign against this proposal. I would like to thank all our employees who made time for the enormous effort needed to mount the campaign on top of their normal business activities. The outcome is a sensible solution that is good for the bakery industry and its customers alike and creates a clear and objective test of what constitutes hot food for the future.

Greggs brand awareness is strengthening as we build a substantial following online and increase advertising across a range of media. We now have over 663,000

Facebook fans, more than double the number a year ago. This year we will further strengthen our connection with our customers by launching a loyalty scheme enabling us to reward our customers and further target our marketing.

Our shops: making Greggs more accessible and enjoyable

We opened 121 new shops in 2012 and delivered a net increase of 100, after 21 closures, to give us a total of 1,671 shops at 29 December 2012. This included 10 new franchised shops in motorway service stations in partnership with Moto Hospitality Limited. Almost half our net new openings were in locations such as retail and industrial parks, motorway service stations and travel hubs.

We completed 118 shop refurbishments during the year. These focused on making the Greggs shopping experience even more enjoyable for our customers by increasing the space for browsing, making more products available for self-selection and providing seating wherever possible. The returns on these refurbishments exceeded our targets in the year.

A further development in 2012 was the successful launch in June of our new ‘local bakery’ format, “Greggs the Bakery”, in Gosforth, Newcastle upon Tyne. The concept combines the best-loved elements of the core Greggs sandwich, savouries and hot drinks range with new types of artisan breads freshly baked on the premises and an extended range of cakes, confectionery and pizzas. The shop features a new style of layout and design to provide a much more traditional bakery shop experience, and is differentiated from our ‘food on the go’ outlets. The results from the initial trial led us to extend the concept to a further 10 locations by the end of the year; we continue to be pleased with the results and plan to roll out the concept further this year.

“Greggs moment”, our coffee shop concept, is now operating in five locations and a further three new shops across the Midlands will open shortly. Tony Rowson, formerly a senior executive at Costa Coffee, joined us in October to head our developing business in this fast growing market, and we are already seeing the benefits of his extensive industry experience. Following the launch of the additional three shops we will complete a full review of the concept and decide on its roll-out potential.

With the success of our ‘food on the go’ and ‘local bakery’ refits during 2012 we have changed the shape of our plans to invest in shops this year. Our focus in 2013 will be on investing to improve sales from our core estate. We plan to refit a total of 250 shops, comprising both ‘food on the go’ outlets and the roll-out of the “Greggs the Bakery” format. We will also extend the most successful elements of the “Greggs the Bakery” range to shops in other suitable neighbourhood locations which will receive full refits in the future. We will continue to open new shops, though reverting to a more normal level of around 50-60 new openings, net of closures. These will include further franchised shops in motorway service areas in partnership with Moto.

Developing new markets

As well as investing in our existing chain of shops we are excited by the potential for growth in new markets working in partnership with Iceland and Moto. Greggs’ existing business is focused on the ‘food on the go’ and ‘local bakery’ markets but our success in selling a range of frozen products in Greggs branded cabinets in Iceland stores has shown we can compete effectively in the ‘bake at home’ market, taking market share from existing packaged brands. We believe this is an exciting new area of opportunity and in February 2013 we extended the range in Iceland to include additional pasties, pies and dessert lines.

In addition we plan to expand in new market segments. We successfully opened 10 shops last year in motorway service stations working with Moto on a franchise basis and will open more this year.

Our supply chain: achieving efficiencies and investing for growth

Greggs’ vertical integration as both a baker and a retailer is a key point of difference and an important competitive advantage, particularly in a climate where consumers are increasingly concerned about the provenance of the food they eat. Our unique recipes, bakery expertise and sheer passion for our products all help to set Greggs apart and to deliver the great taste, quality and value that our customers expect. The quality of our facilities was recognised by the award of British Retail Consortium (BRC) accreditation to a number of our bakeries and production facilities during the year.

We have achieved substantial cost savings in our supply chain by investing in more efficient processes that have also enhanced food quality and safety across the business. Our originally targeted savings of £10 million over five years were delivered two years ahead of schedule in 2012 and we have now increased the target to £15m by 2014.

Following the opening of major new bakeries in Newcastle upon Tyne and Penrith in 2011, 2012 was a quieter year for investment in our supply chain. We completed a £2.5 million upgrade to increase the capacity of our savoury manufacturing plant in Newcastle upon Tyne, and opened a new “micro” bakery in Norwich to support our expansion into East Anglia, a region outside the reach of our main regional bakeries.

Looking ahead we have commenced the planning of a new £30 million frozen manufacturing facility in Leicestershire to complement our existing bakery at Balliol Park in Newcastle upon Tyne. This will provide substantially increased capacity to support our own retail expansion as well as the continued growth of our wholesale business, and will also deliver significant savings in logistics costs by bringing production closer to our customers in the Midlands and South.

I am pleased to welcome to the business Gavin Kirk, who joined us as Operational Supply Chain Director in May 2012 from Mars UK where he was European Supply Director. I would also like to congratulate everyone who works in our Supply Chain for their achievements during the year, both in successfully bedding down two major new bakeries and in maintaining supplies to our shops in the face of many unusual challenges, from floods to the traffic restrictions imposed in the London area during the Olympic and Paralympic Games.

Social Responsibility: doing the right thing

Greggs’ long-standing commitment to corporate social responsibility lives at the core of our values, and I am happy to confirm my personal commitment to maintaining this tradition of putting people, the community and our environment at the very heart of everything we do.

Our continued progress against our key Social Responsibility targets in 2012 is detailed in the annual report. A particular highlight of our community work was the opening of our 220th Breakfast Club. We have successfully extended support for Breakfast Clubs by involving new corporate partners and now serve more than two million free breakfasts to disadvantaged primary school children each year. The generosity of our people and customers was undimmed by the recession, enabling us again to raise an incredible £1 million for the BBC Children in Need appeal. We also continued to support the excellent work of the Greggs Foundation, to which we donate at least one per cent of our pre-tax profits each year, and which made grants of over £1.4 million during 2012.

During the year we removed the very last artificial flavour from the Greggs' product range and we are proud that everything we produce ourselves is now free from added artificial colours and flavours, hydrogenated vegetable oils, trans fats and genetically modified ingredients. We have also continued to work to reduce the salt and fat content of our products through recipe improvements.

Further progress has been made in reducing the carbon footprint of our supply chain, and we have again reduced the amount of waste we send to landfill.

We welcomed 750 new people to our retail team through our new shop openings in 2012 and continued our efforts to make Greggs a great place to work for all our 20,000 employees. I am delighted that they will again share 10 per cent of our profits this year, a total of £5.8 million. We have opened the doors of Greggs to show the fantastic team of people who work in our business. They will appear in a major new eight part TV series which is due to air this year, and will, I am sure, help the public to identify even more strongly with Greggs as an already much-loved national brand.

Ian Gregg, our former Chairman, has written a new history of Greggs, all royalties from which he has generously agreed to donate to the Greggs Foundation which he established in 1987. The book will be sold in our shops with all the profit we make on sales of the book also going to the Greggs Foundation.

We were pleased to achieve recognition of the business at a number of awards ceremonies during the year. These included being named Bakery Food Manufacturer of the Year, Sandwich Retailer of the Year, North East Company of the Year and receiving a special Café Chain Development Award for “Greggs moment”.

Outlook for 2013

As the Chairman has noted, this will undoubtedly be another challenging year for the UK retail industry. The severe snow in January has added to the on-going pressures of continued consumer recession, and while total sales for the first 11 weeks to 16 March 2013 were up 4.2 per cent, like-for-like sales were down by 4.0 per cent. There has been an improving trend following the snow-impacted January when like-for-like sales were down 5.7 per cent, with February improving to a like-for-like decline of 2.0 per cent. Consumer incomes remain under pressure and we continue to respond by offering customers even better value through further investment in our popular promotions and meal deals.

We have reshaped our plans for 2013 to focus on our core estate by increasing investment in our successful new formats in ‘food on the go’ and ‘local bakery’. This will impact like-for-like performance in the short term due to increased shop closure periods but will provide a stronger platform for growth in the future. At the same time we will continue to develop sales through new shop openings, and make further progress in new markets through our wholesale and franchise agreements. Investment in our supply chain will meet the growth in demand for our products across all these areas and we will continue to drive efficiencies to help mitigate the impact of commodity inflation on pricing to customers. Greggs is a great business with an iconic brand, outstanding people and a clear strategy for long term, profitable growth. As a result I believe that the business is well placed, although profit growth is likely to be held back this year as we invest to strengthen the business for the longer term.

I am delighted to have been given the opportunity to succeed Ken McMeikan as Chief Executive of this business. I wish Ken success in his new role and would like to take this opportunity also to thank our outgoing Chairman Derek Netherton, alongside whom it has been my pleasure to work on the Board for nearly five years. Derek has provided decisive and sensitive leadership during a period of major change for the business over the past decade.

Roger Whiteside
Chief Executive
20 March 2013

FINANCIAL REVIEW

The development of our profitable wholesale and franchise business channels mitigated the impact of reduced like-for-like sales in the core Greggs estate in 2012. Together with the contribution from our new shops and the continued success of our cost saving programmes, this enabled us to deliver a resilient performance overall whilst remaining cash generative and financially strong.

Sales

Total Group sales for the 52 weeks ended 29 December 2012 were £735 million (2011: £701 million), an increase of 4.8 per cent. Like-for-like sales were down by 2.7 per cent over the year as a whole. Our success in wholesaling and franchising generated additional sales of 2.8 per cent.

Profit before exceptional items

Operating profit before exceptional items was £51.8 million (2011: £53.0 million), a 2.2 per cent reduction. The result reflects the impact of reduced like-for like sales in the core Greggs estate, partially mitigated by the further development of our business with wholesale and franchise customers.

After net finance income of £0.1 million (2011: £0.1 million) pre-tax profit before exceptional items was £51.9 million (2011: £53.1 million), a 2.2 per cent reduction.

Operating margin

Operating margin before exceptional items was 7.1 per cent (2011: 7.6 per cent).

Gross margins in our core retail estate were maintained in the year despite continued commodity cost inflation and an increased investment in promotions. The overall gross margin for the business reduced as a result of a greater participation in wholesale and franchise sales, although the impact of this new business was positive at the net operating margin level.

We continue to make good progress against our cost saving targets. The cumulative annual benefits of our plan to achieve efficiencies from our supply chain reached £10 million at the end of 2012, two years ahead of the original plan, and we remain on track to achieve £15 million of efficiencies by 2014. In addition, continuing savings of £5 million were achieved in the year through a focus on simplifying our shop operations, better buying and further benefits from centralising our support teams. Overall administrative expenses reduced by £1.5 million in 2012 despite growth in the business.

We were pleased with the contribution made by new shops opened in the year. We monitor closely the performance of our estate and actively manage openings and closures to ensure that our shops continue to be in locations that match customers' needs. In 2012 we closed 21 shops and made a charge of £0.5m against a further 22 shops where performance is such that the assets are considered to be impaired. In 2013 we expect around 30 further shop closures as we exit under-performing shops or relocate to better sites.

In 2012 we recognised gains on the disposal of two freehold properties totalling £0.8 million. A comparable figure was realised in 2011 on the disposal of onerous leases against which provisions had previously been made.

Looking forward to 2013 we will be adopting Amendments to IAS 19: "Employee Benefits", the impact of which will be to increase the charge relating to the Group's defined benefit pension scheme. The 2012 results will be restated on the same basis, resulting in an additional £1.0 million charge in the year and we anticipate an additional charge of £0.8 million in 2013. The restated 2012 pre-tax profit before exceptional items on this new basis will be £50.9 million.

Exceptional items

During 2012 we successfully disposed of our old Newcastle bakery site with the leases being surrendered without recourse. This allowed us to release the exceptional onerous lease provision made in 2011 and, along with sale proceeds, a total of £1.4m has been shown as an exceptional gain in 2012.

Pre-tax profit including exceptional items was £53.3 million (2011: £60.5 million).

Taxation

The Group's effective tax rate for the year was 24.0 per cent (2011: 26.4 per cent), a reduction of 2.4 percentage points. This reflected the lowering of the headline rate of corporation tax from 26 per cent to 24 per cent from April 2012 and the revaluation of deferred tax liabilities to 23 per cent following enactment of a further Corporation Tax reduction in the year (effective from April 2013).

Earnings per share

Diluted earnings per share before exceptional items were 39.0 pence (2011: 38.8 pence), an increase of 0.5 per cent reflecting the lower effective tax rate in the year. Basic earnings per share before exceptional items were 39.6 pence (2011: 39.5 pence). Earnings per share including exceptional items were 40.1 pence diluted (2011: 44.3 pence) and 40.7 pence basic (2011: 45.0 pence).

Dividends

The Board recommends a final dividend of 13.5 pence per share (2011: 13.5 pence). Together with the interim dividend of 6.0 pence (2011: 5.8 pence), paid in October 2012, this makes a total for the year of 19.5 pence (2011: 19.3 pence). This is an increase of 1.0 per cent, maintaining cover by diluted earnings per share before exceptional items of 2.0 times.

Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on 24 May 2013 to shareholders on the register on 26 April 2013.

Capital expenditure

We invested £46.9 million (2011: £59.1 million) in the business during 2012. This included 111 new 'own shop' openings and 118 shop refurbishments. Investment in our supply chain was modest during the year compared with that in 2011 when we completed the £21 million investment in our Newcastle and Penrith bakeries. Depreciation in the year was £32.8 million (2011: £30.7 million).

We plan capital expenditure of £55-65 million in 2013, dependent on timing of the construction of our £30 million frozen manufacturing facility in the East Midlands. The rate of new shop openings is expected to reduce to 50-60 net shops, and we will invest in around 250 shop refurbishments in 2013, including the roll-out of our "Greggs the Bakery" format.

Return on capital

We manage return on capital through our Investment Board, where all capital expenditure is subject to rigorous appraisal both before and after it is made. For new shops we target a return on invested capital of more than 20 per cent by the third year of operation, in recognition of the fact that we need to cover our longer term investment in the supply chain. Shop refurbishments are assessed to ensure that incremental sales generate sufficient contribution to give an appropriate return on the increase in capital invested.

Excluding this year's exceptional credit, we delivered an overall return on capital employed (ROCE) for 2012 of 21.7 per cent (2011: 24.4 per cent). Whilst new investment has performed well the year on year reduction in ROCE reflects the lower overall operating profits in the core estate.

Cash flows and balance sheet

The Group remains highly cash generative, with £84.8 million EBITDA before exceptional items in 2012 (2011: £83.9 million). Our new wholesale and franchise business generates an additional working capital requirement and £7m was invested in this way in the year. At the end of the year the Group had net cash and cash equivalents of £19.4 million (2011: £19.5 million). In the coming months we will be putting in place financing facilities to support the development of our new frozen manufacturing operation. We anticipate using this facility over a three year period to support the further growth of the business.

Richard Hutton
Finance Director
20 March 2013

Greggs plc
Consolidated income statement
for the 52 weeks ended 29 December 2012 (2011: 52 weeks ended 31 December 2011)

	Note	**2012 Excluding exceptional items**	**2012 Exceptional items (see note 3)**	**2012 Total**	2011 Excluding exceptional items	2011 Exceptional items (see note 3)	2011 Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	1	**734,502**	**-**	**734,502**	701,088	-	701,088
Cost of sales		**(287,193)**	**1,445**	**(285,748)**	(270,533)	(2,245)	(272,778)
Gross profit		**447,309**	**1,445**	**448,754**	430,555	(2,245)	428,310
Distribution and selling costs		**(362,067)**	**-**	**(362,067)**	(342,641)	-	(342,641)
Administrative expenses		**(33,394)**	**-**	**(33,394)**	(34,903)	-	(34,903)
Other income		**-**	**-**	**-**	-	9,665	9,665
Operating profit		**51,848**	**1,445**	**53,293**	53,011	7,420	60,431
Finance income		**49**	**-**	**49**	69	-	69
Profit before tax		**51,897**	**1,445**	**53,342**	53,080	7,420	60,500
Income tax	4	**(12,431)**	**(344)**	**(12,775)**	(14,068)	(1,929)	(15,997)
Profit for the financial year attributable to equity holders of the Parent		**39,466**	**1,101**	**40,567**	39,012	5,491	44,503
		=======	**=======**	**=======**	=======	=======	=======
Basic earnings per share	5	**39.6p**	**1.1p**	**40.7p**	39.5p	5.5p	45.0p
Diluted earnings per share	5	**39.0p**	**1.1p**	**40.1p**	38.8p	5.5p	44.3p

Consolidated statement of comprehensive income
for the 52 weeks ended 29 December 2012 (2011: 52 weeks ended 31 December 2011)

	2012 £'000	2011 £'000
Profit for the financial year	**40,567**	44,503
Other comprehensive income		
Actuarial gains / (losses) on defined benefit pension plans	**4,257**	(10,359)
Tax on items taken directly to equity	**(979)**	2,590
Other comprehensive income for the financial year, net of income tax	**3,278**	(7,769)
Total comprehensive income for the financial year	**43,845**	36,734
	=======	=======

Greggs plc
Consolidated balance sheet
at 29 December 2012 (2011: 31 December 2011)

	2012 £'000	2011 £'000
ASSETS		
Non-current assets		
Intangible assets	**144**	289
Property, plant and equipment	**264,257**	253,264
	264,401	253,553
Current assets		
Inventories	**17,658**	14,274
Trade and other receivables	**26,917**	21,165
Cash and cash equivalents	**19,381**	19,508
Other investments	**-**	500
	63,956	55,447
Total assets	**328,357**	309,000
LIABILITIES		
Current liabilities		
Trade and other payables	**(71,955)**	(74,304)
Current tax liabilities	**(7,101)**	(5,969)
Provisions	**(359)**	(620)
	(79,415)	(80,893)
Non-current liabilities		
Other payables	**(7,502)**	(7,969)
Defined benefit pension liability	**(4,056)**	(8,866)
Deferred tax liability	**(9,199)**	(10,010)
Long term provisions	**(1,395)**	(2,879)
	(22,152)	(29,724)
Total liabilities	**(101,567)**	(110,617)
Net assets	**226,790**	198,383
EQUITY		
Capital and reserves		
Issued capital	**2,023**	2,023
Share premium account	**13,533**	13,533
Capital redemption reserve	**416**	416
Retained earnings	**210,818**	182,411
Total equity attributable to equity holders of the Parent	**226,790**	198,383

Greggs plc
Group statement of changes in equity
for the 52 weeks ended 29 December 2012 (2011: 52 weeks ended 31 December 2011)

52 weeks ended 31 December 2011

	Attributable to equity holders of the Company				
	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance 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 and cancelled	-	-	-	(557)	(557)
Sale of own shares	-	-	-	3,266	3,266
Share-based payment transactions	-	-	-	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)
Balance at 31 December 2011	2,023	13,533	416	182,411	198,383
	=======	=======	=======	=======	=======

52 weeks ended 29 December 2012

	Attributable to equity holders of the Company				
	Issued capital	Share premium	Capital redemption reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 January 2012	**2,023**	**13,533**	**416**	**182,411**	**198,383**
Total comprehensive income for the year					
Profit for the financial year	**-**	**-**	**-**	**40,567**	**40,567**
Other comprehensive income	**-**	**-**	**-**	**3,278**	**3,278**
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 payment transactions	**-**	**-**	**-**	**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)**
Balance at 29 December 2012	**2,023**	**13,533**	**416**	**210,818**	**226,790**
	=======	=======	=======	=======	=======

Greggs plc
Group statement of cashflows
for the 52 weeks ended 29 December 2012 (2011: 52 weeks ended 31 December 2011)

	2012 £'000	2011 £'000
Operating activities		
Cash generated from operations (see below)	**70,013**	88,112
Income tax paid	**(13,435)**	(14,334)
Net cash inflow from operating activities	**56,578**	73,778
Investing activities		
Acquisition of property, plant and equipment	**(46,035)**	(62,822)
Proceeds from sale of property, plant and equipment	**4,563**	770
Interest received	**49**	69
Redemption of other investments	**500**	2,500
Net cash outflow from investing activities	**(40,923)**	(59,483)
Financing activities		
Sale of own shares	**3,624**	3,266
Shares purchased for Employee Benefit Trust	**-**	(557)
Dividends paid	**(19,406)**	(18,286)
Net cash outflow from financing activities	**(15,782)**	(15,577)
Net decrease in cash and cash equivalents	**(127)**	(1,282)
Cash and cash equivalents at the start of the year	**19,508**	20,790
Cash and cash equivalents at the end of the year	**19,381**	19,508

Cash flow statement – cash generated from operations

	2012 £'000	2011 £'000
Profit for the financial year	**40,567**	44,503
Amortisation	**145**	144
Depreciation	**32,842**	30,707
(Profit) / loss on sale of property, plant and equipment	**(1,475)**	512
Release of government grants	**(471)**	(470)
Gain arising from pension adjustment	**-**	(9,665)
Share based payment expenses	**346**	699
Finance income	**(49)**	(69)
Income tax expense	**12,775**	15,997
Increase in inventories	**(3,384)**	(2,391)
(Increase) / decrease in receivables	**(5,752)**	1,144
(Decrease) / increase in payables	**(3,233)**	7,777
Decrease in pension liability	**(553)**	(592)
Decrease in provisions	**(1,745)**	(184)
Cash from operating activities	**70,013**	88,112

Greggs plc

Notes:

1) Basis of preparation and accounting policies

The preliminary announcement has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. It does not include all the information required for full annual accounts.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 29 December 2012 or 31 December 2011 but is derived from these accounts. Statutory accounts for the 52 weeks ended 31 December 2011 have been delivered to the registrar of companies, and those for the 52 weeks ended 29 December 2012 will be delivered in due course. The auditor has reported on those accounts; the audit reports were (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 preliminary announcement has been prepared using the accounting policies published in the Group's accounts for the 52 weeks ended 31 December 2011, which are available on the Company's website www.greggs.co.uk, with the exception of:

(a) the policy on revenue which has been amended to read as set out below;

Revenue

(i) Retail sales

Revenue from the sale of goods is recognised as income on receipt of cash and is stated after deduction of discounts, promotions and value added taxation.

(ii) Wholesale sales

Wholesale sales, including sales to franchise outlets, are recognised when goods are dispatched to customers.

(b) the adoption of the following standards, amendments and interpretations which became effective during the year:

Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets'
Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets'
Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'
Amendments to IFRS 1 'Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters'

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

2) Segment analysis

The Board is considered to be the "chief operating decision maker" of the Group in the context of the IFRS 8 definition. The information which is reviewed by the Board for the purposes of assessing financial performance and allocating resources comprises the profit and loss account for the Company as a whole.

The Group is a centrally managed business with an integrated supply chain. There are seven retail regions, each reporting to the Group Retail Director. The business performance is assessed after allocation of supply chain costs to the retail regions. These retail regions have similar economic characteristics, products, customers and production and distribution methods and have therefore been aggregated into a single reportable segment. The segment results, as reported to the chief operating decision maker, are calculated under the principles of IFRS. The new wholesale and franchising business comprises a new operating segment focused on sales to businesses rather than direct to the consumer. Its results, however, are not sufficiently material currently to be a 'Reportable Segment' under IFRS 8.

Products and services - the Group sells a consistent range of fresh bakery goods, sandwiches and drinks in its shops. The Group now also provides frozen bakery products to its wholesale customers.

Major customers - the majority of sales are made to the general public on a cash basis. A small proportion of sales are made on credit to certain organisations, including wholesale customers, but these are immaterial in a Group context.

Geographical areas - all results arise in the UK.

The Board has carefully considered the requirements of IFRS 8 and concluded that, as there is 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.

3) Exceptional items

	2012	2011
	£'000	£'000
Cost of sales		
Closure of Penrith bakery – asset write down and redundancy	**-**	(441)
Closure of Gosforth bakery – see below		
- asset write down	**-**	(704)
- profit on disposal of leases	**345**	-
- lease costs	**1,100**	(1,100)
	1,445	(2,245)
Administrative expenses		
Pension amendment – see below	**-**	9,665
Total exceptional items	**1,445**	7,420
	=======	=======

Pension amendment

Following the UK Government's legislation announced in July 2010 that requires statutory indexation of pension benefits to be based on CPI rather than RPI, the Group informed pension members in April 2011 that this amendment would be applied to the Group's defined benefit pension scheme. The exceptional credit represents the ensuing reduction in the net pension liability.

Gosforth bakery

During 2011 the Group created an onerous lease provision for and wrote off the value of the assets of our old Gosforth bakery prior to relocation to a new site in early 2012. During 2012 we successfully disposed of the old site with all leases being surrendered with no further recourse. The resulting release of the onerous lease provision and the profit on the sale of the site have been treated as exceptional items in 2012.

4) Taxation

	2012	2011
	£'000	£'000
Current tax expense		
Current year	**15,338**	15,044
Adjustment for prior years	**(698)**	(1,007)
	14,640	14,037
Deferred tax expense		
Origination and reversal of temporary differences	**(455)**	2,174
Reduction in tax rate	**(801)**	(809)
Adjustment for prior years	**(609)**	595
	(1,865)	1,960
Total income tax expense in income statement	**12,775**	15,997
	=======	=======

5) Earnings per share

Basic earnings per share

Basic earnings per share for the year ended 29 December 2012 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year ended 29 December 2012 as calculated below.

Diluted earnings per share

Diluted earnings per share for the year ended 29 December 2012 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares, adjusted for the effects of all dilutive potential ordinary shares (which comprise share options granted to employees) outstanding during the year ended 29 December 2012 as calculated below.

Profit attributable to ordinary shareholders

	2012 Excluding exceptional items	**2012 Exceptional items**	**2012 Total**	2011 Excluding exceptional items	2011 Exceptional items	2011 Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Profit for the financial year attributable to equity holders of the Parent	**39,466**	**1,101**	**40,567**	39,012	5,491	44,503
	=======	**=======**	**=======**	=======	=======	=======
Basic earnings per share	**39.6p**	**1.1p**	**40.7p**	39.5p	5.5p	45.0p
Diluted earnings per share	**39.0p**	**1.1p**	**40.1p**	38.8p	5.5p	44.3p

Weighted average number of ordinary shares

	2012 Number	2011 Number
Issued ordinary shares at start of year	**101,155,901**	101,155,901
Effect of own shares held	**(1,587,754)**	(2,194,189)
Weighted average number of ordinary shares during the year	**99,568,147**	98,961,712
Effect of share options on issue	**1,478,599**	1,512,151
Weighted average number of ordinary shares (diluted) during the year	**101,046,746**	100,473,863
	=========	=========

6) Dividends

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

	2012 Per share pence	2011 Per share pence
2010 final dividend	**-**	12.7p
2011 interim dividend	**-**	5.8p
2011 final dividend	**13.5p**	-
2012 interim dividend	**6.0p**	-
	19.5p	18.5p
	=======	=======

The proposed final dividend in respect of 2012 amounts to 13.5 pence per share (£13,441,000). This proposed dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these accounts.

	2012 £'000	2011 £'000
2010 final dividend	**-**	12,528
2011 interim dividend	**-**	5,758
2011 final dividend	**13,432**	-
2012 interim dividend	**5,974**	-
	19,406	18,286
	=======	=======

7) Related party transactions

The Group has a related party relationship with its subsidiaries and its directors and executive officers.

There have been no related party transactions in the year which have materially affected the financial position or performance of the Group.

8) Principal risks and uncertainties

The Company's internal system of control covers all aspects of the business and reviewing the effectiveness of this system is ultimately the responsibility of the Board of Directors. However, any such system can only be designed to manage, rather than eliminate the risk of failure to achieve the Company's objectives and therefore is only able to provide reasonable and not absolute assurance against material misstatement or loss.

The current principal risks and uncertainties for our business are as follows:

Market and Economic Risks

Risks and their impact	Mitigating actions and controls
Economic uncertainty The risk relates to the effect of continued economic uncertainty in the UK and beyond and austerity measures taken by the Government on consumer confidence and consumer spend. This could have a detrimental effect on the Company's revenues. Status: Unchanged	We are committed to maintaining the value of our offer and are working to find the most effective ways to communicate this to customers. Activity also includes refitting shops to ensure they offer a retail environment of choice for customers, finding new locations to serve more customers, and developing our range of products to meet consumer demands.
Decline in high street footfall Social trends and the current economic environment have resulted in the continued decline of some high streets across the United Kingdom, as consumers favour alternatives e.g. out of town centres and the internet. Status: Increasing	We continue to diversify our estate with the majority of new shop openings located in areas away from high streets e.g. out of town centres, where people work and where they travel to work.
Consumer tastes and trends Customer tastes and trends are constantly changing and popular opinion is influenced by factors such as government announcements and campaigns aimed at reducing obesity and improving the health of the nation as well as scientific research. The Company could lose market share if our products do not keep up with these tastes and trends with regards to healthy eating etc. Status: Unchanged	We conduct regular research into consumer tastes and develop our product range to meet current trends. We also monitor changes in and the performance of our competitors. We recognise the link between a balanced diet and a healthy lifestyle and therefore provide nutritional information at point of sale, on packaging and on our website to allow customers to make an informed choice.
Sales and margins This risk factor considers the possible impact of pricing and promotional activity upon sales and margins whether that be having a detrimental effect or failing to deliver the benefits expected. The Company must be able to react to customer trends and economic conditions effectively. Status: Increasing	Pricing and promotional activities are continually monitored to assess effectiveness and to ensure investment delivers the desired return. The Company remains flexible in terms of ability to adjust prices and promotions to ensure we retain both market share and profitability.

Operational Risks

Risks and their impact	Mitigating actions and controls
Product quality and safety The Company produces and sells a wide range of products. If these are not of consistent high standard, or contain out of date ingredients, the Company could be exposed to significant food safety issues. This could have a detrimental impact on consumer confidence and our revenue. Status: Unchanged	We have in place detailed procedures regarding product quality and safety and these are subject to regular audits. Furthermore, new facilities help maintain high quality standards.
Disruption to production A major incident leads to the loss of a key production facility, potentially leading to a significant loss of capacity and disruption of supply to our shops with a resultant impact on revenue. Status: Unchanged	We have detailed disaster recovery and business continuity plans which include potential alternative sources of supply. These measures are regularly tested and revised to ensure they are 'fit for purpose'. A fire in a control panel at our Balliol savoury production facility in September 2012 caused a temporary cessation of production. We were able to deploy our contingency plan to minimise disruption to production.

Food scare A major food scare beyond the control of the Company could result in a disruption in ingredient supply or a general consumer boycott of some products. Status: Increasing	We make the majority of the products we sell ourselves and take care to validate the integrity of the ingredients that we use. We continue to monitor national and worldwide developments in food provenance. We also have close dialogue with Government, other UK agencies and relevant stakeholders.
Disruption to external supply chain Being dependent upon key suppliers could lead to a situation where we are unable to maintain production. Status: Unchanged	We either have several sources of supply or a documented and tested alternative supply strategy for our key raw materials.
Reputation Risk of damage to the Company's brand and reputation as a result of not meeting high production, safety, social, environmental and ethical standards throughout all operations. The Company must be able to respond quickly and effectively to any issues and adverse publicity/perceptions regarding the above. Status: Unchanged	Our Operating Board, Risk Committee and Social Responsibility Steering Group regularly review and monitor our operations, identifying potentially brand-damaging risks and developing mitigation plans. All of our products are subjected to rigorous quality checks and audit. Incidents can be responded to in an appropriate and timely manner using the Crisis Management process that is in place and we retain public relations consultants to advise and assist with any issues being debated in the public arena.
New channels to market - franchising The Company has embarked upon a franchise model to allow third parties to set up Greggs shops on their premises. This exposes Greggs to potential damage to our brand in a small but growing proportion of shops if they fail to meet our standards with regards to hygiene, customer service, product quality etc. Status: Unchanged	Entering into franchising agreements allows us to reach both new and existing customers in an increasing number of locations. Comprehensive support is provided to the franchisee as well as regular audits to ensure brand standards continue to be maintained. Exposure to franchising is also limited to an agreed proportion of the Company's turnover.
New channels to market - wholesaling We are now supplying a frozen food retailer with Greggs branded savouries, thus exposing the Company to the potential risk of cannibalising sales of savouries in our retail estate. Status: Unchanged	The impact of wholesaling frozen savouries upon the sale of savouries in our own shops is constantly monitored with an acceptable level defined. Any cannibalisation is relatively small and well within the predetermined limits.
IT and change management The operational risks of increasing investment in, and reliance upon, the information technology supporting processes and systems. Whether that be the cost and disruption caused by a systems failure or an investment not delivering the improvements or return on investment expected. Additionally a number of our business processes and systems will require investment in the near future in order to improve the service to our increasingly centralised business model. Status: Increasing	Safeguards and contingencies are in place to support IT systems and there is continued re-investment in updating the Company's technology. The effectiveness of new systems is monitored using a range of techniques to assess the return on investment. A full review and assessment of current business processes and systems suitability is being undertaken to ensure that they meet the developing needs of the business.

Regulatory Risks

Risks and their impact	Mitigating actions and controls
Health and safety A health and safety accident or incident could lead to serious illness, injury or even loss of life for one or more of the Company's employees or customers. Status: Unchanged	The Company has functioning health and safety policies and procedures throughout the business. The operation of these is subject to regular internal and external audit.
Legal Greggs could be exposed to adverse regulatory risk including tax, environmental, planning, employment, and food safety laws which could increase the cost base and reduce flexibility. Status: Unchanged	The Company takes advice where it is considered appropriate and monitors new legislative developments through our membership of the CBI, British Retail Consortium and others, such that we can plan to give effect to new laws as and when they are adopted.
Data protection Information is increasingly gathered through customer loyalty schemes, card transactions and more involvement with customers through digital means e.g. social media, resulting in an increased risk regarding data protection. Status: Increasing	Only relevant customer information is held and for no longer than is necessary. Furthermore customers are made aware of what data we gather. Formal and documented policies and procedures are in place regarding the handling of card payment data, ensuring compliance with PCI standards in order to meet annual PCI assessment. Also, we continue to refine an IT information security strategy.

Financial risks

Risks and their impact	Mitigating actions and controls
Liquidity The Company is reliant on our cash sales to meet short term payment requirements as we operate with net current liabilities. Status: Unchanged	If a significant business interruption should occur we would draw on cash and borrowing facilities to meet working capital requirements. This would include deferring capital expenditure in order to maximise cash flow.
Ability to finance growth plan The Company may not be able to generate sufficient financial resources to enable it to implement fully its growth plans. Status: Unchanged	The Company finances most of its capital expenditure using cash generated by its commercial operations and has no debt currently. The Company plans to put in place limited further financing facilities to ensure that it can finance its growth plan.
Defined Benefit Pension Scheme The Company has a potential liability under this scheme. The funding level of the scheme is sensitive to the risk of changes in key assumptions such as life expectancy, price inflation and asset returns. Changes in these assumptions could lead to volatility in the liability (or surplus) recognised on the balance sheet. Status: Unchanged	The scheme is closed to new members and to future accrual of benefits. We continue to work closely with the Trustee of the scheme to manage long term funding requirements.
Price inflation Significant changes in the cost of raw materials, wages overheads and utilities could have an adverse effect upon the margins and /or customer value, impacting the Company's financial performance. Status: Unchanged	To mitigate this risk, agreements with suppliers fix the price of key input costs in the short, medium and long term where appropriate. This reduces volatility and allows the Company to plan for costs with greater certainty. Pricing strategies for our products also allow for adjustment based on external costs. Furthermore, investment in new plants and processes increases efficiencies thereby reducing costs.