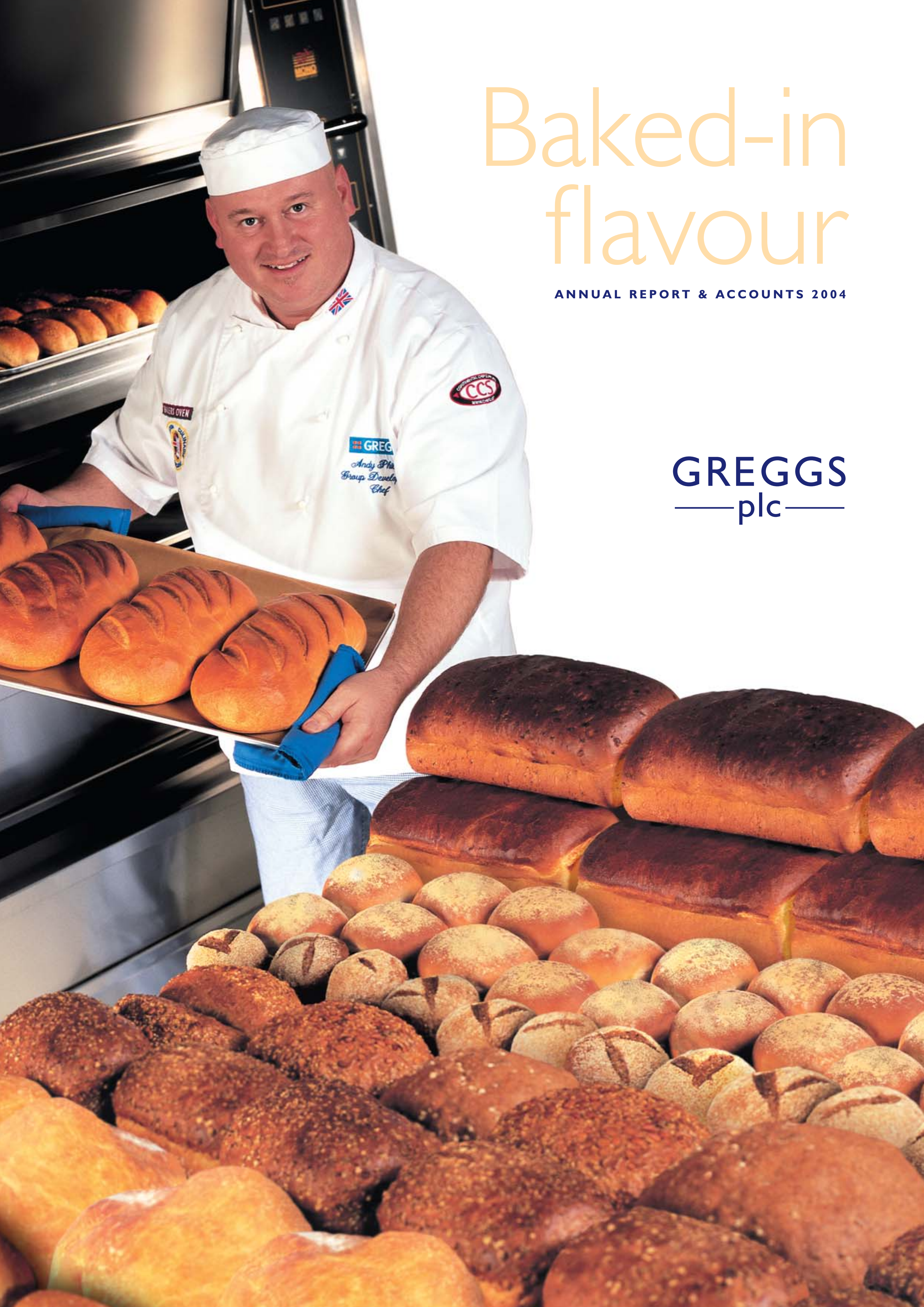
Baked-in flavour

ANNUAL REPORT & ACCOUNTS 2004

GREGGS
plc



Financial Highlights

	2004 £'m	2003* £'m
Turnover	**504.2**	457.0
Pre-tax profits	**46.7**	40.5
Post-tax profits	**31.6**	27.2
Shareholders' funds	**157.2**	134.2
Capital expenditure	**25.0**	32.4
	Pence	Pence
Earnings per share	**264.7**	230.5
Dividend per ordinary share	**96.0**	80.0

*As restated following adoption of UITF 38

Contents

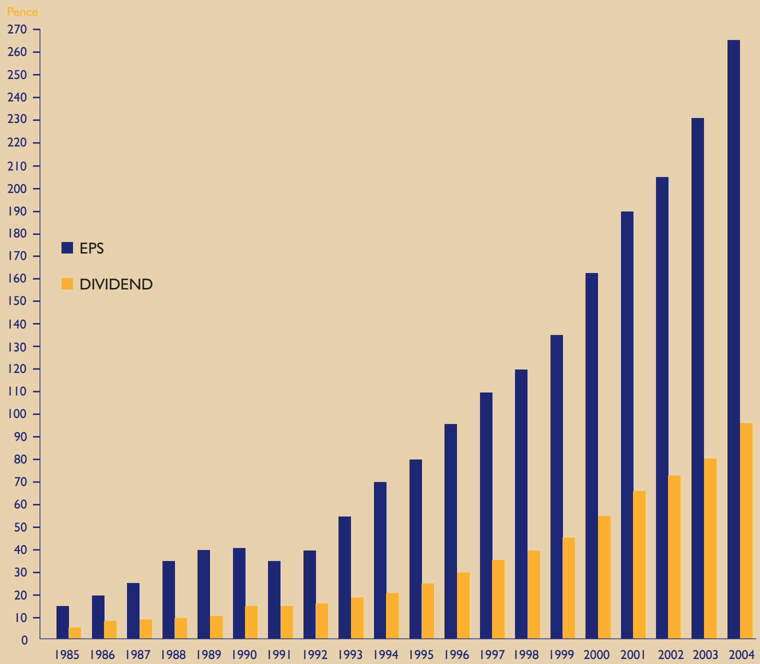
Financial calendar

Announcement of results and dividends

Half year	Early August
Full year	Early March

Dividends

Interim	Mid October
Final	Late May
Annual report posted to shareholders	Early April
Annual General Meeting	17 May 2005



Mission, vision and values.

Our Business.

Greggs plc is the UK's leading retailer specialising in sandwiches, savouries and other bakery-related products, with a particular focus on takeaway food and catering. We continue to show significant growth and now have over 1,250 retail outlets, trading under the Greggs and Bakers Oven brands.

Our Vision and Purpose.

Our vision is to be Europe's finest bakery-related retailer. Our purpose is the growth and development of a thriving business, operating with integrity, for the benefit and enjoyment of our people, customers, shareholders and the wider community.

Our Strategy.

Our people will be enabled, within overall guidance from the centre, to work towards the successful attainment of world-class standards. To achieve this, the focus will be on:

A Great Place to Work: we will place major emphasis on promoting a culture that encourages personal development, leadership qualities and creativity. This will be supported by working conditions that meet the needs of our present and future people.

Enjoyable Experience: we will deliver customer satisfaction by offering great-tasting food at unbeatable value to the highest standards of food safety. This will be achieved from shops that provide friendly and efficient service in attractive surroundings.

Business Excellence: our people will seek continuous improvement in their areas of responsibility, enabling them to make a real and lasting contribution to the objectives of the Company.

Challenging Targets: we will strive to achieve a turnover of £1 billion by 2010 through continued core growth and the acquisition of new units, taking us to over 1,700 shops.

Caring for the Community: our continued emphasis on social responsibility will encourage even greater involvement in local charity activities and social projects, and a growing focus on protecting the environment.

Our Values.

As a people-focused business, we aim to be enthusiastic and supportive in all that we do, open, honest and appreciative, and to treat everyone with fairness, consideration and respect.

Our Culture.

We are achievers! Working hard in a friendly and informal way, where everyone matters.

All of our sandwiches are made fresh on the day, using freshly made bread, direct from our own bakeries.

Tasty.

Chairman's Statement

Derek Netherton
Chairman

I am pleased to report another year of good progress, based on our proven business strategy and values. Both our brands achieved healthy like-for-like sales growth, contributing to improved operating margins, while costs were again well controlled. This enabled the Group to deliver its thirteenth consecutive year of profit, earnings and dividend growth.

Results

The 2004 financial year comprised the 53 weeks to 1 January 2005 (2003: 52 weeks to 27 December 2003). Total Group sales for the period increased by 10.3 per cent to £504 million (2003: £457 million). Adjusted to a comparable 52 week basis, the total sales increase would have been 8.4 per cent. Operating profit grew by 14.0 per cent to £44.7 million (2003: £39.2 million), with a 0.3 percentage point improvement in operating margin reflecting our core volume growth and effective cost management. This more than offset continuing pressure from increasing wage costs. Because of shop holiday closures, inclusion of the 53rd week had a small negative impact on operating profit.

After increased net interest receivable of £2.0 million (2003: £1.3 million), pre-tax profit rose by 15.3 per cent to £46.7 million (2003: £40.5 million). Basic earnings per share grew by 14.8 per cent to 264.7 pence (2003: 230.5 pence). Net cash in the balance sheet at the year end was £62.6 million, compared with £36.4 million at the end of 2003.

Dividend

The Board recommends a final dividend of 66.0 pence per share (2003: 54.5 pence). Together with the increased interim dividend of 30.0 pence, paid in October 2004, this makes a total for the year of 96.0 pence (2003: 80.0 pence), a rise of 20.0 per cent.

We have increased our dividends to shareholders every year since the company floated in 1984, and the compound rate of growth over this period has been 18 per cent per annum. The Board is committed to a progressive dividend policy and, in view of the Company's consistently strong cash generation, believes that it is likely that dividends will grow faster than earnings over the next few years.

Subject to the approval of the Annual General Meeting, the final dividend will be paid on 27 May 2005 to shareholders on the register at 29 April 2005.

Sometimes it's nice to indulge in pure pleasure and we are proud to have harnessed best practice from across our regional divisions to create the ultimate doughnut.

Chairman's Statement *continued*

Sweet.

Business highlights

Our sustained success in the bakery-related takeaway food market reflects our clear, specialist focus and further improvements in our products, shops and service. These have been complemented by successful, national brand marketing initiatives which are helping us to achieve growing customer awareness of our consistent quality and value. We also benefited from more favourable weather patterns over the year as a whole. Mike Darrington provides a more detailed commentary on these and other trading and business development issues in his Managing Director's Report on pages 9 - 15.

The Board

Julie Baddeley, 53, joined the Board as an additional Independent Non-Executive Director on 1 March 2005, and has also become a member of the Board's Audit, Remuneration and Nominations Committees. Julie is a non-executive director of Yorkshire Building Society, Computerland UK and the Pension Client Group within the Government's Department of Work and Pensions. She previously held senior executive roles at Accenture, Sema Consulting and Woolwich plc, where she was a main board director responsible for Information Technology and Human Resources. Her extensive experience in these areas complements the existing strengths and skills of the Board, and is expected to enable her to make a valuable contribution to our discussions.

People

The business depends on all our people working together to deliver great products and excellent customer service each day. Our good results testify once more to the strength of their individual commitment and the effectiveness of their teamwork. On behalf of the Board, I would like to express our thanks for all that they have achieved during the year.

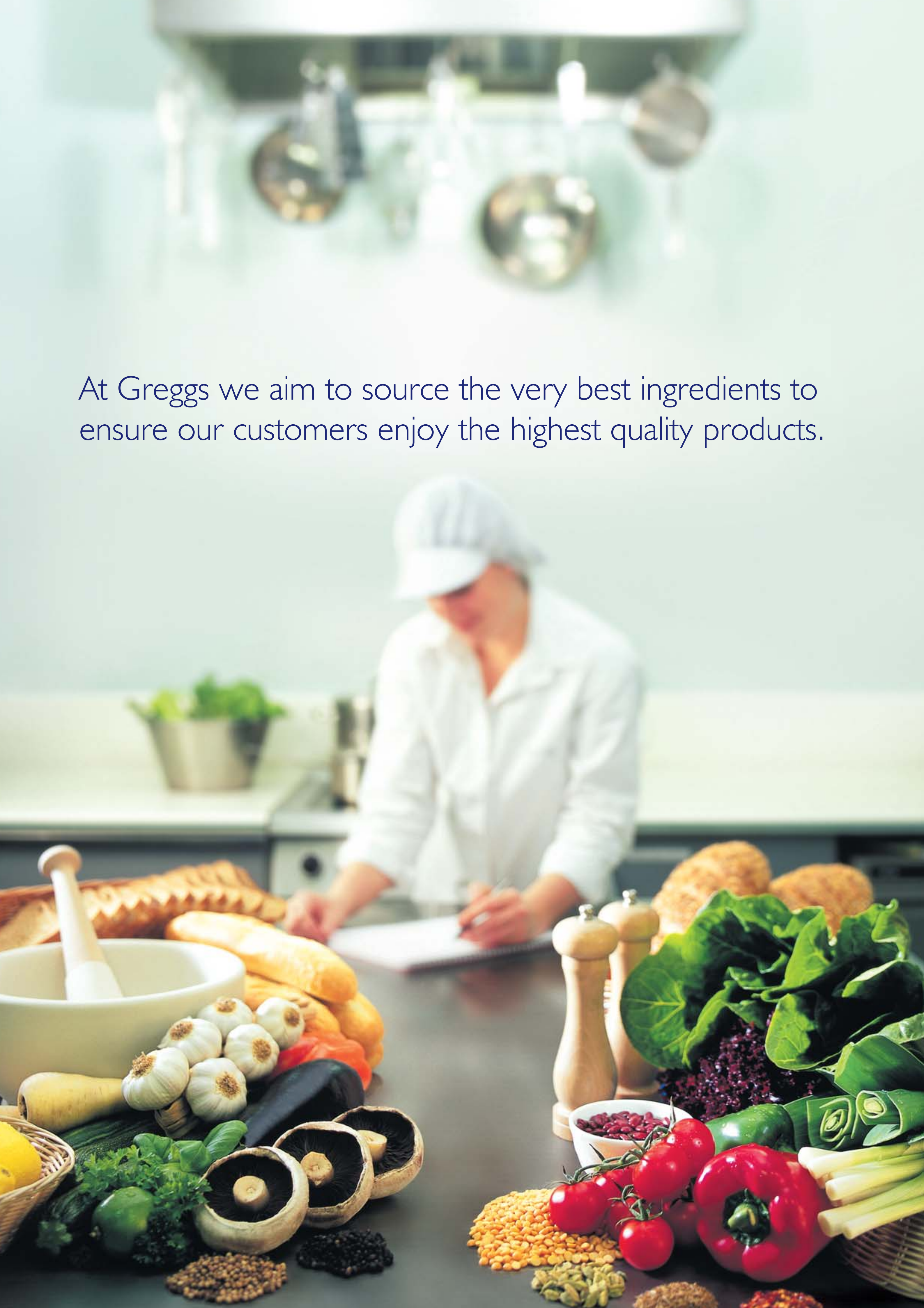
Prospects

During 2005 we plan to accelerate both the opening of new shops and the refurbishment of established outlets. We will be supporting this retail development with substantial investment in our manufacturing facilities, including the construction of a new savouries plant in Newcastle upon Tyne. As a result, capital expenditure is budgeted to rise to nearly £50 million for the year.

Trading in the current year has started satisfactorily, with like-for-like sales in the year to date increasing by 5.2 per cent. Selling price inflation, which was 2.4 per cent at the end of 2004, is expected to trend upwards as we seek to recover further substantial increases in wage costs. We also face a significant rise in energy costs in the second half, following the end of our current long-term supply agreement. Despite these pressures, I believe that the Group is well equipped to make further progress during the year.

Derek Netherton
Chairman
14 March 2005

At Greggs we aim to source the very best ingredients to ensure our customers enjoy the highest quality products.



The growth of Greggs has been based on the quality of our business ingredients. These include a proven strategy, enjoyable products, strong brands and a commitment to giving customers great service and good value. Our most important ingredient of all is our excellent team of people. Once again they have been a pleasure to work with over the year, and have delivered results ahead of expectations.

Sir Michael Darrington
Managing Director

Managing Director's Report

Healthy.

Trading performance

Our good progress during 2004 reflects the benefits of increasing core volumes through our established shops, the addition of a net 32 new units and our continued focus on controlling costs. After a slow start like-for-like sales growth improved during the late spring and summer, when our performance compared with a period of exceptionally hot weather in 2003. Although progress then returned to more normal levels, a good consumer response to our marketing campaigns and generally favourable weather helped us to achieve better than expected like-for-like sales growth in the final quarter, despite the widely reported weakness of high street retailing over the Christmas period.

After a like-for-like sales increase of 4.1 per cent in the first half (24 weeks), which included core volume growth of 2.0 per cent, performance improved in the second half (29 weeks), when we achieved like-for-like sales growth of 6.0 per cent, including a core volume uplift of 3.7 per cent. The like-for-like sales increase for the year as a whole was 5.1 per cent, including core volume growth of 2.9 per cent.

Our selling price inflation was 2.1 per cent in the first half and 2.3 per cent in the second, averaging 2.2 per cent for the year. This again reflected a continuing programme of product upgrades as well as the recovery of significant cost increases. The most important of these was in wages, as we responded to market pressures throughout the retail sector and sought to ensure that our remuneration would continue to attract and retain high quality people.

Including the benefit of new shop openings in the current and prior year, total sales rose by 10.3 per cent, comprising increases of 7.5 per cent in the first half and 12.6 per cent in the second, which this year included the benefit of a 53rd trading week.

The latest Bakers Oven shop design reinforces the brand's core values and is driving significant sales growth.

Fresh.

Managing Director's Report *continued*

As the Chairman has noted, inclusion of the 53rd week actually had a small negative effect on operating profit, which nevertheless rose by 14.0 per cent to £44.7 million as operating margin benefited from our higher volume throughput. Including the benefit of increased interest receivable on our growing average cash balances, pre-tax profit improved by 15.3 per cent to £46.7 million.

Greggs brand UK

The nine Greggs divisions in the UK represent more than 80 per cent of our retail portfolio and naturally remain the major contributor to Group profits. Like-for-like sales for the year grew by 4.9 per cent, including core volume growth of 2.4 per cent. This comprised a like-for-like increase of 3.8 per cent in the first half and 5.7 per cent in the second, including core volume gains of 1.4 per cent and 3.2 per cent respectively.

The improvement in like-for-like sales performance was assisted by a major brand re-launch in April, with the introduction of an updated identity designed to re-emphasise our heritage as a baker. This featured in point of sale material and in-shop promotions, and was backed by a major media campaign that included TV advertising in most of our regions, using the slogan 'It's the way we bake it that makes it'. This is helping us to achieve growing national awareness of Greggs as the leading brand in the bakery arena, including takeaway food.

All divisions made pleasing progress during the year.

Bakers Oven brand

The four Bakers Oven divisions showed a very good improvement in both their like-for-like sales performance and their contribution to Group profits. Like-for-like sales for the year grew by 6.3 per cent, including a core volume increase of 4.8 per cent. The brand enjoyed a good first half, in which like-for-like sales grew by 5.0 per cent and core volumes by 3.9 per cent. Growth accelerated in the second half, which produced a like-for-like sales increase of 7.2 per cent including a core volume gain of 5.5 per cent. Selling price inflation over the year was below the Group average at 1.5 per cent, reflecting our successful initiatives to enhance consumer perceptions of the brand's value credentials, notably in sandwiches.

The improved performance of Bakers Oven follows the appointment of a new managing director and a strengthening of the senior team last year. The management team has taken determined action to drive sales through improvements in the product offer, service standards and retail environment. It has also addressed areas of past underperformance, notably through the rationalisation of the retail chain in Scotland.

We are particularly pleased that this improvement in profitability is broad based, encompassing all four Bakers Oven divisions.

Greggs Continental Europe

We opened additional shops in Antwerp and Leuven during the year, giving us two in each city and a total of four in Belgium. We continue to refine and develop our product range as the learning process continues.

Our savoury products are at the core of our business, they are a vital part of our brand difference and they continue to be our strongest-growing category.

Savoury.

Managing Director's Report *continued*

Retail profile

We opened a total of 56 new shops during the year and closed 24, including 10 which were re-sited in better locations. This produced a net increase of 32 shops to a total of 1,263 at the year end. At the beginning of 2005 we had 1,045 units under the Greggs brand in the UK, a net addition of 38; four under the Greggs fascia in Belgium, a net addition of two; and 214 under the Bakers Oven brand, a net reduction of eight. We completed 24 comprehensive shop refurbishments and 8 minor refits during the year.

Further work was undertaken to refine the new Greggs shop format, with the aim of reinforcing our credentials as a baker, softening some aspects of its takeaway orientation and reducing the costs of its implementation. Investment in shop refurbishments was deliberately restrained as this process continued. Although some work remains to be done, I am pleased to report that the results of our latest trials have been sufficiently encouraging to permit a significant acceleration of the refurbishment programme in the current year, when we expect to refit some 60 shops.

We also plan to increase the pace of new shop openings in 2005, and expect to add a net 45 shops to our chains during the year. Although these will predominantly be under the Greggs brand in the UK, we also plan a number of openings for Bakers Oven and the addition of two further shops in Belgium.

Product profile

Sales growth under both our brands continued to be driven predominantly by the takeaway food categories of savouries and sandwiches. Savouries showed the strongest growth, though sandwiches also made good progress, benefiting from the Greggs brand relaunch and improvements to the Bakers Oven range. Cakes and confectionery products continued to generate modest like-for-like sales growth. The traditional bakery staples of bread and rolls continued their long term decline as a proportion of our sales, though we believe that their quality and their presence in our shops is an important contributor both to the success of our sandwich ranges and to positive consumer perceptions of our entire offer.

Enjoyability and customer choice remain key criteria in our approach to product development. We have continued to widen the 'Lifestyle Choice' range of healthier-eating sandwiches and wraps, and are seeing a gradual and progressive improvement in sales.

Strategic principles

We attach great importance to the Mission, Vision and Values statement set out on page 3, and have continued to make progress in all key areas.

Managing Director's Report *continued*

'A Great Place to Work'. Greggs began as a small family bakery and we have always striven to maintain the ethos of a caring business that puts its people first. By treating our people correctly, we aim to ensure that they will treat customers well and help us to deliver good results for the benefit of all our stakeholders. We have borne a substantial increase in our wage bill to ensure that we can continue to recruit and retain high quality staff, particularly in our shops. We are also seeking to improve the working environment for all our people through investment in improved staff facilities in our shops and bakeries, and the progressive upgrading of our offices. During the year we undertook an extensive consultation exercise to develop a new statement of our culture, in words with which everyone in the Group can identify. This underlines our commitment to treating all our people in a friendly and informal way. While we are committed to hard work and achievement, we also want everyone to know that they matter and to enjoy what they do.

'Enjoyable Experience'. Our business is all about producing tasty fresh food for daily purchase. Customers will only return to us day after day if we provide them with something that gives them real pleasure and satisfaction. The consistent focus of our investment in product development is therefore on making everything we sell even more enjoyable. We are aided in this by the substantial resources available in our state-of-the-art Group Technical Centre in Newcastle upon Tyne, where our technologists and chefs are also applying themselves to the reduction of salt and fat in our products, in line with Government guidelines. We are strongly committed to the principle of customer choice, and lower fat alternatives to a number of our key lines are currently under trial. The facilities at the Group Technical Centre for the rapid microbiological testing of ingredients and products are also helping us to ensure the highest standards of food safety.

'Business Excellence'. We are determined to achieve continuous improvement in every area of our business by simplifying what we do and ensuring that all our people understand our corporate objectives and how they can help to realise them. Great emphasis is placed on effective two-way communication with everyone in the Group and on continuously raising standards through the sharing of best practice. The adoption of EFQM total quality management standards has helped us in the process of systematically targeting, benchmarking and measuring progress, by facilitating self-assessment and the identification of critical areas for improvement.

'Challenging Targets'. Our growth has always been based on setting and attaining stretching targets. Since 1998 we have had a published goal of expanding the Group to achieve sales of £1 billion through 1,700 shops by 2010. As I noted last year, our planned growth has been constrained by our search for the right formula to permit us to drive expansion of the Bakers Oven chain. Latterly we had also slowed the Greggs shop opening programme as we focused on refining and developing its new concept. I am pleased that we are now in a position to accelerate our retail expansion and look forward to making more rapid progress towards our targets in the current year and beyond. In the longer term, I remain confident that there is significant further potential for the Group, with scope for at least 2,000 shops under our existing brands in the UK and additional opportunities on the Continent.

'Caring for the Community'. We remain strongly committed to making a contribution to the communities where we operate, particularly in areas of social deprivation. The Greggs Breakfast Clubs in selected primary schools have proved of real value in improving pupils' attendance and concentration in the morning, as well as encouraging family involvement in their children's schools. We have expanded the Clubs to 82 locations and expect to have 120 in operation by the end of 2005. Their development has been aided by the recruitment of a new Community Initiatives Manager, who also works closely with Greggs Trust. The Trust is our principal channel for the distribution of the Group's charitable donations, which last year totalled £615,000 (2003: £420,000), in line with our commitment as a founder member of the 'Per Cent' Club. We gave £100,000 to the DEC appeal after the horrific Asian tsunami and I am pleased to report that this Group donation has been more than matched by the fund-raising efforts of our staff. We also remain an active supporter of Business in the Community.

Our commitment to corporate social responsibility extends to ensuring proper care for the environment, and we have continued to pursue a range of initiatives to reduce our environmental impact by promoting efficient energy utilisation, maximising the recycling of packaging and minimising waste.

Capital investment

Capital expenditure during the year totalled £25.0 million, compared with our original budget of £34.0 million and actual expenditure of £32.4 million in the prior year. This reduction principally reflected a lower number of shop refurbishments than we had originally expected. In total we spent £13.4 million (2003: £14.3 million) on new shops and refurbishments, £8.3 million (2003: £13.8 million) on land, buildings and plant, and £3.3 million (2003: £4.3 million) on vehicles. Expenditure on major bakery projects was at a lower level than in 2003, though we completed extensions of our facilities in Leeds and Edinburgh.

During 2005 we expect a major increase in capital expenditure to nearly £50 million. This reflects the acceleration of our shop refurbishment and opening programmes, together with increased investment in our manufacturing and distribution facilities to support the growth of our retail chains. The largest such project is the construction of a second central savouries facility at Balliol Park, Newcastle upon Tyne, close to the original factory we opened in 1998 and employing the same, proven technologies and processes. This will involve a total investment of £13 million over the next two years, and will enable us to meet growing demand for our successful savouries ranges under both the Greggs and Bakers Oven brands.

Cash flow and balance sheet

Our strong operating cash flow combined with lower than expected capital expenditure resulted in an increase in net cash on the balance sheet to £62.6 million at the year end. This compared with £36.4 million in December 2003, and £46.7 million at the end of our first half in June 2004.

People

We have an excellent team, which it is a real privilege to lead. I am glad to report that our genuine commitment to our people is fully matched by their commitment to doing an excellent job. Thus once again it is a great pleasure to be able to thank all our 18,240 employees for their individual contributions to another record result for the Group.

I am also delighted to welcome the 335 additional staff we were able to recruit through our continued expansion in 2004, and look forward to the creation of a further 650 jobs in the current year.

The future

As the Chairman has noted, the Group faces significant pressures from rising wage and energy costs during 2005. The challenge to us as managers is to absorb these increases while accelerating our shop refurbishment and opening programmes and continuing to enhance our products, service and marketing. I am confident that we have the right team in place to handle all these issues successfully, and to deliver a year of further progress towards our strategic targets and our vision of being Europe's finest bakery-related retailer.

Sir Michael Darrington
Managing Director
14 March 2005

Directors' Report

The directors have pleasure in presenting their annual report and the audited accounts for the 53 weeks ended 1 January 2005.
The comparative period is the 52 weeks ended 27 December 2003.

Principal activity

The principal activity of the Group is the retailing of sandwiches, savouries and other bakery related products with a particular focus on takeaway food and catering. The majority of products sold are manufactured in house.

Results and dividends

Sales for the financial period (excluding VAT) were £504,186,000, an increase of £47,208,000, or 10.3% over the previous financial year. Group profit before taxation amounted to £46,702,000, an increase of 15.3% over the previous financial year.

An interim dividend of 30p per ordinary share was paid on 1 October 2004 and the directors propose a final dividend of 66p payable on 27 May 2005, leaving profit for the financial year to be retained of £20,063,000 (2003: £17,761,000).

Business review

A review of the business during the year and an outline of future developments are given in the Chairman's statement and Managing Director's report.

Fixed assets

In the opinion of the directors the market value of all of the Group's properties is not significantly different from their historical net book amount.

Directors and their interests

The names of the directors in office during the year together with their relevant interests in the share capital of the Company (as defined in the Companies Act 1985) at 1 January 2005 and 27 December 2003 (or at date of appointment if later) are set out in note 6 to the accounts. Details of directors' share options are set out in the Directors' Remuneration Report on pages 42 to 45.

On 11 May 2004, Sonia Elkin retired as a non-executive director.

On 1 March 2005, Julie Baddeley was appointed a non-executive director.

Trustee holdings of ordinary shares with no beneficial interest include 138,439 shares held by the Greggs Employee Benefit Trust of which certain directors are trustees.

In accordance with the Company's Articles of Association, Stephen Curran, Ian Gregg, Susan Johnson, Derek Netherton and Malcolm Simpson retire from the Board and, being eligible, offer themselves for re-election. Having been appointed since the last Annual General Meeting, Julie Baddeley retires from the Board and, being eligible, offers herself for re-election.

Corporate Governance

A separate report on corporate governance is set out on pages 46 to 48.

Substantial shareholdings

At 14 March 2005, the only notified interests of substantial shareholdings in the issued share capital of the Company were:

	Number of shares held	Percentage of issued share capital
A.J. Davison (as trustee of various settlements)	1,104,941	9.10%
FMR Corporation	844,607	6.96%
Mrs G.V. Richardson and family	517,906	4.26%
Prudential plc	512,400	4.22%
Standard Life	459,141	3.78%
Scottish Widows Investment Partnership	376,059	3.10%

Various trustees jointly hold shares with A.J. Davison above, some of whom, by reason of such joint holdings and other holdings in their own name, have declarable interests as follows: Mrs F.M.E. Nicholson (7.72% jointly held with A.J. Davison and others plus 0.04% in other holdings), Mrs F.K. Deakin (7.72% jointly held with A.J. Davison and others plus 0.03% in other holdings) and Mr J.A. Wardropper (5.95% jointly held with A.J. Davison and others).

Employment policies

We are committed to promoting policies which ensure that employees and those who seek to work for us are treated equally, regardless of sex, marital status, creed, colour, race or ethnic origin.

It is our policy to give full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

The number and dispersion of the Group's operating locations make it difficult, but essential, to communicate effectively with employees. Communication with our shop staff is principally through the operational structure of shop area and divisional management. We communicate with our bakery staff by regular briefings and letters. All staff receive a copy of divisional and Group gazettes.

The Group operates Profit Sharing and Savings Related Share Option Schemes to encourage its employees to identify with its corporate objectives.

Payments to suppliers

Supplier credit is an important factor in the success of the Group. Whilst the Group does not follow any code or standard on payment practice, payments to suppliers are made in accordance with the Group's normal terms and conditions of business except where varied terms and conditions are agreed with individual suppliers, in which case these prevail. Where disputes arise we attempt to resolve them promptly and amicably to ensure delays in payment are kept to a minimum.

The average creditor payment period for the Company and the Group at 1 January 2005 was 41 days (2003: 41 days).

Charitable contributions

The Group is a member of the 'Per Cent' Club. Charitable donations of £615,000 (representing 1.3% of profit before tax) were made by the Group during the year, including £351,000 to Greggs Trust. More details about Greggs Trust can be found on page 49.

International Financial Reporting Standards

This is the last year that the audited accounts will be presented under UK GAAP.

For reporting periods beginning on or after 1 January 2005 the consolidated accounts of the Group must comply with International Financial Reporting Standards ("IFRS"). This will include comparative information for 2004 (subject to certain exemptions). During 2004 the Group has continued its preparatory work to enable it to report its interim 2005 results under IFRS.

The key areas that have been identified as having an impact for the Group are as follows:

IAS 19 Pension scheme accounting

Under this standard the Group defined benefit pension scheme's net liability position will be included on the balance sheet with the returns on scheme assets, current service costs and interest costs being movements in the profit and loss account. The net position is expected to be broadly in line with FRS 17 values disclosed in note 7 (which would have been recognised in the 2005 opening balance sheet under UK GAAP) with some limited differences in the measurement parameters used. The Group will, for the first time, be required to prepare a Statement of Recognised Income and Expense which will reflect the actuarial gain or loss on the scheme (presuming that IAS 19 (Revised) is endorsed for use in the EU).

IFRS 2 Share options

The fair value of share based payments will be calculated using an option pricing model for all employee share option schemes. This fair value will then be charged to the profit and loss account. Under UITF 17 no charge to profit and loss account was required in respect of these schemes.

IAS 12 Deferred tax

Deferred tax balances will be calculated with reference to temporary differences which are based on balance sheet carrying values and related tax allowances. This differs from UK GAAP whereby profit and loss based timing differences give rise to deferred tax balances.

Dividends

The Company normally declares dividends to the holders of equity shares after the balance sheet date. These dividends will not be recognised as a liability at the balance sheet date as is currently the situation. Dividends paid during the period will not be shown on the face of the Income statement but will be included in the reconciliation of equity statement.

The adoption of IFRS will result in changes to the format and disclosure requirements of both the primary financial statements and the related notes.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board
Andrew Davison
Secretary
Greggs plc (CRN 502851)

Fernwood House
Clayton Road
Jesmond
Newcastle upon Tyne
NE2 1TL

14 March 2005

Statement of Directors' Responsibilities in respect of the preparation of Accounts

The directors are required by company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results for that period.

The directors consider that in preparing the accounts on pages 22 to 41, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The accounts have been prepared on a going concern basis on the presumption that the Group will continue in business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors to the Members of Greggs plc

We have audited the accounts on pages 22 to 41. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the Directors' Remuneration Report. As described on page 19 this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the corporate governance statement on pages 46 to 48 reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the Directors' Remuneration Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the accounts give a true and fair view of the state of affairs of the Company and the Group as at 1 January 2005 and of the profit of the Group for the 53 weeks then ended; and

- the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Newcastle upon Tyne
14 March 2005

Group Profit and Loss Account

for the 53 weeks ended 1 January 2005

	Note	2004 £'000	2003 £'000
Turnover	1	**504,186**	456,978
Cost of sales	2	**(193,009)**	(175,284)
Gross profit		**311,177**	281,694
Distribution and selling costs	2	**(228,891)**	(209,559)
Administrative expenses	2	**(37,572)**	(32,968)
Operating profit		**44,714**	39,167
Net interest receivable and other income	3	**1,988**	1,305
Profit on ordinary activities before taxation	4	**46,702**	40,472
Taxation on profit on ordinary activities	9	**(15,115)**	(13,235)
Profit on ordinary activities after taxation	10	**31,587**	27,237
Dividends paid and proposed	11	**(11,524)**	(9,476)
Retained profit for the financial year	24	**20,063**	17,761
Basic earnings per share	12	**264.7p**	230.5p
Diluted earnings per share	12	**262.0p**	227.6p

The Group's operating profit for both the current and preceding financial year derives from continuing operations. There are no recognised gains or losses during the current and previous year other than the profit for the year.

RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

for the 53 weeks ended 1 January 2005

	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Profit for the financial year		**31,587**		27,237
Dividends		**(11,524)**		(9,476)
Retained profit for the financial year		**20,063**		17,761
New share capital				
- nominal value		**6**		18
- share premium		**680**		1,452
Purchase of own shares into Employee Benefit Trust		**(941)**		(1,485)
Sale of own shares from Employee Benefit Trust		**3,200**		-
Net addition to shareholders' funds		**23,008**		17,746
Opening shareholders' funds – as previously stated	**139,196**		119,965	
Prior year adjustment – see accounting policies	**(5,046)**		(3,561)	
Opening shareholders' funds – as restated		**134,150**		116,404
Closing shareholders' funds		**157,158**		134,150

Group Balance Sheet

at 1 January 2005

	Note	1 January 2005 £'000	1 January 2005 £'000	27 December 2003 As restated (see accounting policies) £'000	27 December 2003 As restated (see accounting policies) £'000
Fixed assets					
Tangible assets	13		163,110		160,704
Investments	15		-		-
			163,110		160,704
Current assets					
Stocks	16	7,283		7,126	
Debtors	17	13,949		13,037	
Cash at bank and in hand		62,601		36,358	
		83,833		56,521	
Creditors: amounts falling due within one year	18	(74,811)		(68,558)	
Net current assets / (liabilities)			9,022		(12,037)
Total assets less current liabilities			172,132		148,667
Creditors: amounts falling due after more than one year	19		(105)		(112)
Provisions for liabilities and charges					
Deferred tax	21		(14,869)		(14,405)
Net assets			157,158		134,150
Capital and reserves					
Called up share capital	22		2,428		2,422
Share premium account	23		12,217		11,537
Profit and loss account	24		142,513		120,191
Equity shareholders' funds			157,158		134,150

The accounts on pages 22 to 41 were approved by the Board of directors on 14 March 2005 and were signed on its behalf by

M.J. Darrington
M. Simpson
} Directors

Parent Company Balance Sheet

at 1 January 2005

	Note	£'000	1 January 2005 £'000	£'000	27 December 2003 As restated (see accounting policies) £'000
Fixed assets					
Tangible assets	14		131,923		136,825
Investments	15		5,190		5,190
			137,113		142,015
Current assets					
Stocks	16	7,283		7,126	
Debtors	17	38,777		32,017	
Cash at bank and in hand		62,381		36,214	
		108,441		75,357	
Creditors: amounts falling due within one year	18	(74,210)		(68,488)	
Net current assets			34,231		6,869
Total assets less current liabilities			171,344		148,884
Creditors: amounts falling due after more than one year	19		(105)		(112)
Provisions for liabilities and charges					
Deferred tax	21		(9,007)		(10,854)
Net assets			162,232		137,918
Capital and reserves					
Called up share capital	22		2,428		2,422
Share premium account	23		12,217		11,537
Profit and loss account	24		147,587		123,959
Equity shareholders' funds			162,232		137,918

The accounts on pages 22 to 41 were approved by the Board of directors on 14 March 2005 and were signed on its behalf by

M.J. Darrington
M. Simpson
} Directors

Group Cash Flow Statement

for the 53 weeks ended 1 January 2005

		2004		2003 As restated (see accounting policies)
	£'000	£'000	£'000	£'000
Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit		44,714		39,167
Depreciation charges		20,978		18,985
Loss on disposal of fixed assets		358		69
Release of government grants		(7)		(7)
Increase in stocks	(157)		(796)	
Increase in debtors	(912)		(1,297)	
Increase in creditors	4,287		1,601	
Net decrease / (increase) in working capital		3,218		(492)
Net cash inflow from operating activities		69,261		57,722
CASH FLOW STATEMENT				
Net cash inflow from operating activities		69,261		57,722
Returns on investments and servicing of finance				
Interest received	2,003		1,313	
Interest paid	(15)		(8)	
Net cash inflow from returns on investments and servicing of finance		1,988		1,305
Taxation paid		(14,150)		(10,908)
Capital expenditure and financial investments				
Purchase of tangible fixed assets	(25,090)		(32,361)	
Disposal of tangible fixed assets	1,348		787	
Net cash outflow from capital expenditure and financial investments		(23,742)		(31,574)
Equity dividends paid		(10,059)		(8,807)
Net cash inflow before financing		23,298		7,738
Financing				
Issue of ordinary share capital	686		1,470	
Disposal / (purchase) of investments	2,259		(1,485)	
Net cash inflow / (outflow) from financing		2,945		(15)
Net increase in cash in the period		26,243		7,723

Further details regarding cash flows are given in note 26 to the accounts

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts.

(a) Basis of accounting

The accounts are prepared under the historical cost accounting rules and in accordance with applicable accounting standards. The requirements of all new accounting standards and pronouncements required to be adopted during the past year have been implemented where relevant, in particular UITF Abstract 38 *Accounting for ESOP trusts*.

(b) Prior year adjustment

UITF 38 requires the assets and liabilities of the Group's ESOP trust to be recognised in the Group's accounts where there is de facto control of those assets and liabilities. The Company's own shares held by the ESOP trust should be deducted from shareholders' funds until they vest unconditionally with employees. Prior to the adoption of UITF 38 the Company's own shares held by the ESOP trust were recognised as fixed asset investments on the balance sheet at the lower of cost and net book amount. All relevant primary statements and notes relating to the accounts have been restated accordingly.

Compliance with UITF 38 has reduced the 2004 investments and shareholders' funds by £2,787,000 (2003: £5,046,000). The net profit for 2003 was unaffected. The estimated impact on the current year's profit if UITF 38 had not been adopted would be to increase the net profit by £85,000.

(c) Consolidation

The consolidated accounts include the results of Greggs plc and its subsidiary undertakings for the period of 53 weeks ended 1 January 2005. The comparative period is the 52 weeks ended 27 December 2003.

(d) Depreciation

Depreciation is provided on the cost of tangible fixed assets before deducting government capital grants and after taking the estimated residual value into consideration. Freehold and long leasehold properties are depreciated by equal instalments over a period of 40 years. No depreciation is provided on freehold land. Depreciation of other tangible fixed assets is provided on a straight line basis as follows:

Short leasehold properties	10%
Plant:	
General	10%
Computers	20% - 33⅓%
Motor vehicles	20% - 25%
Delivery trays	33⅓%
Shop fixtures and fittings:	
General	10%
Electronic equipment	20%

(e) Government grants

Grants received in respect of specific capital items are credited to deferred income and transferred to the profit and loss account in equal instalments over the estimated average life of the relevant fixed assets. Grants which are related to the fulfilment of certain conditions or to the expiry of a period of time are also credited to deferred income and are transferred to the profit and loss account in equal instalments over a period from the commencement of the project until these conditions are met.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation purposes and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(h) Goodwill

Purchased goodwill arising in respect of acquisitions before 1 January 1998, when FRS 10: "Goodwill and Intangible Assets" was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

(i) Leased assets

The rental costs of properties and other assets acquired under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(j) Pension costs

The Group operates defined benefit and defined contribution schemes for its employees. The assets of these funds are held by the Trustees of the schemes and are entirely separate from those of the Group.

The amount charged to the profit and loss account in respect of the defined benefit scheme is based on actuarial estimates and is calculated to spread the cost of pensions over employees' working lives with the Group. The amount charged to the profit and loss account in respect of the defined contribution schemes represents the contributions payable in respect of the accounting period.

(k) Employee share ownership plan

The Group accounts include the assets and related liabilities of the Greggs Employee Benefit Trust. During the year the Group has adopted the provisions of UITF 38 *Accounting for ESOP trusts* in these accounts. Under the requirements of UITF 38 the shares held by the ESOP are stated at cost and deducted from shareholders' funds.

(l) Financial assets and liabilities

Changes in the value of financial instruments are disclosed in the notes to the accounts but are not reflected in the profit and loss account or the balance sheet.

(m) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

(n) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange rate differences are included in the profit and loss account.

Notes to the Accounts

1. Turnover

Turnover represents sales to customers less value added tax. The turnover arises from the Group's principal activity and relates principally to sales within the United Kingdom.

2. Employee profit sharing scheme

The total amount paid out under the Group's employee profit sharing scheme is contained within the main cost categories as follows:

	2004 £'000	2003 £'000
Cost of sales	1,424	1,346
Distribution and selling costs	3,240	2,811
Administrative expenses	730	571
	5,394	4,728

3. Net interest receivable / (payable) and other income / (similar charges)

	2004 £'000	2003 £'000
Interest receivable and other income	2,003	1,313
Interest payable and similar charges	(15)	(8)
	1,988	1,305

Interest payable and similar charges includes net exchange losses on foreign currency deposits of £13,000 (2003: gains of £248,000 included in interest receivable and other income).

4. Profit on ordinary activities before taxation

This is stated after charging / (crediting):	2004 £'000	2003 £'000
Depreciation on owned tangible fixed assets	20,978	18,985
Loss on disposal of fixed assets	358	69
Release of government grants	(7)	(7)
Auditors' remuneration (group and parent company):		
audit services	99	91
non-audit fees paid to the auditor and its associates:		
- corporation tax compliance - current year	27	27
- prior years	31	25
- other taxation services	24	20
- pension schemes audit	9	10
Payments under operating leases – property rents	30,971	28,362

5. Share options

Contingent rights to the allotment of Ordinary Shares in the Company at future dates exist under the terms of the Company's Savings Related Share Option Scheme and its Executive Share Option Schemes. Details of these options at 1 January 2005 are as follows:

	Date of grant	Price	Options outstanding at the end of the year 2004	2003	Dates exercisable
Executive Share Option Scheme 5	September 1996	1355p	1,479	3,401	Three to ten years after September 1996
Executive Share Option Scheme 6	March 1999	2687½p	60,633	77,832	Three to ten years after March 1999
Savings Related Share Option Scheme 4	April 1999	2098p	-	169,548	June 2004 to December 2004
Executive Share Option Scheme 7	March 2000	1701½p	75,446	94,208	Three to ten years after March 2000
Savings Related Share Option Scheme 5	April 2002	2821p	95,260	121,230	June 2005 to December 2005
Executive Share Option Scheme 8	April 2002	3526p	7,400	8,200	Three to ten years after April 2002
Savings Related Share Option Scheme 6	April 2003	2700p	50,416	58,315	June 2006 to December 2006
Executive Share Option Scheme 9	September 2003	3104½p	7,050	8,250	Three to ten years after September 2003
Executive Share Option Scheme 10	March 2004	3388p	7,500	-	Three to ten years after March 2004
Executive Share Option Scheme 11	August 2004	3400p	95,400	-	Three to ten years after August 2004
Savings Related Share Option Scheme 7	November 2004	3098p	71,580	-	January 2008 to July 2008

6. Directors' share interests

The directors who served during the year and who were still in office at the end of the year and their interests in the share capital of the Company according to the register of directors' interests are as follows:

	Ordinary shares of 20p (Beneficial interest)		Ordinary shares of 20p (Trustee holding with no beneficial interest)	
	2004	2003	2004	2003
Mike Darrington	**70,650**	70,440	**138,354**	264,163
Malcolm Simpson	**85,722**	85,523	**166,955**	292,764
Ian Gregg (non-executive)	**154,655**	219,300	**138,354**	264,163
Stephen Curran (non-executive)	**3,700**	3,700	**-**	-
Susan Johnson (non-executive)	**-**	-	**-**	-
Derek Netherton (non-executive)	**-**	-	**-**	-
Bob Bennett (non-executive)	**-**	-	**-**	-

The executive directors have a potential beneficial interest in the Greggs Employee Benefit Trust (note 24).
Details of directors' share options and emoluments and pension benefits can be found in the Directors' Remuneration Report on pages 42 to 45.
There have been no changes since 1 January 2005 in the directors' interests noted above.

Notes to the Accounts

continued

7. Pensions

a). Defined benefit scheme

The Company operates a defined benefit pension scheme, the Greggs plc 1978 Retirement and Death Benefit Scheme. The scheme funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial advisor.

The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the attained age method. Actuarial valuations are carried out triennially and the latest actuarial assessment of this scheme was at 6 April 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment return would exceed salary increases by 2.0% per annum.

At the date of the latest actuarial valuation, the market value of the scheme's assets was £33,334,400. The actuarial value of the scheme's assets represented 87% of the benefits that had accrued to members, after allowing for expected future increases in earnings. In view of this situation the Company has already made several lump sum contributions to the scheme and has agreed to increase the funding rate, including employees' contributions, to a total of 16.5% of annual pensionable salary. In addition the Company has undertaken regularly to review the funding position and intends to ensure that the scheme is adequately funded to meet its liabilities. The total pension cost to the Group of this scheme, including the group life premium, was £3,290,000 for the year (2003: £2,627,000).

Whilst the Group continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 *Accounting for Pension Costs*, under FRS 17 *Retirement Benefits* the following transitional disclosures are required.

The actuarial valuation was updated to 1 January 2005, by an independent qualified actuary in accordance with the transitional arrangements of FRS 17. As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of those pensions in payment which are secured with insured annuities.

The major assumptions used in this valuation were:

	1 January 2005	27 December 2003	28 December 2002
Inflation	**2.9% pa**	2.7% pa	2.4% pa
Pension increases (LPI)	**2.7% pa**	2.6% pa	2.4% pa
Salary growth	**4.4% pa**	4.2% pa	3.9% pa
Discount rate	**5.4% pa**	5.4% pa	5.6% pa

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

7. Pensions (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

			1 January 2005		27 December 2003		28 December 2002
		£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets							
Composed of :							
	Equities	33,122		27,326		18,188	
	Bonds	2,060		5,880		6,229	
	Cash	9,864		-		-	
	Other	2,303		6,653		7,952	
Total fair value of assets			47,349		39,859		32,369
Present value of liabilities			(58,283)		(51,106)		(41,699)
Gross pension liability			(10,934)		(11,247)		(9,330)
Related deferred tax asset			3,280		3,374		2,799
Net pension liability			(7,654)		(7,873)		(6,531)
			Expected return		Expected return		Expected return
	Equities		7.5% pa		7.7% pa		7.4% pa
	Bonds		4.6% pa		4.8% pa		4.5% pa
	Cash		4.5% pa		-		-
	Other		5.5% pa		4.9% pa		4.5% pa

Over the period to 1 January 2005, contributions by the Company of £2,889,000 (2003: £2,261,000) were made to the scheme. It has been agreed with the trustees that employer's contributions for the period between 6 April 2003 and 5 April 2008 will be at the level of 9.9% of annual pensionable salary, plus the cost of insuring death in service benefits and the cost of administration expenses.

The post retirement deficit under FRS 17 would have moved as follows during the period to 1 January 2005:

	2004 £'000	2003 £'000
Post retirement deficit at 28 December 2003	(11,247)	(9,330)
Current service cost (employee and employer)	(3,006)	(2,725)
Contributions (employee and employer)	4,209	3,477
Other net finance income / (expense)	6	(338)
Actuarial loss	(896)	(2,331)
Post retirement deficit at 1 January 2005	(10,934)	(11,247)

Notes to the Accounts

continued

7. Pensions (continued)

The following amounts would have been included within operating profit under FRS17:

	2004	2003
	£'000	£'000
Current service cost (employer's part only)	**2,088**	1,808
Past service cost	**-**	-
	2,088	1,808

The following amounts would have been included as net finance income / (expense) under FRS 17:

	2004	2003
	£'000	£'000
Expected return on pension scheme assets	**2,813**	2,050
Interest on post retirement liabilities	**(2,807)**	(2,388)
	6	(338)

The following amounts would have been recognised within the statement of total recognised gains and losses ("STRGL") under FRS 17:

	2004		2003		2002	
	£'000		£'000		£'000	
Annual return less expected return on scheme assets	**1,717**	**4%**	3,188	8%	(6,663)	(21%)
Experience gains / (losses) arising on liabilities	**55**	**0%**	(167)	(0%)	(2,206)	(5%)
Loss due to changes in assumptions underlying the present value of scheme liabilities	**(2,668)**	**(5%)**	(5,352)	(10%)	(1,020)	(2%)
Actuarial loss recognised in the STRGL	**(896)**	**(2%)**	(2,331)	(5%)	(9,889)	(24%)

The above percentages show the STRGL components as a percentage of the end of period value of the scheme's assets or liabilities as appropriate.

The scheme is now closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

The Group's net assets, including the disclosed FRS 17 balance sheet item above, would be £149,504,000 at 1 January 2005 (£126,277,000 at 27 December 2003).

b). Defined contribution schemes

The Company also operates defined contribution schemes for other eligible employees. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £1,234,000 in the period (2003: £1,135,000).

There were no material amounts outstanding to any of the schemes at the period end.

8. Employees

The average number of persons employed by the Group (including directors) during the period was as follows:

	2004 No's	2003 No's
Management	651	665
Administration	337	319
Production	2,697	2,672
Shop	14,555	14,249
	18,240	17,905

The aggregate payroll costs of these persons were as follows:

	2004 £'000	2003 £'000
Wages and salaries	181,346	166,950
Social security costs	13,664	12,258
Other pension costs	4,524	3,762
	199,534	182,970

9. Taxation on profit on ordinary activities

a). Analysis of charge in period at 30% (2003: 30%)

	2004		2003	
	£'000	£'000	£'000	£'000
Current tax:				
Corporation tax at 30% (2003: 30%)				
- current period	14,874		12,253	
- previous periods	(223)		-	
Total current tax		14,651		12,253
Deferred tax				
Origination and reversal of timing differences				
- current period	256		982	
- previous periods	208		-	
Total deferred tax		464		982
Tax on profit on ordinary activities		15,115		13,235

Notes to the Accounts

continued

9. Taxation on profit on ordinary activities (continued)

b). Factors affecting current tax charge for period

The tax assessed for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	**46,702**	40,472
Tax on profit on ordinary activities at UK standard rate of tax of 30% (2003: 30%)	**14,011**	12,142
Effects of:		
Capital allowances for period in excess of depreciation	**(256)**	(982)
Expenses not deductible for tax purposes	**249**	181
Chargeable gains rolled over	**(177)**	(49)
Non-qualifying depreciation	**836**	822
Other	**211**	139
Adjustments in respect of previous periods	**(223)**	-
Current tax charge for period	**14,651**	12,253

10. Profit attributable to Greggs plc

Of the profit attributable to shareholders, £32,893,000 (2003: £27,415,000) is dealt with in the accounts of the parent company. The Company has taken advantage of the exemption permitted by section 230 of the Companies Act 1985 from presenting its own profit and loss account.

11. Dividends

	2004 £'000	2003 £'000
On ordinary shares of 20p		
Interim paid: 30.0p (2003: 25.5p)	**3,602**	3,019
Final proposed: 66.0p (2003: 54.5p)	**7,922**	6,457
Total dividends: 96.0p (2003: 80.0p)	**11,524**	9,476

12. Earnings per share

Basic earnings per share are calculated on earnings after taxation of £31,587,000 (2003: £27,237,000) divided by the weighted average number of shares in issue outstanding during the period of 11,931,728 (2003: 11,817,677).

Diluted earnings per share are calculated using the same earnings as those used for basic earnings per share, and a weighted average number of shares of 12,055,134 (2003: 11,968,023). This number includes 123,406 (2003: 150,346) shares being the dilutive effect of the share options in place at the period end.

13. Group statement of tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Shop fixtures and fittings £'000	Total £'000
Cost				
At 27 December 2003	72,842	71,541	103,713	248,096
Additions	4,477	7,237	13,376	25,090
Disposals	(761)	(7,586)	(7,996)	(16,343)
At 1 January 2005	**76,558**	**71,192**	**109,093**	**256,843**
Depreciation				
At 27 December 2003	12,783	39,432	35,177	87,392
Charged in period	1,564	7,813	11,601	20,978
Disposals	(359)	(7,304)	(6,974)	(14,637)
At 1 January 2005	**13,988**	**39,941**	**39,804**	**93,733**
Net book amount				
At 1 January 2005	**62,570**	**31,251**	**69,289**	**163,110**
At 27 December 2003	60,059	32,109	68,536	160,704

The net book amount of land and buildings comprises:

		2004		2003	
		£'000	**£'000**	£'000	£'000
Freehold property	Shops	**13,922**		13,785	
	Bakeries	**41,955**		39,392	
	Other	**5,710**		5,822	
			61,587		58,999
Long leasehold property	Bakeries		**759**		753
Short leasehold property	Shops		**224**		307
			62,570		60,059

Notes to the Accounts

continued

14. Parent company statement of tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Shop fixtures and fittings £'000	Total £'000
Cost				
At 27 December 2003	41,058	72,074	104,201	217,333
Additions	4,441	7,237	13,376	25,054
Intra Group transfers	(8,494)	-	-	(8,494)
Disposals	(392)	(7,586)	(7,996)	(15,974)
At 1 January 2005	**36,613**	**71,725**	**109,581**	**217,919**
Depreciation				
At 27 December 2003	5,238	39,702	35,568	80,508
Charged in period	764	7,813	11,601	20,178
Intra Group transfers	(169)	-	-	(169)
Disposals	(243)	(7,304)	(6,974)	(14,521)
At 1 January 2005	**5,590**	**40,211**	**40,195**	**85,996**
Net book amount				
At 1 January 2005	**31,023**	**31,514**	**69,386**	**131,923**
At 27 December 2003	35,820	32,372	68,633	136,825

The net book amount of land and buildings comprises:

		2004		2003	
		£'000	**£'000**	£'000	£'000
Freehold property	Shops	**7,650**		7,263	
	Bakeries	**17,341**		21,583	
	Other	**5,803**		5,914	
			30,794		34,760
Long leasehold property	Bakeries		**5**		753
Short leasehold property	Shops		**224**		307
			31,023		35,820

15. Investments

	Shares in subsidiary undertakings £'000	Own shares £'000	Total £'000
Group			
Cost and Net book amount			
At 27 December 2003 - as previously stated	-	5,046	5,046
Prior year adjustment - see accounting policies	-	(5,046)	(5,046)
At 27 December 2003 - as restated	-	-	-
At 1 January 2005	**-**	**-**	**-**
Parent company			
Cost			
At 27 December 2003 - as previously stated	5,828	5,046	10,874
Prior year adjustment - see accounting policies	-	(5,046)	(5,046)
At 27 December 2003 - as restated	5,828	-	5,828
At 1 January 2005	**5,828**	**-**	**5,828**
Provisions			
At 27 December 2003 and 1 January 2005	**638**	**-**	**638**
Net book amount			
At 1 January 2005	**5,190**	**-**	**5,190**
At 27 December 2003	5,190	-	5,190

Own shares held related to 264,163 shares of the Company held by the Greggs Employee Benefit Trust which are to be used to satisfy certain of the share option arrangements detailed in note 5. Following the adoption by the Group of UITF 38 during the year, own shares are no longer recognised as an asset on the balance sheet but are deducted from equity (see accounting policies).

The Company's subsidiary undertakings, which are all wholly owned, are as follows:

	Principal activity	Country of incorporation
Charles Bragg (Bakers) Limited	Non-trading	England and Wales
Greggs (Leasing) Limited	Non-trading	England and Wales
Thurston Parfitt Limited	Dormant	England and Wales
Greggs Properties Limited	Property holding	England and Wales
Olivers (U.K.) Limited	Dormant	Scotland
Olivers (U.K.) Development Limited *	Dormant	Scotland
Birketts Holdings Limited	Non-trading	England and Wales
J R Birkett & Sons Limited *	Non-trading	England and Wales
Greggs Trustees Limited	Trustee	England and Wales

* held indirectly

Notes to the Accounts

continued

16. Stocks

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
Raw materials and consumables	**5,322**	5,105	**5,322**	5,105
Work in progress	**1,961**	2,021	**1,961**	2,021
	7,283	7,126	**7,283**	7,126

17. Debtors

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
Trade debtors	**665**	582	**665**	582
Amounts owed by subsidiary undertakings	**-**	-	**24,828**	18,980
Other debtors, including value added tax	**5,320**	4,533	**5,320**	4,533
Prepayments and accrued income	**7,964**	7,922	**7,964**	7,922
	13,949	13,037	**38,777**	32,017

All amounts fall due within one year.

18. Creditors: amounts falling due within one year

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
Trade creditors	**25,467**	23,794	**25,467**	23,794
Corporation tax	**7,685**	7,183	**7,084**	7,113
Other taxes and social security costs	**5,502**	4,777	**5,502**	4,777
Other creditors	**16,433**	16,942	**16,433**	16,942
Accruals	**11,795**	9,398	**11,795**	9,398
Proposed final dividend	**7,922**	6,457	**7,922**	6,457
Deferred government grants	**7**	7	**7**	7
	74,811	68,558	**74,210**	68,488

19. Creditors: amounts falling due after more than one year

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
Deferred government grants	**105**	112	**105**	112

20. Financial assets and liabilities

The Group's activities are financed by cash at bank and short term investments which comprise cash placed on deposit.

During the period the Group has held funds in a deposit account denominated in Euros to provide working capital for its operations in Europe.

The Group's treasury policy has as its principal objective the achievement of the maximum rate of return on cash balances whilst maintaining an acceptable level of risk. Other than mentioned above there are no financial instruments, derivatives or commodity contracts used.

The Group considers that the interest rate and currency risks are not significant.

For the purposes of the following disclosures, short-term debtors and creditors have been excluded, as permitted by FRS13.

The Group's financial assets comprise cash at bank. At 1 January 2005 the average floating interest rate earned on the closing cash balance was 4.8% (2003: 3.7%).

At 1 January 2005 the Group had no financial liabilities (2003: £nil). The Group has an overdraft facility of £10,000,000 of which £10,000,000 was undrawn at 1 January 2005 (2003: £10,000,000 undrawn).

The fair value of the Group's other financial assets and liabilities is not materially different from their book values.

21. Provisions for liabilities and charges - deferred tax

	Group		Parent company	
	2004	2003	**2004**	2003
	£'000	£'000	**£'000**	£'000
The provision is in respect of:				
Accelerated capital allowances	**14,869**	14,405	**9,007**	10,854

The movement in deferred tax is represented by the charge for the period.

22. Share capital

		Group and Parent company	
		2004	2003
		£'000	£'000
Authorised:			
25,000,000 ordinary shares of 20p		**5,000**	5,000
Issued and fully paid: Number of shares:			
12,109,483	At 27 December 2003	**2,422**	2,404
32,409	Issued in respect of share options	**6**	18
12,141,892	At 1 January 2005	**2,428**	2,422

Details of outstanding share options are given in note 5.

23. Share premium account

	Group and Parent company £'000
At 27 December 2003	**11,537**
Premium arising on issue of shares in respect of share options	**680**
At 1 January 2005	**12,217**

Notes to the Accounts

continued

24. Profit and loss account

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
At start of period - as originally stated	**125,237**	107,476	**129,005**	111,066
Prior year adjustment - see accounting policies	**(5,046)**	(3,561)	**(5,046)**	(3,561)
At start of period - as restated	**120,191**	103,915	**123,959**	107,505
Retained profit for the period	**20,063**	17,761	**21,369**	17,939
Purchase of own shares into Employee Benefit Trust	**(941)**	(1,485)	**(941)**	(1,485)
Sale of own shares from Employee Benefit Trust	**3,200**	-	**3,200**	-
At end of period	**142,513**	120,191	**147,587**	123,959

Cumulative goodwill written off resulting from acquisitions made prior to 1 January 1998 amounts to £3,275,000 (2003: £3,275,000).

Deducted from the profit and loss account is £2,787,000 (2003: £5,046,000) in respect of own shares held by the Greggs Employee Benefit Trust. The Trust, which was established during 1988 to act as a repository of issued Company shares, holds 138,439 shares (2003: 264,163 shares) with a market value at 1 January 2005 of £5,064,000 (2003: £8,295,000) which have not vested unconditionally in employees.

The shares held by the Greggs Employee Benefit Trust can be purchased either by employees on the exercise of an option under the Greggs Executive Share Option Schemes or by the trustees of the Greggs Employee Share Scheme (see note 5).

25. Commitments

a). Capital commitments

Outstanding commitments for capital expenditure at 1 January 2005 not provided for in the accounts are as follows:

	Group 2004 £'000	Group 2003 £'000	Parent company 2004 £'000	Parent company 2003 £'000
Contracted for	**1,867**	4,794	**1,867**	4,794

b). Operating lease commitments

At 1 January 2005 the Group and Company had annual commitments under operating leases on land and buildings as set out below:

	2004 £'000	2003 £'000
Operating leases which expire:		
Within one year	**1,362**	1,551
In the second to fifth years inclusive	**7,351**	6,940
After more than five years	**20,839**	20,077
	29,552	28,568

The Group's business is carried on through retail outlets which are subject to operating leases which include clauses for periodic rent reviews.
The property commitments above are stated at current rents.

26. Notes to the group cash flow statement

a). Reconciliation of net cash flow to movement in net funds

	2004 £'000	2003 £'000
Increase in cash in the period	**26,243**	7,723
Movement in net funds in the period	**26,243**	7,723
Net funds at 27 December 2003	**36,358**	28,635
Net funds at 1 January 2005	**62,601**	36,358

b). Analysis of net funds

	At 27 December 2003 £'000	Cash flow £'000	Other changes £'000	At 1 January 2005 £'000
Cash in hand and at bank	36,358	26,243	-	**62,601**

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 (the "Regulations"). This report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has, therefore, been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Remuneration Committee of the Board sets the remuneration and terms of appointment of the executive directors and the Chairman on behalf of the Board. The names of the directors who have served on the Remuneration Committee during the year are Ian Gregg (Chairman), Sonia Elkin (until 11 May 2004), Stephen Curran and Bob Bennett. Mike Darrington and Andrew Davison have assisted the Committee in their deliberations on directors' remuneration.

General Policy on Directors' Remuneration

The Company's policy is to establish competitive remuneration packages for its directors that will attract, retain and motivate individuals with appropriate skills and experience and will best serve the interests of the Company, its shareholders and its employees.

Remuneration packages for executive directors are designed so as to reward them fairly for their contributions within the range of benefits offered by other UK companies of equivalent size, to recognise the unusually complex nature of the combined retail, manufacturing and distribution operations of the Greggs business and having considered levels of remuneration paid to others within the Company.

The Remuneration Committee aims to set basic salaries for executive directors at a level broadly equivalent to median salaries for individuals holding similar positions in comparable companies, with adjustment to reflect individual performance. Basic salaries are normally benchmarked every three years unless a material change in the business or in market conditions warrants earlier review. Basic salaries were last benchmarked in 2002, to take effect from 1 January 2003, on the basis of advice and information as to levels of remuneration in comparable companies provided by Monks Partnership. A review was started towards the end of 2004 by Monks Partnership, who are benchmarking salaries and remuneration packages against both sector and turnover comparator groups of companies. Monks Partnership were selected and appointed by the Remuneration Committee. They also assisted the Executive Director Committee by producing comparative information to assist in determining the fees payable to non-executive directors and assisted the Company generally in determining the remuneration of its senior management team, but otherwise had no connection with the Company.

The Remuneration Committee seeks to structure total benefits packages in a manner that will align the interests of the executive directors with those of shareholders.

The performance-related elements of the executive directors' remuneration packages, under which executive directors can receive payments in total of up to 50% of their basic salaries, consist of annual performance based cash bonuses and participation in the Company's Profit-Sharing Scheme (which distributes 10% of profits half-yearly to all employees on the basis of a formula related to the profitability of their relevant division, length of service and salary levels). Such bonus payments are not pensionable. In addition, there have been occasional grants of options over shares in the Company, pursuant to one or more of the share option schemes operated through the Remuneration Committee. These include both Inland Revenue approved and unapproved long-term share incentive schemes, designed to encourage the executive directors and other employees to hold shares in the Company and to enhance share values.

In accordance with institutional investor guidelines, the total number of new shares and shares held in treasury over which the Company may grant options is limited and the Company has chosen to allocate most of the number available to the Company's Savings Related Share Option Scheme open to all employees, including executive directors. This has restricted the number of new shares or shares held in treasury available to be allocated under the discretionary Senior Executive Share Option Schemes, under which the last grant of options (in which no executive director participated) was made in August 2004. The company will keep under review the need to maintain competitive benefit packages, and where it considers appropriate, will make use of the Employee Benefit Trust to supply shares on the exercise of options. Unless granted pursuant to the all-employee Savings Related Share Option Scheme (under which options may be offered at a discount to market price), the Remuneration Committee intends that all options granted to executive directors will be at exercise prices at least equal to the market price of a share as at the date of grant.

The above policies enable the executive directors to receive potentially significant benefits in addition to their basic salaries, but only if value has been created for shareholders.

The Remuneration Committee considers that, although the non-performance related elements of the executive directors' remuneration packages are at or around the median the performance related elements are significant in terms of providing motivation to the executive directors to improve shareholder value.

In order to ensure that no director is involved in deciding his/her own remuneration, the fees payable to non-executive directors (other than the Chairman) are set, after consultation with the Chairman, by a committee of the Board consisting only of executive directors (Mike Darrington and Malcolm Simpson) who periodically seek advice from external consultants as to the appropriate market rates applicable.

Policy on Performance Conditions

The performance conditions attaching to share options granted to the executive directors under the Company's Senior Executive Share Option Schemes have varied according to the date of grant. Such conditions are set by the Remuneration Committee following receipt of advice from external consultants as to prevailing market practice and in order to set challenging performance objectives linked to shareholder return. The Remuneration Committee intends that performance conditions will continue to be settled on this basis and applied to any grants of options to future executive directors under the discretionary Senior Executive Share Option Schemes. Details of the performance conditions for options currently outstanding are set out in the section headed 'Share Options' below.

Whether performance conditions attached to share options have been met is tested by the Remuneration Committee, which compares the actual performance of the Company with relevant published statistics and, if necessary, obtains advice from external consultants in order to reach its conclusion. This ensures that no director is in a position to rule on whether any performance condition applicable to his own options has been satisfied.

No performance conditions have been attached to options granted pursuant to the Company's Savings Related Share Option Scheme, which is available for all employees. The principal purpose of this scheme is to encourage employees at all levels within the Company to participate in, and to understand better, the growth in value of the Company and the rules of that scheme require that all options granted must be on the same terms.

Performance criteria in relation to the performance based annual cash bonuses payable to the executive directors are set by the Remuneration Committee each year in accordance with the general remuneration policy set out above.

Policy on Service Contract Notice Periods and Payments on Early Termination

The Company's policy on the duration of directors' contracts is that:

- existing executive directors should have service contracts terminable on one year notice served by the Company or by six months notice served by the director. Future executive directors would be engaged on terms necessary to secure individuals of appropriate calibre, having regard to prevailing market conditions at that time;
- non-executive directors are appointed subject to the Company's Articles of Association, which require them to retire and to seek re-election at the first AGM after appointment. Thereafter, one half of the Board (other than those appointed since the last AGM), being those who have been longest in office since last re-election, and any other director who has not been elected or re-elected at either of the two preceding AGMs, must retire and seek re-election. Any non-executive director who has served on the Board for over 9 years must seek re-election annually. The Nominations Committee advises the Board as to whether a particular director, whose turn it is to retire, should be nominated for re-election.

The policy on termination payments for executive directors is that the Company does not normally make payments beyond its contractual obligations, including any payment in respect of notice to which a director is entitled. In exceptional circumstances, an additional ex-gratia payment may be considered, based on factors including the director's past contribution and the circumstances of the director's departure.

The Company's policy on notice periods changed at the end of 2004 when the executive directors agreed (without receiving any compensation) to reduce their entitlement to notice and to compensation in all circumstances to a maximum of one year.

Non-executive directors would not normally be entitled to compensation for early termination of their appointments prior to the date on which they would next be due to retire by rotation, or if not re-appointed at such time.

Directors' service contracts

Details of the directors' service contracts or letters of appointment are as follows:

Executive Directors

Mike Darrington has a service contract with the Company dated 7 March 2003. His continuous period of service with the Company commenced on 15 July 1983.

Malcolm Simpson has a service contract with the Company dated 7 March 2003. His continuous period of service with the Company commenced on 24 April 1973.

Both Mike Darrington and Malcolm Simpson have provisions in their contracts which enable them to be terminated by the Company on 12 months notice or by the executive on 6 months notice. In addition to their basic salaries, each is entitled to participate in a performance based cash bonus. They are also entitled to additional benefits including the use of a motor car, private medical insurance, pension, life assurance, permanent health insurance and a contribution towards telephone expenses.

For 2005, the executive directors will receive a performance based cash bonus such that the combined bonus to be received by each of them under this arrangement and the Company's Profit-Sharing Scheme will be set according to a straight line graph linked to the level of profit achieved by the Company in the financial year, subject to confirmation by the Remuneration Committee. Total bonus payments are capped at 50% of basic salary.

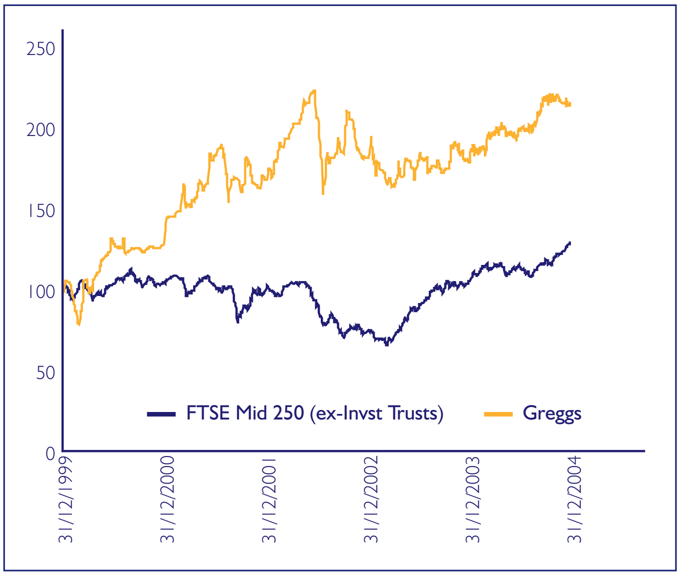
Non-executive Directors

The non-executive directors do not have service contracts with the Company. However, each of them does have a letter of appointment. The terms of appointment of each non-executive director require that they seek re-election on a regular basis in accordance with the Articles of Association of the Company (see above). The fees payable to the non-executive directors cover all normal duties. In exceptional circumstances, where significant additional time commitment is required, the Board (or a duly authorised committee) may award additional fees. No right of compensation exists where the office is terminated, for whatever reason.

Performance Graph

The graph below shows a comparison of the total shareholder return for the Company's shares for each of the last 5 financial years against the total shareholder return for the companies comprised in the FTSE Mid 250 Index (excluding Investment Trusts).

This index was chosen for this comparison because it includes companies of broadly similar size to the Company.



Directors' Remuneration Report

continued

Audited Information

Directors' emoluments and compensation

The following table sets out details of the emoluments and compensation received in 2004 by each director (excluding pension contributions, details of which are set out below).

	Salary / fees £	Estimated value of benefits £	Annual bonus and profit share £	Total 2004 £	Total 2003 £
Executive					
Mike Darrington	320,000	23,431	96,833	440,264	384,072
Malcolm Simpson	212,000	17,958	64,152	294,110	256,845
Chairman					
Derek Netherton	88,000	-	-	88,000	84,000
Non-executive					
Stephen Curran	23,500	-	-	23,500	22,250
Sonia Elkin	9,617	-	-	9,617	24,250
Ian Gregg	25,000	-	-	25,000	44,125
Susan Johnson	23,500	-	-	23,500	22,250
Bob Bennett	25,500	-	-	25,500	1,854
TOTAL	727,117	41,389	160,985	929,491	839,646

The fees for Stephen Curran were paid to a third party.

No part of the remuneration, other than the basic salaries of the executive directors, is taken into account when calculating pension benefits.

Share Options

The following table sets out details of the share options (all of which were granted at a nominal or nil cost to the executive director concerned) held by, or granted to, each director during the year, according to the register of directors' interests:

	Number of options during year										
	At 27/12/03	Granted	Exercised	At 1/1/05	Exercise price £	Market price at date of exercise	Gain on exercise	Date of grant	Date from which exercisable	Expiry date	Scheme
Mike Darrington	18,000	-	-	18,000	26.875	-	-	Mar 99	Mar 02	Mar 06	Executive
	199	-	(199)	-	20.98	33.83	2,557	Jun 99	Jun 04	Dec 04	SAYE
	27,900	-	-	27,900	17.015	-	-	Mar 00	Mar 03	Mar 07	Executive
Malcolm Simpson	12,000	-	-	12,000	26.875	-	-	Mar 99	Mar 02	Mar 06	Executive
	199	-	(199)	-	20.98	33.45	2,482	Jun 99	Jun 04	Dec 04	SAYE
	12,400	-	-	12,400	17.015	-	-	Mar 00	Mar 03	Mar 07	Executive

The aggregate gain on exercise of share options was £5,039 (2003: £213,954), including £2,557 (2003: £80,937) in respect of the highest paid director.

The executive directors also have a potential beneficial interest in the Greggs Employee Benefit Trust (see note 24 to the Accounts).

On each of the grants awarded in 1999 and 2000 under the Senior Executive Share Option Scheme, the exercise of one half of the options granted was made conditional upon the growth in the Company's basic earnings per share over the three years from grant being greater than the median earnings per share growth of the companies comprised in the FTSE Mid 250 Index (excluding Investment Trusts). The other half of the options granted was conditional upon growth in the basic earnings per share of the Company being at least 10% above the median basic earnings per share growth of such comparator companies within the same period.

No non-executive director has any options to acquire shares in the Company.

The mid-market price of ordinary shares in the Company as at 1 January 2005 was £36.58. The highest and lowest mid-market prices of ordinary shares during the financial year were £37.50 and £31.00 respectively.

Pensions

Both of the executive directors earned pension benefits under the Greggs 1978 Retirement and Death Benefit Scheme, the Company's defined benefit scheme, during the period under review. This scheme, which currently requires a contribution of 6.6% of pensionable salary from members, provides for up to two-thirds of final pensionable salary, dependant on length of pensionable service. Both of the executive directors also received contributions into the Company's money purchase defined contributions pension schemes during the period under review. No pension benefits were earned or accrued in respect of any non-executive director.

Defined benefit scheme

The following table sets out the change in each director's accrued pension in the Company's defined benefit scheme during the year and his accrued benefits in the scheme at the year end:

Executive Director	Date of birth	Date service commenced	Accrued annual pension entitlement at age 65 as at 1 January 2005 £	Accrued annual pension entitlement at age 65 as at 27 December 2003 £	Increase in accrued pension entitlement for the year £	Increase in accrued pension entitlement for the year net of inflation of 2.8% £	Transfer value of increase in accrued pension entitlement for the year £
Mike Darrington	8/3/42	15/8/83	117,892	104,910	12,982	10,054	126,525
Malcolm Simpson	15/10/41	24/4/73	114,021	103,186	10,835	7,956	90,337

Note 1: The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year, but excluding any statutory increases which would be due after the year end.

Note 2: The inflation rate of 2.8% shown in the table above is that published by the Secretary of State for Social Security in accordance with Schedule 3 of the Pensions Schemes Act 1993.

Executive Director	Cash equivalent transfer value as at 27 December 2003 £	Cash equivalent transfer value as at 1 January 2005 £	Increase in the cash equivalent transfer value since 27 December 2003 £
Mike Darrington	1,593,107	1,708,175	101,775
Malcolm Simpson	1,539,655	1,627,859	68,116

Note: cash equivalent transfer values have been calculated in accordance with Actuaries Guidance Note GN11 and the increase is stated net of contributions made by the director. The transfer values disclosed above do not represent a sum paid or payable to the individual director. Instead they represent a potential liability of the pension scheme.

Money purchase schemes

The Company has paid the following contributions to two of the Company's money purchase schemes (the Greggs Bakeries (MJD) Retirement Benefit Scheme and the Greggs Senior Executive Pension Scheme) for the benefit of executive directors during this financial year:

Executive Director	Contribution in respect of 2004 £	Total contributions made during 2003 £
Mike Darrington	76,868	67,800
Malcolm Simpson	10,500	10,310

Approval by Shareholders

At the Annual General Meeting of the Company to be held on 17 May 2005, a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the Board on 14 March 2005.

Signed on behalf of the Board
Ian Gregg
Director
Chairman of Remuneration Committee
14 March 2005

Corporate Governance

The Combined Code

The Board recognises the importance of, and is committed to, high standards of corporate governance and to integrity and high ethical standards in all of its business dealings.

The Board considers that (except as stated in this paragraph) it has complied throughout the period under review with the principles of governance set out in Section 1 of the revised Combined Code on corporate governance appended to the Listing Rules published by the UK Listing Authority (the "Combined Code") effective during the financial year. With effect from 1 January 2003 the executive directors agreed (without compensation) to a reduction in their notice periods to one year, save that they would be entitled to a payment by way of liquidated damages calculated by reference to a two year notice period if termination were to take place within 12 months following a change of control of the Company. This arrangement, which was in place throughout 2004, is not in compliance with the revised Combined Code. With effect from 1 January 2005, the executive directors agreed (without compensation) to reduce their notice periods and rights to compensation to which they are entitled in all circumstances to a maximum of one year.

The following statements describe how the relevant principles and provisions of the Combined Code were applied to the Company in 2004 and will be relevant to the Company for the 2005 financial year.

The Board

The Board, under the chairmanship of Derek Netherton, meets regularly to discharge its duties. At these meetings, it reviews Group strategy, performance, resources, risk management procedures and other matters reserved for the Board. Whilst the executive responsibility for running the Company's business rests ultimately with the Managing Director, Mike Darrington, the non-executive directors fulfil an essential role in ensuring that the strategies proposed by the executive directors are fully discussed and critically examined prior to adoption. During 2004, the Board met five times. All directors attended all meetings, save that Bob Bennett and Stephen Curran were each unable to attend one meeting.

The Board has adopted a paper identifying the separation of the roles of the Chairman and the Managing Director. The Chairman sets the agenda for Board meetings and ensures that the Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The Board considers that it effectively leads and controls the Company. All directors take decisions objectively and in the interests of the Company. The non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. All directors receive induction training on joining the Board and regularly update and refresh their knowledge through reading, attendance on relevant courses and/or activities outside the Company. The Board meets with the Management Board at a different operating division each year as part of the process of maintaining an awareness of the company's activities and assessing the ability of the management team. This meeting also affords senior managers the opportunity to bring matters to the attention of the Board. The Company has also adopted "whistle blowing" procedures enabling employees to bring matters to the attention of the senior management and for the confidential, proportionate and independent consideration and follow-up of any matter so raised.

The Board currently comprises the Chairman, 2 executive and 5 non-executive directors as follows:

Derek Netherton (Chairman), 60, spent his career in investment banking and retired in 1996 from his position as joint head of corporate finance at J Henry Schroder & Co Limited. He is a non-executive director of Next plc, Hiscox plc and St James's Place Capital plc. He was appointed to the Board on 1 March 2002 and was appointed Chairman in August of the same year. There have been no significant changes to the Chairman's other commitments during 2004.

Sir Michael Darrington (Managing Director), 63, qualified as a Chartered Accountant and then spent 17 years with United Biscuits, latterly in General Management. During this time he attended the PMD course at Harvard Business School. He joined Greggs in 1983 and was appointed Managing Director in January 1984.

Malcolm Simpson (Finance Director), 63, qualified as a Chartered Accountant with what is now KPMG and then worked for eight years within the finance department of Procter and Gamble Limited. He joined the Company in 1973 and was appointed Financial Director in 1975.

Stephen Curran, 61, joined the Board in 1981. He was appointed Chairman of Candover Investments plc in May 1999, having previously been Chief Executive of Candover since January 1991. Prior to joining Candover in May 1981, he was a managing consultant with Coopers & Lybrand Associates and then an investment manager with what is now Cinven. With effect from the close of the Company's Annual General Meeting in 2004 he replaced Sonia Elkin as the Senior Independent Non-Executive Director.

Ian Gregg OBE, 65, qualified as a solicitor before joining the Company as Executive Chairman and Managing Director on the death of his father in 1964. He built the business up from a single-shop operation to a multi-divisional specialist retailer with almost 300 shops by the time of its successful flotation in 1984. Following the appointment of Mike Darrington as Managing Director in January 1984, Ian continued in the role of Executive Chairman until July 1993. He was then invited to become non-executive Chairman, which role he handed over to Derek Netherton in August 2002.

Susan Johnson OBE, 47, was appointed to the Board in March 2000. She obtained an MBA in 1993 after which she pursued a career in sales and marketing before being appointed as Chief Executive of the Northern Business Forum. She is now an Executive Director of Yorkshire Forward.

Bob Bennett, FCA, 57, was appointed to the Board in December 2003. He trained as a chartered accountant with Spicer & Pegler and has, since 1993, been Group Finance Director of Northern Rock plc. With effect from the close of the Company's Annual General Meeting in 2004 he replaced Sonia Elkin as Chairman of the Audit Committee.

Julie Baddeley, 53, was appointed to the Board in March 2005. She has held senior executive roles in the Woolwich plc (where she was responsible for Information Technology and Human Resources), Accenture and Sema Consulting. Julie is a non-executive director of Yorkshire Building Society, Computerland UK and the Pension Client Group within the Government's Department of Works and Pensions.

The Board includes a balance of executive and non-executive directors (including independent non-executive directors) such that no individual or small group of individuals can dominate the Board's decision taking. The Board is satisfied that a strategy is in place for orderly succession to the Board and to positions of senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.

After carefully reviewing the guidance in the Combined Code, all of the non-executive directors are considered by the Board to be independent in character and judgement and to be free from any business or other relationship or circumstance which is likely to affect or to interfere with the exercise of their independent judgement. The following relationships might appear to be capable of affecting the individual non-executive director's independence. However, having considered these relationships carefully, the Board is of the view that they do not and that the individuals concerned are of sufficient strength of character to avoid allowing their independence to be so compromised:

- Ian Gregg is a member of the Company's pension scheme and a former employee, Managing Director and Chairman of the Company.
- Stephen Curran and Ian Gregg have both served on the Board for more than 9 years from the date of their first election.

The Board is grateful for the continued involvement of Ian and Stephen, who bring considerable experience and insight to Board discussions. Both are now required by the Company's Articles of Association to seek re-election to the Board by shareholders annually (see below).

The Board is continuing to take steps to add to the number of independent non-executive directors on the Board.

The Company's Articles of Association require that all directors must retire and seek re-election at the first AGM following appointment. Thereafter, one half of the directors (other than those appointed since the last AGM) being those who have been in office longest since last re-election and any other director who has not been elected or re-elected at either of the two preceding AGMs must seek re-election at each AGM. A resolution was adopted at the AGM in 2004 to alter the Company's Articles of Association to require non-executive directors to seek re-election annually after they have served for over 9 years on the Board.

All directors are able to receive training and to take independent professional advice at the expense of the Company. They also have direct access to the Company Secretary, who is responsible for advising the Board, through the Chairman, on all governance matters. The performance of the Board, its Committees and of all directors is evaluated annually by a formal and rigorous process. Each director completes a questionnaire on the performance of the Board, the Chairman, the non-executive directors, the executive directors and the Board Committees. The results are collated by the Company Secretary and fed back to the Chairman and the Senior Independent Director and then to the Board for discussion. Members of the Audit Committee complete a separate additional questionnaire, the results of which are collated by the Company Secretary and fed back to the Chairman of the Audit Committee and then to the Board for discussion. In addition, the Chairman holds structured discussions with each director. The Senior Non-Executive Director conducts a similar discussion with the Chairman. These discussions are also used to identify individual and collective training needs.

The Board delegates some of its activities to the following committees, each of which has written terms of reference, which are available on request. The Company Secretary acts as secretary to each of these Committees.

The Audit Committee currently consists of four independent non-executive directors (Bob Bennett - Chairman, Susan Johnson, Stephen Curran and Julie Baddeley). During 2004 it met three times. All Committee members attended all meetings in the period they were members, save that Bob Bennett and Stephen Curran were each unable to attend one meeting. The Committee's main functions are to endeavour (i) to ensure that the accounting and financial policies of the Company are proper and effective; (ii) to monitor the integrity of the financial statements and information published by the Company; (iii) to review the Group's approach to risk management; and (iv) to monitor compliance with the Listing Rules and the recommendations of the Combined Code.

The Committee, in performing these functions, reviews the annual and interim financial statements issued to shareholders, compliance with financial reporting standards and the size and remit of the internal audit function. The Committee also considers and makes recommendations to the Board in relation to the independence and objectivity of the external auditors (including the impact of any non-audit work undertaken by them) and their suitability for re-appointment. The Audit Committee determines the scope of the external audit in discussion with the external auditors and agrees their fees in respect of the audit. The Committee normally meets with the Finance Director and the external auditors in attendance, although time is set aside annually for discussion between the Committee and the external auditors and with the internal auditors, in each case in the absence of all executive directors, and the Committee has the power to engage outside advisers if it sees fit.

The Remuneration Committee currently consists entirely of independent non-executive directors (Ian Gregg – Chairman, Stephen Curran, Bob Bennett and Julie Baddeley). During 2004 it met three times. All Committee members attended all meetings in the period they were members, save that Bob Bennett and Stephen Curran were each unable to attend one meeting. The Committee's main duties are to determine the basic salary, benefits in kind, terms and conditions of employment, performance-related bonuses, share options and pension benefits of the executive directors and the Chairman on behalf of the Board. The Committee is also responsible for the operation of the Company's share option schemes and, when requested by the Board or by the Managing Director, for monitoring and making recommendations in respect of the level and structure of remuneration for senior management. A separate Executive Director Committee sets, after discussion with the Chairman, the fees for the non-executive directors so as to ensure that no director is involved in setting his or her own remuneration. The Directors' Remuneration Report is set out on pages 42 to 45 of this Annual Report.

The Nominations Committee currently comprises Derek Netherton - Chairman, all of the non-executive directors and Mike Darrington. During 2004 it met formally only once (with all committee members except Bob Bennett present) but held several informal discussions during the year in order to progress the selection and recruitment of new non-executive directors. The Committee's main functions are to review the balance and constitution of the Board; to advise the Board as to whether directors retiring by rotation should be nominated for re-election by the members; and to approve and manage the process for setting the specification for all Board appointments, identifying candidates who meet that specification and making recommendations to the Board on the basis of merit and compliance with objective criteria in respect of all new Board appointments. In relation to the appointment of Julie Baddeley, the Nominations Committee defined the criteria on the basis of its assessment of the skills required (which it agreed with the Board), engaged a recruitment consultant and held a series of interviews before deciding to recommend the Board to offer the role to Julie as its preferred candidate.

Relations with shareholders.

The Chairman ensures that there is effective communication with individual and institutional shareholders through the announcement of regular trading updates, as well as general presentations after announcement of the interim and preliminary results and the posting of results on the Company's website.

The Board considers that the AGM is the main forum for communication with investors, with the Chairmen of the Board and its committees available to answer any issues raised and any newly appointed non-executive directors being available to meet shareholders. In addition, the Company Secretary and the Company's Brokers draw the attention of the Board to all relevant shareholder communications. The Board also reviews briefings and comments by analysts in order to maintain an understanding of market perceptions of the Company. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of the Chairman, Managing Director or Finance Director have failed to resolve or for which such contact is not appropriate.

At the AGM, the balance of proxy votes cast for and against each resolution and the number of abstentions is displayed. All substantial issues, including the receipt of the annual report and accounts, are proposed at the AGM as separate resolutions.

Accountability, Audit and Going Concern.

The Board acknowledges its responsibility to present a balanced and understandable assessment of the Company's position and prospects. This is fulfilled by the statements contained in the Chairman's statement and Managing Director's report, which supplement the statutory accounts themselves. A statement of directors' responsibilities in respect of the preparation of accounts is given on page 19.

The Audit Committee has reviewed whether, and is satisfied that, the Company's auditors, KPMG Audit Plc, continue to be objective and independent of the Company. KPMG Audit Plc does perform non-audit services for the Group but the Audit Committee is satisfied that its objectivity is not impaired by such work (non-audit fees amounted to £91,000 during 2004 and related mainly to taxation compliance services).

Corporate Governance

continued

The Company has an internal audit function. This assists in its monitoring of systems of control and augments the examination carried out by the external auditors.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Risk Management.

The Board is ultimately responsible for the Group's system of internal control, which covers all aspects of the business, and for reviewing its effectiveness. 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 directors regularly review the risks to which the Company is exposed, as well as the operation and effectiveness of the system of internal controls. This is an ongoing process which accords with the guidance in the Turnbull report, involving the identification, evaluation and management of the significant risks faced by the Company. Key elements of the internal control system, which have been in place during the whole of the period under review and up to the date of approval of the annual report and accounts, are:

Board of Directors

The Board takes a proactive approach to the management of all forms of risk, and views risk management as a vital constituent of its role. The Board holds five scheduled meetings a year. At each of these meetings the effectiveness of the controls relating to the most significant risks (i.e. those which may restrict the Company's ability to meet its objectives) are monitored and reviewed. Remedial action is determined where appropriate. For some key risks, where it is felt necessary, specialist advice is sought from external agencies and professional advisers. The Board also reviews, at least annually, the level and scope of insurance cover maintained within the business. The Board receives reports from management on significant changes in the business and external environment which might affect the risk profile. It has also set in place a system of regular hierarchical reporting which provides for relevant details and assurances on the assessment and control of risks to be given to it.

Management Board

The Management Board, answerable directly to the Managing Director, is responsible for implementing decisions of the Main Board and providing protection against the major risks by various techniques, including sharing best practice, monitoring, supervision and training.

Risk Committee

A Risk Committee, consisting of the heads of each management function within the business (including Health and Safety, Food Safety, Personnel, Production and Purchasing), has responsibility for analysing, assessing, measuring and understanding the Company's risk environment, as well as devising a sound risk management strategy for review and approval by the Board. The Risk Committee reports it findings and important changes to the Board on a regular basis through personal presentation, narrative reports and key performance indicators (internal and external to the organisation). The Risk Committee also feeds the results of its assessments back into the business planning for each division at least annually. The risks are assessed on a regular basis across all functional areas but, in particular, the areas of food safety, health and safety, information flow, asset protection and Regulatory Requirements.

Policies and Procedures

Policies and procedures, covering control issues across appropriate aspects of the business, are defined and communicated to the respective managers and staff at all levels. Adherence is monitored and reported upon on an ongoing basis.

Health and Safety

The Company is committed to improving continuously the working environment with the objective that accidents and work related ill health should be progressively reduced. An occupational health strategy has been produced with Health and Safety Officers and Occupational Nurses appointed in every Division. Targets are set and programmes are devised to implement them. This approach involves a rigorous health assessment, during which hazards are identified, risks assessed, control measures applied and improvement actions agreed to manage residual risks to an acceptable level.

Financial Reporting

The Company operates a comprehensive financial control system that incorporates Divisional Financial Controllers who have responsibility for financial management within each Division. Each Divisional Financial Controller works closely with their respective Divisional Managing Director to monitor performance at Divisional Board level as against planned and prior year comparatives. In addition, assets and liabilities are scrutinised at several levels on a regular basis and remedial action taken where required. A comprehensive annual planning process is carried out which determines expected levels of performance for all aspects of the business. Each Divisional Financial Controller also reports directly to the Finance Director on technical matters.

Internal Audit

The internal audit function visits every Division at least once in every financial year and reviews performance of the Division across a range of financial and non-financial requirements, reporting findings to the relevant senior managers and direct to the Audit Committee.

The Board confirms that it has reviewed the effectiveness of the system of internal control (covering all material controls, including financial, operational, compliance and risk management systems) during the period under review and up to the date of approval of the annual report and accounts.

Corporate Social Responsibility

Greggs plc believes that as a major employer, a provider of food products to the public, and a public company with obligations to its shareholders, the company has a responsibility to conduct its business with integrity, to act responsibly, to address the impacts of our business on the environment, and to give something back to the wider communities in which we operate.

This responsibility is delivered through the following:

Customers, People and Suppliers

"Our Values" are embraced by the Board and expected of all colleagues:

"We will be enthusiastic and supportive in all that we do, open, honest and appreciative, treating everyone with fairness, consideration and respect."

Our Values are a basis for all of our activities. Our employees are expected to use them in their relationships with each other and with customers and suppliers. Our Values are our 'code of conduct' and are the framework within which the business manages its activities and operates.

Food Safety and Health and Safety are at the forefront of how we operate. We insist on providing our customers with good quality food products and assurances of food safety. Our robust systems also seek to protect the health and safety of our customers and employees.

Wider Communities

In 2004, Greggs plc directly donated 1.3% of pre-tax profit to charity.

- The Greggs Trust is a registered charity, founded by Ian Gregg in 1987. Its main objective is the alleviation of the effects of poverty and social deprivation in the areas where the Company trades. Its income in 2004 was £884,390, derived from the Greggs plc donation, from employees under the Give As You Earn Scheme (10% of employees donated through this scheme in 2004), and staff fund raising activities. The balance was received in the form of donations from major shareholders and income from investments (including shares in Greggs plc) held by the Trust. Funds are distributed by the Trustees and via the 13 staff Charity Committees operating across the country, offering support to good causes within our trading areas.
- The Greggs Breakfast Club scheme is designed to get children in selected primary schools off to a better start by providing them with free breakfasts. Greggs funds all of the healthy breakfast, including provision of fresh bread from local Greggs shops, together with the necessary equipment. Greggs staff work with school teachers to encourage parents, grandparents and other volunteers to run the clubs, including serving the breakfasts, thereby helping them to help others in their own communities. In 2004, the number of Breakfast Club schemes increased from 60 to 82. The concept has been validated by external independent research which has shown that Breakfast Club attendance encourages children to get to school on time and increases attentiveness in class.
- The Greggs Cancer Run, is an annual event which has raised nearly £3 million since its inception in 1983. The Cancer Run originated in Greggs North East, organised each year by a group of dedicated staff. In 2004, Cancer Runs took place at both Greggs North East and Greggs North West. The event will take place in an additional two divisions in 2005.
- 2004 was Year 4 of the Company's investment of £500,000 in the 5-year Newcastle Employment Bond, which is secured as to repayment by Northern Rock plc. The investment is at zero rate interest, with the interest foregone to be used to help tackle long-term unemployment in the Newcastle upon Tyne area.
- On a nationwide basis, Greggs is a member of the 'Per Cent' Club and made charitable donations of £615,000 in 2004, the majority of which was directed through the Greggs Trust.

In 2004, Greggs plc appointed its first Community Initiatives Manager. This is a full-time dedicated role to oversee our work in the wider communities, in particular to accelerate further roll-out of the Greggs Breakfast Clubs. This appointment is testament to Greggs on-going commitment to the communities in which we operate.

In addition to the schemes listed above, Greggs plc staff throughout the country participate voluntarily in a wide range of charity fund raising, which makes an additional meaningful contribution to the wider communities in which we operate. By their dedication and devotion, our employees are a true credit to the Greggs plc name, and the real benefits of what they achieve are inestimable. It is thanks to these employees and their efforts that as a Company we are able to make a contribution to the communities in which we operate.

The Environment

The Company recognises the importance of protecting our environment for future generations and is committed to carrying out its activities with due consideration for the environmental impacts of its operations and in line with Our Values.

Environment Policy

Greggs plc has identified the key environmental impacts of its activities. We are committed to an ongoing programme of continual reduction of any adverse impacts and prevention of pollution consistent with our long term business objectives. To manage this, the Company is progressively introducing an Environmental Management System (EMS) in each Division, which will seek the following:

- Compliance with all relevant environmental legislation, regulation and other requirements applicable to the Company or to which the Company subscribes.
- Reduction of waste at source via the efficient use of resources and encouragement of the re-use and recycling of waste.
- Working towards increasing efficiency at all sites.
- Monitoring and improving the performance of vehicles owned by Greggs plc.
- Working towards ensuring that policies and procedures are in place so that accidents/incidents with potential adverse environmental impact are controlled as far as is reasonably practicable.
- Progressively making employees aware of the environmental issues relevant to their role within Greggs plc.
- Taking into account the adverse impact on the environment of any capital expenditure project.

During 2004, progress has been made as follows:

- The first formal EMS has been implemented in the Greggs Central Savoury Plant at Balliol Park.
- The Greggs Central Savouries Plant has been granted an Integrated Pollution Prevention and Control (IPPC) Permit to Operate. This is one of the first to be granted in the UK food industry.
- Environmental Aspects and Impacts registers have been completed for all divisions (first stage of the EMS). These identify the environmental effects of our activities, and will be used to plan the appropriate actions to minimise these.
- Environmental Audits of all divisions are now included in the annual audit schedule.
- Greggs plc is working closely with DEFRA on the disposal considerations for animal by-products.
- Continuation of the SEBA (Save Energy Be Aware) initiative in all shops and factories to reduce energy consumption by the Company.

In 2004, the Company has taken steps towards meeting its environmental commitments and will continue to grow this commitment during 2005.

10 Year History

	1995	1996	1997	1998	1999	2000	2001	2002	2003*	2004
Turnover (£'000)	219,514	238,465	265,941	291,420	308,678	339,008	377,556	422,600	456,978	504,186
Profit on ordinary activities before taxation (£'000)	13,056	15,673	18,035	20,214	21,520	26,356	32,742	36,666	40,472	46,702
Shareholders' funds (£'000)	41,219	48,107	58,384	69,585	80,896	88,169	103,554	119,965	134,150	157,158
Earnings per share (pence)	79.0	95.8	121.1	122.8	135.1	162.3	190.2	209.2	230.5	264.7
Dividend per share (pence)	26.0	32.0	37.0	41.0	45.0	55.0	65.0	72.5	80.0	96.0
Cash generated by operations (£'000) (before dividends, tax and capital expenditure)	20,838	24,955	30,408	34,902	34,526	43,431	50,418	55,555	57,722	69,261
Capital expenditure (£'000)	11,931	15,669	24,364	26,204	22,403	21,397	27,385	42,143	32,361	25,090
Number of shops in operation at year end	967	1,032	1,057	1,072	1,084	1,105	1,144	1,202	1,231	1,263

*as restated following adoption of UITF 38

DIRECTORS

Derek Netherton (Non-executive chairman)†ø

Mike Darrington FCA (Managing)ø

Malcolm Simpson FCA (Financial)

Ian Gregg OBE (Non-executive)†ø

Stephen Curran FCCA (Non-executive)*†ø

Susan Johnson OBE (Non-executive)*ø

Bob Bennett FCA (Non-executive)*†ø

Julie Baddeley (Non-executive)*†ø

*Member of Audit Committee
† Member of Remuneration Committee
ø Member of Nominations Committee

SECRETARY AND REGISTERED OFFICE

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Fernwood House
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Newcastle upon Tyne
NE3 1HA

Auditors

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Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Solicitors

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Norham House
12 New Bridge Street West
Newcastle upon Tyne
NE1 8AS

Stockbrokers

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1 Finsbury Avenue
London
EC2M 2PA

Brewin Dolphin Securities Ltd
Commercial Union House
39 Pilgrim Street
Newcastle upon Tyne
NE1 6RQ

Registrars

Capita Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Nationwide Coverage

GREGGS

SHOP NUMBERS	**2004**	2003
Scotland	**139**	133
North East	**114**	108
Cumbria	**49**	50
Yorkshire	**119**	116
North West	**129**	125
Midlands	**144**	137
South Wales	**102**	99
South East	**249**	239
GREGGS	**1,045**	1,007

BAKERS OVEN

SHOP NUMBERS	**2004**	2003
Bakers Oven Scotland	**19**	25
Bakers Oven North	**48**	49
Bakers Oven Midlands	**84**	84
Bakers Oven South	**63**	64
BAKERS OVEN	**214**	222
Greggs Belgium	**4**	2
TOTAL	**1,263**	1,231

GREGGS
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