

GREGGS
—plc—

ANNUAL REPORT & ACCOUNTS 2003

Traditional
values

Progressive
thinking

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 1,200 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 and shareholders alike.

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.

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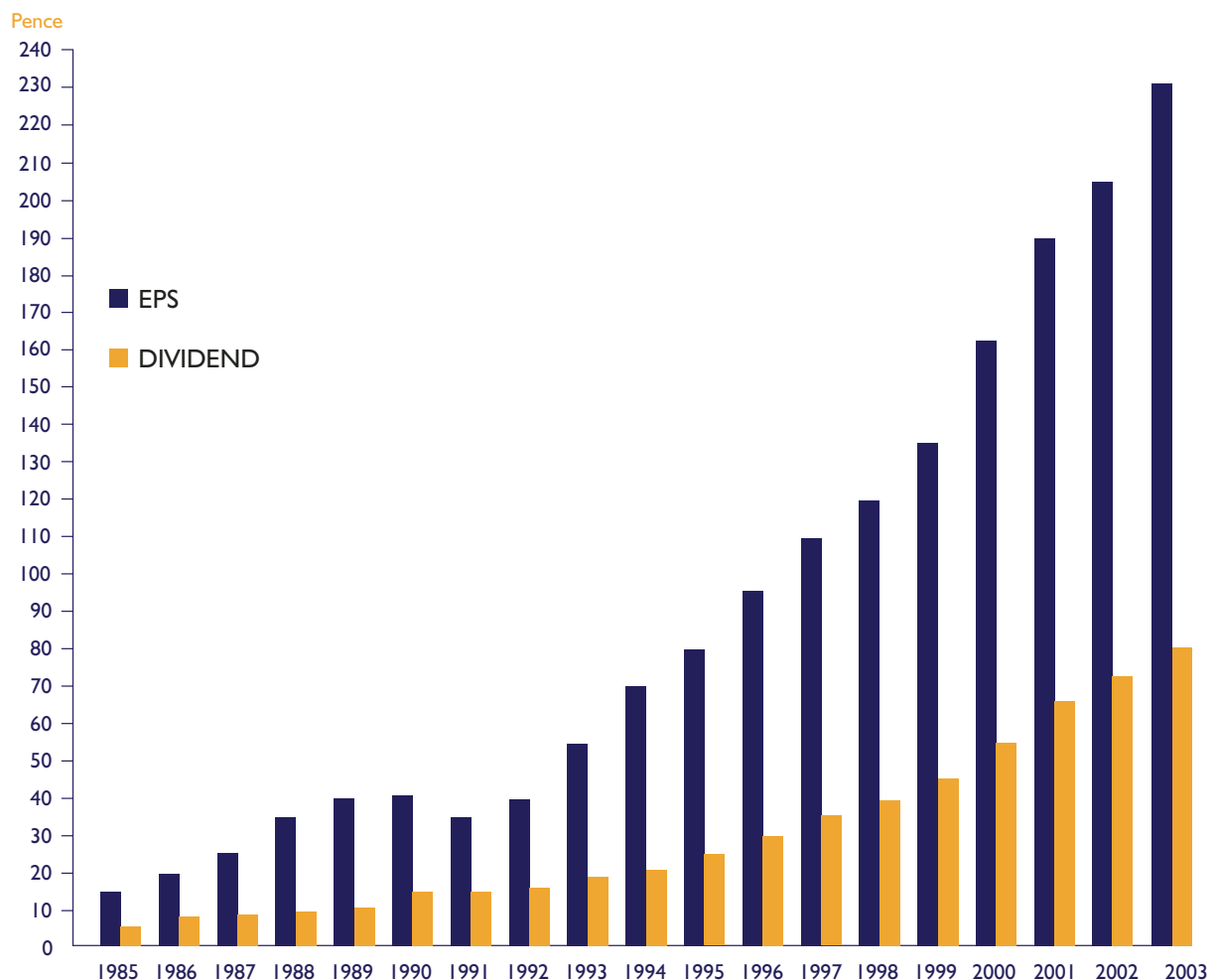
FINANCIAL CALENDAR

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	11 May 2004

FINANCIAL HIGHLIGHTS

	2003 £'m	2002 £'m
Turnover	457.0	422.6
Pre-tax profits	40.5	36.7
Post tax profits	27.2	24.7
Shareholders' funds	139.2	120.0
Capital expenditure	32.4	42.1
	Pence	Pence
Earnings per share	230.5	209.2
Dividend per ordinary share	80.0	72.5

FINANCIAL REVIEW





CHAIRMAN'S STATEMENT

I am pleased to report that the Group has continued to achieve satisfactory progress, making 2003 our twelfth consecutive year of profit, earnings and dividend growth. Consistency in business principles and management approach has enabled Greggs to deliver remarkably steady growth since its flotation as a public company, the 20th anniversary of which falls in May 2004. During this period the company has achieved a massive increase in scale, transforming it from a regional baker into the leading national specialist in bakery-related takeaway food.

RESULTS

Sales for the year were £457 million (2002: £423 million), a rise of 8.1 per cent including like-for-like sales growth of 3.3 per cent. Operating profit grew by 10.8 per cent to £39.2 million (2002: £35.3 million), as increased efficiency enabled our operating margin to improve despite the pressures of rising wage, National Insurance, business insurance and ingredient costs. Interest receivable remained at around £1.3 million and therefore pre-tax profit was up by 10.4 per cent at £40.5 million (2002: £36.7 million). Basic earnings per share were 230.5 pence (2002: 209.2 pence), an increase of 10.2 per cent. Net cash in the balance sheet at the year end was £36.4 million, compared with £28.6 million at the end of 2002.

DIVIDEND

The Board recommends a final dividend of 54.5 pence per share (2002: 49.0 pence), an increase of 11.2 per cent. Together with the interim dividend of 25.5 pence, paid in October 2003, this makes a total for the year of 80.0 pence (2002: 72.5 pence), a rise of 10.3 per cent.

The dividend has increased each year since the company floated in 1984, producing a compound rate of growth over the last 20 years of 19 per cent per annum. The Board remains committed to a progressive dividend policy which seeks to provide shareholders with increases in their income broadly in line with the underlying growth of earnings per share over the medium term.

Subject to the approval of the Annual General Meeting, the final dividend will be paid on 21 May 2004 to shareholders on the register at 23 April 2004.



The new healthier option The Greggs lower-fat sandwich range

Constantly improving our product range is key to maintaining Greggs' appeal.

Our consumer research demonstrated an increasing desire for healthier-eating and lower-fat options that also taste great.

We have responded to this with the launch of our 'Lifestyle Choice' range of products, including some with less than 3% fat.

Coals to Newcastle? We're taking buns to Belgium



Our first two shops on the Continent, at Antwerp and Leuven in Belgium, have achieved progressive sales improvements since opening early in 2003. The local management team is steadily refining our offer to maximise its appeal to consumers, and building awareness of our brand. At least two more shops are planned to open in the current year.

CHAIRMAN'S STATEMENT *continued*

BUSINESS HIGHLIGHTS

The Group enjoyed a benign trading climate during the first half (24 weeks) of the year. Following the impact of the summer heatwave early in the second half, we saw a gradual recovery in like-for-like sales performance during the final quarter. Rising ingredient prices were also a feature of the second half, but we were successful in recovering these and also took a range of measures which reduced costs generally across the Group. Mike Darrington provides a more detailed commentary on these and other trading and business development issues in his Managing Director's Report on pages 6 – 10.

THE BOARD

Bob Bennett, Group Finance Director of Northern Rock plc, joined the Board as an additional Independent Non-Executive Director on 1 December 2003. We are sure that his extensive financial experience will prove of great value to us, and I am delighted to welcome him to Greggs.

Sonia Elkin, our Senior Independent Non-Executive Director, will retire at the Annual General Meeting in May, having served on the Board since 1992. We are most grateful to her for her wise and supportive contribution over the last 12 years, and wish her a long and happy retirement. She will be succeeded as Senior Independent Non-Executive Director by Stephen Curran, and as Chairman of the Audit Committee by Bob Bennett.

On 1 January 2004 Mike Darrington celebrated 20 years as Managing Director of Greggs. I and our colleagues across the Group were particularly pleased that this milestone coincided with the award of a knighthood to Mike in the New Year Honours List. This recognised not only his considerable contribution to building a successful business but also his service to the community, particularly in the North East. I know that he regards this very much as an honour for Greggs, providing official recognition of our distinctive corporate culture and values, with our emphasis on putting people first.

PEOPLE

The business has continued to prosper only because all our 17,900 people have continued to work together to deliver great products at good value prices, in a friendly and attractive shopping environment. The cheerfulness of our shop assistants is one of the most notable characteristics of both our retail chains, and we aim to maintain that admirable tradition by treating all our people with fairness, consideration and respect. We are grateful to all of them for the contribution they have made to another successful year for the Group.

PROSPECTS

There are some signs that the growth of the sandwich market may be slowing after the rapid expansion of recent years, and we are facing strong competition from both new and established operators. I have no doubt that we are well equipped to meet these challenges given our established market leadership and brand strengths, and the quality of our products, facilities, management and people. Like-for-like sales in the first nine weeks of the year are up by 3.1 per cent, and I believe that we are well placed to deliver another year of progress.

Derek Netherton

Chairman

5 March 2004



MANAGING DIRECTOR'S REPORT

I became Managing Director of Greggs at the beginning of 1984, the year in which we floated on the stock market. Over these 20 years we have expanded the business by almost 1,000 shops, and increased sales from £37 million to £457 million. Pre-tax profit has grown from £1.7 million to £40.5 million, a compound growth rate of 17 per cent per annum, with only one small setback in 1991.

Dividend growth has been consistent and ahead of the rate of profit progress at a compound rate of 19 per cent. We have also created jobs for more than 14,000 additional people. All this has been reflected in the rise in our share price from its flotation level of 135 pence to £31.40 at the end of 2003.

Whilst these anniversaries make it a natural time to look back, our business focus remains firmly on the future and on our ambitious plans for continued growth as Europe's finest bakery-related retailer.

TRADING PERFORMANCE

Satisfactory progress was achieved during 2003, despite the well-publicised impact of the heatwave at the time of our interim results announcement in August. This has to be balanced against the benefit of favourable weather in the early part of the year, and we would regard conditions over the year as a whole as being no worse than the long term UK average. Group like-for-like sales for the year grew by 3.3 per cent, including a core volume increase of 1.5 per cent. Having grown by 4.7 per cent in the first half (24 weeks), like-for-like sales growth over the second half averaged 2.2 per cent, with performance showing a gradually improving trend after the period of exceptionally hot weather. Although consumer spending overall appears to have remained robust, we saw some evidence of weaker customer traffic on the high street during the second half, including the Christmas period.

Our selling prices increased by 1.8 per cent over the year as a whole, rising from 1.7 per cent in the first half to 1.9 per cent in the second. Our constant drive to upgrade products remained an important contributor to this, but we also had to recover a range of cost increases including a further substantial rise in business insurance premiums, higher National Insurance contributions from April and, in the final quarter, inflation

over a wide range of ingredients including flour, meat and dairy products. With many ingredient prices effectively denominated in euros, currency movements contributed to these pressures together with the effects of poor harvests across Europe as a result of the very hot summer.

Including the benefit of new shop openings in the current and prior year, total sales rose by 8.1 per cent, comprising increases of 9.9 per cent in the first half and 6.8 per cent in the second. Cost reduction measures across the Group contributed to the 10.8 per cent improvement in operating profit to £39.2 million. With net interest receivable remaining at around £1.3 million, pre-tax profit grew by 10.4 per cent to £40.5 million.





The first Greggs in a petrol station

Our new filling station

Greggs continuously reviews its shop portfolio to ensure that our products are available where consumers want to buy them - whether they are at home or at work, or out on shopping or leisure trips. Relocations target higher-traffic locations, and experiments with new types of site last year included the opening of our first outlet on a petrol station forecourt.





Continued work on the Bakers Oven seated catering format is designed to create a more modern ambience with a broader customer appeal. There has been an encouraging initial response to this latest concept, while sales have responded well to the roll-out of our improved sandwich range. These initiatives are helping us to create a winning Bakers Oven format which we can expand alongside Greggs in the future.

Café culture comes to Bakers Oven

MANAGING DIRECTOR'S REPORT continued

GREGGS BRAND UK

Once again the nine Greggs divisions were the main drivers of group sales and profits. Like-for-like sales grew by 3.8 per cent over the year as a whole, including a core volume increase of 1.8 per cent. This comprised like-for-like sales increases of 5.4 per cent in the first half and 2.6 per cent in the second, including core volume uplifts of 3.6 and 0.4 per cent respectively.

Divisional highlights included an outstanding performance by our business in Wales and the South West, and continued strong growth in Scotland. After a number of years of excellent progress the recent integration of our divisions in the South East, together with disruptive expansion works in our Enfield bakery, contributed to a short term setback in the region. The integration of our former Enfield and Twickenham divisions is now progressively bedding down, under a unified management team, and we expect to see a steady improvement in performance during 2004.

BAKERS OVEN BRAND

The four Bakers Oven divisions together made a satisfactory increase in their profit contribution to the Group. Like-for-like sales grew by 1.6 per cent over the year, including a core volume rise of 0.3 per cent. Having grown by 2.4 per cent in the first half, including core volume growth of 0.6 per cent, second half like-for-like sales advanced by 0.9 per cent while core volumes were flat. In the last few months of the year sales growth improved, benefiting from a positive consumer response to our enhancement of the Bakers Oven sandwich offer.

During the final quarter we appointed a new national managing director of the Bakers Oven brand, Martin Kibler, who will focus on driving the continued improvement of its product offer, retail environment and profitability.

GREGGS CONTINENTAL EUROPE

Our first two shops on the Continent, at Antwerp and Leuven in Belgium, opened early in 2003. Both have achieved progressive sales improvements after a slow start, as our local management team has worked to refine our product range and retail format, and to build consumer awareness. We have always viewed this as a long-term, low-risk experiment to determine the potential of the Greggs concept in Continental markets. This learning process will continue in the current year, when we expect to open at least two more shops in Belgium.

RETAIL PROFILE

We opened 68 new shops during the year and closed 39, including 13 re-sites to better locations. This gave us a net increase of 29 shops to a total of 1,231 at the year end.

This comprised 1,009 under the Greggs brand, a net addition of 36; and 222 under the Bakers Oven fascia, a net reduction of 7. We also completed 22 comprehensive shop refurbishments and 20 minor refits during the year.

Both the new shop opening and refurbishment programmes were slower than we had originally planned, as we focused on refining the new Greggs format to soften its takeaway orientation and re-emphasise our strong bakery heritage, and also to reduce its cost. A further tranche of refits under an enhanced Greggs format is scheduled for the coming months and, if these units meet our expectations, we will gradually accelerate the pace of refurbishments and new shop openings during the year. Our current target is to add a net total of 30 shops to our portfolio by the end of 2004.

PRODUCT PROFILE

Savouries and sandwiches remained the main driver of Group sales. There was evidence of a slowdown in overall growth in the sandwich market, which also saw increased competition. Savouries were our strongest-growing category under the Greggs brand, though sandwiches performed more strongly in Bakers Oven as a result of our focus on improving its product offer. We also continued to respond to changing consumer requirements in Greggs, with the launch of the 'Lifestyle Choice' range of healthier-eating sandwiches. Cakes and confectionery products showed modest like-for-like sales growth, while the traditional bakery staples of bread and rolls continued to decline as a proportion of our sales.

STRATEGIC PRINCIPLES

We have maintained our strong focus on the Group-wide Mission, Vision and Values statement set out inside the front cover of this report and have made further progress in each of the key areas this defines.

'A Great Place to Work'. One of the founding principles of Greggs is that we put people first. We are passionate in our belief that if the company treats its people correctly, they will treat customers with similar consideration and so help to deliver the performance that shareholders expect. I believe that our track record demonstrates the effectiveness of this philosophy. We continually seek to improve working conditions in our shops and bakeries, and to ensure that the Greggs culture is one that enables people to derive real enjoyment and satisfaction from what they do. There has been a particular emphasis on ensuring that we really do treat people in line with our Values and that the behaviour of our staff at all levels reflects this.

'Enjoyable Experience'. Greggs will prosper only by delivering products that people enjoy. Hence we attach great importance to maintaining a continuous flow of new and improved products that reflect customer expectations and their changing tastes.

The most significant product innovation during the year was the launch of our 'Lifestyle Choice' range of sandwiches, based on growing evidence of consumer demand for healthier-eating options. These included the main 'Lifestyle Choice' range using a 50% fat-reduced mayonnaise, a 'Just' selection of simple fillings with no mayonnaise and a 5% fat spread, and a 'Low Fat' range containing under 3g of fat per pack. Initially trialled in Greggs of the North East and South East, to a positive customer response, these products are being rolled out across the Greggs divisions. We are also successfully developing other low-fat carrier options, such as wraps, and in the longer term we will look to the potential development of 'Lifestyle Choice' in other product categories.

Our capabilities in product development and testing have been greatly enhanced by the work of our group technical centre in Balliol Park, Newcastle upon Tyne, which has also enabled us to maintain the highest standards of food safety through its facilities for the rapid microbiological testing of ingredients and products.

'Business Excellence'. Continuous improvement in every area of our business is the objective of everyone in Greggs. We endeavour to assist this by striving to simplify what we do, and by facilitating and encouraging effective two-way communication throughout the Group. This enables all our people to understand our corporate goals and the contribution that they can make to realising them. We continue to attach importance to systematic

MANAGING DIRECTOR'S REPORT continued

targeting, benchmarking and the measurement of progress, and have started to use EFQM total quality management standards with their emphasis on raising business performance through self-assessment and the identification of critical areas for improvement.

'Challenging Targets'. For many years we have set and achieved stretching targets for the expansion of the business. Our latest goal, which has been in place since 1998, is to attain Group turnover of £1 billion and 1,700 shops by 2010. Progress towards these targets is currently behind schedule, chiefly because we had assumed at the time they were set that we would be able to drive expansion of the Bakers Oven brand alongside Greggs. In fact the Bakers Oven chain has contracted to date, though we are continuing to progress towards the right formula to drive its expansion. We remain committed to our targets and are as confident as ever in the long term potential of the business, 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'. From its earliest days, the Group has been committed to putting something back into the communities where it operates, particularly in areas of social deprivation. The Greggs Breakfast Clubs, providing free breakfasts for children in selected primary schools, have continued to expand successfully and now operate in 60 locations. The Group continues to be a strong supporter of Business in the Community, and during the year I was appointed HRH The Prince of Wales' Regional Ambassador for the North East. The annual Children's Cancer Run in Newcastle, which we have sponsored since 1983, has raised a total of more than £2 million for cancer research. Other initiatives during the year included support for the launch of a credit union on Wearside. The Group is a founder member of the Per Cent Club and our total charitable donations during the year amounted to £420,000 (2002: £379,000), principally channelled through the Greggs Trust. We also recognise the importance of corporate environmental responsibility, and continue our efforts to minimise the impact of our operations on the environment in areas such as energy utilisation, the recycling of packaging and the disposal of waste materials.

CAPITAL INVESTMENT

Capital expenditure during 2003 was £32.4 million, compared with a record £42.1 million in 2002, when we made a substantial land purchase for future expansion. The 2003 total comprised investment of £14.3 million in new shops and refurbishments, £13.8 million in land, buildings and plant, and £4.3 million in vehicles. This was lower than we had originally expected, largely reflecting the slower rate of new shop openings and refits. Major capital projects undertaken during the year included the redevelopment of our Enfield bakery in London, increasing its capacity by over 50 per cent, and the extension of our Birmingham bakery. We also began work on an expansion project in Leeds. All these investments are essential to provide additional capacity to support the future growth of our retail operations, and to ensure that all our plants operate to the highest standards of quality, consistency and safety.

Our investment plans for the business in 2004 are for total capital expenditure of some £34 million. This will include the completion of our Leeds bakery development and an extension of our Edinburgh facility, as well as the opening of a net 30 new shops and an acceleration of our refit programme as the year progresses.

CASH FLOW AND BALANCE SHEET

The Group has consistently demonstrated its strong cash generating capabilities. Net cash on the balance sheet at the year end had risen to £36.4 million, compared with £28.6 million at the end of 2002.

PEOPLE

Our business depends entirely on its people, and our philosophy of making Greggs 'A Great Place To Work' is based on our belief that this is not only the right thing to do, but also makes sound business sense. Our 14,200 shop staff are our daily point of contact with our customers, and the 2,700 people who work in production and distribution ensure the timely delivery of quality, enjoyable products. Our reputation depends entirely on the service and products these two groups provide, while our 1,000 people in management and administration ensure that the Group operates efficiently for the benefit of all its stakeholders. Once again, I would like to thank all our people for their individual contributions to another year of progress.

CORPORATE GOVERNANCE AND REGULATION

We continue to strive for good standards of corporate governance, and to comply with all relevant legislation, regulations and codes of best practice. Across every area of our business, however, we are faced with a rising tide of legislation and bureaucracy which is occupying increasing amounts of management time and can ultimately only detract from our ability to achieve profitable growth. While we recognise that much of what Government proposes is well-intentioned, I appeal to them to temper some of their proposals with common sense and to examine the scope for businesses to undertake sensible self-regulation in many areas so as not to dampen enterprise or innovation.

THE FUTURE

As the Chairman has noted, we believe that we can achieve continued progress despite the more competitive trading environment, building on our established strength as the leading specialist operator in our field. Our focus has always been on long term growth, and on reducing risk. This means making investment decisions on expansion only when we are sure that we have got things right. Hence the recent slowing of shop openings and refits in the UK while we refine the Greggs format, and our cautious approach to development on the Continent. I expect that the pace of shop refurbishments will accelerate as the year progresses, and we will also make increasing investment in support of our core Greggs brand. I have greatly enjoyed my first 20 years with Greggs, and I am as confident today as when I joined the business of the Group's long term growth potential. I look forward to reporting on our continued progress.

Sir Michael Darrington

Managing Director

5 March 2004

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

17,900

pieces that fit perfectly.

We firmly believe that our business success has been based on the principle of putting people first. By trying to make Greggs A Great Place To Work, we will ensure that our team is motivated to go on providing the friendly and efficient service for which we are famous. A major initiative this year involved video presentations on the importance of Our Values to all our almost 18,000 staff.



DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited accounts for the 52 weeks ended 27 December 2003. The comparative period is the 52 weeks ended 28 December 2002.

PRINCIPAL ACTIVITIES

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 £456,978,000, an increase of £34,378,000 or 8.1% over the previous financial year. Group profit before taxation amounted to £40,472,000, an increase of 10.4% over the previous financial year.

An interim dividend of 25.5p per ordinary share was paid on 3 October 2003 and the directors propose a final dividend of 54.5p payable on 21 May 2004 leaving profit for the financial year to be retained of £17,761,000 (2002: £16,116,000).

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 27 December 2003 and 28 December 2002 (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 35 to 39.

On 1 December 2003, Bob Bennett was appointed a non-executive director.

Trustee holdings of ordinary shares with no beneficial interest include 264,163 shares held by the Greggs Employee Benefit Trust to which certain directors are trustees.

In accordance with the Company's Articles of Association, Mike Darrington, Derek Netherton, Stephen Curran and Sonia Elkin retire from the Board by rotation. Mike Darrington, Derek Netherton and Stephen Curran, being eligible, offer themselves for re-election. Sonia Elkin will not be seeking re-election to the Board. Having been appointed since the last Annual General Meeting, Bob Bennett retires from the Board and, being eligible, offers himself for re-election.

CORPORATE GOVERNANCE

A separate report on corporate governance is set out on pages 40 to 42.

SUBSTANTIAL SHAREHOLDINGS

At 5 March 2004 the only notified interests of substantial shareholdings in the issued share capital of the Company were:

	Percentage of issued share capital, %
A.J. Davison (as trustee of various settlements)	8.77%
FMR Corporation	8.77%
Mrs F. M. E. Nicholson (as trustee jointly with A.J. Davison and in her own right)	7.21%
Mrs F. K. Deakin (as trustee jointly with A.J. Davison and in her own right)	7.20%
J.A. Wardropper (as trustee jointly with A.J. Davison)	5.39%
Mrs G.V. Richardson and family	4.41%
Prudential plc	4.23%
Aviva plc	3.90%
Standard Life	3.79%

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 27 December 2003 was 41 days (2002: 46 days).

CHARITABLE CONTRIBUTIONS

The Group is a member of the 'Per Cent' Club. Charitable donations of £420,000 were made by the Group during the year including £277,000 to Greggs Trust. Greggs Trust also received donations from employees under Give As You Earn of £55,000, from major shareholders of £129,000 and income from investments of £184,000. These funds were used by Greggs Trust in pursuance of its main objective, to alleviate the effects of poverty and social deprivation in the areas where the Company trades.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005 the consolidated accounts of the Group must comply with International Financial Reporting Standards ('IFRS'). The actual impact on the consolidated accounts of the adoption of IFRS will depend on the standards applicable and the particular circumstances prevailing on adoption on 1 January 2005.

The Group has not yet completed the process of identifying all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented, nor has it completed its quantification of any differences which may arise. However the Group has established a programme which will try to ensure the timely identification and implementation of any changes required to group financial accounting and reporting arrangements.

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

5 March 2004

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 16 to 34, 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 16 to 34. 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 14 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 statement on page 40 reflects the Company's compliance with the seven provisions of the Combined 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 27 December 2003 and of the profit of the Group for the 52 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
5 March 2004

GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 27 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	456,978	422,600
Cost of sales	2	(175,284)	(163,406)
Gross profit		281,694	259,194
Distribution and selling costs	2	(209,559)	(192,790)
Administrative expenses	2	(32,968)	(31,070)
Operating profit		39,167	35,334
Net interest receivable and other income	3	1,305	1,332
Profit on ordinary activities before taxation	4	40,472	36,666
Taxation on profit on ordinary activities	9	(13,235)	(11,980)
Profit on ordinary activities after taxation	10	27,237	24,686
Dividends paid and proposed	11	(9,476)	(8,570)
Retained profit for the financial year	24	17,761	16,116
Basic earnings per share	12	230.5p	209.2p
Diluted earnings per share	12	227.6p	205.4p

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

	2003 £'000	2002 £'000
Profit for the financial year	27,237	24,686
Dividends	(9,476)	(8,570)
Retained profit for the financial year	17,761	16,116
New share capital		
- nominal value	18	4
- share premium	1,452	291
Net addition to shareholders' funds	19,231	16,411
Opening shareholders' funds	119,965	103,554
Closing shareholders' funds	139,196	119,965

GROUP BALANCE SHEET

at 27 December 2003

	Note	27 December 2003 £'000	28 December 2002 £'000
Fixed assets			
Tangible assets	13	160,704	148,184
Investments	15	5,046	3,561
		165,750	151,745
Current assets			
Stocks	16	7,126	6,330
Debtors	17	13,037	11,740
Cash at bank and in hand		36,358	28,635
		56,521	46,705
Creditors: amounts falling due within one year	18	(68,558)	(64,943)
Net current liabilities		(12,037)	(18,238)
Total assets less current liabilities		153,713	133,507
Creditors: amounts falling due after more than one year	19	(112)	(119)
Provisions for liabilities and charges			
Deferred tax	21	(14,405)	(13,423)
		139,196	119,965
Capital and reserves			
Called up share capital	22	2,422	2,404
Share premium account	23	11,537	10,085
Profit and loss account	24	125,237	107,476
Equity shareholders' funds		139,196	119,965

The accounts on pages 16 to 34 were approved by the Board of directors on 5 March 2004 and were signed on its behalf by

M.J. Darrington

M. Simpson

} Directors

PARENT COMPANY BALANCE SHEET

at 27 December 2003

	Note	27 December 2003 £'000	28 December 2002 £'000
Fixed assets			
Tangible assets	14	136,825	127,358
Investments	15	10,236	8,751
		147,061	136,109
Current assets			
Stocks	16	7,126	6,330
Debtors	17	32,017	28,270
Cash at bank and in hand		36,214	28,553
		75,357	63,153
Creditors: amounts falling due within one year	18	(68,488)	(64,884)
Net current assets / (liabilities)		6,869	(1,731)
Total assets less current liabilities		153,930	134,378
Creditors: amounts falling due after more than one year	19	(112)	(119)
Provisions for liabilities and charges			
Deferred tax	21	(10,854)	(10,704)
		142,964	123,555
Capital and reserves			
Called up share capital	22	2,422	2,404
Share premium account	23	11,537	10,085
Profit and loss account	24	129,005	111,066
Equity shareholders' funds		142,964	123,555

The accounts on pages 16 to 34 were approved by the Board of directors on 5 March 2004 and were signed on its behalf by

M.J. Darrington

M. Simpson

} Directors

GROUP CASH FLOW STATEMENT

for the 52 weeks ended 27 December 2003

	2003	2002
	£'000	£'000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	39,167	35,334
Depreciation charges	18,985	16,813
Loss on disposal of fixed assets	69	260
Release of government grants	(7)	(7)
Increase in stocks	(796)	(55)
(Increase) / decrease in debtors	(1,297)	666
Increase in creditors	1,601	2,544
Net (increase) / decrease in working capital	(492)	3,155
Net cash inflow from continuing operating activities	57,722	55,555
CASH FLOW STATEMENT		
Net cash inflow from continuing operating activities	57,722	55,555
Returns on investments and servicing of finance		
Interest received	1,313	1,361
Interest paid	(8)	(29)
Net cash inflow from returns on investments and servicing of finance	1,305	1,332
Taxation paid	(10,908)	(9,474)
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(32,361)	(42,143)
Disposal of tangible fixed assets	787	1,009
(Purchase) / disposal of investment	(1,485)	2
Net cash outflow from capital expenditure and financial investments	(33,059)	(41,132)
Equity dividends paid	(8,807)	(7,968)
Financing		
Issue of ordinary share capital	1,470	295
Net cash inflow from financing	1,470	295
Net increase / (decrease) in cash in the period	7,723	(1,392)

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.

(B) CONSOLIDATION

The consolidated accounts include the results of Greggs plc and its subsidiary undertakings for the period of 52 weeks ended 27 December 2003. The comparative period is the 52 weeks ended 28 December 2002.

(C) 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% - 33 $\frac{1}{3}$ %
Motor vehicles	20% - 25%
Delivery trays	33 $\frac{1}{3}$ %
Shop fixtures and fittings:	
General	10%
Electronic equipment	20%

(D) 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.

(E) STOCKS

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

(F) 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.

(G) 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.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising in respect of acquisitions since 1 January 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered whether through depreciation or sale.

(H) 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.

(I) 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.

(J) 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.

(K) 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.

(L) 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:

	2003 £'000	2002 £'000
Cost of sales	1,346	1,326
Distribution and selling costs	2,811	2,744
Administrative expenses	571	619
	4,728	4,689

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

	2003 £'000	2002 £'000
Interest receivable and similar income	1,313	1,361
Interest payable on bank loans	(8)	(29)
	1,305	1,332

Interest receivable and similar income includes net exchange gains on foreign currency deposits of £248,000 (2002: £165,000).

4. Profit on ordinary activities before taxation

This is stated after charging / (crediting):	2003 £'000	2002 £'000
Depreciation on tangible fixed assets:		
owned	18,985	16,813
Loss on disposal of fixed assets	69	260
Release of government grants	(7)	(7)
Auditors' remuneration (group and parent company):		
audit services (2002: including £7,000 in respect of internal audit advice)	91	94
non-audit fees paid to the auditor and its associates:		
- corporation tax compliance - current year	27	25
- prior years	25	21
- other taxation services	20	4
- pension schemes audit	10	12
Payments under operating leases – property rents	28,362	25,147

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 27 December 2003 are as follows:

	Date of grant	Price	Options outstanding at the end of the year		Dates exercisable
			2003	2002	
Executive Share Option Scheme 4	September 1993	700p	-	4,400	Three to ten years after September 1993
Executive Share Option Scheme 5	September 1996	1355p	3,401	28,734	Three to ten years after September 1996
Executive Share Option Scheme 6	March 1999	2687½p	77,832	89,846	Three to ten years after March 1999
Savings Related Share Option Scheme 4	April 1999	2098p	169,548	170,647	June 2004 to December 2004
Executive Share Option Scheme 7	March 2000	1701½p	94,208	143,200	Three to ten years after March 2000
Savings Related Share Option Scheme 5	April 2002	2821p	121,230	121,276	June 2005 to December 2005
Executive Share Option Scheme 8	April 2002	3526p	8,200	8,800	Three to ten years after April 2002
Savings Related Share Option Scheme 6	April 2003	2700p	58,315	-	June 2006 to December 2006
Executive Share Option Scheme 9	September 2003	3104½p	8,250	-	Three to ten years after September 2003

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)	
	2003	2002	2003	2002
Mike Darrington	70,440	70,440	264,163	214,567
Malcolm Simpson	85,523	79,323	292,764	243,168
Ian Gregg (non-executive)	219,300	231,300	264,163	214,567
Stephen Curran (non-executive)	3,700	3,700	-	-
Sonia Elkin (non-executive)	900	900	-	-
Susan Johnson (non-executive)	-	-	-	-
Derek Netherton (non-executive)	-	-	-	-
Bob Bennett (non-executive) – appointed 1 December 2003	-	-	-	-

The executive directors have a potential beneficial interest in the Greggs Employee Benefit Trust (note 15).

Details of directors' share options and emoluments can be found in the Directors' Remuneration Report on pages 35 to 39.

There have been no changes since 27 December 2003 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 adviser.

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 one off contributions to the scheme and has agreed to increase the funding rate, including employees' contributions, to a total of 16.5% (previously 13.3%) 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 £2,627,000 for the year (2002: £2,400,000).

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 27 December 2003, 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:

	27 December 2003	28 December 2002	29 December 2001
Inflation	2.7% pa	2.4% pa	2.5% pa
Pension increases (LPI)	2.6% pa	2.4% pa	2.5% pa
Salary growth	4.2% pa	3.9% pa	4.0% pa
Discount rate	5.4% pa	5.6% pa	5.8% 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:

	27 December 2003		28 December 2002		29 December 2001 (restated)	
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets						
Composed of:						
Equities	27,326		18,188		20,908	
Bonds	5,880		6,229		7,125	
Other	6,653		7,952		6,034	
Total fair value of assets		39,859		32,369		34,067
Present value of liabilities		(51,106)		(41,699)		(34,373)
Gross pension liability		(11,247)		(9,330)		(306)
Related deferred tax asset		3,374		2,799		92
Net pension liability		(7,873)		(6,531)		(214)
		Expected return		Expected return		Expected return
Equities		7.7% pa		7.4% pa		8.0% pa
Bonds		4.8% pa		4.5% pa		4.8% pa
Other		4.9% pa		4.5% pa		5.3% pa

Over the period to 27 December 2003, contributions by the Company of £2,261,000 (2002: £2,171,000) 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 27 December 2003:

	2003 £'000	2002 £'000
Post retirement deficit at 29 December 2002	(9,330)	(306)
Current service cost (employee and employer)	(2,725)	(2,513)
Contributions (employee and employer)	3,477	3,011
Other net finance income	(338)	367
Actuarial loss	(2,331)	(9,889)
Post retirement deficit at 27 December 2003	(11,247)	(9,330)

NOTES TO THE ACCOUNTS

continued

7. Pensions (continued)

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

	2003 £'000	2002 £'000
Current service cost (employer's part only)	1,808	1,673
Past service cost	-	-
	1,808	1,673

The following amounts would have been included as net finance income under FRS 17:

	2003 £'000	2002 £'000
Expected return on pension scheme assets	2,050	2,419
Interest on post retirement liabilities	(2,388)	(2,052)
	(338)	367

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

	2003 £'000		2002 £'000	
Annual return less expected return on scheme assets	3,188	(8%)	(6,663)	(21%)
Experience losses arising on liabilities	(167)	(0%)	(2,206)	(5%)
Loss due to changes in assumptions underlying the present value of scheme liabilities	(5,352)	(10%)	(1,020)	(2%)
Actuarial loss recognised in the STRGL	(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 £131,323,000 at 27 December 2003 (£113,434,000 at 28 December 2002).

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 £1,135,000 in the period (2002: £942,000).

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:

	2003 No's	2002 No's
Management	665	643
Administration	319	306
Production	2,672	2,610
Shop	14,249	13,498
	17,905	17,057

The aggregate payroll costs of these persons were as follows:

	2003 £'000	2002 £'000
Wages and salaries	166,950	156,568
Social security costs	12,258	10,171
Other pension costs	3,762	3,477
	182,970	170,216

9. Taxation on profit on ordinary activities

a). Analysis of charge in period at 30% (2002: 30%)

	2003 £'000	2002 £'000
Current tax:		
Corporation tax at 30.0% (2002 30.0%)		
- current period	12,253	10,526
Total current tax	12,253	10,526
Deferred tax		
Origination and reversal of timing differences		
- current period	982	1,454
- previous periods	-	-
Total deferred tax	982	1,454
Tax on profit on ordinary activities	13,235	11,980

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 (2002: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	40,472	36,666
Tax on profit on ordinary activities at UK standard rate of tax of 30% (2002:30%)	12,142	11,000
Effects of:		
Capital allowances for period in excess of depreciation	(982)	(1,454)
Expenses not deductible for tax purposes	181	147
Chargeable gains rolled over	(49)	(65)
Non-qualifying depreciation	822	758
Other	139	140
Current tax charge for period	12,253	10,526

10. Profit attributable to Greggs plc

Of the profit attributable to shareholders, £27,415,000 (2002: £23,369,000) 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

	2003 £'000	2002 £'000
On ordinary shares of 20p		
Interim paid: 25.5p (2002:23.5p)	3,019	2,782
Final proposed: 54.5p (2002:49.0p)	6,457	5,788
Total dividends: 80.0p (2002: 72.5p)	9,476	8,570

12. Earnings per share

Basic earnings per share are calculated on earnings after taxation of £27,237,000 (2002: £24,686,000) divided by the weighted average number of shares in issue for which consideration is receivable during the period of 11,817,677 (2002: 11,800,959).

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 11,968,023 (2002: 12,015,599). This number includes 150,346 (2002: 214,640) 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 28 December 2002	63,844	64,979	93,542	222,365
Additions	9,201	10,214	12,946	32,361
Disposals	(203)	(2,763)	(3,664)	(6,630)
Reclassification	-	(889)	889	-
At 27 December 2003	72,842	71,541	103,713	248,096
Depreciation				
At 28 December 2002	11,630	34,547	28,004	74,181
Charged in period	1,252	7,359	10,374	18,985
Disposals	(99)	(2,474)	(3,201)	(5,774)
At 27 December 2003	12,783	39,432	35,177	87,392
Net book amount				
At 27 December 2003	60,059	32,109	68,536	160,704
At 28 December 2002	52,214	30,432	65,538	148,184

The net book amount of land and buildings comprises:

		2003		2002	
		£'000	£'000	£'000	£'000
Freehold property	Shops	13,785		14,396	
	Bakeries	39,392		31,087	
	Other	5,822		6,115	
			58,999		51,598
Long leasehold property	Bakeries		753		264
Short leasehold property	Shops		307		352
			60,059		52,214

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 28 December 2002	35,731	65,512	94,030	195,273
Additions	9,201	10,214	12,946	32,361
Intra Group transfers	(3,745)	-	-	(3,745)
Disposals	(129)	(2,763)	(3,664)	(6,556)
Reclassification	-	(889)	889	-
At 27 December 2003	41,058	72,074	104,201	217,333

Depreciation

At 28 December 2002	4,703	34,817	28,395	67,915
Charged in period	599	7,359	10,374	18,332
Disposals	(64)	(2,474)	(3,201)	(5,739)
At 27 December 2003	5,238	39,702	35,568	80,508

Net book amount

At 27 December 2003	35,820	32,372	68,633	136,825
At 28 December 2002	31,028	30,695	65,635	127,358

The net book amount of land and buildings comprises:

		2003		2002	
		£'000	£'000	£'000	£'000
Freehold property	Shops	7,263		7,397	
	Bakeries	21,583		16,922	
	Other	5,914		6,208	
			34,760		30,527
Long leasehold property	Bakeries		753		149
Short leasehold property	Shops		307		352
			35,820		31,028

15. Investments**Group**

Investments relate to shares in Greggs plc held by the trustees of the Greggs Employee Benefit Trust. This trust was established during 1988 to act as a repository of issued Company shares which can be purchased either on the exercise of an option by employees under the Greggs Executive Share Option Schemes or by the trustees of the Greggs Employee Share Scheme.

The trust holds 264,163 shares in Greggs plc (2002: 214,567). These are shown in the accounts at cost of £5,046,000 (2002: £3,561,000) and have a market value at 27 December 2003 of £8,295,000 (2002: £6,947,000). There were no shares sold during the year.

The trust has registered a waiver in respect of dividends on these shares.

Parent Company

	2003 £'000	2002 £'000
Interest in subsidiary undertakings		
Shares at cost	5,828	5,828
Less: Amounts written off	(638)	(638)
	5,190	5,190
Employee Benefit Trust	5,046	3,561
	10,236	8,751

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

Charles Bragg (Bakers) Limited	Non-trading
Greggs (Leasing) Limited	Non-trading
Thurston Parfitt Limited	Dormant
Greggs Properties Limited	Property holding
Olivers (UK) Limited	Dormant
Olivers (UK) Development Limited*	Dormant
Birketts Holdings Limited	Non-trading
J R Birkett & Sons Limited*	Non-trading
Greggs Trustees Limited	Trustee
*held indirectly	

16. Stocks

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Raw materials and consumables	5,105	4,685	5,105	4,685
Work in progress	2,021	1,645	2,021	1,645
	7,126	6,330	7,126	6,330

NOTES TO THE ACCOUNTS

continued

17. Debtors

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	582	525	582	525
Amounts owed by subsidiary undertakings	-	-	18,980	16,530
Other debtors, including value added tax	4,533	3,910	4,533	3,910
Prepayments and accrued income	7,922	7,305	7,922	7,305
	13,037	11,740	32,017	28,270

18. Creditors: amounts falling due within one year

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade creditors	23,794	24,721	23,794	24,721
Corporation tax	7,183	5,838	7,113	5,779
Other taxes and social security costs	4,777	4,299	4,777	4,299
Other creditors	16,942	16,120	16,942	16,120
Accruals	9,398	8,170	9,398	8,170
Proposed final dividend	6,457	5,788	6,457	5,788
Deferred government grants	7	7	7	7
	68,558	64,943	68,488	64,884

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

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Deferred government grants	112	119	112	119

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 27 December 2003 the average interest rate earned on the closing cash balance was 3.7% (2002: 3.5%).

At 27 December 2003 the Group had no financial liabilities (2002: £nil). The Group has an overdraft facility of £10,000,000 of which £10,000,000 was undrawn at 27 December 2003 (2002: £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	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
The provision is in respect of:				
Accelerated capital allowances	14,405	13,423	10,854	10,704

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

22. Share capital

		Group and Parent company	
		2003 £'000	2002 £'000
Authorised:			
25,000,000 ordinary shares of 20p		5,000	5,000
Issued and fully paid:			
Number of shares:			
12,022,399	At 28 December 2002	2,404	2,400
87,084	Issued in respect of share options	18	4
12,109,483	At 27 December 2003	2,422	2,404

Details of outstanding share options are given in note 5.

23. Share premium account

	Group and Parent company £'000
At 28 December 2002	10,085
Premium arising on issue of shares in respect of share options	1,452
At 27 December 2003	11,537

24. Profit and loss account

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At start of period	107,476	91,360	111,066	96,267
Retained profit for the period	17,761	16,116	17,939	14,799
At end of period	125,237	107,476	129,005	111,066

Cumulative goodwill written off resulting from acquisitions made prior to 1 January 1998 amounts to £3,275,000 (2002: £3,275,000).

NOTES TO THE ACCOUNTS

continued

25. Commitments

a) Capital commitments

Outstanding commitments for capital expenditure at 27 December 2003 not provided for in the accounts are as follows:

	Group		Parent company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Contracted for	4,794	2,689	4,794	2,689

b) Operating lease commitments

At 27 December 2003 the Group and Company had annual commitments under operating leases on land and buildings as set out below:

	2003 £'000	2002 £'000
Operating leases which expire:		
Within one year:	1,551	1,195
In the second to fifth years inclusive	6,940	6,749
After more than five years	20,077	18,954
	28,568	26,898

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

	2003 £'000	2002 £'000
Increase / (decrease) in cash in the period	7,723	(1,392)
Movement in net funds in the period	7,723	(1,392)
Net funds at 28 December 2002	28,635	30,027
Net funds at 27 December 2003	36,358	28,635

b). Analysis of net funds

	At 28 December 2002 £'000		Cash flow £'000	Other changes £'000	At 27 December 2003 £'000
Cash in hand and at bank	28,635	7,723	-		36,358

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. 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 names of the directors who have served on the Remuneration Committee of the Board during the year are Ian Gregg (Chairman), Sonia Elkin, Stephen Curran, Bob Bennett (from 10 December 2003) and Derek Netherton (until 10 December 2003). Mike Darrington and Andrew Davison have assisted the Committee in their deliberations on directors' remuneration.

The Remuneration Committee, which, on behalf of the Board, sets the remuneration and terms of appointment of the executive directors and, since 10 December 2003, the Chairman, received advice from Monks Partnership in 2002 that materially assisted the Committee in their consideration of matters relating to directors' remuneration, benefits and incentives.

Monks Partnership were selected and appointed by the Committee. They also assisted the Executive Director Committee by producing comparative information to assist in determining the fees payable to non-executive directors but otherwise had no connection with the Company.

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 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. Between major reviews, basic salaries will normally rise in line with rates of increase adopted elsewhere in the Greggs business.

The Remuneration Committee seeks to structure total benefits packages in a manner which 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 will be 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 the Joint Statement from the Investment Committees of the Association of British Insurers and the National Association of Pension Funds, the total number of new shares 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 available to be allocated under the discretionary Senior Executive Share Option Scheme under which the last grant of options (in which no executive director participated) was made in September 2003. Under the rules of the present Senior Executive Share Option Scheme it is possible to grant options over shares where the aggregate exercise price of all options outstanding is four times the individual's relevant earnings, (with an ability to grant "Super Options" having an aggregate exercise price equal to a further four times relevant earnings subject to much stricter exercise conditions); however, the policy adopted by the Remuneration Committee is that further grants of options will be awarded to executive directors under such discretionary schemes, only when it is necessary to ensure that the value of options held is broadly in line with the median value of options held by directors holding similar positions in comparable companies. Unless granted pursuant to the all-employee Savings Related Share Option Scheme (under which options may be offered at a discount to market price), 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, rightly, substantial, 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. Such advice was last obtained in 2002 from Monks Partnership.

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 future grants of options to the 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.

DIRECTORS' REMUNERATION REPORT

continued

Policy on Performance Conditions (continued)

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. The Nominations Committee advises the Board as to whether a particular director, whose turn it is to retire by rotation, 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 2002 when the executive directors agreed (without receiving any compensation) to reduce their entitlement to notice in all circumstances, other than within 12 months following a change of control of the Company, from two years to one year. Further details on this are set out below.

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 (in normal circumstances) or by the executive on 6 months notice. In addition to their basic salaries, each is entitled to participate in the Company's profit sharing scheme available to all employees and to a performance based cash bonus. They are also entitled to additional benefits including the use of a motor car, private medical insurance, life assurance, permanent health insurance and a contribution towards telephone expenses. The service contracts contain a special provision which operates only in circumstances where the executive director's employment with the

Company is terminated within 12 months following a change of control of the Company.

In those circumstances only they would be entitled to a payment calculated on the basis of a two year notice period. They will be entitled to a payment equal to their salary and the value of their other benefits (including bonus) for the full two year notice period and are obliged to accept this in full settlement of any claim they may have against the Company in respect of the termination of their contract. Their entitlement to this payment will not be affected if they in fact are able to reduce their loss by obtaining alternative employment during the normal notice period. This provision was introduced when the executives directors' notice periods in all other circumstances were reduced from two years to twelve months and are considered by the Remuneration Committee to be appropriate in the case of executive directors who have served the Company for over 20 years and 30 years respectively and who intend to devote the remainder of their working lives to the service of the Company.

In addition to the above arrangements, for 2004, the executive directors have been awarded 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, subject to confirmation by the Remuneration Committee. By way of example as to how this graph would operate, if net profit per share before tax (excluding any property profit) adjusted for the issue of any shares during the period (other than those issued on the exercise of share options) for 2004 is greater than that for 2003 by 10%, the total bonus will be 20% of basic salary. If such net profit per share growth is greater than that for 2003 by 25%, the total bonus will be 50% of basic salary. Total bonus payments are capped at 50% of basic salary.

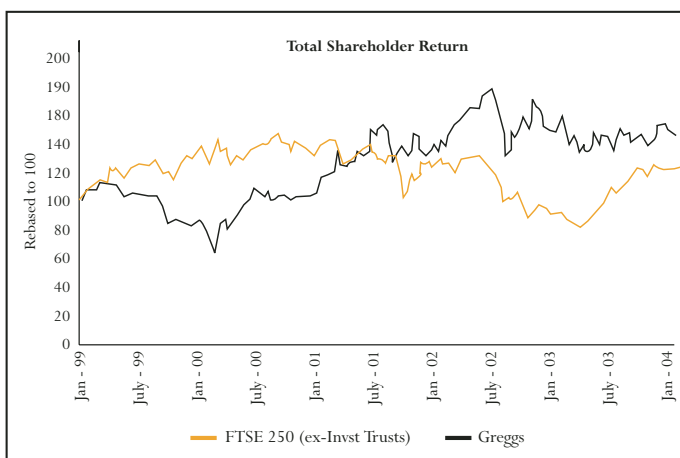
Non-executive Directors

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.



Produced from information supplied by Thomson Financial, Datastream.

AUDITED INFORMATION

Directors' Emoluments and Compensation

The following table sets out details of the emoluments and compensation received in 2003 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 2003 £	Total 2002 £
Executive					
Mike Darrington	300,000	23,232	60,840	384,072	370,309
Malcolm Simpson	200,000	16,285	40,560	256,845	249,175
Chairman					
Derek Netherton	84,000	-	-	84,000	66,667
Non-executive					
Stephen Curran	22,250	-	-	22,250	21,250
Sonia Elkin	24,250	-	-	24,250	22,250
Ian Gregg	44,125	-	-	44,125	74,750
Susan Johnson	22,250	-	-	22,250	21,250
Bob Bennett	1,854	-	-	1,854	-
TOTAL	698,729	39,517	101,400	839,646	825,651

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

The fees for Sonia Elkin reflect the fact that she is the Chairman of the Audit Committee and the Senior Independent non-executive director.

The fees for Ian Gregg reflect the progressive handover of the Chairman's duties.

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				Exercise price £	Market price at date of exercise	Gain on exercise	Date of grant	Date from which exercisable	Expiry date	Scheme
	At 28/12/02	Granted	Exercised	At 27/12/03							
Mike Darrington	5,000	-	2,500	-	13.55	29.35	39,500	Sep 96	Sep 99	Aug 03	Executive
			2,500	-	13.55	30.125	41,437				
	18,000	-	-	18,000	26.875	-	-	Mar 99	Mar 02	Mar 06	Executive
	199	-	-	199	20.98	-	-	Jun 99	Jun 04	Dec 04	SAYE
Malcolm Simpson	27,900	-	-	27,900	17.015	-	-	Mar 00	Mar 03	Mar 07	Executive
	3,500	-	3,500	-	13.55	29.35	55,300	Sep 96	Sep 99	Aug 03	Executive
	12,000	-	-	12,000	26.875	-	-	Mar 99	Mar 02	Mar 06	Executive
	199	-	-	199	20.98	-	-	Jun 99	Jun 04	Dec 04	SAYE
	18,600	-	6,200	12,400	17.015	29.55	77,717	Mar 00	Mar 03	Mar 07	Executive

No share options were exercised by directors in 2002 and therefore no gains were made.

The executive directors also have a potential beneficial interest in the Greggs Employee Benefit Trust (see note 15 to the Accounts).

The grants awarded in 1996 under the Senior Executive Share Option Scheme were conditional upon the Company's basic earnings per share increasing annually on average over a three year period by inflation plus 4%.

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 27 December 2003 was £31.40. The highest and lowest mid-market prices of ordinary shares during the financial year were £34.75 and £29.25 respectively.

DIRECTORS' REMUNERATION REPORT

continued

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 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:

	Date of birth	Date service commenced	Accrued annual pension entitlement at age 65 as at 27 December 2003 £	Accrued annual pension entitlement at age 65 as at 28 December 2002 £	Increase in accrued pension entitlement for the year £	Increase in accrued pension entitlement for the year net of inflation of 2.8% £
Executive Director						
Mike Darrington	8/3/42	15/8/83	104,910	92,410	12,500	9,913
Malcolm Simpson	15/10/41	24/4/73	103,186	91,152	12,034	9,482

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.

	Cash equivalent transfer value as at 28 December 2002 £	Contributions made by the director £	Increase in the cash equivalent transfer value since 28 December 2002 £	Cash equivalent transfer value as at 27 December 2003 £
Executive Director				
Mike Darrington	1,183,648	17,161	124,323	1,404,916
Malcolm Simpson	1,153,803	11,331	119,928	1,355,744

Note: cash equivalent transfer values have been calculated in accordance with Actuaries Guidance Note GN11.

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:

Director	Contribution in respect of 2003 £	Total contributions made during 2002 £
Director		
Mike Darrington	67,800	67,800
Malcolm Simpson	10,310	9,267

Approval by Shareholders

At the Annual General Meeting of the Company to be held on 11 May 2004, a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the Board on 5 March 2004.

Signed on behalf of the Board

Ian Gregg

Director

Chairman of Remuneration Committee

5 March 2004

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 Combined Code on corporate governance appended to the Listing Rules published by the UK Listing Authority (the "Combined Code") effective during the financial year. During the period under review the Board has introduced some additional measures in response to the revised Combined Code published in July 2003. 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 will be entitled to a payment by way of liquidated damages calculated by reference to a two year notice period if termination takes place within 12 months following a change of control of the Company. The Remuneration Committee considers that such protection is reasonable for individuals who have given over 20 and 30 years service respectively to the Company and who intend to continue to do so for the remainder of their working lives.

The following statements describe how the relevant principles and provisions of the Combined Code are applied to the Company. In addition they describe the measures taken by the Board to address the relevant principles and provisions of the revised Combined Code, published in July 2003, and relevant to the Company for the 2004 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 2003, the Board met five times. All directors attended all meetings.

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), 59, 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, St James's Place Capital plc and Plantation & General Investments 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 2003.

Sir Michael Darrington (Managing Director), 62, 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), 62, 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, 60, 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. He is a non-executive director of Jarvis Hotels plc and a number of unquoted companies. With effect from the close of the Company's Annual General Meeting in 2004 he will become the Senior Independent Non-Executive Director.

Sonia Elkin OBE, 71, is a former CBI Director, responsible for its Regional organisation and policy in relation to Smaller Firms. She was a Commissioner of the Manpower Services Commission and served on a DTI committee on deregulation. She joined the Board in 1992, is Chairman of the Audit Committee and has been appointed as the Senior Independent Non-Executive Director. Sonia will be retiring as a director by rotation at the 2004 Annual General Meeting and will not be seeking re-election.

Ian Gregg OBE, 64, 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, 46, 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, 56, 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 will become Chairman of the Audit Committee.

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 plans are 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 of the Company.
- Sonia Elkin, Stephen Curran and Ian Gregg have all served on the Board for more than 9 years from the date of their first election.

As stated in the interim announcement issued on 2 August 2002, 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 will be proposed 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 the Chairman in structured discussions with each director. The Senior Non-Executive Director conducts a similar evaluation of the Chairman. The results are fed back to the Board via the Nominations Committee and to individual directors. 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 (Sonia Elkin – Chairman, Susan Johnson, Stephen Curran and Bob Bennett from the date of his appointment). During 2003 it met three times. All Committee members attended all meetings in the period they were members. 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, Sonia Elkin and Bob Bennett from the date of his appointment when he replaced Derek Netherton). During 2003 it met four times. All Committee members attended all meetings in the period they were members (except that Bob Bennett was unable to attend one meeting due to its date having been fixed before his appointment as a member of the Committee). 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. In order to assist with these duties the Committee, during 2002, used the services of external consultants, Monks Partnership. 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 35 to 39 of this Annual Report.

The Nominations Committee currently comprises Derek Netherton - Chairman, all of the non-executive directors and Mike Darrington (Ian Gregg, Stephen Curran, Susan Johnson and Bob Bennett were all appointed to the Committee during the year). During 2003 it met formally only once (with all Committee members 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 Bob Bennett, 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 Bob Bennett 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 review briefings and comments by analysis in order to maintain an understanding of market perceptions of the Company.

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 adoption 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 14.

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 £82,000 during 2003 and related mainly to taxation compliance services). 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.

CORPORATE GOVERNANCE

continued

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 systems 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 regular 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 its 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.

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.

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 the business on the environment, and to seek to make a positive difference to the wider communities in which it operates.

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 people 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 & Safety are also 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 & safety of Greggs’ customers and its people. Greggs plc won a national award and two regional awards in the National 2003 European Week for Safety & Health Campaign, a testimony to the hard work and commitment of our employees in improving work environments.

Wider Communities

In 2003, Greggs plc directly donated over 1% of pre-tax profit to charity:

- On a nationwide basis, Greggs is a member of the ‘Per Cent’ Club and made charitable donations of £420,000 in 2003, the bulk of which was directed through the Greggs Trust.
- 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 2003 was £699,000, derived from the Greggs plc donation, from employees under the Give As You Earn Scheme (8% of employees donated through this scheme in 2003), 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 food, including provision of fresh bread from local Greggs shops, together with the necessary equipment. Greggs staff work with school teachers to establish the clubs and stay in contact to further the partnership. Essential to the model is the role of parents, grandparents and other volunteers to run the clubs, including serving the breakfasts, thereby helping them to help others in their own communities. 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. In 2003, the number of Breakfast Club schemes increased from 50 to 60 and the scheme was runner-up Business in the Community’s national “Awards for Excellence”.
- The Greggs Cancer Run, sponsored by Greggs North East division, is an annual event which has raised over £2 million since its inception in 1983. The event is organised by a group of dedicated Greggs staff. In 2003, a similar event took place in Manchester, sponsored by Greggs North West Division.
- 2003 was Year 3 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.

In addition to the Company schemes listed above, our 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 Company 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.

Environmental Management System (EMS)

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) which will seek to:

- Comply with all relevant environmental legislation, regulation and other requirements application to the Company or to which the Company subscribes
- Reduce waste at source via the efficient use of resources and encourage re-use and recycling of waste
- Work towards increasing efficiency at all its sites
- Monitor and improve the performance of vehicles owned by Greggs plc
- Work 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 make employees aware of the environmental issues relevant to their role within Greggs plc
- Take into account the adverse impact on the environment of any capital expenditure project.

In 2003, the first stages of developing the EMS have been completed. Environmental audits of each Division of Greggs plc have established a baseline position for future environmental targets. The Company has implemented a number of improvements, including the following:

- Switching to increased capacity delivery vehicles to reduce the number of delivery journeys made and hence reduce vehicle emissions;
- A switch to APET plastic for sandwich packaging, an environmentally friendlier alternative to standard plastic;
- Launch of the SEBA (Save Energy Be Aware) scheme in all shops and factories to reduce energy consumption by the company.

In 2003, the Company has taken steps towards meeting its environmental commitments and will continue to grow this commitment during 2004.

10 YEAR HISTORY

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Turnover (£'000)	167,851	219,514	238,465	265,941	291,420	308,678	339,008	377,556	422,600	456,978
Profit on ordinary activities before taxation (£'000)	12,017	13,056	15,673	18,035	20,214	21,520	26,356	32,742	36,666	40,472
Shareholders' funds (£'000)	36,591	41,219	48,107	58,384	69,585	80,896	88,169	103,554	119,965	139,196
Earnings per share (pence)	71.0	79.0	95.8	121.1	122.8	135.1	162.3	190.2	209.2	230.5
Adjusted earnings per share (pence)	71.0	79.0	95.8	111.2	122.8	135.1	162.3	190.2	209.2	230.5
Dividend per share (pence)	23.0	26.0	32.0	37.0	41.0	45.0	55.0	65.0	72.5	80.0
Cash generated by operations (£'000) (before dividends, tax and capital expenditure)	25,251	20,838	24,955	30,408	34,902	34,526	43,431	50,418	55,555	57,722
Capital expenditure (£'000)	15,008	11,931	15,669	24,364	26,204	22,403	21,397	27,385	42,143	32,361
Acquisition of Bakers Oven (£'000)	19,547	-	-	-	-	-	-	-	-	-
Number of shops in operation at year end	930	967	1,032	1,057	1,072	1,084	1,105	1,144	1,202	1,231

DIRECTORS

Derek Netherton (Non-executive chairman)*

Mike Darrington FCA (Managing)*

Malcolm Simpson FCA (Financial)

Ian Gregg OBE (Non-executive)**

Stephen Curran FCCA (Non-executive)**

Sonia Elkin OBE (Non-executive)**

Susan Johnson OBE (Non-executive)**

Bob Bennett FCA (Non-executive)**

*Member of Audit Committee

† Member of Remuneration Committee

* Member of Nominations Committee

SECRETARY AND REGISTERED OFFICE

Andrew John Davison, Solicitor

Fernwood House

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Bankers

National Westminster Bank Plc

149 High Street

Gosforth

Newcastle upon Tyne

NE3 1HA

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1 Finsbury Avenue

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Brewin Dolphin Securities Ltd

Commercial Union House

39 Pilgrim Street

Newcastle upon Tyne NE1 6RQ

Solicitors

Eversheds

Central Square South

Orchard Street

Newcastle upon Tyne NE1 3XX

Registrars

Capita IRG plc

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

NATIONWIDE COVERAGE



GREGGS

SHOP NUMBERS	2003	2002
Scotland	133	125
Gosforth	108	112
Cumbria	50	51
Yorkshire	116	112
North West	125	125
Midlands	137	129
South Wales	99	91
South East	239	228
GREGGS	1,007	973

BAKERS OVEN

SHOP NUMBERS	2003	2002
Bakers Oven Scotland	25	32
Bakers Oven North	49	49
Bakers Oven Midlands	84	85
Bakers Oven South	64	63
BAKERS OVEN	222	229
Greggs Belgium	2	0
TOTAL	1,231	1,202

GREGGS
— plc —

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