Majestic Wine PLC
Annual Report & Accounts 2010

Highlights

Profit before tax up 117% to £16.0m (2009: £7.4m).

Underlying profit before tax up 26%.

Total sales up 15.6% to £233.2m (2009: 201.8m).

Like for like sales in UK retail stories up 8.4%.

Total dividend of 10.3p (2009: 9.8p) per share.

Majestic aims to be the nation's favourite wine specialist. We stock wines for every occasion. Our range is innovative, vibrant and diverse whilst representing the best quality and value.

Throughout Majestic we have teams of friendly and knowledgeable individuals. We are committed to training them to the very highest standards and it is this that enables us to deliver exceptional customer service.

Contents

Enthusiasm

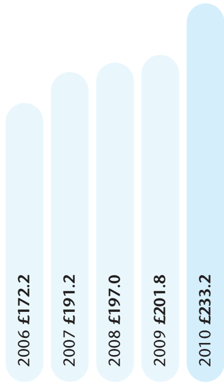
One of my favourite aspects of working for Majestic is being part of a constantly changing team. I continually meet new people who share my enthusiasm and passion for wine. Together we learn, discuss, analyse, and most importantly, taste different wines from all over the world.

Lydia Harrison
Senior Manager, Battersea

Team development

I really enjoy helping members of staff develop, from the newest Trainee to the most experienced Managers. Everyday is different, offering advice for the many and varied challenges that crop up at every turn. The best bit? Rewarding the most successful teams.

Emma McMahon
Regional Manager



Total sales (£m)

Chairman's Statement
Simon Burke

I believe Majestic is well placed to deliver another ten years of great service to its customers and great returns to its shareholders.

I am very pleased to announce that profit before tax was £16.0m, an increase of 117% on last year. Total Group sales were up 15.6% to £233.2m and like for like UK sales grew 8.4%.

Underlying profit growth was 26% after adjusting for last year's £5.3m reduction in the carrying value of our French business.

Dividend
We are proposing a final dividend of 7.5p per share, bringing the total dividend for the year to 10.3p, an increase of 5.1% on last year.

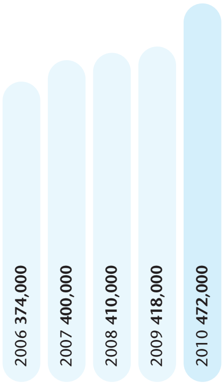
People
I am proud of our exceptional team of retailing professionals whose knowledge of, and passion for wine make Majestic what it is. At the heart of our business is the excellent customer service that they deliver. I would like to pay tribute again to the outstanding contribution they make to the success of Majestic.

Current trading
Sales growth in the first ten weeks of the new financial year, from 30 March to 7 June 2010, has continued to be encouraging with UK like for like sales up 7.3%.

Board changes
Having completed 10 years on the Board I will be stepping down at the Annual General Meeting on 6 August 2010. Phil Wrigley, who joined the Board in April as a non-executive Director will succeed me as non-executive Chairman. Phil has a financial background and brings extensive retail management experience to Majestic. Currently he is Chairman of Habitat PLC and until recently he was Chairman of New Look having previously been its Chief Executive.

It has been a privilege to serve on the Board of such a wonderful business and I shall be very sorry to go. I believe Majestic is well placed to deliver another ten years of great service to its customers and great returns to its shareholders. In Phil Wrigley the Board will have an experienced and enthusiastic Chairman who will bring out the best in Majestic. I wish everyone in the business well for the future.

Simon Burke
Chairman
14 June 2010

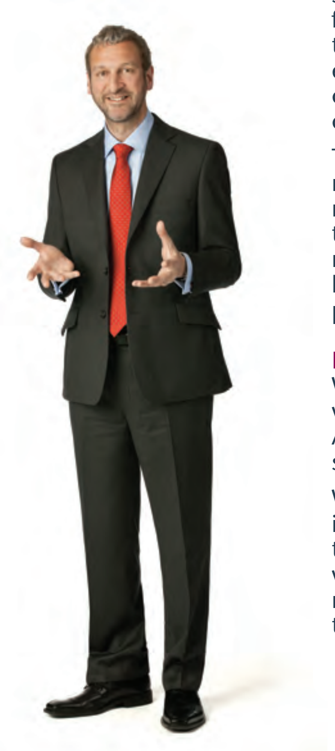


Number of customers who made purchases

Review of Operations
Steve Lewis

The core of the Majestic proposition is excellent customer service delivered by our personable and knowledgeable staff.

We see the commitment to staff development as a key competitive advantage.



I am pleased to report that underlying profit before tax was £16.0m, up from £12.7m last year. Total Group sales for the year increased by £31.4m to £233.2m which now includes £12.4m from Lay & Wheeler, the fine wine specialist we acquired in March 2009.

Majestic Wine

Sales in the year were £213.5m, an increase of £21.9m, or 11.4%, on last year. This performance has been underpinned by strong like for like sales growth of 8.4%. We have previously reported good sales and profit growth in the first half of the year. However we have seen an acceleration in the rate of growth during the second half following the reduction in our minimum purchase requirement from twelve to six bottles. This change, which was implemented following extensive trials, has proved extremely popular with our existing customer base and has also made Majestic more accessible to new customers.

The move to six bottles has resulted in a substantial increase in the number of customers who have made purchases in the last twelve months, up 54,000 to 472,000. We have seen strong growth in transaction numbers, up 14.6% to 1.7m. Despite the halving of our minimum purchase requirement the average spend per transaction has only declined 4% to £129. The average bottle price of still wine purchased at Majestic is £6.56, up from £6.35 last year.

Product

We have seen particularly strong growth in sales of New World wines, especially those from New Zealand, South Africa, Chile and Argentina. We have also seen very encouraging growth in sales of sparkling wine.

We aim to present customers with a broad selection of wines that is innovative, interesting and great value. During the year, our buying team have been very active sourcing new wines from all over the world. They continue to build a range of wines which is widely recognised as amongst the most imaginative and diverse available to the UK consumer.

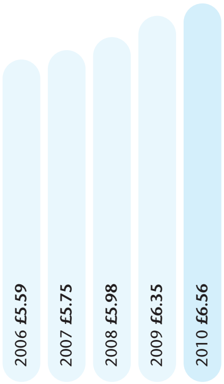
Engaging with customers

I'm responsible for creating and implementing new initiatives that engage customers and share our staff's infectious enthusiasm and wealth of product knowledge.

The successful launch of 'The Wine Course' was the biggest project I've worked on to date. It's been immensely rewarding to see how much our customers enjoy and learn from our relaxed introduction to wine.

We have many new initiatives planned for the forthcoming year including 'The Majestic Tasting' and 'Majestic Wine Walks', an opportunity for customers to taste exciting new parcels and arrivals from innovative producers, guided in-depth by our Store Managers.

Matt Philpott
Brand Development Manager



Average bottle price
The average bottle price of still wine purchased at Majestic has increased to £6.56 from £6.35.

Review of Operations
Continued

Alongside monthly mailings which communicate our offers and new additions to the range, we have developed a series of initiatives to engage customers and demonstrate our staff's enthusiasm and extensive product knowledge.

Fine Wine
Sales of wine priced at £20 per bottle and above increased 22.7% on last year and now represent 5.1% of UK store sales. Given the continued success of the proposition we have decided to install fine wine display areas in all our stores. Currently fine wine fixtures are installed in 50% of the estate and we will progressively roll out to the remaining stores over the next two years.

Customer Service
The core of the Majestic proposition is excellent customer service delivered by our personable and knowledgeable staff. We have built a team of high quality people and developed a culture strongly orientated towards exceeding customer expectations.

We therefore recognise that we need to recruit and retain staff of the highest calibre and do so not only with a comprehensive package of salary and benefits, but also a training programme regarded as the best in the wine industry. The programme was designed in-house and consists of a series of courses that focus on customer service, management and product knowledge. We see the commitment to staff development as a key competitive advantage.

A typical new member of staff would be expected to sit the Wine and Spirit Education Trust's (WSET) Advanced Certificate after about six months in the Company. The most able staff are encouraged to further their knowledge by studying for the WSET Diploma over a two year period. At present 149 staff either hold or are studying for their Diploma. We are particularly proud that seven members of staff were awarded WSET "Awards of Excellence" in January 2010.

Customer Engagement
Alongside monthly mailings which communicate our offers and new additions to the range, we have developed a series of initiatives to engage customers and demonstrate our staff's enthusiasm and extensive product knowledge.

Last year we introduced "The Wine Course". This is a two hour informal wine course for our customers which is free to attend and held in our stores. Participants learn how to taste wine alongside the principles of food and wine matching. This event continues to be extremely successful and to date we have run it for over 10,000 customers.

Earlier this year we launched "Grape to Glass". This is a seasonal guide to wine which is written by our staff. The publication includes articles about new wines, reports from vineyards visited by our staff, food and wine matches and manager's favourite wines. Customer feedback on "Grape to Glass" has been extremely positive.

Later in the year we will be launching "The Majestic Tasting". These will be seasonal events, held in-store showcasing wines new to the range.

ECommerce
We have seen a further year of particularly strong growth in orders placed online. Sales were up 19.7% and now represent 10.0% of total UK retail sales, compared with 9.1% in the previous year.

The need to engage and interact with customers while they shop online is becoming ever more important. We have worked hard to increase significantly the content available on our website, including the introduction of "manager's choice" videos. We launched a completely redesigned blog in the summer. Staff contribute articles that allow us to showcase their extensive product knowledge and enthusiasm. Customers can also demonstrate their own knowledge by writing reviews of our wines and we have published over 1,000 of these online.

We have increased the level of promotional activity on the web and allocated more resource to pay per click and affiliate marketing. We now have a rolling programme of offers that are exclusive to online customers and these are proving extremely popular.

Awards

The International Wine Challenge is the worlds largest wine competition, where thousands of wines from all over the world are judged, as well as those selling them. We were delighted to be named as the High Street Merchant of the year for the second year running. We were awarded these on the strength of our "Competitive prices, excellent customer service, impressive range".

Decanter Magazine named us Wine Chain of The Year 2009. Majestic was recognised for the "quality and breadth of its offering and highly trained staff'. Our website was noted with reference to recent additions such as customer reviews, en primeur coverage and video content.

We were also voted the Decanter Readers' Awards Best Large Wine Merchant Winner by the readers for the second year running. "What an extraordinary range of qualities this chain possesses: the widest and most far-reaching of both everyday and fine wines; and superlatively friendly and ever-helpful, courteous staff".

Majestic Commercial

We see increasing sales to business customers as an important part of the future growth of Majestic. We currently have a team of 25 business development managers who source new restaurant, hotel and larger corporate accounts.

We have made improvements to our on-trade proposition including the listing of a range of products exclusive to business customers. We have introduced two training courses for our customers' staff. These are "Confidence in Wine", which is an introduction to wine and "Perfect Pairings", which concentrates on how to recommend food and wine matches. These activities add value to our proposition helping us to both win new business and retain existing customers.

New stores

We opened six new stores during the financial year in Shrewsbury, Southend, Leith Walk in Edinburgh, Market Harborough, Abingdon and Sale. In addition we resited our store in central Glasgow. Since the year end we have opened in Redhill giving us 153 stores trading in the UK.

We will open in Windsor and Canterbury prior to the end of August and we have several new stores at advanced stages of negotiation. We are encouraged by an increase in the level of opportunities for new sites appearing on the market and envisage being able to expand Majestic to at least 250 locations in the UK.

Lay & Wheeler

Lay & Wheeler is a specialist in the fields of en primeur sales, cellarage and broking of customer reserves. We acquired this business in March 2009 because we know that many of our customers are interested in using these services.

We are pleased with the progress made with the business in the first year of our ownership. The cost base has been reduced and the integration of back office functions into Majestic will be completed during the summer. In the year the business made a profit of £248k, before amortisation charges of £225k and interest and tax.

We have introduced a competitive pricing structure for cellarage and are currently trialling sales of customer reserves through Majestic stores. The 2009 Bordeaux en primeur vintage is regarded as one of exceptional quality and we are encouraged by initial sales.

Wine and Beer World

This business operates from three stores in northern France catering to the cross-channel market and generated profit before interest and tax of £416k, up from £405k in the previous year. This increase in profitability was achieved against a sales decline of 28% on a constant currency basis. We saw an improvement in product margin and benefited from cost savings arising from having restructured the business in the prior year.

The continued strength of the Euro relative to Sterling over the past year has contributed to the reduction in sales. However, the differential in duty rates between the UK and France remains substantial and there is a strong core of customers wishing to take advantage of these savings. In order to attract these customers we launched a new marketing message in February 2010. This is a guarantee that customers will make a saving of at least £2 per bottle on Majestic's UK wine prices. This message is complemented by attractive discounts for placing large orders prior to travel.

The trading environment is becoming less challenging and we have been encouraged by our performance since the improvements made to our marketing in February 2010. In the period from 2 February to 7 June 2010, sales on a constant currency basis were up 19.2%.

Awards

We were delighted to be recognised as the "Most Admired Specialist Retailer" at the Management Today Readers Awards in November 2009. Our buying team was recently awarded the Drinks Business Awards "Retail Buying Team of the Year" for 2010.

We were also recognised again as the "High Street Chain of the Year" at the International Wine Challenge Awards 2009. Decanter magazine have awarded us "Wine Chain of the Year" for 2009 and its readers voted Majestic as "Best Large Merchant".

Future Prospects

We are very encouraged by our ability to attract new customers which will allow us to continue to grow our market share. While the UK economic outlook remains uncertain, we believe that Majestic is well positioned for future growth.

Steve Lewis
Chief Executive
14 June 2010


MAJESTIC
majestic.co.uk

A substantial increase

The move to a six bottle minimum purchase (from twelve) has resulted in a substantial increase in the number of customers who have made purchases in the last twelve months, up 54,000 to 472,000.

Six of the best

Making Majestic more accessible to customers

We conducted extensive research with our regular customers and found that as well as using Majestic to stock up their wine cellar they would also like access to our range if they just wanted to purchase a smaller number of bottles. Therefore a substantial opportunity exists to gain a greater share of our customers' total wine purchases.

Positive feedback

This new initiative was trialled last year in selected stores and customer feedback was very positive.

The purpose of the trial was to determine whether the Majestic proposition of offering excellent customer service, an impressive range of wines and free tasting would thrive on a six bottle minimum policy.

We found that our six bottle minimum purchase ensures that our vibrant and innovative range is accessible to both new and existing customers and that customers feel comfortable experimenting with a few 'treats' that they would not have previously bought.

What's on the web?
majestic.co.uk

With more and more of you visiting us online and a 20% increase in online sales, Richard and Emma of our online team give us a taste of all the latest developments on majestic.co.uk.

Brilliant blogs

The development I'm most proud of is the newly relaunched Grape to Glass blog. We've worked hard to bring our seasonal guide to life online, with extended staff articles and a host of interactive features. As well as posting comments, you can add featured products to your online shopping trolley directly from the articles. You can explore it yourself at blog.majestic.co.uk.

We love hearing your feedback so do get in touch!

A personal touch

We strive to engage staff and offer them freedom in their area of business. The Grapes to Glass blog is written entirely by staff and brings our brand values to the fore. The blog site features a video series to help you get the best of our staff's knowledge and passion for wine with a personal touch.

Richard Weaver
ECommerce Director

Voice Behind the Vine

Each vineyard has its own unique story to tell, so we regularly put questions to distinguished winemakers to find out what makes their vineyard so special, what their favourite food and wine matches are and to discuss other winemaking locations that they consider interesting.

The site also features various Master Classes from our highly qualified staff to guide you through the basics of the importance of Vintages for example. Other areas include useful debate on comparisons between different regions of sparkling wine producers, a more and more popular choice for our customers.

Parcel news

When our Buyers negotiate a great deal on a parcel of interesting wines, how can you make sure you're one of the lucky few who get to enjoy the results? After all, each parcel represents a one-off opportunity to buy terrific wines well below market value, meaning they tend to sell out very quickly indeed.

Happily, we can now offer these wines by the case, exclusively online, ready for delivery or collection from your local store. Best of all, you can stay in the loop on our parcels by signing up to our email newsletter at majestic.co.uk/newsletter

Emma Pook
Online Commercial Manager

Financial Review
Nigel Alldritt

It is pleasing to note that we have delivered strong financial growth in the year. The healthy cash flows that the Group generated has enabled us to continue to invest in the business.

Trading
Sales for the Group at £233.2m were up 15.6% on the previous year (2009: £201.8m) giving profit before tax of £16.0m, an increase of 117.0% (2009: £7.4m). Underlying profit growth was 26.0% after adjusting the prior year for an exceptional non-cash impairment charge of £5.3m, relating to the carrying value of our French retailing business. The Group's underlying margin before tax was 6.9% (2009: 6.3%).

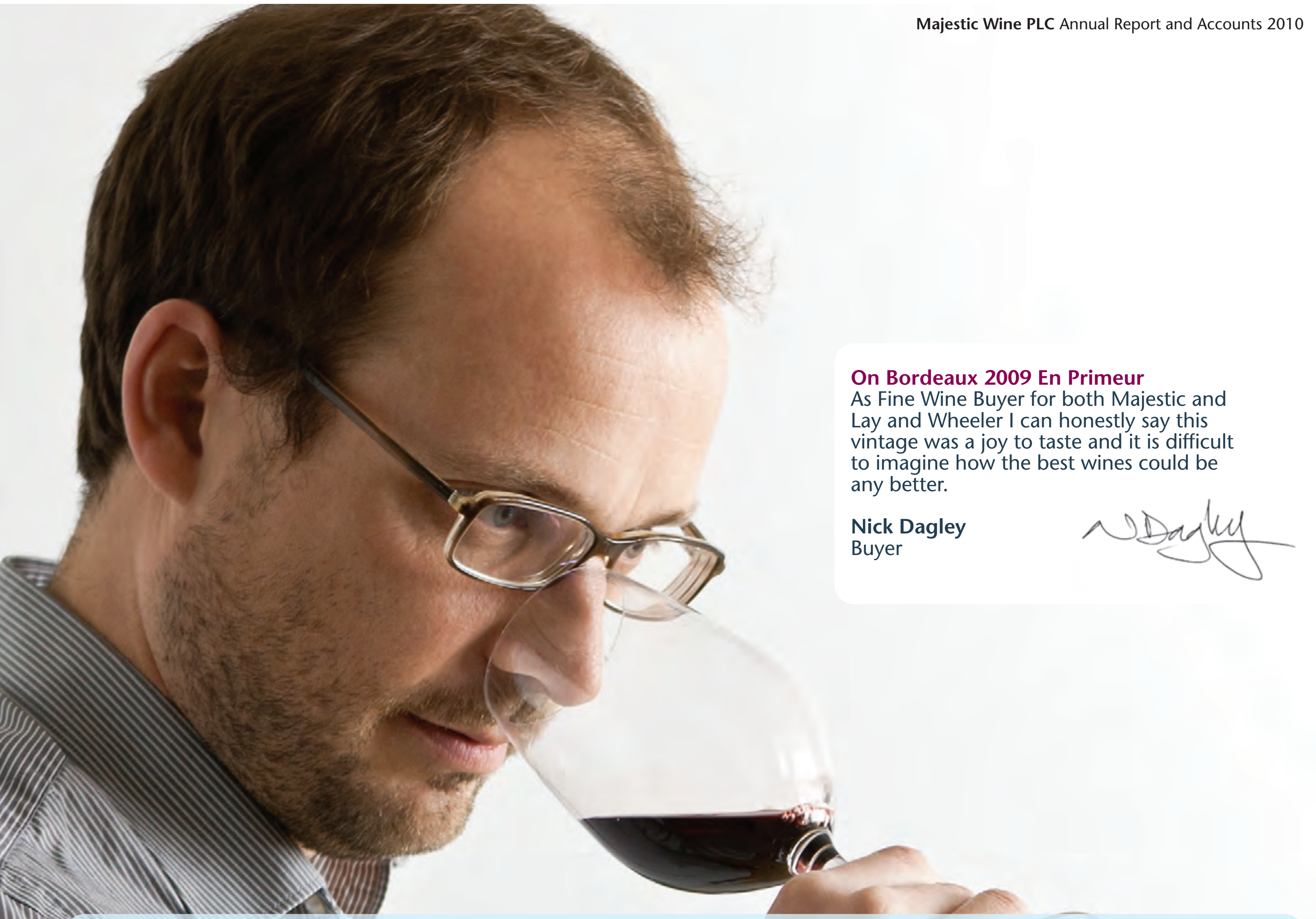
Taxation
The effective rate of tax in 2010 on underlying profit was 29.5% (2009: 32.4%). This is higher than the corporation tax rate of 28.0% mostly due to the excess of depreciation over tax writing down allowances as certain assets are non-qualifying.

Earnings per share
Underlying basic earnings per share for the year at 18.4p were 31.4% higher than the previous year (2009: 14.0p). Underlying diluted earnings per share for the period of 18.3p were up 30.7% on the previous year (2009: 14.0p).

Basic earnings per share for the year at 18.4p were 247.2% higher than the previous year (2009: 5.3p). Diluted earnings per share for the year at 18.3p were 245.3% higher than the previous year (2009: 5.3p).

Dividend
The Board is proposing a final dividend for 2010 of 7.5 pence per share. Together with the interim dividend of 2.8 pence paid to shareholders on 8 January 2010, this would make a total dividend for the financial year of 10.3 pence per share, an increase of 5.1% over the prior year. The total dividend is 1.8 times covered by underlying profit after tax (2009: 1.4 times). The improvement in trading performance has enabled the Group to raise the amount returned to shareholders whilst rebuilding its dividend cover to a more appropriate level.

Subject to shareholders' approval at the Annual General Meeting on 6 August 2010, the final dividend will be payable on 13 August 2010, to shareholders on the register on 16 July 2010.



On Bordeaux 2009 En Primeur
As Fine Wine Buyer for both Majestic and Lay and Wheeler I can honestly say this vintage was a joy to taste and it is difficult to imagine how the best wines could be any better.

Nick Dagley
Buyer

Lay & Wheeler
In the previous year we paid £4.5m to acquire Lay & Wheeler, a fine wine specialist. During the year, a further £0.6m consideration was paid. Of this amount, £0.4m was for a deferred tax asset and £0.2m was on finalisation of completion accounts. The opening balance sheet has been restated to reflect these changes and the £0.6m cash flow is stated as part of the movement in creditors. The total amount paid for the acquisition was £6.1m, including the assumption of net debt of £1.0m.

Cash flow and net debt
The Group is strongly cash generative with cash flows from operations of £21.2m in the year. This is £5.7m higher than the £15.5m generated in the previous year as a result of the improvement in the level of underlying profit before tax.

Capital expenditure was £6.2m, down from £7.2m in 2009. The previous year's expenditure was higher as we acquired three freehold sites which we are currently in the process of developing.

Other significant cash flows in the year included dividends paid to shareholders of £6.0m (2009: £6.0m), tax payments of £4.1m (2009: £4.3m) and repayment of term loan of £0.7m (2009: nil).

The Group's net debt at 29 March 2010 was £3.9m, a reduction of £4.4m over the year.

Liquidity and funding
At 29 March 2010 the Group had net current liabilities of £0.7m down from £3.4m in the prior year. This is a common position for many retailers and operating with net current liabilities does not affect the Group's ability to maintain its banking facilities. The Group maintains liquidity by arranging funding ahead of requirements. At 29 March 2010 the Group had undrawn short term borrowing facilities of £12.5m which have no expiry date but are reviewed annually. These facilities are in place to allow the Group to finance its seasonal working capital requirements and new store opening programme.

In addition the Group has a requirement for core funding satisfied by a term loan facility which was £6.3m as at 29 March 2010. The loan is a committed facility expiring in March 2012.

Financial Position
It is pleasing to note that we have delivered strong financial growth in the year. The healthy cash flows that the Group generated has enabled us to continue to invest in the business and, at the same time, raise returns to shareholders through increased dividend payments.

Nigel Alldritt
Finance Director
14 June 2010

Majestic Commercial
Beyond retail

Majestic Commercial is the name for the corporate division of Majestic Wine, who specialise in the supply of wine to a range of Commercial businesses accounting for 22% of our turnover.

It began in the basement of our store in Notting Hill Gate in 1994, when we spotted an opportunity to sell wines directly to advertising agencies and media companies in London's West End.

In 2010 the Majestic Commercial team numbers over 30 and covers all of mainland UK.

On-Trade on the up

My role as a Regional Sales Manager covers Northern England and Scotland. We aim to supply successful food outlets such as restaurants, bistros, brasseries, good country pubs and gastropubs as well as other venues such as golf clubs and small theatres.

Three years ago I had a team of just two Business Development Managers, whose aim was to win new business and look after the needs of existing customers. This team has now grown to six as our offering has proved a real success.

Excellent value in a competitive market

The last 18 months have been very competitive in the marketplace and people are very price conscious so we have to make sure that they get the best value. We have managed to grow successfully by being able to deliver good value but alongside that we offer extra diversity and quality. The Commercial department is fortunate because not only do we have great value and prices but we are aided by superior in store service and a flexible and responsive delivery service.

Potential for growth

Our share of the valuable On-Trade market has serious potential for growth. Our aim is to continuously improve our offer with the addition of more exclusive products and offering our customers training to improve wine knowledge.

The wine market continues to change but both our product and market knowledge is such that Majestic customers can rely on our ability to keep their wine list fresh with the best of the new and old world.

Alex Gittins
Regional Sales Manager

Directors
Advisers

Company Secretary
Nigel Alldritt ACMA

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Left to right
Simon Burke
Phil Wrigley
Steve Lewis
Nigel Alldritt
Justin Apthorp
Paul Dermody
Helen Keays

Simon Burke
Aged 51, is non-executive Chairman and was appointed to the Board in 2000. He is Chairman of Irish supermarket chain Superquinn.

He is stepping down from the Board after the forthcoming Annual General Meeting on 6 August 2010.

Phil Wrigley
Aged 57, is joined Majestic's Board in April as a non-executive director. He will become Chairman when Simon Burke leaves the Group after its next AGM on August 6.

He is currently Chairman of Habitat and he has also held roles at New Look, Debenhams, Arcadia and Bhs.

Steve Lewis
Aged 46, was appointed Chief Executive on 8 August 2008. He was appointed to the Board in 1998.

Nigel Alldritt
Aged 46, is Finance Director and Company Secretary and was appointed to the Board in 2002. He is a Chartered Management Accountant and responsible for the finance and IT functions.

Justin Apthorp
Aged 48, is Buying Director. He was appointed to the Board in January 2006.

Paul Dermody
Aged 64, is a non-executive Director and was appointed to the Board in 2003. He is the former Chief Executive of De Vere Group Plc. He is a non-executive Director of AGA Rangemaster Group Plc. He chairs the audit committee.

Helen Keays
Aged 46, is a non-executive Director and was appointed to the Board in November 2005.
She is a management consultant and trustee of The Shakespeare Birthplace Trust. She chairs the remuneration committee.

Directors' Report
For the year ended 29 March 2010

The Directors present their report and Group financial statements for the year ended 29 March 2010.

Principal activity

The principal activity of the business is the retailing of wines, beers and spirits.

Results and review of the business

The Group Income Statement is set out on page 22.

The Directors' Report should be read in conjunction with the Chairman's Statement on page 3 and the Review of Operations on pages 4 to 7 which include information about the Group's business performance during the year and indication of future prospects.

Dividends

The Directors propose that a final dividend of 7.5p net per Ordinary Share be paid which, together with an interim dividend of 2.8p paid on 8 January 2010, makes a total of 10.3p (2009: 9.8p) per share for the year. The final dividend amounting to £4,609,000, if approved at the Annual General Meeting, will be paid on 13 August 2010 to the shareholders whose names appear on the Register of Members at the close of business on 16 July 2010.

Directors

The Directors who served during the year and their interests in the Ordinary Share capital of the Company were:

	Number of Ordinary Shares	
	2010	2009
Steve Lewis	**58,305**	53,805
Nigel Alldritt	**60,120**	60,120
Justin Apthorp (note 1)	**762,873**	762,873
Simon Burke	**8,000**	8,000
Paul Dermody (note 2)	**7,000**	7,000
Helen Keays	**–**	–

Notes:
1) 738,873 of the Ordinary Shares that Justin Apthorp has an interest in are held in his own name and 24,000 are held by his wife.

2) 2,000 of the Ordinary Shares that Paul Dermody has an interest in are held in his own name and 5,000 are held by his wife.

Simon Burke, Paul Dermody and Helen Keays are non-executive Directors.

Phil Wrigley was appointed to the Board on 23 April 2010, and a proposal to confirm his appointment as a non-executive Director will be put to the Annual General Meeting. In accordance with the Company's Articles of Association, Paul Dermody and Steve Lewis retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The Group has provided to all of its Directors limited indemnities in respect of costs of defending claims against them and third party liabilities.

Share capital

The authorised and called-up share capital of the Company, together with details of the Ordinary Shares allotted and purchased during the year are shown in note 24 of the financial statements. The Company is authorised by the shareholders to purchase, in the market, the Company's own shares up to a maximum aggregate nominal value equal to £461,069 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company. This authority is renewable annually and approval will be sought at the Annual General Meeting to renew the authority for a further year. It is the Company's present intention to cancel any shares it buys back, rather than hold them in treasury.

Major shareholders

At 3 June 2010 the following interests of shareholders in excess of 3%, have been notified to the Company.

	Number of Ordinary Shares held	Ordinary Shares as % of issued share capital
Rock Nominees	8,000,000	13.01
Aviva Investors	4,451,721	7.24
AXA Framlington Investment Managers	3,099,956	5.04
Artemis Investment Management	2,825,866	4.60
Hawesko Holding	2,083,047	3.39
McInroy & Wood	1,994,908	3.25
Octopus Investments	1,938,979	3.15

Corporate Governance

The Board has established a remuneration committee and an audit committee.

Remuneration committee

The remuneration committee consists of the Chairman and the other two non-executive Directors. It is chaired by Helen Keays and meets as required during the year. The committee determines the remuneration and benefits of the executive Directors. The executive Directors have rolling one year contracts subject to one year's notice on either side. The remuneration of non-executive Directors is determined by the Board within the limits set by the Company's Articles of Association. They have letters of engagement with the Company and their appointments are terminable on three months written notice on either side.

Directors' Report
For the year ended 29 March 2010

Share option schemes

The Group operates executive share option schemes (one of which is a HM Revenue & Customs Company Approved Share Option Scheme and one which is unapproved for tax purposes) in which the Directors and employees participate. The Group also operates a savings related share option scheme that is available to all Group employees, and conforms to HM Revenue & Customs rules. The committee determines the allocation of options for the share schemes and the awards made for the co-investment plan and the deferred bonus scheme.

The executive Directors' participation in the Group's executive share option schemes is limited such that they are eligible to receive options over shares in value up to a maximum of two times gross salary at the date of grant which will only become exercisable on the achievement of performance criteria determined by the remuneration committee.

Co-investment plan

The Company operates an annual cash bonus and co-investment plan for the executive Directors. Three executive Directors, Steve Lewis, Nigel Alldritt and Justin Apthorp are entitled to a combined cash award of £386,000 under the terms of the scheme for the year ended 29 March 2010. The remuneration committee has determined that they will be required to invest a minimum of 25% of their net annual bonus to acquire shares, which must be held in the co-investment plan. Participants may also invest additional amounts in the form of cash or shares such that the total number of shares invested in the plan for this year's scheme is not greater than 35,000 for Steve Lewis and 25,000 for each of Nigel Alldritt and Justin Apthorp. Shares invested must be held in the plan for three years. At the end of the period, provided participants are still employed within the Group and dependant upon the achievement of specified performance targets related to total shareholder return, they may be awarded free shares up to a maximum award of one and a half free shares for every share invested. The total amount payable under the scheme is capped at one and half times gross salary in any one year.

The Directors' interests in share options are as follows:

	Options at 30.03.09	Options granted/ (lapsed)	Options exercised	**Options at 29.03.10**	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date	Scheme name
Steve Lewis	78,750	–	4,500	**74,250**	£1.145	£1.88	09.07.05	08.07.12	Unapproved
	9,970	–	–	**9,970**	£2.635	–	25.07.08	25.07.15	Approved
	40,030	–	–	**40,030**	£2.635	–	25.07.08	24.07.15	Unapproved
	1,321	–	–	**1,321**	£2.86	–	01.03.10	31.08.10	SAYE
	34,660	–	–	**34,660**	nil	–	19.07.10	18.07.17	Co-investment
	2,200	–	–	**2,200**	£1.68	–	17.07.11	17.07.18	Approved
	22,800	–	–	**22,800**	£1.68	–	17.07.11	17.07.18	Unapproved
	–	50,000	–	**50,000**	£1.97	–	16.07.12	16.07.19	Unapproved
	–	52,500	–	**52,500**	nil	–	30.07.12	30.07.19	Co-investment
Nigel Alldritt	35,000	–	–	**35,000**	£1.145	–	09.07.05	08.07.12	Unapproved
	11,380	–	–	**11,380**	£2.635	–	25.07.08	25.07.15	Approved
	38,620	–	–	**38,620**	£2.635	–	25.07.08	24.07.15	Unapproved
	4,192	(4,192)	–	**–**	£2.23	–	01.03.09	31.08.09	SAYE
	27,729	–	–	**27,729**	nil	–	19.07.10	18.07.17	Co-investment
	25,000	–	–	**25,000**	£1.68	–	17.07.11	17.07.18	Unapproved
	–	50,000	–	**50,000**	£1.97	–	16.07.12	16.07.19	Unapproved
	–	37,500	–	**37,500**	nil	–	30.07.12	30.07.19	Co-investment
Justin Apthorp	10,235	(10,235)	–	**–**	£2.93	–	10.07.09	10.07.16	Approved
	39,765	(39,765)	–	**–**	£2.93	–	10.07.09	09.07.16	Unapproved
	21,952	–	–	**21,952**	nil	–	19.07.10	18.07.17	Co-investment
	25,000	–	–	**25,000**	£1.68	–	17.07.11	17.07.18	Unapproved
	–	15,200	–	**15,200**	£1.97	–	16.07.12	16.07.19	Approved
	–	34,800	–	**34,800**	£1.97	–	16.07.12	16.07.19	Unapproved
	–	37,500	–	**37,500**	nil	–	30.07.12	30.07.19	Co-investment

The market value of the Company's shares at 29 March 2010 was 255.75p. The highest and lowest prices during the year were 286.50p and 159.50p respectively.

The Directors' remuneration for the year is set out in the table below.

	Basic salary and fees £000	Benefits £000	Performance related bonuses £000	Company pension contributions £000	**Total 2010 £000**	Total 2009 £000
Steve Lewis	210	39	167	42	**458**	257
Nigel Alldritt	150	9	119	30	**308**	189
Justin Apthorp	125	9	100	25	**259**	159
Simon Burke	60	–	–	–	**60**	60
Paul Dermody	20	–	–	–	**20**	20
Helen Keays	20	–	–	–	**20**	20
Tim How (retired 8 August 2008)	–	–	–	–	**–**	356
	585	**57**	**386**	**97**	**1,125**	1,061

Directors' Report
For the year ended 29 March 2010

Deferred bonus scheme
The Group operates a deferred bonus scheme for senior managers, which excludes the executive Directors.

It involves the award of bonus shares to participants subject to meeting performance criteria that are set annually by the remuneration committee. Any bonus shares awarded in this manner are held on behalf of participants by the trustee of the Company's employee share ownership trust for a two year deferral period. At the end of that period, participants have a right to receive loyalty shares of equivalent number provided that they are still in employment.

Under the terms of the scheme for the financial year ended 29 March 2010, participants are entitled to an award of bonus shares equal to £258,000.

The best estimate for the cost of bonus and loyalty shares is £516,000. The cost of the scheme is spread over the current year and the two year deferral period with £344,000 recognised in the income statement for the year ended 29 March 2010 in accordance with IFRS 2.

Audit committee
The audit committee consists of the Chairman and the other two non-executive Directors. It is chaired by Paul Dermody. The other Directors attend by invitation. It meets as required during the year, at least once with the Group's external auditors. Its role is to review the interim and final financial statements for approval by the Board, to ensure that appropriate financial and operating controls are functioning properly and to provide the forum through which the Group's external auditors report to the Board.

Internal controls
The Directors are responsible for the Group's internal controls, and have established a framework intended to provide reasonable, but not absolute, assurance against material financial misstatement or loss.

Financial reporting
The Group's trading performance is monitored on an ongoing basis. An annual budget is prepared and specific objectives and targets are set. The budget is reviewed and approved by the Board. The key trading aspects of the business are monitored weekly and internal management and financial accounts are prepared quarterly. The results are compared to budget and prior year performance.

Store control environment
Operating procedures for control of store operations are clearly documented and set out in operation manuals. Senior operational managers are responsible for the implementation of these procedures and compliance is monitored.

Risk management
The risks facing the business are assessed on an ongoing basis. The executive Directors have direct responsibility for a number of key risk areas. They evaluate the likelihood and potential impact of risks and ensure appropriate action is taken to mitigate them. The key risks and mitigating factors are set out below.

- The retail industry is very competitive. The Group competes with a number of retailers of varying size on areas including price, range, quality and service. Failure to compete effectively could have an adverse impact on the financial results. Apart from regularly monitoring performance against competitors in these areas the Group mitigates its exposure by ensuring that the business is differentiated from the competition by the diversity and quantity of stock at each location, provision of dedicated car parking and wine expertise.
- The Group recognises that it is essential to its success to attract, retain and motivate staff at all levels in the organisation. The Group considers its employment policies regularly and provides a comprehensive package of salary and benefits, including bonuses and participation in the Group's share option schemes. Great emphasis is placed on training in order to help people achieve their full potential.
- The business is dependent on information technology systems and a significant failure may impact the Group's ability to trade. The Group has extensive controls in place to ensure the integrity and reliability of its systems. Recovery plans are in place to ensure that any disruption from a failure can be kept to a minimum and they are regularly tested.
- As a drinks retailer the Group operates in a market that is regulated most notably by way of licences to sell alcohol. The Group monitors compliance with licensing requirements ensuring that all relevant staff hold the appropriate qualifications. Changes in the regulatory environment could occur at any time and may have a detrimental effect on the business.
- The Group imports product direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures.

Financial instruments
The Group's financial risk management objectives and policies are discussed in note 29 to the financial statements.

Charitable and political donations
Charitable donations made in the year amounted to £27,000 with the largest beneficiary being Children's Hospices UK. The Group made no political donations during the year.

Key Performance Indicators
The Group monitors a number of performance indicators both financial and non-financial.

	52 weeks to 29.03.10	52 weeks to 30.03.09
Total % increase in Group turnover (%)	**15.6%**	2.4%
UK retail like for like sales increase/(decrease) (%)	**8.4%**	(2.7)%
Underlying profit before tax £m*	**£16.0m**	£12.7m
Underlying profit before tax as a % of total turnover (%)*	**6.9%**	6.3%
Number of stores trading in the UK	**152**	147
Number of active customers	**472,000**	418,000
Average transaction value (£)	**£129**	£133

*Underlying profit before tax represents profit before tax and exceptional items as disclosed in the Group Income Statement.

These indicators are discussed in the Chairman's Statement, the Review of Operations and the Financial Review.

Directors' Report
For the year ended 29 March 2010

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period. In preparing those financial statements, the Directors are required to:

– select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
– provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
– state that the Group and Company have complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 16. Having made enquiries of fellow Directors and of the Company's Auditors each of these Directors confirms that:

– to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware; and
– each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of that information.

Employees

The Directors recognise the value of involving employees in the business and ensure that matters of concern to them, including the Group's aims and objectives are communicated in an open and regular manner. Employees are kept informed of the Group's performance and activities by regular briefings. Directors and senior managers visit stores frequently to brief staff and discuss matters of concern or interest. The Group's senior staff participate in the Group's share option schemes, and the deferred bonus scheme. Recruitment and training development policies give equal opportunity to all employees regardless of age, sex, colour, race, religion or ethnic origin. The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. The Group uses its best endeavours to continue to employ persons who become disabled during their employment. Training programmes are held for all levels of staff. These are aimed at increasing skills and contribution with particular emphasis placed on product knowledge and customer service skills.

Payment of suppliers

The Group does not follow any formal code of practice for payment of its suppliers. The Group's current policy concerning the payment of the majority of its trade and other payables is to:

(a) agree the terms of payment with suppliers when agreeing the terms of business;
(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms on purchase orders; and
(c) pay in accordance with the terms agreed.

The average credit period taken during the year by the Group was 78 days (2009: 77 days). The Company has no trade payables.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review. The financial position of the Group, its cash flows, liquidity position, and borrowing facilities are also described in that review. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit and liquidity risk. The Board are currently of the opinion that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current borrowing facilities and comply with its banking covenants. At the balance sheet date the Group had net current liabilities of £659,000. In common with many other retailers the Group is able to operate at certain times of the year with net current liabilities without impacting its ability to operate within its current banking facilities. The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

Auditor

A resolution to reappoint Ernst & Young LLP as Auditors of the Company will be put to the Annual General Meeting. The Directors will also be given the authority to fix the Auditor's remuneration.

By Order of the Board

Nigel Alldritt ACMA
Company Secretary

Majestic House
Otterspool Way
Watford WD25 8WW

14 June 2010

Registered in England Wales
No. 2281640

Audit Report
For the year ended 29 March 2010

Independent Auditor's Report to the Members of Majestic Wine PLC

We have audited the financial statements of Majestic Wine PLC for the year ended 29 March 2010 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. 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
As explained more fully in the Directors' Responsibilities Statement set out on page 20, the Directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:
– the financial statements give a true and fair view of the state of the Group's and parent Company's affairs as at 29 March 2010 and of the Group's profit for the year then ended;
– the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
– the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with provisions of the Companies Act 2006; and
– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
– adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
– the parent Company financial statements are not in agreement with the accounting records and returns; or
– certain disclosures of Directors' remuneration specified by law are not made; or
– we have not received all the information and explanations we require for our audit.

Tony McCartney (Senior statutory auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor
Cambridge

14 June 2010

Group Income Statement
For the year ended 29 March 2010

	Note	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Revenue		**233,220**	201,794
Cost of sales		**(183,528)**	(160,148)
Gross profit		**49,692**	41,646
Distribution costs		**(20,165)**	(18,398)
Administrative costs		**(13,838)**	(16,337)
Other operating income		**777**	631
Profit before finance costs and taxation	6	**16,466**	7,542
Finance revenue	8	**7**	55
Finance costs	8	**(462)**	(218)
Profit before taxation		**16,011**	7,379
Analysed as:			
Underlying profit before tax		**16,011**	12,710
Exceptional items:			
Goodwill impairment included in administrative costs	9	**–**	(5,331)
		16,011	7,379
UK income tax	10	**(4,591)**	(3,973)
Overseas income tax	10	**(140)**	(144)
Profit for the year		**11,280**	3,262
Earnings per share			
Basic	11	**18.4p**	5.3p
Diluted	11	**18.3p**	5.3p
Underlying basic	11	**18.4p**	14.0p
Underlying diluted	11	**18.3p**	14.0p
Total dividend per share for the year	12	**10.3p**	9.8p

Registered in England and Wales
Number 2281640

Group Statement of Comprehensive Income
As at 29 March 2010

	Note	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Profit for the year		**11,280**	3,262
Other comprehensive income:			
Currency translation difference on foreign currency net investments		**(144)**	1,406
Tax credit/(debit) on employee share options		**182**	(69)
Other comprehensive income for the year, net of tax		**38**	1,337
Total comprehensive income for the year		**11,318**	4,599

Group and Company Statement of Changes in Equity
For the year ended 29 March 2010

	Share capital £000	Share premium account £000	Capital reserve own shares held in ESOT £000	Capital redemption reserve £000	Currency translation reserve £000	Retained earnings £000	Total shareholders' funds £000
Group							
At 31 March 2008	4,628	10,359	(105)	333	1,217	32,987	49,419
Profit for the year	–	–	–	–	–	3,262	3,262
Other comprehensive income:							
Foreign exchange differences	–	–	–	–	1,406	–	1,406
Tax debit on employee share options	–	–	–	–	–	(69)	(69)
Total comprehensive income for the year	–	–	–	–	1,406	3,193	4,599
Share issue	11	159	–	–	–	–	170
Shares vesting under deferred bonus scheme	–	–	2	–	–	(2)	–
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	–	–	–	–	–	266	266
Purchase and cancellation of share capital	(30)	–	–	30	–	(828)	(828)
Equity dividends paid	–	–	–	–	–	(6,010)	(6,010)
At 30 March 2009	4,609	10,518	(103)	363	2,623	29,606	47,616
Profit for the year	–	–	–	–	–	11,280	11,280
Other comprehensive income:							
Foreign exchange differences	–	–	–	–	(144)	–	(144)
Tax credit on employee share options	–	–	–	–	–	182	182
Total comprehensive income for the year	–	–	–	–	(144)	11,462	11,318
Share issue	2	29	–	–	–	–	31
Shares vesting under deferred bonus scheme	–	–	96	–	–	(96)	–
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	–	–	–	–	–	706	706
Equity dividends paid	–	–	–	–	–	(6,023)	(6,023)
At 29 March 2010	**4,611**	**10,547**	**(7)**	**363**	**2,479**	**35,655**	**53,648**
Company							
At 31 March 2008	4,628	10,359	–	333	–	10,489	25,809
Profit for the year	–	–	–	–	–	4,135	4,135
Total comprehensive income for the year	–	–	–	–	–	4,135	4,135
Share issue	11	159	–	–	–	–	170
Purchase and cancellation of share capital	(30)	–	–	30	–	(828)	(828)
Equity dividends paid	–	–	–	–	–	(6,010)	(6,010)
At 30 March 2009	4,609	10,518	–	363	–	7,786	23,276
Profit for the year	–	–	–	–	–	7,705	7,705
Total comprehensive income for the year	–	–	–	–	–	7,705	7,705
Share issue	2	29	–	–	–	–	31
Equity dividends paid	–	–	–	–	–	(6,023)	(6,023)
At 29 March 2010	**4,611**	**10,547**	**–**	**363**	**–**	**9,468**	**24,989**

Group and Company Balance Sheets
As at 29 March 2010

	Note	**Group 29.03.10 £000**	Group 30.03.09 (restated) £000	**Company 29.03.10 £000**	Company 30.03.09 £000
Non current assets					
Goodwill and intangible assets	13	**9,085**	9,477	**–**	–
Property, plant and equipment	14	**50,512**	47,978	**–**	–
Prepaid operating lease costs	15	**1,578**	1,583	**–**	–
Deferred tax assets	10	**942**	472	**–**	–
Investments in subsidiaries	16	**–**	–	**7,982**	7,982
		62,117	59,510	**7,982**	7,982
Current assets					
Inventories	18	**38,511**	37,752	**–**	–
Trade and other receivables	19	**11,594**	11,531	**19,007**	17,294
Financial instruments at fair value	29	**233**	834	**–**	–
Cash and cash equivalents	29	**4,774**	2,572	**–**	–
		55,112	52,689	**19,007**	17,294
Total assets		**117,229**	112,199	**26,989**	25,276
Current liabilities:					
Trade and other payables	20	**(49,778)**	(49,724)	**–**	–
Term loan	21	**(672)**	(669)	**–**	–
Bank overdraft	21	**(2,453)**	(3,950)	**–**	–
Provisions	22	**(296)**	(121)	**–**	–
Deferred lease inducements	23	**(106)**	(109)	**–**	–
Financial instruments at fair value	29	**(5)**	–	**–**	–
Current tax liabilities		**(2,461)**	(1,515)	**–**	–
		(55,771)	(56,088)	**–**	–
Non current liabilities					
Amounts due to Group undertakings	20	**–**	–	**(2,000)**	(2,000)
Term loan	21	**(5,575)**	(6,245)	**–**	–
Provisions	22	**(87)**	–	**–**	–
Deferred lease inducements	23	**(747)**	(769)	**–**	–
Deferred tax liabilities	10	**(1,401)**	(1,481)	**–**	–
Total liabilities		**(63,581)**	(64,583)	**(2,000)**	(2,000)
Net assets		**53,648**	47,616	**24,989**	23,276
Shareholders' equity					
Called up share capital	24	**4,611**	4,609	**4,611**	4,609
Share premium account	24	**10,547**	10,518	**10,547**	10,518
Capital reserve – own shares	24	**(7)**	(103)	**–**	–
Capital redemption reserve	24	**363**	363	**363**	363
Currency translation reserve	24	**2,479**	2,623	**–**	–
Retained earnings		**35,655**	29,606	**9,468**	7,786
Equity shareholders' funds		**53,648**	47,616	**24,989**	23,276

The financial statements were approved by the Board on 14 June 2010 and signed on its behalf by:

Simon Burke
Chairman

Group and Company Cash Flow Statements
For the year ended 29 March 2010

	Note	**Group 52 weeks 29.03.10 £000**	Group 52 weeks 30.03.09 £000	**Company 52 weeks 29.03.10 £000**	Company 52 weeks 30.03.09 £000
Cash flows from operating activities					
Cash generated/(utilised) by operations	28a	**21,208**	15,493	**(1,713)**	(1,506)
UK income tax paid		**(4,309)**	(3,918)	**–**	–
Overseas income tax received/(paid)		**164**	(369)	**–**	–
Net cash generated/(utilised) by operating activities		**17,063**	11,206	**(1,713)**	(1,506)
Cash flows from investing activities					
Interest received		**7**	55	**–**	–
Dividends received		**–**	–	**7,705**	8,174
UK income tax paid		**(8)**	(34)	**–**	–
Overseas income tax paid		**–**	(11)	**–**	–
Purchase of non current assets		**(6,173)**	(7,152)	**–**	–
Acquisition of subsidiaries including cash and cash equivalents acquired		**–**	(5,538)	**–**	–
Receipts from sales of non current assets		**23**	78	**–**	–
Net cash (utilised)/generated by investing activities		**(6,151)**	(12,602)	**7,705**	8,174
Cash inflow/(outflow) before financing		**10,912**	(1,396)	**5,992**	6,668
Cash flows from financing activities					
Interest paid		**(486)**	(288)	**–**	–
Issue of Ordinary Share capital		**31**	170	**31**	170
Term loan (repayment)/receipt		**(700)**	7,000	**–**	–
Arrangement fee on term loan		**–**	(88)	**–**	–
Shares re-purchased		**–**	(828)	**–**	(828)
Equity dividends paid		**(6,023)**	(6,010)	**(6,023)**	(6,010)
Net cash used by financing activities		**(7,178)**	(44)	**(5,992)**	(6,668)
Net increase/(decrease) in cash and cash equivalents		**3,734**	(1,440)	**–**	–
Cash and cash equivalents at beginning of year		**(1,378)**	(109)	**–**	–
Effect of foreign exchange differences		**(35)**	171	**–**	–
Cash and cash equivalents at end of year	28b	**2,321**	(1,378)	**–**	–

Notes to the Financial Statements

1. General information

Majestic Wine PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 2281640). The Company is domiciled in the United Kingdom and its registered address is Majestic House, Otterspool Way, Watford, WD25 8WW. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM").

The Group's principal activity is the retailing of wines, beers and spirits. The Company's principal activity is to act as a holding company for its subsidiaries.

2. Authorisation of financial statements and statement of compliance with IFRS

The Group's and Company's financial statements for the year ended 29 March 2010 were authorised for issue by the Board of Directors on 14 June 2010 and the balance sheets were signed on the Board's behalf by Simon Burke.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company's financial statements have been prepared on the same basis. As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year.

3. Basis of preparation

The financial year represents the 52 weeks to 29 March 2010 and the prior financial year, 52 weeks to 30 March 2009. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements except as follows:

The Group has adopted the following new and revised IFRS during the year.

IFRS 8 Operating Segments

This standard requires operating segments to be reported in a manner consistent with that used for internal reporting purposes. The standard is concerned with the presentation and disclosure of segment information in the Group's financial statements and therefore does not affect the financial performance or position of the Group in this or prior periods. Adoption of this standard has not resulted in any additional segments being presented.

IFRS 8 disclosures are shown in note 5, including the related revised comparative information.

IAS 1 (Revised) Presentation of Financial statements

This revised standard separates owner and non-owner changes in equity. It requires that these non-owner changes in equity be presented in a performance statement. The Group has elected to present two statements: an Income Statement and a Statement of Comprehensive Income.

Amendment to IFRS 2 Share-Based Payment – Vesting Conditions and Cancellations

This amendment to IFRS 2 clarifies that only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target) are vesting conditions. All other conditions are non-vesting conditions which have to be taken into account to determine the fair value of the equity instruments granted. Where an award fails to vest as a result of a failure to meet a non-vesting condition then the award must be treated as a cancellation. Cancellations are treated as accelerated vestings with all remaining future charges recognised immediately in the Group Income Statement with the corresponding credit recognised directly in equity. This amendment to the standard has no significant impact on the financial statements of the Group.

Amendment to IFRS 7 Improving Disclosure about Financial Instruments

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy.

The fair value measurement disclosures are presented in note 29. The group has taken advantage of the transitional provisions under this amendment and has therefore not provided comparative information for 30 March 2009.

The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 29.

Notes to the Financial Statements

4. Accounting policies

Basis of consolidation
The full year consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up to the nearest Monday to 31 March each year. The interim results are prepared for the first 26 weeks of the relevant full period.

Intercompany transactions and balances between Group entities are eliminated upon consolidation.

Company investment in subsidiaries
In its separate financial statements the Company recognises its investments in subsidiaries at cost.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue consists of:
– sales through retail outlets in the UK and France and trade sales through both head office and our dedicated depot in King's Cross measured at the fair value of consideration, net of returns, rebates and value-added taxes and recognised when the significant risks and rewards of ownership have been transferred to the buyer;
– finance revenue is interest receivable from bank deposits, interest receivable from lessees under the terms of their leases and interest receivable from HM Revenue & Customs on corporation tax paid on account and is recognised on an effective interest rate basis;
– other operating income comprises rental income receivable from sub-let premises and is recognised on an accruals basis; and
– dividends receivable by the Company are from subsidiary undertakings and are recognised when the Company has the right to receive them.

Finance costs

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Borrowing costs
Borrowing costs are recognised as an expense when incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset. The policy is adopted for all assets that meet the definition of qualifying assets under IAS 23.

Capitalisation of borrowing costs commence when:
– expenditures for the asset and borrowing costs are being incurred; and
– activities necessary to prepare the asset for its intended use are in progress.

Capitalisation of borrowing costs ceases when the asset is substantially ready for its intended use. When construction occurs piecemeal and use of each part is possible as construction continues, capitalisation for each part ceases on substantial completion of that part.

For borrowing associated with a specific asset, the actual borrowing costs less any investment income on temporary investment of those borrowings are capitalised. To the extent funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Exceptional items
The Group presents as exceptional items on the face of the income statement, those material items of income and expenses which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation. This allows shareholders to understand the elements of trading performance in the year, to facilitate comparison with prior periods and to better assess trends in trading performance.

Intangible assets

Licenses and computer software
Licenses and computer software are carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the costs incurred to acquire and bring in to use the specific software. These assets are considered to have finite useful lives and are amortised on a straight line basis over the estimated useful economic life of each of the assets. This is considered to be between three and five years for computer software and for licenses it is the term of the relevant license.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the Financial Statements

4. Accounting policies continued

Goodwill
Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is recognised as an asset on the Group's balance sheet in the year in which it arises. Goodwill is not amortised and is tested for impairment at least annually and more frequently if events or changes indicate that the carrying value may be impaired and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash generating units on which it arose. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

Goodwill arising on acquisitions after 31 December 1997 and before 28 March 2005 (the date of transition to IFRS) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill arising on the acquisition of subsidiaries prior to 31 December 1997 was written off immediately against reserves. This has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:
– Freehold buildings and leasehold properties – 50 years, or the lease term if shorter.
– Equipment, fittings and vehicles – at rates varying from 10% to 33%.
– Freehold land is not depreciated.

Land and buildings under construction and non current assets held for sale are not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the fair value less costs to sell and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

Impairment of assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash generating units are generally considered to be individual stores.

An impairment charge is recognised in the income statement in the year in which it occurs. Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in its original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes carriage and duty costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Trade and other receivables
Trade receivables, which are generally received on end of month following terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Non current assets held for sale
Non current assets are classified as held for sale if their carrying amount will be recovered through sales rather than continuing use. This condition is regarded as met if management are committed to the sale and the asset is available for immediate disposal in its present condition. Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Notes to the Financial Statements

4. Accounting policies continued

Foreign currencies

Foreign operations
The consolidated financial statements are presented in sterling which is the Company's functional and presentational currency. Each entity in the Group determines its own functional currency and items in the financial statements of each entity are measured using that functional currency. The income and expenses of overseas subsidiaries are translated at the average rate of exchange ruling during the year. The balance sheet of the overseas subsidiary undertaking is translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising, if any, are included within equity and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed.

Foreign currency transactions
Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement for the period.

Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably measured.

Leased assets

Group as lessee
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement. Lease incentives, primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term. Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease.

Group as lessor
Assets leased out under operating leases are included in property, plant and equipment and depreciated over their useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Pensions
The Group contributes to the personal pension plans of certain staff. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The Group has no further payment obligations once the contributions have been paid.

Share based payments
The Group provides benefits to employees (including Directors) in the form of share based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions"). The cost of the equity-settled transactions with employees and Directors is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value of employee share option plans is calculated using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the fair value at date of grant.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or in the case of an instrument subject to a market condition, be treated as vested as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase in equity.

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 28 March 2005.

Notes to the Financial Statements

4. Accounting policies continued

Income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Group has a legally enforceable right to do so and the Company intends to settle them on a net basis.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations arising from operational activities. These instruments are primarily foreign exchange forward contracts. The Group does not hold or issue derivative financial instruments for speculative purposes. However if derivatives do not qualify for hedge accounting they are accounted for as such.

All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For derivative financial instruments not designated as a hedge, any change in fair value is immediately recognised in the income statement.

There were no derivatives accounted for using hedge accounting during the year.

Own shares
Majestic Wine PLC shares held by the Company and the Group are classified in shareholders' equity as 'Capital Reserve-Own Shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

Use of assumptions and estimates
The Group makes judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods for the Group, and the estimates in relation to future cash flows and discount rates utilised in impairment testing.

New standards and interpretations not applied
The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group and Company:

International Financial Reporting Standards (IFRS)		Effective date	To be adopted by the Group and Company during years commencing
IAS 27	Consolidations (Revised)	01.07.2009	30.03.2010
IFRS 3	Business Combinations (Revised)	01.07.2009	30.03.2010
IFRS 9	Financial instruments (not yet endorsed by the EU)	01.01.2013	
IFRS 2	Group cash settled share-based payment arrangements	01.01.2010	30.03.2010

The impact on the Group's and Company's financial statements on adoption of these new standards is not expected to be material.

Notes to the Financial Statements

5. Segment reporting

For management purposes, the Group is organised into three distinct business units each operating in a separate segment of the overall wine market. Majestic Wine Warehouses is a UK based wine retailer, Lay & Wheeler is a specialist in the fine wine market and Wine and Beer World operates retail units in northern France servicing the UK cross-channel market.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of the business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on both sales growth and profit before interest. Financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 29 March 2010 and 30 March 2009. All activities are continuing.

Segment analysis 2010	Majestic Wine Warehouses £000	Lay & Wheeler £000	Wine and Beer World £000	Unallocated £000	Eliminated £000	Group £000
Third party revenue	213,540	12,414	7,266	–	–	233,220
Inter-segment revenue	–	906	–	–	(906)	–
Segment revenue	213,540	13,320	7,266	–	(906)	233,220
Segment result	16,027	23	416	–	–	16,466
Finance revenue	–	–	–	7	–	7
Finance costs	–	–	–	(462)	–	(462)
Profit/(loss) before tax	16,027	23	416	(455)	–	16,011
Income tax expense	–	–	–	(4,731)	–	(4,731)
Profit/(loss) for the year	16,027	23	416	(5,186)	–	11,280
Segment assets	95,948	16,684	6,330	942	(2,675)	117,229
Segment liabilities	(68,231)	(11,355)	(1,785)	(3,862)	21,652	(63,581)
Other segment items:						
Purchase of non current assets	6,112	39	22	–	–	6,173
Depreciation, amortisation and impairment	3,395	429	110	–	–	3,934
Share based payments	706	–	–	–	–	706

Segment analysis 2009	Majestic Wine Warehouses £000	Lay & Wheeler £000	Wine and Beer World £000	Unallocated £000	Eliminated £000	Group £000
Segment revenue*	191,597	785	9,412	–	–	201,794
Segment result before exceptional items	12,591	(123)	405	–	–	12,873
Exceptional items	–	–	(5,331)	–	–	(5,331)
Segment result	12,591	(123)	(4,926)	–	–	7,542
Finance revenue	–	–	–	55	–	55
Finance costs	–	–	–	(218)	–	(218)
Profit/(loss) before tax	12,591	(123)	(4,926)	(163)	–	7,379
Income tax expense	–	–	–	(4,117)	–	(4,117)
Profit/(loss) for the year	12,591	(123)	(4,926)	(4,280)	–	3,262
Segment assets (restated)	92,802	16,736	6,313	472	(4,124)	112,199
Segment liabilities (restated)	(69,657)	(11,324)	(1,999)	(2,996)	21,393	(64,583)
Other segment items:						
Purchase of non current assets including business combinations	11,615	2	5	–	–	11,622
Depreciation, amortisation and impairment	2,930	5	5,456	–	–	8,391
Share based payments	266	–	–	–	–	266

* Segment revenue is all to third parties.
The segment assets and liabilities that are not allocated represent deferred and current tax balances.

Notes to the Financial Statements

6. Profit before finance costs and taxation

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Profit before finance costs and taxation is stated after charging/(crediting) the following items:		
Depreciation	**3,242**	2,692
Amortisation and impairment	**692**	5,699
Operating lease rentals – land and buildings	**7,172**	6,965
– other leases	**824**	713
– sublease payments received	**(777)**	(631)
Loss on sale of plant and equipment	**23**	51
Bad debt expense	**126**	165
Net foreign currency exchange loss	**241**	171
Auditor's remuneration:		
Audit of the Group financial statements	**10**	19
Local statutory audits for subsidiaries	**84**	67
Taxation services	**–**	–

No audit fee has been charged in Majestic Wine PLC. In the prior year, in addition to the fees charged above, £79,000 of costs relating to the due diligence work in the acquisition of Lay & Wheeler were capitalised.

7. Employee information

The average monthly number of employees (including Directors) during the year was as follows:

	2010	2009
Head office, including distribution	**150**	128
Store staff	**665**	672
	815	800

Staff costs for the above employees during the year amounted to:

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Wages and salaries	**20,995**	18,324
Social security costs	**2,309**	1,868
Pension costs	**296**	462
Share based payments expense (note 26)	**706**	266
	24,306	20,920

Directors' emoluments

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Salary and benefits	**642**	753
Bonus earned in the current year	**386**	–
Aggregate emoluments	**1,028**	753
Gain made on exercise of share options	**3**	90
Company pension contributions to money purchase schemes for three Directors (2009: 4)	**97**	308
	1,128	**1,151**
Highest paid Director		
Salary and benefits	**249**	142
Bonus earned in the current year	**167**	–
Aggregate emoluments	**416**	142
Gain made on exercise of share options	**3**	90
Company pension contributions to money purchase scheme	**42**	213
	461	445

Notes to the Financial Statements

8. Finance revenue and costs

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Interest on bank overdrafts	**191**	197
Interest on term loan	**271**	21
Bank interest receivable	**(7)**	(55)
Net finance cost	**455**	163

A further £53,000 (2009: £88,000) of interest paid during the period has been capitalised under IAS 23 and included within additions in note 14, resulting in total cash flows relating to interest payable of £486,000 (2009: £288,000).

9. Exceptional items

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
The adjustment made to reported profit before tax:		
Goodwill impairment (see note 13)	**–**	(5,331)
	–	(5,331)

10. Taxation

a) Taxation charge

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Current income tax expense:		
UK income tax	**5,140**	3,941
Overseas income tax on subsidiary undertaking	**140**	151
Adjustment in respect of the previous year	**(180)**	(256)
Total current income tax expense	**5,100**	3,836
UK deferred tax expense:		
Origination and reversal of temporary differences	**(387)**	(8)
Adjustment in respect of prior years	**18**	289
Change in tax rate on prior year balances	**–**	–
Total deferred tax expense	**(369)**	281
Total income tax expense charged in the income statement	**4,731**	4,117

b) Taxation reconciliation

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Profit before tax	**16,011**	7,379
Taxation at the standard UK corporation tax rate of 28%	**4,483**	2,066
Adjustments in respect of prior years	**(162)**	33
Overseas income tax at higher rates	**25**	22
Non-deductible expenses	**397**	1,999
Income not taxable	**(12)**	(3)
Total income tax expense charged in the income statement	**4,731**	4,117
Effective tax rate	**29.5%**	55.8%
Effective tax rate on underlying profit before tax	**29.5%**	32.4%

Notes to the Financial Statements

10. Taxation continued

c) Tax on items charged to equity

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Current tax credit on share based payments	**(1)**	(34)
Deferred tax (credit)/charge on share based payments	**(181)**	103
Total tax on items (credited)/charged to equity	**(182)**	69

d) Deferred tax

	Accelerated tax depreciation £000	Short-term temporary differences £000	Share-based payments £000	Total deferred tax assets £000	Deferred tax liabilities £000	Total £000
At 31 March 2008	(149)	484	117	452	(426)	26
Credited/(charged) to the income statement	90	(364)	(7)	(281)	–	(281)
Charged to equity	–	(26)	(77)	(103)	–	(103)
Acquisition of subsidiaries (restated)	(282)	(369)	–	(651)	–	(651)
At 30 March 2009 (restated)	(341)	(275)	33	(583)	(426)	(1,009)
Credited to the income statement	120	173	76	369	–	369
Credited to equity	–	29	152	181	–	181
At 29 March 2010	**(221)**	**(73)**	**261**	**(33)**	**(426)**	**(459)**

The deferred tax liabilities relate solely to held-over capital gains arising on the disposal of freehold properties.

Disclosed in the Group Balance Sheet:

	2010 £000	2009 (restated) £000
Deferred tax assets	**942**	472
Deferred tax liabilities	**(1,401)**	(1,481)
	(459)	(1,009)

e) Factors that may affect future tax charges

The Group's overseas tax rate is higher than that in the UK as profits earned by Les Celliers de Calais S.A.S. in France are taxed at a rate of 33.7% (2009: 32.5%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief. The temporary difference unrecognised at the year end amounted to £358,000 (2009: £124,000).

Notes to the Financial Statements

11. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year, excluding those held by the Employee Share Ownership Trust (note 25), which are treated as cancelled.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potential dilutive Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. Share options granted over 2,606,754 (2009: 2,551,696) Ordinary Shares have not been included in the dilutive earnings per share calculation because they are anti dilutive at the period end.

Underlying earnings per share is calculated by excluding the effect of last year's impairment of goodwill. This alternative measure of earnings per share is presented to reflect the Group's underlying trading performance.

	2010	2009
Weighted average number of shares in issue	**61,433,638**	61,480,345
Dilutive potential Ordinary Shares:		
Employee share options	**268,551**	103,906
Total number of shares for calculating diluted earnings per share	**61,702,189**	61,584,251

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Profit for the financial year attributable to equity holders of the parent	**11,280**	3,262
Add:		
Impairment of goodwill	**–**	5,331
Underlying profit after tax	**11,280**	8,593

	2010	2009
Basic earnings	**18.4p**	5.3p
Diluted earnings	**18.3p**	5.3p
Underlying basic earnings	**18.4p**	14.0p
Underlying diluted earnings	**18.3p**	14.0p

12. Dividends paid and proposed

	2010 £000	2009 £000
Equity dividends on Ordinary Shares declared and paid during the year:		
Final dividend for 2009: 7.0p (2008: 7.0p)	**4,302**	4,291
Interim for 2010: 2.8p (2009: 2.8p)	**1,721**	1,719
Equity dividends paid	**6,023**	6,010
Proposed for approval by shareholders at the AGM:		
Final dividend for 2010: 7.5p (2009: 7.0p)	**4,609**	4,302

Notes to the Financial Statements

13. Goodwill and intangible assets
Group

	Software £000	Facilities and trademark license £000	Goodwill (restated) £000	Total (restated) £000
Cost:				
At 30 March 2009	2,217	2,985	10,894	16,096
Additions	235	–	–	235
Foreign currency adjustment	(6)	–	(95)	(101)
At 29 March 2010	**2,446**	**2,985**	**10,799**	**16,230**
Accumulated amortisation and impairment losses:				
At 30 March 2009	1,288	–	5,331	6,619
Amortisation during the year	305	225	–	530
Foreign currency adjustment	(4)	–	–	(4)
At 29 March 2010	**1,589**	**225**	**5,331**	**7,145**
Net carrying value:				
At 29 March 2010	**857**	**2,760**	**5,468**	**9,085**
At 30 March 2009	929	2,985	5,563	9,477
Cost:				
At 31 March 2008	1,737	–	7,112	8,849
Additions	199	–	–	199
Acquired through business combinations (see note 17)	257	2,985	2,606	5,848
Foreign currency adjustment	24	–	1,176	1,200
At 30 March 2009	**2,217**	**2,985**	**10,894**	**16,096**
Accumulated amortisation and impairment losses:				
At 31 March 2008	1,059	–	–	1,059
Amortisation and impairment during the year	212	–	5,331	5,543
Foreign currency adjustment	17	–	–	17
At 30 March 2009	**1,288**	**–**	**5,331**	**6,619**
Net carrying value:				
At 30 March 2009	**929**	**2,985**	**5,563**	**9,477**
At 31 March 2008	678	–	7,112	7,790

Goodwill acquired through business combinations has been allocated for impairment testing purposes to two-cash generating units, which are also operating segments within the Group. These are Les Celliers de Calais S.A.S. trading as Wine and Beer World and Lay & Wheeler Ltd. Goodwill of £2,606,000 (2009 restated: £2,606,000) is attributable to the Lay & Wheeler segment and £2,862,000 (2009: £2,957,000) to the Wine and Beer World segment. Wine and Beer World goodwill is determined in Euro and is retranslated every year.

The Group performed its annual impairment test as at 29 March 2010.

Les Celliers de Calais S.A.S. trading as Wine and Beer World
The recoverable amount has been determined on a value in use calculation using discounted cash flow projections based on financial budgets approved by the Board covering a 12 month period. Cash flows beyond this point were modelled at zero growth and discounted at a pre-tax rate of 10% (2009: 10%).

The discounted cash flow was further risk adjusted based on a discount of 12%. No impairment would be recognised based on these sensitised assumptions.

In 2010 there was no impairment and hence no charge recognised in the year (2009: £5,331,000).

Lay & Wheeler Ltd
The recoverable amount of Lay & Wheeler Ltd is also determined on a value in use calculation using discounted cash flow projections based on financial budgets approved by the board covering a 12 month period. Cash flows beyond this point were modelled at a range of sales levels from 0% to 3% growth and costs increasing no more than 3% per annum. Additionally, a range of discount rates were modelled on the cash flows from 8% - 12% reflecting the range in industry benchmarks and illustrated that at no point was there an impairment to goodwill (2009: N/A).

The aforementioned range of assumptions model reasonably possible sensitivities.

Notes to the Financial Statements

14. Property, plant and equipment
Group

	Land and buildings				
	Freehold £000	Long leasehold £000	Leasehold improvements £000	Equipment fittings & vehicles £000	Total £000
Cost or valuation:					
At 30 March 2009	32,267	439	12,986	16,706	62,398
Additions	1,575	1,116	1,242	1,899	5,832
Foreign currency adjustment	–	–	(24)	(17)	(41)
Disposals	–	–	(127)	(406)	(533)
At 29 March 2010	**33,842**	**1,555**	**14,077**	**18,182**	**67,656**
Depreciation:					
At 30 March 2009	1,439	37	3,417	9,527	14,420
Charge for year	314	8	956	1,964	3,242
Foreign currency adjustment	–	–	(15)	(14)	(29)
Disposals	–	–	(125)	(364)	(489)
At 29 March 2010	**1,753**	**45**	**4,233**	**11,113**	**17,144**
Net book value:					
At 29 March 2010	**32,089**	**1,510**	**9,844**	**7,069**	**50,512**
At 30 March 2009	30,828	402	9,569	7,179	47,978
Cost or valuation:					
At 31 March 2008	28,686	439	10,120	15,374	54,619
Additions	3,581	–	1,792	1,457	6,830
Arising on acquisition of subsidiaries	–	–	989	169	1,158
Foreign currency adjustment	–	–	111	77	188
Disposals	–	–	(26)	(371)	(397)
At 30 March 2009	**32,267**	**439**	**12,986**	**16,706**	**62,398**
Depreciation:					
At 31 March 2008	1,177	33	2,714	7,936	11,860
Charge for year	262	4	656	1,770	2,692
Foreign currency adjustment	–	–	67	69	136
Disposals	–	–	(20)	(248)	(268)
At 30 March 2009	**1,439**	**37**	**3,417**	**9,527**	**14,420**
Net book value:					
At 30 March 2009	**30,828**	**402**	**9,569**	**7,179**	**47,978**
At 31 March 2008	27,509	406	7,406	7,438	42,759

Freehold land and buildings includes £15,814,000 (2009: £15,364,000) in respect of land that is not depreciated. Included within additions for the year is an amount of £53,000 (2009: £88,000) of capitalised interest.

Notes to the Financial Statements

15. Prepaid operating lease costs
Group

	Prepaid Total £000
Cost:	
At 30 March 2009	2,968
Additions	159
Disposals	(41)
At 29 March 2010	**3,086**
Amortisation:	
At 30 March 2009	1,385
Amortisation during the year	162
Disposals	(39)
At 29 March 2010	**1,508**
Net book value:	
At 29 March 2010	**1,578**
At 30 March 2009	1,583
Cost:	
At 31 March 2008	2,764
Additions	211
Disposals	(7)
At 30 March 2009	**2,968**
Amortisation:	
At 31 March 2008	1,236
Amortisation during the year	156
Disposals	(7)
At 30 March 2009	**1,385**
Net book value:	
At 30 March 2009	**1,583**
At 31 March 2008	1,528

Notes to the Financial Statements

16. Investments in subsidiaries
Company

	£000
Cost or valuation:	
Shares in Group undertakings at 30 March 2009 and 29 March 2010	12,021
Amounts provided:	
At 31 March 2008	–
Provided during the year (see notes 9 and 13)	4,039
At 30 March 2009	4,039
Provided during the year	–
At 29 March 2010	**4,039**
Net book value:	
At 29 March 2010	**7,982**
At 30 March 2009	7,982

The amount provided in the previous year is in relation to the write down of the French business, Les Celliers de Calais S.A.S. trading as Wine and Beer World and is further discussed in notes 9 and 13.

The Company owns the following:

i) 100% of the ordinary share capital of Majestic Wine Warehouses Limited, a company registered in England and Wales, whose principal activity is the retailing of wines, beers and spirits.

ii) 100% of the ordinary share capital of Les Celliers de Calais S.A.S., a company registered in France, whose principal activity is the retailing of wines, beers and spirits.

iii) 100% of the ordinary share capital of Majestic Wine Employee Share Ownership Trust Limited, a company registered in England and Wales, whose principal activity is acting as a discretionary trust for the benefit of the Group's employees.

iv) Through Majestic Wine Warehouses Limited:

(a) 100% of the ordinary share capital of Vinotheque Holdings Limited, a company registered in England and Wales, whose principal activity is property management.

(b) 100% of the share capital of WBI Holdco Limited, a holding company registered in England and Wales, which owns 100% of the share capital of WBI Ltd, a non trading company registered in England and Wales.

(c) Through WBI Limited, 100% of ordinary share capital of Lay & Wheeler Limited, a company registered in England and Wales, whose principal activity is importation, sales and storage of fine wines and related services.

Notes to the Financial Statements

17. Business combinations

On 6 March 2009, the Group acquired the entire issued share capital of Vinotheque Holdings Limited and WBI Holdco Limited (and its subsidiaries WBI Limited and Lay & Wheeler Limited), collectively known as Lay & Wheeler.

The net assets and results of the acquired businesses are included in the consolidated accounts of the Group from the date of acquisition. IFRS 3 Business Combinations has been applied and the goodwill arising has been capitalised and is subject to annual impairment testing.

The goodwill arising on the business combination has been allocated to the single group of cash-generating units represented by the acquired businesses, as this is the lowest level within the Group at which goodwill is monitored internally. Goodwill arising on the acquisition is mainly attributable to the assembled workforce and opportunities to achieve a faster rate of growth and greater operating efficiency that do not meet the criteria for recognition as a separate intangible asset at the date of acquisition.

The fair values established for the acquisition were provisional as at 30 March 2009 due to the proximity of the year end date. At 30 March 2009 there was potential deferred consideration of £501,000 relating to a deferred tax asset under negotiation with HMRC. These negotiations have been concluded during the year resulting in an increase to the fair value of deferred tax asset and cash consideration of £438,000. The finalisation of completion accounts has also led to an increase in consideration of £129,000. In addition a deferred tax liability of £219,000 has been recognised in respect of fixed assets that do not qualify for tax writing down allowances. The 2009 full year comparative information has been restated to reflect these adjustments.

	Pre-acquisition carrying amounts £000	Recognised values on acquisition £000
Property, plant and equipment	1,158	1,158
Intangible assets – software	257	257
– facilities and trademark licence	–	2,985
Deferred tax asset/(liability)	460	(686)
Inventories	4,075	3,975
Trade and other receivables	2,054	5,734
Cash and cash equivalents	345	345
Trade and other payables	(5,542)	(10,109)
Corporation tax (liability)/asset	(64)	185
Bank overdraft	(1,413)	(1,413)
Net assets acquired	1,330	2,431
Goodwill arising on acquisition		2,606
		5,037
Discharged by:		
Cash consideration		4,786
Costs associated with the acquisition		251
Total consideration		5,037

18. Inventories

	Group 29.03.10 £000	Group 30.03.09 £000	**Company 29.03.10 £000**	Company 30.03.09 £000
Goods for resale	**38,511**	37,752	**–**	–

The amount of inventories recognised as an expense and charged to the income statement was £165,271,000 (2009: £143,471,000).

Notes to the Financial Statements

19. Trade and other receivables

	Group 29.03.10 £000	Group 30.03.09 £000	Company 29.03.10 £000	Company 30.03.09 £000
Trade receivables	3,932	4,266	–	–
Amounts due from Group undertakings	–	–	19,007	17,294
Other debtors	223	317	–	–
Prepayments and accrued income	7,439	6,948	–	–
	11,594	11,531	19,007	17,294

The amounts due from Group undertakings have no fixed payment terms and are interest free. Trade receivables are non-interest bearing and are generally on 30-90 days' terms. Trade receivables are shown net of a provision for impairment. The movements in the provision for impairment of receivables were as follows:

	Group 29.03.10 £000	Group 30.03.09 £000	Company 29.03.10 £000	Company 30.03.09 £000
Balance at the beginning of the year	78	135	–	–
Arising on acquisition of subsidiaries	–	15	–	–
Charge for the year	126	165	–	–
Uncollectable amounts written off	(154)	(237)	–	–
Balance at the end of the year	50	78	–	–

As at the balance sheet date, the ageing analysis of trade receivables that were past due but not impaired is as follows:

Group	Total £000	Neither past due nor impaired £000	Up to 3 months past due £000	3 to 6 months past due £000	Over 6 months past due £000
As at 29 March 2010	3,932	2,788	1,013	114	17
As at 30 March 2009	4,266	3,188	675	333	70

20. Trade and other payables

	Group 29.03.10 £000	Group 30.03.09 (restated) £000	Company 29.03.10 £000	Company 30.03.09 £000
Current:				
Trade payables	38,607	40,876	–	–
Other taxes and social security	3,715	2,650	–	–
Accruals and other payables	7,456	6,198	–	–
Non current:				
Amounts due to Group undertakings	–	–	2,000	2,000
	49,778	49,724	2,000	2,000

The amounts due to Group undertakings have no fixed repayment terms, are interest free and are not expected to be settled within one year.

Notes to the Financial Statements

21. Financial liabilities
Group

	29.03.10 £000	30.03.09 £000
Current:		
Term Loan	**672**	669
Bank overdrafts	**2,453**	3,950
	3,125	4,619
Non current:		
Term loan	**5,575**	6,245
	5,575	6,245

22. Provision for liabilities
Group

	Provision for lease exit £000	National Insurance £000	Total £000
At 31 March 2008	140	92	232
Provided/(released) in the year	10	(52)	(42)
Utilised in year	(58)	(11)	(69)
At 30 March 2009	92	29	121
Provided in the year	181	131	312
Utilised in year	(37)	(13)	(50)
At 29 March 2010	**236**	**147**	**383**

Analysis of total provisions:

	29.03.10 £000	30.03.09 £000
Current	**296**	121
Non current	**87**	–
	383	121

a) Provision for lease exit:
In the previous year the Company re-sited a store which was rented under a non-cancellable operating lease. The Company has been unable to assign the lease of the vacated store and has provided the Directors' best estimate of the costs associated with the lease to its termination in 2012, including rental payments, legal costs, empty property costs and surrender premiums payable. In addition the Company has provided its best estimate for dilapidations on a site that is due to be vacated during the 2010/11 financial year.

b) National insurance:
National insurance contributions which will become payable on exercise of share options have been provided. The share options can be exercised at various dates from the balance sheet date to 2 December 2019. The amount payable is dependent on the Company's share price at the date of exercise of the options. The provision which is allocated on a time weighted basis over the period from date of grant to the date that employees become unconditionally entitled to the options has been calculated on the share price at the balance sheet date of 256p and the assumption that 100% of employees will exercise their share options and that the rate of NIC is 12.8%.

23. Deferred lease inducements
Group

	29.03.10 £000	30.03.09 £000
Current	**106**	109
Non current	**747**	769
	853	878

Deferred lease inducements comprise rent free periods and premiums received from lessors in respect of operating leases. These lease incentives are recognised in the income statement on a straight-line basis over the full term of each relevant lease.

Notes to the Financial Statements

24. Share capital and reserves

Called up share capital	2010 Number	2010 Value £000	2009 Number	2009 Value £000
Authorised:				
Ordinary Shares of 7.5p each	**140,000,000**	**10,500**	140,000,000	10,500
Alloted, called up and fully paid:				
In issue at beginning of period	**61,458,403**	**4,609**	61,711,115	4,628
Issued on exercise of share options	**17,452**	**2**	141,488	11
Share buybacks	**–**	**–**	(394,200)	(30)
In issue at end of period	**61,475,855**	**4,611**	61,458,403	4,609

Issue of new shares:
During the year 17,452 (2009: 141,488) Ordinary Shares of 7.5p each were allotted for a consideration of £31,000 (2009: £170,000). The shares were allotted during the year under the terms of the Company's share option and deferred bonus schemes which are described in note 26.

Purchase of own shares:
During the previous year 394,200 Ordinary Shares representing 0.6% of the issued share capital of the Company and having a nominal value of £30,000 were purchased by the Company for an aggregate consideration of £828,000. The reason for the purchase was to return cash to shareholders. The shares purchased were then cancelled and the nominal value transferred to the capital redemption reserve.

Share premium account
The share premium account represents the amounts received by the Company on the issue of Ordinary Shares that are in excess of the nominal value of the issued shares.

Capital reserve – own shares
The Group holds shares in an employee share ownership trust (see note 25). The reserve represents the cost of acquired shares that have not as yet fully vested with employees.

Capital redemption reserve
The Company when cancelling its Ordinary Shares transfers amounts equivalent to the nominal value of the cancelled shares into the capital redemption reserve so as to maintain the level of non-distributable reserves in shareholders' equity.

Currency translation reserve
The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

25. Employee Share Ownership Trust

The trust is used to acquire shares in Majestic Wine PLC to satisfy awards under the deferred bonus scheme. The shares are distributed to participants of the scheme at the end of a two-year deferral period.

At the year end the trust held 1,732 (2009: 27,823) shares with a nominal value of 7.5p each. The total acquisition cost of these shares was £7,000 (2009: £103,000). At the year end the market value of these shares was £4,000 (2009: £43,000).

Notes to the Financial Statements

26. Share-based payments

The total charge recognised in the Income Statement in respect of share-based payments is £706,000 (2009: £266,000) which is made up of share option schemes and share bonus payments under the Company's deferred bonus scheme.

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Share option schemes	**362**	245
Deferred bonus scheme	**344**	21
Total charged to income statement	**706**	266

a) Share option schemes
The Company operated seven share option schemes during the year, all of which are equity settled.

Savings related share option schemes
These schemes permit the grants to employees of options in respect of Ordinary Shares linked to a building society/bank save-as-you-earn contract for a term of three or five years with contributions from employees limited to a maximum amount of £250 per month. Options granted under the schemes are exercisable at the end of the three or five-year period, provided that the employee has been in continuous employment in a Group company throughout, at a subscription price not less than 80% of the average of the middle-market quotations of an Ordinary Share over the three dealing days immediately preceding the offer date.

The Company operated the following savings related option schemes during the year.
i) The Majestic Wine PLC 1996 Savings Related Share Option Scheme was adopted on 9 September 1996 and the authority to grant options under the scheme expired in September 2007. There were no discounted options granted during the year under this scheme.
ii) The Majestic Wine PLC 2006 Savings Related Share Option Scheme was adopted on 4 August 2006 and achieved HMRC approval for tax purposes on 7 December 2006. The first offer of discounted options under the rules of this scheme was made in January 2007.

No grants were made under this scheme during the year.

Approved and unapproved executive share option schemes
These schemes permit the grant of options in respect of Ordinary Shares to selected employees. Options are normally exercisable between three and ten years from the date of grant for consideration not less than market value at grant date. Apart from grants of options to executive Directors, the exercise of options is normally not subject to any conditions other than continuous employment. The exercise of options granted to executive Directors is conditional on the achievement of specified performance targets related to growth in earnings per share over a three-year period. The executive Directors' participation in the Group's executive share option schemes is limited such that they are eligible to receive options over shares in value up to a maximum of two times gross salary at the date of grant which will only become exercisable on the achievement of performance criteria determined by the remuneration committee.

The Company operated the following approved and unapproved executive share option schemes.
i) The Majestic Wine PLC Approved Executive Share Option Scheme (1996) was adopted on 14 October 1996. The authority to grant options under this scheme expired in October 2006.
ii) The Majestic Wine PLC Approved Executive Share Option Scheme (2006) was adopted on 4 August 2006 and achieved HMRC approval for tax purposes on 7 December 2006. The first grant of options under the rules of this scheme was made in January 2007.
iii) The Majestic Wine PLC Unapproved Executive Share Option Scheme (1996) was adopted on 14 October 1996. The authority to grant options under this scheme expired in October 2006.
iv) The Majestic Wine PLC Unapproved Executive Share Option Scheme (2006) was adopted on 4 August 2006. The first grant of options under the rules of this scheme was made in January 2007.

Co-investment plan
The Majestic Wine PLC Co-investment plan was adopted on 6 August 2004. This scheme permits the grant of options in respect of Ordinary Shares to selected executives. Participants are required to hold shares in the plan and options are granted in proportion to the number of shares invested. Options are normally exercisable between three and ten years from date of grant for nil consideration. The exercise of options will normally be conditional on the achievement of specified performance targets related to total shareholder return over a three-year period.

Notes to the Financial Statements

26. Share-based payments continued

The following table reconciles the number of share options outstanding and the weighted average exercise price (WAEP):

	Note	52 weeks to 29.03.10 Options	52 weeks to 29.03.10 WAEP	52 weeks to 30.03.09 Options	52 weeks to 30.03.09 WAEP
Outstanding as at the beginning of the year	a	**2,954,692**	**£2.28**	2,733,657	£2.32
Exercised	b	**(17,452)**	**£1.77**	(141,488)	£1.20
Lapsed		**(272,522)**	**£2.55**	(574,477)	£1.75
Granted		**1,653,500**	**£1.90**	937,000	£1.68
Outstanding as at the end of the year		**4,318,218**	**£2.12**	2,954,692	£2.28
Exercisable as at the end of the year		**1,419,070**	**£2.48**	1,154,623	£2.22
Weighted average remaining contractual life in years		**7.09**		6.40	

Notes:

a) Included within this figure were options over 210,470 (2009: 214,970) shares that were granted on or before 7 November 2002. The Group has elected to take advantage of the transitional provisions of IFRS 2 and has only applied the fair value model to all grants of equity instruments after 7 November 2002 that had not vested as at 28 March 2005.

b) Share options were exercised on a regular basis throughout the year. The weighted average share price for options exercised during the year was £2.61 (2009: £2.09).

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes option pricing model. The following table lists the range of assumptions applied to the options granted in the respective periods shown.

	Savings related option schemes 2010	Executive option schemes 2010	Co-investment plan 2010	Savings related option schemes 2009	Executive option schemes 2009	Co-investment plan 2009
Weighted average share price at grant	n/a	£2.02	£1.91	n/a	£1.71	n/a
Weighted average exercise price	n/a	£2.06	£0.00	n/a	£1.68	n/a
Expected life of options (years)	n/a	4.2–4.5	3	n/a	3.6–4	n/a
Contractual life (years)	n/a	10	10	n/a	10	n/a
Volatility (%)	n/a	38%–39%	38%	n/a	25%	n/a
Dividend yield (%)	n/a	4.31–5.21%	5.14%	n/a	5.74%	n/a
Risk free interest rate (%)	n/a	2.65–3.03%	3.23%	n/a	4.89%	n/a
Weighted average fair value of options granted during the year	n/a	£0.43	£0.98	n/a	£0.24	n/a

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

b) Deferred bonus scheme

The Group operates a deferred bonus scheme for senior managers, which excludes the executive Directors. The scheme involves the award of bonus shares to participants subject to meeting performance criteria. Participants may defer the award of the bonus shares for two years and so long as they are in continuous employment throughout this period, the Company will award an equivalent number of matching shares. The cost of the scheme is charged to the income statement over a three-year period. The bonus shares are expensed in the initial year of operation and the matching loyalty shares over the initial year and the two-year deferral period.

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
2007 Scheme	**–**	21
2010 Scheme	**344**	–
Total charged to the income statement	**344**	21

Note there was no award under the scheme for the 2008 and 2009 financial years.

Notes to the Financial Statements

27. Commitments

a) Operating lease agreements where Group is lessee:

The Group leases various stores, offices, warehouses and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

	29.03.10 £000	30.03.09 £000
Future minimum rentals payable under non-cancellable operating leases:		
Within one year	**7,125**	7,565
Between one and five years	**25,169**	25,273
In over five years	**31,105**	33,224
	63,399	66,062

b) Operating lease commitments where Group is lessor:

The Group leases surplus space in various owner-occupied stores, offices, and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

	29.03.10 £000	30.03.09 £000
Future minimum rentals receivable under non-cancellable operating leases:		
Within one year	**510**	572
Between one and five years	**1,580**	1,663
In over five years	**1,803**	2,056
	3,893	4,291

c) Capital expenditure commitments

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £1,735,000 for the Group (2009: £1,454,000).

28. Notes to the cash flow statements

a) Reconciliation of profit to cash generated/(utilised) by operations

	Group 52 weeks 29.03.10 £000	Group 52 weeks 30.03.09 £000	Company 52 weeks 29.03.10 £000	Company 52 weeks 30.03.09 £000
Cash flows from operating activities:				
Profit for the year	**11,280**	3,262	**7,705**	4,135
Adjustments to reconcile profit for the year to cash generated/(utilised) by operations:				
Income tax expense	**4,731**	4,117	**–**	–
Dividends received	**–**	–	**(7,705)**	(8,174)
Net finance cost	**455**	163	**–**	–
Amortisation, impairment and depreciation	**3,934**	8,391	**–**	4,039
Loss on disposal of non current assets	**23**	51	**–**	–
(Increase)/decrease in inventories	**(759)**	824	**–**	–
(Increase)/decrease in trade and other receivables	**(63)**	1,177	**(1,713)**	(1,506)
Increase/(decrease) in trade and other payables	**58**	(2,145)	**–**	–
(Decrease)/increase in deferred lease inducements	**(25)**	35	**–**	–
Change in fair value of derivative instruments	**606**	(537)	**–**	–
Increase/(decrease) in provisions	**262**	(111)	**–**	–
Share based payments	**706**	266	**–**	–
Cash generated/(utilised) by operations	**21,208**	15,493	**(1,713)**	(1,506)

Notes to the Financial Statements

28. Notes to the cash flow statements continued

b) Cash and cash equivalents

For the purposes of the Group cash flow statements cash and cash equivalents comprise the following:

Group	29.03.10 £000	30.03.09 £000
Cash and cash equivalents per Group balance sheet	4,774	2,572
Bank overdraft per Group balance sheet	(2,453)	(3,950)
Cash and cash equivalents per cash flow statements	2,321	(1,378)

c) Analysis of net debt

Group	29.03.10 £000	30.03.09 £000
Total cash and cash equivalents	2,321	(1,378)
Term loan included in current liabilities	(672)	(669)
Term loan included in non current liabilities	(5,575)	(6,245)
Total net debt	(3,926)	(8,292)

d) Reconciliation of net cash flow to movement in net debt

Group	29.03.10 £000	30.03.09 £000
Net increase/(decrease) in cash and cash equivalents	3,734	(1,440)
Term loan repayment/(receipt)	700	(7,000)
Capitalisation of arrangement fees	–	88
Amortisation of arrangement fees	(33)	(2)
Effect of foreign exchange differences	(35)	171
Movement in net debt	4,366	(8,183)
Net debt at beginning of year	(8,292)	(109)
Net debt at end of year	(3,926)	(8,292)

Notes to the Financial Statements

29. Financial instruments

The Group's financial instruments, other than derivatives, comprise cash, bank borrowings and various items, such as trade receivables and trade payables, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions in the form of forward currency contracts. The purpose of these transactions is to manage the currency risk arising from the Group's operations. The Group does not hold or issue financial instruments for trading purposes. The Group's treasury function is under the direct control of the Finance Director and does not engage in speculative trading.

The principal financial risks to which the Group is exposed relate to liquidity/funding, credit risk, interest rates and foreign exchange rates.

Liquidity/funding

Liquidity risk is managed by short-term and medium-term cash flow forecasts. The Group has short-term seasonal borrowing requirements that are backed by an uncommitted facility agreed with Barclays Bank PLC. The facility is reviewed annually and was current at 29 March 2010 and has no expiry date. The facility consists of an overdraft and access to the uncommitted money markets for short term funding requirements. The aggregate of the overdraft and money market facilities available at 29 March 2010 was £15,000,000 (2009: £15,000,000). The facilities incur arrangement fees at market rates and interest is charged on the overdraft at a commercial rate over base and on the money market facility at a commercial rate over LIBOR.

In addition the Group has a requirement for core funding which is represented by a term loan arranged with Barclays Bank PLC. The loan is a committed facility for three years and expires in March 2012. The loan incurred an arrangement fee at market rates and interest is charged at a commercial rate over LIBOR.

The facilities arranged with Barclays are secured by a fixed and floating charge on the Group's assets.

The table below summarises the maturity profile of the Group's financial liabilities at 29 March 2010 and 30 March 2009 based on contractual undiscounted payments.

Group
As at 29 March 2010

	Due within 1 year £000	**Due between 1 and 2 years £000**	**Due between 2 and 3 years £000**	**Total £000**
Bank overdraft	**2,453**	**–**	**–**	**2,453**
Term Loan	**935**	**5,758**	**–**	**6,693**
Trade and other payables	**49,778**	**–**	**–**	**49,778**
Derivative financial instruments:				
Gross settled payments	**17,882**	**–**	**–**	**17,882**
Gross settled receipts	**(17,819)**	**–**	**–**	**(17,819)**
	53,229	**5,758**	**–**	**58,987**

As at 30 March 2009

	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 3 years £000	Total £000
Bank overdraft	3,950	–	–	3,950
Term Loan	963	935	5,758	7,656
Trade and other payables (restated)	49,724	–	–	49,724
Derivative financial instruments:				
Gross settled payments	14,607	–	–	14,607
Gross settled receipts	(15,470)	–	–	(15,470)
	53,774	935	5,758	60,467

Company

The Company's only financial liability is in relation to intercompany balances that have no fixed repayment terms, are interest free and are not expected to be settled within one year.

Notes to the Financial Statements

29. Financial instruments continued

Credit risk

There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by its carrying value as at the balance sheet date limited to the value of trade and other receivables.

Risk of financial loss due to a counterparty's failure to honour its obligations arises principally from deposits of cash, derivative financial assets and sales on deferred terms. The Group's cash deposits are only lodged with, and foreign currency contracts entered into with approved institutions that have secure credit ratings, at present the only counterparty is Barclays Bank PLC. The Group uses a credit referencing agency to establish third party's credit worthiness before offering to sell on deferred terms. Credit limits are assigned to each debtor account and compliance is monitored. In addition trade debtor balances are regularly reviewed with the result that the Group's exposure to bad debts is not significant.

Interest rates

The Group's financial assets, excluding short-term trade and other receivables, include cash and cash equivalents of £4,774,000 (2009: £2,572,000), in addition to derivative foreign exchange contracts shown in the table below. Funds not required immediately for the Group's operations are invested in sterling denominated deposit accounts. The funds are placed on a combination of overnight and call deposits. The rates are reviewed regularly and the best rate obtained in the context of the Group's needs. The weighted average floating interest rate earned in the year on the Group's sterling deposits was 0.40% (2009: 1.71%). The only interest risk is related to the floating rates on the cash balances and is insignificant.

The cash profile at 29 March 2010 was:

	Cash at floating rates	
	29.03.10 £000	30.03.09 £000
Currency:		
Sterling	**4,306**	1,527
Euros	**447**	277
Australian Dollars	**–**	504
New Zealand Dollars	**21**	5
US Dollars	**–**	259
	4,774	2,572
Bank overdraft:		
Sterling	**(2,453)**	(3,950)
Total	**2,321**	(1,378)

Foreign currency exchange rates

Transactional foreign currency exposures arise from the import of goods directly sourced from overseas suppliers. The Group hedges these cash flow exposures by acquiring forward currency contracts sufficient to cover the anticipated foreign currency denominated purchases. Contracts are put in place prior to the setting of retail prices. The exposure may be covered up to a period of one year. The majority of these contracts are in Euros maturing in less than one year. At 29 March 2010 the Group had forward contracts in place to cover all of its foreign currency purchases for which firm commitments had been made.

The Group does not use derivatives to hedge balance sheet and profit and loss translation exposures arising on the consolidation of the French subsidiary.

Notes to the Financial Statements

29. Financial instruments continued

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the Euro and Australian dollar exchange rates with all other variables held constant, of the Group's profit before tax, due to changes in the fair value of monetary assets, liabilities and forward currency contracts.

The currency sensitivity analysis is based on the following assumptions. Major non-derivative monetary financial instruments (liquid assets, receivables, non-interest bearing liabilities) are either denominated in the functional currency or are transferred to the functional currency through the use of derivatives. Exchange rate fluctuations therefore have no effect on profit or loss. The Group is therefore only exposed to currency risk from specific currency derivatives. These derivatives are used to hedge planned transactions but are not accounted for using hedge accounting.

	Increase/decrease in Sterling against the Euro/Australian dollar rate	Effect on profit before tax £000
2010		
Euro	**+5%**	**758**
	-5%	**(838)**
Australian dollar	**+5%**	**37**
	-5%	**(40)**
2009		
Euro	+5%	685
	-5%	(756)
Australian dollar	+5%	23
	-5%	(25)

Derivative financial instruments

Forward foreign currency exchange contracts acquired to hedge the Group's forecast currency requirements are, for accounting purposes, designated as held for trading with fair value movements being recognised in the income statement.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The nominal and fair value of forward currency contracts is shown in the following table. All contracts have maturity dates within one year. The fair value of these instruments was determined using quoted forward exchange rates matching the maturities of the contracts. The Group's measurement of their financial instruments meets the criteria of Level 2 and hence all have been included in this classification.

		Fair value	
	Nominal value £000	Assets £000	Liabilities £000
Forward foreign currency contracts as at 29 March 2010	**17,882**	**233**	**(5)**
Forward foreign currency contracts as at 30 March 2009	14,607	834	–

Fair values of financial assets and financial liabilities

There were no financial liabilities as at 29 March 2010 or 30 March 2009 apart from the bank overdraft, term loan and short term trade and other payables. There is no material difference between the book value and the fair value of any financial asset or liability.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group considers capital to consist of the total equity of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current year.

Notes to the Financial Statements

30. Related party transactions

Group
Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected by end of month following date of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group has not benefited from any guarantees for any related party receivables or payables. During the year ended 29 March 2010, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2009: nil).

The Group considers its key management personnel to be the Directors of the Company.

The compensation of key management personnel is as follows:

	52 weeks to 29.03.10 £000	52 weeks to 30.03.09 £000
Short-term employee benefits	**1,028**	753
Post-employment benefits	**97**	308
Share-based payment including LTIP	**116**	124
	1,241	1,185

Company
The Company receives dividends from its subsidiary companies. The total dividends received in the year were £7,705,000 (2009: £8,174,000).

Notice of Annual General Meeting

Notice is given that the Annual General Meeting (the "AGM") of Majestic Wine PLC (the "Company") will be held at Majestic House, Otterspool Way, Watford, Hertfordshire WD25 8WW at 11.30am on 6 August 2010, for the following purposes:

Ordinary Business
To consider and, if thought fit, to pass the following resolutions of which 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:

Adoption of accounts
1. To receive the Directors' Report and audited annual accounts of the Company for the year ended 29 March 2010.

Declaration of dividend
2. To declare a final dividend of 7.5p per ordinary share for the year ended 29 March 2010 payable on 13 August 2010 to shareholders who are on the register of members of the Company on 16 July 2010.

Re-election of retiring Director
3. To re-elect Steve Lewis as a Director who retires by rotation in accordance with the Company's Articles of Association.

Re-election of retiring Director
4. To re-elect Paul Dermody as Director who retires by rotation in accordance with the Company's Articles of Association.

Appointment of new Director
5. To re-elect Phil Wrigley as a Director, who has been appointed since the date of the last Annual General Meeting and offers himself for re-election in accordance with the Company's articles of association.

Re-appointment of Auditors
6. To re-appoint Ernst & Young LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Directors power to allot securities
7. That the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the 2006 Act") to exercise all the powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company being "relevant securities" to such persons and on such terms as they think proper provided that:
   (a) this authority shall be in substitution for any equivalent authority which may have been given to the Directors prior to the date of the passing of this resolution;
   (b) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £1,536,896 representing approximately 33.3 per cent of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the year ended 29 March 2010;
   (c) unless previously revoked, varied or extended, this authority shall expire at the earlier of the date which is fifteen months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if this authority had not expired; and
   (d) in relation to the grant of any right to subscribe for, or convert any security into shares in the Company, the reference in this resolution to the maximum amount of relevant securities that may be allotted is the maximum amount of shares which may be allotted pursuant to such right.

Disapplication of pre-emption rights
8. That the Directors be and they are empowered pursuant to Section 570(1) of the 2006 Act to allot equity securities (as defined in Section 560(1) of the 2006 Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the 2006 Act conferred by resolution 7 above and to make sales of treasury shares for cash by virtue of Section 573 of the 2006 Act as if Section 561(1) of the Act did not apply to such allotment provided that:
   (a) the power shall be limited to;
      (i) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company ("Ordinary Shares") excluding the Company where it holds shares as treasury shares (as defined in Section 724(3) of the 2006 Act) in proportion as nearly as practicable to their respective holdings of such shares or in accordance with the rights attached to such shares but subject to the exclusions or other such arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in any territory; and
      (ii) the allotment, otherwise than as mentioned in sub-paragraph (i) above, of equity securities up to a maximum aggregate nominal amount of £230,534 representing approximately 5 per cent of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the year ended 29 March 2010;
   (b) unless previously revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling fifteen months after the date of the passing of this resolution except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer as if this power had not expired; and
   (c) in this resolution the nominal amount of any securities should be taken to be, in the case of a right to subscribe for or convert any securities into shares of the Company, the nominal amount of the shares which may be allotted pursuant to such right.

Notice of Annual General Meeting

Authority to purchase Company's own shares

9. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the 2006 Act to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) on a recognised investment exchange (as defined in Section 693(5) of the 2006 Act) of ordinary shares of 7.5 pence each in the capital of the Company ("Ordinary Shares") and to hold such shares as treasury shares (as defined in Section 724(3) of the 2006 Act ("treasury shares")) provided that;
   (a) this authority shall be limited to the purchase of Ordinary Shares up to a maximum aggregate nominal value equal to £461,069 representing approximately 10 per cent of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the year ended 29 March 2010;
   (b) the minimum price which may be paid for such Ordinary Shares is 7.5 pence (exclusive of such expenses);
   (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than 5 per cent above the average of the middle market quotations for an Ordinary Share on the relevant recognised investment exchange on which the Ordinary Shares are traded for the five business days immediately preceding the date on which the Ordinary Share is purchased; and
   (d) unless previously revoked, varied or extended, the authority hereby conferred shall expire at the earlier of the date which is fifteen months from the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company; and
   (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Registered office: Majestic House, Otterspool Way, Watford, Hertfordshire WD25 8WW

By order of the Board
Nigel Alldritt
Company Secretary
14 June 2010

Notes:

1. All members who hold Ordinary Shares are entitled to attend and vote at the AGM. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the chairman of the AGM or another person as proxy. To be effective the form of proxy must reach the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.30am on 4 August 2010 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM).

2. The register of Directors' interests in the shares of the Company and copies of the Directors' service contracts, other than those expiring or determinable without payments of compensation within one year and a copy of the existing articles of association are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday and public holidays excluded) from the date of this notice until the conclusion of the AGM and will be available for inspection at the place of the AGM for at least 15 minutes prior to and during the AGM.

3. The Company pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6pm on 4 August 2010 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

4. Please note that communications regarding the matters set out in this notice of Annual General Meeting will not be accepted in electronic form.

Notice of Annual General Meeting

Explanatory notes on certain business of the Annual General Meeting:

Resolution 7 Directors' power to allot securities
Under Section 551 of the 2006 Act, relevant shares may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising directors to issue shares without further reference to the shareholders. This resolution authorises the issue of part of the unissued share capital for the period to the conclusion of the Annual General Meeting in 2010. Unless revoked, varied or extended, this authority will expire on the earlier of the date fifteen months from the passing of the resolution and the conclusion of the next Annual General Meeting. It complies with the Association of British Insurers' guidelines.

Resolution 8 Disapplication of pre-emption rights
Resolution 8 empowers the Directors to allot equity securities (such as Ordinary Shares) for cash and make sales of treasury shares other than in accordance with Section 561 of the 2006 Act which requires a company to offer all allotments of equity securities for cash and all sales of treasury shares first to existing shareholders in proportion to their holdings following a statutory pre-emption procedure. In the case of a rights issue this may prove both costly and cumbersome. This resolution excludes these rights as far as rights issues are concerned and enables Directors to allot shares up to an aggregate nominal value of £230,534 which is approximately 5% of the current issued share capital of the Company, as shown in the latest audited accounts of the Company. It replaces a similar resolution passed previously.

The Directors believe that the limited powers provided by this resolution will maintain a degree of flexibility. Unless previously revoked or varied the disapplication shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling fifteen months after the date of the passing of the resolution.

Resolution 9 Authority to purchase Company's own shares
This resolution grants authority to the Company to make purchases of up to a maximum of 10% of the issued Ordinary Share capital of the Company. In certain circumstances it may be advantageous for the Company to purchase its Ordinary Shares.

The Directors would use the share purchase authority with discretion and purchases would only be made from funds not required for other purposes and in light of the market conditions prevailing at the time. In reaching a decision to purchase the Ordinary Shares, your Directors would take account of the Company's cash resources and capital, the effect of such purchase on the Company's business, any impact on earnings per Ordinary Share or on net tangible assets per Ordinary Share. No announcement will be made by the Company in advance of market purchases but any purchases made by the Company would be announced by 8.30 a.m. on the business day next following the transaction.

The Company may now hold shares that are bought back "in treasury" and then sell them at a later date for cash rather than simply canceling them. Any such sales must be on a pre-emptive, pro-rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary share capital on a non-pre-emptive basis, Resolution 7 will also give the Directors power to sell Ordinary Shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above.

Notes

Majestic Wine PLC
Form of Proxy

For use at the Annual General Meeting to be held on 6 August 2010

I/We (name(s) in full)

of (a)

holder(s) of Ordinary Shares in Majestic Wine PLC hereby appoint the Chairman of the meeting or as my/our proxy and to attend and vote for me/us and on my/our behalf at the Annual General Meeting of Majestic Wine PLC to be held on 6 August 2010 at 11.30am and at any adjournment thereof.

Please indicate with an X how you wish your votes to be cast in the space below in respect of the resolution to be proposed at the Annual General Meeting. If no specific direction is given the proxy will vote or abstain at his/her discretion.

Resolutions	For	Against	Withheld*
1. Adoption of accounts	☐	☐	☐
2. Declaration of a final dividend	☐	☐	☐
3. Re-election of Steve Lewis	☐	☐	☐
4. Re-election of Paul Dermody	☐	☐	☐
5. Appointment of Phil Wrigley	☐	☐	☐
6. Re-appointment of Auditors	☐	☐	☐
7. Directors' authority to allot securities	☐	☐	☐
8. Disapplication of pre-emption rights	☐	☐	☐
9. Authority to purchase own shares	☐	☐	☐

*The "Withheld" option is provided to enable you to instruct your proxy not to vote on any particular resolution. It should be noted that a vote witheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

(Note 2)

Number of shares Class of shares

Signature(s) Date

☐ This proxy appointment is one of a multiple proxy appointment (Note 3)

Notes:

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the meeting in order to represent you. A member wishing to appoint someone other than the Chairman of the meeting as his or her proxy should insert that person's name (IN BLOCK CAPITALS) in the space provided in substitution for the reference to "the Chairman of the Meeting" (and delete that reference) and initial the alteration.
2. If the proxy is being appointed for less than your full entitlement, please indicate above your signature the number and class of shares in relation to which that person is authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A separate form of proxy must be deposited for each proxy appointed. Further copies of this form may be obtained by contacting Capita Registrars between 9.00am and 5.00pm (London time) Monday to Friday on 0871 664 0300 (calls cost 10p per minute plus network extras) from within the UK or +44 20 8639 3399 if calling from outside the UK or you may photocopy this form. If you appoint multiple proxies, please indicate above your signature, the number and class of shares in relation to which the person named on this form is authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned to Capita Registrars, the Company's Registrars, together in the same envelope. Where multiple proxies are appointed, failure to specify the number of shares to which this proxy appointment relates or specifying a number which exceeds the number held by the member when totalled with the number specified on other proxy appointments by the same member, will render all the appointments invalid.
4. To be valid, this form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be received by post or (during normal business hours only) by hand at the offices of the Company's registrars, Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.30am on 6 August 2010 (or if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting).
5. The appointment of a proxy will not preclude a member from attending the meeting and voting in person but if he or she does so this proxy appointment will terminate automatically.
6. An individual member or his attorney must sign this form. If the member is a company, this form of proxy must be executed under the common seal or signed on its behalf by an officer or attorney of the company.
7. In the case of joint holders, the proxy appointment of the most senior holder will be accepted to the exclusion of any appointments by the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.
8. A member wishing to change his or her proxy instructions should submit a new proxy appointment using the methods set out, and by the time limit specified, in note 4. Any changes to proxy instructions received after that time will be disregarded. A member who requires another form should contact Capita Registrars whose contact details are provided in note 3. Subject to note 3, if a member submits more than one valid proxy appointment, the appointment received last before the time limit in note 4 will take precedence.
9. A member wishing to revoke his or her proxy appointment should do so by sending a notice to that effect to the Company's registrars to the address set out in note 4. The revocation notice must be received by the Company's registrars by the time limit set out in note 4. Any revocation notice received after this time will not have effect.

Majestic Wine PLC
Form of Proxy

Please complete this form of Proxy and return in the enclosed reply paid envelope to:

PXS
34 Beckenham Road
Beckenham
BR3 4TU

Notes

Property

During the period we opened six new stores in Shrewsbury, Southend, Leith Walk in Edinburgh, Market Harborough, Abingdon and Sale.

We now operate from 153 stores in the UK.

London and Inside M25
Battersea
Belgravia
Brentford Lock
Bromley
Bushey
Chalk Farm
Cheam
Chislehurst
City
Clapham
Covent Garden
Croydon
Docklands
Dulwich
Ealing
East Molesey
Enfield
Epsom
Finchley
Fulham
Gidea Park
Greenwich
Islington
Kingston
Marylebone
Mayfair
Muswell Hill
New Barnet
Notting Hill Gate
Putney
Richmond
Roehampton
Ruislip
Sanderstead
Shepherds Bush
St. John's Wood
Surbiton
Twickenham
Uxbridge
Vauxhall
Wanstead
Weybridge
Wimbledon

South and West
Barnstaple
Bath
Bristol Bath Road
Bristol Filton
Bristol Westbury-on-Trym
Cheltenham
Chichester
Chippenham
Cirencester
Dorchester
Exeter
Gloucester
Marlborough
Newbury
Poole
Salisbury
Southampton
Swindon
Taunton
Winchester

South East
Amersham
Aylesbury
Berkhamsted
Bishops Stortford
Brighton & Hove
Camberley
Chelmsford
East Grinstead
Farnham
Guildford
Haslemere
High Wycombe
Horsham
Leatherhead
Maidenhead
Maidstone
Reading
Redhill ●
Reigate
Sevenoaks
Sonning
St. Albans
Stevenage
Sunningdale
Tunbridge Wells
Woking
Wokingham

East
Cambridge
Colchester
Ipswich
Norwich
Peterborough
Southend-on-Sea ●

Midlands
Abingdon ●
Banbury
Bicester
Birmingham Hagley Road
Birmingham Shirley
Derby
Hereford
Leamington Spa
Leicester
Market Harborough ●
Mere Green Sutton Coldfield
Milton Keynes
Northampton
Nottingham
Oxford Cowley Road
Oxford Summertown
Shrewsbury ●
Stourbridge
Stratford-upon-Avon
Stow-on-the-Wold
Wolverhampton
Worcester

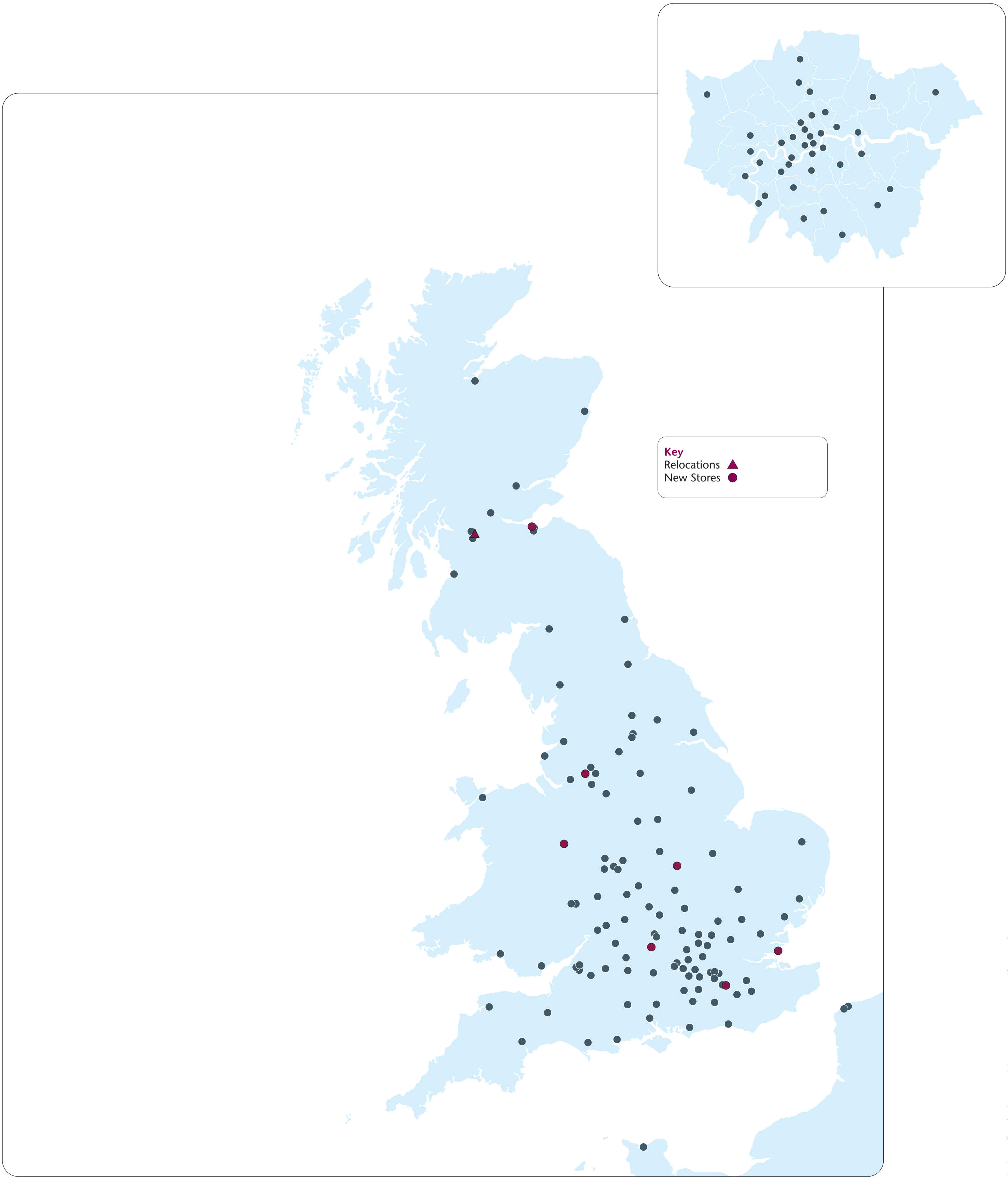
North
Beverley
Birkdale Southport
Carlisle
Chester
Darlington
Harrogate
Huddersfield
Kendal
Leeds Central
Leeds Chapel Allerton
Lincoln
Macclesfield
Manchester
Newcastle
Preston
Sale ●
Sheffield
Stockport
Warrington
Wilmslow
York

Scotland
Aberdeen
Ayr
Edinburgh Causewayside
Edinburgh Comiston Road
Edinburgh Leith Walk ●
Glasgow Bearsden
Glasgow West End ▲
Glasgow Giffnock
Inverness
Perth
Stirling

Wales
Bangor
Cardiff
Swansea

France
Calais
Coquelles
Cherbourg

See majestic.co.uk for location details.



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