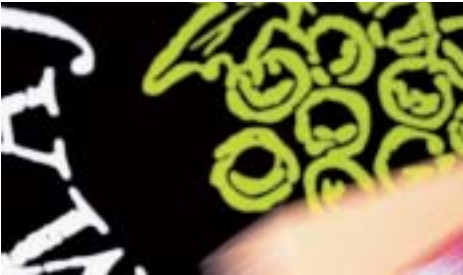


MAJESTIC WINE PLC
ANNUAL REPORT AND ACCOUNTS 2003



WELCOME

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BELOW LEFT TO RIGHT MAJESTIC NOW HAS 107 STORES IN THE UK (JULY 2003).

WE HAVE SUCCESSFULLY RELAUNCHED OUR FRENCH BUSINESS AS WINE AND BEER WORLD.

WE WERE DELIGHTED TO RECEIVE THE AIM COMPANY OF THE YEAR AWARD, SPONSORED BY PRICEWATERHOUSECOOPERS LLP IN ASSOCIATION WITH THE LONDON STOCK EXCHANGE.

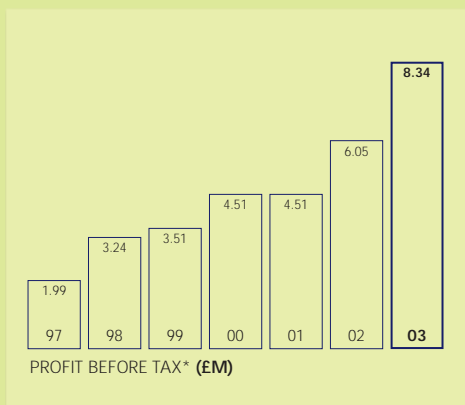
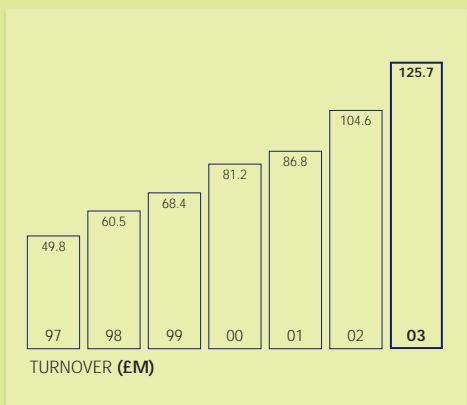


CORPORATE STATEMENT

MAJESTIC OPERATES THE LARGEST WINE WAREHOUSE CHAIN IN BRITAIN, SPECIALISING IN THE SALE OF WINE BY THE MIXED CASE DIRECT TO THE PUBLIC.

MAJESTIC DIFFERENTIATES ITSELF BY THE HIGH QUALITY OF ITS CUSTOMER SERVICE AND ADVICE, THE DIVERSITY AND QUANTITY OF STOCK AVAILABLE TO PURCHASE AT EACH STORE, ITS DEDICATED ON-SITE CUSTOMER PARKING, WINES TO TASTE EVERY DAY, THE ABILITY TO ORDER INSTORE OR VIA ITS WEBSITE AND THE AVAILABILITY OF FREE DELIVERY THROUGHOUT MAINLAND UK.

HIGHLIGHTS



*(EXCLUDES EXCEPTIONAL ITEMS IN 1997 AND 1999 AND GOODWILL AMORTISATION IS EXCLUDED IN 2002 AND 2003)

CHAIRMAN'S STATEMENT

THE GROUP'S CONTINUED STRONG PROGRESS WAS REFLECTED IN AN INCREASE OF 37.9% IN PROFIT BEFORE TAX AND AMORTISATION OF GOODWILL TO £8.34M FROM £6.05M LAST YEAR.

I am very pleased to report that we have achieved our tenth consecutive year of record profits and successfully relaunched our French business as Wine and Beer World.

The Group's continued strong progress was reflected in an increase of 37.9% in profit before tax and amortisation of goodwill to £8.34m from £6.05m last year. Total Group sales were up 20.1% to £125.7m from £104.6m last year and like for like UK sales were up 9.7%.

I would like to thank all our staff for all their hard work over the past twelve months without which we could not have achieved these excellent results. Their dedication to delivering great standards of customer service is fundamental to the Group's continuing success.

DIVIDEND

We are recommending for approval by shareholders at the Annual General Meeting a final dividend of 8 pence net per share. This will be payable on 8 August 2003 to shareholders on the register on 4 July 2003 and brings the total dividend to 11 pence net per share. This represents an increase of 3 pence net per share or 37.5% on the total 2002 dividend, in line with the rise in underlying Group earnings.

NON-EXECUTIVE DIRECTOR

Gerald Leahy who has served on the Board as a non-executive Director for the past seven years is retiring at the forthcoming Annual General Meeting. I would like to thank him for his significant contribution to the Group's development since flotation on the Alternative Investment Market (AIM) in 1996.

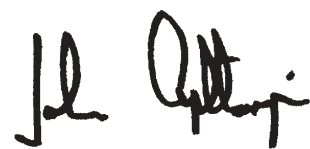
AIM AWARD

We were delighted to receive in October the AIM Company of the Year Award sponsored by PricewaterhouseCoopers LLP in association with the London Stock Exchange. We were particularly pleased as this was the second time we have received an AIM award.

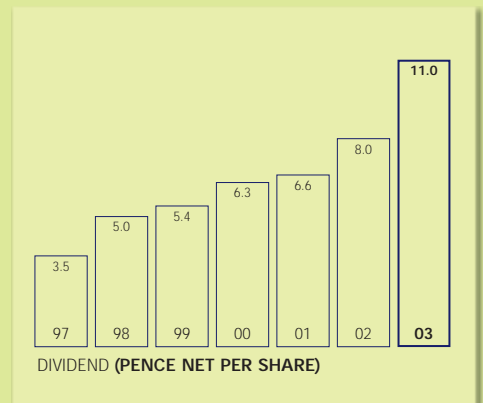
CURRENT TRADING

Sales growth in the first ten weeks of the financial year from 1 April to 9 June has been most satisfactory given the very strong comparatives over the previous two years with UK like for like sales up 8.1%.

We continue to see considerable opportunities for the future growth of Majestic.



JOHN APTHORP
Chairman



DIRECTORS AND ADVISERS

ADVISERS

COMPANY SECRETARY
NRE ALLDRITT ACMA
REGISTERED OFFICE
MAJESTIC HOUSE
OTTERSPOOL WAY
WATFORD
HERTS WD25 8WW

AUDITORS
ERNST & YOUNG LLP
400 CAPABILITY GREEN
LUTON LU1 3LU

BANKERS
BARCLAYS BANK PLC
50 PALL MALL
PO BOX NO.15162
LONDON SW1A 1QB

**NOMINATED ADVISER
AND BROKER**
TEATHER & GREENWOOD
LIMITED
BEAUFORT HOUSE
15 BOTOLPH STREET
LONDON EC3A 7QR
FINANCIAL ADVISER
CLOSE BROTHERS -
CORPORATE FINANCE
10 CROWN PLACE
LONDON EC2A 4FT

SOLICITORS
OSBORNE CLARKE
HILLGATE HOUSE
26 OLD BAILEY
LONDON EC4M 7HS
ROCKMAN LANDAU
45 MORTIMER STREET
LONDON W1W 8HJ

REGISTRARS
CAPITA IRG PLC
BOURNE HOUSE
34 BECKENHAM ROAD
BECKENHAM
KENT BR3 4TU

BELOW

JOHN APTHORP
AGED 68, IS CHAIRMAN
AND WAS APPOINTED TO
THE BOARD IN 1989.
HE IS CHAIRMAN OF THE
REMUNERATION
COMMITTEE.

NIGEL ALLDRITT
AGED 39, 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 FUNCTION.

BELOW

TIM HOW
AGED 52, IS CHIEF
EXECUTIVE AND WAS
APPOINTED TO THE BOARD
IN 1989. HE ACTS AS NON-
EXECUTIVE DIRECTOR OF
M&W MACK LIMITED AND
AUSTIN REED GROUP PLC.

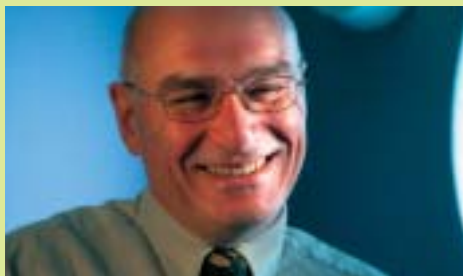
TONY MASON
AGED 57, IS TRADING
DIRECTOR AND WAS
APPOINTED TO THE BOARD
IN 1989.

GERALD LEAHY
AGED 68, IS A NON-
EXECUTIVE DIRECTOR AND
WAS APPOINTED TO THE
BOARD IN NOVEMBER
1996. HE IS CHAIRMAN
OF THE AUDIT COMMITTEE.
HE IS RETIRING AT THE
FORTHCOMING ANNUAL
GENERAL MEETING.

BELOW

STEVE LEWIS
AGED 39, IS RETAIL
DIRECTOR AND WAS
APPOINTED TO THE BOARD
IN FEBRUARY 1998. HE IS
RESPONSIBLE FOR RETAIL
OPERATIONS, CORPORATE
SALES AND WINE AND
BEER WORLD.

SIMON BURKE
AGED 44, IS A NON-
EXECUTIVE DIRECTOR AND
WAS APPOINTED TO THE
BOARD IN MARCH 2000.
HE IS THE CHAIRMAN OF
HAMLEYS PLC.



REVIEW OF OPERATIONS

WE HAVE OPENED FIVE NEW STORES DURING THE FINANCIAL PERIOD AND NOW ENVISAGE BEING ABLE TO ROLL OUT THE MAJESTIC FORMAT TO AROUND 175 LOCATIONS OVER THE NEXT FEW YEARS.

ABOVE FAR RIGHT OVER 300,000 CUSTOMERS RECEIVED OUR 36 PAGE SUMMER WINES LIST IN MAY THIS YEAR.

BELOW LEFT TO RIGHT ONE OF MAJESTIC'S KEY POINTS OF DIFFERENCE IS THE DIVERSITY AND QUANTITY OF STOCK AVAILABLE IN EACH STORE.

OUR NEW STORE IN WILMSLOW GIVES US A TOTAL OF 19 FREEHOLD PROPERTIES.

THE WINE AND BEER WORLD STORE IN CALAIS FEATURES A NEW DESIGN AND STORE LAYOUT, AN EXPANDED RANGE OF WINES AND A LARGE CUSTOMER TASTING AREA.

We have seen another very satisfactory increase in the number of customers on the mailing list who have made purchases in the last twelve months, up by 8.5%, to 294,000 from 271,000 this time last year. Over two years the number of active customers on the mailing list has increased 20%. The average spend per transaction at our stores has risen to £104 from £102 last year.

Wine remains the major part of our business at over 80% of sales and the UK market continues to show 6% annual growth. The average bottle price of still wine purchased at Majestic is £5.30 which is 36% above the market average at £3.89. We have seen particularly strong sales growth over the year from Australia, South Africa, Italy, Southern France and Champagne.

One of the key points of difference between Majestic and the competition is the diversity and quantity of stock available to purchase in each of our stores. We stock over 800 wines to suit all occasions ranging in value from below £3 to £700 per bottle.

We focus our annual marketing activity on five distinct periods - Spring, Summer, Autumn, Christmas and Winter, each supported by a strong promotional programme and the mailing of our price list to customers on our database. A selection of wine regions is chosen for each campaign and wines are made available to customers for tasting over themed weekends. We have over 350 wines on offer for the current Summer campaign lasting from the beginning of May to the end of August including generic offers in the featured regions, Loire and Chile.

The acquisition of interesting parcels of wine is an important part of our success, increasing variety within the range and enhancing the value offered to our customers. Recently we have stocked parcels of wine from California, Australia and Chile.

NEW STORES

We opened in five new locations during the financial year starting with our 100th store in Dorchester as well as in Bromley, Leicester, Camberley and Barnstaple. Dorchester and Barnstaple were previously car showrooms, Bromley was a former public house, Camberley was formerly a salmon processing unit and Leicester a new retail development. We have been pleased with initial sales at these new sites.

Since the year end we have opened new stores in Uxbridge, previously a pine furniture warehouse, and Wilmslow, formerly a public house. These sites were both purchased giving us a total of 19 freehold properties. In addition we have re-sited our New Barnet store into a larger retail warehouse nearby.

We will be opening our 107th store in St. John's Wood in early July. This store is twice the size of the average Majestic store and will incorporate a dedicated fine wine centre. Looking forward to later in the year we are currently converting a former public house in Roehampton, which we own, and are under contract in Victoria, Kendal and Warrington.

We continue to search actively for sites with around 3,000 square feet of space with good parking and prominence on a main road and now envisage being able to roll out the Majestic format to around 175 locations in the UK over the next few years.





INTERNET

Our website, www.majestic.co.uk, has been redesigned with new software enabling us to offer customers access to their online purchase history and improved navigation around the site. Sales orders received via the site over the financial year represented 3.0% of UK sales.

We continue to see a rapid growth in the traffic on the site which reflects its importance to the Company as a reference site and marketing tool. We have a growing email database now with over 35,000 addresses giving us the ability to communicate new offers quickly and cost effectively. Over the past year 30 communications were made in this manner, a recent example being the £8.49 Brossault Champagne promotion over Easter.

We have also introduced online ordering for Wine and Beer World, which allows customers to pre-order for collection before travelling to France as well as download price lists and maps. This service is proving very popular and now accounts for 3.9% of sales.

This year we will be upgrading the site to a much more powerful processor which will enable us to further improve functionality and provide capacity to handle forecast increases in demand. In addition we continue to enhance the software and are developing a fine wine ordering site to coincide with the launch of the new fine wine centre located in our St. John's Wood store.

CORPORATE SALES

Sales to corporate customers accounted for 27% of our UK sales up from 25% last year and we continue to see opportunities for further growth.

We have appointed three additional business development managers outside London bringing the total to eight. They are responsible for finding new business account customers with all subsequent customer service and logistics handled by the nearest Majestic store.

In addition to the regional structure, our central London team based near King's Cross sell to larger corporate customers in the City and West End. At the beginning of the year we doubled the size of our depot in King's Cross giving us the space to pursue sales growth in this area.

WINE AND BEER WORLD

Last Autumn we relaunched our French business as "Wine and Beer World". We introduced an expanded range of wines selected from the Majestic range and improved promotional offers. Customer service has been enhanced by training our staff in customer care and wine knowledge and by seconding Majestic staff to work in France. We substantially expanded our largest warehouse, situated in the Marcel Doret commercial zone close to the ferry terminal, to some 12,000 square feet of retail space with a car park providing around 45 spaces. The store features a new design and merchandise layout with improved depth of stock and a large customer tasting area. We have been pleased with sales growth in France which was 13.7% up for the year in the two Calais stores and Cherbourg.

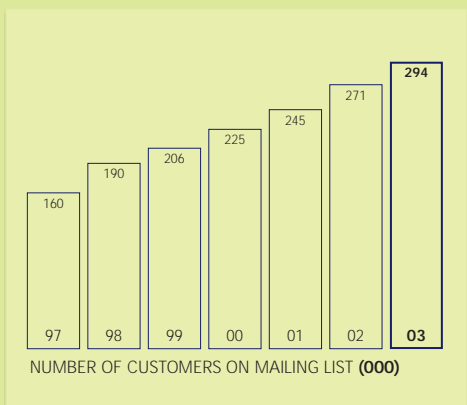
In January, we closed our store in Le Havre as the site was being redeveloped. We have not sought to re-site the store as the volume of customers in the area taking advantage of the cross Channel price differential is relatively low. Previously the store accounted for only 6% of total Wine and Beer sales.

We are delighted with sales growth at our three French stores since the year end up 27.7% in the ten weeks from 1 April to 9 June 2003.

FUTURE PROSPECTS

We believe that Majestic is in a strong position to attract new customers and further increase market share. We are confident for the future growth of Majestic

TIM HOW
Chief Executive



OUR PEOPLE



THE MOST IMPORTANT REASON GIVEN FOR PURCHASING AT MAJESTIC IS THE QUALITY OF SERVICE PROVIDED BY OUR FRIENDLY, HELPFUL AND KNOWLEDGEABLE STAFF.

BELOW LEFT TO RIGHT WE RECRUIT YOUNG, AMBITIOUS INDIVIDUALS PRIMARILY AT GRADUATE LEVEL WHO HAVE AN INTEREST IN CUSTOMER SERVICE AND LEARNING ABOUT WINE.

THE WINE AND SPIRIT EDUCATION TRUST (WSET) EXAMINATIONS ARE A KEY ELEMENT OF OUR COMPREHENSIVE MANAGEMENT TRAINING PROGRAMME.

MATT WILLSHIRE, MANAGER OF MAJESTIC NOTTING HILL GATE, IS ONE OF THE 26 MEMBERS OF STAFF CURRENTLY STUDYING FOR THEIR WSET DIPLOMA.

We conduct regular customer surveys which consistently show that the most important reason given for purchasing at Majestic is the quality of service provided by our friendly, helpful and knowledgeable staff.

We recruit young, ambitious and energetic individuals primarily at graduate level that have an interest in learning about customer service and extending their knowledge of wine. This recruitment policy has enabled us to build a team of highly dedicated people that take great pride in exceeding customer expectations.

We recognise the need to motivate our staff and do so with a comprehensive package of salary and benefits, including monthly sales bonuses and profit related bonus paid annually. Share options are granted to store managers and all staff achieving three years' service. In addition all staff are entitled to subscribe to the Group's SAYE share option scheme. We are pleased that these policies over the past three years have contributed to a steady reduction in staff turnover.

TRAINING

We place great emphasis on training all our store staff not only in customer care and operational management but also in wine knowledge. All retail staff attend a comprehensive programme of internally developed and delivered courses, covering a wide variety of topics from management skills to how to taste wine.

We have forged close links with the Wine and Spirit Education Trust (WSET) and consider their wine examinations to be very relevant.

A typical new member of staff would be expected to sit the WSET Advanced Certificate after around six months in the Company. Staff are encouraged to further their knowledge by studying for the WSET Diploma. We are currently sponsoring twenty six staff members through this qualification.

We were delighted that in October four members of staff were awarded WSET "awards of excellence", for the delivery of outstanding papers in their examinations. This achievement reflects the success of our training programme, recognised as being one of the best in the wine industry.

SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR

The Sunday Times conducted the biggest and most comprehensive survey of the British workplace to determine the best companies to work for. In ranking each company the opinions of its employees counted 80% towards the total with the balance being an evaluation of the company policies and procedures that impact the working environment.

We were pleased to be ranked 37th in the 100 Best Companies to work for and achieved several top ten rankings, 6th in "most caring colleagues", 7th in "most laughter", 7th in "most open management" and 2nd in "best for treating customers well".

HIGH STREET RETAILER OF THE YEAR

We were very pleased to be awarded "High Street Retailer of the Year" at the International Wine Challenge 2002 sponsored by Wine Magazine. The judges were most impressed by the quality of our staff and how their youth, team spirit and knowledge provide an inviting shopping experience.



PRESENCE



KEY:
NEW STORES 02/03 •
NEW STORES 03/04 •

SCOTLAND

AYR
EDINBURGH, CAUSEWAYSIDE
EDINBURGH, COMISTON RD
GLASGOW, BEARSDEN
GLASGOW, CHARING CROSS
GLASGOW, GIFFNOCK
PERTH

NORTH

BEVERLEY
BIRKDALE, SOUTHPORT
CHESTER
DARLINGTON
HARROGATE
LEEDS, CENTRAL
LEEDS, CHAPEL ALLERTON
NEWCASTLE
MANCHESTER
PRESTON
SHEFFIELD
STOCKPORT
WILMSLOW •
YORK

MIDLANDS

BANBURY
BIRMINGHAM,
ACOCKS GREEN
HAGLEY ROAD
LEICESTER •
MERE GREEN
MILTON KEYNES
NORTHAMPTON
NOTTINGHAM
OXFORD
STOURBRIDGE
WOLVERHAMPTON
WORCESTER

WALES

CARDIFF
SWANSEA

SOUTH AND WEST

BATH
BARNSTAPLE •
BRISTOL, BATH ROAD
BRISTOL, FILTON
CHELTENHAM
CHICHESTER
DORCHESTER •
EXETER
GLOUCESTER
NEWBURY
POOLE
SALISBURY
SOUTHAMPTON
SWINDON
TAUNTON
WINCHESTER

EAST

CAMBRIDGE
IPSWICH
NORWICH
PETERBOROUGH

SOUTH EAST

AMERSHAM
AYLESBURY
BRIGHTON & HOVE
CHELMSFORD
EAST GRINSTEAD
FARNHAM
GUILDFORD
HASLEMERE
MAIDENHEAD
MAIDSTONE
READING
REIGATE
ST ALBANS
STEVENAGE
SUNNINGDALE
WOKING
WOKINGHAM

LONDON AND INSIDE M25

BROMLEY •
BUSHEY
CAMBERLEY •
CATFORD
CHALK FARM
CHISLEHURST
CITY
CLAPHAM
CROYDON
DOCKLANDS
EALING
EPSOM
FULHAM
GIDEA PARK
GREENWICH
ISLINGTON
KINGSTON
MARYLEBONE
MAYFAIR
MUSWELL HILL
NEW BARNET (RESITE) •
NOTTING HILL GATE
PUTNEY
RICHMOND
SHEPHERDS BUSH
SOUTH KENSINGTON
SURBITON
TWICKENHAM
UXBRIDGE •
VAUXHALL
VINOPOLIS
WANSTEAD
WEYBRIDGE
WIMBLEDON

FRANCE
CALAIS
CHERBOURG
COQUELLES

BELOW LEFT TO RIGHT NEW MAJESTIC STORES INCLUDE BARNSTAPLE, A FORMER CAR SHOWROOM, BROMLEY, A CAREFUL CONVERSION OF A VICTORIAN ROADSIDE PUB, AND UXBRIDGE, A FORMER PINE WAREHOUSE.



DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The Directors present their report and Group financial statements for the year ended 31 March 2003.

PRINCIPAL ACTIVITY

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

RESULTS AND REVIEW OF THE BUSINESS

The Profit and Loss Account is set out on page 14.

The Directors' Report should be read in conjunction with the Chairman's Statement on page 2 and the Review of Operations on pages 4 to 5 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 8.0p net per Ordinary Share be paid which together with an interim dividend of 3.0p paid on 10 January 2003 makes a total of 11.0p (2002 8.0p) per share for the year. The final dividend amounting to £1,223,000, if approved, will be paid on 8 August 2003 to the shareholders whose names appear on the Register of Members at the close of business on 4 July 2003, leaving £3,708,000 to be transferred to reserves.

DIRECTORS

The Directors who served during the year were:

JD Apthorp, TF How, AJ Mason, JF Kelly, SJ Lewis, NRE Alldritt, GW Leahy, SP Burke.

All of the Directors served for the whole of the year except JF Kelly who retired on 28 June 2002.

GW Leahy and SP Burke are non-executive Directors.

In accordance with the Company's Articles of Association:

Mr. GW Leahy retires on 8 August 2003. Mr. TF How and Mr. SP Burke retire by rotation and, being eligible, offer themselves for re-election.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The audit committee consists of the Chairman and the non-executive Directors. The Chief Executive and Finance Director attend by invitation. It is chaired by one of the non-executive Directors. 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 accounts 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.

The principal operating company Majestic Wine Warehouses Limited is managed by a board of eleven executive directors, four of whom are also executive Directors of Majestic Wine PLC. They are responsible for the day to day management of operations.

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 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.

Functional Reporting

The risks facing the business are assessed on an ongoing basis. A number of key areas such as treasury risk management, capital expenditure, insurance, health and safety, and regulatory compliance, come under the direct control of the executive Directors.

REMUNERATION COMMITTEE

The remuneration committee consists of the Chairman and the two non-executive Directors. It 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 Group operates Executive Share Option Schemes in which the Directors and managers participate. The Group also operates a Savings Related Share Option Scheme that is available to all Group employees, and conforms to Inland Revenue rules. The committee determines the allocation of shares for both share schemes and the awards made for the Deferred Bonus Scheme.

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.

Deferred Bonus Scheme

The Group operates a Deferred Bonus Scheme for senior managers, which includes 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 2 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. Some or all of the bonus shares may be paid in cash if participants request, but this is only at the discretion of the trustee. Participants who are paid cash in this manner forfeit their entitlement to loyalty shares.

Under the terms of the scheme for the financial year ended 31 March 2003 the participants will be entitled to an award of bonus shares equal to 12% of their basic salary. The total of the equivalent cash option is £160,000. The Directors' portion of this is included in Directors' Emoluments. (See note 2).

The best estimate for the cost of bonus and loyalty shares including national insurance is £347,000 and has been provided in the accounts for the year ended 31 March 2003.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2003

DIRECTORS' INTERESTS

The interests of the Directors in the share capital of the Company are:

	Number of Ordinary Shares	
	2003	2002
JD Apthorp (note 1)	7,078,244	7,078,244
TF How (note 2)	157,124	156,591
AJ Mason (note 3)	23,517	147,248
SJ Lewis	2,058	2,820
GW Leahy	nil	nil
SP Burke	2,000	2,000
JF Kelly (note 4)	20,000	64,892
NRE Alldritt	286	nil

Notes:

1) JD Apthorp has a beneficial interest in 420,650 Ordinary Shares. He holds 14,650 in his own name and 406,000 are held by his wife J Apthorp. In addition, JD Apthorp also has a non-beneficial interest in 6,657,594 Ordinary Shares that are held by the P&L Trust Company Limited.

2) The Ordinary Shares that TF How has an interest in are held 77,624 in his own name, 74,500 by his wife EM How and 5,000 are held jointly.

3) The Ordinary Shares that AJ Mason has an interest in are held 18,517 in his own name and 5,000 by his wife H Mason.

4) JF Kelly retired on 28 June 2002, and the holding shown is at that date.

The Directors' interests in share options are as follows:

	Options at 01.04.02	Options granted	Options exercised	Options at 31.3.03	Exercise Price	Market price at date of exercise	Date from which exercisable	Expiry date
TF How	2,152	-	2,152	-	£2.70	£4.675	-	-
	1,997	-	-	1,997	£1.94	-	01.02.04	31.07.04
	12,630	-	-	12,630	£2.425	-	24.11.03	23.11.07
	12,370	-	-	12,370	£2.425	-	24.11.03	24.11.10
	-	50,000	-	50,000	£4.58	-	09.07.05	08.07.09
NRE Alldritt	-	6,550	-	6,550	£4.58	-	09.07.05	09.07.12
	-	23,450	-	23,450	£4.58	-	09.07.05	08.07.09
	-	2,595	-	2,595	£3.66	-	26.07.05	25.01.06
AJ Mason	2,152	-	2,152	-	£2.70	£4.675	-	-
	1,997	-	-	1,997	£1.94	-	01.02.04	31.07.04
	12,630	-	-	12,630	£2.425	-	24.11.03	23.11.07
	12,370	-	-	12,370	£2.425	-	24.11.03	24.11.10
SJ Lewis	23,790	-	-	23,790	£3.075	-	22.12.01	21.12.05
	1,210	-	-	1,210	£3.075	-	22.12.01	22.12.08
	2,152	-	2,152	-	£2.70	£4.675	-	-
	1,997	-	-	1,997	£1.94	-	01.02.04	31.07.04
	14,200	-	-	14,200	£2.425	-	24.11.03	23.11.07
	10,800	-	-	10,800	£2.425	-	24.11.03	24.11.10
	-	25,000	-	25,000	£4.58	-	09.07.05	08.07.09
JF Kelly	2,152	-	2,152	-	£2.70	£4.675	-	-

The market value of the Company's shares at 31 March 2003 was 492.5p. The highest and lowest prices during the year were 513.5p and 385.0p respectively.

MAJOR SHAREHOLDERS

At 12 June 2003 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
P&L Trust Company Limited	6,657,594	43.96
Standard Life	536,672	3.51
Jupiter	523,366	3.42
Foreign & Colonial	479,000	3.13
Taz Bay Investments Limited	462,220	3.02

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2003

DONATIONS

Charitable donations made in the year amounted to £10,445 primarily to Mencap. There were no political donations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Deferred Bonus Scheme. Recruitment and training development policies give equal opportunity to all employees regardless of 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 creditors 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 84 days (2002: 82 days). The Company has no trade creditors.

GOING CONCERN

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.

AUDITORS

A resolution to reappoint Ernst & Young LLP will be put to the Annual General Meeting.

By Order of the Board

NRE Alldritt ACMA
Secretary

Majestic House
Otterspool Way
Watford
Herts WD25 8WW

16 June 2003

Registered in England and Wales
No. 2281640

AUDIT REPORT

FOR THE YEAR ENDED 31 MARCH 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJESTIC WINE PLC

We have audited the Group's financial statements for the year ended 31 March 2003 which comprise the Accounting Policies, Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group and Company Balance Sheets, Group Cash Flow Statement and associated notes and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, Chairman's Statement and Review of Operations. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Luton

16 June 2003

ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable financial reporting and accounting standards in the United Kingdom. A summary of the more important policies is set out below:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold and long leasehold land and buildings.

The transitional arrangements under FRS 15 in respect of revaluation have been adopted, and the valuation has not been updated.

(b) Basis of consolidation

The 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. No profit and loss account is presented for Majestic Wine PLC as permitted by Section 230 of the Companies Act 1985.

(c) Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life up to 20 years. It is reviewed for impairment at the end of the first financial year following acquisition, and if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill arising on the acquisition of subsidiaries prior to 31 December 1997 was written off immediately against reserves. This has not been reinstated on the implementation of FRS 10.

If a subsidiary business is subsequently sold, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

(d) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Long leasehold buildings	2
Fixtures and fittings	10
Computer equipment	20
Vehicles	20

Freehold land is not depreciated.

The costs of short leasehold properties and improvements are amortised over the period of the lease.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(e) Stocks

Stocks are stated 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.

(f) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

The profit and loss accounts of overseas subsidiary undertakings are translated at the average rate of exchange ruling during the year. The balance sheets of the overseas subsidiary undertakings are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences between the profit and loss accounts translated at average rates and at balance sheet rates are shown as a movement in reserves and in the statement of total recognised gains and losses. All other translation differences are taken to the profit and loss account.

ACCOUNTING POLICIES

(g) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains from the revaluation (and similar fair value adjustments) of fixed assets, or gains on the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for the tax that would arise on remittances on retained earnings of overseas subsidiaries only to the extent that, at balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(h) Pensions

The Group contributes to the personal pension plans of certain staff. Amounts paid into the plan are charged to the profit and loss account in the period in which they arise.

(i) Turnover

Turnover represents goods sold to customers, less returns, net of value added tax. Turnover representing the sales of wines, beers, spirits and other related retail items arises within the United Kingdom and France.

No segmental analysis is provided within these accounts as in the opinion of the Directors any of the required disclosure would be prejudicial to the interests of the Group.

(j) Leases

Rent paid in respect of operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

(k) Derivative instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

The Group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

The criteria for forward foreign currency contracts are:

- The instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange movements on the Group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable future transaction, are deferred until the transaction occurs.

(l) SAYE scheme

The company has applied the exemptions contained within UITF 17, Employee Share Schemes, not to recognise a charge in respect of grants of options under the SAYE scheme.

(m) Employee share ownership trust

Dividends on the shares held by the trust, the purchase of which was funded by a contribution to the trust from Majestic Wine Warehouses Limited, are not waived. The shares are issued to the trust by Majestic Wine PLC. All expenses incurred by the trust are settled directly by Majestic Wine Warehouses Limited and charged in the accounts as incurred.

GROUP PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2003

	Note	Year to 31.03.03 £000	Year to 01.04.02 £000
Turnover		125,675	104,603
Cost of sales		(99,957)	(83,373)
Gross profit		25,718	21,230
Distribution costs		(10,726)	(9,653)
Administrative costs		(7,116)	(5,994)
Rental income		371	382
Operating profit	1	8,247	5,965
Net interest payable	3	(274)	(84)
Profit on ordinary activities before taxation		7,973	5,881
Taxation	4	(2,584)	(1,982)
Profit on ordinary activities after taxation		5,389	3,899
Dividend			
Interim – paid		(458)	(378)
Final – proposed		(1,223)	(827)
Retained profit for the year	18	3,708	2,694
Basic earnings per share	5	35.8p	26.4p
Diluted earnings per share	5	34.8p	25.7p
Underlying earnings per share	5	38.2p	27.6p
Diluted underlying earnings per share	5	37.1p	26.8p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2003

	Year to 31.03.03 £000	Year to 01.04.02 £000
Profit attributable to the members of the parent company	5,389	3,899
Currency translation differences on foreign currency net investments	124	(10)
Total gains and losses relating to the year	5,513	3,889

BALANCE SHEETS

AS AT 31 MARCH 2003

	Note	Group		Company	
		31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Fixed assets					
Intangible fixed assets	6	6,875	7,245	-	-
Tangible fixed assets	7	21,498	17,864	-	-
Investments	8	-	-	12,021	12,021
		28,373	25,109	12,021	12,021
Current assets					
Stocks	9	20,832	18,486	-	-
Debtors	10	4,425	3,803	10,492	12,232
Cash at bank and in hand		4,567	4,897	-	-
		29,824	27,186	10,492	12,232
Creditors:					
Amounts falling due within one year	11	(29,786)	(25,874)	(2,209)	(2,296)
Net current assets		38	1,312	8,283	9,936
Total assets less current liabilities		28,411	26,421	20,304	21,957
Creditors:					
Amounts falling due after more than one year	12	(3,265)	(5,715)	(5,265)	(7,715)
Provision for liabilities and charges	13	(305)	(263)	-	-
Net assets		24,841	20,443	15,039	14,242
Capital and reserves					
Called up share capital	14	4,587	4,513	4,587	4,513
Share premium account	18	4,766	3,868	4,766	3,868
Revaluation reserve	18	22	22	-	-
Profit and loss account	18	15,466	12,040	5,686	5,861
Equity shareholders' funds		24,841	20,443	15,039	14,242

The financial statements were approved by the Board on 16 June 2003 and signed on its behalf by:

JD Apthorp
Chairman

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003

	Year to 31.03.03 £000	Year to 01.04.02 £000
Net cash inflow from operating activities	11,424	8,847
Returns on investments and servicing of finance		
Interest paid	(65)	(30)
Loan note interest and guarantee fees	(140)	(72)
Term loan interest	(184)	-
Interest received	107	87
	(282)	(15)
Taxation		
UK corporation tax paid	(2,449)	(1,654)
Overseas corporation tax received/(paid)	91	(282)
	(2,358)	(1,936)
Capital expenditure		
Payments to acquire tangible fixed assets	(5,411)	(4,294)
Receipts from sales of tangible fixed assets	23	34
Net cash outflow from capital expenditure	(5,388)	(4,260)
Acquisitions		
Purchase of subsidiary undertaking	-	(184)
Cash acquired with subsidiary undertaking	-	691
	-	507
Equity dividends paid	(1,285)	(1,039)
Net cash inflow before financing	2,111	2,104
Financing		
Issue of Ordinary Share capital	314	373
Receipt for exercise of share options satisfied by QUEST	25	-
New bank loans	5,000	-
Repayment of bank loan	(700)	-
Redemption of loan notes	(7,184)	-
(Decrease)/increase in cash for the year	(434)	2,477

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

Reconciliation of operating profit to net cash flow from operating activities

	Year to 31.03.03 £000	Year to 01.04.02 £000
Operating profit	8,247	5,965
Depreciation charges	1,771	1,984
Amortisation charge	370	170
Loss/(profit) on disposal of tangible fixed assets	3	(26)
Increase in stocks	(2,346)	(1,073)
Increase in debtors	(622)	(356)
Increase in creditors	3,676	1,892
Increase/(decrease) in provisions	98	(10)
Deferred bonus payable in shares	227	301
Net cash inflow from operating activities	11,424	8,847

Analysis of net debt

	Cash £000	Loan Notes £000	Term Loan £000	Arrangement Fees £000	Total £000
As at 3 April 2001	2,420	-	-	-	2,420
Cash inflow	2,477	-	-	-	2,477
Loan notes issued to acquire new business	-	(7,184)	-	-	(7,184)
Capitalised arrangement fees for loan notes and backing term loan	-	-	-	69	69
At 1 April 2002	4,897	(7,184)	-	69	(2,218)
Cash outflow	(434)	-	-	-	(434)
Exchange differences	104	-	-	-	104
Redemption of loan notes	-	7,184	-	-	7,184
New term loan	-	-	(5,000)	-	(5,000)
Repayment of term loan	-	-	700	-	700
Amortisation of arrangement fees	-	-	-	(16)	(16)
Net funds at 31 March 2003	4,567	-	(4,300)	53	320

Reconciliation of net cash flow to net debt

	Year to 31.03.03 £000	Year to 01.04.02 £000
Increase/(decrease) in cash	(434)	2,477
Loan notes issued to acquire new business	-	(7,184)
Redemption of loan notes	7,184	-
(Amortisation)/capitalisation of arrangement fees	(16)	69
New term facility	(5,000)	-
Repayment of term facility	700	-
Exchange differences	104	-
Movement in net debt	2,538	(4,638)
Net (debt)/funds at 1 April 2002	(2,218)	2,420
Net funds/(debt) at 31 March 2003	320	(2,218)

NOTES TO THE FINANCIAL STATEMENTS

1. OPERATING PROFIT

	Year to 31.03.03 £000	Year to 01.04.02 £000
Operating profit is stated after charging/(crediting):		
Depreciation	1,771	1,984
Amortisation	370	170
Operating lease rentals – plant and machinery	532	390
– other	3,895	3,632
Loss/(profit) on disposal of fixed assets	3	(26)
Auditors' remuneration:		
in respect of audit		
– Company	5	5
– Group	49	37
for non-audit services	36	18

No audit fee has been charged to Majestic Wine PLC. The charge has been borne by a subsidiary company.

2. EMPLOYEE INFORMATION

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

	2003	2002
Head office, including distribution	83	72
Store staff	527	471
	610	543

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

	Year to 31.03.03 £000	Year to 01.04.02 £000
Wages and salaries	10,945	10,090
Social security costs	1,022	980
Pension costs	179	128
	12,146	11,198

Directors' emoluments

	2003 £000	2002 £000
Aggregate emoluments	568	500
Deferred bonus	141	45
Gain made on exercise of share options	17	612
Company pension contributions to money purchase schemes for five Directors	93	61
	819	1,218
Highest paid Director		
Aggregate emoluments	176	149
Deferred bonus	48	16
Gain made on exercise of share options	4	453
Company pension contributions to money purchase scheme	29	19
	257	637

The deferred bonus recognised in the year includes £92,000 in respect of the 2000 financial year and £49,000 representing the cash equivalent of the 2003 award. Settlement of the 2003 deferred bonus is expected in 2005.

NOTES TO THE FINANCIAL STATEMENTS

3. NET INTEREST PAYABLE

	Year to 31.03.03 £000	Year to 01.04.02 £000
Interest on bank overdrafts and other loans repayable within five years, not by instalments	(107)	(30)
Loan note interest and bank guarantee commission	(70)	(141)
Interest payable on bank loans	(204)	-
Bank interest receivable	107	87
	(274)	(84)

4. TAXATION

(a) Analysis of the tax charge in the year.

The charge based on the profit for the year comprises:

	Year to 31.03.03 £000	Year to 01.04.02 £000
Taxation on profit on ordinary activities		
UK corporation tax:		
Profit for the year	2,247	1,977
Adjustment in respect of the previous year	(6)	(11)
Overseas corporation tax on subsidiary undertaking	399	174
Total current tax	2,640	2,140
UK deferred tax:		
Origination and reversal of timing differences in respect of: Profit in the year (excluding exceptional items)	(56)	(158)
Total deferred tax	(56)	(158)
Tax on profit on ordinary activities	2,584	1,982

(b) Factors affecting the tax charge for the year based on profit on ordinary activities pre tax of £7,973,000 (2002: £5,881,000).

	31.03.03 %	01.04.02 %
Corporation tax at the statutory rate	30.00	30.00
Effects of:		
Overseas tax in excess of 30% rate	0.19	0.23
Expenses not deductible for tax purposes	(0.84)	0.09
Accounting depreciation not eligible for tax purposes	1.62	2.79
Goodwill amortised	1.39	0.87
Accounting depreciation in excess of tax depreciation	0.54	1.69
Adjustments relating to prior years' corporation tax	(0.07)	(0.18)
Originating timing differences	0.28	0.90
Total current tax rate	33.11	36.39
Origination and reversal of deferred tax timing difference	(0.70)	(2.69)
Total tax rate	32.41	33.70

(c) Factors that may affect future tax charges

No provision has been made for deferred tax where potentially taxable gains have been rolled over into replacement assets. Such gains would become taxable only if the assets were sold without it being possible to claim rollover relief. The amount not provided is £266,000 (2002: £266,000) in respect of this. At present, it is not envisaged that this potential tax liability will become payable in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

5. EARNINGS PER SHARE

The calculations of earnings per Ordinary Share are based upon profits after taxation of £5,389,000 (2002: £3,899,000). Underlying earnings per share has been calculated in addition to the earnings per share required by FRS 14 earnings per share, based on earnings excluding the effect of the amortisation of goodwill of £370,000 (2002: £170,000). This alternative measure has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group. Details of earnings per share are set out below:

	2003	2002
Profit on ordinary activities after taxation	£5,389,000	£3,899,000
Amortisation of goodwill arising on acquisition	£370,000	£170,000
Underlying earnings	£5,759,000	£4,069,000

	2003	2002
--	------	------

Earnings per Ordinary Share is calculated as follows:

Basic		
Profit attributable to Ordinary shareholders	£5,389,000	£3,899,000
Weighted average number of Ordinary Shares in issue	15,069,336	14,759,278
Earnings per Ordinary Share	35.8p	26.4p

Diluted		
Profit attributable to Ordinary shareholders	£5,389,000	£3,899,000
Weighted average number of Ordinary Shares in issue	15,505,530	15,182,257
Earnings per Ordinary Share	34.8p	25.7p

Underlying earnings per Ordinary Share		
Underlying earnings	£5,759,000	£4,069,000
Weighted average number of Ordinary Shares in issue	15,069,336	14,759,278
Underlying earnings per Ordinary Share	38.2p	27.6p

Underlying diluted		
Underlying earnings	£5,759,000	£4,069,000
Weighted average number of Ordinary Shares in issue	15,505,530	15,182,257
Underlying diluted earnings per Ordinary Share	37.1p	26.8p

The number of Ordinary Shares used in the diluted earnings per share is calculated as follows:

	2003	2002
Basic weighted average number of shares	15,069,336	14,759,278
Dilutive potential Ordinary Shares:		
Employee share options	436,194	422,979
	15,505,530	15,182,257

6. INTANGIBLE FIXED ASSETS (GROUP)

	Goodwill £000
Cost at 31 March 2003 and 2 April 2002	7,415
Amortisation:	
At 2 April 2002	170
Amortisation provided during the year	370
At 31 March 2003	540
Net Book Value:	
At 31 March 2003	6,875
At 2 April 2002	7,245

The goodwill arising on the acquisition of Les Celliers de Calais is being amortised on a straight line basis over 20 years, which the Directors believe to be its useful economic life.

NOTES TO THE FINANCIAL STATEMENTS

7. TANGIBLE FIXED ASSETS (GROUP)

	Land and Buildings			Equipment Fittings & Vehicles £000	Total £000
	Freehold £000	Long Leasehold £000	Short Leasehold £000		
Cost or valuation:					
At 2 April 2002	8,895	477	5,398	9,090	23,860
Additions	2,788	11	718	1,894	5,411
Re-allocation	-	(49)	-	49	-
Retranslation	-	-	17	6	23
Disposals	-	-	(96)	(1,440)	(1,536)
At 31 March 2003	11,683	439	6,037	9,599	27,758
Depreciation:					
At 2 April 2002	248	9	1,699	4,040	5,996
Charge for year	119	4	334	1,314	1,771
Retranslation	-	-	1	2	3
Disposals	-	-	(96)	(1,414)	(1,510)
At 31 March 2003	367	13	1,938	3,942	6,260
Net book value: at 31 March 2003	11,316	426	4,099	5,657	21,498
at 2 April 2002	8,647	468	3,699	5,050	17,864

The freehold and long lease properties, which the Group occupied at 31 July 1996, were valued independently at £1,430,000 on the basis of existing use value. Subsequent additions are included at acquisition cost. Freehold land and buildings includes £5,565,000 (2002 £3,817,500) in respect of land that is not depreciated.

	31.03.03 £000	01.04.02 £000
The historical costs of the assets revalued are as follows:		
Freehold properties	1,195	1,195
Long leasehold properties	213	213
	1,408	1,408

8. INVESTMENTS

	31.03.03 £000	01.04.02 £000
Company:		
Shares in Group undertakings at cost	12,021	12,021

The Company owns:

- i) 100% of the share capital of Wharfside Wine PLC, an investment company, registered in England and Wales, which is no longer trading.
- ii) 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 and beers.
- 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) 100% of the ordinary share capital of Majestic Wine Card Services Limited, a company registered in England and Wales, whose principal activity is the processing of credit and debit card payments.
- v) 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 and beers.
- vi) 100% of the ordinary share capital of Majestic Wine QUEST Trustees 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.
- vii) Through Wharfside Wine PLC:
 - (a) 100% of the ordinary share capital of Marnlev Limited, a company registered in England and Wales, which is no longer trading.
 - (b) 100% of the ordinary share capital of Wizard Wine Limited, a dormant company registered in England and Wales, which owns all of the share capital of Merlin Wine Limited, a dormant company registered in England and Wales.

During the prior year the Company acquired the entire share capital of Les Celliers de Calais. On acquisition book values of Les Celliers de Calais' assets were adjusted to represent their fair value to the Group. The Directors have reviewed the fair value calculations made at the time and have concluded that no further adjustments are required.

NOTES TO THE FINANCIAL STATEMENTS

9. STOCKS

	Group		Company	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Goods for resale	20,832	18,486	-	-

10. DEBTORS

	Group		Company	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Trade debtors	1,972	1,776	-	-
Amounts due from Group undertakings	-	-	10,492	12,232
Other debtors	1,028	819	-	-
Prepayments and accrued income	1,425	1,208	-	-
	4,425	3,803	10,492	12,232

The amounts due from Group undertakings have no fixed repayment terms and are interest free.

11. CREDITORS

	Group		Company	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Amounts falling due within one year:				
Loan notes (see note 20)	-	1,400	-	1,400
New term loan (see note 20)	982	-	982	-
Trade creditors	21,930	19,228	-	-
Corporation tax	1,163	881	-	-
Other taxes and social security	1,315	1,306	-	-
Accruals and other creditors	3,173	2,232	4	69
Dividends	1,223	827	1,223	827
	29,786	25,874	2,209	2,296

12. CREDITORS

	Group		Company	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Amounts falling due after more than one year:				
Amounts due to Group undertakings	-	-	2,000	2,000
Loan notes (see note 20)	-	5,715	-	5,715
New term loan (see note 20)	3,265	-	3,265	-
	3,265	5,715	5,265	7,715

NOTES TO THE FINANCIAL STATEMENTS

13. PROVISION FOR LIABILITIES AND CHARGES (GROUP)

	Deferred Bonus 31.03.03 £000	Deferred Tax 31.03.03 £000	National Insurance 31.03.03 £000	Total 31.03.03 £000
Opening balance	111	152	-	263
Provided in the year	120	-	46	166
Utilised in year	(68)	(56)	-	(124)
Closing balance	163	96	46	305

(a) Deferred bonus:

Deferred bonuses amounting to £347,000, inclusive of employer's national insurance liabilities, were awarded for the financial year. The £120,000 provided in the year represents the Directors' best estimate of the amounts payable in cash. Amounts of deferred bonus and loyalty bonus expected to be settled in shares are recognised in shareholders' funds. All liabilities are expected to be settled within two years. Details of the Deferred Bonus Scheme are set out on page 8.

(b) Deferred taxation (Group)

Deferred taxation has been provided in the accounts as follows:

	Provided		Unprovided	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Excess of tax allowances over depreciation	190	239	-	-
Other timing differences	(94)	(87)	-	-
Capital gain rolled over	-	-	266	266
	96	152	266	266

(c) 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 21 November 2009. The amount payable is dependent on the Company's share price at the date of exercise of the options. The provision has been calculated based on the share price at the balance sheet date of 492.5p and the assumption that 100% of employees will exercise their share options and that the rate of NIC is 12.8%.

14. SHARE CAPITAL

	2003		2002	
	Number	Value £000	Number	Value £000
Authorised				
Ordinary Shares of 30p each	35,000,000	10,500	35,000,000	10,500
Issued				
Ordinary Shares of 30p each	15,289,843	4,587	15,043,639	4,513

During the year 101,000 Ordinary Shares of 30p each were allotted for a consideration of £314,000. The shares were allotted to satisfy the exercise of options. The Company issued 100,000 shares to the trustees of the Company's QUEST, to fulfil obligations under the Company's SAYE scheme, for a consideration of £450,000 funded by the Group. In addition 45,214 shares were issued to the trustees of the Company's employee share ownership trust to fulfil the requirements of the Deferred Bonus Scheme.

NOTES TO THE FINANCIAL STATEMENTS

15. 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 2 year deferral period (details of the Deferred Bonus Scheme are set out on page 8).

At the year end the Trust held 62,942 (2002: 84,344) shares with a nominal value of 30p each. The total acquisition cost of these shares was £262,000 (2002: £268,000). At the year end the market value of these shares was £310,000 (2002: £377,000).

The shares held by the trust represent the maximum amount due to be settled after the two years deferral period for the 2001 and 2002 awards under the Deferred Bonus Scheme. The 2001 award, due to be settled in June 2003, is 17,728 shares. The 2002 award, due to be settled in June 2004 is 45,214 shares.

16. QUALIFYING EMPLOYEE SHARE OWNERSHIP TRUST (QUEST)

The trust is used to acquire shares in Majestic Wine PLC to satisfy options maturing under the Company's SAYE scheme. The shares are distributed to participants of the scheme upon maturity of their individual savings plans.

At the year end the Trust held 90,675 (2002: nil) shares with a nominal value of 30p each. The total acquisition cost of these shares was £408,000 (2002: nil). At the year end the market value of these shares was £447,000 (2002: nil).

17. SHARE OPTIONS

The following options are outstanding for Ordinary Shares.

Number of shares	Period in which exercisable		Price per share	
8,000	15 December 1997	–	15 December 2004	£0.75
1,000	01 November 1999	–	30 October 2006	£1.60
41,110	22 December 2001	–	21 December 2005	£3.075
17,890	22 December 2001	–	22 December 2008	£3.075
94,780	27 November 2003	–	26 November 2007	£2.425
402,220	27 November 2003	–	26 November 2010	£2.425
85,885	01 February 2004	–	31 July 2004	£1.94
1,371	01 February 2004	–	31 July 2004	£2.46
62,000	06 July 2004	–	05 July 2011	£3.05
1,020	26 November 2004	–	25 November 2008	£3.59
38,480	26 November 2004	–	26 November 2011	£3.59
12,872	01 February 2006	–	31 July 2006	£1.94
112,675	09 July 2005	–	09 July 2012	£4.58
115,325	09 July 2005	–	08 July 2009	£4.58
55,412	26 July 2005	–	26 January 2006	£3.66
7,359	26 July 2007	–	26 January 2008	£3.66
70,925	22 November 2005	–	22 November 2012	£4.80
17,575	22 November 2005	–	21 November 2009	£4.80

The interests of the Directors in the above options are disclosed in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

18. RECONCILIATION OF MOVEMENT IN RESERVES AND SHAREHOLDERS' FUNDS

	Revaluation Reserve £000	Share Capital £000	Share Premium Account £000	Profit & Loss Account £000	Total Shareholders' Funds £000
Group:					
At 3 April 2001	22	4,408	3,537	8,901	16,868
Share Issue	-	99	274	-	373
ESOT share issue	-	6	57	(63)	-
Retained profit for the year	-	-	-	2,694	2,694
Transfer to shareholders funds – deferred bonus expected to be satisfied in shares	-	-	-	282	282
Transfer to shareholders funds – deferred bonus 2002	-	-	-	236	236
Currency translation differences on foreign currency net investments	-	-	-	(10)	(10)
At 1 April 2002	22	4,513	3,868	12,040	20,443
Share issue	-	30	284	-	314
ESOT share issue	-	14	194	(208)	-
QUEST share issue	-	30	420	(450)	-
Options satisfied from QUEST	-	-	-	25	25
Retained profit for the year	-	-	-	3,708	3,708
Transfer to shareholders funds – deferred bonus expected to be satisfied in shares	-	-	-	227	227
Currency translation differences on foreign currency net investments	-	-	-	124	124
At 31 March 2003	22	4,587	4,766	15,466	24,841
Company:					
At 3 April 2001	-	4,408	3,537	5,207	13,152
Share issue	-	99	274	-	373
ESOT share issue	-	6	57	-	63
Retained profit for the year	-	-	-	654	654
At 1 April 2002	-	4,513	3,868	5,861	14,242
Share issue	-	30	284	-	314
ESOT share issue	-	14	194	-	208
Prior Year ESOT share issue	-	-	-	205	205
QUEST share issue	-	30	420	(450)	-
Options satisfied from QUEST	-	-	-	25	25
Retained profit for the year	-	-	-	45	45
At 31 March 2003	-	4,587	4,766	5,686	15,039

A separate profit and loss account dealing with the results of the Company only, has not been presented as permitted under Section 230 of the Companies Act. The profit for the Company after taxation was £1,726,000 (2002: £1,859,000)

The cumulative amount of goodwill arising on the acquisition of subsidiaries prior to 31 December 1997 written off immediately against reserves at 31 March 2003 is £1,595,000 (2002: £1,595,000).

19. OPERATING LEASES

At 31 March 2003 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Operating leases which expire:				
Within one year	56	117	37	34
Between two and five years	454	500	345	360
In over five years	3,309	3,056	-	-
	3,819	3,673	382	394

The majority of the Group's leases of land and buildings are subject to rent reviews of between three and five years.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS

Funds

The disclosures below exclude short term debtors and creditors.

The Group's only financial asset was cash at bank and in hand of £4,567,000 (2002: £4,897,000). 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, monthly and two monthly 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 2.88% (2002: 3.72%).

Currency

The cash profile at 31 March 2003 was:

	Cash at floating rates	
	31.03.03 £000	01.04.02 £000
Sterling	2,182	4,476
Euros	2,267	421
US Dollars	118	-
	4,567	4,897

Financial liabilities comprise bank overdrafts, term loan and guarantee facilities denominated in sterling amounting to £4,247,000 (2002: £7,115,000), these are further described below.

Foreign currency

The Group covers the exposure to foreign purchases by acquiring forward currency contracts. Contracts are put in place prior to the setting of retail prices. The exposure may be covered up to a period of one year. There was no material exposure, in respect of monetary assets and liabilities, after taking into account foreign currency contracts. The value hedged at any point is always in excess of the outstanding liability. At 31 March 2003 and 1 April 2002 unrealised gains or losses on forward contracts taken out as hedges of purchase transactions were not material.

The nominal value of forward currency contracts is shown below.

	31.03.03 £000	01.04.02 £000
Forward foreign currency purchases	11,710	9,733

The majority of these contracts are in Euros maturing in less than one year.

Borrowing facilities

The Group has an overdraft facility with Barclays Bank PLC that is utilised to cover seasonal borrowing requirements. The facility is renewed annually and was current at 31 March 2003. The undrawn committed overdraft facility available at 31 March 2003 was £6,000,000 (2002: £6,000,000) which expires in June 2004.

Loan Notes

To facilitate the acquisition of Les Celliers de Calais, 3 per cent loan notes to the value of £7,000,000 were issued on 15 October 2001 and a further £184,000 in 3 per cent loan notes were issued on 24 June 2002 to complete the consideration. The initial £7,000,000 loan notes were redeemed on 24 June 2002 and the balancing £184,000 on 24 December 2002.

Term Loan and Guarantee Facility

The loan notes issued as consideration for the acquisition of Les Celliers de Calais were guaranteed by Barclays Bank PLC at a commission of 1.25 per cent per annum. The guarantee expired with the redemption of the loan notes. The loan notes were backed with a term loan facility to the maximum amount of £7,750,000. On 24 June 2002, £5,000,000 was drawn down to facilitate the redemption of the loan notes. The facility is secured by a floating charge over the Group's assets. The Company must make repayments of the term loan in equal half yearly amounts sufficient to fully repay facility by the fifth anniversary of its drawdown. The Company may, subject to giving five business days written notice, repay the whole or any part of the facility. The loan facility element incurs interest at Barclays Bank PLC's base rate plus 1 per cent.

At 31 March 2003 the term loan facility balance was £4,300,000 as set out below.

Group and Company

	Term Loan		Loan Notes	
	31.03.03 £000	01.04.02 £000	31.03.03 £000	01.04.02 £000
Amounts falling due:				
in one year or less or on demand	1,000	-	-	-
in more than one year but not more than two years	1,000	-	-	-
in more than two years but not more than five years	2,300	-	-	7,184
	4,300	-	-	7,184
Less: issue costs	53	-	-	69
	4,247	-	-	7,115
Less: amounts included in creditors: amounts falling due within one year	982	-	-	1,400
	3,265	-	-	5,715

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Majestic Wine PLC will be held at Majestic House, Otterspool Way, Watford, Hertfordshire WD25 8WW at 11.30 am on 8 August 2003, for the following purposes:

ORDINARY BUSINESS

Adoption of accounts

1. To receive and adopt the Annual Report and Accounts for the year ended 31 March 2003.

Declaration of dividend

2. To declare a final dividend of 8.0p per Ordinary Share.

Re-election of retiring Director

3. To re-elect Timothy Francis How 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 Simon Paul Burke as a Director who retires by rotation in accordance with the Company's Articles of Association.

Re-appointment of Auditors

5. To appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, to which reference is made in the explanatory notes following this Notice below.

Directors power to allot securities – Ordinary Resolution

6. That the Directors be and they are generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,528,983 to such persons at such times and on such terms as they think proper during the period expiring at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or such earlier date (if any) on which this authority is revoked save that the Company may prior to the expiry of such period make any offer or agreement which would or might require relevant securities to be allotted after the expiry of this period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this paragraph, so that all previous authorities of the Directors pursuant to Section 80 of the Act be and they are revoked.

Disapplication of pre-emption rights – Special Resolution

7. That the Directors be and they are empowered pursuant to Section 95(1) of the Act to allot equity securities (as defined in Section 94(2) of the Act) of the Company for cash pursuant to the authority of the Directors under Section 80 of the Act conferred by the previous resolution as if Section 89(1) of the Act did not apply to such allotment and at any time prior to the expiry of the power conferred by this resolution to make any offer or agreement which would or might require equity securities to be allotted after the expiry of such power notwithstanding the expiry of such power provided that such power shall, subject as aforesaid, cease to have effect at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or such earlier date (if any) on which the said authority is revoked, and provided that the power conferred by this resolution shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares of 30 pence each where the equity securities attributable to the interests of all the holders of Ordinary Shares of 30 pence each are proportionate (as nearly as may be convenient, having regard to the statutory and other regulatory requirements of any foreign territory or the requirements of any regulatory body or stock exchange) to the respective number of Ordinary Shares of 30 pence each held by them but subject to such exclusions and other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements and any shares held by overseas shareholders; and
 - (b) the allotment of equity securities otherwise than as mentioned in sub-paragraph (a) up to a maximum aggregate nominal amount of £229,348 representing approximately 5 per cent of the nominal value of the current issued share capital of the Company.

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

By order of the Board

Nigel Alldritt
Secretary

16 June 2003

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All members who hold Ordinary Shares are entitled to attend and vote at the meeting. Members who are entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him, and a proxy need not also be a member. A form of proxy is enclosed. If you do not intend being present at the meeting please sign and return it so as to reach the Company's Registrar at least 48 hours before the meeting. The return by a member of a duly completed form of proxy will not preclude any such member from attending in person and voting at the meeting.
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, are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday and public holidays excluded) from the date of this notice until the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
3. The Company pursuant to regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at close of business on 6 August 2003 shall be entitled to attend or vote at the aforesaid general meeting 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 meeting.

Explanatory notes on certain business of the Annual General Meeting

Resolution 6 Directors' power to allot securities

Under Section 80 of the 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 2004. It complies with the Association of British Insurers' guidelines.

Resolution 7 Disapplication of pre-emption rights

Section 89 of the Act require that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which in the case of rights issue may prove both costly and cumbersome. This resolution excludes these rights as far as rights issues are concerned. It also enables Directors to allot shares up to an aggregate nominal value of £229,348 which is approximately 5% of the current issued share capital of the Company, in line with the Association of British Insurers' guidelines.

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 will expire at the conclusion of the next Annual General Meeting of the Company.



www.Majestic.co.uk

Majestic Wine PLC
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