For Immediate Release **15 June 2015**

MAJESTIC WINE PLC

FULL YEAR RESULTS

Majestic Wine PLC ("Majestic", "Majestic Group" or "Group"), the UK's largest wine specialist with 213 stores and which recently acquired Naked Wines, a customer funded international online wine business, today announces its full year results for the 52 weeks ended 30 March 2015.

Financial Highlights

- Revenue up **2.3%** to **£284.5m** (2014: £278.2m)
- Like for like sales in UK retail stores up **1.9%** (2014: -0.1%)
- Adjusted profit before tax excluding exceptional items[1] declined to **£20.9m** (2014: £23.8m)
- Group profit before tax declined to **£18.4m** (2014: £23.8m) reflecting:
  - Gross profit margin 0.3% lower at **22.7%** (2014: 23.0%)
  - Distribution costs up 5.7% or £1.5m to **£28.3m** (2014: £26.8m)
  - Administrative costs including £1.8m acquisition costs and £0.7m termination payments, up £4.4m or 31.4% to **£18.5m** (2014: £14.1m)
- Majestic Wine Calais profit before interest and tax **£1.4m** (2014: £1.5m)
- Lay & Wheeler loss before interest and tax **£(0.1)m** (2014: £1.0m)
- Group cash flow generated from operations of **£32.9m** (2014: £23.6m), mostly reflecting working capital phasing.

Operational Highlights[2]

- Number of active customers who made purchases during the year up **5.4%** to **678,000** (2014: 643,000)
- Average spend per transaction unchanged at **£129** (2014: £129)
- Average price per bottle of still wine purchased increased to **£8.00** (2014: £7.94)
- Online sales increased **12.4%** to **£31.1m** (2014: £27.7m), now representing **12.1%** of UK retail sales (2014: 11.4%)
- Sales to Commercial managed accounts up **12.8%** to **£42.1m** (2014: £37.3m)
- Net **7** new stores opened during the year (2014: 12)

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[1] Exceptional items include acquisition costs related to acquisition of Naked Wines and termination payments
[2] These highlights relate to transactions through the Majestic Wine retail stores including Commercial and Ecommerce

Post Year End Developments

- Acquisition of Naked Wines in April 2015 and its founder, Rowan Gormley, appointed as Majestic Group CEO.
- Thorough strategic review of the Majestic business in progress.
- A number of new initiatives designed to restore Majestic Wine to profitable growth and to strengthen the enlarged Group for the future including:
    - One off 'trial & learn' initiatives
    - Creation of in-house expertise in key areas
- Initial costs are expected to be £3m in 2016, falling mostly in the first half.
- Results from ongoing strategic review to be announced at the time of interim results for the six months ended 28 September 2015.
- Trading for both Naked Wines and Majestic Wine in the first two months of the current financial year have been in-line with management expectations.

Commenting on the results Rowan Gormley, Chief Executive, said:

"I have only been Group Chief Executive for ten weeks but it is clear to me that the enlarged Majestic Group has excellent future prospects. Majestic Wine has many unique competitive advantages, especially its incredible staff. When combined with Naked Wine's digital strengths, and both businesses ability to source exclusive and exciting wines for their customers, we are uniquely placed to build a fast growing international leading wine specialist."

"Whilst my review of the business is ongoing it is obvious that we need to make investments to reinvigorate Majestic Wine. These investments will initially suppress profit in the short term but I am confident we can rebuild momentum in this excellent business. At the same time we aim to maintain the international growth trajectory of Naked Wine and crystallise the benefits of having the two businesses in the same Group. I am confident that we will create significant value for our shareholders over the medium term."

For further information, please contact:

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Chairman's Statement

The financial year ending 30 March 2015 proved to be challenging and profit before tax was 22.5% lower at £18.4m. This figure reflects a number of exceptional, one-off costs related to the deal to acquire Naked Wines and changes in members of the senior leadership team. Despite the challenging backdrop of a fiercely competitive environment we continued to grow market share, by 0.1% to its highest ever level at 4.3%, whilst UK like for like sales grew by 1.9%.

Transforming our future

I would like to welcome our new CEO Rowan Gormley, and all of our new colleagues at Naked Wines, to the enlarged Majestic Group. Rowan has a fantastic track record as a successful businessman, innovator and entrepreneur in the wine industry and beyond. He has assembled a deep pool of talent at Naked Wines with a similar culture to Majestic.

Rowan has made a fantastic start. In a short period of time he has delved deep into every aspect of the business and has identified a number of initiatives which have the potential to restore Majestic Wine to profitable growth. He brings with him a disciplined investment approach based on testing new ideas and analysing how customers respond to them. The Board believes that now is the right time for fresh thinking and for trialling new initiatives however, at this early stage it is impossible to know which will work and how large and how fast any return will be. We are fully supportive of the team's ongoing strategic review and look forward to sharing the results with our shareholders in due course. We are confident that Rowan and the team will be successful.

The acquisition of Naked Wines in April 2015 following the end of the period under review represents a transformational opportunity for both businesses. Both have significant strengths which are very complementary. Majestic has considerable expertise in distribution, a nationwide UK store network, and friendly knowledgeable staff who excel in delivering exceptional customer service. These competencies are a perfect fit with Naked Wines' unique sourcing and selling model. This acquisition will significantly accelerate the planned development of Majestic's online capabilities whilst providing Naked Wines with the infrastructure to enable a Click & Collect delivery option for its customers. In addition, this acquisition opens up attractive international markets in the United States and Australia which increase our potential customer reach eightfold.

Board Appointment

I was delighted to welcome Anita Balchandani to the Board as a non-executive Director on 10 June 2015. Anita is a Partner and Sector Head of the UK Retail Practice for OC&C Strategy Consultants, a leading international consulting firm. She brings a wealth of knowledge to the Board from her experience of working with clients to make the transition towards successful multichannel operating models and unlocking insight and value from customer data.

Dividend

As previously announced on 10 April 2015 the final dividend for the financial year 2015 and the interim dividend for the financial year 2016 will be withheld, with future dividends to be progressively re-instated by the financial year 2018. This decision reflects the Board's intention to reduce balance sheet leverage resulting from the acquisition of Naked Wines, ensure that the business has sufficient working capital resources and to invest in the business where attractive returns are proven.

People
I would like to take this opportunity to thank all of our teams for their unwavering enthusiasm and focus on delivering a great customer experience at Majestic. This unrivalled level of service enjoyed by our customers most clearly differentiates Majestic from the competition. I was particularly pleased to find that all the team at Naked Wines share a similar passion and customer-led culture.

Investing for the future and outlook
We are excited about embarking on a new chapter for Majestic. We are well progressed with a major review of the business and we will announce in more detail at the time of our interim results our plans to restore Majestic Wine to profitable growth whilst expanding Naked Wines' successful business, and crystallising the benefits of the acquisition. The Board are very focused on delivering results and creating significant value for our shareholders.

Phil Wrigley
Chairman
12 June 2015

Strategic Report

Chief Executive's Statement

Market position and customer proposition

We are in the business of helping wine lovers discover the magic of wine.

Our key competitive strengths are:

- Our staff – we have over 800 friendly, knowledgeable and highly trained staff in our stores, who love the product they sell and excel in serving our customers in a way that supermarkets and other discounters cannot;
- Delivery and availability – with over 200 wine warehouses each with its own delivery vans, we are able to deliver range and convenience with wines open to taste every day;
- Buying – we sell significant volumes of wine in our £7-£10 sweet spot range which gives us a unique buying advantage with medium sized wineries and especially those that are family run.

The acquisition of Naked Wines strengthens this competitive positioning even further. The addition of the US and Australian markets increases our market reach eightfold. Naked Wine's proven and successful online capabilities give Majestic additional expertise to help develop its own better and more quickly, and Naked Wine's direct sourcing model and winemaking knowledge can help further improve the range Majestic offers.

Looking forward

Although I have only been Chief Executive for ten weeks, it is clear to me that the enlarged Majestic Group has excellent future prospects.

However, it is also clear that Majestic Wine had a period of challenging trading in recent years. Profit declined last year with growth in online and commercial sales not enough to offset the underlying sales decline in the more mature Majestic stores.

There are a number of areas where customers are telling us that we need to do better, and issues which are holding us back need to be addressed.

My initial priorities are to:

- Make the shopping experience simpler, easier and more fun;
- Invest further in staff training and retention in order to equip our staff to fulfil their potential and keep our experienced retail staff motivated in store;
- Build sustainable sales growth through personalised service, delivering on our discovery promise and recognising loyalty;
- Rebuild the supply chain to optimise 'On Shelf Availability' and reduce working capital requirements;
- Deliver robust and scalable IT, with the development agility required to support ongoing innovation;
- Limit new store openings to the 20-30 locations that can deliver a good return on investment.

These initiatives require investment and I expect that we will initially incur £3m during the current financial year mostly falling into the first half. With this investment, I am confident that we can identify the areas for further investment necessary to restore growth momentum in Majestic, and ensure all our customers get the service and inspiration they are looking for.

At the same time we aim to maintain the growth trajectory of Majestic's Commercial business and Naked Wines, whilst realising the benefits that arise from the combination of two great businesses.

Rowan Gormley
Chief Executive
12 June 2015

Operational and Financial Review

Group profit before tax for the 52 weeks ending 30 March 2015 at £18.4m showed a decline of 22.5% on the previous year after expensing £1.8m in costs relating to the acquisition of Naked Wines International which was completed post year end. Total Group sales were up by 2.3% to £284.5m.

After adding back the acquisition costs of £1.8m and termination payments of £0.7m adjusted Group profit before tax was £20.9m compared with £23.8m reported last year.

Majestic Wine

Profit before interest and tax was £19.0m, a decline of £2.4m on the previous year. Revenues were up £10.2m to £266.0m with retail like for like sales increasing 1.9%.

We have seen a further increase in the number of active customers on our database who have made a purchase in the last year, up 35,000 to 678,000. The bottle price of still wine purchased at Majestic has risen to £8.00 up from £7.94 last year with the average spend per transaction level on last year at £129.

New stores
We have opened in ten new locations during the financial year in Leighton Buzzard, Hexham, Loughton, Addlestone, Tiverton, Taplow, Wrexham, Bedford, Devizes and Fort Kinnaird in Edinburgh. We have also closed three locations Bushey, Bracknell and Uxbridge bringing the total number of stores trading at the financial year end to 212.

In recent years we have seen strong growth from our online and business sales channels. This change in the sales mix, coupled with our intention to invest in driving customer traffic, challenges earlier assumptions on the size of our store estate. We now envisage that in order to provide coverage across the UK the total estate needs to be between 225 and 250 locations a reduction from 330 previously indicated.

Commercial
Majestic Commercial is our business to business division which focuses on the supply of wine to a wide range of corporate customers throughout the UK. The retail store network gives us real competitive advantage as in effect we have over 200 depots holding extensive stocks close to our customers and the ability to organise deliveries seven days a week. In addition, for central London we have a dedicated warehouse facility located in Kings Cross which handles distribution for larger business customers.

We have built an excellent team of sales professionals who are responsible for sourcing and building relationships with restaurants, hotels and gastro pubs. We have seen a further year of strong growth in the sales generated by the Commercial team, up 12.8% on last year to £42.1m.

Ecommerce
Sales received online showed a return to strong growth, up 12.4% on the previous year and now represent 12.1% of total UK retail sales. The number of orders processed increased 14.7% to 281,000 whilst the average transaction value online has declined by £2 or 1.8% to £133.

We have recently merged multiple data sources to create a single view of our customers, reflecting both on-line and in-store purchases. This has enabled us to implement a programme of segmented customer email communications. In order to increase leverage from this programme we have worked hard to increase the number of customers email addresses that we hold, up 45.9% to 394,000.

We recognise that the online consumer is increasingly using mobile technology to interact with retailers and we were pleased that towards the end of the financial year we launched our own mobile app, "myMajestic". The app allows customers to store their entire purchase history both online and in-store. The app has been downloaded by 19,000 customers to date and initial feedback has been very encouraging. We intend to continue to invest in enhancing functionality for the mobile app and development will be based partly on feedback from the user base.

Customer Relationship Management
We continue to work hard to earn loyalty from our customers, keeping them engaged with our brand and friendly, knowledgeable store teams, whilst inspiring them to further their knowledge and enjoyment of our exciting wines.

We provide an extensive programme of guided tasting events in store which enable us to showcase the range and demonstrate our employees' extensive product knowledge. These events are free to attend and include our very popular Wine Course and Spotlight Tastings. We saw a significant increase in the number of customers attending a tasting event at their local Majestic store to 61,000, up 8,000 on last year.

We implemented a new CRM strategy during 2014 following the appointment of a new marketing agency with a demonstrable track record of utilising data to enhance and personalise customer communications.

We aim to build a more engaging personal and relevant relationship with our customers. We are improving the consistency across both our on and off line communications and by utilising our rich customer data in a more sophisticated and targeted way. We successfully executed the first stage of this strategy by enhancing and segmenting our database to enable better targeted multichannel customer communications. We launched a new customer welcome programme in November 2014 with promising initial results.

Lay & Wheeler

Lay & Wheeler is our fine wine merchant and has particular expertise in en primeur sales, cellarage and broking of customer reserves. The business recorded a loss before interest and tax of £0.1m compared with profit at £1.0m in the previous financial year. The loss is after recognising a reduction of £0.5m in the balance sheet carrying value of stocks of fine wine for which market values have fallen below acquisition cost, primarily in the Bordeaux 2010 vintage.

During the year the Bordeaux 2013 campaign was very disappointing, although the quality of the vintage was good, sales were down across the industry. This further impacts ancillary trading and broking of older vintages. We increased the frequency of diversified offers and have had some success such as the launch of Penfolds Grange 2010. We have rebranded our fine wine subscription club as Cellar Circle with enhanced membership benefits and customer sign up rates have improved.

Majestic Wine Calais

This business operates from two units located in Calais catering for UK consumers wishing to take advantage of the much lower rates of alcohol duty in France. Profit before interest and tax on a constant currency basis shows an increase of €0.1m to €1.8m after translation into pound sterling profit showed a decline of £0.1m to £1.4m.

During the Autumn of 2014 we simplified our pricing structure highlighting to customers where they can make substantial savings on the UK market price. We encourage customers to order through our well-established Click and Collect proposition and this now accounts for 44.4% of sales, up from 41.1% last year.

Acquisition of Naked Wines International
On 10 April 2015, Majestic Wine acquired the entire issued share capital of Naked Wines International a customer funded privately held international online wine business for a total consideration of up to £70m. The initial consideration included £50 million paid at completion in cash (of which approximately £30m was utilised to repay debt facilities) and a further amount of up to £20 million in Majestic's Ordinary Shares (based on the closing share price at 2 April 2015) will be issued to management subject to the achievement of certain performance criteria over a maximum period of four years. The initial consideration represents a multiple of approximately 0.6x Naked Wines' sales for the 12 months to 31 March 2015.

Taxation
The effective rate of corporation tax in 2015 was 26.8% (2014: 25.9%) compared with the main rate at 21.0% (2014: 23.0%). During the year Majestic incurred expenses of £1.8m relating to the acquisition of Naked Wines International which are non-deductible for tax purposes. In addition, the Group has an excess of depreciation over capital allowances as certain assets are non-qualifying.

Earnings per share
Basic earnings per share for the year at 20.5p was 6.5p lower than in the previous year (2014: 27.0p). Diluted earnings per share for the year was 20.4p (2014: 26.6p). Adjusted basic earnings per share stated before acquisition costs and termination costs was 24.1p (2014: 27.0p). Adjusted diluted earnings per share was 23.9p (2014: 26.6p).

Dividend
As previously announced the Board is not proposing to pay a final dividend for 2015 following the acquisition of Naked Wines International. The cash component of the acquisition consideration was financed by a new five year revolving credit facility of £85 million. The withholding of the dividend will reduce leverage and ensure the business has sufficient working capital resources with access to cash to invest where attractive returns are proven. Future dividends will be progressively re-instated by FY 2018.

Cash flow
Group cash flows generated from operations were £32.9m compared with £23.6m in the previous year. This improvement in operating cash flows largely arise from timing differences. The year under review benefitted from certain calendar month end payments worth around £4.4m falling into the 2016 financial year. Conversely the beginning of the previous financial year was adversely impacted by the timing of Easter which meant that a number of month end payments fell into the period.

Capital expenditure incurred during the year declined by £1.9m to £8.4m reflecting a reduction in the rate of the new store opening programme.

Dividends paid by the Group to shareholders increased £0.1m to £10.5m whilst the level of cash received on the exercise of share options fell to £0.1m from £1.2m in the previous year.

Group tax payments totaling £5.4m were made during the year a marginal reduction on the £5.5m remitted in the previous year.

The Group had net funds of £11.0m at 30 March 2015 compared with £1.8m at the end of the previous financial year.

Financial Position and Liquidity
The balance sheet has considerable strength as it is underpinned by significant cash and freehold assets. The Group ended the financial year with net assets of £98.6m up from £96.0m at the previous year end. We have used this strength to partly fund the acquisition of Naked Wines International by way of bank debt. We have entered into a new five year £85m revolving credit facility replacing existing arrangements to provide the Group with ample headroom for the enlarged business' working capital requirements and sufficient liquidity to support future growth. The new facility is provided jointly by Barclays Bank and HSBC and is priced at a competitive margin above LIBOR with standard covenant tests.

By Order of the Board

Nigel Alldritt ACMA
Group Chief Financial Officer and Company Secretary

Majestic House
The Belfry
Colonial Way
Watford
WD24 4WH
12 June 2015

Registered in England and Wales
No. 2281640

Group Income Statement

For the year ended 30 March 2015

	Note	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Revenue	3	**284,495**	278,157
Cost of sales		**(219,947)**	(214,119)
Gross profit		**64,548**	64,038
Distribution costs		**(28,337)**	(26,814)
Administrative costs		**(18,506)**	(14,088)
Other operating income		**836**	751
Profit before finance costs and taxation	3	**18,541**	23,887
Finance costs		**(119)**	(127)
Profit before taxation		**18,422**	23,760
Analysed as:			
Adjusted profit before tax		**20,884**	23,760
Exceptional items:			
Termination payments		**(695)**	-
Acquisition costs		**(1,767)**	-
		18,422	23,760
UK income tax	5	**(4,477)**	(5,673)
Overseas income tax	5	**(466)**	(485)
Profit for the year		**13,479**	17,602
Earnings per share			
Basic	6	**20.5p**	27.0p
Diluted	6	**20.4p**	26.6p
Total dividend per share for the year	7	**4.2p**	16.0p

Group Statement of Comprehensive Income

For the year ended 30 March 2015

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Profit for the year	**13,479**	17,602
Other comprehensive income:		
Exchange difference on translation of foreign operations which may be reclassified to income statement	**(583)**	(120)
Other comprehensive income for the year, net of tax	**(583)**	(120)
Total comprehensive income for the year	**12,896**	17,482

Group Statement of Changes in Equity

For the year ended 30 March 2015

	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 Share-holders' Funds £000
At 1 April 2013	4,886	18,743	(517)	363	2,208	62,129	87,812
Profit for the year	-	-	-	-	-	17,602	17,602
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(120)	-	(120)
Total comprehensive income for the year	-	-	-	-	(120)	17,602	17,482
Share issue	36	1,164	-	-	-	-	1,200
Shares vesting under deferred bonus scheme	-	-	287	-	-	(287)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	52	52
Tax debit on employee share options	-	-	-	-	-	(85)	(85)
Equity dividends paid	-	-	-	-	-	(10,431)	(10,431)
At 31 March 2014	4,922	19,907	(230)	363	2,088	68,980	96,030
Profit for the year	-	-	-	-	-	13,479	13,479
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(583)	-	(583)
Total comprehensive income for the year	-	-	-	-	(583)	13,479	12,896
Share issue	2	63	-	-	-	-	65
Shares vesting under deferred bonus scheme	-	-	213	-	-	(213)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	131	131
Tax debit on employee share options	-	-	-	-	-	(55)	(55)
Equity dividends paid	-	-	-	-	-	(10,501)	(10,501)
At 30 March 2015	**4,924**	**19,970**	**(17)**	**363**	**1,505**	**71,821**	**98,566**

Group Balance Sheet

As at 30 March 2015

	Note	30.03.15 £000	31.03.14 £000
Non current assets			
Goodwill and intangible assets		**9,002**	9,106
Property, plant and equipment		**72,632**	71,682
En primeur purchases		**526**	1,487
Prepaid operating lease costs		**2,182**	2,145
Deferred tax assets		**581**	645
		84,923	85,065
Current assets			
Inventories		**54,237**	54,761
Trade and other receivables		**8,723**	7,945
En primeur purchases		**1,792**	1,883
Financial instruments at fair value		**41**	-
Cash and cash equivalents		**10,967**	5,587
		75,760	70,176
Total assets		**160,683**	155,241
Current liabilities			
Trade and other payables		**(52,731)**	(44,510)
En primeur deferred income		**(2,320)**	(2,448)
Bank overdraft		**-**	(3,808)
Provisions		**(190)**	(397)
Deferred lease inducements		**(425)**	(414)
Financial instruments at fair value		**(552)**	(161)
Current tax liabilities		**(1,985)**	(2,412)
		(58,203)	(54,150)
Non current liabilities			
En primeur deferred income		**(610)**	(1,676)
Provisions		**-**	(39)
Deferred lease inducements		**(2,588)**	(2,573)
Deferred tax liabilities		**(716)**	(773)
Total liabilities		**(62,117)**	(59,211)
Net assets		**98,566**	96,030
Shareholders' equity			
Called up share capital		**4,924**	4,922
Share premium account		**19,970**	19,907
Capital reserve – own shares		**(17)**	(230)
Capital redemption reserve		**363**	363
Currency translation reserve		**1,505**	2,088
Retained earnings		**71,821**	68,980
Equity shareholders' funds		**98,566**	96,030

Group Cash Flow Statement

For the year ended 30 March 2015

	Notes	**52 weeks to 30.03.15 £000**	52 weeks to 31.03.14 £000
Cash flows from operating activities			
Cash generated by operations	8a	**32,913**	23,649
UK income tax paid		**(5,024)**	(4,891)
Overseas income tax paid		**(394)**	(604)
Net cash generated by operating activities		**27,495**	18,154
Cash flows from investing activities			
Interest received		**28**	30
Purchase of non current assets		**(8,431)**	(10,267)
Receipts from sales of non current assets		**922**	440
Net cash utilised by investing activities		**(7,481)**	(9,797)
Cash inflow before financing		**20,014**	8,357
Cash flows from financing activities			
Interest paid		**(143)**	(183)
Issue of Ordinary Share Capital		**65**	1,200
Equity dividends paid		**(10,501)**	(10,431)
Net cash used by financing activities		**(10,579)**	(9,414)
Net increase/(decrease) in cash and cash equivalents		**9,435**	(1,057)
Cash and cash equivalents at beginning of year		**1,779**	2,888
Effect of foreign exchange differences		**(247)**	(52)
Cash and cash equivalents at end of year	8b	**10,967**	1,779

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, The Belfry, Colonial Way, Watford, WD24 4WH. 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.

2. Basis of preparation

The financial information set out above does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards ("IFRS"). Statutory accounts for the year ended 31 March 2014 have been delivered to the Registar of Companies and those for the year ended 30 March 2015 will be delivered following the Company's Annual General Meeting. The auditors reported on these accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial statements of Majestic Wine PLC for the year ended 30 March 2015 were authorised for issue by the Board of Directors on 12 June 2015 and the balance sheet was signed on behalf of the Board by Phil Wrigley.

The final results for the year ended 30 March 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and are in line with the accounting policies set out in the financial statements for the year ended 31 March 2014. The financial year represents the 52 weeks to 30 March 2015 and the prior financial year, 52 weeks to 31 March 2014. The Group has adopted the following new and amended standards and interpretations which came into effect for accounting periods commencing on or after 1 April 2014. Insofar as they are relevant to the Group's operations, adoption of these revised standards and interpretations did not have any material effect on the financial statements of the Group:

- IAS 27 (amended 2011) Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Annual Improvements to IFRSs

3. 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 Majestic Wine Calais 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.

In the information provided to the chief operating decision maker, the underlying performance of the Lay & Wheeler operating segment is evaluated and measured based on revenue and profit being recognised on orders, cash receipts and payments from en primeur campaigns. Management reviews the business on this alternative basis as resources in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS

18 where revenue is recognised when product on delivery to the customer which may be up to two years later. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

Acquisition cost, 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 operating segments for the years ended 30 March 2015 and 31 March 2014. All activities are continuing.

Segment analysis 2015

	Majestic Wine Warehouses	Lay & Wheeler	Majestic Wine Calais	Unallocated	Eliminated	Group
	£000	£000	£000	£000	£000	£000
Third party revenue	265,956	9,694	7,650	-	-	283,300
Inter-segment revenue	-	894	-	-	(894)	-
Segment revenue	265,956	10,588	7,650	-	(894)	283,300
Movement in en primeur sales deferred to future periods	-	1,195	-	-	-	1,195
Reported third party revenue	265,956	11,783	7,650	-	(894)	284,495
Segment result	18,977	(209)	1,398	(1,767)	-	18,399
Movement in en primeur profit deferred to future periods	-	142	-	-	-	142
Reported operating result	18,977	(67)	1,398	(1,767)	-	18,541
Finance costs	-	-	-	(119)	-	(119)
Profit/(loss) before tax	18,977	(67)	1,398	(1,886)	-	18,422
Income tax expense	-	-	-	(4,943)	-	(4,943)
Profit/(loss) for the year	18,977	(67)	1,398	(6,829)	-	13,479
Segment assets	139,998	16,844	5,694	767	(2,620)	160,683
Segment liabilities	(79,693)	(7,817)	(1,710)	(4,457)	31,560	(62,117)
Other segment items:						
Purchase of non current assets	8,266	137	28	-	-	8,431
Depreciation, amortisation and impairment	5,791	359	14	-	-	6,164
Share based payments	125	6	-	-	-	131

Segment analysis 2014

	Majestic Wine Warehouses	Lay & Wheeler	Majestic Wine Calais	Unallocated	Eliminated	Group
	£000	£000	£000	£000	£000	£000
Third party revenue	255,732	12,938	8,168	-	-	276,838
Inter-segment revenue	-	418	-	-	(418)	-
Segment revenue	255,732	13,356	8,168	-	(418)	276,838
Movement in en primeur sales deferred to future periods	-	1,319	-	-	-	1,319
Reported third party revenue	255,732	14,675	8,168	-	(418)	278,157
Segment result	21,430	735	1,456	-	-	23,621
Movement in en primeur profit deferred to future periods	-	266	-	-	-	266
Reported operating result	21,430	1,001	1,456	-	-	23,887
Finance costs	-	-	-	(127)	-	(127)
Profit/(loss) before tax	21,430	1,001	1,456	(127)	-	23,760
Income tax expense	-	-	-	(6,158)	-	(6,158)
Profit/(loss) for the year	21,430	1,001	1,456	(6,285)	-	17,602
Segment assets	133,200	17,834	6,010	645	(2,448)	155,241
Segment liabilities	(77,104)	(8,466)	(1,510)	(3,185)	31,054	(59,211)
Other segment items:						
Purchase of non current assets	10,186	75	6	-	-	10,267
Depreciation, amortisation and impairment	5,142	374	14	-	-	5,530
Share based payments	47	5	-	-	-	52

The segment assets and liabilities that are not allocated represent deferred and current tax balances. The segment assets and liabilities that are eliminated represent parent and subsidiary intercompany receivables and payables.

4. Exceptional items

	2015	2014
	£000	£000
Termination payments	**695**	-
Acquisition costs	**1,767**	-
Total Exceptional items	**2,462**	-

Termination payments are the amounts paid to senior officials upon termination of their contracts.

Acquisition costs relate to legal, third party due diligence and other third party costs incurred as a result of the Group's acquisitions.

5. Taxation

a) Taxation charge

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Current income tax expense:		
UK income tax	**4,523**	5,497
Overseas income tax on subsidiary undertaking	**466**	485
Adjustment in respect of previous year	**9**	18
Total current income tax expense	**4,998**	6,000
UK deferred tax expense:		
Origination and reversal of temporary differences	**30**	242
Adjustment in respect of prior years	**(85)**	(50)
Change in tax rate on prior year balances	**-**	(34)
Total deferred tax (credit)/debit	**(55)**	158
Total income tax expense charged in the income statement	**4,943**	6,158

b) Taxation reconciliation

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Profit before tax	**18,422**	23,760
Taxation at the standard UK corporation tax rate of 21% (2014: 23%)	**3,869**	5,465
Adjustments in respect of prior years	**(76)**	(32)
Overseas income tax at higher rates	**168**	149
Non-deductible expenses	**992**	620
Income not taxable	**(10)**	(10)
Change in tax rate on prior year balances	**-**	(34)
Total income tax expense charged in the income statement	**4,943**	6,158
Effective tax rate	**26.8%**	25.9%

c) Tax on items debited to equity

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Current tax credit on share based payments	**(7)**	(185)
Deferred tax debit on share based payments	**62**	270
Total tax on items debited to equity	**55**	85

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 1 April 2013	152	264	234	650	(350)	300
Credited/(debited) to the income statement	82	(252)	(34)	(204)	46	(158)
Debited to equity	-	(196)	(74)	(270)	-	(270)
At 31 March 2014	234	(184)	126	176	(304)	(128)
Credited/(debited) to the income statement	124	(48)	(21)	55	-	55
Debited to equity	-	-	(62)	(62)	-	(62)
At 30 March 2015	**358**	**(232)**	**43**	**169**	**(304)**	**(135)**

The deferred tax liabilities above relate solely to held-over capital gains arising on the disposal of freehold properties. The deferred tax asset and liabilities are net of £599,000 which arose on the acquisition of Lay & Wheeler.

Disclosed in the Group Balance Sheet:

	30.03.15	31.03.14
	£000	£000
Deferred tax assets	**581**	645
Deferred tax liabilities	**(716)**	(773)
	(135)	(128)

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 33.2% (2014: 33.2%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as following the enactment of the Finance Act 2009 the Group considers that it would have no liability to additional taxation should such amounts be remitted.

6. 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 3,934 (2014: 53,969) held by the Employee Share Ownership Trust, 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 423,885 (2014: 80,104) Ordinary Shares have not been included in the dilutive earnings per share calculation because they are anti dilutive at the period end.

Adjusted earnings per share is calculated by excluding the costs incurred on the acquisition of Naked Wines International and the effect of the impairment of property assets. This alternative measure of earnings per share is presented to so that users of the financial statements can better understand the Group's trading performance.

	30.03.15	31.0314
Weighted average number of shares	**65,623,774**	65,285,028
Dilutive potential Ordinary Shares:		
Employee share options	**560,322**	810,417
Total number of shares for calculating diluted earnings per share	**66,184,096**	66,095,445

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Profit for the financial year attributable to equity shareholders of the parent	**13,479**	17,602
Add:		
Termination payments, net of tax	**549**	-
Acquisition costs	**1,767**	-
Adjusted profit after tax	**15,795**	17,602

	30.03.15	31.03.14
Basic earnings	**20.5p**	27.0p
Dilutive earnings	**20.4p**	26.6p
Adjusted basic earnings	**24.1p**	27.0p
Adjusted diluted earnings	**23.9p**	26.6p

Following the acquisition of Naked Wines International Limited (see note 9) on 10 April 2015, contingent consideration in shares to the value of £20,000,000 was allotted.

7. Dividend

The Board is not proposing a final dividend for the 2015 financial year (2014: 11.8p)

8. Notes to the Group cash flow statement

a) Reconciliation of profit to cash generated by operations

	52 weeks to 30.03.15 £000	52 weeks to 31.03.14 £000
Cash flows from operating activities		
Profit for the year	**13,479**	17,602
Adjustments to reconcile profit for the year to cash generated by operations:		
Income tax expense	**4,943**	6,158
Net finance cost	**119**	127
Amortisation, impairment and depreciation	**6,292**	5,530
(Profit)/loss on disposal on non current assets	**(2)**	37
Decrease/(increase) in inventories	**524**	(3,455)
(Increase)/decrease in trade and other receivables	**(756)**	570
Increase/(decrease) in trade and other payables	**8,195**	(3,933)
Movement in en primeur balances	**(142)**	(266)
Increase in deferred lease inducements	**26**	1,398
Change in the fair value of derivative instruments	**350**	38
Decrease in provisions	**(246)**	(209)
Share based payments	**131**	52
Cash generated by operations	**32,913**	23,649

b) Cash and cash equivalents

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

	30.03.15 £000	31.03.14 £000
Cash and cash equivalents per Group balance sheet	**10,967**	5,587
Bank overdraft per Group balance sheet	**-**	(3,808)
Cash and cash equivalents per cash flow statement	**10,967**	1,779

c) Reconciliation of net cash flow to movement in net funds

	30.03.15 £000	31.03.14 £000
Net increase/(decrease) in cash and cash equivalents	**9,435**	(1,057)
Effect of foreign exchange differences	**(247)**	(52)
Movement in net funds/(debt)	**9,188**	(1,109)
Net funds at beginning of year	**1,779**	2,888
Net funds at end of year	**10,967**	1,779

9. Events after the balance sheet date

On 10 April 2015 the Group acquired the entire share capital of Naked Wines International Limited ("Naked Wines") for total consideration of up to £70 million, which includes approximately £50 million payable on completion in cash, plus up to £20 million contingent consideration payable in Majestic's ordinary shares. Naked Wines is a customer funded international online wine business and currently has over 300,000 customers funding over 130 winemakers, underpinned by large and growing wine markets. Given the timing of the acquisition, it has not been possible to determine the fair values of the assets and liabilities acquired.

Following the acquisition of Naked Wines the group entered into a facility agreement with Barclays Bank PLC and HSBC PLC for £85m. As at the date of signing the financial statements the group had drawn down £50m.

10. Risk Management

The Group maintains a register which documents the risks facing the business and the actions taken to manage them. The register is assessed on an ongoing basis but at least annually. The register is reviewed by the Audit Committee.

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.

Competition
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 level of service delivered to customers, the diversity and quantity of stock at each location, provision of dedicated car parking and wine expertise.

Staff
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 employees achieve their full potential.

Technology
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.

Regulation
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.

Exchange Rates

The Group imports product 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.

Property Portfolio

The Group operates from over 200 retail units and is expanding this footprint. There is a risk that we may open in inappropriate locations, overpay for sites or overstretch by expanding too quickly.

The Group mitigates against this by undertaking a rigorous appraisal of each new location and insist on break clauses where deemed necessary. Property acquisitions or lease commitments above certain thresholds are reviewed prior to approval at Board level. The Group has determined an optimum expansion rate and this is reviewed annually.