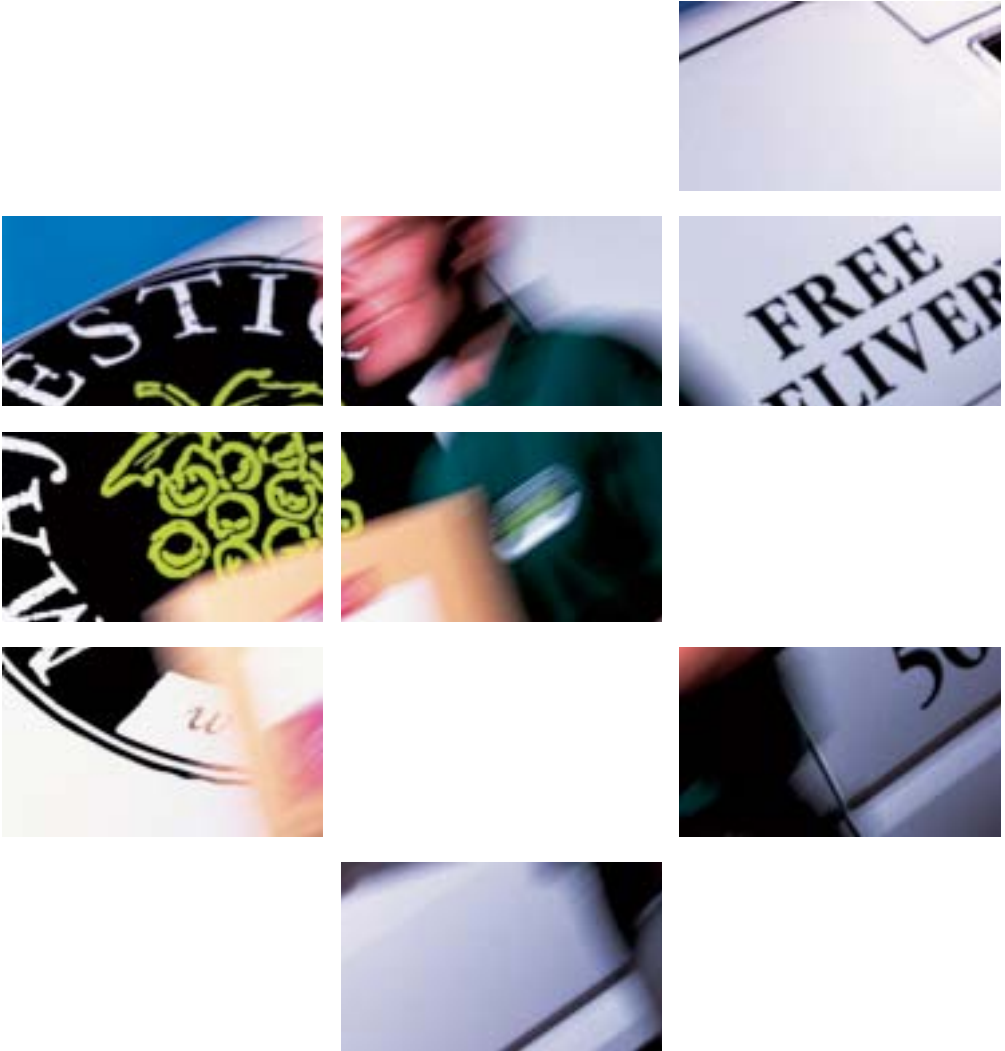


MAJESTIC WINE PLC
INTERIM REPORT 2003



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.

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CHAIRMAN'S STATEMENT

I am delighted to announce a further substantial profit increase for the first half of the 2003/2004 financial year. Profit before the exceptional item, tax and amortisation of goodwill increased by 42% to £3.96m.

Total sales were up 21.8% with like for like UK sales up 12.0% which is very pleasing as it is on top of 10.7% reported for the same period last year. We have seen good growth in still wine sales particularly from the Loire, Southern France, South Africa, Chile and New Zealand. Champagne, rosé and beer sales grew strongly, partly as a result of the excellent summer weather.

We continue to attract significant numbers of new customers to Majestic and those on the mailing list who made purchases in the last 12 months were up by 10.3% to 310,000. The average bottle price of still wine purchased at Majestic is £5.31 and the average spend per transaction at our stores is £104.

During the period we sold and leased back our freehold property in Putney for £1.16m realising an exceptional gain of £396,000.

WINE AND BEER WORLD

Trading in our three stores in France in Calais, Coquelles and Cherbourg has been excellent with first half sales growth of 21.7%.

NEW STORES

We have made good progress with new store openings. Five new stores opened in the period in Uxbridge, Wilmslow, St. John's Wood, Kendal and Victoria, and we re-sited our New Barnet store. In November we have opened new stores in Battersea, Cirencester, Enfield and Warrington bringing the total number of UK stores trading to 113.

The new store in St. John's Wood is twice the size of an average Majestic store and incorporates a climate-controlled fine wine centre which stocks over 200 wines priced at £20 and above. Customers can order these wines via any Majestic store and through the newly launched fine wine section on our website www.majestic.co.uk. The store also has an improved sales counter layout and re-designed tasting counter, which will be incorporated in all new stores.

DIVIDEND

As a result of the continued strong trading and cash generation of the business we are declaring an increased interim dividend of 4.5p net per share up by 50% on last year. The dividend will be paid on 9 January 2004 to shareholders on the register at the close of business on 5 December 2003.

NON-EXECUTIVE DIRECTOR

We are pleased to announce the appointment of Paul Dermody to the Board as non-executive Director. Paul was Chief Executive of De Vere Group Plc having recently retired after almost forty years with the company. Paul's experience of leading a customer focussed business such as De Vere will be invaluable to Majestic.

AWARDS

We are very pleased that for the second year running we have been awarded "High Street Retailer of the Year" at the International Wine Challenge 2003 sponsored by Wine Magazine. We are also delighted to be able to congratulate six of our managers who during November were awarded Wine and Spirit Education Trust "Awards of Excellence" for outstanding papers in their Diploma examinations.

CURRENT TRADING

Sales growth has continued to be most encouraging with like for like UK sales for the six weeks from 30 September to 10 November 2003 up 7.5%. Sales at the three stores in France for the same period were 19.7% higher than last year.

LOOKING FORWARD

We are confident that the differentiation of our business from the competition and the enthusiasm of our people will enable Majestic to continue to grow strongly in an expanding wine market.



John Apthorp
Chairman

GROUP PROFIT & LOSS ACCOUNT

FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2003

		26 weeks ended 29.09.03 (Unaudited) £'000	26 weeks ended 30.09.02 (Unaudited) £'000	Year ended 31.03.03 (Audited) £'000
Turnover		69,143	56,753	125,675
Cost of sales		(55,748)	(45,541)	(99,957)
Gross profit		13,395	11,212	25,718
Distribution costs		(5,770)	(5,083)	(10,726)
Administrative costs		(3,978)	(3,573)	(7,116)
Rental income		209	190	371
Operating profit		3,856	2,746	8,247
Profit on disposal of fixed assets	2	396	-	-
Profit on ordinary activities before interest and taxation		4,252	2,746	8,247
Net interest payable		(79)	(141)	(274)
Profit on ordinary activities before taxation		4,173	2,605	7,973
Taxation	3	(1,266)	(873)	(2,584)
Profit on ordinary activities after taxation		2,907	1,732	5,389
Dividend	4	(686)	(458)	(1,681)
Retained profit for the period		2,221	1,274	3,708
Earnings per share	6			
Basic		19.2p	11.5p	35.8p
Diluted		18.4p	11.3p	34.8p
Underlying earnings per share				
Basic		17.8p	12.8p	38.2p
Diluted		17.1p	12.5p	37.1p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2003

		26 weeks ended 29.09.03 (Unaudited) £'000	26 weeks ended 30.09.02 (Unaudited) £'000	Year ended 31.03.03 (Audited) £'000
Profit attributable to the members of the parent company		2,907	1,732	5,389
Currency translation differences on foreign currency net investments		3	14	124
Total gains and losses recognised		2,910	1,746	5,513

GROUP BALANCE SHEET

AS AT 29 SEPTEMBER 2003

	Note	As at 29.09.03 (Unaudited) £'000	As at 30.09.02 (Unaudited) £'000	As at 31.03.03 (Audited) £'000
Fixed assets				
Intangible fixed assets		6,690	7,060	6,875
Tangible fixed assets		22,662	19,089	21,498
		29,352	26,149	28,373
Current assets				
Stocks		26,336	24,267	20,832
Debtors		5,556	4,520	4,425
Cash at bank and in hand		2,672	-	4,567
		34,564	28,787	29,824
Creditors:				
Amounts falling due within one year		(33,558)	(27,508)	(29,786)
Bank overdrafts		-	(1,029)	-
Net current assets		1,006	250	38
Total assets less current liabilities		30,358	26,399	28,411
Creditors:				
Amounts falling due after more than one year		(2,574)	(3,938)	(3,265)
Provision for liabilities & charges		(693)	(471)	(305)
Net assets		27,091	21,990	24,841
Capital & Reserves				
Called up share capital	5	4,602	4,582	4,587
Share premium account	5	5,046	4,716	4,766
Revaluation reserve	5	22	22	22
Profit and loss account	5	17,421	12,670	15,466
Equity shareholders' funds	5	27,091	21,990	24,841

GROUP CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2003

	26 weeks ended 29.09.03 (Unaudited) £'000	26 weeks ended 30.09.02 (Unaudited) £'000	Year ended 31.03.03 (Audited) £'000
Net cash inflow/(outflow) from operating activities	3,140	(208)	11,424
Returns on investments and servicing of finance			
Interest paid	(42)	(74)	(65)
Loan note interest and guarantee fees	-	(104)	(140)
Term loan interest	(92)	-	(184)
Interest received	28	30	107
	(106)	(148)	(282)
Taxation			
UK corporation tax paid	(1,060)	(938)	(2,449)
Overseas corporation tax (paid)/refund	(278)	49	91
	(1,338)	(889)	(2,358)
Capital expenditure			
Payments to acquire tangible fixed assets	(2,857)	(2,130)	(5,411)
Receipts from sales of tangible fixed assets	1,171	20	23
	(1,686)	(2,110)	(5,388)
Equity dividends paid	(1,219)	(830)	(1,285)
Net cash (outflow)/inflow before financing	(1,209)	(4,185)	2,111
Financing			
Issue of Ordinary Share capital	11	259	314
Receipt for exercise of share options satisfied by QUEST	-	-	25
Bank loan	-	5,000	5,000
Repayment of bank loan	(700)	-	(700)
Redemption of loan notes	-	(7,000)	(7,184)
Decrease in cash for the period	(1,898)	(5,926)	(434)

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2003

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	26 weeks ended 29.09.03 (Unaudited) £'000	26 weeks ended 30.09.02 (Unaudited) £'000	Year ended 31.03.03 (Audited) £'000
Operating profit	3,856	2,746	8,247
Depreciation charges	929	887	1,771
Amortisation charge	185	185	370
(Profit)/loss on disposal of tangible fixed assets	(11)	3	3
Increase in stocks	(5,504)	(5,781)	(2,346)
Increase in debtors	(1,131)	(717)	(622)
Increase in creditors	4,413	2,261	3,676
Increase in provisions	388	208	98
Deferred bonus payable by shares	15	-	227
Net cash inflow/(outflow) from operating activities	3,140	(208)	11,424

(b) Reconciliation of net cashflow to net (debt)/funds

	26 weeks ended 29.09.03 (Unaudited) £'000	26 weeks ended 30.09.02 (Unaudited) £'000	Year ended 31.03.03 (Audited) £'000
Decrease in cash	(1,898)	(5,926)	(434)
Redemption of loan notes	-	7,000	7,184
Amortisation of arrangement fees	(9)	(8)	(16)
New term facility	-	(5,000)	(5,000)
Repayment of term facility	700	-	700
Exchange differences	3	-	104
Movement in net debt	(1,204)	(3,934)	2,538
Net (debt)/funds at 31 March 2003	320	(2,218)	(2,218)
Net (debt)/funds at 29 September 2003	(884)	(6,152)	320

NOTES TO THE INTERIM REPORT

1. BASIS OF PREPARATION

The accounts of the Group for the 26 weeks ended 29 September 2003, which are unaudited, were approved by the Board on 17 November 2003. They have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts 2003.

The results contained in this statement do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the year ended 31 March 2003. Those accounts, upon which the auditors, Ernst & Young LLP, issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. PROFIT ON DISPOSAL OF FIXED ASSETS

During the period the freehold of the site in Putney was sold for £1,160,000 realising an exceptional gain of £396,000. The store has been leased back on normal commercial terms.

3. TAXATION

Taxation for the 26 weeks ended 29 September 2003 is provided at 33.5% on profit on ordinary activities before the exceptional profit on the disposal of property being the anticipated rate of taxation for the period.

4. DIVIDEND

An interim dividend of 4.5p net per share will be paid on 9 January 2004 to shareholders on the register at the close of business on the 5 December 2003.

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Profit & Loss Account £'000	Total Shareholders' Funds £'000
At 31 March 2003	4,587	4,766	22	15,466	24,841
Share issue	1	10	-	-	11
ESOT share issue	14	270	-	(284)	-
Transfer to shareholders funds - deferred bonus expected to be satisfied in shares	-	-	-	15	15
Retained profit for the period	-	-	-	2,221	2,221
Currency translation differences on foreign currency net investments	-	-	-	3	3
At 29 September 2003	4,602	5,046	22	17,421	27,091

6. EARNINGS PER SHARE

Basic earnings per share is calculated on profit on ordinary activities after tax of £2,907,000 (2002: £1,732,000) apportioned over the weighted Ordinary Shares that were in issue for the period: 15,150,045 (2002: 15,021,353). The calculation of the diluted earnings per share is in accordance with FRS 14. The weighted average number of Ordinary Shares in issue during the period has been adjusted to take account of the effect of all dilutive potential Ordinary Shares. The number of shares used in the calculation was 15,794,011 (2002: 15,391,729).

Underlying earnings per share is calculated on earnings, before charging amortisation of goodwill arising on the acquisition of Les Celliers de Calais S.A.S. and the exceptional profit on disposal of freehold property, of £2,696,000 (2002: £1,917,000). This alternative measure has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

7. INTERIM REPORT

Copies of the Interim Report are being sent to shareholders. Further copies of the Interim and Annual Report and Accounts may be obtained from the Company's Registered Office, Majestic House, Otterspool Way, Watford, Hertfordshire, WD25 8WW. The Interim Report should be read in conjunction with the Annual Report and Accounts 2003.



www.majestic.co.uk

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