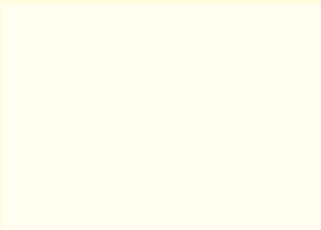
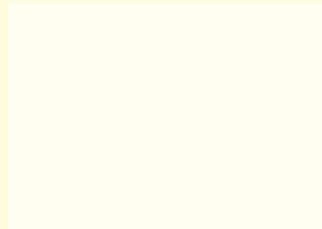
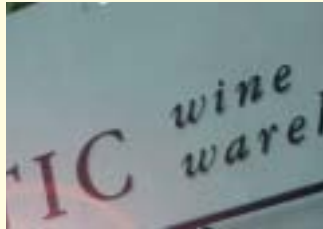


MAJESTIC WINE PLC
INTERIM REPORT 2004



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.

CONTENTS

CORPORATE STATEMENT	01
CHAIRMAN'S STATEMENT	02
GROUP PROFIT & LOSS ACCOUNT	04
GROUP BALANCE SHEET	05
GROUP CASH FLOW STATEMENT	06
NOTES TO THE INTERIM REPORT	08

CHAIRMAN'S STATEMENT

I am delighted to report a further significant increase in profit for the first half of the 2004/2005 financial year. Profit before tax, amortisation of goodwill, and excluding last year's exceptional item, grew 26.6% to £5.0m.

Total sales were £74.6m up from £69.1m last year. Like for like UK sales were up 7.4%, which is a very pleasing result as it is on top of the 12.0% achieved last year. The average bottle price of still wine purchased at Majestic is now £5.46 up from £5.31 last year and the average spend per retail transaction has increased to £110 from £104.

We have seen strong growth in still wine sales particularly from Italy and Chile, which were featured in our successful "15% off" summer promotion, and also from Bordeaux, South Africa and New Zealand. We continue to source one-off parcels of wine, and the growth in Bordeaux sales arose partly from a large parcel of Claret purchased from Switzerland.

Since the opening of our fine wine centre in St. John's Wood and the launch of the fine wine section on our website, www.majestic.co.uk, we have seen a 38% increase in sales of still wine priced at £20 and above. This category now represents 1.7% of UK retail sales.

We are very pleased that the strength of our wine range and customer service continues to attract significant numbers of new consumers to Majestic and those on our database who made purchases in the last 12 months were up by 8.7% to 337,000.

NEW STORES

During the period we opened three new stores in Inverness, Covent Garden and Chippenham and we re-sited our store in Cambridge. In November we have opened three more new stores in Marlborough, Ruislip and High Wycombe and re-sited our Nottingham store. The total number of stores trading in the UK is now 120.

WINE AND BEER WORLD

We have seen a like for like sales increase of 2.8% in France. This was a good performance given the fall in the number of UK shoppers visiting the French channel ports this year. Pre-ordering before travelling to France for collection from our stores is growing in importance. These orders, either by telephone to our dedicated team in the UK or via our website, www.wineandbeer.co.uk, now account for 16% of sales.

DIVIDEND

The Group continues to enjoy strong cash flow. Consequently we are declaring an increased interim dividend of 1.5p net per share, up by a third on last year after restating for the four-for-one share division implemented on 9 August 2004. The dividend will be paid on 7 January 2005 to shareholders on the register at the close of business on 3 December 2004.

CURRENT TRADING

Sales growth has continued to be most encouraging with like for like UK sales for the six weeks from 28 September to 8 November 2004 up 10.4%.

LOOKING FORWARD

We are very pleased by Majestic's continued progress and see considerable opportunities for further growth.



John Apthorp
Chairman

GROUP PROFIT & LOSS ACCOUNT

FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2004

	Note	26 weeks ended 27.09.04 (Unaudited) £'000	26 weeks ended 29.09.03 (Unaudited) £'000	Year ended 29.03.04 (Audited) £'000
Turnover		74,642	69,143	148,261
Cost of sales		(59,369)	(55,748)	(118,065)
Gross profit		15,273	13,395	30,196
Distribution costs		(6,473)	(5,770)	(12,134)
Administrative costs		(4,215)	(3,978)	(8,056)
Rental income		216	209	405
Operating profit		4,801	3,856	10,411
Profit on disposal of fixed assets	2	-	396	396
Profit on ordinary activities before interest and taxation		4,801	4,252	10,807
Net interest receivable/(payable)		28	(79)	(148)
Profit on ordinary activities before taxation		4,829	4,173	10,659
Taxation	3	(1,630)	(1,266)	(3,461)
Profit on ordinary activities after taxation		3,199	2,907	7,198
Dividend	4	(946)	(686)	(2,594)
Retained profit for the period		2,253	2,221	4,604
Earnings per share	6			
Basic		5.1p	4.8p	11.8p
Diluted		4.9p	4.6p	11.3p
Underlying earnings per share				
Basic		5.4p	4.4p	11.7p
Diluted		5.2p	4.3p	11.3p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2004

	26 weeks ended 27.09.04 (Unaudited) £'000	26 weeks ended 29.09.03 (Unaudited) £'000	Year ended 29.03.04 (Audited) £'000
Profit attributable to the members of the parent company	3,199	2,907	7,198
Currency translation differences on foreign currency net investments	40	3	(101)
Total gains and losses recognised	3,239	2,910	7,097

GROUP BALANCE SHEET

AS AT 27 SEPTEMBER 2004

	Note	As at 27.09.04 (Unaudited) £'000	As at 29.09.03 (Unaudited) £'000	As at 29.03.04 (Audited) £'000
Fixed assets				
Intangible fixed assets		6,320	6,690	6,505
Tangible fixed assets		26,138	22,662	24,528
		32,458	29,352	31,033
Current assets				
Stocks		27,044	26,336	23,577
Debtors		5,399	5,556	6,058
Cash at bank and in hand		5,040	2,672	4,376
		37,483	34,564	34,011
Creditors:				
Amounts falling due within one year		(36,011)	(33,558)	(33,873)
		1,472	1,006	138
Net current assets				
		33,930	30,358	31,171
Total assets less current liabilities				
Creditors:				
Amounts falling due after more than one year		-	(2,574)	-
Provision for liabilities & charges		(469)	(693)	(342)
		33,461	27,091	30,829
Net assets				
Capital and reserves				
Called up share capital	5	4,748	4,602	4,701
Share premium account	5	6,534	5,046	5,764
Revaluation reserve	5	22	22	22
Profit and loss account	5	22,157	17,421	20,342
		33,461	27,091	30,829
Equity shareholders' funds				
		33,461	27,091	30,829

GROUP CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2004

	26 weeks ended 27.09.04 (Unaudited) £'000	26 weeks ended 29.09.03 (Unaudited) £'000	Year ended 29.03.04 (Audited) £'000
Net cash inflow from operating activities	7,117	3,140	12,845
Returns on investments and servicing of finance			
Interest paid	(7)	(42)	(34)
Term loan interest	-	(92)	(175)
Interest received	36	28	69
	29	(106)	(140)
Taxation			
UK corporation tax paid	(1,654)	(1,060)	(2,490)
Overseas corporation tax paid	(585)	(278)	(482)
	(2,239)	(1,338)	(2,972)
Capital expenditure			
Payments to acquire tangible fixed assets	(2,855)	(2,857)	(5,804)
Receipts from sales of tangible fixed assets	209	1,171	1,181
	(2,646)	(1,686)	(4,623)
Equity dividends paid	(1,892)	(1,219)	(1,921)
Net cash inflow/(outflow) before financing	369	(1,209)	3,189
Financing			
Issue of Ordinary Share capital	272	11	828
Receipt for exercise of share options satisfied by QUEST	-	-	164
Repayment of bank loan	-	(700)	(4,300)
Increase/(decrease) in cash for the period	641	(1,898)	(119)

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2004

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

	26 weeks ended 27.09.04 (Unaudited) £'000	26 weeks ended 29.09.03 (Unaudited) £'000	Year ended 29.03.04 (Audited) £'000
Operating profit	4,801	3,856	10,411
Depreciation charges	1,059	929	1,978
Amortisation charge	185	185	370
Profit on disposal of tangible fixed assets	(6)	(11)	(18)
Increase in stocks	(3,467)	(5,504)	(2,745)
Decrease/(increase) in debtors	659	(1,131)	(1,503)
Increase in creditors	3,692	4,413	3,726
Increase in provisions	127	388	133
Deferred bonus payable by shares	67	15	493
Net cash inflow from operating activities	7,117	3,140	12,845

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

	26 weeks ended 27.09.04 (Unaudited) £'000	26 weeks ended 29.09.03 (Unaudited) £'000	Year ended 29.03.04 (Audited) £'000
Increase/(decrease) in cash	641	(1,898)	(119)
Amortisation of arrangement fees	-	(9)	(53)
Repayment of term facility	-	700	4,300
Exchange differences	23	3	(72)
Movement in net funds	664	(1,204)	4,056
Net funds at 29 March 2004	4,376	320	320
Net funds/(debt) at 27 September 2004	5,040	(884)	4,376

NOTES TO THE INTERIM REPORT

1. BASIS OF PREPARATION

The accounts of the Group for the 26 weeks ended 27 September 2004, which are unaudited, were approved by the Board on 15 November 2004. They have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts 2004.

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 29 March 2004. 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 previous year the freehold of the site in Putney was sold for £1,160,000 realising an exceptional gain of £396,000.

3. TAXATION

Taxation for the 26 weeks ended 27 September 2004 is provided at 33.8% on profit on ordinary activities being the anticipated rate of taxation for the period.

4. DIVIDEND

An interim dividend of 1.5p net per share will be paid on 7 January 2005 to shareholders on the register at the close of business on the 3 December 2004.

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 29 March 2004	4,701	5,764	22	20,342	30,829
Share issue	30	242	-	-	272
ESOT share issue	17	528	-	(545)	-
Retained profit for the period	-	-	-	2,253	2,253
Transfer to shareholders funds - deferred bonus expected to be satisfied in shares	-	-	-	67	67
Currency translation differences on foreign currency net investments	-	-	-	40	40
At 27 September 2004	4,748	6,534	22	22,157	33,461

6. EARNINGS PER SHARE

Basic earnings per share is calculated on profit on ordinary activities after tax of £3,199,000 (2003: £2,907,000) apportioned over the weighted Ordinary Shares that were in issue for the period: 62,659,997 (2003: 60,600,180). 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 64,724,441 (2003: 63,176,044).

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 in the prior year, the exceptional profit on disposal of freehold property, of £3,384,000 (2003: £2,696,000). This alternative measure has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

During the period the Company implemented a four-for-one sub-division of the Company's Ordinary share capital. Accordingly prior year comparative figures have been restated to reflect the new basis.

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 2004.



www.majestic.co.uk

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