



INTERIM RESULTS

'Profit increase of 3.9%, dividend up 5.3%'

Majestic Wine PLC ("Majestic"), the UK's largest wine specialist, today announces its interim results for the 26 weeks ended 1 October 2012.

Highlights

- Profit before tax increased by **3.9%** to **£9.2m** (2011: £8.8m).
- Diluted earnings per share up **6.1%** to **10.4p** (2011: 9.8p)
- Interim dividend increased **5.3%** to **4.0p** per share (2011: 3.8p).
- Managed reduction in wholesale trade, with sales down by **£7.2m** to **£3.2m** (2011: £10.4m).
- Sales excluding wholesale activities up by 4.6% to **£122.7m** (2011: £117.3m)
- Total sales down **1.4%** to **£126.0m** (2011: £127.8m).
- Like for like sales in UK retail stores up **0.6%**.
- Increase in active customers, up **11.2%** to **594,000**.
- Online sales increased **14.0%** on last year and now represent **9.8%** of UK retail sales.
- Nine new stores opened in period and two since end of September bring total number of stores to **189**.
- Lay & Wheeler, our fine wine specialist, recorded profit before interest and tax of **£506k** (2011: £292k).
- Majestic Wine Calais recorded profit before interest and tax of **£817k** (2011: £658k).
- In the six weeks from 2 October to 12 November 2012, like for like sales in our UK stores up **1.2%**.

Commenting on the results Steve Lewis, Chief Executive, said:

"These results, achieved in a challenging economic environment and the wettest summer on record, display the resilience of the Majestic business. I am pleased that so many new customers are choosing to shop with Majestic."

For further information, please contact:

Majestic Wine PLC
Steve Lewis, CEO
Nigel Alldritt, FD

Tel: 01923 298200

Buchanan
Tim Thompson
Gabiella Clinkard
Clare Akhurst

Tel: 020 7466 5000

Investec
Patrick Robb

Tel: 020 7597 5970

Chairman's Statement

I am pleased to report that Group profit before tax for the six month period ended 1 October 2012 was £9.2m, an increase of 3.9% on the first half of the previous financial year. This result is encouraging as it has been delivered in an economic environment that remains difficult and was compounded by the adverse effect of an extremely wet summer season.

We decided to reduce our involvement in the wholesale drinks market and focus towards on-trade customers resulting in sales through this channel declining by £7.2m to £3.2m. As a consequence Group revenues were £1.8m lower than last year, at £126.0m. Group revenues, excluding wholesale activities, increased by 4.6% to £122.7m.

Majestic Wine

Sales through the store network grew by 4.7% to £108.7m with like for like sales up 0.6%. During the Summer sales were adversely affected by unseasonable weather that resulted in the cancellation of a large number of outdoor events. We have seen a substantial increase in the number of customers on our database who have purchased in the last twelve months, up 11.2% to 594,000. The average spend per transaction at our stores has risen to £126 from £125 and the average bottle price of still wine purchased at Majestic is now £7.46 up from £7.13 last year.

Commercial

Total sales to business customers declined by £5.4m to £23.6m after the reduction of £7.2m in the wholesale channel. Sales to businesses now represent 20.5% of total UK sales.

We have a regional sales team of 25 people whose role is to secure restaurant, gastro pub and hotel business with all subsequent logistics handled by the nearest Majestic store. Additionally in London we have a sales team of 12 based in a dedicated office and depot near King's Cross that sell to larger businesses in the City and West End. We have seen sales growth of 17.0% from these managed accounts. We see considerable potential for further growth from this channel, leveraging our nationwide presence, excellent in-store service and flexible delivery arrangements.

Ecommerce

We have seen strong growth in online sales, up 14.0% on the same period last year and they now represent 9.8% of total UK retail sales. At the beginning of the period we launched our mobile optimised version of the website allowing customers using devices with smaller screens to more easily view and navigate the site. Additionally, in June 2012, we reduced the minimum online purchase to six bottles mirroring the change that we made in our retail stores in September 2009. We are pleased with the response to these initiatives and over the period we have seen a 19.9% increase in the number of orders placed online.

New Stores

We have opened stores in nine new locations during the period including Falmouth, our first store in Cornwall. Since the end of the period we opened a further two new stores, bringing the total number to 189. We are pleased by the initial sales recorded in all these stores and continue to see the potential to expand the UK store portfolio to 330 locations.

Lay & Wheeler

Lay & Wheeler is our fine wine specialist with particular expertise in the fields of en primeur sales, cellarage and broking of customer reserves. Profit before interest and tax for the period was £506k up from £292k in the first half of last year as we reported the balance of sales from the record Bordeaux 2009 vintage which were sold in

the summer of 2010 and delivered in this half year. The principal activity during the half has been the selling of en primeur wines from the Bordeaux 2011 vintage. The quality of the vintage was reasonable, however demand from consumers was low following two exceptional vintages. Sales from the 2011 vintage will be reported in the 2015 financial year.

Majestic Wine Calais

The business caters to UK consumers wishing to take advantage of the much lower rate of alcohol duty in France. We are pleased to report that profit before interest and tax for the period was £817k up from £658k in the previous first half. During the half we have taken an opportunity to close our store in Cherbourg and consolidate the business down to our two stores located in Calais and Coquelles. The contribution made by the Cherbourg store was marginal as its trade relied solely on customers using ferries which run much reduced timetables over the winter months.

Dividend

The Board is pleased to declare an increase of 5.3% in the interim dividend to 4.0p per share. The dividend will be paid on 4 January 2013 to shareholders on the register at the close of business on 7 December 2012.

Future Prospects

In the first six weeks of the second half from 2 October to 12 November 2012 like for like sales through our UK stores were up 1.2%.

We recognise that the environment in which we operate is likely to remain challenging. We are most encouraged by the number of new customers attracted to Majestic and we are well prepared for the very important Christmas trading period.

Phil Wrigley

Chairman

19 November 2012

Group Income Statement

For the 26 weeks ended 1 October 2012

		26 weeks ended 01.10.12 £000	26 weeks ended 26.09.11 £000	53 weeks ended 02.04.12 £000
	Note			
Revenue	3	125,965	127,772	280,304
Cost of sales		(96,977)	(100,518)	(218,636)
Gross profit		28,988	27,254	61,668
Distribution costs		(11,998)	(11,239)	(23,063)
Administrative costs		(8,165)	(7,484)	(15,993)
Other operating income		397	423	809
Profit before finance costs and taxation		9,222	8,954	23,421
Finance revenue		7	10	25
Finance costs		(69)	(151)	(245)
Profit before taxation	3	9,160	8,813	23,201
UK income tax	4	(2,176)	(2,321)	(6,025)
Overseas income tax	4	(273)	(220)	(458)
Profit for the period		6,711	6,272	16,718
Earnings per share				
Basic	5	10.5p	10.0p	26.5p
Diluted	5	10.4p	9.8p	26.1p
Dividend per share	6	4.0p	3.8p	15.6p

Group Statement of Comprehensive Income

For the 26 weeks ended 1 October 2012

		26 weeks ended 01.10.12 £000	26 weeks ended 26.09.11 £000	53 weeks ended 02.04.12 £000
Profit for the period		6,711	6,272	16,718
Other comprehensive income:				
Currency translation differences on foreign currency net investments		(176)	(49)	(240)
Other comprehensive income for the period, net of tax		(176)	(49)	(240)
Total comprehensive income for the period		6,535	6,223	16,478

Group Statement of Changes in Equity

For the 26 weeks ended 1 October 2012

	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 28 March 2011	4,686	12,842	(236)	363	2,383	44,822	64,860
Profit for the period	-	-	-	-	-	6,272	6,272
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(49)	-	(49)
Total comprehensive income for the period	-	-	-	-	(49)	6,272	6,223
Share issue	60	1,708	-	-	-	-	1,768
ESOT share issue	11	660	(339)	-	-	(332)	-
Shares vesting under deferred bonus scheme	-	-	3	-	-	(3)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	392	392
Tax credit on employee share options	-	-	-	-	-	247	247
Equity dividends paid	-	-	-	-	-	(6,047)	(6,047)
At 26 September 2011	4,757	15,210	(572)	363	2,334	45,351	67,443
Profit for the period	-	-	-	-	-	10,446	10,446
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(191)	-	(191)
Total comprehensive income for the period	-	-	-	-	(191)	10,446	10,255
Share issue	7	193	-	-	-	-	200
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	854	854
Tax credit on employee share options	-	-	-	-	-	114	114
Equity dividends paid	-	-	-	-	-	(2,401)	(2,401)
At 2 April 2012	4,764	15,403	(572)	363	2,143	54,364	76,465
Profit for the period	-	-	-	-	-	6,711	6,711
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(176)	-	(176)
Total comprehensive income for the period	-	-	-	-	(176)	6,711	6,535
Share issue	89	2,198	-	-	-	-	2,287
ESOT share issue	8	413	(233)	-	-	(188)	-
Shares vesting under deferred bonus scheme	-	-	288	-	-	(288)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	474	474
Tax credit on employee share options	-	-	-	-	-	280	280
Equity dividends paid	-	-	-	-	-	(7,574)	(7,574)
At 1 October 2012	4,861	18,014	(517)	363	1,967	53,779	78,467

Group Balance Sheet

As at 1 October 2012

	As at 01.10.12 £000	As at 26.09.11 £000	As at 02.04.12 £000
Non current assets			
Goodwill and intangible assets	8,266	8,610	8,357
Property, plant and equipment	63,503	58,988	60,775
En primeur purchases	1,399	4,756	5,006
Prepaid operating lease costs	2,134	1,975	2,036
Deferred tax assets	1,285	1,729	1,855
	76,587	76,058	78,029
Current assets			
Inventories	50,056	49,893	51,456
Trade and other receivables	8,887	6,383	6,855
En primeur purchases	6,557	9,262	4,155
Financial instruments at fair value	7	29	11
Cash and cash equivalents	4,349	5,098	2,953
	69,856	70,665	65,430
Total assets	146,443	146,723	143,459
Current liabilities			
Trade and other payables	(46,184)	(50,940)	(47,347)
En primeur deferred income	(7,978)	(11,325)	(5,266)
Bank overdraft	(7,260)	(5,972)	(1,822)
Provisions	(433)	(484)	(723)
Deferred lease inducements	(194)	(143)	(188)
Financial instruments at fair value	(105)	(315)	(452)
Current tax liabilities	(1,767)	(2,076)	(3,019)
	(63,921)	(71,255)	(58,817)
Non current liabilities			
En primeur deferred income	(1,617)	(5,640)	(5,913)
Provisions	(109)	(165)	(156)
Deferred lease inducements	(1,292)	(1,023)	(1,044)
Deferred tax liabilities	(1,037)	(1,197)	(1,064)
Total liabilities	(67,976)	(79,280)	(66,994)
Net assets	78,467	67,443	76,465
Shareholders' equity			
Called up share capital	4,861	4,757	4,764
Share premium account	18,014	15,210	15,403
Capital reserve – own shares	(517)	(572)	(572)
Capital redemption reserve	363	363	363
Currency translation reserve	1,967	2,334	2,143
Retained earnings	53,779	45,351	54,364
Equity shareholders' funds	78,467	67,443	76,465

Group Cash Flow Statement

For the 26 weeks ended 1 October 2012

	Note	26 weeks ended 01.10.12 £000	26 weeks ended 26.09.11 £000	53 weeks ended 02.04.12 £000
Cash flows from operating activities				
Cash generated by operations	8	9,549	13,877	25,416
UK income tax paid		(2,642)	(3,035)	(5,994)
Overseas income tax paid		(231)	(428)	(611)
Net cash generated by operating activities		6,676	10,414	18,811
Cash flows from investing activities				
Interest received		7	10	25
UK income tax paid		(5)	(4)	(6)
Purchase of non current assets		(5,279)	(6,882)	(10,964)
Receipts from sales of non current assets		18	39	77
Net cash utilised by investing activities		(5,259)	(6,837)	(10,868)
Cash inflow before financing		1,417	3,577	7,943
Cash flows from financing activities				
Interest paid		(103)	(177)	(277)
Issue of Ordinary Share capital		2,287	1,768	1,968
Term loan repayment		-	(5,600)	(5,600)
Equity dividends paid		(7,574)	(6,047)	(8,448)
Net cash used by financing activities		(5,390)	(10,056)	(12,357)
Net decrease in cash and cash equivalents		(3,973)	(6,479)	(4,414)
Cash and cash equivalents at beginning of period		1,131	5,627	5,627
Effect of foreign exchange differences		(69)	(22)	(82)
Cash and cash equivalents at end of period		(2,911)	(874)	1,131
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per Group balance sheet		4,349	5,098	2,953
Bank overdraft per Group balance sheet		(7,260)	(5,972)	(1,822)
Cash and cash equivalents at end of period		(2,911)	(874)	1,131

Notes to the Group Interim Financial Statements

1. General Information

Majestic Wine PLC is a public limited company (“Company”) incorporated in the United Kingdom under the Companies Act 2006 (registration number 2281640). The Company is domiciled in the United Kingdom and its registered address is Majestic House, Otterspool Way, Watford, WD25 8WW. The Company’s Ordinary Shares are traded on the Alternative Investment Market (“AIM”). Copies of the Interim Report are being sent to shareholders. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Group’s principal activity is the retailing of wines, beers and spirits.

2. Basis of preparation

The interim financial statements of the Group for the 26 weeks ended 1 October 2012, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the 53 weeks ended 2 April 2012.

The Board is currently of the opinion that the Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current uncommitted borrowing facilities. The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the 53 weeks ended 2 April 2012. The report of the auditors, Ernst & Young LLP, on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006. These accounts have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with UK listing rules and not in accordance with IAS 34 “Interim Financial Reporting” - therefore it is not fully in compliance with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

3. Segment reporting

The Group's operations are 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 operated 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 businesses 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 utilised in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS 18 where revenue is recognised on delivery 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.

Financing (including finance costs and finance revenue) and income taxes are managed at 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.

	26 weeks ended 01.10.12 £000	26 weeks Ended 26.09.11 £000	53 weeks ended 02.04.12 £000
Third party revenue			
Majestic Wine Warehouses	115,185	116,950	252,964
Lay & Wheeler	5,098	9,216	15,205
Majestic Wine Calais	4,098	4,726	9,469
Total operating segment revenue	124,381	130,892	277,638
Movement in en primeur sales deferred to future periods (see note 7)	1,584	(3,120)	2,666
Total reported revenue	125,965	127,772	280,304
Segment result			
Majestic Wine Warehouses	7,899	8,004	20,189
Lay & Wheeler	127	798	1,435
Majestic Wine Calais	817	658	1,374
Total operating segment results	8,843	9,460	22,998
Movement in en primeur profit deferred to future periods (see note 7)	379	(506)	423
Total reported operating result	9,222	8,954	23,421
Finance revenue less finance costs	(62)	(141)	(220)
Profit before tax	9,160	8,813	23,201
Inter-segment sales eliminated from revenue:			
Majestic Wine Warehouses	-	-	252
Lay & Wheeler	253	2	246
	253	2	498
Segment assets			
Majestic Wine Warehouses	118,882	110,620	115,060
Lay & Wheeler	21,923	30,093	22,495
Majestic Wine Calais	6,687	6,665	6,452
Unallocated	1,285	1,729	1,855
Eliminated	(2,334)	(2,384)	(2,403)
Total group assets	146,443	146,723	143,459

4. Taxation

Taxation for the 26 weeks to 1 October 2012 has been calculated by applying the estimated tax rate for the financial year ending 2 April 2012 adjusted for the reduction in the rate of corporation tax to 24% from 26%, except that deferred tax assets relating to share based payments have been recalculated to reflect the change in the number of options outstanding and movement in the share price.

5. Earnings per share

Basic earnings per share is calculated on profit for the period attributable to equity shareholders of £6,711,000 (2011: £6,272,000) apportioned over the weighted average number of Ordinary Shares that were in issue for the period: 63,986,446 (2011: 62,753,091). The calculation of diluted earnings per share is in accordance with IAS 33 – Earnings Per Share. The weighted average number of Ordinary Shares in issue has been adjusted to take account of the effect of all dilutive potential Ordinary Shares. The number of shares used in the calculation was 64,841,838 (2011: 63,979,104).

6. Dividend

A dividend of 11.8p net per share was paid to shareholders on 17 August 2012. An interim dividend of 4.0p per share will be paid on 4 January 2013 to shareholders on the register at the close of business on 7 December 2012.

7. En Primeur

En primeur refers to the process of purchasing wines early before they are bottled and released onto the market. This method of purchasing gives the consumer the opportunity to secure wines that may be in limited quantity and very difficult to acquire after release. Receipts and payments for these wines may be up to two years before the wines are delivered to customers. Payments to suppliers are treated as trade receivables and receipts from customers treated as deferred income until the wines are delivered.

a) Analysis of en primeur balances

	01.10.12	26.09.11	02.04.12
	£000	£000	£000
En primeur purchases included in non current assets	1,399	4,756	5,006
En primeur purchases included in current assets	6,557	9,262	4,155
Total en primeur purchases	7,956	14,018	9,161
En primeur deferred income included in current liabilities	(7,978)	(11,325)	(5,266)
En primeur deferred income included in non current liabilities	(1,617)	(5,640)	(5,913)
Total en primeur deferred income	(9,595)	(16,965)	(11,179)
Net en primeur balance	(1,639)	(2,947)	(2,018)

b) Movement in en primeur balances

	26 weeks ended 01.10.12	26 weeks ended 26.09.11	53 weeks ended 02.04.12
	£000	£000	£000
Net en primeur balance at beginning of period	(2,018)	(2,441)	(2,441)
Movement in en primeur balance	379	(506)	423
Net en primeur balance at end of period	(1,639)	(2,947)	(2,018)

8. Note to the cash flow statement

Reconciliation of profit to cash generated by operations

	26 weeks ended 01.10.12 £000	26 weeks ended 26.09.11 £000	53 weeks ended 02.04.12 £000
Cash flows from operating activities:			
Profit	6,711	6,272	16,718
Adjustments to reconcile profit for the year to cash generated by operations:			
Income tax expense	2,449	2,541	6,483
Net finance expense	62	141	220
Amortisation, impairment and depreciation	2,394	2,186	4,526
Loss/(profit) on disposal of non current assets	25	(7)	(29)
Decrease/(increase) in inventories	1,400	(3,331)	(4,894)
(Increase)/decrease in trade and other receivables	(2,032)	732	260
(Decrease)/increase in trade and other payables	(1,129)	3,644	57
Movement in en primeur balances	(379)	506	(423)
Increase in deferred lease inducements	254	9	75
Change in value of derivative instruments	(343)	797	952
(Decrease)/increase in provisions	(337)	(5)	225
Share based payments	474	392	1,246
Cash generated by operations	9,549	13,877	25,416

9. Reconciliation of net cash flow to movement in net debt

	01.10.12 £000	26.09.11 £000	02.04.12 £000
Net decrease in cash and cash equivalents	(3,973)	(6,479)	(4,414)
Term loan repayment	-	5,600	5,600
Amortisation of arrangement fees	-	(24)	(24)
Effect of foreign exchange differences	(69)	(22)	(82)
Movement in net debt	(4,042)	(925)	1,080
Net funds at beginning of period	1,131	51	51
Total net (debt)/funds	(2,911)	(874)	1,131