

**Majestic Wine PLC**  
Annual Report and Accounts  
Year ended 2 April 2001



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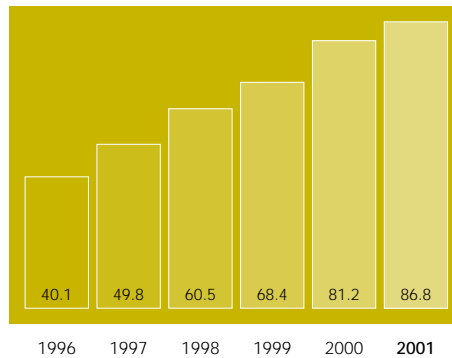
## Corporate Statement

Majestic operates the largest wine warehouse chain in Britain, specialising in the sale of wine by the mixed case direct to the public.

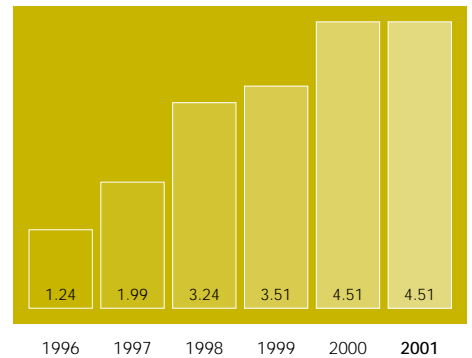
Majestic differentiates itself by; the high quality of its customer service and advice, the diversity and quantity of stock available to purchase at each store, its dedicated on-site customer parking, wines to taste every day, the ability to order instore or via its website and the availability of free delivery throughout mainland UK.

## Highlights

Turnover (£m)



Profit before tax (£m)



(Excludes exceptional items in 1997 and 1999)

### Cover Photography

Our resited store in Northampton, opened in October 2000 on a prominent retail park, is an excellent example of our modern warehouse approach to wine retailing.



## Chairman's Statement

We have won several awards in recent years for our customer service. We recruit enthusiastic and energetic staff who in addition to internal training, undertake the professional Wine & Spirit Education Trust (WSET) exams.

Below left to right:

Every year a group of Majestic staff travel to Bordeaux to participate in the annual grape harvest or vendage.

**Manager  
Majestic Bristol**  
Doug Storey (aged 28)  
BA Religious Studies,  
Lancaster University

**Manager  
Majestic New Barnet**  
Kate Burton (aged 25)  
BSc Biological  
Sciences, Exeter  
University

I am pleased to announce a small increase on last year's profit before tax up to £4,509,000 from £4,505,000 last year. Total sales grew by 6.9% to £86,764,000 and we opened 9 new stores, giving 95 stores at the end of the financial year.

We achieved a like for like sales increase of 4.3% which is very pleasing as the previous year obviously benefited from Millennium sales, particularly of Champagne. Sales growth was very strong in the final quarter of the financial year with like for like sales up 15.6% for the 13 week period from 2 January to 2 April 2001.

We could not have achieved these results without the huge commitment of all our staff and I would like to thank them for their significant efforts. Their friendly, helpful and knowledgeable approach to customer service stands out against our competitors.

We are recommending for approval by shareholders at the Annual General Meeting a final dividend of 4.5 pence net per share. This will be payable on 3 August 2001 to shareholders on the register on 6 July 2001 and brings the total dividend to 6.6 pence net per share.

### Current trading

Following the strong sales growth experienced from 2 January to 2 April 2001, I am delighted to announce that for the 11 weeks from 3 April to 18 June 2001, like for like sales were up 17.4%.

Our summer promotions started on 8 May 2001 and have been very well received by our customers. Free tasting weekends feature wines from Beaujolais and the Loire, Australia and Italy.

We are confident of the future growth of Majestic.

**John Apthorp**  
Chairman



## UK Presence

We had 95 stores trading at the financial year end.

Key:  
• Store openings 00/01

### Scotland

Ayr  
Edinburgh, Causewayside  
• Glasgow, Bearsden  
Glasgow, Charing Cross  
Glasgow, Giffnock  
Perth

### North

• Beverley  
Chester  
• Darlington  
Harrogate  
• Leeds, Central  
Leeds, Chapel Allerton  
Manchester  
• Preston  
Sheffield  
Stockport  
York

### Midlands

Banbury  
Birmingham,  
Acocks Green  
Hagley Road  
Bletchley  
• Northampton (resite)  
Nottingham  
Oxford  
Sutton Coldfield  
Wolverhampton  
Worcester

### Wales

Cardiff  
Swansea

### South and West

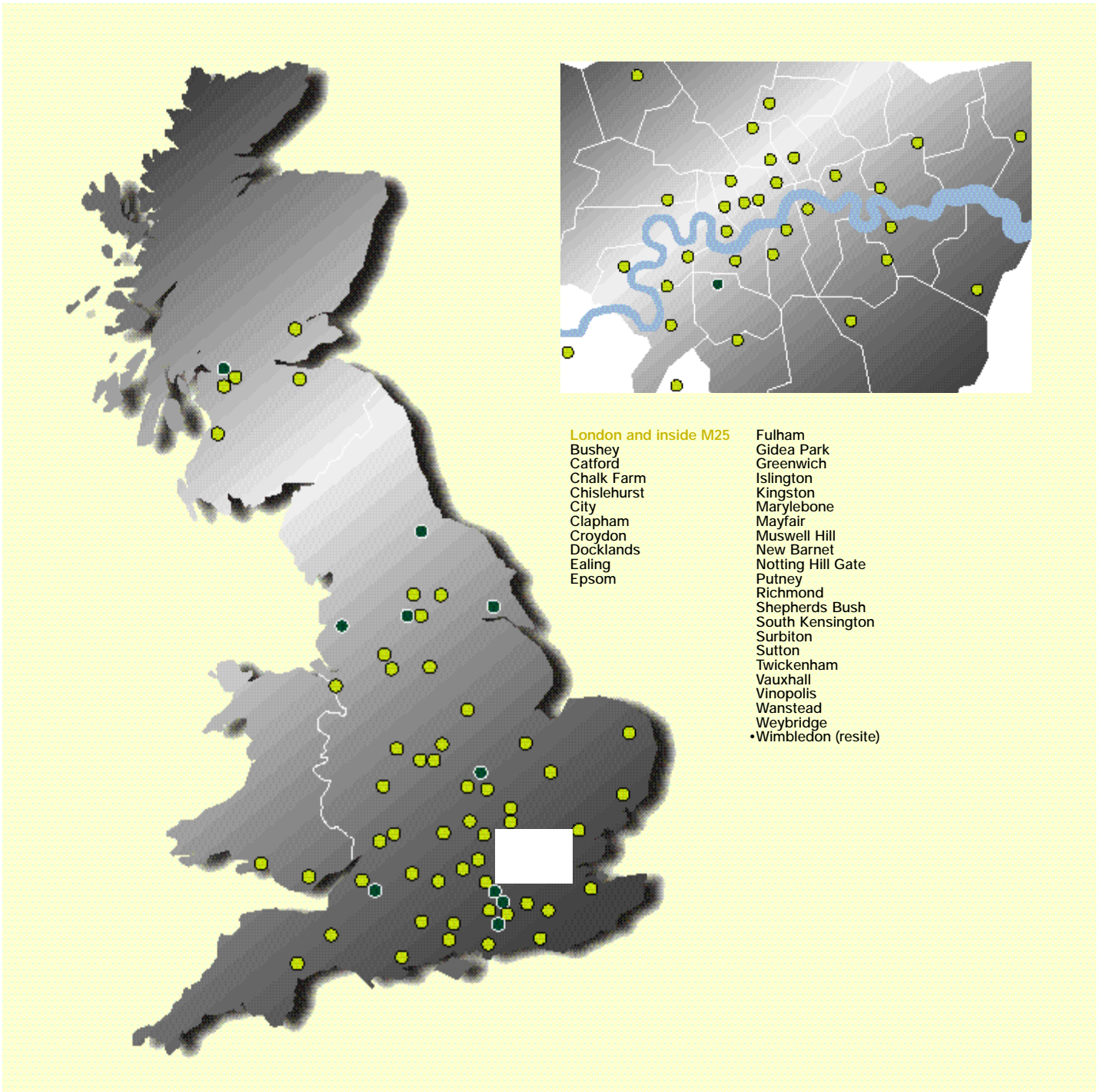
• Bath  
Bristol  
Cheltenham  
Chichester  
Exeter  
Gloucester  
Newbury  
Poole  
Salisbury  
Southampton  
Swindon  
Taunton  
Winchester

### East

Cambridge  
Ipswich  
Norwich  
Peterborough

### South East

Amersham  
Aylesbury  
Brighton & Hove  
Chelmsford  
East Grinstead  
Farnham  
Guildford  
• Haslemere  
Maidenhead  
Maidstone  
Reading  
Reigate  
St Albans  
Stevenage  
Sunningdale  
• Woking  
• Wokingham



### London and inside M25

Bushey  
Catford  
Chalk Farm  
Chislehurst  
City  
Clapham  
Croydon  
Docklands  
Ealing  
Epsom

Fulham  
Gidea Park  
Greenwich  
Islington  
Kingston  
Marylebone  
Mayfair  
Muswell Hill  
New Barnet  
Notting Hill Gate  
Putney  
Richmond  
Shepherds Bush  
South Kensington  
Surbiton  
Sutton  
Twickenham  
Vauxhall  
Vinopolis  
Wanstead  
Weybridge  
• Wimbledon (resite)





## Review of Operations

Internet orders have grown progressively and we have received over 12,000 orders on the site since launch, with an average order value of £120.

### Range

We offer hundreds of quality wines from around the world, many exclusive to Majestic, in a depth and quantity that offers real choice and value.

The average bottle of still wine purchased at Majestic now stands at £5.40.

Below left to right

### Reds

Chile  
Vistasur Merlot 1999  
Southern France  
Domaine de Richard  
2000, Vin de Pays  
de l'Aude

Italy  
Chianti Classico 1998,  
Castello Banfi

Rhône  
Côtes du Rhône 1998,  
Marcel Guigal

### Whites

Burgundy  
St.Véran Les Deux  
Moulins 1999, Louis  
Latour

Germany  
Urziger Würzgarten  
Spätlese 1993,  
Christoffel-Berres

Australia  
Coldridge Estate  
Chardonnay 2000

Spain  
Albarino Martin Codax  
1999, Rias Baixas

We have seen further encouraging growth in the number of customers on the mailing list who have made purchases during the last twelve months, up to 245,000 from 225,000 this time last year. Good growth in still wine sales has come particularly from the Loire, French Regions, Spain and Australia. Despite the drop in Champagne sales after the Millennium, the average customer spend per transaction at our stores has remained at £102.

Purchasing interesting parcels of wine is a key part of our business and during last July we acquired 11,000 cases of fine wine from Sweden, which was mainly Claret. The approximate retail value was £2.5m and we have sold some 85% of this wine.

The average bottle price of still wine purchased at Majestic is now £5.40 up from £5.32 this time last year.

### New Stores

We opened nine new stores during the financial year in Wokingham, Preston, Haslemere, Bath, Beverley, Darlington, Bearsden - Glasgow, central Leeds and Woking. In addition, we have very successfully resited our Wimbledon and

Northampton stores and our Vauxhall store has moved into a newly refurbished unit in the adjoining railway arch. Wokingham, Haslemere, Beverley, Bearsden and Northampton are all new developments. Preston, Bath, Darlington, Woking and Wimbledon are all former car showrooms. The store on Wellington Street in central Leeds is a striking listed former Victorian railway engine shed. The average size of these stores is 3100 square feet.

Our expansion is based on taking a range of types of site in prominent locations on main roads outside the town centre. Sufficient on-site car parking is essential. We are due to open a new retail warehouse at Filton - Bristol in July. In August we have three further new store openings planned, all of which are former car showrooms, in Birkdale, Newcastle and Buckstone Terrace in Edinburgh. We are also resiting our stores in Bletchley and Sutton Coldfield to new units in Milton Keynes and Mere Green respectively in the autumn.

Contracts have been exchanged for new store openings in Dorchester and Marlborough and negotiations are well advanced on several further new stores.





**Internet**

Online ordering on our website, [www.majestic.co.uk](http://www.majestic.co.uk), commenced in April 2000 and we have been very encouraged by the response from users. Internet orders have grown progressively and we have received over 12,000 orders on the site since launch, with an average order value of £120. Looking at recent performance, over the 6 weeks to 18 June 2001, orders represented 2% of Company sales.

Many enhancements have been made to make the site faster and easier to use. Recent new features include fine wine search, En Primeur, wine style search and food matching. A "your favourites" section allows users to save and manage a list of their favourite wines.

Over 95% of orders received via the website are handled by the nearest store with free delivery arranged at a time to suit the customer. In addition to wine purchases, because of our store delivery, we now offer beer, water and soft drinks on the website and special sections have been included for party service, weddings and business customers.

**Corporate Sales**

We continue to see the potential for increased corporate sales throughout the UK. Sales to businesses are an important part of our store turnover, accounting for around 25% of sales. In addition in London we have a dedicated depot and sales office near Kings Cross servicing larger corporate customers in the City and West End.

Outside London, we now have four business development managers based in Leeds, Reigate, Banbury and Bath. Their responsibility is to open new accounts in the surrounding region with subsequent customer service and deliveries handled by the nearest store team. We plan to appoint further business development managers to progressively give greater regional coverage.

**Future Prospects**

Our business is differentiated from the competition by the quality of our customer service, the breadth and quantity of stock available to purchase at each store, dedicated on-site parking, and the ability to taste wines in all stores every day. Customers may order in person, by phone, fax, email or via our website and we provide free delivery throughout mainland UK.

We see considerable potential in an expanding wine market for the future growth of Majestic.

**Tim How**  
Chief Executive

Below left to right

**Champagne**  
J. De Telmont Grande Réserve Brut NV

**Malt Whisky**  
Majestic 8 year old Islay Malt  
Which? Magazine's joint First 'Best Buy' of 32 whiskies tasted (December 2000)

**Summer Wines**  
Our key communication to customers is our Price List which is mailed 5 times a year. Over 257,000 customers received our 36 page 'Summer Wines' list in May this year.

Above left to right

**Wine Tasting**  
At our dedicated tasting counters customers are able to taste a selection of wines at any time of the day. Our popular themed three-day tasting weekends run throughout the year allowing customers to taste and compare wines from around the world.

**Majestic Online**  
[www.majestic.co.uk](http://www.majestic.co.uk)  
Over 12,000 orders have been processed via the website since its launch in April 2000 and we have been very encouraged by the response from users. In July 2001 'the net' magazine selected [www.majestic.co.uk](http://www.majestic.co.uk) as one of 'The World's 20 Best Online Stores'

**Free Home Delivery**  
We offer a free home delivery service of a mixed case of wine anywhere in mainland UK. Customers can place their orders by phone, fax or via our website [www.majestic.co.uk](http://www.majestic.co.uk).



## Directors

Purchasing interesting parcels of wine is a key part of our business and during last July we acquired 11,000 cases of fine wine from Sweden, which was mainly Claret.





In 2000 Majestic again won *“By-the-Case Wine Merchant of the Year”* in the prestigious International Wine Challenge making four consecutive wins.



**From left to right**

**John Kelly**

aged 59, is Finance Director and Company Secretary and was appointed to the Board in 1991. He is a fellow of the Chartered Institute of Management Accountants and is responsible for the finance function.

**Tony Mason**

aged 55, is Trading Director and was appointed to the Board in 1989. He is responsible for range selection and purchasing.

**Steve Lewis**

aged 37, is Retail Director and was appointed to the Board in February 1998. He is responsible for retail operations and corporate sales.

**Simon Burke**

aged 42, is a non-executive Director and was appointed to the Board in March 2000. He is the Chairman of Hamleys plc.

**Gerald Leahy**

aged 66, is a non-executive Director and was appointed to the Board in November 1996. He is chairman of the audit committee. He is Chairman of Daiwa Securities Trust & Banking PLC, and a non-executive director of Densitron Technologies plc.

**John Apthorp**

aged 66, is Chairman and was appointed to the Board in 1989. He is chairman of the remuneration committee.

**Tim How**

aged 50, is Chief Executive and was appointed to the Board in 1989. He is also a non-executive director of M&W Mack Limited.

**Advisers**

**Company Secretary**  
JF Kelly FCMA

**Registered Office**  
Majestic House  
Otterspool Way  
Watford  
Herts WD25 8WW

**Auditors**  
Ernst & Young  
400 Capability Green  
Luton LU1 3LU

**Bankers**  
Barclays Bank PLC  
50 Pall Mall  
PO Box No.15162  
London SW1A 1QB

**Adviser/ Broker**  
Williams de Broë Plc  
PO Box 515  
6 Broadgate  
London EC2M 2RP

**Solicitors**  
Osborne Clarke OWA  
Hillgate House  
26 Old Bailey  
London EC4M 7HS  
SPR Avery Midgen  
277/281 Oxford Street  
London W1R 3LD

**Registrars**  
Capita IRG plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

# Directors' Report

## For the year ended 2 April 2001

### REPORT AND ACCOUNTS

The Directors present their report and Group accounts for the 53 weeks ended 2 April 2001.

### PRINCIPAL ACTIVITY

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

### RESULTS AND REVIEW OF THE BUSINESS

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

The Directors' Report should be read in conjunction with the Chairman's Statement on page 2 and the Review of Operations on pages 4 to 5 which include information about the Group's business performance during the year and indication of future prospects.

### DIVIDENDS

The Directors propose that a final dividend of 4.5p net per Ordinary Share be paid which together with an interim dividend of 2.1p paid on 5 January 2001 makes a total of 6.6p (2000 6.3p) per share for the year. The final dividend amounting to £661,000, if approved, will be paid on 3 August 2001 to the shareholders whose names appear on the Register of Members at the close of business on 6 July 2001, leaving £2,117,000 to be transferred to reserves.

### DIRECTORS

The Directors who served during the period were:

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

GW Leahy and SP Burke are non-executive Directors.

In accordance with the Company's Articles of Association:

Mr AJ Mason and Mr SJ Lewis retire by rotation and offer themselves for re-election.

# Directors' Report

## For the year ended 2 April 2001

### DIRECTORS' INTERESTS

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

	Number of Ordinary Shares	
	2001	2000
JD Apthorp (note 1)	<b>7,078,244</b>	7,068,244
TF How (note 2)	<b>65,126</b>	23,166
JF Kelly	<b>70,820</b>	80,400
AJ Mason (note 3)	<b>191,176</b>	34,568
SJ Lewis	<b>2,820</b>	14,500
GW Leahy	<b>nil</b>	nil
SP Burke	<b>2,000</b>	nil

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

2) The interest of TF How includes 5,000 Ordinary shares that are held jointly with his wife EM How.

3) The Ordinary Shares that AJ Mason has a beneficial interest in are held 171,176 in his own name and 20,000 by his wife H Mason.

The Directors' interests in share options are as follows:

	Options at 27.03.00	Options granted	Options exercised	Options at 2.4.01	Exercise Price	Market price at date of exercise	Date from which exercisable	Expiry date
TF How	144,500	-	30,000	<b>114,500</b>	£0.50	£2.425	15.12.97	14.12.02
	40,000	-	-	<b>40,000</b>	£0.50	-	02.02.98	01.02.03
	1,788	-	1,788	-	£2.18	£3.175	-	-
	2,152	-	-	<b>2,152</b>	£2.70	-	01.02.03	31.07.03
	-	1,997	-	<b>1,997</b>	£1.94	-	01.02.04	31.07.04
	-	12,630	-	<b>12,630</b>	£2.425	-	24.11.03	23.11.07
	-	12,370	-	<b>12,370</b>	£2.425	-	24.11.03	24.11.10
JF Kelly	1,788	-	1,788	-	£2.18	£3.175	-	-
	2,152	-	-	<b>2,152</b>	£2.70	-	01.02.03	31.07.03
AJ Mason	152,000	-	152,000	-	£0.50	£2.425	-	-
	40,000	-	-	<b>40,000</b>	£0.50	-	02.02.98	01.02.03
	1,788	-	1,788	-	£2.18	£3.175	-	-
	2,152	-	-	<b>2,152</b>	£2.70	-	01.02.03	31.07.03
	-	1,997	-	<b>1,997</b>	£1.94	-	01.02.04	31.07.04
	-	12,630	-	<b>12,630</b>	£2.425	-	24.11.03	23.11.07
	-	12,370	-	<b>12,370</b>	£2.425	-	24.11.03	24.11.10
SJ Lewis	23,790	-	-	<b>23,790</b>	£3.075	-	22.12.01	21.12.05
	1,210	-	-	<b>1,210</b>	£3.075	-	22.12.01	22.12.08
	1,788	-	1,788	-	£2.18	£3.175	-	-
	2,152	-	-	<b>2,152</b>	£2.70	-	01.02.03	31.07.03
	-	1,997	-	<b>1,997</b>	£1.94	-	01.02.04	31.07.04
	-	10,800	-	<b>10,800</b>	£2.425	-	24.11.03	23.11.07
	-	14,200	-	<b>14,200</b>	£2.425	-	24.11.03	24.11.10

The market value of the Company's shares at 02 April 2001 was 225.00p. The highest and lowest prices during the year were 337.5p and 212.5p respectively.

### MAJOR SHAREHOLDERS

At 12 June 2001 the following interests of shareholders in excess of 3%, have been notified to the Company.

	Number of Ordinary Shares held	Ordinary Shares as % of issued share capital
P&L Trust Company Limited, Linda Mary Williams and Graham Radford Boxall	6,657,594	45.34
Gartmore	1,373,180	9.37
Friends Ivory & Sime plc	539,538	3.67
Taz Bay Investments Limited	462,220	3.15

# Directors' Report

## For the year ended 2 April 2001

### CORPORATE GOVERNANCE

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

#### Audit Committee

The audit committee consists of the Chairman and the non-executive Directors together with the Chief Executive and Finance Director. It is chaired by one of the non-executive Directors. Its role is to review the interim and final accounts for approval by the Board and to ensure that appropriate financial and operating controls are functioning properly. It meets as required during the year.

#### Internal Controls

The Directors are responsible for the Group's systems of internal financial control, and have established a framework intended to provide reasonable, but not absolute assurance, against material financial misstatement or loss.

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

#### Financial Reporting

The Group's trading performance is monitored on an ongoing basis. An annual budget is prepared and specific objectives and targets are set. The key trading aspects of the business are monitored weekly and internal management and financial accounts are prepared quarterly. The results are compared to budget and prior year performance.

#### Store Control Environment

Operating procedures for control of store operations are clearly documented and set out in operation manuals. Senior operational managers are responsible for the implementation of these procedures and compliance is monitored.

#### Functional Reporting

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

### Remuneration Committee

The remuneration committee consists of the Chairman and the two non-executive Directors. It meets as required during the year. The committee determines the remuneration and benefits of the executive Directors. The executive Directors have rolling one year contracts subject to one year's notice on either side.

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

The remuneration of non-executive Directors is determined by the Board within the limits set by the Company's Articles of Association. They have letters of engagement with the Company and their appointments are terminable on three months written notice on either side.

#### Deferred Bonus Scheme

The Group operates a Deferred Bonus Scheme for senior managers, which includes the executive Directors.

It involves the award of bonus shares to participants subject to meeting performance criteria that are set annually by the remuneration committee. Any bonus shares awarded in this manner are held on behalf of participants by the trustee of the Company's employee share ownership trust for a 2 year deferral period. At the end of that period, participants have a right to receive loyalty shares of equivalent value provided that they are still in employment. Some or all of the bonus shares may be paid in cash if participants request, but this is only at the discretion of the trustee. Participants who are paid cash in this manner forfeit their entitlement to loyalty shares.

Under the terms of the scheme for the financial year ended 2 April 2001 the participants will be entitled to an award of bonus shares equal to 4.5% of their basic salary. The total value of the equivalent cash option is £48,000. The Directors' portion of this is included in Directors' Emoluments. (See note 2).

The best estimate for the cost of bonus and loyalty shares of £73,000 has been provided in the accounts for the year ended 2 April 2001.

### DONATIONS

Charitable donations made in the year amounted to £7,522 primarily to National Missing Persons Helpline. There were no political donations.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# Directors' Report

## For the year ended 2 April 2001

### EMPLOYEES

The Directors recognise the value of involving employees in the business and ensure that matters of concern to them, including the Group's aims and objectives are communicated in an open and regular manner. Employees are kept informed of the Group's performance and activities by regular briefings. Directors and senior managers visit stores frequently to brief staff and discuss matters of concern or interest. The Group's senior staff participate in the Group's share option schemes, and Deferred Bonus Scheme. Recruitment and training development policies give equal opportunity to all employees regardless of sex, colour, race, religion or ethnic origin. The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. The Group uses its best endeavours to continue to employ persons who become disabled during their employment. Training programmes are held for all levels of staff. These are aimed at increasing skills and contribution with particular emphasis placed on product knowledge and customer service skills.

### PAYMENT OF SUPPLIERS

The Group does not follow any formal code of practice for payment of its suppliers. The Group's current policy concerning the payment of the majority of its trade creditors is to:

- (a) Agree the terms of payment with suppliers when agreeing the terms of business;
- (b) Ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms on purchase orders; and
- (c) Pay in accordance with the terms agreed.

The average credit period taken during the year by the Group was 85 days.

### GOING CONCERN

The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of accounts.

### AUDITORS

Ernst & Young has stated that it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP on 28 June 2001. The Directors have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Group's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

JF Kelly FCMA  
Secretary

Majestic House  
Otterspool Way  
Watford  
Herts WD25 8WW

25 June 2001

Registered in England and Wales  
No. 2281640

# Audit Report

## For the year ended 2 April 2001

### REPORT OF THE AUDITORS TO THE MEMBERS OF MAJESTIC WINE PLC

We have audited the accounts on pages 14 to 23, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on page 13.

### Respective responsibilities of Directors and Auditors

As described on page 10 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

### Basis of opinion

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

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

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 2 April 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Ernst & Young**  
Registered Auditor  
Luton

25 June 2001

# Accounting Policies

## ACCOUNTING POLICIES

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

### (a) Basis of accounting

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

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

### (b) Basis of consolidation

The consolidated accounts incorporate the results and net assets of the Company and its subsidiary undertakings.

### (c) Goodwill

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

### (d) Depreciation

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

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

Freehold land is not depreciated.

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

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

### (e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes carriage and duty costs. Stock includes consignment stock that is paid for when sold.

### (f) Foreign currencies

Assets and liabilities expressed in foreign currencies are converted at the rate of exchange ruling at the balance sheet date, or at an appropriate forward contract rate. All profits and losses on exchange, both realised and unrealised, are reflected in the Profit and Loss Account.

### (g) Deferred taxation

Provision is made for deferred taxation using the liability method in respect of all material timing differences except those which, in the opinion of the Directors, are not likely to reverse in the foreseeable future.

### (h) Pensions

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

### (i) Turnover

Turnover represents goods sold to customers outside of the Group, less returns, net of value added tax and all arises within the United Kingdom.

### (j) Leases

Rent paid in respect of operating leases is charged against revenue on a straight line basis.

# Group Profit & Loss Account

## For the year ended 2 April 2001

	Note	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
<b>Turnover</b>		<b>86,764</b>	81,183
Cost of sales		<b>(69,929)</b>	(65,979)
<b>Gross profit</b>		<b>16,835</b>	15,204
Distribution costs		<b>(8,285)</b>	(7,160)
Administrative costs		<b>(4,449)</b>	(3,957)
Rental income		<b>342</b>	321
<b>Operating profit</b>	1	<b>4,443</b>	4,408
Net interest receivable	3	<b>66</b>	97
<b>Profit on ordinary activities before taxation</b>		<b>4,509</b>	4,505
Taxation	4	<b>(1,421)</b>	(1,400)
<b>Profit on ordinary activities after taxation</b>		<b>3,088</b>	3,105
Dividend			
Interim - paid		<b>(310)</b>	(285)
Final - proposed		<b>(661)</b>	(614)
<b>Retained profit for the year</b>	14	<b>2,117</b>	2,206
<b>Earnings per share</b>	5		
Basic		<b>21.42p</b>	22.15p
Diluted		<b>20.83p</b>	20.90p

There are no recognised gains and losses other than the profit for the financial year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

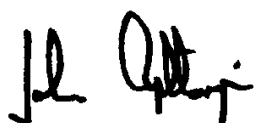


# Balance Sheet

## As at 2 April 2001

	Note	Group		Company	
		02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
<b>Fixed assets</b>					
Tangible assets	6	15,479	13,091	-	-
Investments	7	-	-	4,653	4,653
		<b>15,479</b>	<b>13,091</b>	<b>4,653</b>	<b>4,653</b>
<b>Current assets</b>					
Stocks	8	15,699	13,848	-	-
Debtors	9	3,109	2,815	11,160	9,812
Cash at bank and in hand		2,420	3,318	-	-
		<b>21,228</b>	<b>19,981</b>	<b>11,160</b>	<b>9,812</b>
<b>Creditors:</b>					
Amounts falling due within one year	10	(19,191)	(17,998)	(661)	(614)
		<b>2,037</b>	<b>1,983</b>	<b>10,499</b>	<b>9,198</b>
<b>Net current assets</b>					
		<b>17,516</b>	<b>15,074</b>	<b>15,152</b>	<b>13,851</b>
<b>Total assets less current liabilities</b>					
<b>Creditors:</b>					
Amounts falling due after more than one year	11	-	-	(2,000)	(2,000)
Provisions for liabilities and charges	12	(338)	(287)	-	-
		<b>17,178</b>	<b>14,787</b>	<b>13,152</b>	<b>11,851</b>
<b>Net assets</b>					
<b>Capital and reserves</b>					
Called up share capital	15	4,398	4,282	4,398	4,282
Shares to be issued	18	10	12	10	12
Share premium account	18	3,537	3,172	3,537	3,172
Revaluation reserve	18	22	22	-	-
Profit and loss account	18	9,211	7,299	5,207	4,385
		<b>17,178</b>	<b>14,787</b>	<b>13,152</b>	<b>11,851</b>
<b>Equity shareholders' funds</b>					

The accounts on pages 14 to 23 were approved by the Board on 25 June 2001 and signed on its behalf by:



JD Apthorp  
Chairman

# Consolidated Cash Flow Statement

## For the year ended 2 April 2001

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
<b>Net cash inflow from operating activities</b>	<b>4,973</b>	6,113
<b>Returns on investments and servicing of finance</b>		
Interest paid	(60)	(22)
Interest received	126	119
	<b>66</b>	97
<b>Taxation</b>		
UK corporation tax paid (including ACT)	(1,441)	(1,302)
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(3,854)	(3,086)
Receipts from sales of tangible fixed assets	9	497
	<b>(3,845)</b>	(2,589)
Equity dividends paid	(925)	(799)
<b>Net cash (outflow)/inflow before financing</b>	<b>(1,172)</b>	1,520
<b>Financing</b>		
Issue of Ordinary Share capital	274	394
<b>(Decrease)/Increase in cash for the year</b>	<b>(898)</b>	1,914

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
Operating profit	4,443	4,408
Depreciation charges	1,458	1,150
(Profit) on disposal of tangible fixed assets	-	(71)
Increase in stocks	(1,851)	(1,088)
Increase in debtors	(294)	(162)
Increase in creditors	1,166	1,589
Increase in provisions	51	287
<b>Net cash inflow from operating activities</b>	<b>4,973</b>	6,113

#### (b) Analysis of cash balances shown in the Balance Sheet

	27.03.00 £000	Cash Flow £000	02.04.01 £000
Cash at bank and in hand	3,318	(898)	<b>2,420</b>

# Notes to the Accounts

## 1. OPERATING PROFIT

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
Operating profit is stated after charging:		
Depreciation	1,458	1,150
Operating lease rentals	3,617	3,165
Auditors' remuneration: in respect of audit		
- Company	5	5
- Group	25	22
for non-audit services	36	10

No audit fee has been charged in the books of Majestic Wine PLC. The charge has been borne in the books of a subsidiary company.

## 2. EMPLOYEE INFORMATION

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

	2001	2000
Head office, including distribution	57	54
Store staff	412	385
	469	439

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

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
Wages and salaries	8,176	7,481
Social security costs	732	680
Pension costs	109	84
	9,017	8,245

### Directors' Emoluments

	2001 £000	2000 £000
<b>Directors</b>		
Aggregate emoluments	468	443
Deferred bonus	16	46
Gain made on exercise of share options	357	533
Company pension contributions to money purchase schemes for four Directors	58	52

### Highest paid Director

Aggregate emoluments	144	140
Deferred bonus	6	17
Gain made on exercise of share options	60	93
Company pension contributions to money purchase scheme	18	18

# Notes to the Accounts

## 3. NET INTEREST RECEIVABLE

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
Interest on bank overdrafts and other loans repayable within five years, not by instalments	(60)	(22)
Bank interest receivable	126	119
	<b>66</b>	<b>97</b>

## 4. TAXATION

	53 weeks to 02.04.01 £000	Year to 27.03.00 £000
<b>Taxation on profit on ordinary activities</b>		
UK corporation tax	1,421	1,400

## 5. EARNINGS PER SHARE

	2001	2000
--	------	------

Earnings per Ordinary Share is calculated as follows:

### Basic

Profit attributable to Ordinary shareholders	<b>£3,088,000</b>	£3,105,000
Weighted average number of Ordinary Shares in issue	<b>14,414,736</b>	14,016,122
Earnings per Ordinary Share	<b>21.42p</b>	22.15p

### Diluted

Profit attributable to Ordinary shareholders	<b>£3,088,000</b>	£3,105,000
Weighted average number of Ordinary Shares in issue	<b>14,820,576</b>	14,858,203
Earnings per Ordinary Share	<b>20.83p</b>	20.90p

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

	2001	2000
Basic weighted average number of shares	<b>14,414,736</b>	14,016,122
Dilutive potential Ordinary Shares:		
Employee share options	<b>405,840</b>	842,081
	<b>14,820,576</b>	14,858,203



# Notes to the Accounts

## 6. TANGIBLE FIXED ASSETS (GROUP)

	Land and Buildings			Equipment Fittings & Vehicles £000	Total £000
	Freehold £000	Long Leasehold £000	Short Leasehold £000		
<b>Cost or valuation:</b>					
At 27 March 2000	5,074	289	4,836	6,805	17,004
Additions	1,476	4	258	2,116	3,854
Disposals	-	-	(90)	(284)	(374)
<b>At 2 April 2001</b>	<b>6,550</b>	<b>293</b>	<b>5,004</b>	<b>8,637</b>	<b>20,484</b>
<b>Depreciation:</b>					
At 27 March 2000	112	5	1,370	2,426	3,913
Charge for period	56	1	315	1,086	1,458
Disposals	-	-	(90)	(275)	(365)
<b>At 2 April 2001</b>	<b>168</b>	<b>6</b>	<b>1,595</b>	<b>3,237</b>	<b>5,006</b>
<b>Net Book Value</b>					
<b>At 2 April 2001</b>	<b>6,382</b>	<b>287</b>	<b>3,409</b>	<b>5,400</b>	<b>15,478</b>
At 27 March 2000	4,962	284	3,466	4,379	13,091

The freehold and long lease properties, which the Group occupied at 31 July 1996, were valued independently at £1,430,000 on the basis of existing use value. Subsequent additions are included at acquisition cost. Freehold land and buildings includes £2,765,000 (2000 £2,365,000) in respect of land which is not depreciated.

£000

### The historical costs of the assets revalued are as follows:

Freehold properties	932
Long leasehold properties	213
	1,145

## 7. INVESTMENTS

	02.04.01 £000	27.03.00 £000
<b>Company:</b>		
Shares in Group undertakings at cost	<b>4,653</b>	4,653

The Company owns:

- i) 100% of the share capital of Wharfside Wine PLC, an investment company, registered in England and Wales, which is no longer trading.
- ii) 100% of the ordinary share capital of Majestic Wine Warehouses Limited, a company registered in England and Wales, whose principal activity is the retailing of wines and beers.
- iii) 100% of the ordinary share capital of Majestic Wine Employee Share Ownership Trust Limited, a company registered in England and Wales.
- iv) Through Wharfside Wine PLC:
  - (a) 100% of the ordinary share capital of Marnlev Limited, a company registered in England and Wales, which is no longer trading.
  - (b) 100% of the ordinary share capital of Wizard Wine Limited, a dormant company registered in England and Wales, which owns all of the share capital of Merlin Wine Limited, a dormant company registered in England and Wales.

# Notes to the Accounts

## 8. STOCKS

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
Goods for resale	15,699	13,848	-	-

## 9. DEBTORS

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
Trade debtors	1,505	1,520	-	-
Amounts due from Group undertakings	-	-	11,160	9,812
Other debtors	635	110	-	-
Prepayments and accrued income	969	1,185	-	-
	3,109	2,815	11,160	9,812

The amounts due from Group undertakings have no fixed repayment terms and are interest free.  
The Company does not intend to seek repayments of the intercompany debts within one year.

## 10. CREDITORS

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
<b>Amounts falling due within one year:</b>				
Trade creditors	14,856	13,349	-	-
Other taxes and social security	1,062	920	-	-
Accruals and other creditors	1,649	2,131	-	-
Corporation tax	963	984	-	-
Dividends	661	614	661	614
	19,191	17,998	661	614

## 11. CREDITORS

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
<b>Amounts falling due after more than one year:</b>				
Amounts due to Group undertakings	-	-	2,000	2,000
	-	-	2,000	2,000

# Notes to the Accounts

## 12. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
<b>Deferred bonus</b>				
Balance at 27.03.00	287	-	-	-
Utilised in year	(22)	-	-	-
Provided in the year	73	287	-	-
Balance at 02.04.01	338	287	-	-

Details of the Deferred Bonus Scheme are set out on page 10.

## 13. DEFERRED TAXATION

No deferred taxation has been provided in the accounts. The amounts not provided are as follows:

	Group		Company	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
Excess of tax allowances over depreciation	356	343	-	-
Other timing differences	(46)	(142)	-	-
Capital gain rolled over	266	266	-	-
	576	467	-	-

## 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	02.04.01 £000	27.03.00 £000
Opening equity shareholders' funds	14,787	12,186
New share capital issued	274	395
Retained profit for the period	2,117	2,206
Closing shareholders' funds	17,178	14,787

## 15. SHARE CAPITAL

	2001		2000	
	Number	Value £000	Number	Value £000
<b>Authorised</b>				
Ordinary Shares of 30p each	35,000,000	10,500	35,000,000	10,500
<b>Issued</b>				
Ordinary Shares of 30p each	14,661,259	4,398	14,273,733	4,282

During the year 316,182 Ordinary Shares of 30p each were allotted for a consideration of £274,000 and 8,000 Ordinary Shares of 30p each were allotted from shares to be issued. The shares were allotted to satisfy the exercise of options. In addition 63,344 shares were issued to the trustees of the Company's employee share ownership scheme to fulfill the requirements of the Deferred Bonus Scheme.

## Notes to the Accounts

### 16. EMPLOYEE SHARE OWNERSHIP TRUST

The trust is used to acquire shares in Majestic Wine PLC to satisfy awards under the Deferred Bonus Scheme. The shares are distributed to participants of the scheme at the end of a 2 year deferral period (details of the Deferred Bonus Scheme are set out on page 10).

At the year end the Trust held 63,344 shares with a nominal value of 30p each. 55,344 were acquired at a cost of 335p and 8,000 were acquired at a cost of 242.5p per share. At the year end the market value of the shares was £142,524.

### 17. SHARE OPTIONS

The following options are outstanding for Ordinary Shares.

Number of shares	Period in which exercisable	Price per share
7,000	2 November 1996 - 2 November 2003	£0.75
12,000	15 December 1997 - 15 December 2004	£0.75
31,000	15 December 1997 - 14 December 2002	£0.00
114,500	15 December 1997 - 14 December 2002	£0.50
123,900	2 February 1998 - 1 February 2003	£0.50
1,000	1 November 1999 - 30 October 2006	£1.60
3,234	1 December 2001 - 31 May 2002	£1.28
19,000	4 July 2000 - 4 July 2007	£2.73
41,110	22 December 2001 - 21 December 2005	£3.075
78,890	22 December 2001 - 22 December 2008	£3.075
24,311	1 February 2002 - 31 July 2002	£2.46
700	6 August 2002 - 6 August 2006	£3.40
99,300	6 August 2002 - 6 August 2009	£3.40
12,916	1 February 2003 - 31 July 2003	£2.70
94,780	27 November 2003 - 26 November 2007	£2.425
495,220	27 November 2003 - 27 November 2010	£2.425
95,370	1 February 2004 - 31 July 2004	£1.94
13,219	1 February 2006 - 31 July 2006	£1.94
1,371	1 February 2004 - 31 July 2004	£2.46

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

### 18. RESERVES

	Revaluation Reserve £000	Shares to be issued £000	Share Premium Account £000	Profit & Loss Account £000
<b>Group:</b>				
Balance at 27 March 2000	22	12	3,172	7,299
Share issue	-	(2)	160	-
ESOT share issue	-	-	205	(205)
Retained profit for the period	-	-	-	2,117
<b>At 2 April 2001</b>	<b>22</b>	<b>10</b>	<b>3,537</b>	<b>9,211</b>
<b>Company:</b>				
Balance at 27 March 2000	-	12	3,172	4,385
Share issue	-	(2)	160	-
ESOT share issue	-	-	205	(205)
Retained profit for the period	-	-	-	1,027
<b>At 2 April 2001</b>	<b>-</b>	<b>10</b>	<b>3,537</b>	<b>5,207</b>

A separate profit and loss account dealing with the results of the Company only, has not been presented as permitted under Section 230 of the Companies Act. The profit for the Company was £2,000,000 (2000: £2,000,000).

The cumulative amount of goodwill written off at 2 April 2001 is £1,595,000 (2000 £1,595,000).

# Notes to the Accounts

## 19. FINANCIAL INSTRUMENTS

### Funds

The disclosures below exclude short term debtors and creditors.

Financial assets comprise cash of £2,420,000 (2000 £3,318,000).

Funds not required immediately for the Group's operations are invested in sterling denominated deposit accounts. The funds are placed on a combination of overnight, monthly and two monthly deposits. The rates are reviewed regularly and the best rate obtained in the context of the Group's needs. The weighted average interest rate earned in the year on the Group's sterling deposits was 5.56%.

The Group has an overdraft facility with Barclays Bank PLC that is utilised to cover seasonal borrowing requirements. The facility is renewed annually and was current at 2 April 2001. The undrawn committed facility available at 2 April 2001 was £4,000,000 (2000:£4,000,000).

### Foreign currency

The Group covers the exposure to foreign purchases by acquiring forward currency contracts. Contracts are put in place prior to the setting of retail prices. The exposure may be covered up to a period of one year. There was no material exposure, in respect of monetary assets and liabilities, after taking into account foreign currency contracts. The value hedged at any point is always in excess of the outstanding liability. At 2 April 2001 and 27 March 2000 unrealised gains or losses on forward contracts taken out as hedges of purchase transactions were not material.

The nominal value of forward foreign currency contracts is shown below.

	02.04.01 £000	27.03.00 £000
Forward foreign currency purchases	<b>8,557</b>	9,596

The majority of these contracts are in Euros.

## 20. OPERATING LEASES

At 2 April 2001 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	02.04.01 £000	27.03.00 £000	02.04.01 £000	27.03.00 £000
<b>Operating leases which expire:</b>				
Within one year	<b>105</b>	31	-	67
Between two and five years	<b>362</b>	348	<b>70</b>	200
In over five years	<b>2,842</b>	2,545	<b>260</b>	20
	<b>3,309</b>	2,924	<b>330</b>	287

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

## 21. RELATED PARTY TRANSACTIONS

During the year the following related party transactions took place:

	2001	2000
Consultancy fee paid to SK Rep PLC	-	£46,304

Mr JD Apthorp was a director of SK Rep PLC

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Majestic Wine PLC will be held at Majestic House, Otterspool Way, Watford, Hertfordshire WD25 8WW at 11.30 am on 3 August 2001, for the following purposes:

## ORDINARY BUSINESS

### Adoption of accounts

1. To receive and adopt the Annual Report and Accounts for the year ended 2 April 2001.

### Declaration of dividend

2. To declare a final dividend of 4.5p per Ordinary Share.

### Re-election of retiring Director

3. To re-elect Anthony John Mason as a Director, who retires by rotation in accordance with the Company's Articles of Association.

### Re-election of retiring Director

4. To re-elect Stephen John Lewis as a Director, who retires by rotation in accordance with the Company's Articles of Association.

### Re-appointment of Auditors

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

## SPECIAL BUSINESS

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

### Directors power to allot securities - Ordinary Resolution

6. That the Directors be and they are generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,466,124 to such persons at such times and on such terms as they think proper during the period expiring at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or such earlier date (if any) on which this authority is revoked save that the Company may prior to the expiry of such period make any offer or agreement which would or might require relevant securities to be allotted after the expiry of this period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this paragraph, so that all previous authorities of the Directors pursuant to Section 80 of the Act be and they are revoked.

### Disapplication of pre-emption rights - Special Resolution

7. That the Directors be and they are empowered pursuant to Section 95(1) of the Act to allot equity securities (as defined in Section 94(2) of the Act) of the Company for cash pursuant to the authority of the Directors under Section 80 of the Act conferred by the previous resolution as if Section 89(1) of the Act did not apply to such allotment and at any time prior to the expiry of the power conferred by this resolution to make any offer or agreement which would or might require equity securities to be allotted after the expiry of such power notwithstanding the expiry of such power provided that such power shall, subject as aforesaid, cease to have effect at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or such earlier date (if any) on which the said authority is revoked, and provided that the power conferred by this resolution shall be limited to;
  - (a) the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares of 30 pence each where the equity securities attributable to the interests of all the holders of Ordinary Shares of 30 pence each are proportionate (as nearly as may be convenient, having regard to the statutory and other regulatory requirements of any foreign territory or the requirements of any regulatory body or stock exchange) to the respective number of Ordinary Shares of 30 pence each held by them but subject to such exclusions and other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements and any shares held by overseas shareholders; and
  - (b) the allotment of equity securities otherwise than as mentioned in sub-paragraph (a) up to a maximum aggregate nominal amount of £244,354 representing approximately 5 per cent of the nominal value of the current issued share capital of the Company.

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

By order of the Board

John Francis Kelly  
Secretary

6 July 2001

# Notice of Annual General Meeting

## Notes:

1. All members who hold Ordinary Shares are entitled to attend and vote at the meeting. Members who are entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him, and a proxy need not also be a member. A form of proxy is enclosed. If you do not intend being present at the meeting please sign and return it so as to reach the Company's Registrar at least 48 hours before the meeting. The return by a member of a duly completed form of proxy will not preclude any such member from attending in person and voting at the meeting.
2. The register of Directors' interests in the shares of the Company and copies of the Directors' service contracts, other than those expiring or determinable without payments of compensation within one year, are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday and public holidays excluded) from the date of this notice until the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
3. The Company pursuant to regulation 34 of the Uncertified Securities Regulations 1995, specifies that only those shareholders registered in the register of members of the Company at close of business on 1 August 2001 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## EXPLANATORY NOTES ON CERTAIN BUSINESS OF THE ANNUAL GENERAL MEETING

### Resolution 6

#### Directors' power to allot securities

Under Section 80 of the Act, relevant shares may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising directors to issue shares without further reference to the shareholders. This resolution authorises the issue of part of the unissued share capital for the period to the conclusion of the Annual General Meeting in 2002. It complies with the Association of British Insurers' guidelines and replaces a similar resolution passed previously.

### Resolution 7

#### Disapplication of pre-emption rights

Section 89 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which in the case of a rights issue may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to the aggregate nominal value of £214,331 which is approximately 5% of the nominal value of the current issued share capital of the Company, in line with the Association of British Insurers' guidelines. It replaces a similar resolution passed previously.

The Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied the disapplication will expire on the conclusion of the next Annual General Meeting of the Company.



# Majestic Wine PLC

## Notes

# Majestic Wine PLC

## Form of Proxy

### FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON 3 AUGUST 2001

I/We (name(s) in full)

of \_\_\_\_\_ (a)

holder(s) of ordinary shares in Majestic Wine PLC hereby appoint the Chairman of the meeting (or see note 4) as my/our proxy and to attend and vote for me/us and on my/our behalf at the Annual General Meeting of Majestic Wine PLC to be held on 3 August 2001 at 11.30am and at any adjournment thereof.

Please indicate with an X how you wish your votes to be cast in the space below in respect of the resolution to be proposed at the Annual General Meeting. If no specific direction is given the proxy will vote or abstain at his/her discretion.

Resolutions	For	Against
1. Adoption of accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Declaration of a final dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Anthony John Mason	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Stephen John Lewis	<input type="checkbox"/>	<input type="checkbox"/>
5. Appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. Directors authority to allot shares	<input type="checkbox"/>	<input type="checkbox"/>
7. Disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>

Signature(s)

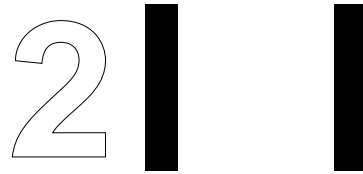
Date

### Notes

1. In order to be effective this Form of Proxy, duly completed and signed, together with any authority under which it is signed or a notarially certified copy of the authority under which it is signed or a notarially certified copy of the authority, must reach the Company's registrar at Capita IRG plc, not less than 48 hours before the time appointed for the meeting or adjourned meeting at which it is to be used.
2. If the appointer is a corporation this form must be executed as a deed or under hand of an officer or attorney duly authorised on its behalf.
3. In the cases of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by order in which the names stand in the register of members in respect of the joint holding.
4. A member may appoint one or more proxies of his own choice in which case he should delete the references to the Chairman of the meeting and insert the name(s) of the person(s).

FOLD 3

BUSINESS REPLY SERVICE  
Licence No. MB 122



FOLD 1

CAPITA IRG PLC (PROXIES)  
PO BOX 25  
BECKENHAM  
KENT BR3 4BR

FOLD 2

FOLD 4

TUCK IN

