

Majestic Wine PLC
(“Majestic” or the “Company”)

PRELIMINARY RESULTS

Majestic Wine PLC (“Majestic”), the UK’s largest wine specialist, today announces its preliminary results for the 52 weeks ended 30 March 2009.

Highlights

- Total sales increased by **2.4%** to **£201.8m** (2008: **£197.0m**).
- Underlying profit before tax down **22.3%** to **£12.7m** (2008: **£16.4m**).
- Profit before tax down **55.8%** to **£7.4m** (2008: **£16.7m**) after non-cash impairment charge of **£5.3m**.
- Impairment charge of **£5.3m** taken against the carrying value of goodwill of the French business, Wine and Beer World. It has seen a decline in sales as customers are discouraged from travelling due to the strength of the euro.
- Encouragingly UK like for like sales for the ten weeks from 31 March to 8 June 2009 were up **2.0%**.
- Ecommerce sales achieved growth of **16%** on previous year and now represent **9.1%** of UK retail sales (2008: **7.9%**).
- Average bottle of wine purchased at Majestic is now **£6.35** (2008: **£5.98**) with 418,000 customers purchasing in the last year.
- Final dividend of **7.0p** per share, maintaining the total dividend to **9.8p** per share (2008: **9.8p**).
- Acquisition of Lay and Wheeler, a fine wine specialist, in March 2009. Good progress with integration and encouraging sales performance since acquisition.
- Four new stores opened during the year in Hereford, Leatherhead, Finchley and Summertown in north Oxford. Since year end have opened in Shrewsbury and Southend-on-Sea. The opening on Leith Walk, Edinburgh in June will bring the total number of stores trading in the UK to **150**.

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

“The resilience of our core consumer business is encouraging, our market share has held steady and we are confident that Majestic is well positioned to benefit from any upturn in the economy”

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High resolution images are available for the media to download free of charge from www.fovea.tv

Chairman's Statement

This year, I am reporting a decline in profit at Majestic. Conditions in the economy have taken their toll, with the result that underlying pre-tax profit has declined by 22.3% to £12.7m. In addition, we have decided to write down the carrying value of our French business and the resulting non-cash impairment charge of £5.3m has reduced statutory profit before tax to £7.4m, a decline of 55.8% on last year.

Sales to private customers, which make up the core of our business, have held up well. In contrast, trading with UK corporate customers has been poor. Sales have also declined at our French business, which has been hard hit by the strength of the Euro. This has discouraged consumers from travelling to France.

Whilst short term performance has been affected by wider market conditions, we are confident that the business remains well positioned and that we will be able to capitalise on our underlying strengths as the economic backdrop improves.

We believe that the acquisition of the fine wine specialist Lay & Wheeler, which was completed just prior to the year end, will enhance Majestic's growing fine wine business. We are making good progress with integration and early results are encouraging.

Dividend

We are recommending to shareholders a final dividend of 7.0p per share, maintaining the total dividend for the year at 9.8p (2008: 9.8p).

People

In times like this, maintaining differentiation is essential and in the case of Majestic this is centred on the expertise of our people and the great service they deliver. I believe that this has played a key role in retaining our customers and I thank all of our colleagues for their vital contribution.

Current trading

I am pleased to report a more encouraging start to the new financial year, with UK like for like sales for the ten weeks from 31 March to 8 June 2009 up 2.0%.

Simon Burke

Chairman

15 June 2009

Review of Operations

Total Group sales for the year were up 2.4% to £201.8m (2008: £197.0m), with UK like for like store sales declining 2.7%.

Whilst we experienced very challenging trading conditions in the second half of the financial year, we have been encouraged that sales to our private customers have held up well. We have also been pleased with our sales to restaurant customers.

In contrast, sales to corporate customers particularly of Champagne, have been in decline. Many of our corporate customers purchase wine for entertaining, events and gifting and in the current climate they have reduced spend on these activities.

The resilience of our core consumer business is encouraging as it comes in the face of particularly fierce competition in the market. Our market share has held steady and we are confident that Majestic is well positioned to benefit from any upturn in the economy.

Product

During the year there has been considerable pressure on the price of wine from France and Italy, exacerbated by the appreciation of the Euro. In response we have increased our range of wines from the New World and have seen strong sales growth from New Zealand, South Africa and Argentina. We have also seen good growth in wines from Spain where producers continue to be very competitive.

Our buying team have proved very successful in seeking out interesting, well priced wines ensuring our customers have the best possible selection available to them. We believe that the combination of imaginative buying, knowledgeable staff and our in-store tasting, which is available in all stores seven days a week, enables Majestic to maintain a strong and differentiated offering.

Marketing

We have 418,000 active customers on our database who have made a purchase in the last year. The average bottle price of still wine purchased at Majestic has risen to £6.35 up from £5.98 last year, with the average spend per transaction unchanged from last year at £133.

We have increased our frequency of communication with customers using a combination of promotional flyers and full price lists. We have deployed more short term offers than previously and this has allowed us to be very responsive as parcels of interesting wine become available.

We understand that we need to work hard to keep our customers loyal to us and have developed a number of initiatives to do so. The most important of these is our "Wine Uncorked" course. We identified that there are many customers who are interested in learning more about wine and consequently we designed an educational event to further their knowledge. It is free to attend, held in-store and run by specially trained store managers. It takes customers through how wine is made in the vineyard and the winery, wine varietals, tasting technique as well as food and wine matching. To date we have run events for over 1,000 customers. We have also developed a version of the course which we offer exclusively to our restaurant customers and we help to train staff in their own establishments. In addition to these events, we held 170 customer tasting evenings in our stores last year.

Ecommerce

The increase in sales through our website has been particularly encouraging. Over the year we achieved growth of 16% in ecommerce sales which represented 9.1% of total UK retail sales, up from 7.9% in the previous year.

We continue to invest in improving the functionality of the website and have introduced “favourites” and user reviews as well as improved merchandising display. Increasingly we are offering parcels of wine, which would be too small to be distributed to all stores, as exclusives to our web customers. We now have 210,000 email addresses of Majestic customers allowing us to communicate about such parcels quickly and cost effectively.

Lay & Wheeler

In March 2009 we completed the acquisition of Lay & Wheeler, a fine wine specialist with particular authority in wines from Bordeaux and Burgundy.

Lay & Wheeler has been synonymous with high quality wines for over 150 years and has considerable expertise in the fields of fine wine sourcing, en primeur sales, portfolio management, cellarage and broking.

Lay & Wheeler offers the storage of customers' wines under bond at its own dedicated facility in Burton upon Trent. Wines are kept in optimum storage conditions with duty and VAT being deferred until the wines are removed from bond.

Over recent years we have successfully introduced fine wine display areas into over a third of Majestic stores. We have achieved strong growth in sales of wines, priced at £20 and above that are ready to drink. The acquisition of Lay & Wheeler allows us to offer our customers a complete fine wine service from the vineyard through to storage, cellar management and then secure delivery to their home, or sale within the wider fine wine market.

Given the clear and continuing appetite of our customers for fine wine, Lay & Wheeler is a very good fit with Majestic. Integration into the Majestic Group is progressing well and the sales performance since acquisition has been encouraging.

Wine and Beer World

During the second half of the financial year we experienced a significant decline in sales at our three stores in northern France, largely attributable to the appreciation of the Euro. This has discouraged customers from travelling to France. In response to this we have re-structured the business, closing our distribution depot in Calais and lowering staff numbers.

We believe that the significant differential in duty rates between the UK and France provides the business with a long term future. We will therefore continue to trade in France giving customers the opportunity to take advantage of these savings.

In light of the trading performance and our belief that sales will not improve in the short term, we have decided to write down the carrying value of the goodwill relating to this business by £5.3m.

New stores

We opened four new stores during the year in Hereford, Leatherhead, Finchley and Summertown in north Oxford. In addition we re-sited our stores in Kingston, Worcester and Cowley Road in south Oxford.

Since the year end we have opened in Southend and Shrewsbury and are pleased with their early trading. We will also open a store on Leith Walk in Edinburgh during June 2009. This will bring the total Majestic estate to 150 stores trading in the UK. We have identified a further 100 locations where we believe Majestic would trade successfully and currently plan to open a further five stores during the year.

Customer service

Alongside the quality and value of our product range it is the strength of our customer service which most differentiates us from our competitors. We believe that to maintain a culture of strong customer service we need to continue to recruit and retain high quality staff at graduate level. We invest in a comprehensive training programme focusing on customer service, management and product knowledge. This training programme is widely acknowledged to be the best in the wine industry.

All our retail staff take the Wine and Spirit Education Trust's (WSET) Advanced Certificate after around six months. On completion the most able staff are offered sponsorship to study for the WSET Diploma over a two year period. At present, 148 staff either hold or are studying for their Diploma and many of these are involved in facilitating our staff training programme. We are particularly proud that seven of our staff achieved WSET "Awards of Excellence" in January 2009.

Awards

We were delighted to be recognised as the "High Street Chain of the Year" at the International Wine Challenge Awards in 2008. Decanter magazine also awarded us "Specialist Wine Chain of the Year" in 2008 and we were pleased that readers of Decanter magazine chose Majestic as their "High Street Chain of the Year".

Future Prospects

Majestic has a clearly differentiated retailing model with a focus on excellent value across the price range, an interesting product offering and above all, a compelling customer service proposition. Although the UK economic environment remains challenging we believe that Majestic is well positioned to take advantage of any upturn.

Steve Lewis

Chief Executive

15 June 2009

Financial Review

Trading

Sales for the Group at £201.8m were up 2.4% on the previous year (2008: £197.0m) giving underlying profit before tax of £12.7m, a decline of 22.3% (2008: £16.4m). The Group's underlying margin before tax was 6.3% (2008: 8.3%). This performance is analysed in the Review of Operations.

Exceptional items

The exceptional non-cash charge recorded in the year of £5.3m relates to the write down of the carrying value of our French retailing business, Wine and Beer World. In the prior year, profits of £0.3m were recorded on the disposal of UK property assets held for sale.

Accounting standards require asset impairment tests to be performed either annually or when a trigger event has been identified. As a result of the extremely challenging trading environment affecting our French business, the carrying value of Wine and Beer World's assets held on the Group's balance sheet has been written down by £5.3m to £3.0m.

Taxation

The effective rate of tax in 2009 on underlying profit was 32.4% (2008: 32.7%). This is higher than the corporation tax rate of 28.0% due to the excess of depreciation over tax writing down allowances and a reduction in deferred tax assets that relate to employee share options. Including the impact of the exceptional impairment charge, which is not eligible for tax deduction, the effective rate of tax was 55.8% (2008: 32.6%).

Earnings per share

Underlying basic earnings per share for the year at 14.0p was down 20.0% on the previous year (2008: 17.5p). Underlying diluted earnings per share for the period of 14.0p was down 19.5% on the previous year (2008: 17.4p).

Basic earnings per share for the year at 5.3p was down 70.4% on the previous year (2008: 17.9p). Diluted earnings per share for the year at 5.3p was down 70.1% on the previous year (2008: 17.7p).

Dividend

The Board is recommending a final dividend for 2009 of 7.0 pence per share. This will bring the total dividend for the financial year to 9.8 pence per share, in line with the dividend paid for the prior year. The total dividend is 1.4 times covered by underlying profit after tax (2008: 1.8 times).

Subject to shareholders' approval at the Annual General Meeting on 7 August 2009, the final dividend will be payable on 14 August 2009, to shareholders on the register on 17 July 2009.

Cash flow and net debt

Cash flows from operating activities were £15.5m compared with £22.1m in the previous year. The reduction was attributable to the lower level of underlying profit before tax.

On 6 March 2009 the Group purchased Lay & Wheeler for a consideration of £5.5m including costs of £0.3m and acquired net debt of £1.0m.

Net capital expenditure, excluding £5.5m for the acquisition of Lay & Wheeler, was £7.1m, down from £8.4m in 2008 reflecting a reduction in new stores opened during the year.

Other significant cash flows in the year included dividends paid to shareholders of £6.0m (2008: £5.7m), tax payments of £4.3m (2008: £4.2m) and share buybacks of £0.8m (2008: £9.5m).

The Group's net debt at 30 March 2009 was £8.3m, an increase of £8.2m over the year, mainly due to a new committed three-year term loan of £7.0m arranged with Barclays Bank PLC to finance the acquisition of Lay & Wheeler.

Balance sheet

Reported net assets of £47.6m were £1.8m lower than last year. The reduction in net assets was driven by the £5.3m impairment write-down.

Liquidity and funding

The Group maintains liquidity by arranging funding ahead of requirements. At 30 March 2009 the Group had undrawn short term borrowing facilities of £10m which are renewable in March 2010. These facilities are in place to allow the Group to finance its seasonal working capital requirements and new store opening programme.

Nigel Alldritt

Finance Director

15 June 2009

Group Income Statement

For the year ended 30 March 2009

	Note	52 weeks to 30.03.09 £000	52 weeks to 31.03.08 £000
Revenue		201,794	197,026
Cost of sales		(160,148)	(155,018)
Gross profit		41,646	42,008
Distribution costs		(18,398)	(16,336)
Administrative costs		(16,337)	(10,044)
Other operating income		631	535
Operating profit		7,542	16,163
Profit on disposal of property		-	341
Profit before finance costs and taxation		7,542	16,504
Finance revenue		55	259
Finance costs		(218)	(61)
Profit before taxation		7,379	16,702
Analysed as:			
Underlying profit before tax		12,710	16,361
Exceptional items:			
Goodwill impairment included in administrative costs		(5,331)	-
Profit on disposal of property		-	341
		7,379	16,702
UK income tax	4	(3,973)	(4,977)
Overseas income tax	4	(144)	(471)
Profit for the year		3,262	11,254
Earnings per share			
Basic	5	5.3p	17.9p
Diluted	5	5.3p	17.7p
Underlying basic	5	14.0p	17.5p
Underlying diluted	5	14.0p	17.4p
Total dividend per share for the year	6	9.8p	9.8p

Group Balance Sheet

As at 30 March 2009

	30.03.09 £000	31.03.08 £000
Non current assets		
Goodwill and intangible assets	9,129	7,790
Property, plant and equipment	47,978	42,759
Prepaid operating lease costs	1,583	1,528
Deferred tax assets	298	452
	58,988	52,529
Current assets		
Inventories	37,752	34,601
Trade and other receivables	11,531	6,973
Financial instruments at fair value	834	307
Cash and cash equivalents	2,572	2,626
	52,689	44,507
Total assets	111,677	97,036
Current liabilities:		
Trade and other payables	(49,157)	(41,176)
Term loan	(669)	-
Bank overdraft	(3,950)	(2,735)
Provisions	(121)	(213)
Deferred lease inducements	(109)	(94)
Financial instruments at fair value	-	(10)
Current tax liabilities	(1,779)	(2,195)
	(55,785)	(46,423)
Non current liabilities		
Term Loan	(6,245)	-
Provisions	-	(19)
Deferred lease inducements	(769)	(749)
Deferred tax liabilities	(1,262)	(426)
Total liabilities	(64,061)	(47,617)
Net assets	47,616	49,419
Shareholders' equity		
Called up share capital	4,609	4,628
Share premium account	10,518	10,359
Capital reserve – own shares	(103)	(105)
Capital redemption reserve	363	333
Currency translation reserve	2,623	1,217
Retained earnings	29,606	32,987
Equity shareholders' funds	47,616	49,419

Group Cash Flow Statement

For the year ended 30 March 2009

	Notes	52 weeks 30.03.09 £000	52 weeks 31.03.08 £000
Cash flows from operating activities:			
Cash generated by operations	8a	15,493	22,086
UK income tax paid		(3,918)	(3,622)
Overseas income tax paid		(369)	(449)
Net cash generated by operating activities		11,206	18,015
Cash flows from investing activities			
Interest received		55	265
UK income tax paid		(34)	(91)
Overseas income tax paid		(11)	(41)
Purchase of non current assets		(7,152)	(10,622)
Acquisition of subsidiaries including cash and cash equivalents acquired		(5,538)	-
Receipts from sales of non current assets		78	58
Receipts from sales of non current assets held for sale		-	2,190
Net cash utilised by investing activities		(12,602)	(8,241)
Cash (outflow)/inflow before financing		(1,396)	9,774
Cash flows from financing activities			
Interest paid		(288)	(53)
Issue of Ordinary Share capital		170	674
New term loan		7,000	-
Arrangement fee on term loan		(88)	-
Shares re-purchased		(828)	(9,496)
Equity dividends paid		(6,010)	(5,702)
Net cash used by financing activities		(44)	(14,577)
Net decrease in cash and cash equivalents		(1,440)	(4,803)
Cash and cash equivalents at beginning of year		(109)	4,484
Effect of foreign exchange differences		171	210
Cash and cash equivalents at end of year	8b	(1,378)	(109)

Group Statement of Changes in Equity

For the year ended 30 March 2009

	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 2 April 2007	4,803	9,518	(120)	125	(119)	37,118	51,325
Currency translation differences on foreign currency net investments	-	-	-	-	1,336	-	1,336
Tax debit on employee share options	-	-	-	-	-	(470)	(470)
Total income and expense for the year recognised directly in equity	-	-	-	-	1,336	(470)	866
Profit for the year	-	-	-	-	-	11,254	11,254
Total income and expense for the year	-	-	-	-	1,336	10,784	12,120
Share issue	29	645	-	-	-	-	674
ESOT share issue	4	196	(100)	-	-	(100)	-
Shares vesting under deferred bonus scheme	-	-	115	-	-	(115)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	498	498
Purchase and cancellation of share capital	(208)	-	-	208	-	(9,496)	(9,496)
Equity dividends paid	-	-	-	-	-	(5,702)	(5,702)
At 31 March 2008	4,628	10,359	(105)	333	1,217	32,987	49,419
Currency translation differences on foreign currency net investments	-	-	-	-	1,406	-	1,406
Tax debit on employee share options	-	-	-	-	-	(69)	(69)
Total income and expense for the year recognised directly in equity	-	-	-	-	1,406	(69)	1,337
Profit for the year	-	-	-	-	-	3,262	3,262
Total income and expense for the year	-	-	-	-	1,406	3,193	4,599
Share issue	11	159	-	-	-	-	170
Shares vesting under deferred bonus scheme	-	-	2	-	-	(2)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	266	266
Purchase and cancellation of share capital	(30)	-	-	30	-	(828)	(828)
Equity dividends paid	-	-	-	-	-	(6,010)	(6,010)
At 30 March 2009	4,609	10,518	(103)	363	2,623	29,606	47,616

Notes to the Financial Statements

1. General information

Majestic Wine PLC is a public limited company (“Company”) incorporated in the United Kingdom under the Companies Act 1985 (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”).

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

2. Basis of preparation

The preliminary results for the year ended 30 March 2009 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU and are in line with the accounting policies set out in the financial statements for the year ended 31 March 2008 except that during the year the Group has early adopted the amendment to IAS 23 Borrowing costs. Adoption of this revision to the standard did not change borrowing costs prior to 1 April 2008. Borrowing costs of £88,000 have been capitalised in the year to 30 March 2009.

The financial information in the preliminary statement of results does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the “Act”). The financial information for the year ended 30 March 2009 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 30 March 2009 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.

The financial statements, and this preliminary statement, of Majestic Wine PLC for the year ended 30 March 2009 were authorised for issue by the Board of Directors on 15 June 2009 and the balance sheet was signed on behalf of the Board by Simon Burke. The statutory accounts have been delivered to the Registrar of Companies in respect of the year ended 31 March 2008 and the Auditors of the Company made a report thereon under Section 235 of the Act. That report was an unqualified report and did not contain a statement under Section 237(2) or (3) of the Act.

3. Segment reporting

The Group's primary segmental reporting format is geographical, based on the Group's management and internal reporting structure. Secondary information is reported by a single business segment, retailing.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are taxation related assets and liabilities. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties. Segment results include transfers between business segments. Those transfers are eliminated on consolidation. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period including items held for resale and prepaid operating lease costs.

Geographical segments

Segment analysis 2009

	Retailing UK £000	Retailing France £000	Unallocated £000	Group £000
Segment revenue	192,382	9,412	-	201,794
Segment result before exceptional items	12,468	405	-	12,873
Exceptional items	-	(5,331)	-	(5,331)
Segment result	12,468	(4,926)	-	7,542
Finance revenue	17	38	-	55
Finance costs	(218)	-	-	(218)
Profit/(loss) before tax	12,267	(4,888)	-	7,379
Income tax expense	(3,973)	(144)	-	(4,117)
Profit/(loss) for the year	8,294	(5,032)	-	3,262
Segment assets	105,066	6,313	298	111,677
Segment liabilities	(59,368)	(1,652)	(3,041)	(64,061)
Other segment items:				
Purchase of non current assets including business combinations	11,617	5	-	11,622
Depreciation, amortisation and impairment	2,935	5,456	-	8,391
Share based payments	266	-	-	266

Segment analysis 2008

	Retailin g UK £000	Retailing France £000	Unallocated £000	Group £000
Segment revenue	185,283	11,743	-	197,026
Segment result before exceptional items	14,757	1,406	-	16,163
Exceptional items	341	-	-	341
Segment result	15,098	1,406	-	16,504
Finance revenue	190	69	-	259
Finance costs	(61)	-	-	(61)
Profit before tax	15,227	1,475	-	16,702
Income tax expense	(4,977)	(471)	-	(5,448)
Profit for the year	10,250	1,004	-	11,254
Segment assets	84,925	11,659	452	97,036
Segment liabilities	(42,298)	(2,698)	(2,621)	(47,617)
Other segment items:				
Purchase of non current assets	10,519	103	-	10,622
Depreciation and amortization	2,637	125	-	2,762

Share based payments	498	-	-	498
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4. Taxation

a) Taxation charge

	52 weeks to 30.03.09 £000	52 weeks to 31.03.08 £000
Current income tax expense:		
UK income tax	3,941	4,765
Overseas income tax on subsidiary undertaking	151	496
Adjustment in respect of previous year	(256)	(27)
Total current income tax expense	3,836	5,234
UK deferred tax expense:		
Origination and reversal of temporary differences	(8)	214
Adjustment in respect of prior years	289	(39)
Change in tax rate on prior year balances	-	39
Total deferred tax expense	281	214
Total income tax expense charged in the income statement	4,117	5,448

b) Taxation reconciliation

	52 weeks to 30.03.09 £000	52 weeks to 31.03.08 £000
Profit before tax	7,379	16,702
Taxation at the standard UK corporation tax rate of 28% (2008: 30%)	2,066	5,011
Adjustments in respect of prior years	33	(66)
Overseas income tax at higher rates	22	50
Non-deductible expenses	1,999	449
Change in tax rate on current year deferred tax	-	(23)
Change in tax rate on prior year balances	-	39
Income not taxable	(3)	(12)
Total income tax expense charged in the income statement	4,117	5,448
Effective tax rate	55.8%	32.6%
Effective tax rate on underlying profit before tax	32.4%	32.7%

c) Tax on items charged to equity

	52 weeks to 30.03.09 £000	52 weeks to 31.03.08 £000
Current tax credit on share based payments	(34)	(157)
Deferred tax charge on share based payments	103	608
Change in tax rate on prior year balances	-	19
Total tax on items charged to equity	69	470

d) Deferred tax

	Accelerated tax depreciation £000	Short- term temporary differences £000	Share- based payments £000	Total deferred tax assets £000	Deferred tax liabilities £000	Total £000
At 2 April 2007	(185)	590	866	1,271	(404)	867
Credited/(charged) to the income statement	36	(60)	(168)	(192)	(22)	(214)
Charged to equity	-	(46)	(581)	(627)	-	(627)
At 31 March 2008	(149)	484	117	452	(426)	26
Credited/(charged) to the income statement	90	(364)	(7)	(281)	-	(281)
Charged to equity	-	(26)	(77)	(103)	-	(103)
Acquisition of subsidiaries	(63)	(543)	-	(606)	-	(606)
At 30 March 2009	(122)	(449)	33	(538)	(426)	(964)

The deferred tax liabilities relate solely to held-over capital gains arising on the disposal of freehold properties.

Disclosed in the Group Balance Sheet:

Deferred tax assets	298
Deferred tax liabilities	(1,262)
	(964)

e) Factors that may affect future tax charges

The Group's overseas tax rate is higher than that in the UK as profits earned by Les Celliers de Calais S.A.S. in France are taxed at a rate of 32.5% (2008: 31.9%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief. The temporary difference unrecognised at the year end amounted to £124,000 (2008: £443,000).

5. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year, excluding 27,823 (2008: 28,206) held by the Employee Share Ownership Trust, which are treated as cancelled.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potential dilutive Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. Share options granted over 2,551,696 (2008: 671,412) Ordinary Shares have not been included in the dilutive earnings per share calculation because they are anti dilutive at the period end.

Underlying earnings per share is calculated by excluding the effect of impairment of goodwill and any gain or loss on the disposal of property. This alternative measure of earnings per share is presented to reflect the Group's underlying trading performance.

	2009	2008
Weighted average number of shares	61,480,345	62,842,155
Dilutive potential Ordinary Shares:		
Employee share options	103,906	575,301
Total number of shares for calculating diluted earnings per share	61,584,251	63,417,456
	52 weeks to	52 weeks to
	30.03.09	31.03.08
	£000	£000
Profit for the financial year attributable to equity shareholders of the parent	3,262	11,254
Add/(less):		
Impairment of goodwill	5,331	-
Profit on disposal of properties, net of tax	-	(239)
Underlying profit after tax	8,593	11,015
	2009	2008
Basic earnings	5.3p	17.9p
Dilutive earnings	5.3p	17.7p
Underlying basic earnings	14.0p	17.5p
Underlying diluted earnings	14.0p	17.4p

6. Dividend

A final dividend of 7.0 pence net on each Ordinary Share will be payable on 14 August 2009 to shareholders on the register on 17 July 2009.

7. Business combinations

On 6 March 2009, the Group acquired the entire issued share capital of Vintotheque Holdings Limited and WBI Holdco Limited (and its subsidiaries WBI Limited and Lay & Wheeler Limited), collectively known as Lay & Wheeler.

The net assets and the results of the acquired businesses are included in the consolidated accounts of the Group from the date of acquisition. IFRS3 Business Combinations has been applied and the goodwill arising has been capitalised and is subject to annual impairment testing.

The goodwill arising on the business combination has been allocated to the single group of cash-generating units represented by the acquired businesses, as this is the lowest level within the Group at which goodwill is monitored internally. Goodwill arising on the acquisition is mainly attributable to the assembled workforce and opportunities to achieve a faster rate of growth and greater operating efficiency that do not meet the criteria for recognition as a separate intangible asset at the date of acquisition.

The fair values currently established for the acquisition are provisional due to the proximity of the year end date and will be reviewed based on additional information up to one year from the date of acquisition. The Directors do not believe that any net adjustments resulting from such a review would have a material effect on the Group.

	Pre –acquisition carrying amounts £000	Recognised values on acquisition £000
Property, plant and equipment	1,158	1,158
Intangible assets – software	257	257
- facilities and trademark licence	-	2,985
Deferred tax asset/(liability)	10	(606)
Inventories	4,075	3,975
Trade and other receivables	2,054	5,734
Cash and cash equivalents	345	345
Trade and other payables	(5,542)	(10,109)
Corporation tax liability	(114)	(114)
Bank overdraft	(1,413)	(1,413)
Net assets acquired	830	2,212
Goodwill arising on acquisition		2,258
		4,470
Discharged by:		
Cash consideration		4,219
Costs associated with the acquisition		251
Total consideration		4,470

There is a potential deferred consideration of £501,000 which is specific to a deferred tax asset that is currently under negotiation with HMRC. The full amount of the potential deferred consideration is being held in an escrow account and has been included within cash and cash equivalents.

The acquired business have contributed £785,000 to sales and a £126,000 loss to operating profit in the period since the acquisition. If the acquisition had been completed on the first day of the financial year, Group sales for the year would have been £214,240,000 and Group profits attributable to equity shareholders in the parent company would have been £3,462,000.

8. Notes to the Group cash flow statement

a) Reconciliation of profit to cash generated by operations

	52 weeks to 30.03.09 £000	52 weeks to 31.03.08 £000
Cash flows from operating activities		
Profit for the year	3,262	11,254
Adjustments to reconcile profit for the year to cash generated by operations:		
Income tax expense	4,117	5,448
Net finance cost/(revenue)	163	(198)
Amortisation, impairment and depreciation	8,391	2,762
Loss/(profit) on disposal on non current assets	51	(351)
Decrease/(increase) in inventories	824	(4,266)
Decrease/(increase) in trade and other receivables	1,177	(242)
(Decrease)/increase in trade and other payables	(2,145)	7,514
Increase in deferred lease inducements	35	45
Change in the fair value of derivative instruments	(537)	(232)
Decrease in provisions	(111)	(146)
Share based payments	266	498
Cash generated by operations	15,493	22,086

b) Cash and cash equivalents

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

	30.03.09 £000	31.03.08 £000
Cash and cash equivalents per Group balance sheet	2,572	2,626
Bank overdraft per Group balance sheet	(3,950)	(2,735)
Cash and cash equivalents per cash flow statement	(1,378)	(109)

c) Analysis of net debt

	30.03.09 £000	31.03.08 £000
Total cash and cash equivalents	(1,378)	(109)
Term loan included in current liabilities	(669)	-
Term loan included in non current liabilities	(6,245)	-
Total net debt	(8,292)	(109)

d) Reconciliation of net cash flow to movement in net debt

	30.03.09 £000	31.03.08 £000
Net decrease in cash and cash equivalents	(1,440)	(4,803)
New term loan	(7,000)	-
Capitalisation of arrangement fees	88	-
Amortisation of arrangement fees	(2)	-
Effect of foreign exchange differences	171	210
Movement in net debt	(8,183)	(4,593)
Net (debt)/funds at beginning of year	(109)	4,484
Net debt at end of year	(8,292)	(109)