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FOR IMMEDIATE RELEASE
28 April 2010

**MWB GROUP HOLDINGS PLC
ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

HIGHLIGHTS

- Principal terms agreed for extension of loan facilities – documentation in progress
- Accounting reference date changed from 31 December to 30 June
- Annual report will cover 18 months to 30 June 2011
- Gearing reduced to 180% - further significant debt reduction planned
- Overall EBITDA (earnings before interest, taxation, depreciation, amortisation and property impairment) at £14.5m – 13% higher than the six months to 31 December 2009
- Malmaison and Hotel du Vin trading on target – despite challenging conditions
- Malmaison and Hotel du Vin average room rates increased 3% on comparable period last year
- MWB Business Exchange Plc revenues and occupancy hold firm

“The economy has yet to turn the corner on the recession completely and this first quarter of 2011 has seen our hotels and serviced offices businesses work hard to ensure that they achieve market expectations and show improvement whilst still maintaining the high quality of their product and service offering. Whilst cautious, I remain optimistic that our continuing efforts to improve revenues and margins across the board will be rewarded throughout the remainder of 2011 and into 2012 as the impact of the improving trends in occupancies and rates that we are seeing flow through.”

Eric Sanderson
Chairman

- more -

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FORWARD LOOKING STATEMENTS

This Second Interim Report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of MWB Group Holdings Plc. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. However, such statements should be treated with caution as they involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The continuing uncertainty in global economic outlook inevitably increases the economic and business risks to which the Group is exposed. Nothing in this report should be construed as a profit forecast.

CHAIRMAN'S STATEMENT

We are today presenting a second interim report to cover the six months to 31 December 2010 as the Board has decided to change the Company's accounting reference date from 31 December to 30 June. We intend to publish our annual report covering the 18 months to 30 June 2011 by the end of October 2011.

The reason for this is that, whilst the principal terms have been agreed for the extension of all the Group's banking facilities, which currently expire at the end of December 2011, the detailed facility documentation is still being finalised. The Board believes that the extension of the accounting reference date to 30 June 2011 will enable completion of that documentation before the publication of our full financial statements in October 2011. We would emphasise, however, that the Group continues to operate within the terms of its existing facilities.

Following last year's £27m share placing and the sale of Liberty Plc ("Liberty") in June 2010, which raised £42m in cash for MWB, the Group's gearing has already been reduced from 209% at the end of December 2009 to 180% at 31 December 2010. Our intention is to reduce our debt significantly more over the next twelve months.

As part of this debt reduction, we aim to reduce debt within Malmaison and Hotel du Vin ("Malmaison"), so as to further improve the level of gearing and to facilitate the planned expansion of our hotel brands both within the UK and, in appropriate circumstances, abroad. This proposed expansion will follow the more traditional hotel business model in that we will take either operating leases or negotiate operating and management agreements, rather than purchasing property which we would own directly. By adopting this approach we will avoid exposure to the considerable risks inherent in property investment, development and management.

Our serviced offices division, MWB Business Exchange Plc ("Business Exchange"), having expanded so significantly last year, is not under any immediate pressure to expand further. Instead, we are focused on continually improving both the product and the service at our existing portfolio of 67 centres. As a result, Business Exchange currently has little or no debt and a low capital expenditure requirement. Our clear strategy of focusing on the central London market, where we have 42 centres currently, has protected us from the worst ravages of the economic downturn. We are already seeing the benefits of this approach as evidence of stronger demand for our services and products is being seen in the capital. In addition, Business Exchange is well placed to take advantage of the anticipated pre-Olympic inward investment into London.

The Directors continually examine the most appropriate ways of realising shareholder value from our Business Exchange investment. I am pleased to announce that we have today agreed terms for the acquisition by the Group of all those shares in Business Exchange that we do not currently hold. At present the Group holds 72.28% of Business Exchange, and the acquisition relates to the remaining 27.72% representing 18,008,533 of the total Business Exchange shares currently in issue. The agreed terms for the acquisition, which is to be implemented by a Scheme of Arrangement under Part 26 of the Companies Act 2006, value the minority interest in Business Exchange at approximately £9.0m (equivalent to approximately 50 pence per Business Exchange share). Further details are contained in a separate announcement released jointly by the Group and Business Exchange today.

Although shareholders are aware that our planned realisation programme runs through until the end of 2016, it is our intention to begin delivering ahead of schedule. As part of that process, the first half of 2010 saw the successful disposal of Liberty Plc, our West End based retailing business.

With Liberty now successfully transferred to new ownership and once the anticipated further reduction in gearing that we are implementing across the Group is in place, the Board will continue to focus on enhancing the income streams from our two remaining operating businesses for the benefit of our shareholders.

Turning to the trading during this second six month period from 1 July 2010, it is fair to say that the operating climate remained challenging but we have responded well to it.

At the overall Group level, turnover for the six months to 31 December 2010 amounted to £114.2m. This compares to £113.5m for the same period a year earlier and excludes any of the revenues from Liberty now sold. Earnings before interest, taxation, depreciation, amortisation and property impairment (“EBITDA”) for the second six months of 2010 was £14.5m against £12.8m for the six months to 31 December 2009. Pre-tax losses increased from £7.8m to £11.6m for the same six month periods, principally as a result of a property impairment of £5.0m during the last six months of 2010, had it not been for this, our overall results would have shown a slight improvement over the prior year.

Equity attributable to shareholders of the Company increased from £102.8m at 1 January 2010 to £111.1m 31 December 2010 as a result of the funds raised from the share placing and the sale of Liberty. However, the dilutive effect of the share placing meant that equity attributable to shareholders decreased from 142p per share to 68p.

As shareholders are aware, the performance of Malmaison was adversely affected in the first six months of 2010 through a combination of poor weather at the start of the year, volcanic ash clouds and the political and economic uncertainty caused by the run-up to the general election. Although the second half of 2010 was affected by very poor weather in December, average room rates across the hotel group rose by just under 3% to £107 against £104 in 2009. Revenues totalled £58.8m in the second six months of 2010, against £52.4m over the first six months of the year and £58.5m for the same period in 2009.

The impact of the second bout of poor weather in December 2010 meant that food and beverage trading was flat over the year. Revenue slipped marginally from £48.8m to £47.2m reflecting a more competitive pricing environment. This has had a short term impact on revenue but our attractive promotions have helped to expand the customer base by bringing in new diners trying the Malmaison and Hotel du Vin dining experience for the first time.

Within the hotel group two hotels – the Aberdeen Malmaison and the Brighton Hotel du Vin – have had an excellent period, producing their best ever EBITDA, in spite of the economy and the weather.

Total hotel group EBITDA was 36% higher in the six month period to December 2010 at £16.0m compared to £11.8m for the first 6 months of 2010 and matching the same period in 2009. Losses before tax for the second six month period for the hotel group amounted to £4.0m but, excluding the £5.0m property impairment, a profit of £1m represented an improvement on the first six month period.

It is clear that the benefits of the cost saving strategy introduced in 2008 and 2009 throughout our hotel group are now flowing through and it is a compliment to management and staff alike that performance has been so resilient during the difficult trading periods encountered in 2010.

For Business Exchange the period under review has been a testing one but over the past 12 months to the end of December 2010 we have strengthened both the senior management team and the sales force in anticipation of improving market conditions.

In the six months to 31 December 2010 Business Exchange's total revenue held firm at £55.1m compared to £55.0m in the six month period ended 31 December 2009, despite the challenging market and confirming the value of our decision to broaden the customer base to include the smaller to medium-sized enterprises, a sector we have been targeting over the past two years or so. Most of Business Exchange's key performance indicators were stronger in the second half of 2010, although the real impact will only be realised later during the course of 2011 and into 2012. Overall occupancy at Business Exchanges' centres improved over the period to 84%, up from 83% at the end of June 2010.

It is worth highlighting that our new centres in Knightsbridge and Paddington have established themselves well in their respective markets and the integration and the revitalisation of the sixteen MLS centres we acquired in 2009, now re-branded under our CEC brand, is progressing well.

Importantly rates are beginning to grow steadily. Revenue per available workstation rose by more than 6% to £6,760 and revenue per occupied workstation increased by just over 4% to £8,008 in the six months to the end of December 2010 compared to the previous half year ending June 2010. However, although there are clear signs of improving market conditions there is always a time-lag before this impacts on profitability. As a result of this and some of the remaining costs of integrating the more recently acquired centres, EBITDA weakened in the six month period to 31 December 2010 to £512,000 compared to £1.9m in the equivalent prior year period and the business recorded a pre-tax loss of £2.8m compared to £490,000 for the same period in 2009.

Whilst the year under review has not always been an easy one for our remaining operating businesses, there are positive indications that both are already seeing improving trading conditions. Our strategy to reduce and, where appropriate, re-structure our borrowings should also have a positive impact as we focus on strengthening our brands, both in terms of operating performance and as investment propositions that can be realised for our ultimate goal of returning value to shareholders.

The economy has yet to turn the corner on the recession completely and this first quarter of 2011 has seen our hotels and serviced offices businesses work hard to ensure that they achieve market expectations and show improvement whilst still maintaining the high quality of their product and service offering. Whilst cautious, I remain optimistic that our continuing efforts to improve revenues and margins across the board will be rewarded throughout the remainder of 2011 and into 2012 as the impact of the improving trends in occupancies and rates that we are seeing flow through.

Eric Sanderson

Chairman

28 April 2011

HIGHLIGHTS

MALMAISON AND HOTEL DU VIN

- Malmaison and Hotel du Vin on target despite challenging conditions
- Six months EBITDA to 31 December 2010 at £16.0m up 36% on first half of 2010 and level with equivalent period in 2009
- Average room rates at £107 for six months to 31 December 2010 3% up on 2009 equivalent period
- Planned reduction in debt and property exposure
- Expansion planned through operating and management agreements and leases
- Opening of Bistro du Vin, Clerkenwell

Robert B. Cook
Chief Executive
Malmaison and Hotel du Vin Group

MALMAISON AND HOTEL DU VIN OPERATING REVIEW

This has been another challenging period for our award-winning boutique hotel business. However, both Malmaison and Hotel du Vin were able to take advantage of improved trading conditions over the six months to the end of December 2010. With the general election and volcanic ash clouds behind them, both brands began to make up some of the ground lost during the previous period.

I am pleased to report that the hotel group came through strongly over the second half of 2010 with a 12% advance in revenue to £58.8m compared with £52.4m in the first half. As a result of the more solid revenue stream, EBITDA rose by 36% to £16.0m against £11.8m in the first six months of 2010 and was level with the same period last year.

Clearly all the negative factors experienced in the first half of 2010 impacted on occupancy, but the more successful period to December 2010 ensured that overall group occupancy for the 12 month period to 31 December 2010 was only down 1.5 percentage points at 77.5%. It is worth noting that business suffered in December 2010 as the nation was gripped once more by the snow and ice that had caused so much disruption at the beginning of 2010, particularly in the northern half of the country.

Importantly, these results reflect the impact of the management's cost control strategy that was implemented in 2008 and 2009. The strategy focused not just on reducing costs but also on ensuring they did not adversely affect the group's brand values or products and services. Both Malmaison and Hotel du Vin continue to maintain their pre-eminent market positions in the UK boutique lifestyle hotel sector, which is a real compliment to both staff and management alike. The positive upside of the strategy has been an increase in margin from 24.9% to 25.6%.

Despite the difficult market conditions we still managed to increase average rates within both businesses. Across the hotel group the average room rate for the six months ended 31 December 2010 rose by just under 3% to £107 against £104 for the same period in 2009. Hotel du Vin achieved the highest increase with a rise of just over 5% to £119 compared to £113 in the same period last year. At Malmaison, the rate advanced to £101 from £99 for the same period in 2009.

The impact of a second bout of poor weather in December 2010 and the uncertain economic climate was felt in the hotel group's food and beverage division where trading was flat over the year. Revenue throughout 2010 slipped marginally to £47.2m from £48.8m in 2009, reflecting a more competitive pricing environment and the need to run extensive offer programmes. This has had a short term impact on revenue but our attractive promotions have helped to expand the customer base by bringing in new diners trying the Malmaison and Hotel du Vin experience for the first time.

Within the group two hotels – the Aberdeen Malmaison and Brighton Hotel du Vin – have had an excellent period, producing their best ever EBITDA, in spite of the economy and the weather.

It is worth noting the group continues to be the UK's leading provincial boutique hotel business, a fact that has been recognised by Business Traveller Magazine when we received the "Best Small Hotel in the World" award. Meanwhile two of our managers won the Acorn Award for being part of the best 30 hotel managers aged under 30.

Since the year end we have opened our first Bistro du Vin in London's Clerkenwell and this has made a promising start. If this is the success we believe it can be, our aim is to develop a small chain of Bistro du Vin in selected locations across London.

Looking to the future, we have continued to develop our expansion plans for both brands. Our business model for expanding Malmaison outside the UK will be based on either operating and

management agreements or commercial leases rather than acquiring freehold properties and the consequent risk. We will report back to shareholders when these plans are advanced further.

For Hotel du Vin, we continue to focus expansion plans on the UK. Our initial objective is to open a further six Hotel du Vins although, in the longer term, we believe there is scope to double the current size of the chain.

Meanwhile we are examining appropriate ways of further reducing our gearing as well as providing funds for our planned expansion. We will report back to shareholders as this strategy progresses.

The first quarter of 2011 has been challenging with the continuing uncertainty surrounding the UK economic recovery unsettling consumers. That said, we have continued to focus on delivering premium service at value for money prices, and as a result have delivered a modest improvement in rate and occupancy in the quarter over the comparable period last year.

While it is difficult to be confident about the future in these uncertain times, I believe we have the brands, the products and the people to continue to make progress and lead the boutique hotel sector.

Robert B. Cook
Chief Executive
Malmaison and Hotel du Vin Group
28 April 2011

MALMAISON AND HOTEL DU VIN – KEY FINANCIAL HIGHLIGHTS

The key performance indicators for the business, together with its trading performance and financial position in recent periods, are summarised below:-

		Six months ended 31 December 2010	Six months ended 31 December 2009	Twelve months ended 31 December 2010	Twelve months ended 31 December 2009
<u>Malmaison</u>					
Total revenue	£'00	32,050	31,441	60,815	60,271
	0				
Average occupancy for period	%	79	80	77	78
Average room rate for period	£	101	99	100	99
Operating EBITDA*	£'00	9,119	9,084	16,268	15,366
	0				
Number of operating hotels at period end		<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

Hotel du Vin

Total revenue	£'00	26,733	27,094	50,385	50,763
	0				
Average occupancy for period	%	81	83	78	81
Average room rate for period	£	119	113	115	111
Operating EBITDA*	£'00	6,882	7,082	11,507	11,221
	0				
Number of operating hotels at period end		<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>

Combined Malmaison and Hotel du Vin

Total revenue	£'00	58,783	58,535	111,200	111,034
	0				
Average occupancy for period	%	80	81	78	79
Average room rate for period	£	107	104	105	103
Operating EBITDA*	£'00	16,001	16,166	27,775	26,587
	0				
Number of operating hotels at period end		<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>

For operating decision making purposes, management does not separate the two Malmaison and Hotel du Vin brands.

*Operating EBITDA excludes pre-opening costs, profit on disposal of fixed assets and impairments to operational properties.

		31 December 2010	31 December 2009
<u>Financial position</u>			
Property, plant and equipment	£'000	458,941	483,085
Debt	£'000	(272,127)	(278,357)
Equity attributable to shareholders of MWB			
in Malmaison and Hotel du Vin	£'000	123,390	140,331
Equity attributable to shareholders of MWB			
in Malmaison and Hotel du Vin, in pence			

per MWB Group Holdings Plc share

Pence

75p

194p

HIGHLIGHTS

MWB BUSINESS EXCHANGE PLC

- Occupancy holds firm at 84%
- Occupancies at newly integrated MLS centres achieve 83%
- Occupancies at new Knightsbridge and Paddington centres achieve 88%
- EBITDA for six months to 31 December 2010 at £512,000 compared with £1.9m for 2009 reflecting new centre integration costs and pressure on rates
- Strengthening of senior management team

John Spencer
Chief Executive
MWB Business Exchange Plc

MWB BUSINESS EXCHANGE PLC OPERATING REVIEW

Over the six months to 31 December 2010 total occupancy improved marginally to 84% compared to the first six months of 2010. Revenue for the period rose to £55.1m, up from £54.3m, while EBITDA fell slightly from £757,000 to £512,000. Pre-tax losses for the second half of 2010 were £2.8m against £2.2m for the six months to June.

There is little doubt that the last six months of 2010 were more demanding than anticipated, with the business environment remaining challenging. As a result our recovery has been slower to materialise than we initially planned. Workstation rates, however, began to stabilise and there were some early indications of more positive market conditions, particularly in our core area of activity – central London.

The second half of 2010 witnessed a stronger commercial property lettings market driven by an improving economic climate, which, coupled with a lack of supply of Grade A space, is now seeing rents and therefore workstation rates improve in central London.

We are also beginning to benefit from the acquisition of the former MLS centres and our two new centre openings in Knightsbridge and Paddington. The MLS centres have now been fully integrated into our CEC brand, and it is pleasing to report that occupancy there has risen from 78% in June 2010 to 83% by December 2010. Meanwhile, our two new Business Exchange centres have become well established in their respective markets and at 31 December 2010 achieved mature occupancies of 88% and generated almost £3m in revenue. We will only expand further where we determine a real demand for our products and services.

One of our key focuses has been to re-balance our revenue streams, in order to reduce our exposure to a small number of market sectors. I am pleased to report that we are now beginning to reap the rewards of this strategy, as we have successfully balanced our revenues between large corporates and small and medium sized enterprises.

During the period, we completed a re-structure of our senior management team. We have invested in highly experienced individuals with very specific skill sets who have responsibility for developing key aspects of the business. This enables us to concentrate resource on those elements of the market where we see the greatest growth opportunities.

The first quarter of 2011 has been encouraging as workstation rates show early signs of improvement. The indications are that market conditions are continuing to improve and we anticipate further improvement in the months ahead. However, given the slow pace of recovery to date, we now anticipate that any significant improvements may be deferred into 2012, as we edge ever closer to the 2012 Olympics.

Our strategy continues to focus on retaining Business Exchange's position as the capital's leading provider of serviced offices and meeting venues. Today we have a total of 42 London centres, accounting for approximately 12,000 workstations and around 0.7m sq ft of office space. This represents almost two-thirds of Business Exchange's entire portfolio and reflects the importance we place on a well located and well managed collection of centres in London.

The management team also continue to focus on driving the rate and yield through the provision of prime high quality centres offering the latest state-of-the-art technology and communications. We continue to position Business Exchange at the premium end of the market, offering exceptional business hospitality. Our current investment programme is dedicated to maintaining our pre-eminent position in London.

We firmly believe that our strategy of driving rate and yield together with our London-centric premium offer will begin to deliver over the coming 12 months. With that in mind, I view the future with cautious optimism.

John Spencer

Chief Executive

MWB Business Exchange Plc

28 April 2011

MWB BUSINESS EXCHANGE PLC - KEY FINANCIAL HIGHLIGHTS

The key performance indicators for the business together with its trading performance and financial position in recent periods, are summarised below:-

		Six months ended 31 December 2010	Six months ended 31 December 2009 Restated	Twelve months ended 31 December 2010	Twelve months ended 31 December 2009 Restated
<u>Operating statistics</u>					
Total revenue	£'000	55,118	55,032	109,403	112,416
EBITDA	£'000	512	1,855	1,269	11,010
Occupancy at period end	%	84	82	84	82
<u>Financial performance</u>					
(Loss)/profit before tax	£'000	<u>(2,807)</u>	<u>(490)</u>	<u>(5,147)</u>	<u>6,067</u>
			31 December 2010		31 December 2009 Restated
<u>Financial position</u>					
Property, plant and equipment	£'000		46,141		42,088
Net cash	£'000		3,812		6,241
Equity attributable to shareholders of MWB in MWB Business Exchange Plc	£'000		<u>13,451</u>		<u>9,517</u>
Equity attributable to shareholders of MWB in MWB Business Exchange Plc in pence per MWB Group Holdings Plc share	Pence		<u>8p</u>		<u>13p</u>

SECOND INTERIM REPORT

for the six months ended 31 December 2010

INTRODUCTION

The Chairman's Statement and Operating Reviews provide information on the Group's principal operations and the Board's expectations for the future. This Second Interim Report covers in greater depth the more significant features of these condensed financial statements for the six months ended 31 December 2010, which include an independent valuation of the Group's properties at that date.

CORPORATE STRATEGY

The Group's overarching strategy is to return cash to shareholders, ultimately through the disposal of its operating businesses. Since May 2002, over £700 million of property and business sales proceeds have been generated, related bank debt has been repaid and £80 million in cash has been returned to Shareholders.

The projected backstop end date for the disposal of the Group's two remaining businesses of Malmaison and Hotel du Vin and MWB Business Exchange Plc is 31 December 2016. The Board continues to envisage that, subject to favourable economic and market conditions, this is achievable.

Whilst the operating businesses remain under MWB Group Holdings Plc ownership, the Board's strategy is to mature and enhance their values to the maximum.

SECOND INTERIM REPORT
for the six months ended 31 December 2010

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC

During the twelve months ended 31 December 2010, as a result of the funds received from the share placing in January 2010 and the gain on the sale of Liberty Plc in June 2010, equity attributable to shareholders in the Company increased from £102.8m at 31 December 2009 to £111.1m at 31 December 2010.

However, the dilutive effect of the share placing, which saw the total number of shares in issue increase from 72,371,482 to 164,038,149, meant the equity attributable to shareholders in pence per share decreased from 142p to 68p.

The movement in equity attributable to shareholders of MWB during the year is summarised in the following table:-

	Twelve months ended 31 December 2010	
	£'000	Pence per share
Equity attributable to shareholders of MWB Group Holdings Plc at 1 January 2010	102,819	142p
Movements during the year:		
Revaluation of property, plant and equipment, net of tax	(9,915)	(6p)
Retained loss (including gain on the sale of Liberty Plc)	(8,311)	(5p)
Issue of shares	26,384	(63p)
Effective portion of changes in fair value of derivatives	253	-
Other movements	<u>(130)</u>	<u>-</u>
Equity attributable to shareholders of MWB Group Holdings Plc at 31 December 2010	<u>111,100</u>	<u>68p</u>

SECOND INTERIM REPORT
for the six months ended 31 December 2010

REVIEW OF PROPERTY, PLANT AND EQUIPMENT

Valuation of property portfolio at 31 December 2010

A fair, open market valuation of the Group's freehold and long leasehold property interests was undertaken at 31 December 2010 by DTZ on the basis of Existing Use Value. The net deficit over previous book values, including that attributable to non-controlling interests, for the six months ended 31 December 2010 totalled £27.6m, which has been included in these financial statements.

The valuations exclude the value of any goodwill that may arise from the present occupation of the properties and this is not recognised in the financial statements of the Group.

All property interests owned by MWB Business Exchange Plc are short leasehold interests and are not revalued upwards at each period end and are therefore recorded at the lower of cost and net realisable value.

Surpluses or deficits, to the extent that they represent the reversal of prior surpluses, arising on valuation of the Group's operational properties are transferred to revaluation reserve, while impairment of operational properties to below their historical cost is charged directly to the Income Statement.

Operational properties in the course of construction are recorded at the lower of cost and net realisable value.

The Group share of the £5.0m valuation deficit debited to the income statement during the six months ended 31 December 2010 totalled £4.1m, and the Group share of the £22.6m valuation deficit debited to the revaluation reserve for the same period was £18.6m, and arose as follows:-

Six months to 31 December 2010	Gross valuation £'000	Less previous book value £'000	Gross deficit £'000	Less non- controlling interests £'000	Debited to income statement £'000	Debited to revaluation reserve £'000
Malmaison	260,263	274,003	(13,740)	2,405	(768)	(10,567)
Hotel du Vin	<u>197,661</u>	<u>211,501</u>	<u>(13,840)</u>	<u>2,422</u>	<u>(3,336)</u>	<u>(8,082)</u>
	<u>457,924</u>	<u>485,504</u>	<u>(27,580)</u>	<u>4,827</u>	<u>(4,104)</u>	<u>(18,649)</u>

SECOND INTERIM REPORT
for the six months ended 31 December 2010

Portfolio analysis by division

At 31 December 2010, the Group held all its direct property interests as non-current assets. These are disclosed in the Condensed Consolidated Statement of Financial Position at that date as follows:-

	31 December 2010	31 December 2009
	£'000	Restated £'000
<u>Non current assets</u>		
Operational properties	453,869	497,668
Properties in the course of construction	2,187	1,929
Plant and equipment	<u>49,071</u>	<u>57,493</u>
Total property, plant and equipment at period end	<u>505,127</u>	<u>557,090</u>

INTANGIBLE ASSETS

Intangible assets comprise the goodwill on the acquisition of Stanhope Business Centres in 2007, the MLS business centres in 2009 and, prior to its disposal in June 2010, the acquisition of Liberty Plc in 2000.

SECOND INTERIM REPORT
for the six months ended 31 December 2010

REVIEW OF LOAN FACILITIES

Net debt

The Group's loans, borrowings and cash are included in the Consolidated Statement of Financial Position at 31 December 2010 as follows:-

<u>Composition at period end</u>	31 December 2010 £'000	31 December 2009 £'000
Loans and borrowings in note 9	332,134	376,004
Long leasehold obligations in note 9	692	697
Hire purchase and leasing contracts	-	192
Fair value of derivative financial instruments	<u>5,218</u>	<u>5,526</u>
Total loans and borrowings	338,044	382,419
Less net cash and cash equivalents in note 9	<u>(36,300)</u>	<u>(19,655)</u>
Total net debt at period end	<u>301,744</u>	<u>362,764</u>

Analysis of debt/(cash) by operating business

Malmaison and Hotel du Vin	272,127	278,357
MWB Business Exchange Plc	(3,812)	(6,241)
Liberty Plc	-	10,601
Central debt	<u>33,429</u>	<u>80,047</u>
	<u>301,744</u>	<u>362,764</u>

The Group's loan facilities provided by the Lloyds Banking Group ("LBG") comprise three separate loans to Malmaison and Hotel du Vin, MWB Business Exchange and MWB itself, which run to 31 December 2011. Whilst the principal terms have been agreed for the extension of all the Group's banking facilities, which currently expire at the end of December 2011, the detailed facility documentation is still being finalised. The loan facility provided to Liberty was redeemed on the sale of the Tudor Building in May 2010.

Gearing

Gearing can be seen to have reduced significantly during the period under review from 209% at 31 December 2009 to 180% at 31 December 2010 calculated as follows:-

	31 December 2010 £'000	31 December 2009 £'000 Restated
Total net debt	301,744	362,764
Net assets	167,818	173,873
Gearing - total net debt divided by net assets	<u>180%</u>	<u>209%</u>

SECOND INTERIM REPORT
for the six months ended 31 December 2010

REVIEW OF EARNINGS

Results

In addition to the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income, which form part of this Second Interim Report, a segmental analysis of the Revenues, Earnings before interest, taxation, depreciation, amortisation and property impairment (“EBITDA”) and Profit before tax can be found in note 3 “Segment Reporting”. Following the sale of Liberty Plc, the Condensed Consolidated Income Statement splits the results for the period under review and the prior comparative periods between “Continuing operations” which include the results of Malmaison and Hotel du Vin, MWB Business Exchange Plc and Central head office costs and “Discontinued operations” which relate entirely to the results of Liberty up until the point of sale. The segmental analysis in note 3 provides an analysis of the combined Continued and Discontinued operations.

Total Continued and Discontinued Operations	Revenue	EBITDA	Loss before taxation
	£’000	£’000	£’000
Six months to 31 December 2010	114,177	14,494	(11,578)
Six months to 31 December 2009	148,624	12,811	(9,317)
Year end 31 December 2010	256,542	41,940	(6,288)
Year end 31 December 2009	<u>284,299</u>	<u>30,004</u>	<u>(14,219)</u>

SECOND INTERIM REPORT

for the six months ended 31 December 2010

Dividend

The Board is continuing to implement the Cash Distribution Programme and to direct disposal proceeds to the repayment of net debt and the return of funds to Shareholders. No dividends have been declared in relation to the six months ended 31 December 2010.

Whilst the payment of dividends remains an option, once surplus funds have been realised, the Directors envisage distributing further funds to shareholders by means of buy-backs of ordinary shares, tender offers to shareholders, cash distributions, demergers, distributions of assets and similar value distribution programmes during the remainder of the Cash Distribution Programme to December 2016.

Conclusion

MWB now retains two good operating businesses which the anticipated extension of the Group's loan facilities will support as we take these forward. The disposal of Liberty Plc has brought the Company one step nearer to unlocking the full value of the businesses it has developed and matured.

Jagtar Singh
Finance Director
28 April 2011

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 31 December 2010

	Notes	Six months ended 31 December 2010 £'000	Six months ended 31 December 2009 Restated £'000	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 Restated £'000
Continuing operations:					
Revenue	3	114,177	113,462	221,060	223,525
Cost of sales		(104,404)	(102,349)	(205,467)	(199,156)
Gross profit		9,773	11,113	15,593	24,369
Administrative expenses - other		(3,388)	(4,974)	(6,448)	(9,372)
Administrative expenses - share issue expenses		-	-	(1,762)	-
Administrative expenses		(3,388)	(4,974)	(8,210)	(9,372)
Results from operating activities		6,385	6,139	7,383	14,997
Property impairment		(4,975)	-	(4,975)	-
Profit before financing costs		1,410	6,139	2,408	14,997
Finance income		158	(14)	396	308
Finance expenses		(13,146)	(13,960)	(25,853)	(25,477)
Loss before taxation	3	(11,578)	(7,835)	(23,049)	(10,172)
Taxation	3	34	2	(6)	35
Loss for the period from continuing operations		(11,544)	(7,833)	(23,055)	(10,137)
Profit/(loss) for the period on discontinued operations net of tax	5	-	(1,815)	15,691	(4,082)
Loss for the period		(11,544)	(9,648)	(7,364)	(14,219)
Attributable to:					
Equity shareholders of the Company		(8,932)	(8,753)	(8,311)	(14,604)
Non-controlling interests	6	(2,612)	(895)	947	385
Loss for the period		(11,544)	(9,648)	(7,364)	(14,219)
Loss per share (basic and diluted) attributable to equity shareholders of the Company during the period					
Continuing operations		(5.4p)	(10.6p)	(12.4p)	(16.7p)
Discontinued operations		-	(1.5p)	7.2p	(3.5p)
Loss per share (basic and diluted)	7	(5.4p)	(12.1p)	(5.2p)	(20.2p)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2010

	Six months ended 31 December 2010 £'000	Six months ended 31 December 2009 Restated £'000	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 Restated £'000
Loss for the period	(11,544)	(9,648)	(7,364)	(14,219)
Other comprehensive income for the period net of tax				
Foreign exchange translation differences for foreign operations	-	240	283	(222)
Revaluation of property, plant and equipment	(22,605)	8,151	(12,019)	(2,141)
Effective portion of changes in fair value of derivatives	2,152	(2,832)	307	(3,290)
Defined benefit pension scheme actuarial losses	-	670	(583)	(995)
Other comprehensive profit/(loss) for the period net of tax	(20,453)	6,229	(12,012)	(6,648)
Total comprehensive loss for the period	(31,997)	(3,419)	(19,376)	(20,867)
Attributable to:				
Equity shareholders of the Company	(25,806)	(3,982)	(18,179)	(20,050)
Non-controlling interests	(6,191)	563	(1,197)	(817)
Total comprehensive loss for the period	(31,997)	(3,419)	(19,376)	(20,867)
Attributable to:				
Continuing operations	(31,997)	(2,514)	(34,767)	(15,568)
Discontinued operations	-	(905)	15,391	(5,299)
Total comprehensive loss for the period	(31,997)	(3,419)	(19,376)	(20,867)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2010

		31 December 2010	31 December 2009
	Notes	£'000	Restated £'000
Non-current assets			
Intangible assets and goodwill		10,412	28,794
Operational properties	8	453,869	497,668
Properties in the course of construction	8	2,187	1,929
Plant and equipment	8	49,071	57,493
Deferred tax asset		10,542	10,542
		526,081	596,426
Current assets			
Inventories		2,300	14,306
Trade and other receivables:			
Due after more than one year		1,048	2,569
Due within one year		25,928	31,844
Cash and cash equivalents	9	36,300	19,655
		65,576	68,374
Total assets		591,657	664,800
Current liabilities			
Loans and borrowings	9	(310,474)	(11,424)
Financial instruments		(5,218)	(5,526)
Trade and other payables		(63,248)	(86,988)
Tax payable		-	(393)
		(378,940)	(104,331)
Non-current liabilities			
Loans and borrowings	9	(21,660)	(364,580)
Employee benefits		-	(2,814)
Trade and other payables		(23,239)	(19,202)
		(44,899)	(386,596)
Total liabilities		(423,839)	(490,927)
Net assets		167,818	173,873
Equity			
Share capital		492	217
Share premium		26,109	-
Other reserves		108,688	125,715
Retained earnings		(24,189)	(23,113)
Total equity attributable to shareholders of the Company		111,100	102,819
Non-controlling interests	10	56,718	71,054
Total equity		167,818	173,873
Equity attributable to shareholders of the Company in pence per share	11	68p	142p

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
Twelve months ended 31 December 2010						
At 1 January 2010	217	-	25	118,662	(4,558)	642
Loss for the year	-	-	-	-	-	-
Other comprehensive loss	-	-	-	(9,915)	253	193
Total comprehensive loss for the year	-	-	-	(9,915)	253	193
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	-	-	-	-
Acquisition of non-controlling interests in MWB Executive Centres	-	-	-	-	-	-
Transfer of depreciation of revalued properties	-	-	-	(644)	-	-
Transfer on sale of properties	-	-	-	(6,079)	-	-
Disposal of subsidiary	-	-	-	-	-	(835)
Issue of Ordinary Shares	275	26,109	-	-	-	-
Purchase of Ordinary Shares	-	-	-	-	-	-
Write back through equity of share based payment charge	-	-	-	-	-	-
	<u>275</u>	<u>26,109</u>	<u>-</u>	<u>(6,723)</u>	<u>-</u>	<u>(835)</u>
Share capital and reserves at 31 December 2010	<u>492</u>	<u>26,109</u>	<u>25*</u>	<u>102,024*</u>	<u>(4,305)*</u>	<u>-*</u>

* = Disclosed as 'Other reserves' at 31 December 2010 totalling £108,688,000 in the Consolidated Statement of Financial Position.

This table continues on the next page.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Merger reserve £'000	Other reserve £'000	Retained Earnings Restated £'000	Total equity attributable to shareholders £'000	Non- controlling interests £'000	Total Equity Restated £'000
Twelve months ended 31 December 2010						
At 1 January 2010	9,161	1,783	(23,113)	102,819	71,054	173,873
Loss for the year	-	-	(8,311)	(8,311)	947	(7,364)
Other comprehensive loss	-	-	(399)	(9,868)	(2,144)	(12,012)
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(8,710)</u>	<u>(18,179)</u>	<u>(1,197)</u>	<u>(19,376)</u>
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	304	304	(304)	-
Acquisition of non-controlling interests in MWB Executive Centres	-	-	(108)	(108)	(42)	(150)
Transfer of depreciation of revalued properties	-	-	644	-	-	-
Transfer on sale of properties	-	-	6,079	-	-	-
Disposal of subsidiary	-	-	825	(10)	(12,749)	(12,759)
Issue of ordinary shares	-	-	-	26,384	-	26,384
Purchase of ordinary shares	-	-	(221)	(221)	(86)	(307)
Write back through equity of share based payment charge	-	-	111	111	42	153
	<u>-</u>	<u>-</u>	<u>7,634</u>	<u>26,460</u>	<u>(13,139)</u>	<u>13,321</u>
Share capital and reserves at 31 December 2010	<u>9,161*</u>	<u>1,783*</u>	<u>(24,189)</u>	<u>111,100</u>	<u>56,718</u>	<u>167,818</u>
Retained earnings at 31 December 2010 comprise the following:-						
Scheme of Arrangement April 2008			(10,396)			
Increase in retained earnings due to capital reduction			160,883			
Accumulated net loss in Consolidated Income Statements to 31 December 2010			(94,261)			
Purchase by the Company of its own ordinary shares and Units that have subsequently been cancelled			(80,415)			
Retained earnings at 31 December 2010			<u>(24,189)</u>			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
Twelve months ended 31 December 2009					
At 1 January 2009	217	25	121,234	(1,845)	794
Loss for the year	-	-	-	-	-
Other comprehensive loss	-	-	(1,901)	(2,713)	(152)
Total comprehensive loss for the year	-	-	(1,901)	(2,713)	(152)
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	-	-	-
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	-	-	-
Transfer of depreciation on revalued properties	-	-	(671)	-	-
Payment to non-controlling interests	-	-	-	-	-
Purchase of ordinary shares	-	-	-	-	-
Write back of through equity of share based payment charge	-	-	-	-	-
	-	-	(671)	-	-
Share capital and reserves at 31 December 2009	<u>217</u>	<u>25*</u>	<u>118,662*</u>	<u>(4,558)*</u>	<u>642*</u>

* = Disclosed as 'Other reserves' at 31 December 2009 totalling £125,715,000 in the Consolidated Statement of Financial Position.

This table continues on the next page.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Merger reserve £'000	Other reserve £'000	Retained Earnings Restated £'000	Total equity attributable to shareholders £'000	Non- controlling interests £'000	Total Equity Restated £'000
Twelve months ended 31 December 2009						
At 1 January 2009	9,161	1,783	(8,549)	122,820	76,745	199,565
Loss for the year	-	-	(14,604)	(14,604)	385	(14,219)
Other comprehensive loss	-	-	(680)	(5,446)	(1,202)	(6,648)
Total comprehensive loss for the year	-	-	(15,284)	(20,050)	(817)	(20,867)
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	(2,803)	(2,803)	-	(2,803)
Transfer on increase in non-controlling interests in Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	4,226	4,226	(4,226)	-
Transfer of depreciation on revalued properties	-	-	671	-	-	-
Payment to non-controlling interests	-	-	-	-	(117)	(117)
Purchase of ordinary shares	-	-	(1,701)	(1,701)	(678)	(2,379)
Write back through equity of share based payment charge	-	-	327	327	147	474
	-	-	720	49	(4,874)	(4,825)
Share capital and reserves at 31 December 2009	<u>9,161*</u>	<u>1,783*</u>	<u>(23,113)</u>	<u>102,819</u>	<u>71,054</u>	<u>173,873</u>
Retained earnings at 31 December 2009 comprise the following:-						
Scheme of Arrangement April 2008			(10,396)			
Increase in retained earnings due to capital reduction			160,883			
Accumulated net loss in Consolidated Income Statements to 31 December 2009			(93,185)			
Purchase by the Company of its own ordinary shares and Units that have subsequently been cancelled			(80,415)			
Retained earnings at 31 December 2009			<u>(23,113)</u>			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the twelve months ended 31 December 2010

	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 Restated £'000
Loss for the period	(7,364)	(14,219)
Adjustments		
Taxation	1,076	655
Finance income	(398)	(310)
Finance expenses	26,560	26,211
Property impairment	4,975	-
Profit on sale of discontinued operations net of tax	(1,373)	-
Gain on sale of property, plant and equipment	(13,979)	-
Depreciation of property, plant and equipment	17,003	17,154
Currency translation differences	(180)	110
Equity settled share-based payment transactions	153	474
Cash flows from operations before changes in working capital	26,473	30,075
Change in inventories	1,829	(2,601)
Change in trade and other receivables	(6,775)	4,150
Change in trade and other payables	3,886	14,715
Change in provisions and employee benefits	(1,562)	748
Cash generated from operations	23,851	47,087
Interest paid	(26,627)	(26,345)
Tax paid	(342)	(461)
Net cash (used in)/from operating activities	(3,118)	20,281
Cash flows from investing activities		
Interest received	398	310
Proceeds from sale of property, plant and equipment	40,486	-
Proceeds from disposal of discontinued operations net of cash disposed of	11,432	-
Acquisition of business	-	(2,138)
Acquisition of non-controlling interest in subsidiary	(150)	-
Purchase of property, plant and equipment	(13,398)	(14,538)
Net cash from/(used in) investing activities	38,768	(16,366)
Cash flows from financing activities		
Purchase of own shares, inclusive of costs	(307)	(2,379)
Issue of shares	26,384	-
Proceeds from draw down of borrowings	1,294	4,069
Borrowings repaid	(46,376)	(15,258)
Increase in hire purchase and leasing contracts	-	192
Payments to non-controlling interests	-	(2,920)
Net cash used in financing activities	(19,005)	(16,296)
Net increase/(decrease) in cash and cash equivalents	16,645	(12,381)
Opening cash and cash equivalents	19,655	32,036
Closing cash and cash equivalents (note 9)	36,300	19,655

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

MWB Group Holdings Plc is a company incorporated and domiciled in the United Kingdom, company number 6487877. On 28 April 2011, the Company announced its decision to change its accounting reference date from 31 December to 30 June. Accordingly, this Second Interim Report has been prepared for the six months ended 31 December 2010, with comparative information for the six months ended 31 December 2009, the year ended 31 December 2010 and the year ended 31 December 2009.

The Second Interim Report of MWB Group Holdings Plc (“MWB” or the “the Group” or “the Company”) for the six months ended 31 December 2010 has been prepared in accordance with IAS 34: ‘Interim Financial Reporting’ as adopted for use in the European Union (“EU”) and in accordance with the Disclosure and Transparency Rules of the Financial Services Authority. The financial information contained in this Second Interim Report has neither been audited nor reviewed by the auditors.

The annual financial statements of MWB Group Holdings Plc are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for the year ended 31 December 2009 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2009 have been filed with the Registrar of Companies. The Independent Auditors' Report on that Annual Report and Financial Statement for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Second Interim Report for the six months ended 31 December 2010 incorporates the results of the Company and its subsidiary undertakings for the period then ended. The results have been prepared on the basis of the accounting policies adopted in the financial statements of the Group and its subsidiaries for the year ended 31 December 2009, with the addition of new standards, amendments to standards and interpretations that have come into effect during the period under review and which have a material impact on either the Group or its subsidiaries:

New standard and interpretation with an impact

IFRIC 18 “Transfer of assets from customers”

This IFRIC identifies those assets charged to customers but over which a company still retains full control which can be capitalised. The impact of the introduction of this IFRIC is recorded in the Group’s serviced office division, as detailed in note 2.

Client alterations previously charged to the Income Statement required a £0.7m increase in profit and net assets in the year ended 31 December 2010 and a prior year adjustment of an increase in profit and net assets of £1.2m in 2009 and £1.2m in 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations, cash holdings, bank and other loan facilities. Following the completion of the Placing in January 2010 and the disposal of Liberty Plc in June 2010, the cash holdings of the Group at 31 December 2010 were £36.3m, bank facilities totalled £310.5m, unsecured loan stock £21.7m and a bank overdraft of £1m (which was undrawn at 31 December 2010). The bank facilities of £310.5m extend to 31 December 2011 and have, therefore, been disclosed within current liabilities at 31 December 2010. The Directors have prepared cash flow projections for the period to 31 December 2011 which are based on certain assumptions. These show that the Group is capable of operating within the financing arrangements referred to above.

The Group is currently in the advanced stages of securing the extension of the existing debt facilities prior to their expiration on 31 December 2011. Whilst there are inherent uncertainties within the Company's forecasts and with the completion and timing of the extensions to the debt facilities, the directors have a reasonable expectation that forecasts are achievable and debt refinancing will be successfully concluded in the next few weeks or that alternative funding will be put in place to cover part or all of the existing debt facility and that the Group will, therefore, have adequate resources to continue in operational existence for the foreseeable future. The directors have, therefore, continued to adopt the going concern basis in preparing these financial statements. The financial statements do not include any adjustments that would be required if the going concern basis were not appropriate.

Discontinued operations

The results of operations disposed of during the twelve months are included in the Condensed Consolidated Income Statement and the Condensed Consolidated Statement of Comprehensive Income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of.

Discontinued operations are presented in the Condensed Consolidated Income Statement (including the comparative periods) as a single line which comprises the post tax profit or loss of the discontinued operation.

Discontinued operations in these financial statements relate entirely to Liberty Plc.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. PRIOR YEAR ADJUSTMENT

The adoption by the Group of IFRIC 18 “Transfer of assets from customers”, as referred to in note 1 and a review of the depreciation incurred on certain classes of assets, has resulted in a prior year adjustment in the MWB Business Exchange Plc division. The capitalisation of client alterations previously charged to the Income Statement under IFRIC 18 and the review of depreciation has required the restatement of the Group’s fixed assets as follows:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Impact on property, plant & equipment:-				
Client alterations capitalised	681	1,204	1,177	-
Depreciation thereon	(275)	(176)	(58)	-
Depreciation charged 31 December 2007	<u>827</u>	<u>830</u>	<u>776</u>	<u>(6,130)</u>
Change in net book value in year	<u>1,233</u>	<u>1,858</u>	<u>1,895</u>	<u>(6,130)</u>
Increase/(decrease) in profit/(loss) before taxation	<u>1,233*</u>	<u>1,858*</u>	<u>1,895</u>	<u>(6,130)</u>

* Of which £627,000 (2009 : £959,000) relates to the six month period ended 31 December 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

Segmental information is presented in respect of the Group's reporting segments which are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Unallocated items comprise mainly activities that have now been sold, central loans and borrowings and related expenses, corporate assets (primarily the Company's head office operations) and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The Group's performance has been analysed between the three principal operations that were owned during the year to 31 December 2010, namely Malmaison and Hotel du Vin, MWB Business Exchange and Liberty (now sold). Accordingly, these are the reporting segments disclosed. The segments are reported in a manner consistent with the internal reporting provided by management.

Both hotel brands share the economic characteristics of the hotel sector and the products they offer are clearly distinguishable from the serviced offices offering from the Group's MWB Business Exchange division (and the retail offering from the Group's former ownership of Liberty Plc). These two brands share one executive board and management team, report to the MWB Group Holdings Plc board as a single distinct entity and are not separated by management for the purpose of allocating resources or for operating decision making.

Following the sale in June 2010 of the Group's former AIM quoted subsidiary, Liberty Plc, the Liberty division has been discontinued. The results for the period under review include the results of the Liberty division up until the point of sale which was the 23 June 2010. The post tax profit on disposal of this division has also been recorded in a single line.

The Group, therefore, comprises the following reportable segments:

- Malmaison and Hotel du Vin – The ownership and operation of the Group's branded hotels;
- MWB Business Exchange Plc – The Group's AIM quoted serviced office subsidiary;
- Central – The central costs incurred by the Group; and
- Liberty Plc – Until 23 June 2010, the date of sale, the Group's AIM quoted retail operating subsidiary.

The sale of Liberty Plc represents a discontinued operation. The financial statements have been restated in this regard.

The Board's prime measure of return used to monitor the results of the operating divisions is the level of earnings before interest, taxation, depreciation, amortisation and property impairment, or EBITDA. The results before non-controlling interests for the period ended 31 December 2010, together with comparative information for previous periods are summarised below:-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

Six months ended 31 December 2010	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total external revenues						
Hotel income	58,783	-	-	58,783	-	58,783
Licence fee income	-	55,118	-	55,118	-	55,118
Retail income	-	-	-	-	-	-
Management fee income	-	-	276	276	-	276
Revenue per the Consolidated Income Statement	58,783	55,118	276	114,177		114,177
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	58,783	55,118	276	114,177		114,177
Total segment revenue by geographical origin						
United Kingdom	58,783	55,118	276	114,177	-	114,177
Japan	-	-	-	-	-	-
	58,783	55,118	276	114,177		114,177
Operating EBITDA	16,001	512	(2,019)	14,494		14,494
Profit on asset disposals	-	-	-	-	-	-
Profit on disposal of shareholding in Liberty Plc	-	-	-	-	-	-
Earnings before interest, taxation, depreciation, amortisation and property impairment	16,001	512	(2,019)	14,494		14,494
Depreciation, amortisation and property impairment	(9,893)	(3,176)	(15)	(13,084)	-	(13,084)
Interest income	19	15	124	158	-	158
Interest expense	(10,101)	(158)	(2,887)	(13,146)	-	(13,146)
Loss before taxation	(3,974)	(2,807)	(4,797)	(11,578)		(11,578)
Taxation	34	-	-	34	-	34
Loss for the period	3,940	(2,807)	(4,797)	(11,544)		(11,544)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis - including entity-wide disclosures

Six months ended 31 December 2009 - Restated	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total external revenues						
Hotel income	58,535	-	-	58,535	-	58,535
Licence fee income	-	55,032	-	55,032	-	55,032
Retail income	-	-	-	-	35,162	35,162
Management fee income	-	-	(105)	(105)	-	(105)
Revenue per the Consolidated Income Statement	<u>58,535</u>	<u>55,032</u>	<u>(105)</u>	<u>113,462</u>	<u>35,162</u>	<u>148,624</u>
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	<u>58,535</u>	<u>55,032</u>	<u>(105)</u>	<u>113,462</u>	<u>35,162</u>	<u>148,624</u>
Total segment revenue by geographical origin						
United Kingdom	58,535	55,032	(105)	113,462	30,125	143,587
Japan	-	-	-	-	5,037	5,037
	<u>58,535</u>	<u>55,032</u>	<u>(105)</u>	<u>113,462</u>	<u>35,162</u>	<u>148,624</u>
Operating EBITDA	16,166	1,855	(4,427)	13,594	(637)	12,957
Pre-opening costs	(146)	-	-	(146)	-	(146)
Earnings before interest, taxation, depreciation, amortisation and property impairment	16,020	1,855	(4,427)	13,448	(637)	12,811
Depreciation, amortisation and property impairment	(5,064)	(2,228)	(17)	(7,309)	(911)	(8,220)
Interest income	-	79	(93)	(14)	(1)	(15)
Interest expense	(10,001)	(196)	(3,763)	(13,960)	67	(13,893)
Profit/(loss) before taxation	955	(490)	(8,300)	(7,835)	(1,482)	(9,317)
Taxation	2	-	-	2	(333)	(331)
Profit / (loss) for the period	<u>957</u>	<u>(490)</u>	<u>(8,300)</u>	<u>(7,833)</u>	<u>(1,815)</u>	<u>(9,648)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

Twelve months ended 31 December 2010	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total external revenues						
Hotel income	111,200	-	-	111,200	-	111,200
Licence fee income	-	109,403	-	109,403	-	109,403
Retail income	-	-	-	-	35,482	35,482
Management fee income	-	-	457	457	-	457
Revenue per the Consolidated Income Statement	<u>111,200</u>	<u>109,403</u>	<u>457</u>	<u>221,060</u>	<u>35,482</u>	<u>256,542</u>
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	<u>111,200</u>	<u>109,403</u>	<u>457</u>	<u>221,060</u>	<u>35,482</u>	<u>256,542</u>
Total segment revenue by geographical origin						
United Kingdom	111,200	109,403	457	221,060	26,304	247,364
Japan	-	-	-	-	9,178	9,178
	<u>111,200</u>	<u>109,403</u>	<u>457</u>	<u>221,060</u>	<u>35,482</u>	<u>256,542</u>
Operating EBITDA	27,775	1,269	(5,629)	23,415	3,085	26,500
Profit on asset disposals	-	-	-	-	12,527	12,527
Profit on disposal of shareholding in Liberty Plc	-	-	-	-	2,913	2,913
Earnings before interest, taxation, depreciation, amortisation and property impairment	27,775	1,269	(5,629)	23,415	18,525	41,940
Depreciation, amortisation and property impairment	(14,799)	(6,178)	(30)	(21,007)	(1,059)	(22,066)
Interest income	38	82	276	396	2	398
Interest expense	(20,059)	(320)	(5,474)	(25,853)	(707)	(26,560)
(Loss) / profit before taxation	(7,045)	(5,147)	(10,857)	(23,049)	16,761	(6,288)
Taxation	-	(6)	-	(6)	(1,070)	(1,076)
(Loss) / profit for the period	<u>(7,045)</u>	<u>(5,153)</u>	<u>(10,857)</u>	<u>(23,055)</u>	<u>15,691</u>	<u>(7,364)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Twelve months ended 31 December 2009 - Restated						
Total external revenues						
Hotel income	111,034	-	-	111,034	-	111,034
Licence fee income	-	112,416	-	112,416	-	112,416
Retail income	-	-	-	-	60,774	60,774
Management fee income	-	-	75	75	-	75
Revenue per the Consolidated Income Statement	<u>111,034</u>	<u>112,416</u>	<u>75</u>	<u>223,525</u>	<u>60,774</u>	<u>284,299</u>
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	<u>111,034</u>	<u>112,416</u>	<u>75</u>	<u>223,525</u>	<u>60,774</u>	<u>284,299</u>
Total segment revenue by geographical origin						
United Kingdom	111,034	112,416	75	223,525	50,709	274,234
Japan	-	-	-	-	10,065	10,065
	<u>111,034</u>	<u>112,416</u>	<u>75</u>	<u>223,525</u>	<u>60,774</u>	<u>284,299</u>
Operating EBITDA	26,587	11,010	(7,555)	30,042	108	30,150
Pre-opening costs	<u>(146)</u>	-	-	<u>(146)</u>	-	<u>(146)</u>
Earnings before interest, taxation, depreciation, amortisation and property impairment	26,441	11,010	(7,555)	29,896	108	30,004
Depreciation, amortisation and property impairment	(10,127)	(4,738)	(34)	(14,899)	(2,768)	(17,667)
Interest income	-	297	11	308	2	310
Interest expense	<u>(17,903)</u>	<u>(502)</u>	<u>(7,072)</u>	<u>(25,477)</u>	<u>(734)</u>	<u>(26,211)</u>
(Loss) / profit before taxation	<u>(1,589)</u>	<u>6,067</u>	<u>(14,650)</u>	<u>(10,172)</u>	<u>(3,392)</u>	<u>(13,564)</u>
Taxation	<u>2</u>	<u>(9)</u>	<u>42</u>	<u>35</u>	<u>(690)</u>	<u>(655)</u>
(Loss) / profit for the year	<u>(1,587)</u>	<u>6,058</u>	<u>(14,608)</u>	<u>(10,137)</u>	<u>(4,082)</u>	<u>(14,219)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND PROPERTY IMPAIRMENT (“EBITDA”)

	Six months ended 31 December 2010	Six months ended 31 December 2009 Restated	Twelve months ended 31 December 2010	Twelve months ended 31 December 2009 Restated
Continuing operations:				
The EBITDA of the Group is calculated as follows:-	£'000	£'000	£'000	£'000
Profit before finance income, finance expenses and taxation	1,410	6,139	2,408	14,997
Add depreciation, amortisation and property impairment for the period	13,084	7,309	21,007	14,899
Add depreciation related to disposals	-	-	-	-
Total EBITDA for the period	<u>14,494</u>	<u>13,448</u>	<u>23,415</u>	<u>29,896</u>
Discontinued operations:				
The EBITDA of the Group is calculated as follows:-	£'000	£'000	£'000	£'000
Profit before finance income, finance expenses and taxation	-	(1,548)	17,466	(2,660)
Add depreciation, amortisation and property impairment for the period	-	911	1,059	2,768
Add depreciation related to disposals	-	-	-	-
Total EBITDA for the period	<u>-</u>	<u>(637)</u>	<u>18,525</u>	<u>108</u>
Consolidated:				
The EBITDA of the Group is calculated as follows:-	£'000	£'000	£'000	£'000
Profit before finance income, finance expenses and taxation	1,410	4,591	19,874	12,337
Add depreciation, amortisation and property impairment for the period	13,084	8,220	22,066	17,667
Add depreciation related to disposals	-	-	-	-
Total EBITDA for the period	<u>14,494</u>	<u>12,811</u>	<u>41,940</u>	<u>30,004</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. DISCONTINUED OPERATIONS

	£'000
Profit on disposal of shareholding in Liberty Plc:	
Gross cash proceeds on sale of shares in Liberty Plc	21,904
Special dividend received on sale of shares in Liberty Plc	<u>6,828</u>
Total gross cash proceeds on sale of shares in Liberty Plc	<u>28,732</u>
Net assets of Liberty Plc disposed of excluding cash	
Non-current assets	(23,340)
Current assets	(24,405)
Current liabilities	21,751
Non-current liabilities	<u>1,801</u>
	(24,193)
Non-controlling interest	<u>12,749</u>
Group share of net assets disposed of excluding cash	(11,444)
Net cash held by Liberty Plc disposed of	<u>(12,907)</u>
Total disposal of net assets including cash of Liberty Plc	<u>(24,351)</u>
Costs of disposal	<u>(1,468)</u>
Profit on disposal of shareholding in Liberty Plc	<u>2,913</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. DISCONTINUED OPERATIONS (continued)

No tax arose on the gain on sale of discontinued operations due to the availability of substantial shareholder relief.

The profit/(loss) on discontinued operations is summarised as follows:-

	Six months ended 31 December 2010 £'000	Six months ended 31 December 2009 £'000	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 £'000
Result of discontinued operations				
Revenue	-	35,162	35,482	60,774
Expenses other than finance costs	-	(36,710)	(33,456)	(63,434)
Finance costs	-	66	(705)	(732)
Profit on asset disposals	<u>-</u>	<u>-</u>	<u>12,527</u>	<u>-</u>
	-	(1,482)	13,848	(3,392)
Tax expense from discontinued trading operations	-	(333)	(1,070)	(690)
Profit on disposal of shareholding in Liberty Plc	<u>-</u>	<u>-</u>	<u>2,913</u>	<u>-</u>
Profit/(loss) on discontinued operations	<u><u>-</u></u>	<u><u>(1,815)</u></u>	<u><u>15,691</u></u>	<u><u>(4,082)</u></u>
Basic earnings/(loss) per MWB Group Holding Plc share (pence)	<u><u>-</u></u>	<u><u>(1.5p)</u></u>	<u><u>7.2p</u></u>	<u><u>(3.5p)</u></u>

The Condensed Consolidated Statement of Cash Flows includes the following amounts relating to discontinued operations:-

	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 £'000
Operating activities	(4,018)	(1,103)
Investing activities	40,468	(2,175)
Financing activities	<u>(25,486)</u>	<u>3,317</u>
Net increase in cash from discontinued operations	<u>10,964</u>	<u>39</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 NON-CONTROLLING INTERESTS

Non-controlling interests in the profit/(loss) for the period arose in the following divisions of the Group:-

	Six months ended 31 December 2010 £'000	Six months ended 31 December 2009 Restated £'000	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 Restated £'000
Malmaison and Hotel du Vin	191	(662)	(5)	(965)
MWB Business Exchange Plc	789	884	1,507	(933)
Liberty Plc	-	721	(4,081)	1,561
Central	<u>1,632</u>	<u>(48)</u>	<u>1,632</u>	<u>(48)</u>
	<u>2,612</u>	<u>895</u>	<u>(947)</u>	<u>(385)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOSS PER SHARE

Weighted average number of units in issue during the period:-

	Six months ended 31 December 2010 '000	Six months ended 31 December 2009 '000	Twelve months ended 31 December 2010 £'000	Twelve months ended 31 December 2009 £'000
Number of units in issue at start of period	164,038	72,371	72,371	72,371
Units issued by the Company during period	<u>-</u>	<u>-</u>	<u>91,667</u>	<u>-</u>
Number of units in issue at end of period	<u>164,038</u>	<u>72,371</u>	<u>164,038</u>	<u>72,371</u>
Weighted average number of units in issue during period	<u>164,038</u>	<u>72,371</u>	<u>161,276</u>	<u>72,371</u>

Loss per share

The loss per share figures are calculated by dividing the loss attributable to equity shareholders of the Company for the period, by the weighted average number of units in issue during the period, as follows:-

		Six months ended 31 December 2010	Six months ended 31 December 2009 Restated	Twelve months ended 31 December 2010	Twelve months ended 31 December 2009 Restated
Total loss for the period attributable to equity shareholders of the Company	£'000	<u>(8,932)</u>	<u>(8,753)</u>	<u>(8,311)</u>	<u>(14,604)</u>
Weighted average number of units in issue during the period	'000	<u>164,038</u>	<u>72,371</u>	<u>161,276</u>	<u>72,371</u>
Loss per share (basic and diluted) on continuing operations	Pence	<u>(5.4p)</u>	<u>(10.6p)</u>	<u>(12.4p)</u>	<u>(16.7p)</u>
Loss per share (basic and diluted) on discontinued operations	Pence	<u>-</u>	<u>(1.5p)</u>	<u>7.2p</u>	<u>(3.5p)</u>
Total loss per share (basic and diluted)	Pence	<u>(5.4p)</u>	<u>(12.1p)</u>	<u>(5.2p)</u>	<u>(20.2p)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

	-----Operational properties-----				Plant, machinery, fixtures & equipment £'000	Total £'000
	Freehold £'000	Long leasehold £'000	Operating leasehold improvements £'000	In the course of construction £'000		
Cost or valuation						
At 1 January 2010 (restated)	335,417	129,196	44,962	1,929	105,623	617,127
Additions	(163)	(5)	6,028	258	7,380	13,498
Disposals	(26,208)	-	(231)	-	(21,630)	(48,069)
Revaluation	<u>(16,190)</u>	<u>(3,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,755)</u>
At 31 December 2010	<u>292,856</u>	<u>125,626</u>	<u>50,759</u>	<u>2,187</u>	<u>91,373</u>	<u>562,801</u>
Depreciation						
At 1 January 2010 (restated)	-	-	(11,907)	-	(48,130)	(60,037)
Charge for the year	(2,027)	(734)	(3,603)	-	(10,639)	(17,003)
Disposals	-	-	138	-	16,467	16,605
Revaluation	<u>2,027</u>	<u>734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,761</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>(15,372)</u>	<u>-</u>	<u>(42,302)</u>	<u>(57,674)</u>
Net book value at 31 December 2010	<u>292,856</u>	<u>125,626</u>	<u>35,387</u>	<u>2,187</u>	<u>49,071</u>	<u>505,127</u>
Analysis of valuation deficit for the period						
Deficit debited to income statement	(4,104)	-	-	-	-	(4,104)
Deficit debited to revaluation reserve	(7,580)	(2,335)	-	-	-	(9,915)
Deficit debited to non- controlling interests through income statement	(871)	-	-	-	-	(871)
Deficit debited to non- controlling interests through revaluation reserve	<u>(1,608)</u>	<u>(496)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,104)</u>
Revaluation deficit reflected in property, plant and equipment	<u>(14,163)</u>	<u>(2,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,994)</u>

	31 December 2010 £'000	31 December 2009 £'000 Restated
<u>Operational properties at net book value</u>		
Freehold properties as above	292,856	335,417
Long leasehold properties as above	125,626	129,196
Operating leasehold improvements as above	<u>35,387</u>	<u>33,055</u>
Total operational properties per Condensed Consolidated Statement of Financial Position	<u>453,869</u>	<u>497,668</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	-----Operational properties-----			In the course of construction	Plant,	Total
	Freehold	Long leasehold	Operating leasehold improvements Restated		fixtures & equipment Restated	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2009 (restated)	334,951	134,153	40,428	1,691	117,572	628,795
Additions	733	(6)	5,655	273	8,702	15,357
Disposals	-	-	(26)	(35)	(749)	(810)
Written off	-	-	(1,095)	-	(19,902)	(20,997)
Revaluation	<u>(267)</u>	<u>(4,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,218)</u>
At 31 December 2009	<u>335,417</u>	<u>129,196</u>	<u>44,962</u>	<u>1,929</u>	<u>105,623</u>	<u>617,127</u>
Depreciation						
At 1 January 2009 (restated)	-	-	(10,178)	-	(56,920)	(67,098)
Charge for the year	(2,338)	(739)	(2,825)	-	(11,252)	(17,154)
Disposals	-	-	1	-	140	141
Written off	-	-	1,095	-	19,902	20,997
Revaluation	<u>2,338</u>	<u>739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,077</u>
At 31 December 2009	<u>-</u>	<u>-</u>	<u>(11,907)</u>	<u>-</u>	<u>(48,130)</u>	<u>(60,037)</u>
Net book value						
at 31 December 2009	<u>335,417</u>	<u>129,196</u>	<u>33,055</u>	<u>1,929</u>	<u>57,493</u>	<u>557,090</u>

Valuation

The Group's property, plant and equipment is all located in the United Kingdom. The Group's Operational properties were valued at 31 December 2010 by independent qualified professional valuers working for the company of DTZ, Chartered Surveyors, ("DTZ"), acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ("RICS").

All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards 6th Edition ("the Manual") and the properties were valued on the basis of Existing Use Value. Existing Use Value is defined in the Manual as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation (continued)

Potential alternative uses for the properties have been considered by the valuers and the Board, but they concluded that the highest and best price achievable for the properties, hence their Fair Value, as required under IAS16 Property, Plant and Equipment would be for hotel and restaurant operating use on an Existing Use Value basis.

The valuation of the hotels is based on estimates of annual maintainable earnings before interest, tax, depreciation, amortisation and property impairment ("EBITDA") for each property over a 10 year cash flow period. These estimates are based on the historic, current and budgeted trading information provided by the Group to DTZ. DTZ apply a market discount rate to the cash flow forecast of the hotels to assess the net present value of each property asset. This is in line with the method used by the market for the valuation of this type of property.

In valuing the Group's hotels, DTZ have had regard to the valuation of the properties as fully equipped operational entities, and to their trading potential. The valuation therefore includes the land and buildings; the trade fixtures, fittings, furniture, furnishings and equipment; and the market's perception of the trading potential excluding personal goodwill; together with an assumed ability to renew existing licences, consents, certificates and permits. The value excludes consumables and stock in trade.

The value attributed by the valuers to fixtures, fittings, furniture, furnishings and equipment, is excluded from the revalued amounts included within freehold and long leasehold properties as these are separately included at cost within other categories of property, plant and equipment.

The valuation excludes any goodwill associated with the management by the Company or its subsidiaries but recognises that the hotel property assets would probably be sold as trading entities. Guidance Note 3 of the Red Book states that the valuer must lot or group properties in the manner most likely to be adopted in the case of an actual sale. Therefore DTZ have lotted together the hotel properties owned by the MWB Group; were the hotel properties to be marketed individually the values achieved could be less than those included in the Valuation Report.

Properties valued by DTZ at 31 December 2010 carried in the Consolidated Statement of Financial Position at valuation included in property, plant and equipment totalled £457.9m. The carrying value of properties in the Consolidated Statement of Financial Position excludes those revaluation surpluses attributable to the land element of long leaseholds and developments which are held at cost. The short leasehold properties of MWB Business Exchange Plc, and plant and equipment, are carried at the lower of cost and realisable value in the table above. These assets had a net book value at 31 December 2010 of £47.2m.

The historic cost of the Group's properties at 31 December 2010 includes capitalised interest of £9.5m (31 December 2009: £9.4m).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. NET DEBT

	31 December 2010	31 December 2009 Restated
	£'000	£'000
Secured bank loans		
Malmaison and Hotel du Vin	278,316	281,146
Liberty Plc	<u>-</u>	<u>12,543</u>
	278,316	293,689
Unsecured bank loans		
Central	32,158	52,315
Unsecured loan stock	<u>21,660</u>	<u>30,000</u>
Gross debt	332,134	376,004
Interest rate derivatives	5,218	5,526
Long leasehold obligations	692	697
Hire purchase and leasing contracts	-	192
Cash and short term deposits	<u>(36,300)</u>	<u>(19,655)</u>
Net debt	<u>301,744</u>	<u>362,764</u>

10. NON-CONTROLLING INTERESTS

The movements in non-controlling interests of the Group during the six months ended 31 December 2010 arose as follows:-

	At 1 July 2010 £'000	Add non- controlling share of result for the period £'000	Add non- controlling share of valuation deficit for the period £'000	Other movements during the period £'000	At 31 December 2010 £'000
MWB Malmaison Holdings Limited	55,966	(191)	(3,956)	556	52,375
MWB Business Exchange Plc	5,309	(789)	-	(181)	4,339
Liberty Plc	-	-	-	-	-
Others	<u>1,636</u>	<u>(1,632)</u>	<u>-</u>	<u>-</u>	<u>4</u>
	<u>62,911</u>	<u>(2,612)</u>	<u>(3,956)</u>	<u>375</u>	<u>56,718</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. NON-CONTROLLING INTERESTS (continued)

The movements in non-controlling interests of the Group during the six months ended 30 June 2010 arose as follows:-

	At 1 January 2010 £'000	Add non- controlling share of result for the period £'000	Add non- controlling share of valuation surplus for the period £'000	Other movements during the period £'000	At 30 June 2010 £'000
MWB Malmaison Holdings Limited	54,465	196	1,852	(547)	55,966
MWB Business Exchange Plc	6,183	(718)	-	(156)	5,309
Liberty Plc	8,770	4,081	-	(12,851)	-
Others	<u>1,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,636</u>
	<u>71,054</u>	<u>3,559</u>	<u>1,852</u>	<u>(13,554)</u>	<u>62,911</u>

11. EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY IN PENCE PER SHARE

The equity attributable to shareholders of MWB Group Holdings in pence per share is calculated by dividing the equity attributable to shareholders of the Company at each period end by the number of units in issue at such date. The relevant figures are as follows:-

		31 December 2010	31 December 2009
Equity attributable to shareholders of MWB Group Holdings Plc per Condensed Consolidated Statement of Financial Position of the financial statements	£'000	<u>111,100</u>	<u>102,819</u>
Number of units in issue at period end	'000	<u>164,038</u>	<u>72,371</u>
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share	Pence	<u><u>68p</u></u>	<u><u>142p</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. RELATED PARTY BALANCES AND TRANSACTIONS

Arrangements with Alternative Hotel Group Limited

The Group has occupied head office premises at 1 West Garden Place, Kendal Street, London W2 for many years. As a result of implementation of the Cash Distribution Programme in 2002 and the sale of Group assets, surplus space became available at these offices during the year ended 31 December 2008. Accordingly, the Board assessed the market value of this space once it had become available and licensed it at market value to companies in the AHG Management Services Limited group of companies (“AHG”).

Richard Balfour-Lynn, the Chief Executive of MWB, Michael Bibring and the wife of Jagtar Singh, are shareholders in and directors of AHG which has a 50% shareholding in a company which operates a private residential hotel conference business, carried on from rural properties situated outside the M25 and not in city locations. The Board considers that such holdings do not conflict with the duties of such individuals as Directors of MWB Group Holdings Plc. The Board also considers that such a residential conference business does not compete with either the meeting and conference rooms business of Business Exchange which only operates in city locations and does not offer residential hotel facilities, or the hotel business of Malmaison and Hotel du Vin which operates in city locations and does not focus on offering conference facilities as a core service. The Board also considers that the hotel businesses owned by AHG do not compete with the business of Malmaison and Hotel du Vin, as they have distinct offerings which are targeted at a different consumer base. Malmaison and Hotel du Vin focuses on branded boutique hotels in city locations with an emphasis on a high quality food, beverage and accommodation offering. In contrast AHG owns larger hotels predominantly located in non urban locations while its hotels in urban locations focus on providing conferencing facilities.

During the six months ended 31 December 2010, the Group charged £0.16m (six months ended 31 December 2009: £0.16m; six months ended 30 June 2010: £0.15m) to AHG in respect of the licensed office space referred to above. All amounts due were paid by AHG to MWB and accordingly no amounts were outstanding either to or from AHG at 31 December 2010 nor at the previous year end, and no amounts were written off in respect of any such balances during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CONTINGENT LIABILITIES

In June 2003 the Group purchased the then non-controlling interests in the share capital of MWB Business Exchange Limited (“Business Exchange”), for an initial consideration of £16m and deferred consideration of £9.5m. In December 2005, a new holding company of Business Exchange, MWB Business Exchange Plc, was floated on AIM and the Group’s retained interest at the date of flotation was valued at £38m. The payment of any deferred consideration of £9.5m referred to above from the acquisition of non-controlling interests in June 2003 is dependent on value being distributed out of Business Exchange to MWB or received from a third party sale by the Group, for the serviced office business of Business Exchange, before June 2018. This includes value received from capital repayments and proceeds from external sales of Business Exchange or its business. No provision is included in the financial statements for the deferred consideration as its payment is contingent on value being distributed out of Business Exchange and it being received by MWB. However, it would become payable if the Group’s interest in Business Exchange was realised in cash by the Group and it has accordingly been included as a contingent liability at 31 December 2010.

The Company has received tax enquiries relating to prior year accounting periods. The Directors have considered the matters under review, in conjunction with the Company’s advisers, and have concluded that it is not probable that these enquiries will result in a financial liability for the Company and, therefore, have not made a provision in the accounts.

14. FINANCIAL STATEMENTS AND SECOND INTERIM REPORT

A copy of this document has been submitted to the National Storage Mechanism and will shortly be available for inspection at www.hemscott.com/nsm.do.

The financial information set out in this Second Interim Report in relation to MWB includes information for the six months ended 31 December 2010, with comparative information for the six months ended 31 December 2009, the year ended 31 December 2010 and the year ended 31 December 2009. The financial information contained within this Second Interim Report is unaudited and unreviewed by the Company’s auditors. Statutory financial statements for the year ended 31 December 2009 for the companies forming the MWB group have been delivered to the Registrar of Companies. The auditors have reported on those financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

An electronic copy of this Second Interim Report has been available on the Company’s website at www.mwb.co.uk from the date of its announcement on 28 April 2011. The audited financial statements of MWB Group Holdings Plc for the year ended 31 December 2009, further copies of this Second Interim Report, and the Half-Yearly Financial Report for the six months ended 30 June 2010, are available from the Company Secretary, City Group P.L.C., at the Company’s registered office of 30 City Road, London EC1Y 2AG.

STATEMENT OF RESPONSIBILITY OF DIRECTORS

We confirm to the best of our knowledge that:

This Second Interim Report has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU;

The Second Interim Report includes a fair review of the information required by:

- **DTR 4.2.7.R** of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the second six months of the eighteen month accounting period and their impact on the Second Interim Report; and a description of the principal risks and uncertainties for the remaining six months of the extended accounting period; and
- **DTR 4.2.8.R** of the Disclosure and Transparency Rules, being related party transactions that have taken place in the second six months of the eighteen month accounting period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the latest annual financial statements that could do so.

For and on behalf of the Board

Richard Balfour-Lynn
Chief Executive

Jagtar Singh
Finance Director

28 April 2011

GROUP BUSINESS CENTRES at 31 December 2010

Contact details for all business centres operated by the Group:-

4/5 star offices	Telephone:	Freephone 0808 100 1800	Web:	www.mwbex.com
3 star offices	Telephone:	Freephone 0800 013 0355	Web:	www.cecoffices.com

<u>Leased centres</u>	<u>Location</u>	<u>Number of workstations</u>
43 Temple Row	Birmingham B2 5LS	275
Atrium Court, The Ring	Bracknell RG12 1BW	418
Lower Castle Street	Bristol BS1 3AG	255
Wellington House, East Road	Cambridge CB1 1BH	173
9-10 St. Andrew Square	Edinburgh EH2 2AF	352
Westpoint, 4 Redheughs Rigg, South Gyle	Edinburgh EH12 9DQ	262
Crossweys, 28-30 High Street	Guildford GU1 3EL	164
1 Farnham Road	Guildford GU2 4RG	293
Craneshaw House, 8 Douglas Road	Hounslow TW3 1DA	163
Vantage House, 21-23 Wellington Street	Leeds LS1 4DE	370
1 Whitehall, Whitehall Road	Leeds LS1 4HR	411
Liverpool Street, 55 Old Broad Street	London EC2M 1RX	243
Providian House, 16-18 Monument Street	London EC3R 8AJ	217
107-111 Fleet Street	London EC4A 2AB	410
60 Cannon Street	London EC4N 6JP	336
Winchester House, 259-269 Old Marylebone Road	London NW1 5RA	339
Alpha House, 100 Borough High Street	London SE1 1LB	269
6 Hays Lane	London SE1 2QG	255
10 Greycoat Place	London SW1P 1SB	498
14 Basil Street, Knightsbridge	London SW3 1AJ	385
Lasenby House, 32 Kingly Street	London W1B 5QQ	251
Liberty House, 222 Regent Street	London W1B 5TR	391
77 Oxford Street	London W1D 2ES	289
18 Soho Square	London W1D 3QL	280
Cobalt Building, 19-20 Noel Street	London W1F 8GW	132
33 Cavendish Square	London W1G 0PW	516
Marble Arch Tower, 55 Bryanston Street	London W1H 7AA	247
1 Berkeley Street	London W1J 8DJ	349
85 Tottenham Court Road	London W1T 4DU	362
83 Baker Street	London W1U 6LA	338

GROUP BUSINESS CENTRES at 31 December 2010

<u>Leased centres (continued)</u>	<u>Location</u>	<u>Number of workstations</u>
One Kingdom Street, Paddington Central	London W2 6BD	326
26-28 Hammersmith Grove	London W6 7BA	503
4/4a Bloomsbury Square	London WC1A 2RP	157
344-354 Gray's Inn Road	London WC1X 8BP	284
88 Kingsway	London WC2B 6AA	325
Amadeus House, Floral Street	London WC2E 9DP	267
25 Floral Street	London WC2E 9DS	294
17-19 Bedford Street	London WC2E 9HP	203
53-59 Chandos Place	London WC2N 4HS	211
Golden Cross House, 8 Duncannon Street	London WC2N 4JF	495
Siena Court, The Broadway	Maidenhead SL6 1NJ	171
Trident One, Styal Road	Manchester M22 5XB	313
Exchange House, 494 Midsummer Boulevard	Milton Keynes MK9 2EA	248
15 Wheeler Gate	Nottingham NG1 2NA	116
John Eccles House, Robert Robinson Avenue, Oxford Science Park	Oxford OX4 4GP	115
Atlantic House, Imperial Way	Reading RG2 0TD	359
Parkshot House, 5 Kew Road	Richmond TW9 2PR	431
Centurion House, London Road	Staines TW18 4AX	184
Regal House, 70 London Road	Twickenham TW1 3QS	<u>152</u>
49 leased centres at 31 December 2010		<u>14,397</u>

<u>Operating and Management Agreement centres</u>	<u>Location</u>	<u>Number of Workstations</u>
Level 33, 25 Canada Square, Canary Wharf	London E14 5LB	247
27 Austin Friars	London EC2N 2QP	104
City Tower, 40 Basinghall Street	London EC2V 5DE	213
133 Houndsditch	London EC3A 7AH	316
St. Clement's House, 27/28 Clement's Lane	London EC4N 7AE	416
Westgate House, Westgate Road	London W5 1YY	181
Pall Mall Court, King Street	Manchester M2 4PD	238
Elizabeth House, Duke Street	Woking GU21 5AM	<u>139</u>
8 Operating and Management Agreement centres at 31 December 2010		<u>1,854</u>

GROUP BUSINESS CENTRES at 31 December 2010

<u>Management contract centres</u>	<u>Location</u>	<u>Number of Workstations</u>
Tower Point 44, North Road	Brighton BN1 1YR	350
Europa House, Barcroft Street	Bury BL9 5BT	266
Cophall Bridge House, Station Bridge	Harrogate HG1 1SP	177
Silk House Court, Tithebarn Street	Liverpool L2 2LZ	114
1 Sekforde Street, Clerkenwell	London EC1R 0BE	213
London Wall City Business Centre 2 London Wall Buildings	London EC2M 5UU	156
2 Finch Lane	London EC3V 3NA	71
52 Grosvenor Gardens	London SW1W 0AU	181
Cuthbert House, City Road, All Saints	Newcastle-upon-Tyne NE1 2ET	192
Quorum Business Park, Benton Lane	Newcastle-upon-Tyne NE12 8BX	390
10 management contract centres at 31 December 2010		<u>2,110</u>
<u>Total</u>		
67 centres at 31 December 2010		<u>18,361</u>

MALMAISON AND HOTEL DU VIN HOTELS at 31 December 2010

Malmaison Central reservations telephone: 0845 365 4247 Web: www.malmaison.com
 Hotel du Vin Central reservations telephone 0845 365 4438 Web: www.hotelduvin.com

<u>Malmaison</u>	<u>City</u>	<u>Number of bedrooms</u>	<u>Telephone Number</u>
Malmaison, 49-53 Queens Road	Aberdeen AB15 4YP	79	01224 327 370
Malmaison, 34-38 Victoria Street	Belfast BT1 3GH	64	028 9022 0200
Malmaison, Mailbox, 1 Wharfside Street	Birmingham B1 1RD	189	0121 246 5000
Malmaison, 1 Tower Place, Leith	Edinburgh EH6 7DZ	100	0131 468 5000
Malmaison, 278 West George Street	Glasgow G2 4LL	72	0141 572 1000
Malmaison, 1 Swinegate	Leeds LS1 4AG	100	0113 398 1000
Malmaison, William Jessop Way, Princes Dock	Liverpool L3 1QZ	130	0151 229 5000
Malmaison, Charterhouse Square	London EC1M 6AH	97	020 7012 3700
Malmaison, Piccadilly	Manchester M1 3AQ	167	0161 278 1000
Malmaison, Quayside	Newcastle-upon-Tyne NE1 3DX	122	0191 245 5000
Malmaison, 3 Oxford Castle	Oxford OX1 1AY	95	01865 268 400
Malmaison, 18-20 Station Road	Reading, Berkshire RG1 1JX	<u>75</u>	0118 956 2300
12 operating Malmaison		<u>1,290</u>	
<u>Hotel du Vin</u>			
Hotel du Vin, Church Street	Birmingham B3 2NR	66	0121 200 0600
Hotel du Vin, Ship Street	Brighton, Sussex BN1 1AD	49	01273 718 588
Hotel du Vin, The Sugar House, Narrow Lewins	Bristol BS1 2NU	40	0117 925 5577
Hotel du Vin, 15-19 Trumpington Street	Cambridge CB2 1QA	41	01223 227 330
Hotel du Vin, Parabola Road	Cheltenham GL50 3AQ	49	01242 588 450

Hotel du Vin, 2 Forrest Road	Edinburgh EH1 1EZ	47	0131 247 4900
Hotel du Vin, One Devonshire Gardens	Glasgow G12 0UX	49	0141 339 2001
Hotel du Vin, Prospect Place	Harrogate HG1 1LB	48	01423 856 800
Hotel du Vin, New Street	Henley-on-Thames, Oxon RG9 2BP	43	01491 848 400
Hotel du Vin, City Road	Newcastle-upon-Tyne NE1 2BE	42	0191 229 2200
Hotel du Vin, Thames Street	Poole, Dorset BH15 1JN	38	01202 785 570
Hotel du Vin, Crescent Road	Tunbridge Wells, Kent TN1 2LY	34	01892 526 455
Hotel du Vin, Southgate Street	Winchester, Hampshire SO23 9EF	24	01962 841 414
Hotel du Vin, 89 The Mount	York YO24 1AX	<u>44</u>	01904 557 350
14 operating Hotel du Vin		<u>614</u>	
26 operating hotels		<u>1,904</u>	

MALMAISON AND HOTEL DU VIN HOTELS at 31 December 2010 (continued)

<u>Held for development at 31 December 2010</u>	<u>City</u>	<u>Number of bedrooms</u>
Hotel du Vin, 40 The Scores	St. Andrews KY16 9AS	22
Hotel du Vin, Stour Street	Canterbury CT1 2ND	<u>57</u>
2 current developments		<u>79</u>

MWB Group Holdings Plc
1 West Garden Place
Kendal Street
London W2 2AQ

Tel: 020 7706 2121
Fax: 020 7706 8181

www.mwb.co.uk

www.malmaison.com

www.hotelduvin.com

www.mwbex.com