MWB Group Holdings Plc

Half-Yearly Financial Report

Malmaison and Hotel du Vin MWB Business Exchange

2010

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VERY GOOD RELATIVE PERFORMANCE

The first six months of this year have been challenging in both the hotel and serviced office sectors and this had a bearing on our results.

However, we have responded positively and we believe our relative performance within these sectors has been very good.

Highlights for the six months ended 30 June 2010

- Disposal of Liberty nets £42m in cash to MWB equity shareholders.
- Reduction in gearing from 206% at 31 December 2009 to 162% at 30 June 2010.
- Further reduction in gearing to 151% post 30 June 2010 on receipt of Liberty sale proceeds.
- Equity attributable to shareholders increased from £104.5m at 31 December 2009 year end to £138.3m at 30 June 2010.
- Group properties valued at £538m following the sale of Liberty property and a £10.6m revaluation surplus.
- Malmaison and Hotel du Vin overall occupancy held at 75% compared to 77% last year.
- MWB Business Exchange occupancy held firm at 83%.
- Liberty pre-tax profit of £1.3m prior to sale.

Chairman's Statement

We believe that our two remaining businesses are well placed to take full advantage of the improving market conditions.

Eric Sanderson
Chairman

Malmaison and Hotel du Vin

Our boutique hotels business has performed exceptionally well during the first half of the year considering some of the issues impacting this market.

MWB Business Exchange

There have been signs of improvement since the period end, with both occupancy and rates beginning to rise and stabilise as the market recognises the quality of the Business Exchange offer.

- Malmaison and Hotel du Vin EBITDA up 13% to £11.8m against £10.4m for the comparable period last year.

- New MWB Business Exchange centres opened in Paddington and Knightsbridge.

The first six months of this year have been challenging in both the hotel and serviced office sectors and this has had a bearing on our results. However, we have responded positively and we believe that our relative performance within these sectors has been very good.

Our boutique hotels business was subjected to a combination of inclement weather, volcanic ash and airline strikes. Despite this, revenues from Malmaison and Hotel du Vin were virtually unchanged at £52.4m while earnings before interest, taxation, depreciation and amortisation ("EBITDA") exceeded budgeted levels and at £11.8m was 13% higher than a year ago.

Our serviced office business MWB Business Exchange ("Business Exchange") operated in a very difficult market environment in which market rates fell significantly. This had an adverse effect on Business Exchange's profitability, with EBITDA down to £1.5m at the core business level compared to £8.6m for the 2009 comparable period. After taking into account the impact of new centre openings and the integration of MLS, overall EBITDA at Business Exchange was £448,000.

The highlight of the period was the disposal of Liberty, our retailing subsidiary in which we held a 68% stake. As shareholders are aware, Liberty was sold in two stages. In May 2010 Liberty completed the sale and leaseback of its 125,000 sq ft flagship Tudor building on Great Marlborough Street for £41.5m in cash, reflecting an initial yield of 4.8%. This was an excellent result as the sale price represented a substantial premium over the building's £26.2m independent valuation as at 31 December 2009.

In May 2010 we also announced the second stage of the disposal as the Board of Liberty recommended a cash offer that, together with a special dividend, amounted to an aggregate return to Liberty shareholders of 186p per Liberty ordinary share, equivalent to £42.0m.

The disposal followed a dramatic improvement in the performance of the business which had come through the recession delivering record sales during the six months to 30 June 2010 of £35.5m. EBITDA for the period was £18.5m which included a profit on the asset disposals of £15.4m. Excluding the disposal profits, Liberty still generated EBITDA of over £3.0m during the first half and produced a pre-tax profit, again excluding the asset sales, of £1.3m. This is the first time in around 20 years that this business has generated pre-tax profits and this performance was instrumental in the achievement of the disposal on such favourable terms.

From a Group perspective the Liberty disposal generated £42.0m in cash which has enabled the Board to reduce borrowings and, of course, complements our stated Cash Distribution Programme strategy. During the half year we repaid borrowings of approximately £14.0m following the Placing at the end of 2009 which completed in January and helped reduce gearing from 206% at December 2009 to 162% at June 2010. Since the period end we received a further £21.9m from the proceeds of the Liberty disposal and as a result gearing has fallen further to approximately 151%.

As I have already commented, the remaining Group's boutique hotel and serviced office businesses have experienced mixed fortunes over the period under review. Excluding Liberty, the continuing operations of Malmaison and Hotel du Vin and Business Exchange produced combined revenues of £106.9m compared with £110.1m for the same period last year. EBITDA was £8.6m compared to £15.9m for the prior year and pre-tax losses were at £12.1m against pre-tax losses of £3.2m last year, most of this movement arising within Business Exchange.

CHAIRMAN'S STATEMENT – *continued*

Malmaison and Hotel du Vin, our boutique hotels business, has performed exceptionally well during the first half of the year considering some of the issues impacting this market. These issues, of course, included heavy snowfalls during January, airline strikes and volcanic ash clouds in the spring. This was further compounded by uncertainties in the political and economic environment. Nonetheless, occupancy only declined marginally from 77% to 75% with Malmaison performing particularly well as occupancy was virtually unchanged. Importantly average room rates held up well, especially at Hotel du Vin which saw a 3% increase to £112.

We are exploring a number of exciting opportunities to expand the Malmaison brand, in particular, into Europe and the US. A number of sites in key European cities are being examined, especially in Italy.

Our serviced office business, Business Exchange, has endured a tough operating period which has seen an increasing shift towards the small and medium sized enterprise sector ("SME") market as the larger corporate occupier took advantage of the weaker traditional office letting market.

Within Business Exchange's core five-star Business Exchange brand occupancy has been maintained at the December 2009 levels of 84% while occupancy across the company rose from 82% to 83%. Whilst occupancy levels have been maintained, it should be borne in mind that Business Exchange's profile today is slightly different to that of a year ago. This time last year Business Exchange was completing its acquisition of 16 former MLS centres and there is the inevitable time-lag and expense incurred between bringing the new centres up to the standard of our three-star CEC offer, marketing them and achieving profitable occupancy levels. We also opened two new Business Exchange centres in Paddington and Knightsbridge during the period and these are only now becoming established in areas with a dearth of serviced offices.

However, there have been signs of improvement since the period end with both occupancy and rates beginning to rise and stabilise as the market recognises the quality of the Business Exchange offer together with our proven strategy of focusing resources on the Central London market.

Across the Group as a whole, revenues for the six months to 30 June 2010 rose 5% to £142.4m principally as a result of the strong performance from Liberty which produced a 39% uplift to £35.5m for the period. Administrative expenses have been reduced by £1.3m for this first half year compared to the same period last year reflecting the impact of the reduced central overhead that was referred to in the December 2009 Placing circular, EBITDA increased from £16.6m to £27.1m reflecting the Liberty asset sales contributions and resulting in a pre-tax profit of £4.7m compared to a loss before tax of £5.1m in the same period a year ago.

The recovery in property values that was seen at the December 2009 year end has continued with the Group's property portfolio increasing in value this June by £10.6m, of which the amount attributable to the Group's shareholders was £8.7m. Following the sale of Liberty and after the June 2010 property revaluation, the Group's property assets, including plant and equipment total £538m.

The surplus on the property portfolio revaluation, the funds received from the share placing and the sale of Liberty, all contributed to an increase in equity attributable to MWB shareholders in the first half of the year from £104.5m as at the 31 December 2009 year end to £138.3m as at 30 June 2010. However, the dilutive effect of the share placing, in which the total number of shares in issue increased by 91.7m, meant that equity attributable to shareholders per share decreased from 144p to 84p.

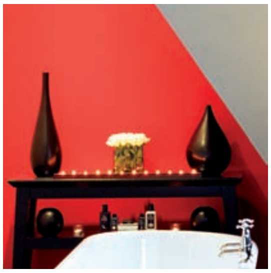
While the first half of 2010 has been one of mixed fortunes we believe we are seeing signs of recovery within the hotel and the serviced office markets. Both of our businesses in these sectors have a combination of strong brands and highly regarded management teams who focus on minimising costs and driving yield without adversely impacting the product and service provided. We believe that both businesses are well placed to take full advantage of the improving market conditions.

Eric Sanderson
Chairman

26 August 2010

Operating Review






MALMAISON AND HOTEL DU VIN…

"The Malmaison and Hotel du Vin Group has demonstrated its underlying strength even during a time of both economic uncertainties and adverse leisure sector factors. Since the end of June both Malmaison and HdV have continued to improve their performance and we believe that their respective brands have an exciting future with the prospect for future growth both at home and abroad."

It has been another challenging period for our boutique hotel business, yet Malmaison and Hotel du Vin both continue to perform well, reflecting the underlying strength of these two brands.

A mixture of January's heavy snowfalls and April's volcanic ash cloud contrived to make this first half of 2010 memorable for all the wrong reasons. However, it is a reflection of the quality of our management team that we were still able, despite these external factors, to deliver results that showed a significant improvement over the 2009 comparable period.

At the important EBITDA level, we produced a 13% uplift over the comparable period at £11.8m against £10.4m. This was achieved on broadly flat revenue of £52.4m but with the drive to reduce costs, which we highlighted a year ago, beginning to deliver real results.

I believe it is a great testament to both the loyalty of our customer base and the resilience of the brands that overall occupancy levels and room rates for the first half have been maintained at virtually the same levels as those of the same period last year, despite the challenges of the snow and the ash cloud. Overall occupancy declined only marginally from 77% to 75% while room rates held up remarkably well, with Malmaison recording average rates holding firm at £100 and Hotel du Vin producing a 3% increase to £112 from £109.

It is encouraging that the improved occupancy and rates we began to see in the second part of the period have been maintained during July which produced our best monthly figures for 2010 in terms of occupancy and revenue per available room.

Operating Review – *continued*

Over the past year or so we have reported on the continuing success of the group's food and beverage offer. It is pleasing to report that despite all the difficulties we have encountered during 2010, our restaurants have performed well and revenue has fallen by less than 3% to £22.3m from £22.9m a year ago. A combination of great locations, excellent service, good value and well delivered menus across the group continues to attract new, as well as existing, customers.

During the first half of the year we were delighted to appoint Mike Williams as our new HR Director.

We have adopted a prudent strategy of consolidation over the past 18 months and we have not opened any new hotels since November 2008. During this period, however, we have continued to examine ways in which we could expand both brands and have been actively reviewing our options to take the Malmaison brand into both Europe and North America. Currently we are exploring a number of sites in Paris, Rome, Venice, Florence and Amsterdam which have the potential to become excellent Malmaisons and we are considering a number of opportunities in North America.

The Malmaison and Hotel du Vin Group has demonstrated its underlying strength even during a time of both economic uncertainties and adverse leisure sector factors. Since the end of June both Malmaison and HdV have continued to improve their performance and we believe that their respective brands have an exciting future with the prospect for future growth both at home and abroad.

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

26 August 2010

- Overall occupancy held at 75% compared to 77% last year.
- Average room rates held up well overall, with a 3% increase at Hotel du Vin to £112 from £109.
- EBITDA increased 13% to £11.8m against £10.4m last year as cost savings initiatives deliver results.
- £10.6m property revaluation surplus of which £8.7m attributable to MWB equity shareholders.

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:-

Malmaison

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total revenue	£'000	**28,765**	28,830	60,271
Average occupancy for period	%	**75**	76	78
Average room rate for period	£	**100**	100	99
Operating EBITDA*	£'000	**7,149**	6,282	15,366
Number of operating hotels at period end		**12**	12	12

Hotel du Vin

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total revenue	£'000	**23,652**	23,669	50,763
Average occupancy for period	%	**76**	78	81
Average room rate for period	£	**112**	109	111
Operating EBITDA*	£'000	**4,625**	4,139	11,221
Number of operating hotels at period end		**14**	14	14

Combined Malmaison and Hotel du Vin

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total revenue	£'000	**52,417**	52,499	111,034
Operating EBITDA*	£'000	**11,774**	10,421	26,587

* Operating EBITDA excludes pre-opening costs and profit on disposal of fixed assets.

Financial position

		30 June 2010	30 June 2009	31 December 2009
Property, plant and equipment	£'000	**489,941**	480,615	483,085
Debt	£'000	**(279,101)**	(279,612)	(278,357)
Equity attributable to shareholders of MWB in Malmaison and Hotel du Vin	£'000	**143,892**	137,152	140,331
Equity attributable to shareholders of MWB in Malmaison and Hotel du Vin, in pence per MWB Group Holdings Plc share	Pence	**88p**	190p	194p

Operating Review




MWB BUSINESS EXCHANGE PLC…

"Our policy of operational excellence, combined with our emphasis on looking after all our clients to make their working lives more efficient and pleasant, creates significant client retention. This point of difference, and greater stability in occupancy and rate, lead me to be cautiously optimistic for the future."

As we indicated at the year end, the ongoing uncertainty both in the broader economy and the financial markets has continued to hamper progress at Business Exchange over the first half of 2010. The relatively weak office letting market over the last 18 months has further exacerbated this.

However, there are now clear signs that our key performance indicators such as occupancy and rates are stabilising and showing evidence of some growth. This has been particularly noticeable in the past three or four months and, if this trend continues, will produce a stronger second half performance as well as laying solid foundations for 2011.

At the same time market conditions for our highly successful meeting rooms division have been quite tough as larger corporates, in particular, trimmed their budgets to meet the more difficult economic environment. But again we are seeing clear signs that the worst is behind us as companies are starting to invest in training and conferences. As a result new bookings have stabilised and there is evidence of growth returning to this segment of the market. Nevertheless these green shoots are currently only visible in our Central London market, where the majority of our centres are located, while outside the capital the market continues to be weak. The main risk to the business continues to be the possibility of a "double-dip" in the UK economy.

As we highlighted in the year end statement we have seen increasing demand from the small and medium sized enterprise ("SME") sector, reflecting the greater number of start-ups and expansion in this area of our market. But in contrast this has been offset by softer demand for serviced offices from the larger corporate market as companies take advantage of the weaker traditional office lettings market to secure advantageous short-term space.

- Overall occupancy stabilised at 83% compared to 82% at year end.
- New centres opened in Paddington and Knightsbridge.
- Increasing demand from SME sector.
- Continued focus of management resources on driving yield and reducing cost.
- CEC brand in line with expectations following integration of new centres.

While we have maintained occupancy in our five-star Business Exchange Brand at 84%, the same as December 2009, our client base has increased by 15% as SMEs steadily replace larger corporate clients. In addition, a four point increase in our three-star CEC offer to 78% has brought overall occupancy up to 83% from 82% six months ago.

Total revenue decreased to £54.3m from £57.4m for the first six months of 2010 compared to the same period in 2009, principally due to pressure on rates. Taking this, the impact of new centre openings and the integration of the former MLS centres acquired last spring into account, consolidated EBITDA stood at £448,000 against £8.6m last year.

We continue to concentrate management resource on driving yield and reducing costs wherever possible. However, we continue to invest in the business: particularly in technology where we seek to maintain the desirability of our offer within an increasingly competitive market.

We are pleased with our two new centres in Paddington and Knightsbridge, on which we spent £4.5m of fit-out costs in the six months to 30 June 2010. Both these areas are underserved by quality serviced offices and I hope to report on a successful second half of the year as these two centres become established in their respective locations. At the same time our CEC brand, centred around the former MLS centres acquired last year, is performing in line with expectations now that the new centres have been integrated.

The cost base of this division has been reduced by the closure of two centres in the six month period, with the vast majority of the clients moving into other centres nearby. Additionally, we relinquished management of two smaller non-core centres in Wales.

Our policy of operational excellence, combined with our emphasis on looking after all our clients to make their working lives more efficient and pleasant, creates significant client retention. This point of difference, and greater stability in occupancy and rate, lead me to be cautiously optimistic for the future.

John Spencer
Chief Executive
MWB Business Exchange Plc

26 August 2010

OPERATING REVIEW – *continued*

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:-

Operating statistics

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total revenue	£'000	**54,285**	57,384	112,416
Occupancy at period end	%	**83**	80	82

Financial performance

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
(Loss)/profit before tax	£'000	**(2,946)**	5,658	4,209

Financial position

		30 June 2010	30 June 2009	31 December 2009
Property, plant and equipment	£'000	**48,249**	41,282	44,464
Net cash	£'000	**2,566**	2,959	6,241
Equity attributable to shareholders of MWB in MWB Business Exchange Plc	£'000	**17,972**	14,926	11,234
Equity attributable to shareholders of MWB in MWB Business Exchange Plc in pence per MWB Group Holdings Plc share	Pence	**11p**	21p	15p

LIBERTY PLC...

The 25 week period to the 23 June 2010 represented the last period of trading for Liberty under MWB Group Holdings Plc's ownership.

This has been an exciting and rewarding period for Liberty as the business made substantial progress on virtually all fronts.

In spite of the economic uncertainties Liberty has continued to build on its Renaissance re-launch 18 months ago and revenue has grown by a further 39% to £35.5m compared to £25.6m for the same period a year ago. This dramatic increase reflects greater sales in both the flagship store and Liberty's fabrics business.

As a result EBITDA from trading operations was £3.1m compared to £0.1m for the first half in 2009. Pre-tax profits were £16.7m against a loss of £1.9m last time. Of course, these figures reflect a profit on asset disposals amounting to £15.4m but even when this is discounted Liberty produced a pre-tax profit of £1.3m for the first time in around 20 years.

Clearly the highlight was the disposal of the flagship store's freehold for £41.5m in May and the subsequent sale of the operating business for the equivalent of £42.0m. The sale and leaseback of the flagship store was at a substantial premium to the December 2009 valuation of £26.2m, an excellent result considering property market conditions at the time together with general perceptions of the retailing sector. The property sale enabled Liberty to repay £13.8m of its borrowings leaving the business free of any debt.

We regard these results, which cover Liberty's last period as an AIM quoted company, as a tremendous success, highlighting the complete turnaround of the business achieved by the MWB and Liberty management teams. The strategy to refocus Liberty's offer together with a more creative and innovative approach to generating continuing high levels of footfall within the flagship store has delivered the results we anticipated.

However, the story has not just been about the flagship store. Liberty's fabric business has gone from strength to strength and has made a substantial contribution to both revenue and profitability.

We believe the operating business, now under new ownership, has an excellent future based on the foundations that have been so successfully laid. The Board of MWB Group Holdings Plc would like to take this opportunity to wish the new owners, the management team and all other Liberty employees the very best success for the future.

OPERATING REVIEW – *continued*

LIBERTY PLC

The key performance indicators for the business for the period under review up to the point of sale are summarised below:-

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total revenue	£'000	**35,482**	25,612	60,774
Operating income	£'000	**2,417**	232	293
Net profit on asset disposals	£'000	**12,527**	85	–
Profit on disposal of shareholding in Liberty Plc	£'000	**2,895**	–	–
Reorganisation and brand expenditure costs	£'000	**(1,096)**	(2,227)	(3,685)
Profit/(loss) before tax	£'000	**16,743**	(1,910)	(3,392)

Half-Yearly Report

for the six months ended 30 June 2010

INTRODUCTION

The Chairman's Statement and Operating Reviews on pages 2 to 12 provide information on the Group's principal operations and the Board's expectations for the future. This Half-Yearly Report covers in greater depth the more significant features of these condensed financial statements for the six months ended 30 June 2010, which include an independent valuation of the Group's properties at that date.

CORPORATE STRATEGY

The cornerstone of the Group's corporate strategy is the Cash Distribution Programme approved by Shareholders at an extraordinary general meeting held in May 2002. As outlined in the Prospectus issued to Shareholders in December 2009, this programme now extends out to 31 December 2016. During the remaining life of the programme it is the Board's strategy to maintain and enhance the value of the Group's businesses. Upon the businesses reaching maturity and subject to favourable market conditions, which may be at any point in time before 31 December 2016, the strategy is to realise their value through sales and, after repayment of debt, to return realised cash or cash equivalents to Shareholders.

Distributions to Shareholders may take the form of tender offers to Shareholders, buy-backs of Ordinary Shares in the market, cash distributions, demergers, distribution of assets and similar value distribution programmes.

Since May 2002, the Company has purchased approximately 68 million Ordinary Shares under this programme, representing approximately 50% of the issued share capital at the date of its implementation, returning approximately £80.5 million in cash to Shareholders.

In keeping with this strategy, during the six month period under review we made two significant disposals. In May 2010 we disposed of the Tudor Building formerly held by Liberty Plc via a sale and leaseback agreement, this was followed by the disposal of the Company's entire shareholding in Liberty Plc itself in June 2010. These disposals netted £42.0m of surplus cash for the Group which has been applied to reduce gearing and provide working capital to support further realisations.

The Company's strategy provides a clear overall objective; whilst each of MWB's two remaining businesses is able to follow its own business plan operated and managed by the Directors of each separate entity.

As a result, the operating divisions can go forward and maximise their performance whilst MWB is well placed to realise cash and cash equivalents which can be distributed to Shareholders following a sufficient improvement in market values.

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC

During the six months ended 30 June 2010, as a result of the funds received from the share placing in January 2010, the surplus on the property portfolio revaluation and the gain on the sale of Liberty Plc in June 2010, equity attributable to shareholders in the Company increased from £104.5m at 31 December 2009 to £138.3m at 30 June 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 that equity attributable to shareholders in pence per share decreased from 144p to 84p.

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

	Six months ended 30 June 2010 £'000	Pence per share
1 January 2010	**104,536**	**144p**
Movements during the period:		
Profit for the period (including gain on the sale of Liberty Plc)	**165**	**–**
Revaluation of property, plant and equipment, net of tax	**8,734**	**5p**
Effective portion of changes in fair value of derivatives	**(1,522)**	**(1p)**
Issue of shares	**26,384**	**(64p)**
Other movements	**4**	**–**
Equity attributable to shareholders of MWB Group Holdings Plc at 30 June 2010	**138,301**	**84p**

Half-Yearly Report

for the six months ended 30 June 2010

REVIEW OF PROPERTY, PLANT AND EQUIPMENT

Valuation of property portfolio at 30 June 2010

A valuation of the Group's freehold and long leasehold property interests was undertaken at 30 June 2010 by DTZ on the basis of Existing Use Value. The net surplus over previous book values, including that attributable to non-controlling interests, for the six months ended 30 June 2010 totalled £10.6m, 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 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 valuation surplus credited to the revaluation reserve during the six months ended 30 June 2010 totalled £8.7m and arose as follows:-

Six months to 30 June 2010	Gross valuation £'000	Less previous book value £'000	Gross surplus £'000	Less non-controlling interests £'000	**Credited to revaluation reserve £'000**
Malmaison	276,765	271,828	4,937	(864)	**4,073**
Hotel du Vin	213,515	207,866	5,649	(988)	**4,661**
	490,280	479,694	10,586	(1,852)	**8,734**

Portfolio analysis by division

At 30 June 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:-

	30 June 2010 £'000	31 December 2009 £'000
Non current assets		
Operational properties	**484,686**	499,414
Properties in the course of construction	**1,998**	1,929
Plant and equipment	**51,554**	58,123
Total property, plant and equipment at period end	**538,238**	559,466

The above interests are analysed as follows:-

	30 June 2010 £'000	**Percentage at 30 June 2010 %**	31 December 2009 £'000
Hotels			
Malmaison	**274,315**	**51**	271,457
Hotel du Vin	**215,626**	**40**	211,628
	489,941	**91**	483,085
MWB Business Exchange Plc	**48,249**	**9**	44,464
Liberty Plc	**–**	**–**	31,858
Other	**48**	**–**	59
Total property, plant and equipment at period end	**538,238**	**100**	559,466

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.

REVIEW OF LOAN FACILITIES

Net debt

The Group's loans, borrowings and cash are included in the Condensed Consolidated Statement of Financial Position at 30 June 2010 as follows:-

	30 June 2010 £'000	31 December 2009 £'000
Composition at period end		
Total loans and borrowings in note 11	**356,244**	382,419
Less net cash and cash equivalents in note 10	**(28,884)**	(19,655)
Total net debt at period end	**327,360**	362,764
Analysis of debt/(cash) by operating business		
Malmaison and Hotel du Vin	**279,101**	278,357
MWB Business Exchange Plc – cash	**(2,566)**	(6,241)
Liberty Plc	**–**	10,601
Central net debt	**50,825**	80,047
	327,360	362,764

Movement in net debt during the period

The movement in net debt during the six months ended 30 June 2010 arose as follows:-

	Six months ended 30 June 2010 £'000	Year ended 31 December 2009 £'000
Total net debt at start of period	**362,764**	357,750
Debt amortised Malmaison and Hotel du Vin	**(2,000)**	(1,431)
Net increase in fair value of financial instrument	**1,845**	3,692
Buy back of ordinary shares	**–**	1,701
Repayment of loans from share placing	**(14,040)**	–
Receipt of Liberty property disposal proceeds	**(21,321)**	–
Net cash held by Liberty disposed of	**12,907**	–
Repayment of loans from Liberty property disposal proceeds	**(13,836)**	–
Dividends paid to subsidiary non-controlling interests	**–**	2,808
Net cash outflow from other Group operations during the period	**1,041**	(1,756)
Total net debt at period end	**327,360**	362,764
Average cost of borrowings at period end, inclusive of margin	**4.8%**	5.6%

The Group's loan facilities provided by the Bank of Scotland comprise three separate loans to Malmaison and Hotel du Vin, MWB Business Exchange and MWB itself, which run to 31 December 2011. The covenants included in all our financing facilities at 30 June 2010 were fully complied with and are forecast to be fully complied with during the period covered by our projections. The loan facility provided to Liberty was redeemed on the sale of the Tudor Building in May 2010.

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for the six months ended 30 June 2010

REVIEW OF LOAN FACILITIES (continued)

Gearing

Gearing can be seen to have reduced significantly during the period under review from 206% at 31 December 2009 to 162% at 30 June 2010 calculated as follows:-

	30 June 2010 £'000	31 December 2009 £'000
Total net debt	**327,360**	362,764
Net assets	**201,703**	176,249
Gearing – total net debt divided by net assets	**162%**	206%

The proceeds from the disposal of the Group's shareholding in Liberty Plc of £21.9m included in "trade and other receivables – due within one year" in the Condensed Consolidated Statement of Financial Position at 30 June 2010 were received in cash in July 2010. If these monies are taken into account, proforma total net debt would reduce further to £305,456,000 and proforma gearing would reduce to 151%.

REVIEW OF EARNINGS

Results

In addition to the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income, which form part of this Half-Yearly Report, a segmental analysis of the Revenues, Earnings before interest, taxation depreciation and amortisation ("EBITDA"), Earnings before interest ("EBIT") and Profit before tax can be found in note 2 "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 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 2 provides an analysis of the combined Continued and Discontinued operations.

Earnings/(loss) per share

The earnings/(loss) per share figures have been calculated as follows:-

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Profit/(loss) for the period attributable to equity shareholders of the Company	£'000	**165**	(6,501)	(15,948)
Weighted average number of Units* in issue during period	'000	**158,467**	72,371	72,371
Earnings/(loss) per share (basic and diluted)	Pence	**0.1p**	(9.0p)	(22.0p)

* A Unit, comprising one Ordinary Share and 20 B Shares in the capital of the Company, such Ordinary Share and B Shares being transferable only in the form of a Unit and not separately and "Units" to be construed accordingly.

REVIEW OF EARNINGS (continued)

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 30 June 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

The successful development and subsequent disposal of Liberty Plc in this most difficult economic climate has provided clear evidence of the Group's ability to realise its strategic aims. MWB now retains two good operating businesses. They are well managed, have good financing in place and provide excellent products and services. The disposal of Liberty Plc has brought the Company one step nearer to unlocking the full value of the businesses it has nurtured.

Jagtar Singh
Finance Director

26 August 2010

Condensed Consolidated Income Statement

for the six months ended 30 June 2010

	Notes	**Six months ended 30 June 2010 £'000**	Six months ended 30 June 2009 £'000 Restated	Year ended 31 December 2009 £'000 Restated
Continuing operations:				
Revenue	2	**106,883**	110,063	223,525
Cost of sales		**(101,669)**	(97,706)	(201,014)
Gross profit		**5,214**	12,357	22,511
Administrative expenses – other		**(3,060)**	(4,398)	(9,372)
Administrative expenses – share issue expenses		**(1,762)**	–	–
Administrative expenses		**(4,822)**	(4,398)	(9,372)
Results from operating activities		**392**	7,959	13,139
Finance income	5	**238**	322	308
Finance expenses	5	**(12,707)**	(11,517)	(25,477)
Loss before taxation	2	**(12,077)**	(3,236)	(12,030)
Taxation	2	**(40)**	33	35
Loss for the period from continuing operations		**(12,117)**	(3,203)	(11,995)
Profit/(loss) for the period on discontinued operations net of tax	4	**15,673**	(2,267)	(4,082)
Profit/(loss) for the period		**3,556**	(5,470)	(16,077)
Attributable to:				
Equity shareholders of the Company		**165**	(6,501)	(15,948)
Non-controlling interests	6	**3,391**	1,031	(129)
Profit/(loss) for the period		**3,556**	(5,470)	(16,077)
Earnings/(loss) per share (basic and diluted) attributable to equity shareholders of the Company during the period				
Continuing operations		**(7.2p)**	(7.0p)	(18.5p)
Discontinued operations		**7.3p**	(2.0p)	(3.5p)
Earnings/(loss) per share (basic and diluted)	7	**0.1p**	(9.0p)	(22.0p)

The notes on pages 25 to 42 form part of these financial statements.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Profit/(loss) for the period	**3,556**	(5,470)	(16,077)
Other comprehensive income for the period net of tax			
Foreign exchange translation differences for foreign operations	**283**	(462)	(222)
Revaluation of property, plant and equipment	**10,586**	(10,292)	(2,141)
Effective portion of changes in fair value of derivatives	**(1,845)**	(458)	(3,290)
Defined benefit pension scheme actuarial losses	**(583)**	(1,665)	(995)
Other comprehensive income for the period net of tax	**8,441**	(12,877)	(6,648)
Total comprehensive income for the period	**11,997**	(18,347)	(22,725)
Attributable to:			
Equity shareholders of the Company	**7,171**	(16,718)	(21,394)
Non-controlling interests	**4,826**	(1,629)	(1,331)
Total comprehensive income for the period	**11,997**	(18,347)	(22,725)

Condensed Consolidated Statement of Financial Position

at 30 June 2010

	Notes	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Non-current assets				
Intangible assets and goodwill		**10,412**	28,723	28,794
Operational properties	8	**484,686**	489,985	499,414
Properties in the course of construction	8	**1,998**	1,908	1,929
Plant and equipment	8	**51,554**	60,452	58,123
Deferred tax asset		**10,542**	10,542	10,542
		559,192	591,610	598,802
Current assets				
Inventories		**2,113**	11,878	14,306
Trade and other receivables:				
Due after more than one year	9	**1,018**	2,566	2,569
Due within one year	9	**48,259**	33,889	31,844
Cash and cash equivalents	10	**28,884**	17,625	19,655
		80,274	65,958	68,374
Total assets		**639,466**	657,568	667,176
Current liabilities				
Loans and borrowings	11	**(4,193)**	(4,403)	(11,424)
Financial instruments		**(7,370)**	(2,876)	(5,526)
Trade and other payables		**(60,969)**	(60,517)	(86,988)
Tax payable		**–**	(289)	(393)
		(72,532)	(68,085)	(104,331)
Non-current liabilities				
Loans and borrowings	11	**(343,984)**	(375,926)	(364,580)
Employee benefits		**–**	(3,607)	(2,814)
Trade and other payables		**(21,247)**	(29,551)	(19,202)
		(365,231)	(409,084)	(386,596)
Total liabilities		**(437,763)**	(477,169)	(490,927)
Net assets		**201,703**	180,399	176,249
Equity				
Share capital		**492**	217	217
Share premium		**26,109**	–	–
Other reserves		**125,885**	121,727	125,715
Retained earnings		**(14,185)**	(13,162)	(21,396)
Total equity attributable to shareholders of the Company		**138,301**	108,782	104,536
Non-controlling interests	12	**63,402**	71,617	71,713
Total equity		**201,703**	180,399	176,249
Equity attributable to shareholders of the Company in pence per share	13	**84p**	150p	144p

The notes on pages 25 to 42 form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2010	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
At 1 January 2010	217	–	25	118,662	(4,558)	642
Total comprehensive income for the period	–	–	–	8,734	(1,522)	193
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
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	–	–	–	(321)	–	–
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	–	–	–	–	–	–
Total transactions with owners	275	26,109	–	(6,400)	–	(835)
Share capital and reserves at 30 June 2010	**492**	**26,109**	**25***	**120,996***	**(6,080)***	**–***

Six months ended 30 June 2010	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity attributable to shareholders £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2010	9,161	1,783	(21,396)	104,536	71,713	176,249
Total comprehensive income for the period	–	–	(234)	7,171	4,826	11,997
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	–	–	341	341	(341)	–
Acquisition of non-controlling interests in MWB Executive Centres	–	–	(107)	(107)	(42)	(149)
Transfer of depreciation of revalued properties	–	–	321	–	–	–
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	–	–	(92)	(92)	(36)	(128)
Write back through equity of share based payment charge	–	–	78	78	31	109
Total transactions with owners	–	–	7,445	26,594	(13,137)	13,457
Share capital and reserves at 30 June 2010	**9,161***	**1,783***	**(14,185)**	**138,301**	**63,402**	**201,703**

* = Disclosed as 'Other reserves' at 30 June 2010 totalling £125,885,000 in the Condensed Consolidated Statement of Financial Position.

Retained earnings at 30 June 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 Condensed Consolidated Income Statements to 30 June 2010	(84,165)
Purchase by the Company of its own ordinary shares and Units that have subsequently been cancelled	(80,507)
Retained earnings at 30 June 2010	(14,185)

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2009	Share capital £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
At 1 January 2009	217	25	121,234	(1,845)	794
Total comprehensive income for the period	–	–	(8,385)	(378)	(316)
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
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	–	–	(346)	–	–
Purchase of Ordinary Shares	–	–	–	–	–
Write back through equity of share based payment charge	–	–	–	–	–
Total transactions with owners	–	–	(346)	–	–
Share capital and reserves at 30 June 2009	217	25*	112,503*	(2,223)*	478*

Six months ended 30 June 2009	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity attributable to shareholders £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2009	9,161	1,783	(5,488)	125,881	77,918	203,799
Total comprehensive income for the period	–	–	(7,639)	(16,718)	(1,629)	(18,347)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Dividend paid to external shareholders of MWB Business Exchange Plc	–	–	(2,803)	(2,803)	–	(2,803)
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	–	–	4,037	4,037	(4,037)	–
Transfer of depreciation on revalued properties	–	–	346	–	–	–
Purchase of Ordinary Shares	–	–	(1,701)	(1,701)	(678)	(2,379)
Write back through equity of share based payment charge	–	–	86	86	43	129
Total transactions with owners	–	–	(35)	(381)	(4,672)	(5,053)
Share capital and reserves at 30 June 2009	9,161*	1,783*	(13,162)	108,782	71,617	180,399

* = Disclosed as 'Other reserves' at 30 June 2009 totalling £121,727,000 in the Condensed Consolidated Statement of Financial Position.

Retained earnings at 30 June 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 Condensed Consolidated Income Statements to 30 June 2009	(83,234)
Purchase by the Company of its own ordinary shares and Units that have subsequently been cancelled	(80,415)
Retained earnings at 30 June 2009	(13,162)

Year ended 31 December 2009	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
At 1 January 2009	217	–	25	121,234	(1,845)	794
Total comprehensive income for the year	–	–	–	(1,901)	(2,713)	(152)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
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 minority	–	–	–	–	–	–
Purchase of Ordinary Shares	–	–	–	–	–	–
Write back through equity of share based payment charge	–	–	–	–	–	–
Total transactions with owners	–	–	–	(671)	–	–
Share capital and reserves at 31 December 2009	217	–	25*	118,662*	(4,558)*	642*

Year ended 31 December 2009	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity attributable to shareholders £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2009	9,161	1,783	(5,488)	125,881	77,918	203,799
Total comprehensive income for the year	–	–	(16,628)	(21,394)	(1,331)	(22,725)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Dividend paid to external shareholders of MWB Business Exchange Plc	–	–	(2,803)	(2,803)	–	(2,803)
Transfer on increase in non-controlling interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	–	–	4,226	4,226	(4,226)	–
Transfer of depreciation on revalued properties	–	–	671	–	–	–
Payment to minority	–	–	–	–	(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
Total transactions with owners	–	–	720	49	(4,874)	(4,825)
Share capital and reserves at 31 December 2009	9,161*	1,783*	(21,396)	104,536	71,713	176,249

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

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 Condensed Consolidated Income Statements to 31 December 2009	(91,468)
Purchase by the Company of its own ordinary shares and Units that have subsequently been cancelled	(80,415)
Retained earnings at 31 December 2009	(21,396)

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2010

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Profit/(loss) for the period	**3,556**	(5,470)	(16,077)
Adjustments			
Taxation	**1,110**	324	655
Finance income	**(240)**	(253)	(310)
Finance expenses	**13,414**	12,246	26,211
Profit on sale of discontinued operations net of tax	**(1,302)**	–	–
Gain on sale of property, plant and equipment	**(14,041)**	–	–
Net gain on lease surrender	**–**	(85)	–
Depreciation of property, plant and equipment	**9,200**	9,200	17,809
Currency translation differences	**(180)**	(85)	110
Equity settled share-based payment transactions	**109**	129	474
Cash flows from operations before changes in working capital	**11,626**	16,006	28,872
Change in inventories	**2,016**	(173)	(2,601)
Change in trade and other receivables	**(29,093)**	3,722	4,150
Change in trade and other payables	**(929)**	(6,802)	14,713
Change in provisions and employee benefits	**(1,562)**	1,541	748
Cash generated from operations	**(17,942)**	14,294	45,882
Interest paid	**(13,451)**	(11,833)	(26,345)
Taxation paid	**(342)**	(234)	(461)
Net cash (used in)/from operating activities	**(31,735)**	2,227	19,076
Cash flows from investing activities			
Interest received	**221**	317	310
Proceeds from sale of property, plant and equipment	**40,572**	–	–
Proceeds from disposal of discontinued operations net of cash disposed of	**11,432**	–	–
Purchase of property, plant and equipment	**(8,785)**	(5,702)	(13,333)
Acquisition of business	**–**	(2,067)	(2,138)
Net cash from/(used in) investing activities	**43,440**	(7,452)	(15,161)
Cash flows from financing activities			
Purchase of own shares, inclusive of costs	**(128)**	(2,379)	(2,379)
Issue of shares	**26,384**	–	–
Proceeds from draw down of borrowings	**1,294**	4,397	4,069
Borrowings repaid	**(29,876)**	(8,583)	(15,258)
Payments to non-controlling interests	**(150)**	(2,803)	(2,920)
Increase in hire purchase and leasing contracts	**–**	182	192
Net cash used in financing activities	**(2,476)**	(9,186)	(16,296)
Net increase/(decrease) in cash and cash equivalents	**9,229**	(14,411)	(12,381)
Opening cash and cash equivalents	**19,655**	32,036	32,036
Closing cash and cash equivalents (note 10)	**28,884**	17,625	19,655

Notes to the Condensed Consolidated Financial Statements

1. ACCOUNTING POLICIES

Basis of preparation

The Half-Yearly Financial Report of MWB Group Holdings Plc ("MWB" or the "the Group" or "the Company") for the six months ended 30 June 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 Half-Yearly Financial Report has neither been audited nor reviewed by the auditors.

The Half-Yearly Financial Report for the six months ended 30 June 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 for the year ended 31 December 2009, with the addition of new standards that have come into effect during the period under review and which are listed below.

New accounting standards relevant to these financial statements:

IFRS 3 (Revised) *Business Combinations* (effective 1 July 2009) broadens the definition of a business, requires contingent consideration to be fair valued, transaction costs other than share and debt issue costs to be expensed as incurred, and any pre-existing interest in an acquiree to be measured at fair value with the gain or loss recognised in profit or loss and non-controlling interests to be either measured at its fair value or at its proportionate interest in the identifiable assets and liabilities of the acquiree on a transaction by transaction basis. The introduction of this IFRS has had no significant impact on these financial statements.

IAS 27 *Consolidated and Separate Financial Statements* (effective 1 July 2009) requires accounting for ownership changes in a subsidiary while maintaining control to be recognised as an equity transaction. If control of a subsidiary is lost, any interest retained is to be measured at its fair value and the gain or loss recognised in profit or loss. The introduction of this IAS has had no significant impact on these financial statements.

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 30 June 2010 were £28.9m, bank facilities totalled £342.5m, unsecured loan stock £22.0m and a bank overdraft of £1m (which was undrawn at 30 June 2010). The bank facilities extend to 31 December 2011. The Directors have prepared cash flow projections for the period to 31 December 2011 ('the Projections') which are based on certain assumptions. These show that the Group is capable of operating within the financing arrangements referred to above and meeting the financial covenant tests included in these arrangements throughout the period covered by the Projections.

Discontinued operations

The results of operations disposed of during the year 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.

2. 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 period under review, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING (continued)

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 and amortisation, or EBITDA. The results before non-controlling interests for the period ended 30 June 2010, together with comparative information for previous periods are summarised below:-

Six months ended 30 June 2010	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'000
Malmaison and Hotel du Vin				
Operational	52,417	11,774	6,868	(3,071)
MWB Business Exchange Plc				
Operational	54,285	448	(2,851)	(2,946)
Others	181	179	179	179
Group debt cost	–	–	–	(2,435)
	181	179	179	(2,256)
Head office administration	–	(3,789)	(3,804)	(3,804)
	181	(3,610)	(3,625)	(6,060)
Total continuing operations	106,883	8,612	392	(12,077)
Liberty Plc – discontinued operations				
Operational	35,482	4,181	3,122	2,417
Reorganisation costs	–	(270)	(270)	(270)
Expenditure on brand	–	(826)	(826)	(826)
	35,482	3,085	2,026	1,321
Profit on asset disposals	–	12,527	12,527	12,527
Profit on disposal of shareholding in Liberty Plc	–	2,895	2,895	2,895
Total discontinued operations	35,482	18,507	17,448	16,743
Total continued and discontinued operations	142,365	27,119	17,840	4,666

Notes
1. EBITDA = Earnings before interest, taxation, depreciation and amortisation.
2. EBIT = Earnings before interest and taxation.

2. SEGMENT REPORTING (continued)

Six months ended 30 June 2009	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'000
Malmaison and Hotel du Vin				
Operational	52,499	10,421	5,358	(2,544)
MWB Business Exchange Plc				
Operational	57,384	8,596	5,746	5,658
Others	180	69	69	69
Group debt cost	–	–	–	(3,205)
	180	69	69	(3,136)
Head office administration	–	(3,197)	(3,214)	(3,214)
	180	(3,128)	(3,145)	(6,350)
Total continuing operations	110,063	15,889	7,959	(3,236)
Liberty Plc – discontinued operations				
Operational	25,612	2,300	1,030	232
Expenditure on brand	–	(2,227)	(2,227)	(2,227)
	25,612	73	(1,197)	(1,995)
Lease surrender	–	85	85	85
Fixtures disposal	–	587	–	–
Total discontinued operations	25,612	745	(1,112)	(1,910)
Total continued and discontinued operations	135,675	16,634	6,847	(5,146)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING (continued)

Year ended 31 December 2009	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'000
Malmaison and Hotel du Vin				
Operational	111,034	26,587	16,460	(1,443)
Pre-opening costs	–	(146)	(146)	(146)
	111,034	26,441	16,314	(1,589)
MWB Business Exchange Plc				
Operational	112,416	9,806	4,414	4,209
Others	75	(71)	(71)	(70)
Group debt cost	–	–	–	(7,062)
	75	(71)	(71)	(7,132)
Head office administration	–	(7,484)	(7,518)	(7,518)
	75	(7,555)	(7,589)	(14,650)
Total continuing operations	223,525	28,692	13,139	(12,030)
Liberty Plc – discontinued operations				
Operational	60,774	3,004	1,025	293
Reorganisation costs	–	(135)	(135)	(135)
Expenditure on brand	–	(2,761)	(3,550)	(3,550)
Total discontinued operations	60,774	108	(2,660)	(3,392)
Total continued and discontinued operations	284,299	28,800	10,479	(15,422)

There were no differences in the measurement of the segments' results and the Group's results.

2. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

Year ended 30 June 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	52,417	–	–	52,417	–	52,417
Licence fee income	–	54,285	–	54,285	–	54,285
Retail income	–	–	–	–	35,482	35,482
Management fee income	–	–	181	181	–	181
Revenue per the Condensed Consolidated Income Statement	52,417	54,285	181	106,883	35,482	142,365
Inter-segment revenue	–	–	–	–	–	–
Total segment revenue	52,417	54,285	181	106,883	35,482	142,365
Total segment revenue by geographical origin						
United Kingdom	52,417	54,285	181	106,883	26,304	133,187
Japan	–	–	–	–	9,178	9,178
	52,417	54,285	181	106,883	35,482	142,365
Operating EBITDA	11,774	448	(3,610)	8,612	3,085	11,697
Profit on asset disposals				–	12,527	12,527
Profit on disposal of shareholding in Liberty Plc				–	2,895	2,895
Earnings before interest, taxation, depreciation and amortisation				8,612	18,507	27,119
Depreciation and amortisation				(8,220)	(1,059)	(9,279)
Interest income				238	2	240
Interest expense				(12,707)	(707)	(13,414)
Taxation				(40)	(1,070)	(1,110)
Profit/(loss) for the period				(12,117)	15,673	3,556

Notes to the Condensed Consolidated Financial Statements

2. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

Six months ended 30 June 2009	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	52,499	–	–	52,499	–	52,499
Licence fee income	–	57,384	–	57,384	–	57,384
Retail income	–	–	–	–	25,612	25,612
Management fee income	–	–	180	180	–	180
Revenue per the Condensed Consolidated Income Statement	52,499	57,384	180	110,063	25,612	135,675
Inter-segment revenue	–	–	–	–	–	–
Total segment revenue	52,499	57,384	180	110,063	25,612	135,675
Total segment revenue by geographical origin						
United Kingdom	52,499	57,384	180	110,063	20,575	130,638
Japan	–	–	–	–	5,037	5,037
	52,499	57,384	180	110,063	25,612	135,675
Operating EBITDA	10,421	8,596	(3,128)	15,889	73	15,962
Lease surrender				–	85	85
Fixtures disposal				–	587	587
Earnings before interest, taxation, depreciation and amortisation				15,889	745	16,634
Depreciation and amortisation				(7,930)	(1,857)	(9,787)
Interest income				322	(69)	253
Interest expense				(11,517)	(729)	(12,246)
Taxation				33	(357)	(324)
Loss for the period				(3,203)	(2,267)	(5,470)

2. SEGMENT REPORTING (continued)

Condensed Consolidated Income Statement analysis – including entity-wide disclosures

Six months ended 31 December 2009	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	111,034	–	–	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 Condensed Consolidated Income Statement	111,034	112,416	75	223,525	60,774	284,299
Inter-segment revenue	–	–	–	–	–	–
Total segment revenue	111,034	112,416	75	223,525	60,774	284,299
Total segment revenue by geographical origin						
United Kingdom	111,034	112,416	75	223,525	50,709	274,234
Japan	–	–	–	–	10,065	10,065
	111,034	112,416	75	223,525	60,774	284,299
Operating EBITDA	26,587	9,806	(7,555)	28,838	108	28,946
Pre-opening costs				(146)	–	(146)
Earnings before interest, taxation, depreciation and amortisation				28,692	108	28,800
Depreciation and amortisation				(15,553)	(2,768)	(18,321)
Interest income				308	2	310
Interest expense				(25,477)	(734)	(26,211)
Taxation				35	(690)	(655)
Loss for the year				(11,995)	(4,082)	(16,077)

Notes to the Condensed Consolidated Financial Statements

2. SEGMENT REPORTING (continued)

Condensed Consolidated Statement of Financial Position

30 June 2010	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total assets	**507,026**	**81,406**	**51,034**	**639,466**	**–**	**639,466**
Total liabilities	**(307,168)**	**(57,633)**	**(72,962)**	**(437,763)**	**–**	**(437,763)**
Segment net assets/(liabilities)	**199,858**	**23,773**	**(21,928)**	**201,703**	**–**	**201,703**
Capital expenditure in the period	**1,121**	**7,292**	**5**	**8,418**	**367**	**8,785**
Depreciation in the period	**4,906**	**3,220**	**15**	**8,141**	**1,059**	**9,200**

30 June 2009	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total assets	496,509	76,149	16,629	589,287	68,281	657,568
Total liabilities	(306,317)	(52,971)	(85,585)	(444,873)	(32,296)	(477,169)
Segment net assets/(liabilities)	190,192	23,178	(68,956)	144,414	35,985	180,399
Capital expenditure in the period	1,853	1,866	4	3,723	1,979	5,702
Depreciation in the period	5,063	2,850	17	7,930	1,270	9,200

31 December 2009	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Central £'000	Continuing operations £'000	Discontinued operations Liberty Plc £'000	Consolidated £'000
Total assets	498,807	81,221	13,405	593,433	73,743	667,176
Total liabilities	(304,011)	(63,145)	(87,594)	(454,750)	(36,177)	(490,927)
Segment net assets/(liabilities)	194,796	18,076	(74,189)	138,683	37,566	176,249
Capital expenditure in the year	2,938	7,615	13	10,566	2,767	13,333
Depreciation in the year	10,127	5,370	34	15,531	2,278	17,809

There are no differences in the measurement of the segments' assets and the Group's assets and liabilities.

3. EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION ("EBITDA")

The EBITDA of the Group is calculated as follows:-

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Profit before finance income, finance expenses and taxation	**17,840**	6,847	10,479
Add depreciation and amortisation of property, plant and equipment for the period	**9,279**	9,200	18,321
Add depreciation related to disposals	**–**	587	–
Total EBITDA for the period	**27,119**	16,634	28,800

4. 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	6,828
Total gross cash proceeds on sale of shares in Liberty Plc	**28,732**
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	1,801
	(24,193)
Non-controlling interest	12,749
Group share of net assets disposed of excluding cash	(11,444)
Net cash held by Liberty Plc disposed of	(12,907)
Total disposal of net assets including cash of Liberty Plc	**(24,351)**
Costs of disposal	**(1,486)**
Profit on disposal of shareholding in Liberty Plc	**2,895**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. 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 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Result of discontinued operations			
Revenue	**35,482**	25,612	60,774
Expenses other than finance costs	**(33,456)**	(26,724)	(63,434)
Finance costs	**(705)**	(798)	(732)
Tax expense	**(1,070)**	(357)	(690)
Profit on asset disposals	**12,527**	–	–
Profit on disposal of shareholding in Liberty Plc	**2,895**	–	–
Profit/(loss) on discontinued operations	**15,673**	(2,267)	(4,082)
Basic earnings/(loss) per MWB Group Holding Plc share (pence)	**7.3p**	(2.0p)	(3.5p)

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

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Operating activities	**(4,018)**	(2,317)	(1,103)
Investing activities	**40,468**	(1,387)	(2,175)
Financing activities	**(25,486)**	3,769	3,317
Net increase in cash from discontinued operations	**10,964**	65	39

5. FINANCE INCOME AND EXPENSES

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
The finance income arose as follows:-			
Interest income on cash deposits for the period	**238**	322	308
The finance expenses arose on financial liabilities measured at amortised cost as follows:-			
Unsecured Loan Stock 2009/2012	**1,116**	1,462	2,925
Bank loans and overdrafts	**8,927**	8,589	18,228
Amortisation of debt issue costs	**2,718**	1,529	4,418
	12,761	11,580	25,571
Less finance costs capitalised in respect of development expenditure before tax relief	**(54)**	(63)	(94)
Total finance expenses for the period	**12,707**	11,517	25,477

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 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Malmaison and Hotel du Vin	**196**	303	965
MWB Business Exchange Plc	**(886)**	1,568	418
Liberty Plc	**4,081**	(840)	(1,560)
Central	**–**	–	48
	3,391	1,031	(129)

7. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June 2010 '000	Six months ended 30 June 2009 '000	Year ended 31 December 2009 '000
Number of units in issue at start of period	**72,371**	72,371	72,371
Units issued by the Company during period	**91,667**	–	–
Number of units in issue at end of period	**164,038**	72,371	72,371
Weighted average number of units in issue during period	**158,467**	72,371	72,371

Earnings/(loss) per share

The earnings/(loss) per share figures are calculated by dividing the profit/(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 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Total profit/(loss) for the period attributable to equity shareholders of the Company	£'000	**165**	(6,501)	(15,948)
Weighted average number of units in issue during the period	'000	**158,467**	72,371	72,371
Earnings/(loss) per share (basic and diluted) on continuing operations	Pence	**(7.2p)**	(7.0p)	(18.5p)
Earnings/(loss) per share (basic and diluted) on discontinued operations	Pence	**7.3p**	(2.0p)	(3.5p)
Total earnings/(loss) per share (basic and diluted)	Pence	**0.1p**	(9.0p)	(22.0p)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

	Operational properties					
	Freehold £'000	Long leasehold £'000	Operating leasehold improvements £'000	In the course of construction £'000	Plant, machinery, fixtures & equipment £'000	Total £'000
Cost or valuation						
At 1 January 2010	335,417	129,196	42,581	1,929	105,623	614,746
Additions	5	–	4,198	69	4,568	8,840
Disposals	(26,208)	–	(137)	–	(19,156)	(45,501)
Revaluation	7,073	2,148	–	–	–	9,221
At 30 June 2010	316,287	131,344	46,642	1,998	91,035	587,306
Depreciation						
At 1 January 2010	–	–	(7,780)	–	(47,500)	(55,280)
Charge for the period	(1,002)	(363)	(1,851)	–	(5,984)	(9,200)
Disposals	–	–	44	–	14,003	14,047
Revaluation	1,002	363	–	–	–	1,365
At 30 June 2010	–	–	(9,587)	–	(39,481)	(49,068)
Net book value at 30 June 2010	**316,287**	**131,344**	**37,055**	**1,998**	**51,554**	**538,238**
Analysis of valuation surplus for the period						
Surplus credited to revaluation reserve	6,662	2,072	–	–	–	8,734
Surplus credited to non-controlling interests (note 12)	1,413	439	–	–	–	1,852
Revaluation surplus reflected in property, plant and equipment	**8,075**	**2,511**	**–**	**–**	**–**	**10,586**

Operational properties at net book value

	30 June 2010 £'000	31 December 2009 £'000
Freehold properties as above	**316,287**	335,417
Long leasehold properties as above	**131,344**	129,196
Operating leasehold improvements as above	**37,055**	34,801
Total operational properties per Condensed Consolidated Statement of Financial Position	**484,686**	499,414

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Operational properties					
	Freehold £'000	Long leasehold £'000	Operating leasehold improvements £'000	In the course of construction £'000	Plant, machinery, fixtures & equipment £'000	Total £'000
Cost or valuation						
At 1 January 2009	334,951	134,153	39,251	1,691	117,572	627,618
Additions	733	(6)	4,451	273	8,702	14,153
Disposals	–	–	(26)	(35)	(749)	(810)
Written off	–	–	(1,095)	–	(19,902)	(20,997)
Revaluation	(267)	(4,951)	–	–	–	(5,218)
At 31 December 2009	335,417	129,196	42,581	1,929	105,623	614,746
Depreciation						
At 1 January 2009	–	–	(5,711)	–	(55,975)	(61,686)
Charge for the year	(2,338)	(739)	(3,165)	–	(11,567)	(17,809)
Disposals	–	–	1	–	140	141
Written off	–	–	1,095	–	19,902	20,997
Revaluation	2,338	739	–	–	–	3,077
At 31 December 2009	–	–	(7,780)	–	(47,500)	(55,280)
Net book value at 31 December 2009	335,417	129,196	34,801	1,929	58,123	559,466

Valuation

The Group's property, plant and equipment is all located in the United Kingdom. The Group's operational properties were valued at 30 June 2010 by 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").

The valuations are consistent with the methodology adopted for valuations of assets as at 31 December 2009 as disclosed in the financial statements of the Group for the year ended 31 December 2009.

Properties included in property, plant and equipment valued by DTZ at 30 June 2010, totalled £490m. The carrying value of properties in the statement of financial position excludes those revaluation surpluses attributable to the land element of long leaseholds and developments which are held at cost. Other minor properties, the short leasehold properties of MWB Business Exchange Plc, and plant and equipment, are not revalued upwards and are carried at the lower of cost and net realisable value. These assets had a net book value at 30 June 2010 of £48m.

The historic cost of the Group's properties at 30 June 2010 includes capitalised interest of £9.5m (31 December 2009: £9.4m).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Due after more than one year			
Other receivables	**1,018**	2,566	2,569
Due within one year			
Trade receivables	**6,424**	10,534	12,566
Other receivables			
Disposal proceeds receivable	**21,904**	–	–
Other taxes and social security	**208**	1,141	118
Other debtors	**1,030**	1,654	1,009
Prepayments and accrued income	**17,291**	17,110	17,067
Retention balances	**1,402**	3,450	1,084
	48,259	33,889	31,844

10. CASH AND CASH EQUIVALENTS

The Group's net cash and cash equivalents are held in the following operating divisions of the Group:-

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Malmaison and Hotel du Vin	**8,697**	7,829	9,011
MWB Business Exchange Plc	**2,566**	3,120	6,433
Liberty Plc	**–**	1,968	1,943
Central	**17,621**	4,708	2,268
	28,884	17,625	19,655

11. LOANS AND BORROWINGS

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Current liabilities			
Secured bank loans	**4,193**	4,403	3,924
9.75% Unsecured Loan Stock 2009/2012	**–**	–	7,500
	4,193	4,403	11,424
Non-current liabilities			
Secured bank loans	**322,024**	345,926	342,080
9.75% Unsecured Loan Stock 2009/2012	**21,960**	30,000	22,500
	343,984	375,926	364,580
Loans and borrowings	**348,177**	380,329	376,004

Net debt

The Group's loans, borrowings and cash are included in the Condensed Consolidated Statement of Financial Position at 30 June 2010 as follows:-

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Loans and borrowings	**348,177**	380,329	376,004
Hire purchase and leasing contracts	**–**	182	192
Long leasehold obligations	**697**	697	697
Fair value of derivative financial instruments	**7,370**	2,876	5,526
Total loans and borrowings	**356,244**	384,084	382,419
Less net cash and cash equivalents in note 10	**(28,884)**	(17,625)	(19,655)
Total net debt at period end	**327,360**	366,459	362,764

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. NON-CONTROLLING INTERESTS

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	6,842	(886)	–	(156)	**5,800**
Liberty Plc	8,770	4,081	–	(12,851)	**–**
Others	1,636	–	–	–	**1,636**
	71,713	3,391	1,852	(13,554)	**63,402**

13. 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:-

		30 June 2010	30 June 2009	31 December 2009
Equity attributable to shareholders of MWB Group Holdings Plc per Condensed Consolidated Statement of Financial Position on page 20 of the financial statements	£'000	**138,301**	108,782	104,536
Number of units in issue at period end	'000	**164,038**	72,371	72,371
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share	Pence	**84p**	150p	144p

14. RELATED PARTY BALANCES AND TRANSACTIONS

Arrangements with ServCo Limited Partnership

(i) Background

In March 2002, the Company entered into a services agreement (the "Services Agreement") with ServCo Limited Partnership ("ServCo"), an entity controlled by the Executive Directors, which was approved by Independent Shareholders at an extraordinary general meeting of the Company held in May 2002. This agreement governed the relationship between the Group and ServCo in relation to the provision of administrative, operational and head office outsourced services by ServCo to the Group.

Under the Services Agreement, the Group paid a management fee for salary and head office costs incurred directly by ServCo and recharged to the Group in accordance with these approved arrangements.

In accordance with the Strategic Proposals circulated to Shareholders in the Placing Circular issued in December 2009, these arrangements in relation to the outsourcing of the Group's central head office functions to ServCo were terminated with effect from 1 January 2010.

(ii) Fees paid during period ended 30 June 2010

In accordance with the Services Agreement referred to above, which was terminated with effect from 1 January 2010, the Group paid no management fees or rental payments to ServCo during the six months ended 30 June 2010 (six months ended 30 June 2009: £1.4m; year ended 31 December 2009: £2.9m). The fees payable to ServCo under the Services Agreement were not remuneration payable to the Directors.

No amounts were outstanding either to or from ServCo at 30 June 2010 or at the previous period end and no amounts were written off in respect of any such balances during either period.

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 ("AHG") group of companies.

Richard Balfour-Lynn, the Chief Executive of MWB, Michael Bibring and a party related to 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. None of these Directors are involved in the day to day management of such business and the business has an independent management team. 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 MWB 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 30 June 2010, the Group charged £0.3m (six months ended 30 June 2009: £0.2m; year ended 31 December 2009: £0.3m) 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 30 June 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

15. 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 the 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 30 June 2010.

16. FINANCIAL STATEMENTS AND HALF-YEARLY FINANCIAL REPORT

A copy of this document has been submitted to the UK Listing Authority, and is available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS, telephone number 020 7676 1000.

The financial information set out in this Half-Yearly Financial Report in relation to MWB includes information for the six months ended 30 June 2010, with comparative information for the six months ended 30 June 2009 and the year ended 31 December 2009. The financial information contained within this Half-Yearly Financial 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.

This Half-Yearly Financial Report will be sent to shareholders during September 2010 and an electronic copy has been available on the Company's website at www.mwb.co.uk from the date of its announcement on 26 August 2010. The audited financial statements of MWB Group Holdings Plc for the year ended 31 December 2009, further copies of this Half-Yearly Financial Report, and the Half-Yearly Financial Report for the six months ended 30 June 2009, 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 Half-Yearly Financial Report has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU;

The Half-Yearly Financial 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 first six months of the financial year and their impact on the Half-Yearly Financial Report; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- **DTR 4.2.8.R** of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year 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

26 August 2010

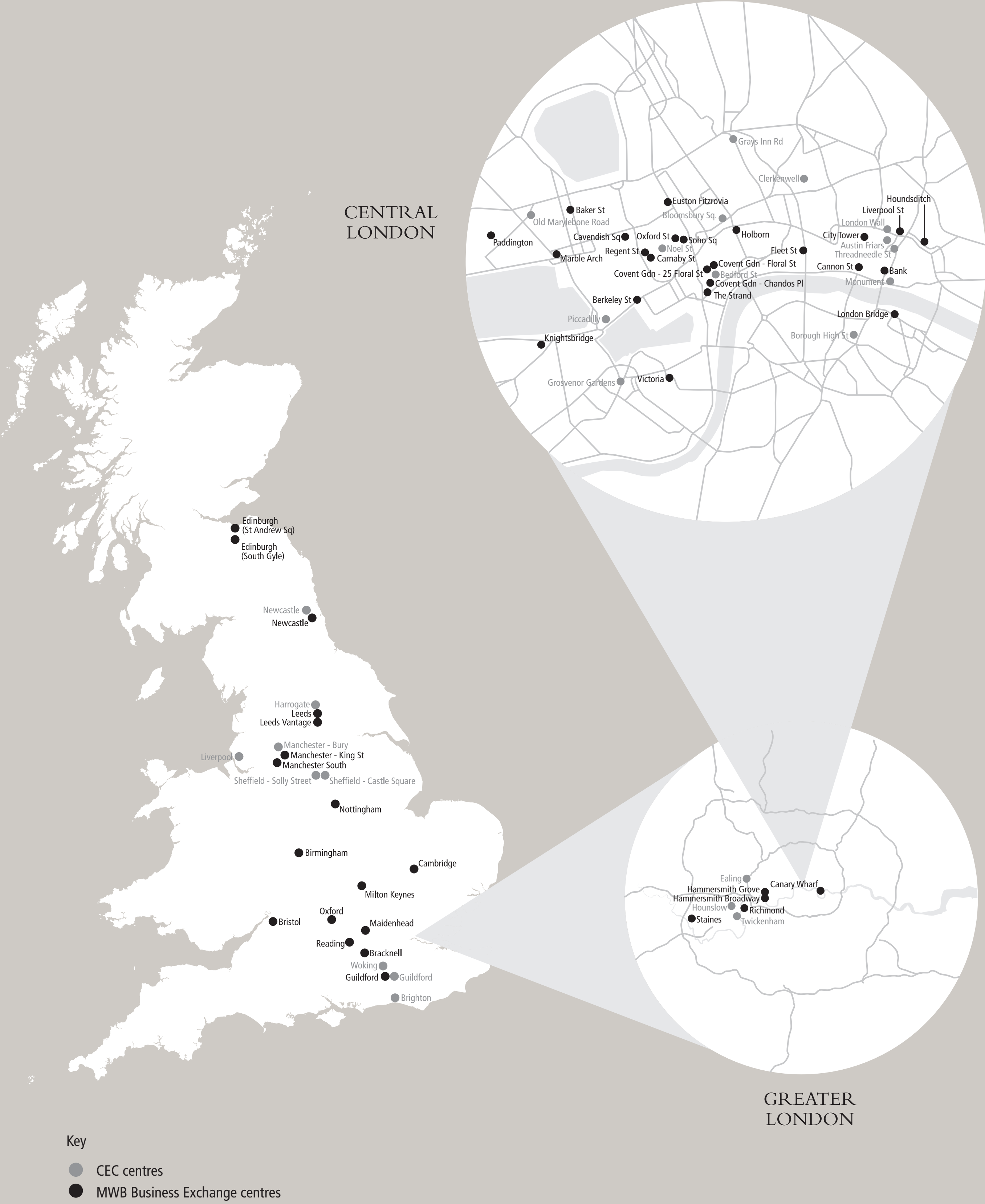
Group Business Centres

at 30 June 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

Leased centres	Location	Number of workstations
43 Temple Row	Birmingham B2 5LS	277
Atrium Court, The Ring	Bracknell RG12 1BW	428
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	296
Craneshaw House, 8 Douglas Road	Hounslow TW3 1DA	166
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	241
Providian House, 16-18 Monument Street	London EC3R 8AJ	217
107-111 Fleet Street	London EC4A 2AB	410
60 Cannon Street	London EC4N 6JP	339
Winchester House, 259-269 Old Marylebone Road	London NW1 5RA	341
Alpha House, 100 Borough High Street	London SE1 1LB	269
6 Hays Lane	London SE1 2QG	255
10 Greycoat Place	London SW1P 1SB	520
14 Basil Street, Knightsbridge	London SW3 1AJ	353
Lasenby House, 32 Kingly Street	London W1B 5QQ	259
Liberty House, 222 Regent Street	London W1B 5TR	380
77 Oxford Street	London W1D 2ES	291
18 Soho Square	London W1D 3QL	280
Cobalt Building, 19-20 Noel Street	London W1F 8GW	127
33 Cavendish Square	London W1G 0PW	516
Marble Arch Tower, 55 Bryanston Street	London W1H 7AA	330
1 Berkeley Street	London W1J 8DJ	351
85 Tottenham Court Road	London W1T 4DU	360
83 Baker Street	London W1U 6LA	338
One Kingdom Street, Paddington Central	London W2 6BD	325
26-28 Hammersmith Grove	London W6 7BA	503
1a Hammersmith Broadway	London W6 9DL	323
4/4a Bloomsbury Square	London WC1A 2RP	164
344-354 Gray's Inn Road	London WC1X 8BP	296
88 Kingsway	London WC2B 6AA	322
Amadeus House, Floral Street	London WC2E 9DP	267
25 Floral Street	London WC2E 9DS	294
17-19 Bedford Street	London WC2E 9HP	207
53-59 Chandos Place	London WC2N 4HS	211
Golden Cross House, 8 Duncannon Street	London WC2N 4JF	501
Siena Court, The Broadway	Maidenhead SL6 1NJ	171
Trident One, Styal Road	Manchester M22 5XB	327
Exchange House, 494 Midsummer Boulevard	Milton Keynes MK9 2EA	248
15 Wheeler Gate	Nottingham NG1 2NA	115
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	437
Centurion House, London Road	Staines TW18 4AX	181
Regal House, 70 London Road	Twickenham TW1 3QS	152
50 leased centres at 30 June 2010		**14,849**


CENTRAL LONDON
Grays Inn Rd
Clerkenwell
Euston Fitzrovia
Bloomsbury Sq.
Baker St
Old Marylebone Road
Paddington
Cavendish Sq
Oxford St
Soho Sq
Holborn
Noel St
Regent St
Carnaby St
Marble Arch
Covent Gdn - Floral St
Covent Gdn - 25 Floral St
Bedford St
Covent Gdn - Chandos Pl
The Strand
Berkeley St
Piccadilly
Knightsbridge
Grosvenor Gardens
Victoria
Houndsditch
Liverpool St
London Wall
City Tower
Austin Friars
Fleet St
Threadneedle St
Cannon St
Bank
Monument
London Bridge
Borough High St
Edinburgh (St Andrew Sq)
Edinburgh (South Gyle)
Newcastle
Newcastle
Harrogate
Leeds
Leeds Vantage
Manchester - Bury
Manchester - King St
Manchester South
Liverpool
Sheffield - Solly Street
Sheffield - Castle Square
Nottingham
Birmingham
Cambridge
Milton Keynes
Oxford
Bristol
Maidenhead
Reading
Bracknell
Woking
Guildford
Guildford
Brighton
Ealing
Hammersmith Grove
Canary Wharf
Hammersmith Broadway
Hounslow
Richmond
Staines
Twickenham
GREATER LONDON
Key
CEC centres
MWB Business Exchange centres

Group Business Centres

at 30 June 2010

Operating and Management Agreement centres	Location	Number of workstations
Level 33, 25 Canada Square, Canary Wharf	London E14 5LB	252
27 Austin Friars	London EC2N 2QP	104
City Tower, 40 Basinghall Street	London EC2V 5DE	215
133 Houndsditch	London EC3A 7AH	302
St. Clement's House, 27/28 Clement's Lane	London EC4N 7AE	416
Westgate House, Westgate Road	London W5 1YY	185
Pall Mall Court, King Street	Manchester M2 4PD	238
Elizabeth House, Duke Street	Woking GU21 5AM	139
8 Operating and Management Agreement centres at 30 June 2010		**1,851**

Management contract centres	Location	Number of workstations
Tower Point 44, North Road	Brighton BN1 1YR	350
Europa House, Barcroft Street	Bury BL9 5BT	266
Copthall 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
118 Piccadilly, Mayfair	London W1J 7NW	102
Cuthbert House, City Road, All Saints	Newcastle-upon-Tyne NE1 2ET	192
Quorum Business Park, Benton Lane	Newcastle-upon-Tyne NE12 8BX	390
Watson Chambers, Market Place	Sheffield S1 2GH	156
Provincial House, Solly Lane	Sheffield S1 4BB	116
13 management contract centres at 30 June 2010		**2,484**

Total		
71 centres at 30 June 2010		**19,184**

Malmaison and Hotel du Vin Group Hotels

at 30 June 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

	City	Number of bedrooms	Telephone number
Malmaison			
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	94	01865 268 400
Malmaison, 18-20 Station Road	Reading, Berkshire RG1 1JX	75	0118 956 2300
12 operating Malmaison		**1,289**	
Hotel du Vin			
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 245 5000
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	44	01904 557 350
14 operating Hotel du Vin		**614**	
26 operating hotels		**1,903**	

Current developments at 30 June 2010	City	Number of bedrooms
Hotel du Vin, 40 The Scores	St. Andrews KY16 9AS	21
Hotel du Vin, Stour Street	Canterbury CT1 2ND	57
2 current developments		**78**

Malmaison and Hotel du Vin Group Hotels

at 30 June 2010

Malmaison:

– Twelve operating hotels at 30 June 2010:

Edinburgh, Glasgow, Newcastle, Manchester, Leeds, Birmingham, London, Belfast, Oxford, Liverpool, Reading and Aberdeen

Hotel du Vin:

– Fourteen operating hotels at 30 June 2010:

Winchester, Tunbridge Wells, Bristol, Brighton, Birmingham, Harrogate, Henley, Glasgow, Cheltenham, Cambridge, York, Poole, Newcastle and Edinburgh

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www.malmaison.com www.hotelduvin.com www.mwbex.com

mwb business exchange

hotel du vin

mwb busi

MWB Group Holdings Plc

1 West Garden Place
Kendal Street
London W2 2AQ
Tel: 020 7706 2121

www.mwb.co.uk