

FOR IMMEDIATE RELEASE

28 August 2008

**MWB GROUP HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

HIGHLIGHTS

MWB GROUP HOLDINGS PLC

- Equity attributable to MWB shareholders at 30 June 2008 is 212p per share, compared to 254p at 31 December 2007, reflecting share of property valuation deficit of £30.5m or 41p per share.
- Adjusted equity attributable to MWB shareholders, after taking account of stakes in MWB Business Exchange Plc and Liberty Plc at Stock Market values at 30 June 2008 and incentives payable on realisation, amounts to 220p in comparison to 263p per share at 31 December 2007.
- Divisional operating EBITDA increased to £23.8m against £16.6m for the comparable period in 2007.
- Loss before tax of £5.4m in comparison to £3.8m in six months to June 2007.

“The second half of the year is now well underway and I am pleased to report that trading to date in all three of our businesses continues to be positive. Our businesses are all appropriately structured and the Group is well placed to continue the performance delivered during the first half of the year.”

Eric Sanderson
Chairman

- more -

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MALMAISON AND HOTEL DU VIN

- 22 operating hotels now open – a further four to open over next four months.
- Hotel properties valued at £510m at 30 June 2008 down from £529m at 31 December 2007.
- Revenue over the period grew by 24% to £52.0m from £41.9m for the comparable period to 30 June 2007.
- Operating EBITDA for six months to June 2008 increased by 22% to £12.2m compared with £10.0m for six months to 30 June 2007.
- Overall occupancy for six months to 30 June 2008, including new hotels, stable at 81%.
- Average room rate increased to £117 against £115 for year to 31 December 2007.
- Earnings before interest and tax increased to £7.4m in six months to June 2008, up from £2.3m in the comparative period.

“I am heartened by the level of performance achieved by Malmaison and Hotel du Vin in the current climate. We have the team and the product in place to deliver an excellent and highly regarded customer-facing offer that will endure. I therefore look forward to continuing to grow and develop the business as one of the UK’s leading lifestyle hotel operators.”

Robert B. Cook

Chief Executive

Malmaison and Hotel du Vin Group

MWB BUSINESS EXCHANGE PLC

- Revenue grew by 25% to £59.7m over comparable six months to 30 June 2007.
- Operating EBITDA rose strongly by 81% to £11.3m against £6.2m for the comparable six month period.
- Revenue Per Available Workstation (REVPAW) advanced 12% to £9,630 at 30 June 2008 from £8,600 at 30 June 2007.
- Revenue Per Occupied Workstation (REVPOW) up 7% to £10,500 at 30 June 2008 compared to £9,800 at 30 June 2007.
- Meeting and conference room division revenues up by more than 20% to £6.1m over six months to 30 June 2007.
- Occupancy increased to 92% at 30 June 2008, up from 88% at 30 June 2007.
- Robust contracted income already accounts for approximately 75% of current projections to December 2008.
- Profit before tax increased to £8.8m in six months to June 2008, from £3.5m in the comparative period.

“Our highly focused strategy, where we have concentrated on proven growing markets such as Central London, continues to bear fruit for the company. We are again delivering results for the six months to 30 June 2008 that are ahead of expectations.”

John Spencer
Chief Executive
MWB Business Exchange Plc

LIBERTY PLC

- Total revenue increased to £22.0m from £20.8m in six months to 30 June 2007.
- Independent Liberty of London showcase store in Sloane Street opened July 2008.
- Liberty balance sheet supported by Great Marlborough Street Flagship Store valued at £31.5m.
- Loss before tax increased to £4.1m in six months to June 2008 from £2.3m in the comparable period, reflecting increased brand expenditure of £2.0m and one-off restructuring costs of £0.9m.

“I am pleased to be reporting more progress at Liberty over the first half of the year both within the flagship store and across the business as a whole.”

Geoffroy de La Bourdonnaye

Chief Executive

Liberty Plc

CHAIRMAN'S STATEMENT

Despite the deteriorating economic environment we have continued to grow the three businesses that comprise MWB Group Holdings Plc during the six months to 30 June 2008. Over the period each of our businesses has continued to consolidate its position and the Group overall has produced further advances in both revenue and EBITDA. This performance, in what have been quite difficult market circumstances, reflects the progress we have made in two principal areas: increasing brand awareness and continuing the development one of our key assets – our people.

Against this background I believe there has been a significant over-reaction towards the Group's share price and also that of our AIM quoted subsidiary MWB Business Exchange. The share price of MWB Business Exchange, one of the UK's leading providers of flexible office space in which the Group has a 68% holding, has fallen below its 80p per share issue price at the time of its December 2005 AIM flotation. As shareholders will see from the accompanying results, MWB Business Exchange has produced 25% revenue growth to £59.7m and an 81% rise in EBITDA to £11.3m in the six months to June 2008 against the comparable period last year.

The current share price of MWB Business Exchange represents a 2007 historic EBITDA multiple of less than three times. In our view, this is absurdly low and does not reflect its current levels of profitability, its future prospects or the dynamic nature of its business. MWB Business Exchange is now generating 66% more revenue and over 250% more EBITDA than it was at flotation and the Board continues to be confident of its performance and overall prospects.

The Directors consider these results from MWB Business Exchange would be regarded as excellent in a healthy and growing economy. Against a backdrop of the current business environment, I believe they are truly commendable and demonstrate the depth and quality of MWB Business Exchange's offer as well as its management's capability in the face of tough market conditions. MWB Business Exchange continues to reap the rewards of its highly focused expansion programme and this performance has been achieved with no borrowings at 30 June 2008.

At the same time our two leading lifestyle hotel brands, Malmaison and Hotel du Vin, in which the Group continues to hold an 82.5% interest, have also made strong progress during this difficult trading environment. Our newer hotels are establishing themselves well whilst taking slightly longer than in the stronger financial climate last year. The business has produced further revenue advances to £52.0m for the six months ended 30 June 2008, and a 22% uplift in operating EBITDA to £12.2m in comparison to the previous year. Overall occupancy on a like-for-like basis held firm over the period at 80% while at the same time average room rate across the business increased to £117, a rise of 2%.

We have four new hotels opening this Autumn, taking our total operating portfolio to 26. These comprise three Hotel du Vins in Poole, Newcastle and Edinburgh, and a new Malmaison in Aberdeen. While our business has performed well, we are well aware of the current economic climate and have launched a number of initiatives aimed at making both Malmaison and Hotel du Vin ever more attractive to both stay and eat in. We have no doubt that both these award-winning brands will continue to improve their positions in the UK boutique hotel market.

We are also pleased with the progress being made by the new management team at Liberty, our retail business in which we have a 68% interest. Under its new chief executive, Geoffroy de La Bourdonnaye, who joined Liberty in July 2007, the business produced a 6% increase in revenue for the six months to June 2008. This has been achieved during a particularly difficult period for retailing, with an especially strong performance from our Men's Fashions and Wholesale Fabrics divisions. This translated into operating EBITDA before brand expenditure and reorganisation costs of £0.3m, being the same as that for the six months to June 2007.

Liberty is increasingly offering a range of quality brands on an exclusive basis. This approach in part reflects the management reorganisation that has been underway since the arrival of our new CEO last year. Here we have focused on attracting the right people to develop both the Liberty brand, through Liberty of London, and a more luxury retail offer.

Last month we opened our first stand-alone Liberty of London store on Sloane Street in Knightsbridge. This beautifully designed retail outlet stocks the increasingly wide range of Liberty of London products and acts as the international showcase for this luxury brand. The brand is gaining both recognition and awareness of the style and quality of its product range as an increasing number of worldwide outlets stock Liberty of London pieces.

We have also recently launched our new Liberty transactional website enabling customers from around the world to buy Liberty products on-line. We are adopting a careful approach to the development of the site to ensure delivery fulfilment, increased revenue levels and continued strength in the Liberty brand.

Overall, for the six months ended 30 June 2008, the Group produced divisional operating EBITDA of £23.8m, up from last year's £16.6m. Pre-tax losses of £5.4m compare to a pre-tax loss of £3.8m in the six months to June 2007. Last year's results included profits arising on property sales of £6.7m, while the current period's results reflect the absorption in the period of £2.4m of costs associated with our successful corporate restructuring. On-going overheads continue to be closely controlled and the ServCo fee has been reduced by £1.1m to £2.4m per annum from January 2009.

However, as far as shareholders are concerned, we consider the key statistic to be MWB's property valuations at 30 June 2008. During this period, property values have fallen as a result of continued turbulence in the markets. Nevertheless it is gratifying to note the robust nature of our hotel portfolio, which has withstood the majority of the adverse effects of recent market movements. Overall, a reduction in value during this six month period of £37.2m arose, amounting to 6% of the gross value of the portfolio, resulting in a reduction of £30.5m in equity attributable to MWB shareholders.

We continue to manage debt levels closely and our property gearing (being the percentage of net debt to total property interests) was 57% at the period end. This reflects the Board's continued strategy of maintaining property gearing at relatively low levels to ensure protection of shareholder interests in these more uncertain times.

As a result of the decrease in property values during the period referred to above, equity attributable to shareholders after taking account of minority interests, reduced to £157.5m from £204.4m at 31 December 2007. This represents a reduction of 42p per share from the 254p in our December 2007 results, to 212p at June 2008. This reflects, we consider, a creditable performance in the adverse financial and property markets in the first half of this year.

It is important to remember that property valuations included on our financial statements take no account of the market value of the Malmaison and Hotel du Vin brands, their goodwill or the current roll-out programme. We therefore believe there is further capital value to be realised for shareholders as these successful niche businesses continue to grow.

Two important interlinked corporate transactions were completed during the period. Firstly, we completed the reorganisation of the Group's businesses under our new holding company, MWB Group Holdings Plc. This reorganisation created a group structure with significantly increased flexibility with regard to future disposals of the operating businesses; it increased distributable reserves by £160m and it increased flexibility in the manner in which cash or cash equivalents can be returned to shareholders once the underlying businesses have been sold. Secondly, in accordance with the structure previously approved by shareholders, we extended the Cash Distribution Programme for two years to enable value realisation from our businesses when the markets are more receptive. We are totally focused on that delivery.

It is uncertain how long the current difficult economic environment will continue and I am therefore cautious about the immediate future. However, the second half of the year is now well underway and I am pleased to report that trading to date in all three of our businesses continues to be positive. Our businesses are all appropriately structured and the Group is well placed to continue the performance delivered during the first half of the year.

Eric Sanderson

Chairman

28 August 2008

MALMAISON AND HOTEL DU VIN OPERATING REVIEW

The quality of the Malmaison and Hotel du Vin offer, combined with their distinctive brand values, has contributed towards further progress in the business in spite of the difficult economic environment. I am pleased to report that all five properties we opened over the past 18 months have established themselves well in their individual markets.

Across the business we produced healthy increases in revenue, ahead by 24% in the six months to 30 June 2008 to £52.0m. This, together with the tighter cost controls implemented last year, have borne fruit in operating EBITDA, where we produced a 22% increase to £12.2m. At the same time, on a like-for-like basis, we delivered an uplift in room rates to £117, an advance of 2% in this six month period, at a time when the market is experiencing lower spends and falling revenues. Occupancy, on a like-for-like basis also rose by nearly 2% to 80% against 78% for the same period a year ago.

We are operating in much tougher market conditions than a year ago, and we have seen a reduction in discretionary spending. This has the potential to impact particularly our Hotel du Vin offer that, broadly speaking, is more targeted towards the leisure market. However, I am pleased to report that HdV performed very well in these testing market conditions, reflecting the impact of the quality offer and strong cost controls I mentioned earlier. Across the portfolio it has been interesting to note that our hotels in larger cities and conurbations have performed generally better than those in the more provincial towns, mirroring the trend of a slightly reduced leisure spend compared to the more robust business market.

At the period end the group comprised 22 operating hotels together with our property in St Andrews, which will shortly undergo a refurbishment programme before re-opening in the first quarter of 2010 as a 41 bed HdV. A further four hotels will open during the second half 2008, three of which, Poole (September), Newcastle (October) and Edinburgh (November), will be HdV properties providing a total of 126 rooms while the fourth property will be an 80 bed Malmaison in Aberdeen also opening in November. This will take the total to 26 hotels, of which 14 will be HdV and 12 Malmaison.

Meanwhile, a site has been acquired in Canterbury and legal documentation is being finalised for the acquisition of a further site in Chester, both of which are planned to be developed as HdVs for opening during 2010. At the same time we are looking for suitable properties for Malmaison in London's West End, Dublin, Milton Keynes, Portsmouth, Bristol and Leicester which would take the total portfolio to 35 hotels.

Pub du Vin, which is being created out of part of the former Sussex Arts Club adjacent to our HdV in Brighton, will open in November 2008 while its 11 bedroom offer will come on stream in January 2009. There has been increasing market desire for the "Traditional British Pub" as well as finer dining in more typical country and rural based pubs. We believe there will be long-term growth in this market sector and we regard the HdV brand as well placed to take full advantage of the demand for a product of this nature.

We continue to invest in our existing portfolio with programmes aimed at upgrading and, where appropriate, expanding the number of rooms or facilities. At our Birmingham Malmaison we invested over £600,000 during the period refurbishing the reception area and bedrooms, while at Harrogate we have added a further five bedrooms and a spa which opened shortly after the period end.

But it is not only in our properties where we continue to invest. Our employees are as important as the hotels themselves as they are the people who deliver the brand values of which we are rightly proud. Their efforts have been recognised in the awards we continued to win during 2008. Both Malmaison and HdV received the "Best Place to Work" award from the UK Hospitality industry during 2008 while Malmaison was awarded the Sunday Times readers "Hotel Brand of the Year" and our HdV at One Devonshire Gardens in Glasgow won "Scotland's Hotel of the Year" award.

Two of our young General Managers, Andrew Creese (HdV Newcastle) and Andy Roger (HdV Tunbridge Wells) won the hotel industry's Acorn awards for "The Best 30 under 30". In addition, Sean Wheeler was awarded "HR Director of the Year" which was particularly pleasing as this is a national HR industry award and not restricted to the hospitality sector.

During the period we have also strengthened our senior management team in response to the substantial growth achieved over the past few years and to ensure we can manage our anticipated growth both in the UK and abroad. Bruce McKendrick has joined as Managing Director from The Tussauds Group where he had great success in managing their extensive Theme Parks business and he is working closely with me.

We continue to look for further sites within the UK and Ireland. We appreciate that once the present requirements are fulfilled there are probably fewer opportunities for expansion within the domestic market. With our expanded senior management team – all of whom have extensive international experience – we are looking to take the Malmaison concept into overseas markets and are currently evaluating Continental Europe, the Middle East and India.

We are adopting an open-minded approach to gaining footholds in these markets but do not expect to invest significant capital in this expansion as it is expected to take the form of leases or management contracts. We believe the Malmaison and HdV brands are now sufficiently mature that we can take them into new markets and achieve similar levels of success as we have done within the UK.

While market conditions are tougher than they were a year ago, I am heartened by the level of performance achieved by Malmaison and Hotel du Vin in the current climate. It is difficult to predict the future but what is certain is that we have the team and the product in place to deliver an excellent and highly regarded customer-facing offer that will endure. We recognise the challenges presented by the current business environment which we have addressed and are prepared to meet any further changes as they arise. I therefore look forward to continuing to grow and develop the business as one of the UK's leading lifestyle hotel operators.

Robert B. Cook
Chief Executive
Malmaison and Hotel du Vin Group
28 August 2008

MALMAISON AND HOTEL DU VIN – KEY FINANCIAL HIGHLIGHTS

Malmaison has expanded organically during the period under review. The key performance indicators for the business, together with its trading and balance sheet performance in recent periods, are summarised below:-

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
<u>Malmaison</u>				
Total revenue	£'000	30,657	26,213	58,198
Average occupancy for period	%	79	76	78
Average room rate for period	£	114	112	113
Operating EBITDA*	£'000	7,984	7,097	14,761
Number of operating hotels at period end		<u>11</u>	<u>10</u>	<u>11</u>
<u>Hotel du Vin</u>				
Total revenue	£'000	21,363	15,729	37,074
Average occupancy for period	%	81	83	81
Average room rate for period	£	122	124	124
Operating EBITDA*	£'000	4,249	2,939	9,143
Number of operating hotels at period end		<u>11</u>	<u>9</u>	<u>11</u>
<u>Combined Malmaison and Hotel du Vin</u>				
Operating EBITDA*	£'000	12,233	10,036	23,904
Operating loss after interest before tax*	£'000	<u>(1,134)</u>	<u>(2,711)</u>	<u>(4,551)</u>

*Operating EBITDA and Operating loss after interest before tax, represent the earnings of the business before pre-opening costs, one off costs of aborted sale transactions and exceptional gains and losses.

		30 June 2008	30 June 2007	31 December 2007
<u>Balance sheet composition</u>				
Property, plant and equipment	£'000	509,915	525,877	528,923
Debt	£'000	(261,272)	(224,285)	(239,512)
Adjusted equity attributable to shareholders of MWB Group Holdings in Malmaison and Hotel du Vin	£'000	182,990	236,197	222,675
Adjusted equity attributable to shareholders of MWB Group Holdings in Malmaison and Hotel du Vin, in pence per MWB Group Holdings share	Pence	<u>246p</u>	<u>293p</u>	<u>276p</u>

MWB BUSINESS EXCHANGE PLC OPERATING REVIEW

Once again I am pleased to report another period of strong progress and consolidation as MWB Business Exchange continues to make advances on all fronts in spite of the present difficult economic climate.

Our highly focused strategy, where we have concentrated on proven growing markets such as Central London, continues to bear fruit for the company. We are again delivering results for the six months to 30 June 2008 that are ahead of expectations. EBITDA for the period was £11.3m, a very creditable 81% uplift over our already strong performance a year ago. This resulted in an increase in pre-tax profits from £3.5m in the first half last year, to £8.8m in the first half this year. Our balance sheet continues to be strong as we benefit from healthy cash flows; we had £9.5m of borrowings at 31 December 2007 all of which we have now repaid.

These results reflect the increasing maturity of both the MWB Business Exchange brand and its product offering. The concept of serviced offices continues to gather momentum and market acceptance, and this is borne out in the advances MWB Business Exchange has made over the period.

We started the period with very high occupancy levels of 90% and I am pleased to report that we maintained those levels during the six months to 30 June 2008, ending the period at 92%. This has given us both strong cash flow and protection of income streams as the average length of client occupancy is approximately two years; a similar level to that at 31 December 2007.

Demand for the MWB Business Exchange offering has remained strong, with lead flow up 24% over the comparative period. The London City market has remained particularly buoyant, with lead flow up 54% - an encouraging statistic considering current vacancy rates and low take up in the conventional office market. These figures, coupled with our focus on securing client contracts for longer terms, reinforce our belief that we are well placed to address the forthcoming challenges that the current economic climate presents. Organisations do not want to commit to long term lease obligations and require the versatility that flexible office space can provide. Conventional leases can also be an unnecessary risk for occupiers – which is why the risk averse route we provide continues to be so appealing to both corporates and SMEs alike.

Our strategy has also been to preserve cash flow and as a result we have not opened any new leased or capital intensive centres during the first half of 2008. Instead we have concentrated on driving business in the new centres that were opened last year, the results of which have been very encouraging. These new centres have reached maturity quickly and consequently have made a positive contribution to cash flow in a relatively short time frame. We have launched new services, some of which generate additional revenue and all of which help to improve client retention - particularly important in the current market conditions.

A key highlight in the development of new services has been the enhancement of our IT and Telecoms offering, which enables us to provide additional product and service streams, tailored to the specific requirements of our diverse client base. This has resulted in a 13% increase in IT and Telecoms revenue over the period to £4.9m compared to the prior six months ended 31 December 2007.

In the present market we are adopting a cautious approach to expansion. We do not envisage acquiring more leased centres at present, but there are opportunities to grow using our proven Operating and Management Agreement (OMA) operation, both within Central London and key regional centres, and these are being pursued.

Since the period end, we have opened a further centre using the OMA strategy. Located in the City, not far from Bank in Clement's Lane, EC4, this 34,150 sq. ft. building provides us with a further 407 workstations, as well as an additional Meeting and Conference Room offering. Under our OMA model we receive a regular management fee and a profit share with no exposure to capital expenditure or long leases. OMAs also continue to be particularly appealing to landlords and corporate occupiers looking to maximise their returns from vacant or under-utilised space. This in turn enables us to adopt minimum risk in the growth of our centres, yet still enables us to expand our business. Today we have a total of 17 centres that are operated under OMAs.

Since January 2008 we have reduced the number of centres slightly to 56, closing two underperforming locations and opening one new centre as described above. Despite this we have marginally increased the number of workstations to 15,914 as we have taken on additional space in existing buildings such as Cavendish Square in London's West End, where demand remains strong. Likewise we have maintained our Meeting and Conference Room offer which continues to make a growing and profitable contribution to our business model.

The revenue in our Meeting and Conference Room division during the six months ended June 2008 totalled £6.1m, a 20% increase over the comparable period. To help support the continued growth of this division, we have recently implemented a new yield management and booking system, primarily to cope with the increased demand for our meeting rooms that we are experiencing from the corporate sector. We are benefiting from companies' lower training budgets which require more single day facilities rather than including an overnight stay with consequent higher accommodation costs. The new system enables us to better identify the sources of leads to maximise efficiencies and provides us with a platform for a greatly improved on-line booking capability.

It is particularly pleasing, especially in the current climate, to see this strong performance reflected in our key performance indicators. For example, revenue per available workstation (REVPAW) advanced 12% to £9,630 at 30 June 2008 from £8,600 a year ago. Similarly, revenue per occupied workstation (REVPOW) increased 7% to £10,500 from £9,800 in June 2007.

We have approximately 1,500 serviced office clients, spread across a diverse range of sectors, who have an average initial requirement of seven workstations for an initial eight month term. Today our contracted income equates to approximately 75% of our projections for the remainder of the year to December 2008. When anticipated renewals are factored in, this figure rises to 90%, further underpinning our business model and providing certainty of our future income stream.

We work tirelessly to ensure that we support our clients' businesses and provide them with the freedom to excel during their time with us. Our latest independent client survey reported that over 90% of our clients were satisfied or very satisfied with the service we provided and virtually all rated our people as good, very good, or excellent. These results are especially pleasing as they highlight that our strategy of both people development and market differentiation has been successful.

Over the past two years we have successfully implemented our strategy of focusing centre expansion in key markets, especially Central London and in particular the West End, where a shortage of quality space and rising rents for office space have made the MWB Business Exchange offering particularly attractive. In addition we ensure our centres are unbranded which increasingly appeals to a broad range of clients. We continue to reap the operational and financial benefits of this approach.

Despite this considerable success, MWB Business Exchange's share price has fallen over the last year and recently dropped below the 80p issue price at the time of our AIM flotation in December 2005. The current share price represents a 2007 historic EBITDA multiple of less than three times. In our view, this does not represent anywhere near the true value of the Company, especially when considering our excellent results since flotation, our financial position and the Company's prospects in the short and medium term.

The company is ungeared, having repaid all its loans from retained cash flow during the six months to 30 June 2008, whilst retaining a revolving bank loan facility of £13m to take advantage of opportunities as they arise.

It is clear that market conditions are becoming tighter, but we are pleased to confirm that to date we have not seen any negative impact on revenue streams due to the diversity and high quality of our offer. However we are monitoring the market extremely closely. Prospects for the remainder of the year to December 2008 continue to be good and we anticipate reporting further progress in March 2009.

John Spencer
Chief Executive
MWB Business Exchange Plc
28 August 2008

MWB BUSINESS EXCHANGE PLC - KEY FINANCIAL HIGHLIGHTS

The key performance indicators for this business and the trading performance and balance sheet in recent periods, are summarised below:-

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
<u>Operating statistics</u>				
Revenue	£'000	59,713	47,910	100,046
Occupancy at period end	%	92	88	90
Revenue per available workstation ("REVPAW") at period end	£	9,630	8,600	8,435
Revenue per occupied workstation ("REVPOW") at period end	£	10,500	9,800	9,355
EBITDA	£'000	11,273	6,231	16,982
Number of operating centres at period end	Number	39	40	41
Number of Operating and Management Agreements at period end	Number	<u>17</u>	<u>15</u>	<u>16</u>
<u>Financial performance</u>				
Profit before tax	£'000	<u>8,800</u>	<u>3,481</u>	<u>12,746</u>
		30 June 2008	30 June 2007	31 December 2007
<u>Balance sheet composition</u>				
Property, plant and equipment	£'000	41,913	35,369	42,197
Net cash/(debt)	£'000	5,838	(32)	(5,031)
Adjusted equity attributable to shareholders of MWB Group Holdings in MWB Business Exchange Plc	£'000	34,619	64,776	39,548
Adjusted equity attributable to shareholders of MWB Group Holdings in MWB Business Exchange Plc, in pence per MWB Group Holdings share	Pence	<u>47p</u>	<u>80p</u>	<u>49p</u>

LIBERTY PLC OPERATING REVIEW

I am pleased to be reporting more progress at Liberty over the first half of the year both within the flagship store and across the business as a whole. This advance reflects the hard work that has been undertaken over the past year to reorganise both the management team and the operating structures.

It is important to stress that we continue to develop the business on a number of fronts, all of which are aimed at making Liberty a global luxury brand. To this end, we continue to take full advantage of Liberty's worldwide brand identity, its history, designs and products.

Despite the current economic environment, I can report that revenue across all of Liberty's divisions has improved during the first half of the year compared to the same period a year ago. Total revenue for the period advanced by 6% to £22.0m against £20.8m for the first six months of 2007, with a particularly strong performance from our Fabrics division where we achieved a 15% rise in sales to £7.6m.

As shareholders will have noted, costs for the Liberty of London brand rose from just under £1.6m in the six months to June 2007 to almost £2.0m for the current period. The impact of this investment and certain one-off reorganisation costs of £0.9m this period, is that EBITDA for this six months was a loss of £2.6m compared to last year's loss of £1.2m. After interest and depreciation totalling £1.5m, this resulted in a pre-tax loss of £4.1m this time, compared to the pre-tax loss of £2.3m for the same period last year. We believe the expenditure invested during 2008 will improve performance in future years and the business has the benefit of the £31.5m Liberty flagship store which supports its financial strength.

Against a backdrop of difficult trading conditions in the retail sector, the Regent Street flagship store saw total sales increase to £16.7m. This reflects another successful half year for Men's Fashions, advancing by 13% on the back of a strong offer including an expanded footwear section, while our Beauty and Homes departments also performed strongly, producing 8% and 4% sales uplifts respectively during the first half.

The store is beginning to re-establish itself as a retail destination. We are undergoing a major transformation, both front-of-house and behind the scenes, that will continue to improve our product offer, service, visual identity and marketing.

Typical of this transformation is our highly focused lingerie department which stocks a number of brands that in London are exclusive to Liberty such as Kiki de Montparnasse. As a result, Liberty's lingerie department is now rated as one of the best in London. Additionally, we are offering a range of brands exclusive to Liberty in London such as Karl Lagerfeld and Christian Lacroix bridal, Le Labo perfumes and Jean Paul Gaultier ladieswear.

The store is also benefiting from its involvement with the Victoria & Albert Museum that led to collaboration over the staging of their exhibition "China Design Now". Since then the store has hosted a highly successful Arts & Crafts exhibition, which attracted large numbers of Liberty aficionados.

Part of the store's improvement is due to a reorganisation programme that has been implemented over the past nine months, the effects of which are now being seen. We have placed greater emphasis on buying and merchandising, particularly in Accessories and Ladies' Fashion. To that end we have appointed new buyers in Accessories and recruited Yasmin Sewell, an extremely talented and experienced buyer, as a long-term fashion advisor. She joins the team led by Olivia Richardson who was appointed Head of Fashion Buying in May. The impact of these changes, although coming through in the latter part of 2008, will be felt with more impact during the first half of 2009.

As I mentioned earlier, one of the great success stories of the period has been our Fabrics division especially in Japan where we now wholly own our wholesale business. Liberty designs have become increasingly popular in Japan and underlying Yen revenues in Japan rose by 19% during the period. We believe there are great opportunities to expand our wholesale fabrics sales base in a number of key markets, such as North America and the Far East and these are being examined.

Liberty prints are being used in a wide variety of design contexts across the world. Leading fashion designer Junya Watanabe is making extensive use of our fabrics in his clothing ranges while global brands like Nike and Gap have incorporated Liberty prints in certain of their best-selling product ranges.

We are collaborating with a range of artists, including the award winning English artist Grayson Perry, to produce new Liberty print designs. At the same time we are working with the Central St Martin's School of Art to enable textile students to develop and produce Liberty floral print collections for their end of year shows. The winner's designs will be presented in the store.

An important step in enhancing sales generally, as well as developing the brand globally, is the launch of our transactional website, enabling customers from around the world to buy our products on-line. We undertook a “soft” launch of the website last month and we already have a wide selection of the store products available. By the time I report to you again next Spring, the on-line store should have become well established and I will update shareholders with the progress we have made on this important advance to bring Liberty into our customers’ homes.

Progress continues to be made with the Liberty of London luxury brand. Last month we launched our first stand-alone Liberty of London store in Sloane Street. This 1,800 sq ft two-storey store has been designed by Paris-based architects Pierre Beucler and Jean-Christophe Poggioli. It is a showcase for the growing range of Liberty of London clothes and accessories, for both men and women. The new store reflects a modern take on Liberty’s historic prints and designs, featuring among other things, a three metre long scarf bar that brings together an impressive mixture of exclusive designs. The store has been well received by the fashion media and is becoming a Knightsbridge landmark as it establishes itself on this famous shopping street as another major internationally-recognised luxury brand.

Today I am delighted to report that Liberty of London merchandise is now sold in more than 100 of the world’s leading stores. This reflects the growing success of our wholesale operations especially through our trade shows in Paris, Milan and London.

Over the past few months we have appointed a range of high calibre people to key positions within Liberty as part of our overall restructuring. In May, Paul Harris, who has a strong retail background, was appointed to the Board as Finance Director, having been with the company for two years as Financial Controller.

Other senior management appointments include James Bradbury who joined as Retail Operations Director. He brings a wealth of experience gained at Harrods and Jenners as well as a unique background from The Tussauds Group where his expertise in guest service standards will be enormously helpful in refining the whole Liberty shopping experience.

Meanwhile Fabio Guidetti will be taking up his role as Sales and Distribution Director for Liberty of London in the Autumn of 2008. He joins us from Pringle where he was head of international sales and he has held senior sales positions with other major brands such as Donna Karan and Cerutti.

I believe we now have the management team and structures in place to deliver both the service and product that is expected of a brand that is aiming at a global luxury retail market. We expect to see more collaborative ventures with major world brands, as well as individual fashion designers, that will raise not only our profile but also generate revenue within the international retail market.

While it is difficult to gauge our performance going forward in the present retail market and general economic uncertainty, I sincerely believe the entire Liberty business is better placed than ever to deliver a performance that reflects its inherent potential as well as its extensive history. The current economic environment makes all business challenging but we have the people, the brand and the products to face that challenge.

Geoffroy de La Bourdonnaye

Chief Executive

Liberty Plc

28 August 2008

LIBERTY PLC - KEY FINANCIAL HIGHLIGHTS

Liberty Plc is in the process of transforming itself into a dynamic retail destination, underpinned by a strong and expanding retail brand. The historical trading and balance sheet performance of Liberty Plc is summarised below:-

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
<u>Financial performance</u>				
Revenue	£'000	22,028	20,758	46,689
Operating EBITDA before brand expenditure and reorganisation costs	£'000	274	378	2,671
Operating (loss)/ profit before brand expenditure and reorganisation costs	£'000	(1,239)	(721)	200
Brand expenditure	£'000	(1,971)	(1,554)	(3,484)
Reorganisation costs	£'000	(936)	-	(2,702)
Loss before tax	£'000	<u>(4,146)</u>	<u>(2,275)</u>	<u>(6,493)</u>
		30 June 2008	30 June 2007	31 December 2007
<u>Balance sheet composition</u>				
Intangible asset – brand and goodwill	£'000	18,382	18,200	18,382
Property, plant and equipment	£'000	33,400	38,810	34,400
Net debt	£'000	(12,756)	(7,316)	(8,704)
Adjusted equity attributable to shareholders of MWB Group Holdings in Liberty Plc	£'000	42,480	48,407	46,862
Adjusted equity attributable to shareholders of MWB Group Holdings in Liberty Plc, in pence per MWB Group Holdings share	Pence	<u>57p</u>	<u>60p</u>	<u>58p</u>

INTERIM MANAGEMENT REPORT

for the six months ended 30 June 2008

INTRODUCTION

The Chairman's Statement and Operating Reviews provide information on the Group's principal operations and the Board's expectations for the future. This Financial Review covers in greater depth the more significant features of the financial statements for the six months ended 30 June 2008, which include an independent valuation of the Group's properties at that date.

OBJECTIVES

The strategy of the Company, led by the activities of the Board, is to realise the Group's assets in cash or cash equivalents over the remainder of the period of its Business Plan. This emanates from the proposals set out in the May 2002 Circular which were approved by shareholders at an extraordinary general meeting held in May 2002. This provides a clear focus for all activities of the Group.

At an extraordinary general meeting held in May 2002, Shareholders approved implementation of the Cash Distribution Programme. At the time, the Company's share price was 92p per share and the Board set itself the target of returning 200p per share in cash or cash equivalents to Shareholders, representing a return to Shareholders of £220m. In April 2008, the realisation process was extended to December 2010, because the Board recognised that the current economic climate and tightening of available credit made the sale of the remaining businesses by the end of 2008 less likely to be achieved at prices reflecting their current financial success and strong brand values. The Board firmly believes that the extension was in the best interests of all shareholders, in line with the approval granted by shareholders at the time of its implementation.

Throughout this time, the Board has remained focused in delivering the Cash Distribution Programme in the manner originally envisaged. This has involved property sales totalling more than £600 million, all at prices well in excess of recent valuations and original cost. As a result, the Group has paid down the majority of its debt from the time of implementation of the programme, the Group's three core operating businesses have been significantly enhanced and we have created a strong and vibrant Group going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group's activities are included on pages 81 to 86 of the Annual Report and Financial Statements for the year ended 31 December 2007. A copy of the 2007 Annual Report and Financial Statements is available on the Company's website at www.mwb.co.uk/mwb/uploads/reports/mwbAR07.pdf

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC

During the six months ended 30 June 2008, the Group recorded a decrease in equity attributable to shareholders primarily as a result of a reduction in the Group's property values during the period. As a result, there was a net decrease in equity attributable to shareholders of MWB Group Holdings during the period of £46.9m from £204.4m to £157.5m, equating to a reduction of 42p from 254p to 212p per share.

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

	Six months ended 30 June 2008	
	£'000	Pence per share
Equity attributable to shareholders of MWB Group Holdings Plc at 1 January 2008	204,377	254p
Movements during the period:		
Revaluation of property, plant and equipment, net of tax	(30,521)	(41p)
Retained loss for the period	(7,778)	(10p)
Dividend paid to external shareholders of MWB Business Exchange Plc	(427)	-
Purchase of own shares	(8,525)	8p
Defined benefit pension scheme actuarial losses, net of tax	(1,089)	(1p)
Other movements	<u>1,420</u>	<u>2p</u>
Equity attributable to shareholders of MWB Group Holdings Plc at 30 June 2008	<u>157,457</u>	<u>212p</u>

ADJUSTED EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC

Under Adopted IFRS, the Company's interests in its two listed subsidiaries, MWB Business Exchange Plc and Liberty Plc, continue to be consolidated in the Group financial statements inclusive of their freehold and short leasehold properties at current valuation or cost. However, these property valuations reflect only the values of the properties themselves and the financial statements do not reflect the current market value of the Group's shareholdings in these two listed subsidiaries.

Both subsidiaries are quoted on the AIM of the London Stock Exchange and, therefore, a market value for the Group's shareholding in each of the two companies is readily available.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

ADJUSTED EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC (continued)

In order that shareholders are aware of the underlying value of the Group, the movement in equity attributable to shareholders of MWB Group Holdings Plc as a result of assessing these two investments by reference to their market value and taking account of incentives payable on realisation, at 30 June 2008 and at the previous year end, is set out below.

	30 June 2008		31 December 2007	
	£'000	Pence per share	£'000	Pence per share
Equity attributable to shareholders of MWB Group Holdings Plc per financial statements	157,457	212p	204,377	254p
Unrealised surplus of market value of MWB Group's shareholding in MWB Business Exchange Plc ⁽¹⁾	14,863	20p	24,076	30p
Unrealised surplus of market value of MWB Group's shareholding in Liberty Plc ⁽²⁾	<u>16,372</u>	<u>22p</u>	<u>18,603</u>	<u>23p</u>
	188,692	254p	247,056	307p
Less Central Incentive Scheme and Bonus Plan amounts that would become payable on realisation at this value	<u>(25,426)</u>	<u>(34p)</u>	<u>(35,603)</u>	<u>(44p)</u>
Total adjusted equity attributable to shareholders of MWB Group Holdings Plc	<u>163,266</u>	<u>220p</u>	<u>211,453</u>	<u>263p</u>

Notes

- (1) The unrealised surplus of market value of MWB Group Holdings' 68.2% shareholding in MWB Business Exchange Plc is based on the share price of MWB Business Exchange Plc at 30 June 2008 of 94p (31 December 2007: 110p) per share, and is after deducting deferred consideration of £9.5m that would become payable on realisation of the Group's investment in MWB Business Exchange and incentive arrangements in subsidiaries payable on realisation at this value.
- (2) The unrealised surplus of market value of MWB Group Holdings' 68.3% shareholding in Liberty Plc is based on the share price of Liberty Plc at 30 June 2008 of 275p (31 December 2007: 310p) per share, after deducting divisional bonuses that would become payable on realisation at this value.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

ADJUSTED EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC (continued)

The adjusted equity attributable to shareholders of MWB Group Holdings Plc is analysed as follows:-

	30 June 2008		31 December 2007
	£'000	Pence per share	£'000
			Pence per share
Malmaison and Hotel du Vin	182,990	246p	222,675
MWB Business Exchange Plc	34,619	47p	39,548
Liberty Plc	42,480	57p	46,862
Group debt and incentives payable, less cash and other assets	<u>(96,823)</u>	<u>(130p)</u>	<u>(97,632)</u>
Total adjusted equity attributable to shareholders of MWB Group Holdings Plc	<u>163,266</u>	<u>220p</u>	<u>211,453</u>
			<u>263p</u>

In addition to the assessment above, shareholders should be aware that the adjusted equity attributable to shareholders of MWB Group Holdings Plc of 220p (31 December 2007: 263p) per share above does not reflect the market value of the Malmaison and Hotel du Vin business, as this is not a listed subsidiary for which a market value can be readily confirmed. The Board is confident that the value of the Group's 82.5% interest in the Malmaison and Hotel du Vin business is significantly higher than the £183m or 246p per share for this business within adjusted equity attributable to shareholders of MWB Group Holdings Plc, thus demonstrating a further enhancement in underlying equity value of the Group above the adjusted figure of 220p per share in the table above.

PURCHASE OF ORDINARY SHARES BY THE COMPANY AND OTHER DISTRIBUTIONS

The Board is continuing to implement the Cash Distribution Programme, which involves distributing surplus funds to Shareholders by means of buy-backs of Ordinary Shares in the market, tender offers to Shareholders, cash distributions, demergers, distributions of assets and similar value distribution programmes. Since May 2002, the Company has purchased approximately 67.4 million Ordinary Shares under this programme, representing approximately 48% of the issued share capital at the date of its implementation, returning approximately £78.5 million in cash to Shareholders.

In addition, on 7 February 2008, the Board announced details of proposals relating to a capital reorganisation and the introduction of MWB Group Holdings Plc as the new holding company for the Group. These proposals facilitate the Group's strategy to distribute in cash or cash equivalents substantially all of its material assets and to facilitate the returning of this under the Cash Distribution Programme. These proposals were approved at an Extraordinary General Meeting held on 4 March 2008 and the principle concluding elements of the reorganisation were completed in accordance with the original timetable on 23 April 2008.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

PURCHASE OF ORDINARY SHARES BY THE COMPANY AND OTHER DISTRIBUTIONS (continued)

Specifically, these proposals created a group structure with significantly increased flexibility with regard to future disposals of the Group's operating businesses; increased distributable reserves; and increased options as to when cash or cash equivalents can be returned to Shareholders once the underlying businesses have been sold.

NET ASSET VALUE

The net assets of the Group are financed by Equity attributable to shareholders of MWB Group Holdings Plc and minority interests. The sources of finance of the Group at 30 June 2008 in the consolidated balance sheet and at previous period ends were as follows:-

	30 June 2008 £'000	31 December 2007 £'000
Total equity attributable to shareholders of MWB Group Holdings Plc	157,457	204,377
Minority interests	<u>83,767</u>	<u>91,783</u>
Net assets at period end	<u>241,224</u>	<u>296,160</u>

The analysis of net assets in the consolidated balance sheet across the Group's operations as revealed by the Consolidated Balance Sheet at 30 June 2008, and at previous period ends, is as follows:-

	Net assets before debt and cash £'000	(Debt)/ cash £'000	Net assets £'000	Less minority interests £'000	Total equity attributable to shareholders of MWB Group Holdings Plc £'000
At 30 June 2008					
Malmaison and Hotel du Vin	505,365	(261,272)	244,093	(61,103)	182,990
MWB Business Exchange Plc	23,061	5,838	28,899	(9,143)	19,756
Liberty Plc	50,632	(12,756)	37,876	(11,768)	26,108
Group debt, less cash and other assets	<u>(2,377)</u>	<u>(67,267)</u>	<u>(69,644)</u>	<u>(1,753)</u>	<u>(71,397)</u>
	<u>576,681</u>	<u>(335,457)</u>	<u>241,224</u>	<u>(83,767)</u>	<u>157,457</u>
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share					<u>212p</u>

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

NET ASSET VALUE (continued)

	Net assets before debt and cash	(Debt)/ cash	Net assets	Less minority interests	Total equity attributable to shareholders of MWB Group Holdings Plc
<u>At 31 December 2007</u>	£'000	£'000	£'000	£'000	£'000
Malmaison and Hotel du Vin	531,117	(239,512)	291,605	(68,930)	222,675
MWB Business Exchange Plc	27,857	(5,031)	22,826	(7,354)	15,472
Liberty Plc	50,710	(8,704)	42,006	(13,747)	28,259
Group debt, less cash and other assets	<u>(5,512)</u>	<u>(54,765)</u>	<u>(60,277)</u>	<u>(1,752)</u>	<u>(62,029)</u>
	<u>604,172</u>	<u>(308,012)</u>	<u>296,160</u>	<u>(91,783)</u>	<u>204,377</u>
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share					<u>254p</u>

REVIEW OF PROPERTY, PLANT AND EQUIPMENT

Valuation of property portfolio at 30 June 2008

A valuation of the Group's freehold and long leasehold property interests was undertaken at 30 June 2008. The valuation was performed by DTZ on the basis of Market Value. The gross deficit before minority interests, for the six months ended 30 June 2008, over the previous book value following the external valuation at 31 December 2007 totalled £37.2m, which has been included in these financial statements.

In accordance with normal valuation practice, the valuations of the Group's hotel interests include value ascribed for plant, machinery, fixtures and fittings forming part of the service installations of the building. They therefore represent a valuation of the total interest of the Group in those properties. The valuations exclude the value of any goodwill that may arise from the present occupation of the properties and this is not recorded separately in the financial statements of the Group.

In accordance with normal valuation practice, the valuation of the Group's retail interests includes value ascribed to plant, machinery and fittings forming part of the services and installation of the building, but excludes moveable shop fittings. All property interests owned by MWB Business Exchange Plc are short leasehold interests; these interests are not revalued under Adopted IFRSs at each period end and are 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 the revaluation reserve, while impairment of operational properties to below their historical cost is charged directly to the Income Statement.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

REVIEW OF PROPERTY, PLANT AND EQUIPMENT (continued)

Trading properties and operational properties in the course of construction are recorded at the lower of cost and net realisable value and are therefore not revalued upwards in the Group financial statements.

During the six months ended 30 June 2008, property prices in the market have fallen as a result of the tightening liquidity and other related matters in the financial markets. Nevertheless, it is gratifying to note the robustness of our hotel portfolio which has been able to withstand most of the adverse effects of the recent market turbulence. The valuation deficit debited to the revaluation reserve during the six months ended 30 June 2008 amounted to £30.5m and arose as follows:-

Six months ended 30 June 2008	Gross valuation £'000	Less previous book value £'000	Gross deficit £'000	Less minority interests £'000	Debited to revaluation reserve £'000
Malmaison	295,909	313,814	(17,905)	3,133	(14,772)
Hotel du Vin	186,210	204,517	(18,307)	3,204	(15,103)
Liberty Plc	<u>31,500</u>	<u>32,446</u>	<u>(946)</u>	<u>300</u>	<u>(646)</u>
	<u>513,619</u>	<u>550,777</u>	<u>(37,158)</u>	<u>6,637</u>	<u>(30,521)</u>

Portfolio analysis by division

At 30 June 2008, the Group held the majority of its direct property interests as non-current assets. These are disclosed in the consolidated balance sheet at that date as follows:-

	30 June 2008 £'000	31 December 2007 £'000
<u>Non current assets</u>		
Operational properties	491,759	522,663
Operational properties in the course of construction	38,094	26,047
Plant and equipment	<u>55,427</u>	<u>56,923</u>
Total property interests at period end	<u>585,280</u>	<u>605,633</u>

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

REVIEW OF PROPERTY, PLANT AND EQUIPMENT (continued)

The above interests are analysed as follows:-

	30 June 2008 £'000	31 December 2007 £'000
Hotels		
Malmaison	292,978	309,044
Hotel du Vin	<u>216,937</u>	<u>219,879</u>
	509,915	528,923
MWB Business Exchange Plc	41,913	42,197
Liberty Plc	33,400	34,400
Other	<u>52</u>	<u>113</u>
Total property interests at period end	<u>585,280</u>	<u>605,633</u>

Intangible assets

An external professional valuation of the Liberty brand was undertaken by Equilibrium Consulting at the latest year end of 31 December 2007, based on the business and operations of the Group at that date. This confirmed the value of the brand in excess of its book value included in these financial statements of £18.2m. During the year ended 31 December 2007, the Group acquired Stanhope Business Centres Limited and goodwill of £7.6 million arose on this acquisition. The business has performed ahead of expectations since acquisition. Management have reviewed the carrying value of goodwill at 30 June 2008 and concluded that no impairment is required.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

REVIEW OF LOAN FACILITIES

Net debt

The Group's loans, borrowings and cash are included in the consolidated balance sheet at 30 June 2008 as follows:-

<u>Composition at period end</u>	30 June 2008 £'000	31 December 2007 £'000
Loans and borrowings in note 11	347,000	330,194
Long leasehold obligations	702	703
Fair value of derivative financial instruments	<u>35</u>	<u>-</u>
Total loans and borrowings	347,737	330,897
Less net cash and overdrafts in note 10	<u>(12,280)</u>	<u>(22,885)</u>
Total net debt at period end	<u>335,457</u>	<u>308,012</u>

Analysis of debt/(cash) by operating business

Malmaison and Hotel du Vin	261,272	239,512
MWB Business Exchange Plc	(5,838)	5,031
Liberty Plc	12,756	8,704
Central debt	<u>67,267</u>	<u>54,765</u>
	<u>335,457</u>	<u>308,012</u>

Net cash

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

	30 June 2008 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	3,184	6,910
MWB Business Exchange Plc	5,838	4,379
Liberty Plc	1,346	4,296
Central	<u>1,912</u>	<u>7,300</u>
	<u>12,280</u>	<u>22,885</u>

Cash balances are held within the above divisions for utilisation within their businesses. Generally only cash within the Central division is available for use in MWB's activities.

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

Movement in net debt during the period

The movement in total net debt during the six months ended 30 June 2008 arose as follows:-

	Six months ended 30 June 2008 £'000	Year ended 31 December 2007 £'000
Total net debt at start of the period	308,012	245,107
Debt drawn on expansion of Malmaison and Hotel du Vin	17,977	34,486
Net proceeds received from sales of properties	-	(15,189)
Purchase of own shares	8,525	-
Net cash outflow from other Group operations during the period	943	<u>43,608</u>
Total net debt at period end	<u>335,457</u>	<u>308,012</u>
Average cost of borrowings at period end, inclusive of margin	<u>7.7%</u>	<u>7.3%</u>

Net debt relating to Equity attributable to shareholders of MWB

The majority of the Group's net debt has been drawn by subsidiaries that are majority owned, but not wholly owned, by the Group. These comprise the Group's majority interests in its three operating businesses of MWB Malmaison Holdings Limited, MWB Business Exchange Plc and Liberty Plc.

The net debt relating to equity attributable to shareholders of MWB Group Holdings Plc at 30 June 2008 amounted to £287m, calculated as follows:-

	30 June 2008 £'000	31 December 2007 £'000
Total net debt as above	335,457	308,012
Less net debt attributable to minority interests	<u>(47,917)</u>	<u>(46,288)</u>
Total net debt attributable to equity attributable to shareholders of MWB Group Holdings Plc	<u>287,540</u>	<u>261,724</u>

Gearing

At 30 June 2008, gearing was 139%, calculated as follows:-

	30 June 2008 £'000	31 December 2007 £'000
Total net debt	335,457	308,012
Net assets	241,224	296,160
Gearing - total net debt divided by net assets	<u>139%</u>	<u>104%</u>

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

REVIEW OF EARNINGS

Summary of earnings

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 minority interests for the six months ended 30 June 2008, together with comparative information for previous periods is summarised below:-

	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'000
Six months ended 30 June 2008				
Malmaison and Hotel du Vin				
Operating income	52,020	12,233	7,863	(1,134)
Pre-opening costs	<u>-</u>	<u>(433)</u>	<u>(433)</u>	<u>(433)</u>
	<u>52,020</u>	<u>11,800</u>	<u>7,430</u>	<u>(1,567)</u>
MWB Business Exchange Plc				
Operating income	<u>59,713</u>	<u>11,273</u>	<u>8,817</u>	<u>8,800</u>
Liberty Plc				
Operating income	20,857	274	(718)	(1,239)
Reorganisation costs	-	(936)	(936)	(936)
Brand income/(expenditure)	<u>1,171</u>	<u>(1,971)</u>	<u>(1,971)</u>	<u>(1,971)</u>
	<u>22,028</u>	<u>(2,633)</u>	<u>(3,625)</u>	<u>(4,146)</u>
Others	538	1,226	1,226	1,376
Group debt less cash and other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,162)</u>
	538	1,226	1,226	(1,786)
Head office administration	<u>-</u>	<u>(6,602)</u>	<u>(6,683)</u>	<u>(6,683)</u>
	<u>538</u>	<u>(5,376)</u>	<u>(5,457)</u>	<u>(8,469)</u>
	<u>134,299</u>	<u>15,064</u>	<u>7,165</u>	<u>(5,382)</u>

Notes

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

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

Summary of earnings (continued)

	Revenue	EBITDA	EBIT	Profit/(loss)
Six months ended 30 June 2007	£'000	£'000	£'000	before taxation £'000
Malmaison and Hotel du Vin				
Operating income	41,942	10,036	6,873	(2,711)
Costs incurred on abortive Vector transaction	<u>-</u>	<u>(4,610)</u>	<u>(4,610)</u>	<u>(4,610)</u>
	<u>41,942</u>	<u>5,426</u>	<u>2,263</u>	<u>(7,321)</u>
MWB Business Exchange Plc				
Operating income	<u>47,910</u>	<u>6,231</u>	<u>3,526</u>	<u>3,481</u>
Liberty Plc				
Operating income	20,758	378	(570)	(721)
Expenditure on brand	<u>-</u>	<u>(1,554)</u>	<u>(1,554)</u>	<u>(1,554)</u>
	<u>20,758</u>	<u>(1,176)</u>	<u>(2,124)</u>	<u>(2,275)</u>
Others	-	6,547	6,547	6,551
Group debt less cash and other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,880)</u>
	-	6,547	6,547	4,671
Head Office administration	<u>-</u>	<u>(2,253)</u>	<u>(2,354)</u>	<u>(2,354)</u>
	<u>-</u>	<u>4,294</u>	<u>4,193</u>	<u>2,317</u>
	<u>110,610</u>	<u>14,775</u>	<u>7,858</u>	<u>(3,798)</u>

INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2008

Summary of earnings (continued)

	Revenue	EBITDA	EBIT	Profit/(loss) before taxation
Year ended 31 December 2007	£'000	£'000	£'000	£'000
Malmaison and Hotel du Vin				
Operating income	95,272	23,904	17,575	(4,551)
Apartment sales	10,112	2,012	2,012	2,012
Abortive transaction costs	-	(7,129)	(7,129)	(7,129)
Pre-opening costs	<u>-</u>	<u>(2,710)</u>	<u>(2,710)</u>	<u>(2,710)</u>
	<u>105,384</u>	<u>16,077</u>	<u>9,748</u>	<u>(12,378)</u>
MWB Business Exchange Plc				
Operating income	<u>100,046</u>	<u>16,982</u>	<u>12,993</u>	<u>12,746</u>
Liberty Plc				
Operating income	46,689	2,671	200	(307)
Reorganisation costs	-	(2,702)	(2,702)	(2,702)
Expenditure on brand	<u>-</u>	<u>(3,484)</u>	<u>(3,484)</u>	<u>(3,484)</u>
	<u>46,689</u>	<u>(3,515)</u>	<u>(5,986)</u>	<u>(6,493)</u>
Others	-	6,994	6,994	7,079
Group debt less cash and other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,704)</u>
	-	6,994	6,994	2,375
Head office administration	<u>-</u>	<u>(9,779)</u>	<u>(10,013)</u>	<u>(10,013)</u>
	-	(2,785)	(3,019)	(7,638)
	<u>252,119</u>	<u>26,759</u>	<u>13,736</u>	<u>(13,763)</u>

INTERIM MANAGEMENT REPORT for the six months ended 30 June 2008

Taxation

During the six months ended 30 June 2008, a corporation tax charge of £1.5m arose in Business Exchange after the successful utilisation of substantially all its brought forward tax assets. Further deferred tax assets are available for offset against future taxable profits in other operating businesses of the Group, but these are not available to be utilised against Business Exchange's taxable profits due to the 32% minority interest in that company.

Earnings per share

The earnings per share figures have been calculated as follows:-

		Six months ended 30 June 2008 £'000	Year ended 31 December 2007 £'000
Loss per Consolidated Income Statement attributable to shareholders of MWB Group Holdings Plc	£'000	(7,778)	(15,635)
Weighted average number of shares in issue during the period	'000	79,741	80,522
Loss per share based on Consolidated Income Statement	Pence	<u>(9.8p)</u>	<u>(19.4p)</u>

Dividend

Shareholders approved implementation of the Cash Distribution Programme and associated cessation of annual revenue distributions at a meeting of shareholders held in May 2002. The Board is continuing to implement the Cash Distribution Programme and to direct disposal proceeds to the repayment of net debt and to the buy-back of shares by the Company, thus returning cash to shareholders. Since May 2002, the Company has purchased approximately 67.4 million Ordinary Shares under this programme, representing approximately 48% of the issued share capital at the date of its implementation, returning approximately £78.5 million in cash to Shareholders.

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 2010.

INTERIM MANAGEMENT REPORT

for the six months ended 30 June 2008

Conclusion

Our three core businesses are each financially and operationally well structured. We manage debt levels closely and our property gearing was 57% at the period end. This reflects the Board's continued strategy of maintaining property gearing at relatively low levels to ensure protection of shareholder interests in these more uncertain times. The Board continues its pro-active strategy of enhancing returns for shareholders in a careful and controlled manner.

Andrew Blurton
Group Finance Director

28 August 2008

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Revenue		134,299	110,610	252,119
Cost of sales		(115,799)	(98,081)	(218,468)
Gross profit		18,500	12,529	33,651
Administrative expenses		(8,918)	(6,773)	(16,924)
Results from operating activities		9,582	5,756	16,727
Net gain on sale of property, plant and equipment		-	6,712	7,586
Abortive transaction costs		-	(4,610)	(8,077)
Capital reorganisation costs	4	(2,417)	-	(2,500)
Finance income	5	834	519	1,093
Finance expenses	5	(13,381)	(12,175)	(28,592)
Loss before taxation		(5,382)	(3,798)	(13,763)
Taxation	6	(1,506)	(231)	(551)
Loss for the period		(6,888)	(4,029)	(14,314)
Attributable to:				
Equity shareholders of the Company		(7,778)	(3,682)	(15,635)
Minority interests	7	890	(347)	1,321
Loss for the period		(6,888)	(4,029)	(14,314)
Loss per share	8	(9.8p)	(4.6p)	(19.4p)

All results relate to continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the six months ended 30 June 2008

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Foreign exchange translation differences for foreign operations	(322)	(118)	64
Revaluation of property, plant and equipment	(37,158)	164,986	146,280
Effective portion of changes in fair value of cash flow hedges	(42)	(658)	(613)
Defined benefit pension scheme actuarial (loss)/gains, net of tax	(1,595)	1,255	765
Income and expense recognised directly to equity	(39,117)	165,465	146,496
Loss for the period	(6,888)	(4,029)	(14,314)
Total recognised income and expense for the period	(46,005)	161,436	132,182
Attributable to:			
Equity shareholders of the Company	(39,636)	132,388	105,433
Minority interests	(6,369)	29,048	26,749
Total recognised income and expense for the period	(46,005)	161,436	132,182

CONSOLIDATED BALANCE SHEET
at 30 June 2008

	Notes	30 June 2008 £'000	30 June 2007 Restated £'000	31 December 2007 Restated £'000
Non-current assets				
Intangible assets and goodwill		25,969	18,200	25,969
Operational properties	9	491,759	503,894	522,663
Operational properties in the course of construction	9	38,094	40,740	26,047
Plant and equipment	9	55,427	55,639	56,923
Deferred tax asset	12	15,673	-	16,292
Financial instruments		-	-	5
		626,922	618,473	647,899
Current assets				
Trading properties		-	8,100	-
Inventories		9,527	8,804	9,489
Trade and other receivables:				
Due after more than one year		2,430	-	2,345
Due within one year		35,792	43,609	40,652
Cash and cash equivalents	10	12,280	22,530	23,731
		60,029	83,043	76,217
Total assets		686,951	701,516	724,116
Current liabilities				
Bank overdrafts	10	-	(32)	(846)
Loans and borrowings	11	(1,615)	(42,718)	(34,579)
Trade and other payables		(65,615)	(68,781)	(67,630)
Tax payable		(17,352)	(223)	(16,721)
		(84,582)	(111,754)	(119,776)
Non-current liabilities				
Loans and borrowings	11	(345,385)	(256,388)	(295,615)
Employee benefits		(1,855)	(97)	(416)
Trade and other payables		(13,870)	(10,961)	(12,149)
Derivative financial instruments		(35)	(46)	-
		(361,145)	(267,492)	(308,180)
Total liabilities		(445,727)	(379,246)	(427,956)
Net assets		241,224	322,270	296,160
Equity				
Share capital	13	273	161,125	161,125
Other reserves	13	166,904	213,400	198,169
Retained earnings	13	(9,720)	(143,036)	(154,917)
Total equity attributable to shareholders of the Company	13	157,457	231,489	204,377
Minority interests	14	83,767	90,781	91,783
Total equity		241,224	322,270	296,160
Equity attributable to shareholders of the Company				
in pence per share	15	212p	287p	254p

The consolidated balance sheets at 30 June 2007 and 31 December 2007 have been restated to reflect the corporate structure of the Group that exists at 30 June 2008. Further details of this are set out in note 1 to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2008

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Loss for the period	(6,888)	(4,029)	(14,314)
Adjustments for non-cash items			
Taxation	1,506	231	551
Finance income	(834)	(519)	(1,093)
Finance expenses	13,381	12,175	28,592
Gain on sale of property, plant and equipment	-	(6,712)	(7,586)
Loss on sale of subsidiary companies	-	4,610	-
Depreciation of property, plant and equipment	7,899	6,917	13,023
Currency translation differences	(320)	(118)	93
Equity settled share-based obligations	112	90	182
Cash flows from operations before changes in working capital	14,856	12,645	19,448
Change in trading properties	-	(8,100)	-
Change in inventories	(38)	322	(363)
Change in trade and other receivables	4,776	(1,636)	(14,805)
Change in trade and other payables	(1,806)	1,745	25,629
Change in provisions and employee benefits	1,439	(3,842)	(3,524)
Cash generated from operations	19,227	1,134	26,385
Interest paid	(14,186)	(14,091)	(33,276)
Tax paid	(245)	(129)	(269)
Net cash from operating activities	4,796	(13,086)	(7,160)
Cash flows from investing activities			
Interest received	834	520	3,267
Proceeds from sale of property, plant and equipment	-	8,776	12,597
Acquisition of subsidiaries, net of cash acquired	-	-	(11,434)
Purchase of property, plant and equipment	(23,999)	(35,154)	(70,491)
Net cash from investing activities	(23,165)	(25,858)	(66,061)
Cash flows from financing activities			
Purchase and issue of shares, inclusive of costs	(8,616)	-	(5)
Proceeds from draw down of borrowings	27,063	39,830	71,598
Borrowings repaid	(10,256)	(1,560)	(2,236)
Net (payments to)/receipts from minority interests	(427)	7,465	11,776
Net cash from financing activities	7,764	45,735	81,133
Net (decrease)/increase in cash and cash equivalents	(10,605)	6,791	7,912
Opening cash and cash equivalents	22,885	15,707	14,973
Closing cash and cash equivalents (note 10)	12,280	22,498	22,885

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS

Basis of preparation

The consolidated Half-Yearly Financial Report of the Group for the six months ended 30 June 2008 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and International Financial Reporting Standards (“IFRS”) 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 been neither audited nor reviewed by the auditors.

MWB Group Holdings Plc (“the Company”) was incorporated in January 2008. The results of the Group for the six months ended 30 June 2008 incorporate 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 Marylebone Warwick Balfour Group Plc and its subsidiary companies for the year ended 31 December 2007, which, other than MWB Group Holdings plc itself, comprised the Group at the previous year end. These policies have been applied consistently in all material respects in the preparation of these results.

On 7 February 2008, Marylebone Warwick Balfour Group Plc (“Old MWB”) announced its intention to re-organise the MWB group of companies. This involved, inter alia, a Court approved Scheme of Arrangement under Section 425 of the Companies Act 1985 (the “Scheme”) with the result of making MWB Group Holdings Plc the new holding company of the Group. In accordance with the sanction from the Court under the Scheme, the issued share capital and the share premium of Old MWB at the effective date of the Scheme were cancelled against its distributable reserves at that date.

Under the Scheme, shareholders received one Unit in MWB Group Holdings Plc for each ordinary share previously held in Old MWB. Each Unit comprises one ordinary share and twenty B shares. The B shares do not confer on their holders any rights in relation to income or voting and have only limited rights to participate in capital. The B shares do, however, enable the Company to return cash or cash equivalents to shareholders by their redemption at future dates from the resources of the Group. Every B share is, for all practical purposes, inseparable from an ordinary share. As a consequence, the respective rights of shareholders in the Units in relation to capital, dividend and voting, remained as they would have been had the B shares not been allotted and issued.

The Scheme has been accounted for as a reverse acquisition in accordance with IFRS 3 “Business Combinations”. As a result, the previous Group has been deemed to acquire MWB Group Holdings Plc, no goodwill arises on the acquisition, and the net assets of the Group remain unaffected. Differences between the restated amounts in the financial statements of MWB Group Holdings Plc and those previously reported in Old MWB represent the merger reserve in MWB Group Holdings Plc.

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENTAL ANALYSIS

Consolidated Income Statement analysis

Six months ended 30 June 2008	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Liberty Plc £'000	Central £'000	Consolidated £'000
Total external revenues					
Hotel income	52,020	-	-	-	52,020
Licence fee income	-	59,713	-	-	59,713
Retail income	-	-	22,028	-	22,028
Proceeds from sale of trading properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>538</u>	<u>538</u>
Revenue per the Consolidated Income Statement and total segment revenue	<u>52,020</u>	<u>59,713</u>	<u>22,028</u>	<u>538</u>	<u>134,299</u>
Total segment revenue by geographical origin					
United Kingdom	52,020	59,713	18,453	538	130,724
Japan	<u>-</u>	<u>-</u>	<u>3,575</u>	<u>-</u>	<u>3,575</u>
	<u>52,020</u>	<u>59,713</u>	<u>22,028</u>	<u>538</u>	<u>134,299</u>
Segment result	<u>7,863</u>	<u>8,817</u>	<u>(3,625)</u>	<u>(5,457)</u>	7,598
Project start-up expenses					<u>(433)</u>
Profit before finance income, finance expenses and taxation					7,165
Net finance costs					(12,547)
Taxation					<u>(1,506)</u>
Loss for the period					<u>(6,888)</u>

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENTAL ANALYSIS (continued)

Consolidated Income Statement analysis

Six months ended 30 June 2007	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Liberty Plc £'000	Central £'000	Consolidated £'000
Total external revenues					
Hotel income	41,942	-	-	-	41,942
Licence fee income	-	47,910	-	-	47,910
Retail income	-	-	20,758	-	20,758
Revenue per the Consolidated Income Statement	41,942	47,910	20,758	-	110,610
Inter-segment revenue	-	-	30	-	30
Total segment revenue	<u>41,942</u>	<u>47,910</u>	<u>20,788</u>	<u>-</u>	<u>110,640</u>
Total segment revenue by geographical origin					
United Kingdom	41,942	47,910	18,182	-	108,034
Japan	-	-	2,606	-	2,606
	<u>41,942</u>	<u>47,910</u>	<u>20,788</u>	<u>-</u>	<u>110,640</u>
Segment result	<u>2,263</u>	<u>3,526</u>	<u>(2,124)</u>	<u>4,193</u>	7,858
Net finance costs					(11,656)
Taxation					(231)
Loss for the period					<u>(4,029)</u>

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENTAL ANALYSIS (continued)

Consolidated Income Statement analysis

Year ended 31 December 2007	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Liberty Plc £'000	Central £'000	Consolidated £'000
Total external revenues					
Hotel income	95,272	-	-	-	95,272
Licence fee income	-	100,046	-	-	100,046
Retail income	-	-	46,689	-	46,689
Proceeds from sale of trading properties	<u>10,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,112</u>
Revenue per the Consolidated Income Statement	105,384	100,046	46,689	-	252,119
Inter-segment revenue	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Total segment revenue	<u>105,410</u>	<u>100,046</u>	<u>46,689</u>	<u>-</u>	<u>252,145</u>
Total segment revenue by geographical origin					
United Kingdom	105,410	100,046	41,684	-	247,140
Japan	<u>-</u>	<u>-</u>	<u>5,005</u>	<u>-</u>	<u>5,005</u>
	<u>105,410</u>	<u>100,046</u>	<u>46,689</u>	<u>-</u>	<u>252,145</u>
Segment result	<u>12,458</u>	<u>12,993</u>	<u>(5,986)</u>	<u>(3,019)</u>	16,446
Project start-up expenses					<u>(2,710)</u>
Profit before finance income, finance expenses and taxation					13,736
Net finance costs					(27,499)
Taxation					<u>(551)</u>
Loss for the year					<u>(14,314)</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
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The EBITDA of the Group is calculated as follows:-

Profit before finance income, finance expenses and taxation	7,165	7,858	13,736
Add depreciation of property, plant and equipment for the period	<u>7,899</u>	<u>6,917</u>	<u>13,023</u>
Total EBITDA for the period	<u>15,064</u>	<u>14,775</u>	<u>26,759</u>

4. CAPITAL REORGANISATION COSTS

On 7 February 2008 the Board announced proposals for a capital reorganisation of the Group. This involved the introduction of MWB Group Holdings Plc as the new holding company of the Group. Full details relating thereto were set out in a Circular to Shareholders issued on 7 February 2008. The restructuring was approved by shareholders on 4 March 2008 and was concluded in accordance with the original timetable on 23 April 2008. These proposals increased the reserves of the Group available to be distributed to shareholders in line with the 2002 Cash Distribution Programme by £160m. They also created a Group structure which gives increased flexibility on future potential disposals of the operating businesses and a greatly simplified process for the return of cash. These proposals were concluded during the six months ended 30 June 2008 at a cost during the period of £2.4 million, and this has been charged against earnings.

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCE INCOME AND EXPENSES

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
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The finance income arose as follows:-

Interest income on cash deposits for the period	<u>834</u>	<u>519</u>	<u>1,093</u>
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The finance expenses arose on financial liabilities measured at amortised cost as follows:-

Unsecured Loan Stock 2009/2012	1,462	1,462	2,924
Bank loans and overdrafts	12,034	12,164	24,447
Amortisation of debt issue costs	597	478	4,047
Defined benefit pension scheme net finance cost/(gain)	<u>15</u>	<u>(13)</u>	<u>(16)</u>
	14,108	14,091	31,402
Less finance costs capitalised in respect of development expenditure before tax relief	<u>(727)</u>	<u>(1,916)</u>	<u>(2,810)</u>
Total finance expenses for the period	<u>13,381</u>	<u>12,175</u>	<u>28,592</u>

6. TAXATION

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Current taxation			
UK Corporation tax			
Arising on profit for the period	(1,500)	(39)	(16,472)
Adjustment in respect of prior periods	<u>842</u>	<u>-</u>	<u>-</u>
	(658)	(39)	(16,472)
Foreign tax			
Arising on profit for the period	<u>(228)</u>	<u>(192)</u>	<u>(371)</u>
	(886)	(231)	(16,843)
Deferred taxation	<u>(620)</u>	<u>-</u>	<u>16,292</u>
Total taxation charge for the period	<u>(1,506)</u>	<u>(231)</u>	<u>(551)</u>

NOTES TO THE FINANCIAL STATEMENTS

7. MINORITY INTERESTS

Minority interests in the profit/(loss) on ordinary activities after taxation for the period arose in the following divisions of the Group:-

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Malmaison and Hotel du Vin	361	(840)	(1,128)
MWB Business Exchange Plc	1,895	1,115	4,186
Liberty Plc	(1,366)	(622)	(1,905)
Central	<u>-</u>	<u>-</u>	<u>168</u>
	<u>890</u>	<u>(347)</u>	<u>1,321</u>

8. LOSS PER SHARE

	Six months ended 30 June 2008 '000	Six months ended 30 June 2007 '000	Year ended 31 December 2007 '000
<u>Weighted average number of shares in issue during period</u>			
Number of shares in issue at start of period	80,522	80,522	80,522
Shares purchased by the Company for cancellation during period			
Market purchases			
23 May 2008	(2,153)	-	-
24 May 2008	(800)	-	-
18 June 2008	(425)	-	-
23 June 2008	<u>(2,773)</u>	<u>-</u>	<u>-</u>
Number of shares in issue at end of period	<u>74,371</u>	<u>80,522</u>	<u>80,522</u>
Weighted average number of shares in issue during period	<u>79,741</u>	<u>80,522</u>	<u>80,522</u>

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS PER SHARE (continued)

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

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Loss for the period attributable to equity shareholders of the Company	£'000	<u>(7,778)</u>	<u>(3,682)</u>	<u>(15,635)</u>
Weighted average number of ordinary shares in issue during the period	'000	<u>79,741</u>	<u>80,522</u>	<u>80,522</u>
Loss per share	Pence	<u>(9.8p)</u>	<u>(4.6p)</u>	<u>(19.4p)</u>

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	-----Operational properties-----					Total
	Freehold £'000	Long leasehold £'000	In the course of construction £'000	Operating leasehold improvements £'000	Plant, machinery, fixtures & equipment £'000	£'000
Cost or valuation						
At 1 January 2008	345,521	142,995	26,047	37,139	103,991	655,693
Additions	6,942	924	12,047	1,322	3,478	24,713
Reclassification	-	-	-	(311)	311	-
Disposals	-	-	-	(40)	(449)	(489)
Revaluation	<u>(31,564)</u>	<u>(7,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,809)</u>
At 30 June 2008	<u>320,899</u>	<u>136,674</u>	<u>38,094</u>	<u>38,110</u>	<u>107,331</u>	<u>641,108</u>
Depreciation						
At 1 January 2008	-	-	-	(2,992)	(47,068)	(50,060)
Charge for the period	(1,208)	(443)	-	(1,012)	(5,188)	(7,851)
Reclassification	-	-	-	80	(80)	-
Disposals	-	-	-	-	432	432
Revaluation	<u>1,208</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651</u>
At 30 June 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,924)</u>	<u>(51,904)</u>	<u>(55,828)</u>
Net book value at 30 June 2008	<u>320,899</u>	<u>136,674</u>	<u>38,094</u>	<u>34,186</u>	<u>55,427</u>	<u>585,280</u>
Analysis of valuation deficit for the period						
Deficit debited to revaluation reserve (note 13)	(24,909)	(5,612)	-	-	-	(30,521)
Deficit debited to minority interests (note 14)	<u>(5,447)</u>	<u>(1,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,637)</u>
Revaluation deficit reflected in property, plant and equipment	<u>(30,356)</u>	<u>(6,802)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,158)</u>
					30 June 2008	31 December 2007
Operational properties at net book value					£'000	£'000
Freehold properties as above					320,899	345,521
Long leasehold properties as above					136,674	142,995
Operating leasehold improvements as above					<u>34,186</u>	<u>34,147</u>
Total operational properties per consolidated balance sheet					<u>491,759</u>	<u>522,663</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	-----Operational properties-----					Plant, machinery, fixtures & equipment	Total
	Freehold £'000	Long leasehold £'000	In the course of construction £'000	Operating leasehold improvements £'000		£'000	£'000
Cost or valuation							
At 1 January 2007	223,242	88,210	27,144	25,985	81,939	446,520	
Additions	22,884	7,584	16,398	9,428	19,067	75,361	
Reclassification	7,940	4,316	(15,025)	-	2,769	-	
Disposals	(1,225)	(8,100)	(2,470)	(5)	(92)	(11,892)	
Acquisition of subsidiary	-	-	-	1,731	308	2,039	
Revaluation	<u>92,680</u>	<u>50,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,665</u>	
At 31 December 2007	<u>345,521</u>	<u>142,995</u>	<u>26,047</u>	<u>37,139</u>	<u>103,991</u>	<u>655,693</u>	
Depreciation							
At 1 January 2007	-	-	-	(1,287)	(38,381)	(39,668)	
Charge for the year	(1,863)	(752)	-	(1,705)	(8,703)	(13,023)	
Disposals	-	-	-	-	16	16	
Revaluation	<u>1,863</u>	<u>752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,615</u>	
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,992)</u>	<u>(47,068)</u>	<u>(50,060)</u>	
Net book value at 31 December 2007	<u>345,521</u>	<u>142,995</u>	<u>26,047</u>	<u>34,147</u>	<u>56,923</u>	<u>605,633</u>	

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 2008 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").

DTZ act as valuers to the MWB Group and undertake half year and year end valuations for accounting purposes. DTZ has been carrying out this valuation instruction for the Group for a continuous period since June 1999 and Paul Wolfenden has been the signatory of Valuation Reports provided to the Group for the same period. In addition, DTZ provide ad-hoc valuation advice to MWB Group. DTZ is a wholly owned subsidiary of DTZ Holdings plc. In the financial year to 30 April 2008, the proportion of total fees payable by MWB Group Holdings to the total fee income of DTZ Holdings plc was less than 5%. It is not anticipated that this situation will vary in terms of the financial year of DTZ to 30 April 2009. DTZ have not received any introductory fees or acquisition fees in respect of any of the properties owned by the MWB Group within the 12 months prior to the date of valuation. DTZ have been appointed as valuers in respect of certain of the properties and in the last 12 months they have provided valuation advice for bank lending purposes in relation to certain of the properties.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation (continued)

All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards 6th Edition ("the Manual") and the properties were valued on the basis of Existing Use Value. Existing Use Value is defined in the Manual as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential.

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

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

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

Properties valued by DTZ at 30 June 2008 carried in the balance sheet at valuation in property, plant and equipment totalled £513.6m. The carrying value of properties in the balance sheet excludes those revaluation surpluses attributable to the land element of long leaseholds and developments which are held at cost. Other minor properties, properties in the course of construction, the short leasehold properties of MWB Business Exchange Plc, and plant and equipment, are carried at the lower of cost and realisable value in the table above. These assets had a net book value at 30 June 2008 of £71.7m.

The historic cost of the Group's properties at 30 June 2008 includes capitalised interest of £8.6m (30 June 2007: £7.0m; 31 December 2007: £7.9m).

NOTES TO THE FINANCIAL STATEMENTS

10. CASH AND CASH EQUIVALENTS

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Cash and cash equivalents per consolidated balance sheet	12,280	22,530	23,731
Less bank overdrafts per consolidated balance sheet	<u>-</u>	<u>(32)</u>	<u>(846)</u>
Net cash and cash equivalents per consolidated cash flow statement	<u>12,280</u>	<u>22,498</u>	<u>22,885</u>

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

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	3,184	4,442	6,910
MWB Business Exchange Plc	5,838	(32)	4,379
Liberty Plc	1,346	1,171	4,296
Central	<u>1,912</u>	<u>16,917</u>	<u>7,300</u>
	<u>12,280</u>	<u>22,498</u>	<u>22,885</u>

Cash balances are held within the above divisions for utilisation within their businesses. Generally only cash within the Central division is available for use in the Company's own activities.

11. LOANS AND BORROWINGS

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Current liabilities			
Secured bank loans	-	41,098	32,959
Other unsecured loan borrowings	<u>1,615</u>	<u>1,620</u>	<u>1,620</u>
	<u>1,615</u>	<u>42,718</u>	<u>34,579</u>
Non-current liabilities			
Secured bank loans	315,469	225,063	264,997
9.75% Unsecured Loan Stock 2009/2012	29,916	29,710	29,813
Other unsecured loan borrowings	<u>-</u>	<u>1,615</u>	<u>805</u>
	<u>345,385</u>	<u>256,388</u>	<u>295,615</u>
Total loans and borrowings	<u>347,000</u>	<u>299,106</u>	<u>330,194</u>

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (continued)

Analysis by operating business

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	263,754	228,021	245,719
Liberty Plc	14,067	8,441	13,000
MWB Business Exchange Plc	-	-	9,410
Central debt	<u>69,179</u>	<u>62,644</u>	<u>62,065</u>
	<u>347,000</u>	<u>299,106</u>	<u>330,194</u>

12. DEFERRED TAXATION

There were no net deferred tax liabilities at 30 June 2008 or at previous period ends. The net deferred tax (assets)/liabilities at 30 June 2008 and at previous period ends arose as follows:-

	30 June 2008			
	Gross amount £'000	Provided at 28% £'000	Not provided at 28% £'000	Total at 28% £'000
<u>Deferred tax assets</u>				
Accelerated capital allowances	(15,304)	2,157	(6,442)	(4,285)
Trading tax losses	(65,886)	(8,807)	(9,641)	(18,448)
Unrelieved capital expenditure and interest payments	<u>(115,425)</u>	<u>(20,499)</u>	<u>(11,820)</u>	<u>(32,319)</u>
Total deferred tax (assets)	(196,615)	(27,149)	(27,903)	(55,052)
<u>Deferred tax liabilities</u>				
Short term timing differences	3,750	1,050	-	1,050
Valuation surpluses	<u>37,236</u>	<u>10,426</u>	-	<u>10,426</u>
Total net deferred tax (assets) at 30 June 2008	<u>(155,629)</u>	<u>(15,673)</u>	<u>(27,903)</u>	<u>(43,576)</u>

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAXATION (continued)

	30 June 2007			Total at 30% £'000
	Gross amount £'000	Provided at 30% £'000	Not provided at 30% £'000	
<u>Deferred tax assets</u>				
Accelerated capital allowances	(32,280)	(5,985)	(3,699)	(9,684)
Trading tax losses	(61,233)	-	(18,370)	(18,370)
Unrelieved capital expenditure and interest payments	(116,003)	(29,722)	(5,079)	(34,801)
Total deferred tax (assets)	(209,516)	(35,707)	(27,148)	(62,855)
<u>Deferred tax liabilities</u>				
Short term timing differences	1,750	525	-	525
Valuation surpluses	<u>117,273</u>	<u>35,182</u>	-	<u>35,182</u>
Total net deferred tax (assets) at 30 June 2007	<u>(90,493)</u>	<u>-</u>	<u>(27,148)</u>	<u>(27,148)</u>
	31 December 2007			Total at 28% £'000
	Gross amount £'000	Provided at 28% £'000	Not provided at 28% £'000	
<u>Deferred tax assets</u>				
Accelerated capital allowances	(32,786)	(2,960)	(6,220)	(9,180)
Trading tax losses	(67,518)	(6,233)	(12,672)	(18,905)
Unrelieved capital expenditure and interest payments	(101,718)	(21,204)	(7,277)	(28,481)
Total deferred tax (assets)	(202,022)	(30,397)	(26,169)	(56,566)
<u>Deferred tax liabilities</u>				
Short term timing differences	3,750	1,050	-	1,050
Valuation surpluses	<u>46,625</u>	<u>13,055</u>	-	<u>13,055</u>
Total net deferred tax (assets) at 31 December 2007	<u>(151,647)</u>	<u>(16,292)</u>	<u>(26,169)</u>	<u>(42,461)</u>

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAXATION (continued)

Deferred tax assets and liabilities provided

At 30 June 2008, the Group had accelerated capital allowances, trading tax losses, unrelieved capital expenditure and interest payments from current and prior periods that it expects will be available to reduce future tax liabilities as they arise in the Group, amounting to £97m (30 June 2007: £119m; 31 December 2007: £108m). At 30 June 2008, these exceed short term timing differences and valuation surpluses totalling £41m (30 June 2007: £119m; 31 December 2007: £50m). The excess of £56m (30 June 2007: £nil; 31 December 2007: £58m) has been recognised at the prevailing tax rate of 28% in the net deferred tax asset at the period end of £15.7m (30 June 2007 at 30%: £nil; 31 December 2007 at 28%: £16.3m). These amounts are all reflected in the tables above.

Deferred tax assets and liabilities not provided

In addition, the Group has accelerated capital allowances, trading tax losses and capital losses totalling £75m (30 June 2007: £66m; 31 December 2007: £68m), mostly in the Liberty subgroup, that are not expected to be capable of utilisation in the foreseeable future. Also, certain capital losses in the wider MWB Group Holdings group totalling £25m (30 June 2007: £25m; 31 December 2007: £25m) are restricted in their use and are not expected to be readily realisable. These tax assets totalling £100m (30 June 2007: £91m; 31 December 2007: £93m), recognised at the prevailing tax rate of 28%, form the deferred tax asset not provided at 30 June 2008 of £27.9m (30 June 2007 at 30%: £27.1m; 31 December 2007: £26.2m). These amounts are all reflected in the tables above.

Movement in period

The principal factors affecting the deferred tax balances during the six months ended 30 June 2008 were the use of taxable losses brought forward, the utilisation of capital allowances, the carry forward of excess interest costs and the reduction in potential tax payable on valuation surpluses due to reductions in values during the period.

NOTES TO THE FINANCIAL STATEMENTS

13. RECONCILIATION OF MOVEMENT ON CAPITAL AND RESERVES

A reorganisation of the MWB Group of companies through a Scheme of Arrangement (“the Scheme”) in the manner set out in the circular to shareholders dated 7 February 2008, and approved by shareholders on 4 March 2008 (referred to in further detail in Note 1 - “Basis of preparation”), was sanctioned by the Court on 2 April 2008.

At 1 January 2008 and at the date of the Scheme, the issued share capital of Marylebone Warwick Balfour Group Plc (“Old MWB”) was £40,261,000, the share premium account was £79,563,000 and the capital redemption reserve was £30,663,000. In accordance with the sanction from the Court, when the Scheme of arrangement became effective on 3 April 2008 the issued share capital, share premium account and capital redemption reserve of Old MWB were cancelled.

Under the Scheme, the shareholders of Old MWB were issued with Units in MWB Group Holdings Plc (“New MWB Group”) on a one for one basis. Each Unit comprises one ordinary share with twenty B shares. The B shares do not confer on their holders any rights in relation to income or voting and have only limited rights to participate in capital but they provide a mechanism for the return of cash or cash equivalents to shareholders.

At the date that the Scheme became effective, each Unit consisted of one ordinary share with a nominal value of 0.1p and twenty B shares with a nominal value of 10p each. As a result, New MWB Group had issued share capital of £161 million (being 80,522,017 ordinary shares of 0.1p each and 1,610,440,340 B shares of 10p each). In accordance with section 131 of the Companies Act, no share premium account was recognised in New MWB Group on the issue of these shares.

A capital reduction in the New MWB Group’s share capital was sanctioned by the Court on 9 April 2008 which became effective on 10 April 2008. As a result, the share capital of New MWB Group was reduced by decreasing the nominal value of each B share from 10p to 0.01p. Thereafter, each Unit consists of one ordinary share with a nominal value of 0.1p and twenty B shares with a nominal value of 0.01p each. As a result, at the effective date of the capital reduction, the issued share capital of MWB Group Holdings Plc amounted to £242,000 (being 80,522,017 ordinary shares at 0.1p each and 1,610,440,340 B shares at 0.01p each), being a reduction in share capital of £160,883,000 and an increase in distributable reserves of New MWB Group by the same amount of £160,883,000.

At formation, New MWB Group had an issued share capital of £50,000, comprising 50,000 redeemable non-voting shares of £1 each, of which £12,500 had been paid up. These shares conferred no beneficial rights on their holders and are due to be redeemed during the second half of the year ending 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

13. RECONCILIATION OF MOVEMENT ON CAPITAL AND RESERVES (continued)

Six months ended 30 June 2008	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Hedging reserve £'000	Translation reserve £'000
At 1 January 2008	40,261	79,563	30,663	187,151	5	69
Scheme of arrangement April 2008 (note 1)	<u>120,864</u>	<u>(79,563)</u>	<u>(30,663)</u>	—	—	—
At 1 January 2008 restated for effect of Scheme of arrangement	161,125	-	-	187,151	5	69
Movements during period:						
Capital reduction	(160,883)	-	-	-	-	-
Retained loss for the period	-	-	-	-	-	-
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	-	-	-	-
Revaluation of property, plant and equipment, net of tax	-	-	-	(30,521)	-	-
Transfer on increase in minority interests in Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	-	-	-	-
Issue and purchase of ordinary shares	31	-	18	-	-	-
Defined benefit pension scheme actuarial loss	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(29)	-
Transfer of depreciation on revalued properties	-	-	-	(546)	-	-
Write back of option cost through equity	-	-	-	-	-	-
Foreign exchange translation differences for foreign operations	—	—	—	—	—	(187)
At 30 June 2008	<u>273</u>	<u>-</u>	<u>18*</u>	<u>156,084*</u>	<u>(24)*</u>	<u>(118)*</u>

* = Disclosed as 'Other reserves' at 30 June 2008 totalling £166,904 in consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

13. RECONCILIATION OF MOVEMENT ON CAPITAL AND RESERVES (continued)

Six months ended 30 June 2008	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity attributable to shareholders £'000	Minority interests £'000	Total equity £'000
At 1 January 2008	9,403	1,783	(144,521)	204,377	91,783	296,160
Scheme of arrangement April 2008 (note 1)	(242)	-	(10,396)	-	-	-
At 1 January 2008 restated for effect of Scheme of arrangement	9,161	1,783	(154,917)	204,377	91,783	296,160
Movements during period:						
Capital reduction	-	-	160,883	-	-	-
Retained loss for the period	-	-	(7,778)	(7,778)	890	(6,888)
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	(427)	(427)	-	(427)
Revaluation of property, plant and equipment, net of tax	-	-	-	(30,521)	(6,637)	(37,158)
Transfer on increase in minority interests in Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	1,592	1,592	(1,592)	-
Issue and purchase of ordinary shares	-	-	(8,574)	(8,525)	(91)	(8,616)
Defined benefit pension scheme actuarial loss	-	-	(1,089)	(1,089)	(506)	(1,595)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(29)	(13)	(42)
Transfer of depreciation on revalued properties	-	-	546	-	-	-
Write back of option cost through equity	-	-	76	76	36	112
Foreign exchange translation differences for foreign operations	-	-	(32)	(219)	(103)	(322)
At 30 June 2008	<u>9,161</u>*	<u>1,783</u>*	<u>(9,720)</u>	<u>157,457</u>	<u>83,767</u>	<u>241,224</u>
Retained earnings at 30 June 2008 comprise the following:-						
Accumulated net loss in Consolidated Income Statements to 30 June 2008			(81,205)			
Purchase by the Company of ordinary shares from Shareholders that have subsequently been cancelled			(79,002)			
Scheme of arrangement April 2008			(10,396)			
Increase in retained earnings due to capital reduction			<u>160,883</u>			
At 30 June 2008			<u>(9,720)</u>			

NOTES TO THE FINANCIAL STATEMENTS

14. MINORITY INTERESTS

The movements in minority interests of the Group during the six months ended 30 June 2008 arose as follows:-

	At 1 January 2008 £'000	Add minority share of result for the period £'000	Add minority share of valuation deficit for the period £'000	Other movements during the period £'000	At 30 June 2008 £'000
MWB Malmaison Holdings Limited	68,930	361	(6,337)	(1,851)	61,103
MWB Business Exchange Plc	7,354	1,895	-	(106)	9,143
Liberty Plc	13,747	(1,366)	(300)	(312)	11,769
Others	<u>1,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,752</u>
	<u>91,783</u>	<u>890</u>	<u>(6,637)</u>	<u>(2,269)</u>	<u>83,767</u>

15. 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 MWB Group Holdings at each period end by the number of ordinary shares in issue at such date. The relevant figures are as follows:-

		30 June 2008	30 June 2007	31 December 2007
Equity attributable to shareholders of MWB Group per consolidated balance sheet	£'000	<u>157,457</u>	<u>231,489</u>	<u>204,377</u>
Number of ordinary shares in issue at period end (Note 8)	'000	<u>74,371</u>	<u>80,522</u>	<u>80,522</u>
Equity attributable to shareholders of MWB Group Holdings in pence per share	Pence	<u>212p</u>	<u>287p</u>	<u>254p</u>

NOTES TO THE FINANCIAL STATEMENTS

16. CONTINGENT LIABILITIES

In June 2003 the Group bought out the minority interests in the share capital of MWB Business Exchange Limited (“BusEx”), for an initial consideration of £16m and deferred consideration of £9.5m. In December 2005, a new holding company for BusEx, MWB Business Exchange Plc, was floated on AIM and the Group’s retained interest at the date of flotation was valued at £38m. This subsidiary has continued to expand and by 30 June 2008, the Group’s interest in MWB Business Exchange Plc had increased in value to approximately £44.1m. The payment of any of the deferred consideration of £9.5m referred to above from the acquisition of minority interests in June 2003 is dependent on value being distributed out of MWB Business Exchange Plc to MWB Group Holdings or received from a third party sale by MWB Group Holdings, for the serviced office business of MWB Business Exchange Plc, before June 2018. This includes value received from income distributions, capital repayments and proceeds from external sales of MWB Business Exchange Plc 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 MWB Business Exchange Plc and being received by MWB Group Holdings. However, it would become payable if the Group’s interest in MWB Business Exchange Plc was realised in cash by the Group and it has accordingly been included as a contingent liability at 30 June 2008.

17. 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 governs the relationship between the Company on behalf of 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 Company on behalf of the Group pays management fees and rental payments at agreed levels but subject to adjustment as agreed between the Company and ServCo (or in default of agreement, by an expert appointed in accordance with the dispute resolution mechanism contained in the Services Agreement) for any increase or decrease in the cost to ServCo of providing services to the Group. These fees represent the salary and head office costs directly incurred by the Group prior to approval of the Services Agreement by Independent Shareholders in May 2002, that are now incurred directly by ServCo and recharged to the Group in accordance with these approved arrangements.

NOTES TO THE FINANCIAL STATEMENTS

17. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Arrangements with ServCo Limited Partnership (continued)

A Share Transfer Agreement relating to the acquisition by ServCo of Marylebone Warwick Balfour Management Limited was approved by Independent Shareholders at an extraordinary general meeting held in May 2002. As a result, certain contractual obligations that existed between Marylebone Warwick Balfour Management Limited (which was previously owned by the Group) and the Group continue to subsist after that share transfer agreement and are charged to the Group, in a similar manner as they did prior to the signing of the share transfer agreement.

(ii) Fees paid during the six months ended 30 June 2008

In accordance with the Services Agreement and Share Transfer Agreement referred to above, the Group paid management fees of £1.7m and rental payments of £0.2m to ServCo during the six months ended 30 June 2008 (six months ended 30 June 2007: £1.9m; year ended 31 December 2007: £3.8m). The fees payable to ServCo under the Services Agreement are not remuneration payable to the Directors.

In accordance with the service contracts between the Executive Directors and the Company, annual salaries of the Executive Directors £0.6m (year ended 31 December 2007: £1.2m) plus associated National Insurance, travel allowance, bonus and pension contributions, in all totalling £0.9m (year ended 31 December 2007: £1.6m) were paid to ServCo, rather than to the Executive Directors themselves. In addition, the salary of one Senior Executive of the Company (who is also a partner of ServCo) of £0.1m (year ended 31 December 2007: £0.2m) plus associated National Insurance and pension contributions, was also paid to ServCo rather than to the Senior Executive concerned. The payment of these salaries and associated costs to ServCo rather than to the individuals concerned results in no additional cost being incurred by the Group.

No amounts were outstanding either to or from ServCo at 30 June 2008 and at 31 December 2007 or written off during these periods.

(iii) Remaining term

The term of the Services Agreement runs to 31 December 2010 in accordance with the Business Plan of the Group. Under the Services Agreement, the Company will pay annual fees in respect of the cost incurred by ServCo in providing these services to the Company. It is envisaged that as a consequence of the increased period of service provision required from ServCo through to 31 December 2008, the fees for 2008 will be at a similar level to the fee of £3.5m for 2007.

As the Group's business plan has been extended, the services and incentive agreements with ServCo have also been extended in line with the original shareholder approved agreements. The Non-Executive Directors, in accordance with those agreements, undertook their annual review during the six months ended 30 June 2008, and fees payable by MWB to ServCo will reduce from £3.5m per annum to £2.4m per annum with effect from 1 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL STATEMENTS AND HALF-YEARLY FINANCIAL REPORT

A copy of the above document has been submitted to the UK Listing Authority, and will be 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 Group includes information for the six months ended 30 June 2008, with comparative information for the six months ended 30 June 2007 and the year ended 31 December 2007. Statutory financial statements for the year ended 31 December 2007 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 237(2) or (3) of the Companies Act 1985.

This Half-Yearly Financial Report will be sent to shareholders during September 2008 and an electronic copy is available on the Company's website at www.mwb.co.uk. The audited financial statements of MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group Plc) for the year ended 31 December 2007, further copies of this Half-Yearly Financial Report, and the Half-Yearly Financial Report for the six months ended 30 June 2007, 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:

- (i) This Half-Yearly Financial Report has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU;
- (ii) 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

Andrew Blurton
Group Finance Director

28 August 2008

FIVE YEAR SUMMARY (Unaudited)

	Notes	Six months ended 30 June 2008	Year ended 31 December 2007	Eighteen months ended 31 December 2006	Years ended 30 June (note 2) 2005 2004	
Consolidated Income Statement and recognised income and expense						
Group revenue		£'000 134,299	252,119	359,501	236,460	240,910
Total EBITDA	3	£'000 15,064	26,759	63,881	39,717	44,171
Group operating profit		£'000 9,582	16,727	32,952	9,161	26,094
(Loss)/profit on ordinary activities before taxation		£'000 (5,382)	(13,763)	11,396	(15,586)	(3,283)
(Loss)/earnings per share		Pence (9.8p)	(19.4p)	2.1p	(13.8p)	(10.7p)
Total recognised income and expense		£'000 (46,005)	132,182	59,953	46,400	6,532
Recognised gains and losses per share		Pence (49.7p)	130.9p	38.9p	33.3p	5.9p
Consolidated cash flow:						
Net cash inflow/(outflow) from operating activities		£'000 4,796	(7,160)	22,990	41,992	(19,453)
Net cash (outflows)/inflows from investing activities		£'000 (23,165)	(66,061)	174,472	89,057	40,030
(Increase)/decrease in net debt during period		£'000 (27,445)	(62,905)	137,162	86,001	(35,474)
Closing net debt		£'000 (335,457)	(308,012)	(245,107)	(382,269)	(468,270)
Consolidated balance sheet						
Total property interests		£'000 585,280	605,633	406,852	540,803	593,976
Net asset value		£'000 241,224	296,160	153,285	159,692	150,781
Equity attributable to shareholders of the Company		£'000 157,457	204,377	99,322	110,802	108,873
Adjusted equity attributable to shareholders	4	£'000 163,266	211,453	149,082	110,802	108,873
Number of ordinary shares in issue at period end		'000 74,371	80,522	80,522	109,650	109,800
Equity attributable to shareholders per share		Pence 212p	254p	123p	101p	99p
Adjusted equity attributable to shareholders per share	4	Pence 220p	263p	185p	101p	99p
Net gearing	5	Per cent 139%	104%	160%	239%	311%
Property gearing	6	Per cent 57%	51%	60%	71%	79%

FIVE YEAR SUMMARY (continued)

Notes

1. In July 2005, the Company changed its year end to December. Accordingly the results in the table above to 31 December 2006 cover the eighteen months from the Company's previous year end of 30 June 2005 to the new year end of 31 December 2006. The prior periods' results are for years ended 30 June.
2. The figures above reflect adoption by the Group of International Financial Reporting Standards in 2005 and subsequent years. Prior year figures were prepared under UK Generally Accepted Accounting Principles and have not been adjusted.
3. EBITDA is the earnings of the Group for the period before interest, tax, depreciation and amortisation.
4. Adjusted equity attributable to shareholders reflects the Company's interests in MWB Business Exchange Plc and Liberty Plc at their market value at the period end and takes account of the incentives that would become payable on realisation at those values.
5. Net gearing is the percentage that total debt at the period end, less available cash, bears to net assets of the Group.
6. Property gearing is the percentage that net debt of the Group at the period end bears to total property interests at the period end.

GROUP BUSINESS CENTRES at 30 June 2008

Contact details for all Business Centres operated by the Group:-

Telephone: freephone 0808 100 1800

Web: www.mwbex.com

<u>Leased properties</u>	<u>Location</u>	<u>Number of workstations</u>
43 Temple Row	Birmingham B2 5LS	275
Atrium Court, The Ring	Bracknell RG12 1BW	358
Lower Castle Street	Bristol BS1 3AG	284
Wellington House, East Road	Cambridge CB1 1BH	175
9-10 St. Andrew Square	Edinburgh EH2 2AF	352
Westpoint, 4 Redheughs Rigg, South Gyle	Edinburgh EH12 9DQ	259
1 Farnham Road	Guildford GU2 4RG	289
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	410
52-54 Leadenhall Street	London EC3A 2BJ	215
107-111 Fleet Street	London EC4A 2AB	400
60 Cannon Street	London EC4N 6JP	344
6 Hays Lane	London SE1 2QG	255
10 Greycoat Place	London SW1P 1SB	546
Basil Street	London SW3 1AH	401
Lasenby House, 32 Kingly Street	London W1B 5QQ	257
Liberty House, 222 Regent Street	London W1B 5TR	297
77 Oxford Street	London W1D 2ES	296
18 Soho Square	London W1D 3QL	278
33 Cavendish Square	London W1G 0PW	515
Marble Arch Tower, 55 Bryanston Street	London W1H 7AJ	213
1 Berkeley Street	London W1J 8DJ	356
85 Tottenham Court Road	London W1T 4DU	362
83 Baker Street	London, W1U 6LA	347
26-28 Hammersmith Grove	London W6 7BA	494
1a Hammersmith Broadway	London W6 9DL	322

GROUP BUSINESS CENTRES at 30 June 2008 (continued)

<u>Leased properties</u>	<u>Location</u>	<u>Number of Workstations</u>
88 Kingsway	London WC2B 6AA	333
Amadeus House, Floral Street	London WC2E 9DP	269
53-59 Chandos Place	London WC2N 4HS	211
Golden Cross House, 8 Duncannon Street	London WC2N 4JF	508
Siena Court, The Broadway	Maidenhead SL6 1NJ	175
Trident One, Styal Road	Manchester M22 5XB	325
Exchange House, 494 Midsummer Boulevard	Milton Keynes MK9 2EA	260
15 Wheeler Gate	Nottingham NG1 2NA	118
John Eccles House, Robert Robinson Avenue, Oxford Science Park	Oxford OX4 4GP	124
Atlantic House, Imperial Way	Reading RG2 0TD	363
Parkshot House, 5 Kew Road	Richmond TW9 2PR	444
Centurion House, London Road	Staines TW18 4AX	<u>183</u>
39 centres at 30 June 2008		<u>12,394</u>

Operating and Management Agreements

Tower Point 44, North Road	Brighton BN1 1YR	350
Europa House, Barcroft Street	Bury BL9 5BT	266
Temple Court, Cathedral Road	Cardiff CF11 9HA	164
Castle Court, Cathedral Road	Cardiff CF11 9LJ	103
Silk House Court, Tithebarn Street	Liverpool L2 2LZ	114
Level 33, 25 Canada Square, Canary Wharf	London E14 5LB	259
1 Sekforde Street, Clerkenwell	London EC1R 0BE	213
London Wall City Business Centre, 2 London Wall Buildings	London EC2M 5UU	156
City Tower, 40 Basinghall Street	London EC2V 5DE	220
2 Finch Lane	London EC3V 3NA	71
St Clement's House, 27/28 Clement's Lane	London EC4N 7AE	407
118 Piccadilly, Mayfair	London W1J 7NW	102
Pall Mall Court, King Street	Manchester M2 4PD	241
Cuthbert House, City Road, All Saints	Newcastle-upon-Tyne NE1 2ET	192

GROUP BUSINESS CENTRES at 30 June 2008 (continued)

<u>Operating and Management Agreements</u>	<u>Location</u>	<u>Number of Workstations</u>
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	<u>116</u>
17 centres at 30 June 2008		<u>3,520</u>
<u>Total</u>		
56 centres at 30 June 2008		<u>15,914</u>

MALMAISON AND HOTEL DU VIN HOTELS at 30 June 2008

<u>Malmaison</u>	<u>City</u>	<u>Number of bedrooms</u>	<u>Telephone number</u>
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 7DB	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 1LG	<u>75</u>	0118 956 2300
11 operating Malmaison		<u>1,210</u>	
<u>Hotel du Vin</u>			
Hotel du Vin, Church Street	Birmingham B3 2NR	66	0121 200 0600
Hotel du Vin, Ship Street	Brighton, Sussex BN1 1AD	37	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, One Devonshire Gardens	Glasgow G12 0UX	49	0141 339 2001
Hotel du Vin, Prospect Place	Harrogate HG1 1LB	43	01423 856 800
Hotel du Vin, New Street	Henley-on-Thames, Oxon RG9 2BP	43	01491 848 400
Hotel du Vin, Crescent Road	Tunbridge Wells, Kent TN1 2LY	34	01892 526 455
Hotel du Vin, Southgate Street	Winchester, Hampshire SO23 9EF	24	01962 841 414
Hotel du Vin, 89 The Mount	York YO24 1AX	<u>44</u>	01904 557 350
11 operating Hotel du Vin		<u>470</u>	
22 operating hotels		<u>1,680</u>	

MALMAISON AND HOTEL DU VIN HOTELS at 30 June 2008 (continued)

<u>Current developments at 30 June 2008</u>	<u>City</u>	<u>Number of bedrooms</u>
Hotel du Vin, Thames Street (forecast to open third quarter of 2008)	Poole, Dorset BH15 1JN	37
Hotel du Vin, City Road (forecast to open fourth quarter of 2008)	Newcastle-upon-Tyne NE1 2BE	42
Hotel du Vin, 2 Forrest Road (forecast to open fourth quarter of 2008)	Edinburgh EH1 2QN	47
Malmaison, 49-53 Queens Road (forecast to open fourth quarter of 2008)	Aberdeen AB15 4YB	80
Hotel du Vin, 40 The Scores (forecast to open first quarter of 2010)	St. Andrews KY16 9AS	41
Hotel du Vin, Stour Street (forecast to open first quarter of 2010)	Canterbury CT1 2ND	<u>40</u>
6 current developments		<u>287</u>