FOR IMMEDIATE RELEASE

28 April 2009

MWB GROUP HOLDINGS Plc

FINAL RESULTS FOR 12 MONTHS TO 31 DECEMBER 2008

MWB Group Holdings Plc ("MWB" or "the Group") comprises the majority ownership in three successful operating businesses: MWB Business Exchange Plc, the AIM-quoted serviced office provider, Liberty Plc, the AIM-quoted iconic British brand and London emporium, and Malmaison and Hotel du Vin, the specialist boutique hotels group.

HIGHLIGHTS

- Total turnover for Group's three businesses rose 10.2% to record £278m
- Total EBITDA for Group rose 16% to £31.1m from £26.8m in 2007
- Pre-tax losses reduced by 28% to £9.9m against £13.8m in previous period
- Post-tax profit of £0.3m against a 2007 loss of £14.3m
- £348m of banking facilities extended to December 2011
- Robust property values recording a well below market reduction of only 14%
- Year end property values stood at £566m (including additions) against £606m in 2007
- Property gearing was 63% at year end
- Equity attributable to shareholders down from 254p a share in December 2007 to 174p in December 2008 against a current share price of 42p

"Our three operating companies have robust business models that enable each to attract customers who seek real value for money…..We have the management, products and service to continue to make progress for the benefit of stakeholders and the communities in which we operate," Eric Sanderson, MWB Group Holdings Plc Chairman.

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MALMAISON AND HOTEL DU VIN

- Four new hotels opened during year – three HdVs and one Malmaison – representing capital investment of £49m (inclusive of extensions at Brighton and Harrogate HdVs)
- Revenue increased 13% to £108m from £95m in 2007
- Operating EBITDA increased by 11% to a record £26m against £24m in 2007
- Occupancy stable for the year – up from 78% to 79% at Malmaison while HdV maintained 81%
- Room rates reflected tougher market conditions easing slightly from £113 to £112 at Malmaison and £124 to £120 at HdV

"We recognise we have to work hard to maintain our position as market leaders in the boutique hotel market, but I believe we have the experience and the product to achieve our goals. 2009 is not going to be an easy year but it has started well and we relish the challenge provided by the present market conditions and I believe we have both the people and the service to meet that challenge," Robert B Cook, Chief Executive, Malmaison and Hotel du Vin Group

LIBERTY PLC

- A "retail sector beacon" with 9% sales uplift to £50.9m against £46.7m
- Liberty Art Fabrics delivered impressive 25% sales growth and 35% EBITDA uplift
- Successful launch of transactional website in July 2008 – rapid development culminating in excellent Christmas trading
- 2008 focus: significant investment and restructuring in retailing activities particularly within flagship store and online sales facility, culminating in successful "Renaissance of Liberty" launch in February 2009
- Liberty of London wholesale distribution continued to expand in world's leading stores including Corso Como, Jeffrey and Le Bon Marché
- Since "Slumdog Millionaire" star Freida Pinto's February 2009 "Renaissance of Liberty" launch, flagship store trading and margins have achieved 12% growth over 2008 comparative period

"We appreciate we are operating in a difficult and uncertain economic period. However, I am confident that investing during these challenging times to refocus our identity will considerably improve our ability to achieve our vision and create value for shareholders," Richard Balfour-Lynn, Liberty Chairman.

MWB BUSINESS EXCHANGE

- Revenue grew 18% to £119m over the previous 12 month period
- EBITDA rose by 6.5% to £18.1m compared to year to 31 December 2007
- Profit before tax grew 10% to £14.0m against £12.7m for the comparable 12 month period
- Revenue Per Available Workstation (REVPAW) advanced 3% to £8,700 at 31 December 2008 from £8,435 at 31 December 2007
- Revenue Per Occupied Workstation (REVPOW) also up 3% to £9,650 at 31 December 2008 compared to £9,355 at 31 December 2007
- Meeting and Conference Room revenue up by 7% to £11.3m
- Occupancy maintained at 90% at 31 December 2008

"We have a strong cash-generative business with a sound balance sheet and the Board remains positive about the medium term future for the Company, both in terms of profit and shareholder value." Richard Balfour-Lynn, Chairman

CHAIRMAN'S STATEMENT

I am pleased to report that each of the Group's operating businesses produced an improved performance over the comparative period last year. This was achieved despite difficult conditions in the markets in which we operate and translated into total EBITDA for the Group of £31.1m, up from last year's £26.8m, and a pre-tax loss of £9.9m against a loss of £13.8m last year.

Each of our three operating businesses, Malmaison and Hotel du Vin, MWB Business Exchange and Liberty, encountered difficult market conditions over the year, with the economic environment being particularly tough in the second half of 2008. The harder economic conditions were not unexpected, however, and each of the company's senior management teams had already taken steps to reduce costs and mitigate, as much as possible, the impact of any downturn in the market. The full effects of these actions will continue to be felt during the course of 2009 and are expected to position the Group well for the economic improvement when it occurs.

Against this background total turnover for the three businesses rose by 10.2% to a record £278m for the year to December 2008, as each demonstrated a high degree of resilience despite market conditions.

I am also pleased to report that on 27 April 2009 we extended £348m of the Group's banking facilities provided by Bank of Scotland and Royal Bank of Scotland. The terms of these facilities, comprising three separate loans to Malmaison and Hotel du Vin, MWB Business Exchange and MWB itself, previously ran to the end of 2009 but have now been extended to 31 December 2011. As a result, none of the Group's funding facilities are due to expire in the current financial year to December 2009 and the shortest expiry date is the facility provided to Liberty, whose term runs to 30 September 2010. We are very pleased with this outcome, which improves the financial position of the Group in these ever more challenging times.

Our boutique hotel business, Malmaison and Hotel du Vin, continued to grow with a 13% uplift in sales, passing the £100m mark for the first time at £107.6m. Operating EBITDA increased by 11% to a record £26m, largely achieved as a result of our continued hotel openings during 2007 and 2008. During the year to 31 December 2008 a further four hotels were opened while two existing properties – Brighton and Harrogate – were extended. All the new hotels only opened in the second half of the year and yet have performed strongly.

Bearing present market conditions in mind there will be no new Malmaison or HdV hotels opening during 2009. As a result no major capital expenditure is being committed by the group in these current markets, though there could be opportunities to convert and lease additional hotels under the Malmaison and Hotel du Vin format. Instead, resource is being concentrated on ensuring newly opened hotels become firmly established and building on the excellent reputation of our existing properties. We have acquired a site at a former tannery at Canterbury and this will be developed when market conditions improve. Our hotel in St. Andrews continues to operate profitably as the Golf Hotel meantime, and will be converted to a Hotel du Vin in due course.

As part of its strategy to face the challenges presented by the new business environment, our hotels group embarked upon a major cost savings programme half-way through 2008 aimed at reducing overheads combined with securing better cost levels and higher discounts on everything from utilities to consumables. At the same time, new food and beverage led promotions have expanded the group's potential customer base.

MWB Business Exchange, our AIM quoted serviced offices provider, made further progress in consolidating its position as the UK's second largest sector specialist as it produced a 6.5% uplift in EBITDA to £18.1m. This is an extremely commendable performance in an increasingly difficult business environment and reflects the soundness of both Business Exchange's offer and its strategy.

Business Exchange, as the serviced office operator offering one of the most competitive products available in terms of quality and value, has continued to focus on establishing its network of centres within Central London and in key UK business locations. Again, the senior management team had already implemented a strategy aimed at combating the worst effects of the downturn. One of the key elements of that strategy was to focus on only opening new centres using Business Exchange's successful Operating and Management Agreements. This ensures a greatly reduced capital expenditure programme whilst allowing us to continue to expand cash and profit generation from new centres, without the liability of entering into leases.

It is also worth noting that Business Exchange's increasingly successful Meeting and Conference Room offer produced a 7% uplift in revenue to £11.3m. This division continues to benefit from the shift from residential-based conference and meeting room facilities as clients have sought to reduce costs.

Liberty continues to make progress. Sales across the business grew by 9% during 2008 to £50.9m and became one of the few beacons in the industry to produce sales growth as the foundations laid over the past 18 months by the new management team began to bear fruit. At the operating EBITDA level, Liberty's performance slipped from £2.7m last year to £1.8m this year, reflecting tighter margins.

Despite the worst fears of commentators on the sector as a whole, Liberty only really felt the impact of the economic downturn for the month of November while Christmas 2008 virtually matched its record sales of the previous year and far exceeded forecasts. Contributing factors included excellent customer promotions and a determination to clear stocks in preparation for the "Renaissance of Liberty" renovation programme within the flagship store. This programme involves a new layout and product offer over three new fashion floors, with a large number of exclusive brands.

This renaissance has now been completed and has been extremely well received by both the media and customers alike. The opening ceremony was performed by award winning actress Freida Pinto in February 2009 and generated extensive media interest both here and around the globe.

The impact of this renaissance should not be underestimated. Not only is it an important step in re-establishing Liberty's credentials as London's leading retail destination for innovative and avant garde design and fashion but it also helps achieve global brand awareness for the business and the Liberty of London operation.

As I mentioned earlier, we have extended £348m of our banking facilities to the end of 2011. This significant extension has however not been achieved without cost; the increased margins and fees now charged by banks generally have been the subject of much commentary in the press. Despite the increased cost, we strongly believe it is in the Group's long term interests to extend these facilities and given the current level of illiquidity in the financial markets, are very pleased to have achieved this.

MWB Group produced divisional Operating EBITDA of £46.4m, up from last year's £43.6m and pre-tax losses this year of £9.9m compared to pre-tax losses of £13.8m last year. This year's results reflect the absorption of £2.5m of costs associated with our successful corporate restructuring in April 2008, while 2007's results included profits on property sales of some £7.6m. On-going overheads continue to be closely controlled and the ServCo management fee has been reduced by £1.1m to £2.4m with effect from January 2009.

The key statistic for shareholders continues to be our property valuations. As has been well documented, general property values have fallen significantly as a result of continued uncertainty in the financial markets and the general move into recessionary times in the UK. The wider economic uncertainties affect our business like all others and we are not immune to the increased problems that this brings. Nonetheless, I am very pleased to report that our property values have proved to be far more robust than has been the case generally in the market.

For the year ended December 2008, we recorded a reduction in property values of £79.2m, with this occurring approximately equally in both halves. This represents a 14% reduction for the year which is well below general market reductions. It also reflects the quality and inherent value of our properties and their strong operational performance. This resulted in a reduction in equity attributable to MWB shareholders of £64.9m after taking account of minority interests. Notwithstanding these property writedowns, our property gearing was 63% at the year end, again reflecting our strategy of maintaining this at relatively low levels to ensure protection of stakeholders' interests.

Principally as a result of the decrease in property values, the retained loss and the share buy-backs by the Company, equity attributable to MWB Shareholders reduced to £125.9m from £204.4m at December 2007, of which £10.0m was due to the share buy-backs. This represents a reduction of 80p per share for the year, from 254p at December 2007 to 174p at December 2008. Equity attributable to MWB Shareholders of 174p per share contrasts with our current share price of only 42p per share, a level of discount that disappoints us and which we consider to be unwarranted.

The Company's Articles of Association stipulate the maximum permitted multiple of equity attributable to shareholders that the Company may borrow. With these recent reductions in value, despite the businesses themselves producing record results, the Board considers that the current permitted multiple of four times shareholders' equity could restrict the Group in the years ahead. The Board is therefore proposing an increase from four to five times shareholders' equity for the permitted level of Group borrowings and this will be considered at the 2009 AGM. I would add that this is not designed to increase the actual level of borrowings but merely to amend the permitted multiple of equity attributable to shareholders that the Group borrowing represents. The covenants included in all our financing facilities at 31 December 2008 were fully complied with and are forecast to be fully complied with during the period covered by our projections. We are nevertheless aware that, although we consider this to be unlikely, the gearing covenant in respect only of the Group's £30m Unsecured Loan Stock, could be affected if there are continued material reductions in property values. The Board recognises that in the current adverse market conditions it is difficult to predict future property values with previous levels of accuracy, and we have therefore commented on this in note 1 to our financial statements. The Board is also exploring various options open to the Company with the aim of strengthening the Group's financial structure and will update shareholders at the appropriate time.

There is little doubt that the current economic environment will have an impact on all our businesses over the coming year. Pricing, whether it is for a hotel room, a workstation or a Liberty product will be under severe pressure. However our three operating companies have robust business models that enable each to continue to attract customers who seek real value for money. While the current uncertain economic environment makes it difficult to make meaningful forecasts for the year ahead, I do believe we have the management, products and service to continue to make progress for the benefit of stakeholders and the communities in which we operate.

Eric Sanderson
Chairman

28 April 2009

CHIEF EXECUTIVE'S STATEMENT

Without a doubt we have entered uncharted territory. While 2008 was difficult, the current year will be even tougher. As a result it has become almost impossible for companies to predict when they will move into a period of stability.

Against this background I cannot express optimism for the short term future. However, we have three extremely good operating businesses. They are well managed and provide excellent products and services. Each business has demonstrated its ability to deliver growth even in these tough market conditions.

For these companies to succeed in the current year, we will have to work harder and longer to meet the challenges ahead. The products and services offered by each business will have to provide demonstrably even greater value than they have to date. In short, business as usual is not an option.

Yet I am confident that each team has both the ability and the determination to prove they are among the best, if not the very best, in their respective sectors. I also believe they are providing services and products which, even in today's difficult markets, continue to be in demand.

We aim to improve even further every aspect of our businesses, from sourcing to delivery. I am proud of what we have created so far. But I aim to be even prouder of what the teams can, and will, achieve in the most difficult economic climate of the last 80 years.

Richard Balfour-Lynn
Chief Executive

28 April 2009

MALMAISON AND HOTEL DU VIN OPERATING REVIEW

This has been another busy and, despite the challenging economic environment, successful year for our Malmaison and Hotel du Vin operations. A further four hotels have been opened – three HdVs and one Malmaison – while our Brighton and Harrogate HdVs were extended, reflecting a total investment for the year of some £49m and taking the group total to 26.

As we have already reported, the first half started extremely well, and the economic downturn has only really made an impact on our business in the last four months of the year as food and beverage sales slowed and room rates came under pressure. However, we produced a 13% increase in turnover, up from £95m in 2007 to £108m this year. Operating EBITDA rose to a record £26m, up from £24m last time.

The revenue uplift reflects a contribution from hotels opened during the year as well as increased performance from those opened during 2007 that have now become well established in their locations. All our new hotels opened during 2008 were launched in the last four months of the year and, therefore, their full impact will be felt during 2009.

Even taking into account the new properties, occupancy over the year was maintained across both brands. At Malmaison, occupancy rose from 78% to 79% while HdV maintained levels at 81%. Room rates reflected the tougher market conditions and these eased back slightly, down from £113 to £112 at Malmaison and from £124 to £120 at HdV.

It is pleasing to note that our new hotels which opened in the second half of the year all performed extremely well. Poole (September 2008) is broadly on budget and is showing strong income from its popular bistro. Aberdeen (November 2008) has started very strongly and continues to perform well. Our Newcastle HdV (October 2008) has recorded impressive food and beverage figures but is taking a little longer to establish itself in the corporate market than originally planned, due to recessionary effects on some major corporates in the area. Our Edinburgh HdV opened in December 2008, with its second tranche of rooms coming on stream at the end of January 2009; it has got off to a good start despite competition in the city. Only Poole, which tends to be subject to a more seasonal demand base, has had a tougher start to the new year but nevertheless is ahead of budget.

Of our established hotels, a particular mention should be made of our Belfast Malmaison which recorded an excellent year as it benefited from the impact of the newly opened Victoria Square shopping centre.

There is no doubt that 2009 is going to be a challenging year for the business as we seek to maintain market share both from a rooms perspective and from food and beverage. We believe we recognised the warning signs early on and by the start of the second half of 2008 we had already implemented our major cost savings programme, the full impact of which will be felt over the course of 2009. Overhead reductions included better rates and discounts on everything from utilities to a broad range of consumables.

Our strategy for the current year is one of consolidation. As a result there will be no major capital expenditure during 2009, thus preserving cashflow. Instead we are ensuring the new hotels become well established in their individual markets and building the group brand in their catchment areas.

As well as cutting costs we have generated new revenue streams and expanded our potential customer base through a series of food and beverage led promotions aimed at attracting new clients to our hotels. These promotions are already underway and are proving very successful and bringing new customers to both Malmaison and HdV.

In addition we are using our website to offer room promotions aimed at both existing and new customers through an expanded database. Wherever we can, we are cutting out, or severely reducing, third party costs through on line booking facilities and other means of reaching our customers directly.

In a fiercely competitive market, Malmaison and HdV have always offered customers more than simply value for money. As one of the early pioneers of the four star boutique hotel market we have always believed our hotels should provide a total experience to our customers. Everything from the reception and housekeeping staff to the food and wine, as well as the rooms themselves, keep us ahead of our competition. In these tougher market conditions we continue to differentiate our brands from other hotel groups to ensure customers return to us time after time.

As part of this strategy we continue to invest in the development of our staff throughout the business. It has always been our policy to develop and promote staff from within Malmaison and Hotel du Vin. We have a number of General Managers who have progressed through the company with a thorough working knowledge not only of the hospitality business but also the way we deliver service to our customers, and this stands us in good stead for the years ahead.

Our principal objective for 2009 is to protect and maintain both market position and price points. We recognise that we have to work hard to maintain our position as market leaders in the boutique hotel market but I believe we have the experience and the product to achieve our goals. 2009 is not going to be an easy year but it has started well and we relish the challenge provided by the present market conditions and I believe we have both the people and the service to meet that challenge.

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

28 April 2009

MALMAISON AND HOTEL DU VIN – KEY FINANCIAL HIGHLIGHTS

The key performance indicators for the business, together with its trading and balance sheet performance for the years ended 31 December 2008 and 2007, are summarised below:-

		Year ended 31 December 2008	Year ended 31 December 2007
Malmaison			
Total revenue	**£'000**	**62,322**	58,198
Average occupancy for year	**%**	**79**	78
Average room rate for year	**£**	**112**	113
Operating EBITDA*	**£'000**	**16,526**	14,761
Number of operating hotels at year end		**12**	11
Hotel du Vin			
Total turnover	**£'000**	**45,314**	37,074
Average occupancy for year	**%**	**81**	81
Average room rate for year	**£**	**120**	124
Operating EBITDA*	**£'000**	**9,927**	9,143
Number of operating hotels at year end		**14**	11
Combined Malmaison and Hotel du Vin			
Revenue	**£'000**	**107,636**	95,272
Operating EBITDA*	**£'000**	**26,453**	23,904

*Operating EBITDA and operating loss before tax exclude one off costs of aborted sale transactions and exceptional gains and losses.

		31 December 2008	31 December 2007
Balance sheet composition			
Property, plant and equipment	**£'000**	**493,311**	528,923
Debt	**£'000**	**(282,322)**	(239,512)
Adjusted equity attributable to shareholders of MWB Group in Malmaison and Hotel du Vin	**£'000**	**147,703**	222,675
Adjusted equity attributable to shareholders of MWB Group in Malmaison and Hotel du Vin, in pence per MWB Group share	**Pence**	**204p**	276p

MWB BUSINESS EXCHANGE PLC OPERATING REVIEW

The momentum generated during the first eight months of 2008, together with the Board's proven strategy, produced a further 18% advance in turnover during the year together with uplifts in all our key performance indicators. Despite the economic downturn, particularly the crisis in the banking markets and subsequent government rescue initiatives in September 2008, demand for our flexible office space remained strong, with group-wide lead flow 16% ahead of 2007.

We continued to generate strong cashflow throughout the year with net cash at the balance sheet date of £16.4m and net tangible fixed assets of £41.5m. EBITDA for the 12 months to 31 December 2008 was £18.1m, a 6.5% uplift over the comparable period despite the difficult business environment, while pre-tax profits rose by 10% to £14.0m against £12.7m last time. This has resulted in earnings per Business Exchange share 8% higher at 20.4p, up from 18.9p last year. Although performance has been strong in the year under review, the Directors are not proposing a dividend at this point in time, preferring to monitor developments in the economy over the short- to medium-term.

Despite the pressures endured over the latter part of the year it is pleasing to report that we maintained occupancy at 90% and generated increases in both revenue per available workstation (REVPAW) and revenue per occupied workstation (REVPOW). REVPAW rose by 3% to £8,700 from £8,435 and REVPOW advanced by a similar percentage to £9,650 from £9,355.

Our Meeting and Conference Room offer produced further growth over the period. This generated a 7% uplift in income to £11.3m compared to £10.5m during 2007. Whilst the occupancies of our meeting rooms continue to grow there has been downward pressure on rate in the early part of 2009. Our clients continue to value our differentiated proposition, particularly the high levels of service they receive, which has meant our pricing has been less affected than some of our competitors. It has been pleasing to witness continued growing demand for this product as businesses have increasingly turned away from residential-based conference and meeting room facilities in their efforts to find more cost effective solutions.

We have approximately 1,500 serviced office clients in our portfolio, spread across a wide range of sectors, who have an average requirement of 8 workstations and stay for approximately 23 months. We continue to focus on ensuring they receive the very best support infrastructure from our operational teams. Our differentiated proposition and the delivery of service excellence continues to have a positive effect on our renewal rates with over 70% renewing at least once.

As we stated at the half year, we are not opening any new leased and therefore capital intensive centres in the near future. Instead we have concentrated on opening centres under Operating and Management Agreements (OMAs), by means of which cash can be generated with little or no capital expenditure required from Business Exchange.

As a result during 2008 only one further centre was opened: St. Clement's House, London EC4, which provides a further 416 workstations together with additional meeting and conference room facilities, held under an OMA. During the period we did not renew our lease on the Bracknell Highview centre which was not profitable. Since year end we are pleased to announce the opening of a further Executive Centre at Harrogate, taking our portfolio to 56 locations.

Our growth strategy has been to focus on London and particularly the West End where historically occupier demand has recovered most quickly as the market recovers. However, in line with our stated strategy, we continue to review all expansion opportunities with caution.

Demand for our centres in the City, where the effects of the banking crisis have been the most acute, is robust as the market is becoming much more educated about the short-term benefits of serviced offices compared to the longer-term commitment of leased accommodation. This is particularly beneficial in the current adverse climate to companies downsizing and in need of temporary or short-term space, as our flexible office proposition continues to play more of an important role in the commercial property sector. Our proposition is also extremely attractive to new start-up businesses that either do not want, or are unable to commit to, a long-term lease.

In terms of demand, 2009 has started more strongly than we anticipated; while the level of enquiries has been good there has been continued pressure on rates and we are seeing sustained demand for flexibility, reflecting the general uncertainty in the market. In response to this new business environment, we have continued to rigorously manage our costs and generally lowered our overhead base during the second half of 2008, the benefits of which are already being felt in the current year.

We are expanding and improving the services we offer to clients, particularly in the IT and Telecom areas that are seeing rapid and dramatic change. We are also reviewing a number of opportunities to leverage the strength of the management team as we explore other potential income streams.

We have a strong cash-generative business with a sound balance sheet and the Board remains positive about the medium-term future for the Company, both in terms of profit and shareholder value.

John Spencer
Chief Executive
MWB Business Exchange Plc

28 April 2009

MWB BUSINESS EXCHANGE PLC - KEY FINANCIAL HIGHLIGHTS

The key performance indicators for this business and the trading performance and balance sheets for the years ended 31 December 2008 and 2007, are summarised below:-

		Year ended 31 December 2008	Year ended 31 December 2007
Operating statistics			
Revenue	**£'000**	**118,544**	100,046
Occupancy at year end	**%**	**90**	90
Annualised revenue per available workstation ("REVPAW") at year end	**£**	**8,700**	8,435
Annualised revenue per occupied workstation ("REVPOW") at year end	**£**	**9,650**	9,355
EBITDA	**£'000**	**18,088**	16,982
Number of operating centres at year end	**Number**	**38**	40
Number of operating and management agreements at year end	**Number**	**17**	16
Financial performance			
Profit before tax	**£'000**	**14,003**	12,746

		31 December 2008	31 December 2007
Balance sheet composition			
Property, plant and equipment	**£'000**	**41,535**	42,197
Net cash/(debt)	**£'000**	**16,404**	(5,031)
Adjusted equity attributable to shareholders of MWB Group in MWB Business Exchange Plc	**£'000**	**24,415**	39,548
Adjusted equity attributable to shareholders of MWB Group in MWB Business Exchange Plc, in pence per MWB Group share	**Pence**	**33p**	49p

LIBERTY PLC OPERATING REVIEW

The impact of the economic climate over the past 12 months on retailing has been well documented. Yet, in spite of the difficulties imposed by the credit crunch, Liberty was one of the sector’s few beacons as it produced a 9% uplift in sales across its business to £50.9m for the year.

The results for the year to 31 December 2008 reflect our strategy and foundations developed over the past 18 months. At the heart of this strategy is the creation of Liberty as a global luxury brand across our four distinct business activities, with each based on a common heritage and shared support functions. These foundations have been consolidated through the creation of a dynamic international executive team capable of delivering our key objectives and goals over the medium term.

Our major focus in 2008 was to restructure and invest significantly in our retailing activities, particularly in the flagship store and our online sales facility, culminating in the “Renaissance of Liberty” which was launched by the actress Freida Pinto, of the Oscar-winning film Slumdog Millionaire, in February 2009 to great acclaim, both from the public and the industry. Since the launch, I am pleased to report that trading has exceeded our expectations, delivering double-digit growth on comparative trading in 2008.

As a result of all these efforts, and despite the adverse economic climate, group sales for the year to end December 2008 totalled £50.9m against £46.7m for the same period a year earlier, with the flagship store virtually matching the previous year’s record performance at a little over £32m. We regard this as a very creditable performance in the current adverse economic and retailing climate.

Particular successes in the flagship came from Menswear, up 6%, and Beauty, up 5% on the comparative period in 2007. These two areas continue to underpin flagship store sales, producing consistent growth for the past three years and attracting our loyal Liberty customers back time and time again. We have exciting plans for our beauty hall in the second half of 2009, building on our range of exclusive and limited edition skincare, cosmetics, perfume and home fragrance products. Liberty carries one of the sharpest and most focused edited ranges of any store that carries luxury men’s clothing, which is attracting increasing footfall as customers discover the products that our experienced buyers have chosen.

EBITDA for the year slipped slightly from a loss of £3.5m to a loss of £3.9m, resulting in a pre-tax loss of £6.7m after increased interest and other costs, compared to £6.5m last year. It must be borne in mind that during the year the group had to bear some large one-off costs that included the launch of the independent Liberty of London store and our new internet sales platform, together with major reorganisation expenses within the flagship store in preparation for the Renaissance and to take the business forward in the coming years. All of these costs have been accounted for in the 2008 year results.

Liberty Art Fabrics, where restructuring started in 2007, delivered an impressive 29% sales growth and a 35% uplift in EBITDA. This remarkable performance was driven equally by our wholly-owned Japanese subsidiary assisted by a strong Yen and by the impact of our new international commercial team outside Japan.

Liberty Art Fabrics can now be seen on a wide array of global brands such as Nike, Balmain or Junya Wattanabe. Collaborations with contemporary artists such as Grayson Perry reinforced the positioning of our Art Fabrics Studio as one of the most avant-garde and eclectic providers of top quality fashion and design prints currently in London.

Liberty of London, our in-house studio which develops fashion accessories for men and women opened its stand-alone store on Sloane Street, Knightsbridge in July 2008 to critical acclaim from both the fashion and retail press alike. Although trading has been slower than anticipated, this store is helping us re-engineer our product strategy under the direction of our new commercial director, Fabio Guidetti, who joined in October 2008 with the clear objective to make Liberty of London profitable in the near future.

Liberty of London wholesale distribution, which only started in 2007, continued to expand in the most prestigious and directional stores such as Corso Como in Milan, Tokyo and Seoul, Jeffrey in New York and Le Bon Marché in Paris, with the total number of outlets now exceeding 100. Our men's shirts collection was awarded the prestigious "best print of the year" award by Wallpaper magazine. A limited edition scarf for the Chelsea Flower Show met with immediate success and more collaborations with high-profile brands, designers and artists are planned for 2009.

We successfully launched the Liberty transactional website in July 2008 and which has developed rapidly since then, culminating in excellent trading performance in the run up to Christmas. Spanning a selection of the best in Beauty, Design, Fashion and Gifts, the response to our fashion offer indicates a huge potential for this part of our business.

The worldwide potential of the website will be further enhanced by the global awareness of the Liberty brand name through the flagship store's Renaissance as a leading curator of international Fashion, Design and Beauty.

Despite the general consensus that Christmas 2008 was going to be the worst for a very long time, Liberty virtually matched the record sales achieved in the previous year and exceeded forecasts. Contributing factors to the high level of sales were some excellent customer promotional events and our determination to clear stocks in preparation for the "Renaissance of Liberty" renovation programme within the flagship store, all of which achieved their targets.

At the heart of the flagship store's Renaissance is a new lay out and product offer. There are now three new fashion floors with a large number of newly added exclusive brands. The new International Room on the first floor houses sophisticated collections from Jil Sander and Alexander McQueen next to the work of younger generation designers, such as Christopher Kane, Balmain, Josh Goot and Peter Piloto.

The central atrium on the first floor now showcases avant-garde anchor brands including Rick Owens, Martin Margiela, Acne and Dries Van Noten, each with their distinct corners in a beautiful light-flooded space.

Considerable thought has been given to our customers' desire for affordable luxury. The new Essentials Room on the second floor houses focused selections of key pieces in denim, t-shirts and cashmere from hot brands such as Acne, Aquascutum and APC. The room will evolve season by season and is expertly edited to ensure that our customers are not overwhelmed by choice.

Our Home business has not been forgotten. New bathshop and gift areas are open on the third floor, and the revamped Dress Fabrics and Haberdashery atrium space is trading much better than expected. Carpets have moved to the east gallery, whilst Liberty of London Home enjoys a new atrium space with exposed fireplaces and comfortable seating.

The store has been further enhanced through the addition of a new scarf room and our jewellery room that has been doubled in size. At the same time we have re-focused Liberty's bag offer with a wide range of accessible pieces and introduced, for the first time, sunglasses and hair accessories.

To support this Renaissance we have significantly upgraded service standards within the flagship store to provide a more friendly and welcoming approach from all staff. A new style service ensures expert advice is always available to even the most demanding clients but in a private and discreet environment.

In short, we are returning to our roots but with a 21st Century look and feel. What Arthur Liberty, the founder of Liberty, did was to make the store a fantastic backdrop for everything that was innovative and avant-garde in design, but still affordable. Supporting these products from around the world was a knowledgeable sales staff whose style and demeanour reflected the ambiance of the store and its range of design-led goods: and this is what we are achieving today.

Our principal aim is to re-capture our position as London's destination for all that is avant-garde in the world of fashion whether that be womenswear, shoes, jewellery, accessories or fabrics. In turn this will enable our transactional website to expand globally, it will nurture the Liberty of London collections and make the brand more desirable. The website will also make our Liberty prints even more popular and fashionable, both to artists and discerning shopper alike, for whom Liberty will again become the retail destination of choice.

We appreciate we are entering a difficult and uncertain economic period. However, I am confident that investing during these challenging times to refocus our identity will considerably improve our ability to achieve our vision and create value for shareholders.

Geoffroy de La Bourdonnaye
Chief Executive
Liberty Plc

28 April 2009

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:-

		Year ended 31 December 2008	Year ended 31 December 2007
Financial performance			
Total revenue	**£'000**	**50,850**	46,689
Operating EBITDA before brand expenditure and reorganisation costs	**£'000**	**1,815**	2,671
Operating profit/(loss) before brand expenditure and reorganisation costs	**£'000**	**(435)**	200
Brand expenditure	**£'000**	**(4,344)**	(3,484)
Reorganisation costs	**£'000**	**(1,346)**	(2,702)
Loss before taxation	**£'000**	**(6,651)**	(6,493)

		31 December 2008	31 December 2007
Balance sheet composition			
Intangible asset – brand	**£'000**	**18,200**	18,200
Property, plant and equipment	**£'000**	**31,006**	34,400
Net debt	**£'000**	**(12,390)**	(8,704)
Adjusted equity attributable to shareholders of MWB Group in Liberty Plc	**£'000**	**34,971**	46,862
Adjusted equity attributable to shareholders of MWB Group in Liberty Plc, in pence per MWB Group share	**Pence**	**49p**	58p

INTRODUCTION

The Chairman's Statement and Operating Reviews on 5 to 22 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 year ended 31 December 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 to 31 December 2010. This emanates from proposals set out in the May 2002 Circular which were approved by independent shareholders. 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, which has been extended to December 2010. The Group was also restructured during the year to facilitate such distributions and this was completed in April 2008.

Throughout this time, the Board has remained highly focused in delivering the Cash Distribution Programme in the manner originally envisaged. This has involved property sales totalling more than £600m, all at prices well in excess of their recent valuations and original cost.

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF MWB GROUP HOLDINGS PLC

During the year ended 31 December 2008, growth continued to be achieved across the Group but the values of the Group's portfolio reduced, which resulted in a reduction in equity attributable to shareholders. As a result, there was a net decrease in equity attributable to shareholders of MWB Group Holdings Plc during the year of £78.5m, from £204.4m to £125.9m, or 80p per share from 254p to 174p per share.

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

	Year ended 31 December 2008 £'000	Pence per share
Equity attributable to shareholders of MWB Group Holdings Plc at 1 January 2008	**204,377**	**254p**
Movements during the year:		
Revaluation of property, plant and equipment, net of tax	**(64,867)**	**(90p)**
Retained loss	**(2,718)**	**(4p)**
Purchase of ordinary shares	**(9,987)**	**16p**
Effective portion of changes in fair value of derivative financial hedges	**(1,850)**	**(3p)**
Defined benefit pension scheme actuarial gains, net of tax	**(1,379)**	**(2p)**
Other movements	**2,305**	**3p**
Equity attributable to shareholders of MWB Group Holdings Plc at 31 December 2008	**125,881**	**174p**

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.

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 impact to the 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 31 December 2008 and at the previous year end, is set out below.

	31 December 2008		31 December 2007	
	£'000	**Pence per share**	£'000	Pence per share
Equity attributable to shareholders of MWB Group Holdings Plc per financial statements	**125,881**	**174p**	204,377	254p
Unrealised surplus of market value of MWB Group's shareholding in MWB Business Exchange Plc(1)	**76**	**-**	24,076	30p
Unrealised surplus of market value of MWB Group's shareholding in Liberty Plc(2)	**7,967**	**11p**	18,603	23p
	133,924	**185p**	247,056	307p
Less Central Incentive Scheme and Bonus Plan amounts that would become payable on realisation at this value	**(13,235)**	**(18p)**	(35,603)	(44p)
Total adjusted equity attributable to shareholders of MWB Group Holdings Plc	**120,689**	**167p**	211,453	263p

Notes

(1) The unrealised surplus of market value of MWB Group's 68.2% shareholding in MWB Business Exchange Plc is based on the share price of MWB Business Exchange Plc at 31 December 2008 of 52p (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's 68.3% shareholding in Liberty Plc is based on the share price of Liberty Plc at 31 December 2008 of 227p (2007: 310p) per share, after deducting divisional bonuses that would become payable on realisation at this value.

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:-

	31 December 2008		31 December 2007	
	£'000	**Pence per share**	£'000	Pence per share
Malmaison and Hotel du Vin	**147,703**	**204p**	222,675	276p
MWB Business Exchange Plc	**24,415**	**33p**	39,548	49p
Liberty Plc	**34,971**	**49p**	46,862	58p
Group debt and incentives payable, less cash and other assets	**(86,400)**	**(119p)**	(97,632)	(120p)
Total adjusted equity attributable to shareholders of MWB Group Holdings Plc	**120,689**	**167p**	211,453	263p

PURCHASE BY THE COMPANY OF OWN UNITS AND SHARES

The Board has continued 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 68.7 million Ordinary Shares under this programme, representing very nearly half the issued share capital at the date of its implementation, returning approximately £80.4m 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 a new holding company for the Group. This reorganisation facilitated 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. Specifically, these proposals created a structure with increased flexibility on future potential disposals of operating businesses; increased availability of options as to when and how cash or cash equivalents can be returned to Shareholders; and increased distributable reserves of the Company that can be distributed to Shareholders.

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 31 December 2008 in the consolidated balance sheet and at the previous year end were as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Total equity attributable to shareholders of MWB Group Holdings Plc	**125,881**	204,377
Minority interests	**77,918**	91,783
Net assets at year end	**203,799**	296,160

The analysis of net assets in the consolidated balance sheet across the Group's operations as revealed by the Consolidated Balance Sheet at 31 December 2008, and at the previous year end, is as follows:-

At 31 December 2008	**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**
Malmaison and Hotel du Vin	**484,555**	**(282,322)**	**202,233**	**(54,530)**	**147,703**
MWB Business Exchange Plc	**19,249**	**16,404**	**35,653**	**(11,314)**	**24,339**
Liberty Plc	**49,763**	**(12,390)**	**37,373**	**(10,369)**	**27,004**
Group debt, less cash and other assets	**7,982**	**(79,442)**	**(71,460)**	**(1,705)**	**(73,165)**
	561,549	**(357,750)**	**203,799**	**(77,918)**	**125,881**
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share					**174p**

At 31 December 2007	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
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	(5,512)	(54,765)	(60,277)	(1,752)	(62,029)
	604,172	(308,012)	296,160	(91,783)	204,377
Equity attributable to shareholders of MWB Group Holdings Plc in pence per share					254p

REVIEW OF PROPERTY, PLANT AND EQUIPMENT

Valuation surplus on property portfolio at 31 December 2008

A valuation of the Group's freehold and long leasehold property interests was undertaken at 30 June 2008 and at 31 December 2008. The valuation was performed by DTZ and was performed on the basis of Existing Use Value. The net deficit over previous book values before minority interests for the year ended 31 December 2008 totalled £79.2m, 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 and 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 revaluation reserve, while impairment of operational properties to below their historical cost is charged directly to the Income Statement.

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

The valuation deficit debited to the revaluation reserve during the six months ended 30 June 2008 totalled £30.5m and arose as follows:-

Six months to 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	31,500	32,446	(946)	300	(646)
	513,619	550,777	(37,158)	6,637	(30,521)

REVIEW OF PROPERTY, PLANT AND EQUIPMENT (continued)

During the second six months of the year to 31 December 2008, property prices in the market have fallen as a result of the "credit crunch" 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. As a result, the valuation deficit debited to the revaluation reserve during this second six months of the year to 31 December 2008 amounted to £34.4m and arose as follows:-

Six months to 31 December 2008	Gross valuation £'000	Less previous book value £'000	Gross deficit £'000	Less minority interests £'000	**Debited to revaluation reserve £'000**
Malmaison	278,200	302,228	(24,028)	4,205	(19,823)
Hotel du Vin	215,922	231,392	(15,470)	2,707	(12,763)
Liberty Plc	28,800	31,375	(2,575)	815	(1,760)
	522,922	564,995	(42,073)	7,727	(34,346)

The valuation deficit debited to the revaluation reserve for the year ended 31 December 2008 (being the deficit of £30.5m in the first half and £34.4m in the second half summarised in the tables above) amounted to £64.9m and arose as follows:-

Year to 31 December 2008	Gross valuation £'000	Less previous book value £'000	Gross deficit £'000	Less minority interests £'000	**Debited to revaluation reserve £'000**
Malmaison	278,200	320,133	(41,933)	7,338	**(34,595)**
Hotel du Vin	215,922	249,699	(33,777)	5,911	**(27,866)**
Liberty Plc	28,800	32,321	(3,521)	1,115	**(2,406)**
	522,922	602,153	(79,231)	14,364	**(64,867)**

REVIEW OF PROPERTY, PLANT AND EQUIPMENT (continued)

Portfolio analysis by division

At 31 December 2008, the Group held all of its direct property interests as non-current assets. These are disclosed in the consolidated balance sheet at that date as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Non current assets		
Operational properties	**502,644**	522,663
Operational properties in the course of construction	**1,691**	26,047
Plant and equipment	**61,597**	56,923
Total property interests at year end	**565,932**	605,633

The above interests are analysed as follows:-

	31 December 2008 £'000	**Percentage at 31 December 2008 %**	31 December 2007 £'000
Hotels			
Malmaison	**275,450**	**49**	309,044
Hotel du Vin	**217,861**	**38**	219,879
	493,311	**87**	528,923
MWB Business Exchange Plc	**41,535**	**7**	42,197
Liberty Plc	**31,006**	**6**	34,400
Other	**80**	**-**	113
Total property interests at year end	**565,932**	**100**	605,633

INTANGIBLE ASSETS

An external professional valuation of the Liberty brand was undertaken by Equilibrium Consulting at the previous 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. At 31 December 2008, the value in use was determined by discounting future cash flows generated from continuing use of the cash generating unit. This is based on projected cash flows in the Company's 5 year business plan and further projections for years 6 to 10 to produce a 10 year cash flow model. Based on this review, the Directors concluded that there had been no impairment of the Liberty brand value during the year ended 31 December 2008.

During the year ended 31 December 2007, the Group acquired Stanhope Business Centres Limited, a serviced office business based in London, Goodwill of £7.6m arose on this acquisition and was recognised in the year ended 31 December 2007. An impairment review of the Stanhope Business Centres goodwill was undertaken by the Directors on 31 December 2008 comparing the carrying value of goodwill with the anticipated recoverable amount of the two business centres owned by Stanhope Business Centres. The recoverable amount of the cash-generating unit is based on value in use, which is calculated from cash flow projections for the lifetimes of the underlying leases, using data from Board approved budgets covering the period to 31 December 2010. Based on this review, the Directors concluded that there had been no impairment to the Stanhope Business Centre goodwill during the year ended 31 December 2008.

REVIEW OF LOAN FACILITIES

Net debt

The Group's loans, borrowings and cash are included in the consolidated balance sheet at 31 December 2008 as follows:-

Composition at year end	31 December 2008 £'000	31 December 2007 £'000
Loans and borrowings in note 11	**387,193**	330,194
Long leasehold obligations in note 12	**699**	703
Fair value of derivative financial instruments	**1,894**	-
Total loans and borrowings	**389,786**	330,897
Less net cash and cash equivalents in note 10	**(32,036)**	(22,885)
Total net debt at year end	**357,750**	308,012

Analysis of debt/(cash) by operating business

Malmaison and Hotel du Vin	**282,322**	239,512
MWB Business Exchange Plc	**(16,404)**	5,031
Liberty Plc	**12,390**	8,704
Central debt	**79,442**	54,765
	357,750	308,012

Net cash

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

	31 December 2008 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	**4,860**	6,910
MWB Business Exchange Plc	**23,333**	4,379
Liberty Plc	**1,903**	4,296
Central	**1,940**	7,300
	32,036	22,885

Cash balances are held within the above divisions for utilisation within their businesses. Generally only cash within the Central division and the financing facilities available to the Company are available for use in the Company's own activities. In the main, central cash was utilised during the year in the buy back of shares.

Movement in net debt during the year

The movement in total net debt during the year ended 31 December 2008 arose as follows:-

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Total net debt at start of the year	**308,012**	245,107
Debt drawn on expansion of Malmaison and Hotel du Vin	**38,150**	34,486
Net proceeds received from sales of properties (2007: including sale of Liverpool residential apartments and Old Bailey)	**-**	(15,189)
Buy back of ordinary shares	**10,078**	-
Net cash outflow from other Group operations during the year	**1,510**	43,608
Total net debt at year end	**357,750**	308,012
Average cost of borrowings at year end, inclusive of margin	**7.4%**	7.3%

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 31 December 2008 amounted to £310m (2007: £262m), calculated as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Total net debt as above	**357,750**	308,012
Less net debt attributable to minority interests	**(48,118)**	(46,288)
Total net debt attributable to equity attributable to shareholders of MWB Group Holdings Plc	**309,632**	261,724

Review of available bank facilities

On 27 April 2009, the Group extended £348m of its banking facilities provided by Bank of Scotland and Royal Bank of Scotland. The terms of these facilities, comprising three separate loans to Malmaison and Hotel du Vin, MWB Business Exchange and MWB itself, previously ran to the end of 2009, but have now been extended to 31 December 2011. As a result, none of the Group's funding facilities are due to expire in the current financial year to December 2009 and the shortest expiry date is the facility provided to Liberty, whose term runs to 30 September 2010. This significant extension has however not been achieved without cost but the Directors strongly believe it is in the Group's long term interests to extend these facilities given the current level of illiquidity in the financial markets. These loans are shown as current liabilities in the consolidated balance sheet at 31 December 2008 on page 55 of these financial statements because at that date their term ran to 31 December 2009. However, because of this extension, these loan facilities are now medium term and therefore non-current liabilities at the date of approval of this review.

The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient funds to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the Group's reputation in its business sectors. The Group uses detailed divisional cash flow reporting to assist the Board in monitoring cash flow requirements and optimising cash returns on investments across the whole Group. The Group typically ensures it has sufficient forecast cash and available facilities to meet expected cash outflows for a forward period of 18 months. The Group meets its day to day working capital requirements through cash generated in its operating businesses, Liberty, Malmaison and Hotel du Vin and Business Exchange, and from its loan and overdraft facilities. The Group's facilities include interest cover and gearing covenants with which the Group is in compliance at 31 December 2008. Based on the detailed forecasts prepared for each division, the Group is forecast to comply with the covenants in the facilities for the period covered by these projections.

Loan covenants

The Company's subsidiary, MWB Business Exchange Plc, generates and is forecast to generate sufficient cash surpluses to enable it to continue to adhere to its loan covenants with significant headroom. In addition to this, Management has put in place revenue preservation and cost savings plans which are anticipated to further benefit EBITDA and cash flow for 2009 and future years.

Loan covenants (continued)

The Group has three covenant tests in relation to its bank facility, namely Loan to Value Security Cover, Debt Service Cover and Senior Interest Cover, with Liberty of London brand costs and other one-off costs excluded from the test of the latter two. Security Cover requires the loan to be no more than 67% of the Realisation Value of the Tudor Building. At 31 December 2008, the Tudor Building was valued at £28.8m, and £14.6m of facilities were utilised. Accordingly, the Loan to Value Security Cover was only 52% at that date, demonstrating significant headroom. Sufficient headroom is also forecast over the period covered by the Projections. Debt Service Cover requires the ratio of EBITDA to Total Debt Service to be not less than 1.25:1. This covenant was met for the year ended 31 December 2008 with continuing headroom forecast over the period covered by the Projections. Senior Interest Cover requires the ratio of EBIT to Senior Interest to be not less than 1.5:1. This covenant will first be tested in December 2009 and thereafter annually. At the test for the year ending 31 December 2009, the Directors forecast sufficient headroom. Liberty trading results for the first quarter of 2009 have been strong, and demonstrate sales levels well ahead of 2008 levels, thus underpinning the 2009 Projections. The Directors continue to monitor adherence to these covenants carefully and to take reasonable steps to ensure adherence at all times. The bank facility also permits the Group to cash cure any breach that might occur within 14 days of the relevant test date.

The Malmaison and Hotel du Vin division has four covenant tests in its banking facility, being EBITDA to Interest Cover, Cashflow Cover, Loan to Value Cover and Debt to EBITDA Cover. All such covenants were met for the year ended 31 December 2008 and are forecast to be met for the next eighteen months. The Directors have estimated that EBITDA would have to fall by approximately £4m per annum for the headroom in EBITDA related covenants to be eliminated. The Directors consider that such a material reduction in EBITDA is unlikely as, in addition to the projected headroom referred to above, there are further cost saving initiatives that the Directors could implement in order to preserve the level of EBITDA during the forecast period. As referred to in the Malmaison and Hotel du Vin Operating Review accompanying these financial statements, the Directors have introduced additional revenue initiatives in the first quarter of 2009 which have enhanced the performance of the business. The Malmaison and Hotel du Vin Loan to Value Covenant requires the loan to be no more than 72.5% of the value of the secured property. At 31 December 2008, the Loan to Value percentage amounted to 58% of the secured property value of £495m. Accordingly, the portfolio value would have to decrease by approximately £100m or more before this covenant would not be satisfied. Given the continued strong performance of Malmaison and Hotel du Vin, and the revenue and cost saving initiatives the Directors have at their disposal, the Directors, after taking advice from the Company's property valuers DTZ, consider it unlikely that this portfolio would suffer such a high level of decline in property value over the period covered by their cashflow projections.

Loan covenants (continued)

MWB Group Holdings Plc itself has two covenants in relation to its bank facility. These covenants require consolidated EBITDA to be 125% or more than consolidated interest expense, and for the MWB Group Holdings Plc debt, excluding the Company's Unsecured Loan Stock, to be capped at 150% of consolidated EBITDA. MWB Group Holdings is forecast to meet its covenants with headroom during the eighteen months covered by the Group cash flow forecasts. The covenant in relation to MWB Group Holdings' Unsecured Loan Stock includes a gearing covenant restricting net debt attributable to shareholders to a maximum of four times adjusted shareholders' funds. This covenant was met at 31 December 2008 with headroom of £36m in adjusted shareholders' funds. In light of advice received from the Group's property valuers DTZ referred to above, the Directors forecast that this covenant will also be met over the eighteen months covered by the Group's cash flow projections. The Directors are also aware of the current uncertainty and volatility in the property market and they continue to progress additional financing options to enable the Group to strengthen its financial position.

Gearing

At 31 December 2008, gearing was 176%, calculated as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Total net debt	**357,750**	308,012
Net assets	**203,799**	296,160
Gearing - total net debt divided by net assets	**176%**	104%

REVIEW OF EARNINGS

Results

The total recognised income and expense for the year ended 31 December 2008, analysed between the share attributable to shareholders of MWB Group Holdings Plc and the share attributable to minority interests, is as follows:-

Year ended 31 December 2008	**Total for the year £'000**	**Minority interests £'000**	**Equity Shareholders of MWB Group Holdings Plc £'000**
Income statement			
Profit/(loss) for the year	**289**	**3,007**	**(2,718)**
Credited/(charged) to equity through reserves			
Foreign exchange translation differences for foreign operations	**1,076**	**351**	**725**
Revaluation of property, plant and equipment, net of tax	**(79,231)**	**(14,364)**	**(64,867)**
Effective portion of changes in fair value of cash flow hedges	**(2,243)**	**(393)**	**(1,850)**
Defined benefit pension scheme actuarial gains, net of tax	**(2,019)**	**(640)**	**(1,379)**
Total recognised income and expense for the year	**(82,128)**	**(12,039)**	**(70,089)**

Year ended 31 December 2007	Total for the year £'000	Minority interests £'000	Equity Shareholders of MWB Group Holdings Plc £'000
Income statement			
Loss for the year	(14,314)	1,321	(15,635)
Credited/(charged) to equity through reserves			
Foreign exchange translation differences for foreign operations	64	32	32
Revaluation of property, plant and equipment, net of tax	146,280	25,271	121,009
Effective portion of changes in fair value of cash flow hedges	(613)	(113)	(500)
Defined benefit pension scheme actuarial gains, net of tax	765	238	527
Total recognised income and expense for the year	132,182	26,749	105,433

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 year ended 31 December 2008, together with comparative information for previous year is summarised below:-

Year ended 31 December 2008	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'000
Malmaison and Hotel du Vin				
Operating income	107,636	26,453	17,413	(632)
Property disposals	-	710	710	710
Pre-opening costs	-	(1,266)	(1,266)	(1,266)
	107,636	25,897	16,857	(1,188)
MWB Business Exchange Plc				
Operating income	118,544	18,088	13,641	14,003
Liberty Plc				
Operating income	50,850	1,815	(435)	(961)
Reorganisation costs	-	(1,346)	(1,346)	(1,346)
Expenditure on brand	-	(4,344)	(4,344)	(4,344)
	50,850	(3,875)	(6,125)	(6,651)
Others	846	1,397	1,397	1,534
Group debt less cash	-	-	-	(7,130)
	846	1,397	1,397	(5,596)
Head office administration	-	(10,391)	(10,494)	(10,494)
	846	(8,994)	(9,097)	(16,090)
	277,876	31,116	15,276	(9,926)

Notes

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

2. EBIT = Earnings before interest and taxation.

Summary of earnings (continued)

Year ended 31 December 2007	Revenue £'000	EBITDA £'000	EBIT £'000	Profit/(loss) before taxation £'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	-	(2,710)	(2,710)	(2,710)
	105,384	16,077	9,748	(12,378)
MWB Business Exchange Plc				
Operating income	100,046	16,982	12,993	12,746
Liberty Plc				
Operating income	46,689	2,671	200	(307)
Reorganisation costs	-	(2,702)	(2,702)	(2,702)
Expenditure on brand	-	(3,484)	(3,484)	(3,484)
	46,689	(3,515)	(5,986)	(6,493)
Others	-	6,994	6,994	7,079
Group debt less cash	-	-	-	(4,704)
	-	6,994	6,994	2,375
Head office administration	-	(9,779)	(10,013)	(10,013)
	-	(2,785)	(3,019)	(7,638)
	252,119	26,759	13,736	(13,763)

Taxation

The net amount of tax credited to equity shareholders of MWB Group for the year ended 31 December 2008 amounted to £10.3m (2007: £0.3m borne by equity shareholders) and arose as follows:-

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Corporation tax credit/(charge)	**16,402**	(16,472)
Foreign tax	**(395)**	(371)
Deferred tax (charge)/credit	**(5,792)**	16,292
Net tax credit/(charge) per Consolidated Income Statement	**10,215**	(551)
32% minority interest in tax (charge)/credit of MWB Business Exchange Plc	**(25)**	58
49% minority interest in tax charge of Japanese subsidiary of Liberty Plc in 2007 (now wholly owned)	**-**	182
32% minority interest in tax charge of Liberty Plc	**126**	60
Net tax amount credited/(borne) by equity shareholders of MWB Group Holdings Plc	**10,316**	(251)

Loss per share

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

		Year ended 31 December 2008	Year ended 31 December 2007
Loss per Consolidated Income Statement attributable to shareholders of MWB Group Holdings Plc	**£'000**	**(2,718)**	(15,635)
Weighted average number of shares in issue during year	**'000**	**76,291**	80,522
Loss per share based on Consolidated Income Statement	**Pence**	**(3.6p)**	(19.4p)

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 and the Group's previous holding company, Marylebone Warwick Balfour Group Plc, have purchased approximately 68.7 million Ordinary Shares under this programme, representing very nearly 50% of the issued share capital at the date of its implementation, returning approximately £80.4m 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.

Cash flow

The consolidated cash flow statement on page 56 shows the funds generated by the Group, those raised from external sources, the investments made and the effect thereof on the Group's cash and cash equivalents.

This can be summarised as follows:-

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Net cash inflow/(outflow) from operating activities	**14,294**	(7,160)
Net cash outflow from investing activities	**(51,637)**	(66,061)
Net cash received from financing activities	**46,494**	81,133
Net increase in cash and cash equivalents	**9,151**	7,912
Opening cash and cash equivalents	**22,885**	14,973
Closing cash and cash equivalents	**32,036**	22,885

Conclusion

MWB has three good operating businesses. They are all well managed, have good finance and provide excellent products and services. Each business has demonstrated its ability to deliver growth even in these tough market conditions.

Andrew Blurton
Group Finance Director

28 April 2009

Risk factors relating to the Group as a whole

The Board and the Senior Executive team identify and evaluate risks and uncertainties in the period covered by the Group Business Plan and design controls to mitigate these. Responsibility for management of each key risk is identified and delegated by the Board to specific Executive Directors and Senior Executives within each of the Group's operating businesses.

This section of the report describes some of the specific risks that could materially affect the Group's business, its operating profits, earnings, net assets, liquidity and capital resources. The risks outlined below should be considered in connection with any financial and forward-looking information in the financial statements. The risks below are not the only ones that the Group faces and some that the Group does not currently believe to be material could later turn out to be material.

Economic, political, social and regulatory changes adversely affecting the Group's financial performance

The Group is exposed to the risks of global and regional adverse political, economic and financial market developments (including recession, inflation and currency fluctuations), that could lower the Group's revenues and operating results in the future.

The Group's results could also be adversely affected by events that reduce domestic or international travel, such as actual or threatened acts of war, epidemics, travel-related accidents or industrial action, increased transportation and fuel costs and natural disasters. Therefore, a downturn in these sectors could have a material and adverse effect on the revenues and net operating profits of the Group which could reduce the Group's net cash available for distribution to Shareholders.

Financial market volatility adversely affecting the Group's financial performance

Most of the risks faced by the Group at the date of this report emanate from the volatility of financial markets, the resultant reduction in supply of credit and its significant increase in cost. This has been accentuated during the eighteen months to the date of this report, arising from the rapid deterioration in financial markets in the UK. For MWB Group, these risks fall into a number of categories as set out below, all of which have been proactively managed by the Board in the past and even more significantly in the current economic climate.

Liquidity risk affects the Group, in that this could result in it being unable to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities, without incurring unacceptable losses or risking damage to the Group's reputation and business. The Group uses detailed divisional cash flow reporting to assist the Board in monitoring cash flow requirements and optimising cash returns on investments across the whole Group. The Group typically ensures it has sufficient forecast cash and available facilities to meet expected cash outflows for a forward period of 18 months.

Risk factors relating to the Group as a whole (continued)

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk. The Group's policy of managing its exposure to changes in interest rates is generally achieved by the Group entering interest rate swaps or fixed rate contracts with financially secure counter parties denominated in Sterling, where considered appropriate by the Board. The Group holds financial instruments mainly to hedge financial risk on finance drawn for its operations, or for the temporary investment of short-term funds, and to manage the interest rate risks arising from its operations and sources of finance.

Credit risk arises if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk to the Group arises principally from the Group's receivables from customers. The demographics of the Group's customer base, including the general default risk in the three principal sectors in which the Group operates, has less of an influence on credit risk. No single customer accounts for more than 1% of Group turnover. Geographically there is a concentration of credit risk in London, where the Group has one hotel, 28 serviced offices and two retail stores. Total turnover in London was approximately £134.8m for the year ended 31 December 2008. The three principal divisions of the Group has established credit policies for dealing with new customers, their creditworthiness, payment and delivery terms.

The Group has confirmed dedicated bank facilities for each of its operating businesses which amount to £15m for Liberty until September 2010, £13m for MWB Business Exchange until December 2011, £53m for the Company itself until December 2011, and £287m in respect of Malmaison and Hotel du Vin until December 2011. As a result, all the financing facilities available to the Group at the date of this report have been extended, thus enhancing the financial strength of the Group.

Declines in property values

The Group owns freehold and long leasehold interests in properties located in the UK. At 31 December 2008 these had a book value, reflecting a professional external open market value at that date, of £566m. This reflects a cumulative unrealised valuation surplus of £153m. These properties are used by the Group from which to operate the Malmaison, Hotel du Vin and Liberty businesses and are the principal asset elements in the consolidated balance sheet of the Group.

The disruption of the financial markets over the latest eighteen months has adversely affected property values and in the year ended 31 December 2008 the Group's property values reduced by £79.2m. The net assets of the Group at December 2008 totalled £203.8m. Should the Group's property values decline materially in future years, the net asset value of the Group will also reduce and this will have an adverse effect on shareholders' funds. As the Group's banking facilities contain loan to value covenants, this may reduce the Group's ability to raise finance secured on those properties.

Risk factors relating to the Group as a whole (continued)

The Board monitors this position closely to ensure that shareholder net worth is not unnecessarily exposed to declines in property values. In addition, the operating nature of the Group's businesses and the experienced management teams used to deliver their performance, has demonstrated that the Group is not so markedly exposed to adverse movements in property values as the general property market has recently experienced. This has been confirmed in the financial result and asset values revealed in the Group's Half Yearly and Annual Financial Statements over recent periods, as well as those for the year ended 31 December 2008 accompanying this report.

Declines in revenue

Fluctuations in revenues are driven largely by general economic and local market conditions, as well as by other factors such as health and safety concerns, which in turn affect levels of business. The local supply of similar businesses and class to those operated by the Group will also affect a given property's revenue.

Reliance in part on reputation of brands

The Group owns four core brands namely Malmaison, Hotel du Vin, Business Exchange and Liberty. If an event occurred that materially damaged the reputation of any of the Group's core brands or there was a failure to sustain the appeal of the Group's brands to its customers, this could have an adverse impact on the Group's earnings and assets and resultant shareholder value.

In addition, the value of the brands is influenced by a number of external factors including changes in consumer preferences and perceptions. The Group is highly focused on service delivery to ensure that product provided matches consumer preferences. Controls are in place to ensure adherence to all legislative aspects affecting the business and experienced executives manage these important areas of the Group.

Technology and systems disruption adversely affecting the Group's efficiency

To varying degrees, the Group is reliant upon information technologies and systems for the running of its businesses, particularly those which are highly integrated with business processes. Any disruption to those technologies or systems could adversely affect the efficiency of the business.

Environmental liabilities resulting from ownership of property

The Board views the assessment of environmental risk as an important element of its due diligence process when it acquires its properties. These environmental controls and monitoring processes, that are designed to ensure that risk is minimised, are integrated into the operations of the Group. However, there can be no guarantee that the Group will not incur unexpected liabilities such as clean-up costs and fines for environmental matters in respect of properties owned by the Group.

Risk factors relating to the Group as a whole (continued)

Changes in tax legislation materially changing the tax paid by the Group

Tax computations of Group companies for accounting periods ended 31 December 2007 have been submitted to HMRC. The tax computations for the most recent accounting period ended 31 December 2008 are not due for submission to HMRC until December 2009 and are therefore not finalised. Provision has been made in the financial statements for current and deferred taxation in accordance with the Group's accounting policy on taxation. Should the amount of tax provided prove to be insufficient to meet agreed liabilities, further provision may be necessary, which could reduce the net asset value of the Group and accordingly reduce the level of funds available to be returned to Shareholders under the Cash Distribution Programme.

The Group is exposed to financial risks from increases in tax rates and changes in the basis of taxation, including corporation tax and VAT. The engagement of experienced executives within the Group to handle these matters enhances the protection to the Group in this area of its activities. The Group also maintains a regular monitoring of legislative proposals and undertakes detailed analysis and review with external (non-audit related) advisors to evaluate and, if possible, mitigate the impact of changes.

Loss of key management personnel

The Group is reliant in part on its team of executives. The Board undertakes detailed succession-planning reviews and ensures that knowledge of all material business elements and processes is known by at least two senior executives. The future success of the Group depends on the ability of its existing management team, the identification and appointments of suitable additional executives when required, and on the Group's ability to motivate and retain staff with the requisite experience. The Executive Directors and the majority of the senior executives of the Group are incentivised to produce enhanced returns to Shareholders and all key Executives of the Group have been with the Group for at least 10 years.

Shareholders' equity may not appreciate or the investments and realisation objectives may not be met

There can be no guarantee that any appreciation in the value of the adjusted equity attributable to Shareholders will occur or that the investment and realisation objectives of the Group will be achieved, or that the price of the ordinary shares will move in line with movements in the adjusted equity attributable to Shareholders.

Implementation of Cash Distribution Programme

The Cash Distribution Programme was commenced in May 2002 and is currently due to be completed by the end of December 2010. The Board and senior executive team are aware of, and have evaluated, risks and uncertainties in the period covered by the Group's business plan covering this period, which could adversely affect the net cash available for distribution to Shareholders. Such risks include, but are not restricted to, continuity of management, property owning risks, ability to realise remaining Group assets in the manner and amount currently envisaged, brand reputation, distribution of funds to Shareholders in an efficient manner.

<u>Specific additional risks relating to Malmaison and Hotel du Vin, the Company's 82.5% owned operating business</u>

Susceptible to economic downturn in the hotel industry

Malmaison and Hotel du Vin's hotel income is dependent on stable business and leisure markets. Therefore, a downturn in these sectors could have a material adverse effect on the revenues and net operating profits of the Group's hotels. This could have an adverse effect on the results and operations of this business and in consequence its financial condition, which in turn could reduce income available for distribution to shareholders under the Cash Distribution Programme.

Suffer material losses in excess of insurance proceeds

Any of the Malmaison and Hotel du Vin properties could suffer physical damage caused by fire or other causes, resulting in losses that may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes or acts of war, that may be uninsurable on economic terms, or at all. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might also result in losses that may not be fully compensated by insurance proceeds. Should an uninsured loss or a loss in excess of insured limits occur, Malmaison and Hotel du Vin would lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, Malmaison may incur further costs to repair damage caused by uninsured risks. The business would continue to remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

Delays in the construction or development programme of property affecting expected profitability of these programmes

Some of the Group's expansion plans are based upon the construction and development strategies for new properties that have been or are to be acquired. Construction cost and time overruns; adverse changes in planning and/or changes in planning policy, may cause delays and affect expected profitability from those opportunities. The Group does not undertake speculative development, as all developments and refurbishments are undertaken on properties used, or to be used, in the Group's operational businesses. The Boards of Malmaison and Hotel du Vin undertake ongoing assessments of development expenditure with external quantity surveyors, and perform comparisons of costs against budget, whilst also ensuring that they are up to date with construction progress at each location. Accordingly, these risks are controlled as part of the Group's normal activities, though external change is inevitably outside the Group's control.

Specific additional risks relating to Business Exchange, the Company's 68.2% owned operating business

Reliance on key business centres and the London market

Business Exchange's portfolio is deliberately London biased as the Board considers that this market shows the best demand characteristics for the service provided by Business Exchange. The 28 London centres operated by the Group (4 of which are located in Greater London) account for 56% of Business Exchange's total workstations and 72% of total turnover. Dedicated marketing and sales resources are deployed to these key locations to ensure occupancy and revenues are maintained, and to satisfy levels of existing and prospective client demand. The Group's buildings are well maintained and, subject to excessive cost being incurred, are considered by the Board to be well protected against this type of risk.

Reliance on key clients

The Business Exchange division has concentrated on increasing the number of SMEs and smaller corporate clients, thereby preventing a reliance on a small number of larger clients. However, if Business Exchange were to lose one or more significant clients which were not quickly replaced at a similar level of REVPOW, revenue would be impacted. As a business strategy, the number of clients who occupy more than 15% of any one business centre in the Group has been significantly reduced in recent years. As a result, there are now only 26 clients who occupy such an amount, and no single client occupies more than 2% of the entire portfolio.

Changes in the office market

If the conventional property market changes significantly and landlords offer variations to existing leases such as shorter leases, more flexible lease terms, giving significant rent reductions, or providing significant rent free periods, Business Exchange's business centres may become less attractive to both existing and potential clients.

Changes in long-term growth drivers

There can be no assurance that the factors the Directors expect to drive the long-term growth in the serviced office market in the future will in fact do so. For example, the trends towards flexible working styles and increased outsourcing of office and related services may not develop as expected by the Directors. Changes in working practices could occur which would be detrimental to Business Exchange, such as more employees working from home than is currently envisaged in the Group's Business Plan.

By focusing on developing a critical mass of SME and start-up clients, the Directors believe that any changes to long term growth drivers would have a limited and controlled effect to the existing business.

Specific additional risks relating to Business Exchange, the Company's 68.2% owned operating business (continued)

Changes in competitive landscape

There are relatively few barriers to entry into the serviced office market at the local and national level because there are not considered to be significant legislative or regulatory barriers, although availability of finance will be a restrictive factor for new entrants. Although it is harder to establish a national network, this may not deter new entrants or existing competitors. In addition, there is the potential for local operators to establish wider networks, for example, by forming alliances amongst operators to provide scale.

If Business Exchange is unable to respond adequately to the competitive challenges it faces, or to maintain a sustainable competitive advantage, it may be unable to retain its position and it may lose market share. In addition, competitive markets produce a downward pressure on prices. This could affect the prices that Business Exchange can charge for workstations that are occupied by clients in its business centres, which may cause an adverse impact on Business Exchange's revenue and profitability.

The directors of Business Exchange continue to leverage their property expertise and property contacts within the industry, which enables the business to manage buildings effectively and to acquire buildings in key business locations. Through its economies of scale, Business Exchange can minimise initial set-up costs which competitors operating on a smaller scale may be unable to achieve. These savings are available to management to deliver a more robust proposition to Business Exchange's client base. The ongoing enhancement of its service delivery enables Business Exchange to provide a differentiated proposition to existing and prospective clients, in order to maintain its competitive advantage against other competitors. Investment in this area is also made by the Group on a continual basis, thus maintaining and enhancing its competitive edge.

Long-term cost base does not match short-term revenue profile

Business Exchange currently leases the majority of its properties. The length of the leases and the time at which the Group may exercise any break option in such leases is nearly always longer than the duration of the period of occupation by our clients. If revenues decline, Business Exchange may not be able to reduce significantly its property related cost base throughout the remaining period of these leases.

Most of Business Exchange's business centres are profitable and the strong profitability of the network largely negates this impact. Whilst Business Exchange cannot assign a lease without landlord consent, it could sublet which would substantially reduce the liability. Operating and Management Agreements are also used to mitigate the risk from leases as these agreements generate a revenue stream to the Group regardless of occupancy and market conditions.

Specific additional risks relating to Business Exchange, the Company's 68.2% owned operating business (continued)

Refurbishment and reinstatement costs

The terms of most of the property leases held by Business Exchange require it to ensure the properties are kept in good repair throughout the lease term and that the properties are reinstated at the end of the lease to the condition prior to any alterations carried out to the premises. Full reinstatement costs may be incurred on termination of such leases causing an adverse impact on Business Exchange's operations and financial condition.

Business Exchange's buildings are kept in a good state of repair and a significant annual budget is used to maintain buildings to an agreed standard. This should ensure that dilapidation costs on exit are minimal as has been the case on leases terminated in recent years.

Further investment in information technology

Business Exchange provides its clients with access to IT and telecommunications equipment. Significant developments in the technology which businesses use, require the Group to make further investments in new technology and this is a continuing area of cost incurred by the Group.

Business Exchange invests considerable financial resource to ensure that its IT infrastructure can accommodate new technologies and also to ensure it is abreast of new ideas.

Specific additional risk factors relating to Liberty, the Company's 68.3% owned operating business

Changes in fashion trends

Liberty is dependent upon its ability to interpret and offer fashion products that consumers wish to purchase. The Liberty printed fabric business is susceptible to industry change. Failure to be successful in this area of activity, particularly noting the long lead times before product is available for sale in the store, would cause an adverse impact on Liberty's revenues and profitability.

Reliance on reputation of Liberty of London brand

If an event occurred that materially damaged the reputation of any of Liberty's core brands or there was a failure to sustain the appeal of Liberty's brands to its customers, this could have an adverse impact on Liberty's revenues and resultant shareholder value.

In addition, the value of Liberty's brands is influenced by a number of external factors including consumer preference and perceptions. Liberty is focused on service delivery to ensure that the product provided matches customer preferences. Strict controls are in place to help ensure adherence to all legislative aspects affecting the business and experienced executives manage these important areas of Liberty.

<u>Specific additional risk factors relating to Liberty, the Company's 68.3% owned operating business (continued)</u>

Potential uninsured product liability claims

Many manufacturers and retailers are potentially vulnerable to product liability claims. Liberty conducts regular reviews with its external insurance agent to assess potential insurance risk and to ensure that adequate product and public liability insurance is in place. Liberty could also face liability and/or reputational damage relating to counterfeit products. Accordingly, Liberty pursues all copyright and trademark infringement to the extent necessary to protect its intellectual property rights that would be materially affected.

Pension scheme shortfalls

The Liberty Retail Plc Pension Scheme, which is a defined benefit pension scheme, is currently showing a deficit of £2m. The level of deficit of the scheme has fluctuated significantly over the last 12 months as the financial markets produced negative returns on the Scheme's assets, although there have also been reductions in the Scheme's liabilities. If the value of the Scheme assets were to decline materially relative to its liabilities, the pension scheme would be likely to show an increased deficit and Liberty might be required to make additional contributions to cover this shortfall. This would have an adverse impact on cash flow available to Liberty, with resultant adverse effects on the cash flow and net worth of the Group.

Management and the Pension Scheme Trustees meet regularly and have made major changes to the investment strategy of the Scheme over recent years to respond to changes in the market and to underpin the Scheme's financial performance. They also receive advice from external actuaries and investment advisers which assists in mitigating this risk through the Scheme's diversified investments and risk minimisation strategy.

Foreign exchange fluctuations

Liberty settles a significant proportion of its merchandise purchases in foreign currency. Liberty mitigates to a large extent the effect of any adverse movement in exchange rates by arranging forward exchange contracts. Consolidation of the Group's Japanese Fabric business in these Financial Statements includes the impact of the movement in the Sterling/Yen exchange rate during the year, and at the year end on the results and balance sheet of foreign operations. No specific hedging instruments are deployed against dividend receipts in Yen from Liberty Japan as the net financial effect is considered by the directors of Liberty to not be material.

Ownership of Grade II listed building

Liberty owns the freehold interest in the Tudor Building on Great Marlborough Street. Liberty's bank facility requires that drawdown on that facility does not exceed 67% of the value of the property. This covenant, which is fully met by Liberty, is tested quarterly. The existing use value of this property may decline, adversely impacting Shareholder value. In order to protect this, the Board reviews the market value of the property at least twice a year against external professional valuations. It also reviews insurance cover on a regular basis throughout the year and in detail at the insurance renewal date of May in each year.

Specific additional risk factors relating to Liberty, the Company's 68.3% owned operating business (continued)

The Tudor building is a Grade II listed building and may require significant investment to refurbish departments within the store as well as to maintain the interior and exterior fabric of the building. The board of the operational business undertakes ongoing assessments of refurbishment expenditure with internal project managers and external quantity surveyors in order to ensure, where reasonably possible, that cost is minimised and value protected.

Currently the business is heavily reliant on its principal retail trading location in the heart of London's West End. The development of a wholesale distribution network for Liberty product as well as the new transactional website is expected to help reduce the Company's reliance on the sales activity of the Tudor Building.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2008

	Notes	**Year ended 31 December 2008 £'000**	Year ended 31 December 2007 £'000
Revenue	2	**277,876**	252,119
Cost of sales		**(239,291)**	(218,468)
Gross profit		**38,585**	33,651
Administrative expenses		**(21,482)**	(16,924)
Results from operating activities		**17,103**	16,727
Net gain on sale of property, plant and equipment		**635**	7,586
Abortive transaction costs		**-**	(8,077)
Capital reorganisation costs		**(2,462)**	(2,500)
Finance income	4	**1,694**	1,109
Finance expenses	4	**(26,896)**	(28,608)
Loss before taxation		**(9,926)**	(13,763)
Taxation	5	**10,215**	(551)
Profit/(loss) for the year	15	**289**	(14,314)
Attributable to:			
Equity shareholders of the Company		**(2,718)**	(15,635)
Minority interests		**3,007**	1,321
Profit/(loss) for the year		**289**	(14,314)
Loss per share (basic and diluted)	6	**(3.6p)**	(19.4p)

All results relate to continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 31 December 2008

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Foreign exchange translation differences for foreign operations	**1,076**	64
Revaluation of property, plant and equipment	**(79,231)**	146,280
Effective portion of changes in fair value of cash flow hedges	**(2,243)**	(613)
Defined benefit pension scheme actuarial (losses)/gains	**(2,019)**	765
Income and expense/gains recognised directly to equity	**(82,417)**	146,496
Profit/(loss) for the year	**289**	(14,314)
Total recognised income and expense for the year	**(82,128)**	132,182
Attributable to:		
Equity shareholders of the Company	**(70,089)**	105,433
Minority interests	**(12,039)**	26,749
Total recognised income and expense for the year	**(82,128)**	132,182

CONSOLIDATED BALANCE SHEET
at 31 December 2008

	Notes	**31 December 2008 £'000**	31 December 2007 £'000
Non-current assets			
Intangible assets and goodwill	7	**25,969**	25,969
Operational properties	8	**502,644**	522,663
Operational properties in the course of construction	8	**1,691**	26,047
Plant and equipment	8	**61,597**	56,923
Deferred tax asset	14	**10,500**	16,292
Financial instruments	13	**341**	5
		602,742	647,899
Current assets			
Inventories		**11,705**	9,489
Trade and other receivables:			
Due after more than one year	9	**2,660**	2,345
Due within one year	9	**35,677**	40,652
Cash and cash equivalents	10	**32,064**	23,731
		82,106	76,217
Total assets		**684,848**	724,116
Current liabilities			
Bank overdrafts	10	**(28)**	(846)
Loans and borrowings	11	**(342,632)**	(34,579)
Derivative financial instruments	13	**(2,235)**	-
Trade and other payables	12	**(74,324)**	(67,630)
Tax payable		**(157)**	(16,721)
		(419,376)	(119,776)
Non-current liabilities			
Loans and borrowings	11	**(44,561)**	(295,615)
Employee benefits		**(2,066)**	(416)
Trade and other payables	12	**(15,046)**	(12,149)
		(61,673)	(308,180)
Total liabilities		**(481,049)**	(427,956)
Net assets		**203,799**	296,160
Equity			
Share capital	15	**217**	161,125
Other reserves	15	**131,152**	198,169
Retained earnings	15	**(5,488)**	(154,917)
Total equity attributable to shareholders of the Company	15	**125,881**	204,377
Minority interests	16	**77,918**	91,783
Total equity		**203,799**	296,160
Equity attributable to shareholders of the Company in pence per share	17	**174p**	254p

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2008

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Profit/(loss) for the year	**289**	(14,314)
Adjustments		
Taxation	**(10,215)**	551
Finance income	**(1,694)**	(1,109)
Finance expenses	**26,896**	28,608
Gain on sale of property, plant and equipment	**(635)**	(7,586)
Depreciation of property, plant and equipment	**15,840**	13,023
Currency translation differences	**148**	93
Equity settled share-based payment transactions	**272**	182
Cash flows from operations before changes in working capital	**30,901**	19,448
Change in inventories	**(2,216)**	(363)
Change in trade and other receivables	**4,252**	(14,805)
Change in trade and other payables	**9,640**	24,496
Change in provisions and employee benefits	**1,650**	(2,391)
Cash generated from operations	**44,227**	26,385
Interest paid	**(29,445)**	(33,276)
Tax paid	**(488)**	(269)
Net cash from operating activities	**14,294**	(7,160)
Cash flows from investing activities		
Interest received	**1,674**	3,267
Proceeds from sale of property, plant and equipment	**1,091**	12,597
Acquisition of subsidiaries, net of cash acquired	**-**	(11,434)
Purchase of property, plant and equipment	**(54,402)**	(70,491)
Net cash used from investing activities	**(51,637)**	(66,061)
Cash flows from financing activities		
Purchase of own shares, inclusive of costs	**(10,078)**	(5)
Proceeds from draw down of borrowings	**74,232**	71,598
Borrowings repaid	**(17,233)**	(2,236)
(Payments to)/received from minority interests	**(427)**	11,776
Net cash from financing activities	**46,494**	81,133
Net increase in cash and cash equivalents	**9,151**	7,912
Opening cash and cash equivalents	**22,885**	14,973
Closing cash and cash equivalents (note 10)	**32,036**	22,885

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS

Basis of preparation

MWB Group Holdings Plc is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office is 30 City Road, London EC1Y 2AG. The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and the subsidiaries (together referred to as the "Group"). The consolidated financial statements for the year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and have been applied consistently by Group entities.

MWB Group Holdings Plc ('the Company') was incorporated in January 2008. The results of the Group for the year ended 31 December 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.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Basis of preparation (continued)

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations, cash holdings of £32m at 31 December 2008, bank facilities totalling £363m (of which £360m was drawn at 31 December 2008), unsecured loan stock of £30m and a bank overdraft of £1m (which was undrawn at 31 December 2008). Other than the overdraft which is due for renewal on 1 September 2009, the earliest maturity of the remaining facilities relates to a facility of £15m that has a term that runs to 30 September 2010.

The Directors have prepared cash flow projections for the period to 30 September 2010 ('the Projections') which are based on certain assumptions. These show that the Group is capable of operating within the financing arrangements referred to above and meeting the financial covenant tests included in these arrangements throughout the period covered by the Projections.

The Directors recognise that in the current economic environment, risks may exist regarding future property values and the achievability of projected occupancy levels, room rates and margins in Malmaison and Hotel du Vin; projected occupancy levels and workstation rates in Business Exchange, and projected sales and margins at Liberty.

In evaluating the going concern assumption, the Directors have taken into account various uncertainties including the following:

The Group is required to comply with a number of covenants in the Company's Articles of Association, in its bank facilities and in the loan stock deed, the principal ones of which are summarised in note 11 to the financial statements, including a gearing covenant on the Unsecured Loan Stock restricting net debt attributable to shareholders to four times adjusted shareholders' funds. All of these covenants were fully complied with at 31 December 2008 and are forecast to be fully complied with during the period covered by the Projections. The Directors are aware that compliance with these covenants could be affected if there are continued reductions in property values or significantly adverse trading conditions. The Directors continue to monitor adherence to these covenants carefully and to ensure adherence at all times.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Basis of preparation (continued)

The Liberty and Malmaison and Hotel du Vin divisions are forecast to draw their available bank facilities during the term covered by the Projections in accordance with their Business Plans. Both divisions are forecast to fully comply with these covenants during the period covered by the Projections. The Directors have tested the impact of variations from the Projections on the ability of these divisions to operate within the financial covenants (as summarised in note 11 to the financial statements) and their available cash resources, under a combination of different scenarios constructed to reflect reasonably possible downside risks to the assumptions contained within the Projections. In such downside scenarios, the ability of the divisions to continue to operate within the facilities available without further recourse to MWB beyond commitments already made, and maintaining compliance with the financial covenants, would be dependent on implementing various cost saving initiatives and mitigating actions within the timescales required, should these downside scenarios crystallise. These cost saving initiatives and mitigating actions are all under the control of the Group and the Directors consider they would be implemented as required.

The Group receives dividends from its 68% owned subsidiary MWB Business Exchange and these along with other financial resource in the Group are used to fund cash requirements elsewhere in the Group. The forecasts show that MWB Business Exchange will have sufficient cash reserves and distributable profits to pay the dividends required, including under reasonable downside scenarios.

As referred to in the Chairman's Statement accompanying these financial statements, the Board is exploring various options open to increase the flexibility in financing of the Group. After making enquiries, and after considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to prepare the financial statements on a going concern basis. The Directors are also aware that in view of uncertainty in the market over property values, the gearing covenant in the Company's Unsecured Loan Stock in the period covered by the Company's forecasts gives rise to a material uncertainty which may require the Group to raise additional funding by other means. In the absence of successfully raising such additional funding, if required, this could cast significant doubt upon the Group's and Company's ability to continue to operate as a going concern for the whole of the period covered by the Company's forecasts. In those circumstances, the Group and Company might then be unable to continue realising their assets and discharging their liabilities in the normal course of business.

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Operational properties; and
- Derivative financial instruments.

These consolidated financial statements are presented in UK Sterling, which is the Company's functional currency. All financial information has been rounded to the nearest thousand pounds.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Brands

Brands acquired by the Group are included in the financial statements at their cost less impairment. The Directors consider that the Group's brands have indefinite lives due to the durability of their underlying businesses which has been demonstrated over many years. Accordingly, the brands have not been amortised but have instead been subject to an impairment assessment conducted at each financial year end. Where this reveals a surplus, the value of the brand is retained, where it reveals a deficit, the brand is written down and the deficit is charged to the Income Statement. Subsequent expenditure on brands is recognised in the Income Statement when incurred.

Property, plant and equipment

Operational properties are land and buildings held for use in the production or supply of goods or services, or for administrative purposes, and are stated in the balance sheet at their revalued amounts, being the fair value, determined from market-based evidence and appraisals undertaken by professional valuers at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Income Statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense in the Income Statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluations of that asset.

Operational properties in the course of construction are measured at cost less any impairment losses. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing any items and of restoring the site on which they were located. Borrowing costs related to the construction of qualifying assets are capitalised. Operational properties in the course of construction are considered complete when they are capable of generating income and the development is complete. At that point they are re-measured to fair value and any gain or loss on re-measurement is recognised in the revaluation reserve.

Leasehold improvements are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset and includes professional fees and, for qualifying assets, capitalised borrowing costs.

The gain or loss on disposal or derecognition of property, plant and equipment is determined by comparing the sale proceeds with the carrying amount of the asset at the date of disposal or retirement, and is recognised in the Income Statement. When revalued assets are sold, the amounts included in the revaluation reserve relating to those assets are transferred directly to retained earnings.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Property, plant and equipment (continued)

Depreciation of properties in the course of construction is provided on the same basis as other property assets, in that it commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost or valuation of property, plant and equipment, other than land and property under construction and less residual amounts, using the straight line method, over their following estimated useful lives:-

Freehold and long leasehold listed operational properties	The shorter of 100 years and the term of the lease
Other freehold and long leasehold operational properties	50 years
Leasehold improvements	The shorter of 50 years and the term of the lease
Building surface finishes and services	The shorter of 30 years and the term of the lease
Plant and machinery	15 to 20 years
Fixtures and equipment	3 to 10 years

Freehold land is not depreciated.

Impairment

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. If any indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Impairment (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transactions are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations, and of related qualifying hedges, are taken directly to the translation reserve. They are released into the Income Statement upon disposal.

Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Financial instruments (continued)

Interest bearing bank loans and overdrafts and the Group's unsecured loan stock are initially recorded at fair value. The net amount of any premium or discount over the nominal value, less issue costs, is amortised over the life of the instrument via the effective interest method over its life and charged or credited to interest payable in the Income Statement.

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares and share options are recognised as a deduction from equity, net of any tax effects. When share capital recognised as equity is purchased by the Company, the amount of consideration paid including directly attributable costs, net of any tax effects, is recognised as a deduction from total equity.

The Group's activities expose it primarily to the financial risk of changes in interest rates and foreign currency exchange rates on its overseas business. The Group uses interest rate swaps, swaptions, caps, floors and collars to hedge these exposures. The Group does not use derivative instruments for speculative purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Income Statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the Income Statement. If the cash flow hedge of a firm commitment or a forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects net income.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss previously recognised in equity is retained in equity until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the Income Statement in the period that the hedged item is recognised.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Financial instruments (continued)

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. When share capital recognised as equity is purchased by the Company, the amount of consideration paid including directly attributable costs, net of any tax effects, is recognised as a deduction from total equity.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract, using a risk-free interest rate based on Government bonds.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. In the Group's hotel operations, revenue principally comprises invoices issued to customers during the period for accommodation and services provided. In the Group's serviced office operations, revenue principally comprises licence fees billed to clients, rentals charged and service charges invoiced to tenants. In Liberty Plc, revenue principally comprises amounts receivable for goods and services provided in the normal course of business, net of staff discounts and the costs of loyalty scheme rewards. Revenue from store sales of goods, and commission on concession sales, are recognised when goods are sold to the customer. Internet and fabric sales are recognised when the goods are delivered to the customer.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

In all instances, revenue is shown net of discounts and VAT.

Finance income and expense

Finance income comprises interest received or receivable on funds invested. Interest income is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the Group entity's right to receive the income is established.

Finance expenses comprise interest paid or payable and finance charges on finance leases that are recognised in the Income Statement. Interest incurred on loans specific to properties in the course of development is capitalised during the development phase but ceases to be capitalised once the development is completed and ready for occupation. Where such interest is allowable in computing the taxation liabilities of the Group, this is used to reduce the tax charge in the Income Statement.

1. ACCOUNTING POLICIES FOR GROUP FINANCIAL STATEMENTS (continued)

Taxation

The income tax expense in the Consolidated Income Statement comprises current and deferred tax. Income tax expense is recognised the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Any additional income taxes which arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SEGMENT REPORTING

Segmental information is presented in respect of the Group’s businesses and geographical segments. The primary format is based on the Group’s management and internal reporting structure.

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

2. SEGMENT REPORTING (continued)

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

The Group comprises the following main business segments:

- Malmaison and Hotel du Vin – The ownership and operation of the Group's branded hotels;
- MWB Business Exchange Plc – The Group's AIM quoted serviced office subsidiary;
- Liberty Plc – The Group's AIM quoted retail operating subsidiary; and
- Central – The central costs incurred by the Group, and in prior years the hotel investments owned by the Group.

In presenting information on the basis of geographical segments, segmental revenue and assets are based on the geographical location of the assets.

2. SEGMENT REPORTING (continued)

Consolidated Income Statement analysis

Year ended 31 December 2008	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Liberty Plc £'000	Central £'000	Consolidated £'000
Total external revenues					
Hotel income	107,636	-	-	-	107,636
Licence fee income	-	118,544	-	-	118,544
Retail income	-	-	50,850	-	50,850
Proceeds from sale of trading properties	-	-	-	846	846
Revenue per the Consolidated Income Statement	107,636	118,544	50,850	846	277,876
Inter-segment revenue	-	164	-	-	164
Total segment revenue	107,636	118,708	50,850	846	278,040
Total segment revenue by geographical origin					
United Kingdom	107,636	118,708	43,793	846	270,983
Japan	-	-	7,057	-	7,057
	107,636	118,708	50,850	846	278,040
Segment result	18,123	13,641	(1,781)	(9,097)	20,886
Project start-up expenses					(5,610)
Profit before finance income, finance expenses and taxation					15,276
Net finance costs					(25,202)
Taxation					10,215
Profit for the year					289

2. SEGMENT REPORTING (continued)

Consolidated Income Statement analysis (continued)

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	10,112	-	-	-	10,112
Revenue per the Consolidated Income Statement	105,384	100,046	46,689	-	252,119
Inter-segment revenue	26	-	-	-	26
Total segment revenue	105,410	100,046	46,689	-	252,145
Total segment revenue by geographical origin					
United Kingdom	105,410	100,046	41,684	-	247,140
Japan	-	-	5,005	-	5,005
	105,410	100,046	46,689	-	252,145
Segment result	12,458	12,993	(5,986)	(3,019)	16,446
Project start-up expenses					(2,710)
Unallocated expenses					
Profit before finance income, finance expenses and taxation					13,736
Net finance costs					(27,499)
Taxation					(551)
Loss for the year					(14,314)

2. SEGMENT REPORTING (continued)

Consolidated Balance Sheet analysis

31 December 2008	**Malmaison & Hotel du Vin £'000**	**MWB Business Exchange Plc £'000**	**Liberty Plc £'000**	**Central £'000**	**Consolidated £'000**
Segment assets	**505,618**	**92,968**	**70,982**	**15,280**	**684,848**
Segment liabilities	**(303,385)**	**(57,315)**	**(33,609)**	**(86,740)**	**(481,049)**
Segment net assets/(liabilities)	**202,233**	**35,653**	**37,373**	**(71,460)**	**203,799**
Capital expenditure in the year	**47,783**	**4,067**	**2,483**	**69**	**54,402**
Depreciation in the year	**9,040**	**4,447**	**2,250**	**103**	**15,840**

31 December 2007	Malmaison & Hotel du Vin £'000	MWB Business Exchange Plc £'000	Liberty Plc £'000	Central £'000	Consolidated £'000
Segment assets	568,764	72,275	72,435	10,642	724,116
Segment liabilities	(277,159)	(49,449)	(30,429)	(70,919)	(427,956)
Segment net assets/(liabilities)	291,605	22,826	42,006	(60,277)	296,160
Capital expenditure in the year	54,711	12,974	2,600	206	70,491
Depreciation in the year	6,328	3,989	2,471	235	13,023

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

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
The EBITDA of the Group is calculated as follows:-		
Profit before finance income, finance expenses and taxation	**15,276**	13,736
Add depreciation of property, plant and equipment for the year	**15,840**	13,023
Total EBITDA for the year	**31,116**	26,759

4. FINANCE INCOME AND EXPENSES

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
The finance income arose as follows:-		
Interest income on cash deposits for the year	**1,671**	1,093
Defined benefit pension scheme net financing income	**23**	16
Total finance income for the year	**1,694**	1,109
The finance expenses arose on financial liabilities measured at amortised cost as follows:-		
Unsecured Loan Stock 2009/2012	**2,925**	2,924
Bank loans and overdrafts	**24,275**	24,447
Amortisation of debt issue costs	**1,135**	4,047
	28,335	31,418
Less finance costs capitalised in respect of development expenditure before tax relief	**(1,439)**	(2,810)
Total finance expenses for the year	**26,896**	28,608

5. TAXATION

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Current taxation (charge)/credit		
UK Corporation tax		
Tax on profit/(loss) for the year	**-**	(16,472)
Adjustment in respect of prior year provisions following agreement of taxation liabilities	**16,402**	-
Foreign tax		
Tax on profit for the year	**(395)**	(371)
	16,007	(16,843)
Deferred taxation (charge)/credit		
Deferred tax asset (written off)/arising on accelerated capital allowances, trading tax losses, unrelieved capital expenditure and interest payments	**(5,792)**	16,292
Total taxation credit/(charge)	**10,215**	(551)

No tax was recognised directly in equity during the year ended 31 December 2008 or during the previous year.

5. TAXATION (continued)

The taxation credit has been increased from the amount that would arise from applying the prevailing corporation tax rate to the loss before taxation in the Consolidated Income Statement, as follows:-

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
UK corporation tax credit at 28.5% (2007: 30%) on the loss before taxation in Consolidated Income Statement	**2,829**	4,129
Excess of depreciation charged over capital allowances claimed	**(1,202)**	(2,177)
Expenditure permanently disallowed for taxation purposes and unrelieved tax losses	**(2,311)**	(7,335)
Difference between taxation provisions on chargeable gains on disposals of properties and accounting profits on such disposals	**-**	(14,196)
Adjustment of provision made in respect of prior years following agreement of taxation liabilities	**16,402**	-
Taxation on overseas earnings at higher rate than UK corporation tax	**(136)**	(69)
Profits not taxable and capitalised expenditure deductible for taxation purposes	**400**	843
Tax losses brought forward from earlier periods utilised in current period	**25**	1,962
Total corporation tax charge for the year	**16,007**	(16,843)
Deferred tax asset (written off)/arising on accelerated capital allowances, trading tax losses, unrelieved capital expenditure and interest payments	**(5,792)**	16,292
Taxation credit/(charge) for the year	**10,215**	(551)

6. LOSS PER SHARE

Weighted average number of units or shares in issue during the year

	Year ended 31 December 2008 '000	Year ended 31 December 2007 '000
Number of units or shares in issue at start of year	**80,522**	80,522
Units or shares purchased by the Company for cancellation during year		
Market purchases		
23 April 2008	**(2,153)**	-
24 April 2008	**(800)**	-
18 June 2008	**(425)**	-
23 June 2008	**(2,773)**	-
2 October 2008	**(2,000)**	-
Number of units or shares in issue at end of year	**72,371**	80,522
Weighted average number of units or shares in issue during year	**76,291**	80,522

Loss per share

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

		Year ended 31 December 2008	Year ended 31 December 2007
Loss for the year attributable to equity shareholders of the Company	**£'000**	**(2,718)**	(15,635)
Weighted average number of units or ordinary shares in issue during the year	**'000**	**76,291**	80,522
Loss per share (basic and diluted)	**Pence**	**(3.6p)**	(19.4p)

7. INTANGIBLE ASSETS AND GOODWILL

	31 December 2008 £'000	31 December 2007 £'000
Brand	**18,200**	18,200
Goodwill		
- Stanhope Business Centres Limited	**7,587**	7,587
- Liberty Japan Company Limited	**182**	182
At 31 December 2008	**25,969**	25,969

The brand value of £18.2m relates to the Liberty brand. The Directors consider that the Group's brands have indefinite lives due to the durability of their underlying businesses which has been demonstrated over many years. Accordingly the book value of the Liberty brand has not been amortised but has instead been subject to an annual impairment review. An external professional valuation of the Liberty brand was undertaken by Equilibrium Consulting at 31 December 2007. The principal assumptions in the 2007 valuation included a discount rate of 10.2% and a long term growth assumption of 2% into perpetuity. At 31 December 2008, the value in use was determined by discounting future cash flows generated from continuing use of the cash generating unit. This is based on projected cash flows in the Company's 5 year business plan and further projections for years 6 to 10 to produce a 10 year cash flow model. A 2% growth assumption has been applied to cash flows at the end of year 10. Forecast annual revenue growth included in the projections is 9.7% in 2009 and 5.3% by year 5 reflecting the 5 year business plan and 3% by year 10. A discount rate of 10% was applied to resultant cash flows to determine present day value in use, reflecting current market assessments of risk specific to the asset. The values assigned also represent assessments of future trends in the retail industry and are based on both external sources and internal historical data. Based on this review, the Directors concluded that there had been no impairment of the Liberty brand value during the year ended 31 December 2008.

7. INTANGIBLE ASSETS AND GOODWILL (continued)

During the year ended 31 December 2007, the Group acquired Stanhope Business Centres Limited, a serviced office business based in London, Goodwill of £7.6m arose on this acquisition and was recognised in the year ended 31 December 2007. An impairment review of the Stanhope Business Centres goodwill was undertaken by the Directors on 31 December 2008. This compared the carrying value of goodwill with the anticipated recoverable amount of the two businesses centres owned by Stanhope Business Centres which are the cash-generating unit to which the goodwill was allocated. The recoverable amount of the cash-generating unit is based on value in use, which is calculated from cash flow projections for the lifetimes of the underlying leases, using data from Board approved budgets covering the period to 31 December 2010. The key assumptions for the value in use calculations were discount rates, licence fee income, client renewals and occupancy rates. The Directors estimate discount rates using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units, and they consider the appropriate pre-tax risk adjusted discount rate is 11%. Changes in licence fee income, client renewals, occupancy rates and direct costs are based on assumed compound growth rates of 2% to 5%, as well as past experience and expectations of future changes in the market. These assumptions are reduced from the compound growth of 6% used at 31 December 2007 due to changes in market conditions in the course of 2008. Based on this review, the Directors concluded that there had been no impairment to the Stanhope Business Centres goodwill during the year ended 31 December 2008.

8. PROPERTY, PLANT AND EQUIPMENT

	----------------Operational properties--------------------					
	Freehold £'000	Long leasehold £'000	In the course of construction £'000	Operating leasehold improvements £'000	Plant, machinery, fixtures & equipment £'000	Total £'000
Cost or valuation						
At 1 January 2008	345,521	142,995	26,047	37,139	103,991	655,693
Additions	36,165	1,068	1,608	2,704	14,282	55,827
Reclassification	25,964	-	(25,964)	(311)	311	-
Disposals	(140)	-	-	(281)	(1,012)	(1,433)
Revaluation	(72,559)	(9,910)	-	-	-	(82,469)
At 31 December 2008	**334,951**	**134,153**	**1,691**	**39,251**	**117,572**	**627,618**
Depreciation						
At 1 January 2008	-	-	-	(2,992)	(47,068)	(50,060)
Charge for the year	(2,374)	(864)	-	(2,720)	(9,882)	(15,840)
Disposals	-	-	-	1	975	976
Revaluation	2,374	864	-	-	-	3,238
At 31 December 2008	**-**	**-**	**-**	**(5,711)**	**(55,975)**	**(61,686)**
Net book value at 31 December 2008	**334,951**	**134,153**	**1,691**	**33,540**	**61,597**	**565,932**
Analysis of valuation deficit for the year						
Deficit debited to revaluation reserve (note 15)	(57,404)	(7,463)	-	-	-	(64,867)
Deficit debited to minority interests (note 16)	(12,781)	(1,583)	-	-	-	(14,364)
Revaluation deficit reflected in property, plant and equipment	**(70,185)**	**(9,046)**	**-**	**-**	**-**	**(79,231)**

Operational properties at net book value	31 December 2008 £'000	31 December 2007 £'000
Freehold properties as above	**334,951**	345,521
Long leasehold properties as above	**134,153**	142,995
Operating leasehold improvements as above	**33,540**	34,147
Total operational properties per consolidated balance sheet	**502,644**	522,663

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation

The Group's property, plant and equipment is all located in the United Kingdom. The Group's Operational properties were valued at 31 December 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 MWB Group for the same period since June 1999. 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 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 has not received any introductory fees or acquisition fees in respect of any of the properties owned by MWB Group within the 12 months prior to the date of valuation. DTZ has 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.

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

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation (continued)

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

Properties valued by DTZ at 31 December 2008 carried in the balance sheet at valuation included in property, plant and equipment totalled £522.9m. 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, the short leasehold properties of MWB Business Exchange Plc, and plant and equipment, are carried at the lower of cost and realisable value in the table above. These assets had a net book value at 31 December 2008 of £43.0m.

The historic cost of the Group's properties at 31 December 2008 includes capitalised interest of £9.3m (31 December 2007: £7.9m).

The majority of the Group's borrowings and its undrawn facilities are secured by charges on substantially all of the Group's property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	31 December 2008 £'000	31 December 2007 £'000
Due after more than one year		
Other receivables	**2,660**	2,345
Due within one year		
Trade receivables	**12,603**	9,971
Other receivables		
Other taxes and social security	**164**	727
Other debtors	**1,884**	12,275
Prepayments and accrued income	**17,942**	15,525
Retention balances	**3,084**	2,154
	35,677	40,652

9. TRADE AND OTHER RECEIVABLES (continued)

Retention balances predominantly comprise cash funds received from tenants as security for lease obligations. These are retained in bank accounts that are separate from the main Group facilities and are not generally available for use in the Group's operations.

10. CASH AND CASH EQUIVALENTS

	31 December 2008 £'000	31 December 2007 £'000
Cash and cash equivalents per consolidated balance sheet	**32,064**	23,731
Less bank overdrafts per consolidated balance sheet	**(28)**	(846)
Net cash and cash equivalents per consolidated cash flow statement	**32,036**	22,885

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

	31 December 2008 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	**4,860**	6,910
MWB Business Exchange Plc	**23,333**	4,379
Liberty Plc	**1,903**	4,296
Central	**1,940**	7,300
	32,036	22,885

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

	31 December 2008 £'000	31 December 2007 £'000
Current liabilities		
Secured bank loans	**341,827**	32,960
Other unsecured loan borrowings	**805**	1,620
	342,632	34,580
Non-current liabilities		
Secured bank loans	**14,634**	265,169
9.75% Unsecured Loan Stock 2009/2012	**29,927**	29,640
Other unsecured loan borrowings	**-**	805
	44,561	295,614
Total loans and borrowings	**387,193**	330,194

11. LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule

All of the Group's loans are denominated in Sterling and no foreign exchange risk was suffered by the Group on its debt arrangements during the year ended 31 December 2008 or in the previous year. The Group's loans bear floating rates of interest which are normally for periods ranging from one week to one year, set by reference to LIBOR. The terms on the Group's outstanding loans at 31 December 2008, inclusive of bank margin, are summarised as follows:-

	31 December 2008 Nominal interest rate per annum	Latest year of maturity	**31 December 2008** Face value £'000	**31 December 2008** Carrying amount £'000	31 December 2007 Face value £'000	31 December 2007 Carrying amount £'000
Current liabilities						
Secured bank loans						
Malmaison and Hotel du Vin	*Libor + 2.25%*	2009	**284,248**	**284,248**	2,960	2,960
MWB Business Exchange Plc	*Libor +1.25%*	2009	**6,930**	**6,930**	-	-
Central	*Libor + 3.7% to 4.4%*	2009	**50,649**	**50,649**	30,000	30,000
Other unsecured loan borrowings – central	*9.0%*	2009	**810**	**805**	1,589	1,620
			342,637	**342,632**	34,549	34,580
Non-current liabilities						
Secured bank loans						
Malmaison and Hotel du Vin	*Libor + 1.75% to 2.25%*	2009	**-**	**-**	242,759	242,759
MWB Business Exchange Plc	*Base/Libor +1%*	2009	**-**	**-**	9,410	9,410
Liberty Plc	*Base/Libor + 1.25%*	2010	**14,634**	**14,634**	13,000	13,000
Listed Unsecured Loan Stock	*9.75%*	2012	**31,543**	**29,927**	29,329	29,640
Other unsecured loan borrowings – central	*9.0%*	2009	**-**	**-**	805	805
			46,177	**44,561**	295,303	295,614
			388,814	**387,193**	329,852	330,194

11. LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule (continued)

The Company may purchase the listed Unsecured Loan Stock by tender or in the market. The Loan Stock is redeemable at the Company's option at any time after 30 June 2009 at par plus accrued interest; any Loan Stock outstanding on 30 June 2012 will be redeemed by the Company at par plus accrued interest.

The majority of the Group's borrowings and its undrawn facilities are secured by charges on substantially all of the Group's property, plant and equipment. The secured loans are proportionately repayable if any of the underlying security is sold.

Extension of term of facilities

On 27 April 2009, the Group extended £348m of its banking facilities provided by Bank of Scotland and Royal Bank of Scotland. The terms of these facilities, comprising three separate loans to Malmaison and Hotel du Vin, MWB Business Exchange and MWB itself, previously ran to the end of 2009, but have now been extended to 31 December 2011. As a result, none of the Group's funding facilities are due to expire in the current financial year to December 2009 and the shortest expiry date is the facility provided to Liberty, whose term runs to 30 September 2010. This significant extension has however not been achieved without cost but the Directors strongly believe it is in the Group's long term interests to extend these facilities given the current level of illiquidity in the financial markets. These loans are shown as current liabilities in the consolidated balance sheet 31 December 2008 on page 55 of these financial statements because at that date their term ran to 31 December 2009. However, because of this extension, these loan facilities are now medium term and therefore non-current liabilities at the date of approval of these financial statements.

Loan covenants

The Company's subsidiary, MWB Business Exchange Plc, generates and is forecast to generate sufficient cash surpluses to enable it to continue to adhere to its loan covenants with significant headroom. In addition to this, Management has put in place revenue preservation and cost savings plans which are anticipated to further benefit EBITDA and cash flow for 2009 and future years.

11. LOANS AND BORROWINGS (continued)

Loan covenants (continued)

The Group has three covenant tests in relation to its bank facility, namely Loan to Value Security Cover, Debt Service Cover and Senior Interest Cover, with Liberty of London brand costs and other one-off costs excluded from the test of the latter two. Security Cover requires the loan to be no more than 67% of the Realisation Value of the Tudor Building. At 31 December 2008, the Tudor Building was valued at £28.8m, and £14.6m of facilities were utilised. Accordingly, the Loan to Value Security Cover was only 52% at that date, demonstrating significant headroom. Sufficient headroom is also forecast over the period covered by the Projections. Debt Service Cover requires the ratio of EBITDA to Total Debt Service to be not less than 1.25:1. This covenant was met for the year ended 31 December 2008 with continuing headroom forecast over the period covered by the Projections. Senior Interest Cover requires the ratio of EBIT to Senior Interest to be not less than 1.5:1. This covenant will first be tested in December 2009 and thereafter annually. At the test for the year ending 31 December 2009, the Directors forecast sufficient headroom. Liberty trading results for the first quarter of 2009 have been strong, and demonstrate sales levels well ahead of 2008 levels, thus underpinning the 2009 Projections. The Directors continue to monitor adherence to these covenants carefully and to take reasonable steps to ensure adherence at all times. The bank facility also permits the Group to cash cure any breach that might occur within 14 days of the relevant test date.

The Malmaison and Hotel du Vin division has four covenant tests in its banking facility, being EBITDA to Interest Cover, Cashflow Cover, Loan to Value Cover and Debt to EBITDA Cover. All such covenants were met for the year ended 31 December 2008 and are forecast to be met for the next eighteen months. The Directors have estimated that EBITDA would have to fall by approximately £4m per annum for the headroom in EBITDA related covenants to be eliminated. The Directors consider that such a material reduction in EBITDA is unlikely as, in addition to the projected headroom referred to above, there are further cost saving initiatives that the Directors could implement in order to preserve the level of EBITDA during the forecast period. As referred to in the Malmaison and Hotel du Vin Operating Review accompanying these financial statements, the Directors have introduced additional revenue initiatives in the first quarter of 2009 which have enhanced the performance of the business. The Malmaison and Hotel du Vin Loan to Value Covenant requires the loan to be no more than 72.5% of the value of the secured property. At 31 December 2008, the Loan to Value percentage amounted to 58% of the secured property value of £495m. Accordingly, the portfolio value would have to decrease by approximately £100m or more before this covenant would not be satisfied. Given the continued strong performance of Malmaison and Hotel du Vin, and the revenue and cost saving initiatives the Directors have at their disposal, the Directors, after taking advice from the Company's property valuers DTZ, consider it unlikely that this portfolio would suffer such a high level of decline in property value over the period covered by their cashflow projections.

11. LOANS AND BORROWINGS (continued)

Loan covenants (continued)

MWB Group Holdings Plc itself has three covenants in relation to its bank facility. These covenants require consolidated EBITDA to be 125% or more than consolidated interest expense, and for the MWB Group Holdings Plc debt, excluding the Company's Unsecured Loan Stock, to be capped at 150% of consolidated EBITDA. MWB Group Holdings is forecast to meet its covenants with headroom during the eighteen months covered by the Group cash flow forecasts. The covenant in relation to MWB Group Holdings' Unsecured Loan Stock includes a gearing covenant restricting net debt attributable to shareholders to a maximum of four times adjusted shareholders' funds. This covenant was met at 31 December 2008 with headroom of £36m in adjusted shareholders' funds. In light of advice received from the Group's property valuers DTZ referred to above, the Directors forecast that this covenant will also be met over the eighteen months covered by the Group's cash flow projections. The Directors are also aware of the current uncertainty and volatility in the property market and they continue to progress additional financing options to enable the Group to strengthen its financial position.

Movement of loans during the year

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
At start of year	**330,194**	260,832
Loans drawn down	**74,232**	71,598
Loans repaid	**(17,233)**	(2,236)
At end of year	**387,193**	330,194

11. LOANS AND BORROWINGS (continued)

Net debt

The Group's loans, borrowings and cash are included in the consolidated balance sheet at 31 December 2008 as follows:-

Composition at year end	31 December 2008 £'000	31 December 2007 £'000
Loans and borrowings	**387,193**	330,194
Long leasehold obligations (in note 12)	**699**	703
Fair value of derivative financial instruments	**1,894**	-
Total loans and borrowings	**389,786**	330,897
Less net cash and cash equivalents in note 10	**(32,036)**	(22,885)
Total net debt at year end	**357,750**	308,012

Analysis of debt/(cash) by operating business

Malmaison and Hotel du Vin	**282,322**	239,512
MWB Business Exchange Plc	**(16,404)**	5,031
Liberty Plc	**12,390**	8,704
Central debt	**79,442**	54,765
	357,750	308,012

Undrawn facilities

At 31 December 2008, the Group had £10.5m (2007: £5.7m) of undrawn financing facilities available for specific operating businesses of the Group. The expiry profile of these facilities was as follows:-

	31 December 2008 £'000	31 December 2007 £'000
In one year or less	**10,110**	2,154
In more than one year	**367**	3,500
	10,477	5,654

The maturity of the above facilities was extended on 27 April 2009 in the manner referred to above under the heading "Extension of term of facilities". Accordingly all such undrawn facilities are available for more than one year at the date of approval of these financial statements.

11. LOANS AND BORROWINGS (continued)

Undrawn facilities (continued)

The Group's undrawn credit financing facilities are for use by the following operating businesses:-

	31 December 2008 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	**2,081**	-
MWB Business Exchange Plc	**6,029**	3,500
Liberty Plc	**367**	1,154
Central facilities	**2,000**	1,000
	10,477	5,654

12. TRADE AND OTHER PAYABLES

	31 December 2008 £'000	31 December 2007 £'000
Due within one year		
Trade payables	**20,347**	18,126
Other payables	**2,534**	2,015
Client deposits	**15,351**	13,302
Accruals	**30,878**	27,453
PAYE, NIC and VAT	**5,207**	6,037
Deferred income	**7**	697
	74,324	67,630
Due after more than one year		
Other payables	**596**	1,153
Operating lease incentives	**13,751**	10,293
Long leasehold obligations	**699**	703
	15,046	12,149

13. FINANCIAL INSTRUMENTS

Overall summary

The Group has exposure to the following principal risks in the operation and management of its business:-

(i) Liquidity risk;
(ii) Market risk;
(iii) Interest rate risk;
(iv) Currency risk; and
(v) Credit risk.

Set out below is information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee of the Board monitors the Group's risk management policies and reports to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies to provide protection for the Group's activities are reviewed during the year to reflect changes in market conditions. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which employees understand their roles and obligations.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

This is managed and controlled through a detailed funding policy and capital management strategy, details of which are set out below.

Funding policy

The Group has three principal central facilities available for investment in the divisions, providing a total of £315m of medium term funds. The balance of the Group's total loans, amounting to £85m at 31 December 2008, is provided from bank facilities made available to the Group centrally.

13. FINANCIAL INSTRUMENTS (continued)

Funding policy (continued)

The Group borrows from banks at fixed and floating rates of interest. Interest rate exposure from floating rate debt is hedged by financial derivative instruments where the Board considers that interest rate rises are expected to occur in the medium term. The principal purpose of the Group's hedging arrangements is to protect the Group against adverse interest rate movements and to retain some opportunity to benefit from falls in short term interest rates. The Group does not use hedging arrangements to speculate on interest rate movements. Derivative instruments used by the Board principally comprise interest rate swaps, floors and collars.

The Group's treasury policies are designed to ensure that:-

(i) sufficient committed loan facilities are available to support current and future business requirements. Cash and loan management is a core feature of the Board's business model and two year rolling cash flow forecasts, updated on a monthly basis, are controlled by the Executive Directors to manage these requirements.

(ii) the interest cost on Group debt is supported as much as possible from maintainable income flows, with the retirement of debt matched against forecast capital inflows over short and medium term capital programmes.

(iii) interest rate exposure is managed through a combination of fixed rate debt and interest rate swaps, thus fixing interest rates as much as possible by reference to passing income at the date of drawdown.

Capital management

The Board's policy is to maintain a strong capital base within the Group so as to maintain investor and creditor protection, and to maintain market confidence in the Group. This strategy also sustains future development potential of the Group. The Directors monitor the Return on Capital achieved by the Group, which the Board has defined as EBITDA divided by total shareholders' equity, and its comparison to Return on Value, being EBITDA divided by Group enterprise value. These benchmarks of performance are used to manage and report performance within the three principal operating businesses and for the Group as a whole. The Directors also manage the Group's operations in a manner designed to enhance Cash Returns to Shareholders, in accordance with the Cash Distribution Programme.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

From time to time, the Group purchases its own shares in the market, with the timing being dependent on the level of the Group's cash and loan facilities and the market price of the shares at the time of purchase. To date, all such shares purchased have been cancelled by the Company, thus enhancing equity attributable to shareholders for the remaining ordinary shares. Buy decisions are made by the Board on a transaction by transaction basis as part of the Group's defined share buy-back programme, that is itself part of the Cash Distribution Programme.

13. FINANCIAL INSTRUMENTS (continued)

Capital management (continued)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. There were no material changes in the Group's approach to capital management during the year ended 31 December 2008 or during the previous year.

Financial risk management

The Board and Senior Executive team identify and evaluate risks and uncertainties covered by the Group Business Plan and design controls to mitigate these. Most of the financial risks faced by the Group at the date of approval of these financial statements emanate from the volatility of financial markets, the resultant reduction in supply of credit and its significant increase in cost. These risks fall into a number of categories, all of which have been proactively managed by the Board in the past and even more significantly in the current economic climate.

The Group's funding financial risk centres on the total interest cost incurred on the Group's short and medium term loans, which at 31 December 2008 totalled £387m. The Board has swapped £250m of these funds into fixed rates and retained £107m at floating rates due to the relatively low level of current interest rates. The balance of £30m represents fixed rate facilities. The Board reviews this policy on a regular basis to ensure good management of the Group's exposure to interest rate fluctuations.

The principal financial controls that are in operation across the Group are as follows:-

- The assessment of risk and the improvement of returns therefrom. The Board is responsible for identifying business risks affecting the Group, and for assessing the likelihood of their impact. The Board's approach to risk management and internal control aims to assist the Group in meeting the challenge of balancing commercial success with cost efficiency. This is managed by the Executive Directors through regular and formal decision making processes for each major operating business within the Group. The Board identifies key business risks and manages these in accordance with the Group's Business Plans.

- In-depth capital expenditure appraisals. The Group has defined guidelines for capital expenditure. Before investing in any major property asset, assessments of maximum capital expenditure, maximum cash requirements, forecast levels of profitability to be derived from the investment and risk profile of the asset to be acquired are quantified and analysed by the Executive Directors. Where actual results are materially different from those previously forecast, remedial action is taken, which may if necessary involve the early disposal of the asset concerned or cancellation of the proposal prior to further cost being incurred.

- Financial management and results. Monthly budgets and annual forecasts are prepared for each operating business of the Group, against which actual results are monitored and controlled by the Executive Directors. Where variances arise, these are investigated, business initiatives are implemented and process changes made to improve performance.

13. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

- Control of the Group's cash requirements. Rolling 18 month forward cash flow forecasts are prepared by Senior Executives of each of the Group's three operating businesses. These are reviewed by the Board prior to commencement of each financial year, and are regularly reviewed and contrasted during each year.

- Group financial reporting. Detailed reports are provided to all members of the Board. These reports provide full analyses of monthly, quarterly and year to date financial performance, asset allocation, growth expectations and related KPI based information for each operating business in the Group, with comparison against budgets and prior year results. These appraisals enable the Board to ensure that control within pre-determined levels of performance of each operating business is achieved, both financially and operationally. Where this is not being achieved, appropriate financial decisions are implemented to enable results achieved to be close to those originally forecast.

Liquidity risk

The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient funds to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the Group's reputation in its business sectors. The Group uses detailed divisional cash flow reporting to assist the Board in monitoring cash flow requirements and optimising cash returns on investments across the whole Group. The Group typically ensures it has sufficient forecast cash and available facilities to meet expected cash outflows for a forward period of 18 months. The Group meets its day to day working capital requirements through cash generated in its operating businesses, Liberty, Malmaison and Hotel du Vin, and Business Exchange, and from its loan and overdraft facilities. The Group's facilities include interest cover and gearing covenants with which the Group is in compliance at 31 December 2008. Based on the detailed forecasts prepared for each division, the Group is forecast to comply with the covenants in the facilities for the period covered by these projections. Note 1 to the consolidated financial statements also refers to liquidity matters associated with the financing arrangements of the Group.

The Memorandum and Articles of Association of the Company, and the terms of the Company's Unsecured Loan Stock, include a gearing covenant restricting net debt attributable to shareholders to a maximum of four times adjusted shareholders' funds. The restriction in the Articles of Association is proposed to be increased to five times adjusted shareholders' funds at the 2009 Annual General Meeting which, if approved by Shareholders, will permit increased financial covenant security during the period covered by the Group Business Plan.

13. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk that affects the Group is the risk that changes in market prices, such as interest rates, foreign currency rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while seeking to optimise returns to shareholders.

The Group buys and sells derivatives for its financial liabilities, and also incurs financial liabilities, in order to manage market risks. Generally the Group seeks to apply hedge accounting in order to manage volatility in the Income Statement and does not enter into hedge contracts on a speculative or trading basis.

The Group enters into commodity contracts only to meet the Group's expected future usage and sale requirements. These principally occur in the Group's Malmaison and Hotel du Vin business and in Liberty Plc.

The primary goal of the Group's available-for-sale equity securities investment strategy is to maximise investment returns commensurate with acceptable levels of risk, in order to meet as much as possible the Group's defined scheme pension obligations. Management is assisted in this regard by professional external advisors.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

The Group's policy of managing its exposure to changes in interest rates is generally achieved by entering into interest rate swaps or fixed rate contracts with financially secure counter-parties denominated in Sterling, where considered appropriate by the Board. The Group holds financial instruments mainly to hedge financial risk on finance drawn for its operations, or for the temporary investment of short-term funds, and to manage the interest rate risks arising from its operations and sources of finance. In addition, various financial amounts - for example trade debtors and trade creditors - arise directly from the Group's normal trading operations.

Disclosures have been made below in respect of current and long term financial liabilities of the Group. These are expressed in total and by reference to the associated financial instruments used to manage the interest rate exposures arising therefrom. The Group is not required to account for fixed rate financial assets and liabilities at fair value through the Income Statement. Where the Group has entered into derivatives that qualify for hedge accounting such as interest rate swaps, changes in the fair value of such instruments are recognised through equity.

13. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at 31 December 2008 would have been charged/(credited) directly to the Income Statement or through equity reserves by the amounts shown below. This analysis, before tax, assumes that all other variables, in particular foreign currency rates, remain constant.

	Income Statement		**Equity**	
	100 bp Increase £'000	**100 bp Decrease £'000**	**100 bp Increase £'000**	**100 bp Decrease £'000**
31 December 2008				
Variable rate instruments	**(1,064)**	**1,064**	-	-
Cash flow sensitivity (net)	**(1,064)**	**1,064**	-	-
31 December 2007				
Variable rate instruments	(2,990)	2,990	-	-
Cash flow sensitivity (net)	(2,990)	2,990	-	-

Currency risk

The Group is currently only exposed to currency risk on sales and purchases that are denominated in Japanese Yen. Total sales in Yen amounted to £7m for the year ended 31 December 2008 (2007: £5m), amounting to only 3% of the total turnover for the year. All other Group turnover is denominated in Sterling, the Group's functional currency. The Group uses forward exchange contracts to hedge its currency risk, most of which have a maturity of less than one year from the balance sheet date. The Group does not have any loans taken out by any Group entities, in any currency other than Sterling.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

As over 99% of the Group's gross assets are denominated in Sterling, the Group did not have a material exposure to foreign currency risk at 31 December 2008 or at the previous year end. The remaining 1% of Group assets are denominated in Japanese Yen. Accordingly, a 10% strengthening of Sterling against the Yen would not have had a material effect on the Group at 31 December 2008 or at the previous year end.

13. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk for the Group arises if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board considers there is not a material risk attached to the customer base of the Group's businesses. This is because the customer base is intrinsically diversified and management ensures the business has a broad spread of customers at each of the Group's locations. No single customer accounts for more than 1% of Group turnover. Geographically there is a concentration of credit risk in London, where the Group has one hotel, 28 serviced offices and two retail stores. Total turnover in London was approximately £134.8m for the year ended 31 December 2008.

The three principal operating divisions of the Group have established credit policies for dealing with new customers, their creditworthiness and their payment and delivery terms. The Group's review includes external ratings when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount that may be permitted in the day-to-day operations of the Group without requiring prior approval from a member of Middle or Senior Management. Customers that fail to meet the Group's benchmark creditworthiness level may still transact with the Group but on a restricted basis and generally only on a prepayment basis.

Customers that are graded as high risk are placed on a restricted customer list, and future sales are only made on a restricted basis. In the Group's Business Centre operations, customers are generally required to deposit two months' licence fee at the commencement of the licence as security for their receivables due to the Group. In other areas of the Group, collateral is not required in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents their maximum credit exposure to the Group, which at 31 December 2008 was as follows:-

	Note	**31 December 2008 £'000**	31 December 2007 £'000
Trade and other receivables	9	**38,337**	42,997
Cash and cash equivalents	10	**32,036**	22,885
Forward exchange contracts used for hedging liabilities		**341**	5
		70,714	65,887

13. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The carrying amount of the maximum exposure to credit risk for financial assets of the Group at 31 December 2008, by division, was as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Malmaison and Hotel du Vin	**9,793**	21,653
MWB Business Exchange Plc	**43,846**	22,491
Liberty Plc	**12,375**	11,208
Central	**4,700**	10,535
	70,714	65,887

No customer of the Group comprised more than 2% of the carrying amount of Group trade receivables at 31 December 2008 (2007: 2%).

The ageing of trade receivables at 31 December 2008 was as follows:-

	Gross 31 December 2008 £'000	**Impairment provision 31 December 2008 £'000**	Gross 31 December 2007 £'000	Impairment provision 31 December 2007 £'000
Not overdue	**6,266**	**-**	3,644	-
1-30 days overdue	**2,463**	**-**	3,453	-
31-120 days overdue	**4,036**	**(501)**	2,822	(188)
120 days to one year overdue	**658**	**(359)**	1,031	(703)
More than one year overdue	**94**	**(54)**	18	(106)
	13,517	**(914)**	10,968	(997)

The Group holds cash deposits as security for indebtedness from the majority of its clients in the Business Exchange division of the Group. These are utilised, where appropriate, to offset the charge to the Income Statement that would otherwise occur from provisions for impairment referred to above. Based on historic default rates, the Board believes that no material amount of impairment allowance is necessary in addition to that provided above in respect of trade receivables more than 31 days due; the majority of the unprovided balance relates to customers that have good financial track records with the Group.

13. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The movement on the impairment provision during the year was as follows:-

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Opening provision	**(997)**	(583)
Amounts provided	**(935)**	(1,198)
Amounts utilised	**1,018**	784
Closing provision	**(914)**	(997)

Determination of fair values

The following tables show the carrying amounts and fair values of the Group's financial instruments at 31 December 2008 and at the previous year end. The carrying amounts are included in the Group balance sheet, with the exception of derivative financial instruments held to manage interest rate exposure, where only a notional value and its fair value are appropriate. The fair values of the financial instruments are the amounts at which the instruments could be exchanged in a current transaction between willing parties. The fair value of all other financial instruments is not materially different from the carrying amounts because they incur interest at variable rates.

The fair value of the Group's loan stock has been estimated on the basis of quoted market prices for similar issues with similar maturities, and on calculations of the present value of future cash flows using the appropriate discount rates prevailing at 31 December 2008. The fair values of other financial instruments reflect the replacement values of the financial instruments used to manage the Group's exposure to adverse interest rate movements.

13. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The carrying amounts of financial assets and liabilities, together with their fair values at 31 December 2008 and at the previous year end, were as follows:-

	31 December 2008		31 December 2007	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Trade and other receivables	**17,147**	**17,147**	24,591	24,591
Net cash and cash equivalents	**32,036**	**32,036**	22,885	22,885
Forward exchange contracts used for hedging liabilities	**341**	**-**	5	-
Financial derivative instruments	**(2,235)**	**(2,235)**	-	-
Secured bank loans	**(356,461)**	**(356,461)**	(298,129)	(298,129)
Unsecured loan stock	**(29,927)**	**(31,543)**	(29,640)	(29,329)
Other unsecured loans	**(805)**	**(810)**	(2,425)	(2,394)
Long leasehold obligations	**(699)**	**(699)**	(703)	(703)
Trade and other payables	**(54,355)**	**(54,355)**	(48,747)	(48,747)
	(394,958)	**(396,920)**	(332,163)	(331,826)

13. FINANCIAL INSTRUMENTS (continued)

Liquidity risk and hedge profile

The maturity profile of the Group's financial liabilities is set out below:

31 December 2008	Contractual cash flows Within one year or on demand £'000	Between one and two years £'000	Between two and five years £'000	After more than five years £'000	Total £'000	Carrying amount liability/ (asset) £'000
Non-derivative financial liabilities						
Secured bank loans	341,828	14,633	-	-	356,461	356,461
Unsecured Loan Stock	-	-	29,927	-	29,927	29,927
Other loan borrowings	805	-	-	-	805	805
Long leasehold obligations	-	-	-	699	699	699
Trade and other payables	53,759	596	-	-	54,355	54,355
Total non-derivative financial liabilities	396,392	15,229	29,927	699	442,247	442,247
Derivative financial liabilities						
Forward contracts used for hedging liabilities	-	-	-	-	-	(341)
	396,392	15,229	29,927	699	442,247	441,906

13. FINANCIAL INSTRUMENTS (continued)

Management of capital

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and fulfill its corporate objectives.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, the risk characteristics of the underlying assets and its corporate strategy. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the property sector the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (ie share capital, share premium, minority interest, retained earnings, and revaluation surplus) other than amounts recognised in equity relating to cash flow hedges.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the debt-to-adjusted capital ratio at the lower end of the range 1.0 to 2.0, in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 31 December 2008 and at 31 December 2007 were as follows:-

	31 December 2008 £m	31 December 2007 £m
Total debt at year end	**390**	331
Less cash and cash equivalents at year end	**(32)**	(23)
Net debt at year end	**358**	308
Total equity at year end	**204**	296
Plus amounts recognised in equity relating to cash flow hedges	**2**	-
Adjusted capital at year end	**206**	296
Net debt to adjusted capital ratio at year end	**1.7**	1.0

The increase in the debt to adjusted capital ratio during 2008 resulted primarily from the proportionately greater decrease in value of Group property assets compared to the increase in net debt.

14. DEFERRED TAXATION

The deferred taxation liabilities/(assets) at 31 December 2008 and at the previous year end arose as follows:-

	31 December 2008		
	Total £'000	**Provided £'000**	**Not provided £'000**
Accelerated capital allowances	**(6,823)**	**(221)**	**(6,602)**
Trading tax losses	**(19,859)**	**(10,204)**	**(9,655)**
Unrelieved capital expenditure and interest payments	**(29,622)**	**(5,477)**	**(24,145)**
Total deferred tax assets	**(56,304)**	**(15,902)**	**(40,402)**
Short term timing differences	**884**	**884**	**-**
Deferred tax (credit)/liability arising from potential tax payable on valuation surpluses	**(3,950)**	**4,518**	**(8,468)**
Total net deferred tax assets	**(59,370)**	**(10,500)**	**(48,870)**

	31 December 2007		
	Total £'000	Provided £'000	Not provided £'000
Accelerated capital allowances	(9,180)	(2,960)	(6,220)
Trading tax losses	(18,905)	(6,233)	(12,672)
Unrelieved capital expenditure and interest payments	(28,481)	(21,204)	(7,277)
Total deferred tax assets	(56,566)	(30,397)	(26,169)
Short term timing differences	1,050	1,050	-
Deferred tax liability arising from potential tax payable on valuation surpluses	13,055	13,055	-
Total net deferred tax assets	(42,461)	(16,292)	(26,169)

14. DEFERRED TAXATION (continued)

Deferred tax assets and liabilities provided

At 31 December 2008, the Group had accelerated capital allowances, trading tax losses and interest payments from current and prior periods amounting to £56,793,000 (2007: £108,560,000) that it expects to be available to reduce future tax liabilities likely to arise in the Group. At 31 December 2008, these exceed brand valuation surpluses and short term timing differences totalling £19,293,000. The excess of £37,500,000 has been recognised at the prevailing tax rate of 28% (2007: 28%) in the net deferred tax asset at the year end of £10,500,000 (2007: £16,292,000).

Deferred tax assets and liabilities not provided

In addition, the Group has accelerated capital allowances, trading tax losses, capital losses and unrelieved capital expenditure totalling £149,361,000 (2007: £68,285,000) that are not expected to be capable of utilisation in the foreseeable future. Also, certain capital losses in the wider MWB Group totalling £25,175,000 (2007: £25,175,000) are restricted in their use and are not expected to be readily realisable. These tax assets totalling £174,536,000 (2007: £93,460,000), recognised at the prevailing tax rate of 28% (2007: 28%), form the deferred tax asset not provided of £48,870,000 disclosed above.

15. RECONCILIATION OF MOVEMENT ON CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Year ended 31 December 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)	120,864	(79,563)	(30,663)	-	-	-
At 1 January 2008 restated for effect of Scheme of Arrangement	161,125	-	-	187,151	5	69
Movements during year:						
Capital reduction	(160,883)	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	-	-	-	-
Revaluation of property, plant and equipment, net of tax	-	-	-	(64,867)	-	-
Transfer on increase in minority interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	-	-	-	-
Issue and purchase of ordinary shares	(25)	-	25	-	-	-
Defined benefit pension scheme actuarial loss	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(1,850)	-
Transfer of depreciation on revalued properties	-	-	-	(1,050)	-	-
Write back of option cost through equity	-	-	-	-	-	-
Foreign exchange translation differences for foreign operations	-	-	-	-	-	725
Share capital and reserves at 31 December 2008	**217**	**-**	**25***	**121,234***	**(1,845)***	**794***

* = Disclosed as 'Other reserves' at 31 December 2008 totalling £131,152,000 in the consolidated balance sheet.

This table continues on the next page of the Financial Statements.

15. RECONCILIATION OF MOVEMENT ON CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

Year ended 31 December 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 year:						
Capital reduction	-	-	160,883	-	-	-
Retained profit for the year	-	-	(2,718)	(2,718)	3,007	289
Dividend paid to external shareholders of MWB Business Exchange Plc	-	-	(427)	(427)	-	(427)
Revaluation of property, plant and equipment, net of tax	-	-	-	(64,867)	(14,364)	(79,231)
Transfer on increase in minority interests in MWB Malmaison Holdings Ltd and MWB Business Exchange Plc	-	-	1,809	1,809	(1,809)	-
Issue and purchase of ordinary shares	-	-	(9,987)	(9,987)	(91)	(10,078)
Defined benefit pension scheme actuarial loss	-	-	(1,379)	(1,379)	(640)	(2,019)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(1,850)	(393)	(2,243)
Transfer of depreciation on revalued properties	-	-	1,050	-		-
Write back of option cost through equity	-	-	198	198	74	272
Foreign exchange translation differences for foreign operations	-	-	-	725	351	1,076
Share capital and reserves at 31 December 2008	**9,161***	**1,783***	**(5,488)**	**125,881**	**77,918**	**203,799**

Retained earnings at 31 December 2008 comprise the following:-

Accumulated net loss in Consolidated Income Statements to 31 December 2008	(75,560)
Purchase by the Company of ordinary shares from Shareholders that have subsequently been cancelled	(80,415)
Scheme of Arrangement April 2008	(10,396)
Increase in retained earnings due to capital reduction	160,883
Retained earnings at 31 December 2008	**(5,488)**

16. MINORITY INTERESTS

The movements in minority interests of the Group during the year ended 31 December 2008 arose as follows:-

	At 1 January 2008 £'000	Add minority share of result for the year £'000	Add minority share of valuation deficit for the year £'000	Other movements during the year £'000	**At 31 December 2008 £'000**
MWB Business Exchange Plc	7,354	4,033	-	(73)	**11,314**
MWB Malmaison Holdings Limited	68,930	1,302	(13,249)	(2,453)	**54,530**
Liberty Plc	13,747	(2,280)	(1,115)	17	**10,369**
Others	1,752	(48)	-	1	**1,705**
	91,783	3,007	(14,364)	(2,508)	**77,918**

17. 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 year end by the number of ordinary shares in issue at such date. The relevant figures are as follows:-

		31 December 2008	31 December 2007
Equity attributable to shareholders of MWB Group Holdings per consolidated balance sheet on page 55 of the financial statements	**£'000**	**125,881**	204,377
Number of ordinary shares in issue at year end	**'000**	**72,371**	80,522
Equity attributable to shareholders of MWB Group Holdings in pence per share	**Pence**	**174p**	254p

18. 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.

A Share Transfer Agreement relating to the acquisition by ServCo of Marylebone Warwick Balfour Management Limited was approved by Independent Shareholders at the same extraordinary general meeting 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 completion of the share transfer agreement.

(ii) Fees paid during year ended 31 December 2008

In accordance with the Services Agreement and Share Transfer Agreement referred to above, the Group paid management fees of £3.5m and rental payments of £0.4m to ServCo during the year ended 31 December 2008 (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, plus associated national insurance, travel allowance, bonus and pension contributions, in all totalling £1.6m (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 £0.2m (2007: £0.2m) plus associated national insurance and pension contributions, was 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 31 December 2008 or at the previous year end and no amounts were written off in respect of any such balances during either year.

18. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(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. The fees payable by MWB to ServCo have been reduced from £3.5m per annum to £2.4m per annum with effect from 1 January 2009.

Arrangements with Alternative Hotel Group Limited

The Group has occupied head office premises at 1 West Garden Place, Kendal Street, London W2 for many years. As a result of implementation of the Cash Distribution Programme in 2002 and the sale of Group assets to return cash to shareholders that has been achieved therefrom, surplus space has recently become available at these offices. During the year ended 31 December 2008, the Board assessed the market value of this space once it had become available and licenced it at market value to companies in the AHG Management Services Limited group of companies ("AHG").

Richard Balfour-Lynn, the Chief Executive of MWB, Michael Bibring and a Partner related to Jagtar Singh, are shareholders in and directors of AHG which has a 50% shareholding in a company which operates a private residential hotel conference business, carried on from rural properties situated outside the M25 and not in city locations. None of these Directors are involved in the day to day management of such business and the business has an independent management team. The Board considers that such holdings do not conflict with the duties of such individuals as Directors of MWB Group Holdings Plc. The Board also considers that such a residential conference business does not compete with either the meeting and conference rooms business of Business Exchange which only operates in city locations and does not offer residential hotel facilities, or the hotel business of Malmaison and Hotel du Vin which operates in city locations and does not focus on offering conference facilities as a core service. The Board also considers that the hotel businesses owned by AHG do not compete with the business of Malmaison and Hotel du Vin, as they have distinct offerings which are targeted at a different consumer base. Malmaison and Hotel du Vin focuses on branded boutique hotels in city locations with an emphasis on a high quality food, beverage and accommodation offering. In contrast AHG owns larger hotels predominantly located in non urban locations while its hotels in urban locations focus on providing conferencing facilities.

During the year ended 31 December 2008, the Group charged £0.3m to AHG in respect of the licensed office space referred to above. No amounts were outstanding either to or from AHG at 31 December 2008 and no amounts were written off in respect of any such balances during the year.

19. FINANCIAL STATEMENTS

The financial information set out above does not constitute the Group and Company's statutory accounts for the years ended 31 December 2008 or 31 December 2007 which were prepared under International Financial Reporting Standards, as adopted by the European Union ("IFRSs"). Statutory accounts for 2007 have been delivered to the Registrar of Companies. The auditors have reported on those accounts. Their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under section 237(2) or (3) of the Companies Act 1985. Statutory accounts for 2008 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. Their report was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985, but was modified to include an emphasis of matter paragraph which drew attention to note 1 to the financial statements, fully reproduced as note 1 in this preliminary announcement, which indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations**.**

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have prepared the Parent Company financial statements in accordance with UK Accounting Standards and applicable law, ie UK Generally Accepted Accounting Practice.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company for each financial year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Generally Accepted Accounting Practice has been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Report of the Directors, a Report on Remuneration of Directors and a Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

We the Directors of MWB Group Holdings Plc confirm that to the best of our knowledge:

- the financial statements of the Group have been prepared in accordance with IFRSs as adopted by the EU, and for the Company under UK GAAP, in accordance with applicable United Kingdom law and give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that face the Group.

By order of the Board

Richard Balfour Lynn	Andrew Blurton
Chief Executive	Group Finance Director

1 West Garden Place
Kendal Street
London W2 2AQ

28 April 2009

GROUP BUSINESS CENTRES at 31 December 2008

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

Telephone: freephone 0808 100 1800
Web: www.mwbex.com

Leased centres	Location	Number of workstations
43 Temple Row	Birmingham B2 5LS	275
Atrium Court, The Ring	Bracknell RG12 1BW	397
Lower Castle Street	Bristol BS1 3AG	243
Wellington House, East Road	Cambridge CB1 1BH	172
9-10 St. Andrew Square	Edinburgh EH2 2AF	352
Westpoint, 4 Redheughs Rigg, South Gyle	Edinburgh EH12 9DQ	267
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	351
52-54 Leadenhall Street	London EC3A 2BJ	215
107-111 Fleet Street	London EC4A 2AB	408
60 Cannon Street	London EC4N 6JP	344
6 Hays Lane	London SE1 2QG	255
10 Greycoat Place	London SW1P 1SB	546
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	516
Marble Arch Tower, 55 Bryanston Street	London W1H 7AA	264
1 Berkeley Street	London W1J 8DJ	357
85 Tottenham Court Road	London W1T 4DU	364
83 Baker Street	London W1U 6LA	347
26-28 Hammersmith Grove	London W6 7BA	499
1a Hammersmith Broadway	London W6 9DL	311
88 Kingsway	London WC2B 6AA	333
Amadeus House, Floral Street	London WC2E 9DP	267
53-59 Chandos Place	London WC2N 4HS	211
Golden Cross House, 8 Duncannon Street	London WC2N 4JF	500
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

GROUP BUSINESS CENTRES at 31 December 2008 (continued)

Leased centres	Location	Number of workstations
15 Wheeler Gate	Nottingham NG1 2NP	117
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	442
Centurion House, London Road	Staines TW18 4AX	183
38 leased centres at 31 December 2008		**11,981**

Operating and Management Agreement Centres	Location	Number of workstations
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	416
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
Quorum Business Park, Benton Lane	Newcastle-upon-Tyne NE12 8BX	390
Watson Chambers, Market Place	Sheffield S1 2GH	156
Provincial House, Solly Lane	Sheffield S1 4BB	116
17 Operating and Management Agreement centres at 31 December 2008		**3,529**

Total		
55 centres at 31 December 2008		**15,510**

MALMAISON AND HOTEL DU VIN HOTELS at 31 December 2008

Malmaison	**City**	**Number of bedrooms**	**Telephone Number**
Malmaison, 49-53 Queens Road	Aberdeen AB15 4YP	80	01224 327 370
Malmaison, 34-38 Victoria Street	Belfast BT1 3GH	64	028 9022 0200
Malmaison, Mailbox, 1 Wharfside Street	Birmingham B1 1RD	189	0121 246 5000
Malmaison, 1 Tower Place, Leith	Edinburgh EH6 7DZ	100	0131 468 5000
Malmaison, 278 West George Street	Glasgow G2 4LL	72	0141 572 1000
Malmaison, 1 Swinegate	Leeds LS1 4AG	100	0113 398 1000
Malmaison, William Jessop Way, Princes Dock	Liverpool L3 1QZ	130	0151 229 5000
Malmaison, Charterhouse Square	London EC1M 6AH	97	020 7012 3700
Malmaison, Piccadilly	Manchester M1 3AQ	167	0161 278 1000
Malmaison, Quayside	Newcastle-upon-Tyne NE1 3DX	122	0191 245 5000
Malmaison, 3 Oxford Castle	Oxford OX1 1AY	94	01865 268 400
Malmaison, 18-20 Station Road	Reading, Berkshire RG1 1JX	75	0118 956 2300
12 operating Malmaison		**1,290**	

Hotel du Vin			
Hotel du Vin, Church Street	Birmingham B3 2NR	66	0121 200 0600
Hotel du Vin, Ship Street	Brighton, Sussex BN1 1AD	49	01273 718 588
Hotel du Vin, The Sugar House, Narrow Lewins	Bristol BS1 2NU	40	0117 925 5577
Hotel du Vin, 15-19 Trumpington Street	Cambridge CB2 1QA	41	01223 227 330
Hotel du Vin, Parabola Road	Cheltenham GL50 3AQ	49	01242 588 450
Hotel du Vin, 2 Forrest Road	Edinburgh EH1 1EZ	47	0131 247 4900
Hotel du Vin, One Devonshire Gardens	Glasgow G12 0UX	49	0141 339 2001
Hotel du Vin, Prospect Place	Harrogate HG1 1LB	48	01423 856 800
Hotel du Vin, New Street	Henley-on-Thames, Oxon RG9 2BP	43	01491 848 400
Hotel du Vin, City Road	Newcastle-upon-Tyne NE1 2BE	42	0191 245 5000
Hotel du Vin, Thames Street	Poole, Dorset BH15 1JN	38	01202 785 570
Hotel du Vin, Crescent Road	Tunbridge Wells, Kent TN1 2LY	34	01892 526 455
Hotel du Vin, Southgate Street	Winchester, Hampshire SO23 9EF	24	01962 841 414
Hotel du Vin, 89 The Mount	York YO24 1AX	44	01904 557 350
14 operating Hotel du Vin		**614**	
26 operating hotels		**1,904**	

MALMAISON AND HOTEL DU VIN HOTELS at 31 December 2008 (continued)

Current developments at 31 December 2008	City	Number of bedrooms
Hotel du Vin, 40 The Scores	St. Andrews KY16 9AS	39
Hotel du Vin, Stour Street	Canterbury CT1 2ND	44
2 current developments		**83**