

2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

Danubius Hotels Plc, today announced its 2007 fourth quarter and full year preliminary, unaudited results. This report contains consolidated financial statements for the period ended 31 December 2007 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

HIGHLIGHTS

Danubius Hotels Group (IFRS)	HUF million			EUR million			HUF million			EUR million		
	Q4 2007	Q4 2006	Ch%	Q4 2007	Q4 2006	Ch %	FY 2007	FY 2006 restated	Ch%	FY 2007	FY 2006 restated	Ch %
Net sales revenues	11,136	10,307	8	44.1	39.7	11	47,323	47,317	0	188.3	179.1	5
EBITDA	271	(645)	n.a.	1.0	(2.3)	n.a.	7,583	7,294	4	30.2	27.6	9
Operating profit/(loss)	(1,028)	(1,892)	(46)	(4.1)	(7.1)	(42)	2,844	2,707	5	11.3	10.2	10
Financial results	(492)	1,206	n.a.	(2.0)	4.5	n.a.	(1,076)	(869)	24	(4.3)	(3.3)	30
Profit before tax	(1,530)	(682)	124	(6.1)	(2.5)	141	1,692	1,790	(5)	6.7	6.8	(1)
Operating cash flow	1,794	2,824	(36)	7.1	10.8	(34)	4,095	7,888	(48)	16.3	29.9	(45)
CAPEX	774	2,917	(73)	3.1	11.1	(73)	3,768	8,619	(56)	15.0	32.6	(54)
HUF/EUR	253	260	(3)			n.a.	251	264	(5)			n.a.

- In Q4 total net sales **revenues** increased by 8% to HUF 11.1 billion, thanks to the contribution of all geographical segments. By the end of 2007 full year sales revenue figure remained at the same level of last year in HUF terms, while in EUR terms revenue increased by 5% y-o-y. Group level **occupancy** for Q4 increased slightly from 62.5% to 62.8% while full year occupancy remained at the same level of 62.7%.
- Average HUF/EUR **foreign exchange rate** during the last quarter of 2007 was 3% below Q4 2006 figure, approximately HUF 130 million negative effects on revenue of Hungarian hotels compared to Q4 2006. Year on year basis the strong forint had approximately HUF 865 million negative effect on revenue in 2007 compared to 2006.
- Q4 **Operating loss** at Group level decreased by HUF 864 million, down by 46% compared to Q4 2006 mainly due to our serious cost reductions measures.
 - Operating loss of **Hungarian** segment for Q4 2007 amounted to HUF 574 million, down by 59% compared to Q4 2006.
 - **Czech** hotels contributed an operating loss of HUF 32 million, against the operating profit of HUF 44 million achieved in Q4 2006.
 - **Slovakian** segment's operating loss for Q4 2007 was HUF 426 million, down by 14% compared to the fourth quarter of last year.
 - Operating gain of **Romanian** segment was HUF 6 million in Q4 2007, a significant improvement compared to the loss of HUF 54 million in the last quarter of 2006.
- The **Financial** results in Q4 2007 was a loss of HUF 492 million, compared to a significant gain of HUF 1,206 million in Q4 2006 primarily due to the strengthening of HUF against EUR during the comparative period.
- **Net cash provided by operating activities** in Q4 2007 was HUF 1,794 million, a 36% decrease compared to HUF 2,824 million in Q4 2006.
- **Capital expenditure** and investments during Q4 2007 amounted to HUF 774 million, down by 73% compared to the last quarter of 2006.
- Group level average **headcount** in 2007 was 5,483 compared to 5,513.

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FINANCIAL OVERVIEW
Hungarian Segment

	HUF million			EUR million			HUF million			EUR million		
	Q4 2007	Q4 2006	Ch %	Q4 2007	Q4 2006	Ch %	FY 2007	FY 2006	Ch %	FY 2007	FY 2006	Ch %
HUNGARY												
Net sales revenues	7,395	6,947	6	29.3	26.8	9	31,518	32,547	(3)	125.42	123.17	2
Operating profit	(575)	(1,385)	(59)	(2.3)	(5.2)	(56)	1,809	2,101	(14)	7.20	7.95	(10)
Financial results	(474)	958	n.a.	(1.9)	3.6	n.a.	(822)	(1,012)	(19)	(3.27)	(3.83)	(15)
Profit before tax	(1,058)	(423)	150	(4.2)	(1.6)	168	911	1,041	(13)	3.62	3.94	(8)
CAPEX	330	686	(52)	1.3	2.6	(49)	1,410	2,718	(48)	5.61	10.29	(45)

Total sales revenue and other operating income of Q4 2007 improved by 6% to HUF 7,395 million, while full year sales revenue still 3% below last year's figure mainly due to the strong forint against EUR during the whole 2007. Hotel occupancy in Q4 2007 was 60.9% compared to 59.0% in Q4 2006, while full year occupancy remained at the same level of 65.1%.

Room revenue of Hungarian hotels did not change significantly in Q4 2007 compared to Q4 2006 due to the combined result of occupancy increase and the decrease of average room rate achieved (ARR) to HUF 12,328 lower by HUF 663 than comparative figure. The average length of stay was 2.7 days in Q4 2007 the same as it was in Q4 2006. The number of guest-nights during Q4 2007 rose to 435,175 from 423,497, out of which domestic guest-nights represents 20.5%, a considerable increase compared to Q4 2006 level of 18%. In Q4 guests from Germany and Japan decreased the most, partly compensated by more guest arrivals from Italy and former Soviet Union countries. Room departmental profit for the fourth quarter increased by HUF 19 million, up by 1% compared to Q4 2006.

Food and beverage revenue of hotels and restaurants for the fourth quarter of 2007 was HUF 2,460 million, 10% more than comparative figure, partly being the combined result of increased number of covers from 1,058,422 to 1,108,948 and the increase of average check from HUF 2,119 to 2,219 at our hotels. In Q4 2007 F&B departmental profit of our hotels improved by HUF 340 million mainly as the result of decreased payroll. Gundel's total revenue and income in Q4 2007 grew by more than 6% and hence, in spite of increased raw material expenses and services used, operating profit was HUF 27 million compared to a profit of HUF 24 million achieved in Q4 2006.

In Q4 2007 Spa revenue stopped to decrease, the slight increase of 0.5% was the combined result of the marginal increase in the number of treatments sold, from 79,667 to 79,694 and the increase of average rate of a treatment from 5,509 to 5,537. Spa departmental profit improved by more than 10% due to the decrease of payroll expenses.

Revenue from security services went down by HUF 54 million in Q4 2007, as a result of losing certain businesses.

Reflecting our cost efficiency measures fourth quarter raw material expenses increased only by 1% to HUF 1,659 million, in spite of the slight increase of occupancy. In Q4 2007 energy cost grew by 6% to HUF 560 million, while the amount spent on maintenance work at the hotels decreased by 1% to HUF 293 million. Personnel expenses for Q4 2007 was HUF 3,023 million, down significantly by 16% as the performance related incentives were not fully paid in year 2007.

Mainly due to the increase of 3 months EURIBOR the interest expenses grew to HUF 390 million from HUF 338 million in the fourth quarter. Primarily as the result of weakening of HUF in Q4 2007 against EUR, in which majority of our long-term borrowings are denominated, a HUF 98 million foreign exchange loss was recognised in profit and loss, compared to a significant gain of HUF 1,275 million in Q4 2006 mainly due to the strengthening of HUF against EUR over that period. In 2007 a total of HUF 243 million FX gain was recognised in profit and loss while in 2006, the total FX loss was HUF 125 million.

Capital expenditures during Q4 2007 was HUF 330 million, only half of the amounts spent in Q4 2006, includes spending for reconstruction works in Thermal Hotel Hévia and Hotel Budapest.

Being the result of the above the profit before tax of Hungarian operations for 2007 decreased by 13% to a profit of HUF 911 million compared to a profit of HUF 1,041 million.

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Czech Segment

	HUF million			HUF million		
	Q4 2007	Q4 2006	Ch%	FY 2007	FY 2006	Ch%
CZECH						
Total revenue and income	1,529	1,392	10	6,085	6,226	(2)
Operating profit	(33)	44	n.a.	770	460	67
Financial results	53	38	41	(68)	(2)	3,316
Profit before tax	20	82	(76)	702	458	53
CAPEX	201	139	45	1,095	1,647	(34)
HUF/CZK average	9.43	9.28	2	9.05	9.32	(3)
CZK/EUR average	26.82	28.04	(4)	27.77	28.34	(2)

Total sales revenue and other operating income in HUF term increased by 10% to HUF 1,529 million in the fourth quarter of 2007, partly due to

the weakening of Hungarian forint against the Czech crown during the last quarter. However 2007 full year revenue was HUF 6,085 million, down by 2% compared to 2006, that is entirely due to the stronger forint in yearly average than Czech crown. As a consequence of this room revenue of Q4 was HUF 1,018 million, down by 8%. Occupancy of Marianbad hotels in Q4 improved slightly to 71.9% from 71.6%, while the average room rate achieved (ARR) dropped to HUF 14,544 from HUF 14,626, in CZK term ARR decreased to 1,535 from 1,581. The average length of stay was 7.8 days in Q4 2007 while it was 8.5 days in Q4 2006. The number of guestnights in Q4 grew to 87,496 from 85,753 as the more guests arrived from certain former Soviet Union countries.

Mainly due to the average inflation and FX effect material expenses and services used in Q4 increased by 7% to HUF 730 million, within this energy costs increased by 14% to HUF 139 million and maintenance expenses grew significantly by 46% to HUF 120 million. Total personnel expenses in the fourth quarter were HUF 480 million, up by only 4% compared to Q4 2006. Reflecting our cost efficiency measures in 2007 the amount of personnel expenses was HUF 1,710 that is 1% below 2006 figure.

Interest expense for Q4 2007 was HUF 37 million. Due to increase of 3 months EURIBOR the interest expenses for 2007 grew HUF 147 million from HUF 126 million in 2006. Mainly as the result of strengthening of CZK in Q4 2007 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 85 million foreign exchange gain was recognised in profit and loss, compared to a gain of HUF 68 million in Q4 2006. In 2007 a total of HUF 69 million FX gain was recognised in profit and loss while in 2006, the total FX gain was HUF 112 million.

Capital expenditure in Q4 amounted to HUF 201 million, the majority of which relates to the construction of a swimming pool in DHSR Hvezda.

Being the result of the above the profit before tax of Czech operations for 2007 improved to HUF 702 million from HUF 458 million.

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Slovakian Segment

	HUF million			HUF million		
	Q4 2007	Q4 2006	Ch%	FY 2007	FY 2006	Ch%
SLOVAKIA						
Total revenue and income	1,880	1,697	11	8,143	7,257	12
Operating profit	(426)	(497)	(14)	(149)	(36)	313
Financial results	(37)	237	n.a.	(141)	177	n.a.
Profit before tax	(463)	(260)	78	(290)	141	n.a.
CAPEX	243	2,070	(88)	839	4,035	(79)
HUF/SKK average	7.57	7.25	4	7.44	7.10	5
SKK/EUR average	33.41	35.92	(7)	33.78	37.24	(9)

Total sales revenue and other operating income in Q4 2007 grew by 11% to HUF 1,880, partly due to the 4% weakening of forint against

Slovakian crown in the last quarter compared to Q4 2006 and due to the positive effect of opening 111 new five star rooms in Thermia Palace in December 2006, that was moderated by the closure of 98 two star rooms starting from November 2006 for reconstruction works. In Q4 2007 the occupancy of our 1,340 Piestany rooms decreased from 74.6% to 67.2% and the number of rooms sold decreased from 86,300 to 81,543, together with the significant increase of average room rate achieved (ARR) to HUF 8,193 from HUF 6,105. The average length of stay in the fourth quarter of 2007 was 9.0 days, an immaterial change compared to Q4 2006 figure of 9.1 days. The number of guestnights in Q4 2007 was 129,966 remained almost at the same level of last year.

In Q4 total material expenses and services used decreased by 3% and personnel expenses increased only by 4% compared to Q4 2006, within this, energy cost increased by 23% to HUF 211 million and maintenance expenses increased by 28% to HUF 62 million. In full year 2007 both total material expenses and services used and personnel expenses grew by 13% mainly as a result of opening Thermia Palace.

Due to the increase of 3 months EURIBOR and the additional loan facility drawn down to finance capital expenditures relating to Thermia Palace, the interest expenses for Q4 2007 amounted to HUF 74 million, compared to HUF 32 million in Q4 2006. During Q4 2007 SKK strengthened against EUR in which all of SLKP's long-term borrowings are denominated, resulting financial gain of HUF 37 million, while in Q4 2006 a HUF 269 million foreign exchange gain was recognised in profit and loss due to considerable SKK strengthening against EUR during the comparative period.

Capital expenditure during the last quarter of 2007 was HUF 243 million, mainly for modernisation purposes and subsequent work on Thermia Palace, 88% lower compared to the HUF 2,070 million in Q4 2006, the comparative period include significant amount of spending on Thermia Palace and Irma mud pool.

Being the result of the above the profit before tax of Slovakian operations for 2007 was a loss of HUF 290 million, compared to a profit of HUF 141 million in 2006.

Romanian Segment

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	HUF million			HUF million		
	Q4 2007	Q4 2006	Ch%	FY 2007	FY 2006	Ch%
ROMANIA						
Total revenue and income	332	271	23	1,576	1,287	22
Operating profit	6	(54)	n.a.	414	182	127
Financial results	(34)	(27)	26	(45)	(32)	39
Profit before tax	(29)	(81)	(64)	369	150	146
CAPEX	-	22	n.a.	424	219	94
HUF/RON average rate	73.32	74.84	(2)	75.46	74.95	1
RON/EUR average rate	3.45	3.48	(1)	3.33	3.53	(6)

Total sales revenue and other operating income for Q4 2007 increased significantly, by 23% compared to the fourth quarter of last year. As Q4 occupancy increased considerably from 49.5% to 53.0% and average room rate achieved (ARR) in the fourth quarter increased from HUF 5,877 to HUF 6,838, hence room revenue went up by 25% to HUF 133 million. Room departmental profitability improved by 20%. The number of guest during the fourth quarter of 2007 increased to 10,085 from 8,325 primarily due to domestic guests, however the length of stay decreased from 4.1 days to 3.6 days.

Total material expenses and services used and personnel expenses in Q4 2007 increased by 19% and 2% respectively, amounting to HUF 272 million. Within this, energy cost increased only by 2% to HUF 46 million. Year on year basis material expenses and services used increased by 22% and personnel expenses increased by 13% as the direct result of serving more guests at higher standard.

In spite of the increase of 3 months EURIBOR interest expense in Q4 2007 was HUF 9 million compared to HUF 12 million in Q4 2006, due to the decrease of interest margins applied by the lenders.

Mainly as the result of weakening of RON in Q4 2007 against EUR in which all of the long-term borrowings are denominated, a HUF 28 million unrealised foreign exchange loss was recognised in profit and loss, compared to a loss of HUF 11 million in Q4 2006.

There was no capital expenditure during the last quarter of 2007, while 2007 full year figure increased by 94% to HUF 424 million, the majority of which relates to the improvements of Hotel Sovata conference room.

Being the result of the above the profit before tax of Romanian operations for Q1-Q4 2007 improved significantly to a profit of HUF 369 million compared to a profit of HUF 150 million in 2006.

Prior period adjustments

Comparative 2006 financial statements are restated in respect of prior periods for which Danubius Hotels Group did not apply IAS 32 – *Financial Instruments: Presentation* and IAS 19 – *Employee benefits* properly.

Based on an agreement made on 7 July 2004 LL Partners, the company from which Danubius purchased its 66,67% interest in Lángastronomia Kft, has an option to sell to Danubius the remaining 33.3% shareholding in Lángastronomia Kft between July 7, 2009 and July 7, 2011. The purchase price is USD 5 million plus compound annual interest of 7%, accumulated from the date of the transaction. According to IAS 32, effective from 1 January 2005, Danubius Hotels Group should have accounted for its contingent obligation to purchase the minority interest as a financial liability (at present value at the date of the agreement), consolidated the 33.3% minority interest from the date of the agreement, and recorded interest charges in each accounting period. By applying IAS 32 retrospectively, the 2006 opening balances of goodwill was increased by HUF 531 million, long-term liability was increased by HUF 1,183 million, minority interest was decreased by HUF 503 million and retained earnings was decreased by HUF 149 million. The Profit and Loss statement of 2006 was adjusted by HUF 82 million additional interest expenses and HUF 129 million unrealised FX gain, both against the liability recognised.

Danubius Holding and Management companies operate retirement and jubilee benefit schemes that provide lump sum benefit to all employees at the time of their retirement and following every five year stayed at work. The amount of benefit is determined by the base and average monthly salary and usually the service period. None of these plans have separately administered funds to settle the future liabilities.

The requirements of IAS 19 has not been applied properly for prior periods, hence no liability has been recognised in respect of employee benefits, such as retirement benefits and jubilee payments. By applying IAS 19 retrospectively, the 2006 opening balances of provisions and deferred tax assets was increased by HUF 575 million and HUF 92 million, respectively and retained earnings was decreased by HUF 483 million. The Profit and Loss statement of 2006 was adjusted by HUF 142 million additional other expenses, HUF 138 million less payroll expenses and HUF 35 million additional interest expenses, all of these against the provision recognised, and due to the increase of provision, additional deferred tax income of HUF 6 million was recognised.

Consolidated Balance Sheet

Total consolidated asset value amounted to HUF 86.5 billion as of 31 December 2007, only a 1% increase compared to the year end of 2006. Current assets includes assets held for sale that comprises the net carrying value, less cost to sell, of certain hotel and hospitality properties and an investment, previously recognised as non-current assets, what the Group expects to sell within the next twelve months. Current assets increased by 15% mainly as a result of the 28% increase of cash and cash equivalents to be spent on major ongoing and future development projects and the increase of other receivables and prepayments by 42% mainly due HUF 340 million receivables from our first time equity consolidated associate established to undertake an investment project in Budapest.

Due to the reduced capital expenditure of all Hotels the amount of property, plant and equipment did not increased considerably as the total value of capitalised investment could not exceed the amount of amortisation accounted for in 2007. The investments in associated companies amounted to HUF 1,639 million show the historic cost adjusted by share of earnings of the investment in CP Regents Park Two Ltd and Egészségisziget Kft. our newly established associate to utilise the recently acquired land near Hotel Gellért.

Total liabilities at the year-end of 2007 was HUF 35.2 billion, remained at the same level of last year-end. The Group had EUR 82.7 million and GBP 5.1 million long-term loan as of 31 December 2007. The GBP loan, borrowed from related parties and shown in a separate line, was spent on the financing of the share purchase of Regents Park Hotel in London.

The value of shareholders' equity attributable to equity holder of the parent grew by HUF 1.3 billion compared to 31 December 2006 due to net after tax profit of year 2007 retained the business; the significant, HUF 591 million increase of translation reserve, due to the weakening forint against the national currency of subsidiaries; and retained earnings were decreased by HUF 0.9 billion due to the accounting treatment applied for acquisition of minority shareholdings of our Sovata investment. The parent company mitigates its interest exposure by means of hedging instruments the effect of which is included in fair valuation reserve in accordance with IAS 39.

Cash flow

Net cash provided by operating activities in the last quarter of 2007 was HUF 1,794 million, down by 36% compared to Q4 2006, together with a 48% decrease y-o-y, primarily due to the cash reducing changes of working capital. Capital expenditure in Q4 2007 was HUF 740 million, a 73% decline compared to Q4 2006 when significant amount was spent on Thermia Palace (Piestany) and Centralni Lazne (Marianbad).

Due to our scheduled October and November month repayment, during Q4 2007 the repayment of borrowings exceeded the amount of received by HUF 886 million compared to the HUF 1,282 million net decrease of borrowing during Q4 2006.

**APPENDIX I - Unaudited
CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH IFRS (HUF million)**

	31 December 2007	31 December 2006 restated	Chang e %
Assets			
Cash and cash equivalents	3,931	3,087	27
Accounts receivable	2,056	2,000	3
Other receivables and prepayments	1,619	1,142	42
Inventory	859	844	2
Assets held for sale	257	535	(52)
Total current assets	8,722	7,608	15
Property, plant and equipment	72,794	72,947	(0)
Intangible assets	2,492	2,678	(7)
Investments in associates	1,639	1,715	(4)
Other non-current assets	72	92	(22)
Deferred tax assets	771	670	15
Total non-current assets	77,768	78,102	(0)
Total assets	86,490	85,710	1
Liabilities and Shareholders' Equity			
Trade accounts payable	2,601	3,226	(19)
Advance payments from guests	494	518	(5)
Income tax payable	263	61	331
Other payables and accruals	3,210	3,690	(13)
Interest-bearing loans and borrowings	5,566	3,941	41
Provisions	379	340	11
Total current liabilities	12,513	11,776	6
Interest-bearing loans and borrowings	18,241	18,606	(2)
Loan from related party	1,708	1,866	(8)
Deferred tax liabilities	1,445	1,631	(11)
Provisions	1,265	1,142	11
Total non-current liabilities	22,659	23,245	(3)
Total liabilities	35,172	35,021	0
Shareholders' Equity			
Share capital	8,285	8,285	-
Capital reserve	7,435	7,435	-
Treasury shares	(1,162)	(1,162)	-
Translation reserve	4,441	3,850	15
Fair valuation reserve	24	8	200
Retained earnings	30,627	29,945	2
Attributable to equity holders of the parent	49,650	48,361	3
Minority interests	1,668	2,328	(28)
Total shareholders' equity	51,318	50,689	1
Total liabilities and shareholders' equity	86,490	85,710	1

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**APPENDIX II - Unaudited
CONSOLIDATED STATEMENT OF OPERATION PREPARED IN ACCORDANCE WITH IFRS
(HUF million)**

	Q4 2007	Q4 2006	Ch %	FY 2007	FY 2006 restated	Ch %
Room revenue	4,928	4,813	2	22,249	22,885	(3)
Food and beverage revenue	3,857	3,605	7	14,999	14,571	3
Spa revenue	1,398	1,312	7	5,875	5,890	(0)
Other departmental revenue	533	184	190	2,209	2,221	(1)
Revenue from wineries	51	44	16	197	163	21
Revenue from security services	182	237	(23)	777	1,008	(23)
Other income	187	112	67	1,017	579	76
Total operating revenue and other income	11,136	10,307	8	47,323	47,317	0
Cost of goods purchased for resale	77	240	(68)	270	397	(32)
Raw material costs	2,636	2,410	9	9,835	9,428	4
Services used	2,698	2,324	16	9,845	10,355	(5)
Material expenses and services used	5,411	4,974	9	19,950	20,180	(1)
Wages and salaries	2,973	3,429	(13)	11,833	11,787	0
Other personnel expenses	467	413	13	1,413	1,348	5
Taxes and contributions	1,073	1,196	(10)	4,102	4,116	(0)
Personnel expenses	4,513	5,038	(10)	17,348	17,251	1
Depreciation and amortisation	1,299	1,247	4	4,739	4,587	3
Other expenses	982	972	1	2,493	2,656	(6)
Changes in inventories of finished goods and work in progress	(19)	(14)	36	7	(5)	(240)
Work performed by the entity and capitalised	(22)	(18)	22	(58)	(59)	(2)
Total operating expenses	12,164	12,199	(0)	44,479	44,610	(0)
Profit/(loss) from operations	(1,028)	(1,892)	(46)	2,844	2,707	5
Interest income	21	25	(16)	52	44	18
Interest expense	(509)	(420)	21	(1,548)	(1,199)	29
Foreign currency loss / (gain)	(4)	1,601	(100)	420	286	47
Financial Income/(loss)	(492)	1,206	(141)	(1,076)	(869)	24
Share of loss of associates	(10)	4	(350)	(76)	(48)	58
Profit/(loss) before tax	(1,530)	(682)	124	1,692	1,790	(5)

**APPENDIX III - Unaudited
CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE WITH IFRS
(HUF million)**

2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

	Q4 2007	Q4 2006	Ch %	FY 2007	FY 2006 restated	Ch %
Profit from operations	(1 028)	(1 892)	(46)	2 843	2 707	5
Depreciation and amortisation	1,299	1,247	4	4,739	4,587	3
(Loss) on sale of fixed assets	(24)	(71)	(66)	(526)	(268)	96
Change of provisions	191	79	142	162	67	142
Write off of receivables	21	(7)	n.a.	42	-	n.a.
<i>Changes in working capital</i>						
<i>(Increase)/decrease of accounts receivable and current assets</i>	<i>1,778</i>	<i>2,737</i>	<i>(35)</i>	<i>(497)</i>	<i>530</i>	<i>n.a.</i>
<i>(Increase)/decrease of inventory</i>	<i>(39)</i>	<i>67</i>	<i>(158)</i>	<i>(15)</i>	<i>40</i>	<i>n.a.</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>210</i>	<i>1,123</i>	<i>(81)</i>	<i>(958)</i>	<i>1,664</i>	<i>n.a.</i>
Interest paid	(507)	(366)	39	(1,529)	(1,086)	41
Income tax paid	(107)	(93)	15	(166)	(353)	(53)
Net cash provided by operating activities	1,794	2,824	(36)	4,095	7,888	(48)
Purchase of property, plant and equipment and intangibles	(774)	(2,917)	(73)	(3,768)	(8,619)	(56)
Interest received	20	(5)	n.a.	52	14	271
Proceeds on sale of property, plant and equipment	26	110	(76)	643	363	77
Cash paid on acquisition of Sovata minority	-	-		(1,599)	-	n.a.
Other cash inflow / (outflow)	-	36	n.a.	-	15	n.a.
Net cash used in investing activities	(728)	(2,776)	(74)	(4,672)	(8,227)	(43)
Receipt of long-term bank loans	1,178	788	49	3,352	2,867	17
Repayment of long-term bank loans	(2,025)	(2,035)	(0)	(2,753)	(2,703)	2
Payment of finance lease liabilities	(39)	(35)	11	(150)	(136)	10
Net cash provided/ (used) by financing activities	(886)	(1,282)	(31)	449	28	1 504
Net increase (decrease) in cash held	180	(1,234)	n.a.	(128)	(311)	(59)
Cash at the beginning of the financial year, net ¹	1,707	3,249	(47)	2,015	2,326	(13)
Cash and cash equivalents at the end of the period, net¹	1,887	2,015	(6)	1,887	2,015	(6)

¹ Represents the amount of cash and cash equivalents less the amount of bank overdrafts

2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

**APPENDIX IV
SUBSEQUENT EVENTS**

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group in future periods.

**APPENDIX V
SHAREHOLDER STRUCTURES AND CHANGES IN ORGANISATION**

In 2007 there were no significant organisational changes within the Group.

Shareholder ¹	Period end of				
	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
CP Holdings and its investments ²	53.41%	60.25%	71.75%	71.75%	71.75%
<i>Of which:</i>					
<i>Interag Zrt.</i>	29.38%	29.38%	29.38%	29.38%	29.38%
<i>CP Holdings Ltd.</i>	17.91%	24.75%	36.25%	36.25%	36.25%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	32.75%	25.90%	14.60%	14.37%	14.05%
<i>Of which over 5%:</i>					
<i>Citibank</i>	5.57%	-	-	-	-
<i>Deutsche Bank</i>	6.70%	-	-	-	-
Domestic financial investors	5.81%	6.04%	6.61%	5.99%	7.05%
Domestic individuals	3.27%	3.06%	2.31%	3.17%	2.44%
Employees	0.24%	0.23%	0.21%	0.20%	0.19%
Treasury shares	4.52%	4.52%	4.52%	4.52%	4.52%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

¹ The table shows shareholders separately if their shareholding reaches or exceeds 5%, according to the Book of Shares.

² The 71.75% ownership of CP Holdings and its investments results a 75.14% combined direct interest in Danubius Hotels Nyrt

**APPENDIX VI
DECLARATION**

Danubius Hotels Nyrt. hereby declares that the figures and statements of this Flash Report give a true and fair view on the Group, and it does not conceal any fact or information that would be substantial in the judgement of the issuer's position. As issuer, Danubius Hotels Nyrt. assumes liability for the contents of the Flash Report. Danubius Hotels Nyrt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary announcements.

Dr. Imre Deák

János Tóbiás

Member of the Board of Directors Member of the Board of Directors

**APPENDIX VII - Unaudited
BALANCE SHEET OF DANUBIUS HOTELS NYRT. PREPARED IN ACCORDANCE WITH HAL**

HUF thousand	31 December 2007	31 December 2006	Ch %
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2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

NON-CURRENT ASSETS	53,023,826	53,820,430	(1)
INTANGIBLE ASSETS	216,101	311,765	(31)
Capitalised cost of foundation and restructuring			n.a.
Capitalised research and development costs			n.a.
Rights and titles			n.a.
Intellectual property	215,992	311,765	(31)
Goodwill			n.a.
Advance payment on intangible assets	109		n.a.
Revaluation of intangible assets			n.a.
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE)	6,484,433	6,668,354	(3)
Real estates and relating rights	6,338,945	6,579,160	(4)
Equipments, machines, vehicles	58,396	62,549	(7)
Other equipments, fixtures, vehicles	12,530	14,650	(14)
Livestock			n.a.
Capital investments and refurbishments	73,062	11,995	509
Advance payments on capital investments	1,500		n.a.
Revaluation of tangible assets			n.a.
NON-CURRENT FINANCIAL INVESTMENTS	46,323,292	46,840,311	(1)
Long-term investments	42,597,744	41,034,904	4
Long-term loan to related parties	3,708,996	5,788,786	(36)
Other long-term investments	15,218	15,218	0
Long-term loan to other investments			n.a.
Other long term loans	1,334	1,403	(5)
Long term securities			n.a.
Revaluation of non-current financial assets			n.a.
CURRENT ASSETS	2,694,483	1,659,503	62
INVENTORIES	4,257	2,388	78
Raw materials			n.a.
Work in progress and semifinished goods			n.a.
Grown, fattened and other livestock			n.a.
Finished products			n.a.
Goods, Commodities	4,257	2,388	n.a.
Advance payments on stocks			n.a.
RECEIVABLES	1,093,823	1,719,760	(36)
Receivables from supply of goods and services (customers)	2,327	34,383	(93)
Receivables from related parties	1,057,400	1,652,596	(36)
Receivables from other investment		12,848	(100)
Bills of exchange			n.a.
Other receivables	34,096	19,933	71
SECURITIES	1,161,021	1,161,021	0
Investment in related parties			n.a.
Other investments			n.a.
Treasury shares	1,161,021	1,161,021	0
Short term securities			n.a.
TOTAL CASH AND CASH EQUIVALENTS	435,382	176,334	147
Cash at hand, cheques	544	926	(41)
Bank deposits	434,838	175,408	148
ACCRUALS AND PREPAYMENTS	35,015	30,845	14
Accrued income	124	77	61
Prepaid costs and expenses	34,891	30,768	13
Deferred expenses			n.a.
			n.a.
TOTAL ASSETS	55,753,324	56,910,778	(2)

HUF thousand	31 December 2007	31 December 2006	Ch %
SHAREHOLDERS' EQUITY	38,473,783	38,587,539	0
SHARE CAPITAL	8,285,437	8,285,437	0
REGISTERED BUT UNPAID CAPITAL			

2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

SHARE PREMIUM (CAPITAL RESERVE)	7,138,139	7,138,139	0
RETAINED EARNINGS	22,002,942	20,931,388	5
COMMITTED RESERVES	1,161,021	1,161,021	0
REVALUATION RESERVE			
NET PROFIT FOR THE PERIOD	(113,756)	1,071,554	
PROVISIONS	213,400	175,000	22
Provisions for expected liabilities	213,400	175,000	22
Provisions for future expenses			
Other provisions			
LIABILITIES	16,900,100	18,042,224	(6)
BACKLISTED LIABILITIES			
Backlisted liabilities to related parties			
Backlisted liabilities to other investment			
Backlisted liabilities to third parties			
LONG TERM LIABILITIES	12,411,403	13,407,273	(7)
Long term loans			
Convertible bonds			
Liability from bond issue			
Capital investment and development loans			
Other long term loans	12,411,403	13,407,273	(7)
Long term liabilities to related parties			
Long term liabilities to other investments			
Other long term liability			
SHORT TERM LIABILITIES	4,488,697	4,634,951	(3)
Short term credits	400,000	200,000	100
Short term loans	3,555,463	3,031,000	17
Advance payments from customers	4,064	5,342	(24)
Creditors, Suppliers	139,064	104,077	34
Bills of exchange			
Short term liabilities to related parties	135,335	1,053,368	(87)
Short term liabilities to other investments	344	96	258
Other short term liabilities	254,427	241,068	6
DEFERRALS	166,041	106,015	57
Deferred revenues			
Deferred costs and expenses	163,903	102,491	60
Deferred income	2,138	3,524	(39)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	55,753,324	56,910,778	0

2007 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

INCOME STATEMENT OF DANUBIUS HOTELS NYRT. PREPARED IN ACCORDANCE WITH HAL

HUF thousand	H1 2007	H1 2006	Ch %
Net domestic sales revenue	3,538,513	3,352,135	6
Export sales revenue			
Total net sales revenue	3,538,513	3,352,135	6
Change in the stock of own prod.			
Cap. value of assets of own prod.			
Cap. value of own production			
Other income	60,592	149,152	(59)
Raw material costs	27,512	27,011	2
Value of services used	944,288	989,931	(5)
Other services	20,988	23,731	(12)
Purchase price of goods sold			
Value of sold services	71,039	210,704	(66)
Material expenditures	1,063,827	1,251,377	(15)
Salaries and wages	899,754	872,098	3
Other personnel payments	216,451	202,713	7
Taxes and contributions	339,438	339,129	0
Total payroll & related costs	1,455,643	1,413,940	3
Depreciation	455,947	425,215	7
Other expenditures	272,987	383,532	(29)
Operating profit	350,701	207,223	69
Dividend received	0	1,405,761	(100)
Capital gain on the sale of shares	111,500		
Exchange gain of inv. fin. assets	0	188,722	(100)
Other interests received	272,672	275,433	(1)
Other financial income	300,274	252,423	19
Rev. from financial transact.	684,446	2,122,339	(68)
Exchange loss of inv. fin. assets	2,500	188,722	(99)
Interests payable	1,003,949	858,778	17
Loss of value -securities, deposits			
Other financial expenses	137,479	176,272	(22)
Expenditures of fin. transact.	1,143,928	1,223,772	(7)
Financial profit or loss	(459,482)	898,567	(151)
Profit from ordinary activities	(108,781)	1,105,790	(110)
Extraordinary income	31,387	3,074	921
Extraordinary loss	36,362	37,310	(3)
Extraordinary profit or loss	(4,975)	(34,236)	(85)
Profit before tax	(113,756)	1,071,554	(111)
Corporate tax payable			
Profit after tax	(113,756)	1,071,554	(111)
Dividend paid from profit reserve			
Dividend payable/ Minority			
NET PROFIT FOR THE PERIOD	(113,756)	1,071,554	(111)