

2008 THIRD QUARTER AND FIRST NINE MONTHS PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

Danubius Hotels Plc, today announced its 2008 third quarter and first nine months preliminary, unaudited results. This report contains consolidated financial statements for the period ended 30 September 2008 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

**The economic downturn has reduced demand, particularly in Budapest, and market conditions continue to be challenging.**

**HIGHLIGHTS**

Danubius Hotels Group (IFRS)	HUF million			EUR million			HUF million			EUR million		
	Q3 2008	Q3 2007	Ch%	Q3 2008	Q3 2007	Ch %	Q1-3 2008	Q1-3 2007	Ch%	Q1-3 2008	Q1-3 2007	Ch %
Net sales revenues	13,887	14,382	(3)	58.2	57.2	2	35,896	36,187	(1)	144.9	144.2	0
EBITDA	3,326	4,207	(21)	13.6	16.8	(19)	4,976	7,302	(32)	20.1	29.1	(31)
Operating profit/(loss)	2,193	3,048	(28)	8.8	12.1	(28)	1,539	3,862	(60)	6.2	15.4	(60)
Financial results	(793)	(466)	70	(3.1)	(1.9)	65	658	(581)	n.a.	2.7	(2.3)	n.a.
Profit before tax	1,377	2,585	(47)	5.6	10.3	(45)	2,089	3,215	(35)	8.4	12.8	(34)
Operating cash flow	1,511	2,291	(34)	6.0	9.1	(35)	265	2,301	(88)	1.1	9.2	(88)
CAPEX	1,727	870	99	7.2	3.5	107	3,614	2,994	21	14.6	11.9	22
HUF/EUR	236.1	251.8	(6)			n.a.	248	251	(1)			n.a.

- In the third quarter of 2008 total net sales **revenues** decreased by 3% to HUF 13.9 billion, mainly due to the revenue setback in Hungary. The movements in HUF/EUR FX rate had a negative effect of HUF 240 million on revenue in the third quarter compared to Q3 2007. Q1-3 2007 figures include the one off gain of selling Hotel Esztergom (HUF 286 million), Lövér Sportcentre (HUF 208 million) and Kastélykert Kft. (HUF 121 million), the effect of the latter transaction is included in Q3 2007, while in 2008 only Hotel Phoenix was disposed, realising a net gain of HUF 120 million in Q3.
- Operating profit in Q3 2008 is down by 28% to HUF 2.2 billion from HUF 3.0 bn, due to the following:
  - Operating result of **Hungarian** segment for Q3 2008 amounted to a profit HUF 1,091 million compared to HUF 1,842 million due to lower revenues, higher raw material and energy costs.
  - **Czech** hotels contributed an operating profit of HUF 380 million in Q3 2008 compared to a profit of HUF 535 million. Total revenue of Czech subsidiaries increased by 6% in HUF terms, entirely thanks to the 9% CZK strengthening against HUF.
  - **Slovakian** segment's operating profit was HUF 310 million in Q3 2008 compared to a profit of HUF 335 million in Q3 2007. Revenue in HUF terms increased by 8% to HUF 2,640 million, partly thanks to the 4% SKK strengthening against HUF.
  - In Q3 2008 total revenue of **Romanian** segment increased by 14% to HUF 783 million, in spite of the 15% strengthening of HUF against RON, operating profit was HUF 410 million, compared to HUF 337 million.
- The **Financial** results in Q3 2008 was a loss of HUF 793 million, compared to a loss of HUF 466 million in Q3 2007 as, due to forint depreciation against euro over the period, there was a significant HUF 470 million FX loss (mostly unrealised) on monetary assets and liabilities in Q3 2008 compared to a lower loss of HUF 111 million.
- **Profit before tax** in Q3 2008 was HUF 1,377 million, down by 47% compared to Q3 2007.
- **Net cash provided by operating activities** in Q3 2008 was HUF 1,511 million, a 34% decrease compared to HUF 2,291 million in Q3 2007.
- **Capital expenditure** and investments during Q3 2008 amounted to HUF 1,727 million compared to HUF 870 million spending in Q3 2007.
- Group level average **headcount** in the first nine months of 2008 was 5,418 compared to 5,512.

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**FINANCIAL OVERVIEW**  
**Hungarian Segment**

HUNGARY	HUF million			EUR million			HUF million			EUR million		
	Q3 2008	Q3 2007	Ch %	Q3 2008	Q3 2007	Ch %	Q1-3 2008	Q1-3 2007	Ch %	Q1-3 2008	Q1-3 2007	Ch %
Net sales revenues	8,553	9,442	(9)	35.9	37.5	(4)	22,470	24,124	(7)	90.72	96.16	(6)
Operating profit	1,093	1,842	(41)	4.3	7.3	(41)	483	2,372	(80)	1.95	9.46	(79)
Financial results	(662)	(422)	57	(2.6)	(1.7)	54	260	(345)	n.a.	1.05	(1.37)	n.a.
Profit before tax	408	1,424	(72)	1.7	5.7	(71)	635	1,962	(68)	2.56	7.82	(67)
CAPEX	1,155	219	430	4.8	0.9	454	2,337	1,073	118	9.44	4.28	121

Total sales revenue and other operating income of Q3 2008 decreased by 9% to HUF 8,553 million, mainly due to lower revenue recognised from room and F&B services and from Gundel restaurants. The strengthening of HUF against EUR had approximately HUF 240 million negative effect on total Q3 revenue compared to the same period of 2007. Hotel occupancy in Q3 2008 was 76.9% compared to 78.3% in Q3 2007, while Q1-Q3 occupancy was 65.7% in 2008 and 66.5% in 2007.

Room revenue of Hungarian hotels decreased by 11% to HUF 4.5 billion compared to Q3 2007 due to the combined result of occupancy decrease and the decrease of average room rate achieved (ARR) to HUF 11,777, lower by HUF 733 than the comparative figure. The average length of stay was 3,0 days in Q3 2008 exceeding Q3 2007 figure of 2,8 days. The number of guest-nights during Q3 2008 decreased to 653,873 from 686,026, out of which domestic guest-nights represents 19.3%, a considerable increase compared to Q3 2007 level of 16.7%. In Q3 guests from Japan, Spain and USA decreased the most, partly compensated by more guest arrivals from Greece, Turkey and Romania. Room departmental profit for the third quarter decreased by HUF 510 million, down by 12% compared to Q3 2007.

Food and beverage revenue of hotels and restaurants for the third quarter of 2008 was HUF 2,507 million, lower by 6% than comparative figure. Q3 2008 F&B departmental profit of our hotels fell by HUF 138 million mainly as the result of lower revenue, high inflation on raw materials that could not be compensated by the decrease of payroll. Gundel's total revenue and income in Q3 2008 - as a result of decreased capacity due to kitchen reconstruction works - was down by 24%, hence its operation performance was a loss of HUF 40 million during the quarter compared to HUF 48 million profit achieved in Q3 2007.

In Q3 2008 Spa revenue was HUF 460 million, down by 5% compared to Q3 2007, due to the combined result of lower number of treatments sold and the increase of average rate of a treatment. Due to the lower revenue spa departmental profit decreased by 15% as there was no material cost savings.

Revenue from security services went down by HUF 21 million in Q3 2008.

Due to the high inflation on materials third quarter raw material expenses increased by 6% to HUF 1,669 million. Reflecting our cost efficiency measures the value of services used in Q3 2008 decreased by 8% to HUF 1,448 million, within this energy cost grew significantly by more than 14% to HUF 682 million and the amount spent on maintenance work at the hotels increased by 12% to HUF 195 million. Personnel expenses for Q3 2008 were HUF 2,973 million, up by only 2% reflecting the average 3% salary increase and lower average headcount.

Due to the increase of 3 months EURIBOR and the increase of average borrowings over the period interest expenses grew to HUF 292 million from HUF 242 million in the third quarter. Primarily as the result of depreciation of HUF in Q3 2008 against EUR, in which majority of our long-term borrowings are

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denominated, a HUF 423 million foreign exchange loss (mostly unrealised) was recognised in profit and loss, compared to a loss of HUF 178 million in Q3 2007.

Capital expenditures during Q3 2008 was HUF 1,155 million that is more than four times higher compared to the amounts spent in Q3 2007, current CAPEX figure includes significant spending on Hilton Corvina restaurant and Hotel Gellért's façade renovations.

Due to lower operational and financial result the profit before tax of Hungarian segment was HUF 408 million in Q3 2008, down by 72% compared to Q3 2007.

**Czech Segment**

CZECH	HUF million			HUF million		
	Q3 2008	Q3 2007	Ch%	Q1-3 2008	Q1-3 2007	Ch%
Total revenue and income	1,911	1,809	6	5,149	4,555	13
Operating profit	380	535	(29)	433	804	(46)
Financial results	(69)	60	n.a.	125	(122)	n.a.
Profit before tax	311	595	(48)	558	682	(18)
CAPEX	41	246	(83)	266	894	(70)
HUF/CZK average	9.80	9.01	9	9.98	8.93	12
CZK/EUR average	24.08	27.94	(14)	24.83	28.08	(12)

Total sales revenue and other operating income in HUF term increased by 6% to HUF 1,911 million in the third quarter of 2008, due to the continuous weakening of Hungarian forint against the Czech crown over the period. Room revenue of Q3 was HUF 1,085 million, up by 7%. Occupancy of Marianbad hotels in Q3 improved significantly to 87.5% from 80.8%, while the average room rate achieved (ARR) in CZK term dropped to 1,590 from 1,765 mainly due to the appreciation of CZK against EUR, in HUF terms there is only a minor change from 15,887 to 15,651. The average length of stay was 10.6 days in Q3 2008 while it was 10.0 days in Q3 2007. The number of guestnights in Q3 grew to 116,244 from 106,523 thanks to the continuous trend of increasing number of guests arriving from certain former Soviet Union countries.

The amount of material expenses and services used in Q3 increased by 27% to HUF 735 million, partly due to combined effect of average inflation, CZK strengthening against HUF and the significant increase in occupancy, within this energy costs increased by 26% to HUF 132 million and maintenance expenses grew significantly by 40% to HUF 87 million thanks to the intensive repairs and maintenance workings carried out in Q3 2008, as well. Total personnel expenses in the third quarter were HUF 507 million, up by 16% compared to Q3 2007, this increase includes the effect of CZK strengthening against HUF and the opening of new facilities.

In spite of the increase of 3 months EURIBOR interest expense for Q3 2008 was HUF 31 million compared to HUF 37 million, due to the lower level of average borrowings during the period. Mainly as the result of weakening of CZK in Q3 2008 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 39 million foreign exchange loss was recognised in profit and loss, compared to a gain of HUF 96 million in Q3 2007

Capital expenditure in Q3 2008 amounted to HUF 41 million, down by 83% from the previous year's higher expenditure on major projects.

Due to lower operational and financial result the profit before tax of Czech operations for Q3 2008 fell to HUF 311 million from HUF 595 million.

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**Slovakian Segment**

	HUF million			HUF million		
	Q3 2008	Q3 2007	Ch%	Q1-3 2008	Q1-3 2007	Ch%
SLOVAKIA						
Total revenue and income	2,640	2,443	8	6,885	6,263	10
Operating profit	310	335	(8)	144	277	(48)
Financial results	(66)	(77)	(14)	278	(104)	n.a.
Profit before tax	244	258	(5)	422	173	144
CAPEX	428	109	292	680	596	14
HUF/SKK average	7.79	7.50	4	7.84	7.40	6
SKK/EUR average	30.31	33.56	(10)	31.58	33.89	(7)

Total sales revenue and other operating income in Q3 2008 grew by 8% to HUF 2640 million, partly due to the 4% weakening of forint against Slovakian crown in the third quarter compared to Q3 2007. The increase of average room rate (ARR) to SKK 1,270 from SKK 1,193 more than compensated the occupancy decrease from 85.8% to 84.1% in Q3. The number of rooms sold increased from 121,369 to 122,728 in Q3 2008, however the number of guests decreased slightly from 14,982 to 14,702. The number of guestnights in Q3 2008 was 173,667 compared to 166,009 in Q3 2007 as the average length of stay in the third quarter of 2008 was 11.8 days compared to Q3 2007 figure of 11.1 days.

Due to the combined effect of average inflation and SKK strengthening against HUF the amount of material expenses and services used in Q3 2008 grew by 16% to HUF 890 million, within this, energy cost increased by 20% to HUF 172 million, while maintenance expenses was HUF 52 million, down by 10% compared to Q3 2007. Personnel expenses for Q3 2008 increased by 5% in HUF terms. All of this increase is caused by FX differences while in SKK terms personnel expenses remained at the same level of last year, mainly due to the positive effect of outsourcing of laundry on payroll.

Piestany has more business clients requiring only accommodation with breakfast and clients requiring relaxing stays which are not aimed on medical treatment (included in Spa revenues). Therefore Spa revenues are expected to decrease slightly in favour of room revenues in next months of 2008 as a result of less medical treatment provided as the Company is being concentrated not only on medical treatment stays but also on wellness stays.

Due to the combined effect of the increase of 3 months EURIBOR and lower average level of borrowings the interest expenses for Q3 2008 amounted to HUF 68 million, compared to HUF 72 million in Q3 2007. As the result of joining the Eurozone on 1 January 2009, SKK stagnated against EUR during Q3 in which all of SLKP's long-term borrowings are denominated, resulting financial gain of 2 million compared to a HUF 6 million foreign exchange loss that was recognised in profit and loss in Q3 2007.

Capital expenditure during the third quarter of 2008 was HUF 428 million, including significant spending on heating and recirculation systems, almost four times higher compared to the HUF 109 million in Q3 2007.

Being the result of the above the profit before tax of Slovakian operations for Q3 2008 was HUF 244 million, compared to HUF 258 million in Q3 2007

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**Romanian Segment**

ROMANIA	HUF million			HUF million		
	Q3 2008	Q3 2007	Ch%	Q1-3 2008	Q1-3 2007	Ch%
Total revenue and income	783	688	14	1,392	1,244	12
Operating profit	410	337	22	479	408	17
Financial results	4	(29)	n.a.	(5)	(10)	(50)
Profit before tax	414	308	34	474	398	19
CAPEX	103	296	(65)	331	431	(23)
HUF/RON average rate	65.99	78.00	(15)	68.06	76.11	(11)
RON/EUR average rate	3.58	3.23	11	3.64	3.30	10

Total sales revenue and other operating income for Q3 2008 increased by 14% in HUF terms compared to the third quarter of last year in spite of the significant strengthening of HUF against RON. Q3 revenue also includes a one-off gain of HUF 73 million as a litigation case with tax authorities has been won by the Company. a Q3 2008 occupancy decreased from 86.8% to 82.4% (all of the decrease relates to 2 star hotels) while the average room rate achieved (ARR) increased considerably from RON 115 to RON 136, hence room revenue went up by 13% in RON terms. Room departmental profitability improved by 12%. The number of guests during the third quarter of 2008 decreased to 11,415 from 12,024 primarily due to the decreasing number of state pension guests.

Due to the combined effect of FX differences and inflation total material expenses and services used in Q3 2008 increased by 10% amounting to HUF 227 million. Within this, energy cost decreased by 9% to HUF 34 million, and raw material cost was HUF 131 million, down by 5%, in spite of the high inflationary effect.

In spite of the increase of 3 months EURIBOR, interest expense in Q3 2008 was HUF 8 million, almost the same as it was in Q3 2007, due to the decrease of interest margins applied by the lenders.

Capital expenditure during the third quarter of 2008 was HUF 103 million, a decrease of 65%, the majority of which relates to the improvements of sun terrace of Lake Ursu and the reconstruction of new headquarter offices. The comparative figure includes significant spending on Hotel Sovata Conference room.

Being the result of the above the profit before tax of Romanian operations for Q3 2008 increased to HUF 414 million compared to a profit of HUF 308 million in Q3 2007.

**Prior period adjustments**

In the Company's 2007 interim consolidated financial statements the 33.33% shareholding held by LL Partners in Gundel Kft. was reported as a minority interest. However, under IAS 32, which was effective from 1 January 2005, the Company 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 33.33% minority interest from the date of the agreement, and recorded interest charges in each accounting period. Applying IAS 32 retrospectively has resulted in the restatement of corresponding consolidated balance sheet information at 30 September 2007 and consolidated statement of income information for the period ended 30 September 2007 as follows:

Balance sheet

Increase in goodwill	531
Decrease in minority interest	522
Decrease in retained earnings	52
Increase in non-current liabilities	1,105

Statement of income

Increase in interest expense	57
Increase in foreign currency gain	88

In the Company's 2007 interim consolidated financial statements the Group did not apply IAS 19 – Employee benefits in respect of retirement and jubilee benefit programmes operated by the Company and its principal Hungarian subsidiary, Danubius Szállodaüzemeltető és Szolgáltató Zrt. Applying IAS 19 retrospectively has resulted in the restatement of corresponding consolidated balance sheet information at 30 September 2007 and consolidated statement of income information for the period ended 30 September 2007 as follows:

Balance sheet

Increase in provisions	652
Increase in deferred tax assets	102
Decrease in retained earnings	550

Statement of income

Decrease in personnel expenses	111
Increase in other expenses	121
Increase in interest expense	28
Decrease in deferred tax expense	4

### Consolidated Balance Sheet

Total consolidated asset value amounted to HUF 90.2 billion as of 30 September 2008, a 3% increase compared to the period end of Q1-3 2007. Current assets include assets held for sale which comprises the net carrying value, less cost of sale, of certain hotel and hospitality properties in both Hungary and Slovakia. The Group expects to sell these assets within the next twelve months. Current assets decreased by 12% mainly as a result of the 26% less cash and cash equivalents, 17% less trade receivables in line with the setback of revenue.

The amount of property, plant and equipment was HUF 74.1 billion at the end of first nine months of 2008, an increase of 2% over the last 12 months. The increase is entirely due to the FX translation effect of foreign subsidiaries. The investments in associated companies amounted to HUF 1,536 million and show the historic cost adjusted by share of earnings of the investment in CP Regents Park Two Ltd and Egészség-sziget Kft. our newly established associate to utilise the recently acquired land near Hotel Gellért. Other non-current assets include the HUF 2 billion loan granted to Egészség-sziget Kft. in order to finance its land acquisition.

Total liabilities at the end of first three quarter of 2008 was HUF 36.3 billion, a 1% increase compared to 30 September 2007, mainly due to the net increase of long-term borrowings, including those repayable within one year. The Group had EUR 89.1 million and GBP 5.1 million long-term loans as of 30 September 2008. The GBP loan, borrowed from related parties and shown in a separate line, was spent on the financing of the share purchase of Danubius Hotel Regents Park in London.

The value of shareholders' equity grew by HUF 1.7 billion compared to 30 September 2007 due to net after tax profit of the past 12 months retained in the business and the significant, HUF 1.0 billion, increase of translation reserve and HUF 0.5 billion increase in minority interest, due to the weakening forint against the national currency of subsidiaries. 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 third quarter of 2008 was HUF 1,511 million, down by 34% compared to Q3 2007 primarily due to the lower operational result that could not be compensated by working capital changes. Capital expenditure in Q3 2008 was HUF 1,727 million, a 99% growth compared to Q3 2007, including significant spending in Hungary and Slovakia.

During the third quarter of 2008 EUR 2.3 million repayments of borrowings has taken place. In Q1 2008 a EUR 8.0 million, in Q3 2008 EUR 5 million long-term bank loan has been drawn down for corporate financing purposes.

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

31 December 2007		30 September 2008	30 September 2007 restated	Change %
<b>Assets</b>				
3,931	Cash and cash equivalents	2,909	3,919	(26)
2,056	Trade receivables	3,450	4,139	(17)
859	Inventory	779	820	(5)
257	Assets held for sale	341	470	(27)
1,558	Other receivables current assets	1,748	1,132	54
<b>8,661</b>	<b>Total current assets</b>	<b>9,227</b>	<b>10,480</b>	<b>(12)</b>
72,831	Property, plant and equipment	74,059	72,528	2
2,492	Intangible assets	2,586	2,512	3
1,650	Investments in associates	1,536	1,649	(7)
72	Other non-current assets	2,171	88	2 367
627	Deferred tax assets	582	670	(13)
<b>77,672</b>	<b>Total non-current assets</b>	<b>80,934</b>	<b>77,447</b>	<b>5</b>
<b>86,333</b>	<b>Total assets</b>	<b>90,161</b>	<b>87,927</b>	<b>3</b>
<b>Liabilities and Shareholders' Equity</b>				
2,600	Trade accounts payable	2,253	1,991	13
494	Advance payments from guests	779	717	9
396	Income tax payable	74	271	(73)
3,006	Other payables and accruals	3,550	3,306	7
5,678	Interest-bearing loans and borrowings	5,961	5,412	10
379	Provisions	346	378	(9)
<b>12,553</b>	<b>Total current liabilities</b>	<b>12,963</b>	<b>12,075</b>	<b>7</b>
18,241	Interest-bearing loans and borrowings	18,985	19,309	(2)
1,708	Loan from related party	1,508	1,774	(15)
1,467	Deferred tax liabilities	1,440	1,500	(4)
1,265	Provisions	1,378	1,113	24
<b>22,681</b>	<b>Total non-current liabilities</b>	<b>23,311</b>	<b>23,696</b>	<b>(2)</b>
<b>35,234</b>	<b>Total liabilities</b>	<b>36,274</b>	<b>35,771</b>	<b>1</b>
<b>Shareholders' Equity</b>				
8,285	Share capital	8,285	8,285	-
7,435	Capital reserve	7,435	7,435	-
(1,162)	Treasury shares	(1,162)	(1,162)	-
4,441	Translation reserve	4,846	3,898	24
24	Fair valuation reserve	51	25	104
30,410	Retained earnings	32,244	31,965	1
<b>49,433</b>	<b>Attributable to equity holders of the parent</b>	<b>51,699</b>	<b>50,446</b>	<b>2</b>
<b>1,666</b>	<b>Minority interests</b>	<b>2,188</b>	<b>1,710</b>	<b>28</b>
<b>51,099</b>	<b>Total shareholders' equity</b>	<b>53,887</b>	<b>52,156</b>	<b>3</b>
<b>86,333</b>	<b>Total liabilities and shareholders' equity</b>	<b>90,161</b>	<b>87,927</b>	<b>3</b>

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

	Q3 2008	Q3 2007 restated	Ch %	Q1-3 2008	Q1-3 2007 restated	Ch %
Room revenue	6,890	7,279	(5)	17,054	17,321	(2)
Food and beverage revenue	4,098	4,233	(3)	11,411	11,142	3
Spa revenue	1,757	1,747	1	4,723	4,477	5
Other departmental revenue	659	665	(1)	1,675	1,676	(0)
Revenue from wineries	52	50	4	113	146	(23)
Revenue from security services	177	197	(10)	524	595	(12)
Other income	254	211	20	396	830	(64)
<b>Total operating revenue and other income</b>	<b>13,887</b>	<b>14,382</b>	<b>(3)</b>	<b>35,896</b>	<b>36,187</b>	<b>(1)</b>
Cost of goods purchased for resale	65	67	(3)	194	193	1
Raw material costs	2,773	2,618	6	7,894	7,199	10
Services used	2,440	2,434	0	7,353	7,147	4
<b>Material expenses and services used</b>	<b>5,278</b>	<b>5,119</b>	<b>3</b>	<b>15,441</b>	<b>14,539</b>	<b>7</b>
Wages and salaries	3,199	3,097	3	9,454	8,776	8
Other personnel expenses	375	348	8	1,051	946	11
Taxes and contributions	1,112	1,055	5	3,252	3,002	8
<b>Personnel expenses</b>	<b>4,686</b>	<b>4,500</b>	<b>4</b>	<b>13,757</b>	<b>12,724</b>	<b>8</b>
Depreciation and amortisation	1,133	1,159	(2)	3,437	3,440	(1)
Other expenses	592	579	2	1,720	1,632	6
Changes in inventories of finished goods and work in progress	14	(13)	n.a.	31	26	19
Work performed by the entity and capitalised	(9)	(10)	(10)	(29)	(36)	(19)
<b>Total operating expenses</b>	<b>11,694</b>	<b>11,334</b>	<b>3</b>	<b>34,357</b>	<b>32,325</b>	<b>6</b>
<b>Profit from operations</b>	<b>2,193</b>	<b>3,048</b>	<b>(28)</b>	<b>1,539</b>	<b>3,862</b>	<b>(63)</b>
Interest income	67	12	458	187	31	503
Interest expense	(409)	(367)	11	(1,234)	(1,124)	10
Foreign currency gain	(451)	(111)	306	1,705	512	229
<b>Financial Income/(loss)</b>	<b>(793)</b>	<b>(466)</b>	<b>70</b>	<b>658</b>	<b>(581)</b>	<b>n.a.</b>
Share of loss of associates	(23)	3	n.a.	(108)	(66)	29
<b>Profit before tax</b>	<b>1,377</b>	<b>2,585</b>	<b>(47)</b>	<b>2,089</b>	<b>3,215</b>	<b>(39)</b>

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

	Q3 2008	Q3 2007 restated	Ch %	Q1-3 2008	Q1-3 2007 restated	Ch %
<b>Profit/(loss) from operations</b>	<b>2,468</b>	<b>3,051</b>	<b>(19)</b>	<b>1,814</b>	<b>3,864</b>	<b>(53)</b>
Depreciation and amortisation	1,133	1,159	(2)	3,437	3,440	(0)
Gain on sale of fixed assets	(120)	(5)	2,300	(151)	(502)	(70)
Change of provisions	22	9	144	80	(54)	n.a.
Write off of receivables	10	7	43	10	21	(52)
<i>Changes in working capital</i>						
<i>(Increase)/decrease of accounts receivable and current assets</i>	<i>(1,103)</i>	<i>(1,165)</i>	<i>(5)</i>	<i>(3,737)</i>	<i>(2,275)</i>	<i>64</i>
<i>(Increase)/decrease of inventory</i>	<i>53</i>	<i>(2)</i>	<i>n.a.</i>	<i>80</i>	<i>24</i>	<i>233</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>(542)</i>	<i>(338)</i>	<i>60</i>	<i>315</i>	<i>(1,136)</i>	<i>n.a.</i>
Interest paid	(381)	(366)	4	(1,173)	(1,022)	15
Income tax paid	(29)	(59)	(51)	(410)	(59)	595
<b>Net cash provided by operating activities</b>	<b>1,511</b>	<b>2,291</b>	<b>(34)</b>	<b>265</b>	<b>2,301</b>	<b>(88)</b>
Purchase of property, plant and equipment and intangibles	(1,727)	(870)	99	(3,614)	(2,994)	21
Interest received	67	13	458	187	32	484
Proceeds on sale of property, plant and equipment	191	6	3,083	227	617	(63)
Cash paid on acquisition of Sovata minority	-	-	-	-	(1,599)	n.a.
<b>Net cash used in investing activities</b>	<b>(1,469)</b>	<b>(851)</b>	<b>73</b>	<b>(3,200)</b>	<b>(3,944)</b>	<b>(19)</b>
Receipt of long-term bank loans	1,216	-	n.a.	3,282	2,174	51
Repayment of long-term bank loans	(595)	-	n.a.	(1,665)	(728)	129
Payment of finance lease liabilities	-	(38)	n.a.	-	(111)	n.a.
<b>Net cash provided/ (used) by financing activities</b>	<b>621</b>	<b>(38)</b>	<b>n.a.</b>	<b>1,617</b>	<b>1,335</b>	<b>21</b>
Net increase (decrease) in cash held	663	1,402	(53)	(1,318)	(308)	n.a.
Cash at the beginning of the financial year, net <sup>1</sup>	(72)	305	n.a.	1,909	2,015	(5)
<b>Cash and cash equivalents at the end of the period, net<sup>1</sup></b>	<b>591</b>	<b>1,707</b>	<b>(65)</b>	<b>591</b>	<b>1,707</b>	<b>(65)</b>

<sup>1</sup> Represents the amount of cash and cash equivalents less the amount of bank overdrafts

#### 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 Q1 2008 Danubius Hotels Nyrt. sold its 56.7% share in Marcali Hotel Kft, presently has no ownership share in the company. There were no other significant organisational changes within the Group.

Shareholder <sup>1</sup>	Period end of				
	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
CP Holdings and its investments <sup>2</sup>	71.75%	71.75%	72.66%	73.88%	74.12%
<i>Of which:</i>					
<i>CP Holdings Ltd.</i>	36.25%	36.25%	37.16%	37.16%	37.16%
<i>Interag Zrt.</i>	29.38%	29.38%	29.38%	30.60%	30.85%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	14.37%	14.05%	13.73%	12.44%	12.44%
Domestic financial investors	5.99%	7.05%	6.19%	6.32%	6.52%
Domestic individuals	3.17%	2.44%	2.71%	2.64%	2.68%
Employees	0.20%	0.19%	0.19%	0.19%	0.19%
Treasury shares	4.52%	4.52%	4.52%	4.52%	4.52%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

<sup>2</sup> The 74.12% ownership of CP Holdings and its investments results a 77.63% 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

2008 THIRD QUARTER AND FIRST NINE MONTHS PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

HUF thousand	30 September 2008	30 September 2007	Ch %
<b>NON-CURRENT ASSETS</b>	<b>54,152,303</b>	<b>54,585,696</b>	<b>(1)</b>
<b>INTANGIBLE ASSETS</b>	<b>157,240</b>	<b>240,720</b>	<b>(35)</b>
Capitalised cost of foundation and restructuring	-	-	-
Capitalised research and development costs	-	-	-
Rights and titles	-	-	-
Intellectual property	157,240	240,720	(35)
Goodwill	-	-	-
Advance payment on intangible assets	-	-	-
Revaluation of intangible assets	-	-	-
<b>PROPERTY, PLANT AND EQUIPMENT (TANGIBLE)</b>	<b>6,631,231</b>	<b>6,506,179</b>	<b>2</b>
Real estates and relating rights	6,173,733	6,412,723	(4)
Equipments, machines, vehicles	37,235	65,369	(43)
Other equipments, fixtures, vehicles	10,373	12,593	(18)
Livestock	-	-	-
Capital investments and refurbishments	408,390	15,494	2 536
Advance payments on capital investments	1,500	-	n.a.
Revaluation of tangible assets	-	-	-
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>47,363,832</b>	<b>47,838,797</b>	<b>(1)</b>
Long-term investments	42,076,744	42,600,243	(1)
Long-term loan to related parties	5,269,136	5,220,933	1
Other long-term investments	15,218	15,218	0
Long-term loan to other investments	-	-	-
Other long term loans	2,734	2,403	14
Long term securities	-	-	-
Revaluation of non-current financial assets	-	-	-
<b>CURRENT ASSETS</b>	<b>2,010,497</b>	<b>1,949,719</b>	<b>3</b>
<b>INVENTORIES</b>	<b>33</b>	<b>1,288</b>	<b>(97)</b>
Raw materials	-	-	-
Work in progress and semifinished goods	-	-	-
Grown, fattened and other livestock	-	-	-
Finished products	-	-	-
Goods, Commodities	33	1,288	n.a.
Advance payments on stocks	-	-	-
<b>RECEIVABLES</b>	<b>757,865</b>	<b>306,674</b>	<b>147</b>
Receivables from supply of goods and services (customers)	7,669	29,010	(74)
Receivables from related parties	741,619	183,359	304
Receivables from other investment	-	12,848	n.a.
Bills of exchange	-	-	-
Other receivables	8,577	81,457	(89)
<b>SECURITIES</b>	<b>1,161,021</b>	<b>1,161,021</b>	<b>0</b>
Investment in related parties	-	-	-
Other investments	-	-	-
Treasury shares	1,161,021	1,161,021	0
Short term securities	-	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>91,578</b>	<b>480,736</b>	<b>(81)</b>
Cash at hand, cheques	694	902	(23)
Bank deposits	90,884	479,834	(81)
<b>ACCRUALS AND PREPAYMENTS</b>	<b>1,129,712</b>	<b>542,634</b>	<b>108</b>
Accrued income	1,114,089	530,288	110
Prepaid costs and expenses	15,623	12,346	27
Deferred expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>57,292,512</b>	<b>57,078,049</b>	<b>0</b>

2008 THIRD QUARTER AND FIRST NINE MONTHS PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

HUF thousand	30 September 2008	30 September 2007	Ch %
<b>SHAREHOLDERS' EQUITY</b>	<b>40,504,028</b>	<b>38,837,475</b>	<b>4</b>
<b>SHARE CAPITAL</b>	<b>8,285,437</b>	<b>8,285,437</b>	<b>0</b>
REGISTERED BUT UNPAID CAPITAL	-	-	-
SHARE PREMIUM (CAPITAL RESERVE)	7,138,139	7,138,139	0
RETAINED EARNINGS	22,868,825	22,002,942	4
COMMITTED RESERVES	1,161,021	1,161,021	0
REVALUATION RESERVE	-	-	-
NET PROFIT FOR THE PERIOD	1,050,606	249,936	320
<b>PROVISIONS</b>	<b>92,400</b>	<b>175,000</b>	<b>(47)</b>
Provisions for expected liabilities	92,400	175,000	(47)
Provisions for future expenses	-	-	-
Other provisions	-	-	-
<b>LIABILITIES</b>	<b>16,451,367</b>	<b>17,971,482</b>	<b>(8)</b>
<b>BACKLISTED LIABILITIES</b>			
Backlisted liabilities to related parties	-	-	-
Backlisted liabilities to other investment	-	-	-
Backlisted liabilities to third parties	-	-	-
<b>LONG TERM LIABILITIES</b>	<b>13,598,040</b>	<b>14,933,780</b>	<b>(9)</b>
Long term loans	-	-	-
Convertible bonds	-	-	-
Liability from bond issue	-	-	-
Capital investment and development loans	-	-	-
Other long term loans	13,598,040	14,933,780	(9)
Long term liabilities to related parties	-	-	-
Long term liabilities to other investments	-	-	-
Other long term liability	-	-	-
<b>SHORT TERM LIABILITIES</b>	<b>2,853,327</b>	<b>3,037,702</b>	<b>(6)</b>
Short term credits	0	200,000	n.a.
Short term loans	2,466,644	2,528,553	(2)
Advance payments from customers	4,064	4,164	(2)
Creditors, Suppliers	107,815	34,899	209
Bills of exchange	-	-	-
Short term liabilities to related parties	107,793	93,238	16
Short term liabilities to other investments	-	-	-
Other short term liabilities	167,011	176,848	(6)
<b>DEFERRALS</b>	<b>244,717</b>	<b>94,092</b>	<b>160</b>
Deferred revenues	-	-	-
Deferred costs and expenses	242,579	90,568	168
Deferred income	2,138	3,524	(39)
	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>57,292,512</b>	<b>57,078,049</b>	<b>0</b>

2008 THIRD QUARTER AND FIRST NINE MONTHS PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

HUF thousand	Q1-3 2008	Q1-3 2007	Ch %
<b>Net domestic sales revenue</b>	<b>3,019,236</b>	<b>2,528,725</b>	<b>19</b>
<b>Export sales revenue</b>	-	-	-
<b>Total net sales revenue</b>	<b>3,019,236</b>	<b>2,528,725</b>	<b>19</b>
Change in the stock of own prod.	-	-	-
Cap. value of assets of own prod.	-	-	-
<b>Cap. value of own production</b>	-	-	-
<b>Other income</b>	<b>121,513</b>	<b>109,514</b>	<b>11</b>
Raw material costs	20,266	19,972	1
Value of services used	774,746	678,984	14
Other services	18,652	29,383	(37)
Purchase price of goods sold	-	-	-
Value of sold services	112,822	32,167	251
<b>Material expenditures</b>	<b>926,486</b>	<b>760,506</b>	<b>22</b>
Salaries and wages	691,818	607,517	14
Other personnel payments	110,337	102,472	8
Taxes and contributions	246,997	210,483	17
<b>Total payroll &amp; related costs</b>	<b>1,049,152</b>	<b>920,472</b>	<b>14</b>
<b>Depreciation</b>	<b>328,195</b>	<b>339,812</b>	<b>(3)</b>
<b>Other expenditures</b>	<b>113,211</b>	<b>113,220</b>	<b>0</b>
<b>Operating profit</b>	<b>723,705</b>	<b>504,229</b>	<b>44</b>
Dividend received	-	-	-
Capital gain on the sale of shares	521,000	-	n.a.
Exchange gain of inv. fin. assets	-	-	-
Other interests received	279,107	202,854	38
Other financial income	1,029,187	320,717	221
<b>Rev. from financial transact.</b>	<b>1,829,294</b>	<b>523,571</b>	<b>249</b>
Exchange loss of inv. fin. assets	521,000	-	n.a.
Interests payable	776,069	730,036	6
Loss of value -securities, deposits	-	-	-
Other financial expenses	182,439	52,567	247
<b>Expenditures of fin. transact.</b>	<b>1,479,508</b>	<b>782,603</b>	<b>89</b>
<b>Financial profit or loss</b>	<b>349,786</b>	<b>(259,032)</b>	<b>(235)</b>
<b>Profit from ordinary activities</b>	<b>1,073,491</b>	<b>245,197</b>	<b>338</b>
Extraordinary income	-	30,000	n.a.
Extraordinary loss	22,885	25,261	(9)
<b>Extraordinary profit or loss</b>	<b>(22,885)</b>	<b>4,739</b>	<b>(583)</b>
<b>Profit before tax</b>	<b>1,050,606</b>	<b>249,936</b>	<b>320</b>
Corporate tax payable	-	-	-
<b>Profit after tax</b>	<b>1,050,606</b>	<b>249,936</b>	<b>320</b>
Dividend paid from profit reserve	-	-	-
Dividend payable/ Minority	-	-	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>1,050,606</b>	<b>249,936</b>	<b>320</b>