

2008 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

Danubius Hotels Plc, today announced its 2008 fourth quarter and full year preliminary, unaudited results. This report contains consolidated financial statements for the period ended 31 December 2008 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

The economic downturn has significantly reduced demand, particularly in Budapest, costs are therefore under very tight control.

HIGHLIGHTS

Danubius Hotels Group (IFRS)	HUF million			EUR million			HUF million			EUR million		
	Q4 2008	Q4 2007	Ch%	Q4 2008	Q4 2007	Ch %	FY 2008	FY 2007	Ch%	FY 2008	FY 2007	Ch %
Net sales revenues	11,274	11,155	1	42.8	44.1	(3)	47,170	47,342	0	187.7	188.4	0
EBITDA	1,028	307	235	3.8	1.2	226	6,004	7,609	(21)	23.9	30.3	(21)
Operating profit/(loss)	(169)	(955)	(82)	(0.8)	(3.8)	(80)	1,370	2,907	(53)	5.5	11.6	(53)
Financial results	(2,149)	(495)	334	(8.6)	(2.0)	337	(1,491)	(1,076)	39	(5.9)	(4.3)	39
Profit before tax	(2,286)	(1,449)	58	(9.2)	(5.8)	59	(197)	1,766	n.a.	(0.8)	7.0	n.a.
Operating cash flow	1,704	1,570	9	6.8	6.2	9	1,969	3,871	(49)	7.8	15.4	(49)
CAPEX	1,870	672	179	7.2	2.6	173	5,484	3,665	50	21.8	14.6	50
HUF/EUR	262.2	252.8	4			n.a.	251	251	0			n.a.

- In the fourth quarter of 2008 total net sales **revenues** was HUF 11.3 billion, up by 1% compared to last year, however in EUR terms it shows a 3% decrease, mainly due to the revenue setback in Hungary. The movements in HUF/EUR FX rate had a positive effect of HUF 190 million on revenue in the last quarter compared to Q4 2007. FY 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), while in 2008 Hotel Phoenix (in Q3) and Miramonte spa house (in Q4) in Marienbad were disposed-off, realising a net gain of HUF 120 million and HUF 480 million, respectively.
- Operating loss in Q4 2008 is down by 82 % to HUF 0.2 billion from HUF 1.0 bn, due to the following:
 - Operating result of **Hungarian** segment for Q4 2008 amounted to a loss of HUF 493 million compared to HUF 502 million as savings on payroll and other operating expenses compensated the negative effect of lower revenues of HUF 0.7 billion, higher raw material and energy costs and provision recognised for future redundancy payments.
 - **Czech** hotels contributed an operating profit of HUF 459 million in Q4 2008 compared to a loss of HUF 33 million, due to the HUF 480 million one-off effect of selling Miramonte spa house. Total revenue of Czech subsidiaries, excluding the effect of disposal increased by 12% in HUF terms, primarily thanks to the 10% CZK strengthening against HUF.
 - **Slovakian** segment's operating loss was HUF 128 million in Q4 2008 compared to a HUF 426 million loss in Q4 2007. Revenue in HUF terms increased by 15% to HUF 2,156 million, mainly thanks to the 14% SKK strengthening against HUF.
 - In Q4 2008 total revenue of **Romanian** segment increased by 10% to HUF 386 million, in spite of the effect of 6% strengthening of HUF against RON, however operating result was a loss of HUF 7 million, compared to profit of HUF 6 million.
- The **Financial** results in Q4 2008 was a loss of HUF 2.1 billion, compared to a loss of HUF 0.5 billion in Q4 2007 as, mainly due to forint depreciation against euro over the period, there was a significant HUF 1.6 billion FX loss (mostly unrealised) on monetary assets and liabilities in Q4 2008 compared to a significantly lower loss of HUF 92 million.
- **Loss before tax** in Q4 2008 was HUF 2.3 billion, down by 58% compared to Q4 2007.
- **Net cash provided by operating activities** in Q4 2008 was HUF 1,7 billion, a 9% increase compared to HUF 1.6 billion in Q4 2007.
- **Capital expenditure** and investments during Q4 2008 amounted to HUF 1,870 million compared to HUF 672 million spending in Q4 2007. Of which app. HUF 630 million was for new heating system in Slovakia which will substantially reduce energy consumption.
- Group level average **headcount** in 2008 was 5,338 compared to 5,483. Considering the fall in demand further reduction measures are planned to be introduced in 2009.

FINANCIAL OVERVIEW
Hungarian Segment

HUNGARY	HUF million			EUR million			HUF million			EUR million		
	Q4 2008	Q4 2007	Ch %	Q4 2008	Q4 2007	Ch %	FY 2008	FY 2007	Ch %	FY 2008	FY 2007	Ch %
Net sales revenues	6,574	7,395	(11)	24.9	29.3	(15)	29,044	31,519	(8)	115.6	125.4	(8)
Operating profit	(493)	(502)	(1)	(2)	(2)	(1)	(11)	1,872	n.a.	(0.0)	7.5	n.a.
Financial results	(1,909)	(477)	300	(7.6)	(1.9)	301	(1,648)	(822)	101	(6.6)	(3.3)	101
Profit before tax	(2,370)	(977)	143	(9.5)	(3.9)	143	(1,735)	985	n.a.	(6.9)	3.9	n.a.
CAPEX	673	228	188	2.5	0.9	176	3,011	1,307	130	12.0	5.2	130

Total sales revenue and other operating income of Q4 2008 decreased by 11% to HUF 6,574 million, mainly due to lower revenue recognised from room and F&B services and from Gundel restaurants. However the weakening of HUF against EUR had approximately HUF 190 million positive effect on total Q4 revenue compared to the same period of 2007. Hotel occupancy in Q4 2008 was 54.9% compared to 60.9% in Q4 2007, while Q1-Q4 occupancy was 63.1% in 2008 and 65.1% in 2007.

Room revenue of Hungarian hotels decreased by 9% to HUF 3.1 billion compared to Q4 2007 due to the combined result of occupancy decrease and the increase of average room rate achieved (ARR) to HUF 12,761, higher by HUF 433 than the comparative figure. The average length of stay was 2,7 days in Q4 2008 the same as it was in Q4 2007. The number of guest-nights during Q4 2008 decreased to 389,177 from 435,175, out of which domestic guest-nights represents 22.3%, a considerable increase compared to Q4 2007 level of 20.5%. In Q4 guests from Japan, USA and Great Britain decreased the most, partly compensated by more guest arrivals from Turkey, Slovenia and Romania. Room departmental profit for the fourth quarter decreased by HUF 219 million, down by 9% compared to Q4 2007.

Food and beverage revenue of hotels and restaurants for the fourth quarter of 2008 was HUF 2,165 million, lower by 10% than comparative figure. Q4 2008 F&B departmental profit of our hotels fell by HUF 85 million mainly as the result of lower revenue and high inflation on raw materials that could not be compensated by the decrease of payroll. Gundel's total revenue and income in Q4 2008 was down by 28%, however its operational performance was a profit of HUF 41 million during the quarter compared to HUF 27 million profit achieved in Q4 2007 thanks to our cost cutting measures.

In Q4 2008 Spa revenue was HUF 396 million, down by 10% compared to Q4 2007, due to the combined result of lower number of treatments sold and the decrease of average rate of a treatment. Spa departmental profit was lower by 8% as the decrease in payroll and other cost savings could not compensated the revenue drop.

Revenue from security services went up by HUF 12 million in Q4 2008.

Due to the combined effect of high inflation on materials and the drop in occupancy fourth quarter raw material expenses decreased by 3% to HUF 1,449 million. The value of services used in Q4 2008 increased by 4% to HUF 1,710 million, within this energy cost grew significantly by 17% to HUF 654 million, while the amount spent on maintenance work at the hotels decreased by 34% to HUF 193 million. Personnel expenses for Q4 2008 were HUF 2,676 million, down by 8% reflecting lower average headcount and the reversal of payroll in respect of performance related incentives. Q4 2008 payroll also includes HUF 251 million provision recognised for 2009 headcount reduction measures.

Due to the increase of 3 months EURIBOR, the increase of average borrowings over the period and the change in the fair value of interest swap derivatives interest expenses grew to HUF 464 million from HUF 305 million in the fourth quarter. Primarily as the result of depreciation of HUF in Q4 2008 against EUR, in which majority of

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our long-term borrowings are denominated, a HUF 1,468 million foreign exchange loss (mostly unrealised) was recognised in profit and loss, compared to a loss of HUF 186 million in Q4 2007.

Capital expenditures during Q4 2008 was HUF 673 million compared to HUF 228 million spent in Q4 2007, including spending on Hilton Corvina restaurant and Hotel Gellért's façade renovations.

Due to lower operational and financial result the loss before tax of Hungarian segment was HUF 2,370 million in Q4 2008, up by 143% compared to Q4 2007.

Czech Segment

CZECH	HUF million			HUF million		
	Q4 2008	Q4 2007	Ch%	FY 2008	FY 2007	Ch%
Total revenue and income	2,158	1,529	41	7,307	6,085	20
Operating profit	459	(33)	n.a.	892	770	16
Financial results	(160)	54	n.a.	(35)	(68)	(50)
Profit before tax	299	20	1,392	857	702	22
CAPEX	169	201	(16)	435	1,095	(60)
HUF/CZK average	10.38	9.43	10	10.07	9.05	11
CZK/EUR average	25.25	26.82	(6)	24.95	27.77	(10)

Total sales revenue and other operating income in HUF term increased by 41% to HUF 2,158 million in the fourth quarter of 2008, due to the HUF 480 million one-off effect of selling Miramonte spa house and the continuous weakening of Hungarian forint against the Czech crown over the period. Room revenue of Q4 was HUF 831 million, up by 8%. Occupancy of Marianbad hotels in Q4 improved to 73.7% from 71.9%, while the average room rate achieved (ARR) in CZK term was able to improve slightly to 1,543 from 1,535. The average length of stay was 9.0 days in Q4 2008 while it was 7.8 days in Q4 2007. As the result of temporary closures the number of guestnights in Q4 was 86,946 compared to 87,496, the significant drop in German and domestic quests is partly compensated by increasing number of guests arriving from certain former Soviet Union countries.

The amount of material expenses and services used in Q4 increased by 10% to HUF 805 million, partly due to combined effect of average inflation, CZK strengthening against HUF and the increase in occupancy, within this energy costs increased by 19% to HUF 165 million and maintenance expenses grew by 5% to HUF 126 million. Total personnel expenses in the fourth quarter were HUF 537 million, up by 12% compared to Q4 2007 almost entirely due to the effect of CZK strengthening against HUF.

In spite of the increase of 3 months EURIBOR interest expense for Q4 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 Q4 2008 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 134 million foreign exchange loss was recognised in profit and loss, compared to a gain of HUF 85 million in Q4 2007

Capital expenditure in Q4 2008 amounted to HUF 169 million, down by 16% from the previous year's higher expenditure on major projects.

Due to lower operational and financial result but considering the one-off effect of selling a property the profit before tax of Czech operations for Q4 2008 was HUF 299 million compared to HUF 20 million.

Slovakian Segment

	HUF million			HUF million		
	Q4 2008	Q4 2007	Ch%	FY 2008	FY 2007	Ch%
SLOVAKIA						
Total revenue and income	2,156	1,880	15	9,041	8,143	11
Operating profit	(128)	(426)	(70)	16	(149)	n.a.
Financial results	(30)	(37)	(18)	248	(141)	n.a.
Profit before tax	(158)	(463)	(66)	264	(290)	n.a.
CAPEX	947	243	290	1,627	839	94
HUF/SKK average	8.64	7.57	14	8.04	7.44	8
SKK/EUR average	30.36	33.41	(9)	31.26	33.78	(7)

Total sales revenue and other operating income in Q4 2008 grew by 15% to HUF 2,156 million, almost entirely due to the 14% weakening of forint against Slovakian crown in the fourth quarter compared to Q4 2007. Room revenue in SKK decreased by 5% in Q4 as the average room rate (ARR) decreased slightly to SKK 1,066 from SKK 1,081 and the occupancy decreased from 67.2% to 64.4%. The number of rooms sold decreased from 81,543 to 79,018 in Q4 2008, however the number of guests decreased slightly from 14,405 to 14,058. The number of guestnights in Q4 2008 was 129,966 compared to 128,212 in Q4 2007, the average length of stay in the fourth quarter of 2008 was 9.1 days, the same as last year.

In spite of significant SKK strengthening against HUF the amount of material expenses and services used in Q4 2008 was HUF 855 million, remained at the same level of last year, within this, energy cost increased by 34% to HUF 282 million, while maintenance expenses was HUF 64 million, up by 3% compared to Q4 2007. Personnel expenses for Q4 2008 decreased by 7% in HUF terms, reflecting the decrease in the average level of employees and the positive effect of outsourcing of laundry on payroll as well.

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 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 Q4 2008 amounted to HUF 65 million, compared to HUF 74 million in Q4 2007.

Capital expenditure during the fourth quarter of 2008 was HUF 947 million, including significant spending on heating and recirculation systems, almost four times higher compared to the HUF 243 million in Q4 2007.

Being the result of the above the loss before tax of Slovakian operations for Q4 2008 was HUF 158 million, compared to a loss of HUF 463 million in Q4 2007

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Romanian Segment

ROMANIA	HUF million			HUF million		
	Q4 2008	Q4 2007	Ch%	FY 2008	FY 2007	Ch%
Total revenue and income	386	351	10	1,778	1,595	11
Operating profit	-7	6	n.a.	473	414	14
Financial results	(50)	(34)	46	(56)	(45)	24
Profit before tax	(57)	(29)	96	417	369	13
CAPEX	81	0	n.a.	411	424	(3)
HUF/RON average rate	68.92	73.32	(6)	68.23	75.46	(10)
RON/EUR average rate	3.80	3.45	10	3.68	3.33	11

Total sales revenue and other operating income for Q4 2008 increased by 10% in HUF terms compared to the last quarter of last year in spite of the significant strengthening of HUF against RON. Q4 2008 occupancy decreased from 53.0% to 46.9% (majority of this decrease relates to 2 star hotels) while the average room rate achieved (ARR) increased considerably from RON 94 to RON 106, hence room revenue remained at the same level in RON terms. Room departmental profitability in RON terms improved slightly by 1% in Q4 2008. The number of guests during the fourth quarter of 2008 decreased to 9,099 from 10,085 primarily due to the decreasing number of state pension guests.

Due to the combined effect of FX differences, inflation and the drop in occupancy total material expenses and services used in Q4 2008 decreased by 4% amounting to HUF 168 million. Within this, energy cost decreased by 8% to HUF 42 million, and raw material cost was HUF 108 million, down by 9%, in spite of the high inflationary effect.

Due to the increase of 3 months EURIBOR, interest expense in Q4 2008 was HUF 12 million compared to HUF 9 million in Q4 2007.

Capital expenditure during the fourth quarter of 2008 was HUF 81 million, the majority of which relates to the reconstruction of new headquarter offices. The comparative yearly figure includes significant spending on Hotel Sovata Conference room.

Being the result of the above the loss before tax of Romanian operations for Q4 2008 increased to HUF 57 million compared to a loss of HUF 29 million in Q4 2007.

Consolidated Balance Sheet

Total consolidated asset value amounted to HUF 90.1 billion as of 31 December 2008, a 4% increase compared to the period end of year 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. Trade receivables decreased by 13% y-o-y, reflecting the effectiveness of our intensive debt collection activities carried out in the last quarter.

The amount of property, plant and equipment was HUF 76.3 billion at the end of 2008, an increase of 5% over the last 12 months. The majority of this increase is due to the FX translation effect of foreign subsidiaries. In December 2008 Danubius sold its 25% minority shareholding in CP Regents Park Two Ltd. to CP Holdings, the majority shareholder of Danubius, and the consideration for the sale was the repayment of the GBP 5.1 million loan. At the end of 2008 the investments in associated companies amounted to nil, as the historic cost of the investment in Egészség-sziget Kft. was offset by the share of its loss. Egészség-sziget Kft. is our associate company to utilise the land acquired 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 2008 was HUF 37.3 billion, a 6% increase compared to 31 December 2007, mainly due to the 7% net increase of long-term borrowings, including those repayable within one year, a considerable part of this increase is due to FX movements. The Group had EUR 96.7 million long-term loans as of 31 December 2008.

The value of shareholders' equity grew by HUF 1.6 billion compared to 31 December 2007 due to net after tax loss of HUF 0.6 billion over the past 12 months, the significant, HUF 1.6 billion, increase of translation reserve and HUF 0.7 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 and P&L in accordance with IAS 39.

Cash flow

Net cash provided by operating activities in the last quarter of 2008 was HUF 1,704 million, up by 9% compared to Q4 2007 primarily due to lower operating loss and positive effect of working capital changes. Capital expenditure in Q4 2008 was HUF 1,870 million, a 179% growth compared to Q4 2007, including significant spending in Hungary and Slovakia.

During the fourth quarter of 2008 EUR 8.0 million and GBP 5.1 million repayments of borrowings has taken place. In Q1 2008 a EUR 8.0 million, in Q3 2008 EUR 5 million and in Q4 app. EUR 15 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 2008	31 December 2007	Change %
Assets			
Cash and cash equivalents	3,758	3,931	(4)
Trade receivables	1,787	2,056	(13)
Inventory	867	859	1
Assets held for sale	351	257	37
Other receivables current assets	1,665	1,558	7
Total current assets	8,428	8,661	(3)
Property, plant and equipment	76,347	72,831	5
Intangible assets	2,703	2,492	8
Investments in associates	-	1,650	n.a.
Other non-current assets	2,108	72	2,828
Deferred tax assets	500	627	(20)
Total non-current assets	81,658	77,672	5
Total assets	90,086	86,333	4
Liabilities and Shareholders' Equity			
Trade accounts payable	2,865	2,600	10
Advance payments from guests	640	494	30
Income tax payable	35	396	(91)
Other payables and accruals	3,116	3,006	4
Interest-bearing loans and borrowings	4,369	5,678	(23)
Provisions	385	379	2
Total current liabilities	11,410	12,553	(9)
Interest-bearing loans and borrowings	23,105	18,241	27
Loan from related party	-	1,708	n.a.
Deferred tax liabilities	1,534	1,467	5
Provisions	1,295	1,265	2
Total non-current liabilities	25,934	22,681	14
Total liabilities	37,344	35,234	6
Shareholders' Equity			
Share capital	8,285	8,285	-
Capital reserve	7,435	7,435	-
Treasury shares	(1,162)	(1,162)	-
Translation reserve	6,032	4,441	36
Fair valuation reserve	-	24	n.a.
Retained earnings	29,835	30,410	(2)
Attributable to equity holders of the parent	50,425	49,433	2
Minority interests	2,317	1,666	39
Total shareholders' equity	52,742	51,099	3
Total liabilities and shareholders' equity	90,086	86,333	4

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

	Q4 2008	Q4 2007	Ch %	FY 2008	FY 2007	Ch %
Room revenue	4,757	4,928	(3)	21,811	22,249	(2)
Food and beverage revenue	3,585	3,857	(7)	14,996	14,999	(0)
Spa revenue	1,474	1,398	5	6,197	5,875	5
Other departmental revenue	463	637	(27)	2,138	2,313	(8)
Revenue from wineries	42	51	(18)	155	197	(21)
Revenue from security services	193	182	6	717	777	(8)
Other income	760	102	645	1,156	932	24
Total operating revenue and other income	11,274	11,155	1	47,170	47,342	(0)
Cost of goods purchased for resale	71	77	(8)	265	270	(2)
Raw material costs	2,651	2,636	1	10,545	9,835	7
Services used	2,594	2,667	(3)	9,947	9,814	1
Material expenses and services used	5,316	5,380	(1)	20,757	19,919	4
Wages and salaries	2,887	3,040	(5)	12,341	11,816	4
Other personnel expenses	421	467	(10)	1,472	1,413	4
Taxes and contributions	1,079	1,095	(1)	4,331	4,097	6
Personnel expenses	4,387	4,602	(5)	18,144	17,326	5
Depreciation and amortisation	1,197	1,262	(5)	4,634	4,702	(1)
Other expenses	634	907	(30)	2,354	2,539	(7)
Changes in inventories of finished goods and work in progress	(39)	(19)	105	(8)	7	(214)
Work performed by the entity and capitalised	(52)	(22)	136	(81)	(58)	40
Total operating expenses	11,443	12,110	(6)	45,800	44,435	3
Profit/(loss) from operations	(169)	(955)	(82)	1,370	2,907	(53)
Interest income	37	21	76	224	52	331
Interest expense	(571)	(424)	35	(1,805)	(1,548)	17
Foreign currency gain/(loss)	(1,615)	(92)	1,655	90	420	(79)
Financial Income/(loss)	(2,149)	(495)	334	(1,491)	(1,076)	39
Share of results of associates	32	1	3,100	(76)	(65)	17
Profit/(loss) before tax	(2,286)	(1,449)	58	(197)	1,766	n.a.

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

	Q4 2008	Q4 2007	Ch %	FY 2008	FY 2007	Ch %
Profit/(loss) from operations	(169)	(955)	(82)	1,370	2,907	(53)
Depreciation and amortisation	1,197	1,262	(5)	4,634	4,702	(1)
Gain on sale of fixed assets	(548)	(165)	232	(699)	(667)	5
Change of provisions	(44)	216	(120)	36	162	(78)
Write off of receivables	(1)	21	(105)	9	42	(79)
<i>Changes in working capital</i>						
<i>(Increase)/decrease of accounts receivable and current assets</i>	<i>2,274</i>	<i>1,710</i>	<i>33</i>	<i>(1,188)</i>	<i>(563)</i>	<i>112</i>
<i>(Increase)/decrease of inventory</i>	<i>(88)</i>	<i>(39)</i>	<i>126</i>	<i>(8)</i>	<i>(15)</i>	<i>(47)</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>(305)</i>	<i>134</i>	<i>n.a.</i>	<i>10</i>	<i>(1,002)</i>	<i>n.a.</i>
Interest paid	(525)	(507)	4	(1,698)	(1,529)	11
Income tax paid	(87)	(107)	(19)	(497)	(166)	199
Net cash provided by operating activities	1,704	1,570	9	1,969	3,871	(49)
Purchase of property, plant and equipment and intangibles	(1,870)	(672)	179	(5,484)	(3,665)	50
Interest received	37	20	85	224	52	331
Proceeds on sale of property, plant and equipment	616	212	191	843	829	2
Cash paid on acquisition of Sovata minority	-	-	-	-	(1,600)	n.a.
Disposal of investment	1,387	-	n.a.	1,387	-	n.a.
Net cash used in investing activities	170	(440)	(139)	(3,030)	(4,384)	(31)
Receipt of long-term bank loans	4,114	1,178	249	7,396	3,352	121
Repayment of long-term bank loans	(3,408)	(2,025)	68	(5,073)	(2,753)	84
Payment of finance lease liabilities	-	(69)	n.a.	-	(180)	n.a.
Net cash provided/ (used) by financing activities	706	(916)	(177)	2,323	419	454
Net increase (decrease) in cash held	2,580	214	1 106	1,262	(94)	n.a.
Cash at the beginning of the financial year, net ¹	591	1,707	(65)	1,909	2,015	(5)
Cash and cash equivalents at the end of the period, net¹	3,171	1,921	65	3,171	1,921	65

¹ 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. In December 2008 Danubius Hotels Nyrt. sold its 25% minority shareholding in CP Regents Park Two Ltd. There were no other significant organisational changes within the Group.

Shareholder ¹	Period end of				
	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
CP Holdings and its investments ²	71.75%	72.66%	73.88%	74.12%	74.52%
<i>Of which:</i>					
<i>CP Holdings Ltd.</i>	36.25%	37.16%	37.16%	37.16%	37.55%
<i>Interag Zrt.</i>	29.38%	29.38%	30.60%	30.85%	30.85%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	14.05%	13.73%	12.44%	12.44%	11.74%
Domestic financial investors	7.05%	6.19%	6.32%	6.52%	6.22%
Domestic individuals	2.44%	2.71%	2.64%	2.68%	2.81%
Employees	0.19%	0.19%	0.19%	0.19%	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 74.51% ownership of CP Holdings and its investments results a 78.04% 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 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

HUF thousand	31 December 2008	31 December 2007	Ch %
NON-CURRENT ASSETS	52,079,837	53,023,826	(2)
INTANGIBLE ASSETS	139,996	216,101	(35)
Capitalised cost of foundation and restructuring			
Capitalised research and development costs			
Rights and titles			
Intellectual property	139,996	215,992	(35)
Goodwill			
Advance payment on intangible assets		109	n.a.
Revaluation of intangible assets			
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE)	6,740,359	6,484,433	4
Real estates and relating rights	6,542,563	6,338,945	3
Equipments, machines, vehicles	27,920	58,396	(52)
Other equipments, fixtures, vehicles	9,934	12,530	(21)
Livestock			
Capital investments and refurbishments	159,942	73,062	119
Advance payments on capital investments		1,500	n.a.
Revaluation of tangible assets			
NON-CURRENT FINANCIAL INVESTMENTS	45,199,482	46,323,292	(2)
Long-term investments	40,300,809	42,597,744	(5)
Long-term loan to related parties	4,882,010	3,708,996	32
Other long-term investments	15,217	15,218	0
Long-term loan to other investments			
Other long term loans	1,446	1,334	8
Long term securities			
Revaluation of non-current financial assets			
CURRENT ASSETS	2,148,572	2,694,483	(20)
INVENTORIES	34	4,257	(99)
Raw materials			
Work in progress and semifinished goods			
Grown, fattened and other livestock			
Finished products			
Goods, Commodities	34	4,257	n.a.
Advance payments on stocks			
RECEIVABLES	836,080	1,093,823	(24)
Receivables from supply of goods and services (customers)	5,799	2,327	149
Receivables from related parties	797,791	1,082,280	(26)
Receivables from other investment			
Bills of exchange			
Other receivables	32,490	9,216	253
SECURITIES	1,161,021	1,161,021	0
Investment in related parties			
Other investments			
Treasury shares	1,161,021	1,161,021	0
Short term securities			
TOTAL CASH AND CASH EQUIVALENTS	151,437	435,382	(65)
Cash at hand, cheques	312	544	(43)
Bank deposits	151,125	434,838	(65)
ACCRUALS AND PREPAYMENTS	10,231	35,015	(71)
Accrued income	326	124	163
Prepaid costs and expenses	9,905	34,891	(72)
Deferred expenses			
TOTAL ASSETS	54,238,640	55,753,324	(3)

2008 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

HUF thousand	31 December 2008	31 December 2007	Ch %
SHAREHOLDERS' EQUITY	39,301,655	38,473,790	2
SHARE CAPITAL	8,285,437	8,285,437	0
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	(151,767)	(113,749)	33
PROVISIONS	36,696	213,400	(83)
Provisions for expected liabilities	36,696	213,400	(83)
Provisions for future expenses			
Other provisions			
LIABILITIES	14,842,283	16,900,100	(12)
BACKLISTED LIABILITIES			
Backlisted liabilities to related parties			
Backlisted liabilities to other investment			
Backlisted liabilities to third parties			
LONG TERM LIABILITIES	11,453,271	12,411,403	(8)
Long term loans			
Convertible bonds			
Liability from bond issue			
Capital investment and development loans			
Other long term loans	11,453,271	12,411,403	(8)
Long term liabilities to related parties			
Long term liabilities to other investments			
Other long term liability			
SHORT TERM LIABILITIES	3,389,012	4,488,697	(24)
Short term credits	-	400,000	n.a.
Short term loans	2,334,586	3,555,463	(34)
Advance payments from customers	4,064	4,064	0
Creditors, Suppliers	47,867	139,064	(66)
Bills of exchange			
Short term liabilities to related parties	814,249	135,335	502
Short term liabilities to other investments	-	344	n.a.
Other short term liabilities	188,246	254,427	(26)
DEFERRALS	58,006	166,034	(65)
Deferred revenues			
Deferred costs and expenses	55,869	163,895	(66)
Deferred income	2,137	2,139	0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	54,238,640	55,753,324	(3)

2008 FOURTH QUARTER AND FULL YEAR PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

HUF thousand	FY 2008	FY 2007	Ch %
Net domestic sales revenue	3,751,406	3,538,513	6
Export sales revenue			
Total net sales revenue	3,751,406	3,538,513	6
Change in the stock of own prod.			
Cap. value of assets of own prod.			
Cap. value of own production			
Other income	183,436	169,592	8
Raw material costs	27,173	27,522	(1)
Value of services used	1,011,382	944,270	7
Other services	42,803	20,988	104
Purchase price of goods sold			
Value of sold services	120,550	71,039	70
Material expenditures	1,201,908	1,063,819	13
Salaries and wages	808,128	899,754	(10)
Other personnel payments	180,982	216,451	(16)
Taxes and contributions	299,293	339,438	(12)
Total payroll & related costs	1,288,403	1,455,643	(11)
Depreciation	435,420	455,947	(5)
Other expenditures	171,862	272,987	(37)
Operating profit	837,249	459,709	82
Dividend received			
Capital gain on the sale of shares			
Exchange gain of inv. fin. assets			
Other interests received	330,007	272,672	21
Other financial income	404,211	300,274	35
Rev. from financial transact.	734,218	572,946	28
Exchange loss of inv. fin. assets	389,040	-	n.a.
Interests payable	1,035,166	1,003,949	3
Loss of value -securities, deposits			
Other financial expenses	273,790	137,479	99
Expenditures of fin. transact.	1,697,996	1,141,428	49
Financial profit or loss	(963,778)	(568,482)	70
Profit from ordinary activities	(126,529)	(108,773)	16
Extraordinary income	-	31,386	n.a.
Extraordinary loss	25,238	36,362	(31)
Extraordinary profit or loss	(25,238)	(4,976)	407
Profit before tax	(151,767)	(113,749)	33
Corporate tax payable			
Profit after tax	(151,767)	(113,749)	33
Dividend paid from profit reserve			
Dividend payable/ Minority			
NET PROFIT FOR THE PERIOD	(151,767)	(113,749)	33