

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

Danubius Hotels Plc, today announced its 2009 first half and second quarter preliminary, unaudited results. This report contains consolidated financial statements for the period ended 30 June 2009 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

**Cost cutting measures offset decline in demand.**

**HIGHLIGHTS**

Danubius Hotels Group (IFRS)	HUF million			EUR million <sup>1</sup>			HUF million			EUR million <sup>1</sup>		
	Q2 2009	Q2 2008	Ch %	Q2 2009	Q2 2008	Ch %	H1 2009	H1 2008	Ch %	H1 2009	H1 2008	Ch %
Net sales revenues	12,231	12,852	(5)	42.6	50.3	(15)	21,000	22,009	(5)	72.4	86.7	(17)
EBITDA	2,723	2,038	33	9.4	8.1	16	2,177	1,650	32	7.5	6.5	15
Operating profit/(loss)	1,588	897	77	5.4	3.6	49	(78)	(654)	(88)	(0.3)	(2.6)	(90)
Financial results	2,260	1,523	48	7.6	6.0	27	(1,223)	1,451	n.a.	(4.2)	5.7	n.a.
Profit/(Loss) before tax	3,848	2,374	62	13.0	9.4	38	(1,301)	712	n.a.	(4.5)	2.8	n.a.
Operating cash flow	1,628	1,337	22	5.5	5.4	3	(77)	(1,246)	(94)	(0.3)	(4.9)	(95)
CAPEX	349	920	(62)	1.2	3.6	(66)	1,050	1,887	(44)	3.6	7.4	(51)
HUF/EUR	285.9	248.0	15			n.a.	290.2	253.7	14			n.a.

<sup>1</sup> The presentation currency of the Group is HUF. The EUR amounts are provided as a convenience translation using average f/x rates of the respective periods.

- In the first half of 2009 total net sales **revenues** were HUF 21.0 billion, down by 5% compared to last year. The movements in HUF/EUR FX rate had a considerable positive effect on Hungarian segment revenue in the first half compared to H1 2008 and in EUR terms there was a 17% decrease.
- Operating loss in H1 2009 is down by 88% to HUF 0.1 billion from HUF 0.7 billion, due to the following:
  - **Hungarian** segment's revenue for H1 2009 decreased by 11% to HUF 12.3 billion as the occupancy of hotels fell by 8.3% from 59.5% to 51.2%, while the operating result amounted to a loss of HUF 0.5 billion compared to HUF 0.6 billion as savings on payroll and other operating expenses more than compensated the negative effect of lower revenues.
  - **Czech** hotels contributed an operating profit of HUF 268 million in H1 2009 compared to a profit of HUF 53 million in H1 2008, due to savings on operating expenses.
  - **Slovakian** segment's operating profit was HUF 134 million in H1 2009 compared to a HUF 167 million loss in H1 2008. Revenue in HUF terms increased by 11% to HUF 4.7 billion, mainly thanks to the significant EUR strengthening against HUF. Costs were kept tightly under control.
  - In H1 2009 the total revenue of **Romanian** segment decreased by 6% to HUF 573 million, therefore operating result was a profit of HUF 5 million, compared to profit of HUF 69 million.
- The **Financial** results in H1 2009 was a loss of HUF 1.2 billion, compared to a profit of HUF 1.5 billion in H1 2008 as, mainly due to forint depreciation against euro over the period, there was a HUF 0.6 billion FX loss (mostly unrealised) on monetary assets and liabilities in H1 2009 compared to a significant FX gain of HUF 2.2 billion in the first half of last year.
- **Loss before tax** in H1 2009 was HUF 1.3 billion, compared to a profit of HUF 0.7 billion in H1 2008.
- **Net cash used in operating activities** in H1 2009 was HUF 0.1 billion, a significant improvement compared to HUF 1.3 billion net cash used in H1 2008.
- **Capital expenditure** and investments during H1 2009 amounted to HUF 1.1 billion compared to HUF 1.9 billion spending in H1 2008.
- Group level average **headcount** in H1 2009 was 4,869 compared to 5,330.

## FINANCIAL OVERVIEW

### Hungarian Segment

HUNGARY	HUF million			EUR million			HUF million			EUR million		
	Q2 2009	Q2 2008	Ch %	Q2 2009	Q2 2008	Ch %	Q1-2 2009	Q1-2 2008	Ch %	Q1-2 2009	Q1-2 2008	Ch %
Net sales revenues	7,378	8,263	(11)	25.7	32.4	(21)	12,346	13,917	(11)	42.54	54.85	(22)
Operating profit	855	594	45	2.9	2.4	21	(485)	(609)	(20)	(1.67)	(2.40)	(30)
Financial results	2,218	1,155	92	7.5	4.6	64	(1,115)	922	n.a.	(3.85)	3.63	n.a.
Profit before tax	3,073	1,697	81	10.3	6.8	53	(1,600)	227	n.a.	(5.51)	0.90	n.a.
CAPEX	266	883	(70)	0.9	3.5	(73)	519	1,183	(56)	1.79	4.66	(62)

Total sales revenue and other operating income of H1 2009 decreased by 11% to HUF 12.3 billion, mainly due to lower revenue recognised from room and F&B services and from Gundel banqueting services. However the weakening of HUF against EUR had a considerable positive effect on total H1 revenue compared to the same period of 2008. Hotel occupancy in H1 2009 was 51.2% compared to 59.5% in H1 2008, the occupancy of Budapest hotels decreased the most, by 11.1 percentage point.

Room revenue of Hungarian hotels decreased by 9% to HUF 6.1 billion compared to H1 2008 due to the combined result of significant occupancy decrease and the increase of average room rate achieved (ARR) to HUF 13,268, higher by HUF 829 than the comparative figure. The average length of stay was 2,8 days in H1 2009, a little decrease compared to H1 2008. The number of guest-nights during the first half of 2009 decreased to 592,959 from 695,127, out of which domestic guest-nights represents 23.5%, a considerable increase compared to H1 2008 level of 21.7%. In the first half guests from almost all destinations decreased, guests from Great Britain and Spain decreased the most; more guests arrived from Austria, Ukraine, and Greece. Room departmental profit for the first half decreased by HUF 313 million, down by 6% compared to H1 2008.

Food and beverage revenue of hotels and restaurants for the first half of 2009 was HUF 3.7 billion, lower by 17% than comparative figure, as a direct result of lower occupancy and banqueting. H1 2009 F&B departmental profit of our hotels fell by HUF 124 million mainly as the result of lower revenue and that could not be compensated by the decrease of payroll and cost of sale. Gundel's total revenue and income in H1 2009 decreased by HUF 202 million, down by 25%, however its operational performance was weaker only by HUF 43 million than in H1 2008 thanks to our cost cutting measures.

In H1 2009 Spa revenue was HUF 838 million, down by only 5% compared to H1 2008, due to the result of lower number of treatments sold. Spa departmental profit was able to increase by 4% as the decrease in payroll and other cost savings could compensate the revenue drop.

Revenue from security services increased by HUF 40 million in H1 2009 to HUF 387 million.

Due to the combined effect of inflation on materials and the drop in occupancy first half raw material expenses decreased by 15% to HUF 2,547 million. The value of services used in H1 2009 decreased by 9% to HUF 2,656 million, within this energy cost felt by 3% to HUF 1,280 million and the amount spent on maintenance work at the hotels decreased by 25% to HUF 322 million. Personnel expenses of hotel operation in H1 2009 were HUF 5,077 million, down by 14%.

Due to the combined effect of the decrease of 3 months EURIBOR, the increase of interest margins, the increase of average borrowings over the period and the change in the fair value of interest swap derivatives interest expenses decreased to HUF 569 million from HUF 599 million in the first half of 2009. Primarily as the result of depreciation of HUF in H1 2009 against EUR, in which the majority of our long-term borrowings are

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

denominated, a HUF 617 million foreign exchange loss (mostly unrealised) was recognised in profit and loss, compared to a gain of HUF 1,407 million in H1 2008, when HUF strengthened significantly against EUR.

Capital expenditure during H1 2009 was HUF 518 million compared to HUF 1,183 million spent in H1 2008, including spending on Hilton Budapest, DHSR Hévíz and new operational software.

Due to lower financial result the loss before tax of Hungarian segment was HUF 1.6 billion in H1 2009, compared to a profit of HUF 0.2 billion in H1 2008.

**Czech Segment**

CZECH	HUF million			HUF million		
	Q2 2009	Q2 2008	Ch%	Q1-2 2009	Q1-2 2008	Ch%
Total revenue and income	1,991	1,883	6	3,381	3,238	4
Operating profit	394	184	114	268	53	405
Financial results	74	84	(12)	10	194	(95)
Profit before tax	468	268	74	278	247	13
CAPEX	67	105	(36)	266	225	18
HUF/CZK average	10.72	9.99	7	10.69	10.07	6
CZK/EUR average	26.68	28.63	(7)	27.15	28.83	(6)

Total sales revenue and other operating income in HUF term increased by 3% to HUF 3,381 million in the first half of 2009, due to the weakening of Hungarian forint against the Czech crown over the period. Room revenue of H1 2009 was HUF 1,818 million, up by 8%. In H1 2009 Marienbad hotels' occupancy was 74.6% compared to 77.0%, however the average room rate achieved (ARR) in CZK term improved considerably to 1,726 from 1,545. The average length of stay was 8.9 days in H1 2009 while it was 8.6 days in H1 2008. As the result of temporary closures the number of guestnights in H1 was 162,520 compared to 178,977, 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 H1 decreased by 2% to HUF 1,472 million, as the positive effect of cost reduction measures exceeded the combined effect of average inflation and CZK strengthening against HUF, within this energy costs increased by 18% to HUF 321 million, while maintenance expenses decreased by 28% to HUF 186 million. Total personnel expenses in the first two quarter were HUF 1,032 million, up by only 2% compared to H1 2008 in spite of the CZK strengthening against HUF, due to lower average headcount.

Due to the decrease of 3 months EURIBOR the interest expense for H1 2009 was HUF 45 million compared to HUF 67 million. As the result of strengthening of CZK in H1 2009 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 54 million foreign exchange gain was recognised in profit and loss, compared to a significant gain of HUF 259 million in H1 2008.

Capital expenditure in H1 2009 amounted to HUF 266 million, up by 18% compared to previous year.

Overall, the profit before tax of Czech operations for H1 2009 was HUF 278 million compared to HUF 247 million.

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

**Slovakian Segment**

	HUF million			HUF million		
	Q2 2009	Q2 2008	Ch%	Q1-2 2009	Q1-2 2008	Ch%
SLOVAKIA						
Total revenue and income	2,526	2,369	7	4,700	4,245	11
Operating profit	277	62	349	134	(167)	n.a.
Financial results	(39)	274	n.a.	(99)	345	n.a.
Profit before tax	238	336	(29)	35	178	(80)
CAPEX	8	62	(88)	230	252	(9)
HUF/EUR	285.9	248.0	15	290.2	253.7	14
HUF/SKK average	-	7.90	n.a.	-	7.87	n.a.
SKK/EUR average	-	36.18	n.a.	-	36.87	n.a.

The functional currency of the Slovakian subsidiary is Euro as of 1 January 2009, as result of which the currency risks in the operating and financial results are reduced.

Total sales revenue and other operating income in H1 2009 grew by 11% to HUF 4,700 million, mainly due to the weaker forint against euro. Room revenue in EUR decreased by 7% in Q1-Q2 as the average room rate (ARR) increased to EUR 38.4 from EUR 36.6 while the occupancy decreased from 69.7% to 61.8%. The number of rooms sold decreased from 169,478 to 149,270 in H1 2009. The number of guestnights in H1 2009 was 240,511 compared to 275,828 in H1 2008, the average length of stay in the first two quarter of 2009 was 9.7 days compared to 9.1 days last year.

In spite of the significant EUR strengthening against HUF the amount of material expenses and services used in H1 2009 was HUF 1,716 million, down by 3%, within this, energy cost increased by 17% to HUF 480 million and maintenance expenses was HUF 89 million compared to HUF 83 million in H1 2008. Personnel expenses for H1 2009 was HUF 1,796 million, an increase of 14% in HUF terms, reflecting entirely the weaker HUF.

Due to the decrease of 3 months EURIBOR and the lower average level of borrowings the interest expenses for H1 2009 amounted to HUF 103 million, compared to HUF 142 million in H1 2008. First half 2008 figure includes an FX gain of HUF 486 million on borrowings, current figures do not include such a difference as EUR is the functional currency.

Capital expenditure during the first two quarters of 2009 was HUF 230 million, including spending on heating and recirculation systems and refurbishments, compared to the HUF 252 million in H1 2008.

Being the result of better operational but weaker financial performance, the profit before tax of Slovakian operations for H1 2009 was HUF 35 million, compared to HUF 178 million in H1 2008

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

**Romanian Segment**

ROMANIA	HUF million			HUF million		
	Q2 2009	Q2 2008	Ch%	Q1-2 2009	Q1-2 2008	Ch%
Total revenue and income	336	338	(1)	573	609	(6)
Operating profit	62	63	(1)	5	69	(93)
Financial results	7	10	(30)	(19)	(10)	95
Profit before tax	69	73	(5)	(14)	60	n.a.
CAPEX	8	201	(96)	35	227	(84)
HUF/RON average rate	68.15	67.92	0	68.58	69.13	(1)
RON/EUR average rate	4.20	4.21	(0)	4.23	4.20	1

Total sales revenue and other operating income for H1 2009 decreased by 6% in HUF terms compared to the first half of last year since H1 2009 occupancy decreased from 45.7% to 45.0% together with the decrease of average room rate (ARR) from RON 105.5 to RON 100. Room departmental profitability in RON terms decreased by 9% in H1 2009. The number of guests during the first half of 2009 decreased to 16,308 from 20,121 primarily due to the decreasing number of leisure and conference tourists.

Due to the combined effect of inflation and the drop in occupancy total material expenses and services used in H1 2009 was HUF 253 million compared to HUF 255 million last year. Within this, energy cost was HUF 73 million, down by 2% compared to H1 2008.

Due to decrease of 3 months EURIBOR the interest expenses for H1 2009 amounted to HUF 13 million compared to HUF 17 million in H1 2008.

Capital expenditure during the first two quarter of 2009 was HUF 35 million, the majority of which relates to the reconstruction of the elevator system.

Being the result of the above the loss before tax of Romanian operations for H1 2009 was HUF 14 million compared to a profit of HUF 60 million in H1 2008.

### Consolidated Balance Sheet

Total consolidated asset value amounted to HUF 90.1 billion as of 30 June 2009, a 3% increase compared to the period end of first half 2008. 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 6%, reflecting the positive effect of our debt collection activities.

The amount of property, plant and equipment was HUF 76.4 billion at the end of Q2 2009, an increase of 4% 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 30 June 2009 the investments in associated companies amounted to nil, showing the historic cost adjusted by share of earnings of the investment in Egészségsgiget Kft. our established associate to utilise the land acquired near Hotel Gellért.

Total liabilities at the end of the second quarter 2009 was HUF 38.0 billion, a 7% increase compared to 30 June 2008, mainly due to the significant HUF weakening against EUR. The Group had EUR 93.3 million long-term loans as of 30 June 2009.

The value of shareholders' equity decreased by 1% compared to 30 June 2008 being the combined effect of the after tax loss of HUF 2.6 billion of previous 12 months, the significant, HUF 2.1 billion increase of translation reserve and HUF 0.3 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 used in operating activities in the first half of 2009 was HUF 77 million, a significant improvement compared to HUF 1,246 million net cash used in H1 2008, due to the positive result of working capital changes. Capital expenditure in H1 2009 was HUF 1,050 million, a 44% decrease compared to H1 2008, reflecting our tight cash management program.

During the first two quarters of 2009 EUR 0.7 million loan has been drawn down and EUR 4.1 million repayment of borrowings has taken place. Comparative figures include the loan received to finance the land acquisition near Hotel Gellért.

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

31 December 2008		30 June 2009	30 June 2008	Change %
<b>Assets</b>				
3,797	Cash and cash equivalents	3,167	2,318	37
1,913	Trade receivables	2,696	2,876	(6)
867	Inventory	784	832	(6)
351	Assets held for sale	351	404	(13)
1,652	Other receivables current assets	1,751	1,209	45
<b>8,580</b>	<b>Total current assets</b>	<b>8,749</b>	<b>7,639</b>	<b>15</b>
76,347	Property, plant and equipment	76,409	73,292	4
2,703	Intangible assets	2,675	2,526	6
-	Investments in associates	-	1,561	n.a.
2,108	Other non-current assets	1,969	2,221	(11)
524	Deferred tax assets	278	590	(53)
<b>81,682</b>	<b>Total non-current assets</b>	<b>81,331</b>	<b>80,190</b>	<b>1</b>
<b>90,262</b>	<b>Total assets</b>	<b>90,080</b>	<b>87,829</b>	<b>3</b>
<b>Liabilities and Shareholders' Equity</b>				
2,866	Trade accounts payable	1,869	2,033	(8)
640	Advance payments from guests	762	841	(9)
35	Income tax payable	4	77	(95)
3,249	Other payables and accruals	3,756	3,961	(5)
5,699	Interest-bearing loans and borrowings	6,471	6,206	4
445	Provisions	445	346	29
<b>12,934</b>	<b>Total current liabilities</b>	<b>13,307</b>	<b>13,464</b>	<b>(1)</b>
21,812	Interest-bearing loans and borrowings	22,296	17,649	26
-	Loan from related party	-	1,482	n.a.
1,351	Deferred tax liabilities	1,413	1,452	(3)
1235	Provisions	956	1,356	(30)
<b>24,398</b>	<b>Total non-current liabilities</b>	<b>24,665</b>	<b>21,939</b>	<b>12</b>
<b>37,332</b>	<b>Total liabilities</b>	<b>37,972</b>	<b>35,403</b>	<b>7</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)	-
6,032	Translation reserve	6,759	4,610	47
-	Fair valuation reserve	-	105	n.a.
30,023	Retained earnings	28,395	31,039	(9)
<b>50,613</b>	<b>Attributable to equity holders of the parent</b>	<b>49,712</b>	<b>50,312</b>	<b>(1)</b>
<b>2,317</b>	<b>Minority interests</b>	<b>2,396</b>	<b>2,114</b>	<b>13</b>
<b>52,930</b>	<b>Total shareholders' equity</b>	<b>52,108</b>	<b>52,426</b>	<b>(1)</b>
<b>90,262</b>	<b>Total liabilities and shareholders' equity</b>	<b>90,080</b>	<b>87,829</b>	<b>3</b>

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

	Q2 2009	Q2 2008	Ch %	Q1-2 2009	Q1-2 2008	Ch %
Room revenue	6,083	6,363	(4)	9,845	10,164	(3)
Food and beverage revenue	3,572	4,085	(13)	6,384	7,313	(13)
Spa revenue	1,679	1,607	4	3,084	2,966	4
Other departmental revenue	544	554	(2)	1,015	1,016	(0)
Revenue from wineries	58	28	107	72	61	18
Revenue from security services	211	146	45	387	347	12
Other income	84	69	22	213	142	50
<b>Total operating revenue and other income</b>	<b>12,231</b>	<b>12,852</b>	<b>(5)</b>	<b>21,000</b>	<b>22,009</b>	<b>(5)</b>
Cost of goods purchased for resale	142	69	106	206	129	60
Raw material costs	2,230	2,700	(17)	4,595	5,121	(10)
Services used	2,424	2,677	(9)	4,473	4,913	(9)
<b>Material expenses and services used</b>	<b>4,796</b>	<b>5,446</b>	<b>(12)</b>	<b>9,274</b>	<b>10,163</b>	<b>(9)</b>
Wages and salaries	2,875	3,248	(11)	5,883	6,255	(6)
Other personnel expenses	315	364	(13)	599	676	(11)
Taxes and contributions	984	1,117	(12)	2,004	2,140	(6)
<b>Personnel expenses</b>	<b>4,174</b>	<b>4,729</b>	<b>(12)</b>	<b>8,486</b>	<b>9,071</b>	<b>(6)</b>
Depreciation and amortisation	1,135	1,141	(1)	2,255	2,304	(2)
Other expenses	535	646	(17)	1,050	1,128	(7)
Changes in inventories of finished goods and work in progress	13	5	160	28	17	65
Work performed by the entity and capitalised	(10)	(12)	(17)	(15)	(20)	(25)
<b>Total operating expenses</b>	<b>10,643</b>	<b>11,955</b>	<b>(11)</b>	<b>21,078</b>	<b>22,663</b>	<b>(7)</b>
<b>Profit/(loss) from operations</b>	<b>1,588</b>	<b>897</b>	<b>77</b>	<b>(78)</b>	<b>(654)</b>	<b>(88)</b>
Interest income	41	69	(41)	89	120	(26)
Interest expense	(170)	(400)	(58)	(730)	(825)	(12)
Foreign currency gain/(loss)	2,389	1,854	29	(582)	2,156	(127)
<b>Financial Income/(loss)</b>	<b>2,260</b>	<b>1,523</b>	<b>48</b>	<b>(1,223)</b>	<b>1,451</b>	<b>(184)</b>
Share of loss of associates	-	(46)	n.a.	-	(85)	n.a.
<b>Profit/(loss) before tax</b>	<b>3,848</b>	<b>2,374</b>	<b>62</b>	<b>(1,301)</b>	<b>712</b>	<b>(283)</b>

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

	Q2 2009	Q2 2008	Ch %	Q1-2 2009	Q1-2 2008	Ch %
<b>Profit/(loss) from operations</b>	<b>1,588</b>	<b>897</b>	<b>77</b>	<b>(78)</b>	<b>(654)</b>	<b>(88)</b>
Depreciation and amortisation	1,135	1,141	(1)	2,255	2,304	(2)
Gain on sale of fixed assets	2	(31)	n.a.	(93)	(31)	200
Change of provisions	(274)	20	n.a.	(279)	58	n.a.
Write off of receivables	-	(17)	n.a.	11	-	n.a.
<i>Changes in working capital</i>						
<i>(Increase)/decrease of accounts receivable and current assets</i>	<i>(1,076)</i>	<i>(1,128)</i>	<i>(5)</i>	<i>(717)</i>	<i>(2,634)</i>	<i>(73)</i>
<i>(Increase)/decrease of inventory</i>	<i>40</i>	<i>(10)</i>	<i>n.a.</i>	<i>83</i>	<i>27</i>	<i>207</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>545</i>	<i>1,228</i>	<i>(56)</i>	<i>(514)</i>	<i>857</i>	<i>n.a.</i>
Interest paid	(285)	(398)	(28)	(681)	(792)	(14)
Income tax paid	(47)	(365)	(87)	(64)	(381)	(83)
<b>Net cash provided by / (used in) operating activities</b>	<b>1,628</b>	<b>1,337</b>	<b>22</b>	<b>(77)</b>	<b>(1,246)</b>	<b>(94)</b>
Purchase of property, plant and equipment and intangibles	(349)	(920)	(62)	(1,050)	(1,887)	(44)
Interest received	41	69	(41)	89	120	(26)
Proceeds on sale of property, plant and equipment	(2)	35	n.a.	96	36	167
<b>Net cash used in investing activities</b>	<b>(310)</b>	<b>(816)</b>	<b>(62)</b>	<b>(865)</b>	<b>(1,731)</b>	<b>(50)</b>
Receipt of long-term bank loans	212	-	n.a.	212	2,066	(90)
Repayment of long-term bank loans	(1,016)	(971)	5	(1,170)	(1,070)	9
Payment of finance lease liabilities	-	1	n.a.	-	-	n.a.
<b>Net cash provided/ (used) by financing activities</b>	<b>(804)</b>	<b>(970)</b>	<b>(17)</b>	<b>(958)</b>	<b>996</b>	<b>(196)</b>
Net increase (decrease) in cash held	514	(449)	n.a.	(1,900)	(1,981)	(4)
Cash at the beginning of the financial year, net <sup>1</sup>	757	377	101	3,171	1,909	66
<b>Cash and cash equivalents at the end of the period, net<sup>1</sup></b>	<b>1,271</b>	<b>(72)</b>	<b>n.a.</b>	<b>1,271</b>	<b>(72)</b>	<b>n.a.</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 H1 2009 there were no significant organisational changes within the Group.

Shareholder <sup>1</sup>	Period end of				
	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
CP Holdings and its investments <sup>2</sup>	73.88%	74.12%	74.52%	74.52%	75.60%
<i>Of which:</i>					
<i>CP Holdings Ltd.</i>	37.16%	37.16%	37.55%	37.55%	37.94%
<i>Interaq Zrt.</i>	30.60%	30.85%	30.85%	30.85%	30.85%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	12.44%	12.44%	11.74%	11.58%	11.69%
Domestic financial investors	6.32%	6.52%	6.22%	6.51%	5.25%
Domestic individuals	2.64%	2.68%	2.81%	2.68%	2.75%
Employees	0.19%	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 75.60% ownership of CP Holdings and its investments results a 79.18% combined direct interest in Danubius Hotels Nyrt. and includes the shares held by Sir Bernard Schreier, the Chairman of CP Holdings and Agrimill-Agrimipex Zrt.

#### 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

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

APPENDIX VII

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

	HUF thousand	30 June 2009	30 June 2008	Ch%
<b>A</b>	<b>NON-CURRENT ASSETS</b>	<b>52,870,657</b>	<b>53,985,510</b>	<b>(2)</b>
<b>I</b>	<b>INTANGIBLE ASSETS</b>	<b>105,760</b>	<b>174,638</b>	<b>(39)</b>
1	Capitalised cost of foundation and restructuring	-	-	n.a.
2	Capitalised research and development costs	-	-	n.a.
3	Rights and titles	-	-	n.a.
4	Intellectual property	105,760	174,638	(39)
5	Goodwill	-	-	n.a.
6	Advance payment on intangible assets	-	-	n.a.
7	Revaluation of intangible assets	-	-	n.a.
<b>II</b>	<b>PROPERTY, PLANT AND EQUIPMENT (TANGIBLE)</b>	<b>6,541,118</b>	<b>6,496,252</b>	<b>1</b>
1	Real estates and relating rights	6,384,858	6,203,393	3
2	Equipments, machines, vehicles	18,646	46,905	(60)
3	Other equipments, fixtures, vehicles	8,939	11,025	(19)
4	Livestock	-	-	n.a.
5	Capital investments and refurbishments	128,675	233,429	(45)
6	Advance payments on capital investments	-	1,500	n.a.
7	Revaluation of tangible assets	-	-	n.a.
<b>III</b>	<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>46,223,779</b>	<b>47,314,620</b>	<b>(2)</b>
1	Long-term investments	42,274,209	42,076,744	0
2	Long-term loan to related parties	3,932,406	5,219,924	(25)
3	Other long-term investments	15,218	15,218	0
4	Long-term loan to other investments	-	-	n.a.
5	Other long term loans	1,946	2,734	(29)
6	Long term securities	-	-	n.a.
7	Revaluation of non-current financial assets	-	-	n.a.
<b>B</b>	<b>CURRENT ASSETS</b>	<b>2,106,648</b>	<b>2,102,218</b>	<b>0</b>
<b>I</b>	<b>INVENTORIES</b>	<b>876</b>	<b>999</b>	<b>(12)</b>
1	Raw materials	-	-	n.a.
2	Work in progress and semifinished goods	-	-	n.a.
3	Grown, fattened and other livestock	-	-	n.a.
4	Finished products	-	-	n.a.
5	Goods, Commodities	876	999	n.a.
6	Advance payments on stocks	-	-	n.a.
<b>II</b>	<b>RECEIVABLES</b>	<b>668,526</b>	<b>864,552</b>	<b>(23)</b>
1	Receivables from supply of goods and services	2,121	5,422	(61)
2	Receivables from related parties	640,502	822,967	(22)
3	Receivables from other investment	-	-	n.a.
4	Bills of exchange	-	-	n.a.
5	Other receivables	25,903	36,163	(28)
<b>III</b>	<b>SECURITIES</b>	<b>1,161,021</b>	<b>1,161,021</b>	<b>0</b>
1	Investment in related parties	-	-	n.a.
2	Other investments	-	-	n.a.
3	Treasury shares	1,161,021	1,161,021	0
4	Short term securities	-	-	n.a.
<b>IV</b>	<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>276,225</b>	<b>75,646</b>	<b>265</b>
1	Cash at hand, cheques	290	1,024	(72)
2	Bank deposits	275,935	74,622	270
<b>C</b>	<b>ACCRUALS AND PREPAYMENTS</b>	<b>518,690</b>	<b>1,005,908</b>	<b>(48)</b>
1	Accrued income	502,651	984,261	(49)
2	Prepaid costs and expenses	16,039	21,647	(26)
3	Deferred expenses	-	-	n.a.
				n.a.
	<b>TOTAL ASSETS</b>	<b>55,495,995</b>	<b>57,093,636</b>	<b>(3)</b>

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

	HUF thousand	30, June 2009	30, June 2008	Ch%
<b>D</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>40,788,484</b>	<b>40,269,293</b>	<b>1</b>
<b>I</b>	<b>SHARE CAPITAL</b>	<b>8,285,437</b>	<b>8,285,437</b>	<b>0</b>
	Of which: Treasury shares (at nominal value)	-	-	n.a.
<b>II</b>	<b>REGISTERED BUT UNPAID CAPITAL</b>	-	-	n.a.
<b>III</b>	<b>SHARE PREMIUM (CAPITAL RESERVE)</b>	7,138,139	7,138,139	0
<b>IV</b>	<b>RETAINED EARNINGS</b>	24,537,753	22,868,825	7
<b>V</b>	<b>COMMITTED RESERVES</b>	1,339,396	1,161,021	15
<b>VI</b>	<b>REVALUATION RESERVE</b>	-	-	n.a.
<b>VII</b>	<b>NET PROFIT FOR THE PERIOD</b>	-512,241	815,871	n.a.
<b>VIII</b>	<b>MINORITY INTEREST</b>	-	-	n.a.
<b>IX</b>		-	-	
<b>E</b>	<b>PROVISIONS</b>	<b>36,696</b>	<b>92,400</b>	<b>(60)</b>
<b>1</b>	Provisions for expected liabilities	36,696	92,400	(60)
<b>2</b>	Provisions for future expenses	-	-	n.a.
<b>3</b>	Other provisions	-	-	n.a.
<b>F</b>	<b>LIABILITIES</b>	<b>14,505,952</b>	<b>16,501,313</b>	<b>(12)</b>
<b>I</b>	<b>BACKLISTED LIABILITIES</b>	-	-	<b>n.a.</b>
<b>1</b>	Backlisted liabilities to related parties	-	-	n.a.
<b>2</b>	Backlisted liabilities to other investment	-	-	n.a.
<b>3</b>	Backlisted liabilities to third parties	-	-	n.a.
<b>II</b>	<b>LONG TERM LIABILITIES</b>	<b>11,854,864</b>	<b>13,354,132</b>	<b>(11)</b>
<b>1</b>	Long term loans	-	-	n.a.
<b>2</b>	Convertible bonds	-	-	n.a.
<b>3</b>	Liability from bond issue	-	-	n.a.
<b>4</b>	Capital investment and development loans	-	-	n.a.
<b>5</b>	Other long term loans	<b>11,854,864</b>	<b>13,354,132</b>	<b>(11)</b>
<b>5</b>	Long term liabilities within the Co.	-	-	n.a.
<b>6</b>	Long term liabilities to related parties	-	-	n.a.
<b>7</b>	Long term liabilities to other investments	-	-	n.a.
<b>8</b>	Other long term liability	-	-	n.a.
<b>III</b>	<b>SHORT TERM LIABILITIES</b>	<b>2,651,088</b>	<b>3,147,181</b>	<b>(16)</b>
<b>1</b>	Short term credits	-	-	n.a.
<b>2</b>	Short term loans	2,516,634	2,776,303	(9)
<b>3</b>	Advance payments from customers	4,064	4,064	0
<b>4</b>	Creditors, Suppliers	88,776	73,410	21
<b>5</b>	Bills of exchange	-	-	n.a.
<b>6</b>	Short term liabilities to related parties	357	105,689	(100)
<b>7</b>	Short term liabilities to other investments	-	-	n.a.
<b>8</b>	Other short term liabilities	41,257	187,715	(78)
<b>G</b>	<b>DEFERRALS</b>	<b>164,863</b>	<b>230,630</b>	<b>(29)</b>
<b>1</b>	Deferred revenues	-	-	n.a.
<b>2</b>	Deferred costs and expenses	164,112	228,492	(28)
<b>3</b>	Deferred income	751	2,138	(65)
		-	-	n.a.
	<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>55,495,995</b>	<b>57,093,636</b>	<b>(3)</b>

2009 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

	HUF thousand	H1 2009	H1 2008	Ch%
01.	<b>Net domestic sales revenue</b>	<b>1,231,904</b>	<b>1,594,491</b>	<b>-23</b>
02.	<b>Export sales revenue</b>	-	-	n.a.
<b>I.</b>	<b>Total net sales revenue</b>	<b>1,231,904</b>	<b>1,594,491</b>	<b>-23</b>
03.	Change in the stock of own prod.	-	-	n.a.
04.	Cap. value of assets of own prod.	-	-	n.a.
<b>II.</b>	<b>Cap. value of own production</b>	-	-	n.a.
<b>III.</b>	<b>Other income</b>	<b>1,109</b>	<b>121,493</b>	<b>-99</b>
	from this re-booked loss of value	-	-	n.a.
	from this re-booked provisions	-	-	n.a.
05.	Raw material costs	4,507	13,517	-67
06.	Value of services used	365,111	566,188	-36
07.	Other services	21,406	12,675	69
08.	Purchase price of goods sold	-	-	n.a.
09.	Value of sold services	67,574	30,426	122
<b>IV.</b>	<b>Material expenditures</b>	<b>458,598</b>	<b>622,806</b>	<b>-26</b>
10.	Salaries and wages	214,605	475,713	-55
11.	Other personnel payments	30,182	76,206	-60
12.	Taxes and contributions	74,033	164,221	-55
<b>V.</b>	<b>Total payroll &amp; related costs</b>	<b>318,820</b>	<b>716,140</b>	<b>-55</b>
<b>VI.</b>	<b>Depreciation</b>	<b>212,938</b>	<b>219,897</b>	<b>-3</b>
<b>VII.</b>	<b>Other expenditures</b>	<b>71,049</b>	<b>69,618</b>	<b>2</b>
<b>A.</b>	<b>Operating profit</b>	<b>171,608</b>	<b>87,523</b>	<b>-19</b>
13.	Dividend received	-	-	n.a.
14.	Capital gain on the sale of shares	-	521,000	n.a.
15.	Exchange gain of inv. fin. assets	-	-	n.a.
16.	Other interests received	130,661	181,358	-28
17.	Other financial income	137,900	1,296,356	-89
<b>VIII</b>	<b>Rev. from financial transact.</b>	<b>268,561</b>	<b>1,998,714</b>	<b>-87</b>
18.	Exchange loss of inv. fin. assets	-	521,000	n.a.
19.	Interests payable	404,566	512,180	-21
20.	Loss of value -securities, deposits	-	-	n.a.
21.	Other financial expences	539,650	223,332	142
<b>IX.</b>	<b>Expenditures of fin. transact.</b>	<b>944,216</b>	<b>1,256,512</b>	<b>-25</b>
<b>B.</b>	<b>Financial profit or loss</b>	<b>(675,655)</b>	<b>742,202</b>	<b>-191</b>
<b>C.</b>	<b>Profit from ordinary activities</b>	<b>(504,047)</b>	<b>829,725</b>	<b>-161</b>
<b>X.</b>	<b>Extraordinary income</b>	-	-	n.a.
<b>XI.</b>	<b>Extraordinary loss</b>	<b>8,194</b>	<b>13,854</b>	<b>-41</b>
<b>D.</b>	<b>Extraordinary profit or loss</b>	<b>(8,194)</b>	<b>(13,854)</b>	<b>-41</b>
<b>E.</b>	<b>Profit before tax</b>	<b>(512,241)</b>	<b>815,871</b>	<b>-163</b>
<b>XII.</b>	<b>Corporate tax payable</b>	-	-	n.a.
<b>F.</b>	<b>Profit after tax</b>	<b>(512,241)</b>	<b>815,871</b>	<b>-163</b>
22.	Dividend paid from profit reserve	-	-	n.a.
23.	Dividend payable/ Minority	-	-	n.a.
<b>G.</b>	<b>NET PROFIT FOR THE PERIOD</b>	<b>(512,241)</b>	<b>815,871</b>	<b>n.a.</b>