

2009 FIRST NINE MONTH AND THIRD QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

**HIGHLIGHTS**

**Operating profit continues ahead of 2008, as further cost cutting measures more than offset lower demand.**

Danubius Hotels Group (IFRS)	HUF million			EUR million <sup>1</sup>			HUF million			EUR million <sup>1</sup>		
	Q3	Q3	Ch	Q3	Q3	Ch	Q1-Q3	Q1-Q3	Ch	Q1-Q3	Q1-Q3	Ch
	2009	2008	%	2009	2008	%	2009	2008	%	2009	2008	%
Net sales revenues	13,178	13,887	(5)	48.1	58.2	(17)	34,178	35,896	(5)	120.4	144.9	(17)
EBITDA	3,546	3,326	7	12.7	13.6	(7)	5,723	4,976	15	20.2	20.1	0
Operating profit	2,418	2,193	10	8.5	8.8	(3)	2,340	1,539	52	8.2	6.2	33
Financial results	40	(793)	n.a.	0.0	(3.1)	n.a.	(1,183)	658	n.a.	(4.2)	2.7	n.a.
Profit/(Loss) before tax	2,458	1,377	79	8.6	5.6	52	1,157	2,089	45)	4.1	8.4	(52)
Operating cash flow	2,305	1,511	53	8.1	6.0	36	2,228	265	741	7.9	1.1	634
CAPEX	354	1,727	(80)	1.3	7.2	(81)	1,404	3,614	(61)	4.9	14.6	(66)
HUF/EUR	271.4	236.1	15			n.a.	283.8	247.7	15			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 nine month of 2009 total net sales **revenues** were HUF 34.2 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 nine month compared to Q1-Q3 2008 and in EUR terms there was a 17% decrease.
- Operating profit in Q1-Q3 2009 is up by 52% to HUF 2.3 billion from HUF 1.5 billion, due to the following:
  - **Hungarian** segment's revenue for Q1-Q3 2009 decreased by 11% to HUF 20.1 billion as the occupancy of hotels fell by 9.0% from 65.7% to 56.7%, while the operating result amounted to a profit of HUF 0.6 billion compared to HUF 0.5 billion as savings on payroll and other operating expenses more than compensated the effect of lower revenues.
  - **Czech** hotels contributed an operating profit of HUF 797 million in Q1-Q3 2009 compared to a profit of HUF 433 million in Q1-Q3 2008, due to both higher revenues and savings on operating expenses.
  - **Slovakian** segment's operating profit was HUF 668 million in Q1-Q3 2009 compared to a HUF 144 million profit in Q1-Q3 2008. Revenue in HUF terms increased by 8% to HUF 7.4 billion, mainly thanks to the significant EUR strengthening against HUF. Costs were kept tightly under control.
  - In Q1-Q3 2009 the total revenue of **Romanian** segment decreased by 13% to HUF 1.2 billion, therefore operating result was a profit of HUF 310 million, compared to profit of HUF 479 million.
- The **Financial** results in Q1-Q3 2009 was a loss of HUF 1.2 billion, compared to a profit of HUF 0.7 billion in Q1-Q3 2008 as, mainly due to forint depreciation against euro over the period, there was a HUF 128 million FX loss (mostly unrealised) on monetary assets and liabilities in Q1-Q3 2009 compared to a significant FX gain of HUF 1.7 billion in the first nine month of last year.
- **Profit before tax** in Q1-Q3 2009 was HUF 1.2 billion, compared to a profit of HUF 2.1 billion in Q1-Q3 2008.
- **Net cash provided in operating activities** in Q1-Q3 2009 was HUF 2.2 billion, a significant improvement compared to HUF 0.3 billion net cash provided in Q1-Q3 2008, due to working capital changes.
- **Capital expenditure** and investments during Q1-Q3 2009 amounted to HUF 1.4 billion compared to HUF 3.6 billion spending in Q1-Q3 2008.
- Group level average **headcount** in Q1-Q3 2009 was 4,869 compared to 5,419.

## FINANCIAL OVERVIEW

### Hungarian Segment

HUNGARY	HUF million			EUR million			HUF million			EUR million		
	Q3	Q3	Ch	Q3	Q3	Ch	Q1-Q3	Q1-Q3	Ch	Q1-Q3	Q1-Q3	Ch
	2009	2008	%	2009	2008	%	2009	2008	%	2009	2008	%
Net sales revenues	7,734	8,553	(10)	28.2	35.9	(21)	20,082	22,470	(11)	70.75	90.72	(22)
Operating profit	1,050	1,091	(4)	3.7	4.3	(16)	565	483	17	1.99	1.95	2
Financial results	47	(662)	n.a.	0.1	(2.6)	n.a.	(1,069)	259	n.a.	(3.76)	1.05	n.a.
Profit before tax	1,098	405	171	3.7	1.7	126	(503)	634	n.a.	(1.77)	2.56	n.a.
CAPEX	183	1,154	(84)	0.7	4.8	(85)	701	2,337	(69)	2.52	9.44	(70)

Total sales revenue and other operating income of Q1-Q3 2009 decreased by 11% to HUF 20.1 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 Q1-Q3 revenue compared to the same period of 2008. Hotel occupancy in Q1-Q3 2009 was 56.7% compared to 65.7% in Q1-Q3 2008, the occupancy of Budapest hotels decreased, by 11.8 percentage point.

Room revenue of Hungarian hotels decreased by 8% to HUF 10.7 billion compared to Q1-Q3 2008 due to the combined result of significant occupancy decrease and the increase of average room rate achieved (ARR) to HUF 13,314, higher by HUF 761 than the comparative figure. The average length of stay was 2,9 days in Q1-Q3 2009, remained at the same level of last year. The number of guest-nights during the first nine month of 2009 decreased to 1,353,607 from 1,524,779, out of which domestic guest-nights represents 23.3%, a considerable increase compared to Q1-Q3 2008 level of 19.4%. In the first nine month guests from almost all destinations decreased, guests from Great Britain and Germany decreased the most; more guests arrived from the domestic market and Slovakia and Ukraine. Room departmental profit for the first nine month decreased by HUF 536 million, down by 6% compared to Q1-Q3 2008.

Food and beverage revenue of hotels and restaurants for the first nine month of 2009 was HUF 5.8 billion, lower by 16% than comparative figure, as a direct result of lower occupancy and banqueting and the negative effect of VAT increase. In spite of the significant revenue drop Q1-Q3 2009 F&B departmental profit of our hotels fell by only HUF 121 million as due to the considerable decrease of payroll and cost of sale. Gundel's total revenue and income in Q1-Q3 2009 decreased by HUF 277 million, down by 24%, however its operational performance was weaker only by HUF 37 million than in Q1-Q3 2008 thanks to our cost cutting measures.

In Q1-Q3 2009 Spa revenue was HUF 948 million, down by only 3% compared to Q1-Q3 2008, due to the result of lower number of treatments sold. Spa departmental profit was able to increase by 25% as the decrease in payroll and other cost savings more than compensated the revenue drop.

Revenue from security services increased by HUF 87 million in Q1-Q3 2009 to HUF 611 million.

Due to the combined effect of inflation on materials, cost saving measures and the drop in occupancy first nine month raw material expenses decreased by 13% to HUF 4,052 million in our hotels. The value of services used in Q1-Q3 2009 decreased by 8% to HUF 4,027 million, within this energy cost felt by 3% to HUF 1,945 million and the amount spent on maintenance work at the hotels decreased by 22% to HUF 485 million. Personnel expenses of hotel operation in Q1-Q3 2009 were HUF 7,544 million, down by 15%.

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 increased to HUF 951 million from HUF 900 million in the first nine month of 2009. Primarily

2009 FIRST NINE MONTH AND THIRD QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

as the result of depreciation of HUF in Q1-Q3 2009 against EUR, in which the majority of our long-term borrowings are denominated, a HUF 196 million foreign exchange loss (mostly unrealised) was recognised in profit and loss, compared to a gain of HUF 984 million in Q1-Q3 2008, when HUF strengthened significantly against EUR.

Capital expenditure during Q1-Q3 2009 was HUF 701 million compared to HUF 2,337 million spent in Q1-Q3 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 0.5 billion in Q1-Q3 2009, compared to a profit of HUF 0.6 billion in Q1-Q3 2008.

**Czech Segment**

CZECH	HUF million			HUF million		
	Q3 2009	Q3 2008	Ch%	Q1-Q3 2009	Q1-Q3 2008	Ch%
Total revenue and income	2,093	1,911	10	5,474	5,149	6
Operating profit	529	380	39	797	433	84
Financial results	21	(69)	n.a.	31	125	(76)
Profit before tax	549	311	77	828	558	48
CAPEX	125	41	205	392	266	47
HUF/CZK average	10.60	9.80	8	10.66	9.98	7
CZK/EUR average	25.61	24.08	6	26.63	24.83	7

Total sales revenue and other operating income in HUF term increased by 6% to HUF 5,474 million in the first nine month of 2009, due to the weakening of Hungarian forint against the Czech crown over the period. Room revenue of Q1-Q3 2009 was HUF 2,997 million, up by 8%. In Q1-Q3 2009 Marienbad hotels' occupancy was 77.1% compared to 80.8%, however the average room rate achieved (ARR) in CZK term improved considerably to 1,721 from 1,557. The average length of stay was 9.3 days in Q1-Q3, remained at the same level of last year. As the result of temporary closures the number of guestnights in Q1-Q3 was 267,857 compared to 295,221, the significant drop in German and Russian quests is partly compensated by increasing number of guests arriving from the domestic market and certain former Soviet Union countries.

The amount of material expenses and services used in Q1-Q3 decreased by 2% to HUF 2,198 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 9% to HUF 438 million, while maintenance expenses decreased by 14% to HUF 295 million. Total personnel expenses in the first three quarter were HUF 1,556 million, up by only 2% compared to Q1-Q3 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 Q1-Q3 2009 was HUF 60 million compared to HUF 99 million. As the result of strengthening of CZK in Q1-Q3 2009 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 89 million foreign exchange gain was recognised in profit and loss, compared to a gain of HUF 220 million in Q1-Q3 2008.

Capital expenditure in Q1-Q3 2009 amounted to HUF 392 million, up by 47% compared to previous year's relative low level.

Overall, the profit before tax of Czech operations for Q1-Q3 2009 improved to HUF 828 million compared to HUF 558 million.

### Slovakian Segment

	HUF million			HUF million		
	Q3 2009	Q3 2008	Ch%	Q1-Q3 2009	Q1-Q3 2008	Ch%
SLOVAKIA						
Total revenue and income	2,717	2,640	3	7,416	6,885	8
Operating profit	534	310	72	668	144	365
Financial results	(28)	(66)	(58)	(126)	278	n.a.
Profit before tax	506	244	108	541	422	28
CAPEX	31	428	(93)	261	680	(62)
HUF/EUR	271,4	236,1	15	283,8	247,7	15
HUF/SKK average	-	7.79	n.a.	-	7.84	n.a.
SKK/EUR average	-	30.31	n.a.	-	31.58	n.a.

The functional currency of the Slovakian subsidiary is Euro as of 1 January 2009. Total sales revenue and other operating income in Q1-Q3 2009 grew by 8% to HUF 7,416 million, mainly due to the weaker forint against euro. Room revenue in EUR decreased by 8% in Q1-Q3 as the average room rate (ARR) increased to EUR 40.3 from EUR 38.5 while the occupancy decreased from 74.5% to 65.9%. The number of rooms sold decreased from 271,700 to 238,579 in Q1-Q3 2009. The number of guestnights in Q1-Q3 2009 was 386,911 compared to 449,495 in Q1-Q3 2008, the average length of stay in the first three quarter of 2009 was 10.5 days compared to 10.0 days last year.

In spite of the significant EUR strengthening against HUF the amount of material expenses and services used in Q1-Q3 2009 was HUF 2,469 million, down by 7%, within this, energy cost increased by 6% to HUF 618 million and maintenance expenses was HUF 135, the same as last year. Personnel expenses for Q1-Q3 2009 were HUF 2,714 million, an increase of 10% 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 Q1-Q3 2009 amounted to HUF 131 million, compared to HUF 210 million in Q1-Q3 2008. First nine month 2008 figure includes an FX gain of HUF 488 million on borrowings, current figures do not include such a difference as EUR is the functional currency.

Capital expenditure during the first three quarters of 2009 was HUF 261 million, including spending on heating and recirculation systems and refurbishments, compared to the HUF 680 million in Q1-Q3 2008.

Overall, the profit before tax of Slovakian operations for Q1-Q3 2009 improved to HUF 541 million, compared to HUF 422 million in Q1-Q3 2008

**Romanian Segment**

ROMANIA	HUF million			HUF million		
	Q3 2009	Q3 2008	Ch%	Q1-Q3 2009	Q1-Q3 2008	Ch%
Total revenue and income	634	783	(19)	1,207	1,392	(13)
Operating profit	305	410	(26)	310	479	(35)
Financial results	(0)	4	n.a.	(19)	(6)	237
Profit before tax	305	414	(26)	291	474	(38)
CAPEX	15	104	n.a.	50	331	(89)
HUF/RON average rate	64.21	65.99	(3)	67.09	68.06	(1)
RON/EUR average rate	4.23	3.58	18	4.23	3.64	16

Total sales revenue and other operating income for Q1-Q3 2009 decreased by 13% in HUF terms compared to the first nine month of last year. In Q1-Q3 2009 the occupancy was 58.1%, almost the same as last year, however the guest mix changed towards low payer pension guests, hence the average room rate (ARR) decreased from RON 120 to RON 111. Room departmental profitability in RON terms decreased by 9% in Q1-Q3 2009. The number of guests during the first nine month of 2009 decreased to 27,303 from 31,536 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 Q1-Q3 2009 was HUF 417 million compared to HUF 482 million last year. Within this, energy cost was HUF 103 million, down by 4% compared to Q1-Q3 2008.

Due to decrease of 3 months EURIBOR the interest expenses for Q1-Q3 2009 amounted to HUF 18 million compared to HUF 25 million in Q1-Q3 2008.

Capital expenditure during the first three quarter of 2009 was HUF 50 million, the majority of which relates to the reconstruction of the elevator system.

Being the result of the above the profit before tax of Romanian operations for Q1-Q3 2009 was HUF 291 million compared to a profit of HUF 474 million in Q1-Q3 2008.

### **Consolidated Balance Sheet**

Total consolidated asset value amounted to HUF 91.3 billion as of 30 September 2009, a 1% increase compared to the period end of first nine month 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 lower revenues and the positive effect of our debt collection activities.

The amount of property, plant and equipment was HUF 77.9 billion at the end of Q3 2009, 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. From August 2009 the 50% investment in Egészség-sziget Kft., our established associate to utilise the land acquired near Hotel Gellért became a fully consolidated subsidiary (before this date it was treated as an associate). CP Holdings purchased the remaining 50% shareholding in August 2009 and Danubius simultaneously entered into a put and call option agreement with a view to purchase this shareholding. The underlying purchase price paid by CP Holdings and the amount to be paid by Danubius under the option agreement is the same (EUR 1.7m). The option agreements provide for an option fee of EUR 100,000 and, if relevant, interest from August 2010.

Total liabilities at the end of the third quarter 2009 was HUF 37.1 billion, a 2% increase compared to 30 September 2008 due to the increase of bank loans and HUF weakening against EUR. The Group had EUR 95.1 million long-term loans as of 30 September 2009.

The value of shareholders' equity increased by 1% compared to 30 September 2008 being the combined effect of the after tax loss of HUF 1.9 billion of previous 12 months, the significant, HUF 2.0 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 provided by operating activities in the first nine month of 2009 was HUF 2,228 million, a significant improvement compared to HUF 265 million net cash provided in Q1-Q3 2008, due to the positive result of working capital changes. Capital expenditure in Q1-Q3 2009 was HUF 1,404 million, a 61% decrease compared to Q1-Q3 2008, reflecting our tight cash management program.

In August 2009, based on the original agreement, Danubius purchased the remaining 33.33% minority shareholding in Gundel Kft. from LL Partners, L.P. Considering this share purchase transaction, Danubius Hotels Nyrt. became the sole owner of Gundel Kft.

During the first three quarters of 2009 EUR 5.3 million loan has been drawn down, the majority of which was used to finance the Gundel acquisition, and EUR 6.8 million repayment of borrowings has taken place. Comparative figures include the loan received to finance the land acquisition near Hotel Gellért.

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

31 December 2008		30 September 2009	30 September 2008	Change %
<b>Assets</b>				
3,797	Cash and cash equivalents	4,104	2,909	41
1,913	Trade receivables	3,255	3,450	(6)
867	Inventory	759	779	(3)
351	Assets held for sale	351	341	3
1,652	Other receivables current assets	1,521	1,748	(13)
<b>8,580</b>	<b>Total current assets</b>	<b>9,990</b>	<b>9,227</b>	<b>8</b>
76,347	Property, plant and equipment	77,872	74,059	5
2,703	Intangible assets	3,124	2,586	21
-	Investments in associates	-	1,536	n.a.
2,108	Other non-current assets	83	2,171	(96)
524	Deferred tax assets	243	582	(58)
<b>81,682</b>	<b>Total non-current assets</b>	<b>81,322</b>	<b>80,934</b>	<b>0</b>
<b>90,262</b>	<b>Total assets</b>	<b>91,312</b>	<b>90,161</b>	<b>1</b>
<b>Liabilities and Shareholders' Equity</b>				
				n.a.
2,866	Trade accounts payable	1,656	2,253	(26)
640	Advance payments from guests	722	779	(7)
35	Income tax payable	7	74	(91)
3,249	Other payables and accruals	4,346	3,550	22
5,699	Interest-bearing loans and borrowings	5,161	5,961	(13)
445	Provisions	445	346	29
<b>12,934</b>	<b>Total current liabilities</b>	<b>12,337</b>	<b>12,963</b>	<b>(5)</b>
21,812	Interest-bearing loans and borrowings	22,446	18,985	18
-	Loan from related party	-	1,508	n.a.
1,351	Deferred tax liabilities	1,440	1,440	-
1235	Provisions	844	1,378	(39)
<b>24,398</b>	<b>Total non-current liabilities</b>	<b>24,730</b>	<b>23,311</b>	<b>6</b>
<b>37,332</b>	<b>Total liabilities</b>	<b>37,067</b>	<b>36,274</b>	<b>2</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	6,847	4,846	41
-	Fair valuation reserve	-	51	n.a.
30,023	Retained earnings	30,359	32,244	(6)
<b>50,613</b>	<b>Attributable to equity holders of the parent</b>	<b>51,764</b>	<b>51,699</b>	<b>0</b>
<b>2,317</b>	<b>Minority interests</b>	<b>2,481</b>	<b>2,188</b>	<b>13</b>
<b>52,930</b>	<b>Total shareholders' equity</b>	<b>54,245</b>	<b>53,887</b>	<b>1</b>
<b>90,262</b>	<b>Total liabilities and shareholders' equity</b>	<b>91,312</b>	<b>90,161</b>	<b>1</b>

2009 FIRST NINE MONTH AND THIRD QUARTER PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

	Q3 2009	Q3 2008	Ch %	Q1-3 2009	Q1-3 2008	Ch %
Room revenue	7,062	7,251	(3)	16,907	17,415	(3)
Food and beverage revenue	3,633	4,098	(11)	10,017	11,411	(12)
Spa revenue	1,551	1,396	11	4,635	4,362	6
Other departmental revenue	630	659	(4)	1,645	1,675	(2)
Revenue from wineries	29	52	(44)	101	113	(11)
Revenue from security services	224	177	27	611	524	17
Other income	49	254	(81)	262	396	(34)
<b>Total operating revenue and other income</b>	<b>13,178</b>	<b>13,887</b>	<b>(5)</b>	<b>34,178</b>	<b>35,896</b>	<b>(5)</b>
Cost of goods purchased for resale	123	65	89	329	194	70
Raw material costs	2,407	2,773	(13)	7,002	7,894	(11)
Services used	2,329	2,440	(5)	6,802	7,353	(7)
<b>Material expenses and services used</b>	<b>4,859</b>	<b>5,278</b>	<b>(8)</b>	<b>14,133</b>	<b>15,441</b>	<b>(8)</b>
Wages and salaries	2,938	3,199	(8)	8,821	9,454	(7)
Other personnel expenses	293	375	(22)	892	1,051	(15)
Taxes and contributions	944	1,112	(15)	2,948	3,252	(9)
<b>Personnel expenses</b>	<b>4,175</b>	<b>4,686</b>	<b>(11)</b>	<b>12,661</b>	<b>13,757</b>	<b>(8)</b>
Depreciation and amortisation	1,128	1,133	(0)	3,383	3,437	(2)
Other expenses	596	592	1	1,646	1,720	(4)
Changes in inventories of finished goods and work in progress	9	14	(36)	37	31	19
Work performed by the entity and capitalised	(7)	(9)	(22)	,(22)	,(29)	(24)
<b>Total operating expenses</b>	<b>10,760</b>	<b>11,694</b>	<b>(8)</b>	<b>31,838</b>	<b>34,357</b>	<b>(7)</b>
<b>Profit/(loss) from operations</b>	<b>2,418</b>	<b>2,193</b>	<b>10</b>	<b>2,340</b>	<b>1,539</b>	<b>52</b>
Interest income	16	67	(76)	105	187	(44)
Interest expense	(430)	(409)	5	(1,160)	(1,234)	(6)
Foreign currency gain/(loss)	454	(451)	n.a.	(128)	1,705	n.a.
<b>Financial Income/(loss)</b>	<b>40</b>	<b>(793)</b>	<b>n.a.</b>	<b>(1,183)</b>	<b>658</b>	<b>n.a.</b>
Share of loss of associates	-	(23)	n.a.	-	(108)	n.a.
<b>Profit/(loss) before tax</b>	<b>2,458</b>	<b>1,377</b>	<b>79</b>	<b>1,157</b>	<b>2,089</b>	<b>(45)</b>

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

	Q3 2009	Q3 2008	Ch %	Q1-3 2009	Q1-3 2008	Ch %
<b>Profit/(loss) from operations</b>	<b>2,418</b>	<b>2,193</b>	<b>10</b>	<b>2,340</b>	<b>1,539</b>	<b>52</b>
Depreciation and amortisation	1,128	1,133	(0)	3,383	3,437	(2)
Gain on sale of fixed assets	2	(120)	n.a.	(91)	(151)	(40)
Change of provisions	(112)	22	n.a.	(391)	80	(589)
Write off of receivables	-	10	n.a.	11	10	10
<i>Changes in working capital</i>						
<i>(Increase)/decrease of accounts receivable and current assets</i>	<i>(1,124)</i>	<i>(828)</i>	<i>36</i>	<i>(1,841)</i>	<i>(3,462)</i>	<i>(47)</i>
<i>(Increase)/decrease of inventory</i>	<i>25</i>	<i>53</i>	<i>(53)</i>	<i>108</i>	<i>80</i>	<i>35</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>316</i>	<i>(542)</i>	<i>n.a.</i>	<i>(198)</i>	<i>315</i>	<i>n.a.</i>
Interest paid	(410)	(381)	8	(1,091)	(1,173)	(7)
Income tax paid	62	(29)	n.a.	(2)	(410)	(100)
<b>Net cash provided by operating activities</b>	<b>2,305</b>	<b>1,511</b>	<b>53</b>	<b>2,228</b>	<b>265</b>	<b>741</b>
Purchase of property, plant and equipment and intangibles	(354)	(1,727)	(80)	(1,404)	(3,614)	(61)
Interest received	16	67	(76)	105	187	(44)
Proceeds on sale of property, plant and equipment	(2)	191	n.a.	94	227	(59)
Cash paid on acquisition	1,274	-	n.a.	1,274	-	n.a.
<b>Net cash used in investing activities</b>	<b>(1,614)</b>	<b>(1,469)</b>	<b>10</b>	<b>(2,479)</b>	<b>(3,200)</b>	<b>(23)</b>
Receipt of long-term bank loans	1,287	1,216	6	1,499	3,282	(54)
Repayment of long-term bank loans	(739)	(595)	24	(1,909)	(1,665)	15
<b>Net cash provided/ (used) by financing activities</b>	<b>548</b>	<b>621</b>	<b>(12)</b>	<b>(410)</b>	<b>1,617</b>	<b>(125)</b>
Net increase (decrease) in cash held	1,239	663	87	(661)	(1,318)	(50)
Cash at the beginning of the financial year, net <sup>1</sup>	1,271	(72)	(1 865)	3,171	1,909	66
<b>Cash and cash equivalents at the end of the period, net<sup>1</sup></b>	<b>2,510</b>	<b>591</b>	<b>325</b>	<b>2,510</b>	<b>591</b>	<b>325</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-Q3 2009 there were no significant organisational changes within the Group.

Shareholder <sup>1</sup>	Period end of				
	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
CP Holdings and its investments <sup>2</sup>	74.12%	74.52%	74.52%	75.60%	76.41%
<i>Of which:</i>					
<i>CP Holdings Ltd.</i>	37.16%	37.55%	37.55%	37.94%	37.94%
<i>Interaq Zrt.</i>	30.85%	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%	11.74%	11.58%	11.69%	11.77%
Domestic financial investors	6.52%	6.22%	6.51%	5.25%	4.44%
Domestic individuals	2.68%	2.81%	2.68%	2.75%	2.67%
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 76.41% ownership of CP Holdings and its investments results a 80.03% combined direct interest in Danubius Hotels Nyrt. and includes the shares held by Sir Bernard Schreier, the Chairman of CP Holdings and shares held by 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