

**FLASH REPORT  
on the activities of Danubius Hotels Nyrt. in 2006**

**Introduction – improvement in operating profit and profit before tax**

The Danubius Group produced HUF 47.3 billion revenue at consolidated level in 2006, exceeding the figure of the previous year by 11%. This was achieved with group level average rates of HUF 12,172 and group level occupancy of 67.7% which indicates that in line with our targets the company has raised the average rates (+16%) accompanied only by a moderate set back in occupancy (-2.2%). The HUF 2.8 billion operating profit shows 21% improvement.

The changes in the exchange rates had a significant impact on the group performance. On the one hand, the weakening of the forint against the euro had a positive effect on our Hungarian revenues – owing to offering rates in Euro –: the monthly average rates fluctuated significantly but showed weakening of the forint all along the year (1–13% against the euro). At the same time in case of the foreign subsidiaries the local currencies strengthened against the Euro. On the other hand, due to the consolidation of the foreign subsidiaries in forint the weakening of the forint compared to the local currencies influenced our profits.

Besides this, the year-end exchange rate applied when revaluating the loans did not deviate significantly from the previous year's, meaning that the accounted exchange rate difference shows HUF 157 million profit in 2006.

The consolidated profit before tax was HUF 1.8 billion in 2006, surpassing the previous year by 60% (+HUF 676 million). This is better than the 2005 result by HUF 140 million (+9.3%) even without the exchange rate differences.

Business in the Hungarian subsidiaries representing the majority shares in the group was hit by several unfavourable outside effects in the second half of the year. The news of the Budapest riots at the end of September and in October had a very detrimental effect on the country and hit tourism badly. Moreover, the new government programme introduced from September 2006 also adversely affected results. The increase of the VAT from 15% to 20% in prices of room-, food-, and certain health spa services caused 5% loss regarding our offered prices and contracted partners. The solidarity tax, the expected minimum tax and the changes in the taxes on contribution in kind as well as the increase of gas and electricity prices also burdened the company significantly.



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### Changes within the Danubius Group

There were no changes in the companies consolidated in the Danubius group in the year 2006.

In November 2005 Danubius Group acquired 1.75% shares of Smrdaky Local Government held in Slovenské Liečebné Kúpele Piestany a.s., and with that the share of the group increased to 89.96%. In December the Group increased its share in Preventív-Security Zrt., the company responsible for the security of the Hungarian hotels from 32.75% to 78.60% so this firm is consolidated from the end of December 2005, the effect of which is highlighted in our report.

The number of affiliated companies increased in August 2005 with CP Regents Park Two Limited in which Danubius acquired 25% interest and concluded a cooperation package agreement with its major shareholder CP Holdings Ltd. concerning Danubius Hotel Regents Park, London. The 2006 report already shows the balance of related management fee revenues and financial expenditures.

In the management of the company the following change took place: Sándor Betegh, former CEO retired on 1 March 2006 and was succeeded by Dr. Imre Deák. There was no change in the members of the Board, as the members with mandates expiring in 2006 have all been re-elected by the AGM for another five years.

In a recently announced new strategy the company has listed the hotels of Danubius into new brands as of 1 July 2006. Hotels with a health spa profile belong to Danubius Health Spa Resort while city hotels of a higher category are listed under the Danubius Hotels brand. Those in special historical buildings are also in a sub-brand called Classic Collection. The Member of Danubius Hotels Group category includes all other hotels belonging to the group and the internationally branded properties.

### Performance of major subsidiaries

According to the Hungarian national statistical data the number of hotel guest nights went down by 1.5%, this is made up of the 9.5% increase in domestic demand and the 8.2% decrease in foreign demand. The decrease in the number of German and British guest nights (-17% and -13%) was significant at national level as well as the growth in Russian and American guest nights (+30% and +5%). The occupancy achieved in the Danubius hotels continues to exceed the national average (65.1% against the national average of 47.5%) though this discrepancy can be attributed partly to the difference in portfolio. The changes of the occupancy in the four star segment were in line with the national trends, while in case of the five star Danubius hotels it was better and looking at the three star hotels it was worse as opposed to the national level. Danubius managed to raise its average rates to a greater extent (+19%) compared to the consumer price index of the industry issued by the Central Statistical Office (which is 106.1% related to accommodation services).

**Hungarian hotels of Danubius Group** achieved 65.1% occupancy in 2006, 4% lower than the previous year. The average rate was HUF 13,471, 19% higher compared to last year. The significant weakening of the forint had a positive effect on average rates, however, average rates calculated in EUR also increased a lot (by approx. 12%). Average spending also went up: calculated in HUF by 13%, while in EUR exceeding 5%.



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The number of foreign guest nights dropped by 7%. The number of guest nights from the major sending countries - with the exception of the USA – showed a decrease: Germany –19%, Great Britain –17%, Italy –14%. The domestic stays went up by more than 5%.

The total revenue of Hungarian hotels was HUF 29.1 billion, showing an increase of 6%. This could be attributed to the significant increase of room revenues, unchanged F&B revenues and a moderate decrease of health spa and other income. Departmental costs went up by 4% while general costs by 7%. The increase of energy costs (+12%, meaning an additional cost of HUF 225 million) can be made responsible for 43% of the increase of general costs.

The gross operating profit (GOP) of Hungarian hotels went up by 8.2% to HUF 8.2 billion as opposed to 2005. This means that 38% of revenue surplus was realised as profit.

The Budapest hotels delivered an outstanding performance in 2005 in terms of volumes, however, this could not be repeated in 2006. The number of guest nights decreased by 8%, with Great Britain, Germany, Italy, Spain and Japan, making up almost half of this volume, dropping by 16%. From among the sending countries, demand for Budapest rose only from the USA (by 8%). These produced a 4.4% decrease in the occupancy of the Budapest hotels. The company managed to raise average rates in this market by 18%, which shows an increase exceeding 10% even in EUR. The revenue of the Budapest hotels was up by 6% while GOP indicates 7.3% surplus.

In the country spa hotels the number of German and Austrian traditional spa guests continued to go down, however, domestic demand increased significantly (+16%), but this could unfortunately only compensate half of the traditional health spa turnover. So occupancy went down by 4%, but the company achieved almost 19% average rate increase compared to 2005. Alongside 3.7% increase of revenues, GOP went up by 2%.

**Czech hotels** achieved 76% occupancy in 2006, 4.8% lower compared to the previous year. The decrease was owing to the set back in German and domestic guest nights, which could not be compensated by the increase in Russian and Israeli demand. The average rates calculated in forint were HUF 16,064 in 2006, exceeding last year's by 8.8%. The Czech hotels contributed to the group performance by HUF 6.13 billion revenue and HUF 2.2 billion GOP.

The evaluation of the Czech hotels in forint is largely distorted by changes in the exchange rates: as compared to last year the HUF significantly weakened against the Czech crown (7.1%), the items calculated in forint show a more favourable picture in respect of revenues. The revenues indicated in CzK – with the exception of F&B – went down by a total 2% compared to 2005, while operating and general costs both went up (by 3% and 6%) making GOP 12% lower than in the previous year.

In the **Slovakian hotels** the ongoing decrease in the number of German guest nights continued too (-14% compared to 2005). Upturn in domestic, Czech and Israeli demand could not balance, even together, the set back in the number of German guest nights. The total number of guest nights, however, remained the same. The performance of the Slovakian subsidiary was influenced partly by the fact that the Thermia Palace was closed during the entire year due to reconstruction works, partly because the evaluation in local currency and in forint shows a significant difference here too (the forint weakened against the Slovakian crown by 6.3%).



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Occupancy went up by 4.1% to 76.8% and the average rate calculated in forint increased by 11% (to HUF 6,731). The Slovakian hotels contributed to the revenues by HUF 7.1 billion and increased group GOP by HUF 1.6 billion.

Revenues indicated in Slovakian crowns increased the most in the health spa area, revenues from room sales also increased while F&B was lagging behind the previous year. This means – in local currency – a 3% increase in revenues. The costs were lower by 7% – alongside decreasing departmental costs and increasing general costs – compared to 2005, which means that in Slovakian crowns 60% more GOP was produced compared to a year earlier.

Evaluating the **Romanian hotels**, the difference in the statements made in forint and local currencies have to be taken into consideration here too, since the forint weakened against the Romanian lei by 9.1%.

The changes in demand are indicated by the fact that while the number of German guest nights dropped to its half and those of Hungarian guests went up only moderately, domestic and Moldavian guest nights increased to a large extent (+15% and +40%). The total number of guest nights was up by 11%, producing 54.4% occupancy in 2006, 5.6% more compared to the previous year. This could be achieved by HUF 6,692 average rate (+21%). The contribution of the Romanian hotels to group revenues was HUF 1,3 billion, and HUF 504 m to the GOP. Revenues shown in local currency went up in all departments – in the health spa department to the greatest extent. Costs were controlled and the Sovata hotels achieved a GOP exceeding that of 2005 by 33%.

### **Consolidated Balance Sheet**

Total consolidated asset value amounted to HUF 85.3 billion as of 31 December 2006, HUF 6.1 billion higher compared to the end of previous period. The asset value of the first consolidated Preventív Security Zrt. and its subsidiaries was HUF 373 million at the end of the period.

Non-current assets reflect the reclassification of certain assets now held for sale. In spite of the upswing of turnover, current assets increased only by HUF 330 million, excluding the effect of reclassification. Accounts receivable increased slightly by 3.3% that is well below the 10.6% increase of total revenue while cash and cash equivalents are 31% higher compared to the end of last year, mainly reflecting the effect of our year-end debt collection programme.

The amount of Property, plant and equipment increased by HUF 5.2 billion during the reported year in line with the sum of capitalised investments less amortisation. The investments in associated companies, amounted to HUF 1,705 million show the historic cost adjusted by share of earnings of the investment in CP Regents Park Two Ltd.

Total liabilities increased by HUF 3.1 billion, which is caused entirely by the increase of short-term liabilities. The amount of trade creditors went up by HUF 901 million due to an upswing in turnover and the construction in progress, as well as the consolidation of Preventív Group (HUF 121 million). The HUF 959 million increase in other payables and accruals includes HUF 350 million deferred revenue in respect of the sale of Hotel Esztergom, the growth of tax payment obligations (the larger part of which is owing to the increase of the VAT from 15 to 20% related to hotel and spa services as well as food turnover) and the increase of the



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liabilities of the Czech and Slovakian subsidiaries partly owing to the changes in the exchange rates.

The Group had EUR 80.5 million and GBP 5.1 million long-term loan on 31 December 2006. The GBP loan, borrowed from related parties and shown in a separate line, was spent on the financing of the share purchase in London. The long-term loans decreased by EUR 3.9 million in the last quarter due to the EUR 7.1 million repayments made, of which EUR 6.7 million was provided by the Hungarian entities, and the EUR 3.2 million new borrowings drawn down by the Slovakian company to finance the construction of Thermia Palace. Even though the EUR/HUF exchange rate has fluctuated extremely over the year, the year-end FX rate did not deviate significantly compared with the prior year.

The value of shareholders' equity went up by HUF 3.0 billion as the result of the HUF 1,450 million increase of translation reserve due to the significant exchange rate fluctuations between the Hungarian forint, the Czech and Slovak crown and the Romanian lei and net after tax profit retained to the business. The parent company mitigates its interest exposure by means of hedging instruments the effect of which is included in the fair valuation reserve in accordance with IAS 39.

### **Consolidated Statement of Income**

Starting from 2006 companies not pursuing hotel operation activities represent a larger proportion in the consolidation and for this reason costs are shown in the statement of income in a new structure by cost types. In order to allow for comparison with the previous period, we publish the figures of the Q1-Q4 2005 already in this structure, and show the differences in the chart below:

January to December 2005

	By place of cost structure	By type of cost structure
Cost of room sales	4,114	
Cost of food and beverage sales	10,319	
Cost of spa sales	2,254	
Cost of other minor department sales	2,837	
Administrative and general costs	15,328	
Other expenses	1,321	1,672
Depreciation	4,324	4,324
Material expenses and services used		18,523
Personnel expenses		16,065
Change in inventories of finished goods and work in progress		(50)
Work performed by the entity and capitalised		(37)
Total operating expenses	40,497	40,497

Last year other expenses showed exclusively taxes and loss of value of doubtful debts, while the year under review includes other items as well. The majority of the difference is caused by the fact that the Slovakian company has indicated earlier the non-refundable VAT by departmental units, however, the present report shows all the taxes among other expenses.

The revenues and costs of foreign subsidiaries are reported in forint but owing to the already mentioned – in certain cases significant – exchange rate movements this may deviate largely from the evaluation in their own currencies.



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The involvement of Preventív Security Zrt. and its subsidiaries into the consolidation resulted in HUF 1,030 million surplus revenue and the total costs and expenses also increased. At profit before tax level it contributed to the performance of the group by a total of HUF 67 million.

Although the favourable trends experienced in the first three quarter stopped mainly due to the strengthening of HUF against EUR and the potential market damages caused by the political situation, the full year revenue exceeded last year's figures by 10.6%. In spite of the 10% increase of total operating expenses this revenue increase contributed to a 20.9% operating profit increase.

Danubius Group recognised HUF 47.3 billion revenue in the period between January - December 2006. This exceeds the prior year's figure by 4.5 billion (10.6%). This growth includes the first consolidated Preventív data as well as the net profit from the sale of the Gösser Brasserie in Keszthely (HUF 195 million) shown on the other revenues row. During the whole year the weak forint had a positive effect on the increase of revenues, on the one hand owing to the direct impact on average rates, on the other hand because this region (especially Hungary) became cheaper for foreign travellers.

The HUF consolidated revenues of major departmental units increased. Revenue on room sales went up the most by 11.8%, which in Forint terms increased, in respect of all geographical markets. F&B revenue at consolidated level was up only by 1.4% compared to last year owing to an increase reported from the Czech and Romanian subsidiaries parallel to Hungarian stagnation and Slovakian fall back. Spa revenues were not favourable in the Hungarian hotels that are still strongly dependent on the German market but went up substantially in Piestany and Sovata. The HUF 329 million increase of other revenues is due to the one off item of the net profit from the already mentioned sale of the Gösser Brasserie and a HUF 162 million reversal of Piestany legal provision.

Total costs and expenses at consolidated level were up by HUF 4.0 billion (10%) compared to the similar period last year that is, excluding Preventív Group's first consolidation effect of HUF 960 million, well below the increase of revenue. The value of material type expenditures was above the previous period by approx. HUF 1.7 billion, an increase of 8.9%, of which HUF 432 million was attributed to the increase of energy costs in Forint terms. The average increase of personnel type expenditures was 8.2% at group level, of which only 5.9% increase belongs to the Hungarian operation, while a significant increase was experienced in the Slovakian and Czech companies. Simultaneously, the group average headcount was reduced by 2% to 5 506 employees by the end of 2006. Other expenditures increased by HUF 773 million mainly due to the increase of revenue proportionate – mostly local – taxes. The amount of Depreciation, amortisation and impairment exceeded the previous year figure by 6.5% due to the extensive capital expenditure projects in the Czech and Slovakian subsidiaries.

The group achieved an operating profit of HUF 2.8 billion in the year ended 31 December 2006, 20.9% higher (HUF 478 million) year to date. The Romanian subsidiary reported an outstanding increase (HUF 181 million operative profit against last year's HUF 4 million operative loss), the Hungarian operation also produced above the average increase.



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In terms of geographical segment ratios there were no significant changes in HUF revenues compared to the previous year, however the Hungarian and Romanian companies produce a greater proportion of operating profit:

Q1-Q4 2006 data	Revenues	Operating profit
Hungarian companies	68.8%	78.6%
Czech companies	13.2%	16.6%
Slovakian company	15.3%	-1.7%
Romanian company	2.7%	6.5%
Total	100.0%	100.0%

Profit before tax shows a less favourable picture than the operating profit, although the HUF 1.32 billion foreign exchange rate loss (the majority of which was unrealised) recognised in the first three quarter flash report disappeared by the end of December and turned to FX gain of HUF 157 million. The interest expenses increased by HUF 261 million to HUF 1,104 million, mainly due to the higher amount of average outstanding Loan and increase of EURIBOR prime rate.

Based on the above the consolidated profit before tax was HUF 1.8 billion in 2006 compared to last year's HUF 1.1 billion.

### Reconstruction works, renewals

In 2006 the company spent a total of HUF 2.31 billion on reconstruction works in our **Hungarian hotels**. We continued the already launched room refurbishments and paid special attention to investments aiming at streamlining the use of energy as well as the security technical and fire protection developments observing the changes of the mandatory stipulations. In addition we focused on technical planning works establishing the development concepts of the future.

In Danubius Hotel Astoria, the refurbishment of the room levels in the historical wing was completed. The reconstruction of the Café Mirror restaurant and the main kitchen was carried out, and the floodlight illuminating the entire historical wing was also completed. With the lobby and entrance renewal project starting in the near future, the three-year complete reconstruction project of the hotel will come to an end.

In Hotel Budapest we have refurbished the rooms and apartments on two hotel levels and installed new fire alarm system in the common areas, simultaneously to which the chimneys have been renewed and a new water softener system installed.

A new restaurant was built in Best Western Hotel Hungaria by connecting the former restaurant and brasserie, which – in addition to the newly introduced buffet breakfast choice – assures a more effective serving of breakfast for hotel guests. The partial refurbishment of one room level has already been completed and the fire alarm system has been extended.

In Hotel Stadion the reconstruction of the function room level was completed and the guest elevators were renewed. Through the renewal of the five conference rooms and connecting common areas new possibilities were opened up for the hotel in organising events. The swimming pool was fitted with equipment designed to provide currents for swimming and the sauna was replaced.

The overall refurbishment of 45 rooms on the second guest floor was completed in DHSR Helia and a water softening equipment servicing the entire building was installed.



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The lobby and the Ybl room in Danubius Grand Hotel Margitsziget were rearranged and modernised: the front office desk and the marble floor were renewed and the lights were replaced. The main terrace on the first floor was equally redone.

In DHSR Bük we continued to renew the health spa department (including the periodic replacement of the thermal pool covers and the thermal water distant pipe) and to partially refurbish 40 rooms and bathrooms on the second floor. We have improved the sound system in the conference rooms and we replaced the furniture and carpets in the lobby.

In DHSR Sárvár the rearranging of the spa department and renewing the massage and mud treatment areas were completed and a new state-of-the-art fitness centre was created.

“All inclusive” services were on offer in Hotel Marina in Balatonfüred in this year’s main season, which required the transformation and renewal of the F&B units and the installation of electric guest check in and control system.

Refurbishment of 12 guest rooms started on the first floor of Hotel Palatinus in Pécs.

The major capital expenditure of the year 2006 in **Marienbad** was carried out in Centralní Lázně: the reconstruction and refurbishment of 107 rooms, the restaurants, kitchen and balneo area together with the renovation of the façade. In Hotel Svoboda 14 new room units were built in addition to the refurbishment of 21 guest rooms. The preparation of the swimming pool project in Hotel Hvezda is in process. The documentations for the refurbishment of Hotel King Edward (presently out of use) and the corridor between the Centralní Lázně and Nové Lázně are ready and were handed in to the authorities for approval. Roof repairs on the main Kolonada and energy saving projects were also carried out and the Arnika area was upgraded into a garden landscape. The company spent a total of CzK 204 million (HUF 1.90 billion) on reconstruction and renewal works in 2006.

In **Piestany and Smrdaky** SKK 543 million (HUF 3.86 billion) was spent on reconstructions and refurbishments in 2006, mainly on works carried out on the Thermia Palace and the Irma Health Spa. The hotel was opened in December under the name Danubius Health Spa Resort Thermia Palace, the third five star spa hotel in the Danubius group and the very first one in Slovakia. The connected Irma bath was also completed.

In **Sovata** a fitness room was built in the health spa department in Hotel Sovata. The buffet on the Medve Lake beach was rebuilt and the connecting changing cabins were renewed. We also started changing the roof on the lake spa pavilion. The renewal of the guest elevators in Hotel Bradet was completed.

The increasing performance of the Romanian subsidiary enhances the chance of continuing the reconstruction programme, therefore we started to elaborate the mid-term development plans.

The refurbishment of 87 rooms and bathrooms was launched in the **London based Danubius Hotel Regents Park**.

### **Ownership structure and Stock Exchange trading**

On 31<sup>st</sup> December 2006, 53.401% of the subscribed capital made up of 8 285 437 ordinary shares is owned by domestic and foreign investments of CP Holdings Ltd., of which shares over 5% are owned by Interag Zrt. (29.378%), CP Holdings Ltd. (17.907%) and Israel Tractors (6.116%).

The mandatory joint public offer submitted by CP Holdings Ltd., Israel Tractors and Equipment Co. Ltd. and Interag Holding Zrt. (the „Bidders”) on 8 August 2006 was closed on 4 October 2006. The Bidders have become, in the course of the public purchase offer, owners of 448 pcs of shares representing 0.0054% of the registered capital of Danubius Hotel and Spa Public Limited Company, as a result of which have 53.401% control of the company.

Foreign financial investors own a further 32.76% of the shares of which ownership of the Citibank and Deutsche Bank custodians exceeds 5% (representing 5.57% and 6.70%). The shares of the employees of the company represent 0.24%, and the company continues to own 4.52% own shares. Domestic private persons, institutions and pension funds own 9.08% of the equities.

A total of 6 325 deals were made for 1 502 821 shares of Danubius Hotels Nyrt. to the tune of HUF 8.99 billion in 2006 producing an average share price of 5 980 HUF/share, alongside 5 000 HUF/share minimum and 6 990 HUF/share maximum price. The rate value was 84% higher compared to the previous year. The major part of the growth (78%) is owing to the 65% increase in the number of pieces while the lesser part (22%) to the 11% increase of rates.

### **Post quarter events**

Looking at our investments in Slovakia the company performed the obligation for reconstruction to the tune of SKK 700 million due till 31 December 2006 undertaken in the privatisation contract signed at the time of the acquisition of SLKP. The process of submitting the necessary documentation to the Slovakian Privatisation and Asset Management Agency was started and the guarantee registered at the time of undertaking the above obligation is expected to be cancelled in 2007.



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**Danubius Hotels Nyrt. – Consolidated Balance Sheet (IFRS, un-audited)  
31 Dec 2006**

<b>Assets</b> <b>HUF 000 000</b>	<b>2005</b> <b>31st Dec</b>	<b>2006</b> <b>31st Dec</b>	<b>Index</b> <b>%</b>
Cash and cash equivalents	2 363	3 087	130.6%
Accounts receivable	1 889	1 951	103.3%
Other receivables and prepayments	1 489	1 158	77.8%
Income tax receivables	189	104	55.0%
Inventory	884	844	95.5%
Assets held for sale		735	
<b>Total current assets</b>	<b>6 814</b>	<b>7 879</b>	<b>115.6%</b>
Property, plant and equipment	67 687	72 880	107.7%
Intangibles	2 111	2 176	103.1%
Investments in associates	1 763	1 705	96.7%
Other non-current assets	235	90	38.3%
Deferred tax assets	554	541	97.7%
<b>Total non-current assets</b>	<b>72 350</b>	<b>77 392</b>	<b>107.0%</b>
<b>Total assets</b>	<b>79 164</b>	<b>85 271</b>	<b>107.7%</b>

<b>Liabilities and Shareholders' Equity</b> <b>HUF 000 000</b>	<b>2005</b> <b>31st Dec</b>	<b>2006</b> <b>31st Dec</b>	<b>Index</b> <b>%</b>
Trade creditors payable	2 327	3 228	138.7%
Advanced payments from guests	433	518	119.6%
Income tax payable	215	61	28.4%
Other payables and accruals	2 716	3 675	135.3%
Interest-bearing loans and borrowings	2 769	4 142	149.6%
Provision	840	801	95.4%
<b>Total current liabilities</b>	<b>9 300</b>	<b>12 425</b>	<b>133.6%</b>
Interest-bearing loans and borrowings	17 609	17 475	99.2%
Loan from related party	1 828	1 866	102.1%
Deferred tax liabilities	1 524	1 560	102.4%
<b>Total long-term liabilities</b>	<b>20 961</b>	<b>20 901</b>	<b>99.7%</b>
<b>Total liabilities</b>	<b>30 261</b>	<b>33 326</b>	<b>110.1%</b>
Share capital	8 285	8 285	100.0%
Capital reserve	7 435	7 435	100.0%
Treasury shares	(1 162)	(1 162)	100.0%
Translation reserve	2 400	3 850	160.4%
Fair valuation reserve		8	
Retained earnings	29 134	30 678	105.3%
<b>Equity excluding minority interest</b>	<b>46 092</b>	<b>49 094</b>	<b>106.5%</b>
<b>Minority interest</b>	<b>2 811</b>	<b>2 851</b>	<b>101.4%</b>
<b>Total shareholders' equity</b>	<b>48 903</b>	<b>51 945</b>	<b>106.2%</b>
<b>Total liabilities and shareholders' equity</b>	<b>79 164</b>	<b>85 271</b>	<b>107.7%</b>



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**Danubius Hotels Nyrt. – Consolidated statement of income (IFRS, un-audited)  
Year 2006**

<b>HUF 000 000</b>	<b>2005</b>	<b>2006</b>	<b>Index %</b>
Room revenue	20 462	22 885	111.8%
Food and beverage revenue	14 371	14 571	101.4%
Spa revenue	5 242	5 890	112.4%
Other departmental revenues	2 279	2 217	97.3%
Wineries	175	163	93.1%
Security services	-	1 008	
Other revenues	256	585	228.5%
<b>Total operational revenue</b>	<b>42 785</b>	<b>47 319</b>	<b>110.6%</b>
Cost of goods purchased for resale	202	217	107.4%
Raw material costs	8 834	9 595	108.6%
Services used	9 487	10 368	109.3%
<b>Material expenses and services used</b>	<b>18 523</b>	<b>20 180</b>	<b>108.9%</b>
Wages and salaries	10 980	11 880	108.2%
Other personnel expenses	1 226	1 348	110.0%
Taxes and contributions	3 859	4 161	107.8%
<b>Personnel expenses</b>	<b>16 065</b>	<b>17 389</b>	<b>108.2%</b>
Depreciation, amortisation and impairment	4 324	4 603	106.5%
Other expenses	1 672	2 445	146.2%
Changes in inventories of finished goods and work in progress	(50)	(5)	10.0%
Work performed by the entity and capitalised	(37)	(59)	159.5%
<b>Total operating expenses</b>	<b>40 497</b>	<b>44 553</b>	<b>110.0%</b>
<b>Profit from operations</b>	<b>2 288</b>	<b>2 766</b>	<b>120.9%</b>
Interest incomes	57	44	77.2%
Interest expenses	(843)	(1 104)	131.0%
Unrealised foreign currency gain / (loss)	(379)	157	
<b>Financial loss</b>	<b>(1 165)</b>	<b>(903)</b>	
Share of gain (loss) of associates	6	(58)	
<b>Profit before tax</b>	<b>1 129</b>	<b>1 805</b>	<b>159.9%</b>