

2007 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

UNFAVORABLE MARKET EFFECTS IN HUNGARY, BUT PROFIT IMPROVEMENT IN SUBSIDIARIES

Danubius Hotels Plc, today announced its 2007 second quarter and first half preliminary, unaudited results. This report contains consolidated financial statements for the period ended 30 June 2007 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

HIGHLIGHTS

Danubius Hotels Group (IFRS)	HUF million			EUR million			HUF million			EUR million		
	Q2	Q2	Ch	Q2	Q2	Ch	H1	H1	Ch	H1	H1	Ch
	2007	2006	%	2007	2006	%	2007	2006	%	2007	2006	%
Net sales revenues	12,978	12,974	0	52.1	49.8	5	21,805	21,634	1	87.1	83.8	4
EBIDTA	3,019	3,362	(10)	12.1	13.0	(8)	3,101	3,078	1	12.4	11.9	4
Operating profit	1,892	2,286	(17)	7.5	8.9	(16)	820	921	(11)	3.3	3.6	(8)
Financial results	(204)	(1,686)	(88)	(0.8)	(6.5)	(87)	(117)	(2,643)	(96)	(0.5)	(10.2)	(95)
Profit before tax	1,665	589	183	6.6	2.4	175	634	(1,772)	n.a.	2.5	(6.9)	n.a.
Operating cash flow	1,806	3,036	(41)	7.2	11.8	(39)	10	2,168	(100)	0.0	8.4	(100)
CAPEX	1,125	1,956	(42)	4.5	7.5	(39)	2,124	4,046	(48)	8.5	15.7	(46)
HUF/EUR	248.35	262.46	(5)			n.a.	250.39	258.05	(3)			n.a.

- In Q2 total net sale **revenues** remained at the same level of last year reaching HUF 13 billion, however group level **occupancy** of the second quarter grew from 70.1% to 71.1%.
- Average HUF/EUR **foreign exchange rate** during the second quarter of 2007 was 5% below Q2 2006 figure, resulting significant approximately HUF 260 million negative effect on revenue of Hungarian hotels compared to Q2 2006. This trend is continuing in the third quarter.
- Although **EBITDA** was HUF 3,019 million in Q2 2007, down by 10% compared to Q2 last year, H1 2007 figure was HUF 3,101 million slightly exceeding comparative figure.
- **Operating profit** at Group level decreased by HUF 394 million, down by 17% compared to Q2 2006 as the combined effect of HUF strengthening and our cost efficiency measures
  - Operating profit of **Hungarian** segment for Q2 2007 amounted to HUF 1,307 million, down by 29% compared to Q2 2006. Operating profit includes Other Income of HUF 208 million on the sale of the Lövér Sportcentrum.
  - **Czech** hotels contributed an operating profit of HUF 327 million, a significant, 22% improvement compared to the profit of HUF 268 million achieved in Q2 last year.
  - **Slovakian** segment's operating profit for Q2 2007 was HUF 161 million, down by 17% compared to Q2 last year.
  - Operating profit of **Romanian** segment was HUF 97 million in Q2 2007, an impressive improvement compared to the loss of 6 million in the second quarter of last year.
- The **Financial** results in Q2 2007 was a loss of HUF 204 million, compared to a significant loss of HUF 1,686 million in Q2 2006 primarily due to the weakening of HUF against EUR during that period.
- **Net cash provided by operating activities** in Q2 2007 was HUF 1,806 million, a 41% decrease compared to HUF 3,036 million in Q2 2006.
- **Capital expenditure** and investments during Q2 2007 was HUF 1,125 million, down by 42% compared to the second quarter of 2006.
- Group level average **headcount** for H1 2007 was 5,427 compared to 5,432.

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FINANCIAL OVERVIEW

Hungarian Segment

	HUF million			EUR million			HUF million			EUR million		
	Q2 2007	Q2 2006	Ch %	Q2 2007	Q2 2006	Ch %	H1 2007	H1 2006	Ch %	H1 2007	H1 2006	Ch %
HUNGARY												
Net sales revenues	8,845	9,232	(4)	35.5	35.5	0	14,682	15,099	(3)	58.6	58.5	0
Operating profit	1,307	1,831	(29)	5.2	7.1	(27)	538	1,087	(51)	2.1	4.2	(49)
Financial results	11	(1,596)	n.a.	0.0	(6.1)	n.a.	74	(2,490)	n.a.	0.3	(9.7)	n.a.
Profit before tax	1,295	224	478	5.1	1.0	437	542	(1,453)	n.a.	2.2	(5.6)	n.a.
CAPEX	522	702	(26)	2.1	2.7	(22)	854	1,355	(37)	3.4	5.3	(35)

Total sales revenue and other operating income of Q2 2007 decreased by 4% to HUF 8,845 million mainly due to the strengthening of HUF against EUR. In EUR terms it was EUR 35.5 million, no change over comparative figure.

Room revenue of Hungarian hotels in Q2 2007 decreased considerably by HUF 488 million in spite of the marginal increase of hotels' occupancy from 63.1% to 63.3% during the second quarter of the year, primarily due to stronger HUF against EUR and the decrease of average room rate achieved (ARR) to HUF 13,602, lower by HUF 1,619 than comparative figure. The average length of stay remained the same level of 2,7 days in Q2 2007. The number of guest-nights during Q2 2007 fell to 539,241 from 561,547, out of which domestic guest-nights represents 16%, 3% more than in Q2 2006, while guests from Great Britain and Japan decreased the most, partly compensated by more guest arrivals from Spain and Asian countries. Room departmental profit for the second quarter decreased by HUF 535 million, down by 13% compared to Q2 2006.

Food and beverage revenue of hotels and restaurants for the second quarter of 2007 was HUF 2,971 million, no material change compared to Q2 2006, being the combined result of decreased number of covers from 1,266,887 to 1,248,604 and the increase of average check from HUF 1,975 to 2,032. F&B departmental profit declined by HUF 67 million as the result of increased payroll and raw material cost to retain or even improve good quality services.

Gundel's total revenue and income in Q2 2007 grew by nearly 13% but operating profit was HUF 47 million, compared to a profit of HUF 67 million, mainly as a result of increased payroll expenses and intensive use of inventories of finished goods during the second quarter of 2007.

Q2 2007 Spa revenue decreased considerably by HUF 55 million, being the combined result of the decrease in the number of treatments sold, from 90,098 to 77,703 and the increase of average rate of a treatment from 5,255 to 5,368. Spa departmental profit continued to decline in Q2, as well, being under Q2 2006 figure by 29%.

Revenue from security services went down by HUF 57 million in Q2 2007, as a direct result of losing a major customer.

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Reflecting our cost efficiency measures second quarter total material expenses and services used was HUF 3,595 million, a decrease of HUF 37 million compared to Q2 2006, within this energy cost grew by 11% to HUF 541 million, the amount spent on maintenance work at the hotels increased by 1.5% to HUF 238 million. Personnel expenses for Q2 2007 was HUF 3,089 million, up by 8%, due to the 5% increase of base salary year-on-year basis and the effect of modifying the wage structure.

Mainly due to the increase of 3 months EURIBOR the interest expenses grew to HUF 267 million from HUF 200 million in the second quarter. Primarily as the result of strengthening of HUF in Q2 2007 against EUR, in which majority of our long-term borrowings are denominated, a HUF 274 million unrealised foreign exchange gain was recognised in profit and loss, compared to a loss of HUF 1,382 million in Q2 2006 mainly due to the significant weakening of HUF against EUR over that period.

Capital expenditures during Q2 2007 decreased by 26% to HUF 522 million, including spending for reconstruction works in DHSR Hévíz, Hotel Astoria, DHSR Margitsziget and operational asset and software acquisition of Gundel.

Being the result of the above the profit before tax of Hungarian operations for Q2 improved significantly to a profit of HUF 1,295 million compared to a profit of HUF 224 million.

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Czech Segment

	HUF million			HUF million		
	Q2 2007	Q2 2006	Ch %	H1 2007	H1 2006	Ch %
CZECH						
Total revenue and income	1,639	1,673	(2)	2,746	2,787	(1)
Operating profit	327	268	22	269	(136)	n.a.
Financial results	(105)	(23)	354	(182)	(32)	470
Profit before tax	222	245	(9)	87	(168)	n.a.
CAPEX	332	508	(35)	648	1 456	(56)
HUF/CZK average	8.79	9.39	(6)	8.90	9.14	(3)
CZK/EUR average	28.26	28.38	(0)	28.15	28.48	(1)

Total sales revenue and other operating income decreased slightly by 2% to HUF 1,639 million in the second quarter of 2007. Room revenue of Q2 was HUF 950 million, down by 5% being the effect of drop in occupancy of Marianbad hotels in Q2 to 73.0% from 77.5% and the decrease of average room rate achieved (ARR) to HUF 16,688 from HUF 17,406 as the direct result of sharpening competition. The average length of stay was 9.0 days in Q2 2007 remained at the same level of last year. The number of guestnights in Q2 declined to 91,983 from 98,749 as the result of the fewer domestic and German guests, partly compensated by more guests arrived from certain former Soviet Union countries and Israel.

Material expenses and services used in Q2 declined from HUF 652 million to HUF 579 million since energy costs decreased by 22% to HUF 91 million, partly as the result temperature differences of the periods and the significant decrease of maintenance expenses from HUF 146 million in Q1 2006, when the reconstruction work of Centralni Lazne spa house was taking place, to HUF 77 million. The amount of non refundable VAT, due to the drop of capital expenditures, decreased by HUF 20 million compared to Q2 2006. Total personnel expenses in the second quarter was HUF 434 million, remained at the same level, despite the temporary closure of Centralni Lazne in 2006.

Interest expense for Q2 2007 was HUF 35 million, the same as in Q2 2006, since the repayment of loan in 2007 has compensated the effect of the increase of 3 months EURIBOR. Mainly as the result of weakening of CZK in Q2 2007 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 70 million unrealised foreign exchange loss was recognised in profit and loss, compared to a gain of HUF 9 million in Q2 2006 due to the strengthening of CZK against EUR over that period.

Capital expenditure decreased to HUF 332 million, a swimming pool in DHSR Hvezda, a corridor between Centralni Lazne and DHSR Nove Lazne and medical care compartments of Hotel Villa Butterfly are being built, from the high level of Q2 2006 when extensive reconstruction works were carried out in Centralni Lazne.

Being the result of the above the loss before tax of Czech operations for H1 improved considerably to a gain of HUF 87 million from a loss of HUF 168 million.

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**Slovakian Segment**

	HUF million			HUF million		
	Q2 2007	Q2 2006	Ch%	H1 2007	H1 2006	Ch%
SLOVAKIA						
Total revenue and income	2,165	1,847	17	3,821	3,296	16
Operating profit	161	194	(17)	(58)	(9)	544
Financial results	(138)	(88)	57	(27)	(114)	(77)
Profit before tax	23	106	(79)	(85)	(123)	(31)
CAPEX	162	651	(75)	487	1 130	(57)
HUF/SKK average	7.36	7.08	4	7.35	6.93	6
SKK/EUR average	33.74	37.67	(10)	34.06	37.57	(9)

Total sales revenue and other operating income in Q2 2007 grew considerably by 17% to HUF 2,167 million, being the positive effect of opening 111 new five star rooms in Thermia Palace in December 2006, that was moderated by the closure of 98 two star rooms starting from November 2006 for reconstruction works. Partly due to the new rooms of Thermia Palace the occupancy increased from 80.0% to 84.5% and the number of rooms sold increased from 95,041 to 102,454, together with the significant increase of average room rate achieved (ARR) to HUF 8,161 from HUF 7,276. As the consequence of these, room revenue and profitability continued to improve significantly in the second quarter of 2007, as well. The average length of stay in the second quarter of 2007 was 10.2 days, even exceeding Q2 2006 figure of 10.0 days that is still far the longest in the Group. The number of guestnights increased to 155,165 from 144,557 being the effect of decreasing guest from Germany that was more than compensated by growing number of domestic, Czech, Russian and Israeli guests.

Total material expenses and services used and personnel expenses in Q2 grew by 32% and 13% respectively, amounting to HUF 1,522 million mainly as a result of opening Thermia Palace. Within this, energy cost increased only by 4% to HUF 118 million.

Due to the increase of 3 months EURIBOR and the additional loan facility drawn down to finance capital expenditures relating to Thermia Palace, the interest expenses for Q2 2007 was HUF 67 million, compared to HUF 29 million in Q2 2006. Mainly as the result of the weakening of SKK in Q2 2007 against EUR in which all of SLKP's long-term borrowings are denominated, a HUF 72 million unrealised foreign exchange loss was recognised in profit and loss, compared to a loss of HUF 60 million in Q2 2006.

Capital expenditure during the second quarter of 2007 was HUF 162 million, 75% lower compared to the HUF 651 million in Q2 2006, the comparative period include significant amount of spending on Thermia Palace and Irma mud pool.

Being the result of the above the loss before tax of Slovakian operations for H1 2007 was HUF 85 million compared to a loss of HUF 123 million.

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Romanian Segment

	HUF million			HUF million		
	Q2 2007	Q2 2006	Ch%	H1 2007	H1 2006	Ch%
ROMANIA						
Total revenue and income	329	223	47	556	452	23
Operating profit	97	(6)	n.a.	71	(21)	n.a.
Financial results	28	21	33	18	(7)	n.a.
Profit before tax	125	15	736	90	(28)	n.a.
CAPEX	109	95	14	135	105	28
HUF/RON average rate	75.70	75.81	(0)	75.15	73.56	2
RON/EUR average rate	3.28	3.52	(7)	3.33	3.54	(6)

Total sales revenue and other operating income for Q2 2007 increased significantly, by 47% compared to the second quarter of last year. As Q2 occupancy increased considerably from 50.1% to 59.9% and average room rate achieved (ARR) in the second quarter increased from HUF 6,391 to HUF 6,794, room revenue went up by more than 27% to HUF 148 million. Room departmental profitability improved by almost 23%. The number of guest during the second quarter of 2007 increased to 9,962 from 8,641 primarily due to domestic guests, and the length of stay increased from 3,8 days to 4,2.

Total material expenses and services used and personnel expenses in Q2 2007 increased by 5% and 23% respectively, amounting to HUF 195 million. Within this, energy cost decreased by 14% to HUF 24 million.

Due to the increase of 3 months EURIBOR and the higher average outstanding amount of borrowings during Q2 2007 than in Q2 2006 interest expenses increased to HUF 8 million from only HUF 1 million

Mainly as a result of the strengthening of RON in Q2 2007 against EUR in which all of the long-term borrowings are denominated, a HUF 33 million unrealised foreign exchange gain was recognised in profit and loss, compared to a gain of HUF 19 million in Q2 2006.

Capital expenditure during the second quarter of 2007 was HUF 109 million, the majority of which relates to the improvements of Hotel Sovata conference room.

Being the result of the above the profit before tax of Romanian operations for H1 2007 improved significantly to a profit of HUF 90 million compared to a loss of HUF 28 million in H1 2006.

### Consolidated Balance Sheet

Total consolidated asset value amounted to HUF 84.7 billion as of 30 June 2007, no material change compared to the end of June 2006. Current assets includes assets held for sale that comprises the net carrying value, less cost to sell, of certain hotel and hospitality properties and an investment, previously recognised as non-current assets, the Group expects to sell within the next twelve months. Excluding the effect of reclassification, current assets increased only by 1% as a result of higher amount of cash and cash equivalent by HUF 399 million, compared to 30 June 2006 that was compensated by the decrease of inventories by HUF 99 million and trade and other receivables by HUF 245 million, despite the same level of turnover during the second quarter of year 2007 and 2006.

The amount of property, plant and equipment has not changed significantly over the last 12 months, since our capitalised investments over the period did not exceed the amount of amortisation accounted for. The investments in associated companies amounted to HUF 1,646 million show the historic cost adjusted by share of earnings of the investment in CP Regents Park Two Ltd.

Total liabilities decreased by 3% to HUF 34.5 billion compared to 30 June 2006, as the combined effect of the increase in suppliers by HUF 357 million, the decrease of advance payments received from customers by HUF 281 million and the more than 4% decrease of long-term borrowings, including amounts repayable within a year.

The Group had EUR 86.4 million and GBP 5.1 million long-term loan on 30 June 2007. The GBP loan, borrowed from related parties and shown in a separate line, was spent on the financing of the share purchase of Regents Park hotel in London.

The value of shareholders' equity went up by HUF 1.2 billion compared to 30 June 2006 as the result of net after tax profit between 1 July 2006 and 30 June 2007 retained to the business. The parent company mitigates its interest exposure by means of hedging instruments the effect of which is included in hedging reserve in accordance with IAS 39.

### Cash flow

Net cash provided by operating activities in the second quarter of 2007 was HUF 1,806 million, down by 41% compared to Q2 2006, primarily due to lower Q2 clear business performance and the significantly lower increase of suppliers and other creditors in Q2 2007 than in the comparative period. Capital expenditure was HUF 1,125 million, a 42% decline compared to Q2 2006 when significant amount was spent on Thermia Palace (Piestany) and Centralni Lazne (Marianbad). In June 2007 the Company has acquired the minority interest, a 43.51% shareholding in SC Salina Invest SA, the majority owner of Sovata Hotels.

During Q2 2007 a EUR 7.0 million long-term bank loan has been drawn down to finance the minority acquisition of Romanian subsidiary and EUR 2.9 million has been repaid by the parent company and Czech subsidiary.

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APPENDIX I - Unaudited

CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH IFRS (HUF million)

31 December 2006		30 June 2007	30 June 2006	Ch %
	<b>Assets</b>			
3,087	Cash and cash equivalents	2,728	2,329	17
2,000	Accounts receivable	3,058	3,139	(3)
1,142	Other receivables and prepayments	1,255	1,419	(12)
844	Inventory	818	917	(11)
535	Assets held for sale	470	-	n.a.
<b>7,608</b>	<b>Total current assets</b>	<b>8,329</b>	<b>7,804</b>	<b>7</b>
72,947	Property, plant and equipment	72,046	72,388	(0)
2,147	Intangible assets	2,024	2,196	(8)
1,715	Investments in associates	1,646	1,714	(4)
92	Other non-current assets	136	449	(70)
571	Deferred tax assets	557	596	(7)
<b>77,472</b>	<b>Total non-current assets</b>	<b>76,409</b>	<b>77,343</b>	<b>(1)</b>
<b>85,080</b>	<b>Total assets</b>	<b>84,738</b>	<b>85,147</b>	<b>(0)</b>
	<b>Liabilities and Shareholders' Equity</b>			
3,226	Trade accounts payable	2,286	1,929	19
518	Advance payments from guests	735	1,016	(28)
61	Income tax payable	101	-	n.a.
3,690	Other payables and accruals	3,568	3,562	0
3,941	Interest-bearing loans and borrowings	5,533	3,122	77
868	Provisions	830	837	(1)
<b>12,304</b>	<b>Total current liabilities</b>	<b>13,053</b>	<b>10,466</b>	<b>25</b>
17,470	Interest-bearing loans and borrowings	18,102	21,430	(16)
1,866	Loan from related party	1,816	2,040	(11)
1,631	Deferred tax liabilities	1,555	1,564	(1)
<b>20,967</b>	<b>Total non-current liabilities</b>	<b>21,473</b>	<b>25,034</b>	<b>(14)</b>
<b>33,271</b>	<b>Total liabilities</b>	<b>34,526</b>	<b>35,500</b>	<b>(3)</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)	-
3,850	Translation reserve	3,240	4,906	(34)
8	Fair valuation reserve	34	-	n.a.
30,543	Retained earnings	30,231	27,390	10
<b>48,959</b>	<b>Attributable to equity holders of the parent</b>	<b>48,063</b>	<b>46,854</b>	<b>3</b>
<b>2,850</b>	<b>Minority interests</b>	<b>2,149</b>	<b>2,793</b>	<b>(23)</b>
<b>51,809</b>	<b>Total shareholders' equity</b>	<b>50,212</b>	<b>49,647</b>	<b>1</b>
<b>85,080</b>	<b>Total liabilities and shareholders' equity</b>	<b>84,738</b>	<b>85,147</b>	<b>(0)</b>

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APPENDIX II - Unaudited

CONSOLIDATED STATEMENT OF OPERATION PREPARED IN ACCORDANCE WITH IFRS

(HUF million)

	Q2 2007	Q2 2006	Ch %	H1 2007	H1 2006	Ch %
Room revenue	6,438	6,817	(6)	10,042	10,207	(2)
Food and beverage revenue	3,973	3,831	4	6,909	6,710	3
Spa revenue	1,440	1,489	(3)	2,730	2,778	(2)
Other departmental revenue	577	560	3	1,011	1,026	(1)
Revenue from wineries	58	28	107	96	71	35
Revenue from security services	203	260	(22)	398	511	(22)
Other income	289	(11)	n.a.	619	331	87
<b>Total operating revenue and other income</b>	<b>12,978</b>	<b>12,974</b>	<b>0</b>	<b>21,805</b>	<b>21,634</b>	<b>1</b>
Cost of goods purchased for resale	68	53	28	126	99	27
Raw material costs	2,414	2,311	4	4,581	4,516	1
Services used	2,579	2,616	(1)	4,713	5,122	(8)
<b>Material expenses and services used</b>	<b>5,061</b>	<b>4,980</b>	<b>2</b>	<b>9,420</b>	<b>9,737</b>	<b>(3)</b>
Wages and salaries	3,020	2,836	6	5,735	5,294	8
Other personnel expenses	297	213	39	598	630	(5)
Taxes and contributions	1,037	964	8	1,966	1,875	5
<b>Personnel expenses</b>	<b>4,354</b>	<b>4,013</b>	<b>8</b>	<b>8,299</b>	<b>7,799</b>	<b>6</b>
Depreciation and amortisation	1,127	1,076	5	2,281	2,157	6
Other expenses	537	635	(15)	972	1,037	(6)
Changes in inventories of finished goods and work in progress	24	1	2,300	39	7	457
Work performed by the entity and capitalised	(17)	(17)	0	(26)	(24)	8
<b>Total operating expenses</b>	<b>11,086</b>	<b>10,688</b>	<b>4</b>	<b>20,985</b>	<b>20,713</b>	<b>1</b>
<b>Profit from operations</b>	<b>1,892</b>	<b>2,286</b>	<b>(17)</b>	<b>820</b>	<b>921</b>	<b>(11)</b>
Interest income	9	(7)	(229)	19	11	73
Interest expense	(377)	(265)	42	(700)	(512)	37
Foreign currency loss / (gain)	164	(1,414)	(112)	564	(2,142)	(126)
<b>Financial Income/(loss)</b>	<b>(204)</b>	<b>(1,686)</b>	<b>(88)</b>	<b>(117)</b>	<b>(2,643)</b>	<b>(96)</b>
Share of loss of associates	(23)	(11)	109	(69)	(50)	38
<b>Profit/(loss )before tax</b>	<b>1,665</b>	<b>589</b>	<b>183</b>	<b>634</b>	<b>(1,772)</b>	<b>(136)</b>

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APPENDIX III - Unaudited

CONSOLIDATED STATEMENT OF CASH FLOWS PREPARED IN ACCORDANCE WITH IFRS

(HUF million)

	Q2 2007	Q2 2006	Ch %	H1 2007	H1 2006	Ch %
<b>Profit from operations</b>	<b>1,892</b>	<b>2,286</b>	<b>(17)</b>	<b>820</b>	<b>921</b>	<b>(11)</b>
Depreciation and amortisation	1,127	1,076	5	2,281	2,157	6
Gain/(loss) on sale of fixed assets	(211)	(5)	4,120	(497)	(197)	152
Change of provisions	(13)	40	(133)	(38)	3	n.a.
Write off of receivables	-	-		14	22	(36)
<i>Changes in working capital</i>						
<i>Increase of accounts receivable and current assets</i>	<i>(943)</i>	<i>(1,076)</i>	<i>(12)</i>	<i>(1,110)</i>	<i>(1,040)</i>	<i>7</i>
<i>(Increase)/decrease of inventory</i>	<i>(10)</i>	<i>(53)</i>	<i>(81)</i>	<i>26</i>	<i>(33)</i>	<i>(179)</i>
<i>(Decrease)/increase of accounts payable and other current liabilities</i>	<i>324</i>	<i>993</i>	<i>(67)</i>	<i>(830)</i>	<i>772</i>	<i>(208)</i>
Interest paid	(360)	(253)	42	(656)	(473)	39
Income tax paid		28	n.a.	-	36	n.a.
<b>Net cash provided by operating activities</b>	<b>1,806</b>	<b>3,036</b>	<b>(41)</b>	<b>10</b>	<b>2,168</b>	<b>(100)</b>
Purchase of property, plant and equipment and intangibles	(1,125)	(1,956)	(42)	(2,124)	(4,046)	(48)
Interest received	11	(4)	n.a.	20	(2)	n.a.
Proceeds on sale of property, plant and equipment	261	11	2,273	611	253	142
Cash paid on acquisition	(1,600)	-		(1,600)		
Other cash inflow / (outflow)	-	(6)	n.a.	-	(219)	n.a.
<b>Net cash used in investing activities</b>	<b>(2,453)</b>	<b>(1,955)</b>	<b>25</b>	<b>(3,093)</b>	<b>(4,014)</b>	<b>(23)</b>
Receipt of long-term bank loans	1,708	1,005	70	2,174	1,917	13
Repayment of long-term bank loans	(728)	(668)	9	(728)	(668)	9
Payment of finance lease liabilities	(37)	91	(141)	(73)	(67)	9
<b>Net cash provided by financing activities</b>	<b>943</b>	<b>428</b>	<b>120</b>	<b>1,373</b>	<b>1,182</b>	<b>16</b>
Net increase (decrease) in cash held	296	1,510	(80)	(1,710)	(664)	158
Cash at the beginning of the financial year, net <sup>1</sup>	9	152	(94)	2,015	2,326	(13)
<b>Cash and cash equivalents at the end of the period, net<sup>1</sup></b>	<b>305</b>	<b>1,662</b>	<b>(82)</b>	<b>305</b>	<b>1,662</b>	<b>(82)</b>

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

2007 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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 the first half of 2007 there were no significant organisational or key personnel changes within the Group.

Shareholder <sup>1</sup>	Period end of				
	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007
CP Holdings and its investments <sup>2</sup>	53.40%	53.40%	53.41%	60.25%	71.75%
<i>Of which:</i>					
<i>Interag Zrt.</i>	29.38%	29.38%	29.38%	29.38%	29.38%
<i>CP Holdings Ltd.</i>	17.90%	17.90%	17.91%	24.75%	36.25%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	34.66%	32.83%	32.75%	25.90%	14.60%
<i>Of which over 5%:</i>					
<i>British Empire Securities and</i>	6.29%	-	-	-	-
<i>Citibank</i>	-	-	5.57%	-	-
<i>Deutsche Bank</i>	-	-	6.70%	-	-
Domestic financial investors	3.26%	5.38%	5.81%	6.04%	6.61%
Domestic individuals	3.88%	3.60%	3.27%	3.06%	2.31%
Employees	0.28%	0.27%	0.24%	0.23%	0.21%
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 71.75% ownership of CP Holdings and its investments results a 75.14% combined direct interest in Danubius Hotels Nyrt

APPENDIX VI

DECLARATION

Danubius Hotels Nyrt. hereby declares that the figures and statements of this Flash Report give a true and fair view on the Group, and it does not conceal any fact or information that would be substantial in the judgement of the issuer's position. As issuer, Danubius Hotels Nyrt. assumes liability for the contents of the Flash Report. Danubius Hotels Nyrt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary announcements.

Dr. Imre Deák

János Tóbiás

Member of the Board of Directors Member of the Board of Directors

2007 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

APPENDIX VII

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

HUF thousand	30 June 2007	30 June 2006	Ch %
<b>NON-CURRENT ASSETS</b>	<b>54,651,544</b>	<b>55,068,058</b>	<b>(1)</b>
<b>INTANGIBLE ASSETS</b>	<b>261,118</b>	<b>290,387</b>	<b>(10)</b>
Capitalised cost of foundation and restructuring			
Capitalised research and development costs			
Rights and titles		1	n.a.
Intellectual property	261,118	202,731	29
Goodwill			.
Advance payment on intangible assets		87,655	n.a.
Revaluation of intangible assets			
<b>PROPERTY, PLANT AND EQUIPMENT (TANGIBLE ASSETS)</b>	<b>6,551,060</b>	<b>6,795,722</b>	<b>(4)</b>
Real estates and relating rights	6,473,974	6,646,430	(3)
Equipments, machines, vehicles	48,898	66,695	(27)
Other equipments, fixtures, vehicles	12,925	17,089	(24)
Livestock			
Capital investments and refurbishments	15,263	65,508	(77)
Advance payments on capital investments			
Revaluation of tangible assets			
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>47,839,366</b>	<b>47,981,949</b>	<b>0</b>
Long-term investments	42,643,244	41,023,567	4
Long-term loan to related parties	5,178,501	6,941,332	(25)
Other long-term investments	15,218	15,218	0
Long-term loan to other investments			
Other long term loans	2,403	1,832	31
Long term securities			
Revaluation of non-current financial assets			
<b>CURRENT ASSETS</b>	<b>1,792,291</b>	<b>1,503,027</b>	<b>19</b>
<b>INVENTORIES</b>		<b>17,782</b>	<b>n.a.</b>
Raw materials			
Work in progress and semifinished goods			
Grown, fattened and other livestock			
Finished products			
Goods, Commodities		17,782	n.a.
Advance payments on stocks			
<b>RECEIVABLES</b>	<b>463,411</b>	<b>229,399</b>	<b>102</b>
Receivables from supply of goods and services (customers)	23,517	26,247	(10)
Receivables from related parties	217,395	137,637	58
Receivables from other investment	12,848	12,848	0
Bills of exchange			
Other receivables	209,651	52,667	298
<b>SECURITIES</b>	<b>1,161,021</b>	<b>1,161,021</b>	<b>0</b>
Investment in related parties			
Other investments			
Treasury shares	1,161,021	1,161,021	0
Short term securities			
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>167,859</b>	<b>94,825</b>	<b>77</b>
Cash at hand, cheques	455	1,567	(71)
Bank deposits	167,404	93,258	80
<b>ACCRUALS AND PREPAYMENTS</b>	<b>497,100</b>	<b>270,881</b>	<b>84</b>
Accrued income	474,348	254,395	86
Prepaid costs and expenses	22,752	16,486	38
Deferred expenses			
<b>TOTAL ASSETS</b>	<b>56,940,935</b>	<b>56,841,966</b>	<b>0</b>

2007 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

HUF thousand	30 June 2007	30 June 2006	Ch %
<b>SHAREHOLDERS' EQUITY</b>	<b>38,652,803</b>	<b>35,455,991</b>	<b>9</b>
<b>SHARE CAPITAL</b>	<b>8,285,437</b>	<b>8,285,437</b>	<b>0</b>
REGISTERED BUT UNPAID CAPITAL			
SHARE PREMIUM (CAPITAL RESERVE)	7,138,139	7,138,139	0
RETAINED EARNINGS	22,002,942	20,931,388	5
COMMITTED RESERVES	1,161,021	1,161,021	0
REVALUATION RESERVE			
NET PROFIT FOR THE PERIOD	65,264	(2,059,994)	n.a.
<b>PROVISIONS</b>	<b>175,000</b>	<b>6,925</b>	<b>2,427</b>
Provisions for expected liabilities	175,000	6,925	2,427
Provisions for future expenses			
Other provisions			
<b>LIABILITIES</b>	<b>17,940,352</b>	<b>21,116,954</b>	<b>(15)</b>
<b>BACKLISTED LIABILITIES</b>			
Backlisted liabilities to related parties			
Backlisted liabilities to other investment			
Backlisted liabilities to third parties			
<b>LONG TERM LIABILITIES</b>	<b>14,752,825</b>	<b>17,661,897</b>	<b>(16)</b>
Long term loans			
Convertible bonds			
Liability from bond issue			
Capital investment and development loans			
Other long term loans	14,752,825	17,661,897	(16)
Long term liabilities to related parties			
Long term liabilities to other investments			
Other long term liability			
<b>SHORT TERM LIABILITIES</b>	<b>3,187,527</b>	<b>3,455,057</b>	<b>(8)</b>
Short term credits	200,000		n.a.
Short term loans	2,501,579	2,495,253	0
Advance payments from customers	4,164	29,226	(86)
Creditors, Suppliers	49,895	59,244	(16)
Bills of exchange			
Short term liabilities to related parties	147,805	627,673	(76)
Short term liabilities to other investments		228	n.a.
Other short term liabilities	284,084	243,433	17
<b>DEFERRALS</b>	<b>172,780</b>	<b>262,096</b>	<b>(34)</b>
Deferred revenues			
Deferred costs and expenses	169,256	260,626	(35)
Deferred income	3,524	1,470	140
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>56,940,935</b>	<b>56,841,966</b>	<b>0</b>

2007 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS OF DANUBIUS HOTELS GROUP

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

HUF thousand	H1 2007	H1 2006	Ch %
<b>Net domestic sales revenue</b>	<b>1,454,809</b>	<b>1,040,428</b>	<b>40</b>
<b>Export sales revenue</b>			
<b>Total net sales revenue</b>	<b>1,454,809</b>	<b>1,040,428</b>	<b>40</b>
Change in the stock of own prod.			
Cap. value of assets of own prod.			
<b>Cap. value of own production</b>			
<b>Other income</b>	<b>305</b>	<b>139,795</b>	<b>(100)</b>
Raw material costs	11,547	12,621	(9)
Value of services used	456,712	468,398	(2)
Other services	22,355	11,431	96
Purchase price of goods sold			
Value of sold services	14,840	97,238	(85)
<b>Material expenditures</b>	<b>505,454</b>	<b>589,688</b>	<b>(14)</b>
Salaries and wages	402,693	389,217	3
Other personnel payments	60,428	135,740	(55)
Taxes and contributions	139,206	161,771	(14)
<b>Total payroll &amp; related costs</b>	<b>602,327</b>	<b>686,728</b>	<b>(12)</b>
<b>Depreciation</b>	<b>224,394</b>	<b>206,672</b>	<b>9</b>
<b>Other expenditures</b>	<b>69,271</b>	<b>59,812</b>	<b>16</b>
<b>Operating profit</b>	<b>53,668</b>	<b>(362,677)</b>	<b>(115)</b>
Dividend received			
Capital gain on the sale of shares			
Exchange gain of inv. fin. assets			
Other interests received	132,897	130,492	2
Other financial income	499,950	772,101	(35)
<b>Rev. from financial transact.</b>	<b>632,847</b>	<b>902,593</b>	<b>(30)</b>
Exchange loss of inv. fin. assets			
Interests payable	511,077	394,219	30
Loss of value -securities, deposits			
Other financial expenses	123,911	2,189,328	(94)
<b>Expenditures of fin. transact.</b>	<b>634,988</b>	<b>2,583,547</b>	<b>(75)</b>
<b>Financial profit or loss</b>	<b>(2,141)</b>	<b>(1,680,954)</b>	<b>(100)</b>
<b>Profit from ordinary activities</b>	<b>51,527</b>	<b>(2,043,631)</b>	<b>n.a.</b>
Extraordinary income	30,000	1,579	1,800
Extraordinary loss	16,263	17,942	(9)
<b>Extraordinary profit or loss</b>	<b>13,737</b>	<b>(16,363)</b>	<b>n.a.</b>
<b>Profit before tax</b>	<b>65,264</b>	<b>(2,059,994)</b>	<b>n.a.</b>
Corporate tax payable			
<b>Profit after tax</b>	<b>65,264</b>	<b>(2,059,994)</b>	<b>n.a.</b>
Dividend paid from profit reserve			
Dividend payable/ Minority			
<b>NET PROFIT FOR THE PERIOD</b>	<b>65,264</b>	<b>(2,059,994)</b>	<b>n.a.</b>