DANUBIUS HOTELS GROUP

Danubius Hotels Nyrt today announced its 2014 second quarter preliminary, unaudited results and its consolidated management flash report. This report also contains Condensed Consolidated Interim Financial Statements for the period ended 30 June 2014 as prepared by the management in accordance with International Accounting Standard 34 on Interim Financial Reporting (IAS 34) as adopted by the European Union.

Operational performance of Q2 2014 ahead of Q2 2013

HIGHLIGHTS

	HUF million			**EUR million** [1]			**HUF million**			**EUR million** [1]		
Danubius Hotels Group	**Q2 2014**	**Q2 2013**	Ch%	**Q2 2014**	**Q2 2013**	Ch%	**H1 2014**	**H1 2013**	Ch%	**H1 2014**	**H1 2013**	Ch%
Net sales revenues	14,593	14,106	3	47.6	47.7	(0)	23,710	22,735	4	77.3	76.8	1
EBIDTA	3,437	3,304	4	11.2	11.2	0	2,946	2,634	12	9.6	8.9	8
Operating profit / (loss)	2,225	2,121	5	7.2	7.2	1	547	275	99	1.8	0.9	92
Financial results	(240)	217	n.a.	(0.8)	0.7	n.a.	(1,084)	(760)	(43)	(3.5)	(2.6)	(38)
Profit /(loss) before tax	1,987	2,339	(15)	6.5	7.9	(18)	(533)	(482)	(11)	(1.7)	(1.6)	(7)
Operating cash flow	2,630	2,446	8	8.6	8.3	4	2,739	1,982	38	8.9	6.7	33
CAPEX	1,305	1,787	(27)	4.3	6.0	(29)	3,816	3,041	25	12.4	10.3	21
HUF/EUR average rate	306.0	295.9	3				306.8	296.1	4			

[1] *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.*

[2] *The numbers in this schedule are extracted from the financial statements in appendices 1 to 5.*

- In the six months of 2014 total net sales **revenues** were HUF 23.7 billion, up by 4% compared to H1 last year, thanks to improvements in Hungary and the Czech Republic. In EUR terms the Group's revenue increased by 1% due to slightly weaker average EUR exchange rates than in the comparative period. Group **occupancy** in H1 2014 was 60.5% compared to 60.0% in H1 2013.
- In H1 2014 **operating profit** of the group increased to HUF 0.5 billion from HUF 0.3 billion in H1 2013.
- **Segmental (geographical)** performance in H1 2014 was as follows:
  - **Hungarian** segment's revenue increased by 5% to HUF 13.3 billion as the occupancy of hotels improved to 59.4% from 57.6%. The operating loss was reduced to HUF 282 million from HUF 387 million in H1 2013.
  - **Czech** hotels showed a revenue increase of 8% mainly due to 4% increase in the number of rooms sold and 5% increase of average room rates. Operational profit increased to HUF 892 million from HUF 483 million in H1 2013.
  - **Slovakian** segment's operating revenue decreased by 1%, due to the effect of ongoing reconstruction works in Q1 2014. Operational profit decreased to HUF 36 million in H1 2014 compared to HUF 231 million in H1 2013.
  - The total revenue of the **Romanian** segment grew by 10% to HUF 719 million. However, due to ongoing hotel reconstructions, the year to date operating loss increased by HUF 50 million.
- The **Financial** result in H1 2014 was a loss of HUF 1,084 million compared to HUF 760 million in H1 2013 mainly due to unrealised FX differences. In H1 2014 HUF 680 million (mostly unrealised) FX loss was recognised on monetary assets and liabilities, compared to HUF 328 million in H1 2013. Interest expenses decreased to HUF 428 million in H1 2014 from HUF 443 million in H1 2013.
- Thanks to the pickup in revenue, **EBITDA** improved by HUF 312 million or 12% comparing H1 2014 to H1 2013.
- **Net cash provided by operating activities** in H1 2014 was HUF 2.7 billion compared to HUF 2.0 billion in H1 2013.
- During H1 2014 **capital expenditure** and investments amounted to HUF 3.8 billion compared to HUF 3.0 billion in H1 2013, mainly due to considerable investments in Slovakia.
- Average Group **headcount** in H1 2014 was 4,329 which is practically identical with the H1 2013 average.

FINANCIAL OVERVIEW

Hungarian Segment

	HUF million			EUR million [1]			HUF million			EUR million [1]		
HUNGARY	Q2 2014	Q2 2013	Ch%	Q2 2014	Q2 2013	Ch%	H1 2014	H1 2013	Ch%	H1 2014	H1 2013	Ch%
Net sales revenues	8,236	8,073	2	26.9	27.3	(1)	13,258	12,647	5	43.2	42.7	1
EBITDA	1,457	1,524	(4)	4.8	5.2	(8)	651	561	16	2.1	1.9	12
Operating profit /(loss)	981	1,043	(6)	3.2	3.5	(9)	(282)	(387)	27	(0.9)	(1.3)	30
Financial results	(192)	282	n.a.	(0.6)	1.0	n.a.	(998)	(644)	(55)	(3.3)	(2.2)	(50)
Profit /(Loss) before tax	791	1,326	(40)	2.6	4.5	(42)	(1,276)	(1,028)	(24)	(4.2)	(3.5)	(20)
CAPEX	516	580	(11)	1.7	2.0	(14)	711	786	(10)	2.3	2.7	(13)

[1] *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.*

Total net sales revenue of H1 2014 increased by 5% to HUF 13.3 billion, most of which increase was realised on room and F&B revenues.

Room revenue of Hungarian hotels improved by 6.1% to HUF 7.0 billion due to the increase of occupancy to 59.4% from 57.6%. The number of rooms available also increased 1% due to earlier opening of our Balaton hotels in 2014 and flooding of our Margaret island hotels in June 2013. Average room rates in HUF terms increased 2% as a combined result of a 4% weakening in the average HUF/EUR rates, 2% decrease in the EUR average room rates. Russia represents the largest part of the occupancy increase, however domestic guestnights also increased above average. Room department profit for H1 2014 increased by HUF 306 million or 6% compared to H1 2013.

Food and beverage revenue of hotels and restaurants was HUF 3.8 billion in H1 2014, which is a 6% increase driven by both the improving occupancy and higher average prices. F&B departmental profit improved by HUF 102 million compared to the first six months of the last year. Gundel's F&B revenue decreased by 3.5% in H1 2014 compared to H1 2013 mainly because the strong banqueting activity in H1 2013 could not be fully reproduced in H1 2014. Spa revenue was HUF 778 million in H1 2014, up by 8% compared to H1 2013. Spa department profit increased by HUF 46 million.

Raw material expenses did not change significantly due to the combined effect of an increase in the number of rooms sold and significantly less energy used in the mild winter. The value of services used in H1 2014 increased by 4% to HUF 2.9 billion mainly because of an increase in commissions, marketing and maintenance expenses. Personnel expenses of hotel operation in H1 2014 were HUF 5.2 billion, up by 4%, reflecting annual salary increases and executive level lay-off expenses.

In H1 2014 the last parts of Gundel's wineries were sold with net proceeds of HUF 59 million and net gain of HUF 45 million.

Interest expenses decreased to HUF 329 million from HUF 360 million in the first six months of the year mainly due to lower average outstanding debt balance. Primarily as the result of slightly weaker HUF at 30 June 2014 compared to the 30 June 2013 EUR rate, a HUF 681 million foreign exchange loss (mostly unrealised loss on EUR loans) was recognised in the profit and loss for H1 2014, compared to a foreign exchange loss of HUF 278 million in H1 2013.

Capital expenditures were HUF 711 million in H1 2014, compared to HUF 786 million spent in H1 2013.

As a result of the unrealised foreign exchange losses, the Hungarian segment realised a loss before tax of HUF 1,276 million in H1 2014, compared to a loss of HUF 1,028 million in H1 2013. Operating loss also improved to HUF 282 million in H1 2014 from 387 million in H1 2013. Operating result reflects more appropriately the real performance improvement of the hotels than the profit before tax due to fluctuations of the non-realised foreign exchange losses.

Czech Segment

	HUF million			EUR million [1]			HUF million			EUR million [1]		
CZECH REPUBLIC	Q2 2014	Q2 2013	Ch%	Q2 2014	Q2 2013	Ch%	H1 2014	H1 2013	Ch%	H1 2014	H1 2013	Ch%
Net sales revenues	2,810	2,732	3	9.2	9.2	(1)	4,839	4,491	8	15.8	15.2	4
EBITDA	1,043	874	19	3.4	3.0	15	1,506	1,043	44	4.9	3.5	39
Operating profit /(loss)	736	601	22	2.4	2.0	18	892	483	85	2.9	1.6	78
Financial results	(16)	(29)	45	(0.1)	(0.1)	47	(35)	(61)	43	(0.1)	(0.2)	45
Profit /(Loss) before tax	720	572	26	2.4	1.9	22	857	422	103	2.8	1.4	96
CAPEX	140	669	(79)	0.5	2.3	(80)	267	1,343	(80)	0.9	4.5	(81)
HUF/CZK average rate	11.1	11.5	(3)				11.2	11.5	(3)			
CZK/EUR average rate	27.5	25.8	6				27.4	25.7	7			

[1] *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.*

Total net sales revenue increased by 8% to HUF 4.8 billion in H1 2014 due to an increase in the number of rooms available in connection with reconstruction works in the comparative period and further increase of average room rates (ARR) achieved in CZK terms. The ARR achieved increased to CZK 2,251 from CZK 2,145. The increase of rooms available was partially compensated by a decrease of average occupancy although Marienbad hotels' occupancy remained the highest within the group, being 71.5% in H1 2014, and 73.7% in H1 2013.

Due to reconstruction works in 2013, Hotel Hvezda was temporarily closed and also as a result of that investment 36 new rooms became available. Therefore in H1 2014 there were 7% more rooms available than in 2013. While the overall occupancy decreased, the number of rooms sold increased to 105,262 in H1 2014 from 101,663 in H1 2013. The number of guests from Russia, Ukraine and Kazakhstan slightly decreased as a result of recent events, however the number of domestic guests increased significantly, partially in connection with a recovery in local insurance business.

The amount of material expenses and services used in H1 2014 was HUF 1.8 billion, down by 4%, mainly reflecting a decrease in energy and maintenance expenses. Total personnel expenses in H1 2014 were HUF 1.3 billion, 2% above the H1 2013 level due to an increase in both average wages and average staff number in connection with the investments. Depreciation increased by 10% in connection with the investments in the comparative period.

The operational profit of Czech hotels was HUF 892 million in H1 2014 compared to HUF 483 million in H1 2013 as a consequence of the above changes.

Due to the increase in the average amount of outstanding bank loans (in connection with the capex), interest expense was HUF 33 million in H1 2014, compared to HUF 21 million in H1 2013. As the result of the weakening of CZK against EUR a HUF 5 million mostly unrealised foreign exchange loss was recognised in profit and loss on monetary assets and liabilities denominated in EUR, compared to a loss of HUF 41 million in H1 2013.

Capital expenditure in H1 2014 amounted to HUF 267 million, a significant drop compared to HUF 1,343 million in H1 2013, when the above project was in progress. The project was completed at the end of April 2013.

Overall, the profit before tax of Czech operations for H1 2014 was HUF 857 million compared to HUF 422 million in H1 2013.

Slovakian Segment

	HUF million			EUR million [1]			HUF million			EUR million [1]		
SLOVAKIA	Q2 2014	Q2 2013	Ch%	Q2 2014	Q2 2013	Ch%	H1 2014	H1 2013	Ch%	H1 2014	H1 2013	Ch%
Net sales revenues	3,176	2,966	7	10.4	10.0	4	4,894	4,945	(1)	16.0	16.7	(4)
EBITDA	924	856	8	3.0	2.9	4	722	947	(24)	2.4	3.2	(26)
Operating profit /(loss)	582	499	17	1.9	1.7	13	36	231	(84)	0.1	0.8	(85)
Financial results	(25)	(25)	0	(0.1)	(0.1)	3	(43)	(48)	10	(0.1)	(0.2)	14
Profit /(Loss) before tax	557	474	18	1.8	1.6	14	(7)	183	n.a.	(0.0)	0.6	n.a.
CAPEX	80	150	(46)	0.3	0.5	(48)	1,892	209	805	6.2	0.7	774
HUF/EUR average rate	306.0	295.9	3				306.8	296.1	4			

[1] *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.*

Total net sales revenue in H1 2014 decreased by 1% to HUF 4.9 billion as a consequence of the drop of spa (and partially rooms) revenues in connection with balneotherapy reconstruction works in Q1 2014. With the conclusion of the project in April the results started to improve again and the Slovakian segment achieved an increase of 7% in net sales revenues in the three months of Q2 2014 compared to Q2 2013.

The occupancy of Piestany hotels was 59.9% in H1 2014 compared to 64.0% in H1 2013 and the number of rooms sold also decreased to 137,484 in H1 2014 from 148,482 in H1 2013. Regionally, the largest decrease was registered from Germany, Slovakia and the Czech Republic. The average room rate was EUR 46.1 showing 5.3% increase from the previous period’s EUR 43.8. Coupled with a 4% weakening of the HUF/EUR exchange rate the ARR increased by 8.9% in HUF terms.

The amount of material expenses and services used in H1 2014 was HUF 1.9 billion, up by 5% due to inflation and the 4% weakening of the H1 2014 average HUF/EUR exchange rate compared to the H1 2013 average. Personnel expenses for H1 2014 were HUF 1.9 billion, a 5% increase that is mostly resulted from the euro exchange rate changes described above.

Capital expenditures during H1 2014 were HUF 1.9 billion mainly reflecting the balneotherapy reconstruction works started in Q4 2013, largely funded by a medium term bank loan.

Overall, due to the ongoing reconstructions, the Slovakian segment recognised a loss before tax of HUF 7 million for H1 2014 compared to a profit before tax of HUF 183 million in H1 2013.

Romanian Segment

	HUF million			EUR million [1]			HUF million			EUR million [1]		
ROMANIA	Q2 2014	Q2 2013	Ch%	Q2 2014	Q2 2013	Ch%	H1 2014	H1 2013	Ch%	H1 2014	H1 2013	Ch%
Net sales revenues	371	335	11	1.2	1.1	7	719	652	10	2.3	2.2	6
EBITDA	13	50	(74)	0.0	0.2	(75)	67	86	(22)	0.2	0.3	(25)
Operating profit /(loss)	(74)	(22)	(236)	(0.2)	(0.1)	(225)	(99)	(49)	(102)	(0.3)	(0.2)	(95)
Financial results	(7)	(11)	36	(0.0)	(0.0)	38	(8)	(7)	(14)	(0.0)	(0.0)	(10)
Profit /(Loss) before tax	(81)	(33)	(145)	(0.3)	(0.1)	(137)	(107)	(56)	(91)	(0.3)	(0.2)	(84)
CAPEX	568	388	46	1.9	1.3	42	946	702	35	3.1	2.4	30
HUF/RON average rate	69.1	67.3	3				68.7	67.4	2			
RON/EUR average rate	4.4	4.4	1				4.5	4.4	2			

[1] *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.*

Total net sales revenue for H1 2014 increased by 10% in HUF terms compared to H1 2013. The increase of revenues mainly derives from the 5% increase of average room rate (ARR) to RON 137 from RON 130, partially because renovated four star superior rooms in Bradet were sold at significantly higher price than the two stars rooms. The increase of revenues in HUF terms was 8% due to the slight weakening of the HUF/RON exchange rate.

In H1 2014 the occupancy increased to 52.7% compared to 49.1% in H1 2013, however 4% less rooms were available due to reconstruction of Hotel Bradet. The number of rooms sold was 32,685, that is 3% above the 31,691 rooms sold in H1 2013. F&B and spa revenues also increased 9% and 6% respectively.

Total material expenses and services used in H1 2014 amounted to HUF 367 million, that is an increase of 9% compared to H1 2013. Within that raw material costs increased 22% reflecting the purchase of operating equipment required to start the operation of Hotel Bradet. Personnel expenses increased by 21% compared to H1 2013 due to a combination of salary increases and additional staff requirements of the renovated four star superior operation and spa facilities. Depreciation charge increased by 23% compared to the previous period as a result of new additions to Hotel Bradet. As a combined result of the above, the Romanian segment realised an operating loss of HUF 99 million in the period compared to HUF 49 million in H1 2013.

Capital expenditure during H1 2014 was HUF 946 million compared to HUF 702 million in H1 2013. The increased capital expenditure reflects phase two (larger part) competed in Q2 2014 compared to phase one (Q2 2013) of reconstruction of Hotel Bradet as a four star superior category hotel.

The loss before tax was HUF 107 million in H1 2014 compared to HUF 56 million in H1 2013.

Consolidated Balance Sheet

Total consolidated assets amounted to HUF 91.2 billion as of 30 June 2014, a 4% increase compared to the year end of 2013. Cash and cash equivalents increased by 6% and trade receivables increased by 95% compared to 31 December 2013 mainly due to seasonal changes. Trade receivables increased by only 6% compared to 30 June 2013.

The amount of property, plant and equipment (PPE) and intangible assets was HUF 82.4 billion as at 30 June 2014. Compared to the end of 2013 the amount increased by 4% due to the combined effect of HUF 3.8 billion purchase, HUF 2.4 billion depreciation and HUF 1.8 billion increase due to the effect of foreign exchange rate fluctuations. Total liabilities at 30 June 2014 were HUF 36.3 billion, a 12% increase compared to 31 December 2013 mainly as a result of drawing new bank loans to finance capex, an increase in our overdrafts and exchange rate fluctuations. The Group had EUR 69.5 million long-term loans, including short-term portion, as of 30 June 2014, while it had EUR 67.2 million at the end of year 2013.

The value of shareholders' equity increased by 1% compared to 31 December 2013 being the combined effect of the loss after tax of HUF 0.8 billion and the HUF 1.3 billion increase of translation reserve.

Cash flow

Net cash provided by operating activities in H1 2014 was HUF 2.7 billion, a significant improvement compared to the HUF 2.0 billion in H1 2013, due to better operational performance and changes in working capital. Capital expenditure in H1 2014 was HUF 3.8 billion, a 25% increase compared to HUF 3.0 billion in H1 2013 due to considerable spending on reconstruction works in Slovakia and Romania to increase the quality of our products and services.

During H1 2014 EUR 7.7 million loan has been drawn down for corporate and project financing purposes, and EUR 5.4 million repayment of long-term borrowings has taken place. Overall bank loans (current and non-current) have increased from HUF 21.0 billion to HUF 22.9 billion over the period, which was also caused by an increase of our overdrafts and by euro rate fluctuations.

Seasonality of operations

The Group's main operation is subject to seasonal fluctuations following natural patterns of the hotel industry. In particular, leisure guests tend to travel around the summer months while conference tourism is concentrated in the spring and autumn months.

For the 12 months ended 30 June 2014, the revenue was HUF 51.1 billion (12 months ended 30 June 2013: HUF 48.0 billion) and operating profit was HUF 3.5 billion (during the previous 12 months period: HUF 2.4 billion).

APPENDIX I - Unaudited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(HUF million)

31 December 2013		30 June 2014	30 June 2013	Change %
	Assets			
3,556	Cash and cash equivalents	3,770	3,301	14
1,243	Trade receivables	2,430	2,301	6
554	Inventory	567	500	13
83	Assets classified as held for sale	62	61	2
12	Current income tax receivables	15	3	400
1,497	Other receivables and current assets	1,536	1,429	7
6,945	**Total current assets**	**8,380**	**7,595**	**10**
76,056	Property, plant and equipment	79,315	76,765	3
3,184	Intangible assets	3,089	3,129	(1)
36	Other non-current assets	43	35	23
408	Deferred tax assets	404	411	(2)
79,684	**Total non-current assets**	**82,851**	**80,340**	**3**
86,629	**Total assets**	**91,231**	**87,935**	**4**
	Liabilities and Shareholders' Equity			
2,686	Trade accounts payable	2,624	2,350	12
1,010	Advance payments from guests	1,414	1,293	9
73	Current income tax payables	89	40	123
4,605	Other payables and accruals, including derivatives	5,996	5,453	10
6,428	Interest-bearing loans and borrowings	6,160	5,634	9
68	Provisions	219	103	113
14,870	**Total current liabilities**	**16,502**	**14,873**	**11**
14,549	Interest-bearing loans and borrowings	16,764	17,855	(6)
1,450	Deferred tax liabilities	1,517	1,349	12
1,474	Provisions	1,518	1,355	12
17,473	**Total non-current liabilities**	**19,799**	**20,559**	**(4)**
32,343	**Total liabilities**	**36,301**	**35,432**	**2**
	Shareholders' Equity			
8,285	Share capital	8,285	8,285	-
7,435	Capital reserve	7,435	7,435	-
(1,162)	Treasury shares	(1,162)	(1,162)	-
8,287	Translation reserve	9,610	8,624	11
(22)	Hedge reserve	-	(35)	n.a.
28,605	Retained earnings	27,836	26,545	5
51,428	**Attributable to equity holders of the parent**	**52,004**	**49,692**	**5**
2,858	**Non-controlling interests**	**2,926**	**2,811**	**4**
54,286	**Total shareholders' equity**	**54,930**	**52,503**	**5**
86,629	**Total liabilities and shareholders' equity**	**91,231**	**87,935**	**4**

APPENDIX II - Unaudited
CONSOLIDATED STATEMENT OF INCOME
(HUF million)

	Q2 2014	Q2 2013	Ch %	H1 2014	H1 2013	Ch %
Room revenue	7,602	7,294	4	11,809	11,238	5
Food and beverage revenue	4,227	4,107	3	7,044	6,729	5
Spa revenue	1,983	1,853	7	3,331	3,218	4
Other departmental revenue	522	542	(4)	973	966	1
Revenue from wineries	15	18	(17)	21	26	(19)
Revenue from security services	115	147	(22)	223	293	(24)
Other income	129	145	(11)	309	265	17
Total operating revenue and other income	**14,593**	**14,106**	**3**	**23,710**	**22,735**	**4**
Cost of goods purchased for resale	122	115	6	219	210	4
Material costs	2,786	2,730	2	5,084	5,087	-
Services used	2,749	2,705	2	5,023	4,890	3
Material expenses and services used	**5,657**	**5,550**	**2**	**10,326**	**10,187**	**1**
Wages and salaries	3,350	3,213	4	6,471	6,150	5
Other personnel expenses	297	305	(3)	555	556	-
Taxes and contributions	1,002	986	2	1,948	1,880	4
Personnel expenses	**4,649**	**4,504**	**3**	**8,974**	**8,586**	**5**
Depreciation and amortisation	1,212	1,183	2	2,399	2,359	2
Other expenses	866	752	15	1,477	1,336	11
Changes in inventories of finished goods & wip	(8)	2	n.a.	-	2	n.a.
Own work performed and capitalised	(8)	(6)	(33)	(13)	(10)	(30)
Total operating expenses	**12,368**	**11,985**	**3**	**23,163**	**22,460**	**3**
Profit/(loss) from operations	**2,225**	**2,121**	**5**	**547**	**275**	**99**
Interest income	15	4	275	24	11	118
Interest expense	(223)	(228)	2	(428)	(443)	3
Foreign currency gain /(loss)	(32)	441	n.a.	(680)	(328)	(107)
Net finance result	**(240)**	**217**	**n.a.**	**(1,084)**	**(760)**	**(43)**
Share of profit of equity accounted investees	2	1	100	4	3	33
Profit/(loss) before tax	**1,987**	**2,339**	**(15)**	**(533)**	**(482)**	**(11)**
Current tax expense	150	67	124	181	67	170
Deferred tax expense / (benefit)	7	31	(77)	24	43	(44)
Profit/(loss) for the period	**1,830**	**2,241**	**(18)**	**(738)**	**(592)**	**(25)**
Attributable to:						
Owners of the Company	1,739	2,163	(20)	(769)	(630)	(22)
Non-controlling interest	91	78	17	31	38	(18)
Basic and diluted earnings per share (HUF per share):	**220**	**273**	**(19)**	**(97)**	**(80)**	**(21)**

APPENDIX III – Unaudited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(HUF million)

	Q2 2014	Q2 2013	Ch %	H1 2014	H1 2013	Ch %
Profit/(loss) for the year	**1,830**	**2,241**	**(18)**	**(738)**	**(592)**	**(25)**
Other comprehensive income *						
Foreign currency translation differences for foreign operations	358	(1,262)	n.a.	1,430	(220)	n.a.
Changes in fair values of hedge derivatives	19	12	58	25	24	4
Total other comprehensive income	**377**	**(1,250)**	**n.a.**	**1,455**	**(196)**	**n.a.**
Total comprehensive income for the period	**2,207**	**991**	**123**	**717**	**(788)**	**n.a.**
Attributable to:						
Owners of the Company	2,089	996	110	576	(837)	n.a.
Non-controlling interest	118	(5)	n.a.	141	49	188
Total comprehensive income for the period	**2,207**	**991**	**123**	**717**	**(788)**	**n.a.**

* includes only items that are or may be reclassified to profit and loss.

APPENDIX IV – Unaudited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(HUF million)

For the period ended 30 June 2013

	Attributable to equity holders of the Company								
	Share Capital	Capital Reserve	Treasury Shares	Retained Earnings	Translation Reserve	Hedge Reserve	**Total**	**Non-controlling Interest**	**Total Equity**
31 December 2012	**8,285**	**7,435**	**(1,162)**	**27,175**	**8,852**	**(56)**	**50,529**	**2,796**	**53,325**
Total comprehensive income for the period									
Profit /(loss) for the period	-	-	-	(630)	-	-	(630)	38	(592)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(228)	-	(228)	8	(220)
Changes in fair values of hedge derivatives	-	-	-	-	-	21	21	3	24
Total other comprehensive income	**-**	**-**	**-**	**-**	**(228)**	**21**	**(207)**	**11**	**(196)**
Total comprehensive income for the period	***-***	***-***	***-***	***(630)***	***(228)***	***21***	***(837)***	***49***	***(788)***
Transactions with owners, recorded directly in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(34)	(34)
Total transactions with owners	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***(34)***	***(34)***
30 June 2013	**8,285**	**7,435**	**(1,162)**	**26,545**	**8,624**	**(35)**	**49,692**	**2,811**	**52,503**

APPENDIX IV – Unaudited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(HUF million)

For the period ended 30 June 2014

	Attributable to equity holders of the Company							Non-controlling Interest	Total Equity
	Share Capital	Capital Reserve	Treasury Shares	Retained Earnings	Translation Reserve	Hedge Reserve	Total		
31 December 2013	**8,285**	**7,435**	**(1,162)**	**28,605**	**8,287**	**(22)**	**51,428**	**2,858**	**54,286**
Total comprehensive income for the period									
Profit /(loss) for the period	-	-	-	(769)	-	-	(769)	31	(738)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	1,323	-	1,323	107	1,430
Changes in fair values of hedge derivatives	-	-	-	-	-	22	22	3	25
Total other comprehensive income	**-**	**-**	**-**	**-**	**1,323**	**22**	**1,345**	**110**	**1,455**
Total comprehensive income for the period	***-***	***-***	***-***	***(769)***	***1,323***	***22***	***576***	***141***	***717***
Transactions with owners, recorded directly in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(73)	(73)
Total transactions with owners	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***(73)***	***(73)***
30 June 2014	**8,285**	**7,435**	**(1,162)**	**27,836**	**9,610**	**-**	**52,004**	**2,926**	**54,930**

APPENDIX V - Unaudited
CONSOLIDATED STATEMENT OF CASH FLOWS
(HUF million)

	Q2 2014	Q2 2013	Ch %	H1 2014	H1 2013	Ch %
Profit/(loss) from operations	**2,225**	**2,121**	**5**	**547**	**275**	**99**
Depreciation and amortisation	1,212	1,184	2	2,399	2,360	2
(Gain)/ loss on sale of property, plant and equipment	8	-	n.a.	(45)	-	n.a.
<u>*Changes in working capital*</u>						
Increase / (decrease) of provisions	*154*	*(19)*	*n.a.*	*195*	*26*	*650*
(Increase)/ decrease of accounts receivable and current assets	*(1,358)*	*(851)*	*(60)*	*(1,557)*	*(1,284)*	*(21)*
(Increase)/ decrease of inventory	*(65)*	*(10)*	*(550)*	*(13)*	*(9)*	*(44)*
Increase / (decrease) of accounts payable and other current liabilities	*768*	*405*	*90*	*1,771*	*1,199*	*48*
Interest paid	(195)	(245)	20	(391)	(436)	10
Income tax paid	(119)	(139)	14	(167)	(149)	(12)
Net cash provided by/(used in) operating activities	**2,630**	**2,446**	**8**	**2,739**	**1,982**	**38**
Purchase of property, plant and equipment and intangibles	(1,305)	(1,787)	27	(3,816)	(3,041)	(25)
Proceeds on sale of property, plant and equipment	-	-	n.a.	59	-	n.a.
Interest received	4	4	-	13	33	(61)
Net cash used in investing activities	**(1,301)**	**(1,783)**	**27**	**(3,744)**	**(3,008)**	**(24)**
Receipt of long-term bank loans	914	2,909	(69)	2,388	3,822	(38)
Repayment of long-term bank loans	(1,674)	(1,815)	8	(1,674)	(2,012)	17
Net cash provided/(used) by financing activities	**(760)**	**1,094**	**n.a.**	**714**	**1,810**	**(61)**
Net increase /(decrease) in cash held	569	1,757	(68)	(291)	784	n.a.
Cash and cash equivalents at the beginning of the financial period, net[1]	2,000	219	813	2,779	1,162	139
Effect of exchange rate fluctuations on cash held	21	(46)	n.a.	102	(16)	n.a.
Cash and cash equivalents at the end of the period, net[1]	**2,590**	**1,930**	**34**	**2,590**	**1,930**	**34**

[1] Represents the amount of cash and cash equivalents less the amount of bank overdrafts

APPENDIX VI
SUBSEQUENT EVENTS

According to an agreement signed in July 2014, instead of own operation Hotel Lövér is rented out with effect of 1 August 2014. We expect a slight increase of our annual net profit as a result of this change.

There has not been any other 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 VII

SHAREHOLDER STRUCTURES AND CHANGES IN ORGANISATION

In the current period there were no significant organisational changes within the Group.

	Period end of				
Shareholder[1]	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
CP Holdings and its investments[2]	*80.33%*	*80.33%*	*80.33%*	*80.33%*	*80.33%*
Of which:					
CP Holdings Ltd.	*38.85%*	*38.85%*	*38.85%*	*38.85%*	*38.85%*
Interag Zrt.	*31.45%*	*31.45%*	*31.45%*	*31.45%*	*31.45%*
Israel Tractors	*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*
Foreign financial investors	*7.59%*	*7.63%*	*8.11%*	*8.39%*	*8.37%*
Domestic financial investors	*4.69%*	*4.72%*	*3.84%*	*3.91%*	*3.94%*
Individuals	*2.87%*	*2.80%*	*3.19%*	*2.86%*	*2.84%*
Treasury shares	*4.52%*	*4.52%*	*4.52%*	*4.52%*	*4.52%*
Total	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***

[1] The table shows shareholders separately if their shareholding reaches or exceeds 5%, according to the Book of Shares.

[2] The 80.33% ownership of CP Holdings and its investments results an 84.14% combined direct interest in Danubius Hotels Nyrt. and includes the shares directly held by family members Schreier family.

APPENDIX VIII

CONSOLIDATED MANAGEMENT REPORT

(The following consolidated management report does not analyse the performance of the Group, which is available in the above sections of this document.)

While the start of 2014 demonstrated positive trading trends, the impact of the Russian-Ukrainian dispute began to be felt in Q2. The impact has mostly been seen in Marienbad where typically more than 50% of our guests are from Russia. In the Hungarian and Slovakian spa hotels, the percentage is less – approximately 10% – but this is still an important source of business and so far while Slovakia has also experienced a slight decline, Hungary has seen an increase. The wider economic consequences of these events also affect us. The Russian rouble has substantially recovered from the 25% devaluation in Q1 2014, however the growth of the Russian economy slowed and this, together with any further movement, could have an adverse influence on the willingness to travel of guests from this market. We continue to monitor the situation and are developing contingency plans to handle the uncertain Russian/Ukrainian situation with the aim of minimising any negative effects.

According to data provided by the Hungarian Central Statistical Office the number of guestnights increased in the Hungarian market by 6.8% comparing the first six months of 2014 to the similar period of the previous year. Within that, increase of domestic guestnights was 10.9% while guestnights from foreign countries increased by 3.4%. Guestnights provided by hotels increased by 5.4%. The Széchenyi card performed 29.5% stronger in the first six months of 2014, than in the first six months of 2013.

According to data provided by the Czech Statistical Office in H1 2014 the number of guests' overnight stays in collective accommodation establishments decreased by 1% year-on-year. The number of nights by domestic tourists went down by 2.7%, while the foreign guest nights increased 0.6%. There were, in total, more guests' arrivals by 0.7%, than in the same period of the prior year; the number of domestic guests decreased by 1.5% but the number of foreign tourists went up by 2.7%. Since January the highest number of guests arrived from Germany (717,322 guest which is an increase of 5.7%) and the second largest from Russia (368,281 guests, -6.3%).

According to data provided by the Slovakian Statistical Office in Q1 2014 (Q2 data are not available yet) the number of guests in Slovakian accommodation establishments was 786,679 which is a decrease of 8.2% compared to Q1 2013. The number of domestic guests decreased by 5.1% and foreign guests decreased by 12.9%. The number of guest-nights was 2,270,915 that is a decrease of 7.8% from which the foreign guest nights fell by 10.9% while the domestic guest nights decreased by 5.8%.

Our main goal for 2014 was to further increase the turnover, which goal was achieved in the first half of the year. In Budapest, it is challenging to replicate the growth achieved in 2013, because the majority of our surplus revenues in 2013 came from significant sport events organised in the capital which did not reoccur to that extent in 2014. In our countryside hotels we have seen more domestic demand, in line with our expectations, mainly due to the weaker local currencies and new government incentives offered by the Széchenyi Card, which is the most popular form of cafeteria payments in Hungary. Despite the events in Ukraine the number of guests from the former Soviet Union countries significantly increased further in 2014 which played a significant role in achieving our targets.

In 2014 we further increased the efficiency of the central reservation system and continued implementation of the new operating software in two countryside hotels. This provides greater efficiency in the fields of operations, sales, guest relations as well as accounting and finance. In addition, the group is focusing on increasing the turnover through electronic sales channels, especially through our own website, which we also support with marketing actions.

In addition to the risks involved in the Hotel industry, we are most significantly affected by the fluctuation of foreign exchange rates. In particular, the Hungarian forint against the Euro which weakened during the current period and also during the comparative period and the average exchange rate was also weaker in H1 2014 than in H1 2013. Weaker average exchange rate results higher revenues in HUF terms, however a weaker rate at the end of the period also causes unrealised foreign exchange losses recognised on loans denominated in Euros.

APPENDIX IX
DECLARATION

Danubius Hotels Nyrt. hereby declares that the unaudited Condensed Consolidated Interim Financial Statements presented in this report, prepared in accordance with IAS 34 as adopted by the EU, follow the same accounting standards, policies, procedures and estimations and therefore can be compared with previous period-end and Condensed Consolidated Interim Financial Statements. The Condensed Consolidated Interim Financial Statements give a true and fair view on the assets, liabilities, financial position, net income and loss of the Issuer Company and the consolidated subsidiaries. In addition, this report also gives true and fair view on the position, development, performance and risks of the Issuer Company and the consolidated subsidiaries. The Condensed Consolidated Interim Financial Statements do 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 reports. 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