



Sir Bernard Schreier

Chairman of the Board;

Chairman and Chief Executive Officer of CP Holdings Limited and subsidiaries,
and Investor Holding Rt.;
Vice President of Bank Leumi Plc.



Sándor Betegh

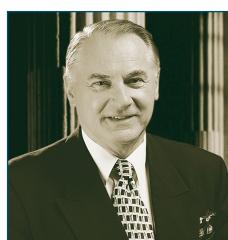
Chief Executive Officer of Danubius
as of October 1990 (President and CEO
between 1991 and May 1996).

John Smith

Joint Managing Director of
CP Holdings Ltd. and subsidiaries
and Investor Holding Rt.

Robert Levy

Joint Managing Director of
CP Holdings Ltd. and subsidiaries.

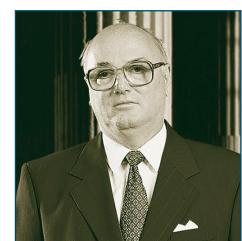


Iris Gibbor

Director of CP Holdings Ltd.

József László

Manager of SAS Skandinavian Airlines
in Budapest until 1998; currently Head of
the English Language Section of the College
of Commerce, Catering and Tourism.



Dr. Imre Deák

Senior Vice President of
Danubius as of December 1990.

János Tóbiás

Vice President, Finance of
Danubius as of 1991.

Dr. István Fluck

General Vice President of FEM,
Director and Chief Physician
of Budapest Spa Rt.



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Report of the Independent Auditor

To the Shareholders of Danubius Hotel and Spa Rt.

We have audited the accompanying consolidated balance sheet of Danubius Hotel and Spa Rt. and its subsidiaries ("the Group") as of December 31, 2001 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2001, and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards adopted by the International Accounting Standards Board.

Budapest,
March 13, 2002

KPMG Hungária Kft.


David Thompson
Partner



KPMG Hungária Kft. is registered with
Törzsköny Kft., a company incorporated under the
Hungarian Companies Act, is a member of KPMG
International, a Swiss association.