

**Proposals and motions  
of the  
Annual General Meeting  
of  
Danubius Hotels Nyrt.  
to be held on 27 April 2009**

Budapest, 9 April 2008

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## INVITATION TO THE ANNUAL GENERAL MEETING

(published on the website of the company ([www.danubiushotels.com](http://www.danubiushotels.com)), the Budapest Stock Exchange [www.bet.hu](http://www.bet.hu)) and the announcement web site of the Hungarian Financial Supervisory Authority ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) on 27 March 2009).

The Board of Directors announces its shareholders that  
**DANUBIUS HOTEL AND SPA PUBLIC LIMITED COMPANY**

/1051 Budapest, Szent István sq. 11./  
shall hold its

### Annual General Meeting

**on Monday, 27<sup>th</sup> April 2009 at 10.00 am  
in the Olympia room of Danubius Hotel Arena**

/1148 Budapest, Ifjúság street 1-3./  
in a traditional way

#### Agenda:

1. To submit and approve the 2008 Annual reports, the Balance Sheet and the Profit and Loss statement
  - To receive the Board's report about the 2008 business activities
  - To receive the report of the Auditor on the 2008 B/S
  - To receive the report of the Supervisory Board on the 2008 operating activities and B/S
2. To pass decision on the Report on Corporate Governance
3. To pass decision on the 2008 profit allocation
4. To inform the Meeting about the 2009 business targets
5. To modify the Articles of Association (amendment of certain sections of the Articles of Association becomes necessary due to changes in the provisions of the Gt. (Joint regulations on Business Associations) and the Tpt. (Capital Market regulations)
6. To accept the Rules of procedure of the Supervisory board
7. To appoint the Auditor and approve his 2009 remuneration
8. To establish the remuneration of the members of the Board of Directors and the Supervisory Board

We inform our Shareholders that **the information including the proposals and draft resolutions of the General Meeting** will be published on 10<sup>th</sup> April 2009 on the Company site ([www.danubiushotels.hu](http://www.danubiushotels.hu)), on the site of BÉT Zrt. /= Budapest Stock Exchange/ ([www.bse.hu](http://www.bse.hu)), furthermore, on the site for capital market publications operated by the PSZÁF /= Hungarian Financial Supervisory Authority/ ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)). Upon request, we will place the document at your disposal electronically, by post and personally too.

The General Meeting **has a quorum** if attended by shareholders, or their proxy holders, who represent more than half of the votes embodied by the shares entitling to vote.

**In the absence of a quorum**, the Board convenes the repeated General Meeting at the very same venue for 10.00 a.m. on 30<sup>th</sup> April 2009 (Thursday) with unaltered agenda. The repeated General Meeting has a quorum regardless of the number of shares represented.

Every share with a nominal value of one thousand Forints entitles to one vote.

**Conditions to attend the General Meeting and exercise the voting right:**

Our owners may exercise their voting right at the General Meeting personally, by way of a regularly authorised proxy, or by way of a shareholders nominee as per the Tpt. Authorisation of representation should be submitted in the form of a public document or private document with full probative force till 12.00 a.m. on 24<sup>th</sup> April 2009 at the Head Office of Danubius Hotels Nyrt. (1051 Budapest, Szent István tér 11., 3<sup>rd</sup> floor), or upon registration, prior to commencement of the General Meeting, on the spot.

We call the attention of our Shareholders to the fact **whereby only he who is the owner of shares at the end of the record date (i.e. at the end of the day of 20<sup>th</sup> April 2009), who has been entered in the Book of Shares updated and closed for the General Meeting, and who simultaneously registers himself on the attendance sheet personally or by way of his proxy – against a simultaneous certification of his identity – is entitled to exercise the shareholders rights at the General Meeting!**

KELER Zrt. performs entry in the Book of Shares according to the shareholders' verification requested by the Company for the fifth working day preceding the General Meeting, for 20<sup>th</sup> April 2009, as record date. Pursuant to the shareholder's expressed instruction, the keepers of security account are obliged to arrange the entry of shares in the Book of Shares, therefore, **we request those of our shareholders wishing to exercise their shareholders rights at the General Meeting, to contact their keeper of security account in the interest of their entry in the Book of Shares.**

The Company assumes no responsibility for fulfilment of the mandate given to the keepers of security account, likewise, for the consequences of negligence or erroneous data supply performed by the keepers of security account.

Pursuant to the Articles of Association of Danubius Hotels Nyrt., entries in the Book of Shares should be performed till the third working day, preceding the General Meeting. Thus, the deadline for receipt of the requests of entry in the Book of Shares by KELER Zrt. is 22<sup>nd</sup> April 2009, 3.00 p.m.

Registration and receipt of the voting-papers are possible on the spot from 9.00 a.m. to 10.00 a.m.

Further information regarding the advertisement is available from the Investors' Relations of the Company at the telephone number (06 1) 889 4007 or by e-mail ([investor.relations@danubiushotels.com](mailto:investor.relations@danubiushotels.com)).

Budapest, 27<sup>th</sup> March 2009

Board of Directors of  
Danubius Hotels Nyrt.

**ITEM 1 OF THE AGENDA:  
TO SUBMIT AND REVIEW THE 2008 BALANCE SHEET AND PROFIT AND LOSS  
STATEMENT**

**REPORT OF THE BOARD OF DIRECTORS ON THE 2008 BUSINESS ACTIVITIES OF  
DANUBIUS HOTELS NYRT.**

This report contains audited consolidated financial statements for the period ended 31 December 2008 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

Danubius Hotels Group (IFRS)	HUF million			EUR million		
	FY 2008	FY 2007	Ch%	FY 2008	FY 2007	Ch %
Net sales revenues	47,173	47,342	0	187.8	188.4	0
EBITDA	5,997	7,609	(21)	23.9	30.3	(21)
Operating profit/(loss)	1,367	2,907	(53)	5.4	11.6	(53)
Financial results	(1,491)	(1,076)	39	(5.9)	(4.3)	39
Profit before tax	(199)	1,766	n.a.	(0.8)	7.0	n.a.
Operating cash flow	1,716	3,871	(56)	6.8	15.4	(56)
CAPEX	5,244	3,665	43	20.9	14.6	43
HUF/EUR	251	251	0			n.a.

- In 2008 total net sales **revenues** was HUF 47.2 billion, remained the same level of last year in spite of the strong forint in peak season and low demand in the last quarter. Group level **occupancy** was 66.2% in 2008 compared to 67.9% achieved in 2007. FY 2007 figures include the one off gain of selling Hotel Esztergom (HUF 286 million), Lövér Sportcentre (HUF 208 million) and Kastélykert Kft. (HUF 121 million), while in 2008 Hotel Phoenix and Miramonte spa house in Marienbad were disposed-off, realising a net gain of HUF 120 million and HUF 480 million, respectively.
- Operating profit in 2008 is down by 53% to HUF 1.4 billion from HUF 2.9 bn, due to the following:
  - Operating result of **Hungarian** segment for 2008 amounted to a loss of HUF 14 million compared to HUF profit of HUF 1,871 million as costs savings could not compensate for the HUF 2.0 bn revenue setback of hotels and restaurants. Comparative 2007 figure also includes the HUF 615 mn one-off effect of selling certain properties, while only HUF 120 mn is included in 2008.
  - **Czech** hotels contributed an operating profit of HUF 892 million in 2008 compared to a profit of HUF 770 million. Excluding the HUF 480 million one-off effect of selling Miramonte spa house y-o-y operating profit decreased by 47%, due to the increased costs of energy, payroll and maintenance, while operational revenue remained at the same level.
  - **Slovakian** segment's operating profit was HUF 16 million in 2008 compared to a loss of HUF 149 million loss in 2007. Revenue in HUF terms increased by 11% to HUF 9,0 bn, mainly thanks to the 8% SKK strengthening against HUF.
  - In 2008 total revenue of **Romanian** segment increased by 11% to HUF 1,778 million, operating result was a profit of HUF 473 million, compared to profit of HUF 414 million.
- The **Financial** results in 2008 was a loss of HUF 1.5 billion, compared to a loss of HUF 1.1 billion in 2007 as, 2008 includes interest expense of HUF 1.8 billion while comparative figure includes HUF 1.5 billion and there was a HUF 420 million FX gain in 2007, while only HUF 90 million FX gain was included in 2008.
- **Loss before tax** in 2008 was HUF 0.2 billion compared to a profit of HUF 1.8 billion in 2007.
- **Net cash provided by operating activities** in 2008 was HUF 1,7 billion, a 56% decrease compared to HUF 3.9 billion in 2007.
- **Capital expenditure** and investments during year 2008 amounted to HUF 5.2 billion compared to HUF 3.7 billion spending in 2007. Of which app. HUF 990 million was for new heating system in Slovakia which will substantially reduce energy consumption.
- Group level average **headcount** in 2008 was 5,338 compared to 5,483. Considering the fall in demand further reduction measures are planned to be introduced in 2009.

**FINANCIAL OVERVIEW**  
**Hungarian Segment**

HUNGARY	HUF million			EUR million		
	FY 2008	FY 2007	Ch %	FY 2008	FY 2007	Ch %
Net sales revenues	29,050	31,519	(8)	115.6	125.4	(8)
Operating profit	(14)	1,872	n.a.	(0.0)	7.5	n.a.
Financial results	(1,649)	(822)	101	(6.6)	(3.3)	101
Profit before tax	(1,737)	985	n.a.	(6.9)	3.9	n.a.
CAPEX	2,971	1,307	127	11.8	5.2	127

Total sales revenue and other operating income in 2008 decreased by 8% to HUF 29.1 billion, mainly due to lower revenue recognised from room and F&B services and from Gundel restaurants. During the peak seasons of Q2 and Q3 the strong forint negatively effected our revenue. In the last quarter of the year, the market demand dropped due to economic downturn, particularly in Budapest. In 2008 hotel occupancy was 63.1%, while it was 65.1% in 2007.

Room revenue of Hungarian hotels decreased by 7% to HUF 14.3 billion compared to year 2007 due to the combined result of occupancy decrease and the decrease of average room rate achieved (ARR) to HUF 12,288, down by HUF 166 than the comparative figure. The average length of stay was 2,9 days in 2008, no material change compared to last year. The number of guest-nights during 2008 decreased to 1,913,956 from 2,009,606 out of which domestic guest-nights represents 20%, a considerable increase compared to 2007 level of 18%. In 2008 guests from Germany, Italy, Japan, USA decreased the most, partly compensated by more guest arrivals from Russia, Turkey and France. Room departmental profit for the whole year decreased by HUF 1.0 billion, down by 8% compared to 2007.

Food and beverage revenue of hotels and restaurants for the whole year of 2008 was HUF 9.1 billion, lower by 3% than comparative figure. 2008 F&B departmental profit of our hotels fell by HUF 0.4 billion mainly as the result of lower revenue and high inflation on raw materials that could not be compensated by the decrease of payroll. Partly as a result of kitchen reconstruction works Gundel's total revenue and income in 2008 decreased by HUF 406 million, down by 21% y-o-y, however, thanks to our cost cutting measures, operational performance decreased by HUF 163 million.

In 2008 Spa revenue was HUF 1.7 billion, down by 2% compared to 2007, due to the combined result of lower number of treatments sold and the decrease of average rate of a treatment. Spa departmental profit was lower by 2% as the decrease in payroll and other cost savings could not compensated the revenue drop.

Revenue from security services in 2008 was HUF 717 million, down by 8% compared to year 2007.

Due to the combined effect of high inflation on materials and the drop in occupancy raw material expenses increased by 7% to HUF 6.1 billion. The value of services used in 2008 decreased by 4% to HUF 6.1 billion, within this energy cost grew significantly by 18% to HUF 2.7 billion, while the amount spent on maintenance work at the hotels decreased by 11% to HUF 819 million. Personnel expenses for 2008 were HUF 11.5 billion, up by 3% reflecting the combined effect of yearly salary increase, lower average headcount and HUF 275 million provision recognised for further headcount reduction measures.

Due to the increase of 3 months EURIBOR, the increase of average borrowings over the period and the change in the fair value of interest swap derivatives interest expenses grew to HUF 1.3 billion from HUF 1.1 billion. Primarily as the result of depreciation of HUF in 2008 against EUR, in which majority of our long-term borrowings are denominated, a HUF 480 million foreign exchange loss (mostly unrealised) was recognised in profit and loss, compared to a gain of HUF 243 million in 2007.

Capital expenditures during 2008 was HUF 3.0 billion compared to HUF 1.3 billion spent in 2007, including spending on Hilton Corvina restaurant, Hotel Gellért's façade renovations and four star upgrade of Hotel Arena.

Due to lower operational and financial result the loss before tax of Hungarian segment was HUF 1.7 billion in 2008 compared to 2007 profit of HUF 1.0 billion.

### **Czech Segment**

CZECH	HUF million		Ch%
	FY 2008	FY 2007	
Total revenue and income	7,304	6,085	20
Operating profit	892	770	16
Financial results	(34)	(68)	(50)
Profit before tax	857	702	22
CAPEX	466	1,095	(57)
HUF/CZK average	10.07	9.05	11
CZK/EUR average	24.95	27.77	(10)

Total sales revenue and other operating income in HUF term increased by 20% to HUF 7.3 billion in 2008, due to the HUF 480 million one-off effect of selling Miramionte spa house and the continuous weakening of Hungarian forint against the Czech crown over the period. Whole year room revenue was HUF 3.6 billion, up by 9%. Occupancy of Marianbad hotels in 2008 improved significantly to 79.0% from 73.0%, while the average room rate achieved (ARR) in CZK term decreased to 1,550 from 1,695. The average length of stay was 9.2 days in 2008 while it was 8.6 days in 2007. The number of guestnights in 2008 was 382,167 compared to 351,214 as more guests arrived from Germany again and the significant drop of domestic guests was more than compensated by increasing number of guests arriving from certain former Soviet Union countries.

The amount of material expenses and services used in 2008 increased by 27% to HUF 3.0 billion, partly due to combined effect of average inflation, CZK strengthening against HUF and the increase in occupancy, within this energy costs increased by 23% to HUF 568 million and maintenance expenses grew by 54% to HUF 472 million. Total personnel expenses in 2008 were HUF 2.1 billion, up by 20% compared to 2007, due to average salary increase and the effect of CZK strengthening against HUF.

In spite of the increase of 3 months EURIBOR interest expense for 2008 was HUF 130 million compared to HUF 147 million, due to the lower level of average borrowings during the period. As the result of overall strengthening of CZK in 2008 against EUR in which all of LLML's long-term borrowings are denominated, a HUF 86 million foreign exchange gain was recognised in profit and loss, compared to a gain of HUF 69 million in 2007

Capital expenditure in 2008 amounted to HUF 466 million, down by 57% from the previous year's higher expenditure on major projects.

Due to lower operational result but considering the one-off effect of selling a property the profit before tax of Czech operations for 2008 was HUF 857 million compared to HUF 702 million.

## **Slovakian Segment**

	HUF million		
	FY 2008	FY 2007	Ch%
SLOVAKIA			
Total revenue and income	9,041	8,143	11
Operating profit	16	(149)	n.a.
Financial results	248	(141)	n.a.
Profit before tax	264	(290)	n.a.
CAPEX	1,423	839	70
HUF/SKK average	8.04	7.44	8
SKK/EUR average	31.26	33.78	(7)

Total sales revenue and other operating income in 2008 grew by 11% to HUF 9.0 billion, almost entirely due to the 8% weakening of forint against Slovakian crown compared to 2007. Room revenue in SKK increased by 1% in 2008 as the average room rate (ARR) increased to SKK 1,126 from SKK 1,058 and the occupancy decreased from 77.1% to 72.1%. The number of rooms sold decreased from 372,114 to 351,285 in 2008, however the number of guests increased from 58,353 to 59,254. The number of guestnights in 2008 was 577,707 compared to 574,242 in 2007, the average length of stay in the whole year of 2008 was 9.7 days, almost the same as of last year.

Due to the significant SKK strengthening against HUF the amount of material expenses and services used in 2008 was HUF 3.5 billion, up by 13% compared to last year, within this, energy cost increased by 29% to HUF 863 million, while maintenance expenses was HUF 198 million, down by 13% compared to 2007. Personnel expenses for year 2008 increased only by 3% in HUF terms, reflecting the decrease in the average level of employees and the positive effect of outsourcing of laundry on payroll as well.

Piestany has more business clients requiring only accommodation with breakfast and clients requiring relaxing stays which are not aimed on medical treatment (included in Spa revenues). Therefore Spa revenues are expected to decrease slightly in favour of room revenues as a result of less medical treatment provided as the Company is being concentrated not only on medical treatment stays but also on wellness stays.

Due to the combined effect of the average increase of 3 months EURIBOR and lower average level of borrowings the interest expenses for year 2008 amounted to HUF 275 million, compared to HUF 273 million in 2007. As the result of overall strengthening of SKK in 2008 against EUR in which all of SLKP's long-term borrowings are denominated, a HUF 523 million foreign exchange gain was recognised in profit and loss, compared to a gain of HUF 131 million in 2007

Capital expenditure during the whole year of 2008 was HUF 1,423 million, including significant spending on heating and recirculation systems, up by 70% compared to the HUF 839 million in 2007.

Being the result of the above the profit before tax of Slovakian operations for 2008 was HUF 264 million, compared to a loss of HUF 290 million in Q4 2007

## Romanian Segment

ROMANIA	HUF million		Ch%
	FY 2008	FY 2007	
Total revenue and income	1,778	1,595	11
Operating profit	473	414	14
Financial results	(56)	(45)	24
Profit before tax	417	369	13
CAPEX	385	424	(9)
HUF/RON average rate	68.23	75.46	(10)
RON/EUR average rate	3.68	3.33	11

Total sales revenue and other operating income for 2008 increased by 11% in HUF terms compared to the last year and was HUF 1.8 billion, in spite of the significant strengthening of HUF against RON and 2008 total revenue also includes a one-off gain of HUF 73 million as a litigation case with tax authorities has been won by the Company. FY 2008 occupancy decreased from 59.5% to 55.3% (majority of this decrease relates to 2 star hotels), while the average room rate achieved (ARR) increased considerably from RON 99 to RON 117, hence room revenue increased by 11% in RON terms. Room departmental profitability in RON terms improved significantly by 11% in 2008. The number of guests during the whole year of 2008 decreased slightly to 40,635 from 40,882 due to the decreasing number of state pension guests and guests arrived from Hungary.

Due to the combined effect of FX differences, inflation and the drop in occupancy total material expenses and services used in 2008 increased by 5% amounting to HUF 650 million. Within this, energy cost decreased by 1% to HUF 150 million, and raw material cost was HUF 424 million, down by 3%, in spite of high inflationary effect.

Due to the increase of average 3 months EURIBOR and lower average borrowings, interest expense in 2008 was HUF 37 million, the same as of last year.

Capital expenditure during the whole year of 2008 was HUF 385 million, the majority of which relates to the reconstruction of Hotel Sovata Lobby bar and new headquarter offices. The comparative yearly figure includes significant spending on Hotel Sovata Conference room.

Being the result of the above the loss before tax of Romanian operations for 2008 increased by 13% to HUF 417 million compared to a profit of HUF 369 million in 2007.

## **Consolidated Balance Sheet**

Total consolidated asset value amounted to HUF 90.3 billion as of 31 December 2008, a 5% increase compared to the period end of year 2007. Current assets include assets held for sale which comprises the net carrying value, less cost of sale, of certain hotel and hospitality properties in both Hungary and Slovakia. The Group expects to sell these assets within the next twelve months. Trade receivables decreased by 7% y-o-y, reflecting the effectiveness of our intensive debt collection activities carried out in the last quarter.

The amount of property, plant and equipment was HUF 76.3 billion at the end of 2008, an increase of 5% over the last 12 months. The majority of this increase is due to the FX translation effect of foreign subsidiaries. In December 2008 Danubius sold its 25% minority shareholding in CP Regents Park Two Ltd. to CP Holdings, the majority shareholder of Danubius, and the consideration for the sale was the repayment of the GBP 5.1 million loan. At the end of 2008 the investments in associated companies amounted to nil, as the historic cost of the investment in Egészségsgiget Kft. was offset by the share of its loss. Egészségsgiget Kft. is our associate company to utilise the land acquired near Hotel Gellért. Other non-current assets include HUF 2 billion loan granted to Egészségsgiget Kft. in order to finance its land acquisition.

Total liabilities at the end of 2008 was HUF 37.3 billion, a 6% increase compared to 31 December 2007, mainly due to the 7% net increase of long-term borrowings, including those repayable within one year, a considerable part of this increase is due to FX movements. The Group had EUR 96.7 million long-term loans as of 31 December 2008.

The value of shareholders' equity grew by HUF 1.9 billion compared to 31 December 2007 due to net after tax loss of HUF 0.4 billion over the past 12 months, the significant, HUF 1.6 billion, increase of translation reserve and HUF 0.7 billion increase in minority interest, due to the weakening forint against the national currency of subsidiaries. The parent company mitigates its interest exposure by means of hedging instruments the effect of which is included in fair valuation reserve and P&L in accordance with IAS 39.

## **Cash flow**

Net cash provided by operating activities in year 2008 was HUF 1,716 million, down by 56% compared to 2007 primarily due to lower operating performance. Capital expenditure in 2008 was HUF 5,244 million, a 43% growth compared to year 2007, including significant spending in Hungary and Slovakia.

During the whole year of 2008 EUR 14.6 million and GBP 5.1 million repayments of borrowings has taken place. In Q1 2008 a EUR 8.0 million, in Q3 2008 EUR 5 million and in Q4 app. EUR 15 million long-term bank loan has been drawn down for corporate financing purposes.

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

	At 31 December	
	2008	2007
<b>Assets</b>		
Cash and cash equivalents	3 797	3,931
Trade and other receivables	3,062	2,905
Inventory	867	859
Assets held for sale	351	257
Other current assets	482	709
Income tax receivables	21	-
<b>Total current assets</b>	<b>8,580</b>	<b>8,661</b>
Property, plant and equipment	76,347	72,831
Intangible assets	2,703	2,492
Investments in associates	-	1,650
Other investments, including derivatives	2,108	72
Deferred tax assets	524	627
<b>Total non-current assets</b>	<b>81,682</b>	<b>77,672</b>
<b>Total assets</b>	<b>90,262</b>	<b>86,333</b>
<b>Liabilities and Shareholders' Equity</b>		
Trade accounts payable	2,866	2,600
Advance payments from guests	640	494
Income tax payable	35	396
Other payables and accruals	3,249	3,006
Interest-bearing loans and borrowings	5,599	5,678
Provisions	445	379
<b>Total current liabilities</b>	<b>12,934</b>	<b>12,553</b>
Interest-bearing loans and borrowings	21,812	18,241
Loan from related party	-	1,708
Deferred tax liabilities	1,351	1,467
Provisions	1,235	1,265
<b>Total non-current liabilities</b>	<b>24,398</b>	<b>22,681</b>
<b>Total liabilities</b>	<b>37,332</b>	<b>35,234</b>
<b>Shareholders' Equity</b>		
Share capital	8,285	8,285
Capital reserve	7,435	7,435
Treasury shares	(1,162)	(1,162)
Translation reserve	6,032	4,441
Hedging reserve	-	24
Retained earnings	30,023	30,410
<b>Attributable to equity holders of the parent</b>	<b>50,613</b>	<b>49,433</b>
<b>Minority interests</b>	<b>2,317</b>	<b>1,666</b>
<b>Total shareholders' equity</b>	<b>52,930</b>	<b>51,099</b>
<b>Total liabilities and shareholders' equity</b>	<b>90,262</b>	<b>86,333</b>

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

	Year ended 31 December	
	2008	2007
Room revenue	21,811	22,249
Food and beverage revenue	14,996	14,999
Spa revenue	6,197	5,875
Other departmental revenue	2,138	2,313
Revenue from wineries	155	197
Revenue from security services	717	777
Other income	1,159	932
<b>Total operating revenue and other income</b>	<b>47,173</b>	<b>47,342</b>
Cost of goods purchased for resale	265	270
Material costs	10,544	9,835
Services used	9,947	9,814
<b>Material expenses and services used</b>	<b>20,756</b>	<b>19,919</b>
Wages and salaries	12,341	11,816
Other personnel expenses	1,472	1,413
Taxes and contributions	4,331	4,097
<b>Personnel expenses</b>	<b>18,144</b>	<b>17,326</b>
Depreciation and amortisation	4,630	4,702
Other expenses	2,366	2,539
Changes in inventories of finished goods and w.i.p.	(8)	7
Work performed by the entity and capitalised	(82)	(58)
<b>Total operating expenses</b>	<b>45,806</b>	<b>44,435</b>
<b>Profit from operations</b>	<b>1,367</b>	<b>2,907</b>
Interest income	224	52
Interest expense	(1,805)	(1,548)
Foreign currency gain	90	420
<b>Financial loss</b>	<b>(1,491)</b>	<b>(1,076)</b>
<b>Share of loss of associates</b>	<b>(75)</b>	<b>(65)</b>
<b>Profit/(loss) before tax</b>	<b>(199)</b>	<b>1,766</b>
Current tax expense	187	501
Deferred tax benefit	(34)	(139)
<b>Profit/(loss) for the year</b>	<b>(352)</b>	<b>1,404</b>
Attributable to:		
Equity holders of the parent	(411)	1,368
Minority interest	59	36
<b>Basic and diluted earnings per share (HUF per share):</b>	<b>(52)</b>	<b>173</b>

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

	Year ended 31 December	
	2008	2007
<b>Profit from operations</b>	<b>1,367</b>	<b>2,907</b>
Depreciation and amortisation	4,630	4,702
(Gain)/loss on sale of fixed assets	(702)	(667)
Change of provisions	36	162
Impairment of receivables	48	42
<i><u>Changes in working capital</u></i>		
<i>(Increase)/ decrease of accounts receivable and other current assets</i>	<i>(1,677)</i>	<i>(563)</i>
<i>(Increase)/ decrease of inventory</i>	<i>(8)</i>	<i>(15)</i>
<i>Increase / (decrease) of accounts payable and other current liabilities</i>	<i>144</i>	<i>(1,002)</i>
Interest paid	(1,698)	(1,529)
Income tax paid	(424)	(166)
<b>Net cash provided by operating activities</b>	<b>1,716</b>	<b>3,871</b>
Purchase of property, plant and equipment and intangibles	(5,244)	(3,665)
Interest received	224	52
Proceeds on sale of property, plant and equipment	844	829
Cash paid to acquire additional shares in subsidiaries	-	(1,600)
Disposal of investment	1,387	-
Other cash inflow / (outflow)	-	(1)
<b>Net cash used in investing activities</b>	<b>(2,789)</b>	<b>(4,385)</b>
Receipt of long-term bank loans	7,396	3,352
Repayment of long-term bank loans	(5,067)	(2,753)
Payment of finance lease liabilities	(6)	(179)
<b>Net cash provided by financing activities</b>	<b>2,323</b>	<b>420</b>
Net increase (decrease) in cash held	1,250	(94)
Cash and cash equivalents at the beginning of the period, net <sup>1</sup>	1,921	2,015
<b>Cash and cash equivalents at the end of the period, net<sup>1</sup></b>	<b>3,171</b>	<b>1,921</b>

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

**APPENDIX IV  
SUBSEQUENT EVENTS**

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group in future periods.

**APPENDIX V  
SHAREHOLDER STRUCTURES AND CHANGES IN ORGANISATION**

In Q1 2008 Danubius Hotels Nyrt. sold its 56.7% share in Marcali Hotel Kft, presently has no ownership share in the company. In December 2008 Danubius Hotels Nyrt. sold its 25% minority shareholding in CP Regents Park Two Ltd. There were no other significant organisational changes within the Group.

Shareholder <sup>1</sup>	PERIOD END OF				
	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
CP Holdings and its investments <sup>2</sup>	71.75%	72.66%	73.88%	74.12%	74.52%
<i>Of which:</i>					
<i>CP Holdings Ltd.</i>	36.25%	37.16%	37.16%	37.16%	37.55%
<i>Interag Zrt.</i>	29.38%	29.38%	30.60%	30.85%	30.85%
<i>Israel Tractors</i>	6.12%	6.12%	6.12%	6.12%	6.12%
Foreign financial investors	14.05%	13.73%	12.44%	12.44%	11.74%
Domestic financial investors	7.05%	6.19%	6.32%	6.52%	6.22%
Domestic individuals	2.44%	2.71%	2.64%	2.68%	2.81%
Employees	0.19%	0.19%	0.19%	0.19%	0.19%
Treasury shares	4.52%	4.52%	4.52%	4.52%	4.52%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1</sup> The table shows shareholders separately if their shareholding reaches or exceeds 5%, according to the Book of Shares.

<sup>2</sup> The 74.52% ownership of CP Holdings and its investments results a 78.04% combined direct interest in Danubius Hotels Nyrt.

**APPENDIX VI  
DECLARATION**

Danubius Hotels Nyrt. hereby declares that the figures and statements of this 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 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.

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

HUF thousand	31 December 2008	31 December 2007	Ch %
<b>NON-CURRENT ASSETS</b>	<b>52,079,838</b>	<b>53,023,826</b>	<b>(2)</b>
<b>INTANGIBLE ASSETS</b>	<b>139,996</b>	<b>216,102</b>	<b>(35)</b>
Capitalised cost of foundation and restructuring			
Capitalised research and development costs			
Rights and titles			
Intellectual property	139,996	215,993	(35)
Goodwill			
Advance payment on intangible assets		109	n.a.
Revaluation of intangible assets			
<b>PROPERTY, PLANT AND EQUIPMENT (TANGIBLE)</b>	<b>6,740,359</b>	<b>6,484,433</b>	<b>4</b>
Real estates and relating rights	6,542,563	6,338,945	3
Equipments, machines, vehicles	27,920	58,396	(52)
Other equipments, fixtures, vehicles	9,934	12,530	(21)
Livestock			
Capital investments and refurbishments	159,942	73,062	119
Advance payments on capital investments		1,500	n.a.
Revaluation of tangible assets			
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>45,199,483</b>	<b>46,323,291</b>	<b>(2)</b>
Long-term investments	40,300,810	42,597,744	(5)
Long-term loan to related parties	4,882,010	3,708,996	32
Other long-term investments	15,217	15,217	0
Long-term loan to other investments			
Other long term loans	1,446	1,334	8
Long term securities			
Revaluation of non-current financial assets			
<b>CURRENT ASSETS</b>	<b>2,150,534</b>	<b>3,674,114</b>	<b>(41)</b>
<b>INVENTORIES</b>	<b>33</b>	<b>4,258</b>	<b>(99)</b>
Raw materials			
Work in progress and semifinished goods			
Grown, fattened and other livestock			
Finished products			
Goods, Commodities	33	4,258	n.a.
Advance payments on stocks			
<b>RECEIVABLES</b>	<b>838,043</b>	<b>2,073,454</b>	<b>(24)</b>
Receivables from supply of goods and services (customers)	5,799	2,327	149
Receivables from related parties	797,791	2,061,911	(61)
Receivables from other investment			
Bills of exchange			
Other receivables	34,453	9,216	274
<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>151,437</b>	<b>435,381</b>	<b>(65)</b>
Cash at hand, cheques	312	543	(43)
Bank deposits	151,125	434,838	(65)
<b>ACCRUALS AND PREPAYMENTS</b>	<b>10,231</b>	<b>35,015</b>	<b>(71)</b>
Accrued income	326	124	163
Prepaid costs and expenses	9,905	34,891	(72)
Deferred expenses			
<b>TOTAL ASSETS</b>	<b>54,240,603</b>	<b>56,732,955</b>	<b>(4)</b>

HUF thousand	31 December 2008	31 December 2007	Ch %
<b>SHAREHOLDERS' EQUITY</b>	<b>39,662,832</b>	<b>39,827,945</b>	<b>0</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	22,868,825	22,002,942	4
COMMITTED RESERVES	1,161,021	1,161,021	0
REVALUATION RESERVE			
NET PROFIT FOR THE PERIOD	(165,113)	865,883	n.a.
<b>PROVISIONS</b>	<b>36,696</b>	<b>213,400</b>	<b>(83)</b>
Provisions for expected liabilities	36,696	213,400	(83)
Provisions for future expenses			
Other provisions			
<b>LIABILITIES</b>	<b>14,858,978</b>	<b>16,900,100</b>	<b>(12)</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>11,453,271</b>	<b>12,411,403</b>	<b>(8)</b>
Long term loans			
Convertible bonds			
Liability from bond issue			
Capital investment and development loans			
Other long term loans	11,453,271	12,411,403	(8)
Long term liabilities to related parties			
Long term liabilities to other investments			
Other long term liability			
<b>SHORT TERM LIABILITIES</b>	<b>3,405,707</b>	<b>4,488,697</b>	<b>(24)</b>
Short term credits	-	400,000	n.a.
Short term loans	2,334,586	3,555,463	(34)
Advance payments from customers	4,064	4,064	0
Creditors, Suppliers	47,867	139,064	(66)
Bills of exchange			
Short term liabilities to related parties	814,249	135,335	502
Short term liabilities to other investments	-	344	n.a.
Other short term liabilities	204,941	254,427	(26)
<b>DEFERRALS</b>	<b>56,620</b>	<b>166,033</b>	<b>(66)</b>
Deferred revenues			
Deferred costs and expenses	55,868	163,895	(66)
Deferred income	752	2,138	(65)
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>54,240,603</b>	<b>56,732,955</b>	<b>(4)</b>

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

HUF thousand	FY 2008	FY 2007	Ch %
<b>Net domestic sales revenue</b>	<b>3,751,406</b>	<b>3,538,513</b>	<b>6</b>
<b>Export sales revenue</b>			
<b>Total net sales revenue</b>	<b>3,751,406</b>	<b>3,538,513</b>	<b>6</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>183,436</b>	<b>60,592</b>	<b>203</b>
Raw material costs	27,173	27,522	(1)
Value of services used	1,011,382	944,270	7
Other services	42,803	20,988	104
Purchase price of goods sold			
Value of sold services	120,550	71,038	70
<b>Material expenditures</b>	<b>1,201,908</b>	<b>1,063,818</b>	<b>13</b>
Salaries and wages	808,128	899,754	(10)
Other personnel payments	180,982	216,451	(16)
Taxes and contributions	299,293	339,438	(12)
<b>Total payroll &amp; related costs</b>	<b>1,288,403</b>	<b>1,455,643</b>	<b>(11)</b>
<b>Depreciation</b>	<b>435,420</b>	<b>455,947</b>	<b>(5)</b>
<b>Other expenditures</b>	<b>171,862</b>	<b>272,987</b>	<b>(37)</b>
<b>Operating profit</b>	<b>837,249</b>	<b>350,710</b>	<b>139</b>
Dividend received		979,631	n.a.
Capital gain on the sale of shares		111,500	n.a.
Exchange gain of inv. fin. assets			
Other interests received	330,007	272,672	21
Other financial income	641,503	300,274	114
<b>Rev. from financial transact.</b>	<b>971,510</b>	<b>1,664,077</b>	<b>28</b>
Exchange loss of inv. fin. assets	389,040	2,500	n.a.
Interests payable	1,035,166	1,003,949	3
Loss of value -securities, deposits			
Other financial expenses	511,082	137,479	271
<b>Expenditures of fin. transact.</b>	<b>1,935,288</b>	<b>1,143,928</b>	<b>69</b>
<b>Financial profit or loss</b>	<b>(963,778)</b>	<b>520,149</b>	<b>n.a.</b>
<b>Profit from ordinary activities</b>	<b>(126,529)</b>	<b>870,859</b>	<b>n.a.</b>
Extraordinary income	-	31,386	n.a.
Extraordinary loss	25,238	36,362	(31)
<b>Extraordinary profit or loss</b>	<b>(25,238)</b>	<b>(4,976)</b>	<b>407</b>
<b>Profit before tax</b>	<b>(150,381)</b>	<b>865,883</b>	<b>n.a.</b>
Corporate tax payable	14,732		
<b>Profit after tax</b>	<b>(165,113)</b>	<b>865,883</b>	<b>n.a.</b>
Dividend paid from profit reserve			
Dividend payable/ Minority			
<b>NET PROFIT FOR THE PERIOD</b>	<b>(165,113)</b>	<b>865,883</b>	<b>n.a.</b>

## REPORT OF THE AUDITOR ON THE 2008 B/S OF DANUBIUS HOTELS NYRT.



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### Independent Auditor's Report

To the shareholders of Danubius Hotels and Spa Nyrt.

We have audited the accompanying 2008 annual report of Danubius Hotels and Spa Nyrt. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2008, which shows total assets of THUF 54,240,603 and retained loss for the year of THUF 165,113, and the income statement for the year then ended, and the supplementary notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the annual report in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the annual report based on the audit and to assess whether the business report is consistent with the annual report. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





*Opinion*

We have audited the annual report of Danubius Hotels and Spa Nyrt., its components and elements and their accounting and documentary support in accordance with Hungarian National Standards on Auditing and gained sufficient and appropriate evidence that the annual report has been prepared in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary. In our opinion, the annual report gives a true and fair view of the financial position of Danubius Hotels and Spa Nyrt. as of 31 December 2008, and of its financial performance and of the result of its operations for the year then ended. The business report is consistent with the disclosures in the annual report.

Budapest, 10 March 2009

KPMG Hungária Kft.  
Chamber registration number: 000202

*Péter Szabó*  
Péter Szabó  
Partner  
Registered Auditor  
Identification number: 005301

*This is an English translation of the Independent Auditor's Report on the 2008 statutory Annual Report of Danubius Hotels and Spa Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory Annual Report it refers to.*





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### Independent Auditors' Report

To the shareholders of Danubius Hotel and Spa Nyrt.

We have audited the accompanying 2008 consolidated financial statements of Danubius Hotel and Spa Nyrt (hereinafter referred to as "the Company"), which comprise the consolidated balance sheet as at 31 December 2008, which shows total assets of HUF 90,262 million, and the consolidated income statement which shows loss for the year of HUF 352 million, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the consolidated supplementary notes including a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audit and to assess whether the consolidated business report is consistent with the consolidated financial statements. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work with respect to the consolidated business report was limited to the assessment of the consistency of the consolidated business report with the consolidated financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





*Opinion*

We have audited the consolidated financial statements of Danubius Hotel and Spa Nyrt., its components and elements and their documentary support in accordance with Hungarian National Standards on Auditing and gained sufficient and appropriate evidence that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Danubius Hotel and Spa Nyrt. as of 31 December 2008, and of its consolidated financial performance and of its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU. The consolidated business report is consistent with the disclosures in the consolidated annual financial statements.

Budapest, 8 April 2009

KPMG Hungária Kft.  
1139 Budapest, Váci út 99.  
Chamber registration number: 000202



Péter Szabó  
Partner  
Registered Auditor  
Identification number: 005301

*This is an English translation of the Independent Auditors' Report on the 2008 IFRS Consolidated Annual Report of Danubius Hotel and Spa Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete IFRS Consolidated Annual Report it refers to.*



## **REPORT OF THE SUPERVISORY BOARD ON THE 2008 OPERATING ACTIVITIES AND B/S OF DANUBIUS HOTELS NYRT.**

### **Report of the Supervisory Board of Danubius Hotels Nyrt. about the 2008 B/S of the Company and the report of the Board of Directors**

The Supervisory Board of Danubius pursued its activities according to the prevailing Act on Business Associations, the Articles of Association, the Rules of Procedure approved by the AGM and the annual work schedule of the Supervisory Board. The Supervisory Board submits its report before the AGM based on the report of the Board of Directors, the report of the independent Auditor, as well as the Audit Committee established last year and the regular interim control of the operation of the company.

The chairman of the Supervisory Board was invited – in line with the practise of former years – in 2008 too to all meetings held by the Board of Directors, thus getting direct information about the discussions on major issues and overall decisions related to the entire company simultaneously to the management and passing on this information to the members of the Supervisory Board at its next meeting. The President and the Senior Vice President of the company participate regularly at the meetings of the Supervisory Board where the members are informed about the business results of the company's activities, the financial position and the forecast figures based on the quarter year flash reports submitted to the stock exchange.

The Supervisory Board of the company group continues to invite to its meetings the representative of the auditor, the presidential internal auditor the head of internal audit and upon invitation by the chairman the chairman and the members of the Supervisory Board of Danubius Zrt.

Following the termination of the mandate of Mrs Imre Surányi, the owners appointed László Polgár at the AGM to be the new member of the Supervisory Board. The Supervisory Board held five meetings and one extraordinary meeting in 2008 and the decisions passed on the items discussed were recorded in the minutes of each meeting.

In addition to reviewing the already mentioned quarter year flash reports, the board dealt with the following issues based on previous written information from competent managers and experts of the company and verbal comments made at the meetings:

- the working plan of the internal control,
- the experience gathered about the introduction of the new software system,
- the new organisation of sales and marketing activities,
- the observations and consequences of the audit examinations, the outcome of the quality ambassador system, the maintenance of the Danubius standards,
- F&B standards, healthy meals for guests and employees, cook and pastry cook trainings and culinary connections among the hotels of the group.
- the organisational structure and economic efficiency of the purchasing activities,
- the development of health spa services,

The Supervisory Board established that the 2008 report of the Board of Directors is reliable and shows a realistic picture about the operations and financial position of the Company, therefore it agrees and proposes it for approval by the AGM and supports the 2009 plans and concepts.

The Supervisory Board discussed the 2008 annual report prepared by Danubius Hotels Nyrt. in line with the Hungarian Accounting Act with 54,240,603 thousand HUF total assets and 165,113 thousand HUF loss, as well as the annual consolidated report prepared by the Danubius group in line with the International Financial Reporting Standard (IFRS) with 90,262 million HUF total assets and 352 million HUF loss and proposes it to the AGM for approval.

The Supervisory Board agrees with the proposal of the Board of Directors regarding the allocation of the achieved profit.

The Supervisory Board analysed and agreed with the Corporate Governance Report of the Company.

Budapest, 8 April 2009

Tibor Antalpéter  
Chairman of the Supervisory Board

**PROPOSAL FOR THE RESOLUTION FOR ITEM 1 OF THE AGENDA:**

The Board of Danubius Hotels Nyrt. proposes to the AGM to approve the stand alone and consolidated 2008 statement of Danubius Hotels Nyrt. with the following major data:

- Danubius Hotels Nyrt. B/S total asset value: 54,240,603 thousand HUF
- Danubius Hotels Nyrt. loss after tax: 165,113 thousand HUF
- Danubius Hotels Nyrt. consolidated B/S total asset value: 90,262 million HUF
- Danubius Hotels Nyrt. consolidated loss after tax: 352 million HUF

**ITEM 2 OF THE AGENDA:  
TO PASS DECISION ON THE REPORT ON CORPORATE GOVERNANCE**

**The declaration of Danubius Hotels Nyrt. about compliance with the contents of the Corporate Governance issued by the Budapest Stock Exchange**

**The level of compliance with the Corporate Governance**

- R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.  
Yes
- R 1.1.2 The company applies the "one share - one vote" principle.  
Yes
- R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.  
Yes
- R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.  
Yes
- The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.  
Yes
- R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.  
*There was no such a comment.*
- R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.  
*There was no such a comment.*
- Written comments made on the items on the agenda were published two working days prior to the general meeting.  
*There was no such a comment.*
- R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.  
Yes
- R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.  
Yes
- R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.  
Yes
- The Supervisory Board held meetings regularly, at times designated in advance.  
Yes
- The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.  
Yes
- The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.  
Yes

- R 2.5.1 The Management Board of the company has a sufficient number of independent members to ensure the impartiality of the board.  
Yes
- R 2.5.4 At regular intervals (in connection with the CG Report) the Managing Body requested a confirmation of their independent status from those members considered independent.  
*Members of the Board of Directors inform the Board about any changes in their position that could have an impact on the assessment of their independent status, if such a thing takes place.*
- R 2.5.5 At regular intervals (in connection with the CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.  
*Members of the Supervisory Board inform the Board about any changes in their position that could have an impact on the assessment of their independent status, if such a thing takes place.*
- R 2.5.7 The company disclosed on its website the guidelines on the independence of the Managing Body and the Supervisory Board, as well as the criteria applied for assessing independence.  
*The criteria applied for assessing independence of the Board of Directors and the Supervisory Board are judged by the Recommendation for Corporate Governance. The circle of the members of the Board of Directors ensures that in line with the strategic interests of the company the interests of all the shareholders be taken into consideration.*
- R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).  
*No deal justifying an announcement took place in the recent year.*
- R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.  
Yes  
Transactions which according to 2.6.2. fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).  
Yes
- R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company, which is not part of the company group.  
*No such event took place last year.*
- R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.  
Yes  
The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.  
Yes
- R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.  
Yes  
The Supervisory Board formed an opinion on the remuneration guidelines.  
Yes  
The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.  
*No such proposal was submitted in the past year.*

- R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year. The Supervisory Board prepared an evaluation of the work it carried out in the given business year.  
Yes
- R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.  
Yes  
  
The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.  
*No such proposal was submitted in the past year.*
- R 2.7.4 The structure of share-incentive schemes were approved by the general meeting. Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).  
*There is no such remuneration system in the company.*
- R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting. The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.  
*The Remuneration\_of the members of the Board of Directors and the Supervisory board is submitted to the AGM, every year and is voted on as a separate item of the agenda. The Remuneration\_of the members of the management is not disclosed.*
- R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.  
Yes  
  
The Managing Body requests information on the efficiency of risk management procedures at regular intervals.  
Yes  
  
The Managing Body took the necessary steps to identify the major risk areas.  
Yes
- R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.  
Yes  
  
The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.  
Yes
- R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4.  
Yes
- R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.  
Yes
- R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee.  
*Controlling activities are carried out at several levels in the company. Controlling activities built into the work processes and general controlling activities are continuous, the internal controlling body acting in the company reports to the Supervisory Board and informs the Audit Committee about its findings, while the Presidential internal auditor receives her tasks from the Chairman of the Board of Directors. The Board of Directors, the Supervisory Board and the Audit Committee are all informed about any major statements of any controlling function.*

The Internal Audit reported at least once to the Audit Committee on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes

- R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee.  
As an organisation, the Internal Audit function is independent from the executive management.  
*See point "R 2.8.6."*
- R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.  
*The internal controlling body reports to the Supervisory Board, its work plan is approved by the Supervisory Board. The Presidential Internal Auditor receives her tasks from the Chairman of the Board of Directors.*
- R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.  
*Yes, the Board of Directors set forth the assessment of the operation of internal controls in the Report of the Board prepared for the AGM.*  
  
The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.  
*The activities in connection with the reports prepared about the operation of internal controls are in line with the procedures set down in writing as well as the applied practise.*
- R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.  
Yes
- R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.  
*No such assignment was given in the past year.*
- R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.  
Yes  
  
The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".  
Yes
- R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, the Nomination Committee and the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).  
*Yes. Among the listed only the Audit Committee is operating in our company, the duties of which are laid down in the Articles.*
- R 3.2.1 The Audit Committee monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.  
Yes
- R 3.2.3 The Audit Committee received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.  
Yes
- R 3.2.4 The Audit Committee requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4.  
*The Auditor of the company has been KPMG Hungária Kft since 1999. It is assigned by the AGM every year and it signs a declaration as evidence of its approval. Facts in line with incompatibility regulations are laid down in this.*

- R 3.3.1 There is a Nomination Committee operating at the company.  
*No, the duties of the Nomination Committee are fulfilled by the Board of Directors.*
- R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.  
The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.  
The Nomination Committee evaluated the activity of board and executive management members.  
The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.  
*The duties of the Nomination Committee are fulfilled by the Board of Directors.*
- R 3.4.1 There is a Remuneration Committee operating at the company.  
*No, the duties of the Remuneration Committee are fulfilled by the Board of Directors.*
- R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.  
*The duties of the Remuneration Committee are fulfilled by the Board of Directors.*
- R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.  
*The remuneration of the executive management is approved by the Board of Directors.*
- The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.  
*The remuneration of the Board of Directors is approved by the AGM.*
- The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.  
*There is no share option in the company. The cost reimbursement and other benefits are continuously monitored.*
- R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines and the remuneration of individual persons.  
The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.  
The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.  
*The duties of the Remuneration Committee are fulfilled by the Board of Directors.*
- R 3.4.7 The majority of the members of the Remuneration Committee are independent.  
*The duties of the Remuneration Committee are fulfilled by the Board of Directors.*
- R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.  
*The duties of the Remuneration Committee and Nomination Committee are fulfilled by the Board of Directors.*
- R 3.5.2 The Managing Body carried out the duties of the Remuneration and Nomination Committees and disclosed its reasons for doing so.  
*Yes. The size of the company and the relative constant owner and senior management circle makes it possible for duties of the Remuneration Committee and Nomination Committee to be entirely fulfilled by the Board of Directors.*
- R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.  
Yes
- R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.  
Yes

- R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.  
*According to the guideline the company acts in line with the prevailing legal regulations and other rules and regulations.*
- The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.  
Yes
- R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.  
Yes
- R 4.1.5 The company published its corporate events calendar on its website.  
No, the company publishes precise information about the events following setting the final date.
- R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.  
Yes
- R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.  
*No such assignment was given.*
- R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.  
*Yes, this information is available on the website of the company.*
- R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board and on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.  
*The Rules of procedure of the Board of Directors and the Supervisory Board are available on the website of the company. The remuneration of the management is established based on the continuous interim evaluation, the criteria when evaluating the work of the management is equal to that applied for the other senior managers.*
- R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.  
*The remuneration of the Board of Directors and the Supervisory Board is established based on the resolution passed by the AGM, the shareholders are informed accordingly in the AGM documents and the Minutes taken at the AGM.*  
*The remuneration of the management is established based on the continuous interim evaluation. The fixed and the variable wage – calculated based on the profit and other key performance indicators - reflect the market conditions. In case of the benefits, the Board of Directors endeavors to calculate by focusing on the strategic long- term goals of the owners and the company.*
- R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.  
*The Board of Directors is continuously dealing with risk management but does not disclose any detailed information as these are considered business secret.*  
*The Board of Directors informs its shareholders about major risk elements affecting its operation and business once a year in its annual report (and if necessary in the quarterly flash report) when evaluating the past year and forecasting the coming year.*
- R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.  
Yes
- R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.  
*The company considers the legal regulations and other regulations in connection with insiders' trading as prevailing.*

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

*Employees were last provided the possibility to become holders of the company's securities in the course of the employee share program - allowance program - carried out in 1999-2000. No share incentive scheme is operating in the company.*

- R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

*The members of the Board of Directors and the management have no such relationships.*

### **The level of compliance with the Corporate Governance**

- S 1.1.3 The company has an investor relations department.  
Yes
- S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)  
Yes
- S 1.2.2 The company's articles of association are available on the company's website.  
Yes
- S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).  
Yes
- S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.  
Yes
- S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.  
Yes
- S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.  
*No request was made for such an addition.*
- S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.  
Yes
- S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.  
Yes
- S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.  
Yes

- S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.  
Yes
- S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.  
*The articles of association does not regulate this issue.*
- S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.  
Yes
- S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so  
*This issue has not occurred.*
- S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.  
Yes
- S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.  
Yes
- S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.  
*The modifications of the articles proposed to the 2009 AGM are of a technical kind, consequently one resolution will be made.*
- S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.  
Yes
- S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.  
*No dividend has been paid in previous years. In the event if the AGM passes a resolution in favour of paying a dividend, the company, alongside observing the legal regulations, will endeavour to publish the starting payment day in advance to make it possible for the shareholders to collect the dividend due to them as soon as possible.*
- S 1.4.2 The company disclosed its policy regarding anti-takeover devices  
*In terms of anti-takeover devices, the company acts in line with legal regulations and principles set down in other stipulations.*
- S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.  
Yes

- S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.  
Yes
- S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.  
Yes
- S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.  
Yes
- S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.  
Yes
- S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2.  
Yes
- S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme  
Yes.
- S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.  
Yes
- S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.  
*Presently the two functions are separated, no such disclosure is needed.*
- S 2.5.6 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.  
Yes
- S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.  
Yes
- S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.  
Yes
- S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.  
Yes

- S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10.  
Yes
- S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee.  
No
- S 2.9.1 The rules of procedure of the Managing Body, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.  
Yes
- S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.  
*Agenda items of the AGM are discussed with the Auditor outside of the Board meeting.*
- S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.  
Yes
- S 3.1.2 The chairmen of the Audit Committee, Nomination Committee, Remuneration Committee (and any other committees operating at the company) regularly inform the Managing Body about the meetings of the committee, and the committees prepared at least one report for the Managing Body and the Supervisory Board in the given business year.  
Yes
- S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.  
Yes
- S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5  
Yes
- S 3.2.2 The members of the Audit Committee were fully informed about the accounting, financial and operational peculiarities of the company  
Yes.
- S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.  
*The Board of Directors fulfils the duties of the Nomination Committee.*
- S 3.3.4 The majority of the members of the Nomination Committee are independent  
*The Board of Directors fulfils the duties of the Nomination Committee.*
- S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5.  
*The Board of Directors fulfils the duties of the Nomination Committee.*
- S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.  
*The Board of Directors fulfils the duties of the Remuneration Committee.*

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.  
*The Board of Directors fulfils the duties of the Remuneration Committee.*

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4.  
Yes

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures  
*The Board of Directors continuously monitors the efficiency of disclosure procedures and informs its shareholders at the AGM.*

S 4.1.7 The company's financial reports followed IFRS guidelines  
Yes.

S 4.1.16 The company also prepares and releases its disclosures in English  
Yes.

<b>PROPOSAL FOR THE RESOLUTION FOR ITEM 2 OF THE AGENDA:</b>
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The Board of Danubius Hotels Nyrt. proposes to the AGM to approve the Declaration on Corporate Governance set forth.

**ITEM 3 OF THE AGENDA:  
TO PASS DECISION ON THE 2008 PROFIT ALLOCATION**

The board of Danubius Hotels Nyrt. proposes to the AGM not to pay any dividend to the burden of the 2008 profit. In reflection of the 2008 year results and the 2009 budget – drafted in the business targets – in terms of achieving its long term plans the board finds it best to continue investing its funds.

**PROPOSAL FOR THE RESOLUTION FOR ITEM 3 OF THE AGENDA:**

The Board of Danubius Hotels Nyrt. proposes to the AGM not to pay any dividend to the burden of the 2008 year profit.

**ITEM 4 OF THE AGENDA:  
TO INFORM THE MEETING ABOUT THE 2009 BUSINESS TARGETS**

At the time of preparing the 2009 budget the multiplying effects of the American subprime crises on real economy, and the greater exposure and vulnerability of the economies of the Central-East European region, as well as the gradual significant depreciation of the national currencies were already showing. The rigid state of the financial markets and the world economic recession, lower sources to finance capital expenditures and working capital needs, the falling demand, the deterioration of solvency all have a negative impact on the profitability and growth of companies engaged in tourism. Budgeting in these uncertain times is difficult. This is particularly the case in 2009 for our industry, when seasonality is harder to assess than before.

The operational performance of the Group is at all times largely influenced by the strengthening and weakening of the forint and other national currencies compared to the euro. When preparing the 2009 budget the management calculated with a HUF/EUR rate resulting in careful HUF prices on the revenue side and stagnating wage on the cost side. Generally, a low 4% inflation and 8-15% increase of energy prices are prognosticated.

In case of our Hungarian hotels the demand from the major guest segments is expected to drop considerably in the year 2009. Mainly the business and meeting tourism and the number of groups of leisure tourists is expected to lessen the most in Budapest. The number of guests arriving from the German markets has been dropping for the past years. We trust that as a result of the renewal of the market representation in Germany we will be able to reach out to wellness and business guests too. The majority of British guests arrive to Budapest for leisure and business purposes, and their number is largely depending on the air traffic between the two countries. Hungary has become a member of the Schengen group, which has a positive effect on foreign demand.

Alongside the expected significant fall in foreign demand the further expansion of domestic guests can be prognosticated, although increase will somewhat slow down. All these are expected to lead to a considerable 9% decrease of occupancy, from 63% to 54% compared to year 2008.

A new operating software is to be introduced in the years 2009 and 2010 with the aim of providing greater efficiency in the field of operations, sales, guest relations as well as the economic and financial area. In addition to this the company is focusing on increasing the turnover through electronic sales channels. The goal is to achieve the adequate ratio of leisure and business guests in the city hotels while in the spa hotels of the Danubius Health Spa Resort brand we plan to achieve better results by introducing new products – e.g. all-inclusive services in Danubius Health Spa Resort Aqua in Hévíz –, and new concepts like family friendly hotel programs. However, in the current strong competition on the market our objective is not to raise prices but to retain the prices set in euro. Besides monitoring the competition, our rates are flexibly adjusted to the requirements of the market demand.

In addition to maximising revenues, optimising costs will have a special role in 2009. Seasonality is of great importance in both our Budapest and country hotels, owing to which we adjust the constant hotel headcount to the staff requirement in the low occupancy months and at times when the number of guests goes up we provide the expected high quality services by employing temporary manpower. Efficiency is enhanced additionally by centralising the functional areas (in finance and accounting, HR, technical and purchasing service centres). The measures for staff reduction have been started at the end of last year and are to be continued intensively throughout 2009. Other operational costs are expected to decrease as well due to our cost cutting measures introduced at the end of 2008 and early 2009 in order to counterbalance the setback of revenues.

Due to demand drop in all market segments and business difficulties we planned decreasing revenues on the Hungarian market for 2009, by approximately HUF 900 million, which besides decreasing fixed costs and the strict control of variable costs will result in a moderate decrease of departmental profit compared to 2008.

For the Czech subsidiary our budget indicates slight occupancy decrease compared to last year. The average rate increase planned earlier on as an effect of investments carried out in recent years could not fully be implemented last year, which was no doubt largely due to the continuous strengthening of the Czech crown. In 2009 we expect slight average rate increase in CZK terms and unchanged departmental level revenues. The number of guests arriving through travel agencies and tour operators is lessening. To compensate this trend, we set the objective of increasing the number of guests booking through other – primarily electronic – channels. The potential future markets for the Czech hotels are the domestic one, the surrounding countries and the former Soviet states.

Besides keeping the level of direct costs – especially the costs of live labour – energy and maintenance costs will go up substantially thus the performance expected for 2009 at gross operating profit level will lag behind as opposed to the previous year.

The impact of the capacity increasing and quality enhancing developments completed in the hotels in Slovakia and Piestany largely affects the forecasts of the hotels. The number of domestic guests financed by social insurance companies is expected to decline further, at the same time, shorter leisure stays by Slovakian guests will become more popular and the number of guests from the Czech, Polish and Russian markets is expected to go up. Alongside a moderate drop in average occupancy, we expect average rates to go up, as a result of more efficient operations the plans indicate a slight improvement of gross operating profit. The functional currency of the Slovakian subsidiary is Euro as of 1 January 2009, owing to which the risks and uncertainties in the operating and financial results will reduce remarkably.

The Romanian hotels achieved outstanding results owing to the positive effect of joining the European Union, the general economic growth and the improvement of the efficiency of operations both in 2007 and 2008. Despite the recession reaching the Romanian economy, as well, the management plans to maintain the profit level of the Company in 2009 using the absolute compatibility of the hotels in Sovata, however the dynamic of recent years revenue increase cannot be obtained.

According to the above mentioned the budget shows a 2% decrease of the group level revenues. The other revenues row recorded a significant one-off impact of property sales in 2008 (e.g. Hotel Phoenix, Miramonte sanatorium). Despite average inflation affecting material costs and the significant growth influencing energy costs, owing to the decreasing number of guests and in wake of the measures taken for cost reduction, the sum of material type expenditures and services used remains at the prior year's level. Personal type expenditures are planned to be cut at consolidated level by 1,5% as a result of strict headcount – and wage management. Other operational expenditures are expected to remain at the previous year's level. Thus the 2009 operating profit of the Danubius Group will be around that of 2008 if the one-off impact of the profit on asset sales is excluded.

The financing opportunities limited by the economic crises, the extended return period and the significantly growing risks force the management of Danubius Nyrt. to distribute investment sources carefully. Among planned investments the development of the new operating software that will not only be implemented in Hungary but in all foreign subsidiaries in the future represents a high ratio. The Company does not plan any significant reconstructions in the hotels and restaurants other than the mandatory maintenance works in 2009. In the event if the financing sources allow it, the management of the Company will support developments that aim at the minimisation of energy use and extra services required by the customers that generate revenues. Should business deteriorate, the Company will be monitoring its cash position closely and take whatever steps are necessary to maintain appropriate liquidity.

The realization of the budget depends on the fact that the market and economic environment will not deteriorate significantly during the entire year, despite the uncertain economic outlook. Certain factors e.g. increasing energy prices are mounting up further difficulties to retaining profitability. Besides the planned change in operating profit, the interest costs are expected to go up in the financial profit row owing to the growing loans and the increasing financial institutional interest margins. Through the loan evaluations the recent extreme changes of the forint/euro rate may considerably affect the financial profit and thus profit before tax.

<b>PROPOSAL FOR THE RESOLUTION FOR ITEM 4 OF THE AGENDA:</b>
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The Board of Danubius Hotels Nyrt. proposes the AGM to accept the 2009 business targets set forth.

**ITEM 5 OF THE AGENDA:  
TO MODIFY THE ARTICLES OF ASSOCIATION**

**PREVAILING ARTICLES**

2.2. According to the object clause in effect from 1 January 2008 the scope of activities of the company is:

5510'08 Hotel services (main activity)  
5610'08 Restaurant, mobile F&B services  
5629'08 Other F&B services  
5630'08 Beverage services  
6203'08 Operation of computers  
6209'08 Other IT services  
6820'08 Lease, operation of owned and leased properties  
6920'08 Accounting, auditing and tax expert activities  
7021'08 PR communication  
7022'08 Business administration, other management consulting  
7111'08 Architectural activities  
7112'08 Engineering activities, technical consultancy  
7490'08 Other professional, scientific, technical activity not listed otherwise  
7990'08 Other reservation  
8230'08 Organisation of conference, trade shows  
8299'08 Other additional business services not listed otherwise  
8621'08 General out-patient treatment  
8622'08 Professional medical out-patient treatment  
9311'08 Operation of sport establishment

**V. Rights and obligations of the shareholder, the transfer of the shares**

5.1.2. *the obligation to*

*a/ pay the entire face value of their shares and the issue value and provide contribution in kind,*

*b/ notify the Hungarian Banking and Capital Market Supervision and the Board of directors about the acquisition of influencing interest in line with the Tpt. and the decrease of its degree,*

5.3. The transfer of the shares

**MODIFIED ARTICLES**

**2.2. *The scope of activities of the company is:***

***Hotel services (main activity)  
Restaurant, mobile F&B services  
Other F&B services  
Beverage services  
Operation of computers  
Other IT services  
Lease, operation of owned and leased properties  
Accounting, auditing and tax expert activities  
PR communication  
Business administration, other management consulting  
Architectural activities  
Engineering activities, technical consultancy***

***Other professional, scientific, technical activity not listed otherwise  
Other reservation  
Organisation of conference, trade shows  
Other additional business services not listed otherwise  
General out-patient treatment  
Professional medical out-patient treatment  
Operation of sport establishment***

**V. Rights and obligations of the shareholder, the transfer of the shares, notification about the degree of voting right**

5.1.2. *the obligation to*

*a/ pay the entire face value of their shares and the issue value and provide contribution in kind,*

***b/ notify the Hungarian Banking and Capital Market Supervision and the Board of directors about the changes of the degree - laid down in Section 61. (3) of the Tpt - of directly and indirectly owned shares ensuring voting right and the voting rights***

**5.3. The transfer of the shares, notification about the degree of voting right**

5.3.4. In the event if the extent of acquisition or alienation of shares providing voting right or the voting right reaches 5 (five) percent directly or indirectly in the company and following this exceeding any further 5 (five) percent threshold the shareholder or the person holding voting rights shall notify the Company and the Hungarian Financial Supervisory Authority (PSZÁF) without delay or within 2 (two) calendar days.

The first day is considered to be the following day of the day when the purchaser or the seller of the share providing voting right or the voting right obtains knowledge or should have obtained knowledge of the transaction of exceeding the threshold.

Having reached the 50% extent, the above announcement obligation is to be met again when the extent reaches 75, 80, 85, 90 %, or following this upon any additional increase of 1% thereafter.

To cases of exemption from the announcement obligation the regulations of the Tpt. shall apply.

5.3.5. The above written regulations for announcement and publication also apply if the shareholders influence reduces to the extent set in item 5.3.4.

5.3.6 In determining the extent of interest, direct and indirect control, the interest held by persons acting in concert and the interest of close relatives shall be applied concurrently.

#### 6.6. The sphere of authority of the general meeting

6.6.1. Issues falling within the exclusive competence of the general meeting:

- e) approval of the annual report on the balance according to the Accounting Act, including the report on Corporate Governance and the decision on the allocation of profit after tax,

**5.3.4. The shareholder of the Company or the person holding voting rights (hereafter as: shareholder) shall notify the Company and the Hungarian Financial Supervisory Authority (PSZÁF) without delay or within 2 (two) calendar days if the degree of directly and indirectly owned shares ensuring voting right and the voting rights reaches, exceeds or drops below the degree set in Section 61. (3) of the Tpt. The first day is considered to be the following day of the day when the shareholder obtains knowledge about or acting with due care in the given situation should have obtained knowledge about**

**a) the acquisition and sale of the share ensuring voting right and the possibility or termination of the possibility of exercising the voting right, independent of the fact on which day this takes place, or**

**b) based on an announcement issued by the Company, the fact that the quantity of shares which according to the provisions of the Articles of the Company are connected to voting rights has changed.**

**The person failing to make an announcement may not exercise his voting right in the Company until he fulfils his announcement obligation.**

To cases of exemption from the announcement obligation the regulations of the Tpt. shall apply.

#### 5.3.5. Deleted

**5.3.5** In determining the extent of interest, direct and indirect control, the interest held by persons acting in concert and the interest of close relatives shall be applied concurrently.

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6.6.1. Issues falling within the exclusive competence of the general meeting:

- e) approval of the annual report on the balance according to the Accounting Act, including the report on Corporate Governance and the decision on the allocation of profit after tax,**

6.6.2. The general meeting may only pass a resolution that culminates in the delisting of the equities from the Product List (based on item 6.6.1.m.), including decisions triggering a sanction to remove the security series from the Product List if any investor(s) made a previous commitment to make a bid in respect of the delisting as provided in the regulations of the Budapest Stock Exchange for Listing, Continued Trading and Disclosure.

6.6.3 Where an amendment to the articles is adopted in connection with the implementation of a general meeting resolution to increase or reduce the share capital, the approval of the general meeting for the amendment of the articles shall be considered granted when the resolution to increase or reduce the share capital is adopted.

## VII. The Board of Directors

### 7.2. The appointment, remuneration and termination of the mandate of the members of the board of directors

7.2.1. The board of directors consists of maximum eleven (11) and minimum three (3) members. They are elected by the general meeting for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30<sup>th</sup> day in April of the fifth year.

The appointment to board member enters into effect upon acceptance by the person under review.

The board of directors has presently eleven (11) members:

Sir Bernard Schreier  
address: 18 Lodge Road, St. John's Wood, London, NW8 7JT, GB

Betegh Sándor  
address: 1126 Budapest, Fodor utca 29/A.

John E. Smith  
address: 10 Bearswood End Beaconsfield Bucks HP9 2NR, GB

Robert Levy  
address: 50/1 Belsize Square London NW3 4HN, GB

### *6.6.2. Deleted*

**6.6.2.** Where an amendment to the articles is adopted in connection with the implementation of a general meeting resolution to increase or reduce the share capital, the approval of the general meeting for the amendment of the articles shall be considered granted when the resolution to increase or reduce the share capital is adopted.

## VII. The Board of Directors

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Robert Levy  
address: 50/1 Belsize Square London NW3 4HN, GB

dr. Deák Imre  
address: 7635 Pécs, Erdész u. 53.

dr. Deák Imre  
address: 7635 Pécs, Erdész u. 53.

dr. Fluck István  
address: 1112 Budapest, Eper u. 20.

dr. Fluck István  
address: **1112 Budapest,  
Beregszász út 66.**

Tóbiás János  
address: 1136 Budapest, Tátra u. 4.

Tóbiás János  
address: 1136 Budapest, Tátra u. 4.

László József  
address: 1016 Budapest, Naphegy u.33.

László József  
address: 1016 Budapest, Naphegy u.33.

Iris Gibbor  
address: 5. Hall Road London NW8 9PE  
GB.

Iris Gibbor  
address: 5. Hall Road London NW8 9PE  
GB.

Ing. Lev Novobilsky  
address: 35301 Mariánské Lázně, Školní  
náměstí 581/9 A, CZ

Ing. Lev Novobilsky  
address: 35301 Mariánské Lázně, Školní  
náměstí 581/9 A, CZ

Alexei Schreier  
address: Flat 4, 2 Green Street, London,  
W1K 6RL, GB

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address: Flat 4, 2 Green Street, London,  
W1K 6RL, GB

7.3.1. In addition to the above mentioned following tasks belong to the sphere of competence of the board of directors:

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q) decision on taking steps for the disturbance of the procedure of making a public purchase offer (Gt. Section 305),

**q) decision on taking steps for the disturbance of the procedure of making a public purchase offer**

8.2. The sphere of authority and tasks of the supervisory board:

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The supervisory board:

The supervisory board:

a) may request information from the executive and senior officers of the company which is to be submitted to the board of directors in writing, to which the board is obliged to reply within 15 days of receipt,

**a) may request information from the executive and senior officers of the company which is to be answered by the addressees in case of written request within 15 days of receipt,**

b) reviews all vital business reports included on the agenda of the general meeting and all proposals concerning matters belonging to the extraordinary sphere of authority of the general meeting.

b) reviews all vital business reports included on the agenda of the general meeting and all proposals concerning matters belonging to the extraordinary sphere of authority of the general meeting.

The general meeting may only pass decision related to the reports according to the Accounting Act and allocation of the profit after tax having received the written report of the supervisory board.

The general meeting may only pass decision related to the reports according to the Accounting Act and allocation of the profit after tax having received the written report of the supervisory board. **The report on Corporate Governance cannot be submitted to the general meeting without the approval of the Supervisory Board.**

- c) has the books and documents of the company review by an expert if necessary,
- d) if, according to the judgment of the supervisory board the activity of the management is contrary to the law, the article or the resolutions of the general meeting or otherwise infringes upon the interests of the company or its shareholders, calls the extraordinary meeting of the company and proposes its agenda,

Members of the supervisory board may attend sessions of the general meetings in an advisory capacity.

#### **XIV. Miscellaneous provisions**

16.1. The Company shall publish its announcements on the web page [www.bet.hu](http://www.bet.hu) of the Budapest Stock Exchange and among company information on the company's web page [www.danubiushotels.com](http://www.danubiushotels.com). Reference to the announcement papers of the company in present Articles or any other statutes means the web page [www.bet.hu](http://www.bet.hu) of the Budapest Stock Exchange and the company's web page [www.danubiushotels.com](http://www.danubiushotels.com).

Budapest, 27 April 2009

Countersigned by:

.....  
Dr. Mária Szabó Dr. Gerelyes  
Head solicitor  
Budapest, 27 April 2009

- c) has the books and documents of the company review by an expert if necessary,
- d) if, according to the judgment of the supervisory board the activity of the management is contrary to the law, the article or the resolutions of the general meeting or otherwise infringes upon the interests of the company or its shareholders, calls the extraordinary meeting of the company and proposes its agenda.

Members of the supervisory board may attend sessions of the general meetings in an advisory capacity.

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Dr. Imre Deák  
Chairman of the AGM

<b>PROPOSAL FOR THE RESOLUTION FOR ITEM 5 OF THE AGENDA:</b>
--------------------------------------------------------------

The Board of Danubius Hotels Nyrt. proposes the AGM to approve the modification of the Articles of Association set forth.

**ITEM 6 OF THE AGENDA:  
TO ACCEPT THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

**RULES OF PROCEDURE OF THE SUPERVISORY BOARD OF  
DANUBIUS HOTEL AND SPA PUBLIC LIMITED COMPANY**

**I. General provisions**

1. The Supervisory Board pursues its activities as a body based on the stipulations of the provisions of Act IV. of 2006 about the Joint Regulations on Business Associations (GT), the Articles of Danubius Hotel and Spa Public Limited Company, the resolutions made at the general meeting and the present Rules of procedure.
2. The Supervisory Board is supervised by the general meeting and it is obliged to report on its activities in addition to informing the Board of directors to the general meeting.  
Members of the supervisory board may attend sessions of the general meetings in an advisory capacity
3. The members of the Supervisory Board are obliged to act personally and may not be represented by a third party.
4. The members of the Supervisory Board shall pursue their supervising activities with utmost care. They assume unlimited and joint and several liability for violation of their supervisory obligations.
5. The members of the Supervisory Board shall consider any information related to the business of the company as business secret.

**II. The appointment and termination of the mandate of the Supervisory board members**

1. The general meeting of Danubius Hotel and Spa Public Limited Company (hereafter as: Company) elects a supervisory board consisting of 3-15 members for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30th day in April of the fifth year. The majority of the Supervisory Board members are to be independent persons.  
The member of the Supervisory Board is considered independent if he has no other legal relationship with the Company than the supervisory board membership.
2. The appointment to supervisory member may exclusively be in line with the stipulations of the Gt. (Sections 23 and 25) and enters into effect upon written declaration of acceptance by the person under review.
3. The person appointed to be a member of the Supervisory Board shall inform those business associations where he is already a senior manager or member of the supervisory board about his appointment within 15 days of accepting the appointment.
4. The members of the Supervisory Board may be re-elected and recalled any time by the general meeting without obligation for justification.
5. The supervisory board membership ceases:
  - a) upon expiration of the term of appointment,
  - b) upon removal of the member of the supervisory board,
  - c) upon resignation,
  - d) upon death of the member of the supervisory board
  - e) upon occurrence of any statutory grounds for disqualification,,
  - f) in any other case specified in another Act.

The members of the Supervisory Board may resign their office any time. However, if so required by any vital interest of the company, such resignation shall only take effect on the sixtieth (60) day after the announcement thereof, unless the general meeting has already provided or could have provided for the election of a new member beforehand.

Until the resignation takes effect, the member of the Supervisory Board shall participate in making any urgent decisions and taking any urgent measures.

6. In the event if the number of the members of the Supervisory Board decreases to under 3 or there is no-one to convene the meeting, the management of the company shall convene the general meeting to restore the proper operation of the Supervisory Board.

### III. Rules of operation

1. The Supervisory Board elects a chairman from its members by simple majority of votes, establishes its rules of procedure and submits it to the general meeting for approval.
2. The Company provides the material and technical facilities for the smooth operation of the Supervisory Board
3. The remuneration of members of the Supervisory Board is established by the general meeting. The Company shall refund all justified and documented costs arising in the course of their activities. The costs of the members shall be certified by the chairman of the Supervisory Board while the costs of the chairman by any member. Members of the Supervisory Board are provided all the benefits that are due to senior managers of the Company.

4. The sphere of authority and tasks of the Supervisory Board:

The Supervisory Board regularly supervises the management of the Company in the course of which it:

- a) may request information from the executive and senior officers of the company which is to be answered by the addressees in case of written request within 15 days of receipt,
  - b) reviews all vital business reports included on the agenda of the general meeting and all proposals concerning matters belonging to the extraordinary sphere of authority of the general meeting. The general meeting may only pass decision related to the reports according to the Accounting Act and allocation of the profit after tax having received the written report of the Supervisory Board. The report on Corporate Governance cannot be submitted to the general meeting without the approval of the Supervisory Board.
  - c) may have the books and documents of the company reviewed by involving an expert if necessary,
  - d) if, according to the judgment of the supervisory board the activity of the management is contrary to the law, the article or the resolutions of the general meeting or otherwise infringes upon the interests of the company or its shareholders, calls the extraordinary meeting of the company and proposes its agenda.
  - e) reviews and approves the rules of procedure of the Audit committee
5. The Supervisory Board holds its meetings as seen necessary but not less than five times a year.
  6. The meeting of the Supervisory Board is convened by the chairman. The board meeting is convened in writing by designating the items of the agenda in a way that the members receive the invitations at least 7 days prior to the meeting taking place. In a justified case – indicating the reasons for it – the meeting of the Supervisory Board can be convened within 3 days. The chairman is obliged to convene the meeting even if a request is submitted to him in a written form indicating the reasons and purpose by any member of the Supervisory Board. The Chairman is obliged to take measures within 8 days of the request for convening the Supervisory Board meeting within 30 days. Should the chairman not fulfil the request the member may convene the meeting himself.
  7. Following persons shall attend the Supervisory Board meeting with a right for consultancy:
    - President and CEO,
    - Senior Vice President for Finances,
    - Auditor,
    - Chairman of the Supervisory Board of Danubius Hotel Operation and Services Private Company Limited by Shares,
    - Presidential internal auditor of the Company,
    - Internal auditor of the Company,
    - Any other person in one-off cases, if an item of the agenda requires

8. The Supervisory Board has a quorum if two third of its members or at least 3 members are present; it passes its resolutions by a simple majority of votes.  
All Supervisory Board members have one voting right and may only practise its voting right personally.

9. A minutes shall be kept about the meetings of the Supervisory Board with the following contents:

- the place and date of the meeting and the persons attending indicating their names and position
- the items of the agenda,
- short description of the comments and proposals made in connection to the items of the agenda,
- the results of the voting,
- the resolutions passed,
- the signature of the person taking the minutes

The minutes is approved by the Supervisory Board at its meeting next in line.  
Any dissent related to the minutes is to be attached in writing.  
A copy of the minutes is to be handed over to every member as well as the chairman.

10. The Supervisory Board prepares a yearly work plan in which it lays down the yearly program of activities, deadlines and responsible persons. The work plan is sent for information to the President and CEO.

11. The Supervisory Board may request the help of experts for the supervision and examination it carries out, the costs of whom will be charged to the Company.

12. The tasks of the chairman of the Supervisory Board are exclusively:

- to coordinate the activities and direct the work of the Supervisory Board as a body,
- to represent the opinion of the Supervisory Board at the general meeting, the board of directors meetings and vis a vis third persons,
- to convene the meetings of the Supervisory Board, to check the technical facilities and chair the meetings,
- to ensure the safekeeping of the documents,
- to take all measures necessary for the continuous and smooth operation of the Supervisory Board in line with the legal regulations,

Upon termination of the mandate of the chairman of the Supervisory Board the outgoing chairman shall hand over all the previous minutes and documents – listed in a minutes - to the new chairman.

13. The auditing organisation operating in the Company reports to the Supervisory Board. The Company is obliged to prepare the Internal Audit Regulations, which enters into effect only upon approval by the Supervisory Board.

Following are laid down in the Internal Audit Regulations:

- organisational and operational order of the audit,
- rules of procedure,
- the system of connections between the auditing organisation and the Supervisory Board

Present rules of procedure of the Supervisory Board were established at its meeting held on 17 March 2009 and is submitted for approval at the general meeting.

.....  
Chairman

Present rules of procedure were approved by the AGM held on 27 April 2009 with .....no. of votes.

**PROPOSAL FOR THE RESOLUTION FOR ITEM 6 OF THE AGENDA:**

The Board of Danubius Hotels Nyrt. proposes the AGM to approve the Rules of procedure of the Supervisory Board of Danubius Hotels Nyrt. set forth.

**ITEM 7 OF THE AGENDA:  
TO APPOINT THE AUDITOR AND APPROVE HIS/HER 2009 REMUNERAION**

Pursuant to the Articles the AGM of Danubius Hotels Nyrt. elects an auditor every year. In the course of 2008 KPMG Hungária Kft. fulfilled the duties of auditor for the Company. Upon approval by the AGM the Company would appoint KPMG Hungária Kft (assigned representative: Péter Szabó) and renew the agreement drawn up with them for 2009 from 29 April 2009 for a one year period and state the remuneration to be 13 million 152 thousand HUF.

**PROPOSAL FOR THE RESOLUTION FOR ITEM 10 OF THE AGENDA:**

The Board of Danubius Hotels Nyrt. proposes to the AGM to appoint KPMG Hungária Kft. – assigned representative Péter Szabó – for 2009 from 29 April 2009 for a one year period for a remuneration of 13 million 152 thousand HUF.

**ITEM 8 OF THE AGENDA:  
TO ESTABLISH THE REMUNERATION OF THE MEMBERS OF THE BOARD OF  
DIRECTORS AND THE SUPERVISORY BOARD**

The AGM has to pass a resolution in the course of item 11 of the agenda about the remuneration of the members of the Board of Directors and the Supervisory Board, related to which the following proposal is submitted:

The Chairman of the Board of Danubius Hotels Nyrt. is to receive 355 thousand HUF/month, its members 240 thousand HUF/month while members of the Supervisory board 193 thousand HUF/month in 2009, no change compared to 2008.

**PROPOSAL FOR THE RESOLUTION FOR ITEM 8 OF THE AGENDA:**

The Board of Danubius Hotels Nyrt. proposes to the AGM to approve the proposal according to which the Chairman of the Board of Danubius Hotels Nyrt. is to receive 355 thousand HUF/month, its members 240 thousand HUF/month while members of the Supervisory board 193 thousand HUF/month in 2009, no change compared to 2008.