

The system of control
(internal control, committees)

It is the task of the Board of Directors and the Supervisory Board to realise a system of internal control that ensures the achievement of the set performance. As a result of the operation of this system of internal control and supervision, shareholders are continuously informed about the efficiency of the operation of Danubius Hotels Rt. and that financial reports are reliable and legal regulations are observed.

Control is realised at three levels

1./ An independent auditor ensures shareholders that the reports are reliable and contain real figures. The auditor is proposed by the Board of Directors and the Supervisory Board jointly and he is elected by the attendants of the General Meeting for a period of one year.

The name of the company and remuneration is shown among the resolutions of the General Meeting.

2./ The Presidential internal auditor receives her tasks from the Chairman of the Board and reports to the Board of Directors and the Supervisory Board. Her auditing activities are principally in connection with the safety of shareholders assets and the efficiency of operation.

3./ Internal audit

The company's internal audit system is working under the control of the Supervisory Board. The Company is obliged to prepare the Rules of Internal Audit that shall enter into effect upon the prior approval of the Supervisory Board.

1. Rules of Internal Audit

The Rules of Internal Audit determine the managerial control, control built into the working procedures and the system of independent internal control. It covers the control of all functional departments.

The Rules of Internal Audit will be up-dated based on the professional standards of the Institute of Internal Auditors.

2. Audit Committee

The company made a declaration on 29 June 2004 in which it expressed its intent to set up an Audit Committee in the course of 2004. Owing to the tragic death of one of the members of the Supervisory Board recently, this has been postponed to 2005 when a new member shall be elected.