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CASA DE BUCOVINA – CLUB DE MUNTE S.A.

BOARD OF ADMINISTRATORS'

QUARTERLY REPORT

01.01.2016 – 30.09.2016

Quarterly report according to:	The provisions of law no. 297/2004 on the capital market and NSC Regulation no. 1/2006
Date of the report:	10 November 2016
Name of the issuer:	CASA DE BUCOVINA – CLUB DE MUNTE S.A.
Headquarters:	Gura Humorului, 18, Republicii Square, Suceava County
Phone/fax no.:	+40 230 207 000/ +40 230 207 001
Sole Registration Code:	10376500
Registration Number with the Trade Register:	J33/718/1998
Subscribed and aid-in share capital:	16,733,960 lei
Main features of the issued securities:	167,339,600 shares, with a face value of RON 0.1/share
Regulated market on which the securities are traded	Bursa de Valori Bucuresti

1. Main financial indicators

Financial results

	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	variation (%)
Turnover	**6,085,944**	**5,284,084**	**15.2%**
Operating revenues, of which:	6,089,049	5,289,035	15.1%
Revenue from rendered services	2,505,306	2,290,004	9.4%
Revenue from the sale of goods	3,580,638	2,994,080	19.6%
Revenue from other activities	3,105	4,951	-37.3%
Operating expenses	5,657,825	4,911,276	15.2%
Operating result	**431,224**	**377,759**	**14.2%**
Net financial result	243,266	172,034	41.4%
Total revenues	6,342,144	5,485,795	15.6%
Total expenses	5,667,654	4,936,002	14.8%
Gross profit	674,490	549,793	22.7%
Net profit	**578,783**	**442,426**	**30.8%**

Balance sheet items

	30.09.2016	31.12.2015	variation (%)
Total fixed assets	**22,368,819**	**22,700,208**	**-1.5%**
Inventories	184,068	182,186	1.0%
Trade receivables	647,463	348,069	86.0%
Prepayments	251,790	153,869	63.6%
Cash and cash equivalents	14,425,947	14,228,737	1.4%
Other receivables	34,831	112,236	-69.0%
Total current assets	**15,544,099**	**15,025,097**	**3.5%**
TOTAL ASSETS	**37,912,918**	**37,725,305**	**0.5%**
Total equity	35,185,734	35,098,685	0.2%
Total long-term liabilities	1,943,543	1,953,775	-0.5%
Total current liabilities	783,641	672,845	16.5%
TOTAL LIABILITIES	**2,727,184**	**2,626,620**	**3.8%**
TOTAL EQUITY AND LIABILITIES	**37,912,918**	**37,725,305**	**0.5%**

2. Company information

Casa de Bucovina – Club de Munte SA was established in March 1998 as a stock company with private capital, having 6 founding shareholders, legal Romanian entities. After initiating and carrying out a public offer of shares, the company was listed on the Bucharest Stock Exchange, starting with 12 May 2008 and having the ticker BCM.

Casa de Bucovina- Club de Munte SA's core business is hotel services, catering and recreational/leisure services, selling tourism services, organizing conferences or events for national and foreign companies, etc.

The company's core activity is stipulated under article 5 of the Constitutive Act, and according to NACE codification – 5510 it is defined as "Hotels and other similar accommodation facilities".

Best Western Bucovina, the company's main asset, is a hotel that offers the unique experience of Bucovina's hospitality. Best Western Bucovina hotel is the first landmark of the identity of an international chain (Best Western) in the area of Suceava county and it is still the only hotel in this area that operates under an international franchise.

Located in the town of Gura Humorului, 35 km away from Suceava, 5 km from Voronet monastery and 4 km from Humor monastery, Best Western Bucovina Hotel **** is the gateway to the world of the local customs and traditions from Bucovina. The hotel is close to the famous monasteries with paintings on the exterior walls - Voronet and Humor.

3. Analysis of the company's activity

In the first nine months of 2016 the tourism market registered an increase in volume and a stagnation in tariffs at the last year's levels.

In this context the company has used all the distribution channels for tourism: both Romanian and foreign travel agencies, online booking reservation websites, direct distribution to corporate and individual clients.

The marketing strategies used were based on promoting the concept of an area still unspoiled by the side effects of mass tourism, positioning Bucovina as a destination where local customs and traditions are at home.

The promotion methods covered almost the entire spectrum of possibilities:

- radio;
- social media;
- direct mailing;
- phone sale;
- flyers;
- attending tourism fairs;
- street billboards.

The marketing strategies and pricing policies were characterized by a maximum elasticity, adapted to a price-sensitive market, consumer dominated.

New packages were created and promoted:

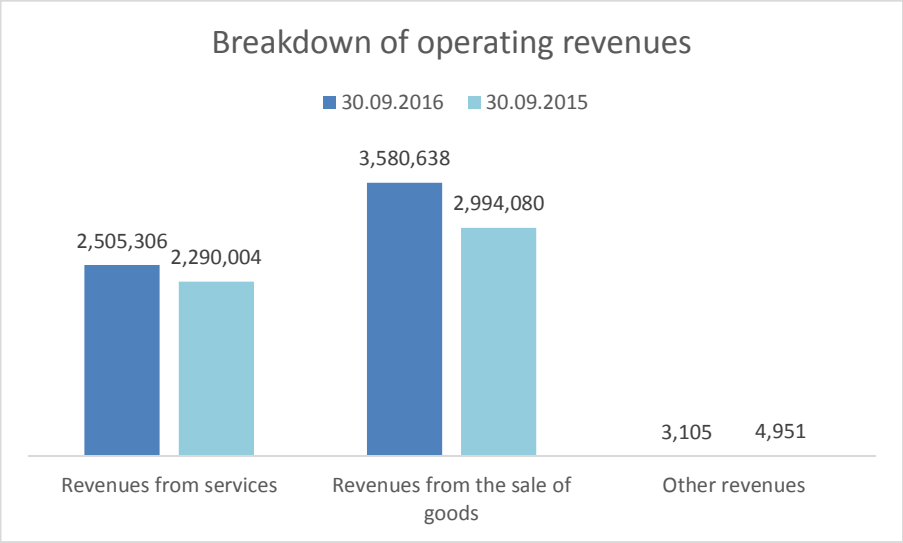
- vacation offers;
- holydays packages with early booking discounts;
- team-building offers;
- conferences packages.

For the segment of organizing events, the promotion targeted in particular the medical field where, despite the economic crisis, the companies still have substantial budgets to promote their products.

The company provides a full range of services: from basic hotel services (accommodation and food & beverage), all-inclusive packages for seminars, conferences and congresses, to tailored services for clients or groups.

Best Western Bucovina hotel has in its portfolio both Romanian and foreign clients - groups especially from the European Community, but also from Japan, Israel.

By analyzing the contribution to the revenue from each segment of clientele as well as and the nationality distribution statistics in the significant segment (leisure group), it is observed that the company is not dependent on a single customer segment or destination, whose loss would have a negative impact on revenue.



Compared to the similar period from last year, in the first nine months of 2016, the company registered a 15.1% increase in operating revenues, due to a 9.4% rise in revenues from services, while the revenues from the sale of goods were 19.6% higher.

In the first three quarters of 2016 the revenues from the main business segments exceeded the budgeted values. Thus, revenues from the accommodation segment (RON 2,295,168) were 5.5% higher than the budgeted figure, while the revenues from food & beverage (RON 3,578,766) amounted to a figure 17.2% higher than the budgeted one.

The revenue from accommodation was achieved based on a 3% increase in the occupancy rate and a 3% growth in the average rate, while the revenue from food & beverage have risen both in the individual clients segment and in the groups and conferences segment.

CASA DE BUCOVINA – CLUB DE MUNTE S.A. does not have to report any significant events or transactions that might affect to a significant extent the revenues from its core activity.

In the first nine months of 2016 the company was not involved in any mergers or reorganization of the company. During the first nine months of 2016 the company had registered no assets acquisitions/disposals.

4. The economic and financial situation

4.1. The company's tangible assets

The company owns a total land area of 175,880 sqm, of which 172,392 sqm are fully owned and 3,488 sqm are taken in concession.

Along with the land, the company owns the following buildings:

- hotel (opened 2002) located in Gura Humorului, 18, Republicii street, Suceava county, consisting of basement, mezzanine, ground floor and 8 floors, 130 rooms with a capacity of 220 guests;
- catering capacity: 2 restaurants with 180 and 60 seats, bar (60 seats) and terrace (60 seats);
- conference center: 6 rooms in the hotel (capacity between 18 and 80 seats);
- multipurpose stand-alone conference room with a capacity of 220 seats;
- office space in a Gura Humorului, 18, Republicii street, with a built surface of 171 sqm;
- Arinis Inn located in Arinis Park - terrace with a capacity of 140 seats.

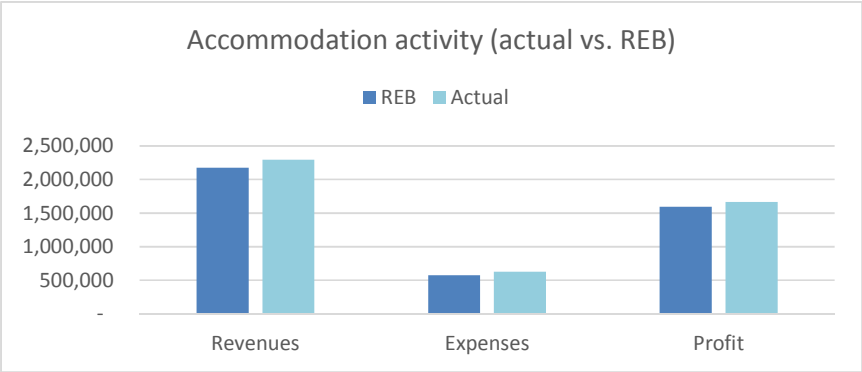
The depreciation of fixed assets is computed in accordance with Law 15/1994, using the straight line depreciation method. The depreciation periods (which approximate the lives of the assets) are in accordance with the current legislation.

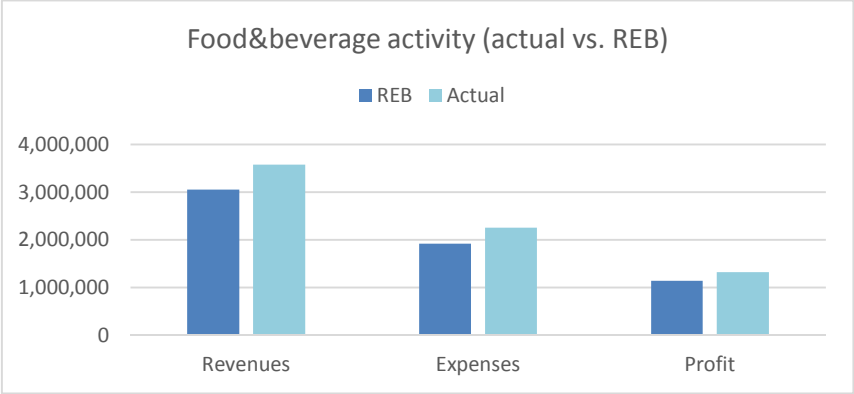
4.2. Revenues and Expenditures Budget Execution

The main financial indicators registered in the first nine months of 2016, compared with the REB for the first nine months of 2016 are presented below:

	REB 9M 2016	Actual 9M 2016	Actual vs. REB
Accommodation activity			
Revenue	2,176,014	2,295,168	105.5%
Personnel, material and services costs	579,873	627,124	108.1%
Profit/loss	**1,596,141**	**1,668,044**	**104.5%**
Food & beverage activity			
Revenue	3,054,006	3,578,766	117.2%
Personnel, material and services costs	1,915,277	2,256,238	117.8%
Profit/loss	**1,138,729**	**1,322,528**	**116.1%**
Other activities			
Revenue	174,260	212,009	121.7%
Material and services costs	77,890	129,368	166.1%
Profit/loss	**96,370**	**82,641**	**85.8%**
Undistributed general expenses			
General & Administration	560,151	608,322	108.6%
Commercial & Marketing	170,799	164,864	96.5%
Repairs, maintenance	221,791	173,243	78.1%
Utilities	361,000	369,331	102.3%
Total undistributed general expenses	**1,313,741**	**1,315,760**	**100.2%**
Profit/loss from total activity (GOP)	**1,517,500**	**1,757,453**	**115.8%**
Operating result	**168,763**	**431,226**	**255.5%**
Financial result	**240,500**	**243,266**	**101.2%**
Gross profit	**426,150**	**673,078**	**157.9%**

** GOP – gross operating profit*





4.3. Financial statements

The accounting report for 30 September 2016 was prepared in accordance with International Financial Reporting Standards adopted by the European Union.

The figures are expressed in lei and the financial statements are not audited.

In the tables below are presented statement of financial position, statement of comprehensive income and statement of cash flows related to the first nine months of 2016.

lei	30.09.2016	31.12.2015
ASSETS		
Tangible assets	22,367,300	22,697,759
Intangible assets	1,269	2,199
Financial assets	250	250
Total fixed assets	**22,368,819**	**22,700,208**
Inventories	184,068	182,186
Trade receivables	647,463	348,069
Prepayments	251,790	153,869
Cash and deposits with banks	14,425,947	14,228,737
Other receivables	34,831	112,236
Total current assets	**15,544,099**	**15,025,097**
TOTAL ASSETS	**37,912,918**	**37,725,305**
EQUITY		
Paid-in capital	16,733,960	16,733,960
Capital adjustments	10,267,175	10,267,175
Share premium	4,885,965	4,885,965
PPE revaluation reserve	10,180,993	10,234,982

Other reserve	2,101,818	2,101,818
Own shares		-71,340
Reported result	-8,984,177	-9,053,875
Total equity	**35,185,734**	**35,098,685**
Liabilities		
Deferred tax liability	1,943,543	1,953,775
Total long term liability	**1,943,543**	**1,953,775**
Trade payables	357,116	334,513
Other liabilities	403,613	280,824
Provisions for risks and charges	22,912	57,508
Total current liabilities	**783,641**	**672,845**
TOTAL LIABILITIES	**2,727,184**	**2,626,620**
TOTAL EQUITY AND LIABILITIES	**37,912,918**	**37,725,305**

lei	30.09.2016	30.09.2015
Revenue from rendered services	2,505,306	2,290,004
Revenue from sale of goods	3,580,638	2,994,080
Other revenues	3,105	4,951
Raw materials and consumables used	-344,161	-311,389
Costs of goods sold	-1,297,666	-1,111,318
Third party expenses	-1,106,595	-1,081,252
Personnel costs	-1,581,104	-1,331,464
Depreciation of fixed assets	-340,275	-341,605
Other expenses	-988,024	-734,248
Operating profit	**431,224**	**377,759**
Financial revenues	253,095	196,760
Financial expenses	-9,829	-24,726
Gross profit		
Current income tax expense	-95,655	-107,367
Deferred income tax expense	-229	0
Revenue from deferred tax	177	0
Profit/loss of the period	**578,783**	**442,426**
Other comprehensive income		
Increase/ (decrease) in revaluation reserve of tangible assets, net of deferred tax	10,284	11,469
Transfer from revaluation reserve to retained earnings due to the sale of tangible assets	-64,273	-71,686
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**524,794**	**382,209**

In the first nine months of 2016, the company registered a 15.1% yoy rise in operating revenues, due to the growth of both the revenues from services (+9.4% yoy), but also the revenues from the sale of goods (+19.6 yoy). Operating expenses had a similar dynamic as the revenues (+15.2% yoy). The main cause of the increase in operating expenses was the growth of personnel costs, mainly due to the increase of the minimum wage.

Thus, the operating profit went up by 14.2% yoy, from approx. RON 0.38mn in the first nine months of 2015 to RON 0.43mn in the current period.

Overall, the operating activity registered a constant and consistent growth, resulting in a GOP (gross operating profit) value of approx. RON 1.76mn, by 15.8% higher than the amount budgeted for this period.

The financial result amounted to a profit of approx. RON 0.24mn, 41.4% higher than the one registered for the same period of last year which, together with the increase in the operating profit lead to a 22.7% rise in the gross profit, to RON 0.67mn, 57.9% higher than budgeted for this period. Also, the company's net profit rose from approx. RON 0.44mn in the first nine months of 2015 to approx. RON 0.58mn in the current period (+30.8% yoy).

lei	30.09.2016	30.09.2015
Cash flow from operating activity:		
Proceeds from clients	6,619,523	5,725,818
Payments to suppliers	-4,130,711	-3,567,501
Payments to employees	-1,225,886	-1,083,950
VAT paid	-161,666	-53,401
Other payments to the state budget	-562,894	-522,104
Income tax paid	-83,307	-114,974
Net cash from operating activity	**455,059**	**383,888**
Cash flow from investing activity		
Bonds purchase		2,225,000
Bonds payment		-2,225,000
Payments for the purchase of tangible assets	-14,616	-150,972
Received interest	246,869	148,922
Net cash from investment activity	**232,253**	**-2,050**
Cash flow from financing activity:		
Dividend payments	-490,102	-529,146
Net cash from financing activity	**-490,102**	**-529,146**
Net (decrease)/ increase in cash and cash equivalents	**197,210**	**-147,308**
Cash and cash equivalents at the beginning of the period	**14,228,737**	**13,959,251**
Cash and cash equivalents at the bend of the period	**14,425,947**	**13,811,943**

4.4. Liquidity, risk and management indicators

Liquidity indicators		30.09.2016	30.09.2015
Current liquidity	Current assets / Current liabilities	19.83	20.28
Quick liquidity – acid test	(Current assets-Inventories) / Current liabilities	19.6	20.04
Risk indicators		**30.09.2016**	**30.09.2015**
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		**30.09.2016**	**30.09.2015**
Inventory turnover	COGS / Average inventory	7.05	6.41
Days of storage	Average inventory / COGS *270	38.3	42.06
Clients turnover (days)	Average clients balance / Turnover *270	20.39	17.68
Fixed assets turnover	Turnover / Fixed assets	0.27	0.21
Total assets turnover	Turnover / Total assets	0.16	0.13

5. Changes that affect the company's capital and management

5.1. Description of the circumstances when the company was not able to meet its financial obligations during the analyzed period.

In the nine months of 2016 CASA DE BUCOVINA – CLUB DE MUNTE S.A. was not in any situation unable to meet its financial obligations during the analyzed period.

5.2. Description of any change in the shareholders' rights.

During the first nine months of 2016 there were no changes in the rights of the holders of the shares issued by CASA DE BUCOVINA – CLUB DE MUNTE S.A.

6. Company management

6.1 The Board of Administrators

According with the Constitutive Act of the Company and the resolutions of the General Shareholders Meeting, the company has adopted the unitary management system, which entails appointing a Board of Administrators composed of an odd number of Administrators and delegating the management of the company to a general manager.

The Board of Administrators, appointed in accordance with Resolution of the Ordinary General Shareholders Meeting from 29.04.2016, consists of 5 members. The members of the board have four-year mandates, according with the legal provisions in force.

The current structure of the Board of Administrators is as follows:

- Florica Trandafir - President;
- Ion Romica Tamas – Vice-President;
- Mircea Constantin - member;
- Liana Marin - member;
- Dumitru Florin Chiribuca - member.

The CVs of the administrators are available on the company's website, www.bestwesternbucovina.ro, under the Shareholder Information section, Corporate Governance sub-section.

6.2. Executive management

In the first nine months of 2016, the executive management of the company was provided by:

- General Manager - Contract de manMandate contract - Ion Romica Tamas;
- Economic Manager – Permanent contract - Misiuc Livia;
- Sales Manager – Permanent contract - Prosciuc Doina;
- Food & Beverage Manager – Permanent contract - Pascovici Claudia.

6.3. Corporate governance

The company has filed and will file administrative and professional efforts to ensure alignment with the provisions of the Corporate Governance Code and the transparent presentation of these results.

The company disseminates on its website information about its structures of corporate governance and also the list of the members of the Board of Administrators, mentioning the members who are independent and/or nonexecutive, the updated Constitutive Act and the declaration of conformity for the year 2016.

The current and financial reports are currently and systematically provided to company's shareholders. Information regarding the General Ordinary Meeting of Shareholders, the convening notice, the agenda,

the special power of attorney forms, vote by correspondence forms, draft resolutions are posted on a special section of the website.

The company ensures the immediate information of all the shareholders about the decisions made and the vote result after the General Ordinary Meeting of Shareholders. The shareholders participation to the meeting is strongly encouraged, shareholders who cannot attend have the opportunity to vote by correspondence or by representative.

The Investors Relation is supported by an internal structure that informs the shareholders in accordance with the questions submitted in writing/ by phone.

In the 14 June 2016 meeting, the Board of Administrators has decided to establish the Audit Committee and the Remuneration Committee. The company will analyze the opportunity to create other advisory committees to examine the important aspects proposed by corporate governance and to support the activity of the Board of Administrators.

7. Major transactions

For issuers of shares, information on the major transactions concluded by the issuer with the persons acting in concert with or involving these persons in the relevant time period: **N/A.**

8. Annexes

Financial Statements at 30.09.2016

9. Signatures

Florica Trandafir	Livia Misiuc
President of the Board of Administrators	**Economic Manager**

CASA DE BUCOVINA CLUB DE MUNTE S.A.

Statement of financial position at 30.09.2016

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ASSETS		
Tangible assets	22,367,300	22,697,759
Intangible assets	1,269	2,199
Financial assets	250	250
Total fixed assets	**22,368,819**	**22,700,208**
Inventories	184,068	182,186
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TOTAL ASSETS	**37,912,918**	**37,725,305**
EQUITY		
Paid-in capital	16,733,960	16,733,960
Capital adjustments	10,267,175	10,267,175
Share premium	4,885,965	4,885,965
PPE revaluation reserve	10,180,993	10,234,982
Other reserve	2,101,818	2,101,818
Own shares		(71,340)
Reported result	(8,984,177)	(9,053,875)
Total equity	**35,185,734**	**35,098,685**
Liabilities		
Deferred tax liability	1,943,543	1,953,775
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Florica Trandafir
President of the Board of Administrators

Livia Misiuc
Economic Manager

Statement of comprehensive income for the period ended 30.09.2016

lei	30.09.2016	30.09.2015
Revenue from rendered services	2,505,306	2,290,004
Revenue from sale of goods	3,580,638	2,994,080
Other revenues	3,105	4,951
Raw materials and consumables used	(344,161)	(311,389)
Costs of goods sold	(1,297,666)	(1,111,318)
Third party expenses	(1,106,595)	(1,081,252)
Personnel costs	(1,581,104)	(1,331,464)
Depreciation of fixed assets	(340,275)	(341,605)
Other expenses	(988,024)	(734,248)
Operating profit	**431,224**	**377,759**
Financial revenues	253,095	196,760
Financial expenses	(9,829)	(24,726)
Gross profit		
Current income tax expense	(95,655)	(107,367)
Deferred income tax expense	(229)	0
Revenue from deferred tax	177	0
Profit/loss of the period	**578,783**	**442,426**
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Florica Trandafir
President of the Board of Administrators

Livia Misiuc
Economic Manager