

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS’
QUARTERLY REPORT AS OF 31.03.2017
(01.01.2017 – 31.03.2017)**

Quarterly report according to:	The provisions of law no. 297/2004 on the capital market, Law 24/2017 and NSC Regulation no. 1/2006
Date of the report:	10 May 2017
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

	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	variation (%)
Turnover	894,517	1,034,432	-13.53%
Operating revenues, of which:	894,651	1,035,517	-13.60%
Revenue from rendered services	346,255	374,954	-7.65%
Revenue from the sale of goods	548,262	659,478	-16.86%
Revenue from other activities	134	1,085	-87.65%
Operating expenses	1,704,223	1,634,781	4.25%
Operating result	-809,572	-599,264	35.09%
Net financial result	61,727	86,468	-28.61%
Total revenues	964,699	1,124,389	-14.20%
Total expenses	1,712,544	1,637,185	4.60%
Gross profit	-747,845	-512,796	45.84%
Net profit	-747,845	-544,669	37.30%

Balance sheet items

	31.03.2017	31.12.2016	variation (%)
Total fixed assets	22,198,259	22,264,087	-0.30%
Inventories	180,060	182,048	-1.09%
Trade receivables	297,141	261,975	13.42%
Prepayments	408,330	158,120	158.24%
Cash and bank accounts	1,472,160	3,026,132	-51.35%
Deposits at banks	10,110,124	9,708,682	4.13%
Credits and receivables	2,228,537	2,228,527	0.00%
Other receivables	155,125	118,530	30.87%
Total current assets	14,851,477	15,684,014	-5.31%
TOTAL ASSETS	37,049,736	37,948,100	-2.37%
Total Shareholders' Equity	34,474,890	35,219,308	-2.11%
TOTAL LIABILITIES	2,574,846	2,728,792	-5.64%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37,049,736	37,948,100	-2.37%

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.

Best Western Bucovina Hotel is close to the famous monasteries with paintings on the exterior walls, 35 km away from Suceava, 5 km from Voronet monastery and 4 km from Humor monastery..

3. Analysis of the company's activity

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.

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:

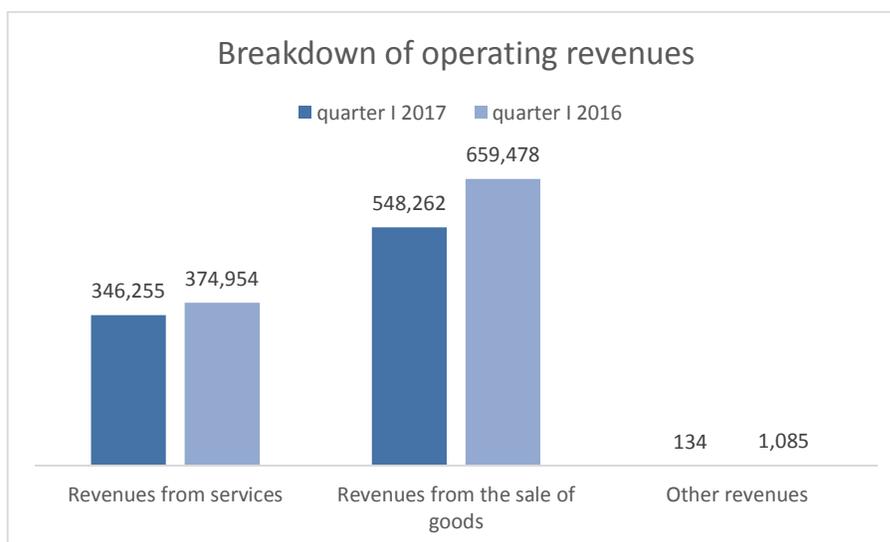
- radio;
- social media;
- direct mailing;
- phone sale;
- flyers;
- attending tourism fairs;
- street billboards.

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.

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 three months of 2017, the company registered a 13.6% decrease in operating revenues, due to a 7.65% drop in revenues from services, while the revenues from the sale of goods were 16.86% lower.

However, in the first three months of 2017 the revenues from the main business segments exceeded the budgeted values. Thus, revenues from the accommodation segment (RON 319.968) were 6.3% higher than the budgeted figure, while the revenues from food & beverage (RON 548.277) amounted to a figure 24.3% higher than the budgeted one.

The revenues registered in the first quarter of 2016 had an extraordinary value, due to registering higher revenues from organizing corporate events. Thus, the decrease in operating revenues compared to the previous year was caused mainly by the drop in revenues from the events segment, by approx. RON 120.000.

The operating revenues registered by the company in the first quarter of 2017 are in line with the average of the last three years (first quarter 2016: RON 1.035.517, first quarter 2015: RON 898.957, first quarter 2014: RON 555.535).

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 three months of 2017 the company was not involved in any mergers or reorganization of the company. During the first three months of 2017 the company had registered no assets acquisitions/disposals.

4. The economic and financial position

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.

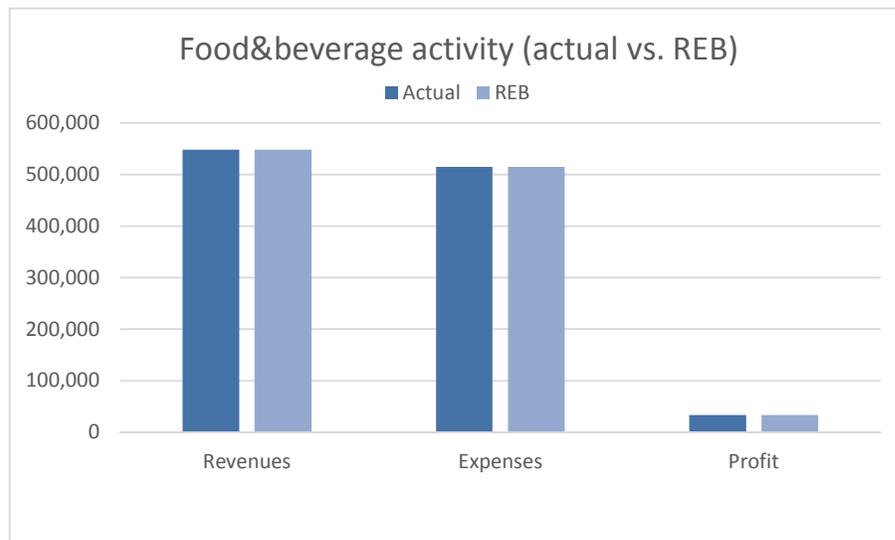
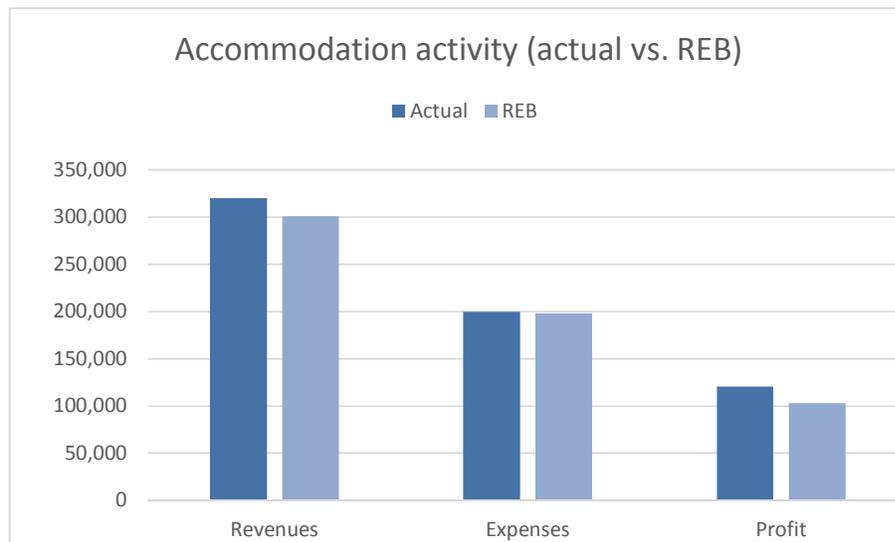
The depreciation of fixed assets is computed in accordance with Law 15/1994, using the straight line depreciation method. The depreciation periods (which approximate the lives of the assets) are in accordance with the current legislation.

4.2. Revenues and Expenditures Budget Execution

The main financial indicators registered in the first three months of 2017, compared with the REB for the first three months of 2017 are presented below:

	REB 3M 2017	Actual 3M 2017	Actual vs. REB
Accommodation activity			
Revenue	300,975	319,968	106.31%
Personnel, material and services costs	197,826	199,597	100.89%
Profit/loss	103,149	120,372	116.70%
Food & beverage activity			
Revenue	440,935	548,277	124.34%
Personnel, material and services costs	402,081	514,504	127.96%
Profit/loss	38,853	33,773	86.92%
Other activities			
Revenue	65,000	26,097	40.15%
Personnel, material and services costs	38,507	24,915	64.70%
Profit/loss	26,493	1,182	4.46%
Undistributed general expenses			
General & Administration	142,893	154,838	108.36%
Commercial & Marketing	63,268	46,505	73.50%
Repairs, maintenance	103,363	74,588	72.16%
Utilities	159,000	155,018	97.50%
Total undistributed general expenses	468,524	430,949	91.98%
Profit/loss from total activity (GOP)	-300,029	-275,622	91.87%
Operating result	-1,002,079	-829,508	82.78%
Financial result	61,500	61,727	100.37%
Gross result	-940,579	-767,781	81.63%

* *GOP – gross operating profit*



4.3. Financial statements

The financial statements as of 31 March 2017 were prepared in accordance with International Financial Reporting Standards adopted by the European Union.

The financial statements are denominated in lei and are not audited.

In the tables below are presented statement of financial position and the statement of comprehensive income related to the first three months of 2017.

in lei	<u>31.03.2017</u>	<u>01.01.2017</u>
ASSETS		
Tangible assets	22,176,417	22,262,877
Intangible assets	21,592	959
Financial assets	250	250
Inventories	180,060	182,048
Trade receivables	297,141	261,975
Prepayments	408,330	158,120
Cash and bank accounts	1,472,160	3,026,132

Deposits at banks	10,110,124	9,708,682
Credits and receivables	2,228,537	2,228,527
Other receivables	155,125	118,530
TOTAL ASSETS	37,049,736	37,948,100
SHAREHOLDERS' 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	10,145,000	10,162,996
Other reserves	2,135,464	2,135,464
Reported result	(9,692,674)	(8,966,252)
Total Shareholders' Equity	34,474,890	35,219,308
LIABILITIES		
Deferred tax liability	1,934,306	1,937,734
Trade payables	364,028	397,571
Other liabilities	276,000	329,114
Total liabilities	2,574,334	2,664,419
Provisions	512	64,373
TOTAL LIABILITIES	2,574,846	2,728,792
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37,049,736	37,948,100
in lei	31.03.2017	31.03.2016
Revenue from touristic services	894,517	1,034,432
Other revenues	134	1,085
Raw materials and consumables used	(68,259)	(73,611)
Costs of goods sold	(236,124)	(246,782)
Third party expenses	(403,496)	(420,687)
Personnel costs	(580,647)	(445,286)
Depreciation and amortization of fixed assets	(115,591)	(113,487)
Other expenses	(300,106)	(334,928)
Operating Profit/(Loss)	(809,572)	(599,264)
Financial result	61,727	86,468
Gross Profit/(Loss)	(747,845)	(512,796)
Income tax expense	-	(31,873)
Profit/(Loss) for the quarter	(747,845)	(544,669)
Other comprehensive income		
Items that are or can be transferred in profit or loss		
Increase/ (decrease) in revaluation reserve of tangible assets, net of deferred tax	(3,428)	(3,381)
Transfer of revaluation reserve to retained earnings following the sale of tangible assets	(21,424)	(21,424)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(772,697)	(569,474)

In the first three months of 2017, the company registered a 13.6% yoy decrease in operating revenues, caused by the decrease of revenues from services (-7.65% yoy), as well as of revenues from goods sold (-16.86% yoy). Operating expenses grew by 4.25% yoy. The main cause of the increase in operating expenses was the growth of personnel costs (+30.4% yoy), especially due to the increase of the minimum wage, which recorded two rises compared to the first quarter of 2016 (from RON 1.050 to RON 1.450) and due to the adjustments made in the context of these changes.

Thus, the company registered an operating loss of almost RON 0.8mn in the first three months of 2017, 35.09% higher compared to the loss registered in the same period of last year, of approx. RON 0.6mn, but smaller than the budgeted operating loss for this quarter, of approx. RON 1mn.

Also, the value of the GOP (gross operating profit), of approx. RON -0.28mn, was by 8.13% lower compared with the budgeted value for this period (RON -0.3mn).

The financial result amounted to a profit of approx. RON 0.06mn, 28.61% lower than the one registered for the same period of last year, which, together with the increase of the operating loss, lead to a 45.4% yoy increase of the registered gross loss, to RON 0.75mn. However, the gross loss registered was 17.22% lower than the budgeted value for this period. The net loss for the first quarter of 2017, of approx. RON 0.75mn, was 37.3% higher than the one registered in the first quarter of 2016, of approx. RON 0.54mn.

4.4. Liquidity, risk and management indicators

Liquidity indicators		31.03.2017	31.03.2016
Current liquidity	Current assets / Current liabilities	22.56	22.84
Quick liquidity – acid test	(Current assets-Inventories) / Current liabilities	22.28	22.48
Risk indicators		31.03.2017	31.03.2016
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest expenses	n/a	n/a
Management indicators		31.03.2017	31.03.2016
Clients turnover (days)	Average clients balance / Turnover *90	16.02	27.64
Fixed assets turnover	Turnover / Fixed assets	0.04	0.04

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 first three months of 2017 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 three months of 2017 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 three months of 2017, the executive management of the company was provided by:

- General Manager - Mandate 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 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.

On 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.

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.

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. Events after the reporting period

On 24 April 2017 the CASA DE BUCOVINA – CLUB DE MUNTE S.A. Ordinary General Shareholders Meeting was held. It approved the annual financial statements of the company for the year 2016, based on the Report of the Board of Administrators and on the report of the financial auditor. Also, the OGSM approved the profit allocation, according to the proposal of the Board of Administrators and the distribution of the gross dividend of RON 0,0034/share starting with 21.07.2017 (the payment date). The OGSM decisions were communicated to investors, BVB and FSA through a current report, on 24 April 2017.

9. Annexes

Financial statements at 31.03.2017

10. Signatures

Ion Romica Tamas

Vice-President of the Board of Administrators

General Manager

Livia Misiuc

Economic Manager

CASA DE BUCOVINA CLUB DE MUNTE S.A.

Statement of financial position at 31 March 2017

<i>lei</i>	31 March 2017	1 January 2017
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37,049,736	37,948,100

Ion Romica Tamas
General Manager

Livia Misiuc
Economic Manager

CASA DE BUCOVINA CLUB DE MUNTE S.A.

Statement of comprehensive income for the period ended 31 March 2017

lei	31 March 2017	31 martie 2016
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