Piata Republicii nr. 18
Gura Humorului 725300
Județul Suceava
Tel: + 4 0230 207000
Fax + 4 230 207001
E-mail:
actionari@bestwesternbucovina.ro
www.bestwesternbucovina.ro

CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS' REPORT
RELATED TO 1ST SEMESTER OF 2017

This report is a translation from its Romanian version. In case of any difference between the Romanian and the English versions, the Romanian version shall prevail.

Half-yearly report according to:	The provisions of Law 24/2017 and NSC Regulation no. 1/2006
Date of the report:	9 August 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

	Sem I 2017	Sem I 2016	variation (%)
Turnover	**3,180,960**	**3,228,007**	**-1.46%**
Operating revenues, of which:	3,184,872	3,230,953	-1.43%
Revenue from accommodation activity	1,244,913	1,163,643	6.98%
Revenue from food and beverage activity	1,850,877	1,930,922	-4.15%
Revenue from other activities	89,082	136,387	-34.68%
Operating expenses	3,686,211	3,680,145	0.16%
Operating result	**-501,339**	**-449,192**	**11.61%**
Financial result	128,158	166,820	-23.18%
Total revenues	3,332,030	3,402,580	-2.07%
Total expenses	3,705,211	3,684,952	0.55%
Gross profit	-373,181	-282,372	32.16%
Net profit	**-408,619**	**-346,162**	**18.04%**

Balance sheet items

	30.06.2017	31.12.2016	variation (%)
Total fixed assets	**22,104,103**	**22,264,086**	**-0.72%**
Inventories	207,781	182,048	14.14%
Trade receivables	455,143	261,975	73.74%
Prepayments	319,994	158,120	102.37%
Cash and bank accounts	1,845,274	3,026,132	-39.02%
Deposits at banks	10,075,000	9,708,682	3.77%
Credits and receivables	2,250,380	2,228,527	0.98%
Other receivables	92,654	118,530	-21.83%
Total current assets	**15,246,226**	**15,684,014**	**-2.79%**
TOTAL ASSETS	**37,350,329**	**37,948,100**	**-1.58%**
Total Shareholders' Equity	34,248,591	35,219,308	-2.76%
TOTAL LIABILITIES	**3,101,226**	**2,664,419**	**16.39%**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37,350,329**	**37,948,100**	**-1.58%**

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

Except for the summer season, when the inflow of foreign tourists becomes significant, the local tourist market (from the Bucovina area) is heavily dependent on the local tourism. In this context, weather conditions become one of the key factors for reaching a high occupancy rate.

In the first quarter of 2017, the tourist market declined compared to the same period last year, amid rapid melting of snow (mid-February) and bad weather in March. This trend continued in the second quarter, when the rainy weather affected the tourist traffic in May and June.

In this context, the company applied a strategy of refocusing and "last minute" attraction of the leisure segment, managing an increase in the occupancy rate and maintaining the average rate. Unfortunately, food&beverage revenue from this segment of tourists is lower than in other segments.

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:

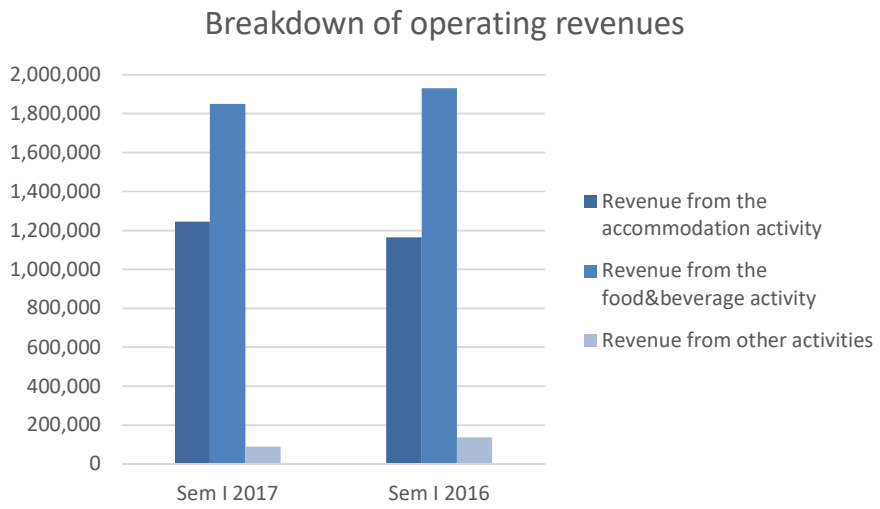
- vacation offers;
- holydays packages with early booking discounts;
- team-building offers;
- conference packages.

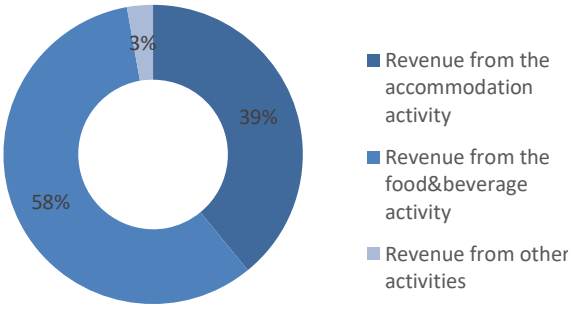
For the segment of events planning, the promotion targeted in particular the medical and the IT fields where the companies have substantial budgets to promote their products.

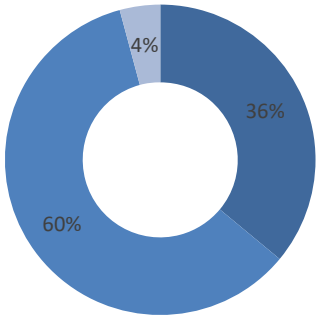
The company provides a full range of services: from basic hotel services (accommodation and food & beverage), all-inclusive packages for seminars, conferences and congresses, to tailored services for clients or groups.

Best Western Bucovina hotel has in its portfolio is 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 revenues.







In the first 6 months of the year, the accommodation segment has registered a revenue increase of 6.98% yoy, based on a 5% growth of the occupancy rate and a 0.6% increase in the average rate. Meanwhile, the revenue from the food and beverage segment have decreased by 4.15% yoy. The drop

was generated by the reduction in of both the individual clients segment (2%) and the groups and conferences segment (9%). The only segment with growing revenues was the one with included dinner packages.

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

According to the decision of the Extraordinary General Shareholders Meeting on 18.06.2015, the Board of Administrators was empowered to take all steps to set up a company or to acquire a stake of shares in a company that is or may be authorized to provide services specific to travel agencies. The empowerment was given under certain conditions, namely: i) CASA DE BUCOVINA – CLUB DE MUNTE would hold at least 99% of the number of shares issued by the subsidiary; ii) the budget allocated for the incorporation/acquisition (including obtaining authorizations, working capital, etc.) shall not exceed the equivalent in lei of EUR 16,000.

The incorporation of a travel agency could lead to the development of the company's portfolio of clients, as well as to the development of travel products complementary to the hotel activity, thus enabling the generation of additional revenue and increasing the profitability of the business. Also, the setup of a travel agency could support the development of the company's activity, both in terms of business tourism (participation in tenders for organizing events, training sessions, developing corporate customer relationships), as well as cultural and leisure tourism (to tourists outside Romania, highlighting both the tourism potential of the area and the offered SPA services).

Considering the complexity of the incorporation of a travel agency, the investment horizon, the marketing plan required for promotion and the necessary investments, the company considers that such a project can only be carried out by treating it as an independent project, with a business plan drawn up by a specialist in the field and with a budget exceeding the budget approved by the shareholders.

Taking into consideration the above, in the meeting on 29 June 2017, the Board of Administrators requested the executive management of the company to draw up a business plan for the establishment of a travel agency, including provisions on financial/documents/information flows between CASA DE BUCOVINA - CLUB DE MUNTE S.A. and the new company, with a deadline of September 30, 2017.

4. The economic and financial position

4.1. The company's tangible assets

The company's corporate assets are mainly buildings and plots of land. A synthetic classification of the company's tangible assets (at gross value) is presented in the table below. More information regarding the tangible assets, their depreciation and net value can be found in the Note no. 5 to the financial statements for the period ended at 30.06.2017, attached to this report.

	30.06.2017	31.12.2016
Plots of land	9,776,617	9,776,617
Buildings	12,295,017	12,295,017
Fixed assets	2,095,722	2,081,588
Advance payments for tangible assets	284,147	284,147
TOTAL	**24,451,503**	**24,437,369**

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.

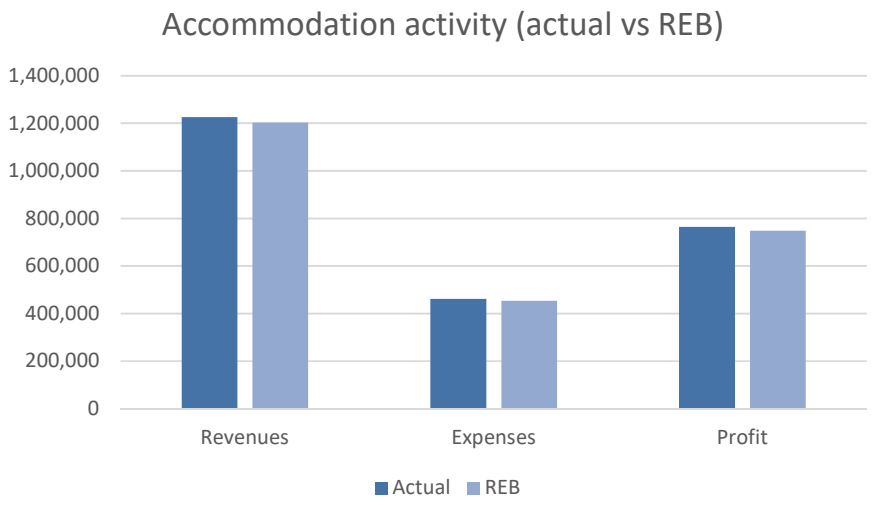
The depreciation of fixed assets is computed in accordance with Law 15/1994, using the straight-line depreciation. The depreciation periods (which approximate the lives of the assets) are in accordance with the current legislation.

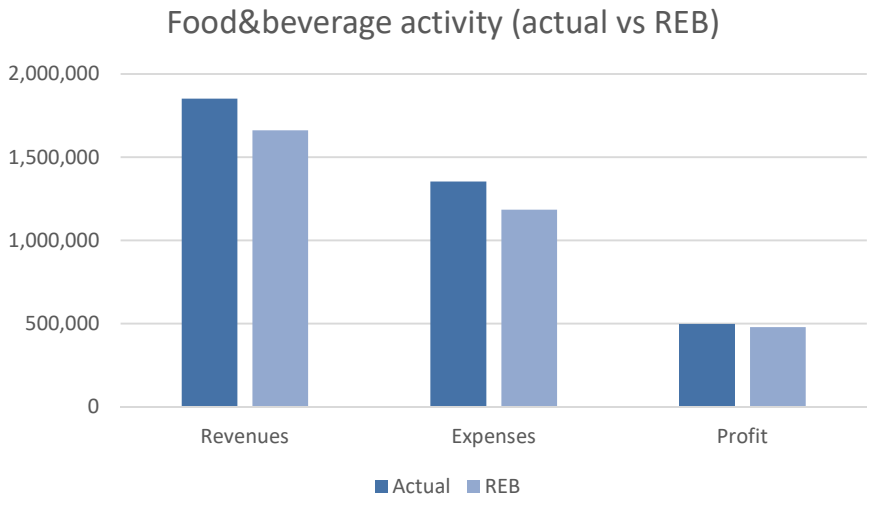
4.2. Revenues and Expenditures Budget Execution

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

	REB 1st half 2016	Actual 1st half 2016	Actual vs. REB
Accomodation activity			
Revenue	1,202,500	1,225,443	101.91%
Personnel, material and services costs	454,324	461,905	101.67%
Profit/loss	**748,176**	**763,538**	**102.05%**
Food & beverage activity			
Revenue	1,662,155	1,850,865	111.35%
Personnel, material and services costs	1,184,352	1,353,240	114.26%
Profit/loss	**477,803**	**497,625**	**104.15%**
Other activities			
Revenue	138,500	109,429	79.01%
Material and services costs	81,627	83,624	102.45%
Profit/loss	**56,873**	**25,806**	**45.37%**
Undistributed general expenses			
General & Administration	286,549	304,017	106.10%
Commercial & Marketing	128,072	107,152	83.67%
Repairs, maintenance	179,153	166,071	92.70%
Utilities	273,000	260,355	95.37%
Total undistributed general expenses	**866,774**	**837,595**	**96.63%**
Profit/loss from total activity (GOP)	**416,078**	**449,373**	**108.00%**
Profit/loss from the operating activity (EBITDA)	179,978	230,955	128.32%
Total operating result	**-668,022**	**-505,251**	**75.63%**
Financial result	122,000	128,158	105.05%
Gross profit	**-546,022**	**-373,181**	**68.35%**

**GOP – gross operating profit*





4.3. Financial statements

The financial statements as of 30 June 2017 was prepared in accordance with International Financial Reporting Standards adopted by the European Union.

We mention that they were prepared in accordance with the Order of the Deputy Prime Minister, Minister of Public Finance no. 1286/2012 on the application of International Financial Reporting Standards by the companies whose securities are admitted to trading on a regulated market. 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 half of 2017

in lei	30.06.2017	31.12.2016
ASSETS		
Tangible assets	22,084,379	22,262,877
Intangible assets	19,474	959
Financial assets	250	250
Total fixed assets	**22,104,103**	**22,264,086**
Inventories	207,781	182,048
Trade receivables	455,143	261,975
Prepayments	319,994	158,120
Cash and bank accounts	1,845,274	3,026,132
Deposits at banks	10,075,000	9,708,682
Credits and receivables	2,250,380	2,228,527
Other receivables	92,654	118,530
Total current assets	**15,246,226**	**15,684,014**
TOTAL ASSETS	**37,350,329**	**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	10,127,004	10,162,996
Other reserves	2,135,464	2,135,464
Reported result	-9,900,977	-8,966,252
Total Shareholders' Equity	**34,248,591**	**35,219,308**
LIABILITIES		
Deferred tax liability	1,930,878	1,937,734
Trade payables	280,826	397,571
Other liabilities	889,522	329,114
Total liabilities	**3,101,226**	**2,664,419**
Provisions	512	64,373
TOTAL LIABILITIES	**3,101,738**	**2,728,792**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37,350,329**	**37,948,100**

in lei	30.06.2017	30.06.2016
Revenue from rendered services	1,330,083	1,296,504
Revenue from sale of goods	1,850,877	1,931,503
Other revenues	3,912	2,946
Raw materials and consumables used	-178,196	-208,636
Costs of goods sold	-689,570	-697,436
Third party expenses	-872,198	-830,071
Personnel costs	-1,160,746	-976,084
Depreciation of fixed assets	-231,825	-226,958
Other expenses	-553,676	-740,960
Operating profit	**-501,339**	**-449,192**
Financial revenues	147,158	171,627
Financial expenses	-19,000	-4,807
Gross profit	**-373,181**	**-282,372**
Current income tax expense	-35,438	-63,790
Profit/loss of the period	**-408,619**	**-346,162**
Other comprehensive income		
Increase/ (decrease) in revaluation reserve of tangible assets, net of deferred tax	6,856	6,856
Transfer from revaluation reserve to retained earnings due to the sale of tangible assets	-42,849	-42,849
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-444,612**	**-382,155**

In the first semester of 2017 the company registered a decrease in operating revenues of 1.43% yoy, due to increasing revenues from the accommodation segment (+6.98% yoy) and to the revenues decrease of the food & beverage segment (-4.15% yoy). Operating expenses remained relatively constant compared with the same period of last year, leading to an increase of the operating loss, from approx. RON 0.45mn in the first half of 2016, to RON 0.5mn in the current period (25% lower than the budgeted operating loss for this semester, of approx. RON 0.67mn).

The main cause of the surge in operating expenses was the growth of personnel costs (+18.92% yoy), especially in the food & beverage department, due to the growth of the minimum wage level.

The operating loss was partly cushioned by the positive financial result (RON 128,158, -23.18% yoy), leading to a net loss of RON 408,619, up by 18.04% compared to the first half of 2016.

In the first semester of 2017 the investments in hotel renovations amounted to approx. RON 0.5mn, 20% lower compared to the same period of last year.

in lei	30.06.2017	30.06.2016
Cash flow from operating activity:		
Proceeds from clients	3,359,867	3,256,530
Payments to suppliers	-2,718,764	-2,792,013
Payments to employees	-959,526	-797,415
VAT paid		
Other payments to the state budget	-488,592	-485,934
Income tax paid	-31,885	-51,422
Net cash from operating activity	**-838,900**	**-870,254**
Cash flow from investing activity		
Bonds purchase		
Payments for the purchase of tangible assets	-85,492	-11,423
Bonds payment		
Received interest	133,065	163,765
Net cash from investment activity	**47,573**	**152,342**
Cash flow from financing activity:		
Dividend payments	-1,360	-534
Net cash from financing activity	**-1,360**	**-534**
Net (decrease)/ increase in cash and cash equivalents	-792,687	-718,446
Cash and cash equivalents at the beginning of the period	14,963,341	14,228,737
Cash and cash equivalents at the end of the period	**14,170,654**	**13,510,291**

4.4. Liquidity, risk and management indicators

Liquidity indicators		Sem I 2017	Sem I 2016
Current liquidity	Current assets / Current liabilities	12.78	13.28
Quick liquidity – acid test	(Current assets - Inventories) / Current liabilities	12.57	13.14

Risk indicators		Sem I 2017	Sem I 2016
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		**Sem I 2017**	**Sem I 2016**
Inventory turnover	COGS / Average inventory	3.53	4.46
Days of storage	Average inventory / COGS *180	50.87	40.3
Clients turnover (days)	Average clients balance / Turnover *180	20.28	27.73
Fixed assets turnover	Turnover / Fixed assets	0.14	0.14
Total assets turnover	Turnover / Total assets	0.09	0.09

4.5. Assessment of the company's personnel

Compared to the first half of 2016, the personnel evolution during the first semester of 2017 was the following:

Indicator	Average at 30.06.2017	Average at 30.06.2016
Total personnel, of which:	76	72
Executive	4	4
Operational	80	68

The dynamics of the gross salaries compared to the realized revenues is the following:

Indicator	30.06.2017	30.06.2016	Variation (%)
Gross wage expenses - lei	1,160,746	976,084	18.92%
Average personnel number	76	72	5.56%
Labor productivity - lei/employee	41,854	44,833	-6.64%
% personnel expenses in revenues	36.44	30.23	20.54%

The growth of the personnel expenses in the first half of 2016 was due to the increase in the average number of employees by 4 persons, as well as the increase of the minimum wage.

The relation of the company with its employees is covered by the Collective Work Contract. No union operates within the company.

There are not and there are not reported conflicting elements that could negatively impact the work relations in the company.

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 semester 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 semester 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

As of 30.06.2017, the executive management of the company was provided by:

- General Manager - Mandate contract - Ion Romica Tamas;
- Economic Manager – Permanent contract – Livia Misiuc;
- Sales Manager – Permanent contract – Doina Prosciuc;
- Food & Beverage Manager – Permanent contract - Stefan Ghisovan.

6.3. Guvernanta corporativa

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.

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.

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. Annexes

Statement of conformity

Financial Statements as of 30.06.2017

9. Signatures

Ion Romica Tamas	Livia Misiuc
Vice - President of the Board of Administrators	**Economic Manager**
General Manager	

Casa de Bucovina – Club de Munte S.A.

Interim Financial Statements
as of and for the period ended
30 June 2017

Prepared according to the International
Financial Reporting Standards
adopted by the European Union

Statement of comprehensive income

for the six-month period ended 30 June 2017

in lei	**30.06.2017**	**30.06.2016**
Revenue from rendered services	1,330,083	1,296,504
Revenue from sale of goods	1,850,877	1,931,503
Other revenues	3,912	2,946
Raw materials and consumables used	(178,196)	(208,636)
Costs of goods sold	(689,570)	(697,436)
Third party expenses	(872,198)	(830,071)
Personnel costs	(1,160,746)	(976,084)
Depreciation of fixed assets	(231,825)	(226,958)
Other expenses	(553,676)	(740,960)
Operating profit/(loss)	**(501,339)**	**(449,192)**
Financial revenues	147,158	171,627
Financial expenses	(19,000)	(4,807)
Gross profit/(loss)	**(373,181)**	**(282,372)**
Income tax expense	(35,438)	(63,790)
Profit/(loss) of the period	**(408,619)**	**(346,162)**
Other comprehensive income		
Increase/ (decrease) in revaluation reserve of tangible assets, net of deferred tax	6,856	6,856
Transfer from revaluation reserve to retained earnings due to the sale of tangible assets	(42,849)	(42,849)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(444,612)**	**(382,155)**

Ion Romica Tamas
General Manager

Livia Misiuc
Economic Manager

Statement of the financial position

as of 30 June 2017

in lei	30 June 2017	1 January 2017
ASSETS		
Tangible assets	22,084,379	22,262,877
Intangible assets	19,474	959
Financial assets	250	250
Inventories	207,781	182,048
Trade receivables	455,143	261,975
Prepayments	319,994	158,120
Cash and current accounts with banks	1,845,274	3,026,132
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Other receivables	92,654	118,530
TOTAL ASSETS	**37,350,329**	**37,948,100**
SHAREHOLDERS' EQUITY		
Paid-up 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	10,127,004	10,162,996
Other reserve	2,135,464	2,135,464
Reported result	(9,900,977)	(8,966,252)
TOTAL SHAREHOLDERS' EQUITY	**34,248,591**	**35,219,308**
LIABILITIES		
Deferred tax liability	1,930,878	1,937,734
Trade payables	280,826	397,571
Other liabilities	889,522	329,114
TOTAL LIABILITIES	3,101,226	2,664,419
Provisions	512	64,373
TOTAL LIABILITIES	**3,101,738**	**2,728,792**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37,350,329**	**37,948,100**

Ion Romica Tamas
General Manager

Livia Misiuc
Economic Manager

Statement of changes in shareholders' equity

as of 30 June 2017

in lei

	Paid-up capital	Adjustments of the paid-up capital	Share premium	PPE revaluation reserves	Other reserves	Reported result	Reported result from the adoption of IAS 29 for the first time	Losses related to own shares	Total shareholders' equity
Balance as of 1 January 2017	**16,733,960**	**10,267,175**	**4,885,965**	**10,162,997**	**2,135,464**	**1,133,218**	**(10,099,471)**		**35,219,308**
Total global result for the period									
Net result of the period	-	-	-	-	-	(408,619)			**(408,619)**
Other comprehensive income									
Profit allocation									
Allocation to legal reserve	-		-	-					**-**
Own shares									**-**
Losses related to own shares									**-**
Allocation to other reserves	-		-	-					**-**
Decreases in tangible assets revaluation reserve, net of deferred tax	-		-	6,856	-				6,856
Transfer from revaluation reserve to retained earnings with depreciation	-	-	-	(42,849)	-	42,849			**-**
Total other comprehensive income	**-**		**-**	**(35,993)**	**-**	**42,849**	**-**	**-**	**6,856**
Total global result for the period	**-**		**-**	**(35,993)**	**-**	**(365,770)**	**-**	**-**	**(401,763)**
Transactions with shareholders recorded directly in shareholders' equity									
Distributed dividends	-		-	-	-	(568,954)			**(568,954)**
Transactions with shareholders recorded directly in shareholders' equity	**-**	**-**	**-**	**-**		**(568,954)**			**(568,954)**
Balance as of 30 June 2017	**16,733,960**	**10,267,175**	**4,885,965**	**10,127,004**	**2,135,464**	**198,494**	**(10,099,471)**	**-**	**34,248,591**

Ion Romica Tamas
General Manager

Livia Misiuc
Economic Manager

Cash-flow statements

as of 30 June 2017

in lei	30 June 2017	30 June 2016
Cash flow from operating activity:		
Proceeds from clients	3,359,867	3,256,530
Payments to suppliers	-2,718,764	-2,792,013
Payments to employees	-959,526	-797,415
VAT paid		
Other payments to the state budget	-488,592	-485,934
Income tax paid	-31,885	-51,422
Net cash from operating activity	**-838,900**	**-870,254**
Cash flow from investing activity:		
Bonds purchase		
Payments for the purchase of tangible assets	-85,492	-11,423
Bonds payment		
Received interest	133,065	163,765
Net cash from investment activity	**47,573**	**152,342**
Cash flow from financing activity:		
Dividend payments	-1,360	-534
Net cash from financing activity	**-1,360**	**-534**
Net (decrease)/ increase in cash and cash equivalents	-792,687	-718,446
Cash and cash equivalents at the beginning of the period	14,963,341	14,228,737
Cash and cash equivalents at the end of the period	**14,170,654**	**13,510,291**

Ion Romica Tamas
General Manager

Livia Misiuc
Economic Manager

Notes to the financial statements

for the period ended 30 June 2017

1. The reporting entity

Casa de Bucovina – Club de Munte SA (the „Company") is a joint stock company which operates in Romania in accordance with the provisions of Company Law no. 31/1990.

The Company is headquartered in Gura Humorului, 18 Republicii Square, Suceava county.

The Company has as main activity hotel services, catering and recreational/leisure services, selling tourism services, organizing conferences or events for national and foreign companies

The Company's shares are listed on the Bucharest stock exchange, II tier, with the BCM ticker, starting with 12 May 2008.

As of 30 June 2017, 66.87% of the Company is owned by SIF Muntenia SA, and 33.13% by other shareholders.

Depozitarul Central Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

2. Basis of preparation

(a) Statement of compliance

The individual financial statements are prepared by the Company in accordance with the International Financial Reporting Standards („IFRS"). The Company's first financial statements were prepared as of 31.12.2012, in accordance with the requirements of IFRS 1 „First-time adoption of the International Financial Reporting Standards" and with the requirements of Finance Ministry Order no. 1286/2012 for the approval of accounting regulations in accordance with International Financial Standards, applicable to companies whose securities are admitted to trading on a regulated market. The International Financial Reporting Standards are the standards adopted under the procedure laid down in Regulation (EC) no. 1.606/2002 of the European Parliament and of the Council on 19 July 2002 on the application of International Accounting Standards.

The date of transition to International Financial Reporting Standards was 1 January 2011.

Starting with the financial year 2012, the companies whose securities are admitted to trading on a regulated market are required to apply IFRS standards when preparing their individual yearly financial statements, as a single set of financial statements.

(b) Presentation of financial standards

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenditures according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods allowed by IAS 1.

(c) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation", is the Romanian leu (lei). Individual financial statements are presented in lei, rounded to the nearest leu, which the Company's management has chosen as presentation currency.

(d) Basis of valuation

The financial statements were prepared using the historical cost, except for land and buildings, which are stated at fair value.

The accounting policies defined below have been applied consistently to all the periods presented in these financial statements. These financial statements were prepared on a going concern basis.

(e) Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable in light of these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained can differ from these estimates.

Judgments and the assumptions that are their basis are regularly reviewed by the Company. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

3. Significant accounting policies

The accounting policies have been applied consistently too all the periods presented in these individual financial statements.

The financial statements are prepared on a going concern basis which assumes the Company will continue to operate in the foreseeable future. To assess the applicability of this assumption, the management reviews the forecasts of future cash inflows.

(a) Transactions in foreign currencies

Transactions denominated in foreign currencies are recorded in lei at the official exchange rate at the settlement date of transactions. Monetary assets and liabilities denominated in foreign currencies at the fate of the statement of the financial position statement are translated into the functional currency at the exchange rate of the day.

Gains or losses from their settlement and conversion using the exchange rate at year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

The exchange rates of the main foreign currencies were:

Currency	30 June 2016	30 June 2017	Variation
Euro (EUR)	4,5210	4,5539	+ 0,72%
US Dollar (USD)	4,0624	3,9915	-0,98%

(b) Registration of the hyperinflation effect

Under IAS 29, „Financial reporting in hyperinflationary economy", the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the measuring current unit at the financial exercise date (non-monetary items are restated using a general price index from the date of purchase or contribution).

Under IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%.

Continued decline in inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect for financial periods starting with 1 January 2004.

Thus, the values expressed in the measuring current unit as of 31 December 2003 are treated as the basis for the accounting values reported in the financial statements and do not represent appraised values, replacement

cost, or any other measure of the current value of assets or the prices at which transactions would take place at this moment.

The Company has adjusted the following non-monetary items to be expressed in the measure of current unit at 31 December 2003:

- share capital;
- tangible assets, except for land and buildings.

Land and buildings are stated at the revaluation amounts from 31 December 2015, the most recent revaluation date.

(c) Financial assets

Non-derivative financial assets

The Company initially recognizes the financial assets (loans, receivables and deposits) at the date they were initiated. All other financial assets are initially recognized at the date of the transaction when the Company becomes part of the contractual terms of the instrument.

The Company initially recognizes non-derivative financial liabilities at the date of the transaction when the Company becomes part of the contractual terms of the instrument. They are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method

The Company derecognizes a financial asset when the contractual rights to asset-generated cash flows expire or when rights to collect the contractual cash flows of the financial asset are transferred through a transaction through which the risks and rewards of ownership of the financial asset are significantly transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognized separately as an asset or liability.

The Company derecognizes a financial liability when the contractual obligations are paid or are canceled or expired.

Assets and financial liabilities are offset and the net position is presented in the statement of financial position only when the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to simultaneously realize the asset and to settle the obligation.

The Company has the following non-derivative financial assets: cash and cash equivalents, trade receivables and other receivables.

The Company has the following non-derivative financial liabilities: trade payables and other payables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not traded in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method less the value of impairment losses.

Credits and receivables comprise cash and cash equivalents, as well as trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents include cash and deposits with initial maturities of less than three months.

Paid-up capital – Ordinary shares Ordinary shares are classified as part of the shareholders' equity.

(d) Tangible assets

(i) Recognition and valuation

Tangible assets recognized as an asset are initially valued at cost. The cost of a tangible assets item comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be used for the purpose intended by the management, such as: staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible assets are classified by the Company in the following asset classes of the same nature and similar use:

- Land;
- Constructions;
- Equipment, technical equipment and machinery;
- Vehicles;
- Other tangible assets.

Land and constructions are stated at revalued amount, this being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses if they were recognized after the date of 31 December 2003 respectively the at the inflated value of the cost or depreciation until 31 December 2003 (if the assets were acquired before that date) less any accumulated depreciation and any accumulated impairment losses after 31 December 2003.

Fair value is based on market price quotations adjusted, if necessary, to reflect differences in the nature, location or conditions of that asset.

Revaluations are performed by specialized assessors, members of ANEVAR. The frequency of the revaluations is dictated by market dynamics for the land and constructions owned by the Company.

The expenditures with the maintenance and repairs of tangible assets are recorded in the statement of comprehensive income when incurred, while significant improvements to tangible assets, which increase the value or duration of their life, or which increase their capacity to generate economic benefits, are capitalized.

(ii) Depreciation

Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Constructions	40-50 years
Equipment	2-12 years
Vehicles	4-8 years
Furniture and other tangible assets	4-12 years

Land is not object to depreciation.

Depreciation methods, useful life durations and estimated residual values are reviewed by the Company's management at each reporting date.

(iii) Sale/scrapping of tangible assets

Tangible assets that are scrapped or sold are removed from the financial position statement along with the corresponding accumulated depreciation. Any profit or loss resulting from such operations is included in the current profit or loss.

(e) Intangible assets

(i) Recognition and valuation

The untangible assets acquired by the Company, which have a determined useful life duration are stated at cost less cumulated depreciation and less cumulated impairment losses.

(ii) Subsequent expenses

The subsequent expenses are capitalized only when these lead to an increase in the value of future economic benefits incorporated in the asset to whom these expenses are destined to. All the other expenses, including the expenses for goodwill and brands are recognized in profit or loss as they are incured.

(iii) Depreciation of intangible assets

Amortizarea este calculată pentru costul activului minus valoarea reziduală.

Depreciation is calculated at the asset's cost less its residual value.

The depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of the intangible assets, other than goodwill and brands, from the date they are ready to use. The estimated useful life durations for the current period are the following:

- software 3 years.

The depreciation methods, useful life durations and residual values are revised at the end of each financial year and revised, if necessary.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the FIFO method and includes the expenses related to the acquisition of inventories, the production or processing costs and other costs supported to bring the inventories in the current form and location.

The net realizable value is the sale price estimated across the normal business course, less the estimated cost for completion and the necessary costs to make the sale.

(g) Impairment of assets other than financial

The carrying amount of the Company's assets that are not financial, other than deferred tax assets, are reviewed at each reporting date to identify the existence of indications of impairment. If such indication exists, the recoverable amount is estimated for the respective assets.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less costs to sell the asset or unit. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether they decreased or no longer exist. The impairment loss shall be resumed if there was a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(h) Dividends to be distributed

Dividends are treated as a profit distribution in the period they were declared and approved by the General Shareholders Meeting. The dividends declared before the reporting date are registered as liabilities at the reporting date.

(i) Revaluation reserves

Revaluations are carried out with sufficient regularity so that the carrying amount does not substantially differ from the value which would be determined using the fair value at the balance sheet date. In this regard, the Company performed revaluations of tangible assets with assessors as of 31 December 2015.

The difference between the value resulting from revaluation and the net book value of tangible assets is stated in the revaluation reserve, as a distinct sub-element within equity.

If the revaluation result is an increase above the net book value, then it is treated as follows: as an increase in the revaluation reserve stated in equity if there was a decrease previously recognized as an expense for the same asset or as income to compensate the expense with the decrease previously recognized for that asset.

If the revaluation result is a decrease below the net book value, it is treated as an expense the full amount of the impairment when in the revaluation reserve there is not recorded an amount related to that asset (revaluation surplus) or as a decrease in revaluation reserve to the lower of that reserve amount and the value of the decrease, and the potential not covered difference is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when this surplus represents a realized gain. The gain is deemed achieved as the asset for which the revaluation reserve was constituted is depreciated, respectively at its removal if it has not been completely depreciated. No part of

the revaluation reserve may be distributed, directly or indirectly, except where revalued asset was capitalized, in which case the revaluation surplus is the gain actually realized.

Starting with 1 May 2009, due to changes in tax legislation, revaluation reserves recorded after 1 January 2004 have become taxable as the respective tangible asset depreciates. Accordingly, the Company recorded a deferred tax liability related to the revaluation which is reflected in the value of the asset.

(j) Legal reserves

Legal reserves are constituted as 5% of the gross profit at the end of the year, until the legal reserves amount to 20% of the nominal paid-up share capital, according to legal provisions. These reserves are tax deductible and are only distributed at the liquidation of the Company .

(k) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when the Company acquires the obligation related to a past event and it is likely to be required in the future a consumption of economic resources to extinguish this obligation and a reasonable estimate of the obligation can be made. To determine the allowance, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the liability.

(l) Related parties

The parties are considered to be related with the Company in case one of the parties has the possibility to directly or indirectly control the other party, or can influence significantly the other party through its holding or based on contractual rights, familial or other relationship, as defined by IAS 24 „Presentation of information regarding related parties".

(m) Employees benefits

(i) Short term benefits

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are not updated and are recognized as an expense when services are rendered.

(ii) Defined contribution plans

The Company makes payments on behalf of their employees to the Romanian State pension system, health insurance and unemployment fund, in the normal course of business.

All employees of the Company are members and are also legally obliged to contribute (through social contributions) to the Romanian State pension system (a State defined contribution plan). All relevant contributions are recognized in profit or loss when incurred. The Company has no further obligations.

The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other post-retirement benefit system. The Company has no obligation to provide further services to current or former employees.

(n) Revenues

(i) Sale of goods

Revenue for goods sold during the current activities are measured at fair value of the amounts received or receivable, less returns, trade discounts and rebates for volume. Revenues are recognized when there is persuasive evidence, usually in the form of an executed sales contract and the risks and benefits resulting from the ownership of goods are transferred substantially to the buyer, the recovery of the amounts is probable, the costs and potential returns of goods can be credibly estimated, the entity is no longer involved in the managing the goods sold and the revenues amount can be measured reliably. If it is likely for certain discounts or rebates to be granted and their value can be measured reliably, then they are recognized as a reduction of revenue as the sales are recognized.

(ii) Services rendering

Revenues from rendering of services are recorded as they are made. Services also include the execution of works and other operations cannot be treated as goods supplied.

The stage of completion of the work is determined based on statements accompanying invoices, records of acceptance or other evidence on the stage of completion of the services.

(o) Financial revenues and expenses

Financial revenues include interest revenues related to invested amounts. Interest revenues are recognized in profit or loss based on the effective interest method.

The gains and losses from the differences of the exchange rate related to financial assets and liabilities are reported on a net basis, either as financial revenue or financial expense, based on FX fluctuations: net gain or net loss.

(p) Profit tax

Tax on profit for the period comprises current tax and deferred tax.

Profit tax is recognized in the statement of comprehensive income if the tax is related to capital items.

Current tax is the expected tax payable on the profit realized in the current period, determined based on the percentage applied at the reporting date and on any adjustments related to prior periods.

Deferred tax is calculated using tax rates expected to be applied to the temporary differences in their replay, based on the legislation in force at the reporting date. Receivables and liabilities deferred tax are offset only if a legally enforceable right to offset debts and claims current with the tax and whether they are related to the tax collected by the same taxation authority on the same entity subject to taxation or for different tax authorities who want to achieve the settlement of claims and current tax liabilities using a net basis, or the related assets and liabilities would be realized simultaneously.

Deferred tax asset is recognized only to the extent that it is probable that future profits that can be used to cover the tax loss. The claim is reviewed at each financial year and is reduced as the related tax benefit is unlikely to be realized. Additional taxes that arise from the distribution of dividends are recognized at the same time as the obligation to pay dividends.

(q) Earnings per share

The Company presents basic earnings per share and diluted for ordinary shares. Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity shareholders by the Company's weighted average number of ordinary shares outstanding over the reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

(r) Government subsidies

Government grants for investments are initially recognized as deferred income at fair value when there is certainty that they will be received and the Company will comply with the associated conditions. Subsidies that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants that offset the costs incurred by the Company are recognized in profit or loss as other income on a systematic basis over the same periods in which expenditures are recognized.

(s) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are presented unless the possibility of an outflow of resources representing economic benefits is removed.

A contingent asset is not recognized in the financial statements but is presented when an economic benefit is probable.

(t) Subsequent events

Financial statements reflect events after the end of the year, events that provide additional information about the Company's position at the reporting date or those that indicate a possible breach of the business continuity principle (events that trigger adjustments). Events after the financial year that require no adjustments are shown in the notes, when considered significant.

4. Fair value determination

Certain Company accounting policies and disclosure requirements require the determination of fair value for financial and non-financial assets and liabilities. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below.

Where appropriate, additional information on the assumptions used to determine fair values is disclosed in the notes specific to the respective asset or liability.

(i) Tangible assets

Fair value of land is based on the market method using quoted market prices for similar items when available.

The fair value of the buildings is based on the discounted cash flows that are expected to be generated as a result of the use and eventually sale of these assets.

(ii) Inventories

The fair value of inventories is determined on the basis of the estimated selling price that could be obtained during the normal course of business, less estimated closing and selling costs and a reasonable profit margin based on the effort required to complete and sell the inventory.

(iii) Trade receivables and other receivables

The fair value of trade receivables and other receivables is estimated as the present value of future cash flows, discounted with the market interest rate at the reporting date. This fair value is determined for the purpose of presentation or when the receivables are obtained in a business combination.

(vi) Non-derivative financial liabilities

The fair value that is determined for presentation purposes is calculated based on the present value of the future cash flows that are accounted for as principal and interest, discounted using the market interest rate at the reporting date. For financial leasing contracts, the market interest rate is determined by reference to similar leasing contracts.

Notes to the financial statements

for the period ended 30 June 2017

5. Fixed assets

A. Tangible assets

Evolution of tangible assets in the first semester of 2017

in lei	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
Cost						
31 December 2016	**9.776.617**	**12.295.017**	**1.714.351**	**367.237**	**284.147**	**24.437.369**
Inflow			42.793	6.875		**49.668**
Outflow	-	-	35.534		-	**35.534**
30 June 2017	**9.776.617**	**12.295.017**	**1.721.610**	**374.112**	**284.147**	**24.451.503**
Cumulated depreciation						
31 December 2016	**-**	**(362.889)**	**(1.553.336)**	**(258.783)**		**(2.175.008)**
Inflow		(180.671)	(4.720)	(16.165)		**(192.116)**
Outflow		-	-	-		**-**
30 June 2017		**(543.560)**	**(1.548.616)**	**(274.948)**		**(2.367.124)**
Net carrying amount						
31 December 2016	**9.776.617**	**11.932.128**	**161.015**	**108.454**	**284.147**	**22.262.361**
30 June 2017	**9.776.617**	**11.751.457**	**172.994**	**99.164**	**284.147**	**22.084.379**

5. Fixed assets (continued)

A. Tangible assets (continued)

The value of the **plots of land** held by the Company as of **30.06.2017** is the revalued amount at 31.12.2015 determined by the independent valuator CMF Consulting S.R.L.

Land - Location / Property document	Area sqm	Value as of 30.06.2017	LEI Value as of 31.12.2016
Str. Mihail, Gura Humorului, plot 370/2, CF 6501;Ctr. nr. 2818/2000	687	124.333	124.333
Str. Republicii no. 18, Gura Humorului; contribution in kind AA 12/2004	220	38.816	38.816
Arinis dendrologic park; contribution in kind AA 2/1998	8.807	717.251	717.251
Arinis dendrologic park; contribution in kind AA 3/1999 and exchange contract 179/2005	162.678	8.847.800	8.847.800
Gura Humorului Suceava county; Ctr. 266/02.02.2010	262	47.417	47.417
TOTAL	**172.392**	**9.776.617**	**9.776.617**

Lands in concession, owned by the Company as of 30.06.2017**:**

Land - Location / Property	Area sqm
Piata Republicii no. 18, Gura Humorului Concession ctr 5148/4.10.1996, with Gura Humorului City	3.488

Notes to the financial statements

for the period ended 30 June 2017

5. Fixed assets (continued)
A. Tangible assets (continued)

The Company owned as of **30.06.2017** the following **buildings** valued at revaluated value at 31.12.2015.

	Adress of the building	Acquisition/registration date	Value as of 30.06.2017	Value as of 31.12.2016
01	Hotel located in Gura Humorului, 4 Bucovinei bvd, registered in FC 5337, with basement, mezzanine, ground floor and 8 floors, 130 rooms with an area or 1.550 sqm, constructed area of 1.394 mp, with cadastral (topo) no. 261/25.	1. Contribution in kind to the share capital, unfinished building, AA 2/1998 2. Date of commissioning: 28.02.2003 3. Minutes of final acceptance nr. 1/21.10.2005	10.392.959	10.392.959
02	Building on the ground floor of a block located in Gura Humorului, Bd. Bucovinei, Wing A-P no. 4 bl. 4, with area of 171 sqm, with cadastral number (topo) 261/26	10.09.1998; contribution in kind AA 2/1998;	127.871	127.871
03	TISA conference room	Minutes of commissioning no. 1/ 21.10.2005	997.711	997.711
04	Arinis Inn	Minutes of reception no. 543/11.07.2011	292.647	292.647
05	Special constructions (transformer station)	Transfer in 2014 from the account 2131	171.583	171.583
06	Special constructions (river bank protection)	Transfer in 2014 from the account 2131	202.879	202.879
07	Arinis terrace	Minutes of reception 08.2015	109.367	109.367
TOTAL			**12.295.017**	**12.295.017**

Evolution of **tangible assets in progress** as of 30.06.2017:

LEI

Tangible assets in progress	Balance at 01.01.2017	Inputs	Receptions	Demolitions	Balance at 30.06.2017
Roads, alleys, stairs, contribution in kind to share capital AA 2/1998, in Arinis (ct.231.2)	72.525				72.525
Assessment, design Arinis objectives (ct.231.33)	211.622				211.622
TOTAL	**284.147**				**284.147**

5. Fixed assets (continued)

B. Intangible assets

In the first half of 2017, an accommodation system licence + HMS interface license was acquired, with a value of 22,174.19 lei and a depreciation period of 36 months.

C. Financial assets

Financial assets	30 June 2017 LEI	31 December 2016 LEI
Participation in the Association for Tourism Development - Gura Humorului*	250	250
Total financial assets	**250**	**250**

* The Association for Tourism Development – Gura Humorului was established in June 2009, in accordance with Government Ordinance no. 26/2000 regarding associations and foundations, with subsequent modifications and additions and with the Decree no. 31/1954, being founded by 26 founding members, with an initial patrimony of 6.00 LEI. The contribution of CASA DE BUCOVINA – CLUB DE MUNTE S.A. was of 250 LEI, representing 3.67% of the association's patrimony.

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Notes to the financial statements

for the period ended 30 June 2017

6 Inventories

	30 June 2017	30 June 2016
Merchandise	151.996	125.125
Raw materials and consumables	42.766	27.864
Packaging	7.130	2.850
Advance payments	5.889	-
Total	**207.781**	**155.839**

7 a) Trade receivables

	30 June 2017	30 June 2016
Clients	457.092	623.965
Suppliers – debtors for services	46.350	82.769
Adjustments for receivables impairments	(48.299)	(45.332)
Total	**455.143**	**661.402**

b) Prepayments

	30 June 2017	30 June 2016
Best Western marketing fee	40.425	40.588
Concession of land – inflated cost	114.497	115.961
Value of concession of land – paid in advance	36.478	36.944
Building tax	95.024	104.526
Land tax	27.534	35.692
Miscellaneous	6.035	6.405
Total	**319.993**	**340.116**

8 Cash and current accounts

	30 June 2017	30 June 2016
Bank deposits (i)	10.075.000	10.732.125
Bonds (ii)	2.250.380	2.225.000
Current accounts	1.826.770	1.573.116
Cash	8.153	10.715
Other values	10.351	16.279
Total	**14.170.654**	**13.510.290**

9. Other receivables

	30 June 2017	30 June 2016
Receivables from the State budget	48.657	73.121
Various debtors	46.606	22.534
Adjustments for the impairment of various debtors	**(7.161)**	**-**
Other receivables	4.552	22.875
Total	**92.654**	**118.530**

10. Equity and reserves

a) Share capital

As of **30.06.2017,** the Company's paid-up share capital is of **16.733.960 lei,** according to the Acknowledgement Certificate no. 18273/17.06.2016, consisting of:

- contribution in kind: 2.352.620 lei ;
- cash contribution: 14.381.340 lei.

The share capital is divided in 167.339.600 shares, with a face value of 0,10 lei/share.

The National Securities Commission (NSC), now the Financial Supervisory Authority (ASF) has issued, on 23.03.2008 the certificate for the securities registration no. 3400, that certifies the registration of the common, nominative shares in number of 167.339.600, at the face value of 0.1 lei, in the FSA Register at the 3657 position, with the **BCM** ticker.

The shareholder register is held by DEPOZITARUL CENTRAL S.A.

The shareholding structure of the Company

30 iunie 2017	**Number of shares**	**Amount (LEI)**	**(%)**
SIF Muntenia S.A.	111.900.276	11.190.028	66,87
Legal entities	42.243.714	4.224.371	25,24
Individuals	13.195.610	1.319.561	7,86
Total	**167.339.600**	**16.733.960**	**100,00**

11. Trade payables and other liabilities

Trade payables

	30 June 2017	30 June 2016
Trade payables	206.863	200.575
Advance payments	73.963	86.562
Total	**280.826**	**287.137**

Other liabilities

	30 June 2017	30 June 2016
Liabilities to the State budget	20.262	21.251
Creditors and other payables	781.420	693.433
Payables to employees	56.086	57.512
Current tax payables	31.754	31.885
Total	**889.522**	**804.081**
Deferred profit tax	**1.930.878**	**1.946.939**
Total liabilities	**3.101.226**	**3.038.157**

12. Provisions

	30 June 2017	30 June 2016
Balance at the beginning of period	64.373	57.508
Provisions constituted during the period		
Provisions resumed during the period	63.861	34.596
Balance at the end of period	**512**	**22.912**

The provisions as of 30.06.2017 are the following:

- 836 lei – provision for bonuses to employees for the 2015 results, unawarded;
- 63.537 lei – provision for the compensation of the Company's management and employees for the results obtained in 2016.
- 63.861 lei - provision used for the compensation of the Company's management and employees for the results obtained in 2016

Notes to the financial statements

for the period ended 30 June 2017

13. Turnover

	30 June 2017	30 June 2016
Revenue from rendered services	1.225.322	1.163.643
Revenue from the sale of goods	1.850.877	1.931.503
Revenue from other activities	51.378	120.326
Revenue from royalties, management and rental locations	53.383	12.535
Total	**3.180.960**	**3.228.007**

14. Other revenues

	30 June 2017	30 June 2016
Revenue from compensations, fines and penalties	912	2.381
Other revenue from the operating activity	3.000	565
Revenue from provisions	63.861	
Total	**67.773**	**2.946**

15. Other expenses

	30 June 2017	30 June 2016
Expenses with taxes and similar	172.968	194.116
Expenses with commissions and fees	33.654	31.103
Postal and telecommunications expenses	28.119	24.915
Marketing expenses	22.580	34.414
Expenses with bank services and similar	11.427	10.334
Expenses with insurance premiums	18.277	20.842
Operating expenses with provisions		
Operating expenses with the adjustment for the impairment of current assets	231.825	226.958
Expenses for granted donations	4.500	
Travel expenses		7.034
Expenses with compensations, fines and penalties	582	3.500
Other operating expenses		
Expenses with royalties, management and rental locations	16.662	20.842
Total	**540.597**	**574.058**

16. Personnel expenses

Personnel expenses	30 June 2017	30 June 2016
Wages	790.430	711.822
Expenses with social security and social protection	226.810	191.104
Expenses with meal tickets	79.645	73.158
Total	**1.096.885**	**976.084**

The average number of employees as of 30 June 2017 was of 76, compared with 30 June 2016, when the average number of employees was of 72.

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17. Financial revenues

	30 June 2017	30 June 2016
Revenues from interest	133.065	167.232
Revenues from FX differences	14.093	4.395
Total	**147.158**	**171.627**

18. Financial risk management

Management of significant risks

The main risks the Company is exposed to are:

- Market risk (interest rate risk, currency risk and price risk);
- Credit risk;
- Liquidity risk;
- Risk related to taxation;
- Economic environment risk;
- Operational risk.

The overall risk management strategy seeks to maximize Company's profit reported to the level of risk to which it is exposed and minimize any potential adverse variations on the financial performance of the Company.

The company uses a variety of policies and procedures for the management and evaluation of the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

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(a) Market risk

Market risk is the risk of a loss or the failure to achieve expected profit as a result of fluctuations in prices, interest rates and exchange rates of currencies.

The Company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to the risk associated with the variation of the prices of food and non-food products, necessary for the Company's activity. The Company manages this risk through an adequate supply program.

(ii) Interest rate risk

At the reporting date, the profile of the exposure to the interest rate risk for the interest-bearing financial instruments held by the Company was the following:

Fixed-rate instruments	**30 June 2017**	**30 June 2016**
Bank deposits	10.075.000	9.685.181
Bonds	2.225.000	2.225.000
Total	**12.300.000**	**11.910.181**

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 0.4% and 3.00% for deposits denominated in RON and for the bonds held the interest rate is 4% p.a.

(iii) Currency risk

The company is exposed to currency risk due to fluctuations of the currency exchange rates, as 50% of the operating revenues are received under contracts with EUR-denominated prices, with no specific clauses to cover the potential risk of this nature. These contracts have as beneficiaries Romanian travel agencies that are only intermediaries and cannot assume currency fluctuation risks. Most of the company's financial assets and liabilities are denominated in national currency.

(b) Credit risk

The credit risk is the risk of loss or failure to achieve estimated profits, due to the counterparty's failure to fulfill its financial obligations. The Company is exposed to the credit risk following its liquidities in the current accounts, bank deposits and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The management has established a credit policy under which each new client is individually analyzed in terms of creditworthiness before being offered the Company's standard terms of payment and delivery. Customers who do not meet the established conditions can perform transactions with the Company only with payment in advance.

The Company establishes an impairment adjustment which represents its estimates regarding the loss from trade receivables. The adjustments for trade receivables impairment mainly refer to the specific components of the significant supported and identified individual exposures.

(c) Liquidity risk

Liquidity risk is the company's risk to encounter difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset. The company's approach regarding its liquidity management consists in ensuring, as much as possible, that it would always have sufficient liquidities to meet its due liabilities, both under normal conditions and under stress conditions, without incurring unacceptable losses or putting at risk the company's reputation.

Generally, the company ensures that it has enough cash to cover its operating expenses.

(d) Risk related to taxation

The Romanian fiscal legislation provides detailed and complex provisions, having passed through several changes in recent years. Text interpretation and practical procedures for implementing the tax legislation might vary, with the risk that certain transactions are interpreted differently by the tax authorities compared to the Company's treatment. The Romanian Government has a number of agencies authorized to conduct audits (inspections) of companies operating in Romania. These inspections are similar to tax audits in other countries and may cover not only tax matters, but other legal and regulatory matters of interest to these agencies. It is possible that the Company continues to be subject to tax audits on the extent of new tax regulations being issued.

(e) Economic environment risk

The Company's management cannot foresee all the effects of potential economic or financial crises that would impact the sector in which the company operates, nor their potential impact on the present financial statements. The Company's management believes that it has adopted the necessary measures for the sustainability and the development of the company in current market conditions.

(f) Operational

The operational risk is defined as the risk of recording losses or failure to achieve the estimated profits due to internal factors such as the inappropriate conduct of internal activities, the existence of inadequate personnel or systems, or due to external factors such as economic conditions, changes on the capital market or technological progress. The operational risk is inherent in all of the Company's activities.

The policies defined for the operational risk management have taken into consideration each type of events that can generate significant risks and the ways of their manifestations, to remove or minimize losses of financial or reputational nature.

(g) Capital adequacy

The Company policy is to maintain a solid capital base necessary to maintain the trust of investors, creditors and the market and to sustain the future development of the entity.

The Company's equity includes the paid-up capital, different types of reserves and retained earnings. The Company is not subject to mandatory capital requirements.

General Manager	**Economic Manager**
Ion Romica TAMAS	**Livia MISIUC**

c a s a d e
Bucovina
c l u b d e m u n t e

Piata Republicii nr. 18
Gura Humorului 725300
Judeţul Suceava
Tel: + 4 0230 207000
Fax + 4 230 207001
E-mail:
actionari@bestwesternbucovina.ro
www.bestwesternbucovina.ro

Statement of responsibility
for the preparation of half-yearly accounting reports
as of 30 June 2017

According to Article 10, paragraph (1) of the Accounting Law no. 82/2001 republished in 2008, the responsibility for the organization and management of the accounting activity is incumbent on the administrators or other persons who have the obligation to manage the respective unit.

As administrators of CASA DE BUCOVINA - CLUB DE MUNTE S.A., in accordance with the provisions of Article 30 of the Accounting Law no. 82/2001 republished in 2008 and of NSC Regulation no. 1/2006, art.113, letter E, paragraph (1) letter c), we assume the responsibility for the preparation of the financial statements and confirm that:

a) the accounting policies used for the preparation of the half-yearly accounting reports on 30 June 2017 are in compliance with the Accounting Regulations approved by the Order no.75 / 2005 issued by the President of the National Securities Commission.
b) the half-yearly accounting reports as of 30 June 2017 provide a fair and accurate picture of the assets, liabilities and financial position, profit and loss account of CASA DE BUCOVINA - CLUB DE MUNTE SA.
c) CASA DE BUCOVINA – CLUB DE MUNTE SA operates under a going concern basis.
d) The half-yearly report of the Board of Administrators for the first semester of 2017 includes a fair analysis of the development and performance of CASA DE BUCOVINA - CLUB DE MUNTE SA, as well as a description of the main risks and uncertainties specific to the activity carried out.

Ion Romica Tamas
Vice-President of the Board of Administrators