

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS’
QUARTERLY REPORT AS OF 31.03.2018
(PERIOADA 01.01.2018 – 31.03.2018)**

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

Quarterly report according to:	The provisions of Law no. 24/2017 and NSC Regulation no. 1/2006
Date of the report:	11 May 2018
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
LEI Code	2549003JCE4UBBB88S53

1. Main financial indicators

Financial results

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017	variation (%)
Turnover	1,468,529	894,517	64.2%
Operating revenues, of which:	1,468,854	894,651	64.2%
Revenue from rendered services	525,623	346,255	51.8%
Revenue from the sale of goods	942,906	548,262	72.0%
Revenue from other activities	325	134	142.5%
Operating expenses	2,107,650	1,704,223	23.7%
Operating result	-638,796	-809,572	-21.1%
Net financial result	-176,101	61,727	
Total revenues	1,522,977	964,699	57.9%
Total expenses	2,337,874	1,712,544	36.5%
Gross profit	-814,897	-747,845	9.0%
Net profit	-824,922	-747,845	10.3%

Balance sheet items

	31.03.2018	31.12.2017	variation (%)
Total fixed assets	26,846,632	22,082,551	21.6%
Inventories	188,493	193,393	-2.5%
Loans and receivables	3,264,244	2,930,029	11.4%
Cash and current accounts with banks	2,391,083	2,785,781	-14.2%
Deposits with banks	4,641,616	10,159,792	-54.3%
TOTAL ASSETS	37,332,068	38,151,547	-2.1%
Total shareholders' equity	36,433,983	37,258,905	-2.2%
Trade payables	479,553	434,171	10.5%
Other liabilities	418,532	458,470	-8.7%
TOTAL LIABILITIES	898,085	892,641	0.6%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37,332,068	38,151,547	-2.1%

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

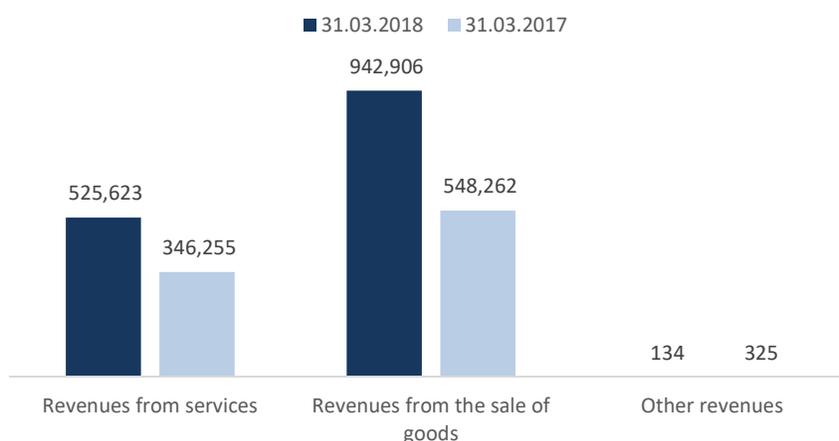
New packages were created and promoted:

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

For the domestic market, the company uses both traditional distribution channels – travel agencies, congress organizers, reception, as well as modern and unconventional channels (online OTA, Facebook, SMS marketing).

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.

Breakdown of operating revenues



Compared to the similar period from last year, in the first three months of 2018, the company registered a 64.2% increase in operating revenues, due to a 51.8% rise in revenues from rendered services, while the revenues from the sale of goods were 72% higher.

Revenues from the accommodation activity recorded a 30.5% increase over the same period in 2017, driven by an increase in occupancy rate of 13% and a 14% hike of the average tariff. Revenues from the food and beverage activity recorded a 71% increase over the same period in 2017. These increases were mainly due to the efforts of the company to develop the conference segment, as well as the growth recorded on the individual tourists segment, especially due to the ski season and the "Family Camp" project.

In the first three months of 2018, revenues from the main business segments exceeded the budgeted values. Thus, revenues from the accommodation activity (about lei 0.42mn) were 13% higher than those budgeted for this segment, while the revenues from the public alimentation activity (approximately lei 0.94mn) were by 30.7% higher compared to budgeted ones.

	1 st quarter 2018	1 st quarter 2017	variation
Accommodation-nights	3,123	2,735	14%
Occupancy rate	29.3%	25.9%	13%
Average price/room/night	133.7	117	14%

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 2018 the company was not involved in any mergers or reorganization of the company. During the first three months of 2018 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 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. Financial statements

The financial statements as of 31 March 2018 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 2018.

lei	31.03.2018	01.01.2018
ASSETS		
Tangible and intangible assets	26,846,632	22,082,551
Inventories	188,493	193,393
Loans and receivables	3,264,244	2,930,029
Cash and current accounts with banks	2,391,083	2,785,781
Deposits with banks	4,641,616	10,159,792
TOTAL ASSETS	37,332,068	38,151,546
SHAREHOLDERS' EQUITY		
Paid-up capital	31,887,100	31,887,100
PPE revaluation reserve	11,991,683	12,013,107
Reported result	-7,444,800	-6,641,302
TOTAL SHAREHOLDERS' EQUITY	36,433,983	37,258,905
LIABILITIES		
Trade payables	479,553	434,171
Other liabilities	418,532	458,470
TOTAL LIABILITIES	898,085	892,641
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37,332,068	38,151,546

Taking into account the interest rates in the market, significantly lower than the inflation rate, as well as the liquidities available, the company considered it necessary to identify new opportunities to place its available amounts. Thus, in the first quarter of the year, fund units with a total value of 5 million lei were purchased, with exposure to issuers traded on the Bucharest Stock Exchange.

lei	31.03.2018	31.03.2017
Revenue from touristic services	1,468,529	894,517
Other revenues	325	134
Raw materials and consumables used	(80,727)	(68,259)
Costs of goods sold	(332,962)	(236,124)
Third party expenses	(585,968)	(403,496)
Personnel costs	(636,769)	(580,647)
Depreciation and impairment of fixed assets	(123,128)	(115,591)
Other expenses	(348,096)	(300,106)
Operating profit/(loss)	(638,796)	(809,572)
Financial result	(176,101)	61,727
Profit/(loss) before taxes	(814,897)	(747,845)
Income tax expense	(10,025)	-
Profit/(loss) for the quarter	(824,922)	(747,845)
Other comprehensive income		
Items that are or may be transferred to profit or loss		
Increase/ (decrease) in revaluation reserve of tangible assets, net of deferred tax	-	(3,428)
Transfer of revaluation reserve to retained earnings following the sale of tangible assets	(21,424)	(21,424)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(846,346)	(772,697)

In the first three months of 2018, the company registered a 64.2% yoy rise in operating revenues, due to the growth of both the revenues from services (+51.8% yoy), but also the revenues from the sale of goods (+72 yoy). Operating expenses increased by 23.7% yoy, due to the growth in the cost of goods sold (+41%), third party expenses (+45.2%) and personnel costs (+9.7%, mainly due to the increase of the mandatory minimum wage).

Thus, the company recorded an operating loss of approx lei 0.64mn in the first three months of 2018, by 21.1% lower than the loss registered in the similar period of last year, of approx. lei 0.81mn, and also smaller than the budgeted value for this quarter, of lei 0.9mn.

Also, the company registered a positive value of the GOP (gross operating profit) indicator, of lei 19.412, compared to the negative value budgeted for this period (lei -175.581).

Overall, the operating activity registered a constant and consistent growth, resulting in a GOP (gross operating profit) value of approx. RON 1.72mn, by 6.9% higher than the amount budgeted for this period.

The financial result amounted to a loss of approx. lei 0.18mn, caused mainly by the drop in interest revenues and the marking to market of the fund units.

The negative financial result, cumulated with the registered operational loss, have led to a negative net result of approx. lei 0.82mn, compared to the negative result registered in the first quarter of 2017, of approx. lei 0.75mn.

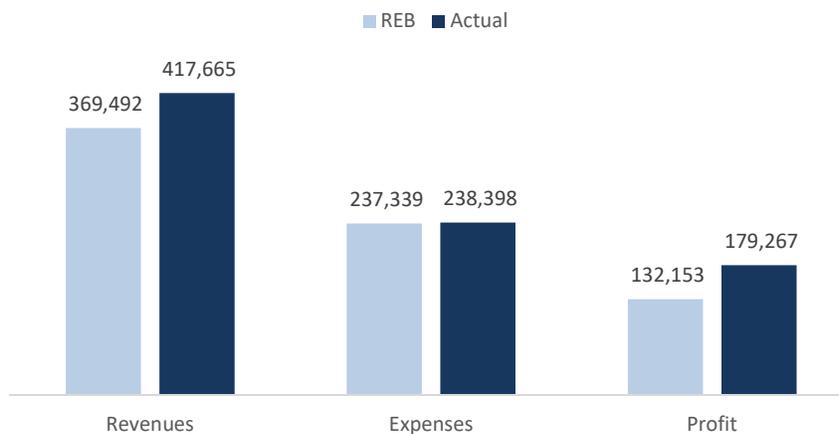
4.3. Revenues and Expenditures Budget Execution

The main financial indicators registered in the first three months of 2018, compared with the REB for the first three months of 2018 are presented below:

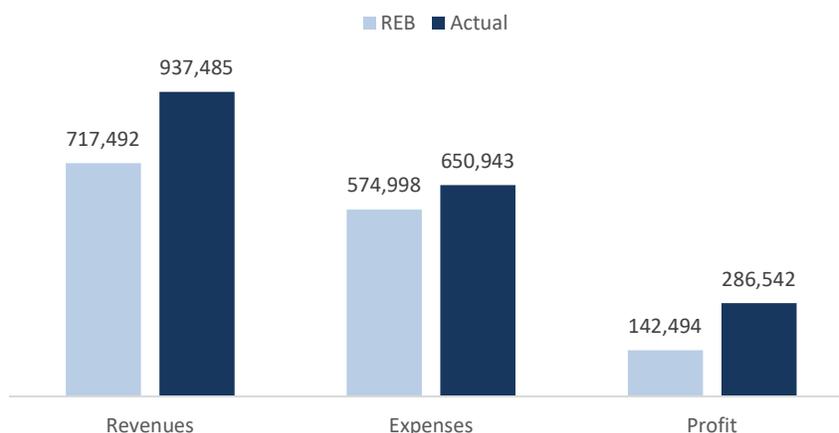
	REB 3M 2018	Actual 3M 2018	Actual vs. REB
Accommodation activity			
Revenue	369,492	417,665	113.04%
Personnel, material and services costs	237,339	238,398	100.45%
Profit/loss	132,153	179,267	135.65%
Food & beverage activity			
Revenue	717,492	937,485	130.66%
Personnel, material and services costs	574,998	650,943	113.21%
Profit/loss	142,494	286,542	201.09%
Other activities			
Revenue	56,500	113,329	200.58%
Material and services costs	26,837	78,904	294.01%
Profit/loss	29,663	34,425	116.05%
Undistributed general expenses			
General & Administration	162,548	166,416	102.38%
Commercial & Marketing	62,721	50,241	80.10%
Repairs, maintenance	86,622	92,807	107.14%
Utilities	150,000	156,394	104.26%
Disability tax	18,000	14,964	83.13%
Total undistributed general expenses	479,891	480,822	100.19%
Profit/loss from total activity (GOP)	-175,581	19,412	
Operating result	-896,631	-638,796	71.24%
Financial result	69,000	-176,101	
Gross result	-827,631	-814,897	98.46%

* *GOP – gross operating profit*

Accommodation activity (actual vs. REB)



Food and beverage activity (actual vs. REB)



4.4. Liquidity, risk and management indicators

Liquidity indicators		31.03.2018	31.03.2017
Current liquidity	Current assets / Current liabilities	12.49	22.56
Quick liquidity – acid test	(Current assets-Inventories) / Current liabilities	12.26	22.28
Risk indicators		31.03.2018	31.03.2017
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest expenses	n/a	n/a
Management indicators		31.03.2018	31.03.2017
Clients turnover (days)	Average clients balance / Turnover *90	31.88	16.02
Fixed assets turnover	Turnover / Fixed assets	0.05	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 2018 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 2018 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 2018, 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 – Stefan Ghisovan;
- Accommodation Manager – Permanent contract - Simota Analaura – Iuliana.

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 compliance.

At company level, there have been established 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 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 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 20 April 2018 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 2017, based on the Report of the Board of Administrators and on the report of the financial auditor. Also, the OGSM approved the distribution of the net profit for the financial year 2017 and of the undistributed reported results for the financial years 2015 and 2016 and the distribution of the gross dividend of RON 0,004/share starting with 20.07.2018 (the payment date). The OGSM decisions were communicated to investors, BVB and FSA through a current report, on 20 April 2018.

9. Annexes

Financial statements at 31.03.2018

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 2018

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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 2018**

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