Annual Report 2012

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DEBICA®

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Jacek Pryczek
The President of the Management Board

In relation to the European Union's labeling requirements the Company followed up its investment projects in the Euro-Park Mielec Special Economic Zone concerned with the adaptation of the manufacturing processes of HP and UHP consumer tires, which fall into the most profitable segment of tire market.

Debica, April 2013

Dear Sirs,

I am really pleased to advise you that in 2012 Tire Company Debica S.A. generated a net profit totaling PLN 93.4 million, which was up by PLN 2.6 million compared to that in 2011. This is a good result, since it was attained by the Company in disadvantageous economic environment, both at macroeconomic and industry levels. Last year both automotive and tire businesses recorded slumps in demand for new products and unfortunately this trend has prevailed in the overall Europe and in Poland since then.

Such handsome financial performance in 2012 in such disadvantageous economic environment was possible due to cutting overheads, adding new tire dimensions to the product portfolio and also due to our products' price hikes.

Thanks to well-thought-out activities we successfully survived hard times and strengthened Company's overall financial position. In parallel we ran development projects.

The Company followed up its investment projects in the Euro-Park Mielec Special Economic Zone concerned with the adaptation of the manufacturing processes to produce HP and UHP consumer tires, which fall into the most profitable segment of tire market. Already in 2012 Tire Company Debica S.A. launched the production of 17" tires and tires with the highest speed indices i.e. W (270 km/h) and Y (300 km/h). Total capital expenditures in the 2011–2013 period will hover around PLN 205 million.

In relation to the EU tire labeling requirement that came into force in November 2012 the Company has been investing into the harmonization of its products with that requirement set forth in the Regulation (EC) No. 1222/2009 of the European Parliament and of the Council.

The Company's leading position in the Polish market was appreciated many times. Tire Company Debica S.A. was ranked amongst listed companies that are the best performers in terms of reporting ESG data, developed by the Polish Association of Listed Companies. It implies that the Company is the most transparent in terms of disclosure of non-financial data on environmental protection, corporate social responsibility (CSR) and corporate governance. Tire Company Debica S.A. was granted a prestigious "Human

A letter from the President of T.C. Debica S.A. Management Board

Capital Investor Emblem", which is awarded to the companies that run human resources policy at the highest level. Meanwhile in the elite ranking of "Top 100 Most Valuable Businesses", prepared by the American "Newsweek" weekly and an international consulting firm A.T. Kearney, the Company came on third place in the category of automotive companies. Meanwhile Mariusz Solarz, the Director of Legal Department of Tire Company Debica S.A., was awarded a title of the Best Corporate Lawyer 2011 in the ranking organized by the "Rzeczpospolita" daily.

Being an active CSR company in 2012 the Company was actively involved in the social life of local community in the City of Debica and in the Subcarpathian region, supporting initiatives in the fields of culture, science and charitable activities. Especially two events have to be emphasized – a scientific exhibition, organized in the City of Debica by the Company acting jointly with the Jagiellonian University from Cracow, to bring closer knowledge from the fields of physics and mathematics to the children and the youth, and also new Music Festival called GOODFEST, organized in the City of Debica by the Company jointly with Goodyear Dunlop Tires Polska Sp. z o.o. The Festival is a new cyclical event on the cultural map of Poland, which became a focal point for ambitious pop with electronic music and folk with alternative music. The first Festival edition was highly successful.

Despite disadvantageous economic environment the Company closes the year 2012 with good results thanks to among others high commitment and efforts of Company's employees and associates. I would also like to thank our employees and shareholders for the trust they showed and to express appreciation to the Supervisory Board members for their strategic support in the attainment of major goals and execution of projects. I am convinced that our collaboration will be equally successful in 2013 to the benefit of all stakeholders of Tire Company Debica S.A.

Yours truly,

Jacek Pryczek
The President of Tire Company Debica S.A. Management Board

Despite disadvantageous economic environment the Company closes the year 2012 with good results thanks to high commitment and efforts of Company's employees and associates.

A letter from the Chairman of the T.C. Debica S.A. Supervisory Board

Michel Rzonzef
The Chairman of the Supervisory Board

Debica, May 2013

Dear Ladies and Gentlemen,

In 2012, the Management Board of Tire Company Debica S.A. continued to consistently implement its corporate strategy which had a direct impact on the Company's financial performance and improved efficiency. As the Chairman of the Company's Supervisory Board I am very pleased to see that 2012's net profit was up by almost PLN 4 million compared to 2011.

This result has been achieved in an extremely tough economic environment. The financial crisis and economic downturn in Europe and the slowdown in Poland affected both the automotive and tire industries. Tire Company Debica S.A. was pressurized by a decrease in consumer spending power across Europe, an overall shrinking demand for tires from both the automotive industry and the replacement market, a volatile foreign exchange rate and an uncertainty in the capital markets.

In this exceptionally tough period, the Supervisory Board of Tire Company Debica S.A. worked very effectively with the Management Board to protect shareholders' value against the negative impact of those external factors. I would like to express my tremendous satisfaction with the fact that the measures taken delivered tangible results.

All measures taken reflected the well-thought-out business and investment strategy aimed at strengthening the Company's leading position in the Polish tire market.

I would like to take this opportunity and thank everybody who has been contributing to the strong position and efficient operations of Tire Company Debica S.A. during this difficult time. First and foremost I would like to express my appreciation to all Company associates who worked hard to maintain the Company's leading position in Poland and within the Goodyear Group. I also would like to give my special thanks to all our customers and business partners for their cooperation and loyalty and shareholder's for their trust. Finally, I would like to express my gratitude to the Management Board of Tire Company Debica S.A. as well as to all Supervisory Board members.

”All measures taken reflected the well-thought-out business and investment strategy aimed at strengthening the Company's leading position in the Polish tire market.”

A letter from the Chairman of the T.C. Debica S.A. Supervisory Board

I strongly hope that in 2013 the Company will continue to successfully tackle the challenges of the current difficult economic environment in Europe. Knowing the management's and employees' capabilities I am convinced that our joint efforts will further strengthen Tire Company Debica S.A.'s position as the leading provider of high performance tires in Poland.

Yours truly,

Michel Rzonzef
Supervisory Board Chairman of Tire Company Debica S.A.

I would like to take this opportunity and thank everybody who has been contributing to the strong position and efficient operations of Tire Company Debica S.A. during this difficult time.

Company Authorities

Jacek Pryczek
The President of the Management Board

Radosław Bółkowski
The Management Board Member

The year 2012 saw no changes in the basic principles of company management. The 18th term of office of the Management and Supervisory Boards lasted until June 4, 2012 i.e. the date of holding General Meeting of Shareholders. The 18th term of office of the Management Board started in 2011 and lasts for 3 years pursuant to the Company Statutes.

During its 18th term of office, the Management Board consisted of:

Jacek Pryczek – President of the Management Board
Leszek Cichocki – Management Board Member
Stanisław Cieszkowski – Management Board Member
Waldemar Jarosz – Management Board Member (until March 5, 2012)
Radosław Bółkowski - Management Board Member (from March 5, 2012)

During its 18th term of office, the Supervisory Board consisted of:

Michel Rzonzef - Chairman of the Supervisory Board
Philippe Degeer – Deputy Chairman of the Supervisory Board
Maciej Mataczyński – Secretary of the Supervisory Board
Roberto Fioroni – Supervisory Board Member (until September 20, 2012)
Ronald Archer - Supervisory Board Member (from September 28, 2012)
Dominikus Golsong – Supervisory Board Member
Raimondo Eggink – Supervisory Board Member
Aleksander Ferenc – Supervisory Board Member
Piotr Wójcik – Supervisory Board Member*

* Pursuant to the provisions of § 14 par.2 of the Company Statutes the Supervisory Board comprises one representative of Company employees. Such employee representative was Mr. Piotr Wójcik, appointed on April 11-12, 2011 to the position of a Supervisory Board member for 18th term of office pursuant to the stipulations of the Statutes and Rules for Election of Employee Representative.

Company Authorities

The 19th term of office of Supervisory Boards of T.C. Debica S.A. commenced on June 4, 2012.

The following persons were appointed for 19th term of office of the Supervisory Board:

Michel Rzonzef – Supervisory Board Member
Philippe Degeer – Supervisory Board Member
Maciej Mataczyński – Supervisory Board Member
Ronald Archer - Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Raimondo Eggink – Supervisory Board Member (until December 20, 2012)**
Przemysław Cieszyński – Supervisory Board Member (until December 20, 2012)**
Renata Hadała – Supervisory Board Member***

Stanisław Cieszkowski
The Management Board Member

At the meeting held on June 4, 2012, the Supervisory Board carried out voting and elected:

Michel Rzonzef – Chairman of the Supervisory Board
Philippe Degeer – Deputy Chairman of the Supervisory Board
Maciej Mataczyński – Secretary of the Supervisory Board

Leszek Cichocki
The Management Board Member

** Mr. Raimondo Eggink and Mr. Przemysław Cieszyński resigned from their Supervisory Board Member positions effective from December 20, 2012. The Company's Supervisory Board acting pursuant to § 14, par. 4 of the Company Statutes and § 3 par. 4 of the Supervisory Board Operational By-Laws on January 7, 2013 co-opted new members in the persons of Messrs. Karl Brocklehurst and Łukasz Rędziniak onto the Company's Supervisory Board.

*** Pursuant to § 14, par. 2 of the Company Statutes, the Supervisory Board comprises one representative of the Company's employees. Mrs. Renata Hadała was designated by the Company employees as their representative and consequently she was appointed to the position of a Supervisory Board Member for its 19th term of office, pursuant to the stipulations of the Statutes and Rules for the Election of an Employee Representative.

Shareholders' Equity of T.C. Debica S.A.

In 2012, the shareholders' holding above 5% of shareholders' equity included:

1) Goodyear S.A. with its registered office in Luxembourg (hereinafter referred to as "Goodyear")

According to the information received from Goodyear, following the takeover bid for all remaining shares in the Company (submitted pursuant to Art. 74 par. 1 of the Act) on September 22, 2009 and settled on November 18, 2009, on November 16, 2009, Goodyear acquired 8 220 (in words: eight thousand, two hundred twenty) common bearer stock, accounting for 0.059% of the Company's shareholders' equity, with attached entitlement to 8 220 (in words: eight thousand, two hundred twenty) votes at the Company's General Meeting of Shareholders, accounting for 0.059% of the total number of votes at the General Meeting of Shareholders.

According to the information received, before the acquisition referred to hereinabove, Goodyear held 9 108 820 (in words: nine million, one hundred eight thousand, eight hundred twenty) Company shares, accounting for approximately 65.99% of the Company's shareholders' equity, with attached rights to 9 108 820 (in words: nine million, one hundred eight thousand, eight hundred twenty) votes at the Company's General Meeting of Shareholders, accounting for 65.99% of the total number of votes.

According to the information received, jointly with the voting rights that it held before the said acquisition, Goodyear holds 9 117 040 (in words: nine million, one hundred seventeen thousand, forty) votes at the Company's General Meeting of Shareholders accounting for 66.052% of the total number of votes at the General Meeting of Shareholders and corresponding to 9 117 040 (in words: nine million, one hundred seventeen thousand, forty) shares in the Company, accounting for approximately 66.052% of the Company's shareholders' equity.

On December 21, 2012 the Company received from Goodyear a notification that pursuant to the acquisition transaction held on December 21, 2012, Goodyear acquired directly 1 429 115 of ordinary bearer shares in the Company, accounting for 10.354% of the Company's shareholders' equity and giving entitlement to exercise 1 429 115 votes at the Company's General Meeting of Shareholders, accounting for 10.354% of the total number of votes at the Company's General Meeting of Shareholders, from PZU BIS 2 Close-End Non-Public Mutual Fund with its registered office in Warsaw, 100% shareholding in Alliance Silesia Portfolio I Sp. z o.o. with its registered office in Warsaw (hereinafter referred to as "Alliance Silesia Portfolio"). Before the aforementioned indirect acquisition Goodyear held directly 9 117 040 shares in the Company, accounting for 66.052% of the Company's shareholders' equity and giving entitlement to exercise 9 117 040 votes at the Company's General Meeting of Shareholders, which accounted for 66.052% of the total number of votes at the Company's General Meeting of Shareholders. As a result of the aforementioned indirect acquisition Goodyear holds now in total 10 546 155 shares in the Company, accounting for 76.406% of the Company's shareholders' equity and giving entitlement to exercise 10 546 155 votes at the Company's General Meeting of Shareholders, which accounted for 76.406% of the total number of votes at the Company's General Meeting of Shareholders, of which:

- it holds directly 9 117 040 (in words: nine million, one hundred seventeen thousand, and forty) shares in the Company, accounting for 66.052% of the Company's shareholders' equity and gives entitlement to exercise 9 117 040 votes at the Company's General Meeting of Shareholders, which accounts for approximately 66.052% of the total number of votes at the Company's General Meeting of Shareholders;

- indirectly, through Alliance Silesia Portfolio, it holds 1 429 115 (in words: one million, four hundred twenty nine thousand, one hundred fifteen) shares in the Company, accounting for 10.354% of the Company's shareholders' equity and giving entitlement to exercise 1 429 115 votes at the Company's General Meeting of Shareholders, accounting for 10.354% of total number of votes at the Company's General Meeting of Shareholders.

2) PZU Asset Management S.A., with its registered office in Warsaw

On December 17, 2012 the Company was notified by PZU Asset Management S.A. with its registered office in Warsaw, acting on behalf of its Customers and pursuant to concluded third party financial instrument portfolio management contracts that pursuant to the settlement made on December 14, 2012 of block purchase transaction of the total number of 1 380 273 (in words: one million, three hundred eighty thousand, two hundred seventy three) shares in the Company, the share of PZU Asset Management S.A. customers' investment portfolios in the total number of votes at the Company's General Meeting of Shareholders exceeded 5%. The Company made this information public by virtue of Current Report No. 27/2012, dated December 18, 2012. Pursuant to the notification the number of shares and votes held and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 0. Pursuant to the notification the number of shares and votes held after the change

Shareholders' Equity of T.C. Debica S.A.

of shareholding was 1 380 273 (in words: one million, three hundred eighty thousand, two hundred seventy three), and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 9.999985%. The Company's Management Board was also notified by PZU S.A. with its registered seat in Warsaw that pursuant to the block share sale transaction made on December 13, 2012, the commitment of PZU S.A. and its subsidiary, viz. PZU Życie S.A. fell below 5% threshold in the total number of votes at the Company's General Meeting of Shareholders. Pursuant to the notification the number of shares and votes held before transaction was 1 380 273 (in words: one million, three hundred eighty thousand, two hundred seventy three), and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 9.999985%. Pursuant to the notification the number of shares and votes held and the shareholding in percentage terms in the shareholders' equity and in the total number of votes after the change were 0.

The Company on December 19, 2012 received from PZU Asset Management S.A. in Warsaw („PZU AM SA") a notification adjusting the notification dated December 17, 2012 (about the receipt of which the Company advised by virtue of Current Report No. 27/2012, dated December 18, 2012) and notification about shares disposal. Pursuant to the notification PZU AM SA learnt from one of the entities whose investment portfolio is under its management i.e. PZU BIS 2 Closed-End Non-Public Asset Mutual Fund ("the Fund"), represented by PZU S.A. Mutual Funds' Society, that in addition to 1 380 273 (in words: one million, three hundred eighty thousand, two hundred seventy three) shares in the Company, accounting for 9.99% of the Company's shareholders' equity and representing 1 380 273 (one million, three hundred eighty thousand, two hundred seventy three) votes on the Company's General Meeting of Shareholders, which accounts for 9.99% of the total number of votes in the Company, the Fund has held indirectly, through its subsidiary Alliance Silesia Portfolio I Sp. z o.o. with its registered office in Warsaw ("Alliance Silesia Portfolio Ltd.") 48 842 (in words: forty eight thousand, eight hundred forty two) shares in the Company, accounting for 0.35% of the Company's shareholders' equity and representing 48 842 (in words: forty eight thousand, eight hundred forty two) votes on the Company's General Meeting of Shareholders, which accounts for 0.35% of the total number of votes in the Company. The Fund holds 100% shareholding in Alliance Silesia Portfolio.

In parallel PZU AM SA acting pursuant to Art. 69, par. 1, subpar. 2) in conjunction with Art. 87, par. 1, subpar. 3, letter b) of the Act of July 29, 2005 on Public Offering and Terms and Conditions of Admitting Financial Instruments to Organized Trading System and on Public Companies notified the Company that on December 14, 2012 the Fund had transferred all shares held directly in the Company in the amount of 1 380 273 (in words: one million, three hundred and eighty thousand, two hundred seventy three) shares, accounting for 9.99% of the Company's shareholders'

Milestones in Company History

1939 - commissioning of the manufacturing plant and production of the first tire

1994 - first trading session on the Warsaw Stock Exchange where shares in T.C. Debica S.A. were listed

2008 - operational permit for T.C. Debica S.A. to operate in the "Euro-Park Mielec" Special Economic Zone

Shareholders' Equity of T.C. Debica S.A.

Do you know that... **The total area occupied by the Debica manufacturing plant is 562781 m^2**

equity and representing 1 380 273 (in words: one million, three hundred eighty thousand, two hundred seventy three) votes at the Company's General Meeting of Shareholders, which accounts for 9.99% of the total number of votes in the Company, to Alliance Silesia Portfolio. The Fund transferred the aforementioned shares in the Company to Alliance Silesia Portfolio due to the fact that the Fund covered the contribution to increased share capital of Alliance Silesia Portfolio with those shares. Once the Company shares were brought as a contribution in kind to the Alliance Silesia Portfolio the Fund does not hold directly any shares in the Company, but it holds indirectly through Alliance Silesia Portfolio 1 429 115 (in words: one million, four hundred twenty nine thousand, one hundred fifteen) shares in the Company, accounting in total for 10.35% of Company's shareholders' equity and representing 1 429 115 (in words: one million, four hundred twenty nine thousand, one hundred fifteen) votes at the Company's General Meeting of Shareholders, which accounts for 10.35% of the total number of votes in the Company.

On December 21, 2012 the Company received from PZU Asset Management S.A. in Warsaw ("PZU AM SA") and PZU BIS 2 Close-End Non-Public Asset Mutual Fund with its registered office in Warsaw ("the Fund"), represented by the PZU S.A. Mutual Funds' Society a notification that on December 21, 2012 the Fund sold 100% shareholding of Alliance Silesia Portfolio I Sp. z o.o. in Warsaw ("Alliance Silesia Portfolio"). Thus in this deal the Fund sold indirectly 1 429 115 (in words: one million, four hundred twenty nine thousand, one hundred fifteen) shares in the Company, accounting in total for 10.35% of the Company's shareholders' equity and representing 1 429 115 (in words: one million, four hundred twenty nine thousand, one hundred fifteen) votes at the Company's General Meeting of Shareholders, which accounts for 10.35% of the total number of votes in the Company and these shares are held directly by Alliance Silesia Portfolio.

Pursuant to the notification, once 100% shareholding was sold in Alliance Silesia Portfolio, the Fund does not hold directly or indirectly any shares in the Company. Pursuant to the notification no other entities covered by the mutual portfolio management contract entered into by PZU S.A. Mutual Funds' Society and PZU Asset Management S.A., do not hold directly or indirectly shares in the Company and no other mutual funds managed by the PZU S.A. Mutual Funds' Society hold directly or indirectly shares in the Company. The Company advised the general public about the receipt of the notification by virtue of Current Report No. 31/2012, dated December 21, 2012.

3) PZU "Golden Fall" Open-End Pension Fund with its registered office in Warsaw

Pursuant to the information received by the Company from PZU S.A. Universal Pension Society acting on behalf of PZU "Golden Fall" Open-End Pension Fund, made public by virtue of Current Report No. 5/2012, dated February 7, 2012, the number of shares currently held by the Fund exceeds the threshold of 5% votes at the Company's General Meeting of Shareholders. Additionally the Company specified that before the announcement the number

Shareholders' Equity of T.C. Debica S.A.

of shares and votes held was 686 168 (in words: six hundred eighty six thousand, one hundred sixty eight), whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes was 4.97%. At present the number of shares and votes held is 804 290 (in words: eight hundred and four thousand, two hundred ninety), whereas the shareholding in percentage terms in the Company's shareholders' equity and in the total number of votes is 5.83%.

Pursuant to the information received by the Company from PZU S.A. Universal Pension Society, acting on behalf of PZU "Golden Fall" Open-End Pension Fund, made public by virtue of Current Report No. 3/2013, dated March 15, 2013, the number of shares currently held by the Fund is below the threshold of 5% of votes at the Company's General Meeting of Shareholders. Additionally it was specified that before entering into share sales transaction at the Warsaw Stock Exchange, the number of shares and votes held was 781 077 (in words: seven hundred eighty one thousand, seventy seven), whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes was 5.66%. At present the number of shares and votes held is 631 077 (in words: six hundred thirty one thousand, seventy seven), whereas the shareholding in percentage terms in the Company's shareholders' equity and in the total number of votes is 4.57%.

The Company was not advised of any further changes to the list of shareholders holding at least 5% of the share capital and at least 5% of the total number of votes at the General Meeting of Shareholders.

The Company shares are not subject to any constraints imposed on the assignment of ownership title to its securities; neither do any constraints exist on the exercise of voting rights, such a limitation of the exercising of voting rights by the holders of a certain part, or number, of votes, or time constraints concerning the exercising of voting rights, or clauses, under which, in collaboration with the Company, rights attached to securities would be separate from securities held. The Company has issued no securities with special control rights.

The Issuer has no knowledge of any contracts that could lead, in the future, to changes in the proportions of shares held by the current shareholders.

The Company has no control system for the employee share control schemes.

The Company Statutes provide for no special principles for amending the Statutes that can be followed pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code.

Corporate Governance

In 2012, T.C. Debica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, complied with the recommendations for corporate governance included in “Code of Best Practice for WSE Listed Companies”, enclosed to Resolution No. 20/1287/2011 of the WSE Supervisory Board, dated November 19, 2011, and published on the website at: www.corp-gov.gpw.pl, with the following provisos:

- The Company did not apply Rule No.I.1 concerning the registration and publishing of the proceedings of the General Meeting of Shareholders. Given the cost of registering and publishing the General Meeting of Shareholders on the website, the Company resolved to make no change to the current, transparent and effective information policy concerning the course of the General Meeting of Shareholders;

- The Company did not apply Rule No.II.2a concerning publication of separate information about participation of women and men in the Company’s Management and Supervisory Boards respectively in the last two years, since information about the composition and changes in staffing of Company’s governing bodies are published on the Company’s website;

- Description of the principles for the appointment and dismissal of managing persons and their competencies, including, in particular, the right to take a decision regarding a share issue or buy-out and a description of the operations of the issuer’s managing, supervisory or administrative bodies and their committees.

The Management Board

The Company’s Management Board comprises from 3 to 7 members. A Management Board member shall not hold office for more than three years (term of office).

Management Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires no later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced. Management Board members may be re-appointed to serve another term of office. The Supervisory Board determines the number of Management Board members. The Supervisory Board appoints and dismisses the President and other members of the Management Board. The mandate of the Management Board member expires as a result of the lapse of the term of office, death, resignation or dismissal. Resignation is effective from the moment when a written statement thereof is submitted to the Company, or at a later date, as indicated in that statement. The date indicated may be no later than 30 days from the day on which the written statement was submitted to

Corporate Governance

the Company. If the date indicated is later than 30 days from the date of submission, the resignation takes effect upon the lapse of 30 days from the date on which the written statement is submitted to the Company.

In the employment contracts and other contracts between Company and Management Board members, as well as in disputes with the latter, the Company is represented by the Chairman of the Supervisory Board. The establishing of remuneration principles and other terms and conditions of such contracts lies within the sole power of the Chairman of the Supervisory Board.

The Management Board conducts the Company's business and represents the Company.

The powers of the Management Board shall include all matters not specifically reserved, by a parliamentary act or these Statutes, for the competences of the General Meeting of Shareholders or the Supervisory Board. The Management Board acts in accordance with the detailed provisions of the Management Board's Operational By-Laws. The By-Laws are adopted by the Management Board and approved by a resolution of the Supervisory Board. The Management Board's Operational By-Laws have been published on the Company's website **www.debica.com.pl.**

Statements on behalf of the Company may be made by two Members of the Management Board, acting jointly, or by one Member of the Management Board acting jointly with the Holder of a General Commercial Power of Attorney. All the Management Board members are obliged and entitled to run the Company's business jointly.

The Supervisory Board

The Supervisory Board comprises from 5 to 9 members; the number of Supervisory Board members for a given term of office is determined by the General Meeting of Shareholders by virtue of a resolution. The Supervisory Board members are appointed by the General Meeting of Shareholders; however, the Company's employees appoint one representative. A Supervisory Board member shall not hold office for more than one year (a single term of office). The same person may be re-appointed for another term of office. Supervisory Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires no later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced.

The detailed rules of the Supervisory Board's operation are defined in the Statutes and the Supervisory Board's Operational By-Laws, adopted by the Supervisory Board. The Supervisory Board's Operational By-Laws have been published on the Company's website www.debica.com.pl. The Supervisory Board shall exercise supervision over the Company's activities in every field of its endeavors.

Besides those matters reserved by the provisions of the Company's Statutes, the Supervisory Board shall be entitled to:

1. examine the financial statement;
2. examine the Management Board's report, as well as the Management Board's motions as to the distribution of profit or the coverage of loss;
3. submit a written report on the results of the actions referred to in subparagraphs 1 and 2 to the General Meeting of Shareholders;
4. approve the establishment of, or participation in, a company or syndicate;
5. approve the acquisition or disposal of shares or interests in other companies or the acquisition of their affiliates by the Company;
6. approve the sale of an organized part of the Company's assets, save for the stipulations of Article 393, paragraphs 3 and 4 of the Polish Code of Commercial Partnerships and Companies;
7. approve the performance of other legal actions, which may be of binding force, or may enable the management the Company's fixed assets, including the acquisition or disposal of real estate, if the value of a single legal action should exceed the PLN equivalent of US$ 500 000 (in words: five hundred thousand US dollars) or in the case of interconnected actions executed within consecutive 12 months and exceeding the PLN equivalent of US$ 1 000 000 (in words: one million US dollars), the concluding of management contracts, joint investment contracts, license contracts or long-term co-operation contracts and the establishment of patent companies;
8. approve the pledging of the Company's assets with a value exceeding the PLN equivalent of US$ 1 000 000 (that is: one million US dollars), or the extension of a guarantee amounting to the same sum,

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for a term of 12 consecutive months;

9. establish the remuneration for Supervisory Board members who have temporarily been assigned to perform the functions of Management Board members;
10. provide written opinions on motions submitted to the General Meeting of Shareholders concerning the matters covered in Article 26, par. 1 of the Company's Statutes;
11. suspend either individual, or all, members of the Management Board from their duties, on serious grounds;
12. assign one or more of its members to the temporary performance of the duties of the Management Board in the case of the suspension or removal of individual, or all, members of the Management Board or when, for other reasons, the Management Board is unable to perform its functions;
13. approve the Management Board's Operational By-Laws;
14. appoint an auditor to audit the Company's financial statements;
15. approve Company's Operational By-Laws.

The Supervisory Board may appoint standing or ad hoc committees acting as collective advisory and opinion forming Supervisory Board bodies. In the resolution on the appointment of a Committee, the Supervisory Board specifies the scope of a given Committee's operations and responsibilities.

The Supervisory Board Committees appointed by the Supervisory Board submit reports to the Supervisory Board on their activities, by the deadlines indicated in the resolution on the appointment of a given Committee. The Supervisory Board appoints the members of the Committee from amongst its members. The members of a Committee elect the Chairman of the Committee from amongst its members by virtue of a resolution. A Committee shall consist of at least two members. The Chairman of the Supervisory Board, or another Supervisory Board Member designated by the Chairman, convenes the first meeting of the Committee. The Committee Chairman directs the work of the Committee. The Committee Chairman exercises supervision over the drafting of the agenda, the organization of document distribution, and the drawing up of the minutes of the Committee meetings, availing himself of the assistance of the Company's Management Board office in this respect. The Committee's meetings are convened by the Committee Chairman and, during his absence or his inability to perform this function, by the Supervisory Board Chairman or another Supervisory Board Member designated by the Chairman, who invites Committee members to the meeting and notifies all the remaining Supervisory Board Members of the meeting. All Supervisory Board Members are entitled to attend the Committee meeting. The Supervisory Board members should be notified of the convention of the meeting no later than 7 (seven) days before the Committee meeting and,

in an emergency, no later than 3 (three) days before the Committee meeting.

The Committee Chairman may invite Management Board members, Company associates and other persons to the Committee meeting, in as much as their participation in the meeting is useful for the performance of the Committee's tasks. The Committee's resolutions are adopted by an ordinary majority of the votes cast. Committee members may vote on the adoption of a resolution in person, by taking part in the Committee meeting, or remotely.

The Minutes of a Committee meeting are drawn up and should be signed by the Supervisory Board members present at the Committee meeting. The Minutes should contain the resolutions, motions and Committee reports. The Minutes of the Committee meetings are kept on the Company's premises. The copies of the Minutes are forwarded to all Supervisory Board members. The Committee Chairman, or a person indicated by the Chairman, is authorized to submit motions to the Supervisory Board on the Supervisory Board's adoption of resolutions, on the preparation of expert opinions or other opinions on the scope of assignments, or on the appointment of an advisor, as required by the Committee.

T.C. Debica S.A.
The Standing Audit Committee reports to the Supervisory Board. The Audit Committee consists of at least three members, appointed and dismissed by the Supervisory Board from amongst its members. The composition of the Audit Committee shall include at least one member who meets the criterion of independence and has qualifications in the field of accounting or financial audit, as required by the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision, dated May 7, 2009.

The financial statements are drawn up by the Company's Financial Controller and the supervision of this process is exercised by the Company's Management Board. The Supervisory Board of T.C. Debica S.A. has set up a Standing Audit Committee of the Supervisory Board pursuant to the requirements set forth in Art. 86 of the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision, dated May 7, 2009.

The responsibilities of the Standing Audit Committee of the Supervisory Board are as follows:
a) the monitoring of the Company's financial reporting process;
b) the monitoring of the efficiency of internal controls, the internal audit system and the risk management system;
c) the monitoring of the performance of financial audit activities;
d) the monitoring of the independence of the entity certified to audit financial statements;
e) making recommendations to the Supervisory Board for an entity certified to audit financial statements or to carry out financial reviews at the Company;
f) to analyze written information received from the entity certified to audit financial statements about material aspects of the financial review and to notify the Supervisory Board of the Audit Committee's position on the matter.

The General Meeting of Shareholders: its mode of operation and basic powers and a description of shareholders' rights and the ways in which they may be exercised

The Company's General Meeting of Shareholders, acting pursuant to the provisions of the Commercial Companies' Code, with the wording effective from August 3, 2009, is convened through an announcement made on the Company's Website and in compliance with the procedure established for day-to-day reporting, pursuant to the provisions of the Public Offering Act and the Terms and Conditions of Admitting Financial Instruments to the Organized Trading System and on Public Companies. Such announcement should be published at least twenty six days prior to the date of General Meeting of Shareholders.

The General Meeting of Shareholders is convened by the Management Board. The Supervisory Board may convene Ordinary General Meeting of Shareholders, if the Management Board has failed to convene it within time frame set forth in the Commercial Companies' Code or in the Statute, and may convene Extraordinary General Meeting of Shareholders, if it deems advisable to do so. The Extraordinary General Meeting of Shareholders

Corporate Governance

may be also convened by the shareholders representing at least half of shareholders' equity or at least half of total votes in the Company. The shareholder or shareholders representing at least one twentieth of shareholders' equity may demand the convention of Extraordinary General Meeting of Shareholders as well as putting individual matters on the agenda of such Meeting. The request to convene the Extraordinary General Meeting of Shareholders shall be filed with the Management Board in writing or electronically.

The General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or his Deputy; the Chairman of the General Meeting of Shareholders is then elected from amongst those entitled to participate in the General Meeting of Shareholders.

Should the Supervisory Board Chairman or his Deputy be absent, the General Meeting of Shareholders is opened by the President of the Management Board, or by a person designated by the Management Board. The General Meeting of Shareholders may agree on a recess with a two-thirds majority of the votes. The length of a recess may not exceed thirty days in total.

The powers of General Meeting of Shareholders shall include:
1. the examination and approval of the Management Board's report and the financial statements for the previous accounting year, as well as the acknowledgement of the performance of their duties by the members of the Company's governing bodies;
2. the adoption of a resolution on profit distribution or loss coverage;
3. the amendment of the Company's scope of activities;
4. the amendment of the Company's Statutes;
5. an increase or decrease in the shareholders' equity;
6. the merger, transformation, dissolution and liquidation of the Company;
7. the issuance of convertible bonds, or those vested with pre-emptive rights to the Company's shares from a new offering;
8. making any and all decisions relating to claims for the redress of damages caused in the course of the Company's formation, or in the exercise of executive or supervisory duties;
9. the disposal or lease of the enterprise, or of an organized part thereof, and the establishment of a limited property rights.

In addition to the matters specified above, the matters determined by the Commercial Companies' Code require a General Meeting of Shareholders' resolution.

The Company's General Meeting of Shareholders may be attended by persons who were Company shareholders sixteen days prior to the date of General Meeting (the registration date of participation in the General Meeting) and who requested the entity maintaining their securities account to issue a personal certificate in respect of their right to attend the General Meeting, pursuant to the provisions of Commercial Companies' Code.

Voting is executed by means of a computer voting system, assuring that votes are cast in proportion to the number of shares held, as well as assuring the anonymity of individual shareholders' votes in the case of a secret ballot.

Investor Relations

In 2012 Tire Company Debica S.A. applied all mandatory rules specified in document titled ”Good Practices of Companies Listed on the Warsaw Stock Exchange”, which is effective at the Warsaw Stock Exchange.

T.C. Debica S.A. undertakes a number of actions to reach everybody interested in Company operations, using conventional and modern communication tools. Especially for shareholders, investors and stock exchange analysts on the corporate website the Company publishes investors’ relations tab at the following address:

www.debica.com.pl/investor_relations

The corporate website is prepared in clear and complete manner in two languages: Polish and English, to enable investors and analysts to make well-judged decisions based on information presented by the Company. The corporate website is divided into several tabs where the Company publishes current and periodic reports and financial performance presentations. The Company also publishes information about dates of holding general meetings of shareholders and documents presented to shareholders at the general meetings.

The Company offers to the investors and market analysts an ongoing contact with Management Board representatives via regularly held conferences and individual meetings. During the meetings the investors have an opportunity to obtain answers to their questions about current operations of the Company and also to get familiar with prevailing trends in the tire market. Additionally for the capital market analysts site-visits are organized at the manufacturing plant, which enables them to learn more about specific nature of Company operations.

The Management Board of Tire Company Debica S.A. meets also with economic and automotive industry journalists and through their agency presents the Company to the investors and analysts. During such meetings the Company’s current operations, achievements and other operational issues, key to the capital market, are discussed.

The Company’s care for communication with the capital market players was appreciated in 2012 by the Polish Association of Listed Companies. The Company was ranked amongst listed companies that are the best performers in terms of ESG data reporting, which implies that the Company is the most transparent in terms of disclosure of non-financial data on environmental protection, social corporate responsibility (CSR) and corporate governance.

T.C. Debica S.A. products

1.Consumer and commercial tires

T.C. Debica S.A. manufactures a wide range of consumer and commercial tires under the brand names Debica, Goodyear, Dunlop, Fulda and Sava, as well as under private labels. Debica brand is a classical consumer tire brand and it has been an unquestionable leader on the Polish market for several years.

The consumer tires under Debica brand offer includes summer, all-season and winter tires.

Summer consumer tires:
- PASSIO 2 – 14 sizes
- PASSIO – 10 sizes
- FURIO – 7 sizes
- PRESTO – 17 sizes

All-season consumer tires:
- NAVIGATOR 2 – 11 sizes
- NAVIGATOR – 7 sizes

Winter consumer tires:
- FRIGO HP – 4 sizes
- FRIGO 2 – 15 sizes
- FRIGO – 3 sizes
- FRIGO DIRECTIONAL – 3 sizes

DEBICA PRESTO
Debica Presto is a summer high performance (HP) tire for passenger cars. The tire was launched in 2011 and its reception by the customers was very good.

Modern technological solutions, applied to the tire, provide reliable driving and good handling in every conditions. Thanks to numerous cuts in tread blocks that dissipate water effectively, and also silica-based compound, the tire offers very good wet handling. The tire is also very effective in the category of dry handling thanks to, among others, asymmetric tread pattern and reinforced shoulder zone. 4-rib design with double centerline rib guarantees quick response to the movements of steering wheel. The improved tire contour is responsible for the optimum stress distribution on the overall contact area of the tire with the road, securing even tread wear.

Tire for demanding drivers, valuing driving safety and comfort at high speeds.

DEBICA PASSIO 2
A summer tire designed specifically for passenger cars. It was very well received and has gained a high level of customer trust. The tire is wear-resistant, ensuring customers of a much longer mileage. Its specially designed tread compound guarantees a high level of safety and a short braking distance. The size line-up includes the 14 most popular sizes.

DEBICA NAVIGATOR 2
The all-season tire, with very good performance parameters. It is particularly recommended for drivers who want to use the same tires in both winter and summer. Available in 11 sizes, from 13 to 15 inches.

T.C. Debica S.A. products

DEBICA FRIGO HP
Debica Frigo HP is the first ever winter brand for high performance vehicles. It was launched in 2012. Owing to high tech tread design, and also special compound, the tire offers comfortable and safe driving at high speeds in winter conditions. Additionally tire is characterized by high durability and wear resistance. Additionally low rolling resistance enhances fuel economy. Thanks to all aforementioned features Debica Frigo HP tire meets the expectations of Polish consumers even more fully. The tire is available in 4 dimensions, 15 and 16 inch diameter.

DEBICA FRIGO 2
The Debica Frigo 2's design meets the most essential needs of the Polish car owners. Its specially designed tread compound guarantees good road grip in Poland's variable winter conditions. Available in 15 sizes, from 13 to 16 inches.

2. Debica heavy truck tires

T.C. Debica S.A. manufactures heavy truck tires under the brand names: Goodyear, Dunlop, Fulda and Sava. In 2012, T.C. Debica S.A. further expanded its production capacity and became one of the largest heavy truck tire manufacturers in Poland and within the Goodyear Group.

3. Debica industrial and farm tires

As regards agricultural and industrial tires, in 2012 the T.C. Debica S.A. offer consisted of 13 sizes of tires, with 16 tread patterns, and 4 sizes of industrial tire, with 3 tread patterns.

The T.C. Debica S.A. offered 4 tire categories:
- tractor steering axle tires: 4 sizes, with six tread patterns;
- implement: 4 sizes, with six tread patterns;
- small farm tires: 5 sizes, with four tread patterns;
- industrial tires: 4 sizes, with three tread patterns.

T.C. Debica S.A. also manufactures farm and industrial tires under other Goodyear Group brands.

Sales and distribution

T.C. Debica S.A. total sales in value terms by Polish and export markets

The year 2012 saw the business model change in the Goodyear Group. Now after the change the non-Debica brands are sold immediately after the completion of manufacturing process. Tires are sold to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg, registered in Poland for VAT purposes. The business model change led to the situation where export sales was replaced by indirect export sales and there is no direct sales of tires to Goodyear Dunlop Tires Polska Sp. z o.o. The last direct tire sales to Goodyear Dunlop Tires Polska Sp. z o.o. was the sale transaction involving the inventory of non-Debica tire brands, existing on January 1, 2012. That transaction generated sales revenues totaling PLN 155 million in 2012.

In 2012 sales totaled PLN 2.133 million, down by 8.1 per cent compared to the previous year. Exports totaled PLN 1.739 million in value terms and accounted for 81.5 per cent of total sales in value terms, of which 95.8 per cent was the sales to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg.

The domestic sales accounted for 18.5 per cent of Company's total sales revenues.

Major export markets for tires produced by T.C. Debica S.A. included Germany, Slovenia, France, Italy, Russia, Romania, Turkey, Spain and the United Kingdom (UK).

Total sales of T.C. Debica S.A. in value terms with a breakdown into replacement and OEM markets

In 2012, Tire Company Debica S.A. did not sell its products to original equipment manufacturer markets.

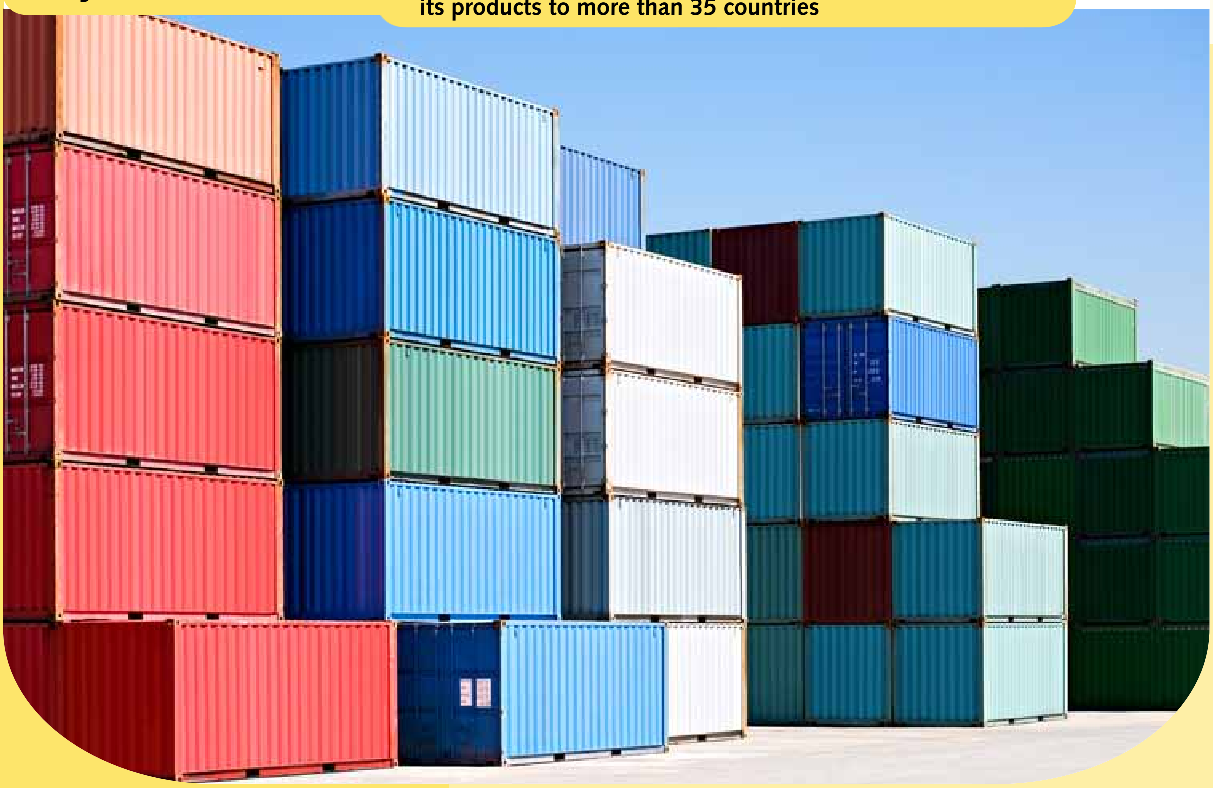
Distribution of consumer tires in the domestic and other markets was based on trade relations with Goodyear.

On the domestic replacement market, the tires were primarily distributed through:

- regional tire distributors;
- the Premio franchising network;
- tire service stations, namely, the Goodyear Group's Authorized Service Stations.

Do you know that...

Already in 1965 the Debica manufacturing plant exported its products to more than 35 countries



Investment activities

In 2012, capital expenditures totaled PLN 175.3 thousand.

The investment activities were carried out in accordance with the investment plan and they focused on:

a) purchase of equipment and machinery capable of producing technologically advanced products and securing the superior quality;

b) maintenance of existing processes and fulfillment of legal requirements;

c) actions aimed at generating savings, improvement of production efficiency, fulfillment of health and safety (H&S), fire prevention and environmental protection requirements;

d) purchases of manufacturing accessories.

The investment activities aimed at:

- cutting of production costs through the implementation of the appropriate technical solutions, application of energy efficient equipment and implementation of new technologies;
- engineering measures taken to improve the utilization and optimization of the operation of existing machinery base and to bringing it in line with the requirements of new technologies;
- application of highly automated machinery and equipment, securing appropriate efficiency, effectiveness, product quality and better working conditions for the workers;
- application of solutions aimed at continuous improvement of health and safety conditions at work and environmental protection;
- application of equipment for continuous monitoring of production processes.

Major research and development efforts

Technical development was determined by implementing into production the best in class products, on the grounds of new European labeling legislation and its requirements i.e. rolling resistance, wet braking and noise. To meet that challenge in the consumer tire product line the following was implemented into production:

- new compounds with the latest material technologies, based on silicon with high active surface and functionalized polymers;
- tire brands for application in extreme winter conditions that occupy leading places in the tests of independent experts in Europe and were assessed very high by the customers;
- summer tires with excellent wet handling properties and high fuel efficiency;
- OE product line was supplemented with higher rim diameter tires.

Meanwhile in the truck tire line drive and steer tires continued to be developed and they achieve very competitive performance in terms of fuel efficiency, wet handling and noise.

The manufacturing HP tire manufacturing process determined further development of manufacturing process in order to maximize tire performance through:

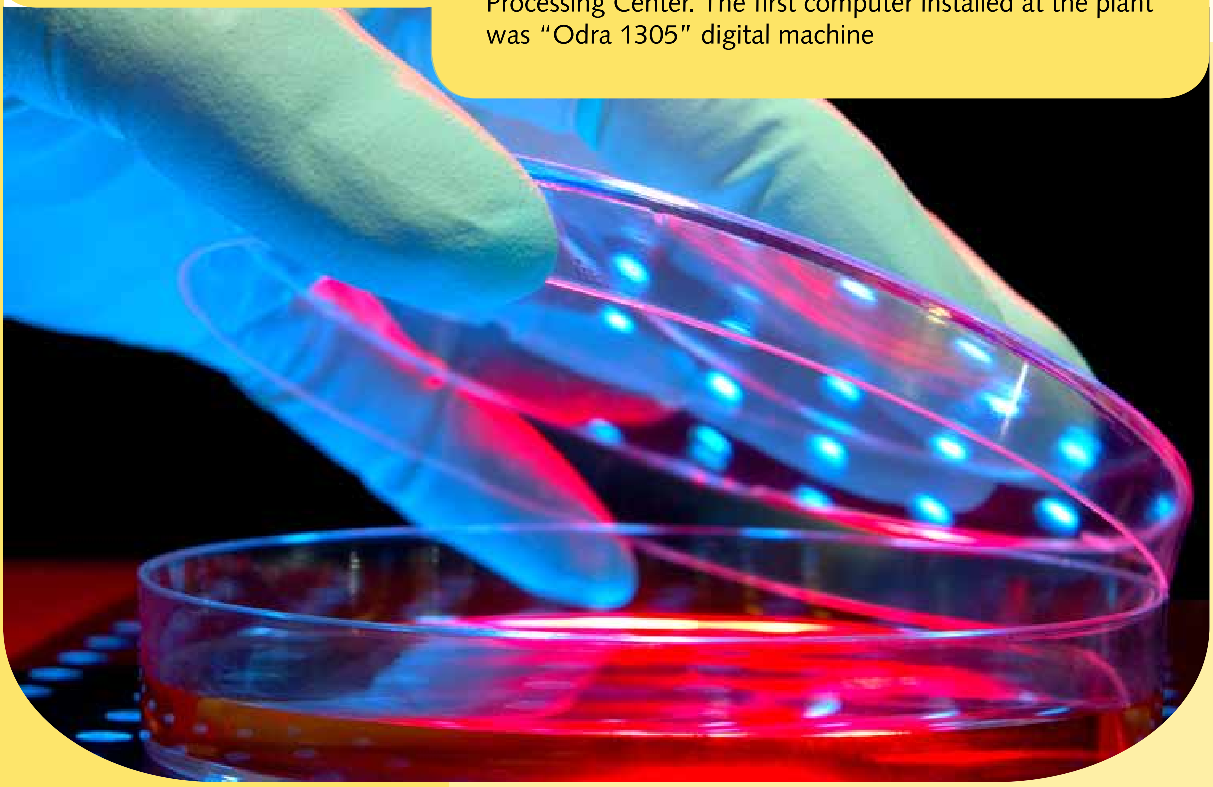
- maximum utilization of and highly automated machinery and processes;
- application of equipment for continuous monitoring of production processes;
- application of solutions aimed at continuous improvement of health and safety conditions at work and environmental protection.

Milestones in Company History

1972 - T.C. Debica S.A. produced the first Polish consumer radial tire (marked with D-90 symbol)

1978 - T.C. Debica S.A. launched the production of winter radial tires

1979 - grand opening ceremony of the Electronic Data Processing Center. The first computer installed at the plant was "Odra 1305" digital machine



Awards received by T.C. Debica S.A.

T.C. Debica S.A., as in previous years, received high marks in various rankings prepared in 2012 in Poland. This confirmed the Company's strong position – both on a regional and national level. It also proved – once again – that T.C. Debica S.A.'s involvement in everyday life of Debica and entire Subcarpathian region is highly valued by the local society.

Below is the list of some most important T.C. Debica S.A. distinctions in 2012:

April

"List of Top 100 Most Valuable Businesses" of "Newsweek"
Tire Company Debica S.A. came on third place in the category of companies from automotive sector in the elite "List of Top 100 Most Valuable Businesses" of American "Newsweek" weekly and international consulting firm A.T. Kearney. Unlike other independent rankings that classify businesses mainly on the grounds of their market value, awarding market giants, the List drawn up by the "Newsweek" weekly focuses on the most dynamic companies. Distinction was given especially to those companies that took advantage of the times of crisis and economic slowdown in most industries and used as a springboard to accelerate their expansion and to strengthen their market positions, which was reflected clearly in their growing shareholders' values assessed on the basis of product or service sales revenues.

"Pillars of the Polish Economy"
T.C. Debica S.A. was distinguished in the ranking of key businesses in Poland – "Pillars of the Polish Economy", prepared by the "Puls Biznesu" daily and TNS Pentor public opinion poll agency. The ranking is the first in Poland catalogue of major companies, playing a key role in individual provinces, whereas the finalists were designated by the local governments. Distinguished five businesses from the Subcarpathian region similarly to T.C. Debica S.A., are characterized by economic stability and make significant contribution to the regional development both as employers and the entities supporting development of local community. The ranking was created thanks to local governments that cast their votes on the poll winners in individual provinces. The local governments were requested to select a business being the Pillar of Polish Economy in their region, then to make an assessment of the selected business based on such criteria as employer essential to the region promoting employment, major player of local taxes or entity taking measures in favor of population in the region.

June

"Golden Top 100 Businesses"
Once again Tire Company Debica S.A. was ranked as the leader in the export sales category in the Ranking of Major Businesses in the Subcarpathian region this year. In this year's "Golden Top 100 Businesses" Debica-based tire maker won distinctions in the following categories: net profit, share of exports in total sales, headcount level and top capitalization at stock exchange. Amongst Top 100 Businesses in the Subcarpathian region, in the general classification T.C. Debica S.A. came on fourth place. T.C. Debica S.A. was appreciated in five out of seven appraised categories the so called "Golden Tens" of best businesses in the region. Eleventh time in a row the Company defended its title of export leader. It came on second place in the category "top capitalization at stock exchange", on fourth place in the net profit category, on sixth place for exports share in sales and second place in the category of headcount level.

Awards received by T.C. Debica S.A.

July

"Best In-House Lawyer in 2011"
Mariusz Solarz, Director of Legal Department at Tire Company Debica S.A. has been awarded the title of "Best In-House Lawyer in 2011" by the "Rzeczpospolita" daily. Mariusz Solarz, Esq. has received the distinction owing to his commitment to the defense of the credibility and reliability of Tire Company Debica S.A. against charges brought forward by Company minority shareholders represented by PZU mutual funds, and consequently the Company fully succeeded in all litigation pursuant to lawsuits filed against it. This is unprecedented case, mainly due to the number of lawsuits filed against the Company, wide range of charges against the Company and its Management Board and also due to actions not observed in the market to date in such litigations.

September

„Top 500 Bloomberg Businessweek Ranking"
Tire Company Debica S.A. occupied high 40th place in the "Top 500 Polish Businesses in 2012" List of the Bloomberg Businessweek, a Polish edition of one of the most influential economic magazines globally. The List was created based on the financial performance in Q1 2012. High position of T.C. Debica S.A. on „Top 500 Polish Businesses" List is due to its good financial performance at the beginning of 2012, but primarily due to clear growth rate of revenues compared to the same period in the previous year. Company net revenues in Q1 2012 were impressive, since they totaled almost PLN 737 million compared almost PLN 521 million in the same period of 2011.

November

Stowarzyszenie Emitentów Giełdowych

Ranking of the Polish Association of Listed Companies (PALC)
Tire Company Debica S.A. was ranked amongst listed companies that are the best performers in terms of data reporting to the Polish Association of Listed Companies (PALC), which means that they are the most transparent in the field of disclosure of non-financial data related to environmental protection, corporate social responsibility and corporate governance. The list is a summary of the project titled "PALC Analysis of Businesses in Poland" organized by the Polish Association of Listed Companies, GES and Accreo Taxand, under which all companies listed on the main market of the Warsaw Stock Exchange (WSE) and New Connect market were examined from the perspective of their disclosure of non-financial data to the Polish Association of Listed Companies.

Awarding of the "Investor into Human Capital" Emblem
Tire Company Debica S.A. was granted a prestigious "Investor into Human Capital" Emblem for running human resources policy at the highest level. The organizer of the surveying and certification program "Investor into Human Capital" is the Management Observatory Foundation. The organizations were evaluated in terms of human resources development, responsible and transparent HR policy and successes in building climate of knowledge-based organization.

Awards received by T.C. Debica S.A.

“Pearls of the Polish Economy”
T.C. Debica S.A. came 52nd in a ranking published by the “Polish Market” - English language monthly on economy and finances. Two thousand companies with annual revenue exceeding PLN 100 mln (approx. US$ 30 mln) were assessed. Position in the ranking depends not only on the size of the company measured by the value of its total revenue, but also on its effectiveness, dynamic performance and liquidity.

Planned development of T.C. Debica S.A.

Tire Company Debica S.A. continues its investment projects in the “Euro-Park Mielec” Special Economic Zone concerned with the adaptation of the manufacturing process of HP and UHP passenger tires, which fall into the most profitable segment of tire market. Already in 2012 Tire Company Debica S.A. launched the production of 17” tires and tires with the highest speed indices i.e. W (270 km/h) and Y (300 km/h).

Moreover, in relation to the tire labeling requirement that came into force in November 2012 The Company has been investing into the compliance of its products with the labeling requirement set forth in the Regulation of European Parliament and Council (EC) No. 1222/2009. Pursuant to EU recommendations all consumer tires, light delivery and heavy truck tires leaving the Debica plant, produced after July 1, 2012 have to be equipped with a label with information about three key parameters of the tire i.e. wet grip, rolling resistance and external noise.

The above investment projects are implemented from 2011 to 2013. They aim at the implementation of solutions at the Company that would secure compliance with technical and legal requirements set forth in the Labeling Regulation.

Total capital expenditures in the 2011–2013 period will hover around PLN 205 million.

T.C. Debica S.A. is one of the largest Goodyear’s manufacturing plants in Europe and globally.

Environmental Report

Environmental protection at T.C Debica S.A.

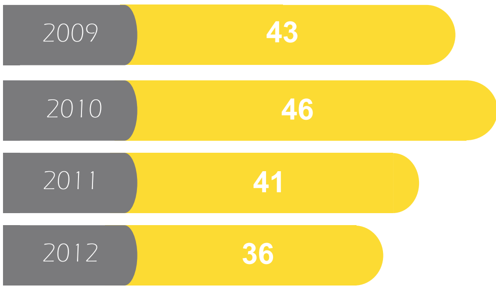
One of the fundamental operational principles of Tire Company Debica S.A. is the compliance with the environmental standards laid down in legal requirements and the implementation of the latest technical and technological solutions. The above is confirmed by the official inspections of the central government administrative bodies and the compliance with the in-house air emission permissible levels, water and energy consumption rates and complete recycling of production waste. These trends are illustrated by data provided below.

Environmental emissions

Green house effect gases

The Company emits green house effect gases during production of process media and heating of facilities. Through rationalization of saturated steam consumption in the tire making process and enhanced energy utilization rate (despite production stoppages caused by market circumstances) there is a declining trend of carbon dioxide emissions.

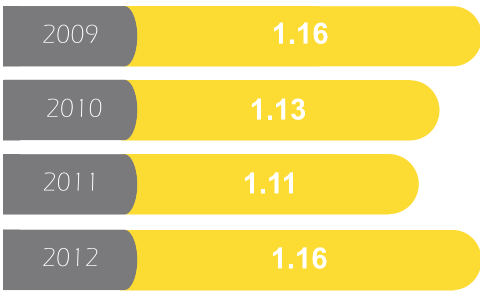
Carbon dioxide emissions from company boiler house in 2009-2012 (in '000 tons)



Total environmental gaseous emissions

The declining trend is also visible in the emissions of all volatile matter from tire manufacturing process and from generation of power media. This is evidenced by the volume of hydrocarbons emission from the manufacturing process per ton of finished goods. This level of that index is adversely affected by the stoppages of manufacturing line that happened in 2012 due to adverse market circumstances (due to shrinking demand).

Hydrocarbon emission volume (in kilograms per 1 Mg of product) in 2009-2012

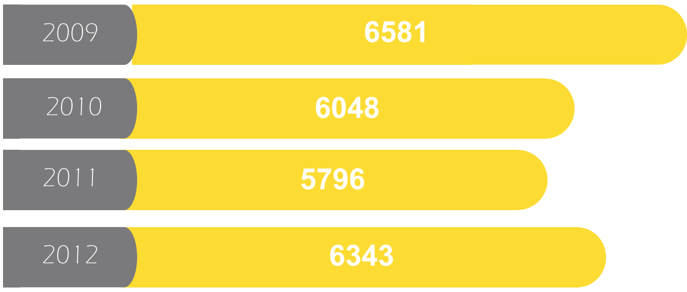


Environmental Report

Energy consumption

Total energy consumption during tire manufacturing process reflects the advancement of plant equipment and applied technologies. Also energy consumption rate reflects disadvantageous impact of manufacturing line stoppages and operational breaks of manufacturing systems.

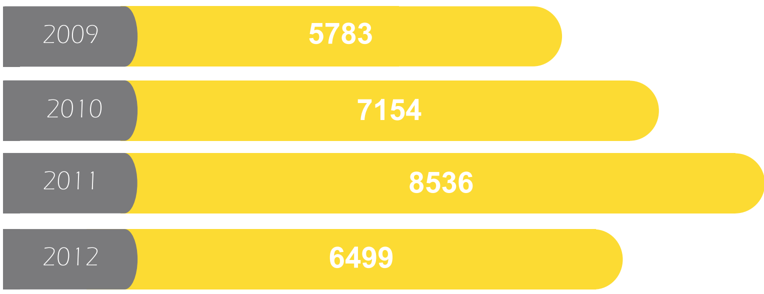
Number of kilowatt-hours per product unit in the manufacturing process in 2009-2012



Industrial waste management

Technological advancement and production process efficiency is illustrated by the volume of production waste. Tire Company Debica S.A. does not store waste. Total waste is recycled or – if it is not possible – the waste is disposed of.

Volume of recycled waste per 1 Mg of products in 2009-2012



Do you know that...

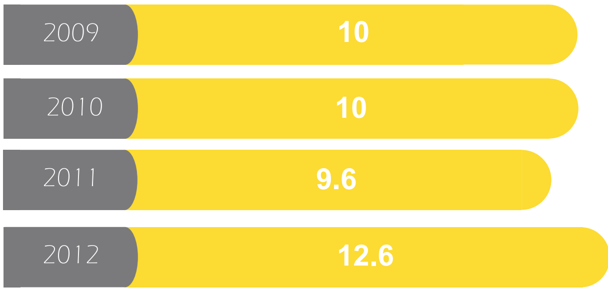
T.C. Debica S.A. was the first company in the tire business that was certified for the compliance with the ISO 14001 environmental quality management system

Environmental Report

Water and effluents

Total volume of effluents generated during tire manufacturing and domestic sewage equals the total water consumption at Tire Company Debica S.A. Additionally the upgrading projects underway and the application of closed loops allow to meet water consumption and effluent production limits.

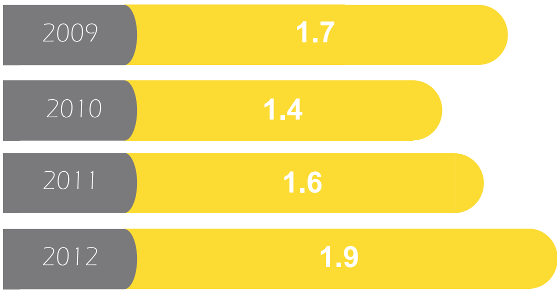
Water consumption (m^3) per 1 Mg of products in 2009-2012



Environmental fees

The indicator reflecting total utilization of natural environment is the level of environmental fees for water consumption, gaseous emissions and production of effluents per ton of product made. The growth of that indicator in the last two years was caused by an increase of environmental fees set forth by law every year.

Environmental fees in 2009–2012 (PLN/1 Mg of product)



Financial Report

Financial Statement

The Financial Information provided herein constitutes an abstract of the 2012 Financial Statement has been prepared in accordance with the Accounting Act of September 29, 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended) and pursuant to the Decree of the Council of Ministers of February 19, 2009 on current and periodic information provided by the issuers of securities (Journal of Laws No. 33, item 259) and the Ordinance of the Minister of Finance on Detailed Rules for Recognition, Pricing Techniques, Degree of Disclosure and Presentation Manner of Financial Instruments of December 12, 2001 (Journal of Laws No. 149, item 1674, as amended).

The complete Financial Statement comprises the Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, the Introduction to the Financial Statement, Explanatory Notes, Additional Explanatory Notes, Company's Activity Report, Auditor's Audit Report and a letter from the President of the Board addressed to the shareholders.

The Auditor's Opinion attached hereto was issued for the complete 2012 Financial Statement, which was forwarded to the Polish Financial Supervision Authority (PFSA) and the Polish Press Agency and will be also submitted to the General Meeting of Shareholders of T.C. Debica S.A.

Balance sheet

BALANCE SHEET (thousands of PLN)	2012	2011
ASSETS		
I. Fixed asset	**765 669**	**665 529**
1. Intangible assets	76	747
2. Tangible fixed assets	755 675	648 994
3. Long-term investments	144	144
3.1. Long-term financial assets	144	144
a) in other entities	144	144
4. Long-term deferred assets	9 774	15 644
4.1. Deferred income tax assets	9 774	15 644
II. Current assets	**626 300**	**789 195**
1. Inventories	117 687	286 218
2. Short-term receivables	323 388	443 786
2.1. From related entities	281 842	383 741
2.2. From other entities	41 546	60 045
3. Short-term investments	184 772	58 666
3.1. Short-term financial assets	184 772	58 666
a) in other entities	445	244
b) cash and cash equivalents	184 327	58 422
4. Short-term deferred assets	453	525
Total assets	**1 391 969**	**1 454 724**

Financial Report

LIABILITIES	2012	2011
I. Shareholders' equity	**866 245**	**818 230**
1. Share capital	110 422	110 422
2. Reserve capital	320 041	319 618
3. Revaluation capital	72 517	72 940
4. Other reserve capital	269 839	224 455
5. Net profit (loss)	93 426	90 795
II. Liabilities and liability provisions	**525 724**	**636 494**
1. Liability provisions	84 598	86 507
1.1. Provision for deferred income tax	56 492	54 250
1.2. Provision for pension benefits and equivalents	27 878	32 146
a) long-term	6 894	8 189
b) short-term	20 984	23 957
1.3. Other provisions	228	111
a) long-term	124	111
b) short-term	104	0
2. Long-term liabilities	1 647	6 386
2.1. To other entities	1 647	6 386
3. Short-term liabilities	439 479	543 599
3.1. To related entities	98 036	128 745
3.2. To other entities	340 052	414 208
3.3. Special funds	1 391	646
4. Accrued liabilities	0	2
4.1. Other accrued liabilities	0	2
a) long-term liabilities	0	0
b) short-term liabilities	0	2
Total liabilities	**1 391 969**	**1 454 724**

Book value	866 245	818 230
Number of shares (pcs.)	13 802 750	13 802 750
Book value per share (in PLN)	62.76	59.28
Diluted number of shares (pcs.)	13 802 750	13 802 750
Diluted book value per share (in PLN)	62.76	59.28

Financial Report

OFF-BALANCE ITEMS (thousands of PLN)

	2012	2011
1. Other including:	**18 420**	**65 920**
- off-balance liabilities under a real estate long-term lease agreement	0	44 653
- off-balance liabilities under a long-term gas supply agreement	12 920	15 004
- off-balance liabilities under a real estate long-term lease agreement	5 500	6 263
Total off-balance liabilities	**18 420**	**65 920**

Profit and loss account (thousands of PLN)

	2012	2011
I. Net sales of products merchandise and materials including:	**2 133 259**	**2 321 586**
- from related entities	1 897 783	2 094 137
1. Net sales of products	2 071 255	2 274 436
2. Net sales of merchandise and materials	62 004	47 150
II. Cost of products merchandise and materials sold including:	**1 933 310**	**2 077 131**
- to related entities	1 746 696	1 898 615
1. Cost of products sold	1 876 984	2 031 236
2. Cost of merchandise and materials sold	56 326	45 895
III. Gross profit (loss) on sales	199 949	244 455
IV. Selling expenses	**26 771**	**35 377**
V. General administrative expenses	**51 396**	**71 204**
VI. Profit (loss) on sales	**121 782**	**137 874**
VII. Other operating income	**633**	**1 190**
1. Gain from disposal of non-financial fixed assets	153	635
2. Other operating income	480	555
VIII. Other operating expenses	**12 782**	**4 070**
1. Revaluation of non-financial fixed assets	855	2 400
2. Other operating costs	11 927	1 670
IX. Operating profit (loss)	**109 633**	**134 994**

Financial Report

	2012	2011
X. Financial income	**13 123**	**364**
1. Dividends and participation in profits	0	9
2. Interest receivable	4 667	340
3. Other	8 456	15
XI. Financial expenses	**5 874**	**21 754**
1. Interest payable	5 874	6 518
2. Other		15 236
XII. Profit (loss) on ordinary activities	**116 882**	**113 604**
XIII. Profit (loss) before taxation	**116 882**	**113 604**
XIV. Income tax	**23 456**	**22 809**
a) current portion	15 344	20 458
b) deferred portion	8 112	**2 351**
XV. Net profit (loss)	**93 426**	**90 795**

Net profit (loss) (annualized)	93 426	90 795
Weighted average number of the ordinary shares (pcs.)	13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	6.77	6.58
Weighted average diluted number of the ordinary shares (pcs.)	13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)	6.77	6.58

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Statement of changes in shareholders' equity (thousands of PLN)

	2012	2011
I. Opening balance of shareholders' equity	**818 230**	**768 292**
I.a. Opening balance of shareholders' equity after restatement to comparative data	818 230	768 292
1. Opening balance of share capital	**110 422**	**110 422**
1.1. Closing balance of share capital	110 422	110 422
2. Opening balance of reserve capital	**319 618**	**318 893**
2.1. Changes in reserve capital	423	725
a) additions (of which)	423	725
- allocation from the reserve capital of amounts of revaluated liquidated fixed assets – current periods	423	725
2.2. Closing balance of reserve capital	320 041	319 618
3. Opening balance of revaluation capital	**72 940**	**73 665**
3.1. Changes in revaluation capital	-423	-725
a) reductions (of which):	423	725
- allocation to the reserve capital of amounts of revaluated liquidated fixed assets - current periods	423	725
3.2. Closing balance of revaluation capital	72 517	72 940
4. Opening balance of other reserve capital	**224 455**	**183 626**
4.1. Changes in other reserve capital	45 384	40 829
a) additions (of which)	45 384	40 829
- allocation to reserve capital from the profit distributed for the year 2010 with an option of dividend payment to the shareholders	0	40 829
- allocation to reserve capital from the profit distributed for the year 2011 with an option of dividend payment to the shareholder	45 384	
4.2. Closing balance of other reserve capital	269 839	224 455
5. Opening balance of retained earnings	**90 795**	**81 686**
5.1. Opening balance of retained earnings	90 795	81 686
5.2. Opening balance of retained earnings after the restatement to comparative data	90 795	81 686
a) reductions (of which)	90 795	81 686
- dividend for shareholders	45 411	40 857
- allocation to reserve capital from the profit distributed for the year 2010 with an option of dividend payment to the shareholders		40 829
- allocation to reserve capital from the profit distributed for the year 2011 with an option of dividend payment to the shareholders	45 384	
5.3. Closing balance of retained earnings	0	0

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	2012	2011
6. Net profit (loss)	**93 426**	**90 795**
a) net profit	93 426	90 795
II. Closing balance of shareholders' equity	**866 245**	**866 245**
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	**866 245**	**866 245**

Cash flow statement (thousands of PLN)

	2012	2011
A. Operational cash flows		
I. Net profit (loss)	**93 426**	**90 795**
II. Total adjustments	**243 262**	**72 800**
1. Depreciation and amortization	70 577	69 269
2. Foreign exchange gains/losses	439	-284
3. Interest and dividends	995	3 623
4. Investment activity gain (loss)	823	-583
5. Change in provisions	-1 910	2 765
6. Change in inventories	168 531	-54 647
7. Change in receivables	119 954	16 745
8. Change in current liabilities (excluding loans and credits)	-117 098	30 286
9. Change in deferred and accrued expenses	5 939	-1 076
10. Other adjustments	-4 988	6 702
III. Net operational cash flows (I+/-II) – indirect method	**336 688**	**163 595**
B. Investment activity cash flows		
I. Cash inflows	**42**	**1 181**
1. Disposal of intangible assets and tangible fixed assets	42	1 062
2. From financial assets of which:	0	119
a) In other entities	0	119
- interest received	0	119
- other inflows from financial assets	0	0
II. Cash outflows	**131 771**	**99 421**
1. Acquisition of intangible assets and tangible fixed assets	131 771	99 421

Financial Report

	2012	2011
III. Net investment activity cash flows (I-II)	**-131 729**	**-98 240**
C. Financial activity cash flows		
I. Cash inflows	**0**	**0**
II. Cash outflows	**78 615**	**53 570**
1. Dividends and other payments to the owners	45 411	40 857
2. Loan and credit payables	29 908	7 050
3. Financial lease commitments paid	2 301	1 921
4. Interest paid	995	3 742
III. Net financial activity cash flows (I-II)	**-78 615**	**-53 570**
D. Total net cash flows (A.III+/-B.III+/-C.III)	**126 344**	**11 785**
E. Change in balance-sheet cash and cash equivalents of which:	**125 905**	**12 069**
- change in cash and cash equivalents due to foreign exchange gains/losses	-439	284
F. Opening balance of cash and cash equivalents	**58 259**	**46 474**
G. Closing balance of cash and cash equivalents (F+/- D) of which:	**184 603**	**58 259**
- those with restricted availability	1 391	346

Notes to the 2012 Financial Statement

I. Reporting principles and information about Company authorities

1. The Financial Statement was drawn up for 2012 covering period from 1 January 2012 to 31 December 2012 and comparable financial data for 2011 covering period from 1 January 2011 to 31 December 2011.

2. The Financial Statement was drafted based on the assumption that the Company is a going concern and will continue to be one for the foreseeable future. No circumstances exist that would threaten the continuity of business.

3. Financial Statement has been prepared in accordance with the Accounting Act of September 29, 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended) and pursuant to the Decree of the Council of Ministers of February 19, 2009 on current and periodic information provided by the issuers of securities (Journal of Laws No. 33, item 259) and the Ordinance of the Minister of Finance on Detailed Rules for Recognition, Pricing Techniques, Degree of Disclosure and Presentation Manner of Financial Instruments of December 12, 2001 (Journal of Laws No. 149, item 1674, as amended).

4. Company authorities:

Management Board
Jacek Pryczek – President of the Management Board
Leszek Cichocki – Management Board Member
Stanisław Cieszkowski – Management Board Member
Radosław Bółkowski – Management Board Member

Supervisory Board
Michel Rzonzef – Chairman of the Supervisory Board
Philippe Degeer – Deputy Chairman of the Supervisory Board
Maciej Mataczyński – Secretary of the Supervisory Board
Ronald Archer – Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Raimondo Eggink – Supervisory Board Member (until December 20, 2012)
Przemysław Cieszyński – Supervisory Board Member (until December 20, 2012)
Karl Blocklehurst – Supervisory Board Member (from January 7, 2013)
Łukasz Rędziniak – Supervisory Board Member (from January 7, 2013)
Renata Hadała – Supervisory Board Member

II. Accounting principles

1. Intangible assets
Intangible assets are priced at the prices of acquisition or costs of manufacturing less amortization (depreciation) allowances.

The following periods for making amortization allowances were assumed:
- computer software 2-10 years
- costs of development efforts 3 years
- other 5 years

2. Fixed assets and depreciation
Fixed assets include tangible fixed assets and equivalents suitable for economic use with an expected economic life longer than one year, complete and suitable for use and earmarked for Company purposes.

Fixed assets entered into the balance sheet also include assets commissioned for use under the contract which fulfill at least one of the criteria defined in Art. 3, par. 4 of the Act.

Notes to the 2012 Financial Statement

Tangible fixed assets are carried at acquisition cost, manufacturing cost, improvement cost or refurbishment cost. Tangible fixed assets are depreciated on a straight line basis during their expected economic life. The following depreciation periods were adopted:

- buildings and structures	25-40 years
- technical equipment and machinery	5-20 years
- means of transport	5-15 years

Tangible fixed assets commissioned for use under the contract fulfilling, at least, one of the criteria defined in art. 3, par. 4 of the Act are depreciated taking into consideration the length of contract.

For accounting purposes, newly acquired fixed assets with a value below USD 5000 are depreciated by the Company on a one-off basis, whereas for tax purposes that value is PLN 3500.

3. Fixed assets under construction
Fixed assets under construction are priced at acquisition or manufacturing costs including the total costs related to a given fixed asset under construction incurred from the start date of construction until balance date or commissioning date of the asset.

The value of fixed assets under construction is increased by: non-deductible VAT tax, excise tax and cost of servicing debt incurred to finance such assets along with related foreign exchange losses, less foreign exchange gains.

4. Long-term investments
Interests in other entities and long-term securities are carried at their prices of acquisition, less allowances for partial, permanent loss of value.

5. Inventory
The inventory of tangible current assets are priced as follows:
a) the inventory of raw materials and goods are carried at acquisition prices;
b) intermediate products and works in progress are carried at the direct planned manufacturing cost in core manufacturing activity and at actual manufacturing cost in auxiliary production, proportionally to the work progress rate;
c) finished goods are carried at average manufacturing costs including direct costs of a certain product and reasonable portion of costs related directly to the manufacturing of said product.

The manufacturing costs of a product exclude costs incurred as a result of non-utilized production capacity. They have impact on the financial result of the accounting period in which they were incurred. If an unscheduled stoppage has occurred, the Company determines the production capacity utilization rate based on a comparison of average quarterly output expressed in tons with the output expressed in tons assumed in the annual plan for the quarter in which unscheduled stoppage has occurred. If the difference between actual and planned output is higher than 15%, then indirect manufacturing costs born in the quarter in which unscheduled stoppage has occurred are treated as product manufacturing costs up to the level equalling these costs multiplied by the average quarterly absorption rate of indirect costs. The absorption rate in turn is calculated as the quotient of indirect manufacturing costs assumed in the annual plan and planned output for this period expressed in tons.

Finished goods are posted into books at planned costs at their manufacturing date. At balance date, the value of finished goods is adjusted to the level of actual manufacturing costs, taking into consideration differences between actual and planned manufacturing costs.

The Company makes revaluation of obsolete or difficult to market inventories following a thorough analysis of inventories.

All inventories whose net selling price fell below their purchasing price or cost of production, or that have been recognized as obsolete or they partially lost their original utility, have been identified and their balance sheet values have been reduced to the net selling prices.

Notes to the 2012 Financial Statement

6. Receivables and liabilities
Receivables and liabilities (except for financial liabilities) are priced at the due amount following the prudent pricing principle.

7. Short-term investments
Tradable financial assets including the received bills of exchange with a maturity above 3 months and income from revaluation of short-term embedded derivatives – they are priced at fair value. If there is no opportunity for reliable assessment of fair value and the assets have a set maturity date, then they are priced at the level of depreciated cost using effective interest rate; and if the assets do not have a set maturity date, they are priced at acquisition prices.

The effects of periodic pricing of financial assets are posted respectively into financial income or expenses of the accounting period in which revaluation was made.

8. Cash assets
Cash assets include assets in the form of domestic currency, foreign exchange and foreign currencies. Cash assets also include accrued interest on financial assets and received bills of exchange with maturity below 3 months.

Financial assets payable or due and payable within 3 months from the date of their receipt, issue, purchase or opening (deposits) are classified as cash assets for the purposes of Cash Flow Statement.

9. Foreign currency transactions
Foreign exchange transactions are settled at the average exchange rate set for a certain currency by the National Bank of Poland in effect on the transaction date, unless another exchange rate was set in a customs declaration.

At the date of the balance, the assets and liabilities expressed in foreign currencies are prices at the average exchange rate set for a given currency by the National Bank of Poland for that date.

Foreign exchange gains and losses concerning assets and liabilities expressed in foreign currencies, at the pricing date and at the payment of receivables and liabilities in foreign currencies, are posted as financial income or costs accordingly, and in justified cases into fixed assets under construction or intangible assets.

10. Jubilee awards, retirement gratuities and pensions, non-utilized holiday leave
Accruals related to long-term employee benefits such as: jubilee awards, retirement gratuities/pension and death benefits, are established based on actuarial computations made once at the year-end.

The establishment of accruals for non-utilized leaves is charged into the costs of the period the leaves refer to.

11. Deferred income tax assets and provision
Due to transient differences regarding the moment of income or of costs incurred, the Company establishes provisions and determines deferred income tax assets pursuant to the Accounting Act and tax regulations.

In the Balance sheet, the Company records a deferred income tax provision equal to the income tax amount payable in the future in relation to the occurrence of positive transient differences and deferred income tax assets equal to the amount of income tax deductible in the future in relation to the occurrence of negative transient differences.

12. Warranty repairs
The Company posts cost accruals in relation to the warranties issued for tires, using as a basis the value of the warranty claim calculated under the warranty terms and conditions in effect for certain product categories.

13. Shareholders' equity
The initial capital amount is recorded as provided for in the Company Statutes in compliance with the commercial register.

Revaluation capital is a result of revaluation of fixed assets.

Notes to the 2012 Financial Statement

Surplus capital is made up of the issue of shares above their nominal value and from statutory profit distribution as prescribed and above the prescribed level.

Reserve capital includes reserve capital to cover contingent losses and is made up of profit distribution with the option of dividend payment to the shareholders.

14. Prepayments and accruals
The Company posts prepaid and accrued expenses in order to assign to a given period's expenses that were incurred within that period. The prepayments include invoiced and/or incurred expenses referring to future periods. Meanwhile, accrued expenses include expenses connected with the current accounting period posted as the value of probable liabilities.

15. Sales revenues
Sales are posted on the grounds of invoices issued throughout a year less VAT tax. The sale is recognized at the moment of delivery of the product, merchandise or raw materials.

From the sales revenues presented in the Profit and Loss Account discounts and concessions treated on equal footing with discounts are deducted.

16. Costs and measurement of financial result
Operating costs include costs connected directly with the core activity of the Company. Expenses are recognized on accrual basis in order to secure commensurability of income and expenses.

Other operating revenues and costs include income and costs that are not connected directly with the core activity of the Company.

Other operating income includes proceeds from the disposal of non-financial fixed assets, equivalent of dissolved provisions and revaluation asset allowances, expired or redeemed liabilities, donations received, subventions, additional payment, compensations and gift income.

Other operating costs include loss on the sale of non-financial fixed assets, revaluation of tangible fixed assets and inventories, write-offs revaluating receivables, compensations, paid penalties, donations made, penalty interest on taxes, social insurance and customs duties.

Financial income includes interest income or interest due on extended credits and loans, income from securities trade and foreign exchange gains.

Financial costs include interest paid and accrued on granted credits and loans, losses related to securities trade, foreign exchange losses, entries revaluating financial assets and short-term securities.

Extraordinary gains and losses reflect financial impact of events not connected with standard business activities of the Company including in particular unique, extraordinary events and abandonment or suspension of operational activities.

Company's financial result in a given accounting year includes all generated revenues and costs related to said revenues, pursuant to the principles presented hereinabove, other operating income and expenses, result of prudence-based pricing of assets and liabilities, net financial and extraordinary item income and taxation.

Corporate income tax, shown in the Profit and Loss Account, is calculated in adherence to Polish law, taking into account income generated in the territory of Poland and abroad, tax non-deductible costs, non-taxable income.

Notes to the 2012 Financial Statement

III. Basic financial data and average PLN exchange rates

Balance Sheet ('000)

	31.12.2012		31.12.2011	
	PLN	EUR	PLN	EUR
Fixed assets	765 669	187 288	665 529	150 681
Current assets	626 300	153 197	789 195	178 681
Total assets	**1 391 969**	**340 485**	**1 454 724**	**329 362**
Equity	866 245	211 889	818 230	185 254
Liabilities & provisions for liabilities	525 724	128 595	636 494	144 108
Total liabilities	**1 391 969**	**340 484**	**1 454 724**	**329 362**

Profit and Loss Account ('000)

	2012		2011	
	PLN	EUR	PLN	EUR
Net sales of products, merchandise and raw materials	2 133 259	511 132	2 321 586	560 753
Cost of products, merchandise and raw materials sold	1 933 310	463 224	2 077 131	501 707
Gross profit (loss) on sales	199 949	47 908	244 455	59 046
Selling expenses	26 771	6 414	35 377	8 545
General administrative expenses	51 396	12 315	71 204	17 199
Profit (loss) on sales	121 782	29 179	137 874	33 302
Other operating income	633	152	1 190	287
Other operating expenses	12 782	3 063	4 070	983
Operating profit (loss)	109 633	26 268	134 994	32 606

Notes to the 2012 Financial Statement

	2012		2011	
	PLN	EUR	PLN	EUR
Financial income	13 123	3 144	364	88
Financial expenses	5 874	1 407	21 754	5 254
Profit (loss) on ordinary activities	116 882	28 005	113 604	27 440
Profit (loss) before taxation	116 882	28 005	113 604	27 440
Income tax	23 456	5 620	22 809	5 509
Net profit (loss)	**93 426**	**22 385**	**90 795**	**21 931**

Cash Flow Statement ('000)

	2012		2011	
	PLN	EUR	PLN	EUR
Net operational cash flows	336 688	80 671	163 595	37 039
Net investment activity cash flows	-131 729	-31 562	-98 240	-22 242
Net financial activity cash flows	-78 615	-18 836	-53 570	-12 129
Total net cash flows	**126 344**	**30 272**	**11 785**	**2 668**

Average EUR/PLN exchange rates in the period covered by the Financial Statement and comparable financial data, set by the National Bank of Poland:

- exchange rate prevailing on:
  - December 31, 2012 1 EUR = PLN 4.0882
  - December 31, 2011 1 EUR = PLN 4.4168

- average exchange rate, calculated as the mean arithmetic value of exchange rates prevailing on the last day of each month:
  - in 2012: 1 EUR = PLN 4.1736
  - in 2011: 1 EUR = PLN 4.1401

- the highest and lowest exchange rate in the accounting period:

in 2012:
- the highest rate 1 EUR = PLN 4.5135
- the lowest rate 1 EUR = PLN 4.0465

in 2011:
- the highest rate 1 EUR = PLN 4.5642
- the lowest rate 1 EUR = PLN 3.8403

The items in Profit and Loss Account for 2012 were converted into EUR using the mean annual EUR/PLN exchange rate, which was PLN 4.1736.

Notes to the 2012 Financial Statement

IV. The areas of material discrepancies of the adopted accounting principles and methods and show data between the Financial Statement drawn up using Polish accounting principles and the financial statement that was drawn up using International Financial Reporting Standards (IFRS)

T.C. Debica S.A. draws up financial statement in accordance with US GAAP for the strategic investor The Goodyear Tires and Rubber Company for the purposes of drawing up a consolidated financial statement.

Therefore, reliable pinpointing of discrepancies in the values of shown data between the Financial Statement drawn up using Polish accounting principles and the Financial Statement that would be drawn up using International Accounting Standards (IAS) is not possible.

Below are attached tables with explanation of the differences in the values of the disclosed equity and net financial result, between the Financial Statement and comparable financial data drawn up in accordance with Polish accounting principles vs. financial statements and comparable financial data drawn up in accordance with the principles of the Goodyear Group based on US GAAP.

('000 PLN)	31.12.2012	31.12.2011
Shareholders' equity according to Polish accounting principles	**866 245**	**818 230**
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	-41	-1682
Discrepancy stemming from different classification of lease contracts	207	213
Adjustment of differences in gross value of fixed assets	-13 701	-13 519
Adjustment of depreciation for fixed assets with different gross values	6 968	5 889
Transient difference being a result of the moment of current cost recognition	1 615	13 276
Difference stemming from different calculation of provisions for extended guarantees	62	31
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	12 434	9 639
Capitalization of realized foreign exchange gains/losses on investment projects	-	1 198
Adjustment of accelerated depreciation of intangible assets under "SAP Project""	-	-580
Shareholders' equity according to Goodyear Group's principles	**872 591**	**831 497**

Notes to the 2012 Financial Statement

('000 PLN)	2012	2011
Net profit according to Polish accounting principles	**93 426**	**90 795**
Transient difference being a result of the moment of current cost recognition	-11 661	18 038
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	4	-1 821
Discrepancy stemming from different classification of lease contracts	-6	10
Adjustment of differences in gross value of fixed assets	-182	-65
Adjustment of depreciation for fixed assets with different gross values	1 079	758
Difference stemming from different calculation of provisions for extended guarantees	31	40
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	2 795	-25
Capitalization of realized foreign exchange gains/losses on investment projects	439	-
Adjustment of accelerated depreciation of intangible assets under "SAP Project"	580	-580
Net profit according to Goodyear Group principles	**86 505**	**107 150**

V. Information about financial instruments ('000 PLN)

Changes in individual categories of Company's financial assets and liabilities (except for cash and other cash assets) in the period of 12 months ended on December 31, 2011 and December 31, 2012 were as follows:

	Tradable financial assets	Sellable financial assets	Tradable financial liabilities
January 1, 2011	1 716	144	36 958
- additions	6 624	-	-
- reductions	13 328	-	7 050
- transfers	5232		5232
December 31, 2011	244	144	35 140
January 1, 2012	244	144	35 140
- additions	343	-	681
- reductions	587	-	35 821
December 31, 2012	-	144	-

Notes to the 2012 Financial Statement

Balance sheet presentation		
Long-term financial assets		
- in other entities	-	144
Short-term financial assets		
- in other entities	-	
Long-term liabilities		
- in other entities	-	
Short-term liabilities		
- in other entities	-	
December 31, 2012	-	144

Overdraft facility	
- in other entities	0
December 31, 2012	0

1. Tradable financial assets and liabilities
The Company entered into contracts (with embedded derivatives) that are not financial instruments. The instruments apply to service purchase contracts denominated in foreign currencies. The Company posts embedded derivatives separately from the main contract and prices them using a fair value principle. The fair value is established using a forward price published for a certain currency by the Bank used by the Company. Changes in fair value are charged against other financial costs or gains in the accounting period when the changes occurred. The initial value of the main contract consists of the difference between purchase price specified in the main contract and the fair value of the embedded derivative.

In 2012 the Company discontinued pricing of embedded derivatives due to the change in the contract conditions. The gas (liquid nitrogen) supply contract was denominated in Polish currency (PLN) effective from May 2012. In the first quarter 2012 the Company assigned its rights under warehousing facility lease contract concluded between MS-B Sp. z o.o. S.K.A. and T.C. Debica S.A. to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg. This is a consequence of the change in business model – sales of finished goods to Goodyear Dunlop Tires Operations S.A. upon manufacturing process completion.

In 2012 the Company entered into current account committed overdraft facility agreement for a period of 3 and 4 years (see Note 16D). The concluded agreement secure Company's long-term liquidity in the times of uncertainty in the tire business and financial crunch.

At the balancing date the Company did not use its credit lines.

In 2012 interest expenses on financial liabilities ('000 of PLN) amounted to:

Liabilities	Interest realized category	Interest not realized category
Overdraft facility		1 084

In 2012 interest on overdraft facility amounted to PLN 3 736 thousand.

2. Marketable financial assets
The value of marketable financial assets priced for sale at the adjusted purchasing price included shares and interests for which there is no active market. The impact of overestimation/revaluation of marketable financial assets is charged into financial costs.

Notes to the 2012 Financial Statement

The Company does not hold any hedging instruments. The interest income on own receivables amounted to PLN 59 thousand.

3. Extended loans
As of December 31, 2012 there were no extended loans.

4. Contingent liabilities
The Company did not extend any guarantees nor sureties. There are no other material contingent liabilities except for those described below.

1. In July 1997, in Great Britain, a British citizen, Garry Hoye, was involved in a car accident. According to the victim's representatives, the accident was caused by a defective tire made by T.C. Debica S.A.
Pursuant to a civil action before the British court, compensation in the amount of GBP 770 000 of damages is claimed. The defendants include T.C. Debica S.A and the owner of the garage where the tire was mounted.
Since 1996, T.C. Debica S.A. has continuously held product civil liability insurance from AIG Polska, and in 1997 the coverage also included the territory of the United Kingdom.
The amount of damages claimed exceeds the liability limit of the insurance (PLN 4 100 000) by approximately PLN 600 000, but in the opinion of the British lawyer representing T.C. Debica S.A., there are grounds to demand significant reduction of the level of damages due to, inter alia, the age of the tire and due to the fact that in addition to T.C. Debica S.A., a second defendant is also involved in the case. Given the above, it is not necessary to establish a provision to cover the costs of contingent damages to be paid by T.C. Debica S.A.

2. Claim of Sonia and Zara Akhter
The victims have also lodged a claim for payment of damages (without specifying the amount) for damages sustained in an accident in September 1998 allegedly caused by a defective tire made by T.C. Debica S.A. Upon receipt of the claim, the damage was notified to AIG Poland S.A., which is handling the case in the UK. To date, we have not been advised about the termination of the case, but only about initiated talks on the settlement.

3. The year 2012 saw the completion of the last legal action brought forward by PZU against the Company or following PZU petition with the Company involved. The legally valid court decisions were issued to the benefit of the Company in all legal actions brought forward by or following a motion of PZU.

The Company believes that the risk of claim payment by T.C. Debica S.A. is low, the amount of the claim has not been specified, and therefore a provision has not been established for contingent liabilities.

The Management Board believes that in addition to disclosing the above events in the Financial Statement, no grounds exist to record these events in the Company's accounts.

5. Liabilities vis-à-vis budget in relation to the acquisition of ownership title to buildings and structures
The Company does not have any liabilities vis-à-vis state nor municipality budget in relation to the acquisition of ownership title to buildings and structures.

6. Discontinued operations
In the accounting period, no business activity was wound up or discontinued, partially or fully, and consequently, there were no costs of discontinued activities.

7. Cost of fixed assets made for own consumption
The cost of fixed assets under construction and fixed assets for own consumption amounted to PLN 16 655 thousand for 12 months in 2012 and to PLN 9 836 thousand for 12 months in 2011.

8. Capital expenditures
In 2012 the capital expenditures amounted to PLN 175 287 thousand, of which PLN 2 682 thousand was spent on environmental projects. The capital expenditures planned for 2013 amount to PLN 172 087 thousand and for environmental projects PLN 2 238 thousand involving upgrading of the ventilation system.

Notes to the 2012 Financial Statement

9. Transactions with related entities
The transactions made in 2012 with business entities of the Goodyear Group were as follows:

Sales of products, goods and services	PLN	1 898 mln
Disposal of fixed assets and investments	PLN	3 mln
Purchase of materials and merchandise	PLN	479 mln
Purchase of services and licensing fees	PLN	182 mln
Investment purchases	PLN	22 mln
Balance of receivables as of December 31, 2012	PLN	282 mln
Balance of liabilities as of December 31, 2012	PLN	100 mln

The Company entered into 45 transactions with the related entities with a one-off value exceeding EUR 500 thousand.

19 transactions were related to the purchase of raw materials, while another 26 transactions was concerned with the purchase of services and licensing fees.

In the accounting year covered by the financial statement the Company did not enter into any material transactions under non-arms length principles with related entities.

From 2012 onwards, pursuant to a new business model upon production completion the non-Debica branded tires are sold to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg. This change has a material impact on the inventory level of finished goods in 2012.

10. Joint ventures
Joint ventures that are not consolidated using the full method or the property rights method did not occur.

11. Information about material events that occurred after balancing date and not included in the financial statements
Between balancing date and the date of this report no material events having material impact on this financial statement have occurred

12. Financial statement adjusted for inflation
When the financial statement was being drawn up a principle of historical cost was assumed, and consequently the inflation impact is not considered, except for the pricing of embedded derivatives that were priced using a fair value principle.

A possible impact of inflation on the financial statement presentation as well as on the comparability of data in the Profit and Loss Account and Balance Sheets from the current and previous years has not been determined.

The fixed assets may be subject to periodic revaluation by virtue of separate legislation in compliance with conversion indices set by the Polish Central Statistical Office.

13. Consolidation of financial statements
The Company is not a controlling entity and does not draw up a consolidated financial statement.

As of December 31, 2012 the Company had capital ties with: Tire Recycling Center, Recovery Organisation S.A. in Warsaw (Centrum Utylizacji Opon Organizacja Odzysku Spółka Akcyjna w Warszawie) - 14% shareholding in shareholders' equity.

Notes to the 2012 Financial Statement

14. Fixed assets
The costs of fixed assets under construction amounting to PLN 153 710 thousand comprised:
- purchase of machinery and equipment PLN 121 839 thousand
- construction and assembly works PLN 25 482 thousand
- other PLN 6 389 thousand.

The gross value of fixed assets used under lease agreements, classified pursuant to the Accounting Act, as financial lease agreements totaled PLN 8 437 thousand, whereas the net value amounted to PLN 3 263 thousand.

From September 2001 to March 2012 the Company utilized - under a lease contracts - storage facilities along with auxiliary infrastructure that are located in Tarnów under the name Logistics Center. In the first quarter of 2012 The Company assigned the aforementioned lease contract to Goodyear Dunlop Tires Operations S.A . with its registered office in Luxembourg.

The Company insures its property against all risks involving direct physical loss or damage.

The Company also holds civil liability insurance for business operations carried out and for assets held, as well as a product civil liability policy.

15. Fixed asset revaluation
As of December 31, 2012, the balance of fixed assets revaluation write-offs amounted to PLN 1 684 thousand. The revaluation write-offs were made for the coal-fired CHP plant in the amount of PLN 1 684 thousand.

The balance of revaluation write-offs for inventories was PLN 724 thousand including:
- for products PLN 402 thousand;
- for raw materials PLN 322 thousand.

Meanwhile the balance of inventory revaluation write-offs in 2011 was PLN 1 907 thousand.

16. Financial revenues and expenses in 2012 (‘000 of PLN)

1. Interest expense on working capital loan	-1 084
2. Interest income from bank deposits	4 619
3. Interest income on receivables and interest expense on trade payables and on liabilities vis-à-vis budget	-504
4. Interest income on overdue trade receivables	48
5. Discounted bills of exchange and third party checks	-3 458
6. Interest expense on lease installments	-313
7. Interest paid on committed, but non-utilized loan	-515
Total interest and discounted bills of exchange and third party checks	**-1 207**
8. Actual foreign exchange gains/losses	421
9. Unrealized foreign exchange gains/losses	2 988
Total foreign exchange gains/losses	**3 409**
10. Revaluation of the fair value of embedded derivatives	4 988
11. VAT refund through Cash Back	59
Total other	**5 047**
Total net income on financial operations	**7 249**
Total financial income (as shown in P&L account)	**13 123**
Total financial expenses (as shown in P&L account)	**5 874**

Independent Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of Firma Oponiarska Debica S.A.

We have audited the accompanying financial statements of Firma Oponiarska Debica S.A. (hereinafter referred to as "the Company"), Debica , ul. 1 Maja 1, which comprise an introduction to the financial statements, the balance sheet as at 31 December 2012, showing total assets and total liabilities & equity of PLN 1 391 969 thousand, the income statement for the financial year from 1 January to 31 December 2012, showing a net profit of PLN 93 426 thousand, the statement of changes in equity, the cash flow statement for that financial year, and additional notes and explanations.

The Company's Management Board is responsible for preparing financial statements and a Directors' Report in accordance with the applicable regulations, and for the correctness of the accounting records. The Management Board and members of the Supervisory Board are obliged to ensure that the financial statements and the Directors' Report comply with the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330).

Our responsibility was to perform an audit of the accompanying financial statements and to express an opinion on whether the financial statements comply in all material respects with the applicable accounting policies and whether they present, in all material respects, a true and clear view of the Company's financial position and results, and whether the accounting records constituting the basis for their preparation are properly maintained.

We conducted our audit in accordance with the following:
a. the provisions of Chapter 7 of the Accounting Act;
b. national auditing standards issued by the National Board of Registered Auditors.

Our audit was planned and performed to obtain reasonable assurance that the financial statements were free of material misstatements and omissions. The audit included examining, on a sample basis, accounting documents and entries supporting the amounts and disclosures in the financial statements. The audit also included assessing the Company's accounting policies and significant estimates made during the preparation of the financial statements, as well as an evaluation of the overall presentation thereof. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, and in all material respects, the accompanying financial statements:

a. give a fair and clear view of the Company's financial position as at 31 December 2012 and of the results of its operations for the year then ended in accordance with the Polish accounting regulations as specified in the Polish Accounting Act;

b. comply in terms of form and contents with the applicable laws, including the requirements of the Decree of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("the Decree", Journal of Laws No. 33, item 259, as amended), and the Company's Memorandum of Association;

Independent Auditor's Opinion

c. have been prepared on the basis of properly maintained books of account, in accordance with the applicable accounting policies.

The information in the Directors' Report for the year ended 31 December 2012 has been presented in accordance with the provisions of the Decree and is consistent with the information presented in the audited financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

PricewaterhouseCoopers Sp. z o.o.

Michał Mastalerz

Key Registered Auditor

Cracow, April 23, 2013

No. 90074

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