



2015 · Annual Report





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A Letter from the President of the Tire Company Dębica S.A. Management Board



Stanisław Cieszkowski
President of the Tire Company
Dębica S.A. Management Board

Dear Sir or Madam,

It is my great pleasure to hand over to you the 2015 Annual Report of Tire Company Dębica S.A.

Last year we had to face some quite difficult challenges. We had to deal with a series of disadvantageous market circumstances, especially in the initial three quarters. These included demand for winter tires lower than that in 2014 and a continued over-supply of tires in the Polish market exerting pressure on tire price reduction. Demand was also driven by the persisting unstable situation in the Eastern markets, which reduced the intensity of transport and motor traffic eastwards.

Given such a tough market environment, we generated a satisfactory financial performance, including an operating profit at the level of PLN 82.6 million, which was up by 6.7% compared to 2014.

This was possible mainly thanks to effective cost management. Last year the costs of sales and general management were down by 16.3% compared to 2014, mainly due to the change in pricing policy and lower costs related to regional charges. In 2015 the share of these costs accounted for 4.3% compared to 4.9% in the previous year, whereas the average mean production costs were down by 3.8% compared to 2014.

Net profit for the twelve months of 2014 totalled PLN 78.9 million, down by 9.2% compared to 2014, which was mainly driven by setting up a provision for deferred income tax totalling PLN 7.9 million, in relation to the activities in the "Euro-Park Mielec" Special Economic Zone.

We continued the execution of the investment plan with the aim of providing Tire Company Dębica S.A. with even higher profitability, and to both enhance its competitive edge and improve its market position. In 2015 capital expenditures totalled PLN 57.7 million. We appropriated them, inter alia, for modernisation of the manufacturing lines for truck tires and widening of the product range in this segment. We carried out the successful launch of a new product – a technologically advanced tire called Dębica Presto UHP designed for ultra high performance cars.

Dębica once again was appreciated by consumers and was ranked in the List of Most Valuable Polish Brands developed by the Rzeczpospolita daily, giving honourable mentions to the brands for the best market position and the highest prestige and recognition among Polish people. For a second year in a row Dębica was awarded the "Superbrands 2015/2016" title and "Created in Poland Superbrands 2015/2016" title, which is a special award granted exclusively to brands with Polish origin. This confirms the established position of Dębica in the Polish market.

We are proud to have received once again the Top Employer title, which is awarded by the Top Employers Institute. The Institute is an independent organisation certifying corporate bodies that "create an excellent working environment". This distinction confirms that our practice in this area is competitive compared to other leading companies.

For years now our Company has attached a lot of weight to compliance with sustainable development principles, environmental care, associate and local community development activities and the application of corporate governance good practices. We are a corporate socially responsible (CSR) company, aware of the fact that shareholder value is created not only through good financial performance but also through environmental factors, support for the building of social capital and an attachment to ethical aspects of running business activities. Consequently, we were awarded the "Benefactor of the Decade" title granted to Tire Company Dębica S.A. in June 2015 by the Dębica Business Club Association.

Over the years we have been committed to various social projects. A mission statement of the Children's University of Technology is the development of children's interests in exact sciences; meanwhile "A Safe Journey to School" aims at education of children

in the field of road traffic safety. We are also the organiser of the Goodfest Music Festival that enjoys enormous popularity, attracting thousands of people each year from the City of Dębica and its environs.

We have systematically been reducing the pollution emission levels from the plant's thermal power station, petrol consumption as well as water consumption per tonne of manufactured product. It should be noted that last year we handed over up to 99% of the waste produced by the Company for recycling.

In 2015 we maintained the Company's leading position in the Polish consumer and commercial tire markets. We achieved this in a tough and challenging market environment. However, it would not have been possible without the confidence of our customers, whom we have invariably valued highly, as well as the large contribution of the Company's employees and suppliers. I thank them deeply for their effort and commitment.

Another year of intense work lies ahead for our Company, focused on the consistent pursuit of a corporate growth strategy, the long-term strengthening of our market position and the building of shareholder value of Tire Company Dębica S.A.

Yours truly,



Stanisław Cieszkowski
President of the Tire Company Dębica S.A.
Management Board

Dębica, April 2016

A Letter from the Chairman of the Tire Company Dębica S.A. Supervisory Board



Jacek Pryczek
Chairman of the Tire Company
Dębica S.A. Supervisory Board

Dear Shareholders,

Last year was another year in which Tire Company Dębica S.A. maintained its leading position in the Polish consumer and commercial tire markets and generated a solid financial performance. We achieved this despite a tough and challenging market environment.

These achievements were possible thanks to significant cost reduction and close strategic co-operation with the global concern, The Goodyear Tire & Rubber Company. T.C. Dębica S.A. is the largest in Europe and one of the major manufacturing plants of the Goodyear Group globally which on the one hand guarantees the stability of its revenues owing to the sales to the Goodyear Group related entities, and on the other enables the Company to achieve a significant competitive edge and to produce technologically advanced tires which meet the strictest requirements of the European Union.

A good example of this are the high class HP and UHP consumer tires made by the Dębica plant which fall into the most profitable tire market segments.

In these segments the product offering with the highest technical parameters was widened last year by adding a technologically advanced tire called Dębica Presto UHP, which was very well received on the market.

In 2015, similar to previous years, the Supervisory Board supported the Management Board's activities to effectively face tough market challenges through the joint efforts and commitment of the Company associates. I would like to cordially thank them for their efforts and commitment.

I do believe that this will also be continued in the current year, which will enable Tire Company Dębica S.A. to strengthen its competitive position, to enhance its operational efficiency and to maintain at the same time the highest quality of production and the introduction of more innovative solutions.

Yours truly,



Jacek Pryczek
Chairman of the Tire Company Dębica S.A.
Supervisory Board

Dębica, April 2016

Company Authorities

The year 2015 saw no changes in the basic principles of company management. The 21st term of office of the Supervisory Board lasted until 12 June 2015 i.e. the date of holding the Annual General Meeting of Shareholders.

The 19th term of office of the Management Board started in 2014 and lasted for 3 years pursuant to the Company Statutes.



Stanisław Cieszkowski
President of the Management Board

During its 19th term of office, the Management Board consisted of:

Stanisław Cieszkowski – President of the Management Board

Ireneusz Maksymiuk – Management Board Member

Radosław Bótkowski – Management Board Member (until 29 June 2015)

Michał Mędrek – Management Board Member (since 4 August 2015)

Mariusz Solarz – Management Board Member (until 8 October 2015)

Leszek Szafran – Management Board Member (since 8 October 2015)



Ireneusz Maksymiuk
Management Board Member



Michał Mędrek
Management Board Member



Leszek Szafran
Management Board Member

During its 21st term of office, the Supervisory Board consisted of:

Jacek Pryczek – Supervisory Board Member
Renata Kowalska-Anders – Supervisory Board Member
Karl Brocklehurst – Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Maciej Mataczyński – Supervisory Board Member
Łukasz Rędziniak – Supervisory Board Member
Janusz Raś – Supervisory Board Member*

* Pursuant to the provisions of § 14 par. 2 of the Company Statutes, the Supervisory Board comprises one representative of the Company's employees. Such an employee representative was Mr Janusz Raś, appointed to the position of a Supervisory Board Member for the 21st term of office, pursuant to the stipulations of the Statutes and Rules for the Election of an Employee Representative.

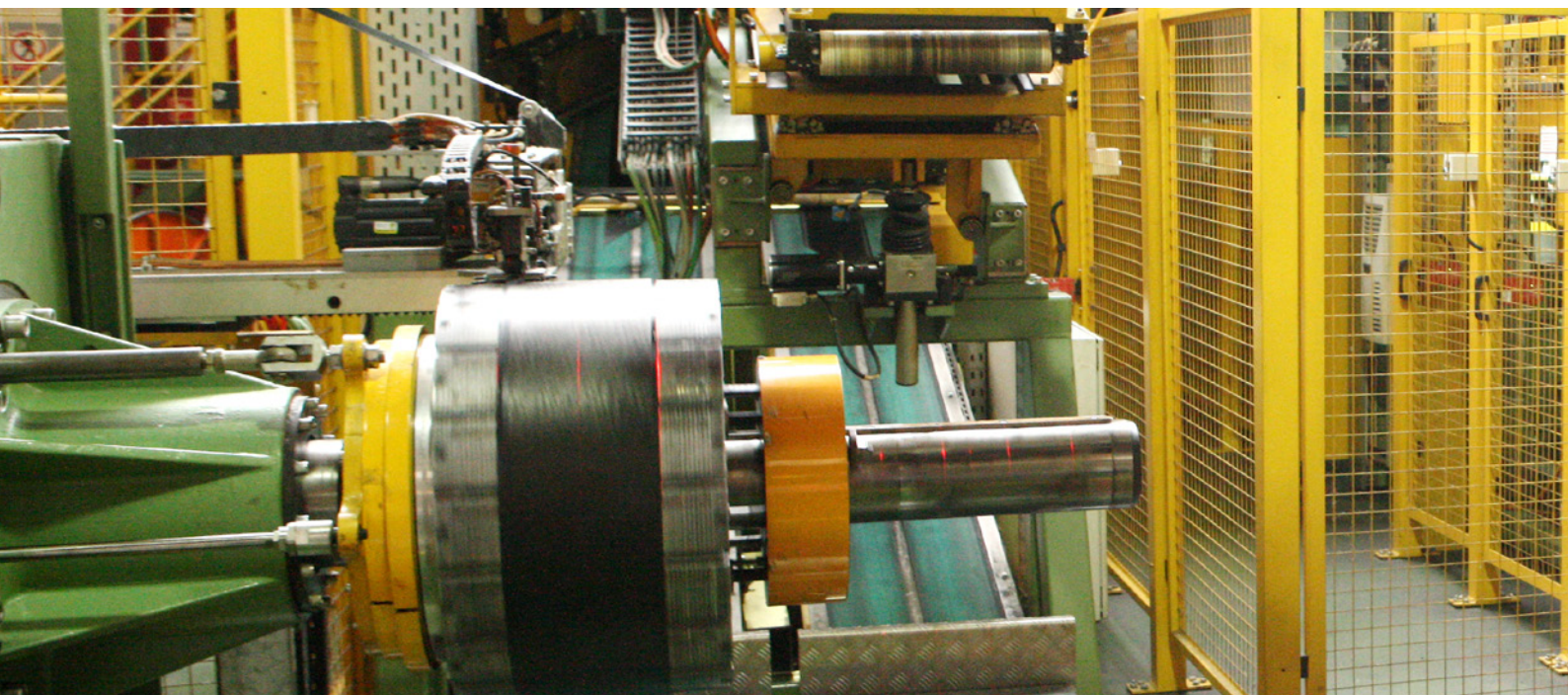
On 12 June 2015 the following persons were appointed to sit on the Supervisory Board during the 22nd term of office:

Jacek Pryczek – Supervisory Board Member
Renata Kowalska-Anders – Supervisory Board Member
Karl Brocklehurst – Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Maciej Mataczyński – Supervisory Board Member
Łukasz Rędziniak – 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 the Company's employees. Such an employee representative was Mr Piotr Wójcik, appointed to the position of a Supervisory Board Member for the 22nd term of office, pursuant to the stipulations of the Statutes and Rules for the Election of Employee Representative.

At its first meeting, held on 12 June 2015, the Supervisory Board carried out voting and elected:

Jacek Pryczek – Chairman of the Supervisory Board
Dominikus Golsong – Deputy Chairman of the Supervisory Board
Maciej Mataczyński – Secretary of the Supervisory Board



Shareholders of T.C. Dębica S.A.

In 2015 the shareholders holding above 5% of shareholders' equity included:

Goodyear S.A., with its registered office in Luxembourg, holds directly 11,234,912 shares in the Company, accounting for 81.396% of the Company's shareholders' equity, and giving entitlement to exercise 11,234,912 votes at the Company's Annual General Meeting of Shareholders, accounting for 81.396% of the total number of votes at the Company's Annual General Meeting of Shareholders.

Based on the information provided, all shares with attached votes in the Company, controlled by the Goodyear Group, are held directly by Goodyear Luxemburg.

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 Annual General Meeting of Shareholders.

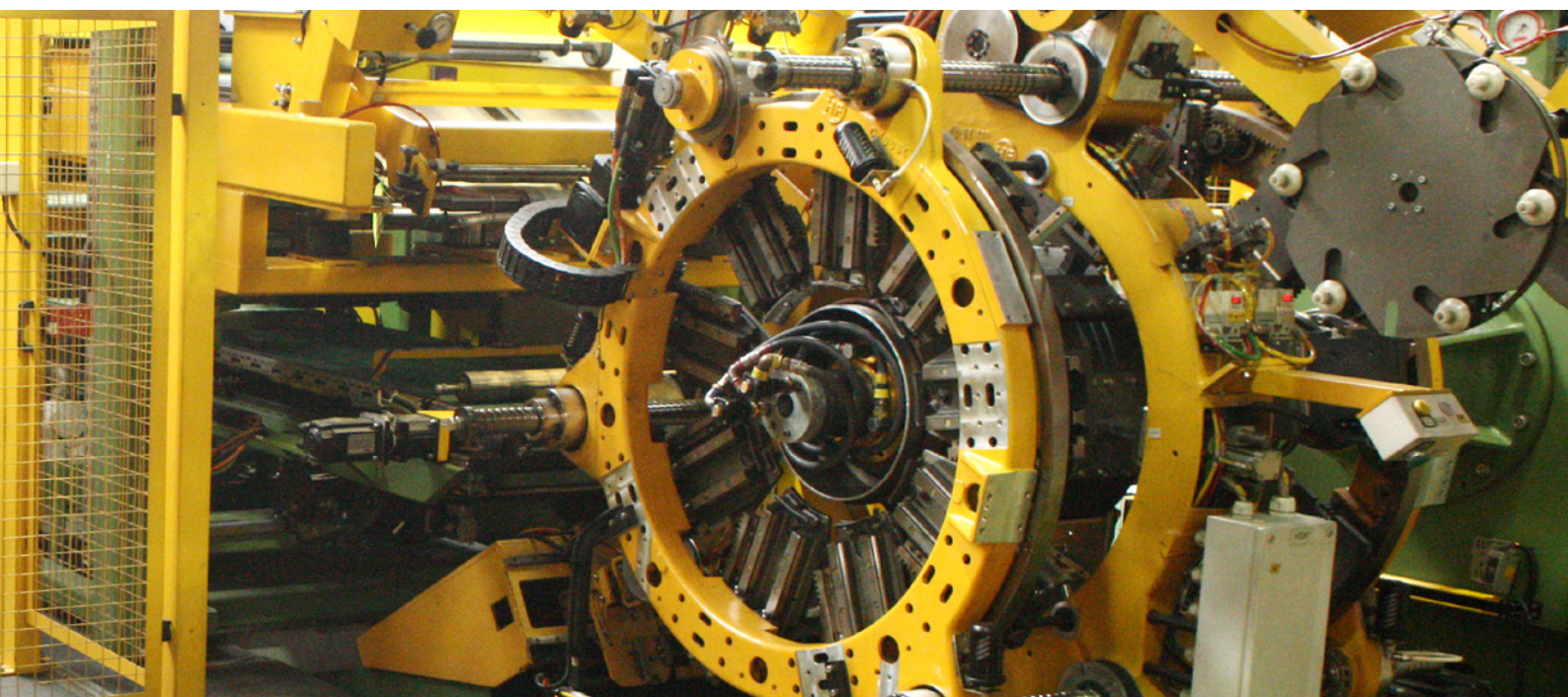
The Company shares are not subject to any constraints imposed on the assignment of ownership title to its securities; neither

do any constraints exist on the exercise of voting rights, such as 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

The Company's Management Board states that T.C. Dębica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, in 2015 complied with the recommendations for corporate governance included in the "Code of Best Practice for WSE Listed Companies", enclosed to Resolution No. 19/307/2012 of the WSE Supervisory Board, dated 21 November 2012, and published on the website at: www.corp-gov.gpw.pl.

The Company's Management Board, appreciating the significance of corporate governance rules laid down in this document and the role played by the rules in strengthening the transparency of listed companies, has made its best efforts to ensure that the rules in question are applied in the Company to the widest possible extent. Save for the explanations provided below, to the best knowledge of the Management Board, in 2015 none of the rules laid down in the "Code of Best Practice for WSE Listed Companies" were breached by the Company.

The Company did not apply the Rule II.2a concerning providing separate information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the Company in the last two years, since information about composition and changes in composition of the above governing bodies is published on the Company's website.

The Company did not apply the Rule IV.10 to the extent that the company should enable its shareholders to participate in a General Meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting. The Company did not follow this Rule due to the risk of irregularities that might occur during the course of the General Meeting, including potential problems with shareholders' identification, unreliability of the means of electronic communication, as well as problems with shareholders' compliance with technical and hardware requirements.

A 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 not later than on the day on which the Annual 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 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 the 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 Annual 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 at 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 Annual General Meeting of Shareholders by virtue of a resolution. The Supervisory Board members are appointed by the Annual 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 Annual 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 endeavours.

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 Directors' 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 Annual 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 a 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, licence 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, 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 Annual 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 the 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, not 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.

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 7 May 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. Dębica 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 7 May 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) analysing 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 Annual 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 Annual General Meeting of Shareholders, acting pursuant to the provisions of the Commercial Companies Code, with the wording effective from 3 August 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 Organised Trading System and on Public Companies. Such an announcement should be published at least twenty six (26) days prior to the date of the Annual General Meeting of Shareholders.

The Annual General Meeting of Shareholders is convened by the Management Board. The Supervisory Board may convene an Ordinary General Meeting of Shareholders, if the Management Board has failed to convene it within the timeframe set forth in the Commercial Companies Code or in the Statute, and may convene an Extraordinary General Meeting of Shareholders if it deems advisable to do so. The Extraordinary General Meeting of Shareholders 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 convening of an Extraordinary General Meeting of Shareholders as well as putting individual matters on the agenda of such a Meeting. The request to convene an Extraordinary General Meeting of Shareholders shall be filed with the Management Board in writing or electronically.

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

Should the Supervisory Board Chairman or his Deputy be absent, the Annual General Meeting of Shareholders is opened by the President of the Management Board, or by a person designated by the Management Board. The Annual 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 (30) days in total.

The powers of the Annual 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 preemptive rights to the Company's shares from a new offering;

- 8) the making of 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 organised 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 an Annual General Meeting of Shareholders' resolution.

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

Tire Company Dębica S.A. offers its shareholders, investors and market analysts equal access to reliable and genuine information about the Company.

The activities carried out are driven by the statutory communication obligations.

Additionally the Company undertakes a number of measures involving conventional and modern communication tools. These comprise the following:

- press conferences held on the occasion of publication of financial performance for institutional investors and analysts;
- meetings at which capital market representatives have an opportunity to talk directly to the Company's Management Board members;
- site visits of investors and analysts at the Company;
- ongoing telephone contact with the capital market players and providing replies to e-mail queries;
- the "Investor Relations" tab on the website at the address: www.debica.com.pl is administered in Polish and English,

and contains information about corporate governance, corporate highlights, financial performance, quotations of Company shares, and current and periodic reports and Company performance presentations;

- press releases on major highlights at the Company.

The Company's Management Board is actively involved in the communication with capital market players. The President of Management Board and Management Board members attend press conferences at which the Company's performance is announced, and hold direct meetings with market analysts and investors.

The Communication Manager of T.C. Dębica S.A. is responsible for maintaining keeping in constant touch with shareholders and investors, answering questions and queries via phone and e-mail and for the management of information flow between the Company and capital markets, including information published on the corporate website at www.debica.com.pl in the "Investor Relations" tab.

T.C. Dębica S.A. Products

SELECTED CONSUMER AND COMMERCIAL TIRES

T.C. Dębica S.A. manufactures a wide range of consumer and commercial tires under the brand names Dębica, Goodyear, Dunlop, Fulda and Sava, as well as under private labels.

The Dębica brand is a classical consumer tire brand and it has been an unquestionable leader in the Polish tire market for several years.

Dębica Presto UHP

In 2015 a novelty product from TC Dębica was especially popular with Polish drivers i.e. Dębica Presto UHP.

This tire is designed for mid-size class and upper class high performance (HP) cars. It offers good mileage both on wet and dry roads. Especially designed tread blades contain a high number of cuts, which enables the tire to effectively cut through the water layer when the tire touches the road surface.

Dębica Presto UHP is also characterised by its outstanding performance on dry roads. The asymmetric tread pattern with a central rib secures an optimized distribution of stiffness, giving superior performance on bends.

The economic aspect should also be noted. The optimized tire shape and design enhance its contact with the road surface and distribute pressure evenly, which translates into longer mileage. The new tire contains five ribs; an additional fifth rib safeguards stable driving, even at high speeds.

Dębica Presto

Dębica Presto is a summer HP tire for passenger cars. The modern technological solutions applied to the tire provide reliable driving and good handling in all conditions.

Thanks to numerous cuts in the tread blocks that dissipate water effectively, and also a silica-based compound, the tire offers very good wet road handling. It is also very effective in the category of dry road handling thanks to, among others, the asymmetric tread pattern and reinforced shoulder zone. A 4-rib design with a double centreline rib guarantees a quick response to movements of the 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.

Dębica Presto is a solution for demanding drivers appreciating driving safety, but at the same time economic driving.



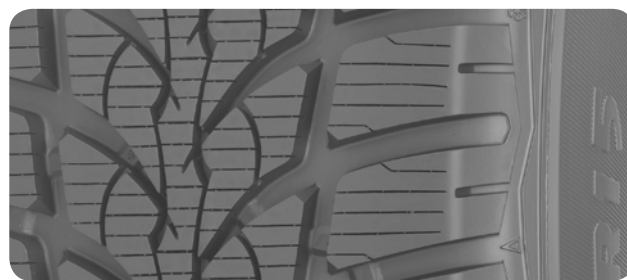
Dębica Presto UHP



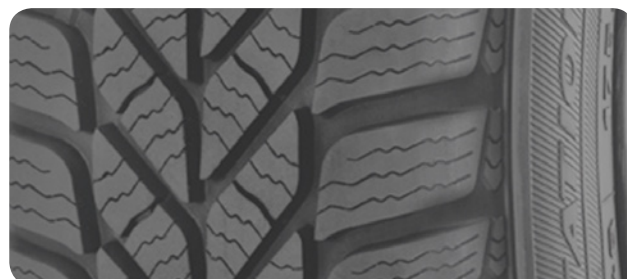
Dębica Presto



Dębica Passio 2



Dębica Frigo HP



Dębica Frigo 2

Dębica Passio 2

The design of this summer tire offers approximately 20% (compared to the previous edition of the model according to the test performed by the GICL) higher mileage compared to its predecessor. It also offers higher performance in almost all areas, especially when it comes to handling and wet braking and aquaplaning resistance. As a result, the Dębica Passio 2 tire performs very well on Polish roads.

A precise arrangement of tread blocks improves road grip and reduced tire wear. Thanks to the more rigid structure of the tire, it maintains permanent contact with the road even when it bends sharply. Wide circumferential and lateral grooves evacuate water, minimising aquaplaning risk.

New Dębica Frigo HP

The Dębica Frigo HP tire can boast of long tradition and is highly popular with drivers. This the first ever HP winter tire under the Dębica brand.

The optimized performance of new tires is very important – consequently the drivers of cars with more powerful engines do not have to give up higher speeds and they can drive more purposefully and safely.

Self-locking blades of the new tread bite into the snow, thus improving control over the vehicle and ensuring excellent

handling and snow traction capabilities. The directional pattern of the new tread and a silica-based compound reduce the wet braking distance. The strong carcass provides rigidity to the tire and good stability to the vehicle while driving at high speeds, and an optimised tire structure provides longer mileage, resulting in cost savings for the driver.

New Dębica Frigo 2

Dębica Frigo 2 has enjoyed sustained popularity in the Polish market in the segment of winter tires. It was designed for drivers appreciating comfort and economy. The tire design ensures long mileage and comfortable winter driving. It is designed for urban, compact and also mid-size class vehicles.

2015 witnessed the launch of the Dębica Frigo 2 tire with a new tread pattern, which offers better control of the vehicle on snow-covered and frost-bitten roads. The compound of the new tire contains a special resin, which enhances road grip and reduces wet braking distance. A new directional tread with wide grooves dissipates water and slush effectively. The tire design ensures even tread wear on the overall surface.

The Dębica manufacturing plant is one of major Goodyear factories around the world. It produces high quality, technologically advanced summer, winter and all-season tires.



DĘBICA HEAVY TRUCK TIRES

T.C. Dębica S.A. manufactures heavy truck tires under the brand names: Goodyear, Dunlop, Fulda, Kelly, Dębica and Sava.

2015 witnessed a dynamic development of production capacity for truck tires at the Dębica plant, which ranks the Company among one of major truck tire manufacturers in Poland.

The Dębica plant manufactures high quality truck tires suitable for mounting on 22.5" rims, used by large trucks for on-road applications as well as on domestic and foreign highways. In 2016 the Company will continue to expand its truck tire product range by adding the size of 19.5", which will be mainly used in urban and local haulage. This market segment has been growing dynamically and is creating another opportunity to develop the manufacturing of truck tires at the Dębica manufacturing plant.

In 2015 the production of truck tires under the Dębica brand was relaunched. The on-road Dębica tires include: DRS tires for steer axles, DRD for drive axles and DRT for trailers, and for mixed applications the following tires: DMSS for steer axles, DMSD for drive axles and DMST for trailers. The new truck tire product line that has been offered in European markets since January 2016 – it is characterised by well-balanced performance, robust design, and proven carcass quality, ensuring high retreadability. Additionally, all Dębica-branded truck tires are marked with the "M+S" symbol, which implies that they comply with the winter tire requirements set forth in the European legislation. This offer supplements perfectly the product ranges offered by the Company. It is offered mainly for truck fleets, which are especially price sensitive and want to apply tires with balanced performance and proven quality.

DĘBICA INDUSTRIAL AND FARM TIRES

In 2014 Tire Company Dębica S.A. decided to discontinue manufacturing of farm tires effective from the onset of January 2015 and made a relevant announcement to this extent in the current report No. RB 20/2014, dated 16 October 2014.

The above decision was taken based on the fact that orders from Goodyear, a major customer of the Company and its strategic investor, accounted for more than 80% of the total output of farm tires from the Dębica plant.

Estimated annual sales in value terms of farm tires accounted for only 1.8% of the estimated total sales of the Company in value terms per year.

MEMBRANES

Tire Company Dębica S.A. is a producer of curing membranes used to make tires. In 2015 the Company produced above 189 thousand curing membranes for 141 product ranges starting from motorbike tire membranes, aviation tire membranes, through various types of consumer and farm tire membranes, to heavy truck and industrial tire membranes.

Tire membranes are made for the Company's own consumption and for the export to corporate and third party customers. In total, above 130 thousand membranes were sold to the Company, which produces tires mainly in Western Europe, Asia and North America.

Sales and Distribution



T.C. DĘBICA S.A. TOTAL SALES IN VALUE TERMS BY POLISH AND EXPORT MARKETS

The year 2015 saw the continuation of the application of a business model that was implemented in the Goodyear Group in 2012. The essence of the new business model is that the non-Dębica brands are sold immediately after completion of the manufacturing process. The 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.

In 2015 sales totalled PLN 1,766 million, down by PLN 72 million compared to 2014. Exports totalled PLN 1,631 million in value terms and accounted for 92.4% of total sales in value terms, of which 96.8% was the sales to Goodyear Dunlop Tires Operations S.A., with its registered office in Luxembourg.

The domestic sales accounted for 7.6% of the Company's total sales revenues.

Major export markets for tires produced by T.C. Dębica S.A. included: Germany, Slovenia (including the countries of former Yugoslavia), France, Italy, Spain, Mexico, Russia, the United Kingdom (UK), Turkey and Romania.

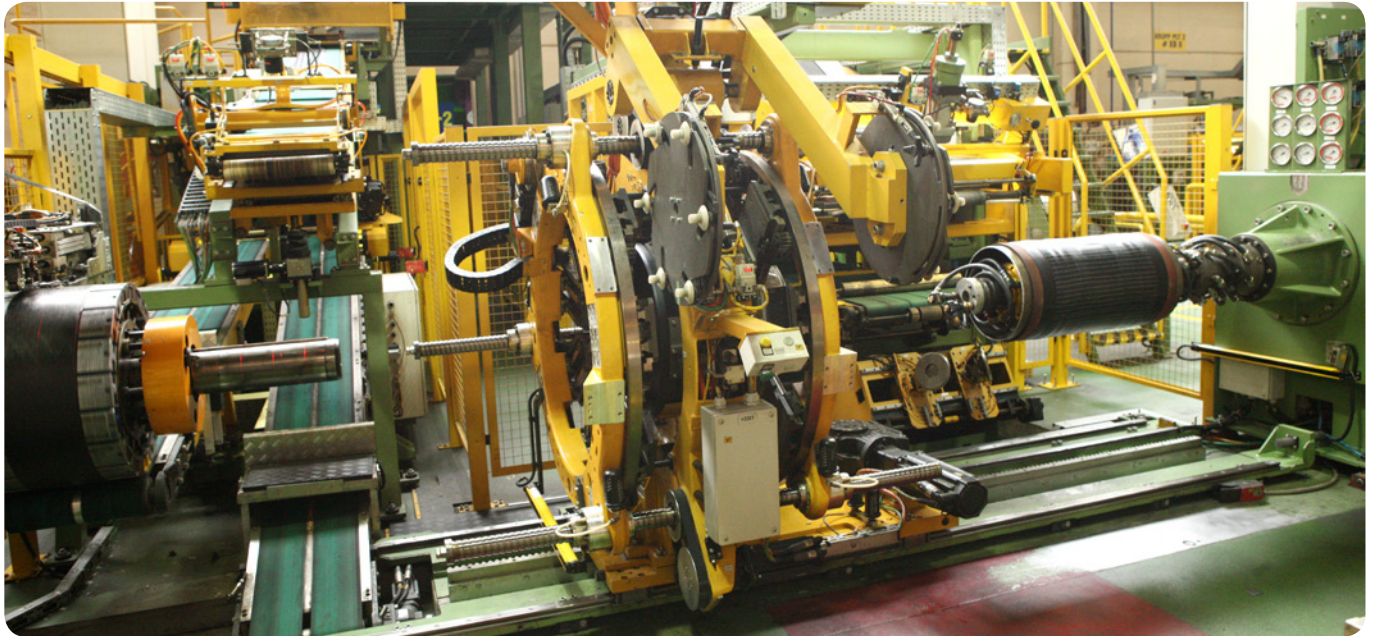
TOTAL SALES OF T.C. DĘBICA S.A. IN VALUE TERMS WITH A BREAKDOWN INTO REPLACEMENT AND OEM MARKETS

Tire Company Dębica S.A. makes tires for original equipment manufacturer (OEM) markets. These products are sold via related entities that supply tires to OEM markets.

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

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

Investment Activities



In 2015, capital expenditures totalled PLN 57.7 million.

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

- a) purchase of equipment and machinery capable of producing technologically advanced products and securing superior quality;
- b) maintenance of existing processes and fulfilment of legal requirements;
- c) actions aimed at generating savings, improvement of production efficiency, compliance with HSE, and fire safety requirements;
- d) purchases of manufacturing accessories.

In 2015 the investment activities aimed at the:

- 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 utilisation and optimisation of the operation of the existing machinery base and to bringing it into line with the requirements of new technologies being implemented;
- 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 occupational health and safety conditions and conducive for environmental protection;
- application of equipment for continuous monitoring of production processes.

Major Research and Development Activities

T.C. Dębica S.A. continued to pursue the technical development direction adopted in the previous years.

In the field of consumer tires the priorities were as follows:

- Implementing the production of 17" High Performance and Ultra High Performance tires, for Original Equipment Manufacturers for the following car makes: Audi, Volkswagen and Skoda;
- A follow-up implementation project involving the start of manufacturing of the BA tire (rolling resistance and wet grip parameters) with speed indices W (max. 270 km/h) and Y (max. 300 km/h);
- Extending the winter tire product range with the application of a silica-based compound, which offers excellent traction on snow and ice;
- Launching the production of a new family of all-season tires: the Goodyear Vector 4 Seasons Gen-2 with excellent all-season handling features.

In the field of truck tires Tire Company Dębica S.A. commenced the implementation of the manufacturing process for the 19.5" family of tires, comprising tires for steer, drive and trailer axles.

In parallel, compound production capacities were being developed to achieve the aforementioned tire characteristics. These are material technological processes which allow for obtaining enhanced tread safety on wet roads through the application of functionalised synthetic rubbers and silica with a high active area.

In the field of consumer tire manufacturing processes, computerisation efforts were continued to enable the implementation of a KANBAN-based manufacturing control system, optimising material circulation and safeguarding the highest compliance of executed production plans with the customer requirements. The implemented system safeguards full and complete real time monitoring of the manufacturing process for every single tire and collects and archives all necessary process and product data.

In the truck tire segment an analogous product process development strategy was prepared i.e. the KANBAN system was implemented – it is a fully computerised system involving the planning and supervision of the manufacturing process as well as the automatic collection and archiving of manufacturing process and product data. The applied solutions represent the highest level of development and efficiency of the tire manufacturing process.



Planned Development of T.C. Dębica S.A.

In 2015 Tire Company Dębica S.A. continued the execution of 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. As a result Tire Company Dębica S.A. is now making 17" tires and tires with the highest speed indices i.e. W (270 km/h) and Y (300 km/h).

In this segment the Company successfully launched a new product – a technologically advanced tire called Dębica Presto UHP, designed for ultra high performance cars.

Significant capital expenditures were spent, inter alia, on the modernisation and efficiency improvement of truck tire manufacturing lines and widening of the product range to improve further Company profitability and enhance its competitive edge in this segment. The Company is going to consistently strengthen its market position.

Awards for T.C. Dębica S.A.

April (2016) – an honorary mention in the Report entitled “CSR Business in Poland. Good Practice”

The CSR Business Forum appreciated T.C. Dębica S.A.’s efforts made for the educational development of children in the region. The Company’s practice of extending financial support to the classes organised by the Children’s University of Technology received an honorary mention. The Report entitled “CSR Business in Poland. Good Practice” awarded the Company an honorary mention in its 2015 edition in the category “social commitment and development of local community”.

December – Superbrands 2015/2016

T.C. Dębica was granted an honorary title “Superbrands 2015/2016” and title “Created in Poland Superbrands 2015/2016”, which is a special award granted exclusively to brands with Polish origin.



December – T.C. Dębica S.A. highly ranked in the “Most Valuable Brands” list

In the 12th edition of the Most Valuable Brands list, organised by the Rzeczpospolita daily, T.C. Dębica S.A. was ranked in 7th place in the category of brands spontaneously mentioned by consumers. Generally speaking, in the group of the 100 strongest Polish brands, the Company was classified in 51st position, and also in 13th position in the “other non-food products” category. The attachment to the Dębica brand is also shown by the reference index, determining the percentage of customers – brand users – willing to refer the brand to other people. In this category the Dębica brand was ranked in 16th position, whereas in the category of frequency of choosing Dębica products – it occupies the 21st position.

June – Export Leader in the list entitled “Top 100 Businesses in the Subcarpathian Region”

For the fourteenth time in a row Tire Company Dębica S.A. became the unquestionable Export Leader in the population of companies in the Subcarpathian region by being placed in the list entitled “Top 100 Companies in the Subcarpathian Region”. It also took 3rd place in such categories as headcount level, net profit and capitalisation at the end of 2014 and 6th place in terms of exports share in total sales.

June – “The Benefactor of the Decade”

The Dębica Business Club Association honoured Tire Company Dębica S.A. with the title of “The Benefactor of the Decade”. The award is a token of gratitude to the Dębica manufacturing plant for its long-term commitment to local initiatives, serving the purpose of development of social capital and civil society.

February – Top Employer

Tire Company Dębica S.A. received another Top Employers certificate, which is awarded each year by an international CRF Institute to the companies that pursue the best HR policy.

Corporate Social Responsibility (CSR)

For years now Tire Company Dębica S.A. has been an active corporate citizen of Dębica, which is evidenced by numerous social and educational initiatives, both in the City and in the region, supported by T.C. Dębica. Every year the Company plans the Donation Fund in the budget, which is used to allocate funds to support the disabled and the needy.

In particular, the Company commits itself willingly to funding initiatives supporting the development of children and youth. The Company is the major partner of the campaign entitled "Safe Road to School". As a part of the campaign each year the Company donates safety kits with reflective elements for first formers, enhancing the children's visibility on the road after nightfall and with a colouring book promoting the road safety procedures.

In 2015 Tire Company Dębica S.A., acting hand in hand with the Centre for Citizenship Education, jointly developed a kit of teaching aids for the elementary education teachers. The kit includes, but is not limited to, lesson plans, games and colouring books about road safety. These teaching aids are designed to help teachers add variety to the road traffic classes, which are a part of the syllabus for I – III formers, and at reception classes. They are also designed to inspire proprietary ideas for classes given by the teachers about road safety and road traffic rules.

Also, thanks to Tire Company Dębica S.A., the students of all secondary schools at Dębica can learn how to give first aid training on professional resuscitation manikins of an adult and an infant. The adult manikin is equipped with electronic sensors and diodes indicators, which tell the students in no time at all if the action taken by them was effective.

Tire Company Dębica S.A. is keen to support educational projects. Since the beginning of its operations at Dębica the Company has supported the Children's University of Technology, attended by children falling into the 6 to 12 age category who participate in lectures and exercises at laboratories, where they master the arcana of science. The Children's University of Technology initiative is arranged by the Education Support Foundation reporting to the Aviation Valley Association. The initiative was appreciated by the CSR Business Forum which, in its report entitled "CSR Business in Poland. Good Practices", awarded the Company an honorary mention in its 2015 edition in the category "social commitment and development of local community".

Within the framework of co-operation with the City Social Welfare Centre and the "Przyjaciółka" Foundation, Tire Company Dębica S.A. launched the campaign entitled "Good Childhood" through which it funded summer classes for children attending community centres. In December 2015 the associates of Dębica



Plant played the role of Santa Clause and prepared Christmas parcels for the children attending the "Spark" community centre at Latoszyn, covered by the "Santa Clause Courier" programme run by the "Przyjaciółka" Magazine Foundation.

Tire Company Dębica S.A. is one of the organisers of the Goodfest Music Festival, which year on year arouses an increasing level of interest from the audience and mass media on a nationwide basis. In addition to the music, the Festival is accompanied by such initiatives as the opening of the safety town, safe driving zone and educational interactive exhibitions. For numerous members of the Subcarpathian region's population, the Goodfest Music Festival has become a permanent event in their vacation calendar and a guarantee of good fun and entertainment for the whole family.



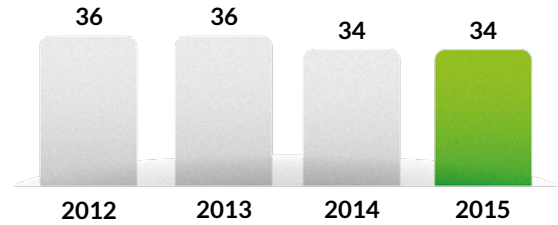
Environmental Report

Environmental Protection

Environmental care is a natural priority of T.C. Dēbica S.A.

Through the implementation of new technologies, process optimization as well as compliance with very rigorous legal requirements, Tire Company Dēbica S.A. effectively curtails the adverse impact of manufacturing activities on the natural environment.

The impact of the undertaken activities are visible in the Company's performance in individual business areas.



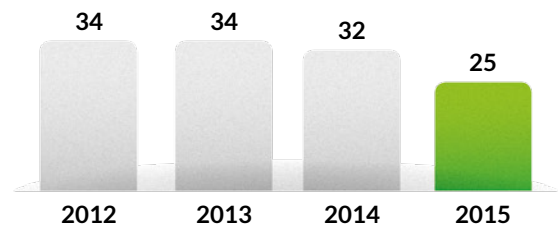
Carbon dioxide emissions from the commercial boiler house in 2012-2015 (in '000 tons)



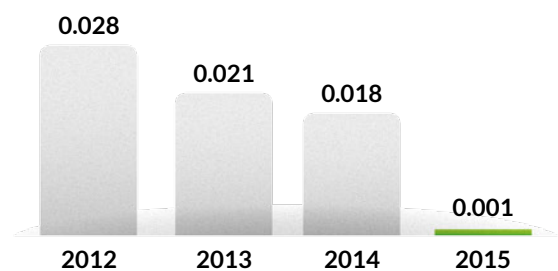
Air Emissions

In the tire manufacturing process Tire Company Dēbica S.A. uses heat energy generated by an on-site boiler house, which is mainly fired by natural gas. The air emissions from the combustion process include the following pollutants: carbon dioxide, as well as carbon, sulphur and nitrogen monoxides. The maintenance of optimum combustion control conditions and recirculation of some flue gases enabled the reduction of emissions of carbon and nitrogen monoxides from the combustion process.

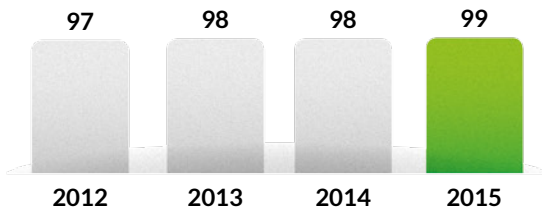
Measures taken over the last couple of years to eliminate gasoline and gasoline-based adhesives enabled a significant reduction in gasoline consumption in the tire manufacturing process and, as a consequence, a reduction in the emission of volatile organic compounds.



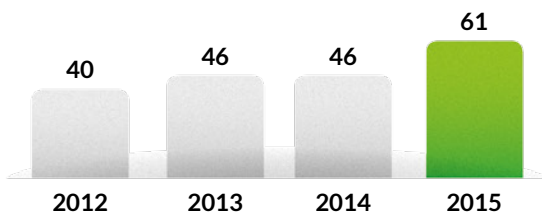
Other pollutions emitted by the commercial fuel combustion process in 2012-2015 (in tons)



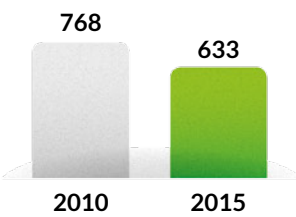
Gasoline consumption in 2012-2015 (in kg per 1 Mg of the product)



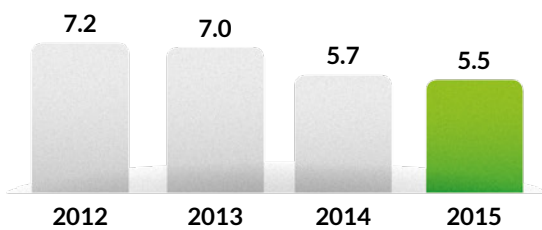
Volume of recovered/recycled waste in total volume of waste produced in 2012-2015 [%]



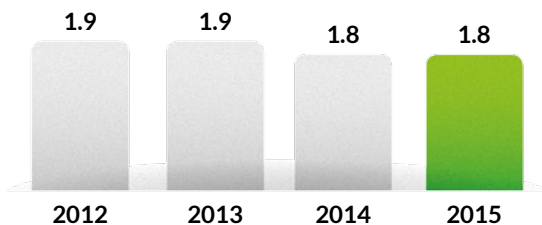
Volume of recycled waste in 2012-2015 [%]



Reduction of process water consumption in 2010-2015 (in '000 m³)



Water consumption in m³ per ton of product in 2012-2015



Environmental fees in PLN per ton of product in 2012-2015

Industrial Waste

99% of industrial waste generated by Tire Company Dębica S.A. is handed over to a third party dealing with waste management, with the application of recovery processes including recycling. Commissioning waste for recovery/recycling, the Company limits the consumption of virgin materials, which protects natural resources and eliminates storage of waste at landfill sites. In 2015 as much as 61% of total waste commissioned for management was recycled. The idea underlying recycling is to recover as many materials and raw materials as possible from the segregated waste in parallel to a maximum reduction of recycling expenses.

To achieve the highest possible waste utilisation rate, waste has to be segregated properly at each work station, which is achieved by the Company thanks to high associate awareness.

Water

For the last 5 years the Company has been running a programme focusing on the reduction of process water consumption. The Company's objective is to reduce water consumption by 15% against the baseline level.

At the end of 2015 the objective was met. The process water consumption was reduced by 17%.

Water consumption in m³ per ton of product was also reduced.

Environmental Fees

Despite an increase in environmental rates, the ratio of environmental fees per 1 Mg of products remained at the previous year's level.

Financial Statement

Financial data provided in this section are in fact the Abbreviated 2015 Financial Statement, drawn up in compliance with the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223) of the Decree of the Council of Ministers of 19 February 2009 on Current and Periodic Information Provided by the Securities Issuers (Journal of Laws No. 33, item 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 12 December 2001 (Journal of Laws No. 149, item 1674, as amended).

The Complete Financial Statement comprises Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash

Flow Statement, Introduction to the Financial Statement, Notes to the Financial Statement, Additional Notes to the Financial Statement, Company Operations Report, Auditor's Report and a letter from the President of the Management Board for shareholders.

The Auditor's Opinion was issued for the full version of 2015 Financial Statement (SA-R 2015), which was handed over to the Polish Financial Supervision Authority and Polish Press Agency, and will also be submitted to the Annual General Meeting of Shareholders of T.C. Dębica S.A.

BALANCE SHEET ('000 PLN)		2015	2014
ASSETS			
I.	Fixed assets	829 765	868 174
1.	Intangible assets	21	39
2.	Tangible fixed assets	827 507	866 030
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	2 093	1 961
	4.1. Deferred income tax assets	2 093	1 961
II.	Current assets	602 183	529 128
1.	Inventories	74 834	117 668
2.	Short-term receivables	241 975	244 157
	2.1. From related entities	207 331	204 239
	2.2. From other entities	34 644	39 918
3.	Short-term investments	284 425	166 781
	3.1. Short-term financial assets	284 425	166 781
	a) in related entities	255 000	105 000
	b) in other entities	0	5 395
	c) cash and cash equivalents	29 425	56 386
4.	Short-term deferred assets	949	522
Total assets		1 431 948	1 397 302

LIABILITIES		
I. Shareholders' equity	999 803	964 369
1. Share capital	110 422	110 422
2. Reserve capital	324 459	322 675
3. Revaluation capital	68 099	69 883
4. Other reserve capital	417 910	374 443
5. Net profit (loss)	78 913	86 946
II. Liabilities and liability provisions	432 145	432 933
1. Liability provisions	62 519	53 934
1.1. Provision for deferred income tax	29 328	21 290
1.2. Provision for pension benefits and equivalents	31 744	30 360
a) long-term	10 235	10 135
b) short-term	21 509	20 225
1.3. Other provisions	1 447	2 284
a) long-term	100	132
b) short-term	1 347	2 152
2. Long-term liabilities	1 643	1 473
2.1. To other entities	1 643	1 473
3. Short-term liabilities	367 983	377 526
3.1. To related entities	73 266	89 304
3.2. To other entities	294 165	288 038
3.3. Special funds	552	184
4. Accrued liabilities	0	0
4.1. Other accrued liabilities	0	0
a) long-term liabilities	0	0
b) short-term liabilities	0	0
Total liabilities and equity	1 431 948	1 397 302
Book value	999 803	964 369
Number of shares (pcs.)	13 802 750	13 802 750
Book value per share (in PLN)	72.44	69.87
Diluted number of shares (pcs.)	13 802 750	13 802 750
Diluted book value per share (in PLN)	72.44	69.87

PROFIT AND LOSS ACCOUNT ('000 PLN)

	2015	2014
I. Net sales of products merchandise and materials including:	1 765 584	1 837 805
- from related entities	1 634 290	1 629 598
1. Net sales of products	1 698 490	1 760 964
2. Net sales of merchandise and materials	67 094	76 841
II. Cost of products merchandise and materials sold including:	1 590 702	1 642 282
- to related entities	1 477 547	1 485 397
1. Cost of products sold	1 523 136	1 568 989
2. Cost of merchandise and materials sold	67 566	73 293
III. Gross profit (loss) on sales	174 882	195 523
IV. Selling expenses	8 680	34 717
V. General administrative expenses	66 982	55 671
VI. Profit (loss) on sales	99 220	105 135
VII. Other operating income	273	233
1. Gain on disposal of non-financial fixed assets	-	-
2. Subsidies	-	-
3. Other operating income	273	233
VIII. Other operating expenses	16 871	27 962
1. Loss on the disposal of non-financial fixed assets	388	2 246
2. Revaluation of non-financial fixed assets	976	1 392
3. Other operating costs	15 507	24 324
IX. Operating profit (loss)	82 622	77 406
X. Financial income	6 984	4 942
1. Dividends and interests in profits including:	-	-
- from related entities	-	-
2. Interest receivable	6 760	4 942
- from related entities	5 129	3 116
3. Gains from investment disposal	-	-
4. Revaluation of investments	-	-
5. Other	224	
XI. Financial expenses	2 787	7 968
1. Interest payable	2 787	5 052
- to related entities	-	-
2. Loss on investment disposal	-	-
3. Revaluation of investments	-	-
4. Other		2 916
XII. Profit (loss) on ordinary activities	86 819	74 380
XIII. Extraordinary gains/losses	-	-
1. Extraordinary profits	-	-
2. Extraordinary losses	-	-
XIV. Profit (loss) before taxation	86 819	74 380
XV. Income tax	7 906	-12 566

a) current portion	0	0
b) deferred portion	7 906	-12 566
XVI. Other mandatory deductions from profit (loss increases)	-	-
XVII. Share in profits (losses), net of subsidiaries priced using property rights method	-	-
XVIII. Net profit (loss)	78 913	86 946
Net profit (loss) (annualized)	78 913	86 946
Weighted average number of the ordinary shares (pcs.)	13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	5.72	6.30
Weighted average diluted number of the ordinary shares (pcs.)	13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)	5.72	6.30

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY ('000 PLN)

	2015	2014
I. Opening balance of shareholders' equity	964 369	935 118
I.a. Opening balance of shareholders' equity after restatement to comparative data	964 369	935 118
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	322 675	322 482
2.1. Changes in reserve capital	1 784	193
a) additions (of which)	1 784	193
- allocation from the reserve capital of amounts of revaluated liquidated fixed assets - current period	1 784	193
2.2. Closing balance of reserve capital	324 459	322 675
3. Opening balance of revaluation capital	69 883	70 076
3.1. Changes in revaluation capital	-1 784	-193
a) reductions (of which):	1 784	193
- allocation to the reserve capital of amounts of revaluated liquidated fixed assets - current period	1 784	193
3.2. Closing balance of revaluation capital	68 099	69 883
4. Opening balance of other reserve capital	374 443	316 612
4.1. Changes in other reserve capital	43 467	57 831
a) additions (of which)	43 467	57 831
- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	0	57 831
- allocation to reserve capital from the profit distributed for the year 2014 with an option of dividend payment to the shareholders	43 467	0
4.2. Closing balance of other reserve capital	417 910	374 443
5. Opening balance of retained earnings	86 946	115 526
5.1. Opening balance of retained earnings	86 946	115 526
5.2. Opening balance of retained earnings after the restatement to comparative data	86 946	115 526
a) reductions (of which):	86 946	115 526
- dividend for shareholders	43 479	57 695

- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	0	57 831
- allocation to reserve capital from the profit distributed for the year 2014 with an option of dividend payment to the shareholders	43 467	0
5.3. Closing balance of retained earnings	0	0
5.4. Closing balance of retained earnings/losses	0	0
6. Net profit (loss)	78 913	86 946
a) net profit	78 913	86 946
II. Closing balance of shareholders' equity	999 803	964 369
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	999 803	964 369

CASH FLOW STATEMENT ('000 PLN)

	2015	2014
A. Operational cash flows		
I. Net profit (loss)	78 913	86 946
II. Total adjustments	156 681	107 554
1. Depreciation and amortization	92 337	87 644
2. Foreign exchange gains/losses	-85	-127
3. Interest and dividends	-4 763	-1 782
4. Investment activity gain (loss)	2 113	3 545
5. Change in provisions	8 585	-9 590
6. Change in inventories	42 834	-9 221
7. Change in receivables	7 577	92 887
8. Change in current liabilities (excluding loans and credits)	8 642	-55 674
9. Change in deferred and accrued expenses	-559	-128
10. Other adjustments	0	0
III. Net operational cash flows (I+/-II) – indirect method	235 594	194 500
B. Investment activity cash flows		
I. Cash inflows	9 065	4 564
1. Disposal of intangible assets and tangible fixed assets	3 936	1 448
2. From financial assets of which:	5 129	3 116
a) In related entities	5 129	3 116
- interest income	5 129	3 116
b) in other entities	0	0
- interest income	0	0
- other income from financial assets	0	0
II. Cash outflows	225 968	206 198
1. Acquisition of intangible assets and tangible fixed assets	75 968	101 198
2. On financial assets of which:	0	0
a) in related entities	0	0
b) in other entities	0	0

3.	Other capital expenditures	150 000	105 000
III.	Net investment activity cash flows (I-II)	-216 903	-201 634
C.	Financial activity cash flows		
I.	Cash inflows	0	0
1.	Credits and loans	0	0
2.	Other inflows	0	0
II.	Cash outflows	45 737	61 194
1.	Dividends and other payments to the owners	43 479	57 695
2.	Financial lease commitments paid	1 892	2 165
3.	Interest paid	366	1 334
III.	Net financial activity cash flows (I-II)	-45 737	-61 194
D.	Total net cash flows (A.III+/-B.III+/-C.III)	-27 046	-68 328
E.	Change in balance-sheet cash and cash equivalents of which:	-26 961	-68 201
	- change in cash and cash equivalents due to foreign exchange gains/losses	85	127
F.	Opening balance of cash and cash equivalents	56 452	124 780
G.	Closing balance of cash and cash equivalents (F+/- D) of which:	29 406	56 452
	- those with restricted availability	553	184

Notes to the 2015 Financial Statement

I. REPORTING PRINCIPLES AND INFORMATION ABOUT COMPANY AUTHORITIES

1. The Financial Statement was drawn up for 2015, covering the period from 1 January 2015 to 31 December 2015 and comparable financial data for 2014, covering the period from 1 January 2014 to 31 December 2014.

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

3. The Financial Statement was prepared in accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330, as amended) and pursuant to the Decree of the Council of Ministers of 19 February 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 12 December 2001 (Journal of Laws No. 149, item 1674, as amended). For the purposes of drawing up financial statements the Company does not apply National Accounting Standards.

The Introduction and the Notes represent an integral part of the Financial Statement.

4. Company authorities:

Management Board

Stanisław Cieszkowski – President of the Management Board

Ireneusz Maksymiuk – Management Board Member

Radosław Bótkowski – Management Board Member (until 29 June 2015)

Michał Mędrek – Management Board Member (since 4 August 2015)

Mariusz Solarz – Management Board Member (until 8 October 2015)

Leszek Szafran – Management Board Member (since 8 October 2015)

Supervisory Board

Jacek Pryczek – Chairman of the Supervisory Board

Dominikus Golsong – Deputy Chairman of the Supervisory Board

Karl Brocklehurst – Supervisory Board Member

Maciej Mataczyński – Secretary of the Supervisory Board

Renata Kowalska-Andres – Supervisory Board Member

Łukasz Rędziniak – Supervisory Board Member

Janusz Raś – Supervisory Board Member (until 12 June 2015)

Piotr Wójcik – Supervisory Board Member (since 12 June 2015)

II. ACCOUNTING PRINCIPLES

1. Tangible and intangible assets

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

The following periods for making amortisation allowances were assumed:

– computer software	2-10 years
– costs of development efforts	3 years
– other	5 years

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 fulfil at least one of the criteria defined in Art. 3, par. 4 of the Act (financial lease).

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 5,000 are depreciated by the Company on a one-time basis, whereas for tax purposes that value is PLN 3,500.

For the purposes of determination of the depreciation period and annual depreciation rate a consideration is given to the expected economic life of a fixed asset and an intangible asset. The correctness of the adopted depreciation periods and rates is subject to periodic verification.

The acquisition price and manufacturing costs of fixed assets under construction, fixed assets and intangible assets comprise also costs of serving liabilities taken to finance the time of their construction, erection or adaptation.

The acquisition price or manufacturing price of a fixed asset is increased by the costs of its improvement.

In the case of changes in the manufacturing process, slating for liquidation, withdrawal from use or due to other reasons causing impairment of a fixed or intangible asset, a revaluation write-off is performed and posted into other operating costs. The revaluation write-offs for fixed assets, whose pricing was updated under separate legislation, reduce differences caused by pricing revaluation posted into revaluation capital. A possible surplus of the write-off over the differences coming from the pricing revaluation is posted into other operating costs.

If the reason for making a write-off for impairment of fixed and intangible assets ceases to exist, the equivalent of the total or a part of the previously made revaluation write-off is increased by the value of a certain asset and is posted into other operating revenues.

2. 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 the 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.

3. Lease

Operational lease, tenancy or lease

A contract, under which a significant portion of risk and benefits related to holding ownership title is enjoyed by the lessor (financing party), is posted as an operational lease, tenancy or lease contract. The lease payments made under an operational lease arrangement, lease or tenancy contract less any special promotions granted by the lessor (the financing party) are posted into costs on a straight-line basis during the lease or tenancy period.

Financial lease

Third party fixed assets or intangible assets taken for use under a lease contract are classified as fixed assets or intangible assets if they fulfil the conditions set forth in the Act.

The lease of tangible fixed assets, where the Company acting as a lessee bears basically all risks and enjoys basically all benefits related to the ownership title, is categorised as a financial lease. The financial lease is activated upon the start of the lease in accordance with one of the two amounts, whichever is lower: fair value of the asset under the lease and the actual value of the minimum lease payments.

Each lease payment is split into financial lease liability (principal portion) and financial costs (interest portion). The split is performed using an internal rate of return method pursuant to which the interest portion of the lease payment is divided into individual periods so that the interest rate applied to the financial lease liability balance was constant in each period.

Tangible fixed assets used under the financial lease are depreciated during the shorter of the two periods: the asset utilisation period or the lease period.

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 the 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 a 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 an 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 the actual and planned output is higher than 15%, then the indirect manufacturing costs born in the quarter in which the 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 the indirect costs. The absorption rate in turn is calculated as the quotient of the indirect manufacturing costs assumed in the annual plan and the planned output for this period expressed in tons. The rate is updated based on actual data.

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

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

6. Receivables and liabilities

Receivables and liabilities (except for financial liabilities) are priced at the due amount following the prudent pricing principle and shown as net values (less revaluation write-offs).

The receivables' value is revaluated taking into consideration the likelihood of their payment by means of making a revaluation write-off.

The financial liabilities (except for tradable financial liabilities, derivatives that have a liability nature and hedged positions) are priced at the end of accounting period at the latest adjusted purchase price.

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 – are priced at fair value. If there is no opportunity for a reliable assessment of fair value, and the assets have a set maturity date, then they are priced at the level of depreciated cost using the effective interest rate; and if the assets do not have a set maturity date, they are priced at their acquisition prices.

The extended loans are priced at due amount plus interest payable for a certain month.

The effects of periodic pricing of financial assets are posted respectively into the financial income or expenses of the accounting period in which the 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 a maturity under 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 the Cash Flow Statement. The listed cash assets are presented in the balance sheet in the short-term investment line.

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 balancing date, the assets and liabilities expressed in foreign currencies are priced at the average exchange rate set for a given currency by the National Bank of Poland for such 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 into financial income or costs accordingly, and in justified cases into fixed assets under construction or intangible assets.

10. 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 that will enhance the income tax taxable base in the future.

The Company also records deferred income tax assets determined at the level of the income tax to be deducted in the future in relation to negative transient differences that will reduce the income tax taxable base in the future in relation to the deductible tax loss, determined following prudential pricing principle.

The amount of provision and deferred income tax assets is determined taking into consideration income tax rates prevailing in the year of the tax obligation occurrence.

The difference between the balance of provisions and deferred income tax assets deferred at the end and beginning of the accounting period has an impact on the financial result, with the provisions and deferred income tax assets, concerned with transactions settled against equity, also posted into equity.

Pursuant to the held operational permit No. 134/ARP/2008 of 27 February 2008 for running business activities within the Euro-Park Mielec Special Economic Zone, Tire Company Dębica S.A. is entitled to enjoy income tax relief up to 40.23 per cent of the discounted amount of capital expenditures spent on investment projects within the Euro-Park Mielec Special Economic Zone. The Company met the requirements attached to the operational permit in December 2012 and, starting from 2013 onwards, is entitled to enjoy income tax relief for legal persons. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational

Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section pertaining to the validity date. Consequently, the validity date was deleted from the Operational Permit.

According to the plans at the balancing date, the Management Board assumes full utilisation of the tax allowance by the end of 2017.

The Company calculates deferred income tax on all transient differences. When determining the amount of deferred income tax assets and provision for transitional differences, whose estimated execution moment will take place while running activities in the Special Economic Zone, the tax rate was applied (pursuant to Art. 37, par. 6, par. of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate).

The Company does not apply the provisions of the National Accounting Standard No. 2 "Income Tax".

11. Provisions for liabilities, warranty repairs, retirement gratuities and pensions and non-utilized leaves

The provisions for liabilities are priced at justified, reliably estimated value.

The provisions are set up for:

- certain or highly probable future liabilities the value of which can be estimated reliably including, in particular, losses on business transactions underway, including extended guarantees, sureties, credit transactions and effects of ongoing lawsuits;
- future restructuring-related liabilities if, under separate regulations, the entity is obliged to undertake restructuring efforts or binding agreements have been signed, and restructuring plans allow in a reliable manner an estimation of the value of future liabilities;
- retirement gratuities that have to be paid under the works collective labour agreement. The provision is set up in the amount determined by an actuary;
- probable liabilities falling into the current accounting period being, in particular, a result of an obligation of fulfilment, in relation to current operations, of future liabilities vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

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.

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.

12. 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.

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. Surplus capital is increased by the revaluation capital that originated from disposed fixed assets covered by revaluation.

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

13. Prepayments

The Company posts prepayments that cover costs incurred with reference to future accounting periods.

The prepayments are written off proportionally to the time elapsed and/or size of services. The time and settlement method is justified by the nature of the settled costs following a prudential pricing principle.

14. Accruals

Accruals are posted in the amount of probable liabilities falling into the current accounting period being, in particular, a result of:

- benefits provided to the entity by its contractors, when the amount of liability can be estimated in a reliable manner;
- obligation of delivery, in relation to current operations, of future benefits vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

The accruals, referred to hereinabove, are posted into the balance sheet in the line "trade payables".

The accruals related to warranty repairs are posted in proportion to the expected size of the services, which include repairs made (on one's own or replacement of a commodity or product under extended warranty). Upon the expiry of the warranty period, the non-written-off accruals are deducted from the cost of sales of the accounting period in which no warranty repair claim occurred.

15. Sales revenues

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

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

16. Costs and measurement of financial results

Operating costs include: costs connected directly with the core activity of the Company. Expenses are recognized on an 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 revaluing 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 the securities trade, foreign exchange losses, entries revaluating financial assets and short-term securities.

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

The Company's financial results 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, as 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 and non-taxable income.

17. The Financial Statement with the separation of energy trading and distribution activities

The Financial Statement contains Notes with disclosed information as required by Art. 44 of the Act called the Power Law (Journal of Laws of 2012, item 1059, as amended).

The accounting policy was updated as a result of the amended Art. 44 of the Act called the Power Law (Journal of Laws of 2012, item 1059, as amended), effective from 1 January 2014, imposing an obligation on power companies to draw up Financial Statements containing a Balance Sheet and Profit and Loss Account for the accounting periods, with a breakdown into individual types of business activities run.

T.C. Dębica S.A. runs electric and heat energy trading and distribution activities and also other activities and is therefore, under Art. 44 of the Power Law, obliged to apply the provisions of the said Act.

III. BASIC FINANCIAL DATA AND AVERAGE PLN EXCHANGE RATES

BALANCE SHEET ('000)				
	31.12.2015		31.12.2014	
	PLN	EUR	PLN	EUR
Fixed assets	829 765	194 712	868 174	203 687
Current assets	602 183	141 308	529 128	124 141
Total assets	1 431 948	336 020	1 397 302	327 828
Equity	999 803	234 613	964 369	226 255
Liabilities & provisions for liabilities	432 145	101 407	432 933	101 573
Total liabilities	1 431 948	336 020	1 397 302	327 828
PROFIT AND LOSS ACCOUNT ('000)				
	2015		2014	
	PLN	EUR	PLN	EUR
Net sales of products, merchandise and raw materials	1 765 584	421 907	1 837 805	438 695
Cost of products, merchandise and raw materials sold	1 590 702	380 117	1 642 282	392 023
Gross profit (loss) on sales	174 882	41 790	195 523	46 672
Selling expenses	8 680	2 074	34 717	8 287
General administrative expenses	66 982	16 006	55 671	13 289
Profit (loss) on sales	99 220	23 710	105 135	25 096
Other operating income	273	65	233	56
Other operating expenses	16 871	4 032	27 962	6 675
Operating profit (loss)	82 622	19 743	77 406	18 477
Financial income	6 984	1 669	4 942	1 180
Financial expenses	2 787	666	7 968	1 902
Profit (loss) on ordinary activities	86 819	20 746	74 380	17 755
Profit (loss) before taxation	86 819	20 746	74 380	17 755
Income tax	7 906	1 889	-12 566	-3 000
Net profit (loss)	78 913	18 857	86 946	20 755
CASH FLOW STATEMENT ('000)				
	2015		2014	
	PLN	EUR	PLN	EUR
Net operational cash flows	235 594	56 298	194 500	46 428
Net investment activity cash flows	-216 903	-51 831	-201 634	-48 131
Net financial activity cash flows	-45 737	-10 929	-61 194	-14 607
Total net cash flows	-27 046	-6 463	-68 328	-16 310

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:

31 December 2015 1 EUR = PLN 4.2615

31 December 2014 1 EUR = PLN 4.2623

- average exchange rate, calculated as the mean arithmetic value of exchange rates prevailing on the last day of each month:

in 2015: 1 EUR = PLN 4.1848

in 2014: 1 EUR = PLN 4.1893

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

in 2015: the highest rate 1 EUR = PLN 4.3580

the lowest rate 1 EUR = PLN 4.0998

in 2014: the highest rate 1 EUR = PLN 4.3138

the lowest rate 1 EUR = PLN 4.0998

The items in the Profit and Loss Account for 2015 were converted into EUR using the mean annual EUR/PLN exchange rate, which was PLN 4.18477.

V. 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. Dębica S.A. draws up financial statement in accordance with US GAAP for the strategic investor The Goodyear Tires & 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 Financial Reporting Standards (IFRS) is not possible.

Below are attached tables with an 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. The differences are shown as net figures, accounting for the impact of income tax.

	31.12.2015	31.12.2014
SHAREHOLDERS' EQUITY ACCORDING TO POLISH ACCOUNTING PRINCIPLES ('000 PLN)	999 803	964 369
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	44	-11
Discrepancy stemming from different classification of lease contracts	44	9
Adjustment of differences in gross value of fixed assets	-14 536	-13 763
Adjustment of depreciation for fixed assets with different gross values	3 015	3 768
Transient difference being a result of the moment of current cost recognition	8 771	19 796
Difference stemming from different calculation of provisions for extended guarantees	42	66
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	14 517	15 795
Capitalization of realized foreign exchange gains/losses on investment projects	-1 140	-1 191
Actuarial provisions for gratuities	1 680	1 626
Income tax allowance in relation to the Special Economic Zone	58 276	93 671
Difference in deferred tax treatment	5 256	- 23 663
Shareholders' equity according to the Goodyear Group's principles	1 075 772	1 060 472

	2015	2014
NET PROFIT ACCORDING TO POLISH ACCOUNTING PRINCIPLES ('000 PLN)	78 913	86 946
Transient difference being a result of the moment of current cost recognition	- 11 026	8 935
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	55	-35
Discrepancy stemming from the different classification of lease contracts	35	-185
Adjustment of differences in the gross value of fixed assets	-773	15
Adjustment of depreciation for fixed assets with different gross values	-753	-3 750
Difference stemming from the different calculation of the provisions for extended guarantees	-24	40
Capitalization of interest on the average debt level in compliance with the Goodyear Group principles	-1 278	73
Capitalization of realized foreign exchange gains/losses on investment projects	51	180
Actuarial provisions for gratuities	54	1 483
Income tax allowance in relation to the Special Economic Zone	-35 395	-7 656
Difference in deferred tax treatment	28 919	-16 299
Net profit according to the Goodyear Group principles	58 778	69 747



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