

Quarter SA-Q 1 / 2019

(in accordance with § 82 section 1 item 1 of the Regulation of the Minister of Finance
dated 19 February 2009 - Journal of Laws no. 33, item 259)
(for issuers of securities with the business profile of production, construction, trade or services)

for the III quarter 2019, period from 1/1/2019 do 3/31/2019

Submission date: 5/16/2019

FIRMA OPONIARSKA DĘBICA SA

(complete name of the issuer)

Dębica
(abbreviated name)

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(postal code)

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SELECTED FINANCIAL DATA

	thousand pln		thousand EURO	
	1 quarter 2019 to date period from 01-01-2019 to 31-03-2019	1 quarter 2018 to date period from 01-01- 2018 to 31-03-2018	1 quarter 2019 to date period from 01-01-2019 to 31-03-2019	1 quarter 2018 to date period from 01-01- 2018 to 31-03-2018
I. Net sales revenues	571,102	500,951	132,882	119,891
II. Operating profit (loss)	58,821	53,042	13,686	12,694
III. Profit (loss) before taxation	59,364	55,179	13,812	13,206
IV. Net profit (loss)	58,488	55,208	13,609	13,213
V. Net cash flows from operating activities	- 27,100	- 55,807	- 6,306	- 13,356
VI. Net cash flows from investing activities	179,615	102,152	41,792	24,448
VII. Net cash flows from financing activities	- 1,357	- 703	- 316	- 168
VIII. Total net cash flows	151,158	45,642	35,171	10,923
IX. Total assets	1,780,872	1,691,457	414,031	393,362
X. Liabilities and reserves for liabilities	610,131	579,205	141,848	134,699
XI. Long-term liabilities	4,256	3,995	989	929
XII. Short-term liabilities	550,074	512,700	127,885	119,233
XIII. Shareholders' equity	1,170,741	1,112,252	272,183	258,663

XIV. Share capital	110,422	110,422	25,672	25,680
XV. Number of shares	13,802,750	13,802,750	13,802,750	13,802,750
XVI. Earnings (loss) per ordinary share (in PLN / EUR)	4.24	4.00	0.99	0.96
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)	4.24	4.00	0.99	0.96
XVIII. Book value per share (in PLN / EUR)	84.82	80.58	19.72	18.74
XIX. Diluted book value per share (in PLN / EUR)	84.82	80.58	19.72	18.74
XX. Declared or paid-out dividend per ordinary share (in PLN / EUR)				

BALANCE SHEET

	as of 31-03-2019 end of quarter I 2019		as of 31-12-2018 end of previous year 2018	as of 31-03-2018 end of Q I 2018
ASSETS				
I. Fixed assets	787,102		799,182	818,347
1. Intangible assets, of which:	0		0	0
2. Tangible fixed assets	778,045		789,702	809,855
4. Long-term investments	144		144	144
4.3. Long-term financial assets	144		144	144
b) in other companies	144		144	144
5. Long-term deferred assets	8,913		9,336	8,348
5.1. Deferred income tax	8,913		9,328	8,311
5.2. Other deferred assets	0		8	37
II. Current assets	993,770		892,275	875,296
1. Inventories	99,399		93,806	98,682
2. Current receivables	480,513		354,551	407,004
2.1. From related companies	424,132		319,412	375,841
2.2. From other companies	56,381		35,139	31,163
3. Short-term investments	408,550		442,419	364,763
3.1. Short-term financial assets	408,550		442,419	364,763
a) in related companies	165,000		350,000	225,000
c) cash and cash equivalents	243,550		92,419	116,157
4. Short-term deferred assets	5,308		1,499	4,847
Total Assets	1,780,872		1,691,457	1,693,643
SHAREHOLDERS' EQUITY AND LIABILITIES				
I. Shareholders' Equity	1,170,741		1,112,252	1,167,427
1. Share capital	110,422		110,422	110,422
4. Reserve capital	327,249		327,178	326,308
5. Revaluation capital	65,310		65,380	66,251
6. Other reserve capitals	519,520		519,520	489,664
7. Prior years' profit (loss)	89,752			119,574
8. Net profit (loss)	58,488		89,752	55,208
II. Liabilities and reserves for liabilities	610,131		579,205	526,216
1. Reserves for liabilities	55,801		62,510	40,852
1.1. Reserve for deferred income tax	25,232		25,532	18,005
1.2. Provisions for pensions and similar benefits	23,262		36,046	22,312

a) long-term provisions	9,284		9,707	9,291
b) short-term provisions	13,978		26,339	13,021
1.3. Other provisions	7,307		932	535
a) long-term provisions	136		139	142
b) short-term provisions	7,171		793	393
2. Long-term liabilities	4,256		3,995	3,277
2.2. To other companies	4,256		3,995	3,277
3. Current liabilities	550,074		512,700	482,087
3.1. To related companies	107,881		85,012	97,769
3.2. To other companies	437,193		426,889	380,072
3.3. Special funds	5,000		799	4,246
4.2. Accrued expenses and deferred income			0	
Total Shareholders' Equity and Liabilities	1,780,872		1,691,457	1,693,643

Book value	1,170,741		1,112,252	1,167,426
Number of shares	13,802,750		13,802,750	13,802,750
Book value per share (in PLN) - basic	84.82		80.58	84.58
Diluted number of shares	13,802,750		13,802,750	13,802,750
Book value per share (in PLN) - diluted	84.82		80.58	84.58

OFF-BALANCE-SHEET ITEMS

	as of 31-03-2019 end of Q1 2019		as of 31-12-2018 end of previous year 2018	as of 31-03-2018 end of Q1 2018
Contingent receivables				
From related companies, of which:				
- guarantees received				
1. Other, of which:	2,333		3,070	4,745
off-balance sheet liabilities due to long-term gas supply contract	1,126		1,609	3,056
- off-balance sheet liabilities due to long-term real estate rental contract	1,207		1,461	1,689
Total off-balance-sheet items	2,333		3,070	4,745

PROFIT AND LOSS ACCOUNT

	Q1 2019 period from 01-01-2019 to 31-03-2019		quarter 12018 period from 01-01-2018 to 31-03-2018	
I. Net sales revenues	571,102		500,951	
- of which sales to related companies	502,823		447,822	
1. Net sales of products	502,897		462,755	
2. Net sales of merchandise and raw materials	68,205		38,196	
II. Cost of products, merchandise and raw materials sold	499,631		440,176	
- of which sold to related companies	437,008		398,028	

1. Cost of products sold	436,572		402,635	
2. Cost of merchandise and raw materials sold	63,059		37,541	
III. Gross profit (loss) on sales	71,471		60,775	
IV. Selling expenses	3,710		2,988	
V. General administrative expenses	1,904		4,375	
VI. Profit (loss) on sales	65,857		53,412	
VII. Other operating income	49		290	
1. Gain on disposal of non-financial fixed assets	0		256	
3. Other operating income	49		34	
VIII. Other operating expenses	7,085		660	
1. Loss on disposal of non-financial fixed assets	54		-	
2. Revaluation of non-financial fixed assets	24		56	
3. Other operating costs	7,007		604	
IX. Operating profit (loss)	58,821		53,042	
X. Financial income	1,509		2,414	
2. Interest receivable	1,509		1,380	
- of which from related companies	1,036		1,218	
5. Other financial income	-		1,034	
XI. Financial expenses	966		277	
1. Interest payable	141		277	
4. Other financial expenses	825		-	
XII. Profit (loss) on ordinary activities	59,364		55,179	
XV. Corporate income tax	876		-29	
a) current portion	760		684	
b) deferred portion	116		-713	
XVIII. Net profit (loss)	58,488		55,208	

Net profit (loss) (annualized)	93,032		130,073	
Weighted average number of ordinary shares	13,802,750		13,802,750	
Earning (loss) per ordinary share (in PLN) - basic	6.74		9.42	
Diluted weighted average number of ordinary shares	13,802,750		13,802,750	
Earning (loss) per ordinary share (in PLN) - diluted	6.74		9.42	

STATEMENT OF SHAREHOLDERS' EQUITY

	quarter 1 2019 period from 01-01-2019 to 31-03-2019		year 2018 period from 01-01-2018 to 31-12-2018	quarter 1 2018 period from 01-01- 2018 to 31- 03-2018
I. Shareholders' Equity at the beginning of period (opening balance)	1,112,252		1,112,218	1,112,218
I. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	1,112,252		1,112,218	1,112,218
1. Share capital at the beginning of period	110,422		110,422	110,422
a) additions, of which:	39		1,034	163

- additional paid-in capital from issuance of shares	39		1,034	163
4.2. Reserve capital at the end of period	327,217		327,178	326,307
5. Revaluation capital at the beginning of period	65,380		66,414	66,414
5.1. Changes in revaluation capital	-39		- 1,034	- 163
b) reductions, of which:	39		1,034	163
- sale or disposal of tangible fixed assets	39		1,034	163
5.2. Revaluation capital at the end of period	65,341		65,380	66,251
6. Other reserve capital at the beginning of period	519,520		489,664	489,664
6.1. Changes in other reserve capital	0		29,856	0
a) additions, of which:	0		29,856	0
-	0		29,856	0
6.2. Other reserve capital at the end of period	519,520		519,520	489,664
7. Prior years' profit (loss) at the beginning of period	89,752		119,574	119,574
7.1. Prior years' profit at the beginning of period	89,752		119,574	119,574
7.2. Prior years' profit at the beginning of period after restatement to comparative data	89,752		119,574	119,574
b) reductions, of which:	0		119,574	0
	0		89,718	0
	0		29,856	0
7.3. Prior years' profit at the end of period	89,752		0	119,574
7.7. Prior years' profit (loss) at the end of period	89,752		0	119,574
8. Net profit (loss)	58,488		89,752	55,208
a) net profit	58,488		89,752	55,208
II. Shareholders' Equity at the end of period (closing balance)	1,170,741		1,112,252	1,167,427
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)	1,170,741		1,112,252	1,167,427

CASH FLOW STATEMENT

	quarter 1 2019 period from 01-01-2019 to 31-03-2019		quarter 1 2018 period from 01-01-2018 to 31-03-2018	
A. Cash flows from operating activities				
I. Net profit (loss)	58,488		55,208	
II. Total adjustments	- 85,588		- 111,015	
2. Depreciation and amortisation	23,143		25,717	
3. (Gain) loss on foreign exchange differences	28		- 33	
4. Interest and dividends	- 958		- 1,034	

5. (Gain) loss on investing activities	684		- 242	
6. Change in provisions	- 6,708		- 14,117	
7. Change in inventories	- 5,592		8,463	
8. Change in receivables	- 125,962		- 126,866	
9. Change in current liabilities (excluding loans and bank credits)	33,164		2,209	
10. Change in deferred and accrued expenses	- 3,387		- 5,112	
11. Other adjustments	0		0	
III. Net cash flows from operating activities (I+/-II) - indirect method	- 27,100		- 55,807	
B. Cash flows from investing activities				
I. Cash provided by investing activities	187,221		126,606	
1. Disposal of intangible assets and tangible fixed assets	1,185		388	
3. From financial assets, of which:	1,036		1,218	
a) in related companies	1,036		1,218	
- interest received	1,036		1,218	
b) in other companies	0		0	
- interest received	0		0	
4. Other investing income	185,000		125,000	
II. Cash used in investing activities	7,606		24,454	
1. Purchases of intangible assets and tangible fixed assets	7,606		24,454	
III. Net cash flows from investing activities (I-II)	179,615		102,152	
C. Cash flows from financing activities				
I. Cash provided by financing activities	0		0	
2. Bank credits and loans contracted	0		0	
II. Cash used in financing activities	1,357		703	
7. Finance lease commitments paid	1,279		519	
8. Interest paid	78		184	
III. Net cash flows from financing activities (I-II)	- 1,357		- 703	
D. Total net cash flows (A.III+/-B.III+/-C.III)	151,158		45,642	
E. Change in balance-sheet cash and cash equivalents	151,130		45,675	
- of which change in cash and cash equivalents due to foreign exchange differences	- 28		33	
F. Cash and cash equivalents - beginning of period	92,386		70,521	
G. Cash and cash equivalents - end of period (F+/-D)	243,544		116,163	
- of which those with restricted availability	5,000		4,246	

ADDITIONAL INFORMATION TO THE REPORT FOR 1 QUARTER 2019

Prepared on the basis of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing information as equivalent required by the law of a non-member state (Journal of Laws of 2018,

item 757) .

1. Accounting principles adopted while preparing the report

The quarterly report for the first quarter of 2019 was prepared in accordance with the provisions of the Accounting Act of September 29, 1994, as amended, and in accordance with the accounting principles in force at the Company.

The data included in the report have been prepared using the principles of assets and liabilities measurement as well as the measurement of the net financial result determined as at the balance sheet date.

The accounting principles have not changed in relation to those described in the annual report for 2018, made available to the public on April 25, 2019.

2. Information on the amounts and types of items affecting assets, liabilities, equity, net result or cash flows that are unusual due to their type, value or frequency

Did not occur.

3. Seasonal or cyclical nature of the business

The Company's operations are of seasonal nature, as external factors, such as macroeconomic situation, weather conditions or consumer behaviour may affect the development of sales revenues over the course of the year (sale of summer tires and winter tires).

4. Impairment write-offs on inventories

For the first quarter of 2019, T. C. Dębica S.A. made no impairment write-offs on inventories that would affect the level of other operating expenses.

5. Impairment write-offs on account of financial assets, property, plant and equipment, intangible assets or other assets

Did not occur.

6. Information on the creation, increase, use and release of provisions as at 31/03/2019.

Short-term provisions	
	in PLN '000
Provisions for employee benefits	
At the beginning of the period	26 339
- increase: Creation of provision	12 911
- decrease: use and release of provisions	25 272

At the end of the period	13 978
Provisions for restructuring	
At the beginning of the period	793
- increase: Creation of provision	6 819
- decrease: use and release of provisions	441
At the end of the period	7 171

Long-term provisions	
	in PLN '000
Provision for retirement benefits	
At the beginning of the period	9 707
- increase: Creation of provision	0
- decrease: use and release of provisions	423
At the end of the period	9 284
Provision for granted tire warranties	
At the beginning of the period	139
- increase: Creation of provision	0
- decrease: use and release of provisions	3
At the end of the period	136

7. Provisions and assets due to deferred income tax

The provision balance due to deferred income tax as at March 31, 2019 amounted to PLN 25.2 million and decreased by PLN 0.3 million compared to December 31, 2018.

The difference in the balance sheet balance of deferred tax results from the revaluation of temporary positive differences related to the difference between the carrying amount and the tax value of fixed assets that will materialize during the period of using state aid.

The asset balance due to deferred income tax as at March 31, 2019 amounted to PLN 8.9 million and decreased by PLN 0.4 million compared to December 31, 2018.

8. Significant purchase and sale transactions of property, plant and equipment

Did not occur.

9. Significant liabilities due to the purchase of property, plant and equipment

Did not occur.

10. Significant settlements due to court cases

Did not occur.

11. Error adjustments from previous periods

Did not occur.

12. Information on changes in the economic situation and conditions for running business operations that have a significant impact on the fair value of financial assets and financial liabilities

Did not occur.

13. Information on failure to repay a loan or borrowing or violation of material provisions of a loan or borrowing agreement

Did not occur.

14. Information on concluding one or more transactions with related entities, if they are significant either individually or jointly and have been concluded on conditions other than at an arm's length

During the first quarter of 2019, the Company did not conclude transactions with related entities on conditions other than at an arm's length.

15. Financial instruments measured at fair value - change in the method of its determination

The Company does not measure financial instruments at fair value.

16. Changes in the classification of financial assets as a result of a change in the purpose or use of these assets

Did not occur.

17. Issue, redemption and repayment of non-equity or capital securities

The Company did not issue non-equity or capital securities in the current period or in the past.

18. Dividend

In the current report no. 10 of May 13, 2019, the Management Board of the Company informed that it adopted a resolution regarding submitting to the assessment of the Company's Supervisory Board a proposal regarding the distribution of the Company's profit for 2018.

The Management Board recommended the profit distribution for 2018, which amounted to 89,752,356.00 (in words: eighty-nine million, seven hundred and fifty-two thousand, three hundred and fifty-six zlotys, 00/100), as follows:

a) the amount of PLN 67,357,420.00 (in words: sixty seven million, three hundred and fifty seven thousand, four hundred and twenty zlotys 00/100) to be allocated for dividends for shareholders in the amount of PLN 4.88 per share, determining the date September 23, 2019 as the day acquiring of rights to dividends (dividend day) and December 18, 2019 as the date of dividend payment - due to the seasonal nature of the Company's business;

b) the amount of PLN 22,394,936.00 (say: twenty two million three hundred ninety four thousand nine hundred thirty-six zlotys 00/100) to be allocated to reserve capital with the possibility of payment in subsequent years.

On May 16, 2019, the Company's Supervisory Board - acting on the basis of art. 382 § 3 of the Code of Commercial Companies - after examining the proposal of the Management Board, about which the Company informed in the report no. 10/2019, adopted a resolution in which it expressed a positive opinion on the abovementioned proposal of the Management Board regarding the profit distribution for 2018 (current report no. 11/2019 of May 16, 2019).

19. Significant events that occurred after the date of preparing the financial statements

Did not occur.

20. Changes in contingent liabilities and contingent assets that have occurred since the end of the last financial year

The contingent liability under the bill of exchange discount program as at the balance sheet date March 31, 2019 is PLN 0, which is a decrease by PLN 82.5 million compared to the end of the year.

21. Other information that may significantly affect the assessment of the property, financial and performance results

Did not occur.

OTHER INFORMATION

1. Selected financial data converted into EUR

Items of assets and liabilities of the balance sheet have been converted into EUR according to the average exchange rate of the National Bank of Poland as of March 31, 2019. (1 euro = PLN 4.3013) and as at March 31, 2018. (1 euro = PLN 4.2085).

Items in the profit and loss account and cash flow expressed in PLN have been converted into EUR at the rate being the arithmetic average of the average exchange rates published by the National Bank of Poland effective as at the last day of each reporting month. The average exchange rate adopted for calculations for the first quarter of 2019 amounts to PLN 4.2978 per 1 euro, whereas for the first quarter of 2018 PLN 4.1784 per 1 euro.

The net profit in the balance sheet for the first quarter of 2019 calculated at the exchange rate at the end of March 2019 is EUR 13,588,000, and calculated at the average exchange rates: EUR 13,609,000. Exchange differences resulting from the translation of the financial result for the first quarter of 2019 amounted to EUR 11,000.

2. Significant achievements or failures

For the first quarter of 2019, T.C. Dębica S.A. generated sales revenues in the amount of PLN 571.1 million, i.e. 14.0% more than in the first quarter of 2018.

Net profit for the first quarter of 2019 amounted to PLN 58.5 million, i.e. 5.9 % more compared to the same period last year.

3. Factors and events (including of a non-standard nature) having a significant impact on the condensed financial statements

Sales to entities comprising the Goodyear Group for the first quarter of 2019 amounted to PLN 502.8 million, i.e. PLN 55.0 million more than in the first quarter of 2018. For the first quarter of 2019, the sales accounted for 88.0% of total sales, compared to 89.4% in the corresponding period of 2018.

Sales to unrelated entities amounted to PLN 68.3 million, increased by 28.5% y/y.

Gross profit on sales to related entities for the first quarter of 2019 amounted to PLN 65.8 million and increased by PLN 16.0 million compared to the same period last year. Gross profit margin in relation to revenues from these entities increased from 11.1%. up to 13.1% y/y.

Gross profit on sales to unrelated entities for the first quarter of 2019 amounted to PLN 5.7 million and decreased by PLN 5.3 million compared to the same period last year. The gross profit margin in relation to revenues from these entities decreased from 20.7%. to 8.3% y/y.

Gross profit from total sales for the first quarter of 2019 amounted to PLN 71.5 million, gross profit margin in relation to total revenues amounted to 12.5%. For comparison, the gross profit from sales for the first quarter of 2018 amounted to PLN 60.8 million, and its margin in relation to revenues was 12.1%.

The unit production costs for the first quarter of 2019 are higher by 11.6% compared to the same period last year. The increase occurred both in the materials and processing costs.

The costs of sales and general management amounted to PLN 5.6 million, decreased by PLN 1.8 million compared to the first quarter of 2018. The share of these costs in the value of sales amounted to 1.0% compared to 1.5% for the first quarter of the previous year. The fall in the costs of sales and general management results mainly from the reduction of regional support costs.

The result on other operating activities for the first quarter of 2019 amounted to PLN 7.0 million compared to PLN 0.4 million in the first quarter of 2018.

The cost of PLN 7.0 million was comprised of:

- a) restructuring costs in the amount of PLN 6.8 million,
- b) other operating costs in the amount of PLN 0.2 million.

Cash flow from operating activities (EBIT) amounted to PLN 58.8 million, i.e. increased by PLN 5.8 million compared to the previous year, and EBIT margin in relation to revenues remains stable - 10.3% compared to 10.6% for the first quarter of 2018.

Financial activity for the first quarter of 2019 generated a profit of PLN 0.5 million compared to PLN 2.1 million in the corresponding period of 2018.

The level of financial result was affected by:

- a) exchange rate differences, which generated a cost of PLN 0.8 million, compared to PLN 1.0 million in the first quarter of 2018;
- b) interest on loans granted to related entities that generated revenues in the amount of PLN 1.0 million compared to PLN 1.2 million for the first quarter of 2018;
- c) interest income on free cash funds of PLN 0.5 million compared to PLN 0.2 million for the first quarter of 2018;
- d) the cost of discounted promissory notes and other interest amounted to PLN 0.1 million, compared to PLN 0.2 million in the corresponding period of the previous year.

Gross profit before tax for the first quarter of 2019 amounted to PLN 59.4 million, i.e. increased by 7.6% y/y.

Pursuant to the permit no. 134/ARP/2008 of February 27, 2008 for conducting business activity in the Euro-Park Mielec Special Economic Zone, the Company has the right to use income tax relief up to 40.23% of the discounted amount of investment outlays incurred for the implementation of the investment in the Euro-Park Mielec SEZ. The Company complied with the terms and conditions of the permit in December 2012 and has been entitled to benefit from the corporate income tax relief since 2013. By decision of the Minister of Development no. 27/IW/16 of January 14, 2016, the Business License granted in the Euro-Park Mielec Special Economic Zone has been changed in the section concerning the expiration date. Thus, the expiration date has been removed from the permit.

The amount of public aid remaining to be used as at the balance sheet date on March 31, 2019 amounted to PLN 3.9 million at nominal value, i.e. PLN 2.4 million at discounted value (these values include the calculated CIT for three months 2019, which, however, in the annual settlement may be subject to change).

The Management Board does not see any risk preventing the relief from being used until the end of the validity period, i.e. until December 31, 2026.

The current part of income tax amounted to PLN 0.8 million and relates to income tax paid for profit generated from operations not covered by the zone permit.

The part of deferred income tax amounted to PLN 0.1 million, thus the total income tax amounted to PLN 0.9 million.

Net profit for the first quarter of 2019 amounted to PLN 58.5 million, i.e. increased by 5.9 % compared to the same period last year.

At the end of March 2019, non-current assets amounted to PLN 787.1 million and decreased by PLN 12.1 million compared to the balance at the beginning of 2019.

The value of property, plant and equipment decreased by PLN 11.7 million, of which

- a) completed investment programs in the first quarter of 2019 increased non-current assets by PLN 11.7 million,
- b) depreciation of existing non-current assets decreased its value by PLN 23.1 million,
- c) other changes (mainly financial leasing) contributed to its decrease by PLN 0.3 million

Deferred income tax assets amounted to PLN 8.9 million, i.e. decreased by PLN 0.4 million compared to the beginning of 2019.

Current assets amounted to PLN 993.8 million and increased during the first quarter of 2019 by PLN 101.5 million.

Short-term receivables amounted to PLN 480.5 million and increased by PLN 126.0 million compared to the beginning of 2019, including: from related entities increased by PLN 104.7 million, and from other entities increased by PLN 21.3 million.

Inventories increased by PLN 5.6 million to PLN 99.4 million. This change was caused by the increase in inventories of finished goods - by PLN 0.3 million, up to PLN 1.5 million. Inventories of raw materials and materials decreased by PLN 2.4 million to PLN 69.1 million, while the inventory of production in progress amounted to PLN 28.8 million, which denoted an increase of PLN 7.7 million.

Short-term financial assets amounted to PLN 408.6 million and decreased during the first quarter of 2019 by PLN 33.9 million. Cash and cash equivalents increased by PLN 151.1 million. The value of loans granted to related entities as at the end of March 2019 amounted to PLN 165.0 million (a decrease of PLN 185 million compared to the beginning of 2019).

Short-term accruals amounted to PLN 5.3 million and increased in relation to the beginning of the year by PLN 3.8 million, mainly due to the write-off for the Company Social Benefits Fund.

Company's assets as at March 31, 2019 amounted to PLN 1,780.9 million and increased during the first quarter by PLN 89.4 million.

As at March 31, 2019, liabilities and provisions for liabilities amounted to PLN 610.1 million and during the first quarter they increased by PLN 30.9 million. Liability provisions decreased by PLN 6.7 million, including deferred tax provisions of PLN 0.3 million, provision for employee benefits decreased by PLN 12.8 million, and other provisions increased by PLN 6.4 million.

Short-term liabilities as at March 31, 2019 amounted to PLN 550.1 million and increased compared to the end of 2018 by PLN 37.4 million. Short-term liabilities to related entities increased by PLN 22.9 million, short-term liabilities to other entities increased by PLN 10.3 million. Special funds increased by PLN 4.2 million.

Long-term liabilities (under leasing) increased by PLN 0.3 million to PLN 4.3 million.

At the end of March 2019, the Company's equity amounted to PLN 1,170.7 million and increased by PLN 58.5 million in the first quarter of 2019 under the net profit for this period.

For the first quarter of 2019, operating activities generated negative cash flows in the amount of PLN 27.1 million. Net profit and amortization generated positive cash flows of PLN 81.6 million, and the increase in working capital contributed to PLN 98.4 million of negative cash flows, mainly due to the increase of receivables at the end of the first quarter. The change in provisions and

costs of accrued expenses generated PLN 10.1 million of negative cash flows, and the remaining items generated PLN 0.2 million of negative cash flows.

In the first quarter of 2019, investment activity generated positive cash flows of PLN 179.6 million. PLN 7.6 million was allocated for the acquisition of property, plant and equipment.

The repayment of a loan from a related entity generated PLN 185.0 million of positive cash flows. PLN 1.0 million of interest was gained on the loan granted to a related entity, while the sale of property, plant and equipment generated PLN 1.2 million of positive cash flows.

The financial activity generated negative cash flows in the amount of PLN 1.4 million. The payment of interest amounted to PLN 0.1 million, and the payment of lease instalments amounted to PLN 1.3 million.

Net cash flows for the first quarter of 2019 were positive and amounted to PLN 151.1 million. The cash balance increased during the first quarter of 2019 from PLN 92.4 million at the end of December 2018 to PLN 243.5 million at the end of March 2019.

4. A description of changes in the organization of the capital group

The Company does not form a capital group, it is not a parent company, it does not prepare consolidated financial statements.

5. The Management Board's standing regarding the possibility of implementing previously published forecasts of results for a given year, in the light of the results presented in the quarterly report, in relation to forecasted results

The Company did not publish forecasts of results for 2019.

6. Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the general meeting

According to the information held by the Company, as at the date of publication of the interim report for the first quarter of 2019, shareholders holding at least 5% of the total number of votes at the general meeting of the Company were the following:

Goodyear Holdings S.à.r.l. with its registered office in Luxembourg, holding 11,234,912 shares constituting 81.40% of the Company's share capital, granting the right to 11,234,912 votes at the General Meeting of the Company, representing approximately 81.40% of the total number of votes at the General Meeting of the Company*.

Funds managed by Rockbridge TFI S.A. with its registered office in Warsaw, holding 807,483 shares constituting 5.85% of the Company's share capital, granting the right to 807,483 votes at the General Meeting of the Company, representing approximately 5.85% of the total number of votes at the General Meeting of the Company**.

* Source: Current report no. 20/2018 Receiving a notification from companies comprising the Goodyear Group about a change in the company's shareholding in connection with an intra-group transaction, publication date: 05.09.2018

** Source: Current report no. 35/2018 Receiving a notification from Rockbridge TFI S.A. on exceeding the threshold of 5% of the total number of votes in the Company.

7. Company's shares or rights held by persons managing and supervising the Company

As at the date of submitting the quarterly report, the shares are held by the following members of the Company's management:

Janusz Raś - Member of the Supervisory Board - 15 shares

Each share is of PLN 8 value.

8. Significant proceedings pending before courts, arbitration bodies or public administration bodies regarding liabilities or receivables

Did not occur.

9. Information on granting loan or borrowing guarantees or granting a guarantee - jointly to one entity or a subsidiary of such an entity

The company did not grant any loan or borrowing guarantees.

10. Other significant information for assessing the personnel, property, financial situation, financial result and their changes, as well as essential information for assessing the ability to meet obligations

Did not occur.

11. Factors which, in the Company's opinion, will affect its results in the perspective of at least the next quarter

In the opinion of the Management Board, the following factors will affect its results in the perspective of at least the next quarter:

- a) macroeconomic situation: the economic situation in Poland and Europe and its impact on the financial situation of customers and consumers;
- b) development of the automotive industry: dynamics of production and sale of cars in Poland and Europe;
- c) the level of orders from the Company's customers: related and unrelated entities;
- d) change in exchange rates, mainly euro and US dollar,
- e) operating costs: impact of costs related to the operation of the production plant in Dębica;
- f) costs of raw materials: changes in raw material prices that translate into the Company's operating costs.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

2019-05-16	Leszek Szafran	President of the Management Board, Sales Director
2019-05-16	Ireneusz Maksymiuk	Member of the Management Board, Finance Director

