

Polish Financial Supervision Authority

Quarterly Report SA-Q

4 / 2015

quarter / year

(pursuant to the provisions of § 82 par. 1, item 1 of the Ordinance of Minister of Finance of February 19, 2009 - Journal of Laws No. 33, item 259, as amended) (for the issuers of securities running production, construction, trading or service activities)

for Q4 of the accounting year 2015 covering the period from October 01, 2015 to December 31, 2015

Filing date: February 26, 2016

TIRE COMPANY DEBICA SA

DEBICA	(full name of issuer)	Automotive	(sector according to WSE classification)
39-200	Abbreviated name of issuer	Debica	(place)
ul. 1 Maja	(postal code)	1	(number)
(14) 670-28-31	(street)	(14) 670-09-57	(fax)
872-000-34-04	(phone)	www.debica.com.pl	(Website)
	(e-mail)	850004505	(REGON STATISTICAL NO.)
	(TAX ID - NIP)		

FINANCIAL HIGHLIGHTS	'000 PLN		'000 EUR	
	4 quarters on YTD basis / 2015, period from Jan. 1, 2015 to December 31, 2015	4 quarter(s) on YTD basis / 2014, period from Jan. 1, 2014 to December 31, 2014	4 quarters on YTD basis / 2015, period from Jan. 1, 2015 to December 31, 2015	4 quarter(s) on YTD basis / 2014, period from Jan. 1, 2014 to December 31, 2014
I. Net sales of products, merchandise and materials	1 765 584	1 837 805	421 907	438 695
II. Operating profit (loss)	82 622	77 406	19 744	18 477
III. Profit (loss) before taxation	86 819	74 380	20 746	17 755
IV. Net profit (loss)	7, 409	86 946	18 737	20 755
V. Operational cash flows, net	235 592	194 500	56 298	46 428
VI. Investment activity cash flows, net	216 902	-201 634	-51 831	-48 131
VII. Financial activity cash flows, net	-45 737	-61194	-10 929	-14 607
VIII. Total net cash flows	-27 047	-68 328	-6 463	-16 310
IX. Total assets (at the end of current quarter and end of previous accounting year)	1 431 445	1 397 302	335 902	327 828
X. Liabilities and liabilities provisions (at the end of current quarter and end of previous accounting year)	432 145	432 933	101 407	101 537
XI. Long-term liabilities (at the end of current quarter and end of previous accounting year)	1 643	1 473	385	346
XII. Short-term liabilities (at the end of current quarter and end of previous accounting year)	367 982	377 526	86 350	88 573
XIII. Shareholders' equity (at the end of current quarter and end of previous accounting year)	999 299	964 369	234 495	226 256
XIV. Share capital (at the end of current quarter and end of previous accounting year)	110 422	110 422	25 912	25 907
XV. Number of shares (pcs.) (at the end of current quarter and end of previous accounting year)	13 802 750	13 802 750	13 802 750	13 802 750
XVI. Earnings (loss) per ordinary share (in PLN / EUR)	5.68	6.30	1.36	1.50
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)	5.68	6.30	1.36	1.50
XVIII. Book value per share (in PLN / EUR) (at the end of current quarter and end of previous accounting year)	72.40	69.87	16.99	16.39
XIX. Diluted book value per share (in PLN / EUR) (at the end of current quarter and end of previous accounting year)	72.40	69.87	16.99	16.39
XX. Declared or paid dividend per share (in PLN / EUR)	3.15	4.18	0.74	1.00

The Report should be filed with the Polish Financial Supervision Authority, running the regulated market, and should be made public through news agency in accordance with law.

ABBREVIATED FINANCIAL STATEMENT

BALANCE-SHEET

	'000 PLN			
	As of December 31, 2015, end of quarter/2015	As of September 30 2015, end of previous quarter/ 2015	As of Dec. 31, 2014, end of previous year/2014	As of December 31, 2014, end of quarter/2014
ASSETS				
I Fixed assets	829 621	830 716	868 174	868 174
1. Intangible assets including:	22	26	39	39
2. Tangible fixed assets	827 508	828 617	866 030	866 030
3. Long-term investments	144	144	144	144
3.1. Long-term financial assets	144	144	144	144
a) in other entities	144	144	144	144
4. Long-term deferred assets	1 948	1 930	1 961	1 961
4.1. Deferred income tax assets	1 948	1 930	1 961	1 961
II. Current assets	601 823	757 389	529 128	529 128
1. Inventories	74 834	93 216	117 668	117 668
2. Short-term receivables	241 616	401 572	244 157	244 157
2.1. From related entities	207 331	377 919	204 239	204 239
2.2. From other entities	34 285	23 652	39 918	39 918
3. Short-term investments	284 425	259 863	166 781	166 781
3.1. Short-term financial assets	284 425	259 863	166 781	166 781
a) in related entities	255 000	105 000	105 000	105 000
b) in other entities	0	8 820	5 395	5 395
c) cash and cash equivalents	29 425	146 043	56 386	56 386
4. Short-term deferred assets	949	2 739	522	522
Total assets	1 431 445	1 588 105	1 397 302	1 397 302
LIABILITIES				
I Shareholders' equity	999 299	1 022 390	964 369	964 369
1. Share capital	110 422	110 422	110 422	110 422
2. Reserve capital	324 459	324 399	322 675	322 675
3. Revaluation capital	68 100	68 160	68 883	69 883
4. Other reserve capitals	417 909	417 909	374 443	374 443
5. Net profit (loss)	78 409	101 500	86 946	86 946
II. Liabilities and liabilities provisions	432 145	565 716	432 933	432 933
1. Liabilities provisions	62 520	60 508	53 934	53 934
1.1. Provision for deferred income tax	29 328	31 089	21 290	21 290
1.2. Provision for pension benefits and equivalents	31 745	28 818	30 360	30 360
a) long-term liabilities	10 235	9 833	10 135	10 135
b) short-term liabilities	21 510	18 985	20 225	20 225
1.3. Other provisions	1 447	601	2 284	2 284
a) long-term	100	145	132	132
b) short-term	1 347	457	2 152	2 152
2. Long-term liabilities	1 643	1 802	1 473	1 473
2.1. to other entities	1 643	1 802	1 473	1 473
3. Short-term liabilities	367 982	503 406	377 526	377 526
3.1. To related entities	73 226	168 538	89 304	89 304
3.2. to other entities	294 164	333 954	288 038	288 038
3.3. Special funds	553	914	184	184
4. Accrued liabilities	0		0	
4.1. Other accrued liabilities	0		0	
a) long-term liabilities			0	
b) short-term liabilities			0	
Total liabilities	1 431 445	1 588 105	1 397 302	1 397 302
Book value	999 299	1 022 390	964 369	964 369
Number of shares (pcs.)	13 802 750	13 802 750	13 802 750	13 802 750
Book value per share (in PLN)	72.40	74.07	69.87	69.87
Diluted number of shares (pcs.)	13 802 750	13 802 750	13 802 750	13 802 750
Diluted book value per share (in PLN)	72.40	74.07	69.87	69.87

Note : In case of reports for Q1 of the accounting year, only the first column (as of the end of Q1 of the current accounting year), third column (as of the end of previous accounting year) and fourth column (as of the end of Q1 of the previous accounting year)

OFF-BALANCE ITEMS

	'000 PLN			
	As of December 31, 2015, end of quarter / 2015	As of September 30, 2015 end of previous quarter / 2015	As of Dec. 31, 2014, end of previous year / 2014	As of December 31, 2014, end of quarter / 2014
1. Other, of which:	8 825	9 610	11 925	11 925
off-balance liabilities under a long-term gas supply contract	7 359	7 839	9 279	9 279
off-balance liabilities under a long-term real estate lease agreement	1 466	1 771	2 646	2 646
Total off-balance items	8 825	9 610	11 925	11 925

Note : In case of reports for Q1 of the accounting year, only the first column (as of the end of Q1 of the current accounting year), third column (as of the end of previous accounting year) and fourth column (as of the end of Q1 of the previous accounting year)

PROFIT AND LOSS ACCOUNT

	'000 PLN			
	Q4 /2015 period from Oct. 1, 2015 to Dec 31, 2015	4 quarters on YTD basis / period from January 1, 2015 to December 31, 2015	Q4 / 2014, period from Oct. 1, 2014 to Dec. 31, 2014	4 quarters on YTD basis /2014 period from January 1, 2014 to December 31, 2014
I. Net sales of products, merchandise and materials including:	354 597	1 765 584	319 606	1 837 805
- from related entities	327 904	1 634 290	236 396	1 629 598
1. Net sales of products	339 827	1 698 490	308 366	1 760 964
2. Net sales of merchandise and materials	14 770	67 094	11 240	76 841
II. Cost of products, merchandise and materials sold including:	359 090	1 590 702	318 277	1 642 282
- to related entities	337 975	1 477 547	299 631	1 485 397
1. Cost of products sold	345 359	1 523 136	308 223	1 586 989
2. Cost of merchandise and materials sold	13 731	67 566	10 054	73 293
III. Gross profit (loss) on sales	-4 493	174 882	1 329	195 523
IV. Selling expenses	-3 684	8 680	7 250	34 717
V. General administrative expenses	21 615	66 982	7 355	55 671
VI. Profit (loss) on sales	-22 424	99 220	-13 256	105 135
VII. Other operating income	312	273	41	233
1. Gain on disposal of non-financial fixed assets	195			
2. Other operating income	117	273	41	233
VIII. Other operating expenses	3 265	16 871	15 788	27 962
1. Loss on disposal of non-financial fixed assets		388	2 424	2 246
2. Revaluation of non-financial fixed assets	128	976	656	1 392
3. Other operating costs	3 137	15 507	12 708	24 342
IX. Operating profit (loss)	-25 377	82 622	-29 003	77 406
X. Financial income	2 668	6 984	1 761	4 942
1. Interest receivable including:	2 668	6 760	1 761	4 942
- from related entities	1 389	5 129	1 366	3 116
2. Other		224	12	
XI. Financial expenses	1 801	2 787	2 090	7 968
1. Interest payable including:	697	2 787	1 113	5 052
2. Other	1 104		997	2 916
XII. Profit (loss) on ordinary activities	-24 510	86 819	-29 332	74 380
XIII. Profit (loss) before taxation	-24 510	86 819	-29 332	74 380
XIV. Income tax	-1 420	8 410	-3 187	-12 566
a) current portion	359	359		
b) deferred portion	-1 779	8 051	-3 187	-12 566
XV. Net profit (loss)	-23 090	78 409	-26 145	86 946

Net profit (loss) (annualized)		78409		86946
Weighted average of ordinary shares (pcs.)		13 802 750		13 802 750
Earnings (loss) per ordinary share (in PLN)		5.68		6.30
Weighted average of diluted number of shares (pcs.)		13 802 750		13 802 750
Diluted earnings (loss) per ordinary share (in PLN)		5.68		6.30

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	'000 PLN			
	Q4 / 2015, period from October 10, 2015 to December 31, 2015	4 quarters on YTD basis / period from January 1, 2015 to December 31, 2015	Year 2014, period from Jan. 1, 2014 to December 31, 2014	4 quarter(s) on YTD basis / 2014, period from Jan. 1, 2015 to December 31, 2014
I. Opening balance of shareholders' equity	1 022 390	964 369	935 118	935 118
I a. Opening balance of shareholders' equity after reinstatement to comparative data	1 022 390	964 369	935 118	935 118
1. Opening balance of share capital	110 422	110 422	110 422	110 422
1.1. Closing balance of share capital	110 422	110 422	110 422	110 422
2. Opening balance of reserve capital	324 459	322 675	322 482	322 482
2.1. Changes in reserve capital	60	1 784	193	193
a) additions (of which)	60	1 784	193	193
transfer from reserve capital of revaluated disposed fixed assets - current period	60	1 784	193	193
2.2. Closing balance of reserve capital	324 459	324 459	322 675	322 675
3. Opening balance of revaluation capital	68 159	69 883	70 076	70 076
3.1. Changes in revaluation capital	-60	-1 784	-193	-193
a) reductions (of which)	60	1 784	193	193
allocation to reserve capital of revaluated disposed fixed assets - current period	60	1 784	193	193
3.2. Closing balance of revaluation capital	68 099	68 099	69 883	69 883
4. Opening balance of other reserve capital	417 910	374 443	316 612	316 612
4.1. Changes in other reserve capital	0	43 467	57 831	57 831
a) additions (of which)	0	43 467	57 831	57 831
allocation to the reserve capital from the profit distributed for the year 2013, with an option of dividend payment to the shareholders.			57 831	57 831
allocation to the reserve capital from the profit distributed for the year 2014, with an option of dividend payment to the shareholders.		43 467		
4.2. Closing balance of other reserve capital	417 910	417 910	374 443	374 443
5. Opening balance of retained earnings	101 499	86 946	115 526	115 526
5.1. Opening balance of retained earnings		86 946	115 526	115 526
5.2. Opening balance of retained earnings after the restatement to comparative data	101 499	86 946	115 526	115 526
a) reductions (of which):		86 946	115 526	115 526
- dividend for shareholders		43 479	57 695	57 695
allocation to the reserve capital from the profit distributed for the year 2013, with an option of dividend payment to the shareholders.			57 831	57 831
allocation to the reserve capital from the profit distributed for the year 2014, with an option of dividend payment to the shareholders.		43 467		
5.3. Closing balance of retained earnings	101 499	0	0	0
5.4. Closing balance of retained earnings	101 499	0	0	0
6. Net profit (loss)	-23 090	78 409	86 946	86 946
a) net profit		78 409	86 946	86 946
a) net loss	-23 090			
II. Closing balance of shareholders' equity	999 299	999 299	964 369	964 369
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	999 299	999 299	964 369	964 369

CASH FLOW STATEMENT

	'000 PLN			
	Q4 / 2015, period from October 1, 2015 to December 31, 2016	4 quarters on YTD basis /2015 period from January 1, 2015 to December 31, 2015	Q4 / 2014 period from October 1, 2014 to December 31, 2014	4 quarters on YTD basis /2014 period from January 1, 2014 to December 31, 2014
A. Operational cash flows				
I Net profit (loss)	-23 090	78 409	-26 145	86 946
II. Total adjustments	111 502	157 183	82 169	107 554
1. Share in net (profits) losses of subsidiaries valuated by the equity method	0		0	
2. Depreciation and amortization	23 379	92 336	22 769	87 644
3. Foreign exchange gains/losses	13	-85	67	-127
4. Interest and dividends	-1 308	-4 763	-432	-1 782
5. Investment activity gain (loss)	583	2 113	2 370	3 545
6. Change in provisions	2 012	8 585	-1 528	-9 590
7. Change in inventories	18 382	42 834	-2 794	-9 221
8. Change in receivables	168 776	7 936	171 956	92 887
9. Change in current liabilities (excluding loans and bank credits)	-102 107	8 641	-110 847	-55 674
10. Change in deferred and accrued expenses	1 771	-415	610	-128
11. Other adjustments	0	0	0	0
III. Net operational cash flows (I+/-II) -indirect method	88 412	235 592	56 024	194 500
B. Investment activity cash flows				
I Cash inflows	2 067	9 066	1 366	4 564
1. Disposal of intangible assets and tangible fixed assets	678	3 936	0	1 448
2. Disposal of real estate investments and intangible assets	0		0	
3. From financial assets, of which:	1 389	5 129	1 366	3 116
a) in related entities	1 389	5 129	1 366	3 116
- interests	1 389	5 129	1 366	3 116
II. Cash outflows	163 096	225 968	33 294	206 198
1. Purchases of intangible assets and tangible fixed assets	13 096	75 968	33 294	101 198
2. Other investment expenses	150 000	150 000	0	105 000
III. Net investment activity cash flows (I-II)	-161 030	-216 902	-31 929	-201 634
C. Net investment activity cash flows (I-II)				
I. Cash inflows	0	0	0	0
II. Cash outflows	43 987	45 737	59 538	61 194
1. Dividends and other payments to the owners	43 479	43 479	57 695	57 695
2. Financial lease commitments paid			00	0
3. Interest paid	81	366	933	1 334
III. Net financial activity cash flows (I-II)	-43 987	-45 737	-59 538	-61 194
D. Total net cash flows (A.III+/-B.III+/-C.III)	-116 605	-27 047	-35 443	-68 328
E. Change in balance-sheet cash and cash equivalents of which:				
- change in cash and cash equivalents due to foreign exchange gains/losses	-13	85	-67	127
F. Opening balance of cash and cash equivalents	146 011	56 452	91 895	124 780
G. Closing balance of cash and cash equivalents (F+/- D) of which:	29 406	29 406	56 452	56 452
- those with restricted availability	553	553	1 001	184

NOTES TO Q4/2015 REPORT

(pursuant to § 87, par. 4 of the Decree of the Council of Ministers, dated February 19, 2009 - Journal of Laws No. 33, item 259)

I. Accounting principles used to draw up the report.

The Quarterly Report for Q4 2015 was drawn up pursuant to the provisions of the Accounting Act of September 29, 1994, as amended, and pursuant to the accounting principles effective at the Company.

Data specified in the report was drawn up using the principles of assets and liabilities pricing and measurement of net financial result as at balancing date.

The accounting principles vis-à-vis those described in the Annual Report SA-R 2014 have not been modified.

No material changes were made to the estimates.

II.**1. Material achievements or failures of the issuer.**

In Q4 2015 sales revenues of Tire Company Debica S.A. totalled PLN 354.6 million and were up by 10.9 per cent compared to Q4 2014.

Net profit for four quarters 2015 totalled PLN 78.4 million, which was down by PLN 8.5 million on a year-to-year basis.

2. Drivers and events (especially untypical ones) having significant impact on achieved financial performance.

Sales of Tire Company Debica S.A. to related entities for 4 quarters of 2015 generated revenues totalling PLN 1,634.3 million i.e. up by PLN 4.7 million on a year-to-year basis. For the 4 quarters of 2015 the sales to the Goodyear Group related entities accounted for 92.6% of total sales compared to 88.7% per cent in the same period of 2014. Meanwhile sales to the non-related entities totalled PLN 131.3 million, down by PLN 76.9 million on a year-to-year basis.

Gross profit from sales to the related entities totalled PLN 156.7 million. The ratio of profit margin to revenues rose from 8.8 per cent to 9.6 per cent on a year-to-year basis.

Meanwhile gross sales profit to non-related entities totalled PLN 18.1 million and profit margin down from 24.6 per cent to 13.8 per cent on a year-to-year basis.

In four quarters of 2015 total gross sales profit totalled PLN 174.9 million and profit margin to revenues was 9.9 per cent.

In four quarters of 2014 total gross sales profit totalled PLN 195.5 million and profit margin to revenues was 10.6 per cent.

After four quarters of 2015 the operating profit totalled to PLN 82.6 million and it was up by 6.7 per cent compared to the previous year. The ratio of margin on that level to revenues was up to 4.7 per cent compared to 4.2 per cent for four quarters of the previous year.

In four quarters of 2015 the mean unit production costs were reduced by 3.8 per cent compared to the same period of the previous year.

The costs of sales and general management totalled PLN 75.7 million i.e. down by PLN 14.7 million compared to the four quarters of 2014. The share of these costs in total sales in value terms accounted for 4.3 per cent against 4.9 per cent in the previous year.

The decline of costs of sales and general management is due to lower commercial costs for Company customers and savings in other cost areas.

At the end of four quarters of 2015 other operating income, net was negative and totalled PLN 16.6 million and was up by PLN 11.1 million compared to the same period of the previous year, mainly due to lower restructuring costs (down by PLN 8.4 million) and costs of underutilized production capacity, which did not occur in 2015, whereas their cost was PLN 5.2 million in 2014.

The cost of bad debts totalled PLN 10.3 million and was up by PLN 4.5 million on a year-to-year basis.

After twelve months of 2015 the Company suffered a loss on the disposal of non-financial fixed assets totalling PLN 0.4 million, down by PLN 1.9 million compared to 2014.

Other operating costs are down by PLN 0.1 million.

In twelve months of 2015 the financial activity generated a loss of PLN 4.2 million compared to PLN 3.0 million loss in the same period in 2014.

Foreign exchange gains totalled PLN 0.2 million, compared to the cost of PLN 2.9 million on a year-to-year basis and were up by PLN 3.1 million.

The interest income on the loan extended to the related entities totalled PLN 5.1 million i.e. up by PLN 2.0 million compared to the four quarters of 2014. Meanwhile the other interest financial income totalled PLN 1.6 million, down by 0.2 million compared to the same period of the previous year.

The cost of discounted bills of exchange totalled PLN 1.6 million compared to PLN 3.3 million in the same period of 2014 (they were down by PLN 1.7 million). Meanwhile the cost of other interest was down by PLN 0.6 million compared to the same period of 2014.

For four quarters of 2015 gross profit before taxation was PLN 86.8 million, up by 16.7 per cent on a year-to-year basis.

Pursuant to the held operational permit No. 134/ARP/2008, issued on February 27, 2008 for running business activities within the Euro-Park Mielec Special Economic Zone Tire Company Debica 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 Special Economic Zone. The Company met the requirements attached to the operational permit in December 2012 and starting from 2013 onwards has been entitled to enjoy income tax relief for legal persons. The Company assumed that the tax relief will be utilized by the end of 2017 and by that time all short-term transitional tax differences and a certain portion of long-term tax differences will be utilized.

The deferred portion of income tax was negative and totalled PLN 61 thousand. The Company settles the income tax relief the Company enjoys for the execution of investment project in the Special Economic Zone. The paid portion of the tax applies to the net income from the activities not covered by the operational permit for activities in the Special Economic Zone. The portion of deferred income tax amounted to PLN 1.6 million and the total income tax amounted to PLN 1.5 million. The impact of the deferred tax on the net result stems from separation of temporary differences related to the difference between tax and balance sheet value of fixed assets that will be executed during the Company operations in the Special Economic Zone. Consequently zero tax rate was applied to the existing assets at the balancing date (31 March 2016) and estimated provision for the difference between depreciation rates at the moment of tax relief execution (31 December 2017).

Net profit for twelve (12) months of 2015 totalled PLN 78.4 million was down by 9.8 per cent compared to the same period of the previous year.

At the end of December 2015 the value of fixed assets was PLN 829.63 million and was down by PLN 38.6 million compared to the opening balance of 2015. The capital expenditures totalled PLN 76.0 million, whereas the depreciation of existing fixed assets in value terms was PLN 92.3 million. The deferred income tax assets totalled PLN 1.9 million and remained at the level comparable the opening balance of 2015. In total the Company's current assets were PLN 601.8 million and were up after four quarters of 2015 by PLN 72.7 million.

In total the Company's short-term receivables totalled PLN 241.6 million and were down by PLN 2.5 million compared to the opening balance of 2015 of which: short-term receivables from related entities were up by PLN 3.1 million, and from non-related entities were down by PLN 5.6 million. Inventory was down by PLN 42.8 million to the level of PLN 74.8 million. The Company's short-term financial assets totalled PLN 284.4 million and were up after four quarters of 2015 by PLN 117.6 million. Cash assets and equivalents were down by PLN 27.0 million. The value of loans extended to related entities at the end of December 2015 totalled PLN 255.0 million.

Short-term prepayments totalled PLN 0.9 million and were up by PLN 0.4 million during the year. As of 31 December 2015 the Company assets totalled PLN 1 431.4 million and were up by PLN 34.1 million after four quarters of 2015.

As of 31 December 2015 the liabilities and provisions for liabilities totalled PLN 432.1 million and after four quarters of 2015 they were down by PLN 0.8 million. The provisions for liabilities were down by PLN 8.6 million, of which provisions for deferred tax was up PLN 8.0 million.

The short-term liabilities vis-a-vis related entities were down by PLN 16.0 million. Short-term liabilities vis-a-vis non-related entities were up by PLN 6.1 million. Meanwhile long-term liabilities were up by PLN 0.2 million. Special funds are up by 0.4 million.

At the end of December 2015 the Company's shareholders' equity totalled PLN 999.3 million and was up by PLN 34.9 million during four quarters of 2015.

For first quarter of 2016 the operational activity cash flows were negative and totalled PLN 17.0 million. Net profit and depreciation generated PLN 52.2 million of positive cash flows, whereas a decline of working capital generated PLN 51.2 million of negative cash flows, where the change in the balance of provisions and accruals generated the negative amount of PLN 2.4 million and in other lines the additional amount of negative cash flows was PLN 2.4million. The investment activity cash flows were negative and totalled PLN 216.9 million. The acquisitions of tangible fixed assets totalled PLN 76.0 million, whereas the loan extended to a related entity totalled PLN 150 million, and generated PLN 5,1 million of interest income.

Cash inflows from the financial activities were negative and totalled PLN 45.7 million.

Dividend payment was negative and totalled PLN (43.5) million. The interest expense was negative and totalled PLN (0.3) million, whereas lease payments were negative and totalled PLN (1.9) million.

Net cash flows after four quarters of 2015 were negative and totalled PLN (27.0) million. After four quarters of 2015 the cash balance was down by PLN 27.0 million from the level of PLN 56.4 million at the end of December 2014 to the level of PLN 29.4 million at the end of December 2015.

3. Seasonality, cyclic nature of the activities.

None.

4. Revaluation of inventory

For four quarters of 2015, T.C. Debica S.A. made allowances to revalue its inventory for the total amount of PLN 976 thousand that increased other operating costs. Revaluation allowances applied to:

a/ product inventory: PLN 958 thousand,

a/ raw materials and materials inventory: PLN 18 thousand.

Total: PLN 976 thousand.

5. Information about write-offs for impairment of financial assets, tangible fixed assets, intangible assets or other assets.

None.

6. Provisions for liabilities other than for deferred income tax assets.

As of December 31, 2015 the balance of provisions for pension benefits and equivalents totalled PLN 31.7 million and was up in by PLN 1.4 million compared to December 31, 2014.

7. Deferred income tax provisions and assets

As of December 31, 2015 the provision for deferred income tax totalled PLN 29.3 million and was up by PLN 1.4 million compared to the balance as of December 31, 2014.

The deferred tax balance difference in the balance sheet is a result of revaluation of transitional positive differences related to the difference between fixed assets value in balance sheet and for tax purposes, under the assumption of reduced tax amortisation that will be realized during the effective term of operational permit. Consequently zero tax rate was applied to the existing assets at the balancing date (31 March 2015) and estimated provision for the difference between depreciation rates at the moment of tax relief realization (31 Dec. 2017).

As of December 31, 2015 the balance of deferred income tax assets totalled PLN 1.9 million and remained at a similar level compared to that prevailing as of December 31, 2014.

8. Material transactions of acquisition and disposal of tangible fixed assets.

None.

9. Material liabilities related to the purchase of tangible fixed assets

None.

10. Material litigation-related settlements.

None.

11. Adjustment of errors from previous periods.

None.

12. Information about changes in economic position and business environment, having material impact on the fair value of financial assets and liabilities.

None.

13. Information about being in default with credit or loan repayment or about a breach of material provisions of loan agreement.

None.

14. Information about entering by the Issuer or its subsidiary into a single or multiple transactions with related entities, if they alone or jointly play significant role and were not made following arm's length principle.

None.

15. Financial instruments priced at fair value – change of its pricing method.

None.

16. Change in financial asset classification due to the modification of assets purpose or utilization.

None.

17. Issue, redemption and payment for debt and equity-based securities.

Neither in the current accounting period, nor in the past the Company has issued neither debt nor equity securities.

18. Dividend

The General Meeting of Shareholders, which was held on June 12, 2015, decided that 50% of 2014 profit i.e. the amount of PLN 43.5 million should be appropriated to dividend payment for shareholders, at PLN 3.15 per share. The 2014 dividend entitlement was held by persons holding Company shares at their brokerage accounts at August 31, 2015 (the so called dividend entitlement acquisition date). Dividend was paid on December 21, 2015.

19. Material events after the financial statement preparation date.

None.

20. Changes in the balance of contingent liabilities and contingent assets.

None.

21. Other information that might have material impact on the assessment of assets and financial position and financial result of the Issuer.

None.

File	Description

MISCELLANEOUS INFORMATION**1. Selected financial data converted into euro.**

The assets and liabilities from the balance sheet were converted into EURO using the average exchange of the National Bank of Poland (NBP) prevailing on December 31, 2015 (1 EURO = 4.2615) and on December 31, 2014 (1 EURO = 4.2623).

The items from the Profit and Loss Account and from the Cash Flow Statement expressed in Polish zlotys (PLN) were converted into EURO using the EURO rate that was the arithmetic mean of the exchange rates published by the National Bank of Poland (NBP) and effective on the last day of the accounting month. The mean exchange rate adopted for conversions of data for four quarters of 2015 is PLN 4.18477 for 1 EURO, and for conversions of data for four quarters of 2014 is PLN 4.18925 for 1 EURO.

The net profit for first quarter of 2016 posted into the balance sheet, calculated using the exchange rate prevailing at the end of December 2015 totalled EUR 18 399 thousand, whereas the net profit calculated using average exchange rates amounts to EUR 18 736 thousand. The foreign exchange gains/losses due to the conversion of net financial result for four quarters of 2015 totalled EUR 337 thousand.

2. Issuer's Capital Group.

The Company does not form capital group, neither is a controlling entity, nor draws up consolidated financial statements.

3. Effects of changes in Company structure

In Q4 2015 there were no changes in the Company structure.

4. Management Board position on capability to meet the annual forecasts published earlier in the light of actual performance presented in the quarterly report against the forecast figures.

In 2015 the Company did not publish any profit forecasts.

5. Shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders.

According to the information at the disposal of Company as at the date of drawing up Quarterly Report for Q4 2015 the shareholder holding more than 5% of shareholders' equity and at least 5% of total number of votes at the General Meeting of Shareholders is Goodyear S.A., with its registered office in Luxembourg, holding in total 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 General Meeting of Shareholders, accounting for 81.396% of the total number of votes at the Company's General Meeting of Shareholders.

6. Company shareholding structure or entitlements (options for shares) held by the members of Company management or supervisory authorities.

The following members of the Company governing bodies hold shares:
Stanisław Cieszkowski, President of the Management Board – 430 shares

All shares have a par value of PLN 8.00.

7. Litigation proceedings concerned with obligations or liabilities run by a court of law, a body competent to run arbitration proceedings or a public administration body, accounting for at least 10% of equity.

None.

8. Information about Issuer or its subsidiary entering into a single or numerous transactions with related entities, if alone or together they are material and were not entered following an arm's-length principle.

As described in Section 14 of the Notes to the Financial Statement.

9. Extended sureties for a credit, loan or extended guarantees to related entities.

In three quarters of 2016 the Company extended four short-term loans to Goodyear S.A. with its registered office in Luxembourg, with the principal of PLN 155 000 000.00 as of 31 March 2016. Detailed information about loans extended to Goodyear S.A. is provided in table below:

‘000 PLN

Date of Loan Agreement	25 Apr.2014	26 May 2014	24 Sept. 2014	30 Apr. 2015	29 May 2015	24 Sept. 2015	23 Dec. 2015
Dates of loan disbursements (Agreement)	25 Apr. 2014	28 May 2014	24 Sept. 2014	30 Apr. 2015	29 May 2015	29 Sept. 2015	24 Dec. 2015
Loan amount	60 000 000.0	15 000 000.0	30 000 000.0	60 000 000.0	15 000 000.0	30 000 000.0	150 000 000.0
Maturity date (loan repayment)	30 Apr. 2015	29 May 2015	24 Sept. 2015	30 Apr. 2016	29 May 2016	24 Sept. 2016	23 Dec. 2016
Total interest accrued in 2015	959 852.05	295 146.58	1 041 928.77	1 883 375.34	415 660.27	379 684.93	153 534.25
Interest paid in 2015	1 218 723.29	359 864.38	1 171 364.38	1 645 397.26	356 165.75	260 695.89	0.00

The interest payment date is scheduled on 14th day of the month following the month with which interest is concerned.

10. Other information vital to the assessment of financial performance

None.

11. Factors that in the opinion of the Company will drive its performance for at least another quarter.

Major drivers include:

- fluctuations of foreign exchange rates, mainly EURO and US dollar;
- prices of raw materials on global markets;
- situation on global financial markets.

File	Description

SIGNATURES OF PERSONS REPRESENTING THE COMPANY			
Date	Name and surname	Position/Function	Signature
February 26, 2016	Stanisław Cieszkowski	President of Management Board /CEO, Production Director	
February 26, 2016	Ireneusz Maksymiuk	Management Board member /CFO	