

adjusted

## POLISH FINANCIAL SUPERVISION AUTHORITY

## Quarterly Report SA-Q

1 / 2013

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) (for the issuers of securities running production, construction, trading or service activities)

for Q1 of the accounting year 2013 covering the period from January 1, 2013 to March 31, 2013

Filing date: May 15, 2013

## TIRE COMPANY DEBICA SA

**DEBICA** (full name of issuer)  
**Automotive** (sector according to WSE classification)  
 Abbreviated name of issuer (sector according to WSE classification)  
**39-200** (postal code) **Debica** (place)  
**ul. 1 Maja** (street) **1** (number)  
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 (e-mail) **[www.debica.com.pl](http://www.debica.com.pl)** (Web site)  
**872-000-34-04** (Tax ID - NIP) **850004505** (REGON Statistical No.)

SELECTED FINANCIAL DATA	'000 PLN		'000 EUR	
	1 quarter on YTD basis / 2013, period from Jan. 1, 2013 to Mar. 31, 2013	1 quarter on YTD basis / 2012 period from Jan. 1, 2012 to Mar. 31, 2012	1 quarter on YTD basis / 2013, period from Jan. 1, 2013 to Mar. 31, 2013	1 quarter on YTD basis / 2012, period from Jan. 1, 2012 to Mar. 31, 2012
I. Net sales of products, merchandise and materials	549 247	736 593	131 594	176 429
II. Operating profit (loss)	32 329	41 884	7 746	10 032
III. Gross profit (loss)	32 412	47 680	7 765	11 420
IV. Net profit (loss)	26 016	38 282	6 233	9 170
V. Operational cash flows, net	-23 430	-68 861	-5 614	-16 493
VI. Investment activity cash flows, net	-52 834	-13 078	-12 658	-3 132
VII. Financial activity cash flows, net	-684	31 076	-164	7 443
VIII. Total net cash flows	-76 948	-50 863	-18 436	-12 183
IX. Total assets (at closing of current quarter and at closing of previous year)	1 495 351	1 391 969	357 962	340 485
X. Liabilities and liabilities provisions (at closing of current quarter and at closing of previous year)	603 090	525 724	144 370	128 595
XI. Long-term liabilities (at closing of current quarter and at closing of previous year)	1 379	1 647	330	403
XII. Short-term liabilities (at closing of current quarter and at closing of previous year)	523 006	439 479	125 199	107 499
XIII. Equity (at closing of current quarter and at closing of previous year)	892 261	866 245	213 592	211 889
XIV. Initial capital (at closing of current quarter and at closing of previous year)	110 422	110 422	26 433	27 010
XV. Number of shares (at closing of current quarter and at closing of previous year)	13 802 750	13 802 750	13 802 750	13 802 750
XVI. Earnings (loss) per ordinary share (in PLN / EUR)	1.88	2.77	0.45	0.66
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)	1.88	2.77	0.45	0.66
XVIII. Book value per share (in PLN / EUR)	64.64	62.76	15.47	15.35
XIX. Diluted book value per share (in PLN / EUR)	64.64	62.76	15.47	15.35
XX. Declared or paid dividend per share (in PLN / EUR)				

The Report should be filed with the Polish Financial Supervision Authority (PFSA), the company running regulated market and made public through news agency in compliance with effective law.

**BALANCE-SHEET**

	'000 PLN			
	As of March 31, 2013, end of quarter / 2013	As of end of previous quarter /	As of Dec. 31, 2012 end of previous year / 2012	As of March 31, 2012, end of quarter / 2012
<b>ASSETS</b>				
I. Fixed assets	783 876		765 669	663 959
1. Intangible assets including:	71		76	194
2. Tangible fixed assets	773 883		755 675	647 232
3. Long-term investments	144		144	739
3.1. Long-term financial assets	144		144	739
a) in other entities	144		144	739
4. Long-term deferred assets	9 778		9 774	15 793
4.1. Deferred income tax assets	9 778		9 774	15 793
II. Current assets	711 475		626 300	869 790
1. Inventories	121 944		117 687	166 844
2. Short-term receivables	465 627		323 388	668 251
2.1. From related entities	410 653		281 842	602 780
2.2. From other entities	54 974		41 546	65 471
3. Short-term investments	120 088		184 772	31 150
3.1. Short-term financial assets	120 088		184 772	31 150
a) in other entities	12 246		445	23 756
b) cash and cash equivalents	107 842		184 327	7 395
4. Short-term deferred assets	3 815		453	3 544
<b>Total assets</b>	<b>1 495 351</b>		<b>1 391 969</b>	<b>1 533 748</b>
<b>LIABILITIES</b>				
I. Shareholders' equity	892 261		866 245	856 512
1. Share capital	110 422		110 422	110 422
2. Reserve capital	320 041		320 041	319 618
3. Revaluation capital	72 517		72 517	72 939
4. Other reserve capitals	269 839		269 839	224 455
5. Retained earnings (loss)	93 426			90 795
6. Net profit (loss)	26 016		93 426	38 282
II. Liabilities and liabilities provisions	603 090		525 724	677 236
1. Liabilities provisions	78 704		84 598	88 129
1.1. Provision for deferred income tax	59 959		56 492	55 228
1.2. Provision for retirement benefits and equivalents	18 627		27 878	32 804
a) long-term	6 894		6 894	8 189
b) short-term	11 733		20 984	24 615
1.3. Other provisions	118		228	97
a) long-term	118		124	97
b) Short-term			104	
2. Long-term liabilities	1 379		1 647	2 601
2.1. to other entities	1 379		1 647	2 601
3. Short-term liabilities	523 006		439 479	586 506
3.1. To related entities	162 232		98 036	121 369
3.2. to other entities	356 450		340 052	461 185
3.3. Special funds	4 324		1 391	3 952
4. Accrued liabilities	0		0	0
4.1. Other accrued liabilities	0		0	0
a) long-term liabilities			0	
b) short-term liabilities			0	
<b>Total liabilities</b>	<b>1 495 351</b>		<b>1 391 969</b>	<b>1 533 748</b>
Book value	892 261		866 245	856 513
Number of shares	13 802 750		13 802 750	13 802 750
Book value per share (in PLN)	64.64		62.76	62.05
Diluted number of shares (pcs.)	13 802 750		13 802 750	13 802 750
Diluted book value per share (in PLN)	64.64		62.76	62.05

Note: In case of reports for Q1 of the accounting year, only the first (as of the end of Q1 of the current accounting year), third (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 March 31, 2013, end of quarter / 2013	As of end of previous quarter /	As of Dec. 31, 2012, end of previous year / 2012	As of March 31, 2012, end of quarter / 2012
1. Other	17 549		18 420	58 386
off-balance liabilities under a real estate long-term lease agreement	0		0	38 847
off-balance liabilities under a long-term gas supply contract	12 447		12 920	13 685
off-balance liabilities under a long-term real estate lease agreement	5 102		5 500	5 854
Total off-balance items	17 549		18 420	58 386

Note: In case of reports for Q1 of the accounting year, only the first (as of the end of Q1 of the current accounting year), third (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			
	Q1 /2013 period from Jan. 1, 2013 to Mar. 31, 2013	quarters on YTD basis / period from ... to ...	Q1 /2012, period from Jan. 1, 2012 to Mar. 31, 2012	quarters on YTD basis / period from ... to ...
I. Net sales of products, merchandise and materials including:	549 247		736 593	
- from related entities	483 670		650 720	
1. Net sales of products	520 319		707 871	
2. Net sales of merchandise and materials	28 928		28 722	
II. Cost of products, merchandise and materials sold including:	495 103		667 347	
- to related entities	440 018		596 270	
1. Cost of products sold	464 914		641 989	
2. Cost of merchandise and materials sold	30 189		25 358	
III. Gross profit (loss) on sales	54 144		69 246	
IV. Selling expenses	8 219		12 493	
V. General administrative expenses	13 224		13 795	
VI. Profit (loss) on sales	32 701		42 958	
VII. Other operating income	880		34	
1. Gain on disposal of non-financial fixed assets	112			
2. Other operating income	768		34	
VIII. Other operating expenses	1 252		1 108	
1. Revaluation of non-financial fixed assets			99	
2. Other operating costs	554		79	
IX. Operating profit (loss)	698		930	
X. Financial income	32 329		41 884	
1. Interest receivable including:	1 203		7 682	
2. Other	1 025		66	
XI. Financial expenses	178		7 616	
1. Interest payable including:	1 120		1 886	
2. Other	1 120		1 886	
XII. Profit (loss) on ordinary activities	0			
XIII. Profit (loss) before taxation	32 412		47 680	
XIV. Income tax	32 412		47 680	
a) current portion	6 396		9 398	
b) deferred portion	2 932		11 131	
XV. Net profit (loss)	3 464		-1 733	
	26 016		38 282	
Net profit (loss) (annualized)	81 160		109 399	
Weighted average number of ordinary shares	13 802 750		13 802 750	
Earnings (loss) per ordinary share (in PLN)	5.88		7.93	
Diluted weighted average number of ordinary shares	13 802 750		13 802 750	
Diluted earnings (loss) per ordinary share (in PLN)	5.88		7.93	

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	'000 PLN			
	Q1 /2013, period from Jan. 1, 2013 to Mar. 31, 2013	quarters on YTD basis / period from ... to ...	Year 2012, period from Jan. 1, 2012 to Dec. 31, 2012	1 quarter(s) on YTD basis / 2012, period from Jan. 1, 2012 to Mar. 31, 2012
I. Opening balance of shareholders' equity	866 245		818 230	818 230
Ia. Opening balance of shareholders' equity, after restatement to comparative data	866 245		818 230	818 230
1. Opening balance of share capital	110 422		110 422	110 422
1.1. Closing balance of share capital	110 422		110 422	110 422
2. Opening balance of reserve capital	320 041		319 618	319 618
2.1. Closing balance of reserve capital			423	
a) additions (of which)			423	
- transfer of liquidated fixed asset revaluation from the reserve capital – current period			423	
2.2 Closing balance of reserve capital	320 041		320 041	319 618
3. Opening balance of revaluation capital	72 517		72 940	72 940
3.1. Closing balance of revaluation capital			-423	
a) reductions (of which)			423	
- transfer of liquidated fixed assets revaluation to the reserve capital – current period			423	
3.2. Closing balance of revaluation capital	72 517		72 517	72 940
4. Opening balance of other reserve capital	269 839		224 455	224 455
4.1. Change in other reserve capital			45 384	
a) additions (of which )			45 384	
- allocation of the reserve capital from the profit distributed for the year 2011, with an option of dividend payment to the shareholders.			45 384	
4.2. Closing balance of other reserve capital	269 839		269 839	224 455
5. Opening balance of retained earnings	93 426		90 795	90 795
5.1. Opening balance of retained earnings	93 426		90 795	90 795
5.2. Opening balance of retained earnings after the restatement to comparative data	93 426		90 795	90 795
a) reductions (of which):	0	0	90 795	0
- dividend for shareholders			45 411	
- allocation to the reserve capital from the profit distributed for the year 2011, with an option of dividend payment to the shareholders.			45 384	
5.3. Closing balance of retained earnings	93 426		0	90 795
5.4. Closing balance of retained earnings	93 426		0	90 795
6. Net profit (loss)	26 016		93 426	38 282
a) net profit	26 016		93 426	38 282
II. Closing balance of shareholders' equity	892 261		866 245	856 512
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	892 261		866 245	856 512

## CASH FLOW STATEMENT

	'000 PLN			
	Q1 /2013, period from Jan. 1, 2013 to Mar. 31, 2013	quarters on YTD basis / period from ... to ...	1 <sup>st</sup> quarter / 2012 period from Jan.1, 2012 to March 31, 2012	quarters on YTD basis / period from ... to ...
A. Operational cash flows				
I. Net profit (loss)	26 016		38 282	
II. Total adjustments	-49 446		-107 143	
1. Depreciation and amortization	18 355		18 183	
2. Foreign exchange gains/losses	-463		164	
3. Interest and dividends	52		76	
4. Investment activity gain (loss)	-99		-5	
5. Change in provisions	-5 893		1 622	
6. Change in inventories	-4 256		119 375	
7. Change in receivables	-154 041		-247 633	
Change in current liabilities (excluding loans and bank credits)	100 265		9 126	
9. Change in deferred and accrued expenses	-3 366		-3 171	
10. Other adjustments	0		-4 879	
III. Net operational cash flows (+/-II) –III, indirect method	-23 430		-68 861	

	'000 PLN			
	Q1 /2010, period from Jan. 1, 2010 to Mar. 31, 2010	quarters on YTD basis / period from ... to ...	Q1 /2009 period from Jan. 1, 2009 to Mar. 31, 2009	quarters on YTD basis / period from ... to ...
<b>B. Investment activity cash flows</b>				
I. Cash inflows	1 480		13	
1. Disposal of intangible assets and tangible fixed assets	1 480		13	
2. From financial assets of which:	0		0	
a) in other entities	0		0	
- interest received	0		0	
II. Cash outflows	54 314		13 091	
1. Purchases of intangible assets and tangible fixed assets	54 314		13 091	
III. Net investment activity cash flows (I-II)	-52 834		-13 078	
<b>C. Cash flows from financial activities</b>				
I. Cash inflows	0		31 955	
1. Credits and loans			31 955	
II. Cash outflows	684		879	
1. Payments of bank credits and loans	632		803	
2. Financial lease commitments paid	52		76	
3. Interest paid	-684		31 076	
III. Net financial activity cash flows (I-II)	-76 948		-50 863	
D. Total net cash flows (A.III+/-B.III+/-C.III)	-76 485		-51 027	
E. Change in balance-sheet cash and cash equivalents of which:	463		-164	
- change in cash and cash equivalents due to foreign exchange gains/losses	184 603		58 259	
F. Opening balance of cash and cash equivalents	107 655		7 396	
G. Closing balance of cash and cash equivalents (F+/- D) of which:	4 328		3 956	
- those with restricted availability	163		3 548	

## NOTES TO THE FINANCIAL STATEMENT

### I. Accounting principles used to draw up the report.

The Q1 2013 report was drawn up in compliance with 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 of balancing date.

The accounting principles vis-à-vis those described in the annual report SA-R 2012 have not been modified.

No material changes in estimated data occurred.

### II.

#### 1. Material achievements or failures of the issuer.

In Q1 2013 Tire Company Debica S.A. generated a net profit totaling PLN 26.0, down by 12.3 million compared to that in Q1 2012. Lower profit is a result of lower sales revenues that totaled PLN 549.3 million and were down by PLN 187.3 million. Taking into consideration a one-off sell-off of non-Debica brands for the total amount of PLN 155.1 million, which took place in Q1 2012, sales was down by PLN 32.2 million. In comparable terms the sales revenues are down 5.5 per cent on a year-to-year basis due to shrinking market potential.

Growth rate of comparable performance of Tire Company Debica S.A. is significantly higher than the growth rate of industry performance. Still shrinking demand in the automotive sector, stagnation of economy in the Euro zone and lower growth rate of the Polish economy adversely affected the level of revenues and profits in the tire business including also our Company. However, Tire Company Debica S.A. is a strong company generating profits in each and every quarter, paying special attention to cost curtailment including responsible talks with the trade unions about wage growth. Furthermore the Company follows up the instigated investment projects boosting its production capacity in the most profitable market segments i.e. in high performance tire (HP) and truck tire segments. Therefore I am convinced that thanks to decisions currently taken the Company will achieve even higher operational efficiency when the economy will be back on a growth path.

**2. Drivers and events (especially non-typical) having significant impact on the financial performance.**

In Q1 2013 the sales to related entities totaled PLN 483.7 million and accounted for 88.1% of sales in value terms and for 88.3 % compared to the same, previous quarter. Gross profit on sales to related entities totaled PLN 43.6 million, whereas profit margin rose up to 9.0 per cent compared to 8.4 per cent in Q1 of the previous year. After the deduction of the one-off transaction in Q1 of the last year the net profit totaled PLN 39.5 million.

Meanwhile gross profit on sales to non-related entities totaled PLN 10.5 million, whereas profit margin rose up to 17.2 per cent compared to 16.0 per cent on a year-to-year basis.

The costs of sales and general management totaled PLN 21.4 million i.e. they were down by 4.9 million compared to the same quarter of the last year. The share of these costs in sales revenues accounted for 3.9 per cent compared to 3.6 per cent on a year-to-year basis.

The other operating net income was negative and totaled minus PLN 0.4 million and was up by PLN 0.7 million compared to the first quarter (Q1) of the last year. In current quarter the proceeds from sale of fixed assets are up by PLN 0.2 million, whereas costs of bad debts are down by PLN 0.9 million. The costs of inventory revaluation are up by PLN 0.5 million.

Operating profit (EBIT) totaled PLN 32.3 million i.e. it was down by PLN 9.6 million on a year-to-year basis, and netted off transactions in Q1 last year the operating profit in Q1 last year was PLN 27.0 million. The margin ratio rose to 5.9, compared to 5.7 per cent in the first quarter (Q1) of 2012, whereas netted off a one-off transaction the margin in comparable period would be equal to 4.6 per cent.

Financial activity gains totaled PLN 0.1 million, which was down by PLN 5.7 million compared to the first quarter (Q1) of 2012. The foreign exchange gains totaled PLN 0.2 million, i.e. down by PLN 2.5 million and no gains were recorded from the revaluation of embedded derivatives, which in the first quarter (Q1) of the last year totaled PLN 4.9 million. Superior performance was recorded in the category interest income on idle cash, whereas interest expense related to the loan and bill of exchange discount was down – by PLN 0.9 and PLN 0.7 million respectively.

The gross profit in Q1 2013 totaled PLN 32.4 million and was down by PLN 15.3 million, compared to the same quarter of 2012. Netted off transactions, it is down by PLN 0.4 million.

Net profit totaled PLN 26.0 million, down by 32.0% per cent on a year-to-year basis. Netted off inventory sales transaction, the net profit in Q1 2012 totaled PLN 26.2 million.

At the end of March 2013 the fixed assets totaled PLN 783.9 million and were up by 18.2 million in the first quarter (Q1) due to the investment projects underway. The capital expenditures amounted to PLN 36.5 million, whereas the depreciation of existing fixed assets totaled PLN 18.3 million.

Meanwhile the Company's current assets totaled PLN 711.5 million and were up by PLN 85.2 million. Short-term receivables totaled PLN 465.6 million and were up in the first quarter (Q1) of 2013 by PLN 142.2 million, which is a result of the adopted tire sales crediting policy.

The short-term financial assets totaled PLN 120.1 million and were down by 64.7 million in the first quarter (Q1). Cash and other cash assets were down by PLN 76.5 million, whereas other short-term financial assets (bills of exchange received from customers) were up by PLN 11.8 million. The short-term prepayments were up by PLN 3.4, of which PLN 2.8 million was in relation to the social fund. The Company's total assets were up by PLN 103.4 million

At the end of March 2013 the liabilities and provisions for liabilities totaled PLN 603.1 million and were up by 77.4 million in the first quarter (Q1) of 2013. The provisions for liabilities were down by PLN 5.9 million. In relation to the employee benefits (annual bonus payment) they were down by PLN 9.3 million. However, the provisions for liabilities were up by PLN 3.5 million owing to deferred income tax assets. Short-term liabilities vis-a-vis related entities were up by PLN 64.2 million. The liabilities vis-a-vis non-related entities were up by PLN 16.4 million. The VAT-related liabilities were up by PLN 18.9 million, whereas other liabilities were down by PLN 2.5 million. Social fund expenditures were up by 2.9 million.

In the first quarter (Q1) 2010 the Company generated negative operational cash flows in the amount of PLN 23.4 million. The investment activity cash flows were negative and totaled PLN 52.8 million. The financial activity cash flows were negative and amounted to PLN 0.7 million. The interest expense was PLN 0.1 million, whereas lease payments amounted to PLN 0.6 million. In the first quarter (Q1) 2013 the net cash flows were negative and totaled PLN 76.9 million.

In the first quarter (Q1) 2013 the cash balance fell by PLN 76.9 million from the opening balance of PLN 184.6 million at the end of 2012 to the closing balance of PLN 107.7 million at the end of March 2013.

**3. Seasonality, cyclic nature of the activities.**

None.

**4. Inventory revaluation**

in Q1 2013 T.C. Debica S.A. made allowances to revalue its inventory for the total amount of PLN 554 thousand that increased other operating costs. Revaluation allowances applied to:

a/ product inventory: PLN 153 thousand.

b/ raw materials and materials inventory: PLN 401 thousand.

Total: PLN 554 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 March 31, 2013 the balance of provisions for pension benefits and equivalents totaled PLN 18.6 million and was down in Q1 2013 by PLN 9.2 million.

The provision for annual bonus was down by PLN 9.7 million (payment of annual bonus to employees in March this year.), and for bonuses by PLN 1.2 million. The provision for the costs of non-utilized holidays went up by PLN 1.7 million.

**7. Deferred income tax provisions and assets**

As of March 31, 2013 the balance of provision for deferred income tax totaled PLN 60.0 million and was up in Q1 by PLN 3.5 million, of which PLN 2 million referred to the provision for leveling off operating profit margin for transactions with related entities up to the guaranteed level of 5%, whereas PLN 0.9 million referred to the difference between depreciation shown in the balancing accounts and depreciation for tax purposes, whereas the other items in this category were up by PLN 0.6 million.

As of March 31, 2013 the balance of deferred income tax assets totaled PLN 9.8 million and did not change compared to the first quarter.

**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, buy out and repayment of debt and equity securities.**

In the current accounting period and in the past the Company did not issue neither debt or equity securities.

**18. Dividend**

A decision to allocate 50% of 2011 net profit i.e. PLN 45.4 million to dividend payment to shareholders, at PLN 3.29 per share, was taken by the Company's Shareholders at the General Meeting of Shareholders that was held on June 4, 2012. The entitlement to 2011 dividend was held by persons who held Company shares on August 3, 2012 on their account kept by a brokerage house (the so called date of acquiring entitlement to dividend). The dividend was paid out on December 19, 2012.

**19. Material events that followed 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 rate of the National Bank of Poland prevailing on March 31, 2013 (1 euro = PLN 4.1774) and on March 31, 2012 (1 euro = PLN 4.1616).

The items from the Profit and Loss Account and from the Cash Flow Statement were converted into EURO using the EURO rate that was the arithmetic mean of the exchange rates published by the National Bank of Poland and effective on the last day of the accounting month. The mean exchange rate adopted for conversions of data from Q1 2013 is PLN 4.1738 for 1 EURO, and for conversions of data from Q1 2012 is PLN 4.1750 for 1 EURO.

The foreign exchange gains/losses due to the conversion of net financial result were posted into equity.

The net profit for Q1 2013 posted into the balance sheet, calculated using the exchange rate prevailing at the end of March 2013 amounted to EUR 6 228 thousand, whereas the net profit calculated using average exchange rates amounts to EUR 6 223 thousand. The foreign exchange losses due to the conversion of net financial result for Q1 2013 amounted to EUR 5 thousand.

**2. Issuer's Capital Group**

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

**3. Effects of changes in company's structure.**

Q1 2013 saw no changes occurred in the Company's 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.**



The Company did not publish forecasts of its performance in 2013.

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

According to the Company Management as of the date of drawing up the Q1 Quarterly Report for 2013:

1) Goodyear S.A. with its registered office in Luxembourg holding 10 546 155 shares accounting for 76.406% of the Company's shareholders' equity and giving entitlement to exercise 10 546 155 votes at the Company's General Meeting of Shareholders, of which:

- (I) it holds directly 9 117 040 shares in the Company, accounting for 66.052% of the Company's shareholders' equity, and giving entitlement to exercise 9.117.040 votes at the Company's General Meeting of Shareholders, accounting for 66.052% of the total number of votes at the Company's General Meeting of Shareholders;
- (II) indirectly, through Goodyear Holding Poland Sp. z o.o., with its registered office in Warsaw, it holds 1.429.115 shares in the Company, accounting for 10.354% of the Company's shareholders' equity and giving entitlement to exercise 1.429.115 votes at the Company's General Meeting of Shareholders, accounting for 10.354% of total number of votes at the Company's General Meeting of Shareholders – pursuant to the information received by the Company and made public by virtue of the Current Report No. 32/2012, dated December 21, 2012.

**II. Changes in the ownership structure of significant shareholding of the Issuer since filing of the previous quarterly report,**

Pursuant to the information received on March 15, 2013 by the Company from PZU S.A. Universal Pension Society acting on behalf of PZU "Golden Fall" Open-End Pension Fund, made public by virtue of Current Report No 3/2013, dated February March 15, 2013 the number of shares currently held by the Fund is less than 5% votes at the Company's General Meeting of Shareholders. Additionally the Company specified that before the announcement the number of shares and votes held was 781 007, whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes was 5.66%. At present the number of shares and votes held is 631 077, whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes is 4.57%.

**6. Specification of changes in the 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:

Jack Pryce, President of the Management Board - 1 share  
Stanislaw Cieszkowski – a Management Board member – 420 shares

All shares have par value of PLN 8.00 each.

**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 transactions made with related entities, if they are not typical and routine transactions entered following an arm's-length principle, with the value exceeding EUR 500 thousand.**

None.

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

None.

**10. Other information vital to the assessment of financial position**

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 in global markets;
- situation in global financial markets.

File	Description

<b>SIGNATURES OF PERSONS REPRESENTING THE COMPANY</b>			
Date	Name and surname	Position/Function	Signature
May 15, 2013	Jacek Pryczek	President of Management Board, CEO	
May 15, 2013	Stanislaw Cieszkowski	Management Board member , Production Director	

Polish Financial Supervision Authori