

adjusted

## POLISH FINANCIAL SUPERVISION AUTHORITY

## Quarterly Report SA-Q

3 / 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, as amended) (for the issuers of securities running production, construction, trading or service activities)

for Q3 of the accounting year 2013 covering the period from July 1, 2013 to September 30, 2013

Filing date: November 14, 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)  
**(014) 670-28-31** (phone) **014 670-09-57** (fax)  
 (e-mail) **www.debica.com.pl** (Web site)  
**872-000-34-04** (Tax ID - NIP) **850004505** (REGON Statistical No.)

SELECTED FINANCIAL DATA	'000 PLN		'000 EUR	
	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012
I. Net sales of products, merchandise and materials	1 564 017	1 692 490	370 346	403 473
II. Operating profit (loss)	85 890	87 370	20 338	20 828
III. Gross profit (loss)	90 168	94 617	21 351	22 556
IV. Net profit (loss)	96 206	75 661	22 781	18 037
V. Operational cash flows, net	112 966	174 456	26 749	41 588
VI. Investment activity cash flows, net	-144 452	-64 196	-34 205	-15 304
VII. Financial activity cash flows, net	-1 994	-32 541	-472	-7 757
VIII. Total net cash flows	-33 480	77 719	-7 928	18 527
IX. Total assets (at closing of current quarter and at closing of previous year)	1 577 221	1 456 178	374 077	353 974
X. Liabilities and liabilities provisions (at closing of current quarter and at closing of previous year)	661 423	607 698	156 873	147 722
XI. Long-term liabilities (at closing of current quarter and at closing of previous year)	1 656	1 824	393	443
XII. Short-term liabilities (at closing of current quarter and at closing of previous year)	573 575	522 869	136 037	127 101
XIII. Equity (at closing of current quarter and at closing of previous year)	915 798	848 480	217 204	206 252
XIV. Initial capital (at closing of current quarter and at closing of previous year)	110 422	110 422	26 189	26 842
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)	6.97	5.48	1.65	1.31
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)	6.97	5.48	1.65	1.31
XVIII. Book value per share (in PLN / EUR) (at closing of current quarter and at closing of previous year)	66.35	61.47	15.74	14.94
XIX. Diluted book value per share (in PLN / EUR) (at closing of current quarter and at closing of previous year)	66.35	61.47	15.74	14.94
XX. Declared or paid dividend per share (in PLN / EUR)	3.38	3.29	0.80	0.78

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

## ABBREVIATED FINANCIAL STATEMENT

## BALANCE-SHEET

	'000 PLN			
	As of Sep. 30, 2013, end of quarter / 2013	As of June 30, 2013, end of previous quarter / 2013	As of Dec. 31, 2012, end of previous year / 2012	As of Sep. 30, 2012, end of quarter / 2012
<b>ASSETS</b>				
I. Fixed assets	843 595	813 382	765 669	718 563
1. Intangible assets including:	62	67	76	25
2. Tangible fixed assets	823 421	795 149	755 675	705 531
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	19 968	18 022	9 774	12 863
4.1. Deferred income tax assets	19 968	18 022	9 774	12 863
II. Current assets	733 625	669 824	626 300	737 615
1. Inventories	101 466	113 116	117 687	114 384
2. Short-term receivables	469 739	415 090	323 388	472 261
2.1. From related entities	384 344	366 954	281 842	377 559
2.2. From other entities	85 395	48 136	41 546	94 702
3. Short-term investments	160 191	139 077	184 772	147 901
3.1. Short-term financial assets	160 191	139 077	184 772	147 901
a) in other entities	9 511	29 855	445	12 030
b) cash and cash equivalents	150 680	109 222	184 327	135 871
4. Short-term deferred assets	2 229	2 541	453	3 069
<b>Total assets</b>	<b>1 577 221</b>	<b>1 483 206</b>	<b>1 391 969</b>	<b>1 456 178</b>
<b>LIABILITIES</b>				
I. Shareholders' equity	915 798	870 804	866 245	848 480
1. Share capital	110 422	110 422	110 422	110 422
2. Reserve capital	320 773	320 772	320 041	319 713
3. Revaluation capital	71 785	71 786	72 517	72 845
4. Other reserve capitals	316 612	316 611	269 839	269 839
5. Net profit (loss)	96 206	51 213	93 426	75 661
II. Liabilities and liabilities provisions	661 423	612 402	525 724	607 698
1. Liabilities provisions	86 193	81 666	84 598	83 005
1.1. Provision for deferred income tax	59 572	58 691	56 492	55 974
1.2. Provision for pension benefits and equivalents	26 487	22 842	27 878	26 904
a) Long-term	6 894	6 894	6 894	8 189
b) short-term	19 593	15 948	20 984	18 715
1.3. Other provisions	133	133	228	127
a) long-term	133	133	124	127
b) short-term			104	
2. Long-term liabilities	1 656	1 148	1 647	1 824
2.1. to other entities	1 656	1 148	1 647	1 824
3. Short-term liabilities	573 575	529 588	439 479	522 869
3.1. to related entities	157 322	158 356	98 036	134 633
3.2. to other entities	415 501	370 205	340 052	385 925
3.3. Special funds	752	1 027	1 391	2 311
4. Accrued liabilities	0	0	0	0
4.1. Other accrued liabilities	0	0	0	0
a) long-term liabilities			0	
b) short-term liabilities			0	
<b>Total liabilities</b>	<b>1 577 221</b>	<b>1 483 206</b>	<b>1 391 969</b>	<b>1 456 178</b>
Book value	915 798	856 262	866 245	848 480
Number of shares	13 802 750	13 802 750	13 802 750	13 802 750
Book value per share (in PLN)	66.35	62.04	62.76	61.47
Diluted number of shares	13 802 750	13 802 750	13 802 750	13 802 750
Diluted book value per share (in PLN)	66.35	62.04	62.76	61.47

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 Sep. 30, 2013, end of quarter / 2013	As of June 30, 2013, end of previous quarter / 2013	As of Dec. 31, 2012 end of previous year / 2012	As of Sep. 30, 2012, end of quarter / 2012
1. Other	15 634	16 627	18 420	17 433
off-balance liabilities under a long-term gas supply contract	11 502	11 975	12 920	11 502
off-balance liabilities under a long-term real estate lease agreement	4 132	4 652	5 500	5 931
Total off-balance items	15 634	16 627	18 420	17 433

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			
	Q3 /2013 period from July 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	Q3 /2012, period from Jul. 1, 2012 to Sep. 30, 2012	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012
I. Net sales of products, merchandise and materials including:	545 087	1 564 017	534 272	1 692 490
- from related entities	483 239	1 384 112	474 840	1 496 691
1. Net sales of products	532 335	1 506 125	522 468	1 642 301
2. Net sales of merchandise and materials	12 752	57 892	11 804	50 189
II. Cost of products, merchandise and materials sold including:	480 246	1 414 813	471 145	1 534 698
- to related entities	437 362	1 275 436	426 096	1 379 980
1. Cost of products sold	469 490	1 357 079	460 716	1 489 249
2. Cost of merchandise and materials sold	10 756	57 734	10 429	45 449
III. Gross profit (loss) on sales	64 841	149 204	63 127	157 792
IV. Selling expenses	7 855	24 612	8 523	26 926
V. General administrative expenses	12 296	36 967	9 303	35 793
VI. Profit (loss) on sales	44 690	87 625	45 301	95 073
VII. Other operating income	229	1 001	546	378
1. Gain on disposal of non-financial fixed assets	122	412	48	64
2. Other operating income	107	589	498	314
VIII. Other operating expenses	686	2 736	877	8 081
1. Revaluation of non-financial fixed assets	12	946	488	654
2. Other operating costs	674	1 790	389	7 427
IX. Operating profit (loss)	44 233	85 890	44 970	87 370
X. Financial income	1 302	7 381	4 627	12 352
1. Dividends and shares in profits including:	532	2 057	1 885	3 232
2. Interest receivable including:	770	5 324	2 742	9 120
3. Other	1 188	3 103	1 715	5 105
XI. Financial expenses	1 188	3 103	1 715	5 105
1. Interest payable including:	44 347	90 168	47 882	94 617
2. Other	44 347	90 168	47 882	94 617
XII. Profit (loss) on ordinary activities	-646	-6 038	9 306	18 956
XIII. Profit (loss) before taxation	419	1 076	11 224	14 451
XIV. Income tax	-1 065	-7 114	-1 918	4 505
a) current portion	44 993	96 206	38 576	75 661
b) deferred portion	-1 918	4 505	-1 369	1 441
XV. Net profit (loss)	38 576	75 661	32 648	75 711

Net profit (loss) (annualized)		113 971		90 745
Weighted average number of ordinary shares		13 802 750		13 802 750
Earnings (loss) per ordinary share (in PLN)		8.26		6.57
Weighted average diluted number of ordinary shares		13 802 750		13 802 750
Diluted earnings (loss) per ordinary share (in PLN)		8.26		6.57

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	'000 PLN			
	Q3 /2013 period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	Q3 /2012, period from Jul. 1, 2012 to Sep. 30, 2012	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012
I. Opening balance of shareholders' equity	870 805	866 245	818 230	818 230
I a) Opening balance of shareholders' equity, after restatement to comparative data	870 805	866 245	818 230	818 230
1. Opening balance of share capital	110 422	110 422	110 422	110 422
2. Closing balance of share capital	110 422	110 422	110 422	110 422
1. Opening balance of reserve capital	320 772	320 041	319 618	319 618
1.1. Changes in reserve capital	1	732	423	95
a) additions (of which)	1	732	423	95
transfer from the reserve capital the revaluated liquidated fixed assets – current period	1	732	423	95
1.2. Closing balance of reserve capital	320 773	320 773	320 041	319 713
2. Opening balance of revaluation capital	71 786	72 517	72 940	72 940
2.1. Changes in revaluation capital	-1	-732	-423	-95
a) reductions (of which)	1	732	423	95
allocation to the reserve capital the revaluation amounts of liquidated fixed assets – current period	1	732	423	95
2.2. Closing balance of revaluation capital	71 785	71 785	72 517	72 845
3. Opening balance of other reserve capital	316 612	269 839	224 455	224 455
3.1. Changes in other reserve capital		46 773	45 384	45 384
a) additions (of which):		46 773	45 384	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	45 384
allocation of the reserve capital from the profit distributed for the year 2012, with an option of dividend payment to the shareholders.		46 773		
3.2. Closing balance of other reserve capital	316 612	316 612	269 839	269 839
4. Opening balance of retained earnings	51 213	93 426	90 795	90 795
4.1. Opening balance of retained earnings	51 213	93 426	90 795	90 795
4.2. Opening balance of retained earnings after the restatement to comparative data	51 213	93 426	90 795	90 795
a) reductions (of which):		93 426	90 795	90 795
- dividend for shareholders		46 653	45 411	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	45 384
allocation of the reserve capital from the profit distributed for the year 2012, with an option of dividend payment to the shareholders.		46 773		
4.3. Closing balance of retained earnings (profit)	51 213	0	0	0
4.4. Closing balance of retained earnings (profit/loss)	51 213	0	0	0
5. Net profit (loss)	44 993	96 206	93 426	75 661
a) net profit	44 993	96 206	93 426	75 661
II. Closing balance of shareholders' equity	915 798	915 798	866 245	848 480
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	915 798	915 798	866 245	848 480

## CASH FLOW STATEMENT

	'000 PLN			
	Q3 /2013 period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	Q3 /2012, period from Jul. 1, 2012 to Sep. 30, 2012	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012
A. Operational cash flows				
I. Net profit (loss)	44 993	96 206	38 576	75 661
II. Total adjustments	47 172	16 760	-71 175	98 795
1. Share in net profits/losses of subsidiaries priced using ownership title method	0		0	
2. Depreciation and amortization	19 299	56 618	17 227	52 938
3. Foreign exchange gains/losses	1 379	167	107	269
4. Interest and dividends	62	400	376	936
5. Investment activity gain (loss)	-75	-857	11	244
6. Change in provisions	4 528	1 596	3 581	-3 502
7. Change in inventories	11 650	16 221	28 698	171 835
8. Change in receivables	-34 304	-155 418	-118 957	-40 503
9. Change in current liabilities (excluding loans and bank credits)	46 267	110 003	539	-78 669
10. Change in deferred and accrued expenses	-1 634	-11 970	-2 757	234

	'000 PLN			
	Q3 /2013, period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	Q3 /2012, period from Jul. 1, 2012 to Sep. 30, 2012	3 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Sep. 30, 2012
11. Other adjustments	0	0	-1	-4 988
Net operational cash flows (I+/-II) –III, indirect method	92 165	112 966	-32 599	174 456
<b>B. Investment activity cash flows</b>				
I. Cash inflows	397	3 202	1	18
1. Disposal of intangible assets and tangible fixed assets	397	3 202	1	18
II. Cash outflows	49 140	147 655	33 397	64 214
1. Purchases of intangible assets and tangible fixed assets	49 140	147 655	33 397	64 214
III. Net investment activity cash flows (I-II)	-48 743	-144 452	-33 396	-64 196
<b>C. Cash flows from financial activities</b>				
I. Cash inflows	0	0	0	0
1. Bank credits and loans contracted	584	1 994	931	32 541
II. Cash outflows				29 908
1. Repayment of bank credits and loans	522	1 594	555	1 697
2. Financial lease commitments paid	62	400	376	936
3. Interest paid	-584	-1 994	-931	-32 541
III. Net financial activity cash flows (I-II)	42 837	-33 480	-66 926	77 719
D. Total net cash flows (A.III+/-B.III+/-C.III)	41 458	-33 647	-67 033	77 450
E. Change in balance-sheet cash and cash equivalents of which:	-1 379	-167	-107	-269
- change in cash and cash equivalents due to foreign exchange gains/losses	108 286	184 603	202 903	58 259
F. Opening balance of cash and cash equivalents	151 123	151 123	135 977	135 977
G. Closing balance of cash and cash equivalents (F+/- D) of which:	752	752	2 316	2 316
- those with restricted availability	2 316	2 316	358	358

## NOTES TO THE FINANCIAL STATEMENT

### NOTES TO THE FINANCIAL STATEMENT FOR Q3/2013

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

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

The Q3 2013 Report was drawn up in compliance with the provisions of the Accounting Act of 29 September, 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 2012 have not been modified.

No material changes in estimated data occurred.

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

In Q3 2013 sales revenues of Tire Company Debica S.A. totaled PLN 545.1 million and were up by 2.0 per cent compared to Q3/2012. Meanwhile on a year-to-date basis (three quarters of 2013), the Company generated sales revenues totaling PLN 1 692.5 million, which were down by 7.6 per cent compared to the same period in 2012. However, in comparable terms i.e. including the impact of one-off sales of inventories of the tires under non-Debica brands for the total amount of PLN 155.1million, which took place in the first quarter of 2012 – the sales revenues on a year-to-date basis in 2013 are up by 1.7% on a year-to-year basis.

Net profit on a year-to-date basis in 2013 totaled PLN 96.2 million, which was up by 27.2 per cent compared to the same period of the previous year. Net profit for Q3/2013 alone totaled PLN 45.0 million and was up by 16.6 per cent on a year-to-year basis.

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

Sales to Goodyear Group's related entities on a year-to-date basis in 2013 totaled PLN 1 384.1 million, and was up in comparable terms by 3.2 per cent on a year-to-year basis. Sales revenues in Q3/2013 totaled PLN 483.2 million and were up by 1.8 per cent on a year-to-year basis. Sales to non-related entities on a year-to-date basis in 2013 totaled PLN 179.9 million i.e. it was down by 8.1 per cent on a year-to-year basis. In Q3 2013 sales was up by 4.0 per cent on a year-to-year basis. Sales to related entities for 9 months of 2013 accounted for 88.5 per cent of total sales compared to 88.4 per cent in the same period of the previous year.

Gross sales profit to related entities totaled PLN 108.7 million, and profit margin to revenues was up from 7.8 per cent to 7.9 per cent on a year-to-year basis. Meanwhile gross sales profit to non-related entities totaled PLN 40.5 million and profit margin was up from 21.0 per cent to 22.5 per cent on a year-to-year basis.

Gross profit from total sales for 9 months of 2013 totaled PLN 149.2 million and profit margin to revenues was 9.5 per cent compared to 9.3 per cent in the same period of the previous year. An increase of gross profit margin was possible thanks to the reduction of unit production costs by 10.2 per cent and it was achieved thanks to lower material costs.

The costs of sales and general management totaled PLN 61.6 million i.e. down by PLN 1.1 million compared to three quarters of 2012. The share of these costs in total sales accounted for 3.9 per cent against 3.7 per cent on a year-to-year basis.

The other operating profit (EBIT) was negative and totaled PLN 1.7 million and is up by PLN 6.0 million compared to three quarters of 2012, mainly due to the absence of costs of non-utilized production capacity, which did not occur in 2013, and their cost in 2012 was PLN 6.4 million. The cost of bad debts is down by PLN 0.4 million. Other operating costs are up by PLN 0.8 million.

Operating profit (EBIT) totaled PLN 85.9 million i.e. down by PLN 1.7 million on a year to year basis, but profit margin to revenues was up to 5.5 per cent compared to 5.2 per cent in three quarters of the previous year.

On a year-to-dated basis in 2013 the financial activity gains were positive and totaled PLN 4.3 million i.e. down by PLN 2.9 million compared to the same period of 2012. Meanwhile the foreign exchange (FX) gains totaled PLN 5.3 million, up by 1.2 per cent compared to the same period in the previous year, whereas gains from the revaluation of embedded derivatives were not recorded, whereas in three quarters of the previous they totaled PLN 5.0 million. Interest expense on third party financing (utilization of current account overdraft facility and discount of bills of exchange) totaled PLN 2.8 million, i.e. down by PLN 1.5 million, whereas other interest expense totaled PLN 0.2 million, down by PLN 0.5 million. Interest income on idle cash totaled PLN 2.0 million – down by PLN 1.2 million.

Since the end of May 2012 the Company does not have any long-term contracts denominated in foreign currencies with embedded derivatives such as foreign exchange. Consequently the balance of receivables and liabilities under this title is nil. Gross profit before taxation for three quarters of 2013 totaled PLN 90.2 million, and was down by 4.7 per cent compared to the same period of the previous year.

The current portion of the income tax totaled PLN 1.1 million, since the Company settled the income tax relief in the amount of PLN 23.8 million, owed to the Company for the execution of investment project in the Euro-Park Mielec Special Economic Zone. The portion of deferred income tax was negative and amounted to PLN 7.1 million and the total income tax was negative and amounted to PLN (6.0) million.

Gross profit before taxation for three quarters of 2013 totaled PLN 96.2 million and was up by 27.2 per cent compared to the same period of the previous year. Net profit for Q3 2013 totaled PLN 45.0 million and was up by 16.6 per cent on a year-to-year basis.

Pursuant to the held operational permit No. 134/ARP/2008 of 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 42.6 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 is entitled to enjoy income tax relief for legal persons. The operational permit is valid until 2017. As of September 30, 2013 the amount of non-utilized tax relief totaled PLN 89.5 in nominal terms and PLN 71.3 in discounted terms. As of September 30, 2013 the Company used up the enjoyed tax relief in the amount of PLN 23.8 million in nominal terms.

At the end of September 2013 the tangible fixed assets totaled PLN 823.4 and were up by PLN 67.8 million in 9 months of 2013 in relation to the investment projects underway. The capital expenditures totaled PLN 125 million, whereas the depreciation of existing fixed assets totaled PLN 56.6 million. Due to lease arrangements tangible fixed assets were up by PLN 1.7 million, whereas disposals reduced tangible fixed assets by PLN 2.3 million. The deferred income tax assets amounted to PLN 20.0 million and were up by PLN 10.2 million in relation to the change of taxation of unpaid liabilities with extended maturity date.

The Company's current assets totaled PLN 733.6 million and were up by PLN 107.3 million.

Short-term receivables totaled PLN 469.7 million and were up within 9 months of 2013 by PLN 146.4 million, of which the amount of PLN 102.5 million was from related entities. Inventory was reduced by PLN 16.2 million to the level of PLN 101.5 million.

Short-term financial assets totaled PLN 160.2 million and were down by PLN 24.6 million for nine months of 2013. Cash and other cash assets were down by PLN 33.6 million, whereas other short-term financial assets (bills of exchange received from the customers) were up by PLN 9.1 million. Short-term prepayments were up by PLN 1.8 million including PLN 0.9 million in relation to social fund. As of September 30, 2013 the Company assets totaled PLN 1 577.2 million and were up by PLN 185.3 million in 9 months of 2013.

At the end of September 2013 short-term receivables totaled PLN 661.4 million and were up within 9 months of 2013 by PLN 135.7 million. The liability provisions were up by PLN 1.6 million. The provisions for employee benefits are down by PLN 1.4 million. The provisions for deferred tax went up by PLN 3.0 million.

The short-term liabilities to related entities were up by PLN 59.3 million including the amount of PLN 35.6 million related to dividend payment. The liabilities vis-a-vis non-related entities went up by PLN 75.4 million. VAT-related liabilities went up by PLN 32.6 million, dividend-related liabilities were up by PLN 11.0 and trade payables were up by PLN 19.7 million. Other liabilities were up by PLN 12.1 million. The social fund was reduced by PLN 0.6 million.

At the end of September 2013 Company equity totaled PLN 915.8 million and was up by PLN 49.6 million during nine months of 2013. The dividend payment for 2012 totals PLN 46.6 million, whereas net profit for 9 months of 2013 was PLN 96.2 million.

For three quarters 2013 the operational activity cash flows were positive and totaled PLN 113.0 million. Net profit and depreciation generated PLN 152.8 million of cash inflows, whereas an increase of working capital generated PLN 29.2 million of negative cash flows. The change in the balance of provisions and accruals generated the negative amount of PLN 10.4 million and in other lines the additional amount of negative cash flows were PLN (0.2) million. The investment activity cash flows were negative and totaled PLN 147.7 million. Financial activities generated negative cash flows that totaled PLN 2.0 million. The interest expense totaled PLN 0.4 million, whereas lease payments totaled PLN 1.6 million. Net cash flows for three quarters of 2013 were negative and totaled (33.5) million. In 9 months of 2013 the cash balance was down by PLN 33.5 million from the level of PLN 184.6 million at the end of 2012, to the level of PLN 151.1 million at the end of September 2013.

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

None.

### **4. Inventory revaluation**

At the end of September 2013, on a year-to-date basis, T.C. Debica S.A. made allowances to revalue its inventory for the total amount of PLN 946 thousand that increased other operating costs. Revaluation allowances applied to:

a/ product inventory: PLN 545 thousand.

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

Total: PLN 946 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 September 30, 2013 the provisions for pension benefits and equivalents totaled PLN 26.5 million and was down on year-to-date basis by PLN 1.4 million

A provision for annual bonus was down by PLN 3.4 million and provision for overdue leaves was up by PLN 2.0.

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

As of September 30, 2013 the provision for deferred income tax totaled PLN 59.6 million and was up on a year-to-date basis by PLN 3.1 million.

As of September 30, 2012 the balance of deferred income tax assets totaled PLN 20.0 million and was up on a year-to-date basis by PLN 10.2 million.

The major growth driver of tax deferred assets is the amount being a result of the adjustment of tax costs related to unpaid invoices within 90 days from posting them into tax deductible costs (pursuant to the Act on Reduction of Some Administrative Burdens in the Economy, dated November 16, 2012 ).At the end of September 2013 the tax impact was PLN 8 million. It should be noted that Tire Company Debica SA pays its trade liabilities in compliance with commercial terms, at maturity dates of invoices. The negotiated maturity dates for liabilities exceeding 90 days necessitate cost adjustments.

Additionally the following items increased the deferred tax assets:

- by PLN 1.3 million due to provisions for business loyalty and provisions for dealers' services,

- by PLN 0.6 million due to higher non-invoiced deliveries

- by PLN 0.3million due to higher costs of overdue leaves.

**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 that have 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.**

In the current accounting period, nor in the past the Company has not issued neither debt, nor equity securities.

**18. Dividend**

The General Meeting of Shareholders that was held on June 7, 2013 decided that 50% of 2012 profit i.e. the amount of PLN 46 653 million, should be allocated to dividend payment to shareholders at PLN 3.38 per share. The entitlement to 2012 dividend is enjoyed by persons who hold Company shares on their account kept by a brokerage house on August 30, 2013 (the so called day of acquiring right to dividend payment). Dividend will be paid on December 18, 2013.

**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 September 30, 2013 (1 EURO = PLN 4.2163), and on September 30, 2012 (1 EURO = PLN 4.1138).

The items from the Profit and Loss Account and from the Cash Flow Statement expressed in the Polish currency 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 each accounting month. The mean exchange rate adopted for conversion of data for three quarters of 2013 is PLN 4,2231 for 1 EURO, and for conversions of data for three quarters of 2012 is PLN 4.1948 for 1 EURO.

The net profit for three quarters of 2013, posted into the balance sheet, calculated using the exchange rate prevailing at the end of September 2013, amounted to EUR 22 818 thousand, whereas the net profit calculated using average exchange rates amounts to EUR 22 781 thousand. The foreign exchange gains due to the conversion of net financial result for three quarters of 2013 amounted to EUR 37 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.

Q3 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 2012:

a) A shareholder holding above 5 % of the initial capital and at least 5% of the total number of votes at the Company's General Meeting of Shareholders was Goodyear S.A. with its registered office in Luxembourg currently holding 10.546.155 shares accounting for 76.406 % of the Company's initial capital and giving entitlement to 10.546.155 votes at the General Meeting of Shareholders, accounting for 76.406% of the total number of votes at the Company's General Meeting of Shareholders of which:

- it holds directly 9 117 040 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;

- it holds indirectly, through the agency of Goodyear Holding Poland with its registered office in Warsaw, 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 the total number of votes at the Company's General Meeting of Shareholders.

b) The Company is not in the possession of information about subsequent changes in the shareholding structure that would involve shareholders holding, at least, 5 % of initial capital and, at least, 5 % of the total number of votes at the Company's General Meeting of Shareholders.

## 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's governing bodies hold shares:

Jacek Pryczek, President of the Management Board - 1 share

Stanisław 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.**

See Section 14 of the Notes to the Financial Statement.

**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
November 14, 2013	Jacek Pryczek	President of Management Board, CEO	
November 14, 2013	Leszek Cichocki	Management Board member, Finance Director	