

Polish Financial Supervision Authority

Quarterly Report SA-Q

4 / 2012

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 Q4 of the accounting year 2012 covering the period from October 1, 2012 to December 31, 2012

Filing date: March 1, 2013

TIRE COMPANY DEBICA SA

DEBICA

(full name of issuer)

Abbreviated name of issuer

Automotive

(sector according to WSE classification)

39-200

(postal code)

Debica

(place)

ul. 1 Maja

(street)

1

(number)

(14) 670-28-31

(phone)

(14) 670-09-57

(fax)

www.debica.com.pl

(Website)

(e-mail)

872-000-34-04

(TAX ID - NIP)

850004505

(REGON STATISTICAL NO.)

FINANCIAL HIGHLIGHTS	'000 PLN		'000 EUR	
	4 quarters on YTD basis / 2011 period from Jan. 1, 2012 to Dec. 31, 2012	4 quarter(s) on YTD basis / 2010, period from Jan. 1, 2011 to Dec. 31, 2011	4 quarter(s) on YTD basis / 2012 period from Jan. 1, 2012 to Dec. 31, 2012	4 quarter(s) on YTD basis / 2010 period from Jan. 1, 2011 to Dec. 31, 2011
I Net sales of products, merchandise and materials	2 133 259	2 321 586	511 132	560 753
II. Operating profit (loss)	110 667	134 994	26 516	32 606
III. Profit (loss) before taxation	118 457	113 604	28 382	27 440
IV. Net profit (loss)	94 731	90 795	22 698	21 931
V. Operational cash flows, net	334 056	163 595	80 040	39 515
VI. Investment activity cash flows, net	-129 097	-98 240	-30 932	-23 729
VII. Financial activity cash flows, net	-78 615	-53 570	-18 836	-12 939
VIII. Total net cash flows	126 344	11 785	30 272	2 847
IX. Total assets (at the end of current quarter and end of previous accounting year)	1 392 241	1 454 724	340 551	329 362
X. Liabilities and liabilities provisions (at the end of current quarter and end of previous accounting year)	524 690	636 494	128 342	144 107
XI. Long-term liabilities (at the end of current quarter and end of previous accounting year)	1 647	6 386	403	1 446
XII. Short-term liabilities (at the end of current quarter and end of previous accounting year)	439 479	543 599	107 499	123 075
XIII. Shareholders' equity (at the end of current quarter and end of previous accounting year)	867 550	818 230	212 208	185 254
XIV. Share capital (at the end of current quarter and end of previous accounting year)	110 422	110 422	27 010	25 000
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)	6.86	6.58	1.64	1.59
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)	6.86	6.58	1.64	1.59
XVIII. Book value per share (in PLN / EUR) (at the end of current quarter and end of previous accounting year)	62.85	59.28	15.37	13.42
XIX. Diluted book value per share (in PLN / EUR) (at the end of current quarter and end of previous accounting year)	62.85	59.28	15.37	13.42
XX. Declared or paid dividend per share (in PLN / EUR)	3.29	2.96	0.79	0.71

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

ABBREVIATED FINANCIAL STATEMENT

BALANCE-SHEET

	'000 PLN			
	As of Dec. 31, 2012, end of quarter / 2012	As of Sept. 30, 2012, end of previous quarter / 2012	As of Dec. 31, 2011, end of previous year / 2011	As of Dec. 31, 2011, end of quarter / 2011
ASSETS				
I Fixed assets	766 014	718 563	665 529	665 529
1. Intangible assets including:	76	25	747	747
2. Tangible fixed assets	756 217	705 531	648 994	648 994
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	9 577	12 862	15 644	15 644
4.1. Deferred income tax assets	9 577	12 862	15 644	15 644
II. Current assets	626 227	737 615	789 195	789 195
1. Inventories	117 688	114 384	286 218	286 218
2. Short-term receivables	323 314	472 261	443 786	443 786
2.1. From related entities	281 842	377 559	383 741	383 741
2.2. From other entities	41 473	94 702	60 045	60 045
3. Short-term investments	184 772	147 901	58 666	58 666
3.1. Short-term financial assets	184 772	147 901	58 666	58 666
a) in other entities	445	12 029	244	244
b) cash and cash equivalents	184 327	135 871	58 422	58 422
4. Short-term deferred assets	453	3 069	525	525
Total assets	1 392 241	1 456 178	1 454 724	1 454 724
LIABILITIES				
I Shareholders' equity	867 550	848 480	818 230	818 230
1. Share capital	110 422	110 422	110 422	110 422
2. Reserve capital	320 041	319 713	319 618	319 618
3. Revaluation capital	72 517	72 845	72 940	72 940
4. Other reserve capitals	269 839	269 839	224 455	224 455
5. Net profit (loss)	94 731	75 661	90 795	90 795
II. Liabilities and liabilities provisions	524 690	607 698	636 494	636 494
1. Liabilities provisions	83 563	83 005	86 507	86 507
1.1. Provision for deferred income tax	56 491	55 974	54 250	54 250
1.2. Provision for pension benefits and equivalents	26 844	26 903	32 146	32 146
a) long-term liabilities	6 894	8 189	8 189	8 189
b) short-term liabilities	19 950	18 715	23 957	23 957
1.3. Other provisions	228	127	111	111
a) long-term	124	127	111	111
b) short-term	102	0	0	0
2. Long-term liabilities	1 647	1 824	6 386	6 386
2.1. to other entities	1 647	1 824	6 386	6 386
3. Short-term liabilities	439 479	522 868	543 599	543 599
3.1. To related entities	98 036	134 633	128 745	128 745
3.2. to other entities	340 052	385 925	414 208	414 208
3.3. Special funds	1 391	2 311	646	646
4. Accrued liabilities	0	0	2	2
4.1. Other accrued liabilities	0	0	2	2
a) long-term liabilities			0	0
b) short-term liabilities			2	2
Total liabilities	1 392 241	1 456 178	1 454 724	1 454 724
Book value	867 550	848 480	818 230	818 230
Number of shares (pcs.)	13 802 750	13 802 750	13 802 750	13 802 750
Book value per share (in PLN)	62.85	61.47	59.28	59.28
Diluted number of shares (pcs.)	13 802 750	13 802 750	13 802 750	13 802 750
Diluted book value per share (in PLN)	62.85	61.47	59.28	59.28

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 Dec. 31, 2012, end of quarter / 2012	As of Sept. 30, 2012, end of previous quarter / 2012	As of Dec. 31, 2011, end of previous year / 2011	As of Dec. 31, 2011, end of quarter / 2011
1. Other of which:	18 420	17 433	65 920	65 920
off-balance liabilities under a real estate long-term lease agreement	0	0	44 653	44 653
off-balance liabilities under a long-term gas supply contract	12 920	11 502	15 004	15 004
off-balance liabilities under a long-term real estate lease agreement	5 500	5 931	6 263	6 263
Total off-balance items	18 420	17 433	65 920	65 920

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 /2012 period from Oct. 1, 2012 to Dec. 31, 2012	4 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Dec. 31, 2012	Q4 / 2011, period from Oct. 1, 2011 to Dec. 31, 2011	4 quarters on YTD basis / 2011, period from Jan. 1, 2011 to Dec. 31, 2011
I. Net sales of products, merchandise and materials including:	439 308	2 133 259	543 388	2 321 586
- from related entities	399 972	1 897 783	505 731	2 094 137
1. Net sales of products	427 624	2 071 255	536 048	2 274 436
2. Net sales of merchandise and materials	11 684	62 004	7 340	47 150
II. Cost of products, merchandise and materials sold including:	396 784	1 933 023	494 719	2 077 131
- to related entities	365 093	1 746 424	464 134	1 898 615
1. Cost of products sold	386 116	1 876 697	485 964	2 031 236
2. Cost of merchandise and materials sold	10 668	56 326	8 755	45 895
III. Gross profit (loss) on sales	42 524	200 236	48 669	244 455
IV. Selling expenses	-155	26 771	5 546	35 377
V. General administrative expenses	14 856	50 649	18 791	71 204
VI. Profit (loss) on sales	27 823	122 816	24 332	137 874
VII. Other operating income	130	633	383	1 190
1. Gain on disposal of non-financial fixed assets	39	153	213	635
2. Other operating income	91	480	170	555
VIII. Other operating expenses	4 656	12 782	1 145	4 070
1. Revaluation of non-financial fixed assets	200	855	569	2 400
2. Other operating costs	4 456	11 927	576	1 670
IX. Operating profit (loss)	23 297	110 667	23 570	134 994
X. Financial income	1 487	13 664	197	364
1. Dividends and share in profits				9
2. Interest receivable including:	1 434	4 667	193	340
3. Other	53	8 997	4	15
XI. Financial expenses	944	5 874	4 455	21 754
1. Interest payable including:	769	5 874	1 061	6 518
2. Other	175		3 394	15 236
XII. Profit (loss) on ordinary activities	23 840	118 457	19 312	113 604
XIII. Profit (loss) before taxation	23 840	118 457	19 312	113 604
XIV. Income tax	4 769	23 726	4 228	22 809
a) current portion	967	15 418	3 319	20 458
b) deferred portion	3 802	8 308	909	2 351
XV. Net profit (loss)	19 071	94 731	15 084	90 795
Net profit (loss) (annualized)		94 731		90 795
Number of shares (pcs.)		13 802 750		13 802 750
Earnings (loss) per ordinary share (in PLN)		6.86		6.58
Weighted average of diluted number of shares (pcs.)		13 802 750		13 802 750
Diluted earnings (loss) per ordinary share (in PLN)		6.86		6.58

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	'000 PLN			
	Q4 / 2012, period from Oct. 1, 2012 to Dec. 31, 2012	4 quarters on YTD basis / 2012 period from Jan. 1, 2012 to Dec. 31, 2012	Year 2011, period from Jan. 1, 2011 to Dec. 31, 2011	4 quarter(s) on YTD basis / 2011, period from Jan. 1, 2011 to Dec. 31, 2011
I. Opening balance of shareholders' equity	809 904	818 230	768 292	768 292
I a. Opening balance of shareholders' equity after reinstatement to comparative data	809 904	818 230	768 292	768 292
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	319 713	319 618	318 893	318 893
2.1. Changes in reserve capital	328	423	725	725
a) additions (of which)	328	423	725	725
transfer from reserve capital of revaluated disposed fixed assets – current period	328	423	725	725
2.2. Closing balance of reserve capital	320 041	320 041	319 618	319 618
3. Opening balance of revaluation capital	72 845	72 940	73 665	73 665
3.1. Changes in revaluation capital	-328	-423	-725	-725
a) reductions (of which)	328	423	725	725
allocation to reserve capital of revaluated disposed fixed assets – current period	328	423	725	725
3.2. Closing balance of revaluation capital	72 517	72 517	72 940	72 940
4. Opening balance of other reserve capital	269 839	224 455	183 626	183 626
4.1. Changes in other reserve capital		45 384	40 829	40 829
a) additions (of which)		45 384	40 829	40 829
allocation to the reserve capital from the profit distributed for the year 2010, with an option of dividend payment to the shareholders.			40 829	40 829
allocation to 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	224 455
5. Opening balance of retained earnings	75 660	90 795	81 686	81 686
5.1. Opening balance of retained earnings	75 660	90 795	81 686	81 686
5.2. Opening balance of retained earnings after the restatement to comparative data	75 660	90 795	81 686	81 686
a) reductions (of which):		90 795	81 686	81 686
- dividend for shareholders		45 411	40 857	40 857
allocation to the reserve capital from the profit distributed for the year 2010, with an option of dividend payment to the shareholders.			40 829	40 829
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	75 660	0	0	0
5.4. Closing balance of retained earnings	75 660	0	0	0
6. Net profit (loss)	19 071	94 731	90 795	90 795
a) net profit	19 071	94 731	90 795	90 795
II. Closing balance of shareholders' equity	867 550	867 550	818 230	818 230
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	867 550	867 550	818 230	818 230

CASH FLOW STATEMENT

	'000 PLN			
	Q4 / 2012, period from Oct. 1, 2012 to Dec. 31, 2012	4 quarters on YTD basis / 2012, period from Jan. 1, 2012 to Dec. 31, 2012	Q4 / 2011 period from Oct. 1, 2011 to Dec. 31, 2011	4 quarters on YTD basis / 2011, period from Jan. 1, 2011 to Dec. 31, 2011
A. Operational cash flows				
I Net profit (loss)	19 071	94 731	15 084	90 795
II. Total adjustments	140 529	239 325	83 063	72 800
1. Share in net (profits) losses of subsidiaries valued by the equity method	0		0	
2. Depreciation and amortization	17 639	70 577	18 059	69 269
3. Foreign exchange gains/losses	170	439	-36	-284
4. Interest and dividends	59	995	816	3 623
5. Investment activity gain (loss)	579	823	-207	-583
6. Change in provisions	558	-2 944	3 744	2 765
7. Change in inventories	-3 303	168 532	-499	-54 647
8. Change in receivables	160 530	120 028	185 463	16 745
9. Change in current liabilities (excluding loans and bank credits)	-41 604	-120 273	-128 483	30 286
10. Change in deferred and accrued expenses	5 901	6 136	1 992	-1 076
11. Other adjustments	0	-4 988	2 215	6 702
III. Net operational cash flows (I+II) -indirect method	159 600	334 056	98 147	163 595
B. Investment activity cash flows				
I Cash inflows	24	42	343	1 181
1. Disposal of intangible assets and tangible fixed assets	24	42	296	1 062
2. Disposal of real estate and intangible assets			0	
3. From financial assets of which:			47	119
a) in other entities			47	119
- interest received			47	119
II. Cash outflows	64 925	129 139	24 794	99 421
1. Purchases of intangible assets and tangible fixed assets	64 925	129 139	24 794	99 421
III. Net investment activity cash flows (I-II)	-64 901	-129 097	-24 451	-98 240
C. Financial activity cash flows				
I. Cash inflows	0	0	0	0
1. Other financial inflows				0
II. Cash outflows	46 074	78 615	89 321	53 570
1. Dividends and other payments to the owners	45 411	45 411	40 857	40 857
2. Payments of bank credits and loans		29 908	47 100	7 050
3. Financial lease commitments paid	604	2 301	502	1 921
4. Interest paid	59	995	863	3 742
III. Net financial activity cash flows (I-II)	-46 074	-78 615	-89 321	-53 570
D. Total net cash flows (A.III+/-B.III+/-C.III)	48 625	126 344	-15 624	11 785
E. Change in balance-sheet cash and cash equivalents of which:	48 455	125 905	-15 588	12 069
- change in cash and cash equivalents due to foreign exchange gains/losses	-170	-439	36	284
F. Opening balance of cash and cash equivalents	135 977	58 259	73 883	46 474
G. Closing balance of cash and cash equivalents (F+/- D) of which:	184 603	184 603	58 259	58 259
- those with restricted availability	1 391	1 391	346	346

159 600

334 056

-64 901

-129 097

NOTES TO THE FINANCIAL STATEMENT

NOTES TO THE Q4/2012 REPORT

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

I. Accounting principles used to draw up the report.

The Q4 2012 and for four quarters of 2012 Report 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 2011 have not been modified.

No material changes were made to the estimates.

II.

2. Material achievements or failures of the issuer.

In Q4 2012 Tire Company Debica S.A. generated a net profit totaling PLN 19.1 million, which is up by 26.4 per cent compared to that recorded in Q4 2011. On a year-to-date basis, at the year end of 2012 net profit totaled PLN 94.7 million and was up by PLN 3.9 million, i.e. by 4.3 per cent compared to that in 2011.

Last year should be recognized as one of the toughest periods for the automotive business since 1990. Despite declining potential of tire market, the Company recorded very good performance. An increase of net profit by almost PLN 4 million compared to good result in 2011 was possible thanks to offering drivers competitive products and savings in the Company's overheads.

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

With generally low potential of the European and domestic markets in 2012 the sales of Tire Company Debica SA was down by 11 per cent compared to that in 2011. The decline was partially offset by unit price hikes and consequently the sales revenues totaled PLN 2 133 million, down by 8.1 per cent on a year-to-year basis.

The sales for 12 months of 2012, on a year-to-date basis, to the Goodyear Group related entities totaled PLN 1 898 million and accounted for 89.0 per cent of the total sales. In 2012 the business model changed in the Goodyear Group. Now after the change the non-Debica brands are sold immediately after the completion of manufacturing process. Tires are sold to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg, registered in Poland for VAT purposes. The business model change led to the situation where export sales was replaced by domestic sales and there is no direct sales of tires to Goodyear Dunlop Tires Polska Sp. z o.o. Additionally finished goods inventory level declined and the VAT tax liabilities went up.

In Q4/2012 operating profit totaled PLN 23.3, down by 1.2 per cent, on a year-to-date basis, whereas the operating profit for 12 months of 2012 totaled PLN 110.7 million, down by 18.0 per cent on a year-to-year basis. The EBIT decline in 2012 is a result of shrinking sales volume and an increase of unit production costs. The unit production costs of products sold were up by 4.3% compared to the previous year.

In Q4/2012 the costs of sales and general management totaled PLN 14.7 million, down by PLN 9.6 million, and they accounted for 3.4 per cent of sales in value terms compared to 4.5 per cent in Q4 2011. In 2012 these costs totaled PLN 77.4 million, down by PLN 29.2 million and accounted for 3.6 % of sales in value terms compared to 4.6 % in 2011.

The Euro and US dollar exchange rate fluctuations in 2012 and also in Q4 2012 alone, evolved in the opposite direction than in 2011. Additionally the Company had at its disposal more idle cash. Consequently in 2012 the financial activity gains totaled PLN 7.8 million compared to the loss of PLN 21.4 million on a year-to-year basis. In Q4 2012 alone the financial gain was PLN 0.5 million compared to a loss of PLN 4.4 million on a year-to-year basis.

The financial activity gains at the end of 2012, on a year-to-date basis, were further improved by FX gains totaling PLN 12.5 million, valuation of derivatives totaling of PLN 11.5, interest income and discounted bills of exchange in the amount of PLN 5.0 million. In Q4/2012 the positive impact was exerted by: the FX gains that totaled PLN 1.0 million, revaluation of embedded derivatives totaling PLN 1.0 million as well as interest income and discounted bill of exchange of PLN 1.6 million.

Since May 2012 the Company has had no long-term contracts denominated in foreign currencies with embedded derivative in the form of foreign exchange rate. Consequently the closing balance of receivables and payables in relation to that starting from May 31, 2012 equals zero. In Q4 2012 the income from revaluation of embedded derivatives totaled zero, and for 12 months - PLN 5.0 million.

Positive financial activity gains is the reason why despite lower operating profit, the gross profit in Q4 2012 and on a year-to-date basis is higher than in the same periods of previous year of 2011 by 23.4 and 4.3 per cent respectively.

In Q4 2012 the Company's fixed assets were up by PLN 47.4 million. Owing to ongoing investment process the Company's tangible fixed assets value was up by PLN 50.7 million. Deferred tax assets were down by PLN 3.3 million. Meanwhile Company's current assets were up down by PLN 111.4 million.

Short-term receivables from related entities were down by PLN 95.8 million owing to lower sales and receivables due and payable. Trade receivables from other customers were down by PLN 54.3 million due to lower sales, impact of due and payable receivables and discounted bills of exchange. The non-trade receivables were up by PLN 1.1 million, whereas inventory was up by 3.3 million.

The cash balance was up by PLN 48.5 million, whereas balance of other short-term financial assets (bills of exchange) was down by PLN 11.6 million. At the year-end 2012 the Company's assets totaled PLN 1 392 million and in Q4 they fell by PLN 63.9 million.

At the end of 2012 the Company's equity totaled PLN 867.6 million and in Q4 2012 it was up by PLN 19.1 million of net profit.

In Q4 2012 the Company's liabilities were down by PLN 83.6 million, of which long-term liabilities totaled PLN 0.2 million. The provisions for liabilities were up by PLN 0.6 million.

In Q4 2012 the operational cash flows were positive and they reached record high level of PLN 159.6 million. Capital expenditures totaled PLN 64.9 million. The financial activity cash flows were negative and totaled PLN (46.1) million. In 2012 dividend payment for shareholders totaled PLN 45.4 million, interest expense was PLN 0,1 million, whereas lease payments amounted to PLN 0.6 million. In Q4 2012 the net cash flows PLN 48.6 million.

In 2012 operational cash flows were also record high and totaled PLN 334.1 million. Net profit and depreciation totaled PLN 165.3million, whereas working capital was down by PLN 168.6 million. Meanwhile in other lines inflows amounting to 0.2 million were recorded.

In total the investment activity cash flows were negative and totaled PLN (129.1) million, while the capital expenditures totaled PLN 175.6 million, while investment commitments were up by PLN 45.6 million. The financial activity cash flows were negative and totaled PLN (78.6) million. Dividend payment totaled PLN 45.4 million, loan repayments – PLN 29.9 million, interest expense was PLN 1.0 million, whereas lease payments totaled PLN 2.3 million. In 2012 net cash flows totaled PLN 126.3 million with the opening cash balance amounting to PLN 58.3 million and the closing cash balance amounting to 184.6 million.

3. Seasonality, cyclic nature of the activities.

None.

4. Revaluation of inventory

At the end of 2012, on a year-to-date basis, T.C. Debica S.A. made allowances to revalue its inventory for the total amount of PLN 855 thousand that increased other operating costs. Revaluation allowances applied to:

a/ product inventory: PLN 829 thousand.

a/ raw materials and materials inventory: PLN 26 thousand.

Total: PLN 855 thousand.

In Q4 2012 the inventory revaluation allowances were up by PLN 201 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, 2012 the balance of provisions for pension benefits and equivalents totaled PLN 26.8 million and was down in Q4 2012 by PLN 0.1 million.

The provision for jubilee awards was down by PLN 2.3 million, including short-term provision – by PLN 1.0 million, and long-term provision – by PLN 1.3 million. The provision for costs of non-utilized holidays fell by PLN 1 million, whereas provision for bonuses was down by PLN 0.2 million. The provision for annual bonus was up by PLN 3.4 million.

7. Deferred income tax provisions and assets

As of December 31, 2012 the provision for deferred income tax totaled PLN 56.5 million and was up in Q4 2012 by PLN 0.5 million.

As of December 31, 2012 the balance of deferred income tax assets totaled PLN 9.6 million and was down in Q4 2012 by PLN 3.3 million. The assets declined due to the fall of provisions for bonuses by PLN 2.7 million and provisions for non-invoiced services by PLN 0.8 million. Meanwhile in other lines the assets value rose by PLN 0.2 million.

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 that was held on June 4, 2012 decided to allocate 50% of 2011 profit i.e. the amount of PLN 45.4 million to dividend payment for shareholders at PLN 3.29 per share. The entitlement to dividend in 2011 was enjoyed by the persons who held shares in the Company in an account kept by the brokerage house on August 3, 2012 (the so called day of acquiring entitlement to dividend). The dividend was paid on December 19, 2012.

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, 2012 (1 EURO = 4.0882) and on December 31, 2011 (1 EURO = 4.4168).

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 4 quarters of 2012 is PLN 4.17360 for 1 EURO, and for conversions of data for 4 quarters of 2011 is PLN 4.14013 for 1 EURO.

The net profit for four quarters of 2012 posted into the balance sheet, calculated using the exchange rate prevailing at the end of December 2012 totaled EUR 23 172 thousand, whereas the net profit calculated using average exchange rates amounts to EUR 22 698 thousand. The foreign exchange gains/losses due to the conversion of net financial result for four quarters of 2012 amounted to EUR 474 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 2012 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 2012 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 2012:

1) the shareholder holding more than 5% of shareholders' equity and at least 5% of total number of votes at the General Meeting of Shareholders was

Goodyear S.A., with its registered office in Luxembourg, holding in total 10,546,155 shares in the Company, 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 of 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;

(II) indirectly, through Portfel Alliance Silesia I 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.

2) pursuant to the information received 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 5/2012, dated February 7, 2012 the number of shares currently held by the Fund exceeds the threshold of 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 686.168, whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes was 4.97%. At present the number of shares and votes held is 804.290, whereas the shareholding in percentage terms in the shareholders' equity and in the total number of votes is 5.83%.

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

On December 17, 2012 the Company was notified by PZU Asset Management S.A. with its registered office in Warsaw, acting on behalf of its Customers and pursuant to concluded third party financial instrument portfolio management contracts that pursuant to the settlement made on December 14, 2012 of block purchase transaction of the total number of 1 380 273 shares in the Company, the share of PZU Asset Management S.A. customers' investment portfolios in the total number of votes at the Company's General Meeting of Shareholders exceeded 5%. The Company made this information public by virtue of Current Report No. 27/2012, dated December 18, 2012. Pursuant to the notification the number of shares and votes held and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 0. Pursuant to the notification the number of shares and votes held after the change of shareholding was 1 380 273, and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 9.999985%. The Company's Management Board was also notified by PZU S.A. with its registered seat in Warsaw that pursuant to the block share sale transaction made on December 13, 2012, the commitment of PZU S.A. and its subsidiary, viz. PZU Życie S.A. fell below 5% threshold in the total number of votes at the Company's General Meeting of Shareholders. Pursuant to the notification the number of shares and votes held before transaction was 1 380 273, and the shareholding in percentage terms in the shareholders' equity and in the total number of votes before the change was 9.999985%. Pursuant to the notification the number of shares and votes held and the shareholding in percentage terms in the shareholders' equity and in the total number of votes after the change were 0.

The Company advises that on December 18, 2012 it received from PZU BIS 2 Close-End Non-Public Asset Mutual Fund with its registered office in Warsaw ("the Fund"), represented by the PZU S.A. Mutual Funds' Society a notification that on December 14, 2012 as a result of clearing block transactions entered into on the Warsaw Stock Exchange S.A., the Fund acquired from PZU S.A. and PZU Życie S.A., 1,380,273 shares in the Company, accounting in total for 9.99% of the Company's shareholders' equity and representing 1,380,273 votes at the Company's General Meeting of Shareholders, which accounts for 9.99% of the total number of votes in the Company. Simultaneously, on the same day i.e. on December 14, 2012, the Fund transferred all shares directly held in the Company totaling 1,380,273 shares, accounting in total for 9.99% of Company's shareholders' equity and representing 1,380,273 votes at the Company's General Meeting of Shareholders, which accounted for 9.99% of the total number of votes in the Company to Portfel Alliance Silesia I Sp. z o.o. in Warsaw ("Alliance Silesia Portfolio"). The Fund transferred the Company shares to the Alliance Silesia Portfolio due to the fact that the Fund covered the contribution to increased shareholders' equity of the Alliance Silesia Portfolio with shares. The Fund is in the possession of 100% shareholding in the Alliance Silesia Portfolio and the Company made this information public by virtue of Current Report No. 28/2012, dated December 19, 2012.

Pursuant to the notification, before the clearing of aforementioned block transaction the Fund did not hold directly any Company shares, however, through its subsidiary the Alliance Silesia Portfolio, it held indirectly 48,842 shares in the Company, accounting in total for 0.35% of Company's shareholders' equity and representing 48,842 votes on the Company's General Meeting of Shareholders, which accounts for 0.35% of the total number of votes in the Company. At the same time the Fund advised that pursuant to the contract concluded with PZU Asset Management S.A. for the management of investment portfolios of the Funds owned by TFI S.A. PZU, the former entity – acting in the capacity of the Manager, may on behalf of TFI PZU Funds exercise voting rights at the General Meeting of Shareholders. Additionally the Fund advised that no other mutual funds managed by the same Society as the Fund (i.e. Mutual Fund Society PZU S.A.) does not hold directly or indirectly any shares in the Company. The Fund also communicated that within the time horizon of 12 months from the date of Company notification it was not going to further increase its share in the total number of votes in the Company. The Company's Management Board was also advised by Portfel Alliance Silesia Sp. z o.o. in Warsaw ("Alliance Silesia Portfolio") that on December 14, 2012 PZU BIS 2 Closed-End Non-Public Assets Mutual Fund with its registered office in Warsaw ("Fund"), being the sole partner in Alliance Silesia Portfolio, transferred by means of direct transaction 1 380 273 shares in the Company, accounting for 9.99% of Company's shareholders' equity and representing 1 380 273 votes at the Company's General Meeting of Shareholders, which accounted for 9.99% of the total number of votes in the Company, to the Alliance Silesia Portfolio, in relation to the coverage of contribution to the increased share capital of Alliance Silesia Portfolio. Pursuant to the notification, before the clearing of the aforementioned direct transaction the Alliance Silesia Portfolio held directly 48,842 shares in the Company, accounting in total for 0.35% of Company's shareholders' equity and representing 48,842 votes at the Company's General Meeting of Shareholders, which accounts for 0.35% of the total number of votes in the Company. Once the Company shares were brought by the Fund as contribution in kind, the Alliance Silesia Portfolio holds directly 1,429,115 shares in the Company, accounting in total for 10.35% of Company's shareholders' equity and representing 1,429,115 votes at the Company's General Meeting of Shareholders, which accounts for 10.35% of the total number of votes in the Company. In parallel the Alliance Silesia Portfolio advised that it had no subsidiaries, nor it was a party to any contracts concerning the transfer of voting rights attached to the shares in the Company; within the period of 12 months from the Company notification it does not plan either further increase of the number of voting rights in the Company.

The Company on December 19, 2012 received from PZU Asset Management S.A. in Warsaw („PZU AM SA”) a notification adjusting the notification dated December 17, 2012 (about the receipt of which the Company advised by virtue of Current Report No. 27/2012, dated December 18, 2012 r.) and notification about shares disposal. Pursuant to the notification PZU AM SA learnt from one of the entities whose investment portfolio is under its management i.e. PZU BIS 2 Closed-End Non-Public Asset Mutual Fund (“the Fund”), represented by PZU S.A. Mutual Funds’ Society, that in addition to 1,380,273 shares in the Company, accounting for 9.99% of the Company’s shareholders’ equity and representing 1,380,273 votes on the Company’s General Meeting of Shareholders, which accounts for 9.99% of the total number of votes in the Company, the Fund has held through its subsidiary Portfel Alliance Silesia I Sp. z o.o. with its registered office in Warsaw (“Alliance Silesia Portfolio Ltd.”) 48,842 shares in the Company, accounting for 0.35% of the Company’s shareholders’ equity and representing 48,842 votes on the Company’s General Meeting of Shareholders, which accounts for 0.35% of the total number of votes in the Company. The Fund holds 100% shareholding in Alliance Silesia Portfolio.

In parallel PZU AM SA acting pursuant to Art. 69, par. 1, subpar. 2) in conjunction with Art. 87, par. 1, subpar. 3, letter b) of the Public Offering Act and Terms and Conditions of Admitting Financial Instruments to Organized Trading System and on Public Companies notified the Company that on December 14, 2012 the Fund had transferred all shares held directly in the Company in the amount of 1,380,273 shares, accounting for 9.99% of the Company’s shareholders’ equity and representing 1,380,273 votes at the Company’s General Meeting of Shareholders, which accounts for 9.99% of the total number of votes in the Company, to Alliance Silesia Portfolio. The Fund transferred the aforementioned shares in the Company to Alliance Silesia Portfolio due to the fact that the Fund covered the contribution to increased share capital of Alliance Silesia Portfolio with those shares. Once the Company shares were brought as a contribution in kind to the Alliance Silesia Portfolio the Fund does not hold directly any shares in the Company, but it holds indirectly through Alliance Silesia Portfolio 1,429,115 shares in the Company, accounting in total for 10.35% of Company’s shareholders’ equity and representing 1,429,115 votes at the Company’s General Meeting of Shareholders, which accounts for 10.35% of the total number of votes in the Company.

PZU AM SA advised also that in relation to the contract for the management of investment portfolios, concluded by and between TFI PZU and PZU AM SA, the latter entity – acting in the capacity of manager, may of behalf of TFI PZU Funds exercise voting rights at the General Meeting of Shareholders. Additionally PZU AM SA advised that no other mutual funds managed by the same society as the Fund (i.e. PZU SA Mutual Funds’ Society (TFI PZU S.A.)) do not hold directly, nor indirectly any shares in the Company.

Pursuant to the notification, the Fund, nor any other mutual funds managed by PZU AM SA are not going in 12-month time horizon since the publication of the notification to increase further their share in the total number of votes in the Company. The Company advised the general public about the receipt of the notification by virtue of Current Report No. 29/2012, dated December 20, 2012.

On December 21, 2012 the Company received from PZU Asset Management S.A. in Warsaw (“PZU AM SA”) and PZU BIS 2 Close-End Non-Public Asset Mutual Fund with its registered office in Warsaw (“the Fund”), represented by the PZU S.A. Mutual Funds’ Society a notification that on December 21, 2012 the Fund sold 100% shareholding of Alliance Silesia Portfolio I Sp. z o.o. in Warsaw (“Alliance Silesia Portfolio”). Thus in this deal the Fund sold indirectly 1,429,115 shares in the Company, accounting in total for 10.35% of the Company’s shareholders’ equity and representing 1,429,115 votes at the Company’s General Meeting of Shareholders, which accounts for 10.35% of the total number of votes in the Company and these shares are held directly by Alliance Silesia Portfolio.

Pursuant to the notification, once 100% shareholding was sold in Alliance Silesia Portfolio, the Fund does not hold directly or indirectly any shares in the Company. Pursuant to the notification no other entities covered by the mutual portfolio management contract entered into by PZU S.A. Mutual Funds’ Society and PZU Asset Management S.A., do not hold directly or indirectly shares in the Company and no other mutual funds managed by the PZU S.A. Mutual Funds’ Society hold directly or indirectly shares in the Company. The Company advised the general public about the receipt of the notification by virtue of Current Report No. 31/2012, dated December 21, 2012

On December 21, 2012 the Company received from Goodyear S.A. with its registered office in Luxembourg at Avenue Gordon Smith, L-7750 Colmar-Berg, Luxembourg (hereinafter referred to as “Goodyear Luxembourg”) a notification that pursuant to the acquisition transaction held on December 21, 2012, Goodyear Luxembourg acquired directly 1,429,115 of ordinary bearer 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, from PZU BIS 2 Close-End Non-Public Mutual Fund with its registered office in Warsaw, 100% shareholding in Alliance Silesia Portfolio I Sp. z o.o. with its registered office in Warsaw (hereinafter referred to as “Alliance Silesia Portfolio”). Before the aforementioned direct acquisition Goodyear Luxembourg held 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, which accounted for 66,052% of the total number of votes at the Company’s General Meeting of Shareholders. As a result of the aforementioned direct acquisition Goodyear Luxembourg holds in total 10,546,155 shares in the Company, 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, which accounted for 76.406% of the total number of votes at the Company’s General

Meeting of Shareholders. The Company made this information public by virtue of Current Report No. 32/2012, dated December 21, 2012.

The Company was not advised about any further changes on the list of shareholders holding at least 5% of the share capital and at least 5% of the total number of votes at the 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:

Jacek Pryczek, President of the Management Board – 1 share

Stanisław Cieszkowski, a Management Board Member – 420 shares

Raimondo Eggink – A Supervisory Board Member (until December 20, 2012) - 500 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.

None.

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
March 1, 2013	Jacek Pryczek	President of Management Board /CEO	
March 1, 2013	Leszek Cichocki	Management Board member /CFO	