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POLISH FINANCIAL SUPERVISION AUTHORITY

Annual Report SA-R 2014

(pursuant to the provisions of § 82 par. 1, subpar. 3 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 manufacturing, construction, trading or service activities)

for the accounting year 2014 covering the period from 1 January 2014 to 31 December 2014
and for the previous accounting year 2013 covering the period from 1 January 2013 to 31 December 2013
Filing date: 29 April 2015

TIRE COMPANY DEBICA SA
(full name of issuer)

T.C. Debica (abbreviated name of issuer)	**automotive** (sector according to WSE classification)
39-200 Debica (postal code)	(place)
ul. 1 Maja (street)	**1** (number)
(14) 670-28-31 (phone)	**14 670-09-57** (fax)
www.debica.com.pl (e-mail)	(Web site)
872-000-34-04 (Tax ID - NIP)	**850004505** (REGON Statistical No.)

PricewaterhouseCoopers Sp. z o.o.
(entity certified to carry out audit)

The Annual Report comprises:
An Opinion and Report of entity certified to carry out audit of financial statements on the annual audit of financial statement
Representation of the Management Board on the reliability of drawing up the financial statement
A Representation of the Management Board on the entity certified to carry out audit of financial statements
A letter of the President of Management Board
Annual financial statement
Introduction
Balance Sheet
Profit and Loss Account
Statement Of Changes In Shareholders' Equity
Cash Flow Statement
Notes to the Financial Statement

Management Board's Report on Company Operations (Issuer's Operations Report)
Statement on Corporate Governance Application

FINANCIAL HIGHLIGHTS	´000 PLN		´000 EUR	
	2014	2013	2014	2013
I. Net sales of products, merchandise and materials	1 837 805	1 986 179	438 695	471 667
II. Operating profit (loss)	77 406	97 022	18 477	23 040
III. Profit (loss) before taxation	74 380	102 554	17 755	24 354
IV. Net profit (loss)	86 946	115 526	20 755	27 435
V. Operational cash flows, net	194 500	182 056	46 428	43 234
VI. Investment activity cash flows, net	-201 634	-192 333	-48 131	-45 674
VII. Financial activity cash flows, net	-61 194	-49 546	-14 607	-11 766
VIII. Total net cash flows	-68 328	-59 823	-16 310	-14 206
IX. Total assets	1 397 302	1 429 478	327 828	344 685
X. Liabilities and liabilities provisions	432 933	494 360	101 573	119 203
XI. Long-term liabilities	1 473	1 298	346	313
XII. Short-term liabilities	377 526	429 538	88 573	103 573

XIII. Shareholders' equity	964 369	935 118	226 255	225 482
XIV. Share capital	110 422	110 422	25 907	26 626
XV. Number of shares	13 802 750	13 802 750	13 802 750	13 802 750
XVI. Earnings (loss) per ordinary share (in PLN/EUR)	6.30	8.37	1.50	1.99
XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR)	6.30	8.37	1.50	1.99
XVIII. Book value per share (in PLN/EUR)	69.87	67.75	16.39	16.34
XIX. Diluted book value per share (in PLN/EUR)	69.87	67.75	16.39	16.34
XX. Declared or paid dividend per share (in PLN/EUR)	4.18	3.38	1.00	0.78

File	Description

REPRESENTATION OF THE MANAGEMENT BOARD ON THE RELIABILITY OF DRAWING UP THE FINANCIAL STATEMENT

The Management Board represents that according to its best knowledge, the annual financial statement and comparable data was drawn up in compliance with effective accounting principles and that it reflects in a genuine, reliable and clear manner the property and financial standing of the Company and its financial performance and that the Management Board Activity Report presents a genuine picture of development, achievements and position of the Company including the description of basic risks and threats.

Management Board
Stanislaw Cieszkowski – President of Management Board
Ireneusz Maksymiuk – Management Board Member
Mariusz Solarz – Management Board Member
Radosław Bółkowski - Management Board Member

File	Description

A REPRESENTATION OF THE MANAGEMENT BOARD ON THE ENTITY CERTIFIED TO CARRY OUT AUDIT OF FINANCIAL STATEMENTS

The Management Board represents that the entity certified to carry out audit of financial statements, reviewing the annual financial statement was appointed in compliance with effective law and that the entity and auditors performing the review met the requirements for issuing an impartial and independent opinion and review report in compliance with domestic legislation.

File	Description

A LETTER FROM THE PRESIDENT OF MANAGEMENT BOARD

Letter from the CEO of Tire Company Debica S.A.
2014 Annual Report

Debica, 27 April 2015

Dear Shareholders,

It is my honour to submit to you the 2014 Annual Report of Tire Company Debica S.A.. .

Our Company can sum up the year 2014 with satisfaction . The second half of 2014 brought a number of challenges for our industry. The warmest winter in 20 years in Europe resulted in lower demand for winter tires. At the same time, the unstable situation in the Eastern European markets translated into sluggish economic activity in the countries of the region and countries having economic ties , and also affected adversely demand for tires. We managed well in such economic environment, generating sales revenues of PLN 1.8 billion and a net profit of PLN 86.9 million last year.

In 2014 the effects of the investments in the Euro-Park Mielec Special Economic Zone completed in 2013 were fully visible. As planned, we expanded production of tires with the highest technical specifications, beginning with production of Goodyear UltraGrip 9 winter tires, even more technologically advanced than the previous models. This tire model was added to the range of other tires made by our company with some of the highest specifications set by the European Union, such as Goodyear EfficientGrip Performance and Dunlop Sport BluResponse, with BA grade on the label. Tire Company Debica S.A. manufacturers tires as original equipment for such brands as Ford, Opel, Peugeot, Renault and Volkswagen and also for selected models of the Audi A4.

In 2014 we continued investment projects aimed at further improvement of quality and efficiency of production, appropriating PLN 105 million to capital expenditures.

We also continued our corporate social responsibility (CSR) initiatives, including those aimed at minimizing the environmental impact of the company’s operations. As a result, once again we cut the level of CO_2 air emissions from our district heating plant , and reduced the fuel consumption per tonne of product as well as the of water volume consumed per tonne of product. In this respect we are among the leaders of all Goodyear plants in the world. As much as 98% of the waste produced by the plant was collected for recycling.

Our business and market position were recognized by independent institutions and mass media.

For the second year in a row, Tire Company Debica S.A., Debica received a Top Employers Polska certificate, awarded each year by the Top Employers Institute to companies maintaining the best HR policy, based on an evaluation of base salary, fringe benefits, working conditions, training, career development and organizational culture.

We were also listed among top Polish exporters on the “List of 500” ranking by the *Rzeczpospolita* daily.

Once again our company won the title of Export Leader in the ranking of Major Businesses in the Subcarpathian Region. In the annual ranking of the “Golden Hundred” we also received honorary mentions in the categories of net profit, share of exports in sales, number of employees, and highest market capitalization.

As in previous years, the company supported the local community of Debica and local charities. Tire Company Debica S.A. is also the initiator of the unique cultural undertaking called GOODFEST, organized in Debica by the Company together with Goodyear Dunlop Tires Polska Sp. z o.o. This festival of young alternative and electronic music was held in 2014 for the third time. In 2014 the partners of Debica GOODFEST Music Festival included the City of Debica, the National Centre for Culture, and the Ministry of Culture and National Heritage.

Maintaining the leading position of Tire Company Debica S.A. on the Polish market of tires for passenger cars and light commercial vehicles in the difficult market environment that prevailed last year confirms the solid foundations of our business. It would not have been possible without the huge contribution of the company’s employees and partners. I thank them deeply for their effort and commitment.

2015 will be another year of intense work for our company, focused on pursuing the growth strategy. Our priority remains the long-term strengthening of our market position and building shareholder value of Tire Company Debica S.A.

Respectfully yours,

Stanisław Cieszkowski
Chief Executive Officer
Tire Company Debica S.A.

File	Description

ANNUAL FINANCIAL STATEMENT

INTRODUCTION TO FINANCIAL STATEMENT

I. Legal status and basic scope of activities according to the Polish Classification of Activities

TIRE COMPANY DEBICA S.A.; ul. 1 Maja 1, 39-200 Debica; REGON Statistical No. 850004505; Tax ID (NIP) PL 8720003404; entered into the National Court Register under No.: KRS 0000045477, District Court in Rzeszów, 12th Commercial Division of the National Court Register, share capital of PLN 110 422 000 (brought up fully).

Tire Company Debica Spółka Akcyjna (previously called ”Stomil" Debica S.A.) was established pursuant to the transformation of a state enterprise of ”Stomil" Car Tire Works in Debica.

By virtue of a decision of the District Court in Tarnów, 5th Commercial Division, dated 26 April 1991,”Stomil" Debica S.A. was entered into a commercial register under No. RHB-302, and in 2001 it was re-entered into the National Court Register, kept by the District Court in Rzeszów, 12th Commercial Division of the National Court Register under No. 0000045477.

On 12 November 1993 the General Meeting of Shareholders of ”Stomil" Debica S.A. decided to change Company name into Tire Company “Debica” S.A. The Company may use its abbreviated name T.C. Debica S.A. that came into force on 22 November 1993, following a decision of the District Court in Tarnów about an entry into commercial register of the name change.

The Company belongs to the GOODYEAR Capital Group , whereas an entity holding 81.396% (9,805,797 shares directly and 1,429,115 shares indirectly) shareholding in the shareholders’ equity is Goodyear Luxembourg S.A. with its registered office in Luxembourg.

According to the Warsaw Stock Exchange the Company is classified in the "automotive industry" category (following quotation on 19 September 2008).

Legal status – joint stock company, ownership form – mixed ownership with predominance of private sector.

A major scope of Company activities is the production of tires for means of transport – activity type according to the Polish Classification of Activities (Classification) is 25.11.Z (according to the Classification of 2004, and 22.11.Z* according to the Classification of 2007).

The Company is neither a controlling entity, nor a significant investor.
The Company does not draw up consolidated financial statements.
Pursuant to the Company’s Statute its duration is unlimited.

II. Reporting principles and information about Company authorities

1. The Financial Statement was drawn up for 2014, covering period from 1 January 2014 to 31 December 2014 and comparable financial data for 2013, covering period from 1 January 2013 to 31 December 2013.

2. The Financial Statement was drafted based on the assumption that the Company is a going concern and will continue to be one in the foreseeable future. No circumstances exist that would threaten the continuity of business.

3. The Financial Statement was prepared in accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330, as amended) and pursuant to the Decree of the Council of Ministers of 19 February 2009 on Current and Periodic Information Provided by the Issuers of Securities (Journal of Laws No. 33, item 259) and the Ordinance of the Minister of Finance on Detailed Rules for Recognition, Pricing Techniques, Degree of Disclosure and Presentation Manner of Financial Instruments of 12 December 2001 (Journal of Laws No. 149, item 1674, as amended). For the purposes of drawing up financial statements the Company does not apply National Accounting Standards.

The Introduction and the Notes represent an integral part of the Financial Statement.

4. Company authorities:

Management Board
Jacek Pryczek – President of the Management Board (from 1 January, 2008 to 4 June 2014)
Leszek Cichocki – Management Board Member (from 1997 to 4 June 2014)
Stanisław Cieszkowski – Management Board Member (from 13 May 2009 to 4 June 2014), President of the Management Board (since 4 June2014)
Ireneusz Maksymiuk - Management Board Member (since 4 June 2014)
Mariusz Solarz - Management Board Member (since 4 June 2014)
Radosław Bółkowski – Management Board Member (since 5 March 2012)

Supervisory Board
Philippe Degeer – Supervisory Board Member (from 4 June 2012 to 7 June 2013), Chairman of the Supervisory Board (from 7 June 2013 to 4 June 2014),
Jacek Pryczek - Chairman of the Supervisory Board (since 4 June 2014)
Karl Blocklehurst – Supervisory Board Member (from 7 January 2013 to 7 June 2013), Deputy Chairman of the Supervisory Board (from 7 June 2013 to 4 June 2014), Supervisory Board Member (from 4 June 2014)
Dominikus Golsong – Supervisory Board Member (from 28 April 2005 until 4 June 2014), Deputy Chairman of the Supervisory Board (since 4 June 2014)
Maciej Mataczyński – Secretary of the Supervisory Board (since 13 May 2008)
Renata Kowalska-Andres - Supervisory Board Member (since 7 June 2013)
Łukasz Rędziniak – Supervisory Board Member (since 7 January 2013)
Janusz Raś - Supervisory Board Member (since 7 June 2013)

III. Accounting principles

1. Tangible and intangible assets

Intangible assets are priced at the prices of acquisition or costs of manufacturing less amortization (depreciation) allowances.

The following periods for making amortization allowances were assumed:
- computer software - 2-10 years
- costs of development efforts - 3 years
- other - 5 years

Fixed assets include tangible fixed assets and equivalents suitable for economic use with an expected economic life longer than one year, complete and suitable for use and earmarked for Company purposes.

Fixed assets entered into the balance sheet also include assets commissioned for use under the contract which fulfil at least one of the criteria defined in Art. 3, par. 4 of the Act (financial lease).

Tangible fixed assets are carried at acquisition cost, manufacturing cost, improvement cost or refurbishment cost. Tangible fixed assets are depreciated on a straight line basis during their expected economic life. The following depreciation periods were adopted:
- buildings and structures 25-40 years
- technical equipment and machinery 5-20 years
- means of transport 5-15 years.

Tangible fixed assets commissioned for use under the contract fulfilling, at least, one of the criteria defined in art. 3, par. 4 of the Act are depreciated taking into consideration the length of contract.

For accounting purposes, newly acquired fixed assets with a value below USD 5000 are depreciated by the Company on a one-off basis, whereas for tax purposes that value is PLN 3500.

For the purposes of determination of depreciation period and annual depreciation rate a consideration is given to the expected economic life of a fixed asset and intangible assets. The correctness of adopted depreciation periods and rates is subject to periodic verification.

The acquisition price and manufacturing costs of fixed assets under construction, fixed assets and intangible assets comprise also costs of serving liabilities taken to finance the time of their construction, erection or adaptation.

The acquisition price or manufacturing price of fixed asset is increased by the costs of its improvement.

In case of changes in the manufacturing process, slating for liquidation, withdrawal from use or due to other reasons causing impairment of fixed or intangible asset a revaluation write-off is performed and posted into other operating costs. The revaluation write-offs for fixed assets, whose pricing was updated under separate legislation, reduce differences caused by pricing revaluation posted into revaluation capital. A possible surplus of the write-off over the differences coming form pricing revaluation is posted into other operating costs.

If the reason for making a write-off for impairment of fixed and intangible assets ceases to exist, the equivalent of the total or a part of previously made revaluation write-off is increased by the value of a certain asset and is posted into other operating revenues.

2. Fixed assets under construction

Fixed assets under construction are priced at acquisition or manufacturing costs including the total costs related to a given fixed asset under construction incurred from the start date of construction until balance date or commissioning date of the asset.

The value of fixed assets under construction is increased by: non-deductible VAT tax, excise tax and cost of servicing debt incurred to finance such assets along with related foreign exchange losses, less foreign exchange gains.

3. Lease

Operational lease, tenancy or lease

A contract under which a significant portion of risk and benefits related to holding ownership title is enjoyed by the lessor (financing party), is posted as operational lease, tenancy or lease contract. The lease payments are made under operational lease arrangement, lease or tenancy contract less any special promotions granted by the lessor (the financing party), are posted into costs on a straight-line basis during the lease or tenancy period.

Financial lease

Third party fixed assets or intangible assets taken for use under lease contract are classified as fixed assets or intangible assets if they fulfil the conditions set forth in the Act.

The lease of tangible fixed assets where the Company acting as a lessee bears basically all risks and enjoys basically all benefits related to the ownership title, is categorized as financial lease. The financial lease is activated upon the start of lease in accordance with one of the two amounts, whichever is lower: fair value of the asset under the lease and actual value of minimum lease payments.

Each lease payment is split into financial lease liability (principal portion) and financial costs (interest portion). The split is performed using internal rate of return method pursuant to which the interest portion of the lease payment is divided into individual periods so that the interest rate applied to the financial lease liability balance was constant in each period.

Tangible fixed assets used under financial lease are depreciated during the shorter of the two periods: asset utilization period or lease period.

4. Long-term investments

Interests in other entities and long-term securities are carried at their prices of acquisition, less allowances for partial, permanent loss of value.

5. Inventory

The inventory of tangible current assets are priced as follows:
a) the inventory of raw materials and goods are carried at acquisition prices,
b) intermediate products and works in progress are carried at the direct planned manufacturing cost in core manufacturing activity and at actual manufacturing cost in auxiliary production, proportionally to the work progress rate,
c) finished goods are carried at average manufacturing costs including direct costs of a certain product and reasonable portion of costs related directly to the manufacturing of said product.

The manufacturing costs of a product exclude costs incurred as a result of non-utilized production capacity. They have impact on the financial result of the accounting period in which they were incurred. If an unscheduled stoppage has occurred, the Company determines the production capacity utilization rate based on a comparison of average quarterly output expressed in tons with the output expressed in tons assumed in the annual plan for the quarter in which unscheduled stoppage has occurred. If the difference between actual and planned output is higher than 15%, then indirect manufacturing costs born in the quarter in which unscheduled stoppage has occurred are treated as product manufacturing costs up to the level equalling these costs multiplied by the average quarterly absorption rate of indirect costs. The absorption rate in turn is calculated as the quotient of indirect manufacturing costs assumed in the annual plan and planned output for this period expressed in tons. The rate is updated based on actual data.

Finished goods are posted into books at planned costs at their manufacturing date. At balance date, the value of finished goods is adjusted to the level of actual manufacturing costs, taking into consideration differences between actual and planned manufacturing costs.

The Company makes revaluation of obsolete or difficult to market inventories following a thorough analysis of inventories.

All inventories whose net selling price fell below their purchasing price or cost of production, or that have been recognized as obsolete or they partially lost their original utility, have been identified and their balance sheet values have been reduced to the net selling prices.

6. Receivables and liabilities

Receivables and liabilities (except for financial liabilities) are priced at the due amount following the prudent pricing principle and shown as net values (less revaluation write-offs).

The receivable value is revaluated taking into consideration the likelihood of their payment by means of making a revaluation write-off.

The financial liabilities (except for tradable financial liabilities, derivatives that have liability nature and hedged positions) are priced at the end of accounting period at the latest at adjusted purchase price.

7. Short-term investments

Tradable financial assets including the received bills of exchange with a maturity above 3 months and income from revaluation of short-term embedded derivatives – they are priced at fair value. If there is no opportunity for reliable assessment of fair value and the assets have a set maturity date, then they are priced at the level of depreciated cost using effective interest rate; and if the assets do not have a set maturity date, they are priced at acquisition prices.

The effects of periodic pricing of financial assets are posted respectively into financial income or expenses of the accounting period in which revaluation was made.

8. Cash assets

Cash assets include assets in the form of domestic currency, foreign exchange and foreign currencies. Cash assets also include accrued interest on financial assets and received bills of exchange with maturity below 3 months.

Financial assets payable or due and payable within 3 months from the date of their receipt, issue, purchase or opening (deposits) are classified as cash assets for the purposes of Cash Flow Statement. The listed cash assets are presented in the balance sheet in the short-term investment line.

9. Foreign currency transactions

Foreign exchange transactions are settled at the average exchange rate set for a certain currency by the National Bank of Poland in effect on the transaction date, unless another exchange rate was set in a customs declaration.

At the balancing date, the assets and liabilities expressed in foreign currencies are priced at the average exchange rate set for a given currency by the National Bank of Poland for such date.

Foreign exchange gains and losses concerning assets and liabilities expressed in foreign currencies, at the pricing date and at the payment of receivables and liabilities in foreign currencies, are posted into financial income or costs accordingly, and in justified cases into fixed assets under construction or intangible assets.

10. Deferred income tax assets and provision

Due to transient differences regarding the moment of income or of costs incurred, the Company establishes provisions and determines deferred income tax assets pursuant to the Accounting Act and tax regulations.

In the balance sheet, the Company records a deferred income tax provision equal to the income tax amount payable in the future in relation to the occurrence of positive transient differences that will enhance income tax taxable base in the future.

The Company also records deferred income tax assets determined at the level of the income tax to be deducted in the future in relation to negative transient differences that will reduce in the future income tax taxable base and in relation to deductible tax loss, determined following prudential pricing principle.

The amount of provision and deferred income tax assets is determined taking into consideration income tax rates prevailing in the year of tax obligation occurrence.

The difference between the balance of provisions and deferred income tax assets deferred at the end and beginning of accounting period has impact on financial result, with the provisions and deferred income tax assets, concerned with transactions settled against equity, are also posted into equity.

Pursuant to the held operational permit No. 134/ARP/2008 of 27 February 2008 for running business activities within the Euro-Park Mielec Special Economic Zone Tire Company Debica S.A. is entitled to enjoy income tax relief up to 40.23 per cent of the discounted amount of capital expenditures spent on investment projects within the “Euro-Park Mielec” 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.

The Company calculates deferred income tax on all transient differences. When determining the amount of deferred income tax assets and provision, for transitional differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6, par. of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate).

The Company does not apply the provisions of the National Accounting Standard No. 2 “Income Tax”.

11. Provisions for liabilities, warranty repairs, retirement gratuities and pensions, non-utilized leaves

The provisions for liabilities are priced at justified, reliably estimated value.

The provisions are set up for:

sure or highly probable future liabilities the value of which can be estimated reliably including in particular losses on business transactions underway including extended guarantees, sureties, credit transactions, effects of ongoing lawsuits;
future restructuring-related liabilities if under separate regulations the entity is obliged to undertake restructuring efforts or binding agreements have been signed, and restructuring plans allow in a reliable manner to estimate the value of future liabilities;
retirement gratuities that have to be paid under works collective labour agreement. The provision is set up in the amount determined by an actuary;
probable liabilities falling into current accounting period, being in particular a result of an obligation of fulfilment, in relation to current operations, of future liabilities vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

The Company posts cost accruals in relation to the warranties issued for tires, using as a basis the value of the warranty claim calculated under the warranty terms and conditions in effect for certain product categories.

Accruals related to long-term employee benefits such as: jubilee awards, retirement gratuities/pension and death benefits, are established based on actuarial computations made once at the year-end. The establishment of accruals for non-utilized leaves is charged into the costs of the period the leaves refer to.

12. Shareholders’ equity

The initial capital amount is recorded as provided for in the Company Statutes in compliance with the commercial register.

Revaluation capital is a result of revaluation of fixed assets.

Surplus capital is made up of the issue of shares above their nominal value and from statutory profit distribution as prescribed and above the prescribed level. Surplus capital is increased by the revaluation capital that originated from disposed fixed assets covered by revaluation.

Reserve capital includes reserve capital to cover contingent losses and is made up of profit distribution with the option of dividend payment to the shareholders.

13. Prepayments

The Company posts prepayments that cover costs incurred with reference to future accounting periods.

The prepayments are written off proportionally to the time elapsed and/or size of services. Time and settlement method is justified by the nature of settled costs following a prudential pricing principle.

14. Accruals

Accruals are posted in the amount of probable liabilities falling into current accounting period being in particular a result of:
benefits provided to the entity by its contractors, when the amount of liability can be estimated in a reliable manner;
obligation of delivery, in relation to current operations, of future benefits vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

The accruals, referred to hereinabove, are posted into the balance sheet in the line “trade payables”.

The accruals related to warranty repairs are posted in proportion to the expected size of services, which include repairs made (on one's own or replacement of commodity or product under extended warranty). Upon the expiry of the warranty period, the non-written-off accruals are deducted from the cost of sales of accounting period in which no warranty repair claims did not occur.

15. Sales revenues

Sales revenues are posted on the grounds of invoices issued throughout a year less VAT tax. The sale is recognized at the moment of delivery of the product, merchandise or raw materials or at the moment of service delivery.

From the sales revenues presented in the Profit and Loss Account discounts and concessions treated on equal footing with discounts are deducted.

16. Costs and measurement of financial result

Operating costs include costs connected directly with the core activity of the Company. Expenses are recognized on accrual basis in order to secure commensurability of income and expenses.

Other operating revenues and costs include income and costs that are not connected directly with the core activity of the Company.

Other operating income includes proceeds from the disposal of non-financial fixed assets, equivalent of dissolved provisions and revaluation asset allowances, expired or redeemed liabilities, donations received, subventions, additional payment, compensations and gift income.

Other operating costs include loss on the sale of non-financial fixed assets, revaluation of tangible fixed assets and inventories, write-offs revaluating receivables, compensations, paid penalties, donations made, penalty interest on taxes, social insurance and customs duties.

Financial income includes interest income or interest due on extended credits and loans, income from securities trade and foreign exchange gains.

Financial costs include interest paid and accrued on granted credits and loans, losses related to securities trade, foreign exchange losses, entries revaluating financial assets and short-term securities.

Extraordinary gains and losses reflect financial impact of events not connected with standard business activities of the Company including in particular unique, extraordinary events and abandonment or suspension of operational activities.

Company's financial result in a given accounting year includes all generated revenues and costs related to said revenues, pursuant to the principles presented hereinabove, other operating income and expenses, result of prudence-based pricing of assets and liabilities, net financial and extraordinary item income and taxation.

Corporate income tax, shown in the Profit and Loss Account, is calculated in adherence to Polish law, taking into account income generated in the territory of Poland and abroad, tax non-deductible costs, non-taxable income.

17. The Financial Statement with the separation of the energy trading and distribution activities

The Financial Statement contains Notes with disclosed information as required by Art. 44 of the Act called Power Law (Journal of Laws of 2012, item 1059, as amended).

The accounting policy was updated as a result of the amended Art. 44 of the Act called Power Law (Journal of Laws of 2012, item1059, as amended), effective from 1 January 2014, imposing an obligation on the power companies to draw up Financial Statements containing Balance Sheet and Profit and Loss Account for the accounting periods, with a breakdown into individual types of run business activities.

T.C. Debica S.A. runs electric and heat energy trading and distribution activities and also other activities and is therefore, under Art. 44 of the Power Law, obliged to apply the provisions of amended Act.

The breakdown of Financial Statement, with a description of breakdown principles, is presented in Section 29 "Additional Explanatory Notes to the 2014 Financial Statement of Tire Company Debica S.A.".

IV. Basic financial data and average PLN exchange rates

Balance Sheet (‘000)

	31.12.2014		31.12.2013	
	PLN	EUR	PLN	EUR
Fixed assets	868 174	203 687	853 416	205 781
Current assets	529 128	124 141	576 062	138 904
Total assets	**1 397 302**	**327 828**	**1 429 478**	**344 685**
Equity	964 369	2 262 565	935 118	225 482
Liabilities & provisions for liabilities	432 933	101 573	494 360	119 203
Total liabilities	**1 397 302**	**327 828**	**1 429 478**	**344 685**

Profit and Loss Account (‘000)

	2014		2013	
	PLN	EUR	PLN	EUR
Net sales of products, merchandise and raw materials	1 837 805	438 695	1 986 179	4 716 667
Cost of products, merchandise and raw materials sold	1 642 282	392023	1 801 310	4 278 007
Gross profit (loss) on sales	195 523	46 672	184 693	43 860
Selling expenses	34 717	8 287	23 821	5 657
General administrative expenses	55 671	13 289	59 220	14 063
Profit (loss) on sales	105 135	25 096	101 652	24 140
Other operating income	233	56	891	212
Other operating expenses	27 962	6 675	5 521	1 311
Operating profit (loss)	77 406	18 477	97 022	23 041
Financial income	4 942	1 180	9 198	2 184
Financial expenses	7 968	1 902	3 666	871
Profit (loss) on ordinary activities	74 380	17 755	102 554	24 354
Profit (loss) before taxation	74 380	17 755	102 554	24 354
Income tax	-12 566	-3 000	-12 972	- 3 081
Net profit (loss)	**86 946**	**20 755**	**115 526**	**27 435**

Cash Flow Statement (‘000)

	2014		2013	
	PLN	EUR	PLN	EUR
Net operational cash flows	194 500	46 428	182 056	43 234
Net investment activity cash flows	-201 634	-48 131	-192 333	-45 674
Net financial activity cash flows	-61 194	-14 607	-49 546	-11 766
Total net cash flows	**-68 328**	**-16 310**	**- 59 823**	**-142 063**

Average EUR/PLN exchange rates in the period covered by the Financial Statement and comparable financial data, set by the National Bank of Poland:
- exchange rate prevailing on:
December 31, 2014 1 EUR = PLN 4.2623
December 31, 2013 1 EUR = PLN 4.1472

- average exchange rate, calculated as the mean arithmetic value of exchange rates prevailing on the last day of each month:
in 2014: 1 EUR = PLN 4.1893
in 2013: 1 EUR = PLN 4.2110

- the highest and lowest exchange rate in the accounting period:
in 2014: the highest rate 1 EUR = PLN 4.3138
and the lowest rate 1 EUR = PLN 4.0998

in 2013: the highest rate 1 EUR = PLN 4.3432 and the lowest rate 1 EUR = PLN 4.0671

The items in Profit and Loss Account for 2014 were converted into EUR using the mean annual EUR/PLN exchange rate, which was PLN 4.18925.

V. The areas of material discrepancies of the adopted accounting principles and methods and show data between the Financial Statement drawn up using Polish accounting principles and the financial statement that was drawn up using International Financial Reporting Standards (IFRS)

T.C. Debica S.A. draws up financial statement in accordance with US GAAP for the strategic investor The Goodyear Tires & Rubber Company for the purposes of drawing up a consolidated financial statement.

Therefore, reliable pinpointing of discrepancies in the values of shown data between the Financial Statement drawn up using Polish accounting principles and the Financial Statement that would be drawn up using International Financial Reporting Standards (IFRS) is not possible.

Below are attached tables with explanation of the differences in the values of the disclosed equity and net financial result, between the Financial Statement and comparable financial data drawn up in accordance with Polish accounting principles vs. financial statements and comparable financial data drawn up in accordance with the principles of the Goodyear Group based on US GAAP. The differences are shown as net figures, accounting for the impact of income tax.

(‘000 PLN)	**31.12.2014**	**31.12.2013**
Shareholders’ equity according to Polish accounting principles	**964 369**	**935 118**
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	-11	24
Discrepancy stemming from different classification of lease contracts	9	194
Adjustment of differences in gross value of fixed assets	-13 763	-13 778
Adjustment of depreciation for fixed assets with different gross values	3 768	7 518
Transient difference being a result of the moment of current cost recognition	19 796	10 861
Difference stemming from different calculation of provisions for extended guarantees	66	26
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	15 795	15 722
Capitalization of realized foreign exchange gains/losses on investment projects	-1 191	-1 371
Actuarial provisions for gratuities	1 626	143
Income tax allowance in relation to the Special Economic Zone	93 671	101 327
Difference in deferred tax treatment	- 23 663	- 7 364
Shareholders’ equity according to Goodyear Group’s principles	**1 060 472**	**1 048 420**

(‘000 PLN)	**2014**	**2013**
Net profit according to Polish accounting principles	**86 946**	**115 526**
Transient difference being a result of the moment of current cost recognition	8 935	9 246
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	-35	65
Discrepancy stemming from different classification of lease contracts	-185	-13
Adjustment of differences in gross value of fixed assets	15	-77
Adjustment of depreciation for fixed assets with different gross values	-3 750	550
Difference stemming from different calculation of provisions for extended guarantees	40	-36
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	73	3 288
Capitalization of realized foreign exchange gains/losses on investment projects	180	-173
Actuarial provisions for gratuities	1 483	143
Income tax allowance in relation to the Special Economic Zone	-7 656	101 327
Difference in deferred tax treatment	-16 299	-7 364
of which: revaluation of the impact of tax amortization into 1% (-12 369) difference between tax and balance sheet amortization rates (-3 692)		
Net profit according to Goodyear Group principles	**69 747**	**222 482**

File	Description

BALANCE SHEET ‘000 PLN

	NOTE	2014	2013
ASSETS			
I. Fixed assets		868 174	853 416
1. Intangible assets	1	39	57
2. Tangible fixed assets	2	866 030	851 449
3. Long-term investments	3	144	144
3.1. Long-term financial assets		144	144
a) in other entities		144	144
4. Long-term deferred assets	4	1 961	1 766
4.1. Deferred income tax assets		1 961	1 766
II. Current assets		529 128	576 062
1. Inventories	5	117 668	108 447
2. Short-term receivables	6 7	244 157	337 403
2.1. From related entities		204 239	270 888
2.2. From other entities		39 918	66 515
3. Short-term investments		166 781	129 623
3.1. Short-term financial assets	8	166 781	129 623
a) in related entities		105 000	0
b) in other entities		5 395	5 036
c) cash and cash equivalents		56 386	124 587
4. Short-term deferred assets	9	522	589
Total assets		1 397 302	1 429 478
LIABILITIES			
I. Shareholders’ equity		964 369	935 118
1. Share capital	11	110 422	110 422
2. Reserve capital	12	322 675	322 482
3. Revaluation capital	13	69 883	70 076
4. Other reserve capital	14	374 443	316 612
5. Net profit (loss)		86 946	115 526
II. Liabilities and liability provisions		432 933	494 360
1. Liability provisions	15	53 934	63 524
1.1. Provision for deferred income tax		21 290	33 661
1.2. Provision for pension benefits and equivalents		30 360	29 785
a) long-term		10 135	7 947
b) short-term		20 225	21 838
1.3. Other provisions		2 284	78
a) long-term		132	78
b) short-term		2 152	0
2. Long-term liabilities	16	1 473	1 298
2.1. To other entities		1 473	1 298
3. Short-term liabilities	17	377 526	429 538
3.1. To related entities		89 304	102 040
3.2. To other entities		288 038	327 020
3.3. Special funds		184	478
4. Accrued liabilities		0	0
4.1. Other accrued liabilities		0	0

a) long-term liabilities		0	0
b) short-term liabilities		0	0
Total liabilities		1 397 302	1 429 478

Book value		964 369	935 118
Number of shares (pcs.)		13 802 750	13 802 750
Book value per share (in PLN)	18	69,87	67.75
Diluted number of shares (pcs.)		13 802 750	13 802 750
Diluted book value per share (in PLN)	18	69,87	67.75

OFF-BALANCE ITEMS ‘000 PLN

		2014	2013
1. **Other including:**		11 925	14 820
- off-balance liabilities under a long-term gas supply agreement		9 279	11 148
- off-balance liabilities under a real estate long-term lease agreement		2 646	3 672
Total off-balance liabilities		11 925	14 820

PROFIT AND LOSS ACCOUNT ‘000 PLN

	NOTE	2014	2013
I. Net sales of products merchandise and materials including:		1 837 805	1 986 179
- from related entities		1 629 598	1 760 752
1. Net sales of products	19	1 760 964	1 918 377
2. Net sales of merchandise and materials	20	76 841	67 802
II. Cost of products merchandise and materials sold including:		1 642 282	1 801 486
- to related entities		1 485 397	1 634 678
1. Cost of products sold	21	1 568 989	1 735 588
2. Cost of merchandise and materials sold		73 293	65 898
III. Gross profit (loss) on sales		195 523	184 693
IV. Selling expenses	21	34 717	23 821
V. General administrative expenses	21	55 671	59 220
VI. Profit (loss) on sales		105 135	101 652
VII. Other operating income		233	891
1. Gain from disposal of non-financial fixed assets			528
2. Other operating income	22	233	363
VIII. Other operating expenses		27 962	5 521
1. Loss on the disposal of non-financial fixed assets		2 246	
2. Revaluation of non-financial fixed assets		1 392	1 060
3. Other operating costs	23	24 324	4 461
IX. Operating profit (loss)		77 406	97 022
X. Financial income	24	4 942	9 198
1. Interest receivable		4 942	2 707
- from related entities		3 116	
2. Other			6 491
XI. Financial expenses	25	7 968	3 666
1. Interest payable		5 052	3 666
2. Other		2 916	
XII. Profit (loss) on ordinary activities		74 380	102 554
XIII. Profit (loss) before taxation		74 380	102 554
XIV. Income tax	27	-12 566	-12 972
a) current portion		0	1 851
b) deferred portion		-12 566	-14 823
XV. Net profit (loss)		86 946	115 526

Net profit (loss) (annualized)		86 946	115 526
Weighted average number of the ordinary shares (pcs.)		13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	29	6,30	8,37
Weighted average diluted number of the ordinary shares (pcs.)		13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)	29	6,30	8,37

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	'000 PLN	
	2014	2013
I. Opening balance of shareholders' equity	935 118	866 245
I.a. Opening balance of shareholders' equity after restatement to comparative data	935 118	866 245
1. Opening balance of share capital	110 422	110 422
1.1. Closing balance of share capital	110 422	110 422
2. Opening balance of reserve capital	322 482	320 041
2.1. Changes in reserve capital	193	2 441
a) additions (of which)	193	2 441
- allocation from the reserve capital of amounts of revaluated liquidated fixed assets – current period	193	2 441
2.2. Closing balance of reserve capital	322 675	322 482
3. Opening balance of revaluation capital	70 076	72 517
3.1. Changes in revaluation capital	-193	-2 441
a) reductions (of which):	193	2 441
- allocation to the reserve capital of amounts of revaluated liquidated fixed assets - current period	193	2 441
3.2. Closing balance of revaluation capital	69 883	70 076
4. Opening balance of other reserve capital	316 612	269 839
4.1. Changes in other reserve capital	57 831	46 773
a) additions (of which)	57 831	46 773
- allocation to reserve capital from the profit distributed for the year 2012 with an option of dividend payment to the shareholders	0	46 773
- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	57 831	0
4.2. Closing balance of other reserve capital	374 443	316 612
5. Opening balance of retained earnings	115 526	93 426
5.1. Opening balance of retained earnings	115 526	93 426
5.2. Opening balance of retained earnings after the restatement to comparative data	115 526	93 426
a) reductions (of which):	115 526	93 426
- dividend for shareholders	57 695	46 653
- allocation to reserve capital from the profit distributed for the year 2012 with an option of dividend payment to the shareholders	0	46 773
- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	57 831	0
5.3. Closing balance of retained earnings	0	0
5.4. Closing balance of retained earnings/losses	0	0
6. Net profit (loss)	86 946	115 526
a) net profit	86 946	115 526
II. Closing balance of shareholders' equity	964 369	935 118
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	964 369	935 118

CASH FLOW STATEMENT '000 PLN

	2014	2013
A. Operational cash flows		
I. Net profit (loss)	86 946	115 526
II. Total adjustments	107 554	66 530
1. Depreciation and amortization	87 644	76 330
2. Foreign exchange gains/losses	-127	-83
3. Interest and dividends	-1 782	759
4. Investment activity gain (loss)	3 545	-629
5. Change in provisions	-9 590	-21 074
6. Change in inventories	-9 221	9 241
7. Change in receivables	92 887	-18 606
8. Change in current liabilities (excluding loans and credits)	-55 674	12 719
9. Change in deferred and accrued expenses	-128	7 873
10. Other adjustments	0	0

III. Net operational cash flows (I+/-II) – indirect method	194 500	182 056
B. Investment activity cash flows		
I. Cash inflows	4 564	3 607
1. Disposal of intangible assets and tangible fixed assets	1 448	3 607
2. From financial assets of which:	3 116	0
a) In related entities	3 116	0
- interest income	3 116	0
b) in other entities	0	0
II. Cash outflows	206 198	195 940
1. Acquisition of intangible assets and tangible fixed assets	101 198	195 940
2. On financial assets of which:	0	0
a) in related entities	0	0
b) in other entities	0	0
3. Other capital expenditures	105 000	0
III. Net investment activity cash flows (I-II)	-201 634	-192 333
C. Financial activity cash flows		
I. Cash inflows	0	0
1. Other inflows	0	0
II. Cash outflows	61 194	49 546
1. Dividends and other payments to the owners	57 695	46 653
2. Loan and credit payables		0
3. Financial lease commitments paid	2 165	2 134
4. Interest paid	1 334	759
III. Net financial activity cash flows (I-II)	-61 194	-49 546
D. Total net cash flows (A.III+/-B.III+/-C.III)	-68 328	-59 823
E. Change in balance-sheet cash and cash equivalents of which:	-68 201	-59 740
- change in cash and cash equivalents due to foreign exchange gains/losses	127	83
F. Opening balance of cash and cash equivalents	124 780	184 603
G. Closing balance of cash and cash equivalents (F+/- D) of which:	56 452	124 780
- those with restricted availability	184	478

NOTES TO THE FINANCIAL STATEMENT
A. EXPLANATORY NOTES
EXPLANATORY NOTES TO BALANCE SHEET

Note 1 a

INTANGIBLE ASSETS INCLUDING:	‘000 PLN	
	2014	2013
a) concessions, patents, licenses and equivalents including:	39	57
- computer software	39	57
Total intangible assets	39	57

Note 1b

CHANGES IN THE VALUE OF INTANGIBLE ASSETS (BY CATEGORY)							
'000 PLN							
	a	b	c		d	e	Total intangible assets
	costs of completed developmental activities	goodwill	concessions, patents, licenses and equivalents including:	- computer software	other intangible assets	prepaid intangible assets	
a) opening balance of intangible assets, gross			7 410	7 410			7410
b) closing balance of intangible assets, gross:			7 410	7 410			7410
c) opening balance of accumulated depreciation			7 353	7 353			7 353
d) depreciation for the accounting period of which:			18	18			18
- accrued depreciation for the period			18	18			18
e) closing balance of accumulated depreciation			7 371	7 371			7 371
f) closing balance of intangible assets, net			39	39			39

Note 1c

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	'000 PLN	
	2014	2013
a) own intangible assets	39	57
Total intangible assets	39	57

Note 2a

TANGIBLE FIXED ASSETS	'000 PLN	
	2014	2013
a) tangible fixed assets including:	790 890	709 751
- lands (including perpetual usufruct title to land)	11	11
- buildings, units and civil engineering works	120 725	115 325
- technical equipment and machinery	664 206	589 047
- means of transport	506	549
- other fixed assets	5 442	4 819
b) fixed assets under construction	74 193	136 104
c) prepaid fixed assets under construction	947	5 594
Total tangible fixed assets	866 030	851 449

Note 2b

CHANGES IN FIXED ASSETS (BY CATEGORY)						
'000 PLN						
	- lands (incl. perpetual usufruct title to land)	- buildings, units and civil engineering works	- technical equipment and machinery	- means of transport	- other fixed assets	Total fixed assets
a) opening balance of fixed assets, gross	11	268 457	1 303 770	3 099	19 759	1 595 096
b) additions (of which):	0	15 495	158 428	832	1 688	176 443
- purchases, investments		15 495	154 621		1 666	171 782
- leased assets			3 807	832	22	4 661
c) reductions (of which):	0	3 181	24 138	1 477	1 115	29 911
- disposals		3 051	1 818			4 869
- liquidations		130	15 784	7	156	16 077
- return to lessor once the lease contract is over			6 536	1 470	959	8 965
d) closing balance of fixed assets, gross	11	280 771	1 438 060	2 454	20 332	1 741 628
e) opening balance of accumulated depreciation		152 804	714 573	2 550	14 940	884 867
f) depreciation for the period of which:		6 914	59 131	-602	-50	65 393
- accrued depreciation for the period		7 670	78 548	383	1 025	87 626
- reduced depreciation due to disposal and liquidation		756	14 979	7	156	15 898
- return to lessor once the lease contract is over			4 438	978	919	6 335
g) closing balance of accumulated depreciation		159 718	773 704	1 948	14 890	950 260
h) opening balance of allowances for permanent loss of value		328	150			478
i) closing balance of allowances for permanent loss of value	11	120 725	664 206	506	5 442	790 890
j) closing balance of fixed assets, net	11	115 325	589 047	549	4 819	709 751

Note 2c

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	'000 PLN	
	2014	2013
a) own fixed assets	788 020	706 921
b) used under rental, tenancy or other contract including lease contract, of which:	2 870	2 830
- lease contract	2 870	2 830
Total balance sheet fixed assets	790 890	709 751

Note 2d

OFF-BALANCE FIXED ASSETS	'000 PLN	
	2014	2013
used under rental, tenancy or other contract including lease contract including:	30 912	31 422
- operational lease	384	348
- perpetual usufruct title to lands	30 528	31 074
Total off-balance fixed assets	30 912	31 422

Note 3a

CHANCE IN BALANCE OF INTANGIBLE ASSETS (BY CATEGORY)	'000 PLN	
	2014	2013
a) opening balance	57	76
- computer software	57	76
b) additions (of which)	18	19
- computer software	18	19
c) reductions (of which)	39	57
- computer software	39	57

Note 3b

	'000 PLN	
	2014	2013
a) in other entities	144	144
- interests or shares	144	144
Total long-term financial assets	144	144

Note 3c

Note 3d

INTERESTS OR SHARES IN OTHER ENTITIES										
#	'000 PLN									
	a	b	c	d	e		f	g	h	i
	name of the entity, with legal status specified	registered office	scope of activities	balance sheet value of interests/shares	entity's equity including:	share capital	shareholding in share capital	share in the total number of votes at the General Meeting of Shareholders	value of interests/shares not paid up by the issuer	received or due dividends for the last accounting year
1.	TIRE RECYCLING CENTER RECOVERY ORGANISATION S.A.	Warsaw	Recovery and recycling of packaging and used waste (tires)	144	5 058	1 008	14,00	14,00		

As of December 31, 2013

Note 3e

SECURITIES, INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS (BY CURRENCY)	unit	currency	‘000 PLN	
			2014	2013
a) in Polish currency			144	144
b1. in foreign currency				
-				
Total securities, interests and other long-term financial assets			144	144

Note 3f

SECURITIES, INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS(BY MARKETABILITY)	‘000 PLN	
	2014	2013
c1)...		
c2)...		
c1)...		
c2)...		
c1)...		
c2)...		
A. With limited marketability (balance sheet value)	144	144
a. interests and shares (balance sheet value):	144	144
- value according to prices of acquisition	144	144
c1) …		
c2)...		
Total value at purchasing prices	144	144
Total balance sheet value	144	144

Note 4a

CHANGE IN DEFERRED INCOME TAX ASSETS	‘000 PLN	
	2014	2013
1. Opening balance of deferred income tax assets including:	1 766	9 774
a) included in the financial result	20 978	9 774
- provision for employee benefits due, but unpaid	4 984	4 290
- provision for jubilee awards and retirement gratuities	1 499	1 822
- provision for restructuring	0	20
- non-invoiced services	2 229	1 762
- revaluation of trade receivables	539	184
- decrease of the value of raw material and product inventories	162	151
- provision for extended guarantees	15	24
- difference between lease costs under accounting and tax treatment	46	49
- provision for bonuses	1 517	1 046
- payment adjustment – unpaid costs	9 674	0
- other	313	426
- 1a Valuation adjustment	-19 212	0
2. Additions	1 830	11 672
a) deducted from financial result in the accounting period in relation to negative temporary differences (of which):	1 830	11 672
- provision for employee benefits due, but unpaid	205	694
- provision for restructuring	409	0
- non-invoiced services	0	467
- provision for extended guarantees	10	0
- revaluation of trade receivables	1 083	355
- provision for bonuses	0	471
- decrease of value of raw material and product inventories	123	11
- payment adjustment – unpaid costs	0	9 674
3. Deductions	2 081	468
a) deducted from financial result in the accounting period in relation to negative temporary differences (of which):	2 081	468
- provision for jubilee awards and retirement gratuities	214	323

Note 4a (cont.)

CHANGE IN DEFERRED INCOME TAX ASSETS	‘000 PLN	
	2014	2013
- difference between lease costs under accounting and tax treatment	44	3
- provision for restructuring	0	20
- non-invoiced services	800	0
- provision for bonuses	258	
- provision for extended guarantees	0	9
- payment adjustment – unpaid costs	699	
- other	66	113
4. Closing of deferred income tax assets including:	20 727	20 978
a) included in the financial result	20 727	20 978
- provision for employee benefits due, but unpaid	5 189	4 984
- provision for jubilee awards and retirement gratuities	1 285	1 499
- provision for restructuring	409	0
- revaluation of trade receivables	1 622	539
- decrease of the value of raw material and product inventories	285	162
- provision for extended guarantees	25	15
- difference between lease costs under accounting and tax treatment	2	46
- non-invoiced services	1 429	2 229
- provision for bonuses	1 259	1 517
- payment adjustment – unpaid costs	8 975	9 674
- other	247	313
- 4A. Pricing adjustment (*)	-18 766	-19 212
- 4B. Closing balance of the deferred income tax assets, total	1 961	1 766

(*) The pricing was adjusted due to utilization of the corporate income tax relief related to the activities run in the Special Economic Zone. When determining the amount of deferred income tax assets and provision, for transitional differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6 of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate).

Note 5a

INVENTORIES	‘000 PLN	
	2014	2013
a) raw materials	61 840	65 321
b) intermediate products and work in progress	15 829	18 972
c) finished goods	29 924	19 425
d) merchandise	10 075	4 729
Total inventories	117 668	108 447

Note 6a

SHORT-TERM RECEIVABLES	‘000 PLN	
	2014	2013
a) from related entities	204 239	270 888
- trade receivables with maturity:	204 239	270 888
- below 12 months	204 239	270 888
b) receivables from other entities	39 918	66 515
- trade receivables with maturity:	17 566	40 325
- below 12 months	17 566	40 325
- receivables related to taxes, subsidies, customs, social and health insurance and other benefits	21 602	25 804
- other	750	386
Total short-term receivables, net	244 157	337 403
c) revaluation of net value of receivables	8 519	2 773
Total short-term receivables, gross	252 676	340 176

Note 6b

SHORT-TERM RECEIVABLES FROM RELATED ENTITIES	‘000 PLN	
	2014	2013
a) trade receivables including:	204 239	270 888
- from controlling entity	26	4
- from other related entities	204 213	270 884
Total short-term receivables from related entities, net	204 239	270 888
Total short-term receivables from related entities, gross	204 239	270 888

Note 6c

CHANGE OF REVALUATION OF SHORT-TERM RECEIVABLES	‘000 PLN	
	2014	2013
Opening balance	2 773	990
a) additions (of which)	7 703	2 872
- setting up provisions	7 703	2 872
b) decreases (of which):	1 957	1 089
- utilization rate, depreciation	88	93
- dissolution, paid	1 869	996
Closing balance of revaluated short-term receivables	8 519	2 773

Note 6d

GROSS SHORT-TERM RECEIVABLES (BY CURRENCY)	unit	currency	‘000 PLN	
			2014	2013
a) in Polish currency			53 861	74 802
b) in foreign currencies (by currency and following conversion into PLN)			198 815	266 417
b1. unit/currency	‘000	USD	9	2
following conversion into ‘000 PLN			30	6
b2. unit/currency	‘000	EUR	46 638	64 239
following conversion into ‘000 PLN			198 785	266 411
Total short-term receivables			252 676	341 219

Note 6e

GROSS TRADE RECEIVABLES - WITH MATURITY COUNTED FROM BALANCING DATE:	‘000 PLN	
	2014	2013
a) below 1 month	199 552	313 314
b) from 1 to 3 months	16 002	21 421
c) from 3 to 6 months	0	315
d) from 6 months to 1 year	0	0
e) above 1 year	0	0
f) overdue receivables	14 670	7 799
Total trade receivables, gross	230 224	342 849
g) revaluated trade receivables	-8 419	-2 673
Total trade receivables, net	221 805	340 176

The receivables specified in items a), b) and c) that is with maturity below 1 month, with maturity from 1 to 3 months and from 3 to 6 months, are a result of regular selling activities of T.C. Debica S.A.

Note 6f

OVERDUE TRADE RECEIVABLES, GROSS – WITH THE FOLLOWING AGEING STRUCTURE:	‘000 PLN	
	2014	2013
a) below 1 month	6 758	6 845
b) from 1 to 3 months	264	290
c) from 3 to 6 months	448	260
d) from 6 months to 1 year	6 536	206

e) above 1 year	664	198
Total overdue trade receivables (gross)	14 670	7 799
f) overdue revaluated trade receivables	-7 262	-2 658
Total overdue trade receivables, net	7 408	5 141

Note 7a

Gross short-term receivables totalled PLN 252 676 thousand including overdue receivables totalling PLN 14 670 thousand. The revaluation write-offs totalled PLN 8 519 thousand, of which overdue receivables totalled PLN 7 262 thousand.

Gross long-term receivables were not present. Receivables under litigation did not occur.

File	Description

Note 8a

SHORT-TERM FINANCIAL ASSETS	‘000 PLN	
	2014	2013
a) in other related entities	105 000	0
- extended loans	105 000	0
a) in other entities	5 395	5 036
- other securities (by category)	5 395	5 036
- bills of exchange with maturity above 3 months	5 395	5 036
b) cash and cash equivalents	56 386	124 587
- cash in hand and cash in bank	56 386	124 587
Total short-term financial assets	166 781	129 623

Note 8b

SECURITIES, INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY)	unit	currency	‘000 PLN	
			2014	2013
a) in Polish currency			5 395	5 036
b1. in foreign currency	‘000	EUR		
-				
Total securities, interests and other short-term financial assets			5 395	5 036

Note 8c

SECURITIES, INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY)	‘000 PLN	
	2014	2013
c1)...		
c2)...		
c1)...		
c2)...		
A. With unlimited marketability , not listed in the regulated market (balance sheet value)	5 395	5 036
c1) bills of exchange		
c2)....		
a. other – by category (balance sheet value)	5 395	5 036
c1) bills of exchange	5 395	
- fair value	5 395	5 036
c2) …		
Total balance sheet value	5 036	5 036

Note 8d

SHORT-TERM LOANS EXTENDED (BY CURRENCY)	unit	currency	‘000 PLN	
			2014	2013
a) in Polish currency			105 000	0
b1. in currency				
other currencies in ‘000 PLN				
Total short-term loans extended			105 000	0

Note 8e

CASH AND CASH EQUIVALENTS (BY CURRENCY)	unit	currency	‘000 PLN	
			2014	2013
a) in Polish currency			50 351	118 133
b) in foreign currencies (by currency and following conversion into PLN)			6 035	6 454
b1. unit/currency	‘000	USD	18	2 107
following conversion into ‘000 PLN			64	6 346
b2. unit/currency	‘000	EUR	1 401	26
following conversion into ‘000 PLN			5 971	108
Total cash and cash equivalents			56 386	124 587

Note 9a

SHORT-TERM PREPAYMENTS	‘000 PLN	
	2014	2013
a) short-term prepayments including:	522	589
- property insurance	508	556
- other	14	33
Total short-term prepayments	522	589

Note 10a

The revaluation of non-financial assets for 12 months 2014 totalled PLN 1 392 thousand of which:
PLN 1 253 thousand applied to finished goods, and
PLN 139 thousand applied to materials.

At the same time an adjustment (reduction) was made of the write-off for materials by PLN 6 thousand, that reduced the cost of production of the products sold in the Profit and Loss Account.

The revaluation of inventory was made based on conservative pricing of materials, products and commodities.

File	Description

Note 11a

SHARE CAPITAL (STRUCTURE)								
‘000 PLN								
Series/issue	Share type	Type of stock preference	Type of limitation of rights to shares	Number of shares	Value of series/emission by par value	Way of bringing up capital	Registration date	Right to dividend (effective from the date)
A & B	DEBICA			10 100 000	80 800	Cash	23 May 1995	9 May 1995
C	DEBICA			3 702 750	29 622	Cash	11 April 1996	1 January 1996
Total number of shares				13 802 750				
Total share capital					110 422			
Par value per share (in PLN)	8.00							

According to the information held by the Company as of the date of drawing up 2014 Annual Report the shareholder holding above 5% of the shareholders’ equity and at least 5% of the total number of votes at the General Meeting of Shareholders was Goodyear S.A. with its registered office in Luxembourg, holding in total 11,234,912 of Company shares accounting for approximately 81.396% of the Company’s shareholders’ equity and giving entitlement to exercise 11,234.912 votes at the Company’s General Meeting of Shareholders, accounting for approximately 81.396% of the total number of votes at the Company’s General Meeting of Shareholders.

Note 12a

RESERVE CAPITAL	'000 PLN	
	2014	2013
a) share premium account	130 164	130 164
b) statutory capital	36 807	36 807
c) capital provided for under the articles or deed above the required minimum statutory level	139 263	139 263
d) supplementary contributions made by shareholders/partners	0	0
e) other (by type)	16 441	16 248
- reposting of reserve capital from revaluation of fixed assets – liquidated and disposed of	14 757	14 564
- increase of reserve capital in 1991 by a transfer from social fund – depreciation of fixed assets used in social activities	1 614	1 614
- setting up reserve capital from retained earnings	70	70
Total reserve capital	322 675	322 482

Note 13a

REVALUATION CAPITAL	'000 PLN	
	2013	2012
a) revaluation of fixed assets	69 595	72 036
b) revaluation of deferred tax	481	481
Total revaluation capital	70 076	72 517

Note 14a

OTHER RESERVE CAPITAL (BY PURPOSE)	'000 PLN	
	2014	2013
- to cover contingent losses related to non-production assets	5 362	5 362
- from 2000 profit distribution, with an option of dividend payment to shareholders	34 445	34 445
- setting up reserve capital from 2001 profit distribution	4 802	4 802
- an allocation to the reserve capital from the profit distributed for the year 2002, with an option of dividend payment to the shareholders	629	629
- an allocation to the reserve capital from the profit distributed for the year 2003, with an option of dividend payment to the shareholders	1 698	1 698
- an allocation to the reserve capital from the profit distributed for the year 2004, with an option of dividend payment to the shareholders	158	158
- an allocation to the reserve capital from the profit distributed for the year 2005, with an option of dividend payment to the shareholders	34	34
- an allocation to the reserve capital from the profit distributed for the year 2006, with an option of dividend payment to the shareholders	30 626	30 626
- an allocation to the reserve capital from the profit distributed for the year 2007, with an option of dividend payment to the shareholders	28 040	28 040
- an allocation to the reserve capital from the profit distributed for the year 2008, with an option of dividend payment to the shareholders	67 916	67 916
- an allocation to the reserve capital from the profit distributed for the year 2009, with an option of dividend payment to the shareholders	9 916	9 916
- an 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
- an 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
- an allocation to the reserve capital from the profit distributed for the year 2012, with an option of dividend payment to the shareholders	46 773	46 773
- an allocation to the reserve capital from the profit distributed for the year 2013, with an option of dividend payment to the shareholders	57 831	0
Total other reserve capital	374 443	316 612

Note 15a

CHANGE IN PROVISION FOR DEFERRED INCOME TAX	'000 PLN	
	2014	2013
1. Opening balance of provision for deferred income tax including:	33 661	56 492
a) netted with the financial result	60 237	56 492
- amortization of investment allowances	3 873	4 169
- interest charged to contractors and interest income from cash assets	10	6
- difference between depreciation under accounting and tax treatment	56 242	52 208
- prepayments	112	86
- other income –franchise	0	23
- 1a Valuation adjustment	-26 576	0
2. Additions	3 791	4 064
a) netted with the financial result in the accounting period in relation to transient foreign exchange gains (of which)	3 791	4 064
- difference between depreciation under accounting and tax treatment	3 692	4 034
- interest accrued to contractors and interest due on cash assets	99	4
- prepayments	0	26
3. Deductions	309	319
a) deducted from financial result in the accounting period in relation to positive transient differences (of which)	309	319
- amortization of investment allowances	296	296
- prepayments	13	0
- other	0	23
4. Total closing balance of provision for deferred income tax	63 719	60 237
a) netted with the financial result	63 719	60 237
- amortization of investment allowances	3 577	3 873
- interest charged to contractors and interest income from cash assets	109	10
- difference between depreciation under accounting and tax treatment	59 934	56 242
- prepayments	99	112
- 4a. Pricing adjustment	-42 429	-26 576
- 4b. Closing balance of deferred income tax, total*	21 290	33 661

(*) The pricing was adjusted due to utilization of the corporate income tax relief related to the activities run in the Special Economic Zone. When determining the amount of deferred income tax assets and provision, for transitional differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6 of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate).

Note 15b

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND EQUIVALENTS (BY TITLE)	'000 PLN	
	2014	2013
a) opening balance	7 947	6 894
- jubilee awards, retirement gratuities, disability and death benefits	7 947	6 894
b) additions (of which)	2 188	1 053
- jubilee awards, retirement gratuities, disability and death benefits	1 370	1 053
- other employee benefits due, but unpaid	818	0
c) dissolution (of which)	10 135	7 947
- jubilee awards, retirement gratuities, disability and death benefits	9 317	7 947
- other employee benefits due, but unpaid	818	0

Note 15c

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND EQUIVALENTS (BY TITLE)	'000 PLN	
	2014	2013
a) opening balance	21 838	20 984
- jubilee awards, retirement gratuities, disability and death benefits	0	2 697
- other employee benefits due, but unpaid	21 838	18 287
b) additions (of which)	20 225	18 979

- jubilee awards, retirement gratuities, disability and death benefits	466	
- other employee benefits due, but unpaid	19 759	18 979
c) utilization (of which)	0	15 428
- other employee benefits due, but unpaid		15 428
d) dissolution (of which)	21 838	2 697
- jubilee awards, retirement gratuities, disability and death benefits		2 697
- other employee benefits due, but unpaid	21 838	0
e) closing balance	20 225	21 838
- jubilee awards, retirement gratuities, disability and death benefits	466	0
- other employee benefits due, but unpaid	19 759	21 838

Note 15d

CHANGE IN BALANCE OF OTHER LONG-TERM PROVISIONS (BY TITLE)	'000 PLN	
	2014	2013
a) opening balance	78	124
- tire warranties extended	78	124
b) additions (of which)	58	13
- tire warranties extended	58	13
c) utilization (of which)	4	59
- tire warranties extended	4	59
d) dissolution (of which)	132	78
- tire warranties extended	132	78

Note 15e

CHANGE IN BALANCE OF OTHER SHORT-TERM PROVISIONS (BY TITLE)	'000 PLN	
	2014	2013
a) opening balance	0	104
- restructuring provision (severance pays for laid-off workers)	0	104
b) additions (of which)	9 804	0
- restructuring provision (severance pays for laid-off workers)	9 804	0
c) utilization (of which)	7 652	104
- restructuring provision (severance pays for laid-off workers)	7 652	104
d) closing balance	2 152	0
- restructuring provision (severance pays for laid-off workers)	2 152	0

Note 16a

LONG-TERM LIABILITIES	'000 PLN	
	2014	2013
a) to other entities	1 473	1 298
- other (by category)	1 473	1 298
- financial lease contracts	1 473	1 298
Total long-term liabilities	1 473	1 298

Note 16b

LONG-TERM LIABILITIES WITH MATURITY FROM BALANCING DATE	'000 PLN	
	2014	2013
a) from 1 to 3 years	1 209	1 184
b) from 3 to 5 years	252	86
c) above 5 years	12	28
Total long-term liabilities	1 473	1 298

Note 16c

LONG-TERM LIABILITIES (BY CURRENCY)	unit	currency	'000 PLN	
			2014	2013
a) in Polish currency			1 473	1 298
Total long-term liabilities			1 473	1 298

Note 16d

LONG -TERM LIABILITIES RELATED TO CREDITS AND LOANS													
’000 PLN													
Name of entity	Registered seat	Amount of credit / loan under agreement				Amount of credit/loan to be repaid				Interest	Maturity date	Securities & collaterals	Other
		’000 PLN	in foreign currency	unit	currency	’000 PLN	in foreign currency	unit	currency				
BANK PEKAO S.A.	WARSAW	60 000	0	‘000	PLN	0	0	‘000	PLN	WIBOR 1 M + 1.35%	30 Sept. 2015	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure	
ING BANK S.A.	WARSAW	30 000	0	‘000	PLN	0	0	‘000	PLN	WIBOR 1 M + 1.25%	31 Oct. 2015	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure	
RAIFFEISEN BANK POLSKA SA	WARSAW	40 000	0	‘000	PLN	0	0	‘000	PLN	WIBOR 1 M + 1.25%	30 Sept. 2016	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure	
BRE SA	WARSAW	45 000	0	‘000	PLN	0	0	‘000	PLN	WIBOR 1 M + 1.30%	30 Oct. 2016	blank bill of exchange, statement about voluntary subjecting oneself to enforcement procedure	
Total		175 000		‘000	PLN								

Note 17a

SHORT-TERM LIABILITIES	'000 PLN	
	2014	2013
vis-à-vis a partner in a subsidiary		
credits and loans including:		
long-term under repayment		
debt securities liabilities		
dividend-related payables		
other financial liabilities including:		
trade payables with the following maturity:		
below 12 months		
above 12 months		
prepaid deliveries		
bill of exchange payables		
other (by purpose)		
a) vis-à-vis controlling entity	3 454	6 907
- trade payables with the following maturity:	3 454	6 907
- below 12 months	3 454	6 907
- a') vis-à-vis other related entities	85 850	95 133
- trade payables with the following maturity:	85 850	95 133
- below 12 months	85 850	95 133
b) vis-à-vis other entities	288 038	327 020
- other financial liabilities including:	1 407	1 770
- lease contracts	1 407	1 770
- trade payables with the following maturity:	235 516	275 910
- below 12 months	235 516	275 910
- taxes, customs, insurance and other benefits	11 557	13 861
- wage-related payables	7 665	7 613
- other (by purpose)	31 893	27 866
- investment liabilities	31 891	27 866
- other	2	0
c) special funds (by purpose)	184	478
Total short-term liabilities	377 526	429 538

Note 17b

SHORT-TERM LIABILITIES (BY CURRENCY)	unit	currency	'000 PLN	
			2014	2013
a) in Polish currency			170 823	184 825
b) in foreign currencies (by currency and after conversion into PLN)			206 703	244 713
b1. unit/currency	'000	USD	1 592	8 523
after conversion into '000 PLN			5 582	25 671
b2. unit/currency	'000	EUR	47 186	52 817
after conversion into '000 PLN			201 121	219 042
b3. unit/currency	'000	GBP	377 526	429 538
after conversion into '000 PLN				185
Total short-term liabilities			429 538	439 479

Note 18a

Book value per share = Equity value/number of shares.

The Company does not plan any new issues of shares, nor it has issued any bonds convertible into shares, nor other events occurred that would increase the expected number of shares, therefore the book value per share is equal to diluted book value per share.

File	Description

EXPLANATORY NOTES TO PROFIT AND LOSS ACCOUNT

Note 19a

NET SALES OF MERCHANDISE (NON-CASH STRUCTURE - BY TYPE OF ACTIVITY)	‘000 PLN	
	2014	2013
- revenues from the sales of rubber products	1 750 077	1 901 429
- including: from related entities	1 609 470	1 728 285
- revenues from the sales of services	10 887	16 948
- including: from related entities	8 020	14 327
Total net sales of products	1 760 964	1 918 377
- including: from related entities	1 617 490	1 742 612

Note 19b

NET SALES OF PRODUCTS (BY GEOGRAPHICAL AREA)	‘000 PLN	
	2014	2013
a) domestic market	147 782	179 935
- including: from related entities	4 935	4 893
- revenues from the sales of rubber products	140 118	172 443
- revenues from the sales of services	7 664	7 664
- including: from related entities	4 935	4 893
b) export markets	1 613 182	1 738 442
- including: from related entities	1 612 555	1 737 719
- revenues from the sales of rubber products	1 609 959	1 728 986
- including: from related entities	1 609 470	1 728 285
- revenues from the sales of services	3 223	9 456
- including: from related entities	3 085	9 434
Total net sales of products	1 760 964	1 918 377
- including: from related entities	1 617 490	1 742 612

Note 20a

NET SALES OF MERCHANDISE AND MATERIALS (NON-CASH STRUTURE – TYPE OF ACTIVITY)	‘000 PLN	
	2014	2013
- materials	5 661	14 225
- including: from related entities	5 594	13 809
- merchandise	71 180	53 577
- including: from related entities	6 514	4 331
Total sales of merchandise and materials, net	76 841	67 802
- including: from related entities	12 108	18 140

Note 20b

NET SALES OF MERCHANDISE AND MATERIALS (BY GEOGRAPHICAL AREA)	‘000 PLN	
	2014	2013
a) domestic market	64 733	49 662
- including: from related entities	0	0
- materials	67	416
- including from related entities	0	0
- merchandise	64 666	49 246
- including: from related entities	0	0
b) export markets	12 108	18 140
- including: from related entities	12 108	18 140
- materials	5 594	13 809
- including: from related entities	5 594	13 809
- merchandise	6 514	4 331
- including: from related entities	6 514	4 331
Total sales of merchandise and materials, net	76 841	67 802
- including: from related entities	12 108	18 140

Note 21a

COSTS BY CATEGORY	‘000 PLN	
	2014	2013
a) amortization	87 644	76 330
b) consumption of energy and materials	1 109 548	1 283 524
c) third party services	249 749	250 903
d) taxes and charges	11 795	11 460
e) wages and salaries	151 561	148 733
f) social insurance and other benefits	52 364	45 161
g) other cost categories (of which)	22 863	21 025
- advertising and entertainment costs	3 025	2 608
- business travel	1 060	880
- costs of relations with purchasing groups	13 155	11 958
- property insurance	2 018	1 830
- contributions to the State Fund for Rehabilitation of the Disabled	3 058	2 979
- other	547	770
Total cost categories	1 685 524	1 837 136
Change in inventory, products and prepayments	-7 356	7 413
Cost of products for own consumption (negative value)	-18 791	-25 920
Selling expenses (negative value))	-34 717	-23 821
Overall management costs (negative value)	-55 671	-59 220
Cost of products sold	1 568 989	1 735 588

Note 22a

OTHER OPERATING INCOME	‘000 PLN	
	2014	2013
a) dissolved provisions (of which)	0	47
- provision for extended guarantees	0	47
b) other including:	233	316
- liabilities’ write-off	15	15
- refunded court costs and costs of debt collection enforcement	185	40
- compensation for bad quality of raw materials	29	37
- reimbursement of damages for car accidents	1	
- refunded social security contributions	0	167
- sales of CO2 emission allowances	3	11
- other operating income	233	363
Total other operating income	363	480

Note 23a

OTHER OPERATING EXPENSES	‘000 PLN	
	2014	2013
a) set up provisions (of which)	9 859	0
- restructuring costs	9 804	0
- provision for extended guarantees	55	0
b) other including:	14 465	4 461
- cost of non-utilized production capacity	5 179	0
- scraped products and materials	488	614
- donations and membership fees	358	177
- court charges related to debt collection	128	39
- change due to revaluation of receivables	5 831	1 864
- stock taking differentials	105	53
- costs of Corporate Community Centre and other social activities	837	823
- cost of repairs related to car accidents	39	48
- liquidation of machinery	1 493	802
- adjustment of VAT tax	0	27
- adjustment of social security contributions	0	11
- other operating expenses	7	3
Total other operating expenses	24 324	4 461

Note 24a

INTEREST-RELATED FINANCIAL GAINS	'000 PLN	
	2014	2013
a) interest income related to loans extended	3 116	0
from related entities, of which:	3 116	0
from controlling entity	3 116	0
a) other interest	1 826	2 707
- from other entities	1 826	2 707
Total interest-related financial gains	4 942	2 707

Note 24b

OTHER FINANCIAL GAINS	'000 PLN	
	2014	2013
a) foreign exchange gains	0	6 486
- realized	0	5 879
- non-realized	0	607
a) other including:	0	5
- financial gains related to sales of receivables	0	5
Total other financial income	0	6 491

Note 25a

INTEREST-RELATED FINANCIAL EXPENSES	'000 PLN	
	2014	2013
a) on bank credits and loans:	68	1
- payable to other entities	68	1
b) other interest	4 984	3 665
- payable to other entities	4 984	3 665
Total interest-related financial expenses	5 052	3 666

Nota 25b

OTHER FINANCIAL EXPENSES	'000 PLN	
	2014	2013
a) foreign exchange losses of which:	2 916	0
- realized	2 364	0
- non-realized	552	0
Total other financial expenses	2 916	0

Note 26a

T.C. Debica S.A. does not draw up consolidated financial statement and is not in a possession of any subsidiaries, co-subsidiaries and associated entities.

File	Description

Note 27a

CURRENT INCOME TAX	'000 PLN	
	2014	2013
1. Profit (loss) before taxation	74 380	102 554
2. Differences between profit (loss) before taxation and taxation base for income tax (under 2 titles)	-13 256	44 366
A. Permanent differences	6 394	5 111

- non-deductible costs and losses including:	6 394	5 111
- charge-out – 5% margin	662	0
- provision for receivables	2	9
- delayed payment interest – receivables from the state budget entities	901	24
- contributions to the State Fund for Rehabilitation of the Disabled	3 065	2 991
- expenses exceeding the limit for passenger cars	77	373
- expenses on Supervisory Board and General Meeting of Shareholders	19	25
social organization membership fees	0	61
- donations, scholarships, aids	409	340
- entertainment costs	478	614
- VAT bad debts	16	348
- additional allowance for the Corporate Social Fund	517	0
- other	219	298
B. Transitional differences	19 650	-39 255
- Positive differences including the following categories:	18 331	19 832
- amortization of investment allowances	-1 559	-1 559
- difference between depreciation under accounting and tax treatment	19 431	21 235
- interest charged to contractors and interest income from cash assets	526	20
- prepayments	-67	136
Negative differences including:	1 319	-59 087
- accrued expenses and provisions for liabilities	-7	-2 197
- revaluation of receivables from customers	-5 699	-1 868
- devaluation of inventories, raw materials and products	-645	-55
- provision for restructuring	-2 152	104
- difference between lease costs under accounting and tax treatment	228	17
- non-invoiced services	4 211	-2 460
- provision for bonuses	1 359	-2 475
- payment adjustment –unpaid costs	3 677	-50 915
- other	347	762
3. Taxation base for income tax	61 124	146 920
4. Income covered by special economic zone permission (impact on the reduction of taxable base)	62 196	137 179
5. Income tax taxation base (following deductions)	-1 072	9 741
6. Income tax at 19% rate	0	1 851
7. Current income tax posted into tax return of the accounting period including:	0	1 851
- tax posted into Profit and Loss Account	0	1 851

Pursuant to the Operational Permit No. 134/ARP/2008, dated 27 February 2008 for running business activities in the area of Euro-Park Mielec Special Economic Zone the Company may enjoy income tax breaks up to 40.23% of discounted total amount of capital expenditures born to implement investment projects within the boundaries of the Special Economic Zone. The Company met the requirements of the Operational Permit in December 2012 and effective from 2013 it may enjoy corporate income tax break. The Operational Permit is valid until 2017. As of 31 December 2014 the amount of non-utilized tax break was PLN 91.7 million in nominal terms and PLN 63.2 million in discounted terms.

The enjoyment of the tax break is conditioned by the compliance with the requirements set forth in the Operational Permit and in the Corporate Income Tax Act. Non-compliances with the requirements set forth in the Operational Permit and in the Corporate Income Tax Act, irrelevant from the financial result perspective, could result in the cancellation of tax breaks and imposition on the Company a duty to pay taxes the Company had been exempted pursuant to the tax break privilege. Additional penalty interest would be charged to the Company for the period of tax break enjoyment until tax payment date.

In the accounting period covered by the Financial Statement the Company received a decision, dated December 4, 2013, from the Director of Fiscal Audit Chamber in Rzeszów about instigation of proceedings aimed at control of reliability of declared taxable bases and accuracy of accrual and payment of tax on goods and services in the individual accounting periods in 2010. As of the publication date of the Financial Statement the audit activities related to the launched proceedings are still underway.

The tax authorities may audit Company accounts and tax returns within five (5) years from the end of year in which tax returns were filed and to charge to the Company additional tax along with fines and interest.

The Company calculates deferred income tax on all transient differences. When determining the amount of deferred income tax assets and provision, for transitional differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6 of the Act) in adherence to the granted Operational Permit for activities in the Special Economic Zone (“zero” tax rate).

Note 27b

DEFERRED INCOME TAX POSTED INTO PROFIT AND LOSS ACCOUNT	‘000 PLN	
	2014	2013
- decrease (increase) due to occurrence and reversal of temporary differences	-12 566	-14 823
Total deferred income tax	-12 566	-14 823

Note 28a

Distribution of net profit for 2013:
- dividend for shareholders – PLN 57 695 thousand, paid out on 16 December 2014
- increase of reserve capital – PLN 57 831 thousand.

Total net profit in 2013 – PLN 115 526 thousand.

A proposal on the appropriation of 2014 net profit amounting to PLN 86 946 thousand will be presented by the Company’s Management Board at the Ordinary General Meeting of Shareholders that will be held pursuant to Art. 395 of Commercial Companies’ Code.

File	Description

Note 29a

For the purposes of calculation of earnings per share total net profit for 2014 was taken and divided by the number of shares.

The Company does not plan any new issues of shares, nor it has issued any bonds convertible into shares, nor other events occurred that would increase the expected number of shares, nor occurred events changing profit level.

File	Description

EXPLANATORY NOTES TO CASH FLOW STATEMENT

I. Cash assets – see Note 8A, letter b).

For the purposes of cash flows short-term debt short-term debt securities are specified in the investment activities item, whereas the overdraft facility has been posted into the financial activity item rather than cash assets item.

Period	31.12.2014	31.12.2014
1. Cash and cash equivalents according to item 3.1.b of the assets	56 386	124 587
- cash at bank	56 379	124 583
- cash in hand	7	4
2. Adjustment to foreign currencies due to balance sheet pricing -	66	193
3. Cash for Cash Flow Statement	56 452	124 780

II. Variances between balance sheet changes:

a) receivables balance and changes in receivables posted into Cash Flow Statement:

	2014	2013
change in balance sheet	93 246	-14 015
change of the balance of bills of exchange with maturity above 3 months (in the balance sheet presented in the line: "Short-term financial assets"	-359	-4 591
In Cash Flow Statement	92 887	-18 606

b) balance of liabilities and changes in the balance of those items shown in the Cash Flow Statement:

	2014	2013
change in balance sheet	-52 012	-9 941
Adjustments:		
change in the balance of liability related to the fixed assets under construction	-4 025	22 559
Change in balance of short-term liabilities under financial lease	363	101
repayment of financial lease instalments		
change in the balance of embedded derivative (covered by the financial activity)	-3 662	22 660
Total adjustments	-3 662	22 660
In Cash Flow Statement	-55 674	12 719

File	Description

B. ADDITIONAL EXPLANATORY NOTES

Additional explanatory notes to the 2014 Financial Statement of Tire Company DEBICA S.A.

1. Information about financial instruments

Changes in individual categories of Company's financial assets and liabilities (except for cash and other cash assets) in the period of 12 months ended on 31 December 2013 and 31 December 2014 were as follows:

('000 PLN)

	Tradable financial assets	**Sellable financial assets**	**Tradable financial liabilities**
January 1, 2013	-	144	-
- additions	-	-	-
- reductions	-	-	-
December 31, 2012	-	144	-
January 1, 2014	-	144	-
- additions	-	-	-
- reductions	-	-	-
December 31, 2013	-	144	-

Balance sheet presentation

Long-term financial assets		
- in other entities	-	144
Short-term financial assets		
- in other entities	-	
Long-term liabilities		
- to other entities	-	
Short-term liabilities		
- to other entities	-	
December 31, 2013	-	144
Overdraft facility		
- in other entities	0	
December 31, 2014	0	

Tradable financial assets and liabilities

In 2012 the Company entered into current account committed overdraft facility agreement for a period of 3 and 4 years (see Note 19D). The concluded agreement secure Company's long-term liquidity in the times of uncertainty in the tire business and financial crunch.

At the balancing date the Company did not use its credit lines.

In 2014 interest expenses on financial liabilities ('000 of PLN) amounted to:

Liabilities	**interest realized category**	**interest not realized category**
Overdraft facility	0	68

In 2013 interest on overdraft facility amounted to PLN 1 thousand.

Marketable financial assets

The value of marketable financial assets priced for sale at the adjusted purchasing price included shares and interests for which there is no active market. The impact of overestimation/revaluation of marketable financial assets is charged into financial costs.

The Company does not hold any hedging instruments. The interest income on own receivables amounted to PLN 59.8 thousand.

Extended loans

W 2014 r. The Company extended three short-term loans for Goodyear S.A. Luxembourg.

Detailed information about loans extended to Goodyear S.A. is provided in table below:

'000 PLN

Date of Loan Agreement	25 Apr.2014	26 May 2014	24 Sept. 2014
Dates of loan disbursements (Agreement)	25 Apr. 2014	28 May 2014	24 Sept. 2014
Loan Amount	60 000	15 000	30 000
Maturity date (loan repayment)	30 Apr. 2015	29 May 2015	24 Sept. 2015
Total interest accrued by 31 Dec. 2014	2 208.6	485.2	422.5
Interest paid by 31 Dec. 2014	1 949.7	420.4	293.0

Interest payment date falls due on 10th day of the month following the month for which interest is due.

2. Contingent liabilities including guarantees and sureties

The Company did not extend any guarantees nor sureties. There are no other material contingent liabilities except for those described below.

1. In July 1997, in Great Britain, a British citizen, Garry Hoye, was involved in a car accident. According to the victim's representatives, the accident was caused by a defective tire made by T.C. Debica S.A.

Pursuant to a civil action before the British court, compensation in the amount of GBP 770 000 of damages is claimed. The defendants include T.C. Debica S.A and the owner of the garage where the tire was mounted.

Since 1996, T.C. Debica S.A. has continuously held product civil liability insurance from AIG Polska, and in 1997 the coverage also included the territory of the United Kingdom.

The amount of damages claimed exceeds the liability limit of the insurance (PLN 4 100 000) by approximately PLN 600 000, but in the opinion of the British lawyer representing T.C. Debica S.A., there are grounds to demand significant reduction of the level of damages due to, inter alia, the age of the tire and due to the fact that in addition to T.C. Debica S.A., a second defendant is also involved in the case. Given the above, it is not necessary to establish a provision to cover the costs of contingent damages to be paid by T.C. Debica S.A.

2. Claim of Sonia and Zara Akhter
The victims have also lodged a claim for payment of damages (without specifying the amount) for damages sustained in an accident in September 1998 allegedly caused by a defective tire made by T.C. Debica S.A. Upon receipt of the claim, the damage was notified to AIG Poland S.A., which is handling the case in the UK. To date, we have not been advised about the termination of the case, but only about initiated talks on the settlement.

The Company believes that a risk of claim payment by T.C. Debica S.A. is relatively low. The claim amount was not determined and therefore no provision was set up for future would-be liabilities.

3. Guarantees and sureties
In connection with the lottery organized by T.C. Debica S.A. on 25 November 2014 Raiffeisen Bank Polska S.A. extended a bank warranty to the Director of Customs Chamber in Warsaw (Guarantee Beneficiary) for the total amount of PLN 200 000.00.The lottery organizer was a limited liability company called PRO DUCT By Business Friends Sp. z o.o. (Debtor).

Signed notification about factoring agreements of our suppliers in 2014

On 24 March 2014 T.C. Debica S.A. signed a notification sent by Expoline based in Aleksandrów about entering into factoring agreement with BPS Faktor S.A. in Warsaw under which Expoline receivables were assigned to BPS Faktor S.A. At the balancing date the value of contingent liability totalled PLN 11 199.15.

On 19 February 2014 T.C. Debica S.A. signed a statement for the supplier called Leszek

Potyrała Metal Works at Debica about the acknowledgement of receipt of notification about the conclusion of factoring agreement with Subcarpathian Co-operative Bank in Sanok. The Agreement covered receivables under one invoice. At the balancing date the value of contingent liability totalled PLN 947 100.00.

On September 9, 2013 we were informed by our supplier Serwis Techniczny Mis Polska Sp. z o.o. (*Miss Poland Technical Service Ltd.*) about signing by it a factoring agreement with Raiffeisen Bank Polska S.A. under which the Bank acquired rights to the receivables of Serwis Techniczny Mis Polska Sp. z o.o.

T.C. Debica S.A. expressed its consent to deliver to the Bank the confirmed invoices received from Serwis Techniczny Mis Polska Sp. z o.o., that represent undisputable liability of T.C. Debica S.A. that could be covered by the supplier's factoring agreement.

The Management Board believes that in addition to disclosing the above events in the Financial Statement, no grounds exist to record these events in the Company's accounts.

On 13 May 2014 T.C. Debica S.A. signed a statement for the supplier called PPUH Inox-Metal about the acknowledgment of receipt of notification about conclusion of the Factoring Agreement with the Subcarpathian Co-operative Bank. At the balancing date the value of contingent liability totalled PLN 8 836 356.29.

On 18 November 2014 T.C. Debica S.A. signed a notification delivered by Ofix Lewandowski Sp. Jawna about entering into Factoring Agreement with PNP Paribas Bank Polska S.A, under which receivables of Ofix Lewandowski Sp. Jawna were assigned to PNP Paribas Bank Polska S.A. At the balancing date the value of contingent liability totalled PLN 8 982.08.

The Management Board believes that in addition to disclosing the above events in the Financial Statement, no grounds exist to record these events in the Company's accounts.

3. Liabilities vis-à-vis budget in relation to the acquisition of ownership title to buildings and structures

The Company does not have any liabilities vis-à-vis state nor municipality budget in relation to the acquisition of ownership title to buildings and structures.

4. Discontinued operations

The Company discontinued farm tire manufacturing activities effective from 31 December 2014. The sales revenues generated in the farm tire segment in 2014 totalled PLN 32 449 thousand, whereas costs totalled PLN 26 498 thousand. Consequently in 2014 profit on farm tire sales totalled PLN 5 951 thousand.

5. Cost of fixed assets made for own consumption

The cost of fixed assets under construction and fixed assets for own consumption amounted to PLN 18 791 thousand for 12 months in 2014 and to PLN 25 920 thousand for 12 months in 2013.

6. Capital expenditures

In 2014 the capital expenditures amounted to PLN 105 222 thousand, of which PLN 1 750 thousand was spent on environmental projects. The capital expenditures planned for 2015 amount to PLN 79 072 thousand.

For environmental projects planned for 2015 amount to PLN 483 thousand.

7. Transactions with related entities
The transactions made in 2014 with business entities of the Goodyear Group were as follows:

Sales of products, goods and services	PLN 1 630 million
Disposal of fixed assets and investments	PLN 1 million
Purchase of materials and merchandise	PLN 320 million
Purchase of services and licensing fees	PLN 262 million
Investment purchases	PLN 20 million
Balance of receivables as of 31 December 2014	PLN 204 million
Balance of liabilities as of 31 December 2014	PLN 89 million

In 2014 the Company entered into 26 transactions with the related entities with a one-off value exceeding EUR 500 thousand. 11 transactions were related to the purchase of licenses another 13 transactions was concerned with the purchase of services and 1 transaction - with the purchase of raw materials and 1 transaction – with the purchase of fixed assets.

In the accounting year covered by the financial statement the Company did not enter into any material transactions under non-arms length principles with related entities.

8. Joint ventures
Joint ventures that are not consolidated using the full method or the property rights method did not occur.

9. Headcount
The average headcount by occupational category is as follows:

average headcount	2013	2014	Women	Men
Total including:	2 936	2 882	610	2 272
white collar workers	424	427	147	280
blue collar workers	2 512	2 455	463	1 992

10. Remuneration of management and supervisory personnel
Remuneration of Management and Supervisory Boards in 2014 totalled to (in '000 PLN):

for the Management Board members:

1. Stanisław Cieszkowski	1 129.6
2. Jacek Pryczek	1 970.8
3. Ireneusz Maksymiuk	309.0
4. Leszek Cichocki	919.5
5. Radosław Bółkowski	584.7
6. Mariusz Solarz	27.7
Total:	4 941.3

for the Supervisory Bard members:

1. Maciej Mataczyński	136.6
2. Łukasz Rędziniak	109.3
3. Janusz Raś	109.3

Total: 355.2

11. Advances, credits, loans, guarantees, sureties for the management and supervisory personnel
In the accounting period there were no settlements of accounts with the Management and Supervisory Board members in relation to loans and loan equivalents.

The Company did not enter into transactions with Management and Supervisory Board members, nor with persons having ties with them understood as spouses, relatives or akin within the second degree lineal consanguinity or having ties in relation to guardianship, adoption or custody with the management members or persons sitting on the supervisory bodies of the company or in the companies where they have significant stakes, shareholding or are partners.

12. Information about material events in previous years.
None.

13. Information about material events that occurred after balancing date and not included in the financial statements.
Between balancing date and the date of this report no material events having material impact on this financial statement have occurred.

14. Legal predecessor
Tire Company “Debica” Spółka Akcyjna (”Company”) was established on 26 April 1991 as a result of transformation of the state enterprise called “Stomil" Car Tire Works in Debica.

15. Financial statement adjusted for inflation
When the financial statement was being drawn up a principle of historical cost was assumed, and consequently the inflation impact is not considered, except for the pricing of embedded derivatives that were priced using a fair value principle.

A possible impact of inflation on the financial statement presentation as well as on the comparability of data in the Profit and Loss Account and Balance Sheets from the current and previous years has not been determined.

The fixed assets may be subject to periodic revaluation by virtue of separate legislation in compliance with conversion indices set by the Polish Central Statistical Office.

16. Differences between data disclosed in the financial statement and previously published financial statements
None.

17. Modification of the accounting principles applied and way of drawing up the financial statement
None.

18. Adjustments of fundamental errors
None.

19. Consolidation of financial statements
The Company is not a controlling entity and does not draw up a consolidated financial statement.
The consolidated financial statement is drawn up by The Goodyear Tire & Rubber Company.

As of 31 December 2014 the Company had capital ties with:
Centrum Utylizacji Opon Organizacja Odzysku Spółka Akcyjna w Warszawie (Tire Recycling Centre, Recovery Organisation S.A. in Warsaw) - 14% shareholding in shareholders' equity.

20. Fixed assets
The costs of fixed assets under construction amounting to PLN 75 139 thousand comprised:
• purchase of machinery and equipment PLN 55 600 thousand
• construction and assembly works PLN 18 507 thousand
• other PLN 1 032 thousand.

The gross value of fixed assets used under lease agreements, classified pursuant to the Accounting Act, as financial lease agreements totalled PLN 3 050 thousand, whereas the net value amounted to PLN 2 880 thousand.

From September 2001 to March 2012 the Company utilized - under a lease contracts - storage facilities along with auxiliary infrastructure that are located in Tarnów under the name Logistics Centre. In the first quarter of 2012 the Company assigned the aforementioned lease contract to Goodyear Dunlop Tires Operations SA with its registered office in Luxembourg.

The Company insures its property against all risks involving direct physical loss or damage.

The Company also holds civil liability insurance for business operations carried out and for assets held, as well as a product civil liability policy.

21. Lands with perpetual usufruct right
As of 31 December 2014 the value of lands with perpetual usufruct right totalled PLN 30 528 thousand and its breakdown into individual categories is as follows:

Roads	PLN 77 thousand,
Arable lands	PLN 2 thousand,
Other developed lands	PLN 1 497 thousand,
Forests and forested lands	PLN 4 642 thousand,
Wasteland	PLN 242 thousand,
Housing lands	PLN 29 thousand,
Industrial areas	PLN 20 190 thousand,
Miscellaneous areas	PLN 2 574 thousand,
Still inland waters	PLN 1 249 thousand,
Urbanized non-developed lands	PLN 26 thousand.

22. Fixed asset revaluation
As of 31 December 2014, the balance of fixed assets revaluation write-offs amounted to PLN 478 thousand and did not change compared to the previous year.

The balance of revaluation write-offs for inventories was PLN 1 430 thousand including:
• for products PLN 820 thousand
• for raw materials PLN 610 thousand.

Meanwhile the balance of inventory revaluation write-offs in 2013 was PLN 813 thousand.

23. Ageing of receivables

At the end of December 2014 the gross balance of trade receivables amounted to PLN 230 224 thousand
and its ageing was as follows:

-below 30 days PLN 73 310 thousand,
-from 31 to 90 days PLN 135 439 thousand,
-from 91 to 180 days PLN 12 338 thousand,
-from 181 to 365 days PLN 8 507 thousand,
-above 365 days PLN 630 thousand.

A write-off revaluating the receivables totalled PLN 8 419 thousand.

24. Financial revenues and expenses in 2014 ('000 of PLN)

1. Interest expense on working capital loan	-68
2. Interest income from bank deposits	1 751
3. Interest income on loans extended	3 116
4. Interest income on receivables and interest expense on trade payables and on liabilities vis-à-vis budget	-923
5. Interest income on overdue trade receivables	75
6. Discounted bills of exchange and third party checks	-3 340
7. Interest expense on lease instalments	-288
8. Interest paid on committed, but non-utilized loan	-433
Total interest and discounted bills of exchange and third party checks	-110
9. Actual foreign exchange gains/losses	-2 364
10. Unrealized foreign exchange gains/losses	-552
Total foreign exchange gains/losses	-2 916
Total net income on financial operations	-3 026
Total financial income (as shown in P&L account)	4 942
Total financial expenses (as shown in P&L account)	7 968

25. Contracts not covered by the balance sheet
In the accounting year the Company was not a party to any material contracts not covered by the balance sheet.

26. Liabilities secured with Company assets
No liabilities have been secured with T.C. Debica S.A. assets.

27. Risk management objectives and principles

Financial risk
Financial risks present in the Company are monitored and managed.

The financial risk implied by the type and scope of run business activities, may involve growing level of unrecoverable debts, being a result of necessary sales crediting, driven by market environment. Given that the share of unrecoverable debts is 0.04% of sales revenues per year and is not subject to a material change the Company focuses on securing its receivables, both from formal and legal perspective (bill of exchange, mortgage, pledge), and from business perspective (i.e. improvement of supply logistics, more in-depth studies of financial standing of customers etc.).Consequently good management in this area allows to generate added value. According to Company's Management Board, the level of financial risk connected with debt collection fluctuates insignificantly.

Foreign exchange risk

The Company depends on the fluctuations of the foreign exchange rates in connection with the exports of finished goods and imports of raw materials, however, pursuant to the long-term financial strategy it does not use currency risk hedging instruments but rather uses natural hedging. The export revenues are predominantly used to purchase imported raw materials. In long-term this policy produces positive results.

Interest rate risk
In 2014 the Company had at its disposal the total amount of PLN 175 million under signed current account overdraft facility agreements. As of 31 December 2014 the utilization of overdraft facilities was nil. The Company maintained liquidity and financing stability. The Company did not bear any material interest expenses, so the Management Board believes that interest rate volatility is not crucial to the Company.

The Company's Management Board does not envisage any material turbulences in cash flows, nor a loss of financial liquidity.

T.C. Debica S.A. has consistently maintained safe debt level and has diversified debt risk and operational risk, using banking services of four banks.

In 2014 the Company maintained high financial liquidity combined with low debt level.
The deterioration of the liquidity status may have adverse impact on Company customers and their ability to pay their liabilities. The worsening operational conditions of customers may have impact on the cash flow projections and evaluation of the assets impairment. To the extent information was available, the Management Board took into consideration the revised estimates of expected future cash flows in its assessment of assets impairment.

28. Financial statement audit fee
On 28 July 2014 a contract was signed with PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, at Al. Armii Ludowej 14, for the audit of financial statements for accounting year 2014.

The fee owed for the audit and review of 2014 financial statement totalled PLN 250 000 (in 2013: PLN 300 000). In 2014 the tax advisory service fee was PLN 11 740.
The certified auditor did not provide any other services.

29. Balance sheet, Profit and Loans Account by energy trade, energy distribution and other activities in 2014 and comparative data

A. 2014 Balance Sheet by Energy Trade, Energy Distribution and Other Activities

BALANCE SHEET as of 31 December 2014 ('000 PLN)

	Trade	Distribution	Other business	Total
ASSETS				
I. Fixed assets	164	57	867 953	868 174
1. Intangible assets, including:			39	39
2. Tangible fixed assets	164	57	865 809	866 030
3. Long-term investments			144	144
3.1. Long-term financial assets			144	144
a) in non-related entities			144	144
4. Long-term prepayments			1 961	1 961
4.1. Deferred income tax assets				

II. Current assets	64	23	529 041	529 128
1. Inventory			117 668	117 668
2. Short-term receivables	64	23	244 070	244 157
2.1. From related entities			204 239	204 239
2.2. From non-related entities	64	23	39 831	39 918
3. Short-term investments			166 781	166 781
3.1. Short-term financial assets			166 781	166 781
a) in related entities			105 000	105 000
b) in non-related entities			5 395	5 395
c) Cash and other cash assets			56 386	56 386
4. Short-term prepayments			522	522
Total assets	229	80	1 396 994	1 397 302
LIABILITIES				
I. Shareholders' equity	137	47	964 185	964 369
1. Share capital	135	47	110 240	110 422
2. Reserve capital			322 675	322 675
3. Revaluation capital			69 883	69 883
4. Other reserve capital			374 443	374 443
5. Net profit (loss)	2	0	86 944	86 946
II. Liabilities and provisions for liabilities	91	33	432 809	432 933
1. Provisions for liabilities	3	1	53 929	53 934
1.1. Provision for deferred income tax			21 290	21 290
1.2. Provision for retirement gratuities and	3	1	30 355	30 360

equivalent				
a) long-term			10 135	10 135
b) short-term	3	1	20 220	20 225
1.3. Other provisions			2 284	2 284
a) long-term			132	132
b) short-term			2 152	2 152
2. Long-term liabilities			1 473	1 473
2.1. Vis-a-vis non-related entities			1 473	1 473
3. Short-term liabilities	88	32	377 406	377 526
3.1. Vis-a-vis related entities			89 304	89 304
3.2. Vis-a-vis non-related entities	88	32	287 918	288 038
3.3. Special funds			184	184
4. Accruals			0	0
4.1. Other accruals			0	0
a) long-term			0	0
b) short-term			0	0
T o t a l l i a b i l i t i e s	229	80	1 396 994	1 397 302

B. 2013 Balance Sheet by Energy Trade, Energy Distribution and Other Business Activities

BALANCE SHEET as of 31 December 2013
('000 PLN)

	Trade	Distribution	Other business	Total
ASSETS				
I. Fixed assets	169	48	853 198	853 416
1. Intangible assets, including:			57	57
2. Tangible fixed assets	169	48	851 231	851 449
3. Long-term investments			144	144
3.1. Long-term financial assets			144	144
a) in non-related entities			144	144
4. Long-term prepayments			1 766	1 766
4.1. Deferred income tax assets			1 766	1 766
II. Current assets	77	20	575 965	576 062
1. Inventory			108 447	108 447
2. Short-term receivables	77	20	337 306	337 403
2.1. From related entities			270 888	270 888
2.2. From non-related entities	77	20	66 418	66 515
3. Short-term investments			129 623	129 623
3.1. Short-term assets			129 623	129 623

a) in related entities			0	0
b) in non-related entities			5 036	5 036
c) Cash and other cash assets			124 587	124 587
3.2. Other short-term investments			0	0
4. Short-term prepayments			589	589
T o t a l a s s e t s	246	68	1 429 163	1 429 478
LIABILITIES				
I. Equity	137	35	934 946	935 118
1. Share capital			110 271	110 422
2. Reserve capital	106	45	322 482	322 482
3. Revaluation capital			70 076	70 076
4. Other reserve capital			316 612	316 612
5. Net profit (loss)	31	-10	115 505	115 526
II. Liabilities and provisions for liabilities	109	34	494 218	494 360
1. Provisions for liabilities	3	2	63 519	63 524
1.1. Provision for deferred income tax			33 661	33 661
1.2. Provision for retirement gratuities and equivalent	3	2	29 780	29 785
a) long-term			7 947	7 947
b) short-term	3	2	21 833	21 838
1.3. Other provisions			78	78
a) long-term			78	78
b) short-term			0	0
2. Long-term liabilities			1 298	1 298
2.1. Vis-a-vis related entities				
2.2. Vis-a-vis non-related entities			1 298	1 298
3. Short-term liabilities	105	32	429 401	429 538
3.1. Vis-a-vis related entities			102 040	102 040
3.2. Vis-a-vis non-related entities	105	32	326 883	327 020
3.3. Special funds			478	478
4. Accruals			0	0
4.1. Other accruals			0	0
a) long-term			0	0
b) short-term			0	0
T o t a l l i a b i l i t i e s	246	68	1 429 164	1 429 478

C. Profit and Loss Account by Energy Trade, Energy Distribution and Other Business Activities in 2014 -

PROFIT AND LOSS ACCOUNT (‘000 PLN)

	Trade	Distribution		Other business	Total 2014
I. Net sales of products, merchandise and materials	564	201		1 837 040	1 837 805
- including from related entities			-	1 629 598	1 629 598
1. Net sales of products	564	201		1 760 199	1 760 964
2. Net sales of merchandise and materials			-	76 841	76 841
II. Cost of products, merchandise and materials sold	545	195		1 641 542	1 642 282
- including from related entities			-	1 485 397	1 485 397
1. Cost of production of products sold	545	195		1 568 249	1 568 989
2. Value of merchandise and materials sold			-	73 293	73 293
III. Gross profit (loss) on sales	19	6		195 498	195 523
IV. Cost of sales			-	34 717	34 717
V. General administrative expenses	17	6		55 648	55 671
VI. Sales profit (loss)	2	0		105 133	105 135
VII. Other operating income			-	233	233
1. Gain from disposal of non-financial fixed assets			-	0	-
2. Other operating income			-	233	233
VIII. Other operating expenses			-	27 962	27 962
1. Loss on disposal of non-financial fixed assets			-	2 246	2 246
2. Revaluation of non-financial fixed assets			-	1 392	1 392
3. Other operating costs			-	24 324	24 324
IX. Operating profit (loss)	2	0		77 404	77 406
X. Financial income			-	4 942	4 942
1. Interest including:			-	4 942	4 942
2. Other			-	0	-
XI. Financial costs			-	7 968	7 968
1. Interest including:			-	5 052	5 052

2. Other			2 916	2 916
XII. Profit (loss) on ordinary activities	2	0	74 378	74 380
XIII. Gross profit (loss)	2		74 378	74 380
XIV. Income tax	0		- 12 566	- 12 566
a) current portion	0		0	0
b) deferred portion	0		- 12 566	- 12 566
XV. Net profit (loss)	2	0	86 944	86 946

D. Profit and Loss Account by Energy Trade, Energy Distribution and Other Business Activities in 2013

2013 PROFIT AND LOSS ACCOUNT (‘000 PLN)

	Trade	Distribution	Other business	Total 2013
I. Net sales of products, merchandise and materials	638	195	1 985 346	1 986 179
- including from related entities			1 760 752	1 760 752
1. Net sales of products	638	195	1 917 544	1 918 377
2. Net sales of merchandise and materials			67 802	67 802
II. Cost of products, merchandise and materials sold	591	200	1 800 695	1 801 486
- including from related entities			1 634 678	1 634 678
1. Cost of production of products sold	591	200	1 734 797	1 735 588
2. Value of merchandise and materials sold			65 898	65 898
III. Gross profit (loss) on sales	47	- 5	184 651	184 693
IV. Cost of sales			23 821	23 821
V. General administrative expenses	19	5	59 196	59 220
VI. Sales profit (loss)	28	- 10	101 634	101 652
VII. Other operating income			891	891
1. Gain from disposal of non-financial fixed assets			528	528
2. Other operating income			363	363
VIII. Other operating expenses			5 521	5 521
1. Loss on disposal of non-financial fixed assets			0	
2. Revaluation of non-financial fixed assets			1 060	1 060
3. Other operating costs			4 461	4 461
IX. Operating profit (loss)	28	- 10	97 004	97 022
X. Financial income			9 198	9 198
1. Interest including:			2 707	2 707
- from related entities				
2. Other			6 491	6 491

XI. Financial expenses			3 666	3 666
1. Interest including:			3 666	
2. Other				
XII. Profit (loss) on ordinary activities	28	- 1	102 536	
XIII. Gross profit (loss)	2[illegible]	-	10	
			102 536	
XIV. Income tax	-		- 12 969	
a) current portion	1		1[illegible]	
b) deferred portion	- 4		- 1[illegible]	
XV. Net profit (loss)	31	- 1	115 505	

			3 666	3 666
			3 666	3 666
28	- 10		102 536	102 554
28		10	102 536	102 554
- 3			- 12 969	- 12 972
1			1 850	1 851
- 4			- 14 819	- 14 823
31	- 10		115 505	115 526

E. Method used to separate individual activities

Data for the Profit and Loss Account and in the Balance Sheet for breaking down into individual activities was obtained from the following sources:

- Data posted into accounts directly assigned to individual business lines;
- Cost Centre Numbers assigned directly to individual business lines or assigned to the positions of overhead costs applicable to all business lines;
- Unit values posted into accounts and using additional specifications assigned directly or indirectly to individual business lines using keys;
- Breakdown keys applied when it is not possible to assign directly an account to a certain business line, Cost Centre or unit values.

The application of keys does not have significant adverse impact in reliable and clear presentation of property and financial status, nor on the net income of individual business lines of the Company.

F. Breakdown keys used to break down balance sheet and P&L Account items

Balance Sheet

Tangible fixed assets
Items assigned to energy-related activities were broken down into energy trade and energy distribution and other activities by means of the percentage share of power contracted by third party customers in the total power contracted by the Company. Breakdown into energy trade and distribution was performed using revenue key.

Short-term receivables
The Short-Term Receivables lines were assigned directly to individual business lines.

Provisions for liabilities and Special funds
For provisions for retirement gratuities and equivalent a technical and personnel key was used.

Short term liabilities
To short-term liabilities a key was applied that is based on revenues from individual business lines.

Shareholders' equity
The basis for calculation of reserve capital for energy trade and energy distribution are net assets assigned to energy trade and distribution, including net profit generated in the current year by such business line.

Profit and Loss Account

Net sales revenues

Net sales revenues are assigned directly to individual business lines.

Costs of products, merchandise and materials sold
Costs of products sold (energy trade and energy distribution) were assigned directly based on the cost records of the energy department taking into account of 2,82% percentage index of power contracted by third party customers in the total power contracted by the Company. External costs of purchasing distribution services for third party customers are calculated directly using Tauron Dystrybucja S.A. tariff based on the volume of off taken energy and contracted power; the transfer fee based on invoices issued by PSE operator and referring directly to the third party customers.

Costs of general management
A key applied to break down these costs is the revenue-based key.
Revenues from energy trade and energy distribution accounted for 0.04% of total revenues both in 2014 and 2013.

Income tax
The income tax was assigned to individual business lines proportionally to the gross profit generated by a certain business line.

File	Description

SIGNATURES

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS			
Date	Name and surname	Position/Function	Signature
27 April 2015	Stanisław Cieszkowski	President of Management Board – Production Director	
27 April 2015	Ireneusz Maksymiuk	Management Board member – Finance Director	
27 April 2015	Radosław Bółkowski	Management Board member – Commercial Director	
27 April 2015	Mariusz Solarz	Management Board member – Legal Director	

SIGNATURE OF THE PERSON IN CHARGE OF BOOK KEEPING			
Date	Name and surname	Position/Function	Signature
27 April 2013	Ireneusz Maksymiuk	Management Bard member – Finance Director	

MANAGEMENT BOARD REPORT

T.C. DEBICA S.A. MANAGEMENT BOARD REPORT ON COMPANY OPERATIONS IN 2014

drawn up on the grounds of § 91, par. 1 of the Ordinance of the Minister of Finance of February 19, 2009 on current and periodic information provided by the securities' issuers and requirements for recognition as equivalent information required by the law of a non-member state.

Debica, 27 April 2015

1. T.C. DEBICA S.A. PRODUCTS

1.1. CONSUMER AND COMMERCIAL TIRES

T.C. Debica S.A. manufactures a wide range of consumer and commercial tires under the brand names Debica, Goodyear, Dunlop, Fulda and Sava, as well as under private labels.

Debica brand is a classical consumer tire brand and it has been an unquestionable leader on the Polish market for several years.

In 2014 the following brands were especially popular with the Polish drivers:

DEBICA PRESTO

Debica Presto is a summer high performance (HP) tire for passenger cars. Modern technological solutions, applied to the tire, provide reliable driving and good handling in every conditions.

Thanks to numerous cuts in tread blocks that dissipate water effectively, and also silica-based compound, the tire offers very good wet handling . The tire is also very effective in the category of dry handling thanks to, among others, asymmetric tread pattern and reinforced shoulder zone. 4-rib design with double centreline rib guarantees quick response to the movements of steering wheel. The improved tire contour is responsible for the optimum stress distribution on the overall contact area of the tire with the road, securing even tread wear.

Debica Presto is a solution for demanding drivers, appreciating driving safety, but at the same time economic driving .

DEBICA PASSIO 2

The design of this summer tire offers approximately 20% (compared to the previous edition of the model according to the test performed by the GICL) higher mileage compared to the predecessor . It offers also higher performance in almost all areas, especially when it comes to handling and wet braking and aquaplaning resistance. As a result Debica Passio 2 tire performs very well on the Polish roads.

A precise arrangement of tread blocks improves road grip and reduced tire wear. Thanks to more rigid structure of the tire it maintain permanent contact with the road even when bending sharply. Wide circumferential and lateral grooves evacuate water, minimizing aquaplaning risk.

DEBICA FRIGO HP

Frigo HP has long tradition and is highly popular with the drivers. This the first even HP winter tire under Debica brand. Thanks to technologically advance tread design, and also special compound, tire will offer comfort in winter conditions, even at high speeds . The tire is highly durable and wear-resistant. Additionally low rolling resistance improve tire fuel economy.

The directional tread profile and V shape grooves dissipate water and slush effectively, whereas wide circumferential grooves are effective in water evacuation from tire front. Thanks to modern design of the tire, its aquaplaning and slushplaning resistance. Flat tread contour offers high mileage and even operation across the whole width of tire.

Debica Frigo HP compound was developed to secure high grip in tough, winter conditions.

DEBICA FRIGO 2

Debica Frigo 2 has enjoyed sustained popularity in the Polish market in the segment of winter tires. The compound composition for this model offers very good flexibility even at low temperatures. The compound and also higher number of tread blades improve road grip in tough winter conditions.

Frigo 2 tire is also characterized by enhanced number of circumferential and lateral grooves, which evacuate water and slush effectively from tire front. Tread grooves minimize also a risk of aquaplaning.

In 2014 Tire Company Debica S.A. launched production of winter tire Goodyear UltraGrip 9, a new product with even higher technical advancement than previous editions.

Debica manufacturing plant is one of major Goodyear factories around the world. It produces high quality, technologically advance summer, winter and all-season tires.

1.2. DEBICA HEAVY TRUCK TIRES

T.C. Debica S.A. manufactures heavy truck tires under the brand names: Goodyear, Dunlop, Fulda and Sava.

In 2014 the Company further enhanced its production capacity at Debica plant, which ranks the Company among one of major truck tire makers in Poland and within the Goodyear Group. The Debica plant manufactures high quality truck tires suitable for mounting on 22.5” rims, used by large trucks for on-road applications as well as on domestic and foreign highways . The Company will continue to expand its truck product range with the size of 19,5”, which will be mainly used in urban and local haulage. This market segment has dynamically been growing and creates an opportunity to acquire large orders.

1.3. DEBICA INDUSTRIAL AND FARM TIRES

As regards agricultural and industrial tires, in 2014 the T.C. Debica S.A. offer consisted of 13 sizes of tires, with 16 tread patterns, and 4 sizes of industrial tire, with 3 tread patterns.

The T.C. Debica S.A. offered 4 tire categories:

- tractor steering axle tires: 4 sizes, with six tread patterns
- implement: 4 sizes, with six tread patterns
- small farm tires: 5 sizes, with four tread patterns
- industrial tires: 4 sizes, with three tread patterns

.C. Debica also produced farm and industrial under other brands from the Goodyear Group. The Management Board of Tire Company Debica S.A announced its decision about discontinuation of manufacturing of farm tires by the Company, effective from the end of 2014. The decision was taken as a result of having been informed by Goodyear, major customer of the Company and its strategic investor, about discontinuation of further purchases of farm tires made by the Company, effective from 1 January 2015.

1.4. MEMBRANES

Tire Company Debica S.A. is a producer of curing membranes used to make tires. In 2014 the Company produced above 196 thousand curing membranes for 146 product ranges starting from motorbike tire membranes, aviation tire membranes, through various types of consumer and farm tire membranes, ending up with heavy truck and industrial tire membranes.

Tire membranes are made for Company own consumption and for the export to corporate and third party customers. It total above 136 thousand membranes were sold to company, which produces tires, mainly in the Western Europe, Asia and Northern .

1.5 SHARE OF PRODUCT CATEGORIES IN TOTAL SALES

Product range	Sales in volume terms in ‘000 units	Sales in value terms in ’000 PLN	Share in total sales	Change in sales value 2014 vs. 2013
Consumer, commercial, heavy truck, farm, industrial tires	14 766	1 688 707	91.90%	-7.50%
Other		149 099	8.10%	-5.60%
Total:		**1 837 806**	**100.0%**	**-7.50%**

2. INVESTMENT ACTIVITIES

In 2014, capital expenditures totalled PLN 105 million.

The investment activities were carried out in accordance with the investment plan and they focused on the following areas:

a) purchase of equipment and machinery capable of producing technologically advanced products and securing the superior quality,
b) maintenance of existing processes and fulfilment of legal requirements,
c) actions aimed at generating savings, improvement of production efficiency,
d) purchases of manufacturing accessories.

The investment activities aimed at:

- cutting of production costs through the implementation of the appropriate technical solutions, application of energy efficient equipment and implementation of new technologies,
- engineering measures taken to improve the utilization and optimization of the operation of existing machinery base and to bringing it in line with the requirements of new technologies being implemented;
- application of highly automated machinery and equipment, securing appropriate efficiency, effectiveness, product quality and better working conditions for the workers;

- application of solutions aimed at continuous improvement of occupational health and safety conditions and environmental protection;
- application of equipment for continuous monitoring of production processes.

3. MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

The technical development was a consequence of the direction adopted in the previous years.

In case of consumer tires the priority was:
- to develop OEM designs for high performance vehicles;
- to continue development of product line with high grades – BA (rolling resistance and wet braking) on the labels and implementation of AA class tires, i.e. to obtain highest parameters in the marketplace (this applies to Goodyear EfficientGrip Performance and Dunlop Sport BluResponse tire brands) ;
- continued extension of product lines by adding tires with higher speed indices (W – 270 km/h and Y – 300 km/h).

The winter tire product range was still developed. New winter tires offer excellent traction on snow and ice. First and foremost this is true about high performance tires.

In parallel compound production capacities were developed to achieve the aforementioned tire characteristics. These are material technologies that allow to obtain strongly water-repellent silica compounds containing functionalized polymers and silica with active area.

In the field of manufacturing processes the computerisation process was continued to enable the implementation of KANBAN-based control system, optimizing material circulation and safeguarding the highest compliance of executed production plans with the requirements. The implemented system safeguards full and complete real time monitoring of manufacturing process and archiving all necessary process and product data . This applies to every single tire.
In the truck tire segment an analogous product process development strategy was prepared i.e. the KANBAN system was implemented – it is fully computerized system involving planning and supervision over manufacturing process as well as automatic collection and archiving of manufacturing process and product data. The applied solutions position internal logistic processes at the highest level of development and efficiency.

4. PROCUREMENT

In 2014 T.C. Debica S.A. purchased India rubber from a related entity, viz. Goodyear Orient Company Private Ltd. with its registered office in Singapore. The equivalent of annual purchases from this source accounted for 10.0% of net sales revenues of the Company. Additionally synthetic rubber was purchased from a related entity, viz. Goodyear Akron with its registered office in USA, with the value of purchases accounting for 3.14% of the net sales revenues of Tire Company Debica S.A.

Tire Company Debica S.A. also purchased synthetic rubber from non-related entities. Annual purchases from them accounted for the following shares in net sales revenues:
SAWEX – 4.61%
SYNTHOS – 3.0%

5. SALES AND DISTRIBUTION

5.1. T.C. DEBICA S.A. TOTAL SALES IN VALUE TERMS BY POLISH AND EXPORT MARKETS

The year 2014 saw the continuation of the application of business model that was implemented in the Goodyear Group in 2012. The essence of the new business model is that 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 indirect export sales and there is no direct sales of tires to Goodyear Dunlop Tires Polska Sp. z o. o.

In 2014 sales totalled PLN 1 838 million, down by PLN 148 million compared to 2013.

Exports totalled PLN 1 625 million in value terms and accounted for 88.4 per cent of total sales in value terms, of which 97.7% was the sales to Goodyear Dunlop Tires Operations SA with its registered office in Luxembourg.

The domestic sales accounted for 11.6 per cent of Company's total sales revenues.

Major export markets for tires produced by T.C. Debica S.A. included Germany, Slovenia, France, Italy, Romania, Turkey, Spain and the United Kingdom (UK) and Russia.

5.2. TOTAL SALES OF T.C. DEBICA S.A. IN VALUE TERMS WITH A BREAKDOWN INTO REPLACEMENT AND OEM MARKETS

In 2014, Tire Company Debica S.A. did not sell its products to original equipment manufacturer markets.
On the domestic replacement market, the tires were primarily distributed through:
- regional tire distributors,
- the Premio franchising network,
- tire service stations, namely, the Goodyear Group's Authorized Service Stations.

6. COMPANY AUTHORITIES

The year 2014 saw no changes in the basic principles of company management. 20th term of office of the Supervisory Board lasted until 4 June 2014 i.e. the date of holding General Meeting of Shareholders. 18th term of office of the Management Board started in 2011 and lasted for 3 years pursuant to the Company Statutes.

During its 18th term of office, the Management Board consisted of:
Jacek Pryczek – President of Management Board
Leszek Cichocki – Management Board Member
Stanisław Cieszkowski – Management Board Member
Radosław Bółkowski - Management Board Member

During its 20th term of office, the Supervisory Board consisted of:
Philippe Degeer - Chairman
Karl Brocklehurst – Deputy Chairman
Maciej Mataczyński – Secretary of the Supervisory Board
Renata Kowalska-Anders – Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Łukasz Rędziniak – Supervisory Board Member
Janusz Raś – Supervisory Board Member*

* Pursuant to the provisions of §14 par. 2 of the Company Statutes the Supervisory Board comprises one representative of Company employees. Such employee representative was Mr. Janusz Raś, appointed to the position of a Supervisory Board member for 20th term of office pursuant to the stipulations of the Statutes and Rules for Election of Employee Representative.

The following persons were appointed for 21st term of office of the Supervisory Board from 4 June 2014:
Jacek Pryczek – Supervisory Board Member
Renata Kowalska-Andres - Supervisory Board Member
Karl Brocklehurst – Supervisory Board Member
Dominikus Golsong – Supervisory Board Member
Maciej Mataczyński – Supervisory Board Member
Łukasz Rędziniak – Supervisory Board Member
Janusz Raś – Supervisory Board Member**

** Pursuant to the provisions of §14 par. 2 of the Company Statutes the Supervisory Board comprises one representative of Company employees. Such employee representative was Mr. Janusz Raś, appointed to the position of a Supervisory Board member for 21st term of office pursuant to the stipulations of the Statutes and Rules for Election of Employee Representative.

At the meeting held on 4 June 2014 for 21st term of office of the Supervisory Board carried out voting and elected:
Jacek Pryczek – Chairman of the Supervisory Board
Dominikus Goldsong - Deputy Chairman of the Supervisory Board

Maciej Mataczyński – Secretary of the Supervisory Board

The remuneration of the Management and Supervisory Boards in 2014 was presented in Section 10 of "The Notes to the Financial Statement" representing an integral part of the 2014 Financial Statement.

In 2014, the shareholders holding above 5% of shareholders' equity included:

Goodyear S.A. with its registered office in Luxembourg holds directly 11 234 912 shares in the Company, accounting for 81.396% of the Company's shareholders' equity, and giving entitlement to exercise 11 234 912 votes at the Company's General Meeting of Shareholders, accounting for 81.396% of the total number of votes at the Company's General Meeting of Shareholders.

The Management Board of Tire Company Debica S.A. (hereinafter referred to as "Company") on 6 October 2014 was advised by The Goodyear Tire & Rubber Company, with its registered office in Akron, USA ("Goodyear") and its subsidiary Goodyear S.A. with its registered office in Luxembourg ("Goodyear Luxembourg") that on 3 October 2014, a transboundary merger ("Merger") was completed between Goodyear Luxembourg acting as the Acquirer and Goodyear Holding Poland Sp. z o.o. „GHP") – as the Acquiree. GHP was a subsidiary of Goodyear Luxembourg, in which Goodyear Luxemburg held 100% shareholding.

As a result of Merger, Goodyear Luxemburg took over all GHP assets including but not limited to Company shares held previously by GHP. Consequently Goodyear Luxemburg acquired indirectly 1 429 115 ordinary bearer shares in the Company, held by GHP, accounting approximately for10.354% 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.

As a result of the acquisition at present Goodyear Luxemburg holds directly 11 234 912 shares in the Company, accounting approximately for 81.396% of the Company's shareholders' equity, giving entitlement to 11.234.912 votes at the Company's General Meeting of Shareholders, accounting approximately for 81.396% of the total number of votes at the Company's General Meeting of Shareholders.

At the same time Goodyear (the entity controlling Goodyear Luxemburg) announced that it holds indirectly (through the agency of Goodyear Luxemburg) the total number of 11 234 912 shares in the Company accounting approximately for 81.396% of the Company's shareholders' equity, giving entitlement to 11.234.912 votes at the Company's General Meeting of Shareholders, accounting approximately for 81.396% of the total number of votes at the Company's General Meeting of Shareholders.

Goodyear and Goodyear Luxemburg stated that due to intragroup nature of the merger of Goodyear Luxemburg with GHP the total number of shares and attached votes held in the Company by the Goodyear Group did not change and still totals 11 234 912 shares in the Company, accounting approximately for 81.396% of all shares in the Company, giving entitlement to exercise 11 234 912 votes at the General Meeting of Shareholders, accounting approximately for 81.396% of the total number of votes at the Company's General Meeting (Company's Current Report No. 2/2014, dated 11 February 2014).

Based on information provided all shares with attached votes in the Company, controlled by the Goodyear Group, are held directly by Goodyear Luxemburg.

The Company was not advised of any further changes to 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.

The Company shares are not subject to any constraints imposed on the assignment of ownership title to its securities; neither do any constraints exist on the exercise of voting rights, such a limitation of the exercising of voting rights by the holders of a certain part, or number, of votes, or time constraints concerning the exercising of voting rights, or clauses, under which, in collaboration with the Company, rights attached to securities would be separate from securities held. The Company has issued no securities with special control rights.

The Issuer has no knowledge of any contracts that could lead, in the future, to changes in the proportions of shares held by the current shareholders.

The Company has no control system for the employee share control schemes.

The Company Statutes provide for no special principles for amending the Statutes that can be followed pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code.

7. FINANCIAL POSITION

In 2014 Tire Company Debica S.A. generated a net profit totalling PLN 86.9 million, down by PLN 28.6 million and by 24.7 per cent compared to that in 2013.

Sales revenues totalled PLN 1 837.8 million and were down by 7.5 per cent compared to sales in 2013.

Sales revenues of Tire Company Debica S.A. to related entities totalled PLN 1 629.6 million i.e. down by 131.2 million on a year-to-year basis. In 2014 the sales to the Goodyear Group related entities accounted for 88.7% of total sales compared to 88.7 per cent in the same period of 2013. Meanwhile sales to the non-related entities totalled PLN 208.2 million, down by PLN 17.2 million on a year-to-year basis.

Gross profit from sales to the related entities totalled PLN 144.2 million. The ratio of profit margin to the revenues rose from 7.2 to 8.8 per cent on a year-to-year basis. Gross profit from sales to the related entities totalled PLN 51.3 million. Margin on that level of profit fell from 26.0 to 24.6 per cent on a year-to-year basis.

In 2014 gross profit from sales totalled PLN 195.2 million. The margin to revenues was at the level of 10.6 per cent.

In 2014 the mean unit production costs were reduced by 7.06 per cent compared to the same period in the previous year.

The costs of sales and general management totalled PLN 90.4 million i.e. up by PLN 7,3 million compared to 2013. The share of these costs in total sales accounted for 4.9 per cent against 4,2 per cent in the previous year.
In 2014 the other operating profit was negative and totalled PLN 27.7 million, down by PLN 23.1 million compared to 2013, mainly due to setting up a provision for restructuring costs totalling PLN 9.8 million and costs of underutilized production capacity totalling PLN 5.2 million. The cost of bad debts was up by PLN 4.0 million on a year-to-year basis. Additionally in 2014 the company suffered a loss on the disposal of non-financial fixed assets totalling PLN 2.2 million, up by 2.7 million on a year-to-year basis.

In 2014 the gross profit amounted to PLN 77.4 million and it was down by 20.2 per cent compared to the previous year. The ratio of margin on that level to revenues was down to 4.2 per cent compared to 4.9 per cent in the previous year.

In 2014 the financial activity generated a loss of PLN 3.0 million compared to PLN 5.5 million gain in the same period in 2013. Foreign exchange losses totalled PLN 2.9 million, compared to foreign exchange gains of PLN 6.5 million on a year-to-year basis. The cost of discounted bills of exchange totalled PLN 3.3 million, up by PLN 0.7 million on a year-to-year basis. Costs of other interest expense totalled PLN 1.7 million. Interest income on idle cash totalled 1.8million – down by PLN 0.9 million on a year-to-year basis. Meanwhile interest income on extended loan totalled PLN 3.1 million in 2014.

In 2014 gross profit before taxation was PLN 74.4 million, down by 27.5 per cent on a year-to-year basis.

The current portion of the income tax totalled PLN 0, since the Company settled the income tax relief in the amount of PLN 11.8 million, owed to the Company for the execution of investment project in the Euro-Park Mielec Special Economic Zone. The deferred portion of income tax was negative and totalled PLN (12.6) million. Consequently total income tax is negative and totals PLN (12.6) million.

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 40.23 per cent of the discounted amount of capital expenditures spent on investment projects within the "Euro-Park Mielec" 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 permit was extended until 2017. As of December 31, 2014 the amount of due tax relief totalled PLN 91.7 million in nominal terms and PLN 63.2 in discounted terms.

The Company assumed that within the effective term of operational permit all short-term transient differences will be realized as well as long-term transient differences planned for realisation within the effective term of the operational permit.

2014 net profit totalled PLN 86.9 million, down by 24.7 per cent compared to the previous year.

In 2014 the effective income tax rate was 14.5% below the statutory rate of 19.0 per cent. The significant impact on the effective income tax rate had the fact that starting from the previous accounting year the Company has taken advantage of public aid related to its operations in the Special Economic Zone.

At the end of December 2014 the value of fixed assets was PLN 868.23 million and was up by PLN 14.8 million during the accounting year. The capital expenditures totalled PLN 105.2 million, whereas the value of depreciation of the existing fixed assets was PLN 87.6 million. The deferred income tax assets totalled PLN 2.0 million and were up by PLN 0.2 million compared to the balance prevailing on 31 December 2013.

In total the Company's current assets amounted to PLN 529.1 million and were down after four quarters of 2014 by PLN 46.9 million. Short-term receivables totalled PLN 244.2 million and were down by PLN 93.2 million, of which the amount of PLN 66.6 million was from related entities. The value of inventory was up by PLN 9.2 million and reached the level of PLN 117.7 million. The Company's short-term financial assets totalled PLN 166.8 million and were up after four quarters of 2014 by PLN 37.2 million. Cash assets and equivalents were down by PLN 68.2 million. At the end of December 2014 the value of loans extended to the related entities was PLN 105.0 million, whereas short-term financial assets in non-related entities (bills of exchange received from the customers) totalled PLN 5.4 million and were up by PLN 0.4 million.

Short-term prepayments and accruals remained at the level comparable to the balance as of 31 December 2013.

As of 31 December 2014 the Company assets totalled PLN 1 397.3 million and were down by PLN 32.2 million after four quarters of the year.

As of 31 December 2014 the liabilities and provisions for liabilities totalled PLN 432.9 million and after four quarters of 2014 they were down by PLN 61.4 million. The provisions for liabilities were down by PLN 9.6 million, of which provisions for deferred tax was down PLN 12.4 million.
The short-term liabilities vis-a-vis related entities were down by PLN 12.7 million. Short-term liabilities vis-a-vis non-related entities were up by PLN 39.0 million. Meanwhile long-term liabilities were up by PLN 0.2 million. The social fund was down by PLN 0.3 million.

At the end of December 2014 the Company equity totalled PLN 964.4 million and was up by PLN 29.3 million, because 2013 dividend for payment was PLN 57.7 million, while 2014 net profit was PLN 86.9 million.

8. Risk management objectives and principles

Financial risks.

Financial risks present in the Company are monitored and managed.

The financial risk implied by the type and scope of run business activities, may involve growing level of unrecoverable debts being a result of necessary sales crediting, driven by market environment. Given that the share of unrecoverable debts is 0.04% of sales revenues per year and is not subject to a material change, the Company focuses on securing its receivables, both from formal and legal perspective (bill of exchange, mortgage, pledge), and from business perspective (improvement of supply logistics, more in-depth studies of financial standing of customers etc.). Consequently good management in this area allows to generate added value. According to Company's Management Board, the level of financial risk connected with debt collection fluctuates insignificantly.

Foreign exchange risk

The Company depends on the fluctuations of the foreign exchange rates in connection with the exports of finished goods and imports of raw materials, however, pursuant to the long-term financial strategy it does not use currency risk hedging instruments but rather uses natural hedging. The export revenues are predominantly used to purchase imported raw materials.

Interest rate risk

In 2014 the Company entered into current account overdraft facilities for the total amount of PLN 175 million. As of 31 December 2014 the utilization of overdraft facilities was nil. The Company maintained liquidity and financing stability. The Company did not bear any material interest expenses, so the Management Board believes that interest rate volatility is not crucial to the Company.

The Company's Management Board does not envisage any material turbulences in cash flows, nor a loss of financial liquidity.

T.C. Debica S.A. has consistently maintained safe debt level and has diversified debt risk and operational risk, using banking services of four banks.

In 2014 the Company maintained high financial liquidity combined with low debt level. The deterioration of the liquidity status may have adverse impact on Company customers and their ability to pay their liabilities.

The worsening operational conditions of customers may have impact on the cash flow projections and evaluation of the assets impairment. To the extent information was available, the Management Board took into consideration the revised estimates of expected future cash flows in its assessment of assets impairment.

9. PLANNED DEVELOPMENT OF T.C. DEBICA S.A.

In 2014 Tire Company Debica S.A. continued the execution of investment projects in the "Euro-Park Mielec" Special Economic Zone concerned with the adaptation of the manufacturing processes to produce HP and UHP consumer tires, which fall into the most profitable segment of tire market. As a result Tire Company Debica S.A. is making now 17" tires and tires with the highest speed indices i.e. W (270 km/h) and Y (300 km/h).

Tire Company Debica S.A. is the largest Goodyear's manufacturing plant in Europe and one of major plants globally.

10. FINANCIAL INSTRUMENTS

As of the end of 2014 the Company was in the possession of financial assets put up for sale i.e. interests in third parties worth PLN 144 thousand.

In 2014 the Company extended three short-term loans to Goodyear S.A. with its registered office in Luxembourg for the total value of PLN 105 million.

The closing balance of financial liabilities in 2013 was nil.

The changes in the balance of above financial assets and liabilities categories in 2014 and 2013, their pricing principles at balancing date and posting of financial effects of pricing are described in item 1. in "Additional Explanatory Notes to the Financial Statement".

11. OTHER INFORMATION

A.
In 2014 the value of transactions with related entities belonging to the Goodyear Group related to the sales of products, commodities and services totalled PLN 1 761 million, whereas the value of fixed asset disposal was PLN 1 million.

The value of purchase transactions was PLN 602 million.

In the accounting year covered by the Financial Statement the Company did not enter into any material transactions with related entities other than those concluded following arm's length principle.

B/
The Company has not extended any loans, nor guaranties and sureties, nor it has drawn any loans.

The Company utilized current account overdraft facility. The closing balance of current account overdraft facility liabilities in 2014 was zero.

In 2014 the Company entered into agreements for current account overdraft facilities for the total amount of PLN 175 million. Notes 19D to the Balance Sheet comprises a list of these agreements as well as terms and conditions of extended financing.

In 2014 the Company extended three short-term loans to Goodyear S.A. with its registered office in Luxembourg.

Detailed information about loans extended to Goodyear S.A. is provided in table below:

'000 PLN

Date of Loan Agreement	25 Apr.2014	26 May 2014	24 Sept. 2014
Dates of loan disbursements (Agreement)	25 Apr. 2014	28 May 2014	24 Sept. 2014
Loan amount	60 000	15 000	30 000
Maturity date (loan repayment)	30 Apr. 2015	29 May 2015	24 Sept. 2015
Total interest accrued by 31 Dec. 2014	2 208,6	485,2	422,5
Interest paid by 31 Dec. 2014	1 949,7	420,4	293,0

The financial resources in the Company possession enabled it to pay on time the taken liabilities.

In the period covered by the Report the Company did not issue any debt or equity securities.

C/
In 2014 the Company did not invest into any securities, financial instruments nor real properties.

D/
The Company did not announce publicly the financial forecast for 2014.

E/

The Company is a party to the following material contracts:

- technical assistance contract and licensing contract concluded with The Goodyear Tire & Rubber Company with its registered office in Akron,
- gas supply contract concluded with Air Products Gazy Sp. z o.o. with its registered office in Kędzierzyn-Koźle.

The Company does not know any contracts concluded between shareholders (partners), insurance contracts, joint effort or co-operation agreements.

F/
In 2014 no changes were made in the fundamental rules for company management.

G/
Information about remuneration of the officers managing and supervising the Company has been provided in the Additional Explanatory Notes in Section 10.

H/
Employment contracts signed by the Company and Management Board members provide for compensation for the Management Board members, should these contracts be terminated by the Company without a valid reason.

I/

The following members of the Company's governing bodies were holding shares in T.C. Debica S.A.:

Jacek Pryczek, President of Management Board – 1 share
Stanisław Cieszkowski, Management Board Member - 420 shares

Each and every share has a par value of PLN 8 each.

J/
The Company has no knowledge about any contracts that could lead in the future to changes in the proportions of shares held .

K/
No material events concerning previous years have occurred that would have impact on this Financial Statement.

L/
In 2014 no acquisition, nor disposal of own shares/interest took place.

K/
On 28 July 2014 a contract was signed with PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, at Al. Armii Ludowej 14, for the audit of 2014 Financial Statement.

The fee due for the audit and review of 2014 Financial Statement totals PLN 250 000 (in 2013: PLN 300 000).
In 2013 the fee for tax counselling services was PLN 11 740. The certified auditor did not provide any other services.

12. CORPORATE GOVERNANCE

In 2014, T.C. Debica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, complied with the recommendations for corporate governance included in “Code of Best Practice for WSE Listed Companies”, enclosed to Resolution No. 19/307/2012 of the WSE Supervisory Board, dated 21 November 2012, and published on the website at: www.corp-gov.gpw.pl, with the following proviso:

I. The Company did not apply Rule No. I.1 concerning the registration and publishing of the proceedings of the General Meeting of Shareholders. Given the cost of registering and publishing the General Meeting of Shareholders on the website, the Company resolved to make no change to the current, transparent and effective information policy concerning the course of the General Meeting of Shareholders.

Description of the principles for the appointment and dismissal of managing persons and their competencies, including, in particular, the right to take a decision regarding a share issue or buy-out and a description of the operations of the issuer’s managing, supervisory or administrative bodies and their committees.

The Management Board
The Company’s Management Board comprises from 3 to 7 members. A Management Board member shall not hold office for more than three years (term of office).

Management Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires not later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced. Management Board members may be re-appointed to serve another term of office. The Supervisory Board determines the number of Management Board members. The Supervisory Board appoints and dismisses the President and other members of the Management Board. The mandate of the Management Board member expires as a result of the lapse of the term of office, death, resignation or dismissal. Resignation is effective from the moment when a written statement thereof is submitted to the Company, or at a later date, as indicated in that statement. The date indicated may be no later than 30 days from the day on which the written statement was submitted to the Company. If the date indicated is later than 30 days from the date of submission, the resignation takes effect upon the lapse of 30 days from the date on which the written statement is submitted to the Company.

In the employment contracts and other contracts between Company and Management Board members, as well as in disputes with the latter, the Company is represented by the Chairman of the Supervisory Board. The establishing of remuneration principles and other terms and conditions of such contracts lies within the sole power of the Chairman of the Supervisory Board.

The Management Board conducts the Company’s business and represents the Company.
The powers of the Management Board shall include all matters not specifically reserved, by a parliamentary act or these Statutes, for the competences of the General Meeting of Shareholders or the Supervisory Board. The

Management Board acts in accordance with the detailed provisions of the Management Board's Operational By-Laws. The By-Laws are adopted by the Management Board and approved by a resolution of the Supervisory Board. The Management Board's Operational By-Laws have been published on the Company's website at www.debica.com.pl.

Statements on behalf of the Company may be made by two Members of the Management Board, acting jointly, or by one Member of the Management Board acting jointly with the Holder of a General Commercial Power of Attorney. All the Management Board members are obliged and entitled to run the Company's business jointly.

The Supervisory Board

The Supervisory Board comprises from 5 to 9 members; the number of Supervisory Board members for a given term of office is determined by the General Meeting of Shareholders by virtue of a resolution. The Supervisory Board members are appointed by the General Meeting of Shareholders; however, the Company's employees appoint one representative. A Supervisory Board member shall not hold office for more than one year (a single term of office). The same person may be re-appointed for another term of office. Supervisory Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires no later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced.

The detailed rules of the Supervisory Board's operation are defined in the Statutes and the Supervisory Board's Operational By-Laws, adopted by the Supervisory Board. The Supervisory Board's Operational By-Laws have been published on the Company's Website www.debica.com.pl. The Supervisory Board shall exercise supervision over the Company's activities in every field of its endeavours.

Besides those matters reserved by the provisions of the Company's Statutes, the Supervisory Board shall be entitled to:

1) examine the financial statement,

2) examine the Directors' Report, as well as the Management Board's motions as to the distribution of profit or the coverage of loss,

3) submit a written report on the results of the actions referred to in subparagraphs 1 and 2 to the General Meeting of Shareholders,

4) approve the establishment of, or participation in, a company or syndicate,

5) approve the acquisition or disposal of shares or interests in other companies or the acquisition of their affiliates by the Company,

6) approve the sale of an organized part of the Company's assets, save for the stipulations of Article 393, paragraphs 3 and 4 of the Polish Code of Commercial Partnerships and Companies,

7) approve the performance of other legal actions, which may be of binding force, or may enable the management the Company's fixed assets, including the acquisition or disposal of real estate, if the value of a single legal action should exceed the PLN equivalent of US$ 500,000 (in words: five hundred thousand US dollars) or in the case of interconnected actions executed within consecutive 12 months and exceeding the PLN equivalent of US$ 1,000,000 (in words: one million US dollars), the concluding of management contracts, joint investment contracts, license contracts or long-term co-operation contracts and the establishment of patent companies,

8) approve the pledging of the Company's assets with a value exceeding the PLN equivalent of US$ 1,000,000 (that is: one million US dollars), or the extension of a guarantee amounting to the same sum, for a term of 12 consecutive months,

9) establish the remuneration for Supervisory Board members who have temporarily been assigned to perform the functions of Management Board members;

10) provide written opinions on motions submitted to the General Meeting of Shareholders concerning the matters covered in Article 26, par. 1 of the Company's Statutes;

11) suspend either individual, or all, members of the Management Board from their duties, on serious grounds;

12) assign one or more of its members to the temporary performance of the duties of the Management Board in the case of the suspension or removal of individual, or all, members of the Management Board or when, for other reasons, the Management Board is unable to perform its functions;

13) approve the Management Board's Operational By-Laws;

14) appoint an auditor to audit the Company's financial statements,

15) approve Company's Operational By-Laws.

The Supervisory Board may appoint standing or ad hoc committees acting as collective advisory and opinion forming Supervisory Board bodies. In the resolution on the appointment of a Committee, the Supervisory Board specifies the scope of a given Committee's operations and responsibilities.

The Supervisory Board Committees appointed by the Supervisory Board submit reports to the Supervisory Board on their activities, by the deadlines indicated in the resolution on the appointment of a given Committee. The Supervisory Board appoints the members of the Committee from amongst its members. The members of a Committee elect the Chairman of the Committee from amongst its members by virtue of a resolution. A Committee shall consist of at least two members. The Chairman of the Supervisory Board, or another Supervisory Board Member designated by the Chairman, convenes the first meeting of the Committee. The Committee Chairman directs the work of the Committee. The Committee chairman exercises supervision over the drafting of the agenda, the organization of document distribution, and the drawing up of the minutes of the Committee meetings, availing himself of the assistance of the Company's Management Board office in this respect. The Committee's meetings are convened by the Committee Chairman and, during his absence or his inability to perform this function, by the Supervisory Board Chairman or another Supervisory Board Member designated by the Chairman, who invites Committee members to the meeting and notifies all the remaining Supervisory Board Members of the meeting. All Supervisory Board Members are entitled to attend the Committee meeting. The Supervisory Board members should be notified of the convention of the meeting no later than 7 (seven) days before the Committee meeting and, in an emergency, not later than 3 (three) days before the Committee meeting.

The Committee Chairman may invite Management Board members, Company associates and other persons to the Committee meeting, in as much as their participation in the meeting is useful for the performance of the Committee's tasks. The Committee's resolutions are adopted by an ordinary majority of the votes cast. Committee members may vote on the adoption of a resolution in person, by taking part in the Committee meeting, or remotely.

The Minutes of a Committee meeting are drawn up and should be signed by the Supervisory Board members present at the Committee meeting. The Minutes should contain the resolutions, motions and Committee reports. The Minutes of the Committee meetings are kept on the Company's premises. The copies of the Minutes are forwarded to all Supervisory Board members. The Committee Chairman, or a person indicated by the Chairman, is authorized to submit motions to the Supervisory Board on the Supervisory Board's adoption of resolutions, on the preparation of expert opinions or other opinions on the scope of assignments, or on the appointment of an advisor, as required by the Committee.

The Standing Audit Committee reports to the Supervisory Board. The Audit Committee consists of at least three members, appointed and dismissed by the Supervisory Board from amongst its members. The composition of the Audit Committee shall include at least one member who meets the criterion of independence and has qualifications in the field of accounting or financial audit, as required by the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision, dated May 7, 2009.

The financial statements are drawn up by the Company's Financial Controller and the supervision of this process is exercised by the Company's Management Board. The Supervisory Board of T.C. Debica S.A. has set up a Standing Audit Committee of the Supervisory Board pursuant to the requirements set forth in Art. 86 of the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision, dated May 7, 2009.

The responsibilities of the Standing Audit Committee of the Supervisory Board are as follows:
a) the monitoring of the Company's financial reporting process,
b) the monitoring of the efficiency of internal controls, the internal audit system and the risk management system,
c) the monitoring of the performance of financial audit activities,
d) the monitoring of the independence of the entity certified to audit financial statements,
e) making recommendations to the Supervisory Board for an entity certified to audit financial statements or to carry out financial reviews at the Company,
f) to analyse written information received from the entity certified to audit financial statements about material aspects of the financial review and to notify the Supervisory Board of the Audit Committee's position on the matter.

The General Meeting of Shareholders: its mode of operation and basic powers and a description of shareholders' rights and the ways in which they may be exercised.

The Company's General Meeting of Shareholders, acting pursuant to the provisions of the Commercial Companies' Code, with the wording effective from August 3, 2009, is convened through an announcement made on the Company's Website and in compliance with the procedure established for day-to-day reporting, pursuant to the provisions of the Public Offering Act and the Terms and Conditions of Admitting Financial Instruments to the Organized Trading System and on Public Companies. Such announcement should be published at least twenty six (26) days prior to the date of General Meeting of Shareholders.

The General Meeting of Shareholders is convened by the Management Board. The Supervisory Board may convene Ordinary General Meeting of Shareholders, if the Management Board has failed to convene it within timeframe set forth in the Commercial Companies' Code or in the Statute, and may convene Extraordinary General Meeting of Shareholders, if it deems advisable to do so. The Extraordinary General Meeting of Shareholders may be also convened by the shareholders representing at least half of shareholders' equity or at least half of total votes in the Company. The shareholder or shareholders representing at least one twentieth of shareholders' equity may demand the convention of Extraordinary General Meeting of Shareholders as well as putting individual matters on the agenda of such Meeting. The request to convene the Extraordinary General Meeting of Shareholders shall be filed with the Management Board in writing or electronically.

The General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or his Deputy; the Chairman of the General Meeting of Shareholders is then elected from amongst those entitled to participate in the General Meeting of Shareholders.

Should the Supervisory Board Chairman or his Deputy be absent, the General Meeting of Shareholders is opened by the President of the Management Board, or by a person designated by the Management Board. The General Meeting of Shareholders may agree on a recess with a two-thirds majority of the votes. The length of a recess may not exceed thirty (30) days in total.

The powers of General Meeting of Shareholders shall include:
1) the examination and approval of the Management Board's report and the financial statements for the previous accounting year, as well as the acknowledgement of the performance of their duties by the members of the Company's governing bodies;
2) the adoption of a resolution on profit distribution or loss coverage;
3) the amendment of the Company's scope of activities;
4) the amendment of the Company's Statutes;
5) an increase or decrease in the shareholders' equity;
6) the merger, transformation, dissolution and liquidation of the Company;
7) the issuance of convertible bonds, or those vested with pre-emptive rights to the Company's shares from a new offering;
8) making any and all decisions relating to claims for the redress of damages caused in the course of the Company's formation, or in the exercise of executive or supervisory duties.
9) the disposal or lease of the enterprise, or of an organized part thereof, and the establishment of a limited property rights.

In addition to the matters specified above, the matters determined by the Commercial Companies' Code require a General Meeting of Shareholders' resolution.

The Company's General Meeting of Shareholders may be attended by persons who were Company shareholders sixteen days prior to the date of General Meeting (the registration date of participation in the General Meeting) and who requested the entity maintaining their securities account to issue a personal certificate in respect of their right to attend the General Meeting, pursuant to the provisions of Commercial Companies' Code.

Voting is executed by means of a computer voting system, assuring that votes are cast in proportion to the number of shares held, as well as assuring the anonymity of individual shareholders' votes in the case of a secret ballot.

13. ENVIRONMENTAL PROTECTION AT T.C. DEBICA S.A.

In its operations Tire Company Debica S.A. treats as its priority the aspects of environmental protection. To curtail negative environmental impact of its operations, the Company compliance with sustainable development principles. It is reflected in the reasonable consumption of raw materials, reduction of air emissions or proper waste management. State-of-the-art processes used in tire manufacturing and optimisation of processes guarantee the attainment of good production results in parallel to harmonious co-existence with natural environment.

The above has been confirmed by the Company performance in individual areas of its operations.

AIR EMISSIONS

The source of air emissions is the generation of heat energy by the Company to meet process requirements but also for district heating purposes including heating of manufacturing facilities and rubber product manufacturing process. The reduction of air emissions generated by these processes is one of the major directions of Company environmental care activities because of their impact on climatic change, sine they contribute to greenhouse effect by producing primarily carbon dioxide.

Major activities that have been run recently to reduce air emissions include:
- improvement of the process media transport and introduction of their monitoring system;
- heat loss reduction during consumer tire curing process;
- thermal modernisation of manufacturing room for consumer and commercial tires;
- reduction of consumption of gasoline, which is a source of hydrocarbon emissions.

Carbon dioxide emissions from the Company's boiler house in 2010-2014 (in '000 tons)

Year	2011	2012	2013	2014
CO_2 emission in '000 tons	41	36	36	34

Carbon dioxide emissions from tire manufacturing process in 2010-2014 (in kilograms per 1 Mg of product)

Year	2011	2012	2013	2014
Carbon dioxide emissions from tire manufacturing process	1.1	1.2	1.2	1.2

Gasoline consumption of the product in 2010-2014 (in kilograms per 1 Mg of product)

Year	2011	2012	2013	2014
Gasoline consumption of the product	0.03	0.028	0.021	0.018

INDUSTRIAL WASTE

Industrial and social waste being by-products of manufacturing process are subject to segregation and recycling or energy recovery. The Company does not store waste. At present waste utilization rate is 98%.

Volume of waste per 1 Mg of product in 2010-2014 [%]

Year	2011	2012	2013	2014
Volume of waste per 1 Mg of product	95	96	97	98

1 Mg of industrial waste being by-products of manufacturing process of 1 Mg products in 2010-2014

Year	2011	2012	2013	2014
1 Mg Industrial and social waste being by-products of manufacturing process	0.054	0.049	0.047	0.047

WATER AND EFFLUENTS

During tire manufacturing process water is used mainly for cooling purposes, but also as heat carrier in the form of steam. In all its manufacturing plants all over the world Goodyear has taken measures for many years now to reduce water consumption during tire manufacturing process. Since 2010 the Company has been running a 5-year-long Programme focusing on reduction of water consumption by the manufacturing plants. The Goodyear's objective is to reduce water consumption by 15% against baseline level.

Tire Company Debica S.A. is also covered by the Programme. What is more the Company is very close to attain the set objective: in four years since the Programme commencement it reduced water consumption by 14% and is now in the lead amongst all Goodyear manufacturing plants in terms of saving of process water used for tire manufacturing.

The ratios for water consumption and effluents discharge were reduced significantly. It was achieved through the reduction of consumption of cooling water applied to machinery and equipment.

Water consumption per 1 Mg of products in 2011 – 2014

Year	2011	2012	2013	2014
Water consumption	6.2	7.2	7.0	5.7

Volume of effluents per 1 Mg of products in 2011-2013 (including precipitation water*)*

Year	2011	2012	2013	2014
Volume of effluents per 1 Mg of products	9.6	12.6	8.9	6.7

Environmental Fees

The result of reduction of water consumption, and consequently the reduction of discharged effluents is a decline of environmental fees.

Despite an increate environmental rates, the ratio of environmental fees per 1 Mg of products declined.

Environmental fees in 2011–2014 (PLN 1.00 /1 Mg of products)

Year	2011	2012	2013	2014
Environmental fees	1.6	1.9	1.9	1.8

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File	Description

STATEMENT ABOUT CORPORATE GOVERNANCE APPLICATION

In 2014, T.C. Debica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, complied with the recommendations for corporate governance included in “Best Practices of WSE Listed Companies”, enclosed to the Resolution No. 179/307/2012 of the WSE Supervisory Board, dated November 21, 2012, and published on the website at the address: www.corp-gov.gpw.pl, with the following provisos:

The Company did not apply Rule No. I.1 concerning the registration and publishing of the proceedings of General Meeting of Shareholders. Given the cost of registering and publishing of the recordings of the General Meeting of Shareholders’ proceedings on the Website, the Company resolved to make no change to the current, transparent and effective information policy concerning the course of the General Meeting of Shareholders.

File	Description

This Report does not comprise the following notes:
Long-term receivables, Change in the balance of long-term receivables (by title), Change in the balance of revalued long-term receivables,
Long-term receivables (by currency)
Change in the balance of real properties (by category), Change in balance of intangible assets (by category),
Shares or interests in subsidiaries priced using property rights method including:
Change in goodwill – subsidiaries,
Change in goodwill – co-subsidiaries,
Change in goodwill – associated entities,

Change in negative goodwill – subsidiaries,
Change in negative goodwill – co-subsidiaries,
Change in negative goodwill – associated entities,
Shares or interests in controlled entities,
Shares or interests in controlled entities – cont.,
Extended long-term loans (by currency),
Other long-term investments (by type),
Change in balance of other long-term investments (by category),
Other long-term investments (by currency),
Other prepayments and accruals,
Other short-term investments (by type),
Other short-term investments (by currency),
Own shares (interest),
Issuer's shares (interest) held by controlled entities,
Appropriations from net profit during accounting year (by title),
Long-term credit- and loan-related liabilities,
Long-term liabilities related to the issued debt financial instruments
Short-term liabilities related to the issued debt financial instruments
Change in negative goodwill
Contingent receivables from related entities (by title),
Contingent liabilities vis-à-vis related entities (by title),
Financial gains from dividends and shares in profits
Proceeds (loss) from disposal of total or a part of shareholding in subsidiaries
Extraordinary gains
Extraordinary profits
Total amount of deferred tax,
Income tax posted into Profit and Loss Account referring to
Other mandatory deductions from profit (loss increases), due to:
Share in net profits (losses) of controlled entities priced using property rights method including: