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POLISH FINANCIAL SUPERVISION AUTHORITY

Annual Report SA-R 2015

(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 2015 covering the period from 1 January 2015 to 31 December 2015
and for the previous accounting year 2013 covering the period from 1 January 2013 to 31 December 2013
Filing date: 27 April 2016

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	
	2015	2014	2015	2014
I. Net sales of products, merchandise and materials	1 765 584	1 837 805	421 907	438 695
II. Operating profit (loss)	82 622	77 406	19 743	18 477
III. Profit (loss) before taxation	86 819	74 380	20 746	17 755
IV. Net profit (loss)	78 913	86 946	18 857	20 755
V. Operational cash flows, net	235 594	194 500	56 298	46 428
VI. Investment activity cash flows, net	-216 903	-201 634	-51 831	-48 131
VII. Financial activity cash flows, net	-45 737	-61 194	-10 929	-14 607
VIII. Total net cash flows	-27 046	-68 328	-6 463	-16 310
IX. Total assets	1 431 948	1 397 302	336 020	327 828
X. Liabilities and liabilities provisions	432 145	432 933	101 407	101 573
XI. Long-term liabilities	1 643	1 473	386	346
XII. Short-term liabilities	367 983	377 526	86 351	88 573
XIII. Shareholders' equity	999 803	964 369	234 613	226 255
XIV. Share capital	110 422	110 422	25 912	25 907
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)	5,72	6.30	1,37	1.50
XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR)	5,72	6.30	1,37	1.50
XVIII. Book value per share (in PLN/EUR)	72,44	69.87	17,00	16.39
XIX. Diluted book value per share (in PLN/EUR)	72,44	69.87	17,00	16.39
XX. Declared or paid dividend per share (in PLN/EUR)	3,15	4.18	0,75	1.00

Firma Oponiarska Dębica S.A.

Independent Registered Auditor's Opinion

Financial statements

Directors' Report

Registered auditor's report on the audit of the financial statements For the financial year from

1 January to 31 December 2015

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Firma Oponiarska Dębica S.A.

Registered auditor's report
on the audit of the financial statements
for the year from 1 January to 31 December 2015

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Registered auditor's report on the audit of the financial statements for the year from 1 January to 31 December 2015

To the General Shareholders' Meeting and the Supervisory Board of Firma Oponiarska Dębica S.A.

This report contains 9 consecutively numbered pages and consists of:

I. General information about the Company

a. The registered office of Firma Oponiarska Dębica spółka akcyjna ("the Company") is located in Dębica, ul. 1-go Maja 1.

b. The Company was formed on the basis of a Notarial Deed drawn up on 14 April 1991 at the Notary Public's Office of Paweł Błaszczak in Warsaw and registered with Rep. A No. 2078/91. On 19 September 2001, the Company was entered in the Register of Businesses maintained by the District Court in Rzeszów, the 12th Business Department of the National Court Register, with the reference number KRS 0000045477.

c. The Company operates in the Special Economic Zone "Euro-Park Mielec" on the basis of permit no. 134/ARP/2008 of 27 February 2008, amended by decision of the Minister of the Economy no. 13/IW/12 of 11 January 2012, and amended further by the decision of the Minister of Development no. 27/IW/16 of 14 January 2016.

d. The Company was assigned a tax identification number (NIP) 872-00-03-404 for making tax settlements. For statistical purposes, the Company was assigned a REGON number 850004505.

e. As at 31 December 2015, the Company's share capital amounted to PLN 110,422 thousand and comprised 13,802,750 shares with a par value of PLN 8.00 each. Equity as at that day amounted to PLN 999,803 thousand.

f. As at 31 December 2015, the following entities held shares in the Company:

Shareholder's name	Number of shares held	Par value of shares held (in PLN '000)	Type of shares held	Votes %
Goodyear S.A.	11,234,912	89,879	ordinary	81.4
Others	2,567,838	20,543	ordinary	18.6
	13,802,750	**110,422**		**100.0**

g. In the audited period, the Company's operations comprised:

- manufacturing tyres, tubes and other rubber goods;
- manufacturing equipment for the manufacture of tyres and other rubber goods;
- wholesale and retail sale, including all the forms for marketing the Company's own products;
- selling and other forms of offering technologies, specifically those relating to tyres and other rubber goods, on the domestic and foreign markets, and providing related services.

I. General information about the Company (cont.)

h. During the year, the following people were on the Company's Management Board:

• Stanisław Cieszkowski	Chairman of the Board	
• Ireneusz Maksymiuk	Board Member	
• Michał Mędrek	Board Member	from 4 August 2015
• Leszek Szafran	Board Member	from 8 October 2015
• Mariusz Solarz	Board Member	to 8 October 2015
• Radosław Bółkowski	Board Member	to 29 June 2015

i. The Company's related entities are Goodyear S.A. (the parent company) and the companies which belong to The Goodyear Tire & Rubber Company Group.

II. Information about the audit

a. The audit of the financial statements for the financial year from 1 January to 31 December 2015 was conducted by PricewaterhouseCoopers Sp. z o.o., Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. On behalf of the registered audit company, the audit was conducted under the supervision of the key registered auditor, Piotr Kocot (no. 12637).

b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Company by Resolution No. 7/XXI/2014 of the Supervisory Board passed on 25 July 2014 on the basis of § 17, clause 2.14 of the Company's Articles of Association.

c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of Art. 56, clauses 2-4 of the Act on registered auditors and their self-government, registered audit companies and public supervision dated 7 May 2009 (Journal of Laws of 2015, item 1011).

d. The audit was conducted in accordance with an agreement dated 9 December 2015 in the following periods:

- interim audit — from 16 November to 25 November 2015;
- final audit — from 11 January to 25 April 2016.

III. The Company's results, financial position and significant items of the financial statements

BALANCE SHEET as at 31 December 2015 (selected items)

	31.12.2015 PLN '000	31.12.2014 PLN '000	Change PLN '000	Change (%)	Structure 31.12.2015 (%)	Structure 31.12.2014 (%)
ASSETS						
Non-current assets	829,765	868,174	(38,409)	(4.4)	57.9	62.1
Current assets	602,183	529,128	73,055	13.8	42.1	37.9
Total assets	**1,431,948**	**1,397,302**	**34,646**	**2.5**	**100.0**	**100.0**
EQUITY AND LIABILITIES						
Equity	999,803	964,369	35,434	3.7	69.8	69.0
Liabilities and provisions for liabilities	432,145	432,933	(788)	(0.2)	30.2	31.0
Total equity and liabilities	**1,431,948**	**1,397,302**	**34,646**	**2.5**	**100.0**	**100.0**

INCOME STATEMENT
for the financial year from 1 January to 31 December 2015 (selected items)

	2015 PLN '000	2014 PLN '000	Change PLN '000	Change (%)	Structure 2015 (%)	Structure 2014 (%)
Net sales of finished goods, goods for resale and materials	1,765,584	1,837,805	(72,221)	(3.9)	100.0	100.0
Cost of finished goods, goods for resale and materials sold	(1,590,702)	(1,642,282)	51,580	(3.1)	(90.1)	(89.4)
Gross profit from sales	**174,882**	**195,523**	**(20,641)**	**(10.6)**	**9.9**	**10.6**
Net profit	**78,913**	**86,946**	**(8,033)**	**(9.2)**	**4.5**	**4.7**

III. The Company’s results, financial position and significant items of the financial statements (cont.)

Selected ratios characterizing the Company’s financial position and results

The following ratios characterize the Company’s activities, results of operations during the year and its financial position as at the balance sheet date compared with previous years:

	2015	2014	2013
Asset ratios			
- receivables turnover	47 days	55 days	56 days
- inventory turnover	22 days	25 days	23 days
Profitability ratios			
- net profitability of sales	4%	5%	6%
- gross profitability of sales	6%	6%	5%
- return on capital employed	8%	9%	13%
Liability ratios			
- gearing	30%	31%	35%
- payables turnover	65 days	67 days	63 days
	31.12.2015	**31.12.2014**	**31.12.2013**
Liquidity ratios			
- current ratio	1.6	1.4	1.3
- quick ratio	1.4	1.1	1.1
Other ratios			
- effective tax rate	9.1%	(16.7)%	(12.6)%

The above ratios have been calculated on the basis of the financial statements.

It was not the purpose of the audit to present the Company in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Company’s operations and its circumstances.

III. The Company's results, financial position and significant items of the financial statements (cont.)

The following comments are based on information obtained during the audit of the financial statements.

- As at the end of the audited year, the Company's assets amounted to PLN 1,431,948 thousand. Total assets increased by PLN 34,646 thousand (i.e. by 2.5%) during the year. On the assets side, the biggest changes occurred in short-term investments (an increase of PLN 150,000 thousand, i.e. of 142.9%) and in inventories (a decrease of PLN 42,834 thousand, i.e. of 36.4%). The increase in short-term investments was due to granting another loan tranche to the main shareholder of the Company (Goodyear S.A.). The decrease in the balance of inventories was due to maintaining a lower level of stock of finished goods and goods for resale. The increase in assets was financed with the net profit of PLN 78,913 thousand. At the same time, a dividend was paid in the amount of PLN 43,479 thousand.

- The liability ratios and the structure of the Company's liabilities changed. Gearing decreased from 31% at the end of the previous year to 30% at the end of the audited year. The average payables turnover dropped from 67 days to 65 days. The changes in this respect were mainly due to repayment of licence fee liabilities relating to the sales made in the audited year, while as at the end of the previous year such liabilities were not paid.

- Total sales amounted to PLN 1,765,584 thousand and were PLN 72,221 thousand (i.e. 3.9%) lower than in the previous year. In the audited year, the Company's core activities comprised manufacturing and selling tyres. The decrease in sales was mainly due to the lower value of the sales of Dębica tyres to unrelated entities.

- The largest item of operating expenses was the cost of materials and energy used, which amounted to PLN 1,016,143 thousand in the audited year (63.8% of total costs by type). The cost of materials and energy used was PLN 93,405 thousand (i.e. 8.4%) lower than in the previous year, which was mainly due to a lower production volume and a lower purchase price of basic raw materials for production purposes compared with the previous year.

- Profitability measured with net profit amounted to 4% and was 1 percentage point lower than in the previous year.

- The effective income tax rate level was significantly affected by the fact that the Company had benefited from public aid in connection with its operations in the Special Economic Zone from the financial year ended 31 December 2013.

- The Company's liquidity changed. The current ratio and the quick ratio as at the end of the audited year amounted to 1.6 (31 December 2014: 1.4) and 1.4 (31 December 2014: 1.1), respectively. Their increase was mainly due to the above-mentioned increase in short-term investments resulting from granting another loan tranche to the main shareholder of the Company (Goodyear S.A.).

The financial statements have been prepared based on the assumption that the Company will continue in operation as a going concern.

IV. The independent registered auditor's statement

a. The Company's Management Board provided all the information, explanations, and representations required by us in the course of the audit and provided us with a letter of representation confirming the completeness of the information included in the accounting records, and a disclosure of all contingent liabilities and significant post-balance-sheet events which occurred up to the date on which that letter was signed.

b. The scope of the audit was not limited.

c. The financial statements of the Company for the financial year from 1 January to 31 December 2014 were approved by Resolution no. 3/2015 of the General Shareholders' Meeting of 12 June 2015 and filed with the National Court Register in Rzeszów on 22 June 2015.

d. We have assessed the operation of the accounting system. Our assessment covered in particular:
   - the accuracy of the documentation relating to business transactions;
   - the fairness, accuracy and verifiability of the books of account, including computerized books of account;
   - the methods used for controlling access to data and the computerized data processing system;
   - the safeguarding of accounting documentation, books of account, and the financial statements.

   This assessment, together with our verification of individual items of the financial statements, provides a basis for expressing a general, comprehensive opinion on these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the said system.

e. The introduction and the additional notes and explanations contain all significant information specified in the Decree of the Minister of Finance of 18 October 2005 on the scope of information to be disclosed in the financial statements and consolidated financial statements required to be presented in the prospectus in the case of issuers having their registered office in Poland and applying the Polish accounting standards (Journal of Laws No. 209, item 1743, as amended).

f. The information in the Directors' Report for the financial year from 1 January to 31 December 2015 has been prepared in accordance with the provisions of the Decree of the Minister of Finance of 19 February 2009 on current and periodical information to be reported by issuers of securities and the conditions for treating information required by the laws of a state other than a member state as equivalent (Journal of Laws of 2014, item 133) and it is consistent with the information presented in the financial statements.

V. Final information

This report has been prepared in connection with our audit of the financial statements of Firma Oponiarska Dębica S.A. with its registered office in Dębica, ul. 1-go Maja 1. The financial statements were signed by the Company's Management Board on 25 April 2016.

This report should be read in conjunction with the unqualified opinion of the Independent Registered Auditor to the General Shareholders' Meeting and the Supervisory Board of Firma Oponiarska Dębica S.A., signed on 25 April 2016, concerning the above-mentioned financial statements. The opinion on the financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company no. 144:

Piotr Kocot

Key Registered Auditor
No. 12637

Kraków, 25 April 2016

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
Michał Mędrek – Management Board Member
Leszek Szafran - 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.
2015 Annual Report

Debica, 25 April 2016

Dear Sirs,

Dear Shareholders,

It is my pleasure to submit to you the 2015 Annual Report of Tire Company Debica S.A.

Last year we had to face quite difficult challenges. Especially in the initial three quarters we dealt with a series of disadvantageous market circumstances. These included demand for winter tires lower than that in 2014 and continued oversupply of tires in the Polish market exerting pressure on tire price reduction. Demand was also driven by the persisting unstable situation in the Eastern markets, which reduced the intensity of transport and motor traffic eastwards.

Given such tough market environment we generated satisfactory financial performance including operating profit at the level of PLN 82.6 million, which was up by 6.7% compared to 2014.

It was possible mainly thanks to effective cost management. Last year the costs of sales and general management were down by 16.3% compared to 2014, mainly due to the change in pricing policy and lower costs related to regional charges.

In 2015 the share of these costs accounted for 4.3% compared to 4.9% in the previous year, whereas the average mean production costs were down by 3.8% compared to 2014.

Net profit for twelve months of 2014 totalled PLN 78.9 million, down by 9.2% compared to 2014, which was mainly driven by setting up a provision for deferred income tax totalling PLN 7.9 million, in relation to the activities in the “Euro-Park Mielec” Special Economic Zone. We continued the execution of investment plan, with the aim to provide for Tire Company Debica S.A. even higher profitability and to enhance its competitive edge and improve market position. In 2015 capital expenditures totalled PLN 57.7 million. We allocated them, inter alia, to modernisation of manufacturing lines for truck tires and to widening of the product range in this segment. We made a successful launch of a new product – a technologically advanced tire called Debica Presto UHP, designed for ultra high performance cars.

Debica once again was appreciated by consumers and was ranked at the List of Most Valuable Polish Brands developed by the "Rzeczpospolita" daily, giving honourable mentions to the brands for the best market position and the highest prestige and recognition among Polish people. Second year in a row Debica was awarded “Superbrands 2015/2016” title and “Created in Poland Superbrands 2015/2016” title, which is a special award granted exclusively to the brands with the Polish origin. This confirms the established Debica position in the Polish market.

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 2015, covering period from 1 January 2015 to 31 December 2015 and comparable financial data for 2014, covering period from 1 January 2014 to 31 December 2014.

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
Stanisław Cieszkowski – President of the Management Board
Ireneusz Maksymiuk – a Management Board Member
Radosław Bółkowski – a Management Board Member (until 29 June 2015)
Michał Mędrek - a Management Board Member (since 4 August 2015)
Mariusz Solarz – a Management Board Member (until 8 October 2015)
Leszek Szafran - a Management Board Member (since 8 October 2015)

Supervisory Board
Jacek Pryczek – The Chairman of the Supervisory Board
Dominikus Golsong – A Supervisory Board Member, Deputy Chairman of the Supervisory Board
Karl Brocklehurst – a Supervisory Board Member
Maciej Mataczyński –Secretary of the Supervisory Board
Renata Kowalska-Andres – A Supervisory Board Member
Łukasz Rędziniak – A Supervisory Board Member
Janusz Raś – A Supervisory Board Member (until 12 June 2015)
Piotr Wójcik – A Supervisory Board Member (since 12 June 2015)

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 extended loans are priced at due amount plus interest payable for a certain month.

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. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently the validity date was deleted from the Operational Permit.

According to the plans at the balancing date the Management Board assumes full utilization of the tax allowance by the end of 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)

	31.12.2015		31.12.2014	
	PLN	**EUR**	**PLN**	**EUR**
Fixed assets	829 765	194 712	868 174	203 687
Current assets	602 183	141 308	529 128	124 141
Total assets	**1 431 948**	**336 020**	**1 397 302**	**327 828**
Equity	999 803	234 613	964 369	2 262 565
Liabilities & provisions for liabilities	432 145	101 407	432 933	101 573
Total liabilities	**1 431 948**	**336 020**	**1 397 302**	**327 828**

Profit and Loss Account (‘000)

	2015		2014	
	PLN	**EUR**	**PLN**	**EUR**
Net sales of products, merchandise and raw materials	1 765 584	421 907	1 837 805	438 695
Cost of products, merchandise and raw materials sold	1590 702	380 117	1 801 642 486282	392427 023807
Gross profit (loss) on sales	174 882	41 790	195 523	46 672
Selling expenses	8 680	2 074	34 717	8 287
General administrative expenses	66 982	16 006	55 671	13 289
Profit (loss) on sales	99 220	23 710	105 135	25 096
Other operating income	273	65	233	56
Other operating expenses	16 871	4 032	27 962	6 675
Operating profit (loss)	82 622	19 743	77 406	18 477
Financial income	6 984	1 669	4 942	1 180
Financial expenses	2 787	666	7 968	1 902
Profit (loss) on ordinary activities	86 819	20 746	74 380	17 755
Profit (loss) before taxation	86 819	20 746	74 380	17 755
Income tax	7 906	1 889	-12 566	-3 000
Net profit (loss)	**78 913**	**18 857**	**86 946**	**20 755**

Cash Flow Statement (‘000)

	2015		2014	
	PLN	**EUR**	**PLN**	**EUR**
Net operational cash flows	235 594	56 298	194 500	46 428
Net investment activity cash flows	-216 903	-51 831	-201 634	-48 131
Net financial activity cash flows	-45 737	-10 929	-61 194	-14 607
Total net cash flows	**-27 046**	**-6 463**	**-68 328**	**-16 310**

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:
31 December 2015 1 EUR = PLN 4.2615
31 December 2014 1 EUR = PLN 4.2623

- average exchange rate, calculated as the mean arithmetic value of exchange rates prevailing on the last day of each month:
in 2015: 1 EUR = PLN 4.1848
in 2014: 1 EUR = PLN 4.1893

- the highest and lowest exchange rate in the accounting period:
in 2015: the highest rate 1 EUR = PLN 4.3580
and the lowest rate 1 EUR = PLN 4.0998

in 2014: the highest rate 1 EUR = PLN 4.3138 and the lowest rate 1 EUR = PLN 4.0998

The items in Profit and Loss Account for 2015 were converted into EUR using the mean annual EUR/PLN exchange rate, which was PLN 4.18477.

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)	31.12.2015	31.12.2014
Shareholders' equity according to Polish accounting principles	**999 803**	**964 369**
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	44	-11
Discrepancy stemming from different classification of lease contracts	44	9
Adjustment of differences in gross value of fixed assets	-14 536	-13 763
Adjustment of depreciation for fixed assets with different gross values	3 015	3 768
Transient difference being a result of the moment of current cost recognition	8 771	19 796
Difference stemming from different calculation of provisions for extended guarantees	42	66
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	14 517	15 795
Capitalization of realized foreign exchange gains/losses on investment projects	-1 140	-1 191
Actuarial provisions for gratuities	1 680	1 626
Income tax allowance in relation to the Special Economic Zone	58 276	93 671
Difference in deferred tax treatment (recognized deferred tax assets according to the Goodyear Group's principles)	5 256	- 23 663
Shareholders' equity according to Goodyear Group's principles	**1 075 772**	**1 060 472**

('000 PLN)	**2015**	**2014**
Net profit according to Polish accounting principles	**78 913**	**86 946**
Transient difference being a result of the moment of current cost recognition	- 11 026	8 935
Discrepancy due to different exchange rates used for pricing of receivables, liabilities and cash assets	55	-35
Discrepancy stemming from different classification of lease contracts	35	-185
Adjustment of differences in gross value of fixed assets	-773	15
Adjustment of depreciation for fixed assets with different gross values	-753	-3 750
Difference stemming from different calculation of provisions for extended guarantees	-24	40
Capitalization of interest on the average debt level in compliance with Goodyear Group principles	-1 278	73
Capitalization of realized foreign exchange gains/losses on investment projects	51	180
Actuarial provisions for gratuities	54	1 483
Income tax allowance in relation to the Special Economic Zone	-35 395	-7 656
Difference in deferred tax treatment (recognized deferred tax assets according to the Goodyear Group's principles)	28 919	-16 299
Net profit according to Goodyear Group principles	**58 778**	**69 747**

File	Description

BALANCE SHEET ‘000 PLN

	NOTE	2015	2014
ASSETS			
I. Fixed assets		829 765	868 174
1. Intangible assets	1	21	39
2. Tangible fixed assets	2	827 507	866 030
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	2 093	1 961
4.1. Deferred income tax assets		2 093	1 961
II. Current assets		602 183	529 128
1. Inventories	5	74 834	117 668
2. Short-term receivables	6 7	241 975	244 157
2.1. From related entities		207 331	204 239
2.2. From other entities		34 644	39 918
3. Short-term investments		284 425	166 781
3.1. Short-term financial assets	8	284 425	166 781
a) in related entities		255 000	105 000
b) in other entities		0	5 395
c) cash and cash equivalents		29 425	56 386
4. Short-term deferred assets	9	949	522
Total assets		1 431 948	1 397 302
LIABILITIES			
I. Shareholders’ equity		999 803	964 369
1. Share capital	11	110 422	110 422
2. Reserve capital	12	324 459	322 675
3. Revaluation capital	13	68 099	69 883
4. Other reserve capital	14	417 910	374 443
5. Net profit (loss)		78 913	86 946
II. Liabilities and liability provisions		432 145	432 933
1. Liability provisions	15	62 519	53 934
1.1. Provision for deferred income tax		29 328	21 290
1.2. Provision for pension benefits and equivalents		31 744	30 360
a) long-term		10 235	10 135
b) short-term		21 509	20 225
1.3. Other provisions		1 447	2 284
a) long-term		100	132
b) short-term		1 347	2 152
2. Long-term liabilities	16	1 643	1 473
2.1. To other entities		1 643	1 473
3. Short-term liabilities	17	367 983	377 526
3.1. To related entities		73 266	89 304
3.2. To other entities		294 165	288 038
3.3. Special funds		552	184
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		1 431 948	1 397 302

Book value		999 803	964 369
Number of shares (pcs.)		13 802 750	13 802 750
Book value per share (in PLN)	18	72,44	69,87
Diluted number of shares (pcs.)		13 802 750	13 802 750
Diluted book value per share (in PLN)	18	72,44	69,87

OFF-BALANCE ITEMS ‘000 PLN

		2015	2014
1. **Other including:**		8 825	11 925
- off-balance liabilities under a long-term gas supply agreement		7 359	9 279
- off-balance liabilities under a real estate long-term lease agreement		1 466	2 646
Total off-balance liabilities		8 825	11 925

PROFIT AND LOSS ACCOUNT ‘000 PLN

	NOTE	2015	2014
I. Net sales of products merchandise and materials including:		1 765 584	1 837 805
- from related entities		1 634 290	1 629 598
1. Net sales of products	19	1 698 490	1 760 964
2. Net sales of merchandise and materials	20	67 094	76 841
II. Cost of products merchandise and materials sold including:		1 590 702	1 642 282
- to related entities		1 477 547	1 485 397
1. Cost of products sold	21	1 523 136	1 568 989
2. Cost of merchandise and materials sold		67 566	73 293
III. Gross profit (loss) on sales		174 882	195 523
IV. Selling expenses	21	8 680	34 717
V. General administrative expenses	21	66 982	55 671
VI. Profit (loss) on sales		99 220	105 135
VII. Other operating income		273	233
2. Other operating income	22	273	233
VIII. Other operating expenses		16 871	27 962
1. Loss on the disposal of non-financial fixed assets		388	2 246
2. Revaluation of non-financial fixed assets		976	1 392
3. Other operating costs	23	15 507	24 324
IX. Operating profit (loss)		82 622	77 406
X. Financial income	24	6 984	4 942
1. Interest receivable		6 760	4 942
- from related entities		5 129	3 116
2. Other		224	
XI. Financial expenses	25	2 787	7 968
1. Interest payable		2 787	5 052
2. Other			2 916
XII. Profit (loss) on ordinary activities		86 819	74 380
XIII. Profit (loss) before taxation		86 819	74 380
XIV. Income tax	27	7 906	-12 566
a) current portion		0	0
b) deferred portion		7 906	-12 566
XV. Net profit (loss)		78 913	86 946

Net profit (loss) (annualized)		78 913	86 946
Weighted average number of the ordinary shares (pcs.)		13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	29	5,72	6,30
Weighted average diluted number of the ordinary shares (pcs.)		13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)	29	5,72	6,30

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	'000 PLN	
	2015	2014
I. Opening balance of shareholders' equity	964 369	935 118
I.a. Opening balance of shareholders' equity after restatement to comparative data	964 369	935 118
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	322 675	322 482
2.1. Changes in reserve capital	1 784	193
a) additions (of which)	1 784	193
- allocation from the reserve capital of amounts of revaluated liquidated fixed assets – current period	1 784	193
2.2. Closing balance of reserve capital	324 459	322 675
3. Opening balance of revaluation capital	69 883	70 076
3.1. Changes in revaluation capital	-1 784	-193
a) reductions (of which):	1 784	193
- allocation to the reserve capital of amounts of revaluated liquidated fixed assets - current period	1 784	193
3.2. Closing balance of revaluation capital	68 099	69 883
4. Opening balance of other reserve capital	374 443	316 612
4.1. Changes in other reserve capital	43 467	57 831
a) additions (of which)	43 467	57 831
- allocation to reserve capital from the profit distributed for the year 2012 with an option of dividend payment to the shareholders	0	0
- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	43 467	57 831
4.2. Closing balance of other reserve capital	417 910	374 443
5. Opening balance of retained earnings	86 946	115 526
5.1. Opening balance of retained earnings	86 946	115 526
5.2. Opening balance of retained earnings after the restatement to comparative data	86 946	115 526
a) reductions (of which):	86 946	115 526
- dividend for shareholders	43 479	57 695
- allocation to reserve capital from the profit distributed for the year 2012 with an option of dividend payment to the shareholders	0	0
- allocation to reserve capital from the profit distributed for the year 2013 with an option of dividend payment to the shareholders	43 467	57 831
5.3. Closing balance of retained earnings	0	0
5.4. Closing balance of retained earnings/losses	0	0
6. Net profit (loss)	78 913	86 946
a) net profit	78 913	86 946
II. Closing balance of shareholders' equity	999 803	964 369
III. Shareholders' equity adjusted by the proposed distribution of profit (loss coverage)	999 803	964 369

CASH FLOW STATEMENT '000 PLN

	2015	2014
A. Operational cash flows		
I. Net profit (loss)	78 913	86 946
II. Total adjustments	156 681	107 554
1. Depreciation and amortization	92 337	87 644
2. Foreign exchange gains/losses	-85	-127
3. Interest and dividends	-4 763	-1 782
4. Investment activity gain (loss)	2 113	3 545
5. Change in provisions	8 585	-9 590
6. Change in inventories	42 834	-9 221
7. Change in receivables	7 577	92 887
8. Change in current liabilities (excluding loans and credits)	8 642	-55 674
9. Change in deferred and accrued expenses	-559	-128
10. Other adjustments	0	0

III. Net operational cash flows (I+/-II) – indirect method	235 594	194 500
B. Investment activity cash flows		
I. Cash inflows	9 065	3 607
1. Disposal of intangible assets and tangible fixed assets	3 936	3 607
2. From financial assets of which:	5 129	0
a) In related entities	5 129	0
- interest income	5 129	0
b) in other entities	0	0
- interest income	0	
- other income from financial assets	0	
II. Cash outflows	225 968	206 198
1. Acquisition of intangible assets and tangible fixed assets	75 968	101 198
2. On financial assets of which:	0	0
a) in related entities	0	0
b) in other entities	0	0
3. Other capital expenditures	150 000	105 000
III. Net investment activity cash flows (I-II)	-216 903	-201 634
C. Financial activity cash flows		
I. Cash inflows	0	0
1. Credits and loans	0	0
2. Other inflows	0	0
II. Cash outflows	45 737	61 194
1. Dividends and other payments to the owners	43 479	57 695
2. Financial lease commitments paid	1 892	2 165
3. Interest paid	366	1 334
III. Net financial activity cash flows (I-II)	-45 737	-61 194
D. Total net cash flows (A.III+/-B.III+/-C.III)	-27 046	-68 328
E. Change in balance-sheet cash and cash equivalents of which:	-26 961	-68 201
- change in cash and cash equivalents due to foreign exchange gains/losses	85	127
F. Opening balance of cash and cash equivalents	56 452	124 780
G. Closing balance of cash and cash equivalents (F+/- D) of which:	29 406	56 452
- those with restricted availability	553	184

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

Note 1 a

INTANGIBLE ASSETS INCLUDING:	'000 PLN	
	2015	2014
a) concessions, patents, licenses and equivalents including:	21	39
- computer software	21	39
Total intangible assets	21	39

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			7 410
b) closing balance of intangible assets, gross:			7 410	7 410			7 410
c) opening balance of accumulated depreciation			7 371	7 371			7 371
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			7 389	7 389			7 389
f) closing balance of intangible assets, net			21	21			21

Note 1c

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	'000 PLN	
	2015	2014
a) own intangible assets	21	39
Total intangible assets	21	39

Note 2a

TANGIBLE FIXED ASSETS	'000 PLN	
	2015	2014
a) tangible fixed assets including:	779 262	790 890
- lands (including perpetual usufruct title to land)	54	11
- buildings, units and civil engineering works	115 502	120 725
- technical equipment and machinery	658 220	664 206
- means of transport	346	506
- other fixed assets	5 140	5 442
b) fixed assets under construction	44 095	74 193
c) prepaid fixed assets under construction	4 150	947
Total tangible fixed assets	827 507	866 030

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	280 771	1 438 060	2 454	20 332	1 741 628
b) additions (of which):	43	1 907	84 022	48	762	86 782
- purchases, investments	43	1 907	81 932		762	84 644
- leased assets			2 090	48		2 138
c) reductions (of which):		86	43 111	108	650	43 955
- disposals			28 162			28 162
- liquidations		86	14 610	4	628	15 328
- return to lessor once the lease contract is over			339	104	22	465
d) closing balance of fixed assets, gross	54	282 592	1 478 971	2 394	20 444	1 784 455
e) opening balance of accumulated depreciation		159 718	773 704	1 947	14 890	950 259
f) depreciation for the period of which:		7 044	46 897	101	414	54 456
- accrued depreciation for the period		7 121	83 925	210	1 063	92 319
- reduced depreciation due to disposal and liquidation		77	36 691	4	627	37 399
- return to lessor once the lease contract is over			337	105	22	464
g) closing balance of accumulated depreciation		166 762	820 601	2 048	15 304	1 004 715
h) opening balance of allowances for asset impairment		328	150			478
i) closing balance of allowances for asset impairment		328	150			478
j) closing balance of fixed assets, net	54	115 502	658 220	346	5 140	779 262

In 2015 no asset impairment allowances were made.

Note 2c

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	‘000 PLN	
	2015	2014
a) own fixed assets	776 189	788 020
b) used under rental, tenancy or other contract including lease contract, of which:	3 073	2 870
- lease contract	3 073	2 870
Total balance sheet fixed assets	779 262	790 890

Note 2d

OFF-BALANCE FIXED ASSETS	‘000 PLN	
	2015	2014
used under rental, tenancy or other contract including lease contract including:	30 250	30 912
- operational lease	500	384
- perpetual usufruct title to lands	29 750	30 528
Total off-balance fixed assets	30 250	30 912

Note 3a

CHANCE IN BALANCE OF INTANGIBLE ASSETS (BY CATEGORY)	‘000 PLN	
	2015	2014
a) opening balance	39	57
- computer software	39	57
b) additions (of which)	18	18
- computer software	18	18
c) reductions (of which)	21	39
- computer software	21	39

Note 3b

LONG-TERM FINANCIAL ASSETS	‘000 PLN	
	2015	2014
a) in other entities	144	144
- interests or shares	144	144
Total long-term financial assets	144	144

Note 3c

CHANGE OF BALANCE OF LONG-TERM FINANCIAL ASSET (BY CATEGORY)		‘000 PLN
	2015	2014
a) opening balance	144	144
b) additions (of which)	0	0
c) reductions (of which)	0	0
d) closing balance	144	144

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	5 218	1 008	14,00	14,00		

As of December 31, 2014

Note 3e

SECURITIES, INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS (BY CURRENCY)	unit	currency	‘000 PLN	
			2015	2014
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	
	2015	2014
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	
	2015	2014
1. Opening balance of deferred income tax assets including:	1 961	1 766
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
- non-invoiced services	1 429	2 229
- 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
- provision for bonuses	1 259	1 517
- payment adjustment – unpaid costs	8 975	9 674
- other	247	313
- 1a Valuation adjustment	-18 766	-19 212
2. Additions	5 155	1 830
a) deducted from financial result in the accounting period in relation to negative temporary differences (of which):	4 951	1 830
- provision for employee benefits due, but unpaid	0	205
- provision for jubilee awards and retirement gratuities	27	0
- provision for restructuring	0	409
- non-invoiced services	979	0
- provision for extended guarantees	0	10
- revaluation of trade receivables	1 951	1 083
- provision for bonuses	211	0
- difference between lease costs under accounting and tax treatment	8	0
- decrease of value of raw material and product inventories	0	123
- payment adjustment – unpaid costs	1 775	0
b) reflected in the financial result in the accounting period in relation to tax loss (of which)	204	0
3. Deductions	971	2 081

a) deducted from financial result in the accounting period in relation to negative temporary differences (of which):	971	2 081
- provision for employee benefits, due but unpaid	637	0
- provision for jubilee awards and retirement gratuities	0	214
- difference between lease costs according to accounting and tax treatment	0	44
- provision for restructuring efforts	153	0
- non-invoiced services	0	800

Note 4a (cont.)

CHANGE IN DEFERRED INCOME TAX ASSETS	‘000 PLN	
	2015	2014
- reduction in the value of raw material and product inventories	116	0
- difference between lease costs under accounting and tax treatment	0	258
- provision for bonuses	6	0
- payment adjustment – unpaid costs	0	699
- other	0	66
b) reflected in the financial result of the accounting period in relation to tax loss (of which)	59	0
4. Closing of deferred income tax assets including:	24 911	20 727
a) included in the financial result	24 911	20 727
- provision for employee benefits due, but unpaid	4 552	5 189
- provision for jubilee awards and retirement gratuities	1 312	1 285
- provision for restructuring	256	409
- revaluation of trade receivables	3 573	1 622
- decrease of the value of raw material and product inventories	169	285
- provision for extended guarantees	19	25
- difference between lease costs under accounting and tax treatment	10	2
- non-invoiced services	2 408	1 429
- provision for bonuses	1 470	1 259
- payment adjustment – unpaid costs	10 750	8 975
	145	
- other	247	247
- 4A. Pricing adjustment (*)	-22 818	-18 766
- 4B. Closing balance of the deferred income tax assets, total	2 093	1 961

(*) 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	
	2015	2014
a) raw materials	45 743	61 840
b) intermediate products and work in progress	14 786	15 829
c) finished goods	9 784	29 924
d) merchandise	4 521	10 075
Total inventories	74 834	117 668

Note 6a

SHORT-TERM RECEIVABLES	‘000 PLN	
	2015	2014
a) from related entities	207 331	204 239
- trade receivables with maturity:	207 331	204 239
- below 12 months	207 331	204 239
b) receivables from other entities	34 644	39 918
- trade receivables with maturity:	12 750	17 566
- below 12 months	12 750	17 566
- receivables related to taxes, subsidies, customs, social and health insurance and other benefits	21 175	21 602
- other	719	750
Total short-term receivables, net	241 975	244 157
c) revaluation of net value of receivables	18 974	8 519

Total short-term receivables, gross	260 949	252 676

Note 6b

SHORT-TERM RECEIVABLES FROM RELATED ENTITIES	'000 PLN	
	2015	2014
a) trade receivables including:	207 331	204 239
- from controlling entity	31	26
- from other related entities	207 300	204 213
Total short-term receivables from related entities, net	207 331	204 239
Total short-term receivables from related entities, gross	207 331	204 239

Note 6c

CHANGE OF REVALUATION OF SHORT-TERM RECEIVABLES	'000 PLN	
	2015	2014
Opening balance	8 519	2 773
a) additions (of which)	11 758	7 703
- setting up provisions	11 758	7 703
b) decreases (of which):	1 303	1 957
- utilization rate, depreciation	31	88
- dissolution, paid	1 272	1 869
Closing balance of revaluated short-term receivables	18 974	8 519

Note 6d

GROSS SHORT-TERM RECEIVABLES (BY CURRENCY)	unit	currency	'000 PLN	
			2015	2014
a) in Polish currency			57 812	53 861
b) in foreign currencies (by currency and following conversion into PLN)			203 137	198 815
b1. unit/currency	'000	USD	178	9
following conversion into '000 PLN			695	30
b2. unit/currency	'000	EUR	47 505	46 638
following conversion into '000 PLN			202 442	198 785
Total short-term receivables			260 949	252 676

Note 6e

GROSS TRADE RECEIVABLES - WITH MATURITY COUNTED FROM BALANCING DATE:	'000 PLN	
	2015	2014
a) below 1 month	207 628	199 552
b) from 1 to 3 months	9 500	16 002
c) overdue receivables	21 829	14 670
Total trade receivables, gross	238 957	230 224
d) revaluated trade receivables	-18 877	-8 419
Total trade receivables, net	220 080	221 805

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	
	2015	2014
a) below 1 month	406	6 758
b) from 1 to 3 months	56	264
c) from 3 to 6 months	178	448
d) from 6 months to 1 year	8 129	6 536

e) above 1 year	13 060	664
Total overdue trade receivables (gross)	21 829	14 670
f) overdue revaluated trade receivables	-18 877	-7 262
Total overdue trade receivables, net	2 952	7 408

Note 7a

Gross short-term receivables totalled PLN 260 949 thousand including overdue receivables totalling PLN 21 829 thousand. The revaluation write-offs totalled PLN 18 974 thousand, of which overdue receivables totalled PLN 18 877 thousand.

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

File	Description

Note 8a

SHORT-TERM FINANCIAL ASSETS	'000 PLN	
	2015	2014
a) in other related entities	255 000	105 000
- extended loans	255 000	105 000
a) in other entities	0	5 395
- other securities (by category)	0	5 395
- bills of exchange with maturity above 3 months	0	5 395
b) cash and cash equivalents	29 425	56 386
- cash in hand and cash in bank	29 425	56 386
Total short-term financial assets	284 425	166 781

Note 8b

SECURITIES, INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY)	unit	currency	'000 PLN	
			2015	2014
a) in Polish currency			0	5 395
b1. in foreign currency	'000	EUR		
-				
Total securities, interests and other short-term financial assets			0	5 395

Note 8c

SECURITIES, INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY)	'000 PLN	
	2015	2014
c1)...		
c2)...		
c1)...		
c2)...		
A. With unlimited marketability , not listed in the regulated market (balance sheet value)	0	5 395
a. other – by category (balance sheet value):		5 395
c1) bills of exchange	0	5 395
- fair value	0	5 395
c2)....	0	
c1)		
c2) …		
Value at purchasing prices, total	0	0
Opening value, total	0	0
Value adjustment (in accounting period), total	0	0
Total balance sheet value	0	5 395

Note 8d

SHORT-TERM LOANS EXTENDED (BY CURRENCY)	unit	currency	'000 PLN	
			2015	2014
a) in Polish currency			255 000	105 000
b1. in currency				

other currencies in ‘000 PLN				
Total short-term loans extended			255 000	105 000

Note 8e

CASH AND CASH EQUIVALENTS (BY CURRENCY)	unit	currency	‘000 PLN	
			2015	2014
a) in Polish currency			24 031	50 351
b) in foreign currencies (by currency and following conversion into PLN)			5 394	6 035
b1. unit/currency	‘000	USD	118	18
following conversion into ‘000 PLN			460	64
b2. unit/currency	‘000	EUR	1 158	1 401
following conversion into ‘000 PLN			4 934	5 971
Total cash and cash equivalents			29 425	56 386

Note 9a

SHORT-TERM PREPAYMENTS	‘000 PLN	
	2015	2014
a) short-term prepayments including:	949	522
- property insurance	825	508
- other	124	14
Total short-term prepayments	949	522

Note 10a

The revaluation of non-financial assets for 12 months 2015 totalled PLN 976 thousand of which:
PLN 958 thousand applied to finished goods, and PLN 18 thousand applied to materials.

At the same time an adjustment (reduction) was made of the write-off for materials by PLN 3 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 2015 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	
	2015	2014
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)	18 225	16 441
- reposting of reserve capital from revaluation of fixed assets – liquidated and disposed of	16 541	14 757
- 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	324 459	322 675

Note 13a

REVALUATION CAPITAL	'000 PLN	
	2015	2014
a) revaluation of fixed assets	67 618	69 402
b) revaluation of deferred tax	481	481
Total revaluation capital	68 099	69 883

Note 14a

OTHER RESERVE CAPITAL (BY PURPOSE)	'000 PLN	
	2015	2014
- 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	57 831
-an allocation to the reserve capital from the profit distributed for the year 2014, with an option of dividend payment to the shareholders	43 467	0
Total other reserve capital	417 910	374 443

Note 15a

CHANGE IN PROVISION FOR DEFERRED INCOME TAX	'000 PLN	
	2015	2014
1. Opening balance of provision for deferred income tax including:	21 290	33 661
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
- 1a Valuation adjustment	-42 429	-26 576
2. Additions	94	3 791
a) netted with the financial result in the accounting period in relation to transient foreign exchange gains (of which)	94	3 791
- difference between depreciation under accounting and tax treatment	0	3 692
- interest accrued to contractors and interest due on cash assets	16	99
- prepayments	78	0
3. Deductions	16 923	309
a) deducted from financial result in the accounting period in relation to positive transient differences (of which)	16 923	309
-difference between depreciation under accounting and tax treatment	16 840	0
- amortization of investment allowances	83	296
- prepayments	0	13
4. Total closing balance of provision for deferred income tax	46 890	63 719
) netted with the financial result	46 890	63 719
- amortization of investment allowances	3 494	3 577
- interest charged to contractors and interest income from cash assets	125	109
- difference between depreciation under accounting and tax treatment	43 094	59 934
- prepayments	177	99
- 4a. Pricing adjustment	-17 562	-42 429
- 4b. Closing balance of deferred income tax, total*	29 328	21 290

(*) 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	
	2015	2014
a) opening balance	10 135	7 947
- jubilee awards, retirement gratuities, disability and death benefits	9 317	7 947
- other employee benefits due, unpaid	818	
b) additions (of which)	985	2 188
- jubilee awards, retirement gratuities, disability and death benefits	0	1 370
- other employee benefits due, but unpaid	985	818
c) dissolution (of which)	885	0
- jubilee awards, retirement gratuities, disability and death benefits	67	0
- other employee benefits due, but unpaid	985	0
d) closing balance	885	10 135
- jubilee awards, gratuity pensions, disability pensions and bereavement benefit	9 250	9 317
- other employee benefit, due, but unpaid	985	818

Note 15c

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND EQUIVALENTS (BY TITLE)	'000 PLN

	2015	2014
a) opening 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
b) additions (of which)	18 035	20 225
- jubilee awards, retirement gratuities, disability and death benefits	247	466
- other employee benefits due, but unpaid	17 788	19 759
c) utilization (of which)	0	0
d) dissolution (of which)	16 751	21 838
- other employee benefits due, but unpaid	16 751	21 838
e) closing balance	21 509	20 225
- jubilee awards, retirement gratuities, disability and death benefits	713	466
- other employee benefits due, but unpaid	20 796	19 759

Note 15d

CHANGE IN BALANCE OF OTHER LONG-TERM PROVISIONS (BY TITLE)	‘000 PLN	
	2015	2014
a) opening balance	132	78
- tire warranties extended	132	78
b) additions (of which)	23	58
- tire warranties extended	23	58
c) utilization (of which)	55	4
- tire warranties extended	55	4
d) dissolution (of which)	100	132
- tire warranties extended	100	132

Note 15e

CHANGE IN BALANCE OF OTHER SHORT-TERM PROVISIONS (BY TITLE)	‘000 PLN	
	2015	2014
a) opening balance	2 152	0
- restructuring provision (severance pays for laid-off workers)	2 152	0
b) additions (of which)	1 352	9 804
- restructuring provision (severance pays for laid-off workers)	1 352	9 804
c) utilization (of which)	2 157	7 652
- restructuring provision (severance pays for laid-off workers)	2 157	7 652
d) closing balance	1 347	2 152
- restructuring provision (severance pays for laid-off workers)	1 347	2 152

Note 16a

LONG-TERM LIABILITIES	‘000 PLN	
	2015	2014
a) to other entities	1 643	1 473
- other (by category)	1 643	1 473
- financial lease contracts	1 643	1 473
Total long-term liabilities	1 643	1 473

Note 16b

LONG-TERM LIABILITIES WITH MATURITY FROM BALANCING DATE	‘000 PLN	
	2015	2014
a) from 1 to 3 years	1 442	1 209
b) from 3 to 5 years	201	252
c) above 5 years		12
Total long-term liabilities	1 643	1 473

Note 16c

LONG-TERM LIABILITIES (BY CURRENCY)	unit	currency	'000 PLN	
			2015	2014
a) in Polish currency			1 643	1 473
Total long-term liabilities			1 643	1 473

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 Jun.2016	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%	30 Jun. 2016	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	
	2015	2014
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	4 708	3 454
- trade payables with the following maturity:	4 708	3 454
- below 12 months	4 708	3 454
- a') vis-à-vis other related entities	68 558	85 850
- trade payables with the following maturity:	68 558	85 850
- below 12 months	68 558	85 850
b) vis-à-vis other entities	294 165	288 038
- other financial liabilities including:	1 482	1 407
- lease contracts	1 482	1 407
- trade payables with the following maturity:	273 307	235 516
- below 12 months	273 307	235 516
- taxes, customs, insurance and other benefits	5 730	11 557
- wage-related payables	0	7 665
- other (by purpose)	13 646	31 893
- investment liabilities	13 631	31 891
- other	15	2
c) special funds (by purpose)	552	184
Total short-term liabilities	367 983	377 526

Note 17b

SHORT-TERM LIABILITIES (BY CURRENCY)	unit	currency	'000 PLN	
			2015	2014
a) in Polish currency			174 119	170 823
b) in foreign currencies (by currency and after conversion into PLN)			193 864	206 703
b1. unit/currency	'000	USD	1 088	1 592
after conversion into '000 PLN			4 245	5 582
b2. unit/currency	'000	EUR	44 496	47 186
after conversion into '000 PLN			189 619	201 121
Total short-term liabilities			367 983	377 526

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	
	2015	2014
- revenues from the sales of rubber products	1 679 786	1 750 077
- including: from related entities	1 603 542	1 609 470
- revenues from the sales of services	18 704	10 887
- including: from related entities	15 691	8 020
Total net sales of products	1 698 490	1 760 964
- including: from related entities	1 619 233	1 617 490

Note 19b

NET SALES OF PRODUCTS (BY GEOGRAPHICAL AREA)	‘000 PLN	
	2015	2014
a) domestic market	82 771	147 782
- including: from related entities	4 329	4 935
- revenues from the sales of rubber products	75 440	140 118
- including: from related entities	0	0
- revenues from the sales of services	7 331	7 664
- including: from related entities	4 329	4 935
b) export markets	1 615 719	1 613 182
- including: from related entities	1 614 904	1 612 555
- revenues from the sales of rubber products	1 604 346	1 609 959
- including: from related entities	1 603 542	1 609 470
- revenues from the sales of services	11 373	3 223
- including: from related entities	11 362	3 085
Total net sales of products	1 698 490	1 760 964
- including: from related entities	1 619 233	1 617 490

Note 20a

NET SALES OF MERCHANDISE AND MATERIALS (NON-CASH STRUTURE – TYPE OF ACTIVITY)	‘000 PLN	
	2015	2014
- materials	2 056	5 661
- including: from related entities	2 048	5 594
- merchandise	65 038	71 180
- including: from related entities	13 009	6 514
Total sales of merchandise and materials, net	67 094	76 841
- including: from related entities	15 057	12 108

Note 20b

NET SALES OF MERCHANDISE AND MATERIALS (BY GEOGRAPHICAL AREA)	‘000 PLN	
	2015	2014
a) domestic market	52 037	64 733
- including: from related entities	0	0
- materials	8	67
- including from related entities	0	0
- merchandise	52 029	64 666
- including: from related entities	0	0
b) export markets	15 057	12 108
- including: from related entities	15 057	12 108
- materials	2 048	5 594
- including: from related entities	2 048	5 594

- merchandise	13 009	6 514
- including: from related entities	13 009	6 514
Total sales of merchandise and materials, net	67 094	76 841
- including: from related entities	15 057	12 108

Note 21a

COSTS BY CATEGORY	'000 PLN	
	2015	2014
a) amortization	92 337	87 644
b) consumption of energy and materials	1 016 143	1 109 548
c) third party services	245 953	249 749
d) taxes and charges	11 993	11 795
e) wages and salaries	154 804	151 561
f) social insurance and other benefits	58 108	52 364
g) other cost categories (of which)	12 317	22 863
- advertising and entertainment costs	2 184	3 025
- business travel	913	1 060
- costs of relations with purchasing groups	2 936	13 155
- property insurance	2 636	2 018
- contributions to the State Fund for Rehabilitation of the Disabled	3 062	3 058
- other	586	547
Total cost categories	1 591 655	1 685 524
Change in inventory, products and prepayments	21 183	-7 356
Cost of products for own consumption (negative value)	-14 040	-18 791
Selling expenses (negative value))	-8 680	-34 717
Overall management costs (negative value)	-66 982	-55 671
Cost of products sold	1 523 136	1 568 989

Note 22a

OTHER OPERATING INCOME	'000 PLN	
	2015	2014
a) dissolved provisions (of which)	32	0
- provision for extended guarantees	32	0
b) other including:	241	233
- refunded court costs and costs of debt collection enforcement	121	185
- compensation for bad quality of raw materials	32	29
- reimbursement of damages for car accidents	26	1
- refunded social security contributions	1	233
- lands received	43	0
- other operating income	3	3
Total other operating income	273	233

Note 23a

OTHER OPERATING EXPENSES	'000 PLN	
	2015	2014
a) set up provisions (of which)	1 388	9 859
- restructuring costs	1 388	9 804
- provision for extended guarantees	0	55
b) other including:	14 119	14 465
- cost of non-utilized production capacity	0	5 179
- scraped products and materials	412	488
- donations and membership fees	320	358
- court charges related to debt collection	184	128
- change due to revaluation of receivables	10 297	5 831
- stock taking differentials	19	488
- costs of Corporate Community Centre and other social activities	342	837
- cost of repairs related to car accidents	14	39
- liquidation of machinery	1 853	1 493
- costs of EU project	537	0
- costs of discontinued investment projects	140	0
- other operating expenses	1	7

Total other operating expenses	15 507	24 324

Note 24a

INTEREST-RELATED FINANCIAL GAINS	'000 PLN	
	2015	2014
a) interest income related to loans extended	5 129	3 116
from related entities, of which:	5 129	3 116
from controlling entity	5 129	3 116
a) other interest	1 631	1 826
- from other entities	1 631	1 826
Total interest-related financial gains	6 760	4 942

Note 24b

OTHER FINANCIAL GAINS	'000 PLN	
	2014	2013
a) foreign exchange gains	212	0
- realized	1 277	0
- non-realized	-1 065	0
a) other including:	12	0
Financial gains from a stake in Tarpan partnership	12	0
Total other financial income	224	0

Note 25a

INTEREST-RELATED FINANCIAL EXPENSES	'000 PLN	
	2015	2014
a) on bank credits and loans:	624	68
- payable to other entities	624	68
b) other interest	2 163	4 984
- payable to other entities	2 163	4 984
Total interest-related financial expenses	2 787	5 052

Nota 25b

OTHER FINANCIAL EXPENSES	'000 PLN	
	2015	2014
a) foreign exchange losses of which:	0	2 916
- realized	0	2 364
- non-realized	0	552
b) other including:	0	0
Total other financial expenses	0	2 916

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	
	2015	2014

1. Profit (loss) before taxation	86 819	74 380
2. Differences between profit (loss) before taxation and taxation base for income tax (under 2 titles)	113 321	-13 256
A. Permanent differences	3 491	6 394
- non-deductible costs and losses including:	3 491	6 394
- charge-out – 5% margin	0	662
- provision for receivables	28	2
- delayed payment interest – receivables from the state budget entities	-753	901
- contributions to the State Fund for Rehabilitation of the Disabled	3 065	3 065
- expenses exceeding the limit for passenger cars	45	77
- penalties and compensation expense	29	29
- expenses on Supervisory Board and General Meeting of Shareholders	13	19
-social organization membership fees	0	0
- donations, scholarships, aids	429	409
- entertainment costs	205	478
-VAT provision for written-off receivables	0	16
-non-recoverable VAT on export shipments and shipments not confirmed with corrective invoice .	203	0
- additional allowance for the Corporate Social Fund	0	517
- other	227	219
B. Transitional differences	-109 830	19 650
- Positive differences including the following categories:	-88 572	18 331
- amortization of investment allowances	-436	-1 559
- difference between depreciation under accounting and tax treatment	-88 631	19 431
- interest charged to contractors and interest income from cash assets	84	526
- prepayments	411	-67
Negative differences including:	-21 258	1 319
- accrued expenses and provisions for liabilities	3 209	-7
- revaluation of receivables from customers	-10 267	-5 699
- devaluation of inventories, raw materials and products	611	-645
- provision for restructuring	805	-2 152
- difference between lease costs under accounting and tax treatment	-42	228
- non-invoiced services	-5 156	4 211
- provision for bonuses	-1 110	1 359
- payment adjustment –unpaid costs	-9 342	3 677
- other	34	347
3. Income tax taxation base (following deductions)	200 140	61 124
4. Income tax at 19% rate	199 830	62 196
5. Tax increases, discontinuations, reliefs, deductions and reductions	310	-1 072
6. Current income tax posted into tax return of the accounting period including:	59	0
- tax posted into Profit and Loss Account	59	0
- concerned with items reducing or increasing equity	0	0
- concerned with items reducing or increasing goodwill or negative goodwill	0	0

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. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently the validity date was deleted from the Operational Permit. According to the plans at the balancing date the Management Board assumes full utilization of the tax allowance by the end of 2017.
As of 31 December 2015 the amount of due tax relief totalled PLN 108.3 million in nominal terms and PLN 72,5 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	
	2015	2014
- decrease (increase) due to occurrence and reversal of temporary differences	7 906	-12 566
Total deferred income tax	7 906	-12 566

Note 28a

Distribution of net profit for 2014:
- dividend for shareholders – PLN 43 479 thousand, paid out on 21 December 2015
- increase of reserve capital – PLN 43 467 thousand.

Total net profit in 2014 – PLN 86 946 thousand.

A proposal on the appropriation of 2015 net profit amounting to PLN 78 913 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 2015 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 g).

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	31.12.2015	31.12.2014
1. Cash and cash equivalents according to item 3.1.b of the assets	29 425	56 386
- cash at bank	29 415	56 379
- cash in hand	10	7
2. Adjustment to foreign currencies due to balance sheet pricing -	-19	66
3. Cash for Cash Flow Statement	29 406	56 452

II. Variances between balance sheet changes:

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

	2015	2014
change in balance sheet	2 182	93 246
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"	5 395	-359
In Cash Flow Statement	7 577	92 887

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

	2015	2014
change in balance sheet	- 9 543	-52 012
Adjustments:		
change in the balance of liability related to the fixed assets under construction	18 260	-4 025
Change in balance of short-term liabilities under financial lease	-75	363
repayment of financial lease instalments		
change in the balance of embedded derivative (covered by the financial activity)	18 185	-3 662
Total adjustments	18 185	-3 662
In Cash Flow Statement	8 642	-55 674

File	Description

B. ADDITIONAL EXPLANATORY NOTES

Additional explanatory notes to the 2015 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 2014 and 31 December 2015 were as follows:

('000 PLN)

	Tradable financial assets	**Sellable financial assets**	**Tradable financial liabilities**
January 1, 2014	-	144	-
- additions	-	-	-
- reductions	-	-	-
December 31, 2014	-	144	-
January 1, 2015	-	144	-
- additions	-	-	-
- reductions	-	-	-
December 31, 2015	-	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		
- in related entities		255 000
- to other entities	-	
December 31, 2015	-	255 000
Overdraft facility		
- in other entities		0
December 31, 2015		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 16 D). At the balancing date the Company did not use its credit lines.

In 2015 interest expenses on financial liabilities (‘000 of PLN) amounted to:

Liabilities	interest realized category	interest not realized category
Overdraft facility	0	624

In 2014 interest on overdraft facility amounted to PLN 68 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 41,9 thousand.

Extended loans

W 2015 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	30 Apr. 2015
Dates of loan disbursements (Agreement)	25 Apr. 2014	28 May 2014	24 Sept. 2014	30 Apr. 2015
Loan Amount	60 000	15 000	30 000	60 000
Maturity date (loan repayment)	30 Apr. 2015	29 May 2015	24 Sept. 2015	30 Apr. 2016
Total interest accrued by 31 Dec. 2015	959 852.05	295 146.58	1 041 928.77	1 883 375.34
Interest paid by 31 Dec. 2015	1 218 723.29	359 864.38	1 171 364.38	1 645 397.26

Date of Loan Agreement	29 May 2015	24 Sept. 2015	24 Dec. 2015
Dates of loan disbursements (Agreement)	25 May 2015	28 Sept. 2015	24 Dec. 2015
Loan Amount	15 000	30 000	150 000
Maturity date (loan repayment)	30 Apr. 2016	29 May 2016	24 Sept. 2016
Total interest accrued in 2015	415 660.27	379 684.93	153 534.25
Interest paid in 2015	356 165.75	260 695.89	0.00

Interest payment date falls due on 14th 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 3 December 2015 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 85 000.00. The lottery organizer was a limited liability company called PRO DUCT By Business Friends Sp. z o.o. (Debtor).

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

In the accounting period the Company did not liquidate, nor discontinued any business activity, partially or fully, thus no costs of discontinued activities were recorded.

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 14 040 thousand for 12 months in 2015 and to PLN 18 791 thousand for 12 months in 2014.

6. Capital expenditures

In 2015 the capital expenditures totalled PLN 57 708 thousand, of which PLN 688 thousand was spent on environmental projects. The capital expenditures planned for 2016 amount to PLN 90 925 thousand.

For environmental projects planned for 2015 amount to PLN 900 thousand.

7. Transactions with related entities

The transactions made in 2015 with business entities of the Goodyear Group were as follows:

Sales of products, goods and services	PLN 1 634 million
Disposal of fixed assets and investments	PLN 1 million
Purchase of materials and merchandise	PLN 325 million
Purchase of services and licensing fees	PLN 179 million
Investment purchases	PLN 20 million
Balance of receivables as of 31 December 2015	PLN 207 million
Balance of liabilities as of 31 December 2015	PLN 73 million

In 2015 the Company entered into 27 transactions with the related entities with a one-off value exceeding EUR 500 thousand. 12 transactions were related to the purchase of licenses, another 15 transactions was concerned with the purchase of services and 1 transaction – management services.

In the accounting year covered by the financial statement the Company did not enter into any material transactions under significantly different than those close to the arms length principle transactions 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	2014	2015	Women	Men
Total including:	2 882	2 788	559	2 229
white collar workers	427	408	135	273
blue collar workers	2 455	2 380	424	1 956

10. Remuneration of management and supervisory personnel

Remuneration of Management and Supervisory Boards in 2015 totalled to (in '000 PLN):

for the Management Board members:

1. Stanisław Cieszkowski	1 243.9
2. Ireneusz Maksymiuk	910.5
3. Radosław Bółkowski	363.9
4. Mariusz Solarz	283.4
5. Michał Mędrek	182.0
6. Leszek Szafran	228.1
Total:	3 211.8

for the Supervisory Bard members:

1. Maciej Mataczyński	137.8
2. Łukasz Rędziniak	110.2
3. Janusz Raś	58.6
4. Piotr Wójcik	51.6
Total:	358.2

Other Supervisory Board members did not collect their fees.

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.

By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently the validity date was deleted from the Operational Permit.

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 2015 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 48 245 thousand comprised:

- purchase of machinery and equipment PLN 39 568 thousand
- construction and assembly works PLN 7 402 thousand
- other PLN 1 275 thousand.

The gross value of fixed assets used under lease agreements, classified pursuant to the Accounting Act, as financial lease agreements totalled PLN 4 722 thousand, whereas the net value amounted to PLN 3 073 thousand.

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 2015 the value of lands with perpetual usufruct right totalled PLN 29 750 thousand and its breakdown into individual categories is as follows:

Roads	PLN 75 thousand,
Arable lands	PLN 2 thousand,
Other developed lands	PLN 1 491 thousand,
Forests and forested lands	PLN 4 642 thousand,
Wasteland	PLN 529 thousand,
Housing lands	PLN 29 thousand,
Industrial areas	PLN 20 190 thousand,
Miscellaneous areas	PLN 1 794 thousand,
Still inland waters	PLN 972 thousand,
Urbanized non-developed lands	PLN 26 thousand.

22. Fixed asset revaluation

As of 31 December 2015, 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 837 thousand including:

• for products PLN 212 thousand

• for raw materials PLN 625 thousand.

Meanwhile the balance of inventory revaluation write-offs in 2014 was PLN 1 430 thousand.

23. Ageing of receivables

At the end of December 2015 the gross balance of trade receivables amounted to PLN 31 627 thousand and its ageing was as follows:

-below 30 days	PLN 90 thousand,
-from 31 to 90 days	PLN 10 612 thousand,
-from 91 to 180 days	PLN 6 837 thousand,
-from 181 to 365 days	PLN 3 849 thousand,
-above 365 days	PLN 10 232 thousand.

A write-off revaluating the trade receivables totalled PLN 18 877 thousand.

24. Financial revenues and expenses in 2015 (‘000 of PLN)

1. Interest expense on working capital loan	-624
2. Interest income from bank deposits	836
3. Interest income on loans extended	5 129
4. Interest income on receivables and interest expense on trade payables and on liabilities vis-à-vis budget	-41
5. Interest income on overdue trade receivables	36
6. Discounted bills of exchange and third party checks	-1 610
7. Interest expense on lease instalments	-151
8. Interest paid on committed, but non-utilized loan	-361
9. Interest income from state budget – refund of overpayment in 2014	759
10.Total interest and discounted bills of exchange and third party checks	3 973
11. Financial gains from a stake in “Tarpan" partnership	12
12. Actual foreign exchange gains/losses	1 277
13. Unrealized foreign exchange gains/losses	-1 065
Total foreign exchange gains/losses	212
Total net income on financial operations	4 197
Total financial income (as shown in P&L account)	6 984
Total financial expenses (as shown in P&L account)	2 787

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

Credit Risk

Credit risks present in the Company are monitored and managed.

The credit 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. The Company limits credit risk exposure to trade receivables through evaluation and monitoring of financial standing of contractors, setting credit limits and securing liability payment. Additionally since July 2015 the Company has insured its receivables. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.).
An inherent element of the credit risk management process pursued by the Company is ongoing monitoring of receivables balance and internal reporting system. In 2015 the non-collectible debts accounted for 8.8% of the sales revenues and was up compared to the previous periods due to the bankruptcy declaration by one major Customer. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.). Consequently good management in this area allows to generate added value.
Despite concentration of risk to this extent it is evaluated that due to available historical data and long-term experience related to business relations with customers and also due to applied securities the credit risk is low. 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 is low.

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 2015 the Company had at its disposal the total amount of PLN 175 million under signed current account overdraft facility agreements. As of 31 December 2015 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.

Market risk
The Management Board is responsible for market risk management and compliance with policy adopted in this area. The Company manages market risk through taking effective decisions about the maintenance of its market position, implementation of new, strategic projects aimed at prospecting new markets, new and attractive product launches.

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 2015 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 (to be updated)
On 9 December 2015 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 2015.

The fee owed for the audit and review of 2015 financial statement totalled PLN 260 000 (in 2014: PLN 250 000). In 2015 the tax advisory service fee was PLN 15 283.

The certified auditor did not provide any other services.

29. Balance sheet, Profit and Loans Account by energy trade and heat generation, energy and heat distribution and other activities in 2015 and comparative data

A. 2015 Balance Sheet by Energy Trade and Heat Generation, Energy and Heat Distribution and Other Activities

BALANCE SHEET as of 31 December 2015 (‘000 PLN)

	Distribution	Trade	Other operations
ASSETS			
I. Fixed assets	51	143	829 571
1. Intangible assets, including:	0	0	21
- goodwill			
2. Tangible fixed assets	51	143	827 313
3. Long-term receivables			
3.1. from related entities			
3.2. from non-related entities			
4. Long-term investments	0	0	144
4.1. Real estate			
4.2. Intangible assets			
4.3. Long-term financial assets	0	0	144
a) in related entities of which:			
- interest or shares in subsidiaries priced using full rights method			
b) in non-related entities	0	0	144
4.4. Other long-term investments			
5. Long-term prepayments	0	0	2 093
5.1. Deferred income tax assets	0	0	2 093
5.2. Other prepayments			
II. Current assets	17	66	602 100
1. Inventory	0	0	74 834
2. Short-term receivables	17	66	241 892
2.1. from related entities	0	0	207 331
2.2. from non-related entities	17	66	34 561
3. Short-term investments	0	0	284 425
3.1. Short-term financial assets	0	0	284 425
a) in related entities	0	0	255 000
b) in non-related entities	0	0	0

c) Cash and other cash assets	0	0	29 425
3.2. Other short-term investments	0	0	0
4. Short-term prepayments	0	0	949
T o t a l a s s e t s	68	209	1 431 670
LIABILITIES			
I. Shareholders’ equity	35	113	999 655
1. Share capital	0	0	110 422
2. Called up share capital, unpaid (negative value)			
3. Own shares and stocks (negative value)			
4. Reserve capital	35	113	324 311
5. Revaluation capital	0	0	68 100
6. Other reserve capital	0	0	417 909
7. Retained earnings (profit/loss)			
8. Net profit/loss	0	0	78 913
9. Write-offs from net profit during the accounting year			
II. Liabilities and provisions for liabilities	34	96	432 015
1. Provisions for liabilities	2	3	62 515
1.1. Provision for deferred income tax	0	0	29 328
1.2. Provision for retirement gratuities and equivalent	2	3	31 740
a) long-term	0	0	10 235
b) short-term	2	3	21 505
1.3. Other provisions	0	0	1 447
a) long-term	0	0	100
b) short-term	0	0	1 347
2. Long-term liabilities	0	0	1 643
2.1. Vis-a-vis related entities			
2.2. Vis-à-vis non-related entities	0	0	1 643
3. Short-term liabilities	32	93	367 857
3.1. Vis-a-vis related entities	0	0	73 266
3.2. Vis-a-vis non-related entities	32	93	294 039
3.3. Special funds	0	0	552
4. Accruals	0	0	0
4.1. Negative goodwill			
4.2. Other accruals	-	-	-
a) long-term			
b) short-term			
T o t a l l i a b i l i t i e s	68	209	1 431 670

B. 2014 Balance Sheet by Energy Trade and Heat Generation, Energy and Heat Distribution and Other Activities

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

	Distribution	Trade	Other operations
ASSETS			
I. Fixed assets	57	164	867 953
1. Intangible assets, including:	0	0	39
- goodwill			
2. Tangible fixed assets	57	164	865 809
3. Long-term receivables			
3.1. from related entities			
3.2. from non-related entities			
4. Long-term investments	0	0	144
4.1. Real estate			
4.2. Intangible assets			
4.3. Long-term financial assets	0	0	144
a) in related entities of which:			
- interest or shares in subsidiaries priced using full rights method			
b) in non-related entities	0	0	144
4.4. Other long-term investments			
5. Long-term prepayments	0	0	1 961
5.1. Deferred income tax assets	0	0	1 961
5.2. Other prepayments			
II. Current assets	24	72	529 032
1. Inventory	0	0	117 668
2. Short-term receivables	24	72	244 061
2.1. from related entities	0	0	204 239
2.2. from non-related entities	24	72	39 822
3. Short-term investments	0	0	166 781
3.1. Short-term financial assets	0	0	166 781
a) in related entities	0	0	105 000
b) in non-related entities	0	0	5 395
c) Cash and other cash assets	0	0	56 386
3.2. Other short-term investments	0	0	
4. Short-term prepayments	0	0	522
Total assets	81	236	1 396 985
LIABILITIES			
I. Shareholders’ equity	48	145	964 176
1. Share capital	0	0	110 422
2. Called up share capital, unpaid (negative value)			
3. Own shares and stocks (negative value)			
4. Reserve capital	48	143	322 484
5. Revaluation capital	0	0	69 883
6. Other reserve capital	0	0	374 443
7. Retained earnings (profit/loss)			

8. Net profit/loss	0	2	86 944
9. Write-offs from net profit during the accounting year			
II. Liabilities and provisions for liabilities	33	91	432 809
1. Provisions for liabilities	1	3	53 929
1.1. Provision for deferred income tax	0	0	21 290
1.2. Provision for retirement gratuities and equivalent	1	3	30 355
a) long-term	0	0	10 135
b) short-term	1	3	20 220
1.3. Other provisions	0	0	2 284
a) long-term	0	0	132
b) short-term	0	0	2 152
2. Long-term liabilities	0	0	1 473
2.1. Vis-a-vis related entities			
2.2. Vis-à-vis non-related entities	0	0	1 473
3. Short-term liabilities	32	88	377 406
3.1. Vis-a-vis related entities	0	0	89 304
3.2. Vis-a-vis non-related entities	32	88	287 918
3.3. Special funds	0	0	184
4. Accruals	0	0	0
4.1. Negative goodwill			
4.2. Other accruals	-		-
a) long-term			
b) short-term			
Total liabilities	81	236	1 396 985

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

PROFIT AND LOSS ACCOUNT FOR 2014 ('000 PLN)

	Distribution	Trade	Other business
I. Net sales of products, merchandise and materials	201	564	1 837 040
- including from related entities	0	0	1 629 598
1. Net sales of products	201	564	1 760 199
2. Net sales of merchandise and materials	0	0	76 841
II. Cost of products, merchandise and materials sold	195	545	1 641 542
- including from related entities	0	0	1 485 397
1. Cost of production of products sold	195	545	1 568 249
2. Value of merchandise and materials sold	0	0	73 293
III. Gross profit (loss) on sales	6	19	195 498
IV. Cost of sales	0	0	34 717
V. General administrative expenses	6	17	55 648
VI. Sales profit (loss)	0	2	105 133
VII. Other operating income	0	0	233
1. Gain from disposal of non-financial fixed assets	-	-	-
2. Subsidies	-	-	-

3. Other operating income	0	0	233
VIII. Other operating expenses	0	0	27 962
1. Loss on disposal of non-financial fixed assets	0	0	2 246
2. Revaluation of non-financial fixed assets	0	0	1 392
3. Other operating costs	0	0	24 324
IX. Operating profit (loss)	0	2	77 404
X. Financial income	0	0	4 942
1. Dividends and share in profits, of which:	-	-	-
- from related entities	-	-	-
2. Interest of which:	0	0	4 942
- from related entities	0	0	3 116
3. Investment disposal gains	-	-	-
4. Revaluation of investments	-	-	-
5. Other	0	0	0
XI. Financial costs	0	0	7 968
1. Interest of which:	0	0	5 052
- for related entities	-	-	-
2. Loss on disposal of investments	-	-	-
3. Revaluation of investments	-	-	-
4. Other	0	0	2 916
XII. Profit (loss) on ordinary activities	0	2	74 378
XIII. Extraordinary gain/loss	-	-	-
1. Extraordinary gains	-	-	-
2. Extraordinary losses	-	-	-
XIV. Gross profit (loss)	0	2	74 378
XV. Income tax	0	0	- 12 566
a) current portion	0	0	0
b) deferred portion	0	0	- 12 566
XVI. Other mandatory deductions from profit (loss increase)	-	-	-
XVII. Share in nets profits/losses of subsidiaries priced using ownership rights method	-	-	-
XVIII. Net profit (loss)	0	2	86 944

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 from the Supplier. 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 as well as to heat generation and distribution, including net profit generated in the current year by each of the two business lines.

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 2,65% 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 was determined on the basis of invoices issued by PSE operator and referring directly to the third party customers.

Costs of products sold (heat generation and distribution) were assigned directly based on the cost records of the energy department taking into account: for fixed costs - 0.41% percentage index of power contracted by third party customers in the total power contracted by the Company for auxiliaries and third party customers and for variable costs - percentage index of 0.69% of the heat supplied to the third party customers in the total heat consumption.

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 0.03% of total revenues both in 2015 and 2014.

Revenues from heat generation and distribution accounted for 0.01% of total revenues in 2015 and 2014.

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
25 April 2016	Stanisław Cieszkowski	President of Management Board – Production Director	
25 April 2016	Ireneusz Maksymiuk	Management Board member – Finance Director	
25 April 2016	Michał Mędrek	Management Board member – Logistics Director	
25 April 2016	Leszek Szafran	Management Board member – Commercial Director	

SIGNATURE OF THE PERSON IN CHARGE OF BOOK KEEPING			
Date	Name and surname	Position/Function	Signature
25 April 2016	Ireneusz Maksymiuk	Management Bard member – Finance Director	

MANAGEMENT BOARD REPORT

T.C. DEBICA S.A. MANAGEMENT BOARD REPORT ON COMPANY OPERATIONS IN 2015

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, 25 April 2016

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 in the Polish tire market for several years.

In 2015 a novelty product from TC Dębica was especially popular with the Polish drivers, viz. Debica Presto UHP.

This tire is designed for mid-size class and upper class HP cards. It offers good mileage both on wet and dry roads. Especially designed tread blades contain high number of cuts, which enables the tire to cut effectively the water layer when the tire touches the road surface.

Debica Presto UHP is also characterised by outstanding performance on dry roads. The asymmetric tread pattern with central rib secures an optimized distribution of stiffness, giving superior performance on the bends.

The economic aspect should be also noted. The optimized tire shape and design enhance its contact with the road surface and distribute pressure evenly, which translates into long mileage. The new tire contains five ribs. The additional fifth rib safeguards stable drive at high speeds.

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.

NEW DEBICA FRIGO HP

Debica Frigo HP tire can boast of long tradition and is highly popular with the drivers. This the first even HP winter tire under Debica brand.

“Optimized performance of new tires is very important – consequently the drivers of cars with more powerful engines do not have to give up higher speeds and they can drive decidedly and safely.

Self-locking blades of new tread bite into snow thus improving control over vehicle and ensure excellent handling and snow traction capabilities. Directional pattern of new tread and silica-based compound reduce the wet braking distance. Strong carcass gives rigidity to the tire and good stability to the vehicle while driving at high speeds, and optimized tire structure secures long mileage, which results in savings for the driver.

NEW DEBICA FRIGO 2

Debica Frigo 2 has enjoyed sustained popularity in the Polish market in the segment of winter tires. It was designed for the drivers appreciating comfort and economy. The tire design ensures long mileage and comfortable winter driving. It is designed for urban, compact and also mid-size class vehicles.
The year 2015 saw the launch of Debica Frigo 2 tire with new tread pattern, which offers better control over vehicle on snow-covered and frost-bitten roads. The compound of new tire contains special resin, which enhances road grip and reduces wet braking distance. New directional tread with wide grooves dissipates water and slush effectively. The tire design ensures even tread wear on the overall surface.

The 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, Kelly, Debica and Sava.

The year 2015 saw a dynamic development of production capacity for truck tires at Debica plant, which ranks the Company among one of major truck tire makers in Poland.

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 . In 2016 the Company will continue to expand its truck tire product range by adding the size of 19,5”, which will be mainly used in urban and local haulage. This market segment has dynamically been growing and creates another opportunity to develop manufacturing of truck tires at Debica manufacturing plant.

In 2015 the production of truck tire under Debica brand was relaunched. The on-road Debica tires include: DRS tires for steer axle, DRD for drive axle and DRT for trailers, and for mixed applications the following tires: DMSS for steer axle, DMSD for driven axle and DMST for trailers. The new truck tire product line that has been offered in the European markets since January 2016 – is characterized by well balance performance, robust design, and proven carcass quality ensuring high retreadability. Additionally all Debica-branded truck tires are marked with M+S symbol, which implies that they comply with the winter tire requirements set forth in the European legislation. This offer supplements perfectly the product ranges offered by the Company. It is offered mainly for fleets, which are especially price sensitive and want to apply tires with balanced performance and proven quality.

1.3. DEBICA INDUSTRIAL AND FARM TIRES

In 2014 Tire Company Debica S.A. decided to discontinue manufacturing of farm tires effective from the onset of January 2015 and made a relevant announcement to this extent in the current report No. RB 20/2014, dated 16 October 2014.

The above decision was taken based on the fact that orders of Goodyear, major customer of the Company and its strategic investor, accounted for more than 80% of total output of farm tires from Debica plant.

Estimated annual sales in value terms of farm tires accounted only for 1.8% of the estimated total sales of the Company in value terms per year.

1.4. MEMBRANES

Tire Company Debica S.A. is a producer of curing membranes used to make tires. In 2015 the Company produced above 189 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 130 thousand membranes were sold to company, which produces tires, mainly in the Western Europe, Asia and North America.

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 2015 vs. 2014
Consumer, commercial, heavy truck, farm, industrial tires	14 891	1 634 536	92.6%	-3.2%
Other		131 047	7.4%	-12.1%
Total:	**14 891**	**1 765 583**	**100.0%**	**-3.9%**

2. INVESTMENT ACTIVITIES

In 2015, capital expenditures totalled PLN 57.7 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, compliance with HSE, and fire safety requirements,
d) purchases of manufacturing accessories.

In 2015 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 conducive for environmental protection;
- application of equipment for continuous monitoring of production processes.

3. MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

T.C. Debica S.A. continued to pursue the technical development direction adopted in the previous years.

In case of consumer tires the priority was:
- Implemented the production of 17" High Performance and Ultra High Performance tires, for Original Equipment Manufacturers for the following car makes: Audi, Volkswagen and Skoda;
- follow-up implementation project involving the start of manufacturing of BA tire (rolling resistance and wet grip parameters) with speed indices W (max. 270 km/h) and Y (max. 300 km/h);
- The winter tire product range was extended with the application of silica-based compound, which offers excellent traction on snow and ice.
- it launched the production of a new family of all-season tires: Goodyear Vector 4 Seasons Gen-2 with excellent all-season handling features.

In the truck area Tire Company Debica S.A. commenced the implementation of manufacturing process for 19.5" family of tyres comprising tires for steer, drive and trailer axles.

In parallel compound production capacities were being developed to achieve the aforementioned tire characteristics. These are material technological processes, which allow to obtain enhanced tread safety on wet roads, through the application of functionalized synthetic rubbers and silica with high active area.

In the field of consumer tires manufacturing processes the computerisation efforts were continued to enable the implementation of KANBAN-based manufacturing control system, optimizing material circulation and safeguarding the highest compliance of executed production plans with the customer requirements. The implemented system safeguards full and complete real time monitoring of manufacturing process for every single tire, collects and archives all necessary process and product data.

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 represent the highest level of development and efficiency of tire manufacturing process.

4. PROCUREMENT

In 2015 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 8.48% 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 2.51% of the net sales revenues of Tire Company Debica S.A.

5. SALES AND DISTRIBUTION

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

The year 2015 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 2015 sales totalled PLN 1 766 million, down by PLN 72 million compared to 2014.
Exports totalled PLN 1 631 million in value terms and accounted for 92.4 per cent of total sales in value terms, of which 96.8% was the sales to Goodyear Dunlop Tires Operations SA with its registered office in Luxembourg.

The domestic sales accounted for 7.6 per cent of Company's total sales revenues.

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

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

Tire Company Debica S.A. makes tyres for original equipment manufacturer (OEM) markets. These products are sold via related entities that supply tires to OEM markets.

On the domestic replacement market, the tires were primarily distributed through: regional tire distributors, the Premio franchising network, tires service stations namely the Goodyear Group's Authorized Service Stations.

6. COMPANY AUTHORITIES

The year 2015 saw no changes in the basic principles of company management. 21st term of office of the Supervisory Board lasted until 12 June 2015 i.e. the date of holding General Meeting of Shareholders.

19th term of office of the Management Board started in 2011 and lasted for 3 years pursuant to the Company Statutes.

During its 19th term of office, the Management Board consisted of:

Stanisław Cieszkowski – President of Management Board
Ireneusz Maksymiuk – Management Board Member
Radosław Bółkowski - Management Board Member (until 29 June 2015)
Michał Mędrek – Management Board Member (since 4 August 2015)
Mariusz Solarz – Management Board Member (until 8 October 2015)
Leszek Szafran – Management Board Member (since 8 October 2015)

During its 21st term of office, the Supervisory Board consisted of:

Jacek Pryczek - Supervisory Board Member
Renata Kowalska-Anders – 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.

On 12 June 2015 the following persons were appointed to sit on the Supervisory Board during 22nd term of office:

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
Piotr Wójcik – 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. Piotr Wójcik, appointed to the position of a Supervisory Board member for 22nd term of office pursuant to the stipulations of the Statutes and Rules for Election of Employee Representative.

At its first meeting, held on 12 June 2015 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 2015 is presented in Section 10 of "The Notes to the Financial Statement" representing an integral part of the 2015 Financial Statement.

In 2015, 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.

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 2015 Tire Company Debica S.A. generated a net profit totalling PLN 78.9 million, down by PLN 8.0 million and by 9.2 per cent compared to that in 2014.

Sales revenues totalled PLN 1 765.6 million and were down by 3.9 per cent compared to sales in 2014.

Sales revenues of Tire Company Debica S.A. to related entities totalled PLN 1 629.6 million i.e. up by 4.7 million on a year-to-year basis. In 2015 the sales to the Goodyear Group related entities accounted for 92.6% of total sales compared to 88.7 per cent in the same period of 2014. Meanwhile sales to the non-related entities totalled PLN 131.3 million, down by PLN 76.9 million on a year-to-year basis.

Gross profit from sales to the related entities totalled PLN 156.7 million. The ratio of profit margin to the revenues rose from 8.8 to 8.9 per cent on a year-to-year basis. Gross profit from sales to the related entities totalled PLN 18.1 million. Margin on that level of profit fell from 24.6 to 18.8 per cent on a year-to-year basis.

In 2015 gross profit from sales totalled PLN 174.9 million. The margin to revenues was at the level of 9.9 per cent.

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

The costs of sales and general management totalled PLN 75.7 million i.e. down by PLN 14,7 million compared to 2014. The share of these costs in total sales accounted for 4.3 per cent against 4.9 per cent in the previous year.

In 2015 the other operating profit was negative and totalled PLN 16.6 million, up by PLN 11.1 million compared to 2014, mainly due lower provision for restructuring costs totalling PLN 8.4 million and costs of underutilized production capacity, which were none in 2015 and totalled PLN 5.2 million in 2014.

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

Additionally in 2015 the company suffered a loss on the disposal of non-financial fixed assets totalling PLN 0.4 million, down by 1.8 million on a year-to-year basis. Other operating costs are down by PLN 11.1 million.

In 2015 the EBIT amounted to PLN 82.6 million and it was up by 6.7 per cent compared to the previous year. The ratio of margin on that level to revenues was up to 4.7 per cent compared to 4.2 per cent in the previous year.

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

Foreign exchange gains totalled PLN 0.2 million, compared to foreign exchange loss of PLN 2.9 million on a year-to-year basis.

The cost of discounted bills of exchange totalled PLN 1.6 million, down by PLN 1.7 million compared to 2014.

Interest income on loan to related entities totalled PLN 5.1 million, up by PLN 2.0 compared to 2014. Meanwhile other interest income totalled 1.6 million – down by PLN 0.2 million on a year-to-year basis.

In 2015 gross profit before taxation was PLN 86.8 million, up by 16.7 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 37.9 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 (7.9) million. Consequently total income tax is negative and totals PLN (7.9) 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. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently the validity date was deleted from the Operational Permit. According to the plans at the balancing date the Management Board assumes full utilization of the tax allowance by the end of 2017.

As of 31 December 2015 the amount of due tax relief totalled PLN 108.3 million in nominal terms and PLN 72.5 million in discounted terms. As at balancing date the Company utilized the enjoyed tax relief in the amount of PLN 75.8 million in nominal terms and PLN 51.8 million 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.

In 2015 net profit totalled PLN 78.9 million, down by 9.2 per cent compared to 2014.

In 2015 the effective income tax rate was 9.1% below the statutory rate of 19.0 per cent. The significant impact on the effective income tax rate had the fact the Company settled tax relief for completion of the investment project in the Euro-Park Mielec Special Economic Zone.

At the end of December 2015 the value of fixed assets was PLN 829.8 million and was down by PLN 38.4 million during the accounting year. The capital expenditures totalled PLN 57.7 million, whereas the value of depreciation of the existing fixed assets was PLN 92.3 million. The deferred income tax assets totalled PLN 2.1 million and remained at comparable level to the balance prevailing on 31 December 2014.

In total the Company’s current assets amounted to PLN 602.2 million and were up after four quarters of 2015 by PLN 73.1 million. Short-term receivables totalled PLN 242 million and were down by PLN 2.2 million, of which an increase of PLN 3.1 million was recorded from related entities. The value of inventory was down by PLN 42.9 million to the level of PLN 74.8 million. The Company’s short-term financial assets totalled PLN 284.4 million and were up after four quarters of 2015 by PLN 117.6 million. Cash assets and equivalents were down by PLN 27.0 million. At the end of December 2015 the value of loans extended to the related entities was PLN 255.0 million.

Short-term prepayments and accruals totalled PLN 0.9 million and were up by PLN 0.4 million compared to the balance as of 31 December 2014.

As of 31 December 2015 the Company assets totalled PLN 1 431.9 million and were up by PLN 34.6 million after four quarters of the year.

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

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

At the end of December 2015 the Company equity totalled PLN 999.8 million and was up by PLN 35.4 million, because 2014 dividend for payment was PLN 43.5 million, while 2015 net profit was PLN 78.9 million.

8. Risk management objectives and principles

Tire Company Debica SA. uses its financial risk management policy to identify the following risks and adopted the following objectives and methods for management of identified risks:

Credit Risk

The credit 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. The Company limits credit risk exposure to trade receivables through evaluation and monitoring of financial standing of contractors, setting credit limits and securing liability payment. Additionally since July 2015 the Company has insured its receivables. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.).

An inherent element of the credit risk management process pursued by the Company is ongoing monitoring of receivables balance and internal reporting system. In 2015 the non-collectible debts accounted for 8.8% of the sales revenues and was up compared to the previous periods due to the bankruptcy declaration by one major Customer. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.). Consequently good management in this area allows to generate added value.

Despite concentration of risk to this extent it is evaluated that due to available historical data and long-term experience related to business relations with customers and also due to applied securities the credit risk is low.

Consequently good management in this area allows to generate added value.

Liquidity Risk

According to the assessment of Company's Management Board owing to the fact that the Company operates as a member of an international capital group and is characterized by a relatively high profitability, there is no material risk of liquidity loss. In relation to the above the Company does not use any instruments hedging against liquidity loss. The company finances its operations mainly with cash flows generated by itself.

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 2015 the Company entered into current account overdraft facilities for the total amount of PLN 175 million. As of 31 December 2015 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.

Market Risk

The Management Board is responsible for market risk management and compliance with policy adopted in this area.

The Company manages market risk through taking effective decisions about the maintenance of its market position, implementation of new, strategic projects aimed at prospecting new markets, new and attractive product launches.

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 2015 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 2015 Tire Company Debica S.A., the largest Goodyear's manufacturing plant in Europe and one of the major plants globally, 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).

In this segment the Company successfully launched of a new product – a technologically advanced tire called Debica Presto UHP, designed for ultra high performance cars.

Significant capital expenditures were spent, inter alia, on the modernisation and efficiency improvement of truck tire manufacturing lines and widening of the product range to improve further Company profitability and enhance its competitive edge in this segment. The Company is going to strengthen consistently its market position.

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 2015 the Company was in the possession of financial assets put up for sale i.e. interests in third parties worth PLN 144 thousand.

In 2015 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 2015 was nil.

11. OTHER INFORMATION

A.
In 2015 the value of transactions with related entities belonging to the Goodyear Group related to the sales of products, commodities and services totalled PLN 1 634 million, whereas the value of fixed asset disposal was PLN 1 million.

The value of purchase transactions was PLN 524 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 2015 was zero.

In 2015 the Company entered into agreements with four (4) banks for current account overdraft facilities for the total amount of PLN 175 million. Note 19D to the Balance Sheet comprises a list of these agreements as well as terms and conditions of extended financing.

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

The 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 2015 the Company did not invest into any securities, financial instruments nor real properties.

D/
The Company did not announce publicly the financial forecast for 2015.

E/

The Company is a party to the following material contracts:

- technical assistance and licensing contract concluded with Goodyear S.A. with its registered office in Luxembourg,
- 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 2015 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.:

Stanisław Cieszkowski, Management Board Member - 430 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 2015 no acquisition, nor disposal of own shares/interest took place.

M/
On 9 December 2015 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 2015 Financial Statement.

The fee due for the audit and review of 2015 Financial Statement totals PLN 260 000 (in 2014: PLN 250 000).
In 2015 the fee for tax counselling services was PLN 15 283.

The certified auditor did not provide any other services.

12. CORPORATE GOVERNANCE

The Company's Management Board states that T.C. Debica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, in 2015 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.

The Company's Management Board, appreciating the significance of corporate governance rules laid down in this document and the role played by the rules in strengthening the transparency of listed companies, has taken its best efforts to ensure that the rules in question are applied in the Company to the widest possible extent. Save for the explanations provided below, to the best knowledge of the Management Board, in 2015 none of the rules laid down in "Code of Best Practice for WSE Listed Companies", were breached by the Company.

The Company did not apply the Rule II.2a concerning providing separate information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the company in the last two years, since information about composition and changes in composition of above governing bodies is published on the Company website.

The Company did not apply the Rule IV.10 to the extent that the company should enable its shareholders to participate in a General Meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting. The Company did not follow this Rule due to a risk of irregularities that might occur during the course of General Meeting such as potential problems with shareholders identification, unreliability of the electronic communication means, as well as problems with shareholders' compliance with technical and hardware requirements.

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 RAPORT

ENVIRONTMENTAL PROTECTION

Environmental care is a natural priority of Tire Company Debica S.A.
Through the implementation of new technologies, process optimization as well as compliance with very rigorous legal requirements Tire Company Debica S.A. curtails effectively the adverse impact of manufacturing activities on natural environment.
The impact of undertaken activities are visible in the Company performance in individual business areas.

AIR EMISSIONS

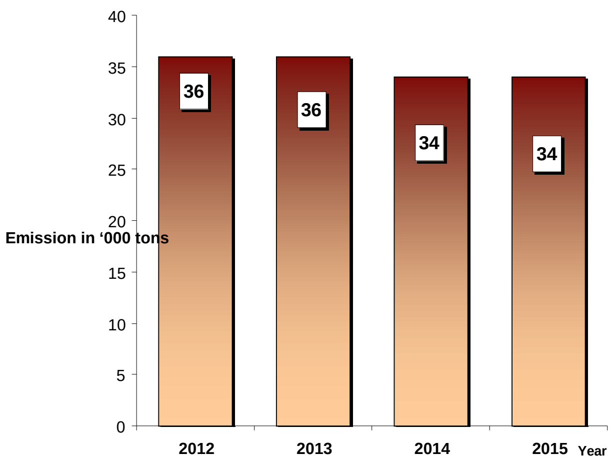
In tire manufacturing process Tire Company Debica S.A. uses heat energy generated by on-site boiler house, which is mainly fired with natural gas. The air emissions from combustion process include the following pollutants: carbon dioxide as well as carbon, sulphur and nitrogen monoxides. The upkeeping of optimum combustion control conditions and recirculation of some flue gases allowed to reduce the emissions of carbon and nitrogen monoxides from the combustion process.
Measures taken over the last couple of years to eliminate gasoline and gasoline-based adhesives allowed to reduce significantly the gasoline consumption in the tire manufacturing process and consequently – to reduce the emission of volatile organic compounds.

Graph descriptions
Carbon dioxide emissions from the commercial boiler house in 2012-2015 (in'000 tons)
Year 2012 2013 2014 2015
Carbon dioxide emissions in '000 tons 36 36 34 34

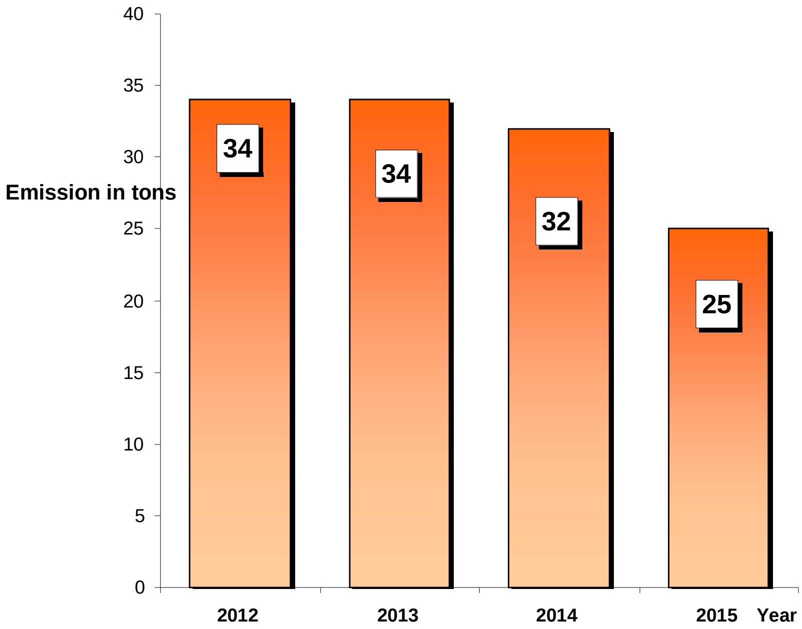
Other pollutions emitted by the commercial fuel combustion process in 2012–2015 (in tons)
Year 2012 2013 2014 2015
Emissions (in Mg) 34 34 32 25

Gasoline consumption in 2012-2015 (in kg per 1 Mg of the product)
Year 2012 2013 2014 2015
Gasoline consumption (in kg/Mg) 0.028 0.021 0.018 0.001

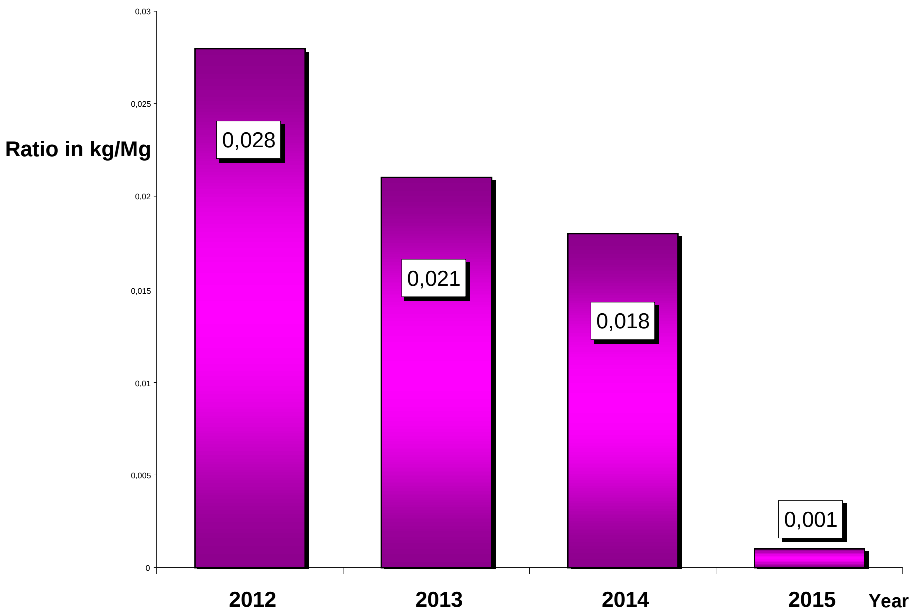
Carbon dioxide emissions from the commercial fuel combustion process in 2012-2015 (in'000 tons)



Other pollutions emitted by the commercial fuel combustion process in 2012–2015 (in tons)
Total emissions: carbon monoxide, sulphur oxides (SOx), nitrogen oxides (NOx)



Gasoline consumption in 2012-2015 (in kg per 1 Mg of the product)



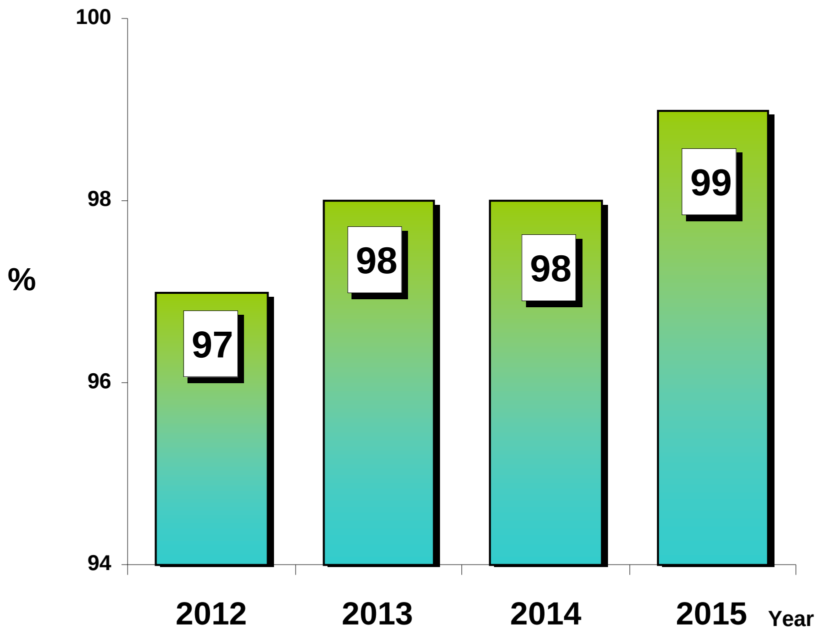
INDUSTRIAL WASTE

99% of waste generated by Tire Company Debica S.A. is handed over to the third party dealing with waste management with the application of recovery processes including recycling. Commissioning waste for recovery/recycling, the Company limits the consumption of virgin materials, which protects natural resources and eliminates storage of waste on landfill sites. In 2015 as much as 61% of total waste commissioned for management were recycled. The recycling underlying idea is to recover from segregated waste as much materials and raw materials as possible in parallel to maximum reduction of recycling expenses.
To achieve the highest possible waste utilization rate, waste has to be segregated properly at each work station, which is achieved by the Company thanks to high associate awareness.

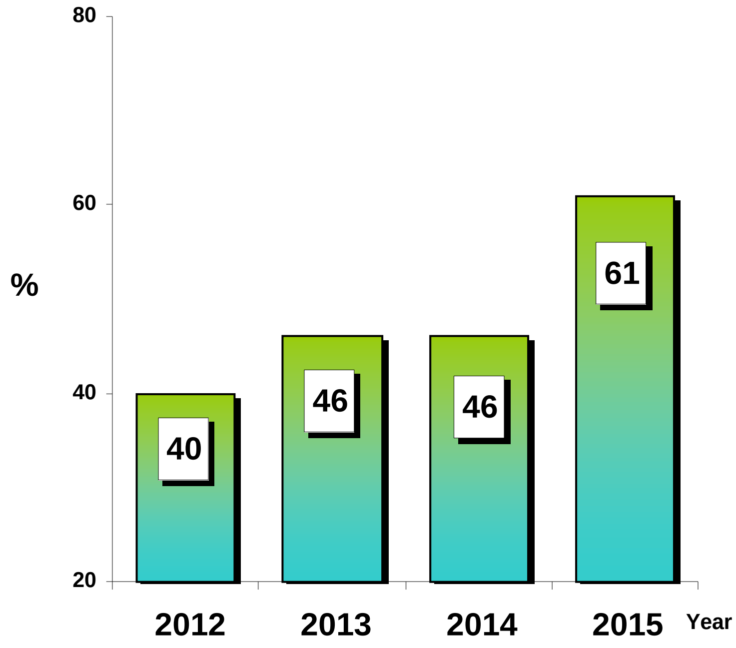
Graph descriptions
Volume of recovered/recycled waste in total volume of waste produced in 2012–2015 [%]
Year 2012 2013 2014 2015
Volume of recovered/recycled waste [%] 97 98 98 99

Volume of recycled waste in 2012–2015 [%]
Year 2012 2013 2014 2015
Volume of recycled waste in [%] 40 46 46 61

Volume of recovered/recycled waste in total volume of waste produced in 2012–2015 [%]



Volume of recycled waste in 2012-2015– [%]



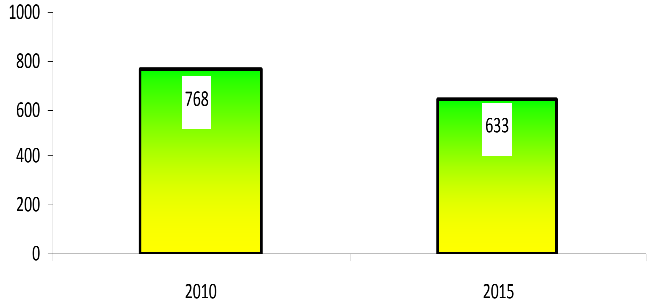
Water

For the last 5 years the Company was running Programme focusing on reduction of process water consumption. The Company's objective is to reduce water consumption by 15% against baseline level.
At the end of 2015 the objective was met. The process water consumption was reduced by 17%.
Water consumption in m^3 per ton of product was also reduced.

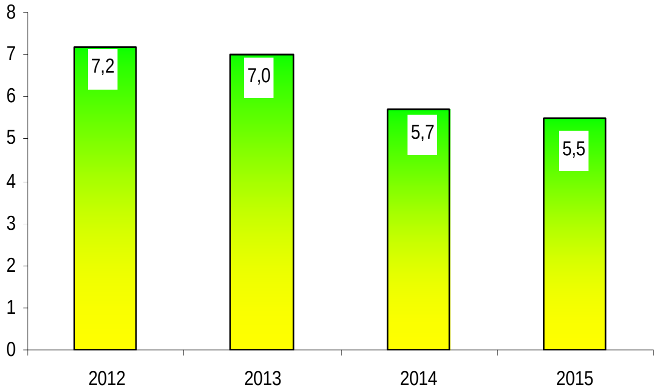
Graph descriptions
Reduction of process water consumption in 2010–2015 (in '000 m^3)
Year: 2010, 2015
Water volume: 768, 633 (in '000 m^3)

Water consumption in m^3 per ton of product in 2012–2015
Year: 2012 2013 2014 2015
Water consumption:7,2; 7,0; 5,7; 5,5 (m^3)

Reduction of process water consumption in 2010–2015 (in '000 m3)



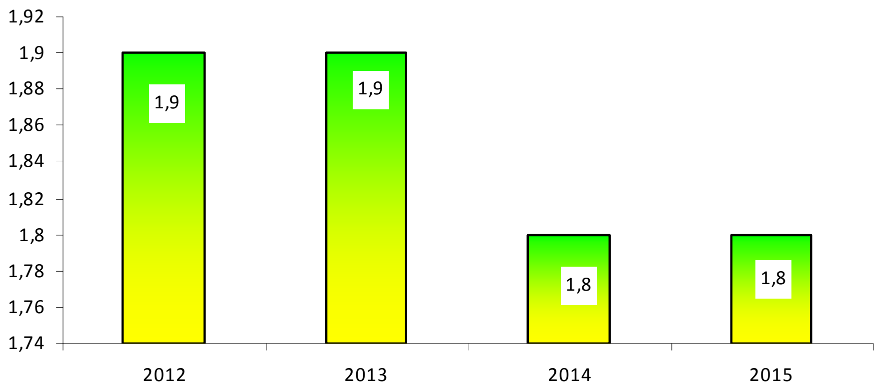
Water consumption in m3 per ton of product in 2012–2015



Despite an increase of environmental rates, the ratio of environmental fees per 1 Mg of products remained at the previous year level.

Graph descriptions
Environmental fees in PLN per tone of product in 2012–2015
Year: 2012 2013 2014 2015
Ratio: 1.9; 1.9; 1.8; 1.8 (PLN/ton)

Environmental fees in PLN per ton of product in 2012–2015



File	Description

STATEMENT ABOUT CORPORATE GOVERNANCE APPLICATION

The Company's Management Board states that T.C. Debica S.A., which has been listed on the Warsaw Stock Exchange (WSE) since 1994, in 2015 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.

The Company's Management Board, appreciating the significance of corporate governance rules laid down in this document and the role played by the rules in strengthening the transparency of listed companies, has taken its best efforts to ensure that the rules in question are applied in the Company to the widest possible extent. Save for the explanations provided below, to the best knowledge of the Management Board, in 2015 none of the rules laid down in "Code of Best Practice for WSE Listed Companies", were breached by the Company.

The Company did not apply the Rule II.2a concerning providing separate information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the company in the last two years, since information about composition and changes in composition of above governing bodies is published on the Company website.

The Company did not apply the Rule IV.10 to the extent that the company should enable its shareholders to participate in a General Meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting. The Company did not follow this Rule due to a risk of irregularities that might occur during the course of General Meeting such as potential problems with shareholders identification, unreliability of the electronic communication means, as well as problems with shareholders' compliance with technical and hardware requirements.

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: