

FINANCIAL SUPERVISION AUTHORITY

QUARTERLY REPORT SA-Q

3/2014

quarter / year

(pursuant to § 82, par. 1, item 1 of the Ordinance of the Minister of Finance dated 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 Q3 of accounting year 2014, covering the period from July 1, 2014 to September 30, 2014

Filing date: November 14, 2014

(Full name of the issuer):	Tire Company Debica S.A.
(Abbreviated name of the issuer):	T.C. Debica
(sector acc. to classification by Warsaw Stock Exchange / industry):	automotive industry
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Statistical number (REGON)	850004505

FINANCIAL HIGHLIGHTS	'000 PLN		'000 EUR	
	3 quarters on YTD basis / 2014, period from Jan. 1, 2013 to Sep. 30, 2014	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2014, period from Jan. 1, 2014 to Sep. 30, 2014	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013
I. Net sales of products, merchandise and materials	1 518 199	1 564 017	363 177	370 346
II. Operating profit (loss)	106 410	85 890	25 455	20 338
III. Profit (loss) before taxation	103 713	90 168	24 810	21 351
IV. Net profit (loss)	113 091	96 208	27 053	22 781
V. Operational cash flows, net	138 476	112 966	33 126	26 749
VI. Investment activity cash flows, net	-169 705	-144 452	-40 596	-34 205
VII. Financial activity cash flows, net	-1 656	-1 994	-396	-472
VIII. Total net cash flows	-32 885	-33 480	-7 867	-7 928
IX. Total assets	1 570 208	1 429 478	376 053	344 685
X. Liabilities and liabilities provisions	579 694	494 360	138 832	119 203
XI. Long-term liabilities (at the end of current quarter of accounting year and at the end of previous accounting year)	1 745	1 298	418	313
XII. Short-term liabilities (at the end of current quarter of accounting year and at the end of previous accounting year)	522 488	429 538	125 132	103 573
XIII. Shareholders' equity (at the end of current quarter of accounting year and at the end of previous accounting year)	990 513	935 118	237 220	225 482
XIV. Share capital (at the end of current quarter of accounting year and at the end of previous accounting year)	110 422	110 422	26 445	26 626
XV. Number of shares (at the end of current quarter of accounting year and at the end of previous accounting year)	13 802 750	13 802 750	13 802 750	13 802 750
XVI. Earnings (loss) per ordinary share (in PLN / EUR)	8.19		1.96	
XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR)	8.19		1.96	
XVIII. Book value per share (in PLN/EUR) (at the end of current quarter of accounting year and at the end of previous accounting year)	71.76	67.75	17.19	16.34
XIX. Diluted book value per share (in PLN / EUR) (at the end of current quarter of accounting year and at the end of previous accounting year)	71.76	67,75	17.19	16.34
XX. Dividend per share, declared or paid (in PLN/EUR)	4.18	3.38	1.00	0.78

The report should be submitted to the Financial Supervision Authority, the company operating the regulated market and announced publicly via an information agency in accordance with the law.

ABBREVIATED FINANCIAL STATEMENT**BALANCE SHEET**

	*000 PLN			
	As of Sep. 30, 2014, end of quarter / 2014	As of June 30, 2014, end of previous quarter / 2014	As of Dec. 31, 2013, end of previous year / 2013	As of Sep. 30, 2013, end of quarter / 2013
ASSETS				
I. Fixed assets	835 540	837 862	853 416	843 595
1. Intangible assets, including:	44	49	57	62
2. Tangible fixed assets	833 652	835 968	851 449	823 421
3. Long-term investments	144	144	144	144
3.1. Long-term financial assets	144	144	144	144
a) in non-related entities	144	144	144	144
4. Long-term prepayments	1 701	1 701	1 766	19 968
4.1. Deferred tax assets	1 701	1 701	1 766	19 968
II. Current assets	734 667	730 193	576 062	733 625
1. Inventory	114 874	114 605	108 447	101 466
2. Short-term liabilities	420 286	425 740	337 403	469 739
2.1. From related entities	355 584	374 683	270 888	384 344
2.2. From non-related entities	64 702	51 057	66 515	85 395
3. Short-term investments	198 117	187 454	129 623	160 191
3.1. Short-term financial assets	198 117	187 454	129 623	160 191
a) in related entities	105 000	75 000	0	
b) in non-related entities	1 221	19 858	5 036	9 511
c) Cash and cash equivalents	91 896	92 596	124 587	150 680
4. Short-term prepayments	1 391	2 394	589	2 229
Total assets	1 570 208	1 568 055	1 429 478	1 577 221
LIABILITIES				
I. Equity	990 513	959 825	935 118	915 798
1. Share capital	110 422	110 422	110 422	110 422
2. Supplementary capital	322 580	322 580	322 482	320 773
3. Revaluation reserve	69 978	69 978	70 076	71 785
4. Other reserve capitals	374 442	374 442	316 612	316 612
5. Net profit (loss)	113 091	82 403	115 526	96 206
II. Liabilities and liability provisions	579 694	608 230	494 360	661 423
1. Liability provisions	55 461	54 980	63 524	86 193
1.1. Provision for deferred income tax	24 217	26 822	33 661	59 572
1.2. Provision for retirement and similar benefits	29 709	25 441	29 785	26 487
a) long-term	9 457	8 907	7 947	6 894
b) short-term	20 252	16 534	21 838	19 593
1.3. Other provisions	1 535	2 717	78	133
a) long-term	95	90	78	133
b) short-term	1 440	2 627	0	
2. Long-term liabilities	1 745	1 448	1 298	1 656
2.1. To non-related entities	1 745	1 448	1 298	1 656
3. Short-term liabilities	522 488	551 802	429 538	573 575
3.1. To related entities	164 506	182 932	102 040	157 322
3.2. To non-related entities	356 987	367 557	327 020	415 501
3.3. Special funds	994	1 313	478	752
4. Accruals	0	0	0	0
Total liabilities	1 570 208	1 568 055	1 429 478	1 577 221
Book value	990 513	959 825	935 118	915 798
Number of shares	13 802 750	13 802 750	13 802 750	13 802 750
Book value per share (in PLN)	71.76	69.54	67.75	66.35
Diluted number of shares	13 802 750	13 802 750	13 802 750	13 802 750
Diluted book value per share (in PLN)	71.76	69.54	67.75	66.35

Note: In case of reports for Q1 of the accounting year, only the first (as of the end of Q1 of the current accounting year), third (as of the end of previous accounting year) and fourth column (as of the end of Q1 of the previous accounting year) should be filled in.

OFF-BALANCE SHEET ITEMS

	'000 PLN			
	As of Sep. 30, 2014, end of quarter / 2014	As of June 30, 2014, end of previous quarter/ 2014	As of Dec. 31, 2013 end of previous year /2013	As of Sep. 30, 2013, end of quarter / 2013
1. Other	12 715	13 314	14 820	15 634
- off-balance liabilities for long-term gas supply contract	9 758	10 238	11 148	11 502
- off-balance liabilities for long-term real estate lease agreement	2 957	3 076	3 672	4 132
Total off-balance items	12 715	13 314	14 820	15 634

Note: In case of reports for Q1 of the accounting year, only the first (as of the end of Q1 of the current accounting year), third (as of the end of previous accounting year) and fourth column (as of the end of Q1 of the previous accounting year) should be filled in.

PROFIT AND LOSS ACCOUNT

	'000 PLN			
	Q3 /2014 period from July 1, 2014 to Sep. 30, 2014	3 quarters on YTD basis / 2014, period from Jan. 1, 2014 to Sep. 30, 2014	Q3 /2013, period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013
I. Net revenues on sale of products, goods and materials, including:	489 417	1 518 199	545 087	1 564 017
- from related entities	438 715	1 333 202	483 239	1 384 112
1. Net revenues from sales of products	469 947	1 452 598	532 335	1 506 125
2. Net revenues from sales of goods and materials	19 470	65 601	12 752	57 892
II. Cost of products, goods and materials sold, including:	435 976	1 324 005	480 246	1 414 813
- to related entities	400 613	1 185 766	437 362	1 275 436
1. Manufacturing cost of products sold	419 520	1 260 766	469 490	1 357 079
2. Value of goods and materials sold	16 456	63 239	10 756	57 734
III. Gross profit (loss) on sales	53 441	194 194	64 841	149 204
IV. Selling costs	7 864	27 467	7 855	24 612
V. General and administrative costs	13 728	48 335	12 296	36 967
VI. Profit (loss) on sales	31 849	118 392	44 690	87 625
VII. Other operating revenues	535	520	229	1 001
1. Gain on disposal of non-financial fixed assets	17	178	122	412
2. Other operating revenues	518	342	107	589
VIII. Other operating expenses	3 914	12 502	686	2 736
1. Revaluation of non-financial fixed assets	362	736	12	946
2. Other operating expenses	3 552	11 766	674	1 790
IX. Profit (loss) on operating activities	28 470	106 410	44 233	85 890
X. Financial revenues	1 651	3 181	1 302	7 381
1. Interest, including:	1 651	3 181	532	2 057
2. Other	1 090	1 750		
XI. Financial expenses			770	5 324
1. Interest, including:	2 038	5 878	1 188	3 103
2. Other	192	1 939		
XII. Profit (loss) on business activities	28 083	103 713	44 347	90 168
XIII. Gross profit (loss)	28 083	103 713	44 347	90 168
XIV. Income tax	-2 605	-9 378	-646	-6 038
a) due part	0		419	1 076
b) deferred part	2 605	-9 378	-1 065	-7 114
XV. Net profit (loss)	30 688	113 091	44 993	96 206
Net profit (loss) (annualized)		132 411		113 971
Weighted average number of ordinary shares		13 802 750		13 802 750
Earnings (loss) per ordinary share (in PLN)		9.59		8.26
Weighted average diluted number of ordinary shares		13 802 750		13 802 750
Diluted earnings (loss) per ordinary share (in PLN)		9.59		8.26

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	'000 PLN			
	Q3 /2014 period from Jul. 1, 2013 to Sep. 30, 2014	3 quarters on YTD basis / 2014, period from Jan. 1, 2014 to Sep. 30, 2014	Q3 /2013, period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013
I. Opening balance of shareholders' equity (OB)	935 118	935 118	866 245	866 245
I.a. Opening balance of equity (OB), after adjustment against comparable figures	935 118	935 118	866 245	866 245
1. Opening balance of share capital	110,422	110,422	110,422	110,422
1.1. Closing balance of share capital	110,422	110,422	110,422	110,422
2. Opening balance of supplementary capital	322 580	322 482	320 041	320 041
2.1. Changes in supplementary capital	0	98	2 441	732
a) increase (due to)	0	98	2 441	732
- transfer from supplementary capital of amounts from the revaluation of liquidated fixed assets - current period	0	98	2 441	732
2.2. Closing balance of supplementary capital	322 580	322 580	322 482	320 773
3. Opening balance of revaluation reserve	69 978	70 076	72 517	72 517
a) increase (due to)	0	-98	-2 441	-732
a) decrease (due to)	0	98	2 441	732
- transfer to supplementary capital of amounts from the revaluation of liquidated fixed assets - current period	0	98	2 441	732
3.1. Closing balance of revaluation reserve	69 978	69 978	70 076	71 785
4. Opening balance of other reserve capitals	374 442	316 612	269 840	269 840
4.1. Changes in other reserve capitals		57 830	46 772	46 772
a) increase (due to)		57 830	46 772	46 772
- allocation to supplementary capital from distribution of profit for 2012 with the option of distribution among the shareholders	0	0	46 772	46 772
- allocation to supplementary capital from distribution of profit for 2013 with the option of distribution among the shareholders	0	57 830	0	0
4.2. Closing balance of other reserve capitals	374 442	374 442	316 612	316 612
5. Opening balance of previous years' profit (loss)	82 403	115 526	93 426	93 426
5.1. Opening balance of previous years' profit	82 403	115 526	93 426	93 426
5.2. Opening balance of previous years' profit, after adjustment against comparable figures	82 403	115 526	93 426	93 426
a) decrease (due to)		115 526	93 426	93 426
- dividend for shareholders		57 696	46 654	46 654
- allocation to supplementary capital from distribution of profit for 2012 with the option of distribution among the shareholders			46 772	46 772
- allocation to supplementary capital from distribution of profit for 2013 with the option of distribution among the shareholders		57 830		
5.3. Closing balance of previous years' profit	82 403	0	0	0
5.4. Closing balance of previous years' profit (loss)	82 403	0	0	0
6. Net result	30 688	113 091	115 526	96 206
a) net profit	30 688	113 091	115 526	96 206
II. Closing balance of equity (CB)	990 513	990 513	935 118	915 798
III. Equity including proposed profit distribution (loss coverage)	990 513	990 513	935 118	915 798

CASH FLOW STATEMENT

	'000 PLN			
	Q3 /2014 period from Jul. 1, 2014 to Sep. 30, 2014	3 quarters on YTD basis / 2014, period from Jan. 1, 2014 to Sep. 30, 2014	Q3 /2013, period from Jul. 1, 2013 to Sep. 30, 2013	3 quarters on YTD basis / 2013, period from Jan. 1, 2013 to Sep. 30, 2013
A. Cash flow from operations				
I. Net profit (loss)	30 688	113 091	44 993	96 206
II. Total adjustments	15 508	25 384	47 172	16 760
1. Share in net profits/losses of subsidiaries priced using ownership title method	0		0	
2. Depreciation and amortization	22 601	64 875	19 299	56 618
3. Foreign exchange (gains) losses	1	-194	1 379	167
4. Interest and dividends	- 1 032	-1 350	62	400
5. Investment activity gain/loss	944	1 175	-75	-857
6. Change in provisions	481	-8 062	4 528	1 596
7. Change in inventory	-268	-6 427	11 650	16 221
8. Change in receivables	24 091	-79 069	-34 304	-155 418
9. Change in short-term liabilities excluding credits and loans	-32 312	55 173	46 267	110 003
10. Change in prepayments and accruals	1 003	-738	-1 634	-11 970
11. Other adjustments	0	0	0	0

III. Net operating cash flow - indirect method (I +/- II)	46 197	138 476	92 165	112 966
B. Investment activity cash flows				
I. Cash inflows	1 298	3 198	397	3 202
1. Disposal of intangible and tangible fixed assets	208	1 448	397	3 202
2. Disposal of intangible and tangible fixed assets	0	0	0	0
3. From financial assets, of which:	1 090	1 750		
a) in related entities	1 090	1 750		
- disposal of financial assets	0			
- dividends and share in profits	0			
- interest income from extended long-term loans	0			
-interest	1 090	1 750		
- other income from financial assets	0			
- dividends and share in profits	0	0	0	0
- income from extended long-term loans	0			
-interest	0	0		
- other cash inflows from financial assets	0	0		
4. Other investment inflows	0	0	0	0
II Cash outflows	47 775	172 904	49 140	147 655
1. Purchase of intangible and tangible fixed assets	17 775	67 904	49 140	147 655
2. Investments into real estate and intangible assets	0			
3. Outflows related to financial assets of which:	0	0		
a) in related entities	0	0		
- purchase of financial assets	0			
- long-term loans extended	0			
b) in other entities	0	0		
- acquisition of financial assets	0			
- long-term loans extended	0			
4. Other investment outflows	30 000	105 000		
III. Net cash flow from investment activities (I-II)	-46 478	-169 705	-48 743	-144 452
C. Financial activity cash flows				
I. Cash inflows	0	0	0	0
1. Net inflows from share issues (issue of shares) and other capital instruments and contributions brought into equity	0			
2. Bank credits and loans contracted	0			
3. Issues of debt securities				
4. Other financial inflows	0			
II. Cash outflows	419	1 656	584	1 994
1. Acquisition of own shares (stocks)	0			
2. Dividends and other payments to owners	0			
3. Other, than payments to owners, outflows related to profit distribution.	0			
4. Repayment of bank credits and loans	0	0		
5. Redemption of debt securities	0			
6. Outflows related to other financial liabilities	0			
7. Payment of financial lease liabilities	360	1 255	522	1 594
8. Interest expense	59	401	62	400
9. Other financial expenses	0			
III. Net cash flow from financial activities (I-II)	-419	-1 656	-584	-1 994
D. Total net cash flow (A.III+/-B.III+/-C.III)	-700	-32 885	42 837	-33 480
E. Balance sheet change in cash, including:	-701	-32 691	41 458	-33 647
- change in cash due to exchange differences	-1	194	-1 379	-167
F. Opening balance of cash	92 595	124 780	108 286	184 603
G. Closing balance of cash (F+/-D), including:	91 895	91 895	151 123	151 123
- of limited availability	1 001	1 001	752	752

NOTES TO THE FINANCIAL STATEMENT**I. Accounting policies adopted in the preparation of the report.**

The quarterly report for the third quarter of 2014 (Q3 2014) was drawn up pursuant to the provisions of the Accounting Act of 29 September 1994, as amended, and pursuant to the accounting rules applied by the Company.

The data contained in the report have been prepared using the principles of valuation of assets and liabilities and the measurement of net financial result determined on the balance sheet date.

The accounting policies have not changed versus those detailed in annual report SA-R 2013.

There were no significant changes in estimates.

II.**1. Significant achievements or failures of the issuer.**

In Q3 2014 sales revenues of Tire Company Debica S.A. totalled PLN 489.4 million and were down by 10.2 per cent compared to Q3 2013. Meanwhile after three quarters 2014 the Company generated sales revenues totalling PLN 1, 518.2 million, which were down by 2.9 per cent compared to the same period in 2013.

For three quarters of 2014 the Company posted a net profit at the level of PLN 113.1 million. It was up by 17.6 per cent compared to the previous year. It was driven by the higher operating profit and income tax relief enjoyed by the Company for the execution of an investment project in the Special Economic Zone.

2. Factors and events (especially atypical) having a significant impact on the financial results.

For three quarters of 2014 Tire Company Debica S.A. generated sales revenues from related entities totalling PLN 1 333.2 million i.e. down by 50.9 million on a year-to-year basis. For three quarters of 2014 the sales to the Goodyear Group related entities accounted for 87.8% of total sales compared to 88.5 per cent in the same period of 2013. Meanwhile sales to the non-related entities totalled PLN 185.0 million, up by PLN 5.1 million on a year-to-year basis.

Operating profit for three quarters of 2014 totalled PLN 106.4 million, which was up by PLN 23.9 per cent on a year-to-year basis, mainly due to the production cost savings. In three quarters of 2014 the mean unit production costs were down by 10.0 per cent compared to the same period in the previous year. Higher operating profit and positive impact of investment project in the Special Economic Zone on the income tax level enabled the Company to generate in three quarters of 2014 a net profit, which was up by 17.6% per cent on a year-to-year basis. The cost of sales and general management totalled PLN 75.8 million i.e. up by PLN 14.2 million compared to the three quarters of 2013. After three quarters of 2014 the other operating profit was negative and totalled PLN 12.0 million, down by PLN 10.2 million compared to three quarters of 2013, mainly due to setting up a provision for restructuring costs totalling PLN 5.5 million. The cost of bad debts were up by PLN 3.9 million on a year-to-year basis. Other operating costs are up by PLN 0.8 million.

For three quarters of 2014 the financial activity gains were negative and totalled PLN 2.7 million compared PLN 4.2 million of gains in the same period of 2013. Foreign exchange losses totalled PLN 1.9 million, compared to foreign exchange gains of PLN 5.3 million on a year-to-year basis. The costs of discounted bills of exchange totalled PLN 3.2, up by PLN 0.7 million on a year-to-year basis, whereas other interest expense was PLN 0.7 million. Interest income on idle cash totalled PLN 1.4 million – down by PLN 0.6 million on a year-to-year basis. After three quarters of 2014 interest income on extended loan totalled PLN 1.7 million. For three quarters of 2014 gross profit before taxation was PLN 103.7 million, up by 15.0 per cent on a year-to-year basis.

Pursuant to the held operational permit No. 134/ARP/2008, issued on 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 Special Economic Zone. The Company met the requirements attached to the operational permit in December 2012 and starting from 2013 onwards is entitled to enjoy income tax relief for legal persons. The permit was extended until 2017. As of September 30, 2014 the amount of due tax relief totalled PLN 102.2 million in nominal terms and PLN 72.5 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.

At the end of September 2014 the tangible fixed assets totalled PLN 835.5 million and were down by PLN 17.9 million after three quarters in relation to the accrued depreciation. The capital expenditures totalled PLN 48.3 million, whereas the value of depreciation of the existing fixed assets was PLN 64.9 million. The deferred income tax assets totalled PLN 1.7 million and remained at the level comparable to that on December 31, 2013. In total the Company's current assets were PLN 734.7 million and were up after three quarters of 2014 by PLN 158.6 million.

Short-term receivables totalled PLN 420.3 million and were up by PLN 82.9 million, of which the amount of PLN 84.7 million was from related entities. The value of inventory was up by PLN 6.4 million and reached the level of PLN 114.9 million. The Company's short-term financial assets totalled PLN 198.1 million and were up after three quarters of 2014 by PLN 68.5 million. Cash assets and equivalents were down by PLN 32.7 million. At the end of September 2014 the value of loans extended to the related entities was PLN 105.0 million, whereas short-term financial assets in non-related entities (bills of exchange received from the customers) totalled PLN 1.2 million and were down by PLN 3.8 million. Short-term prepayments were up by PLN 0.8 million, mainly in relation to the social fund.

As of 30 September 2014 the Company's assets totalled PLN 1 570.2 million and were up after three quarters of 2014 by PLN 140.7 million.

As of 30 September 2014 the liabilities and provisions for liabilities totalled PLN 579.7 million and after three quarters of 2014 they were up by PLN 85.3 million. The provisions for liabilities were down by PLN 8.1 million, of which provisions for deferred tax totalled PLN 9.4 million.

The short-term liabilities vis-a-vis related entities were up by PLN 62.5 million. Short-term liabilities vis-à-vis non-related entities were up by PLN 30.0 million. Meanwhile long-term liabilities were up by PLN 15.5 million. The social fund was up by PLN 0.5 million.

At the end of September 2014 the Company's equity totalled PLN 990.5 million and was up by PLN 55.4 million, since the dividend payment for 2013 amounts to PLN 57.7 million, whereas net profit for three quarters of 2014 totals PLN 113.1 million.

For three quarters of 2014 the operational activity cash flows were positive and totalled PLN 138.5 million. Net profit and depreciation generated the amount of PLN 178.0 million of positive cash flows, whereas the increase of working capital generated negative cash flows amounting to PLN 30.3 million. Meanwhile the change of provisions and cost prepayments generated PLN 8.8 million of negative cash flows, whereas in other lines the negative cash flows totalled PLN 0.4 million. The investment activity cash flows were negative and totalled PLN 169.7 million. The acquisitions of tangible fixed assets totalled PLN 67.9 million, whereas the loan extended to a related entity totalled PLN 105 million, and generated PLN 1.8 million of interest income.

Cash inflows from the financial activities were negative and totalled PLN 1.7 million. The interest expense totalled PLN 0.4 million, whereas lease payments totalled PLN 1.3 million.

Net cash flows for three quarters of 2014 were negative and totalled PLN (32.9) million. After three quarters of 2014 the cash balance was down by PLN 32.9 million from the level of PLN 124.8 million at the end of December 2013 to the level of PLN 91.9 million at the end of September 2014.

3. Seasonality, cyclicity of operations.

Not applicable.

4. Write-downs of inventories.

After three quarters of 2014 T.C. Debica S.A. made write-downs of inventories of PLN 736 thousand, which increased other operating expenses. Write-downs concerned products inventories: PLN 736 thousand.

5. Write-downs for impairment losses on financial assets, tangible fixed assets, intangible assets, or other assets.

Not applicable

6. Liability provisions other than by way of deferred income tax.

As of 30 September 2014, provisions for pensions and similar benefits amounted to PLN 29.7 million and remained at the similar level to that prevailing on 31 December 2013.

7. Provisions and deferred tax assets.

The balance of provision for deferred income tax assets as per September 30, 2014 amounted to PLN 24.2 million and was down by PLN 9.4 million, compared to December 31, 2013.

The deferred tax balance difference in the balance sheet is a result of revaluation of transitional positive differences related to the difference between fixed assets value in balance sheet and for tax purposes, under the assumption of reduced tax amortisation.

As of 30 September 2014 the balance of deferred tax assets totalled PLN 1.7 million and remained at the same level as it was on 31 December 2013.

8. Significant acquisitions and sale of tangible fixed assets.

Not applicable.

9. Significant liabilities for purchase of tangible fixed assets.

Not applicable.

10. Significant settlements by way of lawsuits.

Not applicable.

11. Corrections of errors in previous periods.

Not applicable.

12. Information about changes in economic and business conditions which have a significant impact on the fair value of financial assets and financial liabilities.

Not applicable.

13. Information about lack of repayment of credit facility or loan or breach of material provisions of the credit facility or loan agreement.

Not applicable.

14. Information about the issuer or its subsidiary concluding one or more transactions with related entities, if they are significant individually or collectively, and were concluded on terms other arm's length.

Not applicable.

15. Financial instruments measured at fair value – change of the valuation method.

Not applicable.

16. Changes in the classification of financial assets as a result of changes to the intended allocation or the use of such assets.

Not applicable.

17. Issue, redemption and repayment of debt and equity securities.

The Company did not issue in the current period, or in the past, any debt or equity securities.

18. Dividend.

The General Meeting of Shareholders held on June 4, 2014 decided that 50 per cent of the profit for 2013, i.e. PLN 57,7 million, be allocated as dividend for the shareholders amounting to PLN 4.18 per share. The dividend for 2013 was distributed among shareholders with shares in the securities account on 29 August 2014 (the date of acquisition of the right to dividend). The dividend was paid on December 16, 2014.

19. Significant events after the date of the financial statements.

The Management Board of Tire Company Debica S.A. (hereinafter referred to as "Company") announced its decision about discontinuation of manufacturing of farm tires by the Company, effective from the end of 2014. The Management Board took the above decision in relation to having been advised by Goodyear concern, the main customer of the Company and its strategic investor, about discontinuation of further purchases of farm tires manufactured by the Company, effective from 1 January 2015. At present to satisfy Goodyear orders approximately 80% of farm tires made by the Company is allocated. The estimated annual sales of farm tires in value terms accounts only for approximately 1.8% of the estimated Company's annual sales of all tires in value terms. The Company advised about the above decision in its Current Report No. 20/2014, dated 16 October 2014.

20. Changes in contingent liabilities and contingent assets.

Not applicable.

21. Other information that may materially affect the assessment of the issuer's asset situation, financial standing and profit or loss.

Not applicable.

File	Description

OTHER INFORMATION

1. Selected financial information converted to Euro

Assets and liabilities have been converted into Euro at the NBP average exchange rate as per September 30, 2014 (EUR 1.00 = PLN 4.1755) and as per September 30, 2013 (EUR 1.00 = PLN 4.2163).

Items in the profit and loss account and the cash flow statement denominated in PLN have been converted into Euro at the exchange rate equivalent to the arithmetic mean of the average exchange rates published by the NBP applicable on the last day of each reporting month. The average exchange rate assumed for the calculations regarding the third quarters of 2014 is PLN 4.1803 to EUR 1.00, and for the calculations regarding the three quarters of 2013 is PLN 4.2231 to EUR 1.00.

The net profit in the balance sheet for the three quarters of 2014, calculated using the rate at the end of September 2014 is EUR 27.08 thousand, and EUR 27.05 thousand if calculated using the average rates. Exchange differences arising from the translation of financial results for the three quarters of 2014 totalled EUR 0,03 thousand.

2. The issuer's capital group.

The Company does not form a capital group, is not the parent company, does not prepare consolidated financial statements.

3. Effects of changes in the structure of the unit.

No changes in the structure of the unit occurred in Q3 2014.

4. The position of the management board with regard to the possibility to meet the previously published forecasts for a given year, in light of the results presented in the quarterly report with respect to the projected results.

The Company did not publish results forecasts for 2014.

5. Shareholders holding at least 5% of the total number of votes at the general meeting.

According to information available to the Company at the date of the interim report for the third quarter of 2014, the shareholder holding more than 5% of the share capital and at least 5% of the total number of votes at the general meeting was:

1. The Goodyear S.A. based in Luxembourg, having a total of 11,234,912 shares of the Company, representing approximately 81.396 per cent of the share capital of the Company, conferring the right to 11,234,912 votes at the general meeting of the Company, representing approximately 81.396 per cent of the total number of votes at the general meeting of the Company.

Changes in the ownership structure of significant shareholding of the Issuer since filing of the previous quarterly report. On 6 October 2014 the Company was notified by The Goodyear Tire & Rubber Company with its registered office in Akron, Ohio USA ("Goodyear") and its subsidiary Goodyear S.A. with its registered office in Luxembourg ("Goodyear Luxembourg") that on 3 October 2014, a cross-border merger was carried out between Goodyear Luxembourg (as the acquiring company) and Goodyear Holding Poland Sp. z o.o. ("GHP") (as the acquired company). GHP was a subsidiary of Goodyear Luxembourg, which Goodyear Luxembourg held 100% shareholding.

As a result of Merger, Goodyear Luxembourg took over all GHP assets including but not limited to Company shares held previously by GHP. Consequently Goodyear Luxembourg acquired directly 1,429,115 ordinary bearer shares in the Company held by GHP, accounting approximately for 10.354% of the share capital of the Company and entitling to exercise 1,429,115 (one million four hundred twenty nine thousand one hundred fifteen) votes at the shareholders' meeting of the Company, representing approximately 10.354% of the total number of votes at the shareholders' meeting of the Company.

Following the foregoing acquisition, Goodyear Luxembourg now holds directly 11,234,912 shares accounting approximately for 81.396% of the share capital of the Company entitling to exercise 11,234,912 votes at the shareholder meeting of the Company, accounting approximately for 81.396% of total number of votes at the shareholders' meeting of the Company.

At the same time Goodyear (the parent company of Goodyear Luxembourg) announced that it holds indirectly (through the agency of Goodyear Luxembourg) 11,234,912 shares accounting approximately for 81.396% of the share capital of the Company entitling to exercise 11,234,912 votes at the shareholder meeting of the Company, accounting approximately for 81.396% of total number of votes at the shareholders' meeting of the Company.

Goodyear and Goodyear Luxembourg inform that, due to the intragroup character of the merger between Goodyear Luxembourg and GHP, the total amount of shares and votes in the Company controlled by group controlled by Goodyear has not changed and still amounts to 11,234,912 shares of the Company accounting approximately for 81.396% in the share capital of the Company, which entitle to exercise 11,234,912 votes at the shareholders' meeting of the Company, accounting approximately for 81.396% of total number of votes at the shareholders' meeting of the Company (Company's current report No. 2/2014 dated February 11, 2014). All Company's shares and votes controlled by Goodyear are currently directly owned by Goodyear Luxembourg. The Company advised about the received notifications in its Current Report No. 19/2014, dated 7 October 2014.

6. The shares of the Company or rights to the shares (options) held by individuals managing and supervising the Company.

The following directors of the Company hold shares:

Stanisław Cieszkowski, President of the Management Board – 430 shares,

Mariusz Solarz, Member of the Management Board – 3 shares,

Janusz Raś, Member of the Supervisory Board – 15 shares.

All shares have a nominal value of PLN 8.00 each.

7. Proceedings relating to liabilities or receivables, pending before the court, a competent arbitration authority or public administration, constituting at least 10% of equity.

Not applicable

8. Information about the issuer or its subsidiary concluding one or more transactions with related entities, if they are significant individually or collectively, and were concluded on terms other arm's length.

See point 14 of Supplementary Information.

9. Credit facility or loan guarantees granted or guarantees granted to related entities.

In three quarters of 2014 The Company extended three short-term loans to Goodyear S.A. Luxembourg. Detailed information about loans extended to Goodyear S.A. is provided in table below:

Loan Agreement date	April 25, 2014	May 26, 2014	September 24, 2014
Date of loan proceeds disbursement (Agreement)	April 29, 2014	May 28, 2014	September 24, 2014
Loan amounts	60 000 000.00	15 000 000.00	30 000 000.00
Maturity date (loan repayment)	April 30, 2015	May 29, 2015	September 24, 2015
Total interest accrued by September 30, 2014	1 703 112.33	358 800.00	169 750.68
Interest actually paid by September 30, 2014	1 427 934.25	290 005.48	32 161.64

The interest payment is scheduled for 10th day of the months following the month for which interest was accrued.

10. Other information relevant to the assessment of the financial standing.

Not applicable.

11. Factors that the Company believes will affect its performance in the perspective of at least the next quarter.

The main factors include:

- changes in exchange rates, mainly Euro and US dollar,
- commodity prices on global markets,
- situation on global financial markets.

File	Description

SIGNATURES OF COMPANY REPRESENTATIVES			
Date	Name	Title	Signature
November 14, 2014	Stanisław Cieszkowski	President of the Management Board, Production Director	
November 14, 2014	Ireneusz Maksymiuk	Member of the Management Board, Financial Director	