☐ Revised

Polish Financial Supervision Authority

Semi-Annual Report SA-P 2018

(in conformity with § 60.1.2 of the Minister of Finance Regulation of 29 March 2018)

(for issuers of securities issuers conducting manufacturing, construction, trade or service activity or for issuers of securities being alternative investment companies)

For the first six months of the financial year of 2018, covering the period from 2018-01-01 to 2018-06-30
and for six months of the preceding financial year of 2017, covering the period from 2017-01-01 to 2017-06-30

Date submitted: 2018-09-10

Firma Oponiarska "Dębica" Spółka Akcyjna
(full name of the issuer)

TC Dębica S.A. (abbreviated name of the issuer)
automotive (sector according the WSE classification / industry)

39-200 (post code)

1 Maja (street) **Dębica** (place) **1** (number)

)

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PricewaterhouseCoopers Sp. z o.o.
(audit firm)

The semi-annual report contains (indicate as appropriate):

☑ A report of the audit firm on the review of condensed semi-annual financial statements / semi-annual financial statements or

☐ A report of the audit firm on the audit of condensed semi-annual financial statements / semi-annual financial statements

☐ A statement of the Management Board, including an opinion of the supervisory authority on reservations expressed by the audit firm in its report on the review of the financial statements on its refusal to deliver a report on the review of the condensed semi-annual financial statements /

semi-annual financial statements

☐ A statement of the managing authority including an opinion of the supervisory authority relating to the report on the audit of the condensed semi-annual financial statements / semi-annual financial statements issued by the audit firm, containing an opinion with reservations, a negative opinion or a refusal to express an opinion

☑ A statement of the management board on the reliability of the financial statements

☑ Condensed semi-annual financial statements ☑ full financial statements ☐

- ☑ Balance sheet
- ☑ Profit and loss account
- ☐ Additional requirements for issuers being alternative investment companies (ASI)
- ☑ Profit and loss account
- ☑ Statement of changes in equity
- ☑ Additional information

☑ Management board's report (semi-annual report on the issuer's activity)

FINANCIAL HIGHLIGHTS	in PLN thousand		in thousand EUR	
	six months / 2018	first six months / 2017	first six months / 2018	first six months / 2017
I. Net revenues on the sale of products, goods and materials	968 990	994 679	228 562	234 185
II. Profit (loss) on operating activity	67 210	58 142	15 853	13 689

III. Gross profit (loss)	71 309	58 406	16 820	13 751
IV. Net profit (loss)	67 640	62 218	15 955	14 648
V. Net financial flow on operations	13 377	-30 905	3 155	-7 276
VI. Net financial flow on investments	94 570	43 833	22 307	10 320
VII. Net financial flow on financing operations	-1 349	-1 246	-318	-293
VIII. Total net financial flows	106 598	11 682	25 144	2 750
IX. Total assets (as at the end of the first six months of the current financial year and as at the end of the preceding financial year)	1 734 728	1 648 632	397 727	395 270
X. Liabilities and provision for liabilities (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	644 588	536 414	147 787	128 609

FINANCIAL HIGHLIGHTS	in PLN thousand		in EUR thousand	
	six months / 2018	six months / 2017	six months / 2018	six months / 2017
XI. Long-term liabilities (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	2,971	3,105	681	744
XII. Short-term liabilities (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	591,038	478,339	135,509	114,685
XIII. Equity (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	1,090,140	1,112,218	249,940	266,661
XIV. Share capital (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	110,422	110,422	25,317	26,474
XV. Number of shares (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	13,802,750	13,802,750	13,802,750	13,802,750
XVI. Profit (loss) per ordinary share (in PLN/EUR)	4.90	4.51	1.16	1.06
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	4.90	4.51	1.16	1.06
XVIII. Book value per share (in PLN/EUR) (as at the end Of the first half of the current financial year and as at the end of the preceding financial year)	78.98	80.58	18.11	19.32
XiX. Diluted book value per ordinary share (in PLN/EUR) (as (as at the end of the first half of the current financial year and as at the end of the preceding financial year)	78.98	80.58	18.11	19.32
XX. Declared or paid dividend per share (in PLN/EUR)	6.50	2.35	1.49	0.56

The report should be submitted to the Polish Financial Supervision Authority, the company in charge of the regulated market and disclosed to the public through an information agency in conformity with the applicable law

REPORT OF THE AUDIT FIRM ON THE REVIEW OF THE CONDENSED SEMI-ANNUAL FINANCIAL STATEMENTS / SEMI-ANNUAL FINANCIAL STATEMENTS
OR
REPORT OF THE AUDIT FIRM ON THE AUDIT OF CONDENSED SEMI-ANNUAL FINANCIAL STATEMENTS / SEMI-ANNUAL FINANCIAL STATEMENTS

Report of an independent statutory auditor on the review of the condensed semi-annual financial statements for the Shareholders and the Supervisory Board of Firma Oponiarska Dębica S.A.

Introduction

We audited the attached condensed semi-annual financial statements of Firma Oponiarska Dębica S.A., hereinafter referred to as "the Company," having its registered seat at ul. 1 Maja 1, covering a condensed balance sheet prepared as at 30 June 2018 and a condensed profit and loss account, a condensed statement of changes in equity and a condensed statement of cash flows prepared for the period from 1 January to 30 June 2018, as well as condensed additional information, including introduction to the financial information and additional information and explanations.

Pursuant to the Accounting Act of 29 September 1994 ("Accounting Act - Journal of Laws of 2018,, item 395, as amended), and pursuant to the provisions of the Minister of Finance Regulation of 29 March 2018 on the current and periodical information submitted by issuers of securities and on consideration as equivalent the information required by the law of a non-member state ("Regulation" - Journal of Laws of 2018, item 757), preparation and presentation of condensed semi-annual financial statements is the responsibility of the Management Board. Our responsibility is to formulate a conclusion regarding condensed semi-annual financial statements based on our review.

Scope of the review

We conducted the review in conformity with the provisions of the International Standard of Review Engagements 2410. The review of the semi-annual financial information of the company was conducted by an independent statutory auditor in conformity with the National Review Standard adopted by resolution of the National Statutory Auditors Council of 5 March 2018. A review of condensed semi-annual financial statements consists in directing enquiries primarily to persons responsible for the financial and accounting issues, as well as in carrying out analytical and other review procedures.

A review has a significantly narrower scope than an audit conducted in conformity with the National Auditing Standards.

. Consequently, a review is insufficient for ensuring that all material issues were disclosed that would have been identified in the course of an audit. Therefore, we do not express our opinion on the review

Conclusions

Based on our review, we found nothing that would suggest that the attached condensed semi-annual financial statements were prepared in all material aspects in violation of the accounting principles laid out in the Accounting Act and the provisions of the Regulation.

The review was carried out on behalf of PricewaterhouseCoopers Sp. z o.o., a company entered into the list of audit firms under number 144 by:

Tomasz Reinfuss

Statutory Auditor

Number 90038

Cracow, 6 September 2018

File	Description

STATEMENT OF THE MANAGEMENT BOARD ON THE RELIABILITY OF THE FINANCIAL STATEMENTS

The Management Board declares that according to its best knowledge, the semi-annual financial statements and the comparative data were prepared in conformity with the accounting principles and that they give a true and fair view of the assets and the financial situation of the Company, as well as its financial result, and that the Management Board's Report contains a true view of the Company's development and achievements and of its situation, including a description of its underlying risk and threats.

Management Board
Leszek Szafran - President of the Management Board Ireneusz Maksymiuk - Member of the Management Board Michał Mędrek - Member of the Management Board

File	Description

SEMI-ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

	Notes	in PLN thousand		
		six months / 2018	2017	six months / 2017
ASSETS				
I. Fixed assets		799,616	816,061	802,020
1. intangible assets, of which:		0	0	4
2. Poperty, plant and equipment		790,476	809,035	799,712
3. Long-term investments		144	144	144
3.1. Long-term financial assets		144	144	144
a) in other entities		144	144	144
4. Long-term prepayments		8,996	6,882	2,160
4.1. Deferred income tax assets		8,989	6,844	1,977
4.2. Other prepayments		7	38	183
II. Current assets		935,112	832,571	843,382
1. Inventory		98,981	107,145	103,341
2. Short-term receivables		429,028	303,744	453,406
2.1. From related entities		372,898	277,513	411,527
2.2. From other parties		56,130	26,231	41,879
3. Short-term investments		402,120	420,481	282,329
3.1. Short-term financial assets		402,120	420,481	282,329
a) in related entities		225,000	350,000	185,000
b) in other entities		0	0	0
c) cash and other cash assets		177,120	70,481	97,329
4. Short-term prepayments		4,983	1,201	4,306
Total assets		1,734,728	1,648,632	1,645,402
LIABILITIES				
I. Equity		1,090,140	1,112,218	1,054,862
1. Share capital		110,422	110,422	110,422
2. Supplementary capital		326,311	326,144	325,963
3. Revaluation reserve		66,247	66,414	66,595
4. Other revaluation reserves		519,520	489,664	489,664
5. Net profit (loss)		67,640	119,574	62,218
II. Liabilities and provisions for liabilities		644,588	536,414	590,540
1. Provisions for liabilities		50,579	54,970	44,956
1.1. Deferred income tax provision		21,114	17,251	11,040
1.2. Provision for retirement and similar benefits		27,943	34,374	28,877
a) long-term		9,181	9,983	9,879
b) short-term		18,762	24,391	18,998
1.3. Other provisions		1,522	3,345	5,039
a) long-term		201	140	80
b) short-term		1,321	3,205	4,959
2. Long-term liabilities		2,971	3,105	1,899
2.1. To other entities		2,971	3,105	1,899
3. Short-term liabilities		591,038	478,339	543,685
3.1. To related entities		186,113	119,840	150,651
3.2. To other entities		401,255	357,944	389,942
3.3. Special funds		3,670	555	3,092
Total liabilities		1,734,728	1,648,632	1,645,402

Book value		1,090,140	1,112,218	1,054,862
Number of stocks		13,802,750	13,802,750	13,802,750
Book value per stock (in PLN)		78.98	80.58	76.42
Diluted number of stocks		13,802,750	13,802,750	13,802,750
Diluted book value per stock (in PLN)		78.98	80.58	76.42

NON-BALANCE SHEET ITEMS

	Notes	in PLN thousand		
		six months / 2018	2017	six months / 2017
Contingent receivables				
1. Other (due to)		4,313	4,242	5,206
- non-balance sheet liabilities on a long-term gas delivery contract		2,574	3,519	4,479
- non-balance sheet liabilities on a long-term real estate lease contract .		1,739	723	727
Total non-balance sheet items		4,313	4,242	5,206

PROFIT AND LOSS ACCOUNT

	Notes	In PLN thousand	
		six months / 2018	six months / 2017
I. Net revenues on the sale of products, goods and materials, of which:		968,990	994,679
- from related entities		862,494	901,479
1. Net revenues from the sale of products		877,137	928,449
2. Net revenues on the sale of goods and materials		91,853	66,230
II. Cost of products, goods and materials sold, of which:		887,919	905,852
- to related entities		802,445	826,409
1. Cost of manufacture of products sold		806,587	842,968
2. value of goods and services sold		81,332	62,884
III. Gross sales profit (loss)		81,071	88,827
IV. Sales costs		6,138	7,084
V. General administration costs		6,950	19,286
VI. Sales profit (loss)		67,983	62,457
VII. Other operating expenses		1,036	488
1. Profit from the sale of non-financial fixed assets		954	407
2. Other operating revenue		82	81
VIII. Other operating costs		1,809	4,803
1. Revaluation of non-financial assets		33	684
2. Other operating costs		1,776	4,119
IX. Profit (loss) on operating activity		67,210	58,142
X. Financial revenues		4,988	1,961
1. Interest, of which:		2,668	1,961
- from related entities		2,239	1,676
2. Other		2,320	0
XI. Financial costs		889	1,697
1. Interest of which:		889	806
2. Other		0	891
XII. Gross profit (loss)		71,309	58,406
XIII. Income tax		3,669	-3,812
a) current		1,951	98
b) deferred		1,718	-3,910
XIV. Net profit (loss)		67,640	62,218

(Annualized) net profit (loss)		124,996	69,050
Average weighted number of ordinary stocks		13,802,750	13,802,750
Profit (loss) per ordinary stock (in PLN)		9.06	5.00
Average weighted number of ordinary stocks		13,802,750	13,802,750
Diluted profit (loss) per ordinary stock (in PLN)		9.06	5.00

STATEMENT OF CHANGES IN EQUITY

	in PLN thousand		
	six months / 2018	2017	six months / 2017
I. Equity as at the beginning of the period (OB)	1,112,218	1,025,080	1,025,080
I.a. Equity as at the beginning of the period (OB) following reconciliation of comparable data	1,112,218	1,025,080	1,025,080
1. Share capital as at the beginning of the period	110,422	110,422	110,422
1.1 Share capital as at the end of the period	110,422	110,422	110,422
2. Supplementary capital as at the beginning of the period	326,144	324,779	324,779
2.1. Changes in supplementary capital	167	1,365	1,184
a) increases (due to)	167	1,365	1,184
- - transfer from the revaluation reserve of amounts resulting from revaluation of liquidated fixed assets - current period	167	1,365	1,184
2.2. Supplementary capital as at the end of the period	326,311	326,144	325,963
3. Revaluation capital as at the beginning of the period	66,414	67,779	67,779
3.1. Changes in revaluation capital	-167	-1,365	-1,184
a) decreases (due to)	167	1,365	1,184
- transfer to the revaluation reserve of amounts resulting from valuation of liquidated fixed assets - current period	167	1,365	1,184
3.2. Revaluation capital as at the end of the period	66,247	66,414	66,595
4. Other reserves as at the beginning of the period	489,664	457,347	457,347
4.1. Changes in other reserves	29,856	32,317	32,317
a) increases (due to)	29,856	32,317	32,317
- allocation toward capital reserve from the 2016 profit distribution with the possibility of distribution among shareholders	0	32,317	32,317
- allocation toward capital reserve from the 2017 profit distribution with the possibility of distribution among shareholders	29,856	0	0
4.2. Other reserves as at the end of the period	519,520	489,664	489,664
5. Profit (loss) from prior years as at the beginning of the period	119,574	64,753	64,753
5.1. Profit from prior years as at the beginning of the period	119,574	64,753	64,753
5.2. Profit from prior years as at the beginning of the period followin reconciliation of comparable data	119,574	64,753	64,753
a) decreases (due to)	119,574	64,753	64,753
- dividend for shareholders	89,718	32,436	32,436
- allocation toward capital reserve from the 2016 profit distribution with the possibility of distribution among shareholders	0	32,317	32,317
- allocation toward capital reserve from the 2017 profit distribution with the possibility of distribution among shareholders	29,856	0	0
5.3. Profit from prior years as at the end of the period	0	0	0
5.4. Profit (loss) from prior years as at the end of the period	0	0	0
6. Net result	67,640	119,574	62,218
a) net profit	67,640	119,574	62,218
II. Equity as at the end of the period (CB)	1,090,140	1,112,218	1,054,862
III. Equity following proposed profit distribution (coverage of loss)	1,090,140	1,112,218	1,054,862

CASH FLOWS STAEMENT

	in EUR thousand	
	six months / 2018	six months / 2017
A. Cash flows from operations		
I. Net profit (loss)	67,640	62,218
II. Total adjustments	-54,263	-93,123
1. Amortization	50,587	48,279
2. (Profit) loss on foreign exchange gains/losses	-41	-46
3. Interest for participation in profit (dividends)	-1,987	-1,489
4. (Profit) loss on investments	-1,116	1,099
5. Change in reserves	-4,390	-7,306
6. Change in inventories	8,163	-27,383
7. Change in receivables	-125,284	-233,363
8. Change in short-term liabilities, excluding loans and borrowings	25,701	130,132
9. Change in long-term prepayments and accruals	-5,896	-3,046

	in EUR thousand	
	six months / 2018	six months / 2017
III. Net cash flows from operations (I+/-II) - indirect method	13,377	-30,905
B. Cash flows from investments		
I. Inflows	129,787	93,144
1. Sale of intangible and property, plant and equipment	2,548	1,468
2. From financial assets, of which:	2,239	1,676
a) in related entities	2,239	1,676
- interest	2,239	1,676
3. Other investment inflows	125,000	90,000
II. Expenses	35,217	49,311
1. Purchase of intangible assets and property, plant and equipment	35,217	29,311
2. Other investment expenses	0	20,000
III. Net financial flows from investments (I - II)	94,570	43,833
C. Cash flows from financial operations		
I. Inflows	0	0
II. Expenses	1,349	1,246
1. Payment of finance lease liabilities	1,097	1,060
2. Interest	252	186
III. Net financial flows from financial operations (I - II)	-1,349	-1,246
D. Total net financial flows (A.III+/-B.III+/-C.III)	106,598	11,682
E. Non-balance sheet change in cash, of which:	106,639	11,728
- change in cash due to foreign exchange gains/losses	41	46
F. Cash as at the beginning of the period	70,521	85,655
G. Cash as at the end of the period (F+/- D), of which:	177,119	97,337
- restricted cash	1,784	1,586

ADDITIONAL REQUIREMENTS FOR ISSUERS BEING ASI

In the case of a securities issuer being an alternative investment company, semi-annual financial statements include additionally a list of deposits and a list of additional information, whose scope is defined by the Regulation of the Minister of Development and Finance of 12 December 2016 on the scope of information presented in the financial statements of alternative investment companies.

File	Description

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION FOR HE REPORT FOR THE FIRST HALF OF 2018

Prepared pursuant to the provisions of the Minister of Finance Regulation of 29 March 2018 on the current and periodical information submitted by issuers of securities and on consideration as equivalent the information required by the law of a non member state (Journal of Laws of Laws of 2018, item 757).

1. Accounting principles applied to prepare the report

The semi-annual report for the first half of 2018 was prepared in conformity with the Accounting Act of 29 September 1994 (Journal of Laws of 2018, item 395, as amended) and in conformity with the accounting principles applied by the Company.

The data included in the report were prepared in conformity with the principles of valuation of assets and liabilities and the measurement of the net financial result as at the balance sheet date

The accounting principles have not changed relative to the those described in the 2017 annual report published on 26 April 2018.

2. Information about the amount and types of items having a bearing on the assets, equity, net result or financial flows, non-typical due to their type, value or frequency

None.

3. Seasonality, periodicity of operations

The Company's operations are not particularly seasonal. However, external factors such as the macroeconomic situation, the weather conditions or consumer behaviour may affect the sales revenues at different times of the year.

4. Revaluation write-downs on inventories

In the first half of 2018, T.C. Dębica S.A. made revaluation write-downs on inventories in the amount of PLN 33 thousand, which affected the level of the other operating costs. The write-downs were related to:

a) product inventories PLN 16 thousand

b) raw materials and material inventories PLN 17 thousand

Total PLN 33 thousand

5. Revaluation write-downs on financial assets, property, plant and equipment, intangible or other assets

None.

6. Information of the creation, increase, use and release of provisions as at 30.06.2018. Short-terms provisions

	in PLN thousand
Provision for employment benefits	
Status as at the beginning of the period 24,391	
- increases: Creation of the provision	17,827
- Decreases: release / utilisation of the provision	23,456
Status as at the end of the period	18,762
Provision for restructuring	
Status as at the beginning of the period 3,205	
- increases: Creation of the provision	1,629
- Decreases: release / utilisation of the provision	3,513
Status as at the end of the period	1,321

Long-term provisions

in PLN thousand

Provision for retirement benefits

Status as at the beginning of the period 9,983	
- increases: Creation of the provision	
- Decreases: release / utilisation of the provision	802
Status as at the end of the period	9,181

Provision for tire guarantees issued

Status as at the beginning of the period 140	
- increases: Creation of the provision	61
- decreases: release / utilisation of the provision	
Status as at the end of the period	201

7. Deferred income tax assets and provisions

As at 30 June 2018, the deferred income tax provision amounted to PLN 21.1 m, a 3.9 increase relative to the status as at 31 December 2017.

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, the Company is entitled to an 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, it has been entitled to an 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 31 June 2018. The Company calculates the deferred income tax on all temporary 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).

As at 30 June 2018, the deferred tax assets amounted to PLN 9.0 m, an increase of PLN 2.1 m relative to the status as at 31 December 2017.

8. Material transactions of purchase or sale of property, plant and equipment

No material transaction of sale of property, plant and equipment took place in the first half of 2018.

Material increases related to property, plant and equipment, mainly industry-specific machines and vulcanizing presses of PLN 31.1. were recorded.

9. Material liabilities resulting from the purchase of property, plant and equipment

None.

10. Material settlements resulting from court proceedings

None.

11. Adjustment of prior period errors

None.

12. Information on changes in the economic situation and the business conditions having material bearing on the fair value of financial assets and liabilities

None.

13. Information on unpaid credit or loan or on a a breach of material credit or loan agreement provisions

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None.

14. Information on entering into one or more transaction with related parties, if they are material individually or jointly and were concluded other than at arm's length

None.

15. Financial instruments valued at fair value - change in the method of its determination

None.

16. Changes in the classification of financial assets as a result f a change of the purpose or method of utilization thereof

None.

17. Issue, buy-out and repayment of non-equity and capital securities

The Company did not issue non-equity or capital securities in the current period or in the past.

18. Dividend

The General Meeting of Shareholders held on 14 June 2018 decided to appropriate 75% of the 2017 profit of PLN 89.7 m for shareholders' dividends in the amount of PLN 6.50 per share. Persons holding the Company's shares on an account in a brokerage house as at 14 September 2018 (i.e. date of acquiring the rights to dividend) are entitled to the 2017 dividend. The dividend shall be paid on 14 December 2018.

19. Material events occurring following the preparation of the financial statements

On 3 September 2018, Goodyear SA (the holding company of Goodyear Holdings and a subsidiary of Goodyear) made an in-kind contribution to Goodyear Holdings 11,234,912 (eleven million two hundred and thirty-four thousand nine hundred and twelve) ordinary bearer shares of Firma Oponiarska Dębica S.A., having its registered seat in Dębica ("the Transaction").

As a result of the Transaction:

- Goodyear Holdings acquired directly;

- Goodyear SA directly disposed of and, indirectly, through Goodyear Holdings, acquired; and

- Goodyear, through its direct and indirect subsidiaries of Goodyear SA and Goodyear Holdings, indirectly acquired 11,234,911 (eleven million two hundred and thirty four thousand nine hundred and twelve) ordinary bearer shares of the Company, constituting app. 81.396% of the Company's share capital and entitling to 11,234,912 (eleven million two hundred and thirty four thousand nine hundred and twelve) votes at the General Shareholders Meeting of the Company, constituting app. 81.396 of the total number of votes, as a result of which:

- Goodyear Holdings exceeded the threshold of shares entitling to 75% of votes at the General Meeting of the Company;

- due to the intra-group nature of the Transaction, the number shares and votes in the Company held indirectly by Goodyear SA following the Transaction is the same as the number of shares and votes held in the Company prior to the Transaction;

- due to the intra-group nature of the Transaction, the number of shares and votes in the Company held by Goodyear did not change.

The above information was published in the current report no. 20/2018 of 5 September 2018.

20. Changes in contingent liabilities and contingent assets that have occurred since the end of the last year financial year

The contingent liability under the bill of exchange discount program as at the balance sheet date of June 30, 2018 is PLN 35,194 thousand, a decrease of PLN 33 255 thousand compared with the end of the year.

21. Other information that may significantly affect the assessment of the property, financial situation and financial result

From 1 January 2018, new cooperation agreements between the Company and Goodyear Dunlop Tires Operations S.A. based in Colmar-Berg, Luxembourg (Framework sales contract and Framework resale agreement) have been in place. Pursuant thereto, the model of cooperation between the Company and the Goodyear Group, the Company's largest customer for many years, was changed.

The company supplies to Goodyear all tires belonging to Goodyear Group brands at market prices determined in accordance with the Goodyear Group's transfer pricing policy, conformity with the which prices are set so that the Company's profit from the sale of tires reaches the equivalent of the arm's length margin. In addition, the Company may sell tires manufactured by the Company to Goodyear under the brand names of the Company.

The sale of such tires to Goodyear is also accounted for in accordance with the Goodyear Group's transfer pricing policy, according to which prices are set in such a way that the Company's profit from the sale of tires reaches the equivalent of the market margin.

The company has the option (but not the obligation), if necessary, to buy back tires produced under brands belonging to the Company from Goodyear for resale. In addition, Goodyear, under the Agreements, enables the Company to use all technical data and licenses, to the extent that they may be needed to manufacture and sell products in accordance with Goodyear orders, without additional payments from the Company.

File	Description

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Name	Position / Function	Signature
2018-09-10	Leszek Szafran	President of the Management Board - Sales Director	
2018-09-10	Ireneusz Maksymiuk	Member of the Management Board - Financial Director	

Semi-annual report of the Management Board on the activity of T.C. Dębica S.A. for the first half of 2018.

Prepared pursuant to the provisions of the Minister of Finance Regulation of 29 March 2018 on the current and periodical information submitted by issuers of securities and on consideration as equivalent the information required by the law of a non member state (Journal of Laws .

of 2018, item 757).

1. Accounting principles applied to prepare the report

The semi-annual report for the first half of 2018 was prepared in conformity with the Accounting Act of 29 September 1994 (Journal of Laws of 2018, item 395, as amended) and in conformity with the accounting principles applied by the Company.

The data included in the report were prepared in conformity with the principles of valuation of assets and liabilities and the measurement of the net financial result as at the balance sheet date

The accounting principles have not changed relative to the those described in the 2017 annual report published on 26 April 2018.

2. The underlying risks and threats related to the remaining months of the financial year

The factors which in the opinion of the Company shall have a bearing on its results in the following half of the year are as follows:

a) change of foreign exchange rates, mainly EUR and USD,

b) prices of raw materials on international markets,

c) the level of orders from related entities,

d) the change in the model of cooperation between the Company and the Goodyear Group, described in item 21 of the Additional information

3. A concise description of material achievements or failures of the issuer during the firsts half of the financial year, indicating the key events related to the issuer

During the first half of 2018, Firma Oponiarska Dębica S.A. generated sales revenues of PLN 969.0, 2.6% less relative to the first half of 2017.

During the second quarter of 2018, the Company recorded a decrease in sales revenues of 0.6% yty.

The net profit for the first half of 2018 amounted to PLN 67.6m, 8.7% more relative to the same period of the preceding year.

From 1 January 2018, new cooperation agreements between the Company and Goodyear Dunlop Tires Operations S.A. based in Colmar-Berg, Luxembourg (Framework sales agreement and Framework resale agreement) have been in place. Pursuant thereto, the model of cooperation between the Company and the Goodyear Group, the Company’s largest customer for many years, was changed.

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The sale of such tires to Goodyear is also settled in accordance with the Goodyear Group's transfer pricing policy, based on which prices are set such that the Company's profit from the sale of tires reaches an equivalent of the arm’s length margin. The company has the option (but not the obligation), if necessary, to buy back tires produced under brands belonging to the Company from Goodyear for resale. In addition, Goodyear, under the Agreements, enables the Company to use all technical data and licenses, to the extent that they may be needed to manufacture and sell products in accordance with Goodyear orders, without additional payments from the Company.

4. Factors and events (including those of unusual nature) having a material bearing on the condensed financial statements .

Sales to entities from the Goodyear Group for the first half of 2018 amounted to PLN 862.5 m, i.e. PLN 39.0 m less compared with the first half of 2017. For 6 months of 2018, these sales accounted for 89.0% of the total sales relative to 90.6% in the same period of 2017.

Sales to unrelated entities amounted to PLN 106.5 m, increasing by 14.3%. yty.

Gross profit from sales to related entities for the first half of 2018 amounted to PLN 60.0 m and were lower by PLN 15.1 m compared with the same period last year.

The gross profit margin in relation to revenues from these entities dropped from 8.3% to 7.0% yty.

Gross profit from sales to unrelated entities for the first half of 2018 reached PLN 21.0 m and were higher by PLN 7.3 m compared with the same period of the previous year.

The gross profit margin in relation to revenues from these entities increased from 14.8% up to 19.7% yty.

Gross profit on total sales for the first half of 2018 amounted to PLN 81.0 m, gross profit margin in relation to total revenues amounted to 8.3%.

For comparison, the gross profit on sales in the first half of 2017 amounted to PLN 88.8 m, and its margin in relation to revenues amounted to 8.9%.

The unit production costs in the first half of 2018 are lower by 6.3%.

compared with the same period last year. The decrease was mainly related to the costs of materials.

The costs of sales and general management amounted to PLN 13.1 m, PLN 13.3 m less than in the first half of 2017. The share of these costs in the value of sales amounted to 1.4% against 2.7% in the first half of last year. The drop in sales and general management costs results mainly from the reduction of regional support costs and continuing savings programs in the area of administration.

The result on other operating activity for the first half of 2018 was PLN 0.8 m compared with the cost of PLN 4.3 m in the first half of 2017.

For six months of 2018, bad debts were a revenue of PLN 0.02 m, compared with PLN 1.0 m in the same period last year, i.e. they were PLN 1.0 m higher.

The costs of liquidation of fixed assets were lower by PLN 1.7 m as compared with the first half of 2017 and amounted to PLN 0.1 m. The value of liquidation costs for fixed assets in 2017 comprised the value of confectionery machines and a demolished building. No similar situations occurred in the first six months of 2018.

For six months of 2018, revenues from the sale of fixed assets in the amount of PLN 1.0 m were obtained, PLN 0.6 million higher than in the corresponding period of the previous year.

Restructuring costs in the first half of the year were PLN 1.2 m higher than during the first 6 months of 2017 and amounted to PLN 1.4 m.

Other operating expenses amounted to PLN 0.3 m and were PLN l.4 m lower compared with the corresponding period of the previous year.

Operating profit (EBIT) amounted to PLN 67.2 m, PLN 9.1 m more yty, and the EBIT margin in relation to revenues increased to 6.9 percent. Compared with 5.8 percent in the first half of 2017.

Financial activity for the first half of 2018 generated a profit of PLN 4.1 m compared with the profit of PLN 0.3 m in the same period of 2017.

This level of financial result was influenced by:

a) foreign exchange gains/losses, which generated revenues in the amount of PLN 2.3 m, compared with the cost of PLN 0.9 m in the first half of 2017;

b) financial income from free funds in the amount of PLN 0.4 m relative to PLN 0.3 m in the corresponding period of the previous year;

c) interest on a loan granted to related entities in the amount of PLN 2.3 m compared with PLN 1.7 m in the first half of 2017;

d) the cost of discounting promissory notes and other interest amounting to PLN 0.9 m, compared with PLN 0.8 m in the same period of the

previous year.

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Gross profit before tax for the first half of 2018 amounted to PLN 71.3 mi, i.e. by 22.1 percent more yty.

Pursuant to the business license to operate in the Euro-Park Mielec Special Economic Zone (No. 134 / ARP / 2008 of 27 February 2008), the Company has the right to use income tax relief up to 40.23% of the discounted amount of investments in the SEZ

The company fulfilled the conditions of the permit in December 2012 and starting from 2013, it has been applying the corporate income tax relief.

By virtue of decision of the Minister of Development No. 27 / IW / 16 of 14 In January 2016, the business license granted to operate in the
Euro-Park Mielec Special Economic Zone was changed in the part concerning the expiration date. The expiration date was deleted from the permit.

The amount of public aid remaining to be used as at the balance sheet date on June 30, 2018 amounts to PLN 5.4 m at nominal value, i.e. PLN 3.4 m at discounted value (these values include the calculated CIT for six months of 2018, which, however, may change in the annual settlement).

Based on current estimates, the discount will be fully used up to December 31, 2018. This estimate depends on many factors, including the level of orders from related parties, and may change as at the next balance sheet date. However, the Management Board sees no risk of not using the permit until the end of the validity period, i.e. until December 31, 2026.

The current portion of income tax was PLN 1,950.9 thousand. PLN and relates to income tax paid for profit from operations not covered by zonal permission.

Net profit for the first half of 2018 amounted to PLN 67.6 million, 8.7 percent more than in the same period last year.

At the end of June 2018, non-current assets amounted to PLN 799.6 m and were PLN 16.4 m lower compared with the beginning of 2018.

The value of property, plant and equipment decreased by PLN 18.5 million, of which

a) completed investment programs in the first half of 2018 increased fixed assets by PLN 32.4 m,

b) depreciation of existing non-current assets decreased its value by PLN 50.6 million,

c) other changes (mainly financial leasing and sales) caused its decrease by PLN 0.3 million

Assets due to deferred income tax amounted to PLN 9.0 million, an increase of PLN 2.1 million compared with the beginning of 2018.

Current assets amounted to PLN 935.1 m and increased in the first half of 2018 by PLN 102.5 m.

Short-term receivables totalled PLN 429.0 m and increased by PLN 125.3 m compared with the beginning of 2018, including PLN 95.4 m from related entities, and PLN 29.9 m from other entities.

Inventory decreased by PLN 8.2 m to PLN 99.0 m.

This change was caused by a drop in inventories of finished products - by PLN 20.5 m to the level of PLN 2.3 m. The Raw Materials and Materials Stock increased by PLN 7.4 m to PLN 74.5 m, while the Production Inventory in Progress amounted to PLN 22.2 m, an increase of PLN 4.9 m.

Short-term financial assets amounted to PLN 402,1 m and decreased in the first half of 2018 by PLN 18.4 m.

Cash and other cash assets increased by PLN 106.6 m. The value of loans granted to related entities at the end of June 2018 amounted to PLN 225.0 m (a decrease of PLN 125 m compared with the beginning of 2018).

Short-term prepayments amounted to PLN 5.0 m and increased in comparison with the beginning of the year by PLN 3.8 m, mainly due to a write-down to the Company Social Benefits Fund.

The Company's assets as at June 30, 2018 amounted to PLN 1,734.7 m and increased during the first half of the year by PLN 86.1 m.
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As at June 30, 2018, liabilities and provisions for liabilities amounted to PLN 644.6 m and during the first half of the year increased by PLN 108.2 m.

Provisions for liabilities fell by PLN 4.4 m, including: provision for employee benefits by PLN 6.4 m, and restructuring provision by PLN 1.9 m. Deferred tax provision item increased by PLN 3.9 m,

Short-term liabilities as at June 30, 2018 amounted to PLN 511.0 m and increased in comparison with the end of 2017 by PLN 112.7 m.

Short-term liabilities to related entities increased by PLN 66.3 m, short-term liabilities to other entities increased by PLN 43.3 m.

Special funds have increased

by PLN 3.1 m.

Long-term liabilities (due to leasing) decreased by PLN 0.1 m to the level of PLN 3.0 m.

At the end of June 2018, the Company's equity totalled PLN 1,090.1 m and decreased by PLN 22.1 m in the first half of 2018 (increase from net profit of 67.6 and reduction due to of PLN 89.7 m).

For the first half of 2018, operating activities generated a positive cash flow of PLN 13.4 m.

Net profit and amortization generated positive flows in the amount of PLN 118.2 m, and the increase in working capital gave PLN 91.4 m negative cash flows, mainly due to the increase in receivables at the end of the first half of the year. The change in provisions and accrued expenses generated PLN 10.3 m of negative cash flows, and the remaining titles generated PLN 3.1 m of negative cash flows.

In the first half of 2018, investment activity generated positive cash flows of PLN 94.6 m.

PLN 35.2 m was allocated to the acquisition of property, plant and equipment.

The repayment of a loan from a related party generated PLN 125.0 m of positive cash flows.

A PLN 2.2 m interest was obtained from a loan granted to a related entity, while PLN 2.5 m of positive cash flows was obtained from the disposal of property, plant and equipment.

The financial activity generated negative cash flows in the amount of PLN 1.3 m. The interest payment amounted to PLN 0.3 m and the lease instalments payment was PLN 1.0 m.

Net cash flow for the first half of 2018 was positive and amounted to PLN 106.6 m. The cash balance increased in the first half of 2018 by PLN 106.6 m, from PLN 70.5 m as at the end of December 2017 to PLN 177.1 mi at the end of June 2018.

5. Description of changes in the organization of the capital group

The company does not form a capital group, it is not a holding company, it does not prepare consolidated financial statements.

6. Position of the Management Board regarding the possibility of implementing previously published forecasts of

results for a given year, in light of the results presented in the quarterly report, in relation to forecasted results

The company did not publish forecasts of results for 2018.

7. Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the general meeting

According to the Company's information, as at the date of publication of the interim report for the first half of 2018, shareholders holding at least 5% of the total number of votes at the General Meeting of the Company were:

Goodyear Holdings S.àr.l. with its registered office in Luxembourg, holding 11,234,912 shares constituting 81.40% of the Company's share capital, entitling to 11 234 912 votes at the General Meeting, representing approximately 81.40% of the total number of votes at the General Meeting of the Company *.

Investment funds managed by ALTUS TFI S.A. with its registered office in Warsaw, holding 76 045 shares representing 5.62% of the Company's share capital, entitling to 766,045 votes at the General Meeting of the Company, representing approximately 5.62% of the total number of votes at the General Meeting of the Company **.

* Source: Current report No. 20/2018 Receiving a notification from Goodyear Group companies about a change in the company's shareholding in connection with an intra-group transaction, publication date:

05/09/2018

** Source: Current report No. 3/2018 Receipt of notification on exceeding by Altus TFI the threshold of 5% share in the total number of votes of TC Dębica SA, publication date: 26.02.2018 r.

8. Shares of the Company or rights to them held by persons managing and supervising the Company

As at the date of publication of the semi-annual report, the following members of the Company's

management have shares:

Janusz Raś - Member of the Supervisory Board - 15 shares

All shares of face value of PLN 8 each.

Since the date of submission of the previous periodical report, there have been no changes in the ownership of these shares.

9. Significant proceedings pending before a court, arbitration tribunal or public administration authority regarding liabilities and receivables of the issuer or its subsidiary

None.

10. Information on entering into one or more transaction with related parties, if they are material individually or jointly and were concluded other than at arm's length

None.

11. Information on granting credit or loan sureties or granting a guarantee - to one entity or a subsidiary of that entity

The company did not grant loan or loan sureties or guarantees.

12. Other information relevant to the assessment of the personnel, property, financial situation, financial result and changes thereto as well as information that is relevant to the assessment of the ability to meet obligations

None.

13. Factors that, in the Company's opinion, will affect is results at least over the next six months

The main factors are as follows:

a) change of foreign exchange rates, mainly EUR and USD,

b) prices of raw materials on international markets,

c) the level of orders from related entities,

d) the change in the model of cooperation between the Company and the Goodyear Group, described in item 21 of the Additional information

File	Description