

Michelin Luxembourg SCS

Société en Commandite Simple

Non audited accounts
as of and for the period ended June 30th, 2014

69, Boulevard de la Pétrusse
L-2320, Luxembourg
R.C.S. - B96.546



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Michelin Luxembourg SCS

Declarations

COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” a « société en commandite par actions » under Swiss law, with its registered office at 1763 Granges-Paccot (Switzerland), Rte Louis-Braille 10, duly represented by Mr. Georges-Henri BARRAS , Executive Vice-President, sole Managing Partner of the company MICHELIN LUXEMBOURG SCS, a « société en commandite simple » under Luxembourg law, with its registered office at 2320 Luxembourg (Luxembourg), 69 Bvd de la Pétrusse, registered with the *Registre du Commerce et des Sociétés in Luxembourg* under number B 96.546 (hereinafter « the Issuer »);

state that to the best of their knowledge, the financial statements prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the management report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces.

COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”

Signed by
Georges-Henri BARRAS,
Executive Vice-President

Half-yearly management report for the financial period ended June 30th, 2014

Michelin Luxembourg SCS (« the Partnership ») principal activity is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange and by the issuing of short term promissory notes and Commercial Papers.

Developments:

During the period ended June 30th, 2014, operation and activities were determined by the repayment of the remaining amount of the 8,625% guaranteed bonds 2014 on April 24th, 2014 of EUR 401'503'000.

Same date COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" repaid the remaining amount of the EUR 750'000'000 borrowing of EUR 401'503'000.

During the period, the Partnership has registered a total interest charge of EUR 16'187'870 on the guaranteed bonds and an interest income of EUR 16'721'174 on the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie".

The Partnership has also registered a charge of EUR 161'399 linked to the guarantee granted by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" on the bond issues and EUR 152'127 linked to the Commercial Paper Dealer Agreements.

The Partnership also continued with the "US Commercial Papers program". During the first six months of the year the Partnership issued USD 616'000'000 in USCP while USD 575'000'000 was reimbursed.

Risks

The risk on the operations of the Partnership is considered low, the main income being generated by the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie", a group company.

Result

The Annual General Meeting held on April 3rd, 2014 approved the loss for the year 2013, being EUR 6'065'817,49 and the contribution by the Partners on a pro-rata basis of their participation in the Partnership.

The corresponding amounts have been paid by the Partners on January 20th, 2014.

The result for the period ended June 30th, 2014 is a loss of EUR 176'808,64.

Others

For the second half year 2014 we do not foresee any new operations or actions.

The Management,

Michelin Luxembourg SCS

Balance Sheet
as at June 30th, 2014
(expressed in EUR/000)

ASSETS	Note(s)	30.06.2014 '000 EUR	31.12.2013 '000 EUR
C. Fixed assets			
III. Financial assets			
2. Loans to affiliated undertakings	3	400'000	400'000
		400'000	400'000
D. Current assets			
II. Debtors			
2. Amounts owed by affiliated undertakings	4		
a) becoming due and payable after less than one year		80'239	483'728
IV. Cash at bank and in hand		14	40
		80'253	483'768
E. Prepayments			
	5	989	1'182
Total Assets		481'242	884'950
LIABILITIES			
A. Capital and Reserves			
I. Subscribed capital			
	6	1'000	1'000
IV. Reserves			
1. Legal reserve	7	100	100
4. Other reserves			6'066
VI. Result for the financial year	8	(177)	(6'066)
		923	1'100
D. Non-subordinated debts			
1. Debenture loans			
b. Non-convertible loans			
i. becoming due and payable after less than one year	9	0	433'470
ii. becoming due and payable after more than one year	9	400'000	400'000
2. Amounts owed to credit institutions			
a. Becoming due and payable after less than one year	9	79'965	49'125
6. Amounts owed to affiliated undertakings			
a. becoming due and payable after less than one year	9	343	1'245
9. Other creditors			
a. becoming due and payable after less than one year		11	10
		480'319	883'850
Total liabilities		481'242	884'950

Michelin Luxembourg SCS

Profit and loss account
for the period January 1st, 2014 to June 30th, 2014
(expressed in EUR/000)

	Note(s)	30.06.2014 '000 EUR	31.12.2013 '000 EUR
A. CHARGES			
2. Other external charges		33	196
8. Interest payable and similar charges			
a. concerning affiliated undertakings	9	474	1'799
b. other interest payable and similar charges	5,9	16'000	59'423
Total charges		<u>17'007</u>	<u>61'418</u>
B. INCOME			
6. Income from financial fixed assets			
a. derived from affiliated undertakings	3	5'653	25'635
7. Income from financial current assets			
a. derived from affiliated undertakings	4	11'177	29'717
10. Loss for the financial year		<u>177</u>	<u>6'066</u>
Total income		<u><u>17'007</u></u>	<u><u>61'418</u></u>

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Notes to the unaudited accounts
as at June 30th, 2014

1 General Information

Michelin Luxembourg SCS (“the Partnership”) is a limited liability Partnership (“société en commandite simple”) incorporated under the laws of the Grand-Duchy of Luxembourg on October 31st, 2003.

The Partnership is established for an unlimited period.

The Partnership’s financial year starts on January 1st and ends on December 31st of each year.

The principal activity of the Partnership is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange. On April 2nd, 2009, the Partnership set up a Euro Medium Term Note Programme registered with the Luxembourg Stock Exchange, which was completely repaid on April 24th, 2014. The Partnership launched a Bond issue on June 20th, 2012 at the Luxembourg Stock Exchange and issued on April 12th, 2012 a US Commercial Paper Programme. The US Commercial Papers are being issued for an average term of one month at an average interest rate of 0,31 fixed. The US Commercial Papers Programme is also guaranteed by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”.

The principal activities of Michelin Group companies include the manufacture and distribution of vehicle tyres and the publication of travel guides and maps.

The registered office of the Partnership is established at 69, boulevard de la Pétrusse, L-2320, Luxembourg. The Partnership is registered with the Registre de Commerce of Luxembourg under the section B Number 96 546.

98% of the share capital of the Partnership is held by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” (“CFM”) and the remaining 2% is held by Nitor S.A. (together the “Partners”). These companies are both subsidiaries of Compagnie Générale des Etablissements Michelin. The registered office of CFM and Nitor S.A. is at Route Louis-Braille 10 CH-1763 Granges-Paccot, Switzerland.

The Partnership is included in the consolidated accounts of CFM, which is the undertaking which draws up the consolidated accounts of the smallest and the largest body of undertakings of which the Partnership forms a part as a subsidiary undertaking. The consolidated accounts are available at CFM’s registered office.

2 Summary of significant accounting policies

2.1 Basis of preparation

The accounts of the Partnership have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19th December 2002, determined and applied by the Management.

2.2 Financial fixed and current assets

Financial fixed assets consist of loans to affiliated undertakings bearing accrued interest are valued at their nominal value.

If the Management determines that a durable impairment has occurred in the value of a financial fixed asset, a value adjustment is made in order to reflect that loss.

These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Current assets consist of amounts owed to affiliated undertakings becoming due and payable after less than one year and are recorded at their nominal value.

A value adjustment is made when their recovery is partly or completely in doubt.

These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.3 Foreign currencies translation

The Partnership maintains its financial records in euros ("EUR"). Assets and liabilities denominated in other currencies are translated into EUR at the rate effective at the balance sheet date. Income and expense transactions are recorded at the rate effective at the date of the transactions. Realized exchange gains and losses, and unrealized exchange losses, are recorded in the profit and loss account.

Currently the Partnership has an asset of USD 108'857'837,02 on CFM and a liability of USD 108'500'000 on the US Commercial Papers.

2.4 Prepayments

Prepayments represent costs associated with the issuance of the guaranteed bonds which are amortized to the profit and loss account over the contractual term of the bonds, and the interest paid in advance on the US Commercial Papers.

2.5 Debts

Debts are recorded at their reimbursement value.

Loans and amounts owed to affiliated undertakings bear interests which are accrued on a pro rata temporis basis.

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Notes to the unaudited accounts
as at June 30th, 2014

2.6 Non-convertible loans

Non-convertible loans are represented by guaranteed bonds such are valued at their nominal value and bear interests which are accrued on a pro rata temporis basis.

2.7 US Commercial Papers

US Commercial Papers ("USCP") are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

The movements for 2014 were as follows:

	USD	EUR
Openings balance	67'500'000	49'124'880
Amount issued	616'000'000	452'526'531
Amount reimbursed	575'000'000	422'018'378
Balance at June 30, 2014	108'500'000	79'633'033

The maximum outstanding amount at any time is USD 700'000'000. The Partnership has no commitment to perform monthly issuance of USCP, issuances are performed only upon Partnership request.

3 Financial assets

Amounts owed by affiliated undertakings represent interest bearing loans made to finance the development of the Michelin group's operations. Movements for the year are as follows:

	'000 EUR
Book value-opening balance	400'000
Book value closing balance	400'000

Financial assets

	Within one year '000 EUR	After one year and within five years '000 EUR	After five year '000 EUR	Total 30.06.2014 '000 EUR	Total 31.12.2013 '000 EUR
Compagnie Financière du Groupe Michelin, "Senard et Cie" 8.87%					
Repayable on April 24 th , 2014	0			0	403'562
Compagnie Financière du Groupe Michelin, "Senard et Cie" 2.85%					
Repayable on June 20 th , 2019		400'000		400'000	400'000
Reclassified to current (note 4)					
Total	0	400'000		400'000	803'562

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Notes to the unaudited accounts
as at June 30th, 2014

4 Debtors

	30.06.2014	31.12.2013
	'000 EUR	'000 EUR
Debtors are mainly composed of amounts owed by affiliated undertakings becoming due and payable within one year		
Amounts owed by affiliated undertakings	79'895	452'924
Interest receivable	344	30'804
	<u>80'239</u>	<u>483'728</u>

5 Prepayments

	30.06.2014	31.12.2013
	'000 EUR	'000 EUR
Prepayments are mainly composed of issuance costs relating to the guaranteed bonds		
Opening net book value	1'182	2'281
Issuing costs new bond	-	-
Amortization for the year	195	1'101
Closing net book value	<u>987</u>	<u>1'180</u>
Advance interest payment USCP	2	2
Total prepayments	<u>989</u>	<u>1'182</u>

6 Subscribed Capital

The Partnership's subscribed capital is set at EUR 1'000'000 divided into two classes of Partnership units, comprising 98'000 unlimited Partnership units (parts commanditées) and 2'000 limited Partnership units (parts commanditaires) with a par value of EUR 10 per unit, each one of them fully paid up.

Each class of Partnership units entitles the same rights and privileges.

The authorized capital amounts to EUR 1'000'000.

The unlimited Partnership units are owned by CFM and the limited Partnership units by Nitor S.A.

No movement in the subscribed capital during the current period occurred.

7 Legal reserve

The Partnership is required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

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Notes to the unaudited accounts
as at June 30th, 2014

8 Result for the financial year

The Annual General Meeting held on April 3rd, 2014 approved the loss for the financial year 2013, being EUR 6'065'817,49 and the contribution by the Partners on a pro rata basis. The Partnership's result for the period ended June 30th, 2014 is a loss of EUR 176'808,64.

	Legal reserve (EUR)	Other reserves (EUR)	Result for the financial year (EUR)
As at December 31st, 2013	100		(6'066)
Movements for the year:			
• Allocation of previous year's profit or loss			6'066
• Distributions			
• Profit or loss for the year/period			(177)
• Other movements Partner's compensation reserve			
As at June 30th, 2014	100		(177)

9 Non-subordinated debts

The loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" are being financed by guaranteed bond issuances and by USCP totaling EUR 479'633 as per June 30th, 2014.

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Notes to the unaudited accounts
as at June 30th, 2014

Non-convertible guaranteed bonds/amounts owed to credit institutions.

			Total	Total
			30.06.2014	31.12.2013
	Within one year	After one year and within five years	After five year	
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
750 million bond - 8.625% guaranteed bonds repayable on April 24 th , 2014	0		0	403'562
400 million bond – 2.75% guaranteed bonds repayable on June 20 th , 2019		400'000	400'000	400'000
Interest payable on bonds	332		332	29'908
Amounts owed to credit institutions	79'633		79'633	49'125
Total	79'965	400'000	479'965	882'595

The total interest payable on the above guaranteed bonds amounts to EUR 16'187'870 for the period January 1st, 2014 up to June 30th, 2014.
The accrued interest payable as at June 30th, 2014 amounts to EUR 331'506.

On April 24th, 2014 the 8,625% bond, issued on April 24th, 2009 was completely repaid.

On June 20th, 2012, the Partnership issued the 2.75% bonds of EUR 400'000'000 due June 20th, 2019.

On April 12th, 2012, the Partnership started issuing US Commercial Paper. As per June 30th, 2014 the total debt amount to USD 108'500'000 equivalent to EUR 79'633'033.

The 2019 bond is listed on the Luxembourg Stock Exchange and guaranteed by CFM.

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as at June 30th, 2014

Amounts owed to affiliated undertakings

	Within one year	Total	Total
	'000 EUR	30.06.2014	31.12.2013
		'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, 'Senard et Cie'	343	343	1'245
Total	343	343	1'245

10 Staff

The Partnership does not have any employee, same in 2013.

11 Related parties transactions

During the financial year, the transactions entered with related parties, described in the previous notes, have been carried out at arm's length.