

Michelin Luxembourg SCS

Société en Commandite Simple

Non audited accounts
as of and for the period ended June 30, 2013

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 its knowledge, the financial statements prepared in accordance with the applicable set of accounting standards 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, 2013

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 mainly financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange.

Developments:

During the accounting period ended June 30th, 2013, the Partnership continued with the repurchases of bonds. The Partnership repurchased for a total of EUR 68'643'000 of the 8,625% guaranteed bonds 2014. This operation had a negative impact on the profit and loss account of EUR 6'136'886. On the other hand the Partnership and COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" agreed to amend the loan agreement between the two parties maintaining the loans at arm's length. These amendments produced an extra income of EUR 2'010'649 for the Partnership.

During the period, the Partnership has registered a total interest charge of EUR 25'810'663 on the guaranteed bonds and an interest income of EUR 27'374'754 on the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie".

The Partnership has also registered a charge of EUR 217'183 linked to the guarantee granted by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" on the bond issues, and EUR 136'037 linked to the Commercial Paper Dealer Agreements.

The Partnership also continued with the US Commercial Paper Programme. During the first six months of the year the Partnership issued USD 912'000'000 in USCP while USD 1'062'000'000 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, 2013 approved the profit for the year 2012, being EUR 11'400'112,18 and the distribution to the Partners on a pro-rata basis of their participation in the Partnership. The corresponding amounts have been paid to the Partners on January 29th, 2013.

The result for the period ended June 30th, 2013 is a loss of EUR 3'820'860,99.

Future developments:

The Partnership will continue with the repurchases of bonds whenever the market conditions are favourable.

Others

For the second half of the financial year 2013 we do not foresee any new operations or actions.

The Management,

Michelin Luxembourg SCS

Balance sheet
as at June 30th, 2013
(expressed in EUR/000)

ASSETS	Note(s)	30.06.2013	31.12.2012
		'000 EUR	'000 EUR
C. Fixed assets			
III. Financial assets			
2. Loans to affiliated undertakings	4	400'000	915'390
		400'000	915'390
D. Current assets			
II. Debtors			
2. Amounts owed by affiliated undertakings	5		
a) becoming due and payable after less than one year		493'044	197'747
IV. Cash at bank and in hand		-	17
		893'044	197'764
E. Prepayments			
	6	1'471	2'292
		1'471	2'292
Total Assets		894'515	1'115'446
LIABILITIES			
A. Capital and Reserves			
I. Subscribed capital			
	7	1'000	1'000
IV. Reserves			
1. Legal reserve	8	100	100
4. Other reserves			
VI. Result for the financial year	9	(3'821)	11'400
		(2'721)	12'500
D. Non-subordinated debts			
1. Debenture loans			
b. Non-convertible loans			
i. becoming due and payable after less than one year	10	446'747	36'567
ii. becoming due and payable after more than one year	10	400'000	915'390
2. Amounts owed to credit institutions			
a. Becoming due and payable after less than one year	10	45'873	150'978
6. Amounts owed to affiliated undertakings			
a. becoming due and payable after less than one year	10	4'608	-
9. Other creditors			
a. becoming due and payable after less than one year		8	11
		897'236	1'102'946
Total liabilities		894'515	1'115'446

Michelin Luxembourg SCS

Profit and loss account
For the period ended June 30th, 2013
(expressed in EUR/000)

	Note(s)	30.06.2013 '000 EUR	31.12.2012 '000 EUR
A. CHARGES			
2. Other external charges		128	465
8. Interest payable and similar charges			
a. concerning affiliated undertakings	10	385	1'071
b. other interest payable and similar charges	6, 10	32'956	90'661
12. Profit for the financial year		-	11'400
Total charges		<u>33'469</u>	<u>103'597</u>
B. INCOME			
6. Income from financial fixed assets			
a. derived from affiliated undertakings	4	19'888	92'867
7. Income from financial current assets			
a. derived from affiliated undertakings	5	9'760	10'730
10. Loss for the financial year		3'821	-
Total income		<u>33'469</u>	<u>103'597</u>

Michelin Luxembourg SCS

Notes to the unaudited accounts
as at June 30th, 2013
(continued)

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 31, 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 2, 2009, the Partnership set up a Euro Medium Term Note Programme registered with the Luxembourg Stock Exchange. The Partnership launched a Bond issue on June 20, 2012 at the Luxembourg Stock Exchange and issued on April 12, 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. The consolidated accounts are available at CFM’s registered office.

2 Presentation of the comparative financial data

Figures for the year ended December 31st, 2012 have been reclassified to ensure comparability with the figures for the period ended June 30rd, 2013.

Michelin Luxembourg SCS

Notes to the unaudited accounts
as at June 30th, 2013
(continued)

3 Summary of significant accounting policies

3.1 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 19 December 2002, determined and applied by the Management.

3.2 Financial and current assets

Financial assets consist of intercompany loans bearing accrued interest. In case of durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.3 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 company has an asset of USD 50'278'076,17 on CFM and a liability of USD 50'000'000 on the US Commercial Papers.

3.4 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.

3.5 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.

3.6 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.

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Notes to the unaudited accounts
as at June 30th, 2013
(continued)

3.7 US Commercial Papers

US Commercial Papers 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 2013 were as follows:

Balance at January 1 st , 2013	200'000'000
Amount issued USD	912'000'000
Amount reimbursed USD	<u>1'062'000'000</u>
Balance at June 30, 2013 USD	50'000'000

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.

4 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	915'390
Partial repayment	(68'643)
Reclassified	(446'747)
Book value closing balance	<u>400'000</u>

Financial assets

	After one year and within five years	After five year	Total 30.06.2013	Total 31.12.2012
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, "Senard et Cie" 8.87%				
Repayable on April 24 th , 2014	446'747		446'747	515'390
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 5)			(446'747)	
Total	446'747	400'000	400'000	915'390

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Notes to the unaudited accounts
as at June 30th, 2013
(continued)

5 Debtors

	30.06.2013	31.12.2012
	'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	485'318	160'094
Interest receivable	7'726	37'653
	<u>493'044</u>	<u>197'747</u>

6 Prepayments

	30.06.2013	31.12.2012
	'000 EUR	'000 EUR
Prepayments are mainly composed of issuance costs relating to the guaranteed bonds		
Opening net book value	2'292	3'030
Issuing costs new bond	-	1'351
Amortization for the year	(822)	(2'100)
Closing net book value	<u>1'470</u>	<u>2'281</u>
Advance interest payment USCP	1	11
Total prepayments	<u>1'471</u>	<u>2'292</u>

7 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.

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.

8 Legal reserve

The company 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, 2013
(continued)

9 Result for the financial year

The Annual General Meeting held on April 3rd, 2013 approved the profit for the financial year 2012, being EUR 11'400'112,18 and the distribution to the Partners on a pro rata basis. The Partnership's result for the period ended June 30rd, 2013 is a loss of EUR 3'820'860,99.

	Legal reserve (EUR)	Other reserves (EUR)	Result for the financial year (EUR)
As at December 31 st , 2012	100		11'400
Movements for the period:			
• Allocation of previous year's profit or loss			(11'400)
• Profit or loss for the year/period			(3'821)
• Other movements Partner's compensation reserve			
As at June 30 rd , 2013	100		(3'821)

10 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 885'105'250 as per June 30rd, 2013.

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

			Total 30.06.2013	Total 31.12.2012
	Within one year '000 EUR	After one year and within five years '000 EUR	After five year '000 EUR	'000 EUR
750 million bond - 8.625% guaranteed bonds repayable on April 24 th , 2014	446'747		446'747	515'390
400 million bond – 2.75% guaranteed bonds repayable on June 20 th , 2019			400'000	400'000
Interest payable on bonds	7'510		7'510	36'567
Amounts owed to credit institutions	38'363		38'363	150'978
Total	492'620		400'000	1'102'935

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Notes to the unaudited accounts
as at June 30th, 2013
(continued)

The total interest payable on the above guaranteed bonds amounts to EUR 25'810'663 for the period January 1st, 2013 up to June 30rd, 2013.

The accrued interest payable as at June 30rd, 2013 amounts to EUR 7'510'057.

On April 24, 2009, under its Euro Medium Term Note Programme, the Partnership issued the 8.625% bonds of EUR 750'000'000 due April 24, 2014.

The entity repurchased on the EUR 750 million bond, for a total of EUR 303'253'000 of which EUR 68'643'000 during 2013.

The entity realized a loss of EUR 6'136'886 with the repurchases during the first half year.

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 30rd, 2013 the total debt amount to USD 50'000'000 equivalent to EUR 38'358'250.

Both bonds are listed on the Luxembourg Stock Exchange and guaranteed by CFM.

Amounts owed to affiliated undertakings

	Within one year	Total	Total
	'000 EUR	30.06.2013	31.12.2012
		'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, "Senard et Cie"	4'608	4'608	-
Total	4'608	4'608	-

11 Staff

The Partnership does not have any employee, same in 2012.

12 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.