

Michelin Luxembourg SCS

Société en Commandite Simple

Non audited accounts
as of and for the period ended June 30th, 2015

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. Christophe MAZEL, 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 half-yearly unaudited 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
Christophe MAZEL,
Executive Vice-President

Half-yearly management report for the financial period ended June 30th, 2015

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, 2015, operation and activities were determined by the issuing of two new bonds.

On May 28th, 2015 the Partnership issued a 1.125% bond of EUR 300'000'000 repayable May 28th, 2022.

Also on May 28th, 2015 the Partnership issued a 1.75% bond of EUR 300'000'000 repayable May 28th, 2027.

During the period, the Partnership has registered a total interest charge of EUR 6'255'118 on the guaranteed bonds and an interest income of EUR 6'593'729 on the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie".

The Partnership has also registered a charge of EUR 106'515 linked to the guarantee granted by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" on the bond issues and EUR 162'547 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 74'000'000 in USCP while USD 40'000'000 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 March 26th, 2015 approved the loss for the year 2014, being EUR 262'904,91 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 30th, 2015.

The result for the period ended June 30th, 2015 is a loss of EUR 168'515,99.

Others

For the second half year 2015 we do not foresee any new operations or actions.

The Management,

Michelin Luxembourg SCS

Balance Sheet
as at June 30th, 2015
(expressed in EUR/000)

ASSETS	Note(s)	30.06.2015 ‘000 EUR	31.12.2014 ‘000 EUR
C. Fixed assets			
III. Financial assets			
2. Loans to affiliated undertakings	3	1'000'000	400'000
		1'000'000	400'000
D. Current assets			
II. Debtors			
2. Amounts owed by affiliated undertakings	4		
a) becoming due and payable after less than one year		32'542	6'397
IV. Cash at bank and in hand			
		57	31
		32'599	6'428
E. Prepayments			
	5	5'334	892
Total Assets		1'037'933	407'320
LIABILITIES			
A. Capital and Reserves			
I. Subscribed capital			
	6	1'000	1'000
IV. Reserves			
1. Legal reserve	7	100	100
4. Other reserves		0	263
VI. Result for the financial year			
	8	(169)	(263)
		931	1'100
D. Non-subordinated debts			
1. Debenture loans			
b. Non-convertible loans			
i. becoming due and payable after less than one year	9	1'132	5'877
ii. becoming due and payable after more than one year	9	1'000'000	400'000
2. Amounts owed to credit institutions			
a. Becoming due and payable after less than one year	9	30'927	0
6. Amounts owed to affiliated undertakings			
a. becoming due and payable after less than one year	9	4'863	327
9. Other creditors			
a. becoming due and payable after less than one year		80	16
		1'037'002	406'220
Total liabilities		1'037'933	407'320

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Profit and loss account
for the period January 1st, 2015 to June 30th, 2015
(expressed in EUR/000)

	Note(s)	30.06.2015 '000 EUR	31.12.2014 '000 EUR
A. CHARGES			
2. Other external charges		142	50
8. Interest payable and similar charges			
a. concerning affiliated undertakings	9	269	696
b. other interest payable and similar charges	5,9	6'364	22'142
Total charges		<u>6'775</u>	<u>22'888</u>
B. INCOME			
6. Income from financial fixed assets			
a. derived from affiliated undertakings	3	6'593	11'400
7. Income from financial current assets			
a. derived from affiliated undertakings	4	13	11'225
10. Loss for the financial year		169	263
Total income		<u>6'775</u>	<u>22'888</u>

Michelin Luxembourg SCS

Notes to the unaudited accounts
as at June 30th, 2015

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. The Partnership launched on June 20th, 2012 a Bond issue and now on May 28th, 2015 did two bond issuing at the Luxembourg Stock Exchange. The Partnership 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 19 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.

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, 2015

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 2015 were as follows:

	USD	EUR
Openings balance	0'00	0'00
Amount issued	74'000'000	66'024'839
Amount reimbursed	40'000'000	35'097'487
Balance at June 30, 2015	34'000'000	30'927'352

The movements for 2014 were as follows:

	USD	EUR
Openings balance	67'500'000	49'124'880
Amount issued	811'000'000	604'099'815
Amount reimbursed	878'500'000	653'224'695
Balance at June 30, 2014	0'00	0'00

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:

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Notes to the unaudited accounts
as at June 30th, 2015

Financial assets

	After one year and within five years	After five year	Total 30.06.2015	Total 31.12.2014
Within one year	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, "Senard et Cie" 2.85%				
Repayable on June 20 th , 2019	400'000		400'000	400'000
Compagnie Financière du Groupe Michelin, "Senard et Cie" 1,357%				
Repayable on May 28 th , 2022		300'000	300'000	
Compagnie Financière du Groupe Michelin, "Senard et Cie" 1,966%				
Repayable on May 28 th , 2027		300'000	300'000	
Total	0	400'000	600'000	1'000'000

4 Debtors

	30.06.2015	31.12.2014
	'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	31'258	307
Interest receivable	1'284	6'090
	<u>32'542</u>	<u>6'397</u>

5 Prepayments

	30.06.2015	31.12.2014
	'000 EUR	'000 EUR
Prepayments are mainly composed of issuance costs relating to the guaranteed bonds		
Opening net book value	892	1'182
Issuing costs new bond	4'566	0'00
Amortization for the year	131	290
Closing net book value	<u>5'327</u>	<u>892</u>
Advance interest payment USCP	7	-
Total prepayments	<u>5'334</u>	<u>892</u>

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Notes to the unaudited accounts
as at June 30th, 2015

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.

8 Result for the financial year

The Annual General Meeting held on March 26th, 2015 approved the loss for the financial year 2014, being EUR 262'904'91 and the covering of the loss by the Partners on a pro rata basis. The Partnership's result for the period ended June 30th, 2015 is a loss of EUR 168'515,99.

	Legal reserve (EUR)	Other reserves (EUR)	Result for the financial year (EUR)
As at December 31st, 2014	100	263	(263)
Movements for the year:			
• Previous year's loss		(263)	263
• Loss for the year			(169)
• Other movements Partner's compensation reserve		0	
As at June 30th, 2015	100	0	(169)

9 Non-subordinated debts

The loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" are being financed as at June 30th, 2015 by guaranteed bond issuances amounting to EUR 1'000'000'000 (December 31st, 2014: EUR 400'000'000) and by USCP amounting to EUR 34'000'000 (December 31st, 2014: EUR 0).

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Notes to the unaudited accounts
as at June 30th, 2015

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	'000 EUR
400 million bond – 2.75% guaranteed bonds repayable on June 20 th , 2019		400'000		400'000	400'000
300 million bond – 1,125% guaranteed bonds repayable on May 28 th , 2022			300'000	300'000	
300 million bond – 1,75% guaranteed bonds repayable on May 28 th , 2027			300'000	300'000	
Interest payable on bonds	1'132			1'132	5'877
Amounts owed to credit institutions	30'927			30'927	
Total	32'059	400'000	600'000	1'032'059	405'877

The total interest payable on the above guaranteed bonds amounts to EUR 6'255'118 for the period January 1st, 2015 up to June 30th, 2015.

The accrued interest payable as at June 30th, 2015 amounts to EUR 1'131'831.

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

On May 28th, 2015, the Partnership issued two bonds: 1'125% bonds of EUR 300'000'000 due May 28th, 2022, 1,75% bonds of EUR 300'000'000 due May 28th, 2027.

On April 12th, 2012, the Partnership started issuing US Commercial Paper. As per June 30th, 2015 the total debt amount to USD 34'000'000 equivalent to EUR 30'927'352. The total interest paid for the period January 1st, 2015 up to June 30th, 2015 amounted to USD 11'250 equivalent to EUR 10'077.

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

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Amounts owed to affiliated undertakings

	Within one year	Total	Total
	'000 EUR	30.06.2015	31.12.2014
		'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, 'Senard et Cie'	4'863	4'863	327
Total	4'863	4'863	327

10 Staff

The Partnership does not have any employee, same in 2014.

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.