

COFINOGA FUNDING TWO LP

**GENERAL PARTNER'S REPORT AND NON-
STATUTORY FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2015

Registered number: LP009155

COFINOGA FUNDING TWO LP

GENERAL PARTNER'S REPORT AND NON-STATUTORY FINANCIAL STATEMENTS

PERIOD ENDED 30 June 2015

CONTENTS	PAGE
The General Partner's report	1
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Non-Statutory Financial Statements	7

COFINOGA FUNDING TWO LP

THE GENERAL PARTNER'S REPORT

PERIOD ENDED 30 June 2015

The General Partner presents the report and non-statutory unaudited financial statements for the period ended 30 June 2015. The limited partnership's registered number is LP009155. These non-statutory unaudited financial statements have been prepared for the purpose of complying with the Luxembourg transparency requirements applicable to an issuer of debt securities. Under the Law of 11 January 2008 on transparency requirements for issuers of securities, published in Mémorial A – No. 5 of 15 January 2008, the partnership is required to prepare an half yearly financial report, and to file it with the Commission de Surveillance du Secteur Financier (CSSF). As such these are not the Partnership's statutory financial statements.

The General Partner is not required to file statutory financial statements in accordance with Statutory Instruments 2008/1911 Limited Liability Partnerships (Application of Companies Act 2006) Regulations as its General Partner files consolidated financial statements which include this Limited Partnership.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Cofinoga Funding Two LP is a Limited Partnership formed under the Limited Partnership Act 1907, in accordance with a Limited Partnership Agreement dated 14 January 2004. The principal activity of the Partnership is to act as a special purpose vehicle to raise and provide finance and financial support to the LaSer Cofinoga SA group.

On 15 January 2004 and 14 May 2004, Cofinoga Funding Two LP issued €50,000,000 and €30,000,000 EUR-TEC10-CNO index linked unsecured perpetual preferred securities to The Bank of New York Mellon. They were listed on the Luxembourg Stock Exchange on these dates. The unsecured perpetual preferred securities entitle holders to receive non-cumulative preferential distributions payable quarterly in arrears, settled through intercompany arrangements, commencing three months after the date of issue for both securities. Further details are provided in note 9. No new financial arrangements were made in the period.

The General Partner is of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business and hence this has not been presented.

The results for the period are set out in the Profit and Loss Account on page 4.

RESULTS AND DISTRIBUTIONS

The result for the period amounted to €nil (2014: €nil). No distributions to partners have been made in the period (2014: €nil).

FINANCIAL RISK MANAGEMENT

There are risks that arise as a result of movements in financial markets, however, the activities of the Partnership are fully hedged and accordingly the General Partner considers that the Partnership is not exposed to any financial risks that have not been appropriately managed.

Interest rate risk

The Partnership has both interest bearing assets and interest bearing liabilities. The Partnership holds equal and opposite amounts of loan notes (note 7) and unsecured perpetual preferred securities (note 9) on the similar terms to manage net exposure to interest rate risks.

Liquidity risk

The Partnership has funding provided by The Bank of New York Mellon in the form of unsecured perpetual preferred securities. The Partners are not aware of any clause within the contract which would require early repayment of the preference shares. Should the amount be recalled, the Partnership is not exposed as loans due from group undertakings will also become due for payment and, having considered the financial position of these entities, management are satisfied that the exposure to liquidity risk is negligible.

Credit risk

The Partnership's assets all represent amounts due from related entities and, having considered the financial position of these entities, management are satisfied that the exposure to credit risk is acceptable.

COFINOGA FUNDING TWO LP

THE GENERAL PARTNER'S REPORT (*continued*)

PERIOD ENDED 30 June 2015

FUTURE DEVELOPMENTS

The Partnership will continue to act as a special purpose vehicle to raise and provide finance and financial support to the LaSer Cofinoga SA group.

MEMBERS

The members of the Partnership during the period and up to the date of signing this report were as follows:

General Partner: Sygma Funding Two Limited; and

Limited Partner: The Bank of New York Depository (Nominees) Limited.

GENERAL PARTNER'S RESPONSIBILITIES STATEMENT

The partners are responsible for preparing the General Partner's Report and the non-statutory unaudited financial statements in accordance the basis of preparation and accounting policies in note 1. Under the Law of 11 January 2008 on transparency requirements for issuers of securities, published in Mémorial A – No. 5 of 15 January 2008, the partnership is required to prepare a half yearly financial report, and to file it with the Commission de Surveillance du Secteur Financier (CSSF). Under that law the General Partner has prepared the Partnership non-statutory unaudited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The General Partner must not approve the non-statutory unaudited financial statements unless the General Partner is satisfied have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory unaudited financial statements. In preparing these non-statutory unaudited financial statements, the partners have:

- selected suitable accounting policies and then apply them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting polices applied;
- prepared the non-statutory unaudited financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The partners are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COFINOGA FUNDING TWO LP

THE GENERAL PARTNER'S REPORT (*continued*)

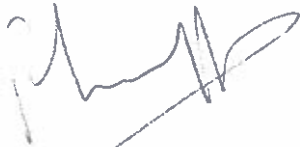
PERIOD ENDED 30 June 2015

RESPONSIBILITY STATEMENT

I confirm that, to the best of my knowledge:

- the non-statutory unaudited financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the issuer; and
- the General Partner's report gives a fair review of the development and performance of the business, the financial position of the issuer, together with a description of the risks and uncertainties that it faces.

Approved by the Board of Directors of Sygma Funding Two Limited, the General Partner, on 20 August 2015 and signed on its behalf by:



P A R Reffay
On behalf of the General Partner

20 August 2015

Registered number: LP009155

COFINOGA FUNDING TWO LP

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 30 June 2015

	Note	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
TURNOVER		–	–
Other operating income	2	13	24
OPERATING PROFIT	3	13	24
Interest receivable and similar income	5	806	2,582
Interest payable and similar charges	6	(819)	(2,606)
		—	—
RESULT ON ORDINARY ACTIVITIES BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		–	–
Members' remuneration charged as an expense		–	–
		—	—
RESULT FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	10	–	–

All results derive from continuing operations.

There is no material difference between the result on ordinary activities before taxation and the result for the periods stated above and their historical cost equivalents.

The Partnership has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 7 to 13 form part of these non-statutory financial statements.

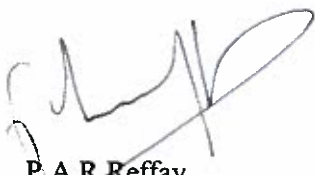
COFINOGA FUNDING TWO LP

BALANCE SHEET

AS AT 30 June 2015

	Note	As at 30 June 2015 €000	As at 31 December 2014 €000
CURRENT ASSETS			
Debtors due within one period	7	83,657	83,771
		<u>83,657</u>	<u>83,771</u>
CREDITORS: Amounts falling due within one period			
	8	(302)	(436)
NET CURRENT ASSETS			
		<u>83,355</u>	<u>83,335</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>83,355</u>	<u>83,335</u>
CREDITORS: Amounts falling due after more than one period			
	9	(79,205)	(79,185)
NET ASSETS			
		<u>4,150</u>	<u>4,150</u>
REPRESENTED BY:			
Members' capital	10	4,150	4,150
TOTAL MEMBERS' INTEREST			
	10	<u>4,150</u>	<u>4,150</u>

The non-statutory unaudited financial statements were approved by the General Partner, Sygma Funding Two Limited, and authorised for issue on 20 August 2015 and signed on their behalf by:



P. A. R. Reffay
On behalf of the General Partner

20 August 2015

The notes on pages 7 to 13 form part of these non-statutory financial statements.

CONFINOGA FUNDING TWO LP

CASH FLOW STATEMENT

PERIOD ENDED 30 June 2015

		6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
NET CASH FLOW FROM OPERATING ACTIVITIES	Note		
	11	-	-
RETURN ON INVESTMENTS AND SERVICING OF FINANCE		-	-
	11	-	-
CASH FLOW BEFORE FINANCING		-	-
FINANCING		-	-
	11	-	-
MOVEMENT IN CASH		-	-

The notes on pages 7 to 13 form part of these non-statutory financial statements.

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

PERIOD ENDED 30 June 2015

1. ACCOUNTING POLICIES

(a) Significant accounting policies

Basis of accounting

The General Partner is not required to file statutory financial statements in accordance with Statutory Instruments 2008/1911 Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations as its General Partner files consolidated financial statements which include this Limited Partnership. Under the Law of 11 January 2008 on transparency requirements for issuers of securities, published in Mémorial A – No. 5 of 15 January 2008, the partnership is required to prepare an half yearly financial report, and to file it with the Commission de Surveillance du Secteur Financier (CSSF).

The non-statutory unaudited financial statements have been prepared on a going concern basis following investigation by the partners into the sources of funding in place for the business in the foreseeable future. The directors have elected to prepare the non-statutory unaudited financial statements in accordance with the United Kingdom Generally Accepted Accounting Practices (UK GAAP) and have been prepared under the historical cost basis. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

Financial instruments

Debt finance

All borrowings are stated at fair value of consideration received after deduction of issue costs. The issue costs and interest payable on the perpetual unsecured preferred securities are charged to the profit and loss account as finance costs, on a constant yield basis over 30 years.

The Limited Partnership has taken the option in FRS 13 “Derivatives and other financial instruments” not to disclose its short-term debtors and creditors within the disclosures of derivatives as permitted by paragraph 6 of the standard.

(b) Financial risk management

Objectives, policies and strategies

The financial risks faced by the Partnership include interest rate, credit and liquidity risk. The members review and agree policies for managing each of these risks.

The Partnership’s financial instruments comprise fixed and floating rate balances owed by group undertakings and unsecured perpetual preferred securities, the main purpose of which is to raise and provide finance for the group's operations, whilst managing interest rate risk.

The Partnership holds equal and opposite amounts of loan notes (note 7) and unsecured perpetual preferred securities (note 9) on the similar terms to manage net exposure to interest rate risks. The Partnership seeks to minimise the risk of uncertain funding in its operations by borrowing over an indefinite period and by having committed facilities available. These objectives, policies and strategies are consistent with those in the previous period. The balance sheet positions at 30 June 2015 and 31 December 2014 are representative of the positions throughout the period.

The Partnership’s assets represent amounts due from related entities and, having considered the financial position of these entities, management are satisfied that the exposure to credit risk is within acceptable parameters.

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

2. OTHER OPERATING INCOME

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Other operating income	<u>13</u>	<u>24</u>

Operating income relates to management charges to the LaSer Cofinoga SA group in France.

3. OPERATING PROFIT

Operating profit is stated after crediting:

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Partners' remuneration	<u>-</u>	<u>-</u>

Income tax payable on the Partnership's results is solely the personal liability of the individual Partners and consequently is not dealt with in these non-statutory financial statements.

4. PARTNERS AND EMPLOYEES

No partners received any remuneration in respect of their services to the Partnership, either from the Partnership or from other group undertakings, during the period ended 30 June 2015 (2014: €nil).

The Partnership had no employees during the period (2014: none) and accordingly no employee costs are included in these financial statements.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Interest receivable from group undertakings	<u>806</u>	<u>2,582</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Unwinding of issue costs and release of premia	21	46
Interest payable	<u>798</u>	<u>2,560</u>
	<u>819</u>	<u>2,606</u>

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

7. DEBTORS

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Amounts owed by group undertakings	<u>83,657</u>	<u>83,771</u>

An analysis of the maturity of the amounts owed by group undertakings classified as financial assets is given below:

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Due in less than one year, or on demand	<u>83,657</u>	<u>83,771</u>

On 15 January 2004, LaSer Cofinoga SA (parent undertaking) issued €50,000,000 and €1,901,000 of loan notes to Cofinoga Funding Two LP. The amounts due are redeemable at par on 15 January 2024, and earn interest at a rate linked to EUR-TEC10-CNO and 6.23% respectively. Interest is due on a quarterly basis commencing 15 April 2004.

On 14 May 2004, LaSer Cofinoga SA (parent undertaking) issued a further €30,000,000 and €964,000 of loan notes to Cofinoga Funding Two LP. The amounts due are redeemable at par on 15 January 2024, and earn interest at a rate linked to EUR-TEC10-CNO and 6.23% respectively. Interest is due on a quarterly basis commencing 15 April 2004.

The loan notes are callable by the General Partner on any interest payment date falling on or after 15 January 2014 and are therefore classified as due in less than one year, or on demand.

Other amounts owed by group undertakings are unsecured, earns interest at 6.23% (2014: 6.23%) and are repayable on 15 January 2024.

All amounts owed by group undertakings are denominated in Euros.

Given the relationship between amounts owed by group undertakings and the perpetual preferred securities classified as financial liabilities, the fair value of the asset has not been presented; any fair value movement will be offset by a materially equal and opposite fair value movement in the liability due to the natural hedge in place and consequently the fair value disclosures would not provide any useful information for users of these financial statements.

During the period a total of €806,000 (2014: €2,582,000) of interest was earned.

Financial instruments and risks are managed as part of the overall group funding. The amounts owed by group undertakings carry interest at floating and fixed rates and are managed in accordance with the group funding requirements.

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

8. CREDITORS: Amounts falling due within one year

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Accruals and deferred income	302	436

9. CREDITORS: Amounts falling due after more than one year

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Shares classified as financial liabilities	79,205	79,185

An analysis of the maturity of the shares classified as financial liabilities is given below:

	6 month period to 30 June 2015	Year to 31 December 2014
	€000	€000
Due after more than 5 years	79,205	79,185

On 15 January 2004 and 14 May 2004, Cofinoga Funding Two LP issued €50,000,000 and €30,000,000 index linked unsecured perpetual preferred securities to The Bank of New York Mellon which are entitled to non-cumulative dividends linked to the EUR-TEC10-CNO. The unsecured preferred securities were listed on the Luxembourg Stock Exchange on these dates and have no maturity date. The unsecured perpetual preferred securities entitle holders to receive non-cumulative preferential distributions payable quarterly in arrears, settled through intercompany arrangements, commencing three months after the date of issue.

The issue of the unsecured perpetual preferred securities on 15 January 2004 and 14 May 2004 incurred issue costs of €1,375,000 and €600,000 respectively. In addition, the securities issued on 14 May 2004 were at a premium of €690,000. The costs and premium are being recognised in the profit and loss account over 30 years, being the expected period they will remain in issue.

The unsecured perpetual preferred securities are not redeemable at the option of the holder at any time and are therefore classified as due after more than five years. On or after 15 January 2014, the Partnership may elect to redeem any of the unsecured perpetual preferred securities for cash.

All unsecured perpetual preferred securities are denominated in Euros.

Given the relationship between amounts owed by group undertakings and the perpetual preferred securities classified as financial liabilities, the fair value of the liabilities has not been presented; any fair value movement will be offset by a materially equal and opposite movement in the asset due to the natural hedge in place and consequently the fair value disclosures would not provide any useful information for users of these financial statements.

Financial instruments and risks are managed as part of the overall group funding. The creditors are long term in nature and carry interest at floating rates and are managed in accordance with the group funding requirements. No amounts are due by instalments.

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

10. RECONCILIATION OF MOVEMENTS IN MEMBERS' INTEREST

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Result for the financial period	–	–
Opening members' interest	<u>4,150</u>	<u>4,150</u>
Closing members' interest	<u>4,150</u>	<u>4,150</u>

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Operating profit	13	24
Movement in creditors	<u>(13)</u>	<u>(24)</u>
Net cash flow from operating activities	<u>–</u>	<u>–</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Interest received	–	–
Interest paid	<u>–</u>	<u>–</u>
Net cash flow from returns in investments and servicing of finance	<u>–</u>	<u>–</u>

The interest payable on the perpetual preferred securities is settled by other group undertakings in lieu of interest receivable.

FINANCING

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Movement in preferred securities	<u>–</u>	<u>–</u>
Net cash flow from financing	<u>–</u>	<u>–</u>

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	6 month period to 30 June 2015 €000	Year to 31 December 2014 €000
Increase in cash in the period	–	–
Non-cash movement to preferred securities	(20)	(46)
Movement in net debt in the period	(20)	(46)
Net debt at 1 January 2015	(79,185)	(79,139)
Net debt at 30 June 2015	(79,205)	(79,185)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2015 €000	Cash flows €000	Non-cash changes €000	At 30 Jun 2015 €000
Debt:				
Amounts falling due after 1 year	(79,185)	–	(20)	(79,205)
Net debt	(79,185)	–	(20)	(79,205)

The non-cash changes reflect the amortisation of debt issue costs, accrual of redemption premium on the perpetual preferred securities.

12. RELATED PARTY TRANSACTIONS

The Partnership has taken advantage of the exemption under FRS 8 “Related Party Disclosures” not to disclose related party transactions with other related parties that are 100% members of the LaSer Cofinoga SA group of companies.

COFINOGA FUNDING TWO LP

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 30 June 2015

13. CONTROLLING PARTIES

Syigma Funding Two Limited is the General Partner of Cofinoga Funding Two LP, and its Limited Partner is The Bank of New York Depository (Nominees) Limited.

The General Partner contributed €4,150,005 of capital to the Partnership which represents a 5% holding. However, the terms and conditions of the Partnership Agreement are such that Syigma Funding Two Limited, as General Partner, has full and exclusive authority and responsibility for the management and control of the business.

The largest undertaking of which the Partnership is a member, and for which group financial statements are prepared, is BNP Paribas SA. Group financial statements for this company are prepared and are available to the public from 16 Boulevard des Italiens, 75009 Paris.

The smallest undertaking of which the Partnership is a member, and for which group financial statements are prepared, is Syigma Funding Two Limited. Group financial statements for this company are prepared and are available to the public from Chadwick House, Blenheim Court, Solihull, B91 2AA, UK.

The ultimate parent and controlling party is BNP Paribas SA who own 100% of the LaSer group following the acquisition of the remaining 50% of the group from Galeries Lafayette Group SA in July 2014. BNP Paribas SA is incorporated in France.